

REGIONAL SCHOOL UNIT 16

FINANCIAL STATEMENTS

JUNE 30, 2010

FINANCIAL STATEMENTS

JUNE 30, 2010

C O N T E N T S

SECTION		PAGE
1	INDEPENDENT AUDITOR'S REPORT	1-1
2	BASIC FINANCIAL STATEMENTS	
	<u>Government-Wide Financial Statements</u>	
	Statement of Net Assets	2-1
	Statement of Activities	2-2
	<u>Fund Financial Statements</u>	
	Balance Sheet - Governmental Funds	2-3
	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	2-4
	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	2-5
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	2-6
	Statement of Net Assets - Proprietary Fund	2-7
	Statement of Revenues, Expenditures, and Changes in Net Assets - Proprietary Fund	2-8
	Statement of Cash Flows - Proprietary Fund	2-9
	Statement of Net Assets - Fiduciary Fund	2-10
	Notes to Financial Statements	2-11 to 2-22
3	REQUIRED SUPPLEMENTARY INFORMATION	
	Budgetary Comparison Schedule - General Fund	3-1
4	COMBINING FUND SCHEDULES	
	Combining Balance Sheet - Non Major Special Revenue Funds	4-1 to 4-3
	Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non Major Special Revenue Funds	4-4 to 4-6
5	OTHER INFORMATION	
	Independent Auditor's Report on Assurances and Determinations	5-1

OUELLETTE & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Thomas N. Ouellette, C.P.A.
George A. Roberge, C.P.A.
Keith H. Allen, C.P.A., M.S.T.
Roger P. Provencher, Jr., C.P.A.
Mark R. Carrier, C.P.A., C.V.A.
Gary A. Wigant, C.P.A.
C. Joseph Wolverton, C.P.A., C.V.A.

Claire H. Allen, C.P.A.
Daryl K. Cote, C.P.A.
Tammy A. Day, C.P.A.
Lisa A. Dumond, C.P.A.
Steven R. Lamontagne, C.P.A.
Michelle L. Rouleau, C.P.A., M.S.T.

INDEPENDENT AUDITOR'S REPORT

To the School Committee
Regional School Unit 16
Poland, Maine

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Regional School Unit 16 as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the management of Regional School Unit 16. 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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Regional School Unit 16 as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require the budgetary comparison information on page 3-1 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 and about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Regional School Unit 16's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ouellette & Associates, P.A.
Certified Public Accountants

November 23, 2010
Lewiston, Maine

REGIONAL SCHOOL UNIT 16

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash on Hand and in Banks	\$ 1,709,692	\$ 86,186	\$ 1,795,878
Accounts Receivable	901,696	61,766	963,462
Due from School Lunch	133,052	-	133,052
Prepaid Expenses	17,041	-	17,041
Inventories	-	16,353	16,353
Equity Position in Unemployment Trust Fund	124,446	-	124,446
Furnace Deposit	390,560	-	390,560
Capital Assets, Net	<u>17,993,509</u>	<u>-</u>	<u>17,993,509</u>
TOTAL ASSETS	<u>21,269,996</u>	<u>164,305</u>	<u>21,434,301</u>
LIABILITIES			
Accounts Payable	115,755	133,052	248,807
Due to School Lunch	-	-	-
Accrued Expenses	940,626	-	940,626
Long-Term Liabilities:			
Due Within One Year	1,156,978	-	1,156,978
Due in More than One Year	<u>8,925,222</u>	<u>-</u>	<u>8,925,222</u>
Total Liabilities	<u>11,138,581</u>	<u>133,052</u>	<u>11,271,633</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	8,301,869	-	8,301,869
Restricted for:			
Programs	680,780	-	680,780
Capital Projects	258,505	-	258,505
Unemployment Trust Fund	124,446	-	124,446
Unrestricted	<u>765,815</u>	<u>31,253</u>	<u>797,068</u>
TOTAL NET ASSETS	<u>\$ 10,131,415</u>	<u>\$ 31,253</u>	<u>\$ 10,162,668</u>

See Auditor's Report and Accompanying Notes to the Financial Statements.

REGIONAL SCHOOL UNIT 16

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Minot Consolidated School	\$ 1,494,268	\$ -	\$ -	\$ -	\$ (1,494,268)	\$ -	\$ (1,494,268)
Elm Street School	2,103,224	-	-	-	(2,103,224)	-	(2,103,224)
Poland Community School	2,367,728	-	-	-	(2,367,728)	-	(2,367,728)
BMWMS	696,396	-	-	-	(696,396)	-	(696,396)
Poland Regional High School	4,643,993	156,096	-	-	(4,487,897)	-	(4,487,897)
Summer School	24,683	-	-	-	(24,683)	-	(24,683)
Health Services	133,920	-	-	-	(133,920)	-	(133,920)
Student Assessment	17,143	-	-	-	(17,143)	-	(17,143)
Gifted & Talented	87,469	-	-	-	(87,469)	-	(87,469)
Co-Curricular	71,267	-	-	-	(71,267)	-	(71,267)
RSU Committee	182,334	-	-	-	(182,334)	-	(182,334)
Central Office	503,347	-	-	-	(503,347)	-	(503,347)
Special Education	2,571,478	188,526	-	-	(2,382,952)	-	(2,382,952)
Transportation	943,124	-	-	-	(943,124)	-	(943,124)
Special Programs	1,320,320	-	2,126,312	-	805,992	-	805,992
Capital Projects	208,460	-	-	441,869	233,409	-	233,409
Interest Expense	534,225	-	-	-	(534,225)	-	(534,225)
Depreciation Expense	965,544	-	-	-	(965,544)	-	(965,544)
Total Governmental Activities	18,868,923	344,622	2,126,312	441,869	(15,956,120)	-	(15,956,120)
Business-Type Activities:							
Hot Lunch Program	633,096	243,605	352,609	-	-	(36,882)	(36,882)
Total Business-Type Activities:	633,096	243,605	352,609	-	-	(36,882)	(36,882)
Total Primary Government	19,502,019	588,227	2,478,921	441,869	(15,956,120)	(36,882)	(15,993,002)
General Revenues							
Local Funds					8,414,048	15,000	8,429,048
State of Maine Funds					9,591,168	-	9,591,168
Interest and Miscellaneous					59,822	-	59,822
Total General Revenues					18,065,038	15,000	18,080,038
Change in net assets					2,108,918	(21,882)	2,087,036
Transfers In, July 1, 2009					8,022,497	53,135	8,075,632
Net Assets - Ending					\$10,131,415	\$ 31,253	\$ 10,162,668

See Auditor's Report and Accompanying Notes to the Financial Statements.

REGIONAL SCHOOL UNIT 16

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
ASSETS				
Cash on Hand and in Banks	\$ 1,479,291	\$ (28,104)	\$ 258,505	\$ 1,709,692
Accounts Receivable	313,973	720,775	-	1,034,748
Prepaid Expenses	-	17,041	-	17,041
TOTAL ASSETS	<u>\$ 1,793,264</u>	<u>\$ 709,712</u>	<u>\$ 258,505</u>	<u>\$ 2,761,481</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 115,157	\$ 598	\$ -	\$ 115,755
Accrued Expenses	912,292	28,334	-	940,626
Total Liabilities	<u>1,027,449</u>	<u>28,932</u>	<u>-</u>	<u>1,056,381</u>
Fund Balances				
Unreserved:				
Designated	-	680,780	258,505	939,285
Undesignated	<u>765,815</u>	<u>-</u>	<u>-</u>	<u>765,815</u>
Total Fund Balances	<u>765,815</u>	<u>680,780</u>	<u>258,505</u>	<u>1,705,100</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,793,264</u>	<u>\$ 709,712</u>	<u>\$ 258,505</u>	<u>\$ 2,761,481</u>

See Auditor's Report and Accompanying Notes to the Financial Statements.

REGIONAL SCHOOL UNIT 16

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS

JUNE 30, 2010

Total Fund Balances - Governmental Funds	\$ 1,705,100
<p>Fixed assets used in Unit operations are not financial resources and therefore are not reported in the governmental fund financial statements.</p>	
This is the amount of fixed assets at cost.	33,839,099
This is the amount of accumulated depreciation.	(15,455,030)
<p>The Unit's equity position in the Maine School Management Association Unemployment Trust Fund is not a financial resources and therefore are not reported in the Governmental fund financial statements.</p>	
	124,446
<p>Long-term debt consisting of notes payable and capital leases payable have not been included in the governmental fund financial statements.</p>	
	<u>(10,082,200)</u>
Net Assets of Governmental Activities	<u>\$ 10,131,415</u>

See Auditor's Report and Accompanying Notes to the Financial Statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue	Capital Projects	Total
REVENUES				
Local	\$ 8,414,048	\$ -	\$ -	\$ 8,414,048
State of Maine	9,231,672	359,496	-	9,591,168
Tuition	163,316	-	-	163,316
MaineCare	181,306	-	-	181,306
Adult Education	-	186,126	-	186,126
Grants	-	1,940,186	-	1,940,186
Capital Projects	-	-	441,869	441,869
Interest and Miscellaneous	81,873	-	-	81,873
TOTAL REVENUES	<u>18,072,215</u>	<u>2,485,808</u>	<u>441,869</u>	<u>20,999,892</u>
EXPENDITURES				
Minot Consolidated School	1,563,125	-	-	1,563,125
Elm Street School	2,183,719	-	-	2,183,719
Poland Community School	2,550,180	-	-	2,550,180
BMWMS	696,396	-	-	696,396
Poland Regional High School	4,744,953	-	-	4,744,953
Summer School	24,683	-	-	24,683
Health Services	133,920	-	-	133,920
Student Assessment	17,143	-	-	17,143
Gifted and Talented	87,469	-	-	87,469
Co-Curricular	71,267	-	-	71,267
RSU Committee	182,334	-	-	182,334
Central Office	538,771	-	-	538,771
Special Education	2,571,478	-	-	2,571,478
Transportation	1,052,072	-	-	1,052,072
Debt Service	1,322,876	-	-	1,322,876
Special Programs	(433,986)	2,171,382	-	1,737,396
Capital Projects	-	-	364,583	364,583
TOTAL EXPENDITURES	<u>17,306,400</u>	<u>2,171,382</u>	<u>364,583</u>	<u>19,842,365</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>765,815</u>	<u>314,426</u>	<u>77,286</u>	<u>1,157,527</u>
Net Change in Fund Balances	765,815	314,426	77,286	1,157,527
Transfers In, July 1, 2009	-	366,354	181,219	547,573
Fund Balances, June 30, 2010	<u>\$ 765,815</u>	<u>\$ 680,780</u>	<u>\$ 258,505</u>	<u>\$ 1,705,100</u>

See Auditor's Report and Accompanying Notes to the Financial Statements.

REGIONAL SCHOOL UNIT 16

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds \$ 1,157,527

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

Governmental funds do not report changes in the Unemployment Trust Fund.

This is the net (decrease) in the unemployment fund net assets. (36,397)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount of capital outlays in the current period. 342,437

This is the amount of depreciation expense in the current period. (965,544)

This is the amount for the deposit on the new furnace at PRHS. 390,560

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction effects net assets.

This is the amount of proceeds from long-term debt. -

This is the amount of principal repayments on long-term debt. 1,220,335

Change in Net Assets of Governmental Activities \$ 2,108,918

See Auditor's Report and Accompanying Notes to the Financial Statements.

REGIONAL SCHOOL UNIT 16

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2010

ASSETS

Cash on Hand and in Banks	\$ 86,186
Accounts Receivable and Due from Town	61,766
Inventories	<u>16,353</u>
TOTAL ASSETS	<u>164,305</u>

LIABILITIES

Accounts Payable	<u>133,052</u>
TOTAL LIABILITIES	<u>133,052</u>

NET ASSETS

Unrestricted	<u>31,253</u>
TOTAL NET ASSETS	<u>\$ 31,253</u>

See Auditor's Report and Accompanying Notes to the Financial Statements.

REGIONAL SCHOOL UNIT 16

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

OPERATING REVENUES

Fees Collected	\$ 243,605
USDA Subsidy and Donated Food	352,609
Local Funds	<u>15,000</u>
TOTAL OPERATING REVENUES	<u>611,214</u>

OPERATING EXPENSES

Food	342,724
Labor	265,713
Other	<u>24,659</u>
TOTAL OPERATING EXPENSES	<u>633,096</u>

OPERATING INCOME (LOSS)	(21,882)
TRANSFERS IN, JULY 1, 2009	<u>53,135</u>
NET ASSETS, END OF YEAR	<u>\$ 31,253</u>

See Auditor's Report and Accompanying Notes to the Financial Statements.

REGIONAL SCHOOL UNIT 16

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Students and Others	\$ 587,192
Cash Paid to Suppliers for Goods and Services	(326,014)
Cash Paid to Employees for Services	<u>(265,713)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>(4,535)</u></u>

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 90,721

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 86,186

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities

Operating Income (Loss)	\$ (21,882)
<i>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</i>	
<i>(Increase) Decrease in:</i>	
Accounts Receivable	(24,022)
Inventories	6,029
<i>Increase (Decrease) in:</i>	
Accounts Payable	<u>35,340</u>
	<u><u>\$ (4,535)</u></u>

NONCASH DONATIONS

Food Donated by U.S.D.A. \$ 28,190

See Auditor's Report and Accompanying Notes to the Financial Statements.

REGIONAL SCHOOL UNIT 16

STATEMENT OF AGENCY ASSETS AND LIABILITIES
FIDUCIARY FUND

JUNE 30, 2010

	<i>Agency Fund</i>
Assets	
Cash and Cash Equivalents	\$ 132,808
Total Assets	<u>\$ 132,808</u>
Liabilities	
Due to Student Groups	
Poland Regional High School	\$ 79,535
Poland Community School	12,218
Minot Consolidated School	7,474
Elm Street School	<u>33,581</u>
Total Liabilities	<u>\$ 132,808</u>

See Auditor's Report and Accompanying Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Organization**

Regional School Unit 16 ("Unit") was formed July 1, 2009 and consolidated the school departments of the Towns of Poland, Mechanic Falls, and Minot, Maine. Its purpose is to provide public education to students from the Towns of Poland, Mechanic Falls, and Minot, Maine. Net assets and fund balances were transferred in from the three towns to the Unit on July 1, 2009.

Reporting Entity

The School Committee ("Committee") has oversight responsibility and control over all activities related to the Unit. The Committee received funding from local, state, and federal government sources and must comply with the commitment requirements of these funding source entities. Committee members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. The day-to-day operations are managed by the Superintendent, who is appointed by the Committee.

Basis of Presentation

The Unit's basic financial statements are comprised of the Government-Wide financial statements, fund financial statements, and the notes to the basic financial statements of the Unit.

Government-Wide Financial Statements

The Government-Wide financial statements categorize activities as either governmental or business-type. The only business-type activity is the Hot Lunch Program; all other activities are governmental.

In the Government-Wide Statement of Net Assets, the governmental and business-type activities columns are presented by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets as well as long-term debt and obligations. The Unit's net assets are reported in three parts: invested in capital assets (net of related debt), restricted net assets, and unrestricted net assets. The Unit first utilizes restricted resources to finance qualifying activities. As noted below, the Government-Wide financial statements do not include the activity of the Fiduciary Funds.

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Unit's functions. The functions are also supported by general revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants.

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Government-Wide Financial Statements (Continued)**

The net costs (by function) are normally supported by general revenues. The Unit does not allocate indirect costs.

The Government-Wide financial statement focus is more on the sustainability of the Unit as an entity and the change in the Unit's net assets resulting from the current year's activity.

Fund Financial Statements

The accounts of the Unit are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures or expenses as appropriate.

The following funds are used by the Unit:

Governmental Funds

General Fund - The General Fund is the main operating fund of the Unit and accounts for all revenues and expenditures of the Unit not encompassed within other funds. All general revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds - Special revenue funds are utilized to account for those federal and state revenues that are legally restricted to be expended for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for all resources for the acquisition of capital facilities by the Unit.

Proprietary Fund

The proprietary fund accounts for the operations of the School Lunch program, which is a self-supporting unit independent of the general fund. A nominal amount may be expended by the General Fund to support school lunch salaries annually.

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Fiduciary Funds***

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Unit programs. Since the Fiduciary Funds are by definition held for the benefit of a third party, and cannot be used to support activities or obligations of the Unit, these funds are not included in the Government-Wide financial statements.

The Student Activity Fund, an agency fund, accounts for the receipt and disbursement of monies from student activity organizations. These organizations exist with the explicit approval of, and are subject to, revocation by the School Committee.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts of the Unit and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The Government-Wide financial statements as well as the fiduciary fund type financial statement are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current financial resources.

The modified accrual basis of accounting is followed by the governmental funds. 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, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recognized when due.

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Modified Accrual (Continued)*

Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the susceptible to accrual concept in accordance with Governmental Accounting Standards Board ("GASB") pronouncements. Revenues received from the State of Maine are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Grant funds are recognized to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are treated as deferred revenues until recognizable.

Cash and Cash Equivalents

For purposes of the statement of cash flows for the Proprietary Fund, the Unit considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventories

Materials, supplies and food commodities are carried in an inventory account at average cost and are subsequently charged to expense when consumed.

Capital Assets

As a result of implementing GASB Statement No. 34, the Unit has reported capital assets, which include land, buildings and equipment, in the applicable government activities column in the Government-Wide financial statements. Capital assets are stated on the basis of historical cost. Major capital asset additions are financed primarily from long-term liabilities such as bond proceeds or capital leases.

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical value or estimated historical cost. Assets acquired through gifts or donations are recorded at their estimated fair market value at time of acquisition. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is calculated using the straight-line method over the following estimated useful lives:

Buildings and Building Improvements	15 - 40 years
Computers and Computer Equipment	5 years
Equipment	7 - 10 years
Vehicles	5 - 10 years
Central Office Equipment	5 - 10 years

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Liability for Compensated Absences**

Administrative and other non-contract employees are granted vacation leave in varying amounts. In the event of termination an employee is reimbursed for any unused accumulated leave. The Unit has no liability for unused vacation pay since all vacation leave is used or lost if not taken each year.

Teachers do not receive paid vacations but are paid only for the number of days they are required to work each year.

Long-Term Debt

In the Government-Wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

Budgets

The Unit is required by state law to adopt an annual budget for the General Fund. The budget is presented on the modified accrual basis of accounting.

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

1. Prior to the Board of Directors meeting, the Unit prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the School Committee is then called for the purpose of adopting the proposed budget after seven days public notice of the meeting has been given.
3. Prior to June 30, the budget is approved through passage of a resolution by the Unit Committee.
4. The budget must be filed with the State of Maine Department of Education on a designated date.

Once a budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Unit Committee. Amendments are presented to the Committee at their regular meetings. Each amendment must have Committee approval.

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Budgets (Continued)**

The budget is controlled by the Superintendent at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Unit Committee (if applicable). All budget appropriations lapse at year-end.

The Unit's assessment for the current year was levied against the Towns of Poland, Mechanic Falls and Minot by virtue of the annual town budget meeting held May 13, 2009.

Net Assets and Fund Balances*Government-Wide Financial Statements*

When the Unit incurs an expense for which it may either use restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net assets on the Statement of Net Assets include the following:

Investment in Capital Assets, Net of Related Debt – The component of net assets that reports the differences between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted – Restricted net assets consist of Special Revenue Funds, Capital Project Funds and funds on deposit in an Unemployment Trust Fund.

Unrestricted – The difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, Net of Related Debt and Net Assets Restricted for Special Revenue Funds.

Governmental Funds Financial Statements

In the fund financial statements, governmental funds report balances either as a reserved fund balance or an unreserved fund balance.

Reserved Fund Balance – That portion of fund balance which is not available for appropriation or which has been legally segregated for a specific purpose. There were no reserved fund balance amounts reported by the Unit at June 30, 2010.

Unreserved Fund Balance – Composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods. Designated fund balances represent tentative plans for future use of financial resources.

REGIONAL SCHOOL UNIT 16

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS

Maine statutes authorize the Unit to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The Unit has obtained a "Public Unit Deposit Irrevocable Stand-by Letter of Credit" in the amount of \$2,500,000 from the Federal Home Loan Bank of Boston. This letter covers any deposits in excess of FDIC limits.

NOTE 3: CAPITAL ASSETS

A summary of capital assets activity for the year ended June 30, 2010 follows:

Governmental Activities	<u>Transfers In</u> <u>7/1/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/10</u>
At Cost				
Building and Building Improvements	\$ 27,901,875	\$ 298,393	\$ -	\$ 28,200,268
Computers and Computer Equipment	2,082,227	49,552	-	2,131,779
Equipment	1,406,292	67,229	-	1,473,521
Vehicles	1,667,056	9,380	(122,262)	1,554,174
Central Office	67,392	21,404	-	88,796
Capital Assets, At Cost	33,124,842	445,958	(122,262)	33,448,538
Accumulated Depreciation	(14,611,747)	(965,544)	122,262	(15,455,029)
Governmental Activities Capital Assets, Net	<u>\$ 18,513,095</u>	<u>\$ (519,586)</u>	<u>\$ -</u>	<u>\$ 17,993,509</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2010

NOTE 4: LONG-TERM DEBT

A schedule of long-term debt at June 30, 2010 follows:

	Due Within One Year	Due in More Than One Year	Total
Bonds Payable	\$ 1,046,553	\$ 8,661,434	\$ 9,707,987
Capital Leases Payable	103,455	245,270	348,725
Loans Payable	6,970	18,518	25,488
Total	\$ 1,156,978	\$ 8,925,222	\$ 10,082,200

A summary of bonds payable activity for the year ended June 30, 2010 follows:

Maine Municipal Bond Bank

Purpose	Year Issued	Original Amount	Interest Rate	Maturity	Transfers In July 1, 2009	Proceeds	Retired	Balance June 30, 2010	Principal amount due within one year
Poland High School	1998	17,263,578	4.278- 5.378%	2018	\$ 8,631,788	\$ -	\$ (863,179)	\$ 7,768,609	\$ 863,179
Poland High School	2000	736,422	5.028- 5.903%	2020	441,854	-	(36,821)	405,033	36,821
Poland High School Field	2000	242,367	5.281- 5.406%	2010	48,474	-	(24,237)	24,237	24,237
Poland Elementary School	2003	1,564,000	2.078- 5.078%	2022	1,152,424	-	(82,316)	1,070,108	82,316
Mechanic Falls School Addition	2000	800,000	4.070- 5.751%	2020	480,000	-	(40,000)	440,000	40,000
					\$ 10,754,540	\$ -	\$ (1,046,553)	\$ 9,707,987	\$ 1,046,553

Future maturities of bonds payable are as follows:

Year Ending June 30,	Total	Principal	Interest
2011	\$ 1,441,149	\$ 1,046,553	\$ 394,596
2012	1,415,704	1,022,316	393,388
2013	1,364,684	1,022,316	342,368
2014	1,313,104	1,022,316	290,788
2015	1,260,035	1,022,316	237,719
2016 - 2020	4,647,106	4,248,399	398,707
2021 - 2025	344,818	323,771	21,047
	\$ 11,786,600	\$ 9,707,987	\$ 2,078,613

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2010

NOTE 4: LONG-TERM DEBT (Continued)

A summary of loans payable activity for the year ended June 30, 2010 follows:

Purpose	Year Issued	Original Amount	Interest Rate	Transfers In		Retired	Balance June 30, 2010	Principal amount due within one year
				July 1, 2009	Proceeds			
2008 Chevy Silverado	2009	25,070	10.49%	\$ 21,565	\$ -	\$ (4,300)	\$ 17,265	\$ 4,913
2007 Dodge Caravan	2009	10,950	12.99%	10,065	-	(1,842)	8,223	2,057
				<u>\$ 31,630</u>	<u>\$ -</u>	<u>\$ (6,142)</u>	<u>\$ 25,488</u>	<u>\$ 6,970</u>

Future maturities of loans payable are as follows:

Year Ending	June 30,	Total	Principal	Interest
2012	9,497	7,793	1,704	
2013	9,497	8,716	781	
2014	2,051	2,009	42	
Total	<u>\$ 30,542</u>	<u>\$ 25,488</u>	<u>\$ 5,054</u>	

A summary of capital lease activity for the year ended June 30, 2010 follows:

Purpose	Year Issued	Original Amount	Interest Rate	Transfers In		Retired	Balance June 30, 2010	Principal amount due within one year
				July 1, 2009	Proceeds			
School Union Building	2005	250,000	3.019 - 3.644%	\$ 150,000	\$ -	\$ (25,000)	\$ 125,000	\$ 25,000
Poland Bus Dispatch Center	2004	185,500	5.085%	148,400	-	(9,275)	139,125	9,275
Poland Bus	2005	61,529	5.20%	12,911	-	(12,911)	-	-
Poland Apple Computer 2007	2007	78,031	7.09%	27,469	-	(27,469)	-	-
Poland Apple Computer 2009	2008	74,256	6.77%	47,865	-	(23,149)	24,716	24,716
TD Bank #40057624-Mechanic Falls Bus	2005	62,176	5.20%	13,048	-	(13,048)	-	-
TD Bank #40057627-Minot Bus	2005	61,631	5.20%	12,934	-	(12,934)	-	-
TD Bank #40058170-Minot Bus	2006	68,084	4.55%	27,798	-	(13,590)	14,208	14,208
TD Bank #40058624-Minot Bus	2007	70,809	4.19%	44,226	-	(14,730)	29,496	14,076
Vanguard Modular-Minot	2006	59,443	5.98%	31,446	-	(15,266)	16,180	16,180
				<u>\$ 516,097</u>	<u>\$ -</u>	<u>\$ (167,372)</u>	<u>\$ 348,725</u>	<u>\$ 103,455</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2010

NOTE 4: LONG-TERM DEBT (Continued)**Town of Poland – Bus Dispatch Center**

When the Regional School Unit 16 building was constructed, the Unit used the remaining building space as a bus dispatch center. The building was financed as part of a larger town construction project using proceeds from the Maine Municipal Bond Bank, and the construction was managed by the Town. The Unit makes annual payments to the Town for its share of the construction project, and the Town then pays the semi-annual bond payment to the Bond Bank.

Future minimum lease payments under the capital leases are as follows:

Year Ending June 30,	
2011	\$ 117,799
2012	58,430
2013	41,225
2014	42,039
2015	38,801
2016-2020	61,044
2021-2025	40,873
Total Minimum Lease Payments	400,211
Less: Amounts Representing Interest	(51,486)
Obligations Under Capital Leases	348,725
Less: Current Portion	(103,455)
Capital Leases, Long-Term	<u>\$ 245,270</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2010

NOTE 5: RETIREMENT PLAN

Public school teachers contribute to the Maine State Retirement System ("System"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for public school teachers, state employees (except as members of the judiciary and legislature who are covered under the Judicial and Legislative Retirement Systems) and political subdivisions.

All public school teachers participate in the system. Benefits vest after ten years of service. Teachers who retire at or after age 60 with one-year of credited service or teachers who retire prior to age 60 with 25 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% of the average of their highest three year earnings. The system also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Teachers are required to contribute 7.65% of their annual salary to the system and these contributions earn interest at a rate set by the Maine State Retirement System Board of Trustees. The Unit also contributes a percentage (which varies from year to year) of the total earnable compensation. The Unit is required to contribute a comparable amount for those teachers funded by federal grants.

Funding Status and Progress

Information concerning the pension benefit obligation for public school teachers is available from the Maine State Retirement System.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information is not currently available from the Maine State Retirement System.

NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 2010

NOTE 6: SPECIAL REVENUE FUND

Grant Program

The Unit participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Unit has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2010 may be impaired. In the opinion of the Unit, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 7: CAPITAL PROJECTS FUNDS

A schedule of the activity in the capital project funds for the year follows:

	Transfers In		Insurance		Balance
	<u>July 1, 2009</u>	<u>Revenues</u>	<u>Proceeds</u>	<u>Expenditures</u>	<u>June 30, 2010</u>
Poland Technology Reserve	\$ 55,889	\$ 20,280	\$ -	\$ (44,060)	\$ 32,109
Poland Capital Improvements Reserve	111,596	-	155,611	(239,755)	27,452
Mechanic Falls Technology Reserve	1,928	-	-	-	1,928
Mechanic Falls Capital Improv. Reserve	1,590	-	-	-	1,590
Mechanic Falls Bus Reserve	10,216	-	-	-	10,216
RSU Technology Reserve	-	65,978	-	(34,250)	31,728
RSU Capital Improvements Reserve	-	200,000	-	(46,518)	153,482
	<u>\$ 181,219</u>	<u>\$ 286,258</u>	<u>\$ 155,611</u>	<u>\$ (364,583)</u>	<u>\$ 258,505</u>

REGIONAL SCHOOL UNIT 16
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010

REGIONAL SCHOOL UNIT 16

COMBINED STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2010

	<i>Budgeted</i>		<i>Non-GAAP</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budgetary</i> <i>Basis -</i> <i>Actual</i>	<i>Final Budget</i> <i>Positive</i> <i>(Negative)</i>
REVENUES				
Local	\$ 8,414,048	\$ 8,414,048	\$ 8,414,048	\$ -
State of Maine	10,073,536	10,073,536	9,231,672	(841,864)
Tuition	117,927	117,927	163,316	45,389
MaineCare	126,300	126,300	181,306	55,006
Miscellaneous	25,783	25,783	81,873	56,090
TOTAL REVENUES	18,757,594	18,757,594	18,072,215	(685,379)
EXPENDITURES				
Minot Consolidated School	1,729,892	1,729,892	1,563,125	166,767
Elm Street School	2,304,352	2,304,352	2,183,719	120,633
Poland Community School	2,729,061	2,729,061	2,550,180	178,881
BMWMS	807,726	807,726	696,396	111,330
Poland Regional High School	5,004,041	5,004,041	4,744,953	259,088
Summer School	32,461	32,461	24,683	7,778
Health Services	133,445	133,445	133,920	(475)
Student Assessment	21,238	21,238	17,143	4,095
Gifted & Talented	94,841	94,841	87,469	7,372
Co-Curricular	90,043	90,043	71,267	18,776
RSU Committee	116,725	116,725	182,334	(65,609)
Central Office	550,043	550,043	538,771	11,272
Special Education	2,778,970	2,778,970	2,571,478	207,492
Transportation	1,041,880	1,041,880	1,052,072	(10,192)
Debt Service	1,322,876	1,322,876	1,322,876	-
State Stabilization Offset	-	-	(433,986)	433,986
TOTAL EXPENDITURES	18,757,594	18,757,594	17,306,400	1,451,194
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	\$ -	\$ -	\$ 765,815	\$ 765,815

See Auditor's Report and Accompanying Notes to the Financial Statements.

REGIONAL SCHOOL UNIT 16
COMBINING FUND SCHEDULES
JUNE 30, 2010

COMBINING BALANCE SHEET FOR NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2010

State	ARRA Stimulus	Title IA - ARRA	Title IA - ARRA	Title III - ARRA	Title IV - Drug Free Schools	Title IA - Basic Compensatory	Title V - Innovative	Title II - Teacher Quality	Title III - Technology	Local Entitlement	Subtotals
ASSETS											
Cash on Hand and in Banks	\$ 68,838	\$ 13,930	\$ 45,414	\$ 2,256	\$ 4,092	\$ 31,500	\$ 1,168	\$ 18,821	\$ 43	\$ 83,371	\$ 269,433
Accounts Receivable - State of Maine	-	57,383	-	-	-	31,821	-	-	-	-	89,204
Prepaid Expenses	-	-	-	-	-	-	-	6,000	-	11,041	17,041
TOTAL ASSETS	\$ 68,838	\$ 71,313	\$ 45,414	\$ 2,256	\$ 4,092	\$ 63,321	\$ 1,168	\$ 24,821	\$ 43	\$ 94,412	\$ 375,678
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 598	\$ 598
Accrued Expenses	-	-	11,525	-	-	-	-	7,244	-	-	18,769
Total Liabilities	\$ -	\$ -	\$ 11,525	\$ -	\$ -	\$ -	\$ -	\$ 7,244	\$ -	\$ 598	\$ 19,367
Fund Balances											
Reserved for Programs	68,838	71,313	33,889	2,256	4,092	63,321	1,168	17,577	43	93,814	356,311
Total Fund Balances	68,838	71,313	33,889	2,256	4,092	63,321	1,168	17,577	43	93,814	356,311
TOTAL LIABILITIES AND FUND BALANCES	\$ 68,838	\$ 71,313	\$ 45,414	\$ 2,256	\$ 4,092	\$ 63,321	\$ 1,168	\$ 24,821	\$ 43	\$ 94,412	\$ 375,678

COMBINING BALANCE SHEET FOR NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2010

	USM										Subtotals		
	Subtotal Forwarded	Rural Low Income	Math/Science Alliance	Professional Development	Future/Great Maine Schools	Adult Education	Teacher Education Grant	Advanced Placement Grant	MELMAC	Designated Tech Fund		Rural Trust Grant	Rural Small Schools
ASSETS													
Cash on Hand and in Banks	\$ 269,433	\$ 150	\$ 909	\$ 1,819	\$ -	\$ 38,598	\$ 165	\$ 2,176	\$ 3,377	\$ 1,354	\$ 14,945	\$ (35,104)	\$ 297,822
Accounts Receivable - State of Maine	89,204	-	-	-	-	-	-	-	-	-	-	29,574	118,778
Prepaid Expenses	17,041	-	-	-	-	-	-	-	-	-	-	-	17,041
TOTAL ASSETS	\$ 375,678	\$ 150	\$ 909	\$ 1,819	\$ -	\$ 38,598	\$ 165	\$ 2,176	\$ 3,377	\$ 1,354	\$ 14,945	\$ (5,530)	\$ 433,641
LIABILITIES AND FUND BALANCES													
Liabilities													
Accounts Payable	\$ 598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 598
Accrued Expenses	18,769	-	-	-	-	-	-	-	-	-	-	-	18,769
Total Liabilities	19,367	-	-	-	-	-	-	-	-	-	-	-	19,367
Fund Balances													
Reserved for Programs	356,311	150	909	1,819	-	38,598	165	2,176	3,377	1,354	14,945	(5,530)	414,274
Total Fund Balances	356,311	150	909	1,819	-	38,598	165	2,176	3,377	1,354	14,945	(5,530)	414,274
TOTAL LIABILITIES AND FUND BALANCES	\$ 375,678	\$ 150	\$ 909	\$ 1,819	\$ -	\$ 38,598	\$ 165	\$ 2,176	\$ 3,377	\$ 1,354	\$ 14,945	\$ (5,530)	\$ 433,641

COMBINING BALANCE SHEET FOR NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2010

	Maine											Totals	
	Subtotals Forwarded	Maine Community Foundation	HINI Clinic	Kieve Trip	Maine Course Pathways Project	Wood to Energy	Public Pre-K	Academic Coach	Behavior Program ARRA	Early Childhood	Early Intervention ARRA		Nestle Water
ASSETS													
Cash on Hand and in Banks	\$ 297,822	\$ 872	\$ 5,217	\$ -	\$ (37)	\$ (344,043)	\$ 2,500	\$ 4,993	\$ -	\$ 4,572	\$ -	\$ -	\$ (28,104)
Accounts Receivable - State of Maine	118,778	-	-	-	600,921	1,076	-	-	-	-	-	-	720,775
Prepaid Expenses	17,041	-	-	-	-	-	-	-	-	-	-	-	17,041
TOTAL ASSETS	\$ 433,641	\$ 872	\$ 5,217	\$ -	\$ (37)	\$ 256,878	\$ 3,576	\$ 4,993	\$ -	\$ 4,572	\$ -	\$ -	\$ 709,712
LIABILITIES AND FUND BALANCES													
Liabilities													
Accounts Payable	\$ 598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 598
Accrued Expenses	18,769	-	-	-	-	-	-	4,993	-	4,572	-	-	28,334
Total Liabilities	19,367	-	-	-	-	-	-	4,993	-	4,572	-	-	28,932
Fund Balances													
Reserved for Programs	414,274	872	5,217	-	(37)	256,878	3,576	-	-	-	-	-	680,780
Total Fund Balances	414,274	872	5,217	-	(37)	256,878	3,576	-	-	-	-	-	680,780
TOTAL LIABILITIES AND FUND BALANCES	\$ 433,641	\$ 872	\$ 5,217	\$ -	\$ (37)	\$ 256,878	\$ 3,576	\$ 4,993	\$ -	\$ 4,572	\$ -	\$ -	\$ 709,712

See Auditor's Report and Accompanying Notes to the Financial Statements.

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2010

	ARRA State Stabilization Basic	ARRA Stimulus	Title IA - ARRA	Title IA - ARRA	Title III - ARRA	Title IV - Drug Free Schools	Title IA - Basic Compensatory	Title V - Innovative	Title III - Teacher Quality	Title III - Technology	Local Entitlement	Subtotals
REVENUES												
Grants	\$ 359,496	\$ 227,383	\$ 177,149	\$ 8,094	\$ 7,749	\$ 277,784	\$ 93,732	\$ 3,293	\$ 391,177	\$ 1,545,857		
EXPENDITURES												
Instruction	433,986	-	143,260	5,838	-	225,818	78,205	3,277	-	890,384		
Special Education	-	-	-	-	-	-	-	-	-	397,083		
Health	-	-	-	-	4,272	-	-	-	-	4,272		
	433,986	-	143,260	5,838	4,272	225,818	78,205	3,277	397,083	1,291,739		
OTHER FINANCING SOURCES (USES)												
Transfers	-	(156,070)	-	-	-	-	-	-	-	(156,070)		
NET CHANGE IN FUND BALANCE	(74,490)	71,313	33,889	2,256	3,477	51,966	15,527	16	(5,906)	98,048		
TRANSFERS IN, JULY 1, 2009	143,328	-	-	-	615	11,355	2,050	27	99,720	258,263		
FUND BALANCES, END OF YEAR	\$ 68,838	\$ 71,313	\$ 33,889	\$ 2,256	\$ 4,092	\$ 63,321	\$ 17,577	\$ 43	\$ 93,814	\$ 356,311		

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2010

	USM											Subtotals
	Promising				Teacher Education			Advanced Placement		Tech		
REVENUES	Rural Low Income	Math/Science Alliance	Professional Development	Future/Great Schools	Admitt Education	Teacher Education Grant	Advanced Placement Grant	MELMAC	Designated Fund	Rural Trust Grant	Rural Small Schools	Subtotals
Grants	\$ -	\$ -	\$ -	\$ -	\$ 186,126	\$ -	\$ 3,137	\$ -	\$ 7,125	\$ 44,153	\$ -	\$ 1,786,398
EXPENDITURES												
Instruction	-	-	-	-	227,019	-	2,770	3,752	16,900	29,560	7,634	1,178,019
Special Education	-	-	-	-	-	-	-	-	-	-	-	397,083
Health	-	-	-	-	-	-	-	-	-	-	-	4,272
Forwarded	1,291,739	-	-	-	227,019	-	2,770	3,752	16,900	29,560	7,634	1,579,374
OTHER FINANCING SOURCES (USES)												
Transfers	-	-	-	-	-	-	-	-	-	-	-	(156,070)
NET CHANGE IN FUND BALANCE	98,048	-	-	-	(40,893)	-	367	(3,752)	(9,775)	14,593	(7,634)	50,954
TRANSFERS IN, JULY 1, 2009	258,263	150	909	1,819	79,491	165	1,809	7,129	11,129	352	2,104	363,320
FUND BALANCES, END OF YEAR	\$ 356,311	\$ 909	\$ 1,819	\$ -	\$ 38,598	\$ 165	\$ 2,176	\$ 3,377	\$ 1,354	\$ 14,945	\$ (5,530)	\$ 414,274

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2010

	Maine											Totals	
	Subtotals Forwarded	Maine Community Foundation	HINI Clinic	Kieve Trip	Maine Course Pathways Project	Wood to Energy	Public Pre-K	Academic Couch	Behavior Program ARRA	Early Childhood	Early Intervention ARRA		Nestle Water
REVENUES													
Grants	\$ 1,786,398	\$ -	\$ 10,396	\$ 9,000	\$ 2,000	\$ 647,438	\$ 8,076	\$ -	\$ -	\$ -	\$ -	\$ 22,500	\$ 2,485,808
EXPENDITURES													
Instruction	1,178,019	2,162	-	9,000	2,037	390,560	4,500	43,518	-	41,124	31,093	22,500	1,724,513
Special Education	397,083	-	-	-	-	-	-	-	40,335	-	-	-	437,418
Health	4,272	-	5,179	-	-	-	-	-	-	-	-	-	9,451
	<u>1,579,374</u>	<u>2,162</u>	<u>5,179</u>	<u>9,000</u>	<u>2,037</u>	<u>390,560</u>	<u>4,500</u>	<u>43,518</u>	<u>40,335</u>	<u>41,124</u>	<u>31,093</u>	<u>22,500</u>	<u>2,171,382</u>
OTHER FINANCING SOURCES (USES)													
Transfers	(156,070)	-	-	-	-	-	-	43,518	40,335	41,124	31,093	-	-
NET CHANGE IN FUND BALANCE	50,954	(2,162)	5,217	-	(37)	256,878	3,576	-	-	-	-	-	314,426
TRANSFERS IN, JULY 1, 2009	363,320	3,034	-	-	-	-	-	-	-	-	-	-	366,354
FUND BALANCES, END OF YEAR	\$ 414,274	\$ 872	\$ 5,217	\$ -	\$ (37)	\$ 256,878	\$ 3,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 680,780

REGIONAL SCHOOL UNIT 16

OTHER INFORMATION

JUNE 30, 2010

OUELLETTE & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Thomas N. Ouellette, C.P.A.
George A. Roberge, C.P.A.
Keith H. Allen, C.P.A., M.S.T.
Roger P. Provencher, Jr., C.P.A.
Mark R. Carrier, C.P.A., C.V.A.
Gary A. Wigant, C.P.A.
C. Joseph Wolverton, C.P.A., C.V.A.

Claire H. Allen, C.P.A.
Daryl K. Cote, C.P.A.
Tammy A. Day, C.P.A.
Lisa A. Dumond, C.P.A.
Steven R. Lamontagne, C.P.A.
Michelle L. Rouleau, C.P.A., M.S.T.

**INDEPENDENT AUDITOR'S REPORT ON
ASSURANCES AND DETERMINATIONS**

To the School Committee
Regional School Unit 16
Poland, Maine

We have audited the financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Regional School Unit 16 as of and for the year ended June 30, 2010, and have issued our report thereon dated November 23, 2010.

In connection with our audit, we make the following statements of assurances and determinations:

1. The audit has been conducted in accordance with applicable state and federal laws relating to financial and compliance audits.
2. Budgetary controls are in place.
3. The annual financial report submitted to the Department of Education by the Unit is materially correct. A reconciliation to the audited financial statements has been prepared and submitted to the Maine Department of Education.
4. Regional School Unit 16 has complied with applicable provisions of the Maine School Finance Act.

This report is intended solely for the information and use of the school committee and the Maine Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Ouellette & Associates, P.A.
Certified Public Accountants

November 23, 2010
Lewiston, Maine