

REGIONAL SCHOOL UNIT NO. 18

Annual Financial Report

For the Year Ended June 30, 2018

REGIONAL SCHOOL UNIT NO. 18
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For the Year Ended June 30, 2018

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Independent Auditor's Report

Members of the Board of Directors
Regional School Unit No. 18

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. 18, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School 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. 18 as of June 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund 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 Schedule of the School Unit's Proportionate Share of the Net Pension Liability, the Schedule of the School Unit Contributions, and the Schedule of the School Unit's Proportionate Share of the Net OPEB Liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Regional School Unit No. 18's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018, on our consideration of Regional School Unit No. 18'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Regional School Unit No. 18's internal control over financial reporting and compliance.



December 10, 2018
South Portland, Maine

BASIC FINANCIAL STATEMENTS

REGIONAL SCHOOL UNIT NO. 18
Statement of Net Position
June 30, 2018

	Governmental activities
ASSETS	
Cash and cash equivalents	\$ 17,302,516
Investments	186,005
Accounts receivable	3,164
Due from other governments	1,300,739
Inventory	25,044
Capital assets not being depreciated	318,764
Capital assets being depreciated, net	26,999,385
Total assets	46,135,617
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	647,653
Total deferred outflows of resources	647,653
LIABILITIES	
Accounts payable	243,381
Accrued wages and benefits	2,639,829
Accrued interest	200,267
Due to agency funds	95,327
Noncurrent liabilities:	
Due within one year	2,358,148
Due in more than one year	21,603,039
Total liabilities	27,139,991
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	47,642
Total deferred inflows of resources	47,642
NET POSITION	
Net investment in capital assets	17,568,532
Restricted for:	
Nonexpendable trust fund principal	411,654
Expendable trust fund earnings	532,557
School grants	76,236
Unrestricted	1,006,658
Total net position	\$ 19,595,637

See accompanying notes to financial statements.

REGIONAL SCHOOL UNIT NO. 18
Statement of Activities
For year ended June 30, 2018

Function/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Governmental activities
Governmental activities:					
Instruction	\$ 25,928,856	57,647	4,374,869	-	(21,496,340)
Instructional support	4,215,881	47,523	-	-	(4,168,358)
Facilities and maintenance	1,961,305	18,069	-	-	(1,943,236)
Transportation	3,562,071	20,584	-	-	(3,541,487)
System administration	1,034,794	-	-	-	(1,034,794)
School administration	1,921,171	-	-	-	(1,921,171)
Other program expenditures	68,195	-	54,005	-	(14,190)
Adult education	67,718	12,427	18,297	-	(36,994)
School lunch program	1,238,472	364,495	662,303	-	(211,674)
Miscellaneous capital	573,684	-	-	209,469	(364,215)
Interest on debt/debt issuance costs	101,556	-	55,806	-	(45,750)
Total governmental activities	40,673,703	520,745	5,165,280	209,469	(34,778,209)
Total primary government	\$ 40,673,703	520,745	5,165,280	209,469	(34,778,209)
General revenues:					
Local assessments					22,107,716
State allocation					13,227,202
Investment earnings					24,906
Miscellaneous					23,685
Total general revenues					35,383,509
Change in net position					605,300
Net position--beginning					18,990,337
Net position--ending					\$ 19,595,637

See accompanying notes to financial statements.

REGIONAL SCHOOL UNIT NO. 18
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	School Lunch Program	Bonded Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,445,715	-	13,764,823	91,978	17,302,516
Investments	-	-	-	186,005	186,005
Accounts receivable	2,197	-	-	967	3,164
Due from other governments	1,018,373	46,292	-	236,074	1,300,739
Interfund loans receivable	-	-	-	706,284	706,284
Inventory	-	25,044	-	-	25,044
Total assets	\$ 4,466,285	71,336	13,764,823	1,221,308	19,523,752
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	74,396	4,139	162,693	2,153	243,381
Accrued wages and benefits	2,634,645	-	-	5,184	2,639,829
Interfund loans payable	84,794	525,465	36,685	154,667	801,611
Total liabilities	2,793,835	529,604	199,378	162,004	3,684,821
Fund balances (deficit):					
Nonspendable	-	-	-	411,654	411,654
Restricted	-	-	13,565,445	608,793	14,174,238
Committed	65,000	-	-	47,243	112,243
Assigned	526,052	-	-	-	526,052
Unassigned	1,081,398	(458,268)	-	(8,386)	614,744
Total fund balances (deficit)	1,672,450	(458,268)	13,565,445	1,059,304	15,838,931
Total liabilities and fund balances	\$ 4,466,285	71,336	13,764,823	1,221,308	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	27,318,149
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:	
Bonds and loans payable	(18,342,738)
Capital leases	(4,972,324)
Net pension liability, including related deferred inflows and outflows	1,348
Accrued interest	(200,267)
Accrued compensated absences	(47,462)

Net position of governmental activities **\$ 19,595,637**

See accompanying notes to financial statements.

REGIONAL SCHOOL UNIT NO. 18
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For year ended June 30, 2018

	General Fund	School Lunch Program	Bonded Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Local assessments	\$ 22,075,794	-	-	31,922	22,107,716
Intergovernmental	15,792,111	662,303	-	1,828,257	18,282,671
Charges for services	96,300	364,495	-	12,427	473,222
Interest revenue	11,437	-	10,420	3,049	24,906
Other revenues	126,414	-	-	54,605	181,019
Total revenues	38,102,056	1,026,798	10,420	1,930,260	41,069,534
Expenditures:					
Current:					
Regular instruction	15,946,076	-	-	933,795	16,879,871
Special education instruction	4,514,080	-	-	867,122	5,381,202
Career and technical education	498,226	-	-	-	498,226
Adult education	-	-	-	67,718	67,718
Other instruction	688,775	-	-	-	688,775
Student and staff support	3,983,886	-	-	-	3,983,886
System administration	1,028,285	-	-	-	1,028,285
School administration	1,921,171	-	-	-	1,921,171
Facilities and maintenance	2,134,250	-	-	-	2,134,250
Transportation	3,550,147	-	-	-	3,550,147
Maine PERS on-behalf payments	2,124,532	-	-	-	2,124,532
Other program expenditures	-	-	-	68,195	68,195
School lunch program	-	1,233,578	-	-	1,233,578
Capital outlay	918,928	-	341,775	356,376	1,617,079
Debt service	1,010,505	-	3,200	-	1,013,705
Total expenditures	38,318,861	1,233,578	344,975	2,293,206	42,190,620
Excess (deficiency) of revenues over (under) expenditures	(216,805)	(206,780)	(334,555)	(362,946)	(1,121,086)
Other financing sources (uses):					
Proceeds from lease issuance	918,928	-	-	-	918,928
Proceeds from loan issuance	-	-	-	205,928	205,928
Proceeds from bond issuance	-	-	13,900,000	-	13,900,000
Proceeds from loan escrow account	-	-	-	80,239	80,239
Transfers from other funds	-	300,000	-	-	300,000
Transfers to other funds	(300,000)	-	-	-	(300,000)
Total other financing sources (uses)	618,928	300,000	13,900,000	286,167	15,105,095
Net change in fund balances	402,123	93,220	13,565,445	(76,779)	13,984,009
Fund balances (deficit), beginning of year	1,270,327	(551,488)	-	1,136,083	1,854,922
Fund balances (deficit), end of year	\$ 1,672,450	(458,268)	13,565,445	1,059,304	15,838,931

See accompanying notes to financial statements.

REGIONAL SCHOOL UNIT NO. 18
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For year ended June 30, 2018

Net change in fund balances--total governmental funds (from Statement 4) \$ 13,984,009

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital outlays	1,043,395
Depreciation	(1,439,117)

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

Accrued interest	(31,188)
Accrued compensated absences	(6,509)
Net pension liability	280,056
Deferred inflows/outflows related to pensions	(153,331)

New bonds, loans and capital leases are reflected as other sources in the fund financial statements but are liabilities in the statement of net position.

New bonds issued	(13,900,000)
New loans issued	(205,928)
Gain on forgiveness of loans	209,469
Proceeds from loan escrow account	(80,239)
New capital leases	(918,928)

Repayment of debt principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.

Principal payments on bonds and loans	943,337
Principal payments on capital leases	880,274

Change in net position of governmental activities (see Statement 2) \$ 605,300

See accompanying notes to financial statements.

REGIONAL SCHOOL UNIT NO. 18
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For year ended June 30, 2018

	General Fund				Variance with final budget positive (negative)
	Budgeted amounts		Actual		
	Original	Final			
Revenues:					
Local assessments	\$ 22,055,794	22,055,794	22,075,794		20,000
Intergovernmental	13,557,702	13,557,702	13,667,579		109,877
Charges for services	111,000	111,000	95,946		(15,054)
Interest earned	5,000	5,000	11,437		6,437
Other revenues	181,183	181,183	78,891		(102,292)
Total revenues	35,910,679	35,910,679	35,929,647		18,968
Expenditures:					
Current:					
Regular instruction	16,383,769	16,193,769	15,946,076		247,693
Special education instruction	4,714,249	4,664,249	4,514,080		150,169
Career and technical education	507,900	507,900	498,226		9,674
Other instruction	737,932	737,932	688,775		49,157
Student and staff support	4,143,097	4,143,097	3,955,835		187,262
System administration	835,156	1,035,156	1,028,285		6,871
School administration	1,911,192	1,901,192	1,921,171		(19,979)
Transportation	2,211,978	2,261,978	2,134,250		127,728
Facilities and maintenance	3,676,322	3,676,322	3,550,147		126,175
Debt service	1,011,501	1,011,501	1,010,505		996
Total expenditures	36,133,096	36,133,096	35,247,350		885,746
Excess (deficiency) of revenues over (under) expenditures	(222,417)	(222,417)	682,297		904,714
Other financing sources (uses):					
Use of fund balance	322,417	322,417	-		(322,417)
Transfer to other funds	(100,000)	(100,000)	(300,000)		(200,000)
Total other financing sources (uses)	222,417	222,417	(300,000)		(522,417)
Reconcile to GAAP basis reporting:					
Change in assigned fund balance	-	-	19,826		19,826
Net change in fund balance	-	-	402,123		402,123
Fund balance, beginning of year			1,270,327		
Fund balance, end of year			\$ 1,672,450		

See accompanying notes to financial statements.

REGIONAL SCHOOL UNIT NO. 18
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

		Agency funds
ASSETS		
Cash and cash equivalents	\$	305,392
Interfund loans receivable		98,578
Total assets		403,970
LIABILITIES		
Accounts payable		100
Interfund loans payable		3,251
Amounts held for others		400,619
Total liabilities	\$	403,970

See accompanying notes to financial statements.

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements

THE REPORTING ENTITY

Regional School Unit No. 18 was organized in 2009 under the laws of the State of Maine. The School Unit is administered by a ten member Board of School Directors and encompasses the towns of Belgrade, Oakland, Sidney, China, and Rome.

This report includes all funds of the School Unit. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

It is the School Unit's judgment, based on all pertinent facts derived from the analysis of these criteria that there are no entities that would be considered potential component units within the School Unit that should be included as part of these financial statements.

The School Unit provides a full range of educational services that includes instruction, transportation, operation and maintenance of plant and equipment, student and staff support services, school lunch program, and general administrative services.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Regional School Unit No. 18 conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies:

A. Basis of Presentation

The School Unit's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School Unit. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of net position presents the financial condition of the governmental activities of the School Unit at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School Unit's governmental activities.

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The School Unit has elected not to allocate indirect costs among the programs and functions.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School Unit. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School Unit.

2. Fund Financial Statements:

During the year, the School Unit segregates transactions related to certain School Unit functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School Unit at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

B. Fund Accounting

The School Unit uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds, governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School Unit's only major governmental funds:

General Fund - The General Fund is the general operating fund of the School Unit. All revenues not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs not paid through other funds.

School Lunch Program - The School Lunch Program accounts for revenues received and disbursements made to support the lunch program.

Bonded Capital Projects - The Bonded Capital Projects fund accounts for the bond proceeds and related disbursements for various capital projects and improvements.

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

2. Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School Unit's own programs.

Agency Fund Types - The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School Unit's agency fund accounts for those student activity programs that have student participation in the activity and have students involved in the management of the program as well as amounts held for organizations outside the School Unit.

C. Measurement Focus

1. Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows and inflows of resources, and liabilities associated with the operation of the School Unit are included on the Statement of Net Position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School Unit, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School Unit receives value without directly giving equal value in return, include subsidies, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School Unit must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School Unit on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest, grants, and student fees.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

Cash and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits and time deposits. Investments are stated at fair value.

Interfund Transactions - During the course of normal operations, the School Unit has several transactions between funds including expenditures and transfers of resources to provide services. These transactions are reported as transfers. Transactions between funds which represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans receivable or payable.

Inventories - Food services inventories are valued at the lower of cost (first-in, first-out basis) or market, and are offset with a reserve for inventories. Inventories include the value of the U. S. Department of Agriculture commodities donated to the Food Services Program.

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences - Under terms of union contracts and personnel administration policies, employees are granted vacation and sick time in varying amounts and are, in some cases, entitled to payment for unused vacation and sick time upon termination or retirement. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, 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.

Deferred Inflows and Outflows of Resources - In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the School Unit's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between School Unit contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

Use of Estimates - Preparation of the School 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.

Capital Assets - Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year.

Donated capital assets are recorded at their estimated acquisition cost as of the date received. The School Unit maintains a capitalization threshold of five thousand dollars.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except for land, are depreciated. The historical cost of buildings was estimated based on construction cost and the historical cost of land has been deemed to be insignificant and has not been reported separately. Improvements are depreciated over the remaining useful lives of the related capital assets.

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated lives</u>
Buildings and improvements	40 years
Furniture and equipment	5-20 years
Vehicles	5-10 years
Infrastructure	50 years
Land improvements	15-20 years

Accrued Liabilities and Long-term Obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities, once incurred, are paid in a timely manner and in full from current financial resources, and reported as obligations of the governmental funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. The capital leases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Equity - Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the School Unit is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The voters of the School Unit have the responsibility for committing fund balance amounts by vote and likewise would be required to modify or rescind those commitments by a similar vote. For assigned fund balance amounts, the Superintendent has the authority to assign unspent budgeted amounts to specific purposes in the General Fund at year end. The School Board approves the assigned amounts either before or after year end.

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Should there be multiple sources of funding available for a particular purpose, it is the School Unit's practice to expend currently budgeted resources first, and then use other sources in the order of restricted, committed, then assigned amounts, as needed.

Net Position - Net position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, loans, and capital leases payable and adding back any unspent proceeds.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the School Unit or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School Unit's net investment in capital assets was calculated as follows at June 30, 2018:

Capital assets	\$ 50,525,881
Accumulated depreciation	(23,207,732)
Bonds and loans payable	(18,342,738)
Capital leases	(4,972,324)
<u>Unspent bond proceeds</u>	<u>13,565,445</u>
<u>Net investment in capital assets</u>	<u>\$ 17,568,532</u>

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information - A budget is formally adopted for the General Fund each year through the passage of articles through a School Unit warrant, and is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for Maine Public Employees Retirement on-behalf payments, and amounts accounted for in the General Fund's committed and assigned fund balances, which are not budgeted. The level of control (level at which expenditures may not exceed budget) is the School Unit budget referendum article level. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year.

During the year, the School Unit made transfers between budget lines so that some of the budget lines would not be overspent. In accordance with Maine Statute Title 20-A, the budget line transfers did not exceed 5% of the total appropriations for the cost centers from which the transfers were made and the total budget was not changed. The adjustments to the budget are included in the final budget column on Statement 6.

Overspent Appropriations

The following appropriations were overspent for the year ended June 30, 2018:

School administration	\$19,979
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REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

Deficit Fund Balances

At June 30, 2018, the following funds had deficit fund balances:

Special Revenue Funds:	
School Lunch Program	\$ (458,268)
Local Entitlement	(5,379)
Title 1A	(1,300)
Melmac	(174)
Momentum grant	(1,533)

These fund deficits will be covered by future revenue sources or transfers from the General Fund.

ASSESSMENTS

In accordance with the provisions of Title 20A of the Maine Statutes, the directors of the Regional School Unit No. 18 assess each member community a proportionate share of the additional revenues required to meet current year budgeted expenses. Each member's proportionate share is based upon its percentage of the total state valuation of the School Unit. Assessments are due in twelve equal monthly installments.

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Deposits: Custodial credit risk is the risk that in the event of a bank failure, the School Unit's deposits may not be returned to it. The School Unit does not have a deposit policy for custodial credit risk. As of June 30, 2018, the School Unit reported deposits of \$17,607,908 with a bank balance of \$17,884,657. All of the School Unit's bank balances were covered by FDIC insurance, or by additional insurance purchased on behalf of the School Unit by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 17,302,516
Reported in fiduciary funds	<u>305,392</u>
Total deposits	<u>\$ 17,607,908</u>

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

B. Investments

At June 30, 2018, the School Unit had the following investments and maturities:

	<u>Fair</u> <u>Value</u>	<u>Less than</u> <u>1 year</u>
Equities/stock	\$ 65,432	N/A
Money market accounts (1)	69,681	N/A
<u>Mutual funds (1)</u>	<u>50,892</u>	<u>N/A</u>
<u>Total investments</u>	<u>\$ 186,005</u>	

(1) Money market accounts and mutual funds are not considered securities and are exempt from credit risk disclosure noted above.

All investments have been reported in the governmental funds.

The School Unit categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the School Unit's investments as of June 30, 2018 are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk: The School Unit does not currently have a policy, which limits the maturities of investments to certain time periods. However, it is the School Unit's general practice to deposit governmental funds in short term deposits (less than one year). Excess governmental funds on hand daily are swept by the banking institution into overnight repurchase agreements.

Credit Risk: Maine statutes authorize the School Unit to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds.

Custodial Credit Risk-School Unit's investments: For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the School Unit will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the School Unit's \$186,005 in investments, 100% was collateralized by underlying securities held by the related bank, which were not in the School Unit's name.

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance</u> <u>6/30/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/18</u>
Governmental activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,042,498	476,528	2,200,262	318,764
Total capital assets, not being depreciated:	2,042,498	476,528	2,200,262	318,764
Capital assets being depreciated:				
Land improvements	363,084	-	-	363,084
Buildings and improvements	41,920,209	2,345,331	-	44,265,540
Equipment	1,792,300	42,688	222,690	1,612,298
Vehicles	3,316,230	379,110	42,084	3,653,256
Infrastructure	312,939	-	-	312,939
Total capital assets, being depreciated	47,704,762	2,767,129	264,774	50,207,117
Less accumulated depreciation:				
Land improvements	133,804	18,205	-	152,009
Buildings and improvements	17,845,839	1,123,224	-	18,969,063
Equipment	1,578,341	65,132	222,690	1,420,783
Vehicles	2,453,499	226,297	42,084	2,637,712
Infrastructure	21,906	6,259	-	28,165
Total accumulated depreciation	22,033,389	1,439,117	264,774	23,207,732
Total capital assets being depreciated, net	25,671,373	1,328,012	-	26,999,385
Governmental activities capital assets, net	\$ 27,713,871	1,804,540	2,200,262	27,318,149

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Regular Instruction	\$ 1,202,187
Facilities and maintenance	5,739
Transportation	226,297
School lunch program	4,894
<u>Total depreciation expense</u>	<u>\$ 1,439,117</u>

INTERFUND LOANS AND TRANSFERS

Individual interfund receivables, payables, and transfer balances at June 30, 2018 were as follows:

<u>Fund</u>	<u>Interfund</u> <u>receivables</u>	<u>Interfund</u> <u>payables</u>	<u>Interfund</u> <u>transfers</u>
General Fund	\$ -	84,794	(300,000)
School Lunch Program	-	525,465	300,000
Bonded Capital Projects	-	36,685	-

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

INTERFUND LOANS AND TRANSFERS, CONTINUED

<u>Fund</u>	<u>Interfund receivables</u>	<u>Interfund payables</u>	<u>Interfund transfers</u>
Nonmajor Governmental Funds			
State and Federal Special Revenues	\$ -	154,667	-
Adult Education Funds	40,056	-	-
Permanent Funds	666,228	-	-
Total nonmajor governmental funds	706,284	154,667	-
 Agency Funds	 98,578	 3,251	 -
Total	\$ 804,862	804,862	-

LONG-TERM DEBT

The following is a summary of long-term liability transactions of the School Unit for the year ended June 30, 2018.

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Bonds and loans payable	\$ 5,309,377	13,976,698	943,337	18,342,738	1,612,958
Net pension liability	878,719	-	280,056	598,663	-
Accrued compensated absences	40,953	6,509	-	47,462	-
Capital leases	4,933,670	918,928	880,274	4,972,324	745,190
Total	\$ 11,162,719	14,902,135	2,103,667	23,961,187	2,358,148

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2018 are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	1,612,958	506,579	2,119,537
2020	1,594,545	484,822	2,079,367
2021	1,594,545	435,162	2,029,707
2022	1,594,545	385,219	1,979,764
2023	898,403	355,036	1,253,439
2024-2028	4,097,742	1,503,145	5,600,887
2029-2033	3,475,000	979,554	4,454,554
2034-2038	3,475,000	344,376	3,819,376
Total	\$ 18,342,738	4,993,893	23,336,631

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

General Obligation Debt

General obligation debt at June 30, 2018 is comprised of the following individual issues:

	<u>Date of issue</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Balance 6/30/18</u>
School Safety Upgrades – Revolving Loan with Maine Municipal Bond Bank due in annual principal Installments	2014	\$ 131,335(a)	0%	2018	18,414
School Heating Upgrades – Qualified School Construction Bond with Maine Municipal Bond Bank due in annual principal installments	2012	2,672,172(b)	0%	2027	1,526,956
School Heating Upgrades – School Bond with Maine Municipal Bond Bank due in annual principal and semi-annual interest installments	2012	188,000	6.5%	2026	112,800
School Renovation – General obligation bond with Maine Municipal Bond Bank due in annual principal and semi-annual interest installments	2018	13,900,000	1.92-4.0%	2038	13,900,000
School Renovation – Revolving Loan with Maine Municipal Bond Bank due in annual principal installments	2017	192,625(c)	0%	2022	115,644
School Renovation – Revolving Loan with Maine Municipal Bond Bank due in annual principal installments	2018	115,155(d)	0%	2022	92,124
School Building – Municipal Bond with Maine Municipal Bond Bank due in annual principal installments and semi-annual interest installments	2002	12,883,987	4.59%	2022	2,576,800
Totals					\$ 18,342,738

- (a) The original amount of the loan was for \$242,226, of which \$110,891 was forgiven by the State.
- (b) The original amount of the bond was for \$3,000,000, of which \$327,828 was forgiven by the State.
- (c) The original amount of the loan was for \$272,865, of which \$118,696 was forgiven by the State.
- (d) The original amount of the bond was for \$205,928, of which \$90,773 was forgiven by the State.

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

The statutes of the State of Maine provide, in part, that the aggregate principal amount of debt issued by a School Administrative School Unit for capital outlay purposes shall not exceed, at any one time outstanding, the limit of indebtedness of the sum of 10% of the total of the last preceding state valuation of the member municipalities, plus an amount set by the State Board of Education at the time of initial approval of the school construction project not to exceed 4% of the state valuation of the participating municipalities. At June 30, 2018, the School Unit's direct debt was within the minimum statutory limit of 10% of the five participating municipalities.

The School Unit has entered into an agreement with a bank to fund the retirement of the 2012 Qualified School Construction Bond with annual payments to a trust account. The payments deposited into the trust account are invested and it is anticipated that earnings on the deposits will fund a significant portion of the debt retirement obligation. As such, the payments made into the trust are less than what would be required under a traditional payment schedule. When the bond matures, there is the possibility that the deposits made and the investment earnings will not be sufficient to retire the entire principal and interest obligation. In that scenario, the School Unit would be obligated to make a payment to retire any remaining principal or interest due. As of June 30, 2018, the fair market value of the trust account equaled \$1,172,832.

CAPITAL LEASES

The School Unit has entered into lease agreements as lessee for financing the acquisition of vehicles, copiers, technology equipment, and school renovations. The agreements contain a fiscal funding clause that permits the School Unit to terminate the agreement on an annual basis if funds are not appropriated. These leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. The leases are reported in the statement of net position.

The following is a schedule of future minimum lease payments under the capital leases at June 30, 2018.

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 745,190	175,347	920,537
2020	638,440	151,666	790,106
2021	553,529	129,855	683,384
2022	419,934	111,484	531,418
2023	237,025	97,785	334,810
2024-2028	1,094,535	334,098	1,428,633
2029-2033	644,412	165,931	810,343
2034-2037	639,259	52,136	691,395
Total	\$ 4,972,324	1,218,302	6,190,626

Leased assets have been capitalized under building improvements, vehicles, equipment, and construction in progress at a total cost of \$5,210,346 and accumulated depreciation of \$657,923 as of June 30, 2018.

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

STATE REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES

The State of Maine currently reimburses the School Unit for a portion of financing costs of school building and school bus purchases. Continuation of such reimbursements is dependent upon continued appropriations by the State Legislature.

FUND BALANCES

As of June 30, 2018, fund balance components consisted of the following:

	<u>General Fund</u>	<u>School Lunch Program</u>	<u>Bonded Capital Projects</u>	<u>Other Governmental Funds</u>
Nonspendable				
Permanent fund principal	\$ -	-	-	411,654
Total nonspendable	-	-	-	411,654
Restricted:				
Grant balances	-	-	-	76,236
Permanent fund earnings	-	-	-	532,557
Capital Projects	-	-	13,565,445	-
Total restricted	-	-	13,565,445	608,793
Committed:				
Fuel reserve	65,000	-	-	-
Special revenue funds:				
Adult education	-	-	-	40,756
Medicaid reimbursements	-	-	-	6,487
Total committed	65,000	-	-	47,243
Assigned:				
Technology	26,052	-	-	-
Subsequent year budget	500,000	-	-	-
Total assigned	526,052	-	-	-
Unassigned:				
General fund	1,081,398	-	-	-
School lunch program	-	(458,268)	-	-
Special revenue funds:				
Grant balances	-	-	-	(8,386)
Total unassigned	\$1,081,398	(458,268)	-	(8,386)

BUDGETARY BASIS VS. GAAP BASIS--GENERAL FUND

The School Unit's General Fund budget is prepared on a basis consistent with U.S. generally accepted accounting principles (GAAP) except that the School Unit does not budget for Maine Public Employees Retirement on-behalf payments made by the State and amounts that are recorded as assigned and committed fund balances in the General Fund.

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

BUDGETARY BASIS VS. GAAP BASIS--GENERAL FUND

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Statement 6) is prepared on the budgetary basis.

The School Unit has recorded a revenue and expenditure for Maine Public Employees retirement and group term life contributions made as required by state law, by the State of Maine on behalf of the School Unit. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under generally accepted accounting principles of \$2,124,532.

These amounts have been included as intergovernmental revenue and expenditure in the governmental activities on Statement 2 (Statement of Activities) and in Statement 4 (GAAP basis). There is no effect on the fund balance or net position at the end of the year.

The School Unit has revenues and expenditures related to transportation contracts, e-rate refunds, and laptop insurance proceeds which are shown as changes in assigned fund balance on Exhibit A-2 and Statement 6 (budgetary basis), but are shown as revenues of \$47,877 and expenditures of \$28,051 on Statement 4 (GAAP basis).

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description - Teaching-certified employees of the School Unit are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.maineopers.org.

Benefits Provided - The SET Plan provides 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.

In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For SET members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by statute.

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Maine statute requires the State to contribute a portion of the School Unit's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Employees are required to contribute 7.65% of their annual pay. The School Unit's contractually required contribution rate for the year ended June 30, 2018, was 15.05% of annual payroll of which 3.97% of payroll was required from the School Unit and 11.08% was required from the State. Contributions to the pension plan from the School Unit were \$622,475 for the year ended June 30, 2018.

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

At June 30, 2018, the School Unit reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the School Unit. The amount recognized by the School Unit as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the School Unit were as follows:

School Unit's proportionate share of the net pension liability	\$ 598,663
State's proportionate share of the net pension liability associated with the School Unit	17,780,731
Total	\$ 18,379,394

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Unit's proportion of the net pension liability was based on a projection of the School Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating School Units and the State, actuarially determined. At June 30, 2017, the School Unit's proportion was 0.0412%

For the year ended June 30, 2018, the School Unit recognized pension expense of \$2,233,036 and revenue of \$1,737,286 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,178	-
Changes in assumption	-	9,350
Net difference between projected and actual earnings on pension plan investments	-	8,804
Changes in proportion and differences between School Unit contributions and proportionate share of contributions	-	29,488
School Unit contributions subsequent to the measurement date	622,475	-
Total	\$ 647,653	47,642

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

An amount of \$622,475 is reported as deferred outflows of resources related to pensions resulting from School Unit contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ 4,224
2020	1,358
2021	4,002
2021	(32,048)

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.75% to 14.5% per year
Investment return	6.875% per annum, compounded annually
Cost of living benefit increases	2.20% per annum

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%
Total	100%	

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 6.875%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School Unit's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

- The following presents the School Unit's proportionate share of the net pension liability calculated using the discount rate of 6.875%, as well as what the School Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1 percentage-point higher (7.875%) than the current rate:

	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
School Unit's proportionate share of the net pension liability	\$ 1,050,476	\$ 598,663	\$ 225,627

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2018.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description - The School Unit sponsors a post-retirement benefit plan providing group term life insurance to retiring teachers. The plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. MPERS issues a publicly available financial report that is available at www.mpers.org.

Benefits Provided - MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees 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 determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the School Unit were \$41,566 for the year ended June 30, 2018. Employers and employees are not required to contribute to the OPEB plan.

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the School Unit reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the School Unit was \$458,635 as of June 30, 2018. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School Unit's proportion of the net OPEB liability was based on a projection of the School Unit's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the School Unit's proportion was 0.00%.

For the year ended June 30, 2018, the School Unit recognized OPEB expense of \$41,566 and also revenues of \$41,566 for support provided by the State. At June 30, 2018, the School Unit reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

Actuarial Assumptions - The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75% - 14.50%
Investment rate of return	6.875%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	16.0%	3.0%
US government securities	9.0%	2.3%
Total	100.0%	

REGIONAL SCHOOL UNIT NO. 18
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Discount Rate - The rate used to measure the total OPEB liability for the plan was 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in a separately issued MPERS financial report.

RISK MANAGEMENT

The School Unit is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the School Unit either carries commercial insurance, is self insured or participates in a public entity risk pool. The School Unit participates in one public entity risk pool, which is sponsored by the Maine School Management Association (MSMA) for Workers' Compensation coverage.

Based on the coverage provided by this pool, as well as commercial insurance purchased, the School Unit is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2018.

COMMITMENTS

As of June 30, 2018, the School Unit had outstanding commitments with contractors for the Athletic Complex improvements. Of the contracted amounts, approximately \$3.5 million remained to be completed.

The School Unit participates in a number of federally assisted grant programs. Although the programs have been audited in compliance with the Single Audit Act, as amended, these programs are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs for, or including, the year ended June 30, 2018, have not yet been completed. Accordingly, the School Unit's compliance with applicable grant requirements will be established at some future date. The amount, if any, of the expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School Unit expects such amounts, if any, to be immaterial.

SUBSEQUENT EVENTS

In July 2018, the School Board authorized three lease purchase agreements for maintenance vehicles and equipment of \$130,000, technology equipment of \$500,000, and photocopiers of \$50,000.

REGIONAL SCHOOL UNIT NO. 18
Required Supplementary Information

Schedule of School Unit's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System State Employee and Teacher Plan
Last 10 Fiscal Years*

	<u>2015**</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
School Unit's proportion of the net pension liability	0.0432%	0.0383%	0.0497%	0.0412%
School Unit's proportionate share of the net pension liability	\$ 466,400	516,906	878,719	598,663
State's proportionate share of the net pension liability associated with the School Unit	13,495,050	17,503,534	22,535,924	17,780,731
Total	\$ 13,961,450	18,020,440	23,414,643	18,379,394
School Unit's covered payroll	\$ 14,484,894	15,264,221	15,559,901	15,300,134
School Unit's proportionate share of the net pension liability as a percentage of its covered payroll	3.22%	3.39%	5.65%	3.91%
Plan fiduciary net position as a percentage of the total pension liability	83.91%	81.18%	76.21%	80.78%

* The amounts presented for each fiscal year were determined as of the prior fiscal year.

**Only four years of information available.

REGIONAL SCHOOL UNIT NO. 18
Required Supplementary Information, Continued

Schedule of School Unit Contributions
Maine Public Employees Retirement System State Employee and Teacher Plan
 Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 404,502	522,813	514,085	622,475
Contributions in relation to the contractually required contribution	(404,502)	(522,813)	(514,085)	(622,475)
<u>Contribution deficiency (excess)</u>	\$ -	-	-	-
School Unit's covered payroll	\$ 15,264,221	15,559,901	15,300,134	15,679,475
Contributions as a percentage of covered payroll	2.65%	3.36%	3.36%	3.97%

**Only four years of information available.*

REGIONAL SCHOOL UNIT NO. 18
Required Supplementary Information, Continued

Schedule of School Unit's Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years*

	<u>2018</u>
School Unit's proportion of the net OPEB liability	0.00%
School Unit's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the School Unit	<u>458,635</u>
Total	<u>\$ 458,635</u>
Plan fiduciary net position as a percentage of the total OPEB liability	47.29%

* Only one year of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

REGIONAL SCHOOL UNIT NO. 18
Required Supplementary Information, Continued

Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.875%	7.125%	7.125%
Inflation rate	2.75%	3.50%	3.50%
Salary increases	2.75-14.50%	3.50-13.50%	3.50-13.50%
Cost of living increases	2.20%	2.55%	2.55%

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

In 2016, and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

Net OPEB Liability

Changes of Benefit Terms - None

Changes of Assumptions - None

*This schedule is intended to show information for ten years, but only the years in which a change occurred have been displayed. Additional year's information will be displayed as it becomes available.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

These statements provide a more detailed view of the "basic financial statements" presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type.

GENERAL FUND

The General Fund is the general operating fund of the School Unit. All revenues that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds.

REGIONAL SCHOOL UNIT NO. 18
General Fund
Comparative Balance Sheets
June 30, 2018

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 3,445,715	4,004,519
Accounts receivable	2,197	13,946
Due from other governments	1,018,373	140,161
Total assets	\$ 4,466,285	4,158,626
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	74,396	124,932
Accrued wages and benefits	2,634,645	2,760,682
Interfund loans payable	84,794	2,685
Total liabilities	2,793,835	2,888,299
Fund balances:		
Committed - fuel reserve	65,000	65,000
Assigned - technology	26,052	6,580
Assigned - for subsequent year budget	500,000	500,000
Unassigned	1,081,398	698,747
Total fund balances	1,672,450	1,270,327
Total liabilities and fund balances	\$ 4,466,285	4,158,626

REGIONAL SCHOOL UNIT NO. 18
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis
For the Year ended June 30, 2018

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Revenues:				
Local assessments:				
Belgrade	\$ 6,019,673	6,039,673	20,000	5,862,899
China	4,728,855	4,728,855	-	4,497,908
Oakland	5,462,480	5,462,480	-	5,098,406
Rome	1,814,111	1,814,111	-	1,744,028
Sidney	4,030,675	4,030,675	-	3,815,399
Total local assessments	22,055,794	22,075,794	20,000	21,018,640
Intergovernmental:				
State subsidy	13,257,702	13,227,202	(30,500)	13,052,882
Efficiency Maine rebates	-	-	-	58,195
State agency clients	300,000	440,377	140,377	378,642
Total intergovernmental	13,557,702	13,667,579	109,877	13,489,719
Charges for services:				
Tuitions - other	35,000	53,647	18,647	51,611
Rentals	18,000	18,069	69	30,188
Educational services	48,000	4,000	(44,000)	48,003
Transportation	10,000	20,230	10,230	120,509
Total charges for services	111,000	95,946	(15,054)	250,311
Interest earned	5,000	11,437	6,437	9,946
Other revenues:				
Sale of assets	500	4,379	3,879	-
Refunds	2,500	6,198	3,698	1,817
QZAB interest refund	67,183	55,806	(11,377)	62,135
Miscellaneous revenue	111,000	12,508	(98,492)	22,612
Total other revenues	181,183	78,891	(102,292)	86,564
Total revenues	35,910,679	35,929,647	18,968	34,855,180
Expenditures:				
Current:				
Regular instruction	16,193,769	15,946,076	247,693	15,610,550
Special education instruction	4,664,249	4,514,080	150,169	4,174,321
Career and technical education	507,900	498,226	9,674	524,706
Other instruction	737,932	688,775	49,157	681,710
Student and staff support	4,143,097	3,955,835	187,262	3,805,150
System administration	1,035,156	1,028,285	6,871	925,368
School administration	1,901,192	1,921,171	(19,979)	1,863,261
Transportation	2,261,978	2,134,250	127,728	2,253,270
Facilities and maintenance	3,676,322	3,550,147	126,175	3,601,740
Debt service	1,011,501	1,010,505	996	1,067,348
Total expenditures	36,133,096	35,247,350	885,746	34,507,424

REGIONAL SCHOOL UNIT NO. 18
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual-Budgetary Basis, Continued

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Excess (deficiency) of revenues over (under) expenditures	\$ (222,417)	682,297	904,714	347,756
Other financing sources (uses):				
Use of fund balance	322,417	-	(322,417)	-
Transfers from other funds	-	-	-	6,204
Transfers to other funds	(100,000)	(300,000)	(200,000)	(45,490)
Total other financing sources (uses)	222,417	(300,000)	(522,417)	(39,286)
Reconcile to GAAP basis reporting:				
Change in assigned fund balance	-	19,826	19,826	6,987
Change in Day One program	-	-	-	17,392
Long term receivable	-	-	-	(42,000)
Net change in fund balance	-	402,123	402,123	290,849
Fund balance, beginning of year		1,270,327		979,478
Fund balance, end of year	\$	1,672,450		1,270,327

NONMAJOR GOVERNMENTAL FUNDS

State and Federal Special Revenues – This fund is used to account for all federal, state, and local grants received and spent by the School Unit.

Adult Education Fund – This fund accounts for the state subsidy and local allocation used to fund the adult education program, as well as revenues derived from fees and tuition and expenditures related to running the program.

Capital Project Funds – These funds are used to account for the proceeds from leases and loans and the related expenditures for capital improvements, the acquisition of capital assets, and the related debt service.

Permanent Funds – This fund is used to account for the scholarship funds, including restricted principal and earnings.

REGIONAL SCHOOL UNIT NO. 18
Combining Balance Sheet
All Other Governmental Funds
June 30, 2018

	<u>Special Revenue Funds</u>				Total Other Governmental Funds
	State and Federal Special Revenues	Adult Education Fund	Capital Project Funds	Permanent Funds	
ASSETS					
Cash and cash equivalents	\$ -	-	-	91,978	91,978
Investments	-	-	-	186,005	186,005
Receivables:					
Accounts receivable	-	967	-	-	967
Due from other governments	236,074	-	-	-	236,074
Interfund loans receivable	-	40,056	-	666,228	706,284
Total assets	\$ 236,074	41,023	-	944,211	1,221,308
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,886	267	-	-	2,153
Accrued wages and benefits	5,184	-	-	-	5,184
Interfund loans payable	154,667	-	-	-	154,667
Total liabilities	161,737	267	-	-	162,004
Fund balances:					
Nonspendable:					
Permanent fund principal	-	-	-	411,654	411,654
Restricted:					
School grants	76,236	-	-	-	76,236
Permanent fund earnings	-	-	-	532,557	532,557
Committed	6,487	40,756	-	-	47,243
Unassigned	(8,386)	-	-	-	(8,386)
Total fund balances	74,337	40,756	-	944,211	1,059,304
Total liabilities and fund balances	\$ 236,074	41,023	-	944,211	1,221,308

REGIONAL SCHOOL UNIT NO. 18
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For year ended June 30, 2018

	<u>Special Revenue Funds</u>				Total Other Governmental Funds
	State and Federal Special Revenues (Schedule 1)	Adult Education Fund	Capital Project Funds (Exhibit C)	Permanent Funds (Schedule 2)	
Revenues:					
Local assessment	\$ -	31,922	-	-	31,922
Intergovernmental	1,809,960	18,297	-	-	1,828,257
Charges for services	-	12,427	-	-	12,427
Interest revenue	-	-	-	3,049	3,049
Other revenue	25,677	-	600	28,328	54,605
Total revenues	1,835,637	62,646	600	31,377	1,930,260
Expenditures:					
Current:					
Regular instruction	933,795	-	-	-	933,795
Special education instruction	867,122	-	-	-	867,122
Adult education	-	67,718	-	-	67,718
Other program expenditures	48,504	-	-	19,691	68,195
Capital outlay	-	-	356,376	-	356,376
Total expenditures	1,849,421	67,718	356,376	19,691	2,293,206
Excess (deficiency) of revenues over (under) expenditures	(13,784)	(5,072)	(355,776)	11,686	(362,946)
Other financing sources:					
Proceeds from loan issuance	-	-	205,928	-	205,928
Proceeds from loan escrow account	-	-	80,239	-	80,239
Total other financing sources	-	-	286,167	-	286,167
Net change in fund balances	(13,784)	(5,072)	(69,609)	11,686	(76,779)
Fund balances, beginning of year	88,121	45,828	69,609	932,525	1,136,083
Fund balances, end of year	\$ 74,337	40,756	-	944,211	1,059,304

REGIONAL SCHOOL UNIT NO. 18
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Project Funds
For year ended June 30, 2018

	Energy Efficiency Upgrades	2017 Revolving Loan Upgrades	2016 Revolving Renovation Upgrades	Total Capital Project Funds
Revenues:				
Other revenues	\$ -	-	600	600
Total revenues	-	-	600	600
Expenditures:				
Capital outlay	58,465	205,928	91,983	356,376
Total expenditures	58,465	205,928	91,983	356,376
Deficiency of revenues under expenditures	(58,465)	(205,928)	(91,383)	(355,776)
Other financing sources:				
Proceeds from loan issuance	-	205,928	-	205,928
Proceeds from loan escrow account	-	-	80,239	80,239
Total other financing sources	-	205,928	80,239	286,167
Net change in fund balances	(58,465)	-	(11,144)	(69,609)
Fund balances, beginning of year	58,465	-	11,144	69,609
Fund balances, end of year	\$ -	-	-	-

REGIONAL SCHOOL UNIT NO. 18
Fiduciary Funds - Agency Funds
Combining Statement of Fiduciary Net Position
June 30, 2018

	Messalonskee High School Activity Funds (Schedule 3)	Messalonskee High School Athletics Funds (Schedule 4)	Messalonskee Middle School Activity Funds (Schedule 5)	Belgrade Central School Activity Funds (Schedule 6)	James H. Bean School Activity Funds (Schedule 7)	Atwood Tapley School Activity Funds (Schedule 8)	Williams Elementary Activity Funds (Schedule 9)	Total all Other (below)	Totals
ASSETS									
Cash and cash equivalents	\$ 112,081	46,089	16,898	32,768	8,428	18,618	28,455	42,055	305,392
Interfund loans receivable	51,072	32,016	12,423	-	-	-	-	3,067	98,578
Total assets	163,153	78,105	29,321	32,768	8,428	18,618	28,455	45,122	403,970
LIABILITIES									
Accounts payable	-	-	-	-	-	-	-	100	100
Interfund loans payable	-	-	-	-	-	-	-	3,251	3,251
Amounts held for others	163,153	78,105	29,321	32,768	8,428	18,618	28,455	41,771	400,619
Total liabilities	\$ 163,153	78,105	29,321	32,768	8,428	18,618	28,455	45,122	403,970

	China Primary Activity Funds (Schedule 10)	China Middle School Activity Funds (Schedule 11)	Kennebec Valley Superintendents Association	Kennebec Consortium	Medical Reimbursements	Other Agency	Total all Other
ASSETS							
Cash and cash equivalents	\$ 22,360	19,695	-	-	-	-	42,055
Interfund loans receivable	-	-	919	2,148	-	-	3,067
Total assets	22,360	19,695	919	2,148	-	-	45,122
LIABILITIES							
Accounts payable	-	-	-	-	-	100	100
Interfund loans payable	-	-	-	-	2,951	300	3,251
Amounts held for others	22,360	19,695	919	2,148	(2,951)	(400)	41,771
Total liabilities	\$ 22,360	19,695	919	2,148	-	-	45,122

SCHEDULES

REGIONAL SCHOOL UNIT NO. 18
Special Revenue Funds-State and Federal
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For year ended June 30, 2018

		Fund balances (deficits) beginning of year	Revenues		Program expenditures	Fund balances (deficits) end of year
			Federal funds	State and Other revenues		
Federal funds:						
2470	Local Entitlement	\$ (8,598)	863,123	-	859,904	(5,379)
2510	Local Entitlement - Preschool Program	(84)	7,302	-	7,218	-
2990	Title 1A Program Improvement	-	29,516	-	29,516	-
2990	Title IA	(195)	697,811	-	698,916	(1,300)
2990	Title IIA - Supporting Effective Instruction	-	139,413	-	139,413	-
2990	Title VI - Rural and Low Income	-	53,523	-	53,523	-
4080	Regional Trails Program	1,000	19,272	-	19,198	1,074
Total federal funds		(7,877)	1,809,960	-	1,807,688	(5,605)
Other programs:						
2040	Melmac	-	-	1,999	2,173	(174)
2050	Robotics donation	-	-	64	-	64
2081	Local grants	13,420	-	14,398	16,051	11,767
2100	Customized Learning	26,636	-	900	1,979	25,557
2170	Oak Grove grant	1,247	-	-	-	1,247
2232	Proficiency based grant	42,131	-	-	10,168	31,963
2233	Educator effectiveness grant	1,834	-	-	280	1,554
2238	Momentum grant	-	-	8,316	9,849	(1,533)
2250	Dental	730	-	-	-	730
2460	Medicaid reimbursements	7,501	-	-	1,014	6,487
2830	Wellness program	948	-	-	30	918
2840	Messalonskee trails	398	-	-	189	209
9030	Anti-bullying program	1,153	-	-	-	1,153
Total other programs		95,998	-	25,677	41,733	79,942
Total		\$ 88,121	1,809,960	25,677	1,849,421	74,337

REGIONAL SCHOOL UNIT NO. 18
Permanent Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For year ended June 30, 2018

	Beginning of year		Revenues			Fund balances end of year	End of year	
	Fund balances		Interest	Other revenues	Program expenditures		Fund balances	
	Nonspendable principal	Restricted Earnings					Nonspendable principal	Restricted Earnings
Permanent Funds:								
Benjamin	\$ 13,000	25,906	153	-	-	39,059	13,000	26,059
Bucholz, Henry and Elizabeth	41,754	-	175	-	-	41,929	41,929	-
Gowell Fund	700	1,488	9	-	-	2,197	700	1,497
Hollingsworth	220,655	145,516	1,040	10,650	3,500	374,361	220,655	153,706
Jucius, Donna - Memorial	10,000	770	42	-	-	10,812	10,000	812
Kappler, Charles - Stock	50,000	(9,950)	-	10,238	-	50,288	50,000	288
Luce, Donald F.	10,000	2,083	47	-	500	11,630	10,000	1,630
Messalonskee Fish and Game	8,716	-	34	-	-	8,750	8,750	-
Messalonskee High School Ice Hockey	27,251	11,427	103	950	-	39,731	27,251	12,480
Newcombe	2,736	726	13	-	250	3,225	2,736	489
Sidney Lion Club	8,500	6,799	60	-	-	15,359	8,500	6,859
Spooner, Eunice	10,000	3,892	58	-	-	13,950	10,000	3,950
Therriault, Susan - Memorial Scholarship	2,708	197	11	-	-	2,916	2,708	208
Williams, EP	425	859	5	-	-	1,289	425	864
Zinckgraf, Lori - Scholarship	5,000	1,075	24	-	-	6,099	5,000	1,099
Other Funds:*								
Adult Education Scholarship	-	2,347	9	-	-	2,356	-	2,356
Albanese, J. Duke	-	7,061	28	-	-	7,089	-	7,089
Buchsbaum, Margo	-	102	-	500	500	102	-	102
Charette Scholarship	-	4	-	-	-	4	-	4
Easler Scholarship	-	1,195	5	-	200	1,000	-	1,000
Folsom, Phebe R. - Memorial School	-	1,127	5	-	100	1,032	-	1,032
Fowle, Robert Trust	-	148,078	581	-	500	148,159	-	148,159
Gallagher	-	10,189	40	-	-	10,229	-	10,229
General Trusts	-	6	-	-	-	6	-	6
George Kohl Scholarship	-	4,922	21	630	2,250	3,323	-	3,323
Jancovic, Brian - Memorial School	-	9,702	37	-	1,000	8,739	-	8,739
Hallowell Memorial Scholarship	-	1,163	5	500	500	1,168	-	1,168
Kappler, Charles - Trust	-	30,928	135	-	-	31,063	-	31,063
KMD DR	-	(400)	-	-	-	(400)	-	(400)
Leigh Scholarship	-	16,275	63	-	1,000	15,338	-	15,338
Maine Community Foundation	-	6,550	-	2,360	4,640	4,270	-	4,270
Marston, B.	-	8,169	31	-	1,000	7,200	-	7,200
Melmac	-	2,000	-	2,000	2,000	2,000	-	2,000
Messalonskee Players	-	5,310	22	-	-	5,332	-	5,332
MHS Outstanding Leadership	-	124	-	-	-	124	-	124
Morin, Joe - Scholarship	-	2,219	9	-	400	1,828	-	1,828
Needham Memorial Fund	-	239	-	-	-	239	-	239
Pelletier, Pam - School FD	-	2	-	-	-	2	-	2
Sappi-pass through	-	1,000	-	500	500	1,000	-	1,000
St. Pierre, Ron - Memorial School	-	1,190	5	-	600	595	-	595
Tillson, Anson	-	70,790	279	-	251	70,818	-	70,818
Total	\$ 411,445	521,080	3,049	28,328	19,691	944,211	411,654	532,557

* The School Unit has chosen to record all scholarship funds as permanent funds, regardless of whether or not they have a permanent, nonspendable principal balance.

REGIONAL SCHOOL UNIT NO. 18
Agency Fund
Messalonskee High School Activities
Statement of Cash Receipts, Disbursements, and Changes in Balances
For year ended June 30, 2018

	Balance July 1, 2017	Receipts	Disbursements	Balance June 30, 2018
Action for healthy kids grant	\$ 134	34	168	-
Agriculture Club	3,185	2,024	1,481	3,728
A.P. testing	2,419	13,302	12,466	3,255
Art	-	52	-	52
Auto registration	3,315	1,865	2,470	2,710
Band MHS	1,981	4,144	3,273	2,852
Band MMS	1,214	760	483	1,491
Band rental	3,293	305	-	3,598
Band WES	442	-	-	442
Chess club	100	155	179	76
Chorus	74	8,707	8,062	719
Chorus travel	255	59,164	59,216	203
Civil rights	102	15	-	117
Class of 2002	3,929	-	3,929	-
Class of 2003	856	-	856	-
Class of 2006	460	-	293	167
Class of 2008	696	-	696	-
Class of 2010	115	-	-	115
Class of 2011	4,016	-	-	4,016
Class of 2013	1,368	-	-	1,368
Class of 2014	5,111	-	-	5,111
Class of 2015	7,066	-	-	7,066
Class of 2017	7,440	-	7,440	-
Class of 2018	35,827	10,913	45,452	1,288
Class of 2019	2,743	27,383	1,751	28,375
Class of 2020	3,050	3,313	568	5,795
Class of 2021	-	2,908	300	2,608
Class of 2022	1,445	250	-	1,695
Community service	220	-	-	220
Culture club	123	-	123	-
Drama	7,710	4,433	7,503	4,640
Drama boosters	1,708	255	370	1,593
Drug free grant	-	3,187	1,687	1,500
Ear buds	167	53	50	170
Empty bowls	260	2,403	2,143	520
Fast break café	1,954	12,812	14,038	728
Food bank	1,797	1,231	500	2,528
Interest	203	85	164	124
JMG	1,412	2,315	910	2,817
Key club	1,780	497	640	1,637

continued

REGIONAL SCHOOL UNIT NO. 18
Agency Fund
Messalonskee High School Activities
Statement of Cash Receipts, Disbursements, and Changes in Balances, Continued
For year ended June 30, 2018

	Balance July 1, 2017	Receipts	Disbursements	Balance June 30, 2018
Gay straight alliance	\$ 215	64	200	79
Girl up	39	-	-	39
Gold ribbon group	86	270	-	356
Healthy northern Kennebec grant	604	-	226	378
HNK seminar courses	1,600	-	-	1,600
Homeless	307	1,250	1,037	520
Laptop insurance	-	9,843	9,843	-
Let's go grant	28	502	28	502
Library	1,485	500	798	1,187
Library fair grant	-	6	-	6
ME AG classroom grant	1,636	-	1,596	40
MELMAC	2	-	2	-
MELMAC grant 2014-2017	-	6,378	6,378	-
MELMAC grant 2017-2018	-	12,600	7,637	4,963
Miscellaneous	5,333	1,634	3,725	3,242
National honor society	838	886	859	865
Oak grove grants	779	8,900	9,679	-
Onion foundation grant	-	500	500	-
PAC curtain	-	1,250	1,250	-
Peoples interest	759	201	637	323
Photography club	51	-	24	27
PSAT	1,589	1,250	362	2,477
Quebec exchange	451	-	77	374
Rachel Begin memorial	70	-	70	-
Recording studio	14	-	-	14
Ripple dipple	1,435	618	374	1,679
Robotics team	17,239	29,559	13,241	33,557
Rochwind-Wagner foundation grant	2,500	2,500	2,500	2,500
Samuel Leigh student engagement	-	1,000	1,000	-
Service learning project	25	-	-	25
Social studies	60	-	-	60
Special olympics	157	-	157	-
Student council	346	1,190	945	591
Student activity fund	948	647	999	596
Student assistance fund	1,304	1,011	665	1,650
Tech ed	154	346	487	13
Tri M	112	128	100	140
Vending	32	616	407	241
Walmart grants	-	2,583	2,583	-
Year end studies	4,069	4,766	5,399	3,436
Yearbook	8,458	19,272	19,381	8,349
Youth matters grant	8	-	8	-
Total	\$ 160,703	272,835	270,385	163,153

REGIONAL SCHOOL UNIT NO. 18
Agency Fund
Messalonskee High School Athletics
Statement of Cash Receipts, Disbursements, and Changes in Balances
For year ended June 30, 2018

	Balance			Balance
	June 30, 2017	Receipts	Disbursements	June 30, 2018
Baseball players	\$ -	7,638	7,152	486
Baseball summer	398	2,700	1,898	1,200
Basketball - boys	6,175	5,970	4,891	7,254
Basketball players - boys	252	6,835	5,689	1,398
Basketball - boys summer	4,523	13,372	11,820	6,075
Boys lacrosse	33	2,064	1,864	233
Boys lacrosse players	194	4,831	5,009	16
Boys lacrosse summer	4,188	2,965	4,880	2,273
Boys soccer players	13	4,451	3,395	1,069
Boys soccer summer	601	1,150	1,050	701
Boys tennis players	2	-	-	2
Coulombe memorial	95	-	-	95
Cross country	6	-	-	6
Cross country players	12	715	704	23
Eagle cup	1,236	-	-	1,236
Fall cheerleaders	3,347	3,169	2,836	3,680
Football	5,156	22,202	20,128	7,230
Football players	1,111	5,798	5,216	1,693
Girls basketball	9,491	5,562	6,827	8,226
Girls basketball players	699	4,758	4,779	678
Girls basketball summer	1,176	4,580	2,485	3,271
Girls lacrosse	8	-	4	4
Girls lacrosse players	1,383	1,609	2,490	502
Girls lacrosse summer	3	450	453	-
Girls soccer players	142	4,046	4,081	107
Girls tennis	25	-	-	25
Girls tennis players	1	1,230	1,219	12
Golf players	138	1,233	1,142	229
Hanna memorial	3,855	-	-	3,855
Ice hockey	878	1,693	343	2,228
Ice hockey players	96	256	95	257
Indoor track	301	2,432	2,651	82
Interest	120	170	-	290
Lofstrom memorial	90	-	-	90
MASB concessions	19,098	26,453	32,474	13,077
Messalonskee all sports boosters	2,323	13,092	11,165	4,250
Middle school baseball	216	430	412	234
Middle school swim	850	913	949	814
Miscellaneous	311	531	773	69
Sarausky memorial	55	-	-	55
Serson memorial	104	-	-	104
Soccer summer	710	775	872	613
Softball players	90	3,859	2,655	1,294
Softball summer	9	-	-	9
Summer league stix	91	2,388	2,265	214
Swim players	2,693	3,497	4,840	1,350
Track and field	39	-	-	39
Track complex	-	20	-	20
Track players	934	2,460	2,480	914
Winter cheerleaders	29	494	-	523
Total	\$ 73,300	166,791	161,986	78,105

REGIONAL SCHOOL UNIT NO. 18
Agency Fund
Messalonskee Middle School Activities
Statement of Cash Receipts, Disbursements, and Changes in Balances
For year ended June 30, 2018

	Balance			Balance
	June 30, 2017	Receipts	Disbursements	June 30, 2018
8th grade account	\$ 78	-	-	78
Action for healthy kids	328	1,100	1,257	171
Band	2,157	119	529	1,747
Band camp	691	75	-	766
Bicycle coalition grant	3	-	-	3
Book fair	-	1,261	1,254	7
Boys lacrosse	2,089	950	2,015	1,024
Chorus	15	-	-	15
Christmas magic	397	-	-	397
Civil rights	129	827	180	776
Class of 2021	1,049	-	1,049	-
Class of 2022	1,180	190	-	1,370
Class of 2023	250	-	-	250
Class of 2024	-	862	-	862
CTG MMS guidance grant	160	-	160	-
Damon - ticket to ride	72	-	-	72
Dress down day	271	248	306	213
Drink machines	231	184	-	415
Drug free general	-	2,000	865	1,135
Foreign language	-	292	214	78
Garden mini grant	42	-	42	-
Gay straight alliance	-	113	47	66
Gen youth guidance grant	222	1,800	1,951	71
General	1,321	6,342	6,102	1,561
Girls lacrosse	-	550	321	229
Green team	40	-	-	40
Guidance	310	-	114	196
Healthy northern Kennebec grant	695	-	502	193
Inland grant	1,205	500	975	730
Interest	233	77	104	206
Laptop	-	7,910	7,910	-
Library	1,145	107	681	571
Magazines	3,632	4,408	7,147	893
Maine AG in the classroom	29	3,059	1,093	1,995
Maine autism leadership team	194	-	-	194
Maine space grant	-	200	200	-
OT enterprise group	49	1,448	1,314	183
Outing club	-	180	15	165
Soccer grant	-	1,000	959	41
Student leadership	1,002	47	50	999
Student needs	1,453	-	669	784
Summer school	363	-	-	363
Team Atlantic	454	927	484	897
Team Boothbay	2,956	5,609	6,736	1,829
Team Evergreen	800	3,969	1,707	3,062
Team Highlands	3,010	718	2,234	1,494
Team Katahdin	-	2,677	2,178	499
Team Kennebec	934	698	1,055	577
Team Pemaquid	790	3,540	2,885	1,445
Yearbook	581	1,993	1,915	659
Total	\$ 30,560	55,980	57,219	29,321

REGIONAL SCHOOL UNIT NO. 18
Agency Fund
Belgrade Central School
Statement of Cash Receipts, Disbursements, and Changes in Balances
For year ended June 30, 2018

	Balance			Balance
	June 30, 2017	Receipts	Disbursements	June 30, 2018
Birthday book club	\$ 963	605	867	701
Children's theater grant	1,428	4,628	1,006	5,050
Computer fund	816	-	265	551
Cross country skiing	20	-	-	20
Damon Alexander fund	259	-	109	150
Ecology club fund	1,889	-	550	1,339
Enrichment fund	9,007	6,006	5,751	9,262
General fund	869	18,251	18,559	561
Grant action for healthy kids	59	-	-	59
Guptil fund	1,371	-	235	1,136
Historical fund	24	-	-	24
Interest	117	-	95	22
Jeans fund	3,210	593	-	3,803
Let's go grant	-	500	-	500
Library	631	1,636	1,562	705
Music fund	46	145	145	46
Principal fund	520	2,800	1,760	1,560
Running club	201	1,219	1,376	44
Student council	857	70	500	427
Summer school	6,859	8,805	9,829	5,835
Sunshine fund	895	-	452	443
Target field trip grant	13	-	-	13
Ticket to ride grant	517	-	-	517
Total	\$ 30,571	45,258	43,061	32,768

REGIONAL SCHOOL UNIT NO. 18
Agency Fund
James H. Bean School
Statement of Cash Receipts, Disbursements, and Changes in Balances
For year ended June 30, 2018

	Balance July 1, 2017	Receipts	Disbursements	Balance June 30, 2018
5th grade committee	\$ -	10,992	11,040	(48)
Birthday book club	1,492	727	770	1,449
Box tops for education	3,627	1,393	2,971	2,049
Friends of the library	254	-	148	106
Fundraiser	5,874	7,569	12,803	640
Grade 5	-	901	901	-
Grant for art	900	-	69	831
ME agriculture grant	361	-	361	-
Guidance	998	750	704	1,044
Interest earned	1	14	-	15
Jeans fund	331	353	229	455
Literacy books account	395	750	1,031	114
Lost books account	468	158	34	592
Music	215	60	42	233
Pencils	259	-	259	-
Physical education	88	500	529	59
Redcat Berlin City grant	45	-	45	-
School account	167	8,157	7,812	512
Social committee	-	631	254	377
Total	\$ 15,475	32,955	40,002	8,428

REGIONAL SCHOOL UNIT NO. 18
Agency Fund
Atwood Tapley School
Statement of Cash Receipts, Disbursements, and Changes in Balances
For year ended June 30, 2018

	Balance July 1, 2017	Receipts	Disbursements	Balance June 30, 2018
Atwood technology	\$ 35	-	-	35
Box tops	1,598	898	2,240	256
Computer	141	-	141	-
Dollar general grant	98	-	-	98
Donations	3,388	1,945	1,205	4,128
Donated bottles	2	-	-	2
Family foundation	50	-	-	50
Hannaford helps	239	432	175	496
Holiday fund	136	393	146	383
Instruction	88	-	-	88
Interest checking	26	21	-	47
Interest savings	19	-	-	19
Jeans	279	345	76	548
Kingdon family fund	657	750	187	1,220
Library	406	1,104	1,238	272
Maine agriculture in classroom	390	-	-	390
Nutrition	1,702	-	-	1,702
Square 1 art	8,342	1,667	2,086	7,923
School account	1,583	4,259	4,881	961
Total	\$ 19,179	11,814	12,375	18,618

REGIONAL SCHOOL UNIT NO. 18
Agency Fund
Williams Elementary School
Statement of Cash Receipts, Disbursements, and Changes in Balances
For year ended June 30, 2018

	Balance July 1, 2017	Receipts	Disbursements	Balance June 30, 2018
Alternative education	\$ 720	-	-	720
Art	1,586	-	-	1,586
Box tops for education	3,313	268	-	3,581
Civil rights	25	-	-	25
Garden grant	-	250	-	250
General fund	6,961	8,977	5,998	9,940
Grade 3	323	92	-	415
Grade 4	792	92	-	884
Grade 5	1,943	92	59	1,976
Hannaford helps	555	282	-	837
Ink cartridges	728	-	-	728
Inland hospital grant	1,250	500	498	1,252
Interest checking	65	27	-	92
Interest savings	112	-	-	112
Library/lost book fund	709	908	901	716
Nurse	23	-	-	23
Odyssey of the mind	70	4,038	4,038	70
Pencils	1,238	-	-	1,238
Picture	2,420	497	-	2,917
Postage	135	-	-	135
Ticket to ride grant	458	500	-	958
Total	\$ 23,426	16,523	11,494	28,455

REGIONAL SCHOOL UNIT NO. 18
Agency Fund
China Primary School
Statement of Cash Receipts, Disbursements, and Changes in Balances
For year ended June 30, 2018

		Balance July 1, 2017	Receipts	Disbursements	Balance June 30, 2018
Action for healthy kids	\$	327	-	-	327
Book fair		5,627	6,765	10,532	1,860
CVS grant		152	-	-	152
ME agriculture in the classroom grant		530	-	46	484
Jeans fund		33	225	41	217
Let's go grant		-	500	423	77
Library		1,125	24	899	250
Oakland United Baptist		16	-	-	16
Playground		575	-	-	575
Pre-K classroom		286	260	262	284
Principal		17,134	7,409	6,921	17,622
School pop.com		82	-	-	82
Ticket to ride grant		245	-	145	100
UW community transformation		89	-	-	89
Watch dogs project		446	12	233	225
Total	\$	26,667	15,195	19,502	22,360

REGIONAL SCHOOL UNIT NO. 18
Agency Fund
China Middle School
Statement of Cash Receipts, Disbursements, and Changes in Balances
For year ended June 30, 2018

	Balance July 1, 2017	Receipts	Disbursements	Balance June 30, 2018
Athletics boosters	\$ 7,637	813	3,577	4,873
Book fair	455	61	-	516
Box tops	712	541	217	1,036
Civil rights	15	-	15	-
Community education	3,034	38	418	2,654
Current 8th grade	1,282	3,700	4,333	649
Donations	62	-	62	-
Hnk grant	906	-	906	-
Let's go grant	11	500	92	419
MLTI	-	3,485	3,485	-
Non-music project	-	1,470	1,466	4
Principal	7,717	7,951	11,750	3,918
Reach	489	100	140	449
Student	148	2,540	2,347	341
Student council	2,256	1,308	521	3,043
Target field trips	-	700	235	465
Yearbook	951	1,060	683	1,328
Youth advocacy program	500	-	500	-
Total	\$ 26,175	24,267	30,747	19,695