

Regional School Unit No. 26

**ANNUAL FINANCIAL STATEMENTS**  
**(with required and other supplementary information)**

For the Year Ended June 30, 2018

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## **Independent Auditor's Report**

Board of Directors  
Regional School Unit No. 26

### **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. 26, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Unit's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 26 as of June 30, 2018, and the respective changes in financial position 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 6 through 13 and 43 through 52 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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. 26's basic financial statements. The other supplementary information on Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the State of Maine and is also not a required part of the basic financial statements. The reconciliation of audit adjustments to annual financial data submitted to the Maine Education Financial System is presented as required by the laws of the State of Maine and is also not a required part of the basic financial statements.

The other supplementary information on Schedules 1 through 3, the schedule of expenditures of federal awards, and the reconciliation of audit adjustments to annual financial data submitted to the Maine Education Financial System are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 through 3, the schedule of expenditures of federal awards, and the reconciliation of audit adjustments to annual financial data submitted to the Maine Education Financial System 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 January 4, 2019, on our consideration of the Regional School Unit No. 26's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Regional School Unit No. 26's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regional School Unit No. 26's internal control over financial reporting and compliance.

*Barbara Whibodan & Associates*

January 4, 2019

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2018**

As management of the Regional School Unit No. 26, we offer readers of the Unit's financial statements this narrative overview and analysis of the financial activities of the Unit for the fiscal year ended June 30, 2018. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. The data is reported in a manner designed to fairly present the Unit's financial position, and the results of operations of the various funds of the Unit. All disclosures necessary to enable the reader to gain an accurate understanding of the Unit's financial activities have been included.

This report covers all funds administered by the Unit in connection with its responsibility in providing educational services. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements.

**FINANCIAL INFORMATION**

The Regional School Unit No. 26 was formed on July 1, 2009 under new state of Maine legislation.

The Unit's administration is responsible for establishing and maintaining an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual and human resource assets of the Unit are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Additionally, management strives to ensure that these assets are put to good and effective use.

**FINANCIAL HIGHLIGHTS**

- The total balance of the Unit's governmental activities cash and cash equivalents at June 30, 2018 was \$3,270,906.
- Under the government-wide basis of reporting, the Unit's total net position was \$3,777,018 at June 30, 2018.

**OVERVIEW OF FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the Unit's basic financial statements. The Unit's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2018**

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Unit's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Unit's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Unit is improving or deteriorating.

The statement of activities presents information showing how the Unit's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as earned but unused compensated absences.

The government-wide financial statements outline functions of the Unit that are principally supported by assessments and intergovernmental revenues (governmental activities). The governmental activities of the Unit include instruction, support services, operation and maintenance of plant, transportation, administration, and adult education. Fixed assets and related debt are also supported by assessments and intergovernmental revenues. The government-wide financial statements can be found on pages 14 - 15 of this report.

**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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Unit can be divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Unit's near-term financing requirements.

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 Unit's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Capital assets and depreciation are not included in the governmental funds financial statements.

The Unit adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. This statement is included in the required supplementary information portion of the financial statements. The basic governmental fund financial statements can be found on pages 16-19 of this report.

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2018**

**OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

*Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the Unit cannot use these funds to finance its operations. The Unit uses agency funds to account for resources held for student groups and private purpose trust funds to account for resources of scholarship accounts. The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

**Notes to the basic financial statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22-41 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning financial performance (budget and actual with budget to GAAP differences and budget and actual with variances). Required supplementary information can be found on pages 42-51 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 52-54 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Unit, assets exceeded liabilities by \$3,777,018 as of June 30, 2018.

The largest portion of the Unit's net position reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, and furniture and equipment); less any related debt used to acquire those assets that is still outstanding. The Unit uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the Unit's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Unit's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.



**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Net Position for the Period Ending June 30, 2018 and 2017**

The current year's governmental activities financial statements are compared with prior year as follows:

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 4,393,084	\$ 4,460,944
Capital assets (net of accumulated depreciation)	<u>3,735,447</u>	<u>4,032,084</u>
Total Assets	8,128,531	8,493,028
 Deferred outflows of resources	 <u>545,955</u>	 <u>638,153</u>
 Current liabilities	 1,155,229	 1,215,176
Non-current liabilities	<u>3,532,439</u>	<u>4,125,940</u>
Total Liabilities	4,687,668	5,341,116
 Deferred inflows of resources	 <u>209,800</u>	 <u>159,878</u>
 Net Position		
Investment in capital assets (net of debt)	1,389,299	1,352,779
Restricted	130,307	119,591
Unrestricted	<u>2,257,412</u>	<u>2,157,817</u>
Total Net Position	<u>\$ 3,777,018</u>	<u>\$ 3,630,187</u>

The following are significant transactions that have had an impact on the Statement of Net Position:

- The Unit recorded depreciation expense of \$296,637 for the year ended June 30, 2018. The Unit also recorded interest expense of \$155,205 the year ended June 30, 2018.

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The following table presents a summary of the Unit's operations for the fiscal year ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Charges for services and other	\$ 2,104,726	\$ 2,256,825
Operating grants and contributions	1,869,550	2,139,087
Capital grants and contributions	143,767	161,181
General revenues		
Local assessments	6,535,919	6,247,633
State subsidy	3,950,278	3,692,577
Interest income	20,849	10,446
Miscellaneous	<u>16,427</u>	<u>5,546</u>
Total Revenues	<u>14,641,516</u>	<u>14,513,295</u>
<b>EXPENSES</b>		
Regular instruction	\$ 5,386,973	\$ 6,205,880
Special education	3,133,800	2,365,046
Other instruction	561,999	483,461
Career and technical education	66,528	67,992
Student and staff support	909,402	865,095
System administration	433,948	439,453
School administration	646,537	664,038
Student transportation	304,957	285,356
Facilities and operations	1,374,759	1,316,387
Federal, state and local grant expense	304,254	377,022
Adult education	132,985	136,347
On-behalf payments – State of Maine	752,781	637,133
Food service	272,888	296,545
Interest and other charges	155,205	175,465
Capital outlay	<u>50,000</u>	<u>183</u>
Total Expenses	<u>14,487,016</u>	<u>14,315,403</u>
Change in net position	<u>154,500</u>	<u>197,892</u>
Net position, beginning of year	3,630,187	3,432,295
Restatement of net position	<u>(7,669)</u>	<u>-</u>
Net position, beginning of year, restated	<u>3,622,518</u>	<u>3,432,295</u>
Net position, end of year	<u>\$ 3,777,018</u>	<u>\$ 3,630,187</u>

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Analysis of the Unit's Operations**

Overall the Unit had a total increase in net position of \$154,500 from current year operations.

Total revenue include general revenues such as local assessments, state aid to education, and other revenue that is not program specific or charges for services, such as federal grants for special education and fees for hot lunch and adult education.

General revenues for the year ended June 30, 2018 totaled \$10,523,473. Of this amount, \$6,535,919 was from local assessments paid by the Town of Orono, Maine and \$3,950,278 was from the State of Maine. In addition, \$37,276 came from interest and other miscellaneous sources.

During the year, the Unit received program specific operating grants and contributions totaling \$1,869,550 and capital grants and contributions of \$143,767. These grants and contributions represent resources that are restricted for use in particular programs and are meant to directly offset the Unit's costs for these various programs. Most of these grants and contributions come from state and federal sources.

Expenses of governmental activities include depreciation expense of \$296,637. Depreciation expense has been allocated and is included in the various function/program expenses of the Unit.

Charges for services and other represent revenues earned by the Unit in return for services provided by the Unit or the use of the Unit's property. These revenues predominately consist of tuition, adult education fees and school lunch revenues. Charges for services totaled \$2,104,726 for the year ended June 30, 2018.

**FINANCIAL ANALYSIS OF THE UNIT'S FUNDS**

The focus of the Unit's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Unit's financing requirements. As the Unit completed the year, its governmental funds reported a combined fund balance of \$2,612,638, \$58,350 higher than the beginning balances.

Revenues include intergovernmental revenue of \$4,550,394 and local assessments totaling \$6,573,919. On-behalf payments amounted to \$52,781. Additional information on these "on-behalf" payments can be found in notes to the basic financial statements.

Charges for services contributed \$2,104,726 in total revenue during the year. Of this amount, \$98,158 represents revenues generated from the food service program.

Total governmental fund expenditures before other financing for the year were \$14,089,209. The Unit's debt service totaled \$551,053 for the year.

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2018**

**FINANCIAL ANALYSIS OF THE UNIT'S BUDGET**

The Unit recognized revenues and expenditures on a budget basis that differs from how revenues and expenditures should be recognized under generally accepted accounting principles (GAAP). The principle differences between the two methods are as follows:

- GAAP basis revenues and expenditures include teachers' retirement plan payments made by the state on behalf of the Unit. The Unit's budget basis revenues and expenditures do not include these revenues and expenditures.
- The budget basis revenues and expenditures do not include capital lease debt revenue and offsetting outlay activity. GAAP basis revenues and expenditures include the activity for proper reporting.

During the year, budgeted revenues exceeded actual revenues by \$92,346. Most of this variance resulted from overestimated tuition revenues.

Budgeted expenditures exceeded actual expenditures by \$778,847.

Excess revenues over expenditures and other uses was \$44,973. Accordingly, the budget basis fund balance increased from \$2,157,430 to \$2,202,403.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The following summarizes capital assets at year end:

	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Retire- ments</b>	<b>Balance June 30, 2018</b>
Land and CIP	\$ -	\$ -	\$ -	\$ -
Buildings and improvements	4,914,272	-	-	4,914,272
Equipment	715,709	-	-	715,709
Land improvements	<u>431,104</u>	<u>-</u>	<u>-</u>	<u>431,104</u>
Total capital assets	6,061,085	-	-	6,061,085
Accumulated depreciation	<u>(2,029,001)</u>	<u>(296,637)</u>	<u>-</u>	<u>(2,325,638)</u>
Capital assets, net	<u>\$ 4,032,084</u>	<u>\$ (296,637)</u>	<u>\$ -</u>	<u>\$ 3,735,447</u>

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2018**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Debt Administration**

The Unit's debt consists of bonds, several capital leases from various lending sources, and compensated absences liability.

	<b>Balance June 30, 2017 Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2018</b>
Bonds payable	\$ 496,250	\$ -	\$ (109,250)	\$ 387,000
Capital lease obligations	2,876,272	-	(290,391)	2,585,881
Net pension liability	640,604	173,361	(345,267)	468,698
Net OPEB liability	8,043	-	(2,011)	6,032
Compensated absences	<u>112,814</u>	<u>3,394</u>	<u>(31,380)</u>	<u>84,828</u>
Total	<u>\$ 4,133,983</u>	<u>\$ 176,755</u>	<u>\$ (778,299)</u>	<u>\$ 3,532,439</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The future of education of RSU #26 schools continues to be impacted by the economic struggles our State and nation are currently experiencing. Our community is very proud of its school and the current level of program offerings. The School Board and administration view the money spent on schools as an investment into our future. We try very hard to develop budgets that are lean yet maintain the current program levels which our community has grown to expect.

**REQUEST FOR INFORMATION**

The financial report is designed to provide information to the readers of the report with a general overview of the Unit's finances. If you have questions about this report or need any additional information, contact the Superintendent's Office at 10 Goodridge Dr, Orono, Maine, 04473 or call (207) 866-7110.

**Regional School Unit No. 26**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,270,906
Due from other governments	342,257
Due from IRS - bond interest refund receivable	143,314
Inventories	4,991
Prepaid expenses	4,883
Due from Town of Glenburn for future debt service	626,733
Capital assets being depreciated, net of accumulated depreciation	3,735,447
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Total assets	8,128,531
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	545,859
Deferred outflows related to OPEB	96
	<hr/>
Total deferred outflows of resources	545,955
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	188,917
Accrued wages	699,481
Unearned revenue	122,001
Accrued interest payable	144,830
Long-term liabilities	
Due within one year	
Bonds payable	43,000
Capital leases payable	293,636
Due in more than one year	
Bonds payable	344,000
Capital leases payable	2,292,245
Net pension liability	468,698
Net OPEB liability	6,032
Compensated absences	84,828
	<hr/>
Total liabilities	4,687,668
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	207,830
Deferred inflows related to OPEB	1,970
	<hr/>
Total deferred inflows of resources	209,800
<b>NET POSITION</b>	
Net investment in capital assets	1,389,299
Restricted for grants and contributions	165,895
Unrestricted	2,221,824
	<hr/>
Total net position	\$ 3,777,018
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See accompanying notes to basic financial statements.

**Regional School Unit No. 26**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenue			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Regular instruction	\$ 5,386,973	\$ 1,636,960	\$ 335,474	\$ -	\$ (3,414,539)
Special education	3,133,800	314,962	185,571	-	(2,633,267)
Other instruction	561,999	2,275	25,977	-	(533,747)
Career and technical education	66,528	-	-	-	(66,528)
Student and staff support	909,402	-	-	-	(909,402)
System administration	433,948	-	-	-	(433,948)
School administration	646,537	-	-	-	(646,537)
Student transportation	304,957	-	-	-	(304,957)
Facilities maintenance	1,374,759	-	-	-	(1,374,759)
Federal, state and local grant expense	304,254	-	348,601	-	44,347
Adult education	132,985	52,371	107,561	-	26,947
On-behalf payments - State of Maine	752,781	-	752,781	-	-
Food service	272,888	98,158	110,943	-	(63,787)
Interest and other charges	155,205	-	-	143,767	(11,438)
Capital outlay	50,000	-	2,642	-	(47,358)
Total governmental activities	<u>\$ 14,487,016</u>	<u>\$ 2,104,726</u>	<u>\$ 1,869,550</u>	<u>\$ 143,767</u>	<u>(10,368,973)</u>
<b>General revenues</b>					
Assessments					
Assessments, levied for general purposes					6,535,919
State subsidy					3,950,278
Unrestricted interest earnings					20,849
Miscellaneous					16,427
Total general revenues					<u>10,523,473</u>
Change in net position					<u>154,500</u>
<b>NET POSITION - BEGINNING</b>					3,630,187
Restatement for OPEB reporting					<u>(7,669)</u>
<b>NET POSITION - BEGINNING, RESTATED</b>					<u>3,622,518</u>
<b>NET POSITION - ENDING</b>					<u>\$ 3,777,018</u>

**Regional School Unit No. 26**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Other Govern- mental Funds- School Food Service</u>	<u>Total Govern- mental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,027,153	\$ -	\$ 243,753	\$ -	\$ 3,270,906
Due from other funds	-	55,664	587	18,992	75,243
Due from other governments	255,699	80,442	-	6,116	342,257
Accounts receivable	-	-	-	5,559	5,559
Inventories	-	-	-	4,991	4,991
Prepaid expenses	4,883	-	-	-	4,883
Total assets	<u>\$ 3,287,735</u>	<u>\$ 136,106</u>	<u>\$ 244,340</u>	<u>\$ 35,658</u>	<u>\$ 3,703,839</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts payable and accrued expenses	\$ 183,048	\$ 5,799	\$ -	\$ 70	\$ 188,917
Accrued summer teacher pay	699,481	-	-	-	699,481
Due to other funds	75,243	-	-	-	75,243
Total liabilities	<u>957,772</u>	<u>5,799</u>	<u>-</u>	<u>70</u>	<u>963,641</u>
Deferred inflow of resources - unearned revenue	<u>127,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,560</u>
Fund balances					
Nonspendable for inventory	-	-	-	4,991	4,991
Nonspendable for prepaid expenses	4,883	-	-	-	4,883
Restricted for grants and contributions	-	130,307	-	30,597	160,904
Committed for capital projects	-	-	244,340	-	244,340
Committed for future debt service	45,462	-	-	-	45,462
Committed for fuel stabilization	76,401	-	-	-	76,401
Unassigned	2,075,657	-	-	-	2,075,657
Total fund balances	<u>2,202,403</u>	<u>130,307</u>	<u>244,340</u>	<u>35,588</u>	<u>2,612,638</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,287,735</u>	<u>\$ 136,106</u>	<u>\$ 244,340</u>	<u>\$ 35,658</u>	<u>\$ 3,703,839</u>



**Regional School Unit No. 26**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2018**

Total fund balance, governmental funds	\$	2,612,638
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Capital assets, net of accumulated depreciation		3,735,447
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Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Bond interest refund receivable		143,314
Due from other governments - Town of Glenburn		626,733

Certain deferred outflows of resources and deferred inflows of resources related to pensions are not reported in this fund statement, but are reported in the governmental activities of the Statement of Net Position.

Deferred outflows related to pensions		545,859
Deferred inflows related to pensions		(207,830)
Deferred outflows related to OPEB		96
Deferred inflows related to OPEB		(1,970)

Certain other liabilities that will not be paid by current assets and are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Accrued interest payable		(144,830)
Compensated absences liability		(84,828)

Some liabilities, (such as Capital Lease Payable, Bonds Payable and Net Pension Liability), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Bonds, capital leases and net pension and OPEB liability		(3,447,611)
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Net Position of Governmental Activities in the Statement of Net Position	\$	3,777,018
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**Regional School Unit No. 26**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Other Govern- mental Funds- School Food Service</b>	<b>Total Govern- mental Funds</b>
<b>REVENUES</b>					
Local assessments	\$ 6,535,919	\$ 38,000	\$ -	\$ -	\$ 6,573,919
Intergovernmental revenue	4,072,074	367,377	-	110,943	4,550,394
On-behalf payments - State of Maine	752,781	-	-	-	752,781
Charges for services	1,951,793	52,371	-	98,158	2,102,322
Interest	20,977	-	2,642	-	23,619
Donations	-	2,000	-	-	2,000
Other	18,703	-	-	-	18,703
Total revenues	13,352,247	459,748	2,642	209,101	14,023,738
<b>EXPENDITURES</b>					
Current					
Regular instruction	5,440,583	-	-	-	5,440,583
Special education	2,566,626	-	-	-	2,566,626
Career and technical education	66,528	-	-	-	66,528
Other instruction	554,938	-	-	-	554,938
Student and staff support	915,936	-	-	-	915,936
System administration	419,061	-	-	-	419,061
School administration	659,101	-	-	-	659,101
Transportation	304,957	-	-	-	304,957
Facilities maintenance	1,099,531	-	-	-	1,099,531
Federal, state and local grant expense	-	306,597	-	-	306,597
Adult education	-	133,368	-	-	133,368
On-behalf payments - State of Maine	752,781	-	-	-	752,781
Food service	-	-	-	268,149	268,149
Debt service					
Principal - other	379,411	-	-	-	379,411
Interest and other charges	171,642	-	-	-	171,642
Capital outlay	-	-	50,000	-	50,000
Total expenditures	13,331,095	439,965	50,000	268,149	14,089,209
Excess (deficiency) of revenues over expenditures	21,152	19,783	(47,358)	(59,048)	(65,471)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond interest refund	123,821	-	-	-	123,821
Transfers in	-	-	-	100,000	100,000
Transfers out	(100,000)	-	-	-	(100,000)
Total other financing sources (uses)	23,821	-	-	100,000	123,821
Net change in fund balances	44,973	19,783	(47,358)	40,952	58,350
<b>FUND BALANCES (DEFICIT) - BEGINNING</b>	<b>2,157,430</b>	<b>110,524</b>	<b>291,698</b>	<b>(5,364)</b>	<b>2,554,288</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 2,202,403</b>	<b>\$ 130,307</b>	<b>\$ 244,340</b>	<b>\$ 35,588</b>	<b>\$ 2,612,638</b>

**Regional School Unit No. 26**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2018**

Net change in fund balances - total governmental funds: \$ 58,350

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Depreciation expense (296,637)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Debt payment receivable adjustment from other Town (66,484)

Bond interest refund revenue (16,216)

Certain deferred outflows of resources and deferred inflows of resources related to pensions reported in the statement of activities do not require the use of current financial resources and these are not reported in governmental funds:

Deferred outflows related to pensions	\$ (92,294)	
Deferred inflows related to pensions	(47,952)	
Deferred outflows related to OPEB	(278)	
Deferred inflows related to OPEB	<u>(1,970)</u>	(142,494)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Principal repaid 399,641

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Net pension expense	\$ 171,906	
Net OPEB expense	2,011	
Accrued interest not reflected on Governmental funds	16,437	
Compensated absences not reflected on Governmental funds	<u>27,986</u>	218,340

Change in net position of governmental activities \$ 154,500

**Regional School Unit No. 26**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,100	\$ 175,356
Total assets	<u>2,100</u>	<u>175,356</u>
<b>LIABILITIES</b>		
Due to school groups	<u>-</u>	<u>175,356</u>
Total liabilities	<u>-</u>	<u>175,356</u>
<b>NET POSITION</b>		
Held in trust for scholarships	<u><u>\$ 2,100</u></u>	<u><u>\$ -</u></u>

**Regional School Unit No. 26**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2018**

	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>	
Investment earnings	
Interest	\$       2
Contributions	<u>100</u>
Total additions	102
<b>DEDUCTIONS</b>	
Scholarship expenses	<u>300</u>
Change in net position	(198)
<b>NET POSITION - BEGINNING</b>	<u>2,298</u>
<b>NET POSITION - ENDING</b>	<u><u>\$   2,100</u></u>

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Regional School Unit No. 26 provides educational services for the Town of Orono. The Unit was assigned a Regional School Unit number by the State Board of Education effective July 1, 2009 to comply with new legislation.

The accounting and reporting policies of the Unit relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board, when applicable. The more significant accounting policies of the Unit are described below.

**A. FINANCIAL REPORTING ENTITY**

In evaluating the Unit as a reporting entity, management has addressed all potential component units for which the Unit may be financially accountable and, as such, should be included within the Unit's financial statements. In accordance with GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Unit is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the Unit. Additionally, the Unit is required to consider other organizations for which the nature and significance of their relationship with the Unit are such that exclusion would cause the reporting entity's financial statements to be misleading. Based on the application of these criteria, there are no entities that should be included as part of these financial statements.

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements report information of all activities of the Unit, except for fiduciary funds. Governmental activities, which normally are supported by assessments and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Unit has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program; and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Assessments and other items not properly included among program revenues are reported instead as general revenues.

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The Unit segregates transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and fiduciary activities. The governmental statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column, when applicable. The fiduciary statements aggregate and present each fund type as a separate column on the fund financial statements.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (CONTINUED)**

**1. Governmental Funds**

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The Unit has presented the following major governmental funds:

*General Fund*

The general fund is the primary operating fund of the Unit and always classified as a major fund. This fund is used to account for all financial resources not accounted for in other funds.

*Special Revenue Fund*

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes. This fund includes federal and state grants for specific purposes.

*Capital Projects Fund*

The capital projects fund is used to account for all resources for the acquisition or construction of capital facilities or items by the Unit as well as the resources held in reserves for future projects.

**2. Fiduciary Funds (not included in government-wide statements)**

The Unit has presented the following fiduciary funds:

*Private Purpose Trust Funds*

Private purpose funds are funds held by the Unit in a trustee capacity and are accounted for in essentially the same manner as a private entity. Capital maintenance of private purpose funds is critical. The Unit accounts for the activities of scholarship accounts using this fund type.

*Agency Funds*

Agency funds account for assets held by the Unit in a purely custodial capacity and include student activity funds. Since agency funds are custodial in nature, they do not involve the measurement of results of operations.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

Measurement focus refers to what is being measured; basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and the fund financial statements for fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities, whether current or non-current, are included on the statement of net position and the operating statements present increases, revenues, and decreases, expenses, in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition of governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures and compensated absences expenditures are recorded only when payment is due.

The revenues susceptible to accrual are assessments, intergovernmental revenues and charges for services. All other governmental fund revenues are recognized when received.

**E. BUDGETS AND BUDGETARY ACCOUNTING**

The Unit's general fund operating budget is approved by referendum in June for the upcoming fiscal year. Assessments are levied against the Town of Orono after the budget is adopted.

Payments made by the State of Maine to the Maine Public Employees Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund in accordance with generally accepted accounting principles.

Appropriations for the general fund lapse at the end of the fiscal year.

Formal budgets are not adopted for the other funds. Grant procedures for many of the revenues included in the special revenue funds require submission of a budget. However, such budgets are not subject to formal adoption procedures and are normally prepared based upon the grant period which does not necessarily correspond with the Unit's fiscal year.



**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS**

**1. Deposits**

For purposes of the statement of net position, cash and cash equivalents includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Unit, including amounts in repurchase accounts. Additional information is presented in Note 2.

**2. Inventories**

Inventories of food and supplies in the food service program are valued at the lower of cost or market value using the first-in, first-out method.

**3. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statement of net position. Any residual balances between the governmental activities and fiduciary funds are reported in the statement of net position as "due to/from fiduciary funds".

**4. Interfund Transfers**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the governmental funds on the fund financial statements. For the purposes of the government-wide statement of activities, all interfund transfers between individual funds within governmental activities have been eliminated.

**5. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental activities column on the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Improvements	25-100 years
Machinery and Equipment	3-30 years

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**5. Capital Assets (Continued)**

The Unit has no assets that it considers to be infrastructure. Assets such as parking lots are capitalized as improvements in accordance with the Unit's capitalization policy.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**6. Long-term Debt**

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

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

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

Compensated absences liability is reported in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees. The Unit's policy is described below:

Sick time:

Upon retirement, all hourly employees with at least ten (10) years of employment, but less than twenty (20) years of employment with the schools comprising RSU 26 shall be reimbursed at their regular hourly rate of pay for unused sick leave up to one thousand three hundred dollars (\$1,300.00). Employees with at least twenty (20) years, but less than thirty (30) years of employment with the schools comprising RSU 26 shall be reimbursed under this provision up to two thousand dollars (\$2,000.00). Employees with thirty (30) or more years of employment within the schools comprising RSU 26 shall be reimbursed under this provision up to two thousand seven hundred dollars (\$2,700.00).

Upon retirement, all contracted teachers are compensated at the per-diem rate for up to forty 40 days of accumulated sick leave under the Maine Public Employee Retirement System if the employee has been employed by RSU 26 for at least fifteen (15) years and provided that written notice of intention to retire is received by the Superintendent of Schools on or before March 1 of the year prior to the year of retirement. Teachers who provide notice by March 1 of the year prior to retirement shall receive payment by June 30 of the year in which that teacher retires. Teachers who give notice later than March 1 of the year prior to retirement shall receive the payment in July of the year following the year in which that teacher retires.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**6. Long-term Debt (Continued)**

Vacation:

Employees are required to take their vacation during the year it is awarded. Vacation time may not be carried forward to the next employment year except under unusual circumstances with the permission of the Superintendent or designee. Vacation time that current employees have been allowed to accrue will be honored, but no further unused vacation time can be accrued, except as specified.

**7. Pensions**

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension expense, information about the fiduciary net position of both the State Employees and Teachers (SET) Plan and the Participating Local Districts (PLD) Plan and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the respective plans. 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.

**8. Use of Estimates**

Preparation of the Unit's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**9. Government-wide Net Position**

Net position represents the difference between asset and deferred outflows and liabilities and deferred inflows in the government-wide financial statements.

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 the enabling legislations adopted by the Unit or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The remaining net position is reported as unrestricted. For expenditures that qualify for either classification, amounts will be first spent from restricted net position then from unrestricted net position.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**10. Governmental Fund Balances**

Fund balance represents the difference between assets and liabilities in the fund financial statements. Fund balance must be properly reported within one of the five fund balance categories listed below:

*Nonspendable* – such as fund balances associated with inventories or prepaid expenses. The Nonspendable fund balance may also include amounts that are required to be maintained intact, such as the corpus of an endowment fund.

*Restricted* fund balance category includes amounts that can be used only for the specific purposes stipulated by constitution, grantors or through enabling legislation.

*Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision making authority, which is voter approval.

*Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Directors is authorized to assign amounts under authority granted by the Unit's budget policies.

*Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Unit has not formally adopted a fund balance policy, but has implemented GASB 54 based on the definitions above. For expenditures that qualify for multiple categories, amounts will be considered first spent from restricted fund balance, followed by committed fund balance, then assigned fund balance, and finally unassigned fund balance.

**11. New Governmental Accounting Standards**

During the year ended June 30, 2018, the Unit implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB) and improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

During the year ended June 30, 2018, the Unit implemented GASB Statement No. 85, *Omnibus 2017*. This statement improves financial reporting by enhancing consistency in the application of accounting and financial reporting requirements related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Consistent reporting will improve the usefulness of information for users of state and local government financial statements.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**12. Recent Accounting Pronouncements**

In April 2018, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement improves financial reporting by improving the consistency of the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2018. The effect of this Statement on the Unit's financial statements is not known at this time.

**NOTE 2. DEPOSITS**

**Deposits**

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the Unit's deposits may not be returned to it. The Unit does not have a deposit policy for custodial credit risk. As of June 30, 2018, the Unit reported deposits of \$3,448,362 with bank balances of \$3,631,562. Of the Unit's total bank balance of \$3,631,562, \$2,878,312 was exposed to custodial credit risk. The entire \$2,878,312 exposed amount was collateralized.

Deposits have been reported as follows:

Reported in governmental funds	\$ 3,270,906
Reported in fiduciary funds	<u>177,456</u>
Total deposits	<u>\$ 3,448,362</u>

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 3. CAPITAL ASSETS**

Governmental activities capital asset activity for the year ended June 30, 2018 is as follows:

	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Disposals/ Retire- ments</b>	<b>Balance June 30, 2018</b>
<i>Capital assets being depreciated</i>				
Buildings and improvements	\$ 4,914,272	-	-	\$ 4,914,272
Equipment	715,709	-	-	715,709
Land improvements	<u>431,104</u>	<u>-</u>	<u>-</u>	<u>431,104</u>
Total capital assets being depreciated	<u>6,061,085</u>	<u>-</u>	<u>-</u>	<u>6,061,085</u>
<i>Less accumulated depreciation for</i>				
Buildings and improvements	(1,355,301)	(245,120)	-	(1,600,421)
Equipment	(515,175)	(30,786)	-	(545,961)
Land improvements	<u>(158,525)</u>	<u>(20,731)</u>	<u>-</u>	<u>(179,256)</u>
Total accumulated depreciation	<u>(2,029,001)</u>	<u>(296,637)</u>	<u>-</u>	<u>(2,325,638)</u>
Total capital assets being depreciated, net	<u>4,032,084</u>	<u>(296,637)</u>	<u>-</u>	<u>3,735,447</u>
Capital assets, net	<u>\$ 4,032,084</u>	<u>\$ (296,637)</u>	<u>\$ -</u>	<u>\$ 3,735,447</u>

Depreciation expense was charged to governmental activities as follows:

Special education	\$ 2,848
Other instruction	7,608
System administration	15,853
Facilities maintenance	267,320
Food service	<u>3,008</u>
Total depreciation expense	<u>\$ 296,637</u>

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 4. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities of the Unit for the year ended June 30, 2018:

	<b>Balance June 30, 2017 Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2018</b>	<b>Portion due within one year</b>
<b>General Obligation Bonds</b>					
<i>Maine Municipal Bond Bank</i>					
1997 general obligation bond due in annual principal installments of \$66,250 through November, 2017; interest due annually at rates from 5.276% to 5.776%.	\$ 66,250	\$ -	\$ (66,250)	\$ -	\$ -
<i>Bangor Savings Bank</i>					
2011 qualified school construction bond due in annual principal installments of \$43,000 through July 2026; interest due semi-annually at 5.04%.	430,000	-	(43,000)	387,000	43,000
Total general obligation bonds payable	496,250	-	(109,250)	387,000	43,000
<b>Capital Leases</b>	2,876,272	-	(290,391)	2,585,881	293,636
<b>Net pension liability</b>	640,604	173,361	(345,267)	468,698	N/A
<b>Net OPEB liability</b>	8,043	-	(2,011)	6,032	N/A
<b>Compensated Absences</b>	112,814	3,394	(31,380)	84,828	N/A
Total long-term liabilities	<u>\$ 4,133,983</u>	<u>176,755</u>	<u>\$ (778,299)</u>	<u>\$ 3,532,439</u>	<u>\$ 336,636</u>

**General Obligation Bonds Payable**

Future maturities of general obligation bonds are as follows:

<b>Year ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 43,000	\$ 20,239	\$ 63,239
2020	43,000	17,857	60,857
2021	43,000	15,478	58,478
2022	43,000	13,092	56,092
2023	43,000	10,710	53,710
2024-2027	172,000	19,022	191,022
	<u>\$ 387,000</u>	<u>\$ 96,398</u>	<u>\$ 483,398</u>

**Obligations under capital leases**

The Unit is the lessee of copiers and a Qualified School Construction Bond Lease under capital leases expiring in 2019 and 2027. The liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset acquired.

As of June 30, 2018, the Unit had recorded \$4,189,798 in buildings related to outstanding capital leases. Amortization of these assets is included with depreciation expense. Accumulated depreciation for these assets at June 30, 2018 is \$1,343,316.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 4. LONG-TERM LIABILITIES (CONTINUED)**

**Obligations under capital leases (Continued)**

Minimum future lease payments under capital leases as of June 30, 2018 are:

2019	\$ 427,835
2020	395,085
2021	383,617
2022	372,101
2023	360,533
2024-2027	<u>1,325,360</u>
	3,264,531
Less amount representing interest	<u>(678,650)</u>
Present value of minimum lease payments	<u>\$ 2,585,881</u>

In accordance with Maine law, no school unit shall incur debt for specific purposes in excess of certain percentages of State valuation of member municipalities. At June 30, 2018, the Unit was in compliance with these limitations.

**NOTE 5. INTERFUND TRANSACTIONS**

During the course of normal operations, the Unit has numerous transactions between funds including expenditures and transfers.

Individual fund interfund receivable and payable balances at June 30, 2018 arising from these transactions, and interfund transfers were as follows:

	<u>Receivables</u>	<u>Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 75,243	\$ -	\$100,000
Special revenue fund	55,664	-	-	-
Capital projects fund	587	-	-	-
Nonmajor fund-School lunch fund	<u>18,992</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
	<u>\$ 75,243</u>	<u>\$ 75,243</u>	<u>\$100,000</u>	<u>\$100,000</u>

The outstanding balances between funds result mainly from short-term cash flow needs that are funded by the general fund, as it holds the Unit's checking account. The transfer of \$100,000 was transferred to the school lunch fund, in accordance with budgetary authorizations.



**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 6. NET INVESTMENT IN CAPITAL ASSETS**

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

Capital assets	\$ 6,061,085
Accumulated depreciation	(2,325,638)
Receivable offset to debt service	626,733
Related bonds payable	(387,000)
Related capital leases payable	<u>(2,585,881)</u>
Total balance	<u>\$ 1,389,299</u>

**NOTE 7. RESTRICTED FUND BALANCES – SPECIAL REVENUE FUND**

At June 30, 2018, the Unit maintained restricted fund balances in its special revenue fund for the following programs:

Adult education – Orono	\$ 81,047
Adult education – Hampden	16,094
Transition	7,940
Improvement of instruction training	2,367
Stephen & Tabitha King	2,200
NSF – Johnson	2,557
OEA – Orono	8,692
Maine math and science	638
Region IV	1,162
Art (PAL)	124
Board Scholarship	5,850
Miscellaneous local grants and donations	<u>1,636</u>
	<u>\$ 130,307</u>

**NOTE 8. DEFINED BENEFIT PENSION PLAN**

**Maine Public Employees Retirement System**

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's State Employee and Teacher (SET) Plan. The SET plan is a cost-sharing multiple employer defined benefit plan with a special funding situation, established by the Maine State legislature. The State of Maine is 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. Eligible employees other than teachers participate in the Maine Public Employees Retirement System's Participating Local District (PLD) Plan. The PLD plan is a multiple-employer cost sharing defined benefit plan. Eligible employers (districts) are defined in Maine statute.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Pension Benefits**

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. 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; separate legislation enacted the same reduced requirement for judges, legislators, and employees of PLDs). 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. For PLD members, normal retirement age is 60 or 65. 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.

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

**Contributions**

Member contribution rates are defined by law or by the System's Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

**Contributions - SET Plan**

SET plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education (DOE) is required to contribute 11.08% of compensation for non-federally funded employees. The Unit is required to contribute 3.97% of compensation to cover the normal costs for non-federally funded employees. The Unit is also required to contribute 15.65% of compensation for federally funded employees.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Contributions - SET Plan (Continued)**

The contributions for the year ended June 30, 2018 were as follows:

	Covered Payroll	Contribution Percentage	Contribution Amount
Employee contribution	\$ 6,710,703	7.65%	\$ 513,369
State DOE contribution for non-federally funded employees	6,638,049	11.08%	735,496
Employer contribution for normal costs of non-federally funded employees	6,638,049	3.97%	263,531
Employer contribution for federally funded employees	72,654	15.65%	11,370

**Contributions - PLD Plan**

PLD plan members are required to contribute 8.0% of their annual salary to the plan. The Unit is required to pay 9.5% of members' compensation. The Unit had covered payroll of \$412,259 for the year ended June 30, 2018. Unit contributions were as follows:

	Year ended 6/30/18		Year ended 6/30/17		Year ended 6/30/16	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Employer	\$ 39,577	9.50%	\$ 46,500	9.50%	\$ 43,516	8.90%
Employee	32,981	8.00%	39,159	8.00%	36,671	7.50%

**Net Pension Liability**

The System separately accounts for the two groups within the SET plan, state employees being one group, and teachers the second group. Amounts disclosed for the SET plan reflect only the teachers' group portion, where applicable.

The collective net pension liability measured as of June 30, 2017 was as follows:

	SET Plan	PLD Plan
Plan collective total pension liability	\$ 8,721,778,572	\$ 3,016,660,721
Less plan net position	<u>(7,269,242,349)</u>	<u>(2,607,223,644)</u>
Plan collective net pension liability	<u>\$ 1,452,536,223</u>	<u>\$ 409,437,077</u>

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Net Pension Liability (Continued)**

At June 30, 2018, 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 for contributions to the SET Plan. The amount recognized by the Unit as its proportionate share of the net pension liability and the total portion of the net pension liability that was associated with the Unit were as follows:

	SET Plan	PLD Plan
Unit's proportionate share of the net pension liability	\$ 97,233	\$ 371,465
State's proportionate share of the net pension liability associated with the Unit	<u>7,640,487</u>	<u>-</u>
Total	<u>\$ 7,737,720</u>	<u>\$ 371,465</u>

The net pension liability for the Unit was measured as of June 30, 2017, and the total collective pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Unit's proportionate share percentage of the collective net pension liability for the SET Plan was 0.006694%, allocated based on Unfunded Actuarial Liability (UAL) contributions to the plan. This percentage was 0.011011% at the prior measurement date of June 30, 2016. The Unit's proportionate share percentage of the collective net pension liability for the PLD Plan was 0.090726%, allocated based on adjusted contributions to the plan for the year ended June 30, 2017. This percentage was 0.092736% at the prior measurement date of June 30, 2016.

**Pension Expense and Revenue**

For the year ended June 30, 2018, the Unit recognized pension expense of \$227,142 related to the SET Plan, made up of the Unit's proportionate share of plan pension expense \$10,074, pension expense related to specific liabilities of individual employers \$214,093, and net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions \$2,975, and recognized revenue of \$576,658 for support provided by the State.

For the year ended June 30, 2018, the Unit recognized pension expense of \$56,266 related to the PLD Plan, made up of the Unit's proportionate share of plan pension expense \$63,140, pension expense related to specific liabilities of individual employers (\$263), and net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions (\$6,611).

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2018, the Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan		PLD Plan	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 4,089	\$ -	\$ -	\$ 17,846
Changes of assumptions	-	1,518	31,609	-
Net difference between projected and actual investment earnings on pension plan investments	27,127	28,557	128,018	138,231
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,087	16,182	34,887	5,496
Employer's contributions to plan subsequent to measurement date of collective net pension liability	<u>274,465</u>	<u>-</u>	<u>39,577</u>	<u>-</u>
Total	<u>\$ 311,768</u>	<u>\$ 46,257</u>	<u>\$ 234,091</u>	<u>\$ 161,573</u>

\$314,042 reported as deferred outflows 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, 2019. Other amounts reported as deferred inflows and outflows will be recognized as pension expense as follows:

Year ended June 30	SET Plan Amount	PLD Plan Amount
2019	\$ (3,213)	\$ 14,480
2020	(1,187)	41,258
2021	650	2,493
2022	<u>(5,204)</u>	<u>(25,290)</u>
	<u>\$ (8,954)</u>	<u>\$ 32,941</u>

**Actuarial Assumptions, Discount Rate, and Pension Plan Fiduciary Net Position**

Information on the pension plan's fiduciary net position, as well as the actuarial assumptions and discount rate used by the Maine Public Employees Retirement System in calculating the net pension liability and related amounts are disclosed in the Notes to the Audited Schedules of Employer Allocations and Pension Amounts by Employer. Those schedules, as well as the actuarial valuation reports for each of the System's plans may be obtained by calling 1-800-451-9800, and are available on the System's website at [www.maineopers.org/Publications/Publications.htm#AnnualReports](http://www.maineopers.org/Publications/Publications.htm#AnnualReports).

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 9. DEFINED BENEFIT OPEB PLAN**

**Maine Public Employees Retirement System – Group Life Insurance**

The Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan) employees is a multiple-employer cost sharing plan. The Group Life Insurance Plan for Retired State Employees and Teachers (the SET Plan) is a multiple-employer cost sharing plan with a special funding situation. The State is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the plan.

**Other Post-Employment Benefits (OPEB)**

The Group Life Insurance Plans (the Plans) provide basic group life insurance benefits, during retirement, to retirees who participated in the Plans 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**

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. 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. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period.

**Net OPEB Liability**

The System separately accounts for the two groups within the SET plan, state employees being one group, and teachers the second group. Amounts disclosed for the SET plan reflect only the teachers' group portion, where applicable.

The collective net OPEB liability measured as of June 30, 2017 was as follows:

	SET Plan	PLD Plan
Plan collective total OPEB liability	\$ 90,479,201	\$ 31,804,436
Less plan net fiduciary position	<u>(54,387,771)</u>	<u>(15,082,934)</u>
Plan collective net OPEB liability	<u>\$ 36,091,430</u>	<u>\$ 16,721,502</u>

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 9. DEFINED BENEFIT OPEB PLAN (CONTINUED)**

**Net OPEB Liability (Continued)**

At June 30, 2018, 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 for contributions to the SET Plan. The amount recognized by the Unit as its proportionate share of the net OPEB liability and the total portion of the net OPEB liability that was associated with the Unit were as follows:

	SET Plan	PLD Plan
Unit's proportionate share of the net OPEB liability	\$ -	\$ 6,032
State's proportionate share of the net OPEB liability associated with the Unit	<u>190,725</u>	<u>-</u>
Total	<u>\$ 190,725</u>	<u>\$ 6,032</u>

The net OPEB liability for the Unit was measured as of June 30, 2017, and the total collective OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. The Unit's proportionate share percentage of the collective net OPEB liability for the PLD Plan was 0.036073%, allocated based on adjusted contributions to the plan for the year ended June 30, 2017. This percentage was 0.035567% at the prior measurement date of June 30, 2016. Because of the special funding situation in which the State pays the total dollar amount of each year's annual required contribution, the Unit's proportionate share percentage of the collective net OPEB liability for the SET Plan was 0.0%, and the entire net OPEB liability is reported by the State of Maine.

**OPEB Expense and Revenue**

For the year ended June 30, 2018, the Unit recognized OPEB expense of \$237 related to the PLD Plan, made up of the Unit's proportionate share of plan OPEB expense \$218, OPEB expense related to specific liabilities of individual employers \$0, and net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions \$19. For the year ended June 30, 2018, the Unit recognized OPEB expense of \$21,219 related to the SET Plan and recognized revenue of \$21,219 for support provided by the State, and recognized offsetting revenue and expense of \$17,285 for payments made by the State on-behalf of the Unit pursuant to the special funding situation of the SET Plan.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 9. DEFINED BENEFIT OPEB PLAN (CONTINUED)**

**Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2018, the Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PLD Plan	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	1,681
Net difference between projected and actual investment earnings on OPEB plan investments	-	289
Changes in proportion and differences between employer contributions and proportionate share of contributions	96	-
Employer's contributions to plan subsequent to measurement date of collective net OPEB liability	-	-
Total	<u>\$ 96</u>	<u>\$ 1,970</u>

Other amounts reported as deferred inflows and outflows will be recognized as OPEB expense as follows:

Year ended June 30	PLD Plan Amount
2019	\$ (389)
2020	(389)
2021	(389)
2022	(389)
2023	<u>(318)</u>
	<u>\$ (1,874)</u>



**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 9. DEFINED BENEFIT OPEB PLAN (CONTINUED)**

**Actuarial Assumptions, Discount Rate, and OPEB Plan Fiduciary Net Position**

Information on the OPEB plan's fiduciary net position, as well as the actuarial assumptions and discount rate used by the Maine Public Employees Retirement System in calculating the net OPEB liability and related amounts are disclosed in the Notes to the Audited Schedules of Employer Allocations and OPEB Amounts by Employer. Those schedules, as well as the actuarial valuation reports for each of the System's plans may be obtained by calling 1-800-451-9800, and are available on the System's website at [www.maineopers.org/Publications/Publications.htm#Annual Reports](http://www.maineopers.org/Publications/Publications.htm#Annual Reports).

Liability to MEPERS at Year end was \$116,574.

**NOTE 10. INSURANCES AND PARTICIPATION IN PUBLIC ENTITY RISK POOL**

The Unit is exposed to various risks of losses related to torts, theft, damage, and destruction of assets, injuries to employees, and natural disasters. The Unit maintains various commercial insurance policies to mitigate these risks to an acceptable level and to limit the Unit's exposure to losses.

The Unit is a member of the Maine School Management Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Unit pays an annual premium to the Fund for its worker's compensation coverage. The Unit's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member Units for claims in excess of \$500,000 with an excess limit of \$25,000,000.

The Unit is also a member of the Maine School Management Association - Unemployment Compensation Trust Fund ("MSMA"). MSMA was created to formulate, develop and administer a program of modified self-funding for MSMA's membership, obtain lower costs for unemployment compensation coverage and develop a comprehensive loss control program. The Unit contributes to MSMA based on the first \$12,000 of wages for unemployment compensation. Each member has its reserve, which is determined by the actuary. If the reserve is higher than is determined by the actuary, excess contributions are returned to the member. The annual rate set by MSMA's actuary is based on the member's reserve and on estimated future claims. Each member is responsible for its own excess of claims over reserve.

**NOTE 11. CONTINGENCIES**

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

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

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**NOTE 12. JOINTLY GOVERNED ORGANIZATION**

The Unit and various entities in the region have jointly agreed to operate a vocational education school. A separate legal entity known as the United Technologies Center (UTC) was established by State law and is governed by an eight member board, of which one member represents the Unit. Complete financial statements for the UTC can be obtained from the United Technologies Center; 200 Hogan Road, Bangor, Maine, 04401.

The Unit is assessed a fee for vocational education services provided to the students in the Unit. For the year ended June 30, 2018, UTC assessed the Unit \$66,528 for career and technical education and adult education, and no amounts were outstanding at year end.

**NOTE 13. RESTATEMENT OF BEGINNING NET POSITION**

During the year ended June 30, 2018, the Unit implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus 2017*. These statements improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. As a result of implementing these new principles, the Unit restated its beginning net position on the government-wide statements by (\$7,669), to record net pension liability of (\$8,043) and deferred outflows of \$374.

**NOTE 14. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 4, 2019, the date on which the financial statements were available to be issued.

**Regional School Unit No. 26**  
**Budget and Actual (with Budget to GAAP Differences)**  
**General Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts					
	Original	Budget Changes	Final	Actual Amounts - Budgetary Basis	Budget to GAAP Differences*	Actual Amounts - GAAP Basis
REVENUES						
Local assessments	\$ 6,535,919	\$ -	\$ 6,535,919	\$ 6,535,919	\$ -	\$ 6,535,919
Intergovernmental revenue	4,052,925	-	4,052,925	4,072,074	-	4,072,074
On-behalf payments - State of Maine	-	-	-	-	752,781	752,781
Charges for services	2,098,918	-	2,098,918	1,951,793	-	1,951,793
Interest	1,550	-	1,550	20,977	-	20,977
Other	2,500	-	2,500	18,703	-	18,703
Total revenues	12,691,812	-	12,691,812	12,599,466	752,781	13,352,247
EXPENDITURES						
Current						
Regular instruction	5,817,342	-	5,817,342	5,440,583	-	5,440,583
Special education	2,679,075	-	2,679,075	2,566,626	-	2,566,626
Other instruction	612,965	-	612,965	554,938	-	554,938
Career and technical education	66,684	-	66,684	66,528	-	66,528
Student and staff support	991,280	-	991,280	915,936	-	915,936
System administration	437,046	-	437,046	419,061	-	419,061
School administration	678,715	-	678,715	659,101	-	659,101
Transportation	306,985	-	306,985	304,957	-	304,957
Facilities maintenance	1,215,406	-	1,215,406	1,099,531	-	1,099,531
On-behalf payments - State of Maine	-	-	-	-	752,781	752,781
Debt service						
Principal	378,801	-	378,801	378,801	-	378,801
Interest and other charges	172,862	-	172,862	172,252	-	172,252
Total expenditures	13,357,161	-	13,357,161	12,578,314	752,781	13,331,095
Excess (deficiency) of revenues over expenditures	(665,349)	-	(665,349)	21,152	-	21,152
OTHER FINANCING SOURCES (USES)						
Use of carryover fund balance	642,000	-	642,000	-	-	-
Bond interest refund	123,349	-	123,349	123,821	-	123,821
Transfers out	(100,000)	-	(100,000)	(100,000)	-	(100,000)
Total other financing sources (uses)	665,349	-	665,349	23,821	-	23,821
Net change in fund balances	\$ -	\$ -	\$ -	44,973	-	44,973
FUND BALANCE - BEGINNING				2,157,430	-	2,157,430
FUND BALANCE - ENDING				\$ 2,202,403	\$ -	\$ 2,202,403

\* - Adjustments necessary to convert the general fund's net change in balances on the budget basis to a GAAP basis are provided below:

Net change in fund balances - budget basis	\$ 44,973
On-behalf payments revenue	752,781
On-behalf payments expenditures	(752,781)
Net change in fund balances - GAAP basis	<u>\$ 44,973</u>

**Regional School Unit No. 26**  
**Budget and Actual (with Variances)**  
**General Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts			Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive Positive (Negative)
	Original	Budget Changes	Final		
REVENUES					
Local assessments	\$ 6,535,919	\$ -	\$ 6,535,919	\$ 6,535,919	\$ -
Intergovernmental revenue	4,052,925	-	4,052,925	4,072,074	19,149
Charges for services	2,098,918	-	2,098,918	1,951,793	(147,125)
Interest	1,550	-	1,550	20,977	19,427
Other	2,500	-	2,500	18,703	16,203
Total revenues	12,691,812	-	12,691,812	12,599,466	(92,346)
EXPENDITURES					
Current					
Regular instruction	5,817,342	-	5,817,342	5,440,583	376,759
Special education	2,679,075	-	2,679,075	2,566,626	112,449
Other instruction	612,965	-	612,965	554,938	58,027
Career and technical education	66,684	-	66,684	66,528	156
Student and staff support	991,280	-	991,280	915,936	75,344
System administration	437,046	-	437,046	419,061	17,985
School administration	678,715	-	678,715	659,101	19,614
Transportation	306,985	-	306,985	304,957	2,028
Facilities maintenance	1,215,406	-	1,215,406	1,099,531	115,875
Debt service					
Principal - other	378,801	-	378,801	378,801	-
Interest and other charges	172,862	-	172,862	172,252	610
Total expenditures	13,357,161	-	13,357,161	12,578,314	778,847
Excess (deficiency) of revenues over expenditures	(665,349)	-	(665,349)	21,152	686,501
OTHER FINANCING SOURCES (USES)					
Use of carryover fund balances	642,000	-	642,000	-	(642,000)
Bond interest refund	123,349	-	123,349	123,821	472
Transfers out	(100,000)	-	(100,000)	(100,000)	-
Total other financing sources (uses)	665,349	-	665,349	23,821	(641,528)
Net change in fund balances	\$ -	\$ -	\$ -	44,973	\$ 44,973
FUND BALANCE - BEGINNING				2,157,430	
FUND BALANCE - ENDING				\$ 2,202,403	

**Regional School Unit No. 26**  
**Schedule of the Unit's Proportionate Share of the Net Pension Liability**  
**State Employees and Teachers Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Unit's proportion of the net pension liability	0.006694%	0.011011%	0.007050%	0.600800%	0.011899%					
Unit's proportionate share of the net pension liability	\$ 97,233	\$ 147,870	\$ 95,183	\$ 64,906	\$ 189,176					
State's proportionate share of the net pension liability associated with the Unit	<u>7,640,487</u>	<u>9,045,557</u>	<u>6,802,550</u>	<u>5,414,625</u>	<u>7,946,464</u>					
Total	<u>\$ 7,737,720</u>	<u>\$ 9,193,427</u>	<u>\$ 6,897,733</u>	<u>\$ 5,479,531</u>	<u>\$ 8,135,640</u>					
Unit's covered-employee payroll	\$ 6,440,230	\$ 6,108,893	\$ 5,859,314	\$ 5,679,613	\$ 10,263,910					
Unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.51%	2.42%	1.56%	1.14%	1.84%					
Plan fiduciary net position as a percentage of the total pension liability **	83.35%	79.05%	83.55%	86.46%	76.85%					

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

\*\* Plan net position and collective net pension liability reflect only the teachers' group portion of the SET plan

**Regional School Unit No. 26**  
**Schedule of Unit Contributions**  
**State Employees and Teachers Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 183,846	\$ 175,406	\$ 168,792	\$ 159,812	\$ 293,111				
Contributions in relation to the contractually required contribution	<u>(183,846)</u>	<u>(175,406)</u>	<u>(168,792)</u>	<u>(159,812)</u>	<u>(293,111)</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Unit's covered-employee payroll	\$ 6,440,230	\$ 6,108,893	\$ 5,859,314	\$ 5,679,613	\$ 10,263,910				
Contributions as a percentage of covered-employee payroll	2.85%	2.87%	2.76%	2.84%	2.86%				

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Regional School Unit No. 26**  
**Schedule of the Unit's Proportionate Share of the Net Pension Liability**  
**Participating Local Districts Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Unit's proportion of the net pension liability	0.090726%	0.092736%	0.080650%	0.094848%	0.061648%					
Unit's proportionate share of the net pension liability	\$ 371,465	\$ 492,734	\$ 257,311	\$ 94,865	\$ 303,574					
Unit's covered-employee payroll	\$ 489,483	\$ 488,948	\$ 422,655	\$ 328,787	\$ 547,560					
Unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	75.89%	100.77%	60.88%	28.85%	55.44%					
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%	87.50%					

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Regional School Unit No. 26**  
**Schedule of Unit Contributions**  
**Participating Local Districts Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 46,500	\$ 43,516	\$ 32,967	\$ 21,371	\$ 29,021					
Contributions in relation to the contractually required contribution	<u>(46,500)</u>	<u>(43,516)</u>	<u>(32,967)</u>	<u>(21,371)</u>	<u>(29,021)</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Unit's covered-employee payroll	\$ 489,483	\$ 488,948	\$ 422,655	\$ 328,787	\$ 547,560					
Contributions as a percentage of covered- employee payroll	9.50%	8.90%	7.80%	6.50%	5.30%					

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year



**Regional School Unit No. 26**  
**Schedule of the Unit's Proportionate Share of the Net OPEB Liability**  
**State Employees and Teachers Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2018</u>
Unit's proportion of the net OPEB liability	0.000000%
Unit's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Unit	<u>190,725</u>
Total	<u><u>\$ 190,725</u></u>
Unit's covered-employee payroll	\$ 4,042,000
Unit's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability **	60.11%

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

\*\* Plan net position and collective net OPEB liability reflect only the teachers' group portion of the SET plan

**Regional School Unit No. 26**  
**Schedule of Unit OPEB Contributions**  
**State Employees and Teachers Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2018</u>
Contractually required contribution	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Unit's covered-employee payroll	\$ 4,042,000
Contributions as a percentage of covered-employee payroll	0.00%

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Regional School Unit No. 26**  
**Schedule of the Unit's Proportionate Share of the Net OPEB Liability**  
**Participating Local Districts Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2018</u>
Unit's proportion of the net OPEB liability	0.036073%
Unit's proportionate share of the net OPEB liability	\$ 6,032
Unit's covered-employee payroll	\$ 132,800
Unit's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	4.54%
Plan fiduciary net position as a percentage of the total OPEB liability	47.42%

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Regional School Unit No. 26**  
**Schedule of Unit OPEB Contributions**  
**Participating Local Districts Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2018</u>
Contractually required contribution	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Unit's covered-employee payroll	\$ 132,800
Contributions as a percentage of covered- employee payroll	0.00%

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Regional School Unit No. 26**  
**Budget and Assessment - General Fund**  
**For the Year Ended June 30, 2018**

**BUDGET REQUIREMENTS**

Operations and indebtedness	\$ 13,357,161
Transfers out	<u>100,000</u>
Total budget requirements	<u>13,457,161</u>

**REDUCTIONS OF REQUIREMENTS**

Estimated revenues	6,155,893
Bond interest refund	123,349
Utilization of fund balance - budget	<u>642,000</u>
Total reductions of requirements	<u>6,921,242</u>
Net budget requirements	<u>\$ 6,535,919</u>

**ASSESSMENTS**

Orono	<u>\$ 6,535,919</u>
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**Regional School Unit No. 26**  
**Combining Schedule of Special Revenue Fund Activity**  
**For the Year Ended June 30, 2018**

	June 30, 2017			June 30, 2018
	Balance	Revenues	Expenditures	Balance
Title IA disadvantaged	\$ -	\$ 109,944	\$ 109,944	\$ -
Local entitlement	(152)	155,450	155,298	-
Preschool handicapped	-	3,914	3,914	-
Title IIA	270	20,733	21,003	-
Title IV	-	1,638	1,638	-
Adult education - Orono	68,351	112,948	100,252	81,047
Adult education - Hampden	16,269	40,685	40,860	16,094
Adult education - Transitions	7,940	-	-	7,940
Improvement of instruction training	2,367	-	-	2,367
Service learn youth advisory group	98	-	-	98
Stephen & Tabitha King donation	200	2,000	-	2,200
Wellness grant	10	-	5	5
NSF - Johnson	2,557	-	-	2,557
Glueck funds Orono	20	-	-	20
Timber sale	81	-	-	81
Mountcastle MS River - Orono	319	-	-	319
OEA Orono	9,158	6,586	7,052	8,692
ME Math and Science	638	-	-	638
Region IV	1,162	-	-	1,162
Rutherford	5	-	(1)	6
Art (PAL)	124	-	-	124
PEPG	1,107	-	-	1,107
Board scholarship	-	5,850	-	5,850
Totals	<u>\$ 110,524</u>	<u>\$ 459,748</u>	<u>\$ 439,965</u>	<u>\$ 130,307</u>

**Regional School Unit No. 26**  
**Combining Schedule of Agency Fund Activity**  
**For the Year Ended June 30, 2018**

	<b>June 30, 2017</b>			<b>June 30, 2018</b>
	<b>Balance</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance</b>
Asa Adams School	\$ 12,949	\$ 8,311	\$ 8,545	\$ 12,715
Orono High School - General	108,519	148,763	108,935	148,347
Orono High School - Athletics	<u>11,553</u>	<u>12,874</u>	<u>10,133</u>	<u>14,294</u>
Total agency fund activity	<u>\$ 133,021</u>	<u>\$ 169,948</u>	<u>\$ 127,613</u>	<u>\$ 175,356</u>

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**Report on Compliance  
With the Requirements of the  
Maine School Finance Act**

Board of Directors  
Regional School Unit No. 26

We audited the financial statements of Regional School Unit No. 26 as of and for the year ended June 30, 2018, and have issued our report thereon dated January 4, 2019.

The management of Regional School Unit No. 26 is responsible for the Unit's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the Unit's compliance with laws and regulations, noncompliance with which could have a material effect on the financial statements of Regional School Unit No. 26.

Title 20-A Sec 6051 requires certain written assurances with respect to school audits. Our audit of compliance with laws and regulations consisted of, at a minimum, the following:

1. The audit has been conducted in accordance with applicable state and federal laws relating to financial and compliance audits as indicated in federal Office of Management and Budget circulars.
2. Budgetary controls were in place.
3. A determination of whether or not the annual financial data submitted to the department is correct.
4. A determination of whether or not the Unit has exceeded its authority to expend funds as provided by the total budget summary article.
5. The Unit has complied with applicable provisions of the Essential Services and Program Funding Act.
6. A determination of whether the school administrative unit has complied with the applicable provisions of the unexpended balances requirements established under section 15004.
7. The Unit has complied with transfer limitations between budget cost centers pursuant to section 1485, subsection 4.
8. The Unit has complied with budget content requirements pursuant to section 15693, subsection 1 and cost center summary budget format requirements pursuant to sections 1305C, 1485, 1701C and 2307.

The results of our tests indicate that, for the items tested, Regional School Unit No. 26 complied with those provisions of Maine laws and regulations. Nothing came to our attention that caused us to believe that, for the items not tested, Regional School Unit No. 26 was not in compliance with Maine laws and regulations.

*Brantner Thibodeau & Associates*

January 4, 2019



**Regional School Unit No. 26**  
**Reconciliation of Audit Adjustments to the Annual Financial Data**  
**Submitted to Maine Education Financial System**  
**For the Year Ended June 30, 2018**

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>School Lunch Program</b>	<b>Capital Projects</b>	<b>Totals</b>
<i>June 30 balance as per MEFS Financial System</i>	\$ 2,201,974	\$ 101,803	\$ 51,048	\$ 241,264	\$ 2,596,089
Beginning Fund Balance Adjustments	(21)	21,818	(17,441)	(1)	4,355
<b>Revenue adjustments</b>	2,677	53,121	6,733		62,531
<b>Expenditure adjustments</b>	(2,228)	(46,436)	(4,751)	3,077	(50,338)
<b>Rounding adjustments</b>	<u>1</u>	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>1</u>
<b><i>Audited GAAP Basis Fund Balance</i></b>	<u>\$ 2,202,403</u>	<u>\$ 130,307</u>	<u>\$ 35,588</u>	<u>\$ 244,340</u>	<u>\$ 2,612,638</u>

**Independent Auditor's 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. 26

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 26, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Regional School Unit No. 26's basic financial statements, and have issued our report thereon dated January 4, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Regional School Unit No. 26'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. 26's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 26'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**

As part of obtaining reasonable assurance about whether Regional School Unit No. 26's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Barbara Whibodian & Associates*

January 4, 2019

**Regional School Unit No. 26**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grantor Number</b>	<b>Expenditures</b>
U.S. Department of Education			
<i>Passed through State Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	013-05A-3107-13	\$ 109,944
Title IIA - Improving teacher quality	84.367	013-05A-3042-11	20,733
Student support and academic enrichment	84.424	013-05A-3345-00	1,638
<i>Special Education Cluster</i>			
Special Education - Grants to States	84.027	013-05A-3046-12	3,914
Special Education - Preschool Grant	84.173	013-05A-6241-23	155,450
<i>Total Special Education Cluster</i>			<u>159,364</u>
Total U.S. Department of Education			<u>291,679</u>
U.S. Department of Agriculture			
<i>Passed through State Department of Education</i>			
<i>Child Nutrition Cluster</i>			
National school lunch program	10.555	013-05A-3024-05	92,252
School breakfast program	10.553	013-05A-3014-05	27,965
<i>Total Child Nutrition Cluster</i>			<u>120,217</u>
Total U.S. Department of Agriculture			<u>120,217</u>
Total expenditure of federal awards			<u><u>\$ 411,896</u></u>