



Board of Trustees
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April 23, 2018

TO: Members of the Audit Committee

FR: Ellen N. Doughty, Clerk of the Board

RE: **May 4, 2018 Audit Committee**

The University of Maine

University of Maine
at Augusta

University of Maine
at Farmington

University of Maine
at Fort Kent

University of Maine
at Machias

University of Maine
at Presque Isle

University of
Southern Maine

The Audit Committee will be from **9:00 am to 12:00 pm on May 4, 2018**. The meeting will be held at the University Maine System Executive Offices, Rudman Conference Room, 253 Estabrooke Hall, 15 Estabrooke Drive in Orono. In addition to the meeting location at Estabrooke Hall, the following Polycom sites will also be available:

UMA – Exec. Boardroom, Alumni Center
UMPI – Exec. Conference Room, Preble Hall
UMFK – Alumni Conference Room, Nadeau Hall
UMF – Exec. Conference Room 103, Merrill Hall
USM – Wishcamper Room 419/427
Conference call – 1-800-605-5167 code 743544#

Refreshments will be provided at the UM location. The meeting materials will be posted to the Diligent Board Portal as well as the Board of Trustees website at: (<http://www.maine.edu/about-the-system/board-of-trustees/meeting-agendas/audit-committee/>).

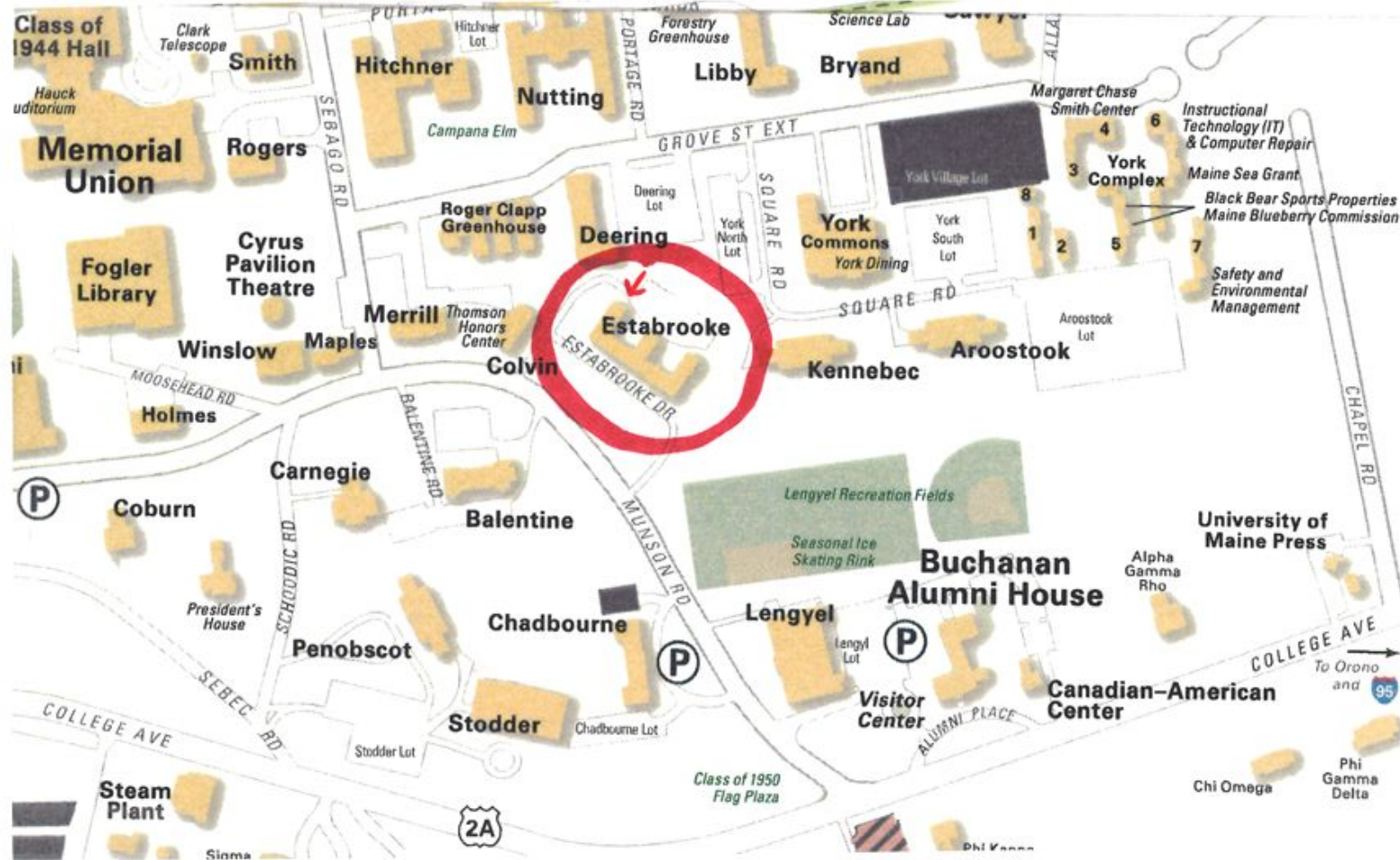
If you have questions about the meeting materials please call me at 581-5840. If you have any questions or desire additional information about the agenda items, please call Tracy Elliott at 581-5492.

cc: James Page, Chancellor
Trustees who are not members of the Audit Committees
Presidents
Ryan Low
Tracy Elliott
Darla Reynolds
Chip Gavin

University of Maine System

15 Estabrooke Drive, Orono

Rudman Conference Room
253 Estabrooke Hall, 2nd Floor
15 Estabrooke Drive, Orono



Directions to the UMS located on the UMaine Campus

From the South on I-95: take exit 191 to Kelly Road and turn right. Continue on Kelly Road for 1 mile until you reach the traffic light, then turn left onto Route 2 and go through downtown Orono. Cross the river. Turn left at the lights onto College Avenue. Buchanan Alumni House will be the first campus-related building on your right. Right after the Buchanan Alumni House, take a right onto Muson Road. Estabrooke Hall is the building on the right after Lengyel.

From the North on I-95: take exit 191 to Kelly Road and turn left. Continue on Kelly Road for 1 mile until you reach the traffic light, then turn left onto Route 2 and go through downtown Orono. Cross the river. Turn left at the lights onto College Avenue. Buchanan Alumni House will be the first campus-related building on your right. Right after the Buchanan Alumni House, take a right onto Muson Road. Estabrooke Hall is the building on the right after Lengyel.

The UMS is located on the 2nd floor of Estabrooke Hall. Enter Estabrooke Hall from the back of the building, the entrance closes to Deering Hall.

Board of Trustees

Audit Committee

May 4, 2018, 9:00 a.m. – 12:00 p.m.
Rudman Conference Room, 253 Estabrooke Hall, Orono

AGENDA

TAB 1	9 am	Uniform Guidance Audit – Fiscal Year 2017
TAB 2	9:15 am	BerryDunn – Audit Committee Presentation
TAB 3	10:15 am	Impact of GASB #75 – <i>Accounting and Financial Reporting for Post Employment Benefits Other than Pensions</i>
TAB 4	10:45 am	UM Department of Athletics Agreed-Upon Procedures Update

Action items within the Committee purview are noted in green.

Items for Committee decisions and recommendations are noted in red.

*Note: Times are estimated based upon the anticipated length for presentation or discussion of a particular topic.
An item may be brought up earlier or the order of items changed for effective deliberation of matters before the
Committee.*



AGENDA ITEM SUMMARY

1. **NAME OF ITEM:** Auditors' Reports as Required by the Uniform Guidance and Government Auditing Standards and Related Information – Year Ended June 30, 2017

2. **INITIATED BY:** M. Michelle Hood, Chair

3. **BOARD INFORMATION:** X

BOARD ACTION:

4. **OUTCOME:**

Primary Outcomes:

Enhance fiscal positioning

BOARD POLICY:

Bylaws – Section 3

5. **BACKGROUND:**

Renee Bishop, Principal, and Emily Parker, Senior Manager, with Berry Dunn McNeil and Parker LLC will present highlights of the Uniform Guidance audit of the University of Maine System for fiscal year ended June 30, 2017. An Executive Summary and the auditor's reports are enclosed for review.

4/23/2018



Federal Compliance Uniform Guidance Audit Results – June 30, 2017

Executive Summary

Presented By

Renee Bishop, CPA

Emily Parker, CPA

May 4, 2018

COMMON TERMS



- OMB – Office of Management and Budget for federal awards.
- GAS – *Government Auditing Standards* – (often referred to as “the Yellow Book”) a framework for conducting audits of government entities and entities that receive government awards. The System’s financial statement audit is conducted under GAS.
- OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) – The System’s federal funds compliance audit is currently conducted under OMB Uniform Guidance, also referred to as the Single Audit.
- SEFA – Schedule of Expenditure of Federal Awards – part of the reporting package required by OMB Uniform Guidance. The SEFA details federal award expenditures by specific program within each federal awarding agency.

DISCUSSION AGENDA



- Financial Highlights
- Our Responsibilities Under *Government Auditing Standards* and OMB Uniform Guidance
- Major Programs Tested
- Review of Audit Results

FINANCIAL HIGHLIGHTS



- University of Maine System Federal expenditures were \$247 million for fiscal year 2017, of which \$178 million was for Student Financial Assistance, and \$42 million was for Research and Development (R&D).
- Total Federal expenditures decreased \$10.3 million from the prior fiscal year.
- The decrease from FY16 to FY17 is primarily the result of the following:
 - \$7.3 million decline in Student Financial Assistance funds
 - Reduction in Direct Loans of \$3.9 million and Pell Grants of \$3.3 million
 - \$5.5 million decline in Department of Health and Human Services grants
 - \$1.0 million decrease in National Science Foundation funding
 - Above reductions offset by increases in Department of Defense funding of approximately \$3.5 million and Department of Agriculture funding of approximately \$600,000.

OUR RESPONSIBILITY



Audit opinion	We are required to express an opinion on the System's compliance with laws, regulations, contracts, and grant agreements for federal funding received.
Compliance	Our opinion on compliance was a favorable (unmodified) opinion. We tested these compliance requirements in accordance with federal guidelines under OMB Uniform Guidance.
Internal control	We are not required to give an opinion on internal control, and we do not give an opinion on it. However, internal control is tested in order to express our opinion on compliance with federal requirements.

MAJOR PROGRAMS TESTED



Student Financial Assistance Cluster – U.S. Department of Education

Research and Development Cluster – Tested awards from the following sources:

- U.S. Department of Agriculture
- Department of Commerce
- Department of Defense
- Department of Health and Human Services
- National Science Foundation

AUDIT RESULTS FOR MAJOR PROGRAMS TESTED

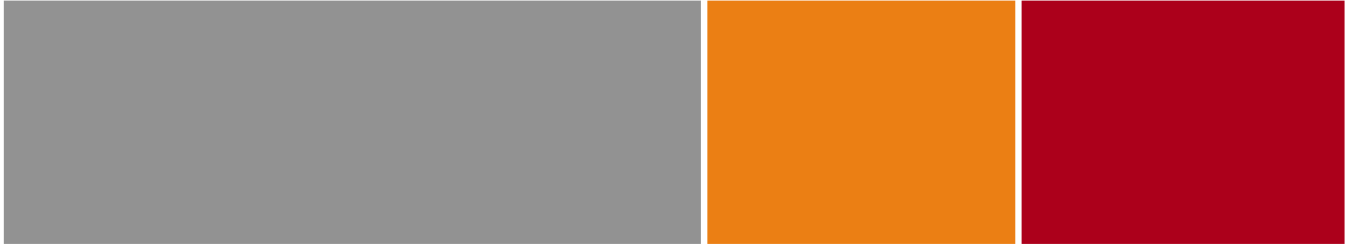


INTERNAL CONTROLS

- No material weaknesses noted, however we noted deficiencies that we consider to be significant deficiencies

COMPLIANCE FINDINGS

- Student Financial Aid– Enrollment Reporting (Finding 2017-001)
- Student Financial Aid– Return of Title IV Aid (Finding 2017-002)



UNIVERSITY OF MAINE SYSTEM

**AUDITOR'S REPORTS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE
UNIFORM GUIDANCE**

Year Ended June 30, 2017



UNIVERSITY OF MAINE SYSTEM
AUDITOR'S REPORTS AS REQUIRED BY THE UNIFORM GUIDANCE AND
GOVERNMENT AUDITING STANDARDS AND RELATED INFORMATION

Year Ended June 30, 2017

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

To the Board of Trustees
University of Maine System

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 business-type activities and the discretely presented component unit of the University of Maine System (the System), a component unit of the State of Maine, which comprise the statement of net position and the statement of financial position for its component unit as of June 30, 2017, the related statements of revenues, expenses and changes in net position, and cash flows, and the statement of activities for its component unit, for the year then ended, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated November 20, 2017. Our report includes a reference to other auditors, who audited the financial statements of the discretely presented component unit of the System, as described in our report on the System's financial statements. The audit of the financial statements of the component unit was not conducted in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance or other matters for the discretely presented component unit of the System.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System'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 the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 System's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

The Board of Trustees
University of Maine System

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System'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 System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
November 20, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AS REQUIRED BY THE
UNIFORM GUIDANCE**

The Board of Trustees
University of Maine System

Report on Compliance for Each Major Federal Program

We have audited the University of Maine System's (the System's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement (Compliance Supplement)* that could have a direct and material effect on each of the System's major federal programs for the year ended June 30, 2017. The System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

We did not audit the System's compliance with the requirements governing student loan repayment processing services in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan Program as described in the *Compliance Supplement*. Those requirements govern functions performed by Heartland Campus Solutions ECSI (ECSI). Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. ECSI's compliance with the requirements governing the functions that it performs for the System for the year ended June 30, 2017 was examined by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Services*. Our report does not include the results of the other accountants' examination of ECSI's compliance with such requirements.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the System's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes, examining, on a test basis, evidence about the System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

The Board of Trustees
University of Maine System

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the System's compliance.

Opinion on Each Major Federal Program

In our opinion, the System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

The System's responses to the noncompliance findings identified in our audit are described in the accompanying Management Response and Corrective Action Plan. The System's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the System is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the System's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over compliance.

Requirements governing student loan repayment processing services in the Student Financial Assistance Cluster: Federal Perkins Loan Program as described in the *Compliance Supplement* are performed by ECSI. Internal control over compliance related to such functions for the year ended June 30, 2017 was reported on by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Services*. Our report does not include the results of the other accountants' testing of ECSI's internal control over compliance related to such functions.

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

The Board of Trustees
University of Maine System

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002, that we consider to be significant deficiencies.

The System's responses to the internal control over compliance findings identified in our audit are described in the Management Response and Corrective Action Plan. The System's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the discretely-presented component unit of the System as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the System's basic financial statements. We issued our report thereon dated November 20, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
March 21, 2018

University of Maine System
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Student Financial Assistance Cluster:				
U.S. Department of Education				
Federal Supplemental Educ Opportunity Grant		84.007	\$ -	\$ 4,393,236
Federal Work-Study Program		84.033	-	5,030,793
Federal Perkins Loan Program (note 3)		84.038	-	4,782,227
Federal Perkins Loan Program Administrative Cost Allowance		84.038	-	344,052
Federal Pell Grant Program		84.063	-	38,029,814
Federal Direct Student Loans		84.268	-	125,406,627
Total U.S. Department of Education			-	177,986,749
U.S. Dept of Health & Human Svcs				
Nursing Student Loans (note 3)		93.364	-	365,624
Total Student Financial Assistance Cluster			-	178,352,373
Supplemental Nutrition Assistance Program (SNAP) Cluster:				
U.S. Dept of Agriculture Food and Nutrition Service				
Passed-through:				
Maine Department of Health and Human Services				
State Administrative Matching Grants for the Supplemental Nutrition Assist. Prog.	OFI-15-313	10.561	-	28,789
Total SNAP Cluster			-	28,789
Economic Development Cluster:				
U.S. Department of Commerce				
Economic Adjustment Assistance		11.307	-	182,040
Total Economic Development Cluster			-	182,040
Fish and Wildlife Cluster:				
U.S. Department of the Interior				
Passed-through:				
Maine Inland Fisheries and Wildlife				
Wildlife Restoration and Basic Hunter Education	09A-20160726*281	15.611	-	61,301
Total Fish and Wildlife Cluster			-	61,301
Employment Services Cluster:				
U.S. Department of Labor				
Passed-through:				
Central/ Western Maine WIB				
Employment Service/Wagner-Peyser Funded Activities	CWMWIP-WWC DEI PY2014-01	17.207	-	11,533
Total Employment Services Cluster			-	11,533
Highway Planning and Construction Cluster:				
U.S. Department of Transportation				
Passed-through:				
Vermont Agency of Transportation				
Highway Planning and Construction	PS0206	20.205	-	2,145
Maine Department of Transportation				
Highway Planning and Construction	20130731*535	20.205	-	518
Highway Planning and Construction	20150617000000004564	20.205	-	47,397
Highway Planning and Construction	20160218*2605	20.205	-	1,947
Total Highway Planning and Construction Cluster			-	52,007
Special Education Cluster:				
U.S. Department of Education				
Passed-through:				
Maine Department of Education				
Special Education-Grants to States	013-05A3049-12-6401	84.027	-	29,915
Special Education-Grants to States	013-05A3049-12-6401	84.027	-	59,694
Special Education-Grants to States	013-05A-3049-12-4099	84.027	-	5,800
Special Education-Grants to States	013-05A-3063-14-6401	84.027	-	45,123
Special Education-Grants to States	013-05A-3049-12-4099	84.027	-	109,842
Special Education-Grants to States	013-05A-3049-12-4099	84.027	-	4,151
Special Education-Grants to States	013-05A-3049-12-4099	84.027	-	37,410
Total Special Education Cluster			-	291,935
TRIO Cluster:				
U. S. Department of Education				
TRIO - Student Support Services		84.042	-	2,173,074
TRIO -Talent Search		84.044	-	763,575
Trio-Upward Bound		84.047	-	2,155,411
Trio-Educational Opportunity Centers		84.066	-	728,415
Total TRIO Cluster			-	5,820,475
Maternal, Infant, and Early Childhood Home Visiting Cluster:				
Department of Health & Human Services				
Passed-through:				
Maine Department of Health and Human Services				
Affordable Care Act (ACA) Maternal, Infant, Early Childhood	CFS-15-1412	93.505	-	(245)
Affordable Care Act (ACA) Maternal, Infant, Early Childhood	10A-20140714*0181	93.505	-	(231)
Affordable Care Act (ACA) Maternal, Infant, Early Childhood	CDC-15-1500	93.505	-	62,928
Maine Children's Trust Fund				

The accompanying notes are an integral part of this schedule.

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University of Maine System
Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Affordable Care Act (ACA) Maternal, Infant, Early Childhood	MCT-16-113	93.505	-	154,412
Total CFDA Number 93.505			-	216,864
Passed-through:				
Maine Department of Health and Human Services				
Maternal, Infant and Early Childhood Home Visiting Grant Program	MCT-16-113	93.870	-	96,688
Total CFDA Number 93.870			-	96,688
Total Maternal, Infant, and Early Childhood Home Visiting Cluster			-	313,552
TANF Cluster:				
Department of Health & Human Services				
Passed-through:				
Maine Department of Health and Human Services				
Temporary Assistance for Needy Families	OFI-16-313	93.558	-	247,169
Total TANF Cluster			-	247,169
CCDF Cluster:				
U.S. Department of Health & Human Services				
Child Care & Development Block Grant		93.575	-	36,350
Passed-through:				
Maine Department of Health and Human Services				
Child Care & Development Block Grant	CFS-15-620	93.575	-	2,436
Child Care & Development Block Grant	CT 10A 20140520*4045	93.575	-	3,118
Total CFDA Number 93.575			-	41,904
Passed-through:				
Maine Department of Health and Human Services				
Child Care Mandatory & Matching Funds	CFS-15-618	93.596	-	1,209,502
Total CFDA Number 93.596			-	1,209,502
Total CCDF Cluster			-	1,251,406
Medicaid Cluster:				
Passed-through:				
Maine Department of Health and Human Services				
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Mec	LRS-17-001	93.777	-	488,669
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Mec	LRS-16-001	93.777	-	12
Total CFDA Number 93.777			-	488,681
Passed-through:				
Maine Department of Health and Human Services				
Medical Assistance Program		93.778	-	9
Total CFDA Number 93.778			-	9
Total Medicaid Cluster			-	488,690
Foster Grandparent/Senior Companion Cluster:				
Corporation for National & Community Service				
Senior Companion Program		94.016	-	347,390
Total Foster Grandparent/Senior Companion Cluster			-	347,390
Research and Development Cluster:				
U.S. Department of Agriculture				
U.S. Department of Agriculture with No CFDA Number		10.RD	-	468,498
Passed-through:				
US Endowment for Forestry and Communities	Y-16-2	10.RD	-	28,810
Total CFDA Number 10.RD			-	497,308
Agriculture Research-Basic & Applied		10.001	-	888,971
Plant & Animal Disease, Pest Control, and Animal Care		10.025	-	25,885
Passed-through:				
Maine Potato Board				
Specialty Crop Block Grant Program - Farm Bill	01A20151021*1584	10.170	-	65,672
Wild Blueberry Comm of ME				
Specialty Crop Block Grant Program - Farm Bill	NSN648	10.170	-	14,236
Specialty Crop Block Grant Program - Farm Bill	NSN678	10.170	-	3,890
Specialty Crop Block Grant Program - Farm Bill	NSN679	10.170	-	2,474
Specialty Crop Block Grant Program - Farm Bill	NSN787	10.170	-	31,423
State of Maine Dept of Agriculture				
Specialty Crop Block Grant Program - Farm Bill	01A 20150211*2595	10.170	-	9,746
Specialty Crop Block Grant Program - Farm Bill	01A20151021*1589	10.170	-	29,082
Specialty Crop Block Grant Program - Farm Bill	20161014-1338	10.170	-	9,239
Specialty Crop Block Grant Program - Farm Bill	CT 01A 20141022*1503	10.170	-	6,370
Specialty Crop Block Grant Program - Farm Bill	CT 01A20141022*1506	10.170	-	4,211
Specialty Crop Block Grant Program - Farm Bill	CT01A 20151021*1585	10.170	-	4,262
Specialty Crop Block Grant Program - Farm Bill	CT01A 20151021*1586	10.170	-	18,625
Specialty Crop Block Grant Program - Farm Bill	CT 01A20151021*1587	10.170	3,853	8,779

The accompanying notes are an integral part of this schedule.

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University of Maine System
Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Specialty Crop Block Grant Program - Farm Bill	NSN736	10.170	-	74,225
Specialty Crop Block Grant Program - Farm Bill	NSN789	10.170	-	3,552
Total CFDA Number 10.170			3,853	285,786
Grants for Agricultural Research Spec. Research		10.200	165,879	316,073
Passed-through:				
University of Maryland				
Grants for Agricultural Research Spec. Research	Z555105	10.200	15,606	19,824
Grants for Agricultural Research Spec. Research	41632-Z5659007	10.200	-	9,883
Grants for Agricultural Research Spec. Research	42681-Z5824001	10.200	-	18,709
Cornell University				
Grants for Agricultural Research Spec. Research	73375-10300	10.200	-	2,930
Grants for Agricultural Research Spec. Research	74403-10353	10.200	-	1,246
Rutgers University				
Grants for Agricultural Research Spec. Research	5717-NER15FRP-YARBOR	10.200	-	1,367
Grants for Agricultural Research Spec. Research	5733-NER15FRP-DRUMM	10.200	-	3,141
Grants for Agricultural Research Spec. Research	5952-NER16FRP-DRUMM	10.200	-	2,750
University of Rhode Island				
Grants for Agricultural Research Spec. Research	38401/022014	10.200	-	19,203
Total CFDA Number 10.200			181,485	395,126
Cooperative Forestry Research		10.202	-	573,077
Payments to Agricultural Experiment Stations-Hatch		10.203	-	2,623,821
Animal Health & Disease Research		10.207	-	30,230
Passed-through:				
Nano Terra, Inc				
Small Business Innovation Research	NSN695	10.212	-	114,737
US Endowment Forestry & Comm	E17-20	10.212	-	1,750
Total CFDA Number 10.212			-	116,487
Passed-through:				
University of Mass -Amherst				
Sustainable Agricultural Research & Education	16-009052 A 00	10.215	-	14,205
University of New Hampshire				
Sustainable Agricultural Research & Education	16-037	10.215	-	10,069
University of Vermont				
Sustainable Agricultural Research & Education	ENE14-131-29001	10.215	-	22,134
Sustainable Agricultural Research & Education	GNE14-074-27806	10.215	-	(2,174)
Sustainable Agricultural Research & Education	GNE14-076-27806	10.215	-	9,029
Sustainable Agricultural Research & Education	GNE15-110-29001	10.215	-	133
Sustainable Agricultural Research & Education	LNE13-325	10.215	-	24,587
Sustainable Agricultural Research & Education	LNE14-3336-29001	10.215	-	12,879
Sustainable Agricultural Research & Education	LNE14-337-29001	10.215	-	57,561
Sustainable Agricultural Research & Education	ONE16-268-29994	10.215	-	5,038
Sustainable Agricultural Research & Education	ONE16-283C-29994	10.215	-	366
Sustainable Agricultural Research & Education	ENE16-142-31064	10.215	-	23,939
Total CFDA Number 10.215			-	177,766
Passed-through:				
Cornell University				
Homeland Security-Agricultural	67826-9932	10.304	-	511
Homeland Security-Agricultural	80289-10772	10.304	-	9,693
Total CFDA Number 10.304			-	10,204
Organic Agriculture Res & Extension Initiative		10.307	135,265	334,295
Passed-through:				
University of New Hampshire				
Organic Agriculture Res & Extension Initiative	12-034	10.307	-	11,826
Cornell University				
Organic Agriculture Res & Extension Initiative	73676-10369	10.307	-	107,203
University of California				
Organic Agriculture Res & Extension Initiative	201603098-02	10.307	-	9,138
Total CFDA Number 10.307			135,265	462,462
Passed-through:				
University of Massachusetts at Amherst				
Specialty Crop Research Initiative	12-007055-B-00	10.309	-	150,820
Cornell University				
Specialty Crop Research Initiative	73999-10425	10.309	-	43,273
Specialty Crop Research Initiative	79598-10766	10.309	-	986
University of Wisconsin				
Specialty Crop Research Initiative	350K895	10.309	-	42,357
North Carolina State University				
Specialty Crop Research Initiative	2016-0228-04	10.309	-	26,295
Total CFDA Number 10.309			-	263,731

The accompanying notes are an integral part of this schedule.

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University of Maine System
Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Agriculture and Food Research Initiative (AFRI)		10.310	563,040	1,061,149
Passed-through:				
Ohio State University				
Agriculture and Food Research Initiative (AFRI)	60050299-UM	10.310	-	12,840
University of California Riverside				
Agriculture and Food Research Initiative (AFRI)	S000483	10.310	-	(186)
University of Delaware				
Agriculture and Food Research Initiative (AFRI)	39529	10.310	-	38,497
University of Massachusetts at Amherst				
Agriculture and Food Research Initiative (AFRI)	15008563 B 00	10.310	-	11,943
University of New Hampshire				
Agriculture and Food Research Initiative (AFRI)	15-014	10.310	-	33,158
University of Tennessee				
Agriculture and Food Research Initiative (AFRI)	A15-0169-S006	10.310	-	61,097
Total CFDA Number 10.310			563,040	1,218,498
Biomass Research and Development Initiative Competitive Grants Program		10.312	-	21,447
Passed through:				
University of Vermont				
Crop Protection and Pest Management Competitive Grants Program	29107 SUB51838 U ME	10.329	-	15,895
Cornell University				
Crop Protection and Pest Management Competitive Grants Program	73984-10408	10.329	-	28,934
Total CFDA Number 10.329			-	44,829
Passed-through:				
Kansas State University				
Cooperative Extension Service	S16127	10.500	-	2,492
Cooperative Extension Service	S16094	10.500	-	24,729
Purdue University				
Cooperative Extension Service	8000072172	10.500	-	56,479
Total CFDA Number 10.500			-	83,700
Forestry Research		10.652	1,615	194,692
Passed-through:				
Virginia Polytech Institute				
Forestry Research	422423-19697	10.652	-	57,555
Total CFDA Number 10.652			1,615	252,247
Passed-through:				
P3NANO				
Cooperative Forestry Assistance	P3-5, P3-6	10.664	-	97,384
Forest Health Protection		10.680	-	74,831
Environmental Quality Incentives Program		10.912	-	9,549
Passed-through:				
Somerset County Water Conservation District				
Environmental Quality Incentives Program	69-1218-14-5	10.912	-	6,983
Total CFDA Number 10.912			-	16,532
Total Department of Agriculture			885,258	8,160,322
U.S. Department of Commerce				
Passed-through:				
Coastal Enterprises, Inc				
U.S. Department of Commerce with No CFDA Number	NSN-60627	11.RD	-	9,226
Ted Stevens Research Institute				
U.S. Department of Commerce with No CFDA Number	WE-133F-15-SE-1463	11.RD	-	40,705
Maine Fresh Sea Farms				
U.S. Department of Commerce with No CFDA Number	WC-133R-15-CN-0091	11.RD	-	14,900
Total CFDA Number 11.RD			-	64,831
NOAA - Ocean Exploration		11.011	-	691,483
Passed-through:				
NERACOOS				
Integrated Ocean Observing System (IOOS)	A002-002	11.012	-	78,407
Integrated Ocean Observing System (IOOS)	A005-02	11.012	-	177,190
Integrated Ocean Observing System (IOOS)	A008-002	11.012	-	662,165
University of Puerto Rico- Mayaguez				
Integrated Ocean Observing System (IOOS)	2015-2016-004	11.012	-	45,181
Integrated Ocean Observing System (IOOS)	2016-2017-011	11.012	-	65,653
Total CFDA Number 11.012			-	1,028,596
Sea Grant Support		11.417	101,165	1,466,236

The accompanying notes are an integral part of this schedule.

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University of Maine System Schedule of Expenditures of Federal Awards Year ended June 30, 2017				
Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Passed-through:				
State of Maine Department of Agriculture				
Coastal Zone Management Admin Awards	NSN772	11.419	-	7,470
Maine Department of Marine Resources				
Coastal Zone Management Admin Awards	NSC	11.419	-	19,313
Total CFDA Number 11.419			-	26,783
Fisheries Development and Utilization Research & Development Grant		11.427	36,169	287,159
Passed-through:				
Gulf of Maine Research Institute				
Fisheries Development and Utilization Research & Development Grant	10-SKAGE-15 UMAINE	11.427	-	36,226
Fisheries Development and Utilization Research & Development Grant	10-SKLOBS-16UM	11.427	-	13,167
Woods Hole Oceanographic Institute				
Fisheries Development and Utilization Research & Development Grant	A101314	11.427	-	3,264
Fisheries Development and Utilization Research & Development Grant	A101311	11.427	-	63,263
Total CFDA Number 11.427			36,169	403,079
Passed-through:				
Columbia University				
Climate & Atmospheric Research	1GG009002	11.431	-	64,651
Climate & Atmospheric Research	1GG009015	11.431	-	21,706
Total CFDA Number 11.431			-	86,357
Passed-through:				
Woods Hole Oceanographic Inst				
NOAA Cooperative Institutes	A101168	11.432	11,232	70,440
NOAA Cooperative Institutes	A101171	11.432	-	29,004
NOAA Cooperative Institutes	A101173	11.432	-	1,250
NOAA Cooperative Institutes	A101185	11.432	-	5,443
NOAA Cooperative Institutes	A101186	11.432	21,787	33,016
NOAA Cooperative Institutes	A101261	11.432	-	121,850
NOAA Cooperative Institutes	A101315	11.432	-	80,511
Total CFDA Number 11.432			33,019	341,514
Passed-through:				
Maine Department of Marine Resources				
Habitat Conservation	CT#13A-20160826*0653	11.454	-	26,796
Congressionally Identified Awards and Projects		11.469	18,403	19,302
Passed-through:				
Penobscot River Restoration Trust				
Congressionally Identified Awards and Projects	NA14NMF4630256	11.469	-	198,869
Total CFDA Number 11.469			18,403	218,171
Unallied Science Program		11.472	53,946	227,706
Passed-through:				
Gulf of Maine Research Institute				
Unallied Science Program	10-ATLBFT-15 UMAINE	11.472	-	15,811
Maine Department of Marine Resources				
Unallied Science Program	CT#13A 20170404*2852	11.472	-	112,584
Total CFDA Number 11.472			53,946	356,101
Passed-through:				
NERACOOS				
Office for Coastal Management	A007-002	11.473	-	16,420
Passed-through:				
Woods Hole Oceanographic Inst				
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	A100872	11.478	-	31,506
Passed-through:				
Woods Hole Oceanographic Inst				
NOAA Prog for Disaster Relief Approp. Act-Non-const & Const	A101067	11.483	-	141,963
Total Department of Commerce			242,702	4,899,836
U.S. Department of Defense				
US Department of Defense Awards with No CFDA Number		12.RD	24,775	1,537,235
Passed-through:				
Consortium of Energy, Environment and Demilitarization				
Dept of Defense Awards With No CFDA Number	SINIT-15-0014	12.RD	-	1,069,564
Dept of Defense Awards With No CFDA Number	W15QKN-13-9-0001/SIN	12.RD	-	427,324
Dept of Defense Awards With No CFDA Number	OTA W15QKN-13-9-0001	12.RD	-	286,746
Dept of Defense Awards With No CFDA Number	SINIT-16-0013	12.RD	-	398,441
Parent Technology Group				
Dept of Defense Awards With No CFDA Number	NSN685	12.RD	-	6,681

The accompanying notes are an integral part of this schedule.

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University of Maine System
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
E3, Inc Dept of Defense Awards With No CFDA Number	PO NO 9829	12.RD	-	29,114
Nano Terra, Inc. Dept of Defense Awards With No CFDA Number	NSN695	12.RD	-	80,523
Maritime Applied Physics Corporation	NSN808	12.RD	-	2,059
Total CFDA Number 12.RD			24,775	3,837,687
Basic & Applied Scientific Research Passed-through:		12.300	-	130,688
University of Texas at San Antonio Basic & Applied Scientific Research	326020115E	12.300	-	4,234
Total CFDA Number 12.300			-	134,922
Scientific Research - Combating Weapons of Mass Destruction		12.351	-	38,004
Department of Defense Office of the Secretary of Defense		12.632	-	20,996
Total Department of Defense			24,775	4,031,609
U.S. Department of the Interior				
Passed-through:				
National Fish & Wildlife Foundation Dept of the Interior Awards with No CFDA Number	0104.13.036938	15.RD	-	1,800
Maine Department of Transportation Dept of the Interior Awards with No CFDA Number	D15PC00013	15.RD	-	69,491
Total CFDA Number 15.RD			-	71,291
Passed-through:				
Passamaquoddy Tribal Government Consolidated Tribal Government	A00AV005	15.021	-	36,946
Wildland Fire Research and Studies		15.232	-	27,492
Passed-through:				
Maine Inland Fisheries & Wildlife Fish & Wildlife Management Assistance	924367	15.608	-	27,320
Passed-through:				
Maine Inland Fisheries & Wildlife State Wildlife Grants	CT09A20140506*3647	15.634	-	81,004
Passed-through:				
Ozaukee Washington Land Trust Neotropical Migratory Bird Conservation	NSN756	15.635	-	9,196
Passed-through:				
Oregon State University Migratory Bird Joint Ventures	J2187A-A	15.637	-	8,644
Research Grants		15.650	-	25,763
Passed-through:				
Michigan Technological University Migratory Bird Monitoring, Assessment and Conservation	1411063Z1	15.655	-	776
Endangered Species Conservation Recovery Implementation Funds		15.657	-	418
Hurricane Sandy Disaster Relief Activities-FWS		15.677	270,533	353,675
Passed-through:				
University of Connecticut Hurricane Sandy Disaster Relief Activities-FWS	68982	15.677	-	46,086
Total CFDA Number 15.677			270,533	399,761
Assistance to States Water Resources Research Institutes		15.805	-	32,283
Passed-through:				
University of New Hampshire Assistance to States Water Resources Research Institutes	15-006	15.805	-	15,294
Assistance to States Water Resources Research Institutes	15-006(A)	15.805	-	35,067
Total CFDA Number 15.805			-	82,644
U.S. Geological Survey_ Research and Data Collection		15.808	-	91,854
Cooperative Research Units		15.812	9,159	217,337
Passed-through:				
University of Virgin Islands Economic, Social, and Political Development of the Territories		15.875	-	459

The accompanying notes are an integral part of this schedule.

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University of Maine System
Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Cooperative Research and Training Programs -Resources of the National Park Service		15.945	-	25,376
Total Department of the Interior			279,692	1,106,281
U.S. Department of Justice				
National Institute of Justice Research, Evaluation and Development Project Grants		16.560	-	132,063
Total Department of Justice				132,063
U.S. Department of State				
Passed-through:				
IREX				
Academic Exchange Programs - Undergraduate Programs	FY16-YALI-PM-MAINE-0	19.009	-	123,231
Total Department of State				123,231
U.S. Department of Transportation				
Passed-through:				
Maine Dept of Transportation				
Total Federal Highway Admin Awards with no CFDA Number	CT#20111223*2878	20.RD	-	40,432
Maine Dept of Transportation				
Total Federal Highway Admin Awards with no CFDA Number	CT#201604130*3122	20.RD	-	24,460
Total CFDA Number 20.RD				64,892
Passed-through:				
Maine Maritime Academy				
University Transportation Centers Program	MMA-2014-0002	20.701	-	123,563
Passed-through:				
Massachusetts Institute of Technology				
University Transportation Centers Program	5710003795	20.701	-	84,834
University Transportation Centers Program	5710003796	20.701	-	72,640
University Transportation Centers Program	5710003797	20.701	-	719
Total CFDA Number 20.701				281,756
Total Department of Transportation				346,648
National Aeronautics &Space Administration				
Passed-through:				
Maine Space Grant Consortium				
NASA Awards With No CFDA Number	SG-15-22	43.RD	-	829
The John Hopkins University				
NASA Awards With No CFDA Number	124393	43.RD	-	11,716
Total CFDA Number 43.RD				12,545
Science		43.001	491,860	1,007,488
Passed-through:				
Western Environmental Technology Laboratories, Inc.				
Science	F2014-002	43.001	-	71,350
Passed-through:				
Massachusetts Institute of Technology				
Science	5710003440	43.001	-	6,544
Passed-through:				
Oregon State University				
Science	NS251A-C	43.001	-	147,291
Passed-through:				
Yale University				
Science	C12N11223(N00190)	43.001	-	71,072
Passed-through:				
Bigelow Lab for Ocean Science	BLOS-16-002	43.001	-	10,211
Total CFDA Number 43.001			491,860	1,313,956
Passed-through:				
Maine Space Grant Consortium				
Education	EP-15-04	43.008	-	664
Education	EP-14-06	43.008	-	1,853
Education	EP-17-01	43.008	-	29,158
Education	EP-17-03	43.008	29,647	82,261
Education	SG-17-07	43.008	-	50,960
Education	EP-15-06	43.008	-	133,190
Education	EP-16-01	43.008	-	540
Education	EP-16-02	43.008	-	(306)
Education	EP-16-04	43.008	-	75,005
Education	EP-16-05	43.008	-	19,205
Education	EP-17-05	43.008	-	12,545
Education	SG-15-21	43.008	-	4,331
Education	SG-16-08	43.008	-	16,831
Education	SG-16-22	43.008	-	18,105
Education	SG-17-28	43.008	-	5,005
Total CFDA Number 43.008			29,647	449,347
Space Technology-National Aeronautics and Space Admin		43.012	-	50,629
Total National Aeronautics & Space Administration			521,507	1,826,477

The accompanying notes are an integral part of this schedule.

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University of Maine System Schedule of Expenditures of Federal Awards Year ended June 30, 2017				
Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
National Foundation for the Arts and Humanities				
Promotion of the Humanities-Office of Digital Humanities		45.169	-	42,411
Total National Foundation for the Arts and Humanities			-	42,411
National Science Foundation				
Engineering Grants		47.041	-	603,821
Passed-through:				
Acadia Harvest Inc.				
Engineering Grants	1430710	47.041	-	35,178
Engineering Grants	NSN770	47.041	-	50,574
Engineering Grants	NSN780	47.041	-	8,146
Moai Technologies LLC				
Engineering Grants	1534010	47.041	-	146,379
Revolution Research Inc.				
Engineering Grants	NSN700	47.041	-	45,449
University of New Hampshire				
Engineering Grants	13-029	47.041	-	1,596
Total CFDA Number 47.041			-	891,143
Mathematical & Physical Sciences		47.049	-	848,154
Passed-through:				
Barnard College				
Mathematical & Physical Sciences	UM-1565843	47.049	-	41,202
Total CFDA Number 47.049			-	889,356
Geosciences Research-Basic & Applied		47.050	158,666	2,714,201
Computer and Information Science & Engineering		47.070	-	371,526
Biological Sciences		47.074	329,242	1,056,227
Social Behavioral & Economic Sciences		47.075	103,932	535,125
Passed-through:				
National Endowment for the Humanities				
Social Behavioral & Economic Sciences		47.075	32,400	78,394
Total CFDA Number 47.075			136,332	613,519
Education & Human Resources		47.076	285,280	3,079,557
Passed-through:				
Mathematical Association of America				
Education & Human Resources	3-8-710-953	47.076	-	31,189
Passed-through:				
WestEd				
Education & Human Resources	S00028715.0	47.076	-	21,053
Passed-through:				
University of California				
Education & Human Resources	98-ME01-NSF2014	47.076	-	16,253
Passed-through:				
American Museum of Nat History				
Education & Human Resources	3-2013, 8-2011	47.076	-	65,097
Passed-through:				
Maine Math & Science Alliance				
Education & Human Resources	MMSA-15-510-3	47.076	-	77,768
Total CFDA Number 47.076			285,280	3,290,917
Polar Programs		47.078	-	187,753
Office of International Science and Engineering		47.079	37,462	1,233,243
Passed-through:				
University of New Hampshire				
Office of International Science and Engineering	16-018	47.079	-	424,286
Total CFDA Number 47.079			37,462	1,657,529
Office of Cyberinfrastructure	OIA-1028895	47.080	-	14,158
National Science Foundation Office of Integrative Activities		47.083	350,784	3,877,776
Total National Science Foundation			1,297,766	15,564,105
U.S. Environmental Protection Agency				
Passed-through:				
Maine Environmental Protection Agency				
Performance Partnership Grants	06A20140305*2904	66.605	-	3,603
Performance Partnership Grants	CT06A20161019*1382	66.605	-	9,492
Performance Partnership Grants	06A20170105*2050	66.605	-	4,012
Total Environmental Protection Agency			-	17,107

The accompanying notes are an integral part of this schedule.

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University of Maine System
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
U.S. Department of Energy				
Passed through:				
Battelle				
Department of Energy Awards with No CFDA Number	275280	81.RD	-	(2,499)
Department of Energy Awards with No CFDA Number	4000154793	81.RD	-	15,063
Sandia National Laboratories				
Department of Energy Awards with No CFDA Number	1697030	81.RD	-	20,973
Department of Energy Awards with No CFDA Number	1791011	81.RD	-	7,310
Total CFDA Number 81.RD			-	40,847
Office of Science Financial Assist. Program		81.049	-	57,220
Passed-through:				
Virginia Institute of Marine Science				
Office of Science Financial Assistance Program	720232-712683	81.049	-	1,368
Total CFDA Number 81.049			-	58,588
University Coal Research		81.057	-	77,196
Renewable Energy R & D		81.087	299,363	1,551,917
Passed-through:				
Consortium for Research on Renewable Industrial Materials (CORRIM)				
Renewable Energy R & D	DE-EE0006879	81.087	-	62,021
Biodiversity Research Inst				
Renewable Energy R & D	NSN686	81.087	-	24,194
Mercurius Biofuels, LLC				
Renewable Energy R & D	DE-EE0006244	81.087	-	25,974
Total CFDA Number 81.087			299,363	1,664,106
Fossil Energy Research & Development		81.089	34,802	123,816
Total Department of Energy			334,165	1,964,553
U.S. Department of Education				
Passed-through:				
SRI International				
Education Research, Dev & Dissemination	128-000014(P20978)	84.305	-	41,725
Total Department of Education			-	41,725
U.S. Department of Health and Human Services				
Passed-through:				
RTI International				
Department of Health and Human Services Awards with no CFDA Number	21-312-0214448-52754	93.RD	-	335,059
Social and Scientific Systems, Inc.				
Department of Health and Human Services Awards with no CFDA Number	HPDA-SSS-S-15-004406	93.RD	-	118,610
Total CFDA Number 93.RD			-	453,669
Birth Defects & Developmental Disabilities-Prevention & Surveillance		93.073	-	11,365
Environmental Health		93.113	-	118,965
Passed-through:				
Harvard University				
Environmental Health	113113-5096673	93.113	-	46,151
Total CFDA Number 93.113			-	165,116
Passed-through:				
Maine Department of Health and Human Services				
Injury Prevention and Control Research and State and Community Based Programs	26A20141201*1940	93.136	-	32,260
Maine Department of Health and Human Services				
Injury Prevention and Control Research and State and Community Based Programs	26A20141202*1940	93.136	-	116,146
Total CFDA Number 93.136			-	148,406
Rural Health Research Centers		93.155	-	766,829
Passed-through:				
University of Iowa				
Rural Health Research Centers	W000771322	93.155	-	7,093
Rural Health Research Centers	1001710643	93.155	-	107,761
Rural Health Research Centers	W000892082	93.155	-	83,793
Total CFDA Number 93.155			-	965,476
Research Related to Deafness and Communication Disorders		93.173	-	99,055
Passed-through:				
Federation of State Med Boards				
Telehealth Network Grants	H1MRH24097	93.211	-	(100)
Passed-through:				
University of Minnesota				
State Rural Hospital Flexibility Program	P004027955	93.241	-	291,755

The accompanying notes are an integral part of this schedule.

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University of Maine System				
Schedule of Expenditures of Federal Awards				
Year ended June 30, 2017				
Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Passed-through: University of Maryland Drug Abuse and Addiction Research Programs		93.279	-	49,861
Trans-NIH Research Support		93.310	-	217,974
Passed-through: Jackson Labs Cancer Treatment Research	PO# 205532	93.395	-	(9,608)
Passed-through: RTI International Centers for Medicare & Medicaid Services (CMS) Research, Demonstrations and Eval	3-312-0212790	93.779	-	250,540
Passed-through: Jackson Labs Arthritis Musculoskeletal Skin Research	R01AR054170-09	93.846	-	2,716
Arthritis Musculoskeletal Skin Research	PO 205169-0-SERV	93.846	-	16,207
Arthritis Musculoskeletal Skin Research	PO 207268-0-SERV	93.846	-	18,497
Total CFDA Number 93.846			-	37,420
Passed-through: University of Kentucky Extramural Research Programs in the Neurosciences and Neurological Disorders	3200000884-17-066	93.853	-	57,149
Passed-through: Central Michigan University Allergy and Infectious Diseases Research	626301	93.855	-	18,592
Biomedical Research and Research Training		93.859	-	52,054
Passed-through: Mount Desert Biological Laboratory Biomedical Research and Research Training	P20GM103423-15/UMAIN	93.859	-	(68)
Biomedical Research and Research Training	P20GM103423-16/UMAIN	93.859	-	119,566
Biomedical Research and Research Training	P20GM103423-17/UMAIN	93.859	-	16,436
Biomedical Research and Research Training	P20GM103423-17/SULLI	93.859	-	22,903
Biomedical Research and Research Training	P20GM103423-15/UMF	93.859	-	(2,055)
Biomedical Research and Research Training	P20GM103423-16/UMF	93.859	-	99,958
Biomedical Research and Research Training	P20GM103423-17/UMF	93.859	-	7,122
Biomedical Research and Research Training	P20GM103423-15/UMHC	93.859	-	13,475
Biomedical Research and Research Training	P20GM103423-15/UMM	93.859	-	72,170
Biomedical Research and Research Training	P20GM103423-16/UMPI	93.859	-	43,255
Biomedical Research and Research Training	P20GM103423-16/UMAIN	93.859	-	106,688
Biomedical Research and Research Training	P20GM103423-16/UMHC	93.859	-	82,773
Biomedical Research and Research Training	P20GM103423-17/UMHC	93.859	-	11,897
Passed-through: Dartmouth College Biomedical Research and Research Training	1622R41	93.859	-	22,173
Total CFDA Number 93.859			-	668,347
Child Health and Human Development Extramural Research		93.865	-	51,260
Aging Research		93.866	1,866	7,562
Passed-through: RM Beaumont Corp Aging Research	1R41AG052223-01A1	93.866	-	41,414
Total CFDA Number 93.866			1,866	48,976
Passed-through: Massachusetts Eye & Ear Infirmary Vision Research	2RO1EY019924-07	93.867	-	36,544
Passed-through: Koronis Biomedical Technology Vision Research	KBT12-DOPPLER-24	93.867	-	8,843
Total CFDA Number 93.867			-	45,387
Total Department of Health and Human Services			1,866	3,570,640
Total Research and Development Cluster			3,587,731	41,827,008
U.S. Department of Agriculture:				
U.S. Department of Agriculture with No CFDA Number		10.U01	-	13,664
Passed-through: University of Vermont Sustainable Agricultural Research & Education	SNE-15-07-29994	10.215	-	12,530
Sustainable Agricultural Research & Education	SNE16-07-31064	10.215	-	24,167
Total CFDA 10.215				36,697

The accompanying notes are an integral part of this schedule.

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University of Maine System
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Integrated Programs		10.303	-	194,387
Women & Minorities in Science, Tech, Engineer, and Math Flds		10.318	-	22,733
Crop Insurance Education in Targeted States		10.458	-	196,970
Cooperative Extension Service		10.500	78,526	4,174,959
Passed-through:				
Kansas State University				
Cooperative Extension Service		10.500	-	24,604
Total CFDA Number 10.500			78,526	4,199,563
Passed-through:				
State of Maine Dept of Agriculture				
Child and Adult Care Food Program	FP # 17-475	10.558	-	24,402
Child and Adult Care Food Program	FP # 17-476	10.558	-	5,953
Child and Adult Care Food Program	CFS-15-618	10.558	-	17,127
Total CFDA Number 10.558			-	47,482
Total Department of Agriculture			78,526	4,711,496
U.S. Department of Commerce:				
U.S. Department of Commerce grants with No CFDA Number		11.U02	-	1,767
Cluster Grants	NSN778	11.020	-	25,185
Economic Development-Technical Assistance		11.303	-	114,203
Sea Grant Support		11.417	5,735	163,613
Passed-through:				
Nature Conservancy (The)				
Habitat Conservation		11.463	-	24,647
Passed-through:				
Maine Manufacturing Extension Partnership				
Manufacturing Extension Partnership	70NANB15H207	11.611	-	100,000
Arrangements for Interdisciplinary Research Infrastructure		11.619	-	200,641
Total Department of Commerce			5,735	630,056
U.S. Department of Defense:				
Passed-through:				
San Diego Composites, Inc.				
Dept of Defense Award with no CFDA number	SDC15-0145	12.U03	-	20,389
Total Department of Defense			-	20,389
U.S. Department of Justice:				
Passed-through:				
Farleigh Dickinson University				
Promoting Evidence Integration in Sex Offender Management	DOJ0001-01	16.203	-	57,794
Legal Assistance for Victims		16.524	85,044	168,007
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault and Stalking on Campus		16.525	-	70,582
O V W Technical Assistance Initiative		16.526	-	1,185,594
Passed-through:				
Maine Dept of Corrections				
State Justice Statistics Program for Statistical Analysis Centers	2015093*1353	16.550	-	85,050
Passed-through:				
Maine Coalition to End Domestic Violence				
Crime Victim Assistance	NSC-60501	16.575	-	11,248
Crime Victim Assistance	NSN-60633	16.575	-	21,350
Total CFDA Number 16.575			-	32,598
Corrections-Training and Staff Development		16.601	-	(202)
Passed-through:				
National 4-H Program				
Juvenile Mentoring Program	2015-JU-FX-0015	16.726	-	194,409
Juvenile Mentoring Program	NSN677	16.726	-	(11)
Juvenile Mentoring Program	NSN793	16.726	-	36,048
Total CFDA Number 16.726			-	230,446

The accompanying notes are an integral part of this schedule.

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University of Maine System Schedule of Expenditures of Federal Awards Year ended June 30, 2017				
Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Passed-through: Maine Dept of Corrections Second Chance Act Reentry Initiative	20150313*2884	16.812	-	65,867
Total Department of Justice			85,044	1,895,736
U.S. Department of Labor:				
Occupational Safety & Health-Susan Harwood Training Grants		17.502	-	131,082
Total Department of Labor			-	131,082
U.S. Department of State:				
Passed-through: IREX Academic Exchange Programs - Undergraduate Programs	FY17-YALI-PM-MAINE-0	19.009	-	24,336
Total Department of State			-	24,336
U.S. Department of Transportation:				
Passed-through: Maine Department of Transportation US Department of Transportation Awards with No CFDA Number	20170523*3622	20.U04	-	95
US Department of Transportation Awards with No CFDA Number	201605130*3462	20.U04	-	32,965
Total Department of Transportation			-	33,060
National Aeronautics and Space Administration:				
Passed-through: The John Hopkins University Applied Physics Lab NASA Awards with No CFDA Number	1537442	43.U05	-	1,328
Nasa Science Award 43.001		43.001	-	282,934
Passed-through: Maine Space Grant Consortium Education	SG-16-14	43.008	-	15,715
Education	SG-16-16	43.008	-	24,974
Education	EP-17-06	43.008	-	874
Total CFDA 43.008			-	41,563
Total National Aeronautics and Space Administration			-	325,825
National Endowment for the Arts & Humanities:				
Promotion of Arts: Grants To Organizations & Individuals		45.024	-	15,659
Passed-through: State of Maine Arts Commission Promotion of the Arts-Partnership Agreements		45.025	-	1,205
Passed-through: National Endowment for the Humanities Promotion of Humanities Division of Preservation and Access	PW-51635-14	45.149	-	115,211
Promotion of Humanities Division of Preservation and Access	PY-234524-16	45.149	-	7,513
Total CFDA Number 45.149			-	122,724
Total National Endowment for the Arts & Humanities			-	139,588
U.S. Small Business Administration:				
Small Business Development Center		59.037	-	742,629
Total U.S. Small Business Administration			-	742,629
U.S. Department of Veterans Affairs:				
US Veterans Affairs Awards with No CFDA		64.U06	-	169,424
All-Volunteer Force Educational Assistance		64.124	-	301
Total U.S. Department of Veterans Affairs			-	169,725
U.S. Environmental Protection Agency:				
Healthy Communities Grant Program		66.110	-	610
Environmental Finance Center Grants		66.203	3,200	172,384
Passed-through: University of North Carolina at Chapel Hill Surveys, Studies, Investigations, Demonstrations, and Training	5102457	66.424	-	6,704
Surveys, Studies, Investigations, Demonstrations, and Training	5-55152	66.424	-	(15)
Surveys, Studies, Investigations, Demonstrations, and Training	5106034	66.424	-	1,168
Total CFDA Number 66.424			-	7,857

The accompanying notes are an integral part of this schedule.

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University of Maine System Schedule of Expenditures of Federal Awards Year ended June 30, 2017				
Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
National Estuary Program		66.456	35,275	627,134
Passed-through:				
Maine Environmental Protection				
Beach Monitoring & Notification Prgm Implementation Grants	06A 20141217*2172	66.472	-	96,573
Beach Monitoring & Notification Prgm Implementation Grants	06A20151113*1801	66.472	-	78,380
Total CFDA Number 66.472			-	174,953
Total U.S. Environmental Protection Agency			38,475	982,938
U.S. Department of Education:				
Natl Res Center Fellow Prog for Language		84.015	241,954	455,230
Higher Education-Institutional Aid		84.031	-	363,609
Passed-through:				
Maine Department of Education				
Career & Tech. Education -- Basic Grants to States		84.048	-	49,996
Rehabilitation Long-Term Training		84.129	-	127,796
Passed-through:				
Maine Dept of Education				
State Grants-Assistive Technology	013-05A-3076-37-6401	84.224	-	994
Passed-through:				
Maine Dept of Education				
Twenty-First Century Community Learning Centers	S287C150019	84.287	-	75,592
Twenty-First Century Community Learning Centers	S287C160019	84.287	-	85,249
Twenty-First Century Community Learning Centers	S287C160019	84.287	-	49,507
Total CFDA Number 84.287			-	210,348
Passed-through:				
Oregon State University				
Education Research, Development & Dissemination	ED160B-B	84.305	-	32,384
Passed-through:				
Maine Dept of Education				
Spec Ed St Pgm Improvement Grants for Children w Disabilities Total	013-05A-3063-14-6401	84.323	-	20,935
Special Ed Personnel Prep - Children With Disabilities		84.325	-	218,280
Gaining Early Awareness & Readiness - Undergrad Program		84.334	2,828,934	2,988,711
Passed-through:				
Syntiro				
Gaining Early Awareness & Readiness - Undergrad Program	NSN-60620	84.334	-	10,656
Total CFDA Number 84.334			2,828,934	2,999,367
Passed-through:				
American Museum of Natural History				
Teacher Quality Enhancement Grants	1-2015	84.336	-	140,595
Passed-through:				
Side X Side				
Arts in Education	NSN-60619	84.351	-	11,374
Arts in Education	NSN-60661	84.351	-	9,876
Total CFDA Number 84.351			-	21,250
English Language Acquisition State Grants		84.365	-	185,244
Passed-through:				
Maine Dept of Education				
Mathematics & Science Partnerships	013-05A-3072-22	84.366	-	5,188
Mathematics & Science Partnerships	013-05A-3072-22	84.366	-	273,435
Total CFDA Number 84.366			-	278,623
Passed-through:				
University of California				
Supporting Effective Instruction State Grant	10-ME02-SEED2012	84.367	-	743
Supporting Effective Instruction State Grant	98-ME01-SEED2012	84.367	-	3,441
Supporting Effective Instruction State Grant	98-ME01-SEED2017-CAM	84.367	-	1,150
Supporting Effective Instruction State Grant	98-ME01-SEED2017-ILI	84.367	-	499
Supporting Effective Instruction State Grant	10-ME02-SEED2017-ILI	84.367	-	1,010
Total CFDA Number 84.367			-	6,843
Total U.S. Department of Education			3,070,888	5,111,494
National Archives and Records Administration:				
Passed-through:				
State of Maine Dept of State				

The accompanying notes are an integral part of this schedule.

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University of Maine System
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
National Historical Publications and Records Grants	AP16-5B	89.003	-	(46)
National Historical Publications and Records Grants	16ARC061	89.003	-	983
Total National Archives and Records Administration			-	937
U.S. Department of Health and Human Services:				
Passed-through:				
Maine Department of Health and Human Services				
US Department of Health and Human Services Awards with No CFDA Number	ADS-16-9102	93.U07	-	2,148
University of New England				
US Department of Health and Human Services Awards with No CFDA Number	2909	93.U07	-	5,000
Center for Social Innovation				
US Department of Health and Human Services Awards with No CFDA Number	12-OY4	93.U07	-	30,357
Total CFDA Number 93.U07			-	37,505
Passed-through:				
Maine Department of Health and Human Services				
Demonstration Grants-Alzheimer's Disease	ADS-15-2058	93.051	-	2,392
Passed-through:				
Maine Department of Health and Human Services				
Environmental Public Health & Emergency Response	CDC-15-1587	93.070	-	(528)
Environmental Public Health & Emergency Response	NSC-CDC-16-650	93.070	-	37
Total CFDA Number 93.070			-	(491)
Research on Research Integrity		93.085	-	43,649
Passed-through:				
Families and Children Together				
Enhance Safety of Children Affected by Substance Abuse	90CU0056-04-00	93.087	6,721	73,272
Enhance Safety of Children Affected by Substance Abuse	NSN776	93.087	1,185	40,585
Total CFDA Number 93.087			7,906	113,857
Passed-through:				
Dartmouth College				
Maternal & Child Health Cons Program	1487R9	93.110	-	9,323
Maternal & Child Health Cons Program	R878	93.110	-	102,245
Total CFDA Number 93.110			-	111,568
Passed-through:				
Maine Department of Health and Human Services				
State Rural Hospital Flexibility Program	CDC-16-1580	93.241	-	(3,101)
Passed-through:				
Maine Department of Health and Human Services				
Substance Abuse & Mental Hlth Svcs Prjs of Regl & Natl Sign	CDC-16-3054	93.243	-	3,026
Plymouth State University				
Substance Abuse & Mental Hlth Svcs Prjs of Regl & Natl Sign	2017119	93.243	-	80,000
THRIVE				
Substance Abuse & Mental Hlth Svcs Prjs of Regl & Natl Sign	NSN-60602	93.243	-	21,220
Total CFDA Number 93.243			-	104,246
Passed-through:				
Maine Department of Health and Human Services				
Adult Viral Hepatitis Prevention and Control	CDC-16-1535	93.270	-	(1,019)
Passed-through:				
Eastern Maine Healthcare Systems				
Partnerships to Improve Community Health	02012	93.331	-	31,017
Partnerships to Improve Community Health	03012	93.331	-	86,344
Total CFDA Number 93.331			-	117,361
Advanced Education Nursing Traineeships		93.358	-	75,977
Passed-through:				
Maine Department of Health and Human Services				
ACL Assistive Technology	013-05A-3076-37-6401	93.464	-	67,157
ACL Assistive Technology	013-05A-3076-37-6401	93.464	-	134,005
ACL Assistive Technology	90AG0027-01-00	93.464	-	919
Total CFDA Number 93.464			-	202,081
Passed-through:				
National Network Public Health Inst				
Public Health Training Centers Program	G849	93.516	-	29,098
Public Health Training Centers Program	C1029	93.516	-	40,686
Total CFDA Number 93.516			-	69,784
Passed-through:				
Maine Department of Health and Human Services				
Affordable Care Act: Building Epidemiology, Lab, and Health	CDC-16-1587	93.521	-	632

The accompanying notes are an integral part of this schedule.

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University of Maine System Schedule of Expenditures of Federal Awards Year ended June 30, 2017				
Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Passed-through: Maine Department of Health and Human Services Child Support Enforcement	OFI-16-313	93.563	-	99,742
Passed-through: Maine Department of Health and Human Services Head Start	CFS-15-1412	93.600	-	(1,355)
University Ctrs for Excellence in Dev. Disabilities Educ, Research		93.632	-	546,465
Passed-through: The Research Found. of SUNY Child Welfare Services Training Grants	15-46	93.648	-	98,061
Child Welfare Services Training Grants	16-33	93.648	-	281,069
Total CFDA 93.648			-	379,130
Passed-through: University of Denver (Colorado Sem) Foster Care - Title IV(E)	SC37254C-03	93.658	-	513,896
Foster Care - Title IV(E)	SC37254-03-01	93.658	-	172,043
Passed-through: Maine Department of Health and Human Services Foster Care - Title IV(E) Total	CFS-17-617	93.658	-	51,817
Foster Care - Title IV(E) Total	CFS-16-617	93.658	-	(738)
Total CFDA 93.658			-	737,018
Passed-through: Maine Department of Health and Human Services Chafee Foster Care Independence Program	CFS-16-617	93.674	-	4,757
Chafee Foster Care Independence Program	CFS-17-617	93.674	-	193,410
Total CFDA 93.674			-	198,167
Passed-through: Maine Department of Health and Human Services State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease an	LRS-16-001	93.757	-	2
Passed-through: Southern Me Agcy on Aging (ADI-SSS) thru Prevention and Public Health Funds (PPHF)	NSN-60579	93.763	-	20,776
Passed-through: Maine Department of Health and Human Services HIV/AIDS Surveillance	CDC-16-3098	93.944	-	(1,243)
Passed-through: Maine Department of Health and Human Services Assistance Programs for Chronic Disease Prevention and Control	LRS-16-001	93.945	-	40
Total Department of Health and Human Services			7,906	2,853,183
U.S. Corp for National and Community Service: Retired & Senior Volunteer Prog		94.002	-	88,808
Passed-through: Annie E Casey Found Social Innovation Fund	15SIHMD001	94.019	-	69,917
Total Corp for National and Community Service			-	158,725
U.S. Department of Homeland Security: Department of Homeland Security Port Security Grant Program		97.056	-	1,571
Total Department for Homeland Security			-	1,571
Total Other Programs			\$ 3,286,574	\$ 17,932,770
Total Expenditures of Federal Awards			\$ 6,874,305	\$ 247,208,438

UNIVERSITY OF MAINE SYSTEM**Notes to Schedule of Expenditures of Federal Awards****Year Ended June 30, 2017****1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the University of Maine System (the System) under programs of the federal government for the year ended June 30, 2017. The information in the 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 System, it is not intended to and does not present the financial position, changes in net position, or cash flows of the System. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

This report includes the seven campuses of the System and the administrative and management offices of the System (System-Wide Services). The seven campuses and their respective federal identification numbers are as follows:

University of Maine at Augusta (UMA)	1-01-600-0769-A3
University of Maine at Farmington (UMF)	1-01-600-0769-B1
University of Maine at Fort Kent (UMFK)	1-01-600-0769-A5
University of Maine at Machias (UMM)	1-01-600-0769-A9
University of Maine (UM)	1-01-600-0769-A2
University of Maine at Presque Isle (UMPI)	1-01-600-0769-A6
University of Southern Maine (USM)	1-01-600-0769-A8

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Office of Management and Budget Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. Loan Program Balances

Loan balances receivable from students under federal programs are as follows as of June 30, 2017:

Federal Perkins Loans	\$ <u>30,256,558</u>
Nursing Student Loans	\$ <u>2,001,215</u>

4. Indirect Costs

The System has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The System has predetermined Facilities and Administrative (F&A) rates for fiscal year 2017. The base rates for other F&A cost recoveries range from 26.0% to 50% for fiscal year 2017.

UNIVERSITY OF MAINE SYSTEM

Notes to Schedule of Expenditures of Federal Awards (Concluded)

Year Ended June 30, 2017

5. Expenditures of Federal Awards Summarized by Agency

The following table summarizes the expenditures of federal awards by agency for the fiscal year ended June 30, 2017:

Agency	CFDA	Direct Funding	Passed- Through Funding	Total
U.S. Department of Agriculture	10.xxx	\$11,225,232	\$1,675,378	\$12,900,610
U.S. Department of Commerce	11.xxx	3,354,151	2,357,781	5,711,932
U.S. Department of Defense	12.xxx	1,726,923	2,325,076	4,051,999
U.S. Department of Housing and Urban Development	14.xxx	-	-	-
U.S. Department of the Interior	15.xxx	843,688	323,893	1,167,581
U.S. Department of Justice	16.xxx	1,556,044	471,755	2,027,799
U.S. Department of Labor	17.xxx	131,082	11,533	142,615
U.S. Department of State	19.xxx	-	147,567	147,567
U.S. Department of Transportation	20.xxx	-	431,714	431,714
National Aeronautics and Space Administration	43.xxx	1,341,051	811,250	2,152,301
National Endowment for the Arts	45.0xx	15,658	1,205	16,863
National Endowment for the Humanities	45.1xx	165,134	-	165,134
Institute of Museum and Library Services	45.3xx	-	-	-
National Science Foundation	47.xxx	14,599,935	964,168	15,564,103
U.S. Small Business Administration	59.xxx	742,629	-	742,629
U.S. Department of Veterans Affairs	64.xxx	169,725	-	169,725
U.S. Environmental Protection Agency	66.xxx	800,127	199,916	1,000,043
U.S. Department of Energy	81.xxx	1,810,148	154,403	1,964,551
U.S. Department of Education	84.xxx	188,146,097*	1,106,284	189,252,381
National Archives and Records Administration	89.xxx	-	937	937
U.S. Department of Health and Human Services	93.xxx	2,393,128**	6,697,140	9,090,268
U.S. Corporation for National and Community Service	94.xxx	436,198	69,917	506,115
U.S. Department of Homeland Security	97.xxx	1,571	-	1,571
Total Federal Assistance		<u>\$229,458,521</u>	<u>\$17,749,917</u>	<u>\$247,208,438</u>

* Includes \$177,986,749 for Student Financial Aid

** Includes \$365,624 for Student Financial Aid

UNIVERSITY OF MAINE SYSTEM

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section I Summary of Auditor's ResultsFinancial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes

 X NoSignificant deficiency(ies) identified
that are not considered to be
material weakness(es)?

_____ Yes

 X None reportedNoncompliance material to the financial
statements noted?

_____ Yes

 X NoFederal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes

 X NoSignificant deficiency(ies) identified
that are not considered to be
material weakness(es)? X Yes

_____ None reported

Type of report issued on compliance for
major programs:UnmodifiedAny audit findings disclosed that are
required to be reported in accordance
with 2 CFR Section 200.516(a)? X Yes

_____ No

Identification of major programs:

CFDA Number(s)Name of Federal Program or Cluster84.007, 84.033, 84.038, 84.063, 84.268,
93.364U.S. Departments of Education and Health and
Human Services – Student Financial Assistance
Cluster

Various

Research and Development Cluster

Dollar threshold used to distinguish
between Type A and Type B programs

\$2,065,682

Auditee qualified as low-risk auditee?

 X Yes

_____ No

UNIVERSITY OF MAINE SYSTEM**Schedule of Findings and Questioned Costs (Continued)****Year Ended June 30, 2017****Section II Financial Statement Findings****None****Section III Federal Award Findings and Questioned Costs****Finding 2017-001**Information on the Federal Program

U.S. Department of Education - Student Financial Assistance Cluster award period July 1, 2016 – June 30, 2017. CFDA 84.268 Federal Direct Student Loans, CFDA 84.038 Federal Perkins Loan Program, CFDA 84.063 Federal Pell Grant Program.

Specific Criteria

Attendance changes for students within the National Student Loan Data System (NSLDS) Enrollment Detail must be updated within 30 days (unless the roster file will be submitted within 60 days); Direct Loan 34 CFR 685.309. A student's enrollment status determines eligibility for in school status, deferment, and grace periods. Changes required to be reported include an increase or decrease in attendance level, graduation, withdrawals, and approved leaves of absence.

Condition(s)

During testing of enrollment reporting, the following instances of noncompliance were identified:

1. Across the System, an "L" grade is given to a student who walks away from a course, but does not officially withdraw from that course. For the purpose of enrollment reporting to NSLDS, the grade should be treated the same as a "W" (withdrawn), because both "L" and "W" grades indicate that the student did not attend that course after a certain date. For each campus selected for testing (UM, USM and UMA), we noted that the enrollment status for students who had a combination of "L" grades and other letter grades were not properly reported to NSLDS as there was not a process in place to make the change to W for those students before NSLDS submission.
2. At UMA, students with all "L" grades in the fall semester were reported as withdrawn with an effective date as of the end of the semester, rather than the last day of attendance.
3. At UMA, 38 spring semester graduates were appropriately reported on the "degree record" on the NSLDS website, but not on the enrollment record as required. In line with the enrollment reporting guide, a student that has graduated should be reported with a "G" status on the enrollment record.

Questioned Costs

None noted.

UNIVERSITY OF MAINE SYSTEM**Schedule of Findings and Questioned Costs (Continued)****Year Ended June 30, 2017**Context

UM	330 students with a mix of "L" and other grades; total students reported	12,534
USM	492 students with a mix of "L" and other grades; total students reported	9,756
UMA	426 students with a mix of "L" and other grades; total students reported	4,538
UMA	38 students not reported as "G"; total graduated students reported	365

Causes

1. For condition #1 noted above, while all campuses appear to have a policy in place to identify and report students that receive all "L" grades, there is not a mechanism in place to report a student's change in status resulting from receiving an "L" grade during the semester for some, but not all classes.
2. For condition #2 noted above, while UMA has a mechanism to timely report students with all "L" grades in the fall as withdrawn, the effective date is automatically listed as the last date of the semester, not the last date of attendance as required.
3. For condition #3 noted above, there was a delay in final grading and therefore some degrees were awarded later in the spring semester. There was no follow up transmission to NSLDS after these degrees were awarded.

Effect

Late or inaccurate reporting to NSLDS could impact the grace period or deferment status of loans and the timing of student repayment, and student eligibility for Pell funds.

Identification as a Repeat Finding, if Applicable

Not applicable.

Recommendation

We recommend the policy regarding reporting to NSLDS for students with "L" grades be refined to incorporate the treatment of "L" grades in specific situations as described above in order to ensure compliance with reporting requirements to NSLDS.

At UMA, we recommend the mechanism for reporting all "L" grades be applied to the end of the fall semester like UMA does for the spring semester.

At UMA, we recommend a report be generated that captures graduates who are awarded degrees after the final transmission to NSLDS and these graduates be reported timely.

Views of Responsible Officials and Planned Corrective Action Plan

Management agrees with the finding. See attached for Planned Corrective Action.

UNIVERSITY OF MAINE SYSTEM
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2017

Finding 2017-002Information on the Federal Program

U.S. Department of Education - Student Financial Assistance Cluster, award period July 1, 2016 – June 30, 2017.

Specific Criteria

Per 34 CFR 668.22, a school is required to determine the earned and unearned portions of Title IV aid as of the date the student ceased attendance based on the amount of time the student spent in attendance or, in the case of a clock-hour program, was scheduled to be in attendance.

Condition(s)

While testing return of Title IV funds, we noted the UMA calculation for the 2016 summer semester return of funds was based on an incorrect start of the semester date, which caused 47 return of Title IV aid calculations to be improperly calculated. Of these 47 students who withdrew, 15 should have had additional funds returned to the Department of Education.

Questioned Costs

For the 3 students tested \$432; total actual \$1,501.

Context

3 students out of 40 students selected for testing across the System should have had additional funds returned to the Department of Education.

Cause

The calculation worksheet parameters were not reviewed after preparation for correct start date.

Effect

Students withdrawing had improper calculations of aid earned due to the improper start date used.

Forty-seven students needed to have the return of Title IV funds calculation re-performed. Fifteen of those students required more funds to be returned to the Department of Education. UMA returned the funds using non-federal dollars.

Identification as a Repeat Finding, if Applicable

Not applicable.

Recommendation

We recommend that the return of Title IV funds worksheet include a documented review process around the parameters for start and end date.

UNIVERSITY OF MAINE SYSTEM
Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2017

Views of Responsible Officials and Planned Corrective Action Plan

Management agrees with the finding. See attached for Planned Corrective Action.



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UNIVERSITY OF MAINE SYSTEM

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2017

Finding 2016-001

The University of Maine

University of Maine
at Augusta

University of Maine
at Farmington

University of Maine
at Fort Kent

University of Maine
at Machias

University of Maine
at Presque Isle

University of
Southern Maine

Information on the Federal Program

Department of Education, CFDA number 84.334 - Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), award number P334S140018, performance period September 25, 2014 – September 24, 2021.

Specific Criteria

The System must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes specific information at the time of the subaward (2 CFR Section 200.331(a) Requirements for pass through entities).

Condition(s) and Context

Twelve out of the fourteen subaward contracts supplied to subrecipients did not clearly identify the CFDA number and the name of the federal agency.

Cause and Effect

The campus that was awarded the federal contract and entered into agreements with subrecipients had not previously entered into significant agreements with subrecipients. While the System as a whole does appear to have standards in place that promote the inclusion of the required elements within these agreements, the campus personnel did not have the adequate training to ensure these elements were included in the agreements. As a result, subrecipients may not be aware that they are required to follow federal program requirements.

Prior Year Recommendation

We recommend the System establish a subaward contract template for all subrecipients for the GEAR UP grant that identifies all information required by CFR 200.331(a) and provide training to campus personnel involved in the GEAR UP program.

Status

Resolved.



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University of Maine System Management's Corrective Action Plan – Current Year Findings

The University of Maine

University of Maine
at Augusta

University of Maine
at Farmington

University of Maine
at Fort Kent

University of Maine
at Machias

University of Maine
at Presque Isle

University of
Southern Maine

Finding Number:	2017-001
Federal Agency:	U.S. Department of Education
Program:	Student Financial Assistance Cluster – CFDA 84.268 Federal Direct Student Loans, CFDA 84.038 Federal Perkins Loan Program, CFDA 84.063 Federal Pell Grant Program
CFDA Numbers:	84.268, 84.038, 84.063
Award Numbers:	
Award Period:	July 1, 2016 – June 30, 2017
Finding:	Late or inaccurate reporting of enrollment status to NSLDS.

Condition #1

University of Maine:

The University of Maine concurs with the finding that students with some, but not all, "L" grades that resulted in an enrollment status change were not appropriately reported to the National Student Loan Data System for Students (NSLDS) (via the National Student Clearinghouse). Our Registrar's office is collaborating with the USM Registrar's office, and the UMS reporting team, to develop a system-wide report that will identify students who have one or more L grades that result in a change in enrollment status. The report will be written in a format such that they will be able to upload the output directly to the National Student Clearinghouse. Our goal is to have the system report ready by the end of spring semester; if it is not ready, manual updates will be made until it is. Either way, these students will now be identified at the end of every semester and reported appropriately to the National Student Clearinghouse. The University of Maine will be manually correcting the appropriate records for Fall 2017.

University of Southern Maine:

The University of Southern Maine concurs with the finding that students with "L" grades were not appropriately reported as withdrawn to the NSLDS (via the National Student Clearinghouse) by USM. USM has updated its procedures to incorporate the treatment of "L" grades in the specific situations as described in the finding to ensure compliance



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University of Maine
at Presque Isle

University of
Southern Maine

with reporting requirements to the NSLDS. USM has also retroactively corrected FY17 student records to report "L" grades as withdrawals where a change of enrollment status occurred and a manual override was permitted in the National Student Clearinghouse data-base. USM has also changed its procedures to apply this new process at the end of every semester when "L" grades are received. For the future, we are working with UM System IT staff to develop an electronic process to more efficiently report these changes

University of Maine at Augusta:

University of Maine at Augusta concurs with the finding that L grades were not reported as withdrawals to the NSLDS (via the National Student Loan Clearinghouse) for students with completed grades in other course work. UMA has incorporated a process by which we will identify students with L grades and appropriately report their enrollment status at the end of each semester. Although a manual process is possible, UMA has found that manually updating NSLDS is only a short term fix as a subsequent electronic file may override this data. An electronic process needs to be developed to ensure that these updates are handled in a timely and accurate manner. UMA has begun the process of identifying the students and will work with the NSC to update students' records.

Condition #2

University of Maine at Augusta:

The University of Maine at Augusta agrees that students with all "L" grades in the fall semester were reported as withdrawn with an effective date as of the end of the semester, rather than the last day of attendance. UMA has a process to identify and report the students with all L grades using the last date of attendance for the spring semester and we will apply the same process by identifying fall students with all L grades and reporting them as withdrawn using the last date of attendance. We will be updating records for students who did not return with the appropriate last date of attendance for the Fall 2017 semester.

Condition #3

University of Maine at Augusta:

The University of Maine at Augusta agrees that 38 of 345 spring graduates were not reported on the enrollment record. The Registrar completes reporting for enrollment and degree verify monthly. Because not all UMA students complete requirements at the



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time of the May graduation, it is not uncommon to report students on a rolling basis. UMA's review of the students shows that many graduated after the final spring 2017 NSC enrollment report was sent on June 21, 2017. A degree verify report was sent to the National Student Loan Clearing House (NSC) on July 7, 2017 but the NSC only updates the NSLDS at the beginning of the subsequent month (e.g., August in this particular case). In the future, UMA will send a file when notified a student has completed their degree requirements or at least the third week of every month.

The University of Maine

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at Augusta

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University of Maine System Management's Corrective Action Plan – Current Year Findings

The University of Maine

University of Maine
at Augusta

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at Farmington

University of Maine
at Fort Kent

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University of Maine
at Presque Isle

University of
Southern Maine

Finding Number:	2017-002
Federal Agency:	U.S. Department of Education
Program:	Student Financial Assistance
CFDA Number:	
Award Number:	
Award Period:	July 1, 2016 – June 30, 2017
Finding:	Improper calculation of aid earned due to the improper start date use.

University of Maine at Augusta:

The University of Maine at Augusta concurs with the finding that summer 2016 R2T4 calculations were performed using the incorrect start date of the term. As UMA attaches Independent/ Direct Studies to a 15 week term, the Financial Aid Office did not notice that all students registered for the whole summer were calculated using the 15 week calendar rather than the actual enrollment begin date of their specific course, which was a week later. Students who attend seven week sessions were calculated correctly. UMA reviewed the students and the time and returned additional funds to the Department of Education. The students were not held accountable for the error as UMA used non-federal dollars to replace the reduction of federal dollars.

UMA has already instituted a review process to insure that the actual dates of attendance are utilized. In the future, a staff person will use the students' enrollment screen and edit the dates of attendance, if different from the standard fifteen week semester. The R2T4 calculations will be reviewed by a second staff person for accuracy prior to the retraction of federal financial aid.



AGENDA ITEM SUMMARY

1. **NAME OF ITEM:** BerryDunn – Audit Committee Presentation
2. **INITIATED BY:** M. Michelle Hood, Chair
3. **BOARD INFORMATION:** X **BOARD ACTION:**
4. **OUTCOME:** **BOARD POLICY:**
 Primary Outcomes: Bylaws – Section 3
 Enhance fiscal positioning
5. **BACKGROUND:**

Berry, Dunn, McNeil & Parker, LLC representatives Renee Bishop and Emily Parker will address the enclosed Audit Committee Presentation.

Discussion items will include required communications, significant audit areas for the University of Maine System fiscal year 2018 financial statement and Uniform Guidance audits, timeline, new accounting pronouncements, emerging issues, and planning questions. Regarding emerging issues, the materials include an article from the American Association of State Colleges and Universities titled, *Top 10 Higher Education State Policy Issues for 2018*.



Pre-Audit Communications

AUDIT COMMITTEE

Renee Bishop, CPA | Emily Parker, CPA

Discussion Outline

1 REQUIRED
COMMUNICATIONS

2 PLANNED
SIGNIFICANT AUDIT
AREAS

3 TIMING/STAFFING

4 OTHER
COMMUNICATIONS

5 HIGHER EDUCATION
OUTLOOK



Required AUDITOR COMMUNICATIONS

OUR RESPONSIBILITY

- To express an opinion on the financial statements.
- The audit is designed to obtain reasonable (not absolute) assurance that the financial statements are free from material misstatement.
- To express an opinion on the System's compliance under the Uniform Guidance.

MANAGEMENT'S RESPONSIBILITY

- The preparation and fair presentation of the financial statements is management's responsibility.
- We are not a component of internal control.

PLANNING AND PERFORMING THE AUDIT

- We consider internal control, but do not express an opinion on it.
- We perform tests in key audit areas; those tests may change from year to year.

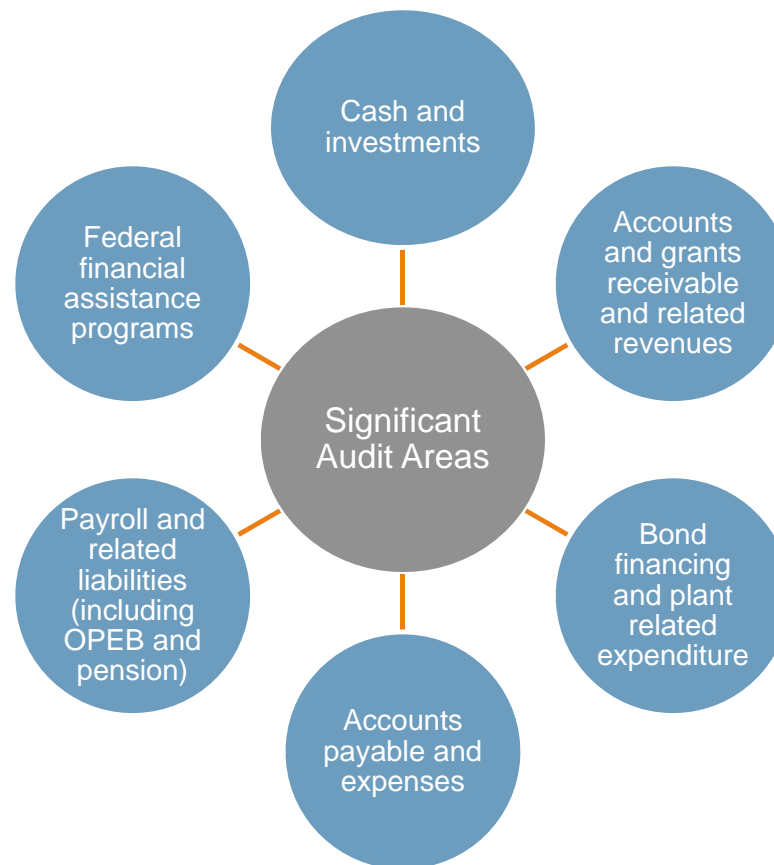


Required AUDITOR COMMUNICATIONS

AUDIT RESPONSIBILITIES, CONCLUDED

- We utilize a risk-based audit approach.
- We will communicate other items to you at the conclusion of the engagement, including:
 - Audit adjustments and passed audit adjustments, if any
 - Internal control matters, if identified,
 - Difficulties, disagreements, and consultations with other accountants, if any
 - Aspects of accounting practices, and
 - Management representations.

Significant Audit Areas



In addition, we will perform additional tests to preserve the element of unpredictability. We will modify our audit approach, as necessary, based on any new information that may come to our attention.

Timing





New GASB Standards

NEW PRONOUNCEMENTS EFFECTIVE THIS YEAR

- Standards Expected to Have an Impact on UMS
 - **GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**
 - Cumulative restatement reducing net position at 7-1-2016 by \$101,659,000
 - Anticipated changes for FY2017
 - » Restate liability on Statement of Net Position to \$76,600,000
 - » Increase deferred inflows by \$17,700,000 and deferred outflows by \$5,200,000
 - » Increase change in net position by \$12,000,000
 - **GASB 81 – Irrevocable Split-Interest Agreements**
 - Cumulative restatement increasing net position as of 7-1-2016 anticipated to be between 3 to 4 million

Emerging Issues

- General Data Protection Regulation (GDPR) - effective May 25, 2018
 - *This regulation is applicable if any study abroad programs or locations in the EU*
- Perkins Loan Program Wind Down
- Borrower Defense Rules, delayed
- Changes to Procurement Rules
- Higher Ed Reauthorization
- Gramm-Leach-Bliley Act



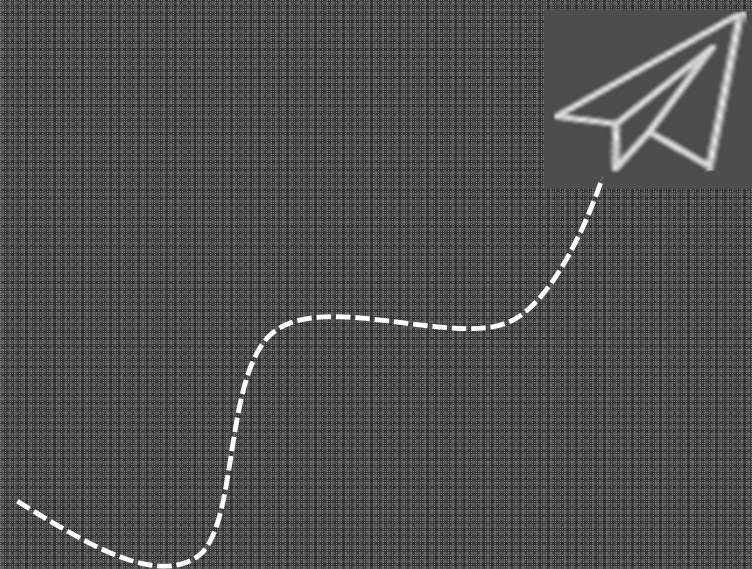
Industry Outlook

Moody's outlook for higher education industry for 2018:

Overall operating revenues to increase by approximately 3.5%, while operating expense growth anticipated to be 4%

- Rising labor costs due to:
 - Minimum wage increases
 - Pension and other postemployment liabilities
 - Healthcare costs
- Other cost increases due to the need to remain competitive in programs, facilities, and technology costs outpacing revenue growth
- Public universities expected to average 2%-3% increase in net tuition revenue, due to continuing focus on affordability concerns and limited enrollment growth. Regional public universities are expected to face the most tuition pricing pressure
- State funding expected to grow 2.0-2.5%
- Research funding will remain flat
- Uncertainty at the federal level contributes to volatility
- Tax reform likely to impact philanthropy and endowments
- 15% of colleges and universities will be forced to cut costs in response to stagnant or weak revenue growth

Planning Questions



Contact Us

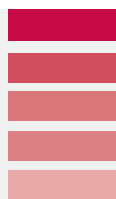
Renee Bishop, CPA

Principal
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Emily Parker, CPA

Senior Manager
eparker@berrydunn.com

This report/communication is intended solely for the information and use of the Audit Committee and management and is not intended to be, and should not be, used by anyone other than these specified parties.



Higher Education State Policy Issues for 2018

by the AASCU Government Relations and Policy Analysis Division

Introduction

Public college and university leaders will enter a state policy landscape in 2018 marked by more political uncertainty than any time in recent memory. Policy changes enacted by lawmakers in Washington last year will influence on state policy in 2018, and new proposals expected to be under consideration in Congress will only add to ambiguity and political division in statehouses. The immediate driver of state-level uncertainty is the overhaul of the federal tax code signed by President Donald Trump in late 2017. While many policy analysts have focused on provisions in the legislation directly targeting higher education, changes in the federal tax structure will have wide-ranging consequences for state tax codes and revenue outlooks in 2018 and beyond. Outside of the tax bill, calls from leaders on Capitol Hill to reform entitlement programs, address pressing issues on immigration policy, and rewrite the Higher Education Act (HEA) could all have immense repercussions for states and reshape American public higher education for a generation.

Beyond uncertainty emanating from Washington, lawmakers in many states will have challenging sessions due to stagnant state revenue growth. A strong national economy has not led to concomitant revenue growth in many states. For a variety of reasons, many states continue to struggle with limited increases in new revenue, while others may face deficits in 2018. In addition, public higher education's competition for new state revenue with other state priorities will increase. The prospect of revenue enhancements to fill budget gaps and restore investment in state services remains unlikely in many states due to upcoming midterm elections and record levels of GOP control in statehouses. Together, these dynamics foreshadow ambiguity and difficult budgetary choices that could lay ahead for lawmakers in many states in 2018 legislative sessions. These decisions will undoubtedly affect public college and university budgets.

Outside of state budgets, higher education policy issues debated in 2017 will likely continue into 2018. For example, governors and legislators remain concerned about filling available jobs and creating educational pipelines to employment. Some lawmakers remain concerned over claims of restricted speech on campus. Perennial state higher education policy issues, such as linking higher education funding to performance and expanding dual enrollment opportunities, will be on 2018 legislative agendas as well.

The political stakes for states in 2018 are enormous. Of the 50 governors' offices, 36 will be up for election this year. There will also be elections for 82 percent of the nation's legislative seats. This election will be pivotal because many of the governors and state senators elected in 2018 will play a role in federal and state redistricting after the 2020 census. Barring any major changes from the Supreme Court, these legislative maps—which are increasingly sophisticated, controversial and partisan—put a stamp on political power in the statehouses and Congress until 2032. Republicans have historic levels of power at the state level after wave elections in 2010 and 2014, with complete control of 26 state governments today (compared to eight for Democrats). Based on historical analysis and recent victories by Democrats in off-year elections, political pundits forecast that the environment is ripe for Democrats to regain some of the power lost throughout this decade. Voters will have the final say on Nov. 6, and the consequences of their decisions will ripple throughout American politics for years to come.

This paper provides a review of higher education policy issues that legislators and governors are mostly likely to discuss this year. This 11th annual assessment of state higher education policy issues includes a mix of new issues—such as federal policy changes—and longstanding policy debates, such as budgets, guns on campus, performance funding and immigration. Newspaper articles, economic forecasts, gubernatorial addresses, and the 2017 state legislative sessions informed this analysis.

PolicyMatters

1. Changes in Federal Law

For the first time in the 11-year history of the AASCU Top 10 list, federal policy is the leading issue affecting state higher education policy. The top federal policy issue affecting states in the 2018 legislative sessions is the tax bill approved in late 2017. While most higher education media attention focused on provisions directly targeting students and institutions of higher education, larger issues were at stake for institutions that serve the majority of the nation's students. Public university associations advocated against eliminating the state and local tax (SALT) deduction, and the final iteration of the bill allowed taxpayers to deduct up to \$10,000 in state and local taxes on their federal tax bill. While this was an improvement from some earlier drafts of the legislation, it will still place new fiscal pressure on states—especially higher-tax states—as some taxpayers will have to pay more of the cost of taxes at the state and local levels.

A larger issue in the tax bill was how changes in federal tax law would affect state tax revenue, and by extension, higher education funding. State taxes often conform to federal taxes to streamline and simplify the tax process for both taxpayers and states. According to the Tax Policy Center, 27 states use the federal adjusted gross income (AGI) as their income tax base, six states rely on federal taxable income, and three states use federal gross income. Over 40 states conform to the federal definition of corporate income. In addition, 20 state tax codes are automatically linked to federal tax codes (rolling conformity), while a similar number of states are linked to the federal tax code as of a specific date (static conformity).¹

Because of the intertwined relationships between state and federal tax policy, the new tax law will affect state budgets. However, the extent to which it affects states will vary and remains difficult to discern. Some have questioned the legality of the new law, while others have suggested ways states could maneuver around it. Budget forecasters in some states predict growth in revenues stemming from the new law, while officials in other states see a net loss for their state budget. Because budgets remain tight in many states, even small changes

in tax revenue could have meaningful effects on funding for public colleges and universities.

Beyond tax reform, other pressing federal issues could affect state policy agendas as well. President Trump phased out the Obama-era Deferred Action for Childhood Arrivals (DACA) policy starting in March 2018, forcing Congress to take action to continue the program. DACA provided “lawful presence” for some undocumented immigrants, which allowed undocumented students in some states to claim eligibility for in-state tuition. On January 10, a federal judge temporarily halted the shutdown of the DACA program. Negotiations in Washington on DACA's future remain ongoing as of January 12. If Congress does not act on maintaining the DACA policy, students participating in the program could be subject to deportation and lose their work permits. Colleges in some states could lose a significant number of students. A 2014 report estimated DACA student enrollment in college nationally at 241,000; some colleges, especially those in the South and West, have outsized shares of these students.²

Entitlement reform could also have considerable repercussions on state budgets. In December 2017, U.S. House Speaker Paul Ryan (R-WI) called for making sweeping changes to federal healthcare and anti-poverty programs in 2018. Some programs, such as Medicaid, are a partnership between states and the federal government, and federal cutbacks in these programs could leave states with more responsibilities and less resources. With federal transfers accounting for 33 percent of state revenues, any major policy changes in federal policy structures could have substantial consequences for state budgets and available funding for public higher education.

The reauthorization of the HEA could also present new challenges and opportunities for states. The House Education and Workforce Committee approved an HEA reauthorization in late 2017, and the chair of the Senate Health, Education, Labor and Pensions (HELP) committee stated his intention to pursue reauthorization in 2018. A new HEA reauthorization could affect states in myriad ways, from changing provisions requiring state authorization of institutions to overhauling federal financial aid forms that many states rely on for calculating state aid.

PolicyMatters

2. Sluggish State Revenue Growth

Amid positive numbers on a variety of national economic indices, the budgetary situation remains subdued in many states heading into the 2018 legislative sessions. A December 2017 report from the National Association of State Budget Officers (NASBO) indicates that for the fiscal year that ended on June 30, 2017, state budget expenditures grew only 2.3 percent over the previous year, the lowest year-over-year increase in the post-recession era, and 26 states enacted budgets with general spending below 2 percent, while 15 states reduced their budgets. In addition, more states made mid-year budget cuts than at any time since the recession subsided.³ The revenue situation in states—combined with tax reform, limited net tuition growth, and growing expenses—prompted Moody’s Investor Service to downgrade higher education’s financial outlook from stable to negative in December 2017.⁴

There are multiple reasons for the gloomy budget forecasts in many states. While market prices are improving, revenues derived from severance taxes on oil and gas extraction have dropped considerably in recent years. In states dependent on agriculture, state leaders have cited falling commodity prices as a reason for the revenue slowdown. State tax cuts implemented over the last decade have limited new budget revenue, along with uncertainty stemming from federal policy proposals. State leaders have also cited natural disasters as a stressor on state budgets. The longer-term shift toward online purchases and a service-based economy has undoubtedly affected sales tax revenues as well.

The fiscal outlook for FY 2018 remains mixed and state specific. NASBO analysis points to “moderate improvements,” indicating that most states are in “stable but tight fiscal environments.”⁵ Recent news stories, however, point to budget troubles ahead in **Alaska, Connecticut, Montana, Minnesota, New York, Oklahoma, Oregon, Rhode Island and Wyoming**. More states will likely confront budget shortfalls as 2018 unfolds.

With its alternative revenue streams and discretionary status in state budgets, public higher education will be on the front lines of any fluctuations in state revenue in 2018. Beyond scarce state revenues, the competition for new resources from other state services, such as K-12 education, transportation and corrections, remains as intense as ever. State higher education advocates will need to continue to make a strong case for investments in higher education as a catalyst for economic growth.

3. College Affordability

As discussions on the reauthorization of the Higher Education Act restart in 2018, there will be continued national focus on college affordability. Because of the upcoming midterm elections, there will likely be more pressure on state officials, from the capital to the campus, to hold down the price of college. Yet if state budget conditions deteriorate due to tax reform, weak tax revenue numbers or other factors, budget cuts could derail recent progress made on containing the state-to-student cost shift. These changes could also adversely affect availability of state financial aid.

Over the past several years, public concerns over college affordability have prompted governors and legislators to negotiate with campus officials for—or to mandate—tuition increase caps or freezes. The renewed focus from state political leaders on college affordability in recent years, coupled with new state investments in higher education, have contributed to limited tuition increases over the last several years. According to the College Board, average published in-state tuition charges at public two-year and four-year colleges and universities last year increased by 2.9 and 3.1 percent, respectively, before adjusting for inflation. Net price (published prices minus grant aid and tax benefits) of in-state tuition, fees, and room and board at public four-year colleges has been increasing incrementally, from approximately \$14,000 to \$15,000 over the last three years. However, national averages conceal considerable variation from state to state, and tax benefits do not help students and families with upfront college prices. Further, due to relatively stagnant wage growth, even modest increases in

PolicyMatters

tuition and non-tuition charges can occupy a greater share of family income.

There has been progress on affordability through state-level free college plans. The extent to which these state proposals expand—or are even maintained—in 2018 will depend on available state budget revenue.

Rhode Island, for example, approved a free college program in 2017, but had to scale back the original proposal due to state budget considerations. Likewise, the administrators of **Oregon**'s free tuition program rationed their program in 2017, due to a lack of revenue. **New York** approved a highly touted free college plan in 2017, but it comes with numerous requirements that narrow the number of eligible participants. A few other states have unveiled free tuition programs in recent years, but limited eligibility to those enrolled in certificate and associate degree programs leading to jobs in select high-demand fields.

4. Economic and Workforce Development

Public higher education has long been a centerpiece of state efforts to modernize and grow their economies, and 2018 will continue this trend. According to AASCU reviews of past gubernatorial “State of the State” addresses, governors usually discuss higher education in terms of its role in economic and workforce development. With midterm elections approaching, governors and legislators will be looking for initiatives that create pipelines to available middle- and high-wage jobs in the state. Because of limited new state revenues, concerns over student debt, and the need for skilled workers in specific state industries, governors in recent years have primarily focused on promoting and incentivizing shorter-term community and technical college programs.

While unemployment is low nationally and the stock market is booming, there are concerns about who is benefitting from this national prosperity. For example, national unemployment numbers mask wide variation by state; rates range from 2.2 to 7.2 percent. Employment rates among people aged 25 to 54 have grown, but remain below peak levels. Wage growth remains stagnant for people in many communities.

Significant economic disparities continue to exist along racial lines. While educational attainment rates are slowly increasing, many remain concerned over whether enough workers will have the knowledge and skills to fill the jobs of the coming decade.

States have taken a variety of approaches to using public colleges and universities to advance their economic and workforce development goals in 2017, including adult education, workforce grants and public-private partnerships. **Tennessee** approved Reconnect, a program that allows adults to access last-dollar free community college. The governor of **Kentucky** distributed funding for targeted workforce development grants based on a \$100 million bond initiative. **Arkansas** approved a free community college targeted at sectors with workforce needs. Governors and legislators will likely unveil similar programs in 2018.

5. Undocumented and DACA Students

In September 2017, President Trump moved to phase out the DACA program, while calling on Congress to act by creating a legislative solution before March 2018. Students with DACA permits set to expire before March 5, 2018, were given the opportunity to apply for a two-year renewal, so long as they did so by Oct. 5, 2017. Therefore, the last authorization for these students is set to end by March 5, 2020. However, on January 10, a federal judge temporarily halted the shutdown of the DACA program. Bipartisan talks on DACA continue on Capitol Hill, and some Democrats have threatened to hold up a continuing resolution to fund the federal government if lawmakers fail to make a deal.

If DACA expires without a resolution, there will be considerable fallout in states, particularly those with substantial populations of DACA students. A group of Democratic attorneys general in 15 states and the District of Columbia articulated some of the fallout in a lawsuit against the Trump administration filed in September 2017. They cited less diversity at public universities; a loss of resources spent on DACA students who might not graduate; less tuition revenue for campuses; and declining interest among undocumented populations to pursue higher education due to a loss of

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work eligibility.⁶ In some states, law or university policy links in-state tuition eligibility to DACA status, and former DACA students would have to pay the higher out-of-state or international rates if the program expires. Court cases in a few states are pending on whether DACA students in those states can receive the lower in-state tuition rates.

Another immigration issue that garnered national attention in 2017, and could capture headlines in 2018, is sanctuary campuses. A few campus officials, at both public and private colleges, voiced an interest in campus-level policies that would defy federal authorities in the unlikely event of a crackdown on undocumented populations on campus. Conservative lawmakers in some states responded by banning sanctuary campuses. According to the National Conference of State Legislatures, at least 36 states and the District of Columbia considered more than 100 bills regarding sanctuary jurisdictions in 2017, and four states—**Georgia, Indiana, Mississippi** and **Texas**—enacted laws banning campus sanctuary policies.⁷

6. Guns on Campus

For the sixth year in a row, guns on campus is a top issue in state higher education policy, as gun violence remains a visible and costly problem across the country. Legislation stripping institutions of their autonomy to regulate campus safety policies now allows guns on campuses in 10 states, including the 2017 additions of **Arkansas** and **Georgia**. Nearly 20 states considered some form of legislation on this issue in 2017, from deep red states such as **Arizona** to the bluer **New York**.

Some states, such as, **Florida**, came close to passing this legislation in 2017, and will likely debate the issue again in 2018. AASCU, along with an overwhelming majority of campus stakeholders, strongly opposes any effort to allow guns on campus. Further, AASCU firmly believes campus leadership should retain their authority to regulate firearms on campus to keep institutions of higher education as safe as possible.

7. State Responses to Population Shifts

As state leaders have struggled to find new resources for public higher education in recent years, they have also confronted another challenge: population shifts. The restructuring of major university systems in response to population loss and economic shifts attracted significant headlines in 2017, and all signs point to more discussions in 2018. Structural changes in university systems, such as campus mergers, usually require legislative approval.

Population shifts vary across the country. Institutions in some states have had difficulty finding enough students to fill classes and programs, while institutions in other states have grown remarkably over the last decade and struggle to meet demand. According to the Western Interstate Commission on Higher Education's (WICHE) recently released "Knocking at the College Door" report, the number of high school graduates will rise until 2024-25, only to fall by 8 percent in the 2030s. The report indicates that the Midwest and Northeast hit their peak number of graduates in 2010 and are steadily declining each year, with some states experiencing sharp declines in enrollment. In the South and West, WICHE projections cite declines in non-white high school graduates after 2025 as a driver in the demographic changes in those regions.⁸

In response to limited new resources and dwindling enrollment in some states, state and university officials have considered mergers and restructuring to become more efficient, to provide more opportunities for students and to improve outcomes. **Georgia** has been the leader in campus mergers, cutting the number of public institutions in the state from 35 to 26 over this decade. **Wisconsin** is proceeding on an ambitious restructuring plan that will merge the state's two- and four-year campuses. In New England, **Vermont** merged two four-year campuses in 2016, and **Maine's** flagship campus absorbed a struggling regional campus. **Pennsylvania's** state-owned university system, which has been struggling with enrollment decline at some campuses, had a much-anticipated report on the future of its system in 2017, but did not recommend mergers. While some within and outside higher education have

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viewed mergers as a possible solution to demographic change and budget cuts, others have warned that the savings can be minimal and the change can present a host of new political and administrative challenges.

8. Performance-Based Funding and College Completion

While performance-based funding did not generate the headlines in 2017 that it had in the earlier part of the decade, the policy shift to funding universities based on various definitions of performance continued in 2017 and will remain on the higher education policy agenda in 2018. In 2017, **Arkansas, Rhode Island, Kentucky** and **Wisconsin** were among the states that approved performance-based higher education funding measures. Currently, 35 states tie at least a portion of their funding to performance.⁹

Some state leaders and national foundations view performance-based funding as a key element in their strategies to boost institutional productivity and educational attainment, but recent research casts doubt on its effectiveness. To date, there is no substantial body of work indicating extensive gains from performance-based funding; new research, in fact, has pointed to very limited gains and renewed questions regarding the equity of the performance-based approach to higher education funding. A September 2017 study in the *American Educational Research Journal* of performance-based funding systems in **Ohio** and **Tennessee** from 2005 to 2015 found that performance-based funding did not spur greater productivity in the production of associate and bachelor's degrees, but did increase the number of certificates.¹⁰ A December 2017 article published in the *American Behavioral Scientist* found that minority-serving institutions in states with performance funding lost significant funding due to performance-based funding.¹¹ As more states implement performance-based funding in 2018, scholarly evaluations of programs implemented earlier in the decade will drive the conversation on the future of this policy.

9. Campus Free Speech

In the wake of the hotly contested and polarizing 2016 presidential election, campus responses to controversial speakers and subsequent protests emerged as a major higher education issue in 2017. With midterm elections approaching in 2018, public college campuses will undoubtedly remain hotbeds of political activism.

Amid this activism, some state lawmakers—primarily conservatives—have argued that university leaders are not doing enough to protect free speech on campus. For example, lawmakers have voiced concern over campuses relegating free speech to “zones” and protestors interrupting speakers and events. In 2017, lawmakers in at least 22 states introduced legislation that would address free speech on campus, such as requiring campuses to remove free speech zones and prescribing sanctions for students who disrupt speakers. The provisions in the free speech bills vary; some simply restate existing law while others dictate campus responses to events, such as specific sanctions on those interrupting speakers. Lawmakers have not passed most of these bills, and campus boards in some states have addressed some of the concerns through new policies.

10. Combatting Campus Sexual Assault

The conversation around combatting campus sexual violence has taken on a new direction since the transition from the Obama to Trump administrations. The Obama administration brought visibility and national attention to the issue, which quickly translated into state-level legislation. The Trump administration has retracted Obama-era Title IX guidance, and created new guidance allowing colleges greater latitude in disciplinary action against students charged with misconduct.

In response to the national attention given to campus sexual assault during the Obama era, states have explored policies to crackdown on campus sexual assault in recent years. This includes legislation requiring affirmative consent for sexual relations on campus, notations on transcripts for those found guilty of sexual misconduct and those charged with

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misconduct who chose to withdraw from campus, and better coordination between campus officials and law enforcement in investigating allegations of campus sexual assault.

Last year brought fewer policy proposals than prior years, and 2018 will not likely have the volume of state legislation of the Obama era. In 2017, **California** legislators approved a measure that would have codified some of the Obama-era guidance on campus assault and required institutions to adopt rules and procedures for the prevention of sexual harassment. The bill was vetoed by Gov. Jerry Brown (D), citing concerns about due process. A **Georgia** legislator also captured headlines with a measure that would have required certain university employees to report claims of felony sexual assault to law enforcement. The measure did not pass.

Honorable Mention

Dual Credit/Enrollment

In search of policy levers that simultaneously address more robust high school curricula and college costs, state lawmakers will likely continue to tout dual enrollment policies in 2018. Programs that enable high school students to earn college credit, including allowing them to take Advanced Placement and International Baccalaureate classes and college courses, are believed to boost access and improve readiness, while expediting time to degree and containing costs. This past year, lawmakers in 15 states considered legislation to make dual enrollment opportunities more accessible, to financially incentivize teachers and districts to offer such courses, and to regulate standards to ensure quality classes that transfer smoothly to other institutions. With affordability and completion top priorities for state lawmakers, many states will likely consider legislation that increases dual enrollment opportunities this year.

Concerns with quality of dual enrollment classes and the qualifications to teach dual enrollment remain a contentious issue for lawmakers to sort. Additionally, changes in the standards for eligibility to teach dual enrollment classes were recently made by the Higher Learning Commission—an accrediting association for Midwestern colleges—and will take effect in September

2022, which led states and institutions to move quickly to be in compliance.¹²

Innovation

Innovation in higher education is an emerging policy issue playing out in statehouses, with more headlines expected in 2018. With ambitious state attainment goals approaching and scarce new budget revenues, governors and legislators are looking for innovative ways to provide higher education to more people while containing costs. Over the past several years, **California** has been a leader in this arena, providing millions in awards to campuses that innovate through curriculum or instruction redesign, degree completion through demonstration of knowledge and competencies, and programs that make college more affordable. **Wisconsin**, meanwhile, in 2017 mandated a doubling of the courses offered through the UW Flexible Option program over the next two years. With a deregulatory posture in higher education coming from Washington, more attempts at innovating in higher education through new instructional delivery models and partnerships will likely occur in 2018.

Data and Privacy

With the growing reliance on data and data analytics to help states meet their attainment goals, there has been renewed concerns for data collection, use, privacy and security in statehouses. Privacy issues addressed authorized use of data, while data security measures were related to prevention and remediation of unauthorized disclosures. These bills are usually discussed in the K-12 education context, but often apply to higher education as well. **Connecticut** approved a bill requiring the state's labor and higher education departments to collaborate on linking data on employment and earnings to inform student decisions regarding college. **Illinois** lawmakers introduced a bill to regulate data collection and use by third-party entities in the higher education context. Last year, according to the Data Quality Campaign, legislators in 42 states introduced 183 bills and enacted 53 laws addressing how states collect, manage, use, report and protect data in educational contexts.¹³ More such measures can be expected this year.

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Academic Issues

A nascent effort by conservative state lawmakers in recent years to make changes to tenure, shared governance and faculty hiring has played out over the last several years. **Wisconsin** has taken steps to weaken tenure and shared governance, while lawmakers in **Iowa** and **Missouri** attempted to eliminate tenure in 2017. Another lawmaker in **Iowa** sought to require public colleges and universities to hire equal numbers of faculty from both political parties. With total GOP control over half of state governments, there could be more attempts to change longstanding academic norms in 2018.

Conclusion

The year ahead will be pivotal for state higher education policy, and decisions made on Capitol Hill and in the White House, statehouses and ballot boxes could determine the fate of affordable access to college for the next generation. This spring and summer will likely bring federal policy measures related to immigration, and possibly even entitlement reform and significant movement on the reauthorization of the HEA. All of these measures will shape state higher education policy. Lawmakers in many states will contend with tight state budgets and a cloud of uncertainty stemming from tax reform approved in late 2017. As the midterm elections approach in the fall, voters will make decisions on governors and legislators that will shape political power and decisions on public higher education until 2032; choices in Congressional races will also affect key higher education issues under consideration in the years ahead on Capitol Hill.

Higher education advocates had a challenging year in 2017, and even with an improving economy, the challenges in 2018 do not look any less daunting. Public higher education has a strong case to make on its return on investment, and will need to continue the work of cultivating champions, creating partnerships and building public support to make the case to lawmakers that investing in state colleges and universities remains one of the best ways to improve individual economic security and state economic prosperity.

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¹ Nicole Kaeding and Kyle Pomerleau, “Federal Tax Reform: The Impact on States.” *The Urban Institute*, March 8, 2017, <https://taxfoundation.org/federal-tax-reform-the-impact-on-states/>.

² Randy Capps, Michael Fix, and Jie Zong, “The Education and Work Profiles of the DACA Population.” *Migration Policy Institute*, August 2017, <https://www.migrationpolicy.org/research/education-and-work-profiles-daca-population>.

³ “Summary: Fall 2017 Fiscal Survey of the States,” *The National Association of State Budget Officers*, December 14, 2017, https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/Issue%20Briefs%20Summary-Fall_2017_Fiscal_Survey.pdf.

⁴ “Moody’s: US higher education sector outlook revised to negative as revenue growth prospects soften,” *Moody’s Investor Service*, December 5, 2017, https://www.moody.com/research/Moodys-US-higher-education-sector-outlook-revised-to-negative-as-PR_376587.

⁵ “Fiscal Survey of the States,” 2017.

⁶ States of New York, Massachusetts, Connecticut, et al. vs. Donald Trump et al., United States Eastern District of New York, September 6, 2017, https://ag.ny.gov/sites/default/files/new_york_et_al_v_trump_et_al_-_17cv5228.pdf.

⁷ Molly Ramsdell and Neal Osten, “Report on 2017 State Immigration Laws.” *National Conference of State Legislatures*, July 12, 2017, <http://www.ncsl.org/research/immigration/report-on-2017-state-immigration-laws-january-june.aspx>.

⁸ Peace Bransberger, “Fewer Students, More Diversity: The Shifting Demographics of Higher Education Graduates,” *Western Interstate Commission on Higher Education*, July 2017, <https://static1.squarespace.com/static/57f269e19de4bb8a69b470ae/t/596534ca414fb5b12773cc04/1499804876483/2017JulyDataInsightsKnocking-WesternFINAL.pdf>.

⁹ Paul Fain, “Study Questions Effect of Performance-Based Funding,” *Inside Higher Ed*, September 28, 2017, <https://www.insidehighered.com/quicktakes/2017/09/28/study-questions-effect-performance-funding>.

¹⁰ Nicholas Hillman, Alisa Hicklin Fryar, Valerie Crespin-Trujillo, “Evaluating the Impact of Performance Funding in Ohio and Tennessee,” *American Educational Research Journal*, September 25, 2017, <https://www.insidehighered.com/quicktakes/2017/09/28/study-questions-effect-performance-funding>.

¹¹ Nicholas Hillman and Daniel Corral, “The Equity Implications of Paying for Performance in Higher Education,” *American Behavioral Scientist*, December 13, 2017, <http://journals.sagepub.com/doi/pdf/10.1177/0002764217744834>.

¹² Ashley A. Smith, “Scramble for Dual-Credit Certification,” *Inside Higher Ed*, November 27, 2017. <https://www.insidehighered.com/news/2017/11/27/institutions-grapple-accreditors-changes-dual-credit-instruction>.

¹³ “Education Data Legislation Review,” *Data Quality Campaign*, September 2017, <https://dataqualitycampaign.org/wp-content/uploads/2017/09/DQC-Legislative-summary-0926017.pdf>.

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AGENDA ITEM SUMMARY

1. **NAME OF ITEM:** Impact of GASB No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

2. **INITIATED BY:** M. Michelle Hood, Chair

3. **BOARD INFORMATION:** X

BOARD ACTION:

4. **OUTCOME:**

Primary Outcomes:

Enhance fiscal positioning

BOARD POLICY:

Bylaws – Section 3

5. **BACKGROUND:**

The University of Maine System (UMS) will implement GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in FY18 with retroactive application to FY17. This GASB relates to the UMS' retiree health benefit. Tracy Elliott, UMS Vice President of Finance and Controller, and Darla Reynolds, UMS Director of Accounting, will discuss the impacts to the financial statements and ratios as outlined in the enclosed presentation.



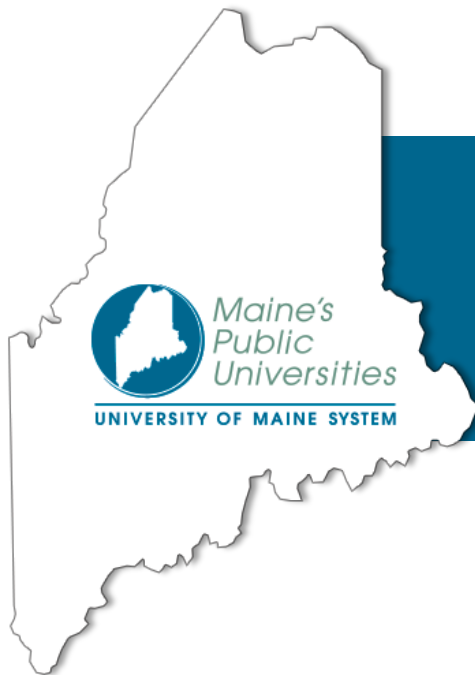
University of Maine System

Impact of New Accounting
Standard for Other Post
Employment Benefits (OPEB)



Accounting Standard in Review

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75)
- Affects how the UMS measures, reports, and discloses information about its other postemployment benefits (OPEB) other than pensions
- Applies to UMS' retiree health plan
- Required adoption for UMS in FY18
- Due to use of comparative financial statements, UMS is adopting the standard effective 7/1/16 and restating FY17 financial results



GASB 75 Impact on Previously Reported FY17 Results

UNIVERSITY OF MAINE SYSTEM
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2017
(\$ in thousands)

	2017 Original	2017 Restated	Change
Operating Revenues			
Tuition and fees	\$280,611	\$ 280,611	
Residence and dining fees	62,222	62,222	
Less: scholarship allowances	(97,344)	(97,344)	
Net student fees	245,489	245,489	
Federal, state and private grants and contracts	137,529	137,529	
Recovery of indirect costs	12,333	12,333	
Educational sales and services and other revenues	34,345	34,345	
Other auxiliary enterprises	18,476	18,476	
Total Operating Revenues	448,172	448,172	
Operating Expenses			
Instruction	170,901	170,901	
Research	73,176	73,176	
Public Service	59,950	59,950	
Academic Support	71,100	71,100	
Student Services	53,983	53,983	
Institutional Support	67,173	55,121	\$ (12,052)
Operation and maintenance of plant	50,638	50,638	
Depreciation and amortization (Note 6)			
Student Aid			
Auxiliary enterprises			
Total Operating Expenses			
Operating Loss			
Nonoperating Revenues (Expenses)			
Noncapital State of Maine appropriations			
Gifts currently expendable			
Endowment return used for operations (Note 3)			
Investment income (Note 3)			
Interest expense, net (Note 7)			
Net Nonoperating Revenues			
Income (Loss) Before Other Changes in Net Position			
Other Changes in Net Position			
State of Maine capital appropriations			
Capital grants and gifts			
Endowment return (loss), net of amount used for operations (Note 3)			
True and quasi endowment gifts			
Gain (Loss) on disposal of capital assets			
Total Other Changes in Net Position			
Change in Net Position			
Net Position - Beginning of the Year			
Net Position - End of Year			

- FY17 beginning of year Net Position is reduced by nearly \$102 million
- With FY17 OPEB expense reduced by \$12 million (going from \$15 million to \$3 million)
- Net impact on previously stated FY17 end of year Net Position is a reduction of nearly \$90 million

	2017 Original	2017 Restated	Change
Income (Loss) Before Other Changes in Net Position	3,645	15,697	\$ 12,052
Other Changes in Net Position			
State of Maine capital appropriations	5,148	5,148	
Capital grants and gifts	3,276	3,276	
Endowment return (loss), net of amount used for operations	7,358	7,358	
True and quasi endowment gifts	1,313	1,313	
Gain (Loss) on disposal of capital assets	1	1	
Total Other Changes in Net Position	17,096	17,096	
Change in Net Position	20,741	32,793	\$ 12,052
Net Position - Beginning of the Year	866,705	765,046	\$ (101,659)
Net Position - End of Year	\$ 887,446	\$ 797,839	\$ (89,607)

UNIVERSITY OF MAINE SYSTEM
Statement of Net Position
Year Ended June 30, 2017
(\$ in thousands)

	2017 Original	2017 Restated	Change
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	\$ 1,641	\$ 1,641	
Operating investments (Note 3)	243,093	243,093	
Accounts, grants, and pledges receivable, net (Note 4)	54,101	53,606	\$ (495)
Inventories and prepaid expenses			
Notes and lease receivable, net (Note 5)			

Total Current Assets

Noncurrent Assets

Deposits with bond trustees (Notes 3 and 6)			
Accounts, grants and pledges receivable, net (Note 4)			
Notes and leases receivable, net (Note 5)			
Endowment investments (Note 3)			
Capital assets, net (Note 6)			

Total Noncurrent Assets

Total Assets

Deferred Outflows of Resources (Note 15)

Total Assets and Deferred Outflows

Liabilities

Current Liabilities

Accounts payable	\$ 16,703	\$ 16,703	
Unearned revenue and deposits (Note 8)	10,861	10,861	
Accrued liabilities -			
Funds held for other			
Long-term debt - c			
Total Current Liabilities			

Noncurrent Liabilities

Accrued liabilities (Note 9)			
Funds held for other			
Long-term debt (Note 10)			
Government advances			
Total Noncurrent Liabilities			

Total Liabilities

Deferred Inflows of Resources (Note 15)

Net Position

Net investment in capital assets (Note 10)

Restricted

Nonexpendable (Note 10)

Expendable (Notes 3 and 10)

Unrestricted (Notes 3 and 10)

Commitments and contingencies (Notes 6, 7, and 11)

Total Net Position

Total Liabilities, Deferred Inflows and Net Position

- Total assets decrease \$495 thousand
- Deferred Outflows increase nearly \$5.2 million

	2017 Original	2017 Restated	Change
Total Assets	1,216,941	1,216,446	\$ (495)
Deferred Outflows of Resources (Note 15)	8,830	14,000	\$ 5,170
Total Assets and Deferred Outflows	\$1,225,771	\$1,230,446	\$ 4,675

	2017 Original	2017 Restated	Change
Total Liabilities	332,568	409,182	\$ 76,614
Deferred Inflows of Resources (Note 15)	5,757	23,425	\$ 17,668
Net Position			
Net investment in capital assets (Note 10)	543,984	543,984	
Restricted			
Nonexpendable (Note 10)	58,696	58,696	
Expendable (Notes 3 and 10)	113,507	113,507	
Unrestricted (Notes 3 and 10)	171,259	81,652	\$ (89,607)
Commitments and contingencies (Notes 6, 7, and 11)	-	-	
Total Net Position	887,446	797,839	\$ (89,607)
Total Liabilities, Deferred Inflows and Net Position	\$1,225,771	\$1,230,446	\$ 4,675

- Total liabilities increase nearly \$76.7 million (Net OPEB Liability)
- Deferred inflows increase nearly \$17.7 million
- Unrestricted net position decreases nearly \$90 million

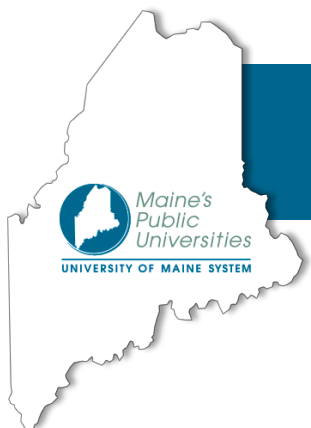


GASB 75 implementation impacts Unrestricted Net Position (UNP)

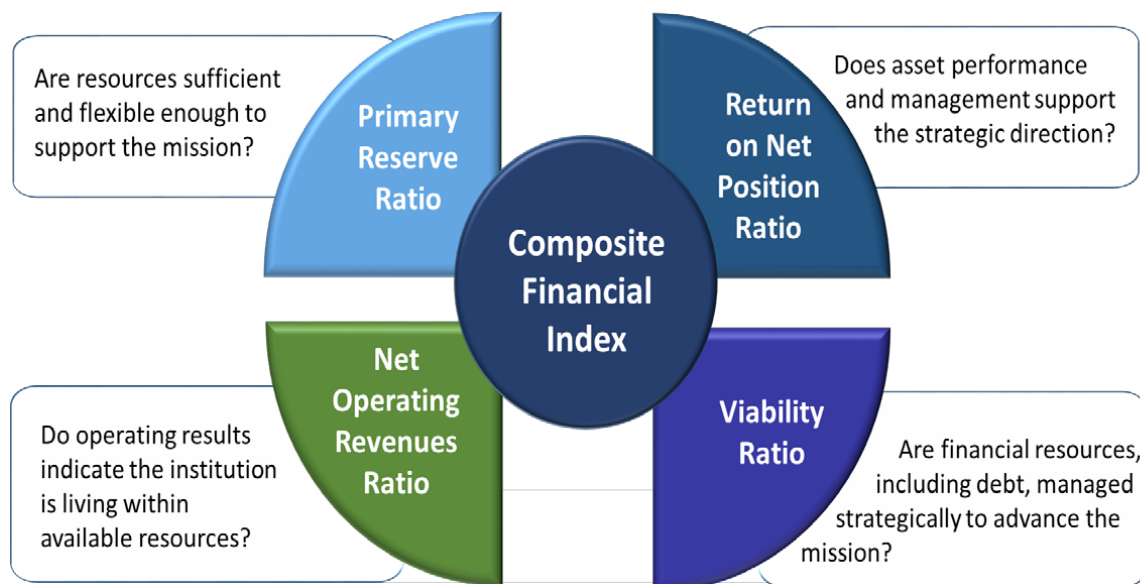
- The \$90 million reduction in UNP exceeds Educational & General reserves
- Other categories of UNP are earmarked for specific activities/initiatives
- The impact to UMS UNP exceeds UMSGUS UNP by nearly \$39 million
- We are researching how other Higher Ed Systems will distribute the impact of GASB 75 implementation

University of Maine System
COMPOSITION OF UNRESTRICTED NET POSITION
As of June 30, 2017
(\$ in thousands)

<u>Category/Designation</u>	<u>UM</u>	<u>UMA</u>	<u>UMF</u>	<u>UMFK</u>	<u>UMM</u>	<u>UMPI</u>	<u>USM</u>	<u>USMGUS</u>	<u>TOTAL</u>
Educational & General	\$ 27,649	\$ 10,583	\$ 130	\$ 473	\$ 1,059	\$ 160	\$ 8,396	\$ 16,909	\$ 65,359
Risk Management	-	-	-	-	-	-	-	2,503	2,503
Budget Stabilization	-	-	-	-	-	-	-	11,453	11,453
Auxiliary Enterprises	13,577	690	(316)	(1,765)	(670)	552	(456)	-	11,612
Benefit Pool Carryover	-	-	-	-	-	-	-	9,923	9,923
IT Initiatives	-	-	-	-	-	-	-	25	25
Internally Designated Projects	9,345	335	833	361	142	319	3,173	3,193	17,701
Facility Projects & Capital Planning	16,788	2,462	81	284	1,558	31	8,010	5,504	34,718
Funds Functioning as Endowments	13,164	52	268	-	-	68	391	882	14,825
Cost Sharing & Other	3,896	(11)	(216)	(35)	(52)	(18)	(775)	162	2,951
Collateral for Internal Loans	-	-	-	-	-	-	-	4,906	4,906
Reclassified to 'Net Investment in Capital Assets'	-	-	-	-	-	-	-	(4,717)	(4,717)
Total Unrestricted Net Position as Originally Stated	<u>\$ 84,419</u>	<u>\$ 14,111</u>	<u>\$ 780</u>	<u>\$ (682)</u>	<u>\$ 2,037</u>	<u>\$ 1,112</u>	<u>\$ 18,739</u>	<u>\$ 50,743</u>	<u>\$ 171,259</u>
GASB 75 (OPEB) Implementation								(89,607)	(89,607)
Total Unrestricted Net Position as Restated								<u>\$ (38,864)</u>	<u>\$ 81,652</u>



GASB 75 Impact on Previously Calculated FY17 Ratios

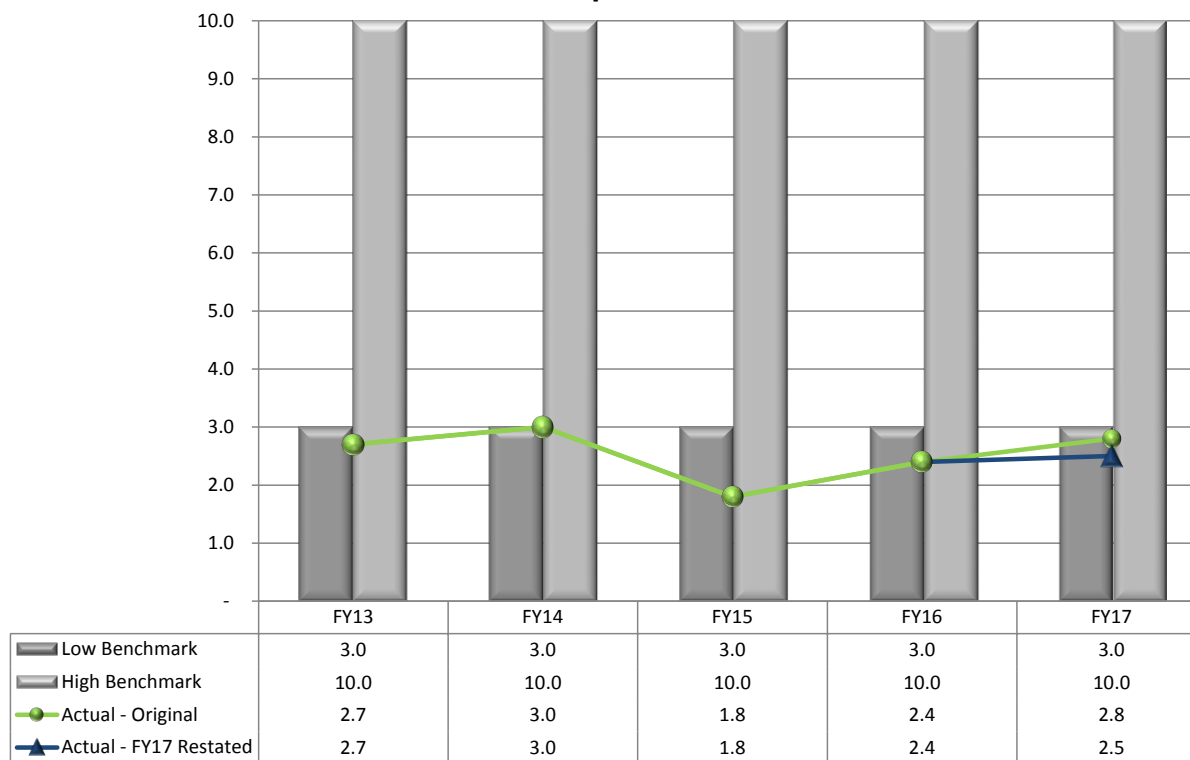


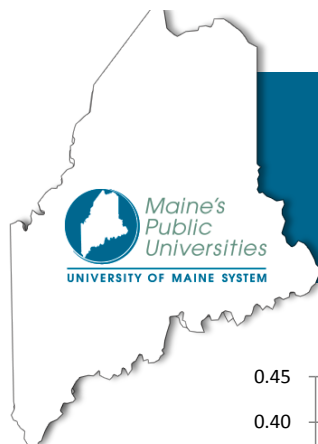


Restatement of the FY17 financial results has minimal impact on the previously calculated Composite Financial Index (CFI)

- CFI decreases just .3, going from 2.8 to 2.5
- Individual core ratios experience significant changes, but weighting of the ratios in the CFI formula smooths the impact

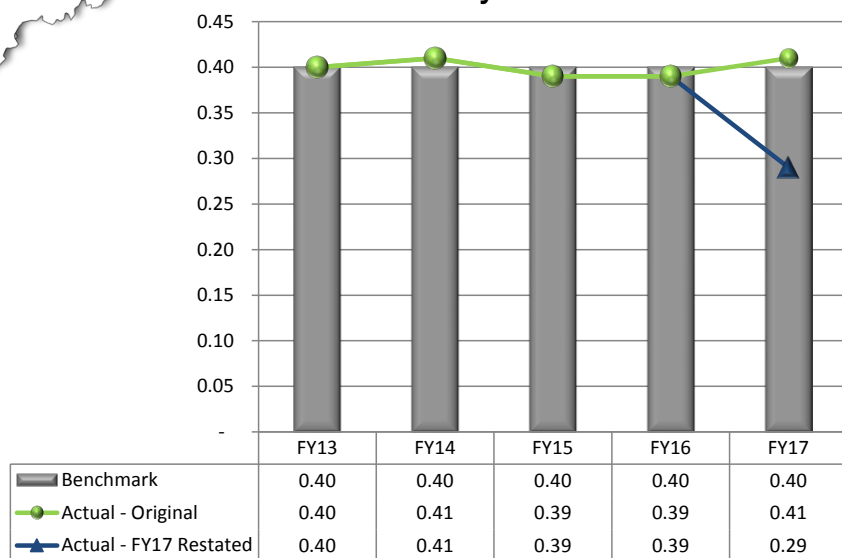
Composite Financial Index





- The \$90 million reduction in 6/30/17 Unrestricted Net Position greatly impacts the Primary Reserve and Viability ratios, pushing them below industry benchmarks.
- These ratios will remain below the industry benchmarks until the UMS rebuilds its Expendable Net Position (Unrestricted + Restricted Expendable Net Position).

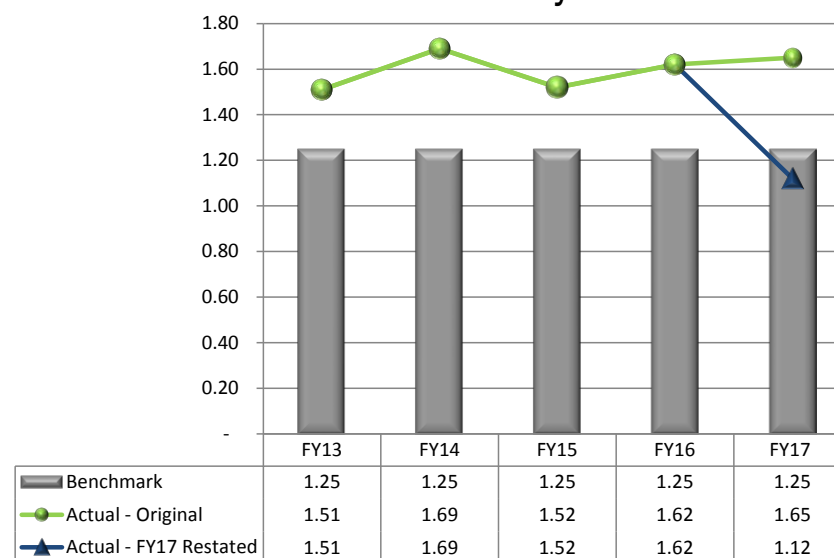
Primary Reserve Ratio



Expendable Net Position

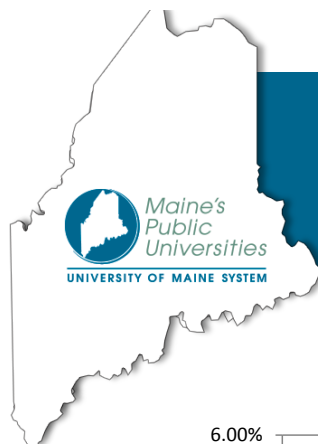
Total Expenses

Viability Ratio



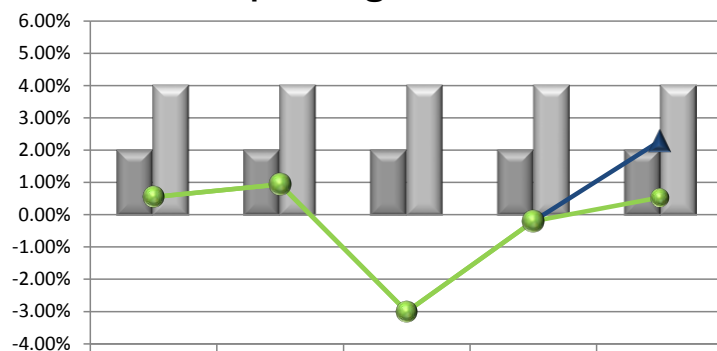
Expendable Net Position

Long-Term Debt



Restatement of FY17 financial data for the adoption of GASB 75 has a positive impact on the previously calculated Net Operating Revenues and Return on Net Position ratios as OPEB expense decreased \$12 million.

Net Operating Revenues Ratio

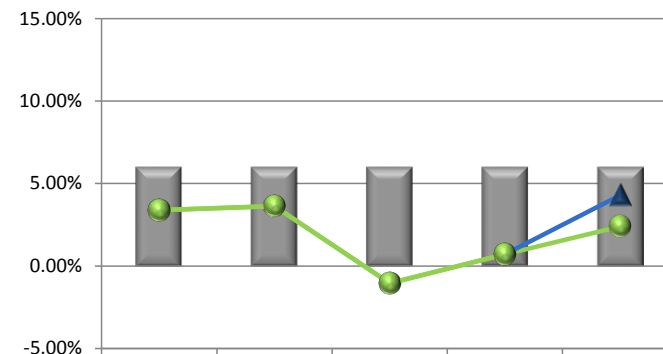


	FY13	FY14	FY15	FY16	FY17
Low Benchmark	2.00%	2.00%	2.00%	2.00%	2.00%
High Benchmark	4.00%	4.00%	4.00%	4.00%	4.00%
Actual - Original	0.55%	0.94%	-3.00%	-0.20%	0.53%
Actual - FY17 Restated	0.55%	0.94%	-3.00%	-0.20%	2.28%

Operating Income (Loss) plus Net Non-Operating Revenues (Expenses)

Operating Revenues plus Non-Operating Revenues

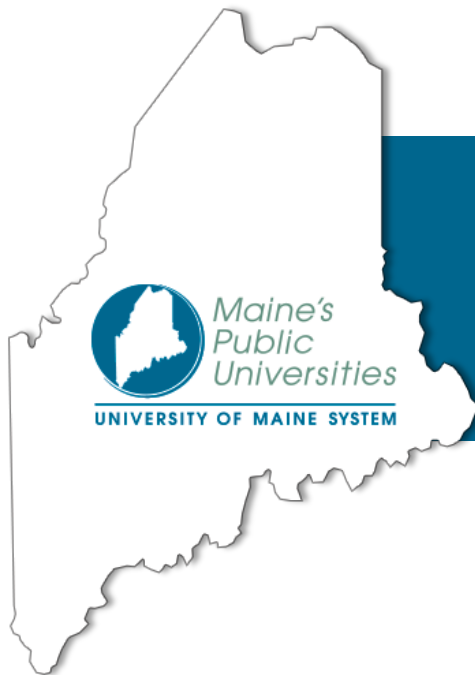
Return on Net Position Ratio



	FY13	FY14	FY15	FY16	FY17 Original
Benchmark	6.00%	6.00%	6.00%	6.00%	6.00%
Nominal Rate - Original	3.38%	3.63%	-1.04%	0.71%	2.39%
Nominal Rate - FY17 Restated	3.38%	3.63%	-1.04%	0.71%	4.29%

Change in Net Position

Total Beginning of the Year Net Position



Components and Trend of OPEB Expense

University of Maine System
Comparison of OPEB Costs Before and After GASB 75
(\$ in thousands)

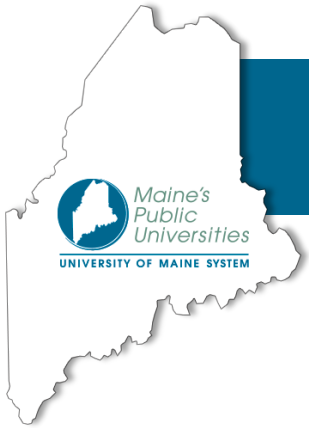
Components of OPEB Expense	Before GASB 75					GASB 75	
	FY13	FY14	FY15	FY16	FY17	Restated FY17	Estimated FY18
Normal/Service Cost	\$ 5,241	\$ 4,798	\$ 5,170	\$ 5,584	\$ 5,807	\$ 6,174	\$ 6,329
Amortization of unfunded actuarial accrued liability (over 30 years)	9,842	7,315	6,317	8,254	8,086		
Interest on normal cost and amortization of actuarial accrued liability	1,244	939	890	1,073	1,077		
Interest on OPEB liability						15,567	14,530
Less projected earnings on OPEB plan investments						(7,783)	(8,790)
Change in benefit terms						(8,670)	
Amortization of the Following Items Over xx Years:							
Differences between actual and expected experience						(2,495)	(2,495)
Changes of assumptions						881	881
Differences between projected and actual earnings on plan investments						(756)	(756)
OPEB Expense - Before GASB 75	\$ 16,327	\$ 13,052	\$ 12,377	\$ 14,911	\$14,970		
OPEB Expense - GASB 75						\$ 2,918	\$ 9,699

Amortization of UAAL not applicable under GASB 75 as the financials now recognize the full OPEB liability.

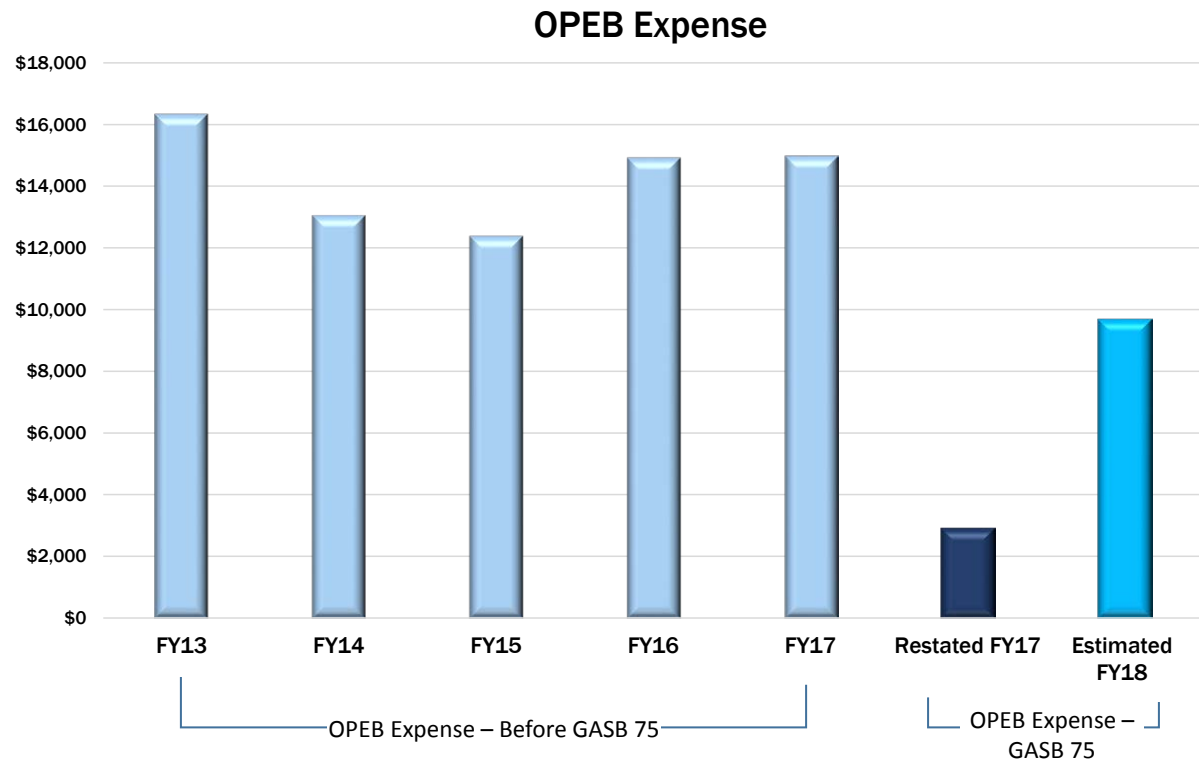
Interest has a greater impact on OPEB expense under GASB 75 than it did under the prior accounting standard.

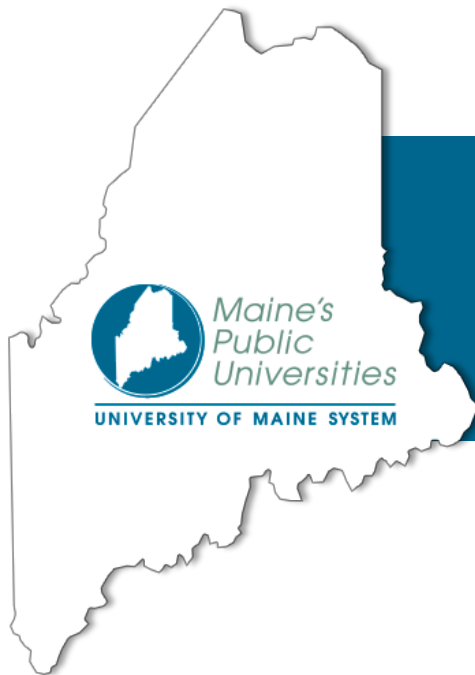
Changes in benefit terms may significantly impact OPEB expense

Differences between projected and actual results and changes in assumptions are amortized to expense over a period of years, smoothing the impact on OPEB expense.



OPEB Expense





Moving Forward



**As occurred prior
to GASB 75, OPEB
expense will
continue to be**

- Based upon an actuarial calculation
- Recorded as a cost of the UMS' benefit pool
- An expense in the UMS' audited financial statements

**How do we
recover the \$90
million of lost
UNP?**

- The FY17 restatement that reduced OPEB expense and netted the impact of the GASB 75 implementation to \$90 million, was a one-time adjustment
- Management has identified options and is working through the implications of each to determine the best approach to adopt



AGENDA ITEM SUMMARY

1. **NAME OF ITEM:** UM Department of Athletics Agreed-Upon Procedures Update

2. **INITIATED BY:** M. Michelle Hood, Chair

3. **BOARD INFORMATION:** X

BOARD ACTION:

4. **OUTCOME:**

Primary Outcomes:

Enhance fiscal positioning

BOARD POLICY:

Bylaws – Section 3

5. **BACKGROUND:**

Claire Strickland, Chief Business Officer at the University of Maine, will provide a brief overview regarding the following report on Agreed-Upon Procedures performed by O'Connor & Drew.

- *Agreed-Upon Procedures in Accordance with National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2017*

This report addresses evaluation of the Statement of Revenues and Expenditures of the UM Department of Athletics for compliance with specific NCAA Bylaw requirements.

UNIVERSITY OF MAINE DEPARTMENT OF ATHLETICS

Agreed-Upon Procedures in Accordance with National Collegiate Athletic Association Bylaw 3.2.4.15

June 30, 2017

UNIVERSITY OF MAINE DEPARTMENT OF ATHLETICS

Agreed-Upon Procedures in Accordance with National Collegiate Athletic Association Bylaw 3.2.4.15

June 30, 2017

C O N T E N T S

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES IN ACCORDANCE WITH NCAA BYLAW 3.2.4.15

Dr. Susan J. Hunter, President
University of Maine
Orono, Maine

We have performed the procedures enumerated below, which were requested by Dr. Susan J. Hunter, President, and the management of the University of Maine (the "University" or the "Institution"), solely to assist in evaluating whether the Statement of Revenues and Expenditures (the "Statement") of the Department of Athletics (the "Department") of the University is in compliance with the National Collegiate Athletic Association (the "NCAA") Bylaw 3.2.4.15 for the year ended June 30, 2017. Management is responsible for the University's compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Related to Program Revenues and Expenditures

We obtained the Statement for the year ended June 30, 2017, as prepared by the University's management and shown in Appendix A. For the purpose of these procedures, materiality has been determined to be \$30,000 and changes of at least 10% from the respective prior year account balance. We recalculated the mathematical accuracy of the amounts in each column. We compared and agreed the amounts on each line to the corresponding amounts on the supporting schedules and/or worksheets, which agree to the general ledger.

1. Financial Statements and Affiliated Organizations

The University shall identify all intercollegiate athletics-related affiliated and outside organizations and obtain those organizations' statements for the reporting period. The Independent Accountant shall agree the amounts reported in the statement to the organization's general ledger or, alternatively, confirm revenues and expenses directly with a responsible official of the organization.

Results

According to management, the affiliated organizations of the University are the University of Maine Foundation (the "Foundation") and the University of Maine Alumni Association (the "Alumni Association"). Management has advised us that the affiliated

organizations do not incur expenses on behalf of the Athletic Department, instead they serve as a conduit by soliciting and collecting contributions designated for the Athletic Department.

We obtained and examined the University's audited financial statements and noted no items that were listed as material weaknesses or significant deficiencies on the 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*.

We obtained and examined the audited financial statements of the Foundation. The Foundation received an unmodified opinion. As of the date of this report, the Alumni Association's reviewed financial statements for the years ended June 30, 2016 and 2017 were in the process of being completed. As a result, we obtained and examined the reviewed financial statements of the Alumni Association for the years ended June 30, 2015. The independent accountant stated in their report that they were not aware of any material modifications that should be made to the Alumni Association's financial statements.

2. Analytical Procedures

Compare each material revenue and expense account to the prior period amounts and current year budget estimates. Obtain and document an understanding of any significant variations.

Results

According to management, the budget prepared for the Athletic Department is primarily used for operations. Consequently, the budget is not presented in a format comparable with the attached Statement. As a result, a comparison between the Statement's amounts and the current year budget was unable to be performed.

We compared the actual revenues and expenses in the Statement for the year ended June 30, 2017 to the respective figures for the year ended June 30, 2016. As agreed, we identified variances of greater than \$30,000 and 10%. We obtained explanations from management regarding the reasons for the variances. They are as follows:

Revenues

Ticket Sales

Ticket sales increased by \$166,621 or 16.8% from fiscal year 2016 to fiscal year 2017. The majority of the University's ticket sales are derived from the Men's Ice Hockey team. In 2017, the University opened a suite section for Men's Ice Hockey, which increased ticket sales. Additionally, on-line ticket sales increased, which was grouped as non-program specific.

Direct State of Other Governmental Support

Direct Governmental support increased by \$81,313 from fiscal year 2016 to fiscal year 2017. The Business Director reviewed revenue previously recorded to this direct institutional support in 2017 and reclassified this \$81,313 to Direct Governmental Support.

Contributions

Total contributions increased by \$173,397 or 11.6% from fiscal year 2016 to fiscal year 2017. The athletic department received an additional \$250,000 gift from the Alford Foundation in 2017.

Media Rights

Media Rights revenue increased by \$175,000 or 24.1% from fiscal year 2016 to fiscal year 2017. This increase is derived from a bonus payment from Black Bear Sports Properties, LLC of \$150,000, as well as a \$25,000 increase in the annual fee paid by Black Bear Sports Properties, LLC.

Conference Distributions

Conference Distributions increased by \$81,083 or 444.8%. The University received \$87,222 from America East to cover expenses in connection with streaming athletic contests online via ESPN.

Program Sales, Concessions, Novelty Sales and Parking

Program Sales, Concessions, Novelty Sales and Parking revenue decreased by \$312,875 from fiscal year 2016 to fiscal year 2017. In 2017, The University transferred control of the Bear Necessities Store from Athletics to Auxiliary Service. Athletics no longer recognizes the gross revenue from the store, which totaled \$247,307 in 2017. Instead, the Athletic Department receives 50% of the net profit of the store which equaled \$21,021 in 2017. Additionally, the University no longer charged for parking in 2017.

*Expenses**Away Game Guarantee Expense*

Guarantee expenses decreased by \$192,054 or 74.5% from fiscal year 2016 to fiscal year 2017. In 2016, the University paid a \$150,000 guarantee for Football and hosted a hockey tournament, neither of which occurred in 2017.

Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the Institution

Support Staff/Administrative salaries increased by \$480,441 or 16.5% from fiscal year 2016 to fiscal year 2017. The University hired an additional Senior Associate Athletic Director along with an additional position for football incurring an additional expense of \$322,000 in 2017. Additionally, the expense for student workers, of \$154,168, was reclassified from Other Expenses to Support Staff/Administrative Salaries in 2017. We reviewed a sample of these reclassifications made during fiscal year 2017 and agreed without exception.

Severance Payments

Severance payments increased \$49,131 in fiscal year 2017, there were no severance payments during fiscal year 2016. A severance payment, in this amount, was paid out during fiscal year 2017 for the former Assistant Athletic Director.

Equipment, Uniforms & Supplies

Equipment, Uniforms & Supplies expense decreased by \$86,178 or 15.4% from fiscal year 2016 to fiscal year 2017. The Business Director reviewed expenses previously expensed to this category in 2017 and reclassified approximately \$77,000 of these expenses to Fundraising, Marketing and Promotion and Other Expenses. We reviewed a sample of these reclassifications made during fiscal year 2017 and agreed without exception.

Game Expenses

Game Expenses increased by \$62,428 or 12.4% from fiscal year 2016 to fiscal year 2017. The Business Director reviewed Game Management expenses that were expensed to Other Expenses in prior years and reclassified approximately \$62,000 of these expenses from Other Expenses to Game Expenses. We reviewed a sample of these reclassifications made during fiscal year 2017 and agreed without exception.

Fundraising, Marketing and Promotion

Fundraising, Marketing and Promotion increased by \$146,094 or 75.3% from fiscal year 2016 to fiscal year 2017. The University and America East made an agreement to stream live athletic contests via ESPN. The Business Director also reclassified costs, which in prior year were recorded as Other Expenses, to Fundraising, Marketing and Promotion. These two areas accounted for \$164,000 of the increase in this expense. We reviewed a sample of these reclassifications made during fiscal year 2017 and agreed without exception.

Direct Overhead and Administrative Expense

Direct Overhead and Administrative Expenses decreased by \$43,370 or 49.4% from fiscal year 2016 to fiscal year 2017. In 2016, The University repaired bleachers for a cost of \$47,000.

Other Operating Expenses

Other Operating Expenses decreased by \$381,226 or 29.1% from fiscal year 2016 to fiscal year 2017. As noted above, the Business Director reviewed expense categories in 2017 and reclassified expenses from Other Operating Expenses to the Support Staff (decrease of \$154,168), Game (decrease of \$62,428) and Fundraising (decrease of \$56,778) expense categories. The Business Director also reclassified expenses from Equipment to Other Operating expenses, which resulted in a \$40,000 increase. The athletic department also did not incur expenses related to the novelty store in 2017, which totaled \$226,286, as it was transferred to Auxiliary Services. We reviewed a sample of these reclassifications made during fiscal year 2017 and agreed without exception.

3. Ticket Sales

Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the University in the statement and the related attendance figures.

Results

We agreed the total sales from the general ledger to the Statement without exception.

We selected a sample of athletic contest settlement sheets to test. From the sample of ticket sales selected, we compared and agreed tickets sold, complimentary tickets provided and unsold tickets to the related revenue and attendance reported by the University for each game. We were able to recalculate the total amount of revenue with the following two exceptions.

- 1) Football vs. New Hampshire on November 19, 2016
- 2) Men's Ice Hockey vs. Boston College on November 5, 2016

We were unable to trace to football and men's ice hockey gameday ticket sales due to an unreliable report provided by TopTix, the University's ticket software vendor, and the lack of a reconciliation provided by the ticket office. As an alternative, we sampled and tested season tickets, which totaled 45% of all ticket sales, and agreed it to a report provided by the ticket office.

The men's basketball game against Vermont on January 15, 2017 and the women's basketball game against Dartmouth, on December 10, 2016, were played at the Cross Center and ticket sales were recorded by a third party. The Cross Center provided the University with a ticket sales report that provided the total of revenue reimbursed to the University for the month with detail broken down by game. As a result, we were able to perform the procedure as described.

<u>Sport</u>	<u>Opponent</u>	<u>Date</u>	<u>Amount</u>
Women's Basketball	Dartmouth	12/10/2016	\$ 2,446.00
Men's Basketball	Vermont	1/15/2017	\$ 503.00

Recommendation

Management should request that the ticket office perform a reconciliation for all games when tickets are sold. Management should also review the reporting function within TopTix to ensure gameday reports are accurate.

Management's Response

Management agrees with the recommendation. Game day ticket sales are currently being recorded through the TopTix software program and the Ticket Office reconciliation issues have been addressed for FY18. A new ticketing system with enhanced reporting capabilities will be acquired in FY19.

4. Direct State or Other Governmental Support

Compare direct state or other governmental support recorded by the University during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation and recalculate totals.

Results

According to discussions with management, these funds represent work-study funds from the Federal Government used to pay student employees in the Department. We recalculated the total amount without exception to employee reports

5. Student Fees

Compare and agree the student fees reported by the University in the Statement to student enrollments during the same reporting period and recalculate totals. Obtain and document an understanding of the University's methodology for allocating student fees to intercollegiate athletic programs. If the athletic department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculations to supporting documents such as seat manifests, ticket sales reports and student fee totals.

Results

This procedure is not applicable. Per management, the University does not assess or collect student fees of this type.

6. Direct Institutional Support

Compare the direct institutional support recorded by the University during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

Results

We recalculated the total amount without exception.

We agreed the total of the detailed schedule of Direct Institutional support to the Statement.

7. Transfers Back to Institution

Compare the transfers back to the University with permanent transfers back to the University from athletics department and recalculate totals.

Results

This procedure is not applicable, as there were no transfers back to the University.

8. Indirect Institutional Support

Compare the indirect institutional support recorded by the University during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and recalculate totals.

Results

As advised by the System Office, indirect support should represent 20% of the University athletic department base budget. We recalculated the total amounts without exception.

9. Away-Game Guarantee Revenue

Select a sample of settlement reports for away games during the reporting period, agree each selection to the University's general ledger and/or the Statement and recalculate totals. Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period, compare and agree each selection to the University's general ledger and/or the Statement and recalculate totals.

Results

We agreed the away-game guarantee revenue from the general ledger to the Statement without exception.

We selected a sample of revenue guarantees from the general ledger provided by the University. For each of the sampled items listed below, we traced and agreed the revenue recorded on the general ledger to the signed contract with the opponent.

<u>Sport</u>	<u>Opponent</u>	<u>Date</u>	<u>Amount</u>
Football	UConn	9/3/2016	\$ 325,000.00
Football	Toledo	9/10/2016	\$ 375,000.00
Baseball	University of Miami	3/14/2017-3/15/2017	\$ 5,000.00
Baseball	St. John's University	3/25/2017-3/26/2017	\$ 2,000.00
Softball	University of Montana	3/17/2017-3/19/2017	\$ 1,000.00
Men's Basketball	Duke	12/3/2016	\$ 85,000.00
Men's Basketball	Providence College	12/20/2016	\$ 70,000.00
Men's Basketball	Virginia Tech	11/11/2016	\$ 85,000.00
Women's Basketball	Clemson University	12/2/2016	\$ 10,000.00
Women's Basketball	Boston College	12/30/2016	\$ 15,000.00

10. Contributions

Any contributions of money, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10 percent or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods 'sic' shall obtain and review supporting documentation for each contribution and recalculate totals.

Results

We traced the following contributions, which are all from the Foundation, to the proper supporting documentation. The contributions constituted 10% or more of all contributions received for intercollegiate athletics during the reporting period. We reconciled to supporting documentation to the amount recognized.

<u>Description</u>	<u>Amount</u>	<u>Amount Allocated</u>
Alfond Fund Athletics Challenge	\$ 250,000.00	\$250,000.00
Alfond Fund Football Challenge	\$ 250,000.00	\$250,000.00

11. In Kind

Compare the in-kind donations recorded by the University during the reporting period with a schedule of in-kind donations and recalculate totals.

Results

This procedure is not applicable. According to management and review of the general ledger, in-kind support received during the year ended 2016 was immaterial in the aggregate.

12. Compensation and Benefits Provided by a Third-Party

Obtain the summary of revenues from affiliated and outside organizations (the "Summary") as of the end of the reporting period from the University and select a sample of funds from the summary, and compare and agree each selection to the supporting documentation, the University's general ledger and/or the summary and recalculate totals. If the third party was audited by independent auditors, obtain the related independent auditors' report.

Results

According to discussions with management, this procedure is not applicable, as third parties do not provide material compensation and benefits to the athletic department.

13. Media Rights

Obtain and inspect agreements to understand the University's total media (broadcast, television, radio) rights received by the University or through their conference offices as reported in the Statement. Compare and agree the media right revenues to a summary statement of all media rights identified, if applicable, and the University's general ledger and recalculate totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately.

Results

We obtained the supporting schedule that agrees to the Statement. We selected the sample listed below, and obtained and inspected the agreements to gain an understanding of the relevant terms and conditions. Item (a) represents the annual fee that the University receives from Black Bear Sports Properties, LLC in exchange for the radio broadcast rights of the University's sporting events, promotional, signage, and sponsorship rights. Item (b) represents an annual scoreboard subsidy received from Black Bear Sports Properties, LLC pursuant to a 10 year agreement expiring January 31, 2018. Item (c) represents an extension bonus payment received from Black Bear Sports Properties, LLC.

The contract between Black Bear Sports Properties, LLC ("BBSP") and the University states that the University was scheduled to receive \$675,000 in fiscal year 2017. In

addition, the University was scheduled to receive \$75,000 for the Scoreboard Subsidy. The contract also included an extension bonus payment of \$150,000 due from BBSP that the University received in fiscal year 2017. We compared and agreed the amounts below to the general ledger and contract.

<u>Vendor</u>	<u>Amount</u>
a. Black Bear Sports Properties, LLC	\$ 675,000.00
b. Black Bear Sports Properties, LLC	\$ 75,000.00
c. Black Bear Sports Properties, LLC	\$ 150,000.00

14. NCAA Distributions

Compare the amounts recorded in the revenue and expense reporting to the general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

Results

We recalculated the total amount without exception.

According to management, no written agreements exist for the payout from the NCAA affiliations. The funds for items (a) through (d) are not restricted and are classified as non-program specific. Management stated that the University received a special one-time payout, from the NCAA restricted for the study of mental health for which the costs were deferred until fiscal year 2018 and later. As a result, the University will recognize this revenue as the expense is incurred.

We obtained and agreed a detail schedule of NCAA distributions to the general ledger and the Statement. We selected the sample listed below and traced and agreed to the deposits made with the University without exception.

<u>Description</u>	<u>Amount</u>
a. NCAA – Grants-in-Aid	\$ 436,098.00
b. NCAA – Student Assist Fund	\$ 57,433.00
c. NCAA- NCAA Sports Sponsorship	\$ 141,531.00
d. NCAA- Student Opportunity Fund	\$ 171,834.53

15. Conference Distributions

Obtain and inspect agreements related to the University's conference distributions and participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. Compare and agree the related revenues to the institution's general ledger and/or the Statement and recalculate totals.

Results

We recalculated the total amount without exception.

We obtained and agreed a detail schedule of Conference distributions to the general ledger and the Statement. We selected the sample listed below and traced and agreed to the deposits made with the University without exception.

<u>Description</u>	<u>Amount</u>
a. Hockey East- MIH	\$ 12,089.00
b. America East TV Distribution	\$ 87,222.00

16. Program Sales, Concessions, Novelty Sales and Parking

Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents and recalculate totals.

Results

We recalculated the total amount without exception.

We obtained a schedule to support the amounts on the Statement and selected a sample to test.

<u>Category</u>	<u>Sport</u>	<u>Description</u>	<u>Amount</u>
Concessions	Football	September Sales	\$ 2,250.72
Concessions	Football	October Sales	\$ 3,664.28
Concessions	Men's Ice Hockey	December Sales	\$ 3,491.92
Concessions	Men's Ice Hockey	January Sales	\$ 5,520.84
Parking	Men's Ice Hockey	Preferred Parking	\$ 500.00
Program/Yearbook Sales	Football	Program Sales 11/15/16	\$ 125.00
Program/Yearbook Sales	Men's Ice Hockey	Program Sales 12/3/16	\$ 57.00
Program/Yearbook Sales	Women's Basketball	Program Sales 12/7/16	\$ 28.44
Program/Yearbook Sales	Men's Basketball	Program Sales 1/14/17	\$ 11.00
Souvenir Sales	Non-program specific	50% of Bear Necessities Net Profit	\$10,510.50

The Athletic Department has a five-year concession agreement, which expired July 31, 2017, with the University of Maine Dining Services. Commissions are calculated at 15% of total revenue up to \$225,000, and increase to 20% on all concession sales in excess of \$225,000.

In fiscal year 2017, the University transferred management of the Bear Necessities store from Athletics to Auxiliary Services. The University applies 50% of the net profit from the store to Athletics.

17. Royalties, Licensing, Advertisements and Sponsorships

Obtain and inspect agreements related to the University's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period to gain

an understanding of the relevant terms and conditions. Compare and agree the related revenues to the University's general ledger and/or the Statement and recalculate totals.

Results

We obtained the supporting schedule that agrees to the Statement. We selected the sample listed below, and management provided sufficient documentation to gain an understanding of the relevant terms and conditions.

<u>Description</u>	<u>Amount</u>
a. Trademark Licensing	\$ 40,000.00

18. Sports Camp Revenues

Inspect sports-camp contract(s) between the University and person(s) conducting institutional sports-camps or clinics during the reporting period to obtain an understanding of the University's methodology for recording revenues from sports-camps. Obtain schedules of camp participants and select a sample of individual camp participants' cash receipts from the schedule of sports-camp participants and agree each selection to the University's general ledger and/or the Statement and recalculate totals.

Results

We recalculated the total amount without exception. According to management, institutional sports-camps and clinics are conducted under the auspices of the University and its athletic department. Compensation to athletic department personnel participating in the camps and clinics is included in the W-2s received from the System. As a result, no specific camp or clinic contracts exist between the University and the persons conducting institutional sports camps or clinics during fiscal year 2017.

We obtained participation listings for all sports camps and clinics, and selected a sample to test. For each participant selected, we verified that the participant paid the appropriate amount according to the sport camp price listing, and the respective payment was properly recorded on the general ledger.

<u>Last Name</u>	<u>Sport</u>	<u>Amount</u>
Conner	Softball	\$ 74.20
Haskins	Men's Ice Hockey	\$ 50.00
Griffiths	Football	\$ 53.00
LaPierre	Softball	\$ 377.00
Rinaldi	Soccer	\$ 132.50
Melquist	Women's Basketball	\$ 375.00
Leighton	Field Hockey	\$ 450.50
Atherton	Soccer	\$ 125.00
Nichols	Men's Basketball	\$ 371.00
Diaz	Women's Ice Hockey	\$ 583.00

19. Endowment and Investment Income

Obtain and inspect endowment agreements (if any) to gain an understanding of the relevant terms and conditions. Compare and agree the classification and use of endowment and investment income reported in the Statement during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals.

Results

We recalculated the total amount without exception.

We obtained a corresponding schedule listing all athletic-related endowment funds and sampled the following. For sampled items, we traced to the original endowment agreements and noted the funds were distributed in accordance with the terms of the endowment.

<u>Endowment Fund</u>	<u>Amount</u>
Max Kagan Family Foundation Scholarship	\$ 3,872.19
The Donald P. and Francelia Corbett Fund	\$ 21,031.87
Athletic Grant-In-Aid & Scholarship Fund	\$ 625.24
The Royal G. Higgins Jr. Fund	\$ 818.38
The Martin Hagopian Scholarship Fund	\$ 1,521.78

20. Other Income

Compare and agree a sample of receipts obtained from the supporting schedules to adequate supporting documentation. Recalculate totals.

Results

We recalculated the total amount without exception. We received a supporting schedule, from the University Athletic Business Office, to support the other income amount contained on the Statement and selected a sample to test. For each item sampled, we compared and agreed the receipts listed below to adequate supporting documentation without exception.

<u>Department</u>	<u>Description</u>	<u>Amount</u>
Facility Rental	Maine Junior Black Bears	\$ 9,020.00
Facility Rental	Morse Field Rental	\$ 2,026.76
Facility Rental	Field House Rental	\$ 23,569.77
Facility Rental	Craft Fair	\$ 6,372.33
Facility Rental	Orono High School Swim Meet	\$ 4,128.00
Softball	Hartford Game Swap	\$ 5,924.00
Women's Ice Hockey	Auburn Trip	\$ 1,745.20
Men's Ice Hockey	Banquet	\$ 1,928.00
Football	Fundraiser Camp	\$ 6,210.00
Baseball	Gloves	\$ 1,550.00

21. Bowl Revenue

Obtain and inspect agreements related to the institution's revenues from post-season bowl participation during the reporting period to gain an understanding of the relevant terms and conditions. Compare and agree the related revenues to the institution's general ledger, and/or the statement and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as the University did not receive bowl revenue.

22. Athletic Student Aid

Select a sample of students (10% of the total student-athletes for institutions who have used NCAA's Compliance Assistant ("CA") software to prepare athletic aid detail, with a maximum sample size of 40 and 20% of the total student-athletes for institutions who have not, with a maximum sample size of 60) from the listing of institutional student aid recipients during the reporting period. Data should be captured by the institution through the creation of a squad list for each sponsored sport. Obtain individual student account detail for each selection and compare total aid in the institution's student system to the student's detail in CA or the institution report that ties directly to the NCAA Membership Financial Reporting System.

Perform a check of each student selected to ensure his or her information was reported accurately in either the NCAA's CA software or entered directly into the NCAA membership Financial Reporting System using the following criteria:

- *The equivalency value for each student-athlete in all sports, including head-count sports, needs to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the squad list as the numerator and the full grant amount, which is the total cost for tuition, fees, books, room and board for an academic year, as the denominator. If using the NCAA's CA software, this equivalency value will be calculated for you on the squad list labeled "Rev. Dist. Equivalent Award".*
- *A student-athlete can only be included in one sport. Note: NCAA's CA software will place an asterisk by the student athlete within the sport that is not countable towards grants-in-aid revenue distribution per sport hierarchy listed in the DI manual.*
- *All equivalency calculations should be rounded to two decimal places. Note: The NCAA's CA software and the on-line summary form will automatically round to two decimal places.*
- *The full grant amount should always be the full cost of tuition for an academic year, not semester. The "Period of Award" column on the NCAA's CA squad list can identify those student-athletes receiving aid for a particular semester.*

- *If a sport is discontinued and the grants are still being honored by the institution, the grants are included in student-athlete aid for revenue distribution purposes.*
- *Student-athletes receiving athletic aid who have exhausted their athletic eligibility or are inactive due to medical reasons should be included in the student-athlete aid total and correctly noted on the squad list.*
- *Only athletic aid awarded in sports in which the NCAA conducts championship competitions, emerging sports for women and football should be included in the calculations.*
- *If a selected student received a Pell Grant, ensure the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution*
- *If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.*
- *Recalculate totals for each sport and overall.*

Results

We recalculated the total amount without exception to the supporting schedule. We obtained a list of students receiving athletic aid from the University. Pursuant to the University's use of the NCAA CA software, our sample size was 31 student-athletes, representing 10% of the total. For each student identified below, we agreed the student's respective aid amount to the amount listed on the award letter and student's business account without exception. We also compared the information reported to the NCAA's CA Software without exception. Student identification numbers were redacted from the report at the request of management for privacy purposes.

<u>Participant's Sport</u>	<u>Amount</u>
Women's Track & Field	\$ 9,956.50
Men's Track & Field	\$ 6,523.95
Men's Track & Field	\$ 1,974.63
Football	\$19,855.00
Women's Track & Field	\$ 3,000.00
Women's Track & Field	\$ 8,010.80
Men's Track & Field	\$ 3,676.44
Women's Soccer	\$26,241.00
Men's Track & Field	\$ 2,470.92
Softball	\$40,086.00
Men's Ice Hockey	\$26,844.48
Women's Ice Hockey	\$26,035.00
Women's Ice Hockey	\$13,111.50

<u>Participant's Sport</u>	<u>Amount</u>
Football	\$35,095.00
Women's Track & Field	\$19,730.50
Women's Swimming	\$16,500.00
Softball	\$20,199.00
Men's Ice Hockey	\$26,786.00
Field Hockey	\$38,242.00
Field Hockey	\$27,066.00
Women's Basketball	\$34,044.00
Football	\$39,147.00
Baseball	\$24,900.00
Men's Basketball	\$38,628.00
Football	\$34,682.00
Football	\$39,271.00
Men's Basketball	\$39,492.00
Field Hockey	\$26,805.00
Softball	\$35,047.00
Men's Cross Country	\$ 2,303.76

23. Away Game Guarantee Expense

Obtain and inspect the visiting University's away-game settlement reports received by the institution during the reporting period and agree related expenses to the University's general ledger and/or the statement and recalculate totals. Obtain and inspect contractual agreements pertaining to expenses recorded by the University from guaranteed contests during the reporting period. Compare and agree related amounts expensed by the University to the University's general ledger and/or the Statement and recalculate totals.

Results

We agreed the total of the detailed schedule to the Statement.

We received a supporting schedule and selected a sample of contests to test. For each selected item listed below, we agreed the amount per the contract to the amount recorded in the general ledger.

<u>Sport</u>	<u>Opponent</u>	<u>Date</u>	<u>Amount</u>
Men's Ice Hockey	AIC	12/9/2016-12/10/2016	\$ 20,000.00
Women's Basketball	Purdue University	11/11/2016-11/12/2016	\$ 5,106.07
Women's Basketball	Villanova University	11/11/2016-11/12/2016	\$ 5,186.07
Baseball	Manhattan College	4/14/2017-4/15/2017	\$ 6,814.00
Field Hockey	Sacred Heart	8/28/2016	\$ 3,570.00

24. Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

Obtain and inspect a listing of coaches employed by the University and related entities during the reporting period. Select a sample of coaches contracts that must include football, and men and women's basketball from the listing. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the Statement during the reporting period. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the Statement during the reporting period. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.

Results

Forms W-2 are prepared on a calendar year basis reflecting wages that are currently taxable. The University operates on a fiscal year of June 30th and records all salary and wage payments, whether currently taxable, non-taxable or deferred as a current expense in the Statement. The University of Maine System ("System") prepares and issues W-2's for all University employees. In this System, an employee, who is compensated by more than one state organization receives a single W-2 reporting all earned compensation.

We obtained and inspected a list of coaches employed by the University during fiscal year 2017. We selected a sample to test from this list that includes the Men's Football, Men's Basketball and Women's Basketball coaches. We traced the compensation from the general ledger to the payroll reports provided by Human Resources and agreed without exception. However, we noted discrepancies between the payroll report and the agreed-upon amounts from contracts for five coaches. These individual contracts included language that exempted the coaches from receiving the University's across the board raise, however the raises were applied.

<u>Coach</u>	<u>Sport</u>
Joseph Harasymiak	Football
Bob Walsh	Men's Basketball
Richard Barron	Women's Basketball
Mike Coutts	Softball
Red Gendron	Men's Ice Hockey
Josette Babineau	Field Hockey
Scott Atherley	Women's Soccer

Recommendation

The University should review the process of adjusting salaries and wages to ensure that ineligible employees do not receive raises.

Management Response

Management agrees with the recommendation. In addition to providing coaches' contracts to Human Resources and the Payroll Office, as has been done in the past, the contracts will be shared with the UMaine Chief Business Officer, who will ensure that across the board increases are not processed for those coaches who are exempted in their individual contracts from receiving those raises.

25. Coaching Other Compensation and Benefits Paid by a Third Party

Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing. Compare and agree the financial terms and conditions of each selection to the related coaching and other compensation and benefits paid by third parties and recorded by the institution in the Statement during the reporting period. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching and other compensation and benefits paid by third parties expenses recorded by the University in the Statement during the reporting period and recalculate totals.

Results

According to discussions with management and review of the general ledger, this procedure is not applicable, as the University recorded an immaterial amount for third parties to provide compensation or benefits to coaches on behalf of the University.

26. Support Staff and Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities

Select a sample of support staff/administrative personnel employed by the University and related entities during the reporting period. Obtain and inspect reporting period summary payroll registers for each selection. Compare and agree related summary payroll registers to the related support staff administrative salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the Statement during the reporting period and recalculate totals.

Results

Forms W-2 are prepared on a calendar year basis reflecting wages that are currently taxable. The University operates on a fiscal year of June 30th and records all salary and wage payments, whether currently taxable, non-taxable or deferred as a current expense in the Statement. The University of Maine System prepares and issues W-2's for all University employees. In this System, an employee, who is compensated by more than one state organization, receives a single W-2 reporting all earned compensation.

We obtained and inspected a list of support staff and administrative personnel salaries employed by the University during fiscal year 2017 and selected a sample of six Department employees listed below to test. We reconciled the salary for the sampled support staff and administrative personnel on the supporting schedule to the respective employee's annual wage rate according to human resources.

<u>Employee</u>	<u>Title</u>
Lynn Coutts	Senior Associate Director of Athletics
Matt Curtis	Business Director
Jon Lynch	Director of Sports Performance
Sam Hallet	Director of Digital Content
Kevin Ritz	Head Equipment Manager
Will Biberstein	Senior Associate Athletic Director for Internal Operations

27. Support Staff and Administrative Other Compensation and Benefits Paid by a Third-Party

Select a sample of support staff/administrative personnel employed by the third parties during the reporting period. Obtain and inspect reporting period payroll summary registers to the related support staff and administrative and other compensation and benefits expense recorded by the University in the Statement during the reporting period and recalculate totals.

Results

According to discussions with management and review of the general ledger, this procedure is not applicable, as third parties do not provide compensation or benefits to support staff and administrative personnel.

28. Severance Payments

Select a sample of employees receiving severance payments by the University during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.

Results

The total severance expense contained on the schedule represents payments for compensation and related benefits paid to the former Assistant Athletic Director-Community Engagement. We agreed payments to supporting documentation without exception.

29. Recruiting

Obtain and document an understanding of the University's recruiting expense policies. Compare and agree to existing institutional and NCAA related policies. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

Results

We traced total expense reported and recalculated the totals without exception.

According to management, recruiting expenses are only incurred and approved if the expense is for activity allowed per the current version of the NCAA Division I Manual. Each sports office has either a printed copy of the most recent NCAA Division I Manual or access to an electronic version.

On an annual basis, each coach must pass the NCAA recruiting exam before the coach is allowed to recruit. The University has safeguards to ensure that only coaches who pass the exam can recruit. To ensure safeguards are effective, the University is required to have an NCAA Compliance audit annually. We reviewed the 2017 Compliance audit which we performed and noted no issues that will impact this engagement.

Each test is proctored by the Administrative Assistant for Compliance. For new coaches previously employed by another institution, the Department contacts the Compliance Officer from the other institution and receives written confirmation of the test score and date of the exam. Head coaches submit a list of individuals who recruit annually to the Director of Compliance, who is responsible for ensuring that all coaches must pass the exam before they are allowed to perform off-campus recruiting. The Director of Compliance is also responsible for approving all recruiting expenses. Before an expense is approved, he verifies that the coach submitting the cost for approval passed the recruiting exam.

We compared the University's policies to the *NCAA Division Manual*, and the University's policies appear to conform with NCAA related policies.

30. Team Travel

Obtain and document an understanding of the University's team travel policies. Compare and agree to existing institutional and NCAA-related policies. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

Results

We traced total expense reported and recalculated the totals without exception.

On an annual basis, a budget for team travel is developed for each sport. Coaches make arrangements for team travel within budgetary limitations. Coaches receive quotes and create a purchase order, which is approved by the Department's business office.

The University has several travel agencies with which it has contracted for travel arrangements. Coaches are responsible for making hotel arrangements. Meals are either purchased for the team by the coaches, or the students are provided meal money in advance of the trip. On the receipt of meal money, students are required to sign an acknowledgement of receipt.

Each coach has a travel card to be used for hotel, meals and other charges. They are required to submit a copy of the receipts to the Business Director who compares the receipt to the charges on the on-line statement. The coach is responsible for the monthly reconciliation of the statement which must also be reviewed by the coaches' supervisor. A receipt is not needed if the coach is using their travel card to pay for his or her own individual meals. Each coach can spend \$46 per day on meals; the coach will repay the University for any amount in excess of \$46.

We compared the University's policies to the *NCAA Division I Manual*, and the University's policies appear to conform with NCAA related policies.

31. Indirect Facilities and Administrative Support

Obtain and document an understanding of the University's methodology for allocating indirect facilities support. Verify the indirect facilities-support and indirect institutional-support totals reported by the University in the Statement.

Results

As advised by the System Office, indirect support should represent 20% of the University athletic department base budget. We recalculated the total amounts without exception.

32. Athletic Facility Debt Service, Leases and Rental Fees

Obtain a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements). Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.

Results

We recalculated the total amount without exception.

We received documentation to support the debt service payments to the Foundation, the University is contingently liable for the debt, for two scoreboards. For each selection we verified to the lease agreement and traced to the payment being made without exception.

<u>Description</u>	<u>Amount</u>
Alfond Scoreboard (MIH)	\$ 75,000.00
Alfond Scoreboard (FB)	\$ 16,606.92

33. Operating Expenses

Obtain the general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Results

We recalculated the total amount without exception.

We received documentation to support amounts indicated in the Statement and selected a sample to test. For each selection we compared and agreed the expense listed below to supporting documentation.

Note: Identifying numbers included in the category description refer to the identifiers noted on the Statement of Revenues and Expenditures (Appendix A).

<u>Category</u>	<u>Description</u>	<u>Amount</u>
27-Recruiting	Football Recruiting Weekend	\$ 2,104.25
27-Recruiting	Recruiting Meals & Entertainment	\$ 1,119.00
27-Recruiting	MBB Flight	\$ 669.70
27-Recruiting	MIH Flight	\$ 963.22
27-Recruiting	WBB Flight	\$ 1,130.46
27-Recruiting	WBB Flight	\$ 1,285.96
27-Recruiting	Black Bear Inn	\$ 1,838.00
27-Recruiting	Women's Soccer Flight	\$ 802.64
28-Team Travel	Football Charter Flight	\$ 81,625.00
28-Team Travel	Football Charter Flight	\$ 87,888.00
28-Team Travel	MIH Flight	\$ 46,632.00
28-Team Travel	MIH Hotel	\$ 7,557.60
28-Team Travel	MBB Lodging	\$ 1,887.62
28-Team Travel	FB Food	\$ 12,842.40
28-Team Travel	WBB Lodging	\$ 1,704.59
29-Equipment, Uniforms, & Supplies	WIH Equipment	\$ 1,046.66
29-Equipment, Uniforms, & Supplies	WIH Equipment	\$ 1,431.98
29-Equipment, Uniforms, & Supplies	FB Jackets	\$ 9,775.22
29-Equipment, Uniforms, & Supplies	FB Equipment	\$ 7,336.83
29-Equipment, Uniforms, & Supplies	FB Equipment	\$ 1,883.24
29-Equipment, Uniforms, & Supplies	FB Socks	\$ 780.00
29-Equipment, Uniforms, & Supplies	FB Equipment	\$ 3,792.00
29-Equipment, Uniforms, & Supplies	MBB Supplies	\$ 1,435.20
29-Equipment, Uniforms, & Supplies	MBB Supplies	\$ 1,716.00
29-Equipment, Uniforms, & Supplies	Women's Swimming Equipment	\$ 5,183.00
29-Equipment, Uniforms, & Supplies	Baseball Equipment	\$ 3,148.45
29-Equipment, Uniforms, & Supplies	MIH Equipment	\$ 3,120.00
29-Equipment, Uniforms, & Supplies	MIH Equipment	\$ 2,570.88
30-Game Expenses	MBB Cross Center	\$ 12,922.46
30-Game Expenses	MBB Cross Center	\$ 37,469.53
30-Game Expenses	WBB Cross Center	\$ 20,854.44
30-Game Expenses	WBB Cross Center	\$ 17,549.63
30-Game Expenses	MIH Police	\$ 3,046.55
30-Game Expenses	FB Officials	\$ 39,280.00
30-Game Expenses	MIH Officials	\$ 7,812.72
31-Fundraising, Marketing, & Promotions	Vela Promos	\$ 2,529.59
31-Fundraising, Marketing, & Promotions	Hitachi Kokusai Electric America	\$ 2,941.78
31-Fundraising, Marketing, & Promotions	Whiteout Shirts	\$ 6,278.65
31-Fundraising, Marketing, & Promotions	Snowman Printing	\$ 2,838.93
31-Fundraising, Marketing, & Promotions	Schedules	\$ 1,413.00
31-Fundraising, Marketing, & Promotions	Frozen Fenway	\$ 11,800.00
31-Fundraising, Marketing, & Promotions	Fan Trip to Albany	\$ 3,450.00
32-Sport-Camp Expenses	Field Hockey Camp	\$ 24,192.67
32-Sport-Camp Expenses	MIH Camp	\$ 10,504.54
32-Sport-Camp Expenses	Baseball Camp	\$ 23,750.10

<u>Category</u>	<u>Description</u>	<u>Amount</u>
32-Sport-Camp Expenses	Soccer Camp	\$ 5,851.89
35-Direct Overhead and Administrative	Athletics Work Order	\$ 549.00
35-Direct Overhead and Administrative	Partec Peat Corp	\$ 3,944.54
35-Direct Overhead and Administrative	Portland Glass	\$ 531.50
35-Direct Overhead and Administrative	Bangor Neon Inc.	\$ 1,021.20
37-Medical Expenses and Insurance	Health Insurance	\$108,000.00
38-Memberships & Dues	CAA Membership Dues	\$ 30,000.00
38-Memberships & Dues	WIH- Hockey East	\$ 33,923.00
40-Other Operating Expenses	Top Tix Software	\$ 10,000.00
40-Other Operating Expenses	Football Preseason	\$ 77,609.70
40-Other Operating Expenses	Hockeytech Canada	\$ 4,949.00
40-Other Operating Expenses	Fast Model Technologies	\$ 2,500.00
40-Other Operating Expenses	MBB Coach Flight	\$ 665.60

34. Student Meals (Non-Travel)

Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Results

We recalculated the total amount without exception.

We received documentation to support amounts indicated in the Statement and selected a sample to test. For each selection we compared and agreed the expense listed below to supporting documentation.

<u>Sport</u>	<u>Description</u>	<u>Amount</u>
Men's Ice Hockey	Thanksgiving Break Money	\$ 2,240.00
Men's Basketball	Locker Room Food	\$ 832.16
Men's Ice Hockey	Winter Break Money	\$ 3,645.00
Women's Ice Hockey	Break Money	\$ 451.89
Women's Basketball	Team Meal	\$ 914.22

35. Bowl Expenses

Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as the University did not incur bowl expenses.

36. NCAA Membership Financial Reporting System

Compare and agree the sports that are sponsored and reported in the NCAA Membership Financial Reporting System to the squad lists of the University. The NCAA Membership

Financial Reporting System populates the sports from the NCAA Membership Database as they are reported by the University. If there is a discrepancy in the sports that are sponsored and the NCAA Membership Financial Reporting System and the squad lists, inquire about the discrepancy and report the justification in the AUP report.

Results

Squad lists maintained by the Department are retrieved directly from Compliance Assistant, which submits and retrieves information directly to the NCAA Membership Financial Reporting System. As a result, all squad lists that are maintained agree with the NCAA Membership Financial Reporting System.

37. Sports Sponsorship and Demographics Forms Report

Obtain the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported by the institution meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. Once countable sports have been confirmed, ensure that the institution has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Note: Any discrepancies MUST be resolved within the NCAA Membership Financial Reporting System prior to the report being submitted to the NCAA.

Results

We received the Sports Sponsorship and Demographics Forms Report and validated that the sports reported met the minimum requires for the number of games played as well as the minimum participants, where applicable. These sports statistics are maintained also with the squad lists, which are in agreement with the NCAA Membership Financial Reporting System.

38. Pell Grants

Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (i.e. Pell Grant recipients on Full Grant-in-Aid, Pell Grant recipients on partial Grants-in-Aid and Pell Grant recipients with no Grants-in-Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institutions financial aid records, of all student-athlete Pell Grants. Note: individual student-aid file testing in step 32 above should tie any selected student athletes who received Pell Grants back to the report of all student athlete Pell Grants to test the completeness and accuracy of the report.

Results

We recalculated the total amount without exception.

We received a report detailing the Pell Grant award amount each student-athlete received which agreed to the amount of Pell Grants indicated in the NCAA Membership Financial Reporting System. We compared the amounts listed in the report to each student-athlete sampled during the Athletic Aid testing and agreed without exception.

39. Excess Transfers to Institution and Conference Realignment Expenses

Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transactions and accuracy of recording and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as the Athletic Department did not have any excess transfers to the University and did not incur Realignment expenses.

40. Total Athletics Related Debt

Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained.

Agree the total annual maturities and total outstanding athletic related debt to supporting documentation and the institution's general ledger, as applicable.

Results

According to discussions with management, this procedure is not applicable, as there is no Athletics related debt.

41. Total Institutional Debt

Agree the total outstanding institutional debt to supporting documentation and the university's audited financial statements, if available, or the institution's general ledger.

Results

We reviewed the University's audited financial statements and noted the total institutional debt for the year ending June 30, 2017.

42. Value of Athletics Dedicated Endowments

Obtain a schedule of all athletics dedicated endowments maintained by athletics, the institution, and affiliated organizations. Agree the fair market value in the schedule(s) to supporting documentation, the general ledger(s) and audited financial statements, if available.

Results

We agreed the University's and Foundation's schedule of athletics dedicated endowments to supporting documentation and the general ledger without exception.

43. Value of Institutional Endowments

Agree the total fair market value of institutional endowments to supporting documentation, the university's general ledger and/or audited financial statements, if available.

Results

We reviewed the University's audited financial statements and noted the total value of Institutional Endowments for the year ending June 30, 2017.

44. Total Athletics Related Capital Expenditures

Obtain a schedule of athletics related capital expenditures made by athletics, the university, and affiliated organizations during the reporting period.

Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as the University did not incur any Athletics related capital expenditures in 2017.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the University's compliance with National Collegiate Athletic Association Bylaw 3.2.4.15. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Dr. Susan J. Hunter, President, and the Board of Trustees and Management of the University and is not intended to be, and should not be, used by anyone other than these specified parties.

**Certified Public Accountants
Braintree, Massachusetts**

November 29, 2017

UNIVERSITY OF MAINE DEPARTMENT OF ATHLETICS

Statement of Revenues and Expenditures

For the Year Ended June 30, 2017

Appendix A

<u>Operating Revenues</u>	<u>Football</u>	<u>Men's Basketball</u>	<u>Women's Basketball</u>	<u>Other Sports</u>	<u>Non-Program Specific</u>	<u>Total</u>
1 Ticket Sales	\$ 100,460	\$ 22,434	\$ 66,705	\$ 806,436	\$ 163,637	\$ 1,159,671
2 Direct State or Governmental Support	-	-	-	-	81,313	81,313
3 Student Fees	-	-	-	-	-	-
4 Direct Institutional Support	3,295,035	944,264	1,131,157	5,952,562	774,112	12,097,130
5 Less - Transfers to Institution	-	-	-	-	-	-
6 Indirect Institutional Support	-	-	-	-	2,003,103	2,003,103
7 Guarantees	700,000	325,000	48,000	8,500	-	1,081,500
8 Contributions	522,958	51,022	44,112	652,655	394,420	1,665,166
9 In Kind- Third Party Support	-	-	-	2,168	-	2,168
10 Compensation and Benefits Provided by a Third Party	-	-	-	19,100	7,500	26,600
11 Media Rights	-	-	-	-	900,000	900,000
12 NCAA Distributions	-	-	-	-	807,504	807,504
13 Conference Distributions (Non-Media or Bowl)	-	-	-	12,089	87,222	99,311
14 Program, Novelty, Parking and Concession Sales	10,614	284	654	25,258	18,899	55,710
15 Royalties, Licensing, Advertisements and Sponsorships	-	-	-	40,000	-	40,000
16 Sports Camp Revenues	46,280	15,839	49,481	312,725	-	424,325
17 Athletics Restricted Endowment and Investment Income	26,236	1,378	6,783	4,089	3,079	41,565
18 Other Operating Revenue	13,428	-	-	93,838	349,527	456,793
19 Bowl Revenue	-	-	-	-	-	-
Subtotal Operating Revenues	4,715,012	1,360,221	1,346,891	7,929,420	5,590,315	20,941,859
Operating Expenses						
20 Athletic Student Aid	2,241,223	504,217	480,596	3,386,626	-	6,612,663
21 Guarantees	-	-	18,384	47,373	-	65,757
22 Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities	818,129	395,912	438,278	1,812,922	-	3,465,241
23 Coaching Salaries, Benefits and Bonuses paid by a Third Party	-	-	-	19,100	-	19,100
24 Support Staff/Administrative, Compensation, Benefits and Bonuses paid by the University and Related Entities	108,883	23,277	49,162	202,182	3,013,418	3,396,922
25 Support Staff/Administrative Compensation, Benefits and Bonuses paid by a Third Party	-	-	-	-	7,500	7,500
26 Severance Payments	-	-	-	-	49,131	49,131
27 Recruiting	72,981	85,249	46,570	132,857	-	337,657
28 Team Travel	512,990	162,768	195,904	1,045,688	-	1,917,349
29 Sports Equipment, Uniforms and Supplies	72,391	70,961	23,645	305,151	-	472,148
30 Game Expenses	44,809	144,820	146,159	70,798	159,915	566,500
31 Fundraising, Marketing and Promotion	10,567	-	-	58,928	270,716	340,210
32 Sports Camp Expenses	19,477	2,727	24,267	186,490	20,511	253,471
33 Spirit Groups	-	-	-	-	21,488	21,488
34 Athletic Facilities Debt Service, Leases and Rental Fees	-	-	-	-	91,607	91,607
35 Direct Overhead and Administrative Expenses	166	-	-	2,712	41,543	44,421
36 Indirect Institutional Support	-	-	-	-	2,003,103	2,003,103
37 Medical Expenses and Insurance	14,892	671	503	4,883	131,857	152,806
38 Memberships and Dues	30,840	1,385	1,410	41,815	79,157	154,607
39 Student Athlete Meals (non-travel)	1,838	21,645	5,313	29,783	-	58,579
40 Other Operating Expenses	190,506	38,197	21,552	161,143	519,648	931,047
41 Bowl Expenses	-	-	-	-	-	-
Total Operating Expenses	4,139,691	1,451,830	1,451,743	7,508,450	6,409,594	20,961,308
Excess (Deficiency) of Revenues over (Under) Expenses	\$ 575,321	\$ (91,609)	\$ (104,853)	\$ 420,970	\$ (819,279)	\$ (19,449)
50 Excess Transfers to Institution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51 Conference Realignment Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52 Total Athletics Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
53 Total Institutional Debt	\$ -	\$ -	\$ -	\$ -	\$ 160,871,000	\$ 160,871,000
54 Value of Athletics Dedicated Endowments	\$ 615,906	\$ 71,530	\$ 57,872	\$ 2,720,180	\$ 5,052,352	\$ 8,517,840
55 Value of Institutional Endowments	\$ -	\$ -	\$ -	\$ -	\$ 146,807,000	\$ 146,807,000
56 Total Athletics Related Capital Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the Statement of Revenues and Expenditures.

UNIVERSITY OF MAINE DEPARTMENT OF ATHLETICS

Notes to the Statement of Revenues and Expenditures

June 30, 2017

Appendix B

Note 1 - **Organization**

The University of Maine System (the "System") consists of seven universities, eight regional outreach centers and a central administrative office. The University of Maine Department of Athletics (the "Department") is incorporated in the financial statements of the System.

The System is a component unit of the State of Maine and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

The University of Maine Foundation ("Foundation") and the University of Maine Alumni Association (the "Association") are legally separate tax-exempt component units of the System.

Note 2 - **Summary of Significant Accounting Policies**

Basis of Presentation

The Department's Statement of Revenues and Expenditures have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows except for contributions and summer financial aid as described in Note 4. The Statement is presented in a manner that intends to report all activity of the University's Intercollegiate Athletics Department in accordance with the requirements of National Collegiate Athletic Association (the "NCAA") Financial Audit Guidelines issued by the NCAA. This Statement is a statement of activity related to the Department and does not purport to present the results of operations for the University as a whole.

Non-program Specific Revenues and Expenses

Several Department's expenses and/or functions are reported in the Statement of Revenues and Expenditures as non-program specific. They include the Athletic Director's Office, Alfond Arena, Athletic Information, Administration, Cheerleaders, Pool, Ticket Office, Hall of Fame, Goods and Services, Equipment Rooms, Athletic Development, Athletic Training, Academic Support Services, Latti Fitness Center, Compliance Office, NCAA Needy Student Fund, Athletic Marketing, Strength and Conditioning, and the Black Bear Fund.

UNIVERSITY OF MAINE DEPARTMENT OF ATHLETICS

Notes to the Statement of Revenues and Expenditures - Continued

June 30, 2017

Appendix B

Note 2 - **Summary of Significant Accounting Policies - Continued**

Support From Outside Organizations

Contributions to the Department are received from the Foundation, the Association and various booster groups. Contributions from these groups are deposited into restricted scholarship, gift, or Friends' accounts for use by the sport named on the account.

All booster groups are required to deposit their funds into the University of Maine restricted accounts. Those accounts are subject to overall University accounting controls.

The Black Bear athletic scholarship fund receives regular contributions from the Foundation. This scholarship fund provides scholarship assistance to athletes and is not restricted by sport. The Foundation holds endowment funds, which are designated for the support of University of Maine Athletics.

Receipt and Use of Non-Cash Contributions

As with all gifts, in-kind gifts must be approved by the System's Board of Trustees and the official record appears in the Board's minutes. These gifts are used during the year by Department's staff and teams to accomplish their missions.

Employee Outside Income

Coaches and administrative staff may receive outside income for speaking engagements and non-university sponsored sports camps. They also may receive goods for endorsement or consultation contracts with athletic apparel and equipment manufacturers. NCAA compliance rules require the Department to report outside income to the President. Outside income earned by Department employees is reported on line 10, Compensation & Benefits provided by a third party, in the Statement of Revenues and Expenditures.

UNIVERSITY OF MAINE DEPARTMENT OF ATHLETICS

Notes to the Statement of Revenues and Expenditures - Continued

June 30, 2017
Appendix B

Note 2 - **Summary of Significant Accounting Policies - Continued**

Capital Assets

The University expends funds to build and maintain its athletic facilities. Such costs have been recorded elsewhere in the University's accounting records and are not reflected in the accompanying Statement.

Note 3 - **Endowment Funds**

The System follows the pooled investment concept for its endowed funds, whereby all invested funds are included in one pool, except for funds that are separately invested as directed by the donor.

Note 4 - **Presentation Differences**

Summer Financial Aid

A single summer session spans two fiscal years at the University because the fiscal year ends on June 30.

The NCAA statement requires reporting the total amount of athletic-related student aid awarded, including summer school. This presentation combines the entire summer session including June, July and August with the financial transactions from the preceding spring and winter semesters. The University's statements, however, include aid in the period in which the classes are taken, and therefore differs from the statement herein.

The inherent differences between the University and NCAA reporting require users to understand these differences when using the NCAA statement for any purpose other than reporting to the NCAA.

Contributions

Contributions are received on behalf of the University's athletic department by affiliated organizations including the University of Maine Foundation and the University of Maine Alumni Association. The University does not record funds received by its affiliate organizations until the funds have been transferred to the University. Typically transfer of these monies does not occur until the related expenditure is imminent.