

Audited Financial Statements
and Other Financial Information

**Rangeley Lakes Regional School
District #78**

June 30, 2019



Proven Expertise & Integrity

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

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JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rangeley Lakes Regional School District #78
Rangeley, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Rangeley Lakes Regional School District #78, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

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

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 opinion.

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 Rangeley Lakes Regional School District #78 as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 4 through 10 and pages 57 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rangeley Lakes Regional School District #78's basic financial statements. The Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial

statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 20-A MRSA §6051, Sub-chapter 1(K) of the Maine Revised Statutes as amended and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2020, on our consideration of Rangeley Lakes Regional School District #78's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rangeley Lakes Regional School District #78's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
January 22, 2020

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

(UNAUDITED)

The following management's discussion and analysis of the Rangeley Lakes Regional School District #78's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the District's financial statements.

Financial Statement Overview

The Rangeley Lakes Regional School District #78's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule and other supplementary information which includes combining and other schedules.

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

- *Governmental activities* - All of the District's basic services are reported in governmental activities, which include regular instruction, special education, other instruction, student/staff support, system administration, school administration, transportation, facilities management and program expenses. Local assessments, charges for services and state and federal grants finance most of these activities.

Fund Financial Statements

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

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the District's governmental activities. The District's total net position increased by \$698,108 from \$1,439,788 to \$2,137,896.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased by \$1,179,152 to a balance of \$910,121.

Table 1
Rangeley Lakes Regional School District #78
Net Position
June 30,

	2019	2018 (Restated)
Assets:		
Current Assets	\$ 1,479,924	\$ 2,063,445
Noncurrent Assets	7,252,269	6,329,553
Total Assets	\$ 8,732,193	\$ 8,392,998
Deferred Outflows of Resources:		
Deferred Bond Issuance Costs	\$ 22,961	\$ 24,874
Deferred Outflows Related to Pensions	89,089	116,222
Deferred Outflows Related to OPEB	55,633	53,710
Total Deferred Outflows of Resources	\$ 167,683	\$ 194,806
Liabilities:		
Current Liabilities	\$ 744,714	\$ 728,326
Noncurrent Liabilities	5,967,765	6,379,661
Total Liabilities	\$ 6,712,479	\$ 7,107,987
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	\$ 11,927	\$ 40,029
Deferred Inflows Related to OPEB	37,574	-
Total Deferred Inflows of Resources	\$ 49,501	\$ 40,029
Net Position:		
Net Investment in Capital Assets	\$ 924,028	\$ 757,800
Restricted	280,693	951,019
Unrestricted (Deficit)	933,175	(269,031)
Total Net Position	\$ 2,137,896	\$ 1,439,788

Revenues and Expenses

Revenues for the District's governmental activities increased by 8.53% while expenses decreased by 0.90% from the prior year. The increase in revenues was primarily due to an increase in operating grants and contributions while the decrease in expenses was primarily due to a decrease in regular instruction.

Table 2
Rangely Lakes Regional School District #78
Change in Net Position
For the Years Ended June 30,

	<u>2019</u>	<u>2018</u>
Revenues		
<i>Program revenues:</i>		
Charges for services	\$ 52,656	\$ 74,596
Operating grants and contributions	918,786	510,615
<i>General revenues:</i>		
Local Revenues	3,913,129	3,943,994
Grants and contributions not restricted to specific programs	189,505	120,933
Miscellaneous	37,662	59,949
Total Revenues	<u>5,111,738</u>	<u>4,710,087</u>
Expenses		
Regular instruction	1,446,761	1,552,684
Special education	632,692	648,322
Other instruction	96,361	108,384
Student/staff support	312,217	324,027
System administration	233,717	208,793
School administration	203,998	188,617
Transportation	215,748	237,323
Facilities management	519,388	467,889
Program expenses	298,657	341,117
State of Maine - on-behalf payments	340,958	246,259
Depreciation	113,133	130,211
Total Expenses	<u>4,413,630</u>	<u>4,453,626</u>
Change in Net Position	698,108	256,461
Net Position - July 1, Restated	<u>1,439,788</u>	<u>1,183,327</u>
Net Position - June 30	<u>\$ 2,137,896</u>	<u>\$ 1,439,788</u>

Financial Analysis of the District's Fund Statements

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

Table 3
Rangley Lakes Regional School District #78
Fund Balances - Governmental Funds
June 30,

	<u>2019</u>	<u>2018</u>
General Fund:		
Assigned	\$ 250,000	\$ 200,000
Unassigned	657,473	634,445
Total General Fund	<u>\$ 907,473</u>	<u>\$ 834,445</u>
School Nutrition Fund:		
Nonspendable	\$ 2,205	\$ 1,516
Unassigned	(967)	(1,098)
Total School Nutrition Fund	<u>\$ 1,238</u>	<u>\$ 418</u>
Capital Reserve Fund:		
Restricted	\$ 169,184	\$ 837,506
Total Capital Reserve Fund	<u>\$ 169,184</u>	<u>\$ 837,506</u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 3,098	\$ 8,189
Unassigned	(1,956)	(21,014)
Permanent Funds:		
Restricted	108,411	105,324
Total Nonmajor Funds	<u>\$ 109,553</u>	<u>\$ 92,499</u>

The general fund total fund balance increased by \$73,028 from the prior fiscal year due to revenues and transfers from other funds exceeding expenditures and transfers to other funds. The school nutrition fund total fund balance increased by \$820 from the prior fiscal year due to revenues and transfers from other funds exceeding expenditures. The capital reserve fund total fund balance decreased by \$668,322 from the prior fiscal year as a result of capital outlay expenditures and transfer to other funds against a grant from the State of Maine. The nonmajor funds total fund balance increased by \$17,054 from the prior fiscal year primarily due to activity in the special revenue funds.

Budgetary Highlights

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

The general fund actual revenues exceeded budgeted amounts by \$1,499. All revenue categories were within or exceeded budgeted amounts with the exception of intergovernmental revenues and charges for services.

The general fund actual expenditures were under budgeted amounts by \$248,475. All expenditure categories were within or under budgeted amounts with the exception of facilities management and transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the District increased by \$922,716 from the prior year. The increase is the result of current year additions of \$1,035,849 less current year depreciation expense of \$113,133.

Table 4
Rangeley Lakes Regional School District #78
Capital Assets, (Net of Depreciation)
June 30,

	<u>2019</u>	<u>2018</u>
Land	\$ 64,800	\$ 64,800
Construction in progress	5,251,176	4,304,993
Buildings and improvements	1,828,032	1,935,308
Equipment	108,261	24,452
Total	<u>\$ 7,252,269</u>	<u>\$ 6,329,553</u>

Debt

At June 30, 2019, the District had bonds payable and notes from direct borrowings payable in the amount of \$5,231,669, compared to \$5,571,753 the prior year. For more detailed information refer to Note 5 of Notes to Financial Statements.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The District does not anticipate that any significant economic factors will affect the 2019-2020 budget, however future budget years may be affected by changes in state subsidy and other reporting issues.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Rangeley Lakes Regional School District #78 at 43 Mendolia Road, Rangeley, Maine 04970.

STATEMENT A

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,360,353
Investments	103,736
Accounts receivable (net of allowance for uncollectibles)	8,955
Due from other governments	4,675
Inventory	2,205
Total current assets	<u>1,479,924</u>
Noncurrent assets:	
Capital assets:	
Land, infrastructure, and other assets not being depreciated	5,315,976
Buildings and equipment, net of accumulated depreciation	1,936,293
Total capital assets	<u>7,252,269</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred bond issuance costs	22,961
Deferred outflows related to pensions	89,089
Deferred outflows related to OPEB	55,633
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>167,683</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,899,876</u>

STATEMENT A (CONTINUED)
RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accrued expenses	\$ 292,476
Current portion of long-term obligations	<u>452,238</u>
Total current liabilities	<u>744,714</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	4,146,790
Notes from direct borrowings payable	632,641
Net pension liability	91,762
Net OPEB liability	<u>1,096,572</u>
Total noncurrent liabilities	<u>5,967,765</u>
TOTAL LIABILITIES	<u>6,712,479</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	11,927
Deferred inflows related to OPEB	<u>37,574</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>49,501</u>
NET POSITION	
Net investment in capital assets	924,028
Restricted	280,693
Unrestricted	<u>933,175</u>
TOTAL NET POSITION	<u>2,137,896</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 8,899,876</u></u>

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Regular instruction	\$ 1,446,761	\$ 27,044	\$ -	\$ -	\$ (1,419,717)
Special education	632,692	-	-	-	(632,692)
Other instruction	96,361	-	-	-	(96,361)
Student/staff support	312,217	-	-	-	(312,217)
System administration	233,717	-	-	-	(233,717)
School administration	203,998	-	-	-	(203,998)
Transportation	215,748	-	-	-	(215,748)
Facilities management	519,388	-	21,540	-	(497,848)
Program expenses	298,657	25,612	256,288	-	(16,757)
State of Maine - on-behalf payments	340,958	-	340,958	-	-
Capital outlay	-	-	-	300,000	300,000
Unallocated depreciation (Note 4)*	113,133	-	-	-	(113,133)
Total government	<u>\$ 4,413,630</u>	<u>\$ 52,656</u>	<u>\$ 618,786</u>	<u>\$ 300,000</u>	<u>(3,442,188)</u>

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)
RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(3,442,188)
General revenues:	
Local assessment	3,913,129
Grants and contributions not restricted to specific programs	189,505
Miscellaneous	37,662
Total general revenues	4,140,296
Change in net position	698,108
NET POSITION - JULY 1, RESTATED	1,439,788
NET POSITION - JUNE 30	\$ 2,137,896

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	School Nutrition Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,357,703	\$ -	\$ -	\$ 2,650	\$ 1,360,353
Investments	-	-	-	103,736	103,736
Accounts receivable (net of allowance for uncollectibles)	-	8,955	-	-	8,955
Due from other governments	4,675	-	-	-	4,675
Inventory	-	2,205	-	-	2,205
Due from other funds	11,878	-	192,238	5,123	209,239
TOTAL ASSETS	<u>\$ 1,374,256</u>	<u>\$ 11,160</u>	<u>\$ 192,238</u>	<u>\$ 111,509</u>	<u>\$ 1,689,163</u>
LIABILITIES					
Accrued expenses	\$ 292,476	\$ -	\$ -	\$ -	\$ 292,476
Due to other funds	197,361	9,922	-	1,956	209,239
TOTAL LIABILITIES	<u>489,837</u>	<u>9,922</u>	<u>-</u>	<u>1,956</u>	<u>501,715</u>
FUND BALANCES					
Nonspendable - inventory	-	2,205	-	-	2,205
Restricted	-	-	169,184	111,509	280,693
Committed	-	-	-	-	-
Assigned	250,000	-	-	-	250,000
Unassigned	657,473	(967)	-	(1,956)	654,550
TOTAL FUND BALANCES	<u>907,473</u>	<u>1,238</u>	<u>169,184</u>	<u>109,553</u>	<u>1,187,448</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,397,310</u>	<u>\$ 11,160</u>	<u>\$ 169,184</u>	<u>\$ 111,509</u>	<u>\$ 1,689,163</u>

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

	Total Governmental Funds
Total Fund Balances	\$ 1,187,448
Amounts reported for governmental activities in the statement are different because:	
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Bond issuance costs	22,961
Pension	89,089
OPEB	55,633
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	7,252,269
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(4,447,944)
Notes from direct borrowings payable	(783,725)
Net pension liability	(91,762)
Net OPEB liability	(1,096,572)
Deferred inflows of resources are not financial resources and therefore are not and therefore are not reported in the funds:	
Pension	(11,927)
OPEB	(37,574)
	\$ 2,137,896
Net position of governmental activities	

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	School Nutrition Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local revenues	\$ 3,913,129	\$ -	\$ -	\$ -	\$ 3,913,129
Intergovernmental revenues	408,331	79,035	300,000	177,253	964,619
Charges for services	27,044	25,612	-	-	52,656
Miscellaneous revenues	9,662	-	915	27,085	37,662
TOTAL REVENUES	<u>4,358,166</u>	<u>104,647</u>	<u>300,915</u>	<u>204,338</u>	<u>4,968,066</u>
EXPENDITURES					
Current:					
Regular instruction	1,461,402	-	-	-	1,461,402
Special education	632,692	-	-	-	632,692
Other instruction	96,361	-	-	-	96,361
Student/staff support	312,217	-	-	-	312,217
System administration	233,717	-	-	-	233,717
School administration	203,998	-	-	-	203,998
Transportation	230,552	-	-	-	230,552
Facilities management	932,421	-	-	-	932,421
State of Maine - on-behalf payments	197,286	-	-	-	197,286
Program expenses	-	108,809	-	189,848	298,657
Capital outlay	-	-	946,183	-	946,183
TOTAL EXPENDITURES	<u>4,300,646</u>	<u>108,809</u>	<u>946,183</u>	<u>189,848</u>	<u>5,545,486</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>57,520</u>	<u>(4,162)</u>	<u>(645,268)</u>	<u>14,490</u>	<u>(577,420)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	30,244	4,982	-	9,754	44,980
Transfers (out)	(14,736)	-	(23,054)	(7,190)	(44,980)
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,508</u>	<u>4,982</u>	<u>(23,054)</u>	<u>2,564</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	73,028	820	(668,322)	17,054	(577,420)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>834,445</u>	<u>418</u>	<u>837,506</u>	<u>92,499</u>	<u>1,764,868</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 907,473</u>	<u>\$ 1,238</u>	<u>\$ 169,184</u>	<u>\$ 109,553</u>	<u>\$ 1,187,448</u>

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (577,420)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Capital asset acquisitions	1,035,849
Depreciation expense	<u>(113,133)</u>
	<u>922,716</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Bond issuance costs	(1,913)
Pension	(27,133)
OPEB	1,923
	<u>(27,123)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(89,666)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>429,750</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	28,102
OPEB	<u>(37,574)</u>
	<u>(9,472)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Net pension liability	(1,225)
Net OPEB liability	50,548
	<u>49,323</u>
Change in net position of governmental activities (Statement B)	<u>\$ 698,108</u>

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 104,818
TOTAL ASSETS	<u>\$ 104,818</u>
LIABILITIES	
Due to other governments	\$ 4,675
Deposits held for others	100,143
TOTAL LIABILITIES	<u>\$ 104,818</u>

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Rangeley Lakes Regional School District #78 was formed under the laws of the State of Maine. It is comprised of the municipalities of Dallas Plantation, Magalloway Plantation, the Town of Rangeley, Rangeley Plantation and Sandy River Plantation. The District operates under a Board of Directors-superintendent form of government and provides the following services: regular instruction, special education, other instruction, student/staff support, system administration, school administration, transportation, facilities management and program expenses.

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

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

Implementation of New Accounting Standards

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize all primary activities as governmental.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions (regular instruction, transportation, facilities management, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (support from Towns, certain intergovernmental revenues and charges for services, etc.). The Statement of Activities reduces gross expenses

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds:

- a. The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The School Nutrition Fund is used to account for the revenue sources related to the school lunch program and the related expenditures.

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. The Capital Reserve Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Permanent Funds are used to account for assets held by the District in trust for specific purposes.

2. Fiduciary Funds:

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

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

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

Revenues per budgetary basis	\$ 4,191,124
Add: On-behalf payments	197,286
Total GAAP basis	<u>\$ 4,388,410</u>
Expenditures per budgetary basis	\$ 4,118,096
Add: On-behalf payments	197,286
Total GAAP basis	<u>\$ 4,315,382</u>

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Early in the second half of the prior fiscal year the District prepared a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings on the budget were held.
3. The proposed budget was then approved by a majority of the District citizens.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the District's policy to value investments at fair value. None of the District's investments are reported at amortized cost. The District Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Rangeley Lakes Regional School District #78 has no formal investment policy but instead follows the State of Maine Statutes. They are in the process of adopting a more detailed investment policy.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$8,955 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2019.

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Interfund Receivables and Payables

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

Net Position

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

Long-term Obligations

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions

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

OPEB

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

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

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

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

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

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

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

Deferred Outflows and Inflows of Resources

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

this item, deferred bond issuance costs, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

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

Program Revenues

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

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The District does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the District consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all District funds.

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits. The District does not have a policy covering custodial credit risk for deposits. However, the District maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2019, the District's cash balances amounting to \$1,360,353 were comprised of deposits of \$1,610,690. Of these bank deposits, \$250,000 were fully insured by federal depository insurance and the remaining deposits of \$1,360,690 were collateralized with securities held by the financial institution in the District's name and consequently was not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 460,313
Repurchase agreements	<u>1,150,377</u>
	<u>\$ 1,610,690</u>

Investments:

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

At June 30, 2019, the District's mutual funds of \$103,736 were fully covered by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk.

The District's mutual funds had the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>Over 5 Years</u>
Mutual funds: fixed income	\$ 103,736	\$ 103,736	\$ -	\$ -	\$ -
	<u>\$ 103,736</u>	<u>\$ 103,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

At June 30, 2019, the District's investment balances amounting to \$103,736 were comprised of investments in mutual funds. All of these investments were fully covered by the Securities Investor Protection Corporation (SIPC).

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

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

	June 30, 2019 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds: fixed income	\$ 103,736	\$ 103,736	\$ -	\$ -
Total investments by fair value level	<u>\$ 103,736</u>	<u>\$ 103,736</u>	<u>\$ -</u>	<u>\$ -</u>

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. The District has no Level 2 or 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2019 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk - Statutes for the State of Maine authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The District does not have an investment policy on credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a policy related to interest rate risk.

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 11,878	\$ 197,361
School nutrition fund	-	9,922
Capital reserve fund	192,238	-
Nonmajor special revenue funds	5,123	1,956
	<u>\$ 209,239</u>	<u>\$ 209,239</u>

NOTE 4 - CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2019 is as follows:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19
<u>Governmental Activities:</u>				
Non-depreciated assets:				
Land	\$ 64,800	\$ -	\$ -	\$ 64,800
Construction in progress	4,304,993	946,183	-	5,251,176
	<u>4,369,793</u>	<u>946,183</u>	<u>-</u>	<u>5,315,976</u>
Depreciated assets:				
Buildings	3,220,430	-	-	3,220,430
Building improvements	1,460,476	-	-	1,460,476
Vehicles	269,095	89,666	-	358,761
Equipment	57,002	-	-	57,002
	5,007,003	89,666	-	5,096,669
Less: accumulated depreciation	<u>(3,047,243)</u>	<u>(113,133)</u>	<u>-</u>	<u>(3,160,376)</u>
	<u>1,959,760</u>	<u>(23,467)</u>	<u>-</u>	<u>1,936,293</u>
Net capital assets	<u>\$ 6,329,553</u>	<u>\$ 922,716</u>	<u>\$ -</u>	<u>\$ 7,252,269</u>

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT

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

	Balance, 7/1/18	Additions	Reductions	Balance, 6/30/19	Current Portion
Bonds payable	\$ 4,749,098	\$ -	\$ (301,154)	\$ 4,447,944	\$ 301,154
Notes from direct borrowings payable	822,655	89,666	(128,596)	783,725	151,084
	<u>\$ 5,571,753</u>	<u>\$ 89,666</u>	<u>\$ (429,750)</u>	<u>\$ 5,231,669</u>	<u>\$ 452,238</u>

The following is a summary of the outstanding bonds payable and notes from direct borrowings payable:

Bonds payable:

\$1,435,000, bond payable with Skowhegan Savings Bank, due in annual payments of \$95,666, through September of 2031. No interest is charged. \$ 1,243,668

\$2,709,764, bond payable with Maine Municipal Bond Bank, due in annual principal payments of \$135,488, through November of 2037. Interest is charged semi-annually at a fixed rate varying from 1.26% to 3.91%. 2,574,276

\$700,000, bond payable with the State of Maine School Revolving Renovation Fund, due in annual principal payments of \$70,000, through July of 2027. No interest is charged. 630,000

Total bonds payable \$ 4,447,944

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Notes from direct borrowings payable:

\$995,000, capital lease with Androscoggin Bank for an energy efficiency project due in annual principal and interest payments of \$129,860 , through August of 2024. Interest is charged at a fixed rate of 5.16% per annum.	\$ 655,770
\$100,500, note payable with Androscoggin Bank, due in annual payments of \$21,111, through July of 2019. Interest is charged at a fixed rate of 2.64% per annum.	21,111
\$83,645, capital lease with KS StateBank for a school bus, due in annual principal and interest payments of \$17,652 , through December of 2019. Interest is charged at a fixed rate of 2.72% per annum.	17,178
\$89,666, capital lease with Skowhegan Savings Bank for a school bus, due in annual principal and interest payments of \$20,163 , through December of 2019. Interest is charged at a fixed rate of 3.75% per annum.	<u>89,666</u>
Total notes from direct borrowings payable	<u><u>\$ 783,725</u></u>

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds and notes from direct borrowings principal and interest requirements for the fiscal years ending June 30:

Year Ending June 30,	BONDS PAYABLE		
	Principal	Interest	Total
2020	\$ 301,154	\$ 73,832	\$ 374,986
2021	301,154	71,793	372,947
2022	301,154	69,511	370,665
2023	301,154	66,985	368,139
2024	301,154	61,022	362,176
2025-2029	1,435,770	270,842	1,706,612
2030-2034	964,448	166,360	1,130,808
2035-2039	541,956	47,388	589,344
	<u>\$ 4,447,944</u>	<u>\$ 827,733</u>	<u>\$ 5,275,677</u>

Year Ending June 30,	NOTES FROM DIRECT BORROWINGS PAYABLE		
	Principal	Interest	Total
2020	\$ 151,084	\$ 38,258	\$ 189,342
2021	118,379	31,644	150,023
2022	124,243	25,780	150,023
2023	130,399	19,624	150,023
2024	136,134	13,160	149,294
2025-2029	123,486	6,372	129,858
	<u>\$ 783,725</u>	<u>\$ 134,838</u>	<u>\$ 918,563</u>

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

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

	Balance, 7/1/18 (Restated)	Additions	Reductions	Balance, 6/30/19	Current Portion
Net pension liability	\$ 90,537	\$ 99,046	\$ (97,821)	\$ 91,762	\$ -
Net OPEB liability	1,147,120	46,998	(97,546)	1,096,572	-
	<u>\$ 1,237,657</u>	<u>\$ 146,044</u>	<u>\$ (195,367)</u>	<u>\$ 1,188,334</u>	<u>\$ -</u>

Please see Notes 11 and 13 for detailed information on each of the other long-term obligations.

NOTE 7 - RESTRICTED FUND BALANCES

The following fund balances have been restricted at June 30, 2019 for the following purposes:

Capital reserve fund	<u>\$ 169,184</u>
Nonmajor special revenue funds:	
Adult education	323
Professional course fees	<u>125</u>
	<u>3,098</u>
Nonmajor permanent funds:	
Clarence Lamb Scholarship	3,073
Taylor Scholarship	103,736
Patricia Walker Scholarship	<u>1,602</u>
	<u>108,411</u>
	<u>\$ 280,693</u>

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - ASSIGNED FUND BALANCE

The following fund balance have been assigned at June 30, 2019 for the following purposes:

General fund:	
2019/2020 Budget Reduction	<u>\$ 250,000</u>

NOTE 9 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2019:

Gear up grant	\$ 253
Title IA Improvements	<u>1,703</u>
	<u>\$ 1,956</u>

NOTE 10 - OVERSPENT APPROPRIATIONS

The District had the following expenditures over appropriations for the year ended June 30, 2019:

Facilities maintenance	\$ 17,927
Transfers to other funds	<u>14,736</u>
	<u>\$ 32,663</u>

On August 8, 2019 these overspent appropriations were appropriately addressed by the School Board as allowed by law which permits the transfer of funds between articles, provided the transfers do not exceed 5% of the total appropriation.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.mainepepers.org or by contacting the System at (207) 512-3100.

Benefits Provided

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

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

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. The Town's teachers are required to contribute 7.65% of their compensation to the retirement system. The Town's payroll for teachers covered by this program was approximately \$1,780,561 for the year ended June 30, 2019. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 11.08% of the Town's contractually required contributions, which are actuarially determined as an

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$197,286 for the year ended June 30, 2019. Title 5 of the Maine Revised Statutes Annotated also requires the Town to contribute at an actuarially determined normal cost rate of 3.97%, which totaled \$70,688 for 2019. In addition, the Town is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 11.68% of compensation and totaled \$9,088 the year ended June 30, 2019.

Pension Liabilities

At June 30, 2019, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town 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 Town were as follows:

District's proportionate share of the net pension liability	\$ 91,762
State's proportionate share of the net pension liability associated with the District	<u>1,807,586</u>
Total	<u>\$ 1,899,348</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2018, the Town's proportion was 0.0068%, which was an increase of 0.000566% from its proportion measured as of June 30, 2017.

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2019, the Town recognized net expense of \$332,039 and revenue of \$331,783 for support provided by the State of Maine for the SET plan. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,802	\$ -
Changes of assumptions	5,772	-
Net difference between projected and actual earnings on pension plan investments	-	11,928
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,827	(1)
Contributions subsequent to the measurement date	70,688	-
Total	<u>\$ 89,089</u>	<u>\$ 11,927</u>

\$70,688 for the SET plan was reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SET Plan
Plan year ended June 30:	
2019	\$ 14,463
2020	3,708
2021	(8,492)
2022	(3,205)
2023	-
Thereafter	-

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

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

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2018 for each of the Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2018 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>SET Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
District's proportionate share of the net pension liability	\$ 169,576	\$ 91,762	\$ 26,955

Changes in Net Pension Liability

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

Differences between Expected and Actual Experience

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Differences between Expected and Actual Investment Earnings

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

Changes in Assumptions

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

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

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

Pension Plan Fiduciary Net Position

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

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

Benefits Provided

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

Contributions

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)

contribution to the Plan for the year ended June 30, 2019 was approximately \$4,459.

OPEB Liabilities and OPEB Expense

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

District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the District		<u>48,866</u>
Total	\$	<u><u>48,866</u></u>

For the year ended June 30, 2019, the District recognized net OPEB expense of \$9,175 and revenue of \$9,175 for support provided by the State of Maine.

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

Plan Description

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

Benefits Provided

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

Employees Covered by Benefit Terms

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

Active members	45
Retirees and spouses	14
Total	<u>59</u>

Cost Sharing Provisions/Contributions

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

Employee/Retiree Premium Amounts:

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

<u>Pre-Medicare</u>	<u>Employee</u>	<u>Employee/ Spouse</u>	<u>Employee/ Child(ren)</u>	<u>Family</u>
Choice Plus	\$660	\$1,487	\$1,167	\$1,810
Standard \$200 Ded	\$712	\$1,606	\$1,261	\$1,954
<u>Medicare</u>				
Medicare-Eligible Retirees	\$450	\$944	N/A	N/A

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

At June 30, 2019, the School reported a liability of \$1,096,572 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date. The School's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2019, the School recognized OPEB expense of \$14,897. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MEABT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	37,574
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	55,633	-
Total	<u>\$ 55,633</u>	<u>\$ 37,574</u>

\$55,633 were reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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

	<u>MEABT</u>
Plan year ended June 30:	
2019	\$ (6,262)
2020	(6,262)
2021	(6,262)
2022	(6,262)
2023	(6,262)
Thereafter	(6,264)

Discount Rate

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.87%	3.87%	4.87%
Total OPEB liability	\$ 1,260,125	\$ 1,096,572	\$ 964,365
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,260,125</u>	<u>\$ 1,096,572</u>	<u>\$ 964,365</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 958,115	\$ 1,096,572	\$ 1,266,959
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 958,115</u>	<u>\$ 1,096,572</u>	<u>\$ 1,266,959</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

Assumptions

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

Discount Rate - 3.87% per annum.

Trend Assumptions:

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

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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

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

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

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

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

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

Administrative expenses - Included in the per capita claims cost

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

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Rate of Mortality:

Healthy Annuitants - Based on 99% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Healthy Employees - Based on 99% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Healthy Annuitant Mortality Tables after the end of the Total Employee Mortality Table, both projected using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

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

Retiree Continuation Percentage:

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

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

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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

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

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

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

Changes in Total OPEB Liability

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

Differences between Expected and Actual Experience

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

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2018. For the fiscal year ended June 30, 2019, there were no changes in assumptions.

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Rangeley Lakes Regional School District #78 at 43 Mendolia Road, Rangeley, Maine 04970.

NOTE 14 - CONTINGENCIES

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

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

The District receives subsidy funding payments through the State of Maine. The State subsidy payment amount is adjusted quarterly for the School's share of MaineCare Seed, which is the required local share of MaineCare revenue that the State pays on behalf of the School and then recovers through the ED 279. Adjustments made by the State in the fiscal year of 2020 could include expenditures from the fiscal year of 2019 that would normally be accrued. The actual amount cannot be determined at this time, however, it is the position of the Rangeley Lakes Regional School District #78 that this practice is consistent with the formal recommendation of the Maine Department of Education to all Maine school units concerning this matter.

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - RISK MANAGEMENT - PARTICIPATION IN PUBLIC ENTITY RISK POOL

The District is a member of the Maine School Management Association – Property and Casualty Pool (“Pool”). The District pays an annual premium for its property and liability coverage. Under the property coverage portion of the Pool, coverage is provided after the deductible is met and is based on replacement cost. Under the liability portion of the Pool, coverage is provided after the deductible is met, to \$1,000,000.

The District is a member of the Maine School Management Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The District pays an annual premium to the fund for its worker’s compensation coverage. The District’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member District’s for claims in excess of \$400,000 with an excess limit of \$2,000,000.

NOTE 16 - RESTATEMENTS

The net position of the governmental activities has been restated at July 1, 2018 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09). The beginning net position was restated by \$1,093,410. The resulting restatement decreased net position from \$2,526,957 to \$1,433,547.

In 2019, the District determined that certain transactions in prior years had been recorded incorrectly. Therefore, a restatement to the 2018 government-wide and fund financial statements was required. The beginning net position and general fund unassigned fund balance were restated by \$6,142 to correct errors in accrued salaries. The resulting restatements increased net position from \$1,433,547 to \$1,439,788 and the general fund unassigned fund balance from \$828,204 to \$834,445.

Required Supplementary Information

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 834,445	\$ 834,445	\$ 834,445	\$ -
Resources (Inflows):				
Intergovernmental revenues:				
Education subsidy	192,210	192,210	189,505	(2,705)
Federal tax credit	23,062	23,062	21,540	(1,522)
Local assessment	3,913,129	3,913,129	3,913,129	-
Charges for services	37,170	37,170	27,044	(10,126)
Miscellaneous revenues	1,000	1,000	9,662	8,662
Transfers from other funds	-	-	30,244	30,244
Amounts Available for Appropriation	<u>5,001,016</u>	<u>5,001,016</u>	<u>5,025,569</u>	<u>24,553</u>
Charges to Appropriations (Outflows):				
Current:				
Regular instruction	1,483,010	1,483,010	1,461,402	21,608
Special education	821,846	821,846	632,692	189,154
Other instruction	106,800	106,800	96,361	10,439
Student/staff support	342,250	342,250	312,217	30,033
System administration	240,404	240,404	233,717	6,687
School administration	210,551	210,551	203,998	6,553
Transportation	247,216	247,216	230,552	16,664
Facilities management	914,494	914,494	932,421	(17,927)
Transfers to other funds	-	-	14,736	(14,736)
Total Charges to Appropriations	<u>4,366,571</u>	<u>4,366,571</u>	<u>4,118,096</u>	<u>248,475</u>
Budgetary Fund Balance, June 30	<u>\$ 634,445</u>	<u>\$ 634,445</u>	<u>\$ 907,473</u>	<u>\$ 273,028</u>
Utilization of assigned fund balance	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ (200,000)</u>

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>SET Plan:</u>					
District's proportion of the net pension liability (asset)	0.01%	0.01%	0.01%	0.01%	0.01%
District's proportionate share of the net pension liability (asset)	\$ 91,762	\$ 94,004	\$ 94,004	\$ 107,051	\$ 100,233
State's proportionate share of the net pension liability (asset) associated with the District	<u>1,807,586</u>	<u>\$ 1,936,798</u>	<u>\$ 2,569,103</u>	<u>\$ 1,971,785</u>	<u>\$ 1,512,656</u>
Total	<u>\$ 1,899,348</u>	<u>\$ 2,030,802</u>	<u>\$ 2,663,107</u>	<u>\$ 2,078,836</u>	<u>\$ 1,612,889</u>
District's covered payroll	\$ 1,729,135	\$ 1,687,856	\$ 1,769,976	\$ 1,754,855	\$ 1,663,143
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	5.31%	5.57%	5.31%	6.10%	6.03%
Plan fiduciary net position as a percentage of the total pension liability	85.17%	83.35%	76.21%	88.30%	83.91%

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

<u>SET Plan:</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution					
Contributions in relation to the contractually required contribution	\$ 70,688	\$ 78,351	\$ 193,866	\$ 204,635	\$ 193,460
	<u>(70,688)</u>	<u>(78,351)</u>	<u>(193,866)</u>	<u>(204,635)</u>	<u>(193,460)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll					
Contributions as a percentage of covered payroll	\$ 1,780,561	\$ 1,729,135	\$ 1,687,856	\$ 1,769,976	\$ 1,754,855
	3.97%	4.53%	11.49%	11.56%	11.02%

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>SET Life Insurance:</u>			
Proportion of the net OPEB liability	0.00%	0.00%	0.00%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>48,866</u>	<u>49,154</u>	<u>-</u>
Total	<u>\$ 48,866</u>	<u>\$ 49,154</u>	<u>\$ -</u>
Covered payroll	\$ 1,729,135	\$ 1,687,856	\$ 1,769,976
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	48.04%	47.29%	0.00%

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

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

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 7/1/17 (Reporting July 1, 2018)	\$ 1,147,120	\$ -	\$ 1,147,120
Changes for the year:			
Service cost	6,646	-	6,646
Interest	40,352	-	40,352
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(43,836)	-	(43,836)
Contributions - employer	-	53,710	(53,710)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(53,710)	(53,710)	-
Administrative expense	-	-	-
Net changes	<u>(50,548)</u>	<u>-</u>	<u>(50,548)</u>
Balances at 6/30/18 (Reporting June 30, 2019)	<u>\$ 1,096,572</u>	<u>\$ -</u>	<u>\$ 1,096,572</u>

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
MEABT PLAN
LAST 10 FISCAL YEARS*

	2019
<u>Total OPEB liability</u>	
Service cost (BOY)	6,646
Interest (includes interest on service cost)	40,352
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(43,836)
Benefit payments, including refunds of member contributions	(53,710)
Net change in total OPEB liability	\$ (50,548)
Total OPEB liability - beginning	\$ 1,147,120
Total OPEB liability - ending	\$ 1,096,572
<u>Plan fiduciary net position</u>	
Contributions - employer	53,710
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	(53,710)
Administrative expense	-
Net change in fiduciary net position	-
Plan fiduciary net position - beginning	\$ -
Plan fiduciary net position - ending	\$ -
Net OPEB liability - ending	\$ 1,096,572
Plan fiduciary net position as a percentage of the total OPEB liability	-
Covered payroll	\$ 2,006,529
Net OPEB liability as a percentage of covered payroll	54.7%

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2015</u>
<u>SET Life Insurance:</u>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,780,561	\$ 1,729,135	\$ 1,687,856	\$ 3,436,533
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
	<u>2019</u>			
<u>MEABT:</u>				
Employer contributions	\$ 53,710			
Benefit payments	<u>(53,710)</u>			
Contribution deficiency (excess)	<u>\$ -</u>			
Covered payroll	\$ 2,006,529			
Contributions as a percentage of covered payroll	2.68%			

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

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Changes of Assumptions

The discount rate for the SET OPEB and pension plans was reduced from 6.875% to 6.75%.

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

Other Supplementary Information

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

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

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

	Original Budget	Final Budget	Actual	Balance
Regular Instruction:				
Elementary K-2	\$ 310,711	\$ 310,711	\$ 307,193	\$ 3,518
Elementary 3-8	665,577	665,577	651,954	13,623
Secondary 9-12	484,597	484,597	483,516	1,081
English as a Second Language	784	784	-	784
Gifted/Talented K-8	19,841	19,841	18,739	1,102
Gifted/Talented 9-12	1,500	1,500	-	1,500
	<u>1,483,010</u>	<u>1,483,010</u>	<u>1,461,402</u>	<u>21,608</u>
Special Education:				
Resource Room K-8	421,583	421,583	420,078	1,505
Resource Room 9-12	273,974	273,974	114,070	159,904
Social Work K-8	35,052	35,052	34,102	950
Social Work 9-12	35,052	35,052	34,107	945
Support Services	9,785	9,785	9,240	545
504 Student Support	5,900	5,900	1,633	4,267
Psychology	10,000	10,000	7,475	2,525
Speech/Language	20,000	20,000	4,426	15,574
Occupational Therapy	5,000	5,000	3,264	1,736
Physical Therapy	5,500	5,500	4,297	1,203
	<u>821,846</u>	<u>821,846</u>	<u>632,692</u>	<u>189,154</u>
Other Instruction:				
Co-Curricular K-8	26,765	26,765	25,221	1,544
Co-Curricular 9-12	80,035	80,035	71,140	8,895
	<u>106,800</u>	<u>106,800</u>	<u>96,361</u>	<u>10,439</u>
Student/Staff Support:				
Guidance K-8	18,983	18,983	18,961	22
Guidance 9-12	57,778	57,778	56,618	1,160
Health Services K-12	60,231	60,231	62,058	(1,827)
Assessment Testing K-12	6,486	6,486	4,767	1,719
Instructional Technology K-8	59,446	59,446	51,011	8,435
Instructional Technology 9-12	84,860	84,860	68,215	16,645
Library K-8	34,323	34,323	31,698	2,625
Library 9-12	20,143	20,143	18,889	1,254
	<u>342,250</u>	<u>342,250</u>	<u>312,217</u>	<u>30,033</u>

SCHEDULE A (CONTINUED)
RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

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

	Original Budget	Final Budget	Actual	Balance
System Administration:				
School Board	80,650	80,650	35,668	44,982
Superintendent's Office	159,754	159,754	198,049	(38,295)
	<u>240,404</u>	<u>240,404</u>	<u>233,717</u>	<u>6,687</u>
School Administration:				
School Administration K-8	132,067	132,067	124,743	7,324
School Administration 9-12	78,484	78,484	79,255	(771)
	<u>210,551</u>	<u>210,551</u>	<u>203,998</u>	<u>6,553</u>
Transportation:				
Transportation	192,926	192,926	197,537	(4,611)
Career/Tech Transportation	54,290	54,290	33,015	21,275
	<u>247,216</u>	<u>247,216</u>	<u>230,552</u>	<u>16,664</u>
Facilities Maintenance:				
Custodians K-8	87,657	87,657	71,727	15,930
Custodians 9-12	47,275	47,275	40,029	7,246
Maintenance K-8	506,218	506,218	527,997	(21,779)
Maintenance 9-12	273,344	273,344	292,668	(19,324)
	<u>914,494</u>	<u>914,494</u>	<u>932,421</u>	<u>(17,927)</u>
Transfer to Other Funds:				
School Nutrition	-	-	14,736	(14,736)
	<u>-</u>	<u>-</u>	<u>14,736</u>	<u>(14,736)</u>
TOTAL DEPARTMENTAL OPERATIONS	<u><u>\$ 4,366,571</u></u>	<u><u>\$ 4,366,571</u></u>	<u><u>\$ 4,118,096</u></u>	<u><u>\$ 248,475</u></u>

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 2,650	\$ -	\$ 2,650
Investments	-	103,736	103,736
Due from other funds	448	4,675	5,123
Total assets	<u>\$ 3,098</u>	<u>\$ 108,411</u>	<u>\$ 111,509</u>
LIABILITIES			
Due to other funds	\$ 1,956	\$ -	\$ 1,956
TOTAL LIABILITIES	<u>1,956</u>	<u>-</u>	<u>1,956</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	3,098	108,411	111,509
Committed	-	-	-
Assigned	-	-	-
Unassigned	(1,956)	-	(1,956)
TOTAL FUND BALANCES	<u>1,142</u>	<u>108,411</u>	<u>109,553</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,098</u>	<u>\$ 108,411</u>	<u>\$ 111,509</u>

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

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

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental Revenue	\$ 177,253	\$ -	\$ 177,253
Other	23,698	3,387	27,085
TOTAL REVENUES	<u>200,951</u>	<u>3,387</u>	<u>204,338</u>
EXPENDITURES			
Program Expenses	189,548	300	189,848
TOTAL EXPENDITURES	<u>189,548</u>	<u>300</u>	<u>189,848</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,403</u>	<u>3,087</u>	<u>14,490</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	9,754	-	9,754
Transfers (Out)	(7,190)	-	(7,190)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,564</u>	<u>-</u>	<u>2,564</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	13,967	3,087	17,054
FUND BALANCES (DEFICITS) - JULY 1	<u>(12,825)</u>	<u>105,324</u>	<u>92,499</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,142</u>	<u>\$ 108,411</u>	<u>\$ 109,553</u>

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

Special Revenue Funds

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78
 COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2019

	Adult Education	Title IA	Title IIA	Local Entitlement	Gear Up Grant	PEPG
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	323	-	-	-	-	-
TOTAL ASSETS	<u>\$ 323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 253	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	323	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(253)	-
TOTAL FUND BALANCES (DEFICITS)	<u>323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(253)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

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

	<u>Title IA Improvements</u>	<u>Title IV A Part A</u>	<u>Small Rural Schools Grant</u>	<u>Education Legacy Fund</u>	<u>Professional Course Fees</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,650	\$ -	\$ 2,650
Due from other funds	-	-	-	-	125	448
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,650</u>	<u>\$ 125</u>	<u>\$ 3,098</u>
LIABILITIES						
Due to other funds	\$ 1,703	\$ -	\$ -	\$ -	\$ -	\$ 1,956
TOTAL LIABILITIES	<u>1,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,956</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	2,650	125	3,098
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	(1,703)	-	-	-	-	(1,956)
TOTAL FUND BALANCES (DEFICITS)	<u>(1,703)</u>	<u>-</u>	<u>-</u>	<u>2,650</u>	<u>125</u>	<u>1,142</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,650</u>	<u>\$ 125</u>	<u>\$ 3,098</u>

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

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

	Adult Education	Title IA	Title IIA	Local Entitlement	Gear Up Grant	PEPG
REVENUES						
Intergovernmental	\$ 12,500	\$ 69,074	\$ 7,683	\$ 54,990	\$ -	\$ -
Other	-	-	-	-	21,048	-
TOTAL REVENUES	<u>12,500</u>	<u>69,074</u>	<u>7,683</u>	<u>54,990</u>	<u>21,048</u>	<u>-</u>
EXPENDITURES						
Program expenses	12,500	61,930	6,780	54,991	20,733	1,454
TOTAL EXPENDITURES	<u>12,500</u>	<u>61,930</u>	<u>6,780</u>	<u>54,991</u>	<u>20,733</u>	<u>1,454</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>7,144</u>	<u>903</u>	<u>(1)</u>	<u>315</u>	<u>(1,454)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	8,566	-	1,188	-	-
Transfers (Out)	(5,563)	-	(1,627)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,563)</u>	<u>8,566</u>	<u>(1,627)</u>	<u>1,188</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(5,563)	15,710	(724)	1,187	315	(1,454)
FUND BALANCES (DEFICITS) - JULY 1	<u>5,886</u>	<u>(15,710)</u>	<u>724</u>	<u>(1,187)</u>	<u>(568)</u>	<u>1,454</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (253)</u>	<u>\$ -</u>

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

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

	Title IA Improvements	Title IV A Part A	Small Rural Schools Grant	Education Legacy Fund	Professional Course Fees	Total
REVENUES						
Intergovernmental	\$ 4,848	\$ 10,938	\$ 17,220	\$ -	\$ -	\$ 177,253
Other	-	-	-	2,650	-	23,698
TOTAL REVENUES	<u>4,848</u>	<u>10,938</u>	<u>17,220</u>	<u>2,650</u>	<u>-</u>	<u>200,951</u>
EXPENDITURES						
Program expenses	3,940	10,000	17,220	-	-	189,548
TOTAL EXPENDITURES	<u>3,940</u>	<u>10,000</u>	<u>17,220</u>	<u>-</u>	<u>-</u>	<u>189,548</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>908</u>	<u>938</u>	<u>-</u>	<u>2,650</u>	<u>-</u>	<u>11,403</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	9,754
Transfers (Out)	-	-	-	-	-	(7,190)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,564</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	908	938	-	2,650	-	13,967
FUND BALANCES (DEFICITS) - JULY 1	<u>(2,611)</u>	<u>(938)</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>(12,825)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (1,703)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,650</u>	<u>\$ 125</u>	<u>\$ 1,142</u>

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

Permanent Funds

To account for assets held by Rangeley Lakes Regional School District #78 in trust for individuals, private organizations, other governmental units and/or other funds.

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2019

	Clarence Lamb Scholarship	Taylor Scholarship	Patricia Walker Scholarship	Total
ASSETS				
Investments	\$ -	\$ 103,736	\$ -	\$ 103,736
Due from other funds	3,073	-	1,602	4,675
TOTAL ASSETS	<u>\$ 3,073</u>	<u>\$ 103,736</u>	<u>\$ 1,602</u>	<u>\$ 108,411</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	3,073	103,736	1,602	108,411
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>3,073</u>	<u>103,736</u>	<u>1,602</u>	<u>108,411</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,073</u>	<u>\$ 103,736</u>	<u>\$ 1,602</u>	<u>\$ 108,411</u>

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

SCHEDULE G

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

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

	Clarence Lamb Scholarship	Taylor Scholarship	Patricia Walker Scholarship	Total
REVENUES				
Investment income	\$ 7	\$ 3,376	\$ 4	\$ 3,387
TOTAL REVENUES	<u>7</u>	<u>3,376</u>	<u>4</u>	<u>3,387</u>
EXPENDITURES				
Program expenses	-	-	300	300
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
NET CHANGE IN FUND BALANCES	7	3,376	(296)	3,087
FUND BALANCES - JULY 1	<u>3,066</u>	<u>100,360</u>	<u>1,898</u>	<u>105,324</u>
FUND BALANCES - JUNE 30	<u>\$ 3,073</u>	<u>\$ 103,736</u>	<u>\$ 1,602</u>	<u>\$ 108,411</u>

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture				
Passed through State of Maine-Department of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	013-05A-3014-05	\$ 10,004	\$ -
National School Lunch	10.555	013-05A-3022-05	4,523	-
National School Lunch	10.555	013-05A-3023-05	952	-
National School Lunch	10.555	013-05A-3024-05	22,192	-
National School Lunch	10.555	013-05A-3125-05	872	-
Subtotal Child Nutrition Cluster			<u>38,543</u>	<u>-</u>
Total Department of Agriculture			<u>38,543</u>	<u>-</u>
U.S. Department of Education				
Passed through State of Maine-Department of Education and Cultural Services:				
Title I Grants to Local Educational Agencies	84.010	013-05A-3107-13	69,074	-
Title I Grants to Local Educational Agencies	84.010A	013-05A-3106-13	4,848	-
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	013-05A-3046-12	54,991	-
Subtotal Special Education Cluster (IDEA)			<u>54,991</u>	<u>-</u>
Improving Teacher Quality State Grants	84.367	013-05A-3042-11	6,345	-
Student Support and Academic Enrichment Program	84.424	013-05A-3345-13	12,276	-
Total Department of Education			<u>147,534</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 186,077</u>	<u>\$ -</u>

DISCLOSURE: This District is not required to have a 2. C.F.R. Part 200 Uniform Guidance Audit.

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Rangeley Lakes Regional School District #78 under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Rangeley Lakes Regional School District #78, it is not intended to and does not present the financial position, changes in net position or cash flows of the Rangeley Lakes Regional School District #78.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Rangeley Lakes Regional School District #78 has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

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



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

Board of Directors
Rangeley Lakes Regional School District #78
Rangeley, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Rangeley Lakes Regional School District #78 as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise Rangeley Lakes Regional School District #78's basic financial statements and have issued our report thereon dated January 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rangeley Lakes Regional School District #78's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rangeley Lakes Regional School District #78's internal control. Accordingly, we do not express an opinion on the effectiveness of Rangeley Lakes Regional School District #78's internal control.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rangeley Lakes Regional School District #78's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
January 22, 2020



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INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Board of Directors
Rangeley Lakes Regional School District #78
Rangeley, Maine

We have audited the financial statements of Rangeley Lakes Regional School District #78 for the year ended June 30, 2019 and have issued our report thereon dated January 22, 2020. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Rangeley Lakes Regional School District #78's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, Rangeley Lakes Regional School District #78 complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Rangeley Lakes Regional School District #78 was in noncompliance with or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Rangeley Lakes Regional School District #78 and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education financial system maintained at the Maine Department of Education.

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

RHR Smith & Company

Buxton, Maine
January 22, 2020

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

RANGELEY LAKES REGIONAL SCHOOL DISTRICT #78

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

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Funds (4000)
	<u> </u>	<u> </u>	<u> </u>
June 30 balance per Maine Education Financial System	\$ 884,886	\$ (44,443)	\$ 156,527
Audit adjustments	22,587	46,823	12,657
Audited GAAP Basis Fund balance June 30	<u>\$ 907,473</u>	<u>\$ 2,380</u>	<u>\$ 169,184</u>