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To: Board of Directors
Richard A. Lyons, Superintendent
Regional School Unit No. 22

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 22 as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Regional School Unit No. 22's internal control over financial reporting (internal control) as a basis for designing 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 the Regional School Unit No. 22's internal control. Accordingly, we do not express an opinion on the effectiveness of the Regional School Unit No. 22'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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

We noted another matter involving internal control and its operation that we have reported to management of Regional School Unit No. 22 in the attached schedule as "Other Matter".

This communication is intended solely for the information and use of management, Board of Directors and others within Regional School Unit No. 22, and State regulatory agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,

Brantner Thibodeau & Associates

December 12, 2016

Regional School Unit No. 22
Schedule of Other Matters

Other Matters

Agency Fund Cash Receipting Procedures

While we recognize that an attempt has been made to deposit receipts more timely, we noted instances when cash for the student activity funds was not turned over to the main office in a timely manner for inclusion in their cash receipting process. This situation creates a greater risk of misappropriation or loss due to misplacing of funds.

Compliance with fund balance limitation

The Unit's general fund unassigned fund balance is subject to limitations set by the State of Maine. The ending unassigned fund balance for a given fiscal year is limited to 3% of the previous fiscal year's school budget. Unallocated balances in excess of 3% must be used to reduce the state and local share of the total allocation of the school budget of the next year, or over a period not to exceed three years. The law has been suspended since the year ended June 30, 2009. It is recommended that the Unit make efforts to reduce their unappropriated excess fund balance in the year ending June 30, 2017. Such efforts could include use of the excess amounts towards operating expenses, creation of certain reserves, additional funding of existing reserves, or disbursing such funds to member towns of the Unit. The Unit should make a plan to appropriate any remaining excess funds over the next one to three years to comply with the 3% limitation.