

Regional School Unit No. 89

**ANNUAL FINANCIAL STATEMENTS**  
**(with required and other supplementary information)**

For the Year Ended June 30, 2021

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## Independent Auditor's Report

Board of Directors  
Regional School Unit No. 89

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 89, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Unit's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 89 as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 6 through 13 and 43 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Regional School Unit No. 89's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The reconciliation of audit adjustments to annual financial data submitted to the Maine Education Financial System is presented as required by the laws of the State of Maine and is also not a required part of the basic financial statements.

The other supplementary information on Schedules 1 through 4, the schedule of expenditures of federal awards, and the reconciliation of audit adjustments to annual financial data submitted to the Maine Education Financial System are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 through 4, the schedule of expenditures of federal awards, and the reconciliation of audit adjustments to annual financial data submitted to the Maine Education Financial System are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022, on our consideration of the Regional School Unit No. 89's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Regional School Unit No. 89's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regional School Unit No. 89's internal control over financial reporting and compliance.

*Brantron Shiodian & Associates*

Bangor, Maine  
February 15, 2022

**Regional School Unit No. 89**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2021**

As management of Regional School Unit No. 89, we offer readers of the Unit's financial statements this narrative overview and analysis of the financial activities of the Unit for the fiscal year ended June 30, 2021. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. The data is reported in a manner designed to fairly present the Unit's financial position, and the results of operations of the various funds of the Unit. All disclosures necessary to enable the reader to gain an accurate understanding of the Unit's financial activities have been included.

This report covers all funds administered by the Unit in connection with its responsibility in providing educational services. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements.

**FINANCIAL INFORMATION**

Regional School Unit No. 89 was formed on July 1, 2018 from the withdrawal from Regional School Unit No. 50 of the towns of Mount Chase, Patten, Sherman and Stacyville.

The Unit's administration is responsible for establishing and maintaining an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual and human resource assets of the Unit are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Additionally, management strives to ensure that these assets are put to good and effective use.

**FINANCIAL HIGHLIGHTS**

- The total balance of the Unit's governmental activities cash and cash equivalents at June 30, 2021 was \$1,396,388.
- Under the government-wide basis of reporting, the Unit's total net position was \$2,646,032 at June 30, 2021.

**OVERVIEW OF FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the Unit's basic financial statements. The Unit's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

**Regional School Unit No. 89**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2021**

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Unit's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Unit's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Unit is improving or deteriorating.

The statement of activities presents information showing how the Unit's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as earned but unused compensated absences.

The government-wide financial statements outline functions of the Unit that are principally supported by assessments and intergovernmental revenues (governmental activities). The governmental activities of the Unit include instruction, support services, operation and maintenance of plant, transportation, administration, and adult education. Fixed assets and related debt are also supported by assessments and intergovernmental revenues. The government-wide financial statements can be found on pages 14-15 of this report.

**Fund financial statements**

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

*Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Unit's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Unit's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Capital assets and depreciation are not included in the governmental funds financial statements.

The Unit adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. This statement is included in the required supplementary information portion of the financial statements. The basic governmental fund financial statements can be found on pages 16-19 of this report.

**Regional School Unit No. 89**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2021**

**OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

**Notes to the basic financial statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20–42 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning financial performance (budget and actual with budget to GAAP differences and budget and actual with variances, and pension and OPEB information). Required supplementary information can be found on pages 43-49 of this report.

Individual statements and schedules associated with non-major governmental funds are presented following the required supplementary information on pages 50-54 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Unit, assets exceeded liabilities by \$2,646,032 as of June 30, 2021.

The largest portion of the Unit's net position reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, and furniture and equipment); less any related debt used to acquire those assets that is still outstanding. The Unit uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the Unit's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Unit's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.



**Regional School Unit No. 89**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Net Position for the Period Ending June 30, 2021 and 2020**

The current year's governmental activities financial statements are as follows:

	<b>2021</b>	<b>2020</b>
Current and other assets	\$ 2,167,871	\$ 1,579,472
Capital assets (net of accumulated depreciation)	<u>1,728,100</u>	<u>1,524,109</u>
Total Assets	3,895,971	3,103,581
Current liabilities	492,019	505,991
Non-current liabilities	<u>1,690,531</u>	<u>859,651</u>
Total Liabilities	<u>2,182,550</u>	<u>1,365,642</u>
Net Position		
Investment in capital assets (net of debt)	1,625,772	1,436,948
Restricted	419,536	145,618
Unrestricted	<u>600,724</u>	<u>344,317</u>
Total Net Position	<u>\$ 2,646,032</u>	<u>\$ 1,926,883</u>

The following are significant transactions that have had an impact on the Statement of Net Position:

- The Unit recorded depreciation expense of \$226,705 for the year ended June 30, 2021.
- The Unit implemented new accounting guidance, GASB No. 84, Fiduciary Activities. This led to the Unit reclassifying student activity and scholarship beginning fund balances of \$139,741 (see note 15.)

**Regional School Unit No. 89**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The following table presents a summary of the Unit's operations for the fiscal year ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Charges for services and other	\$ 297,288	\$ 359,100
Operating grants and contributions	1,878,936	1,062,133
Capital grants and contributions	179,832	30,052
General revenues		
Local assessments	1,703,652	1,819,093
State subsidy	2,356,380	2,329,307
Interest income	9,234	2,521
Miscellaneous	<u>10,294</u>	<u>6,187</u>
Total Revenues	<u>6,435,616</u>	<u>5,608,393</u>
<b>EXPENSES</b>		
Regular instruction	\$ 1,640,618	\$ 1,880,515,
Special education	685,838	609,892
Other instruction	112,076	131,607
Career and technical education	5,011	-
Student and staff support	439,924	444,863
System administration	201,317	193,325
School administration	350,434	336,851
Student transportation	339,987	374,542
Facilities and operations	713,263	636,478
Other commitments	-	5,991
Federal, state and local grant expense	815,893	327,331
Adult education	16,090	24,986
On-behalf payments – State of Maine	255,357	258,541
Food service	<u>4,583</u>	<u>253,052</u>
Total Expenses	<u>5,580,391</u>	<u>5,477,974</u>
Change in net position	<u>579,408</u>	<u>130,419</u>
Net position, beginning of year	1,926,883	2,373,052
Restatement of net position	139,741	(576,588)
Net position, beginning of year, restated	<u>2,066,624</u>	<u>1,796,464</u>
Net position, end of year	<u>\$ 2,646,032</u>	<u>\$ 1,926,883</u>

**Regional School Unit No. 89**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Analysis of the Unit's Operations**

Overall the Unit had a total increase in net position of \$579,408 from current year operations.

Total revenues include general revenues such as local assessments, state aid to education, and other revenue that is not program specific or charges for services, such as federal grants for special education and fees for hot lunch and adult education.

General revenues for the year ended June 30, 2021 totaled \$4,079,560. Of this amount, \$1,703,652 was from local assessments paid by the Towns of Mount Chase, Patten, Sherman and Stacyville, Maine and \$2,356,380 was from the State of Maine. In addition, \$19,528 came from interest and other miscellaneous sources.

During the year, the Unit received program specific operating grants and contributions totaling \$1,878,936 and capital grants and contributions of \$179,832. These grants and contributions represent resources that are restricted for use in particular programs and are meant to directly offset the Unit's costs for these various programs. Most of these grants and contributions come from state and federal sources.

Expenses of governmental activities include depreciation expense of \$226,705. Depreciation expense has been allocated and is included in the various function/program expenses of the Unit.

Charges for services and other represent revenues earned by the Unit in return for services provided by the Unit or the use of the Unit's property. These revenues predominately consist of tuition, adult education fees and school lunch revenues. Charges for services totaled \$297,288 for the year ended June 30, 2021.

**FINANCIAL ANALYSIS OF THE UNIT'S FUNDS**

The focus of the Unit's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Unit's financing requirements. As the Unit completed the year, its governmental funds reported a combined fund balance of \$1,213,222.

Revenues include intergovernmental revenue of \$3,591,667 and local assessments totaling \$1,720,375. On-behalf payments amounted to \$246,098. Additional information on these "on-behalf" payments can be found in notes to the basic financial statements.

Charges for services contributed \$297,287 in total revenue during the year. Of this amount, \$607 represents revenues generated from the food service program.

Total governmental fund expenditures before other financing for the year were \$5,764,760.

**Regional School Unit No. 89**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2021**

**FINANCIAL ANALYSIS OF THE UNIT'S BUDGET**

The Unit recognized revenues and expenditures on a budget basis that differs from how revenues and expenditures should be recognized under generally accepted accounting principles (GAAP). The principle differences between the two methods are as follows:

- GAAP basis revenues and expenditures include teachers' retirement plan payments made by the state on behalf of the Unit. The Unit's budget basis revenues and expenditures do not include these revenues and expenditures.
- The budget basis revenues and expenditures do not include capital lease debt revenue and offsetting outlay activity. GAAP basis revenues and expenditures include the activity for proper reporting.

During the year, actual revenues exceeded budgeted revenues by \$48,760.

Budgeted expenditures exceeded actual expenditures by \$594,708.

Excess revenues over expenditures and other uses was \$308,451. Accordingly, the budget basis fund balance at year end was \$1,175,664.

**Restatement** – Prior year net position on the government-wide financial statements and prior year beginning balance on the governmental financial statements were restated by \$139,741 to record the reclassification of student activity funds of \$111,566 and scholarship funds of \$28,175

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The following summarizes capital assets at year end:

	<b>Balance July 1, 2020</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2021</b>
Land and CIP	\$ 150,670	\$ 168,123	\$ -	\$ 318,793
Buildings and improvements	4,676,941	35,400	-	4,712,341
Equipment	788,280	40,171	-	828,451
Vehicles	859,031	187,002	(140,915)	905,118
Land improvements	<u>64,688</u>	<u>-</u>	<u>-</u>	<u>64,688</u>
Total capital assets	6,539,610	430,696	(140,915)	6,829,391
Accumulated depreciation	<u>(5,015,501)</u>	<u>(226,705)</u>	<u>140,915</u>	<u>(5,101,291)</u>
Capital assets, net	<u>\$ 1,524,109</u>	<u>\$ 203,991</u>	<u>\$ -</u>	<u>\$ 1,728,100</u>

**Regional School Unit No. 89  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)  
June 30, 2021**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Debt Administration**

A summary of the Unit's debt activity for the year ended June 30, 2021, is as follows:

	<b>Balance, July 1, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2020</b>
Capital lease obligations	\$ 87,161	\$ 93,501	\$ (78,334)	\$ 102,328
Net pension liability	125,845	110,508	(93,629)	142,724
Net OPEB liability	613,113	805,615	(8,597)	1,410,131
Compensated absences	<u>33,532</u>	<u>21,955</u>	<u>(20,139)</u>	<u>35,348</u>
Total	<u>\$ 859,651</u>	<u>\$ 1,031,579</u>	<u>\$ (200,699)</u>	<u>\$ 1,690,531</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The future of education of RSU No. 89 schools continues to be impacted by the economic struggles our State and nation are currently experiencing. Our community is very proud of its schools and the current level of program offerings. The School Board and administration view the money spent on schools as an investment into our future. We try very hard to develop budgets that are lean yet maintain the current program levels which our community has grown to expect.

**REQUEST FOR INFORMATION**

The financial report is designed to provide information to the readers of the report with a general overview of the Unit's finances. If you have questions about this report or need any additional information, contact the Superintendent's Office at 800 Station Road, Stacyville, Maine, 04777 or call (207) 365-4272.

**Regional School Unit No. 89**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,396,388
Investments	36,266
Other receivable	19,228
Due from other governments	704,325
Inventories	5,658
Prepaid expenses	6,006
Capital assets not being depreciated	318,793
Capital assets being depreciated, net of accumulated depreciation	1,409,307
	3,895,971
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	151,675
Deferred outflows related to OPEB	797,779
	949,454
<b>LIABILITIES</b>	
Accounts payable and other accrued expenses	88,014
Accrued liabilities	77,236
Accrued salaries payable	326,769
Long-term liabilities	
Due within one year	
Capital leases payable	71,123
Due in more than one year	
Capital leases payable	31,205
Net pension liability	142,724
Net OPEB liability	1,410,131
Compensated absences	35,348
	2,182,550
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	3,024
Deferred inflows related to OPEB	13,819
	16,843
<b>NET POSITION</b>	
Net investment in capital assets	1,625,772
Restricted for	
Special revenue funds	191,966
Capital projects fund	163,869
School food service fund	63,701
Unrestricted	600,724
	2,646,032
Total net position	\$ 2,646,032

See accompanying notes to basic financial statements.

**Regional School Unit No. 89**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenue			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Regular instruction	\$ 1,640,618	\$ 294,184	\$ 172,967	\$ -	\$ (1,173,467)
Special education	685,838	1,318	37,570	-	(646,950)
Other instruction	112,076	-	6,301	-	(105,775)
Career and technical education	5,011	-	-	-	(5,011)
Student and staff support	486,178	-	97,548	-	(388,630)
System administration	201,317	-	4,502	-	(196,815)
School administration	350,434	-	23,545	-	(326,889)
Student transportation	339,987	-	-	-	(339,987)
Facilities maintenance	713,263	-	-	-	(713,263)
Federal, state and local grant expense	769,639	-	1,046,929	-	277,290
Adult education	16,090	1,179	<b>21,229</b>	-	6,318
On-behalf payments - State of Maine	255,357	-	255,357	-	-
Food service	275,567	607	212,988	-	(61,972)
Capital outlay	4,833	-	-	179,832	174,999
Total governmental activities	<u>\$ 5,856,208</u>	<u>\$ 297,288</u>	<u>\$ 1,878,936</u>	<u>\$ 179,832</u>	<u>(3,500,152)</u>
<b>General revenues</b>					
Assessments					
Assessments, levied for general purposes					<b>1,703,652</b>
State subsidy					2,356,380
Unrestricted interest earnings					9,234
Miscellaneous					10,294
Total general revenues					<u>4,079,560</u>
Change in net position					<u>579,408</u>
<b>NET POSITION - BEGINNING</b>					1,926,883
Reclassification of fiduciary funds (see Note 15)					<u>139,741</u>
<b>NET POSITION - BEGINNING, RESTATED</b>					<u>2,066,624</u>
<b>NET POSITION - ENDING</b>					<u>\$ 2,646,032</u>

**Regional School Unit No. 89**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Fund - School Food Service</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,280,035	116,353	\$ -	\$ -	\$ 1,396,388
Investments	-	36,266	-	-	36,266
Due from other funds	177,068	-	265,603	39,018	481,689
Due from other governments	143,136	551,599	-	9,455	704,190
Accounts receivable	391	5,426	250	13,294	19,361
Inventories	-	-	-	5,658	5,658
Prepaid expenses	6,006	-	-	-	6,006
	<u>\$ 1,606,636</u>	<u>\$ 709,644</u>	<u>\$ 265,853</u>	<u>\$ 67,425</u>	<u>\$ 2,649,558</u>
Total assets					
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 64,399	\$ -	21,334	\$ 2,281	\$ 88,014
Due to other funds	-	481,689	-	-	481,689
Accrued liabilities	77,236	-	-	-	77,236
Accrued salaries payable	289,337	35,989	-	1,443	326,769
	<u>430,972</u>	<u>517,678</u>	<u>21,334</u>	<u>3,724</u>	<u>973,708</u>
Total liabilities					
<b>Fund balances</b>					
Nonspendable for inventory	-	-	-	5,658	5,658
Nonspendable for prepaid expenses	6,006	-	-	-	6,006
Restricted for school food service	-	-	-	58,043	58,043
Restricted for school activity funds	-	116,354	-	-	116,354
Restricted for grants and contributions	-	39,346	163,869	-	203,215
Restricted for scholarships	-	36,266	-	-	36,266
Committed for capital projects	-	-	80,650	-	80,650
Committed for stumpage	862	-	-	-	862
Committed for special education	30,000	-	-	-	30,000
Committed for fuel stabilization	35,000	-	-	-	35,000
Committed for food service	20,000	-	-	-	20,000
Committed for technology	20,000	-	-	-	20,000
Unassigned	1,063,796	-	-	-	1,063,796
	<u>1,175,664</u>	<u>191,966</u>	<u>244,519</u>	<u>63,701</u>	<u>1,675,850</u>
Total fund balances					
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,606,636</u>	<u>\$ 709,644</u>	<u>\$ 265,853</u>	<u>\$ 67,425</u>	<u>\$ 2,649,558</u>



**Regional School Unit No. 89**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2021**

Total fund balance, governmental funds		\$	1,675,850
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>			
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>			
Capital assets, net of accumulated depreciation			1,728,100
<p>Certain deferred outflows of resources and deferred inflows of resources related to pensions are not reported in this fund statement, but are reported in the governmental activities of the Statement of Net Position.</p>			
Deferred outflows related to pensions	\$	151,675	
Deferred inflows related to pensions		(3,024)	
Deferred outflows related to OPEB		797,779	
Deferred inflows related to OPEB		<u>(13,819)</u>	932,611
<p>Some liabilities, (such as Capital Leases Payable, Net Pension Liability, Net OPEB Liability, and Long-term Compensated Absences), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>			
Capital lease liability	\$	(102,326)	
Net pension liability		(142,724)	
Net OPEB liability		(1,410,131)	
Compensated absences liability		<u>(35,348)</u>	<u>(1,690,529)</u>
Net Position of Governmental Activities in the Statement of Net Position		\$	<u><u>2,646,032</u></u>

**Regional School Unit No. 89**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Other Govern- mental Funds- School Food Service</u>	<u>Total Govern- mental Funds</u>
<b>REVENUES</b>					
Local assessments	\$ 1,720,375	\$ -	\$ -	\$ -	\$ 1,720,375
Intergovernmental revenue	2,358,759	1,031,920	-	200,988	3,591,667
On-behalf payments - State of Maine	246,098	-	-	-	246,098
Charges for services	296,680	-	-	607	297,287
Interest	1,143	8,091	-	-	9,234
Donations	-	66,051	179,832	-	245,883
Other	11,343	-	-	12,000	23,343
	<u>4,634,398</u>	<u>1,106,062</u>	<u>179,832</u>	<u>213,595</u>	<u>6,133,887</u>
Total revenues					
<b>EXPENDITURES</b>					
Current					
Regular instruction	1,422,276	-	-	-	1,422,276
Special education	644,458	-	-	-	644,458
Career and technical education	5,011	-	-	-	5,011
Other instruction	111,615	-	-	-	111,615
Student and staff support	350,889	46,254	-	-	397,143
System administration	196,237	-	-	-	196,237
School administration	321,726	-	-	-	321,726
Transportation	338,978	-	-	-	338,978
Facilities maintenance	601,778	-	-	-	601,778
Federal, state and local grant expense	-	1,040,017	-	-	1,040,017
Adult education	14,863	-	-	-	14,863
On-behalf payments - State of Maine	246,098	-	-	-	246,098
Food service	909	-	-	274,174	275,083
Capital lease	93,501	-	-	-	93,501
Capital outlay	-	-	55,976	-	55,976
	<u>4,348,339</u>	<u>1,086,271</u>	<u>55,976</u>	<u>274,174</u>	<u>5,671,259</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>286,059</u>	<u>19,791</u>	<u>123,856</u>	<u>(60,579)</u>	<u>462,628</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from capital leases	93,501	-	-	-	93,501
Transfers in	18,891	-	20,000	70,000	108,891
Transfers out	(90,000)	(18,891)	-	-	(108,891)
	<u>22,392</u>	<u>(18,891)</u>	<u>20,000</u>	<u>70,000</u>	<u>93,501</u>
Total other financing sources (uses)					
Net change in fund balances	<u>308,451</u>	<u>900</u>	<u>143,856</u>	<u>9,421</u>	<u>556,129</u>
<b>FUND BALANCES - BEGINNING</b>	867,213	51,325	100,663	54,280	1,073,481
<b>Reclassification of fiduciary funds (see Note 15)</b>	-	139,741	-	-	139,741
<b>FUND BALANCES - BEGINNING, RESTATED</b>	<u>867,213</u>	<u>191,066</u>	<u>100,663</u>	<u>54,280</u>	<u>1,213,222</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,175,664</u>	<u>\$ 191,966</u>	<u>\$ 244,519</u>	<u>\$ 63,701</u>	<u>\$ 1,675,850</u>

**Regional School Unit No. 89**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2021**

Net change in fund balances - total governmental funds: \$ 556,129

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays	\$ 430,696	
Depreciation expense	<u>(226,705)</u>	203,991

Certain deferred outflows of resources and deferred inflows of resources related to pensions reported in the statement of activities do not require the use of current financial resources and these are not reported in governmental funds:

Deferred outflows related to pensions	\$ (35,444)	
Deferred inflows related to pensions	14,740	
Deferred outflows related to OPEB	759,764	
Deferred inflows related to OPEB	<u>4,607</u>	743,667

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Debt issued	\$ (93,501)	
Principal repaid	<u>78,334</u>	(15,167)

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

Net pension liability	\$ (16,877)	
Net OPEB liability	(797,018)	
Change in accrued compensated absences	<u>(1,816)</u>	(815,711)

Change in net position of governmental activities \$ 672,909

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Regional School Unit No. 89 provides educational services for the towns of Mount Chase, Patten, Sherman and Stacyville. The Unit was formed on July 1, 2018, when these towns withdrew from Regional School Unit No. 50.

The accounting and reporting policies of the Unit relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board, when applicable. The more significant accounting policies of the Unit are described below.

**A. FINANCIAL REPORTING ENTITY**

In evaluating the Unit as a reporting entity, management has addressed all potential component units for which the Unit may be financially accountable and, as such, should be included within the Unit's financial statements. In accordance with GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Unit is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the Unit. Additionally, the Unit is required to consider other organizations for which the nature and significance of their relationship with the Unit are such that exclusion would cause the reporting entity's financial statements to be misleading. Based on the application of these criteria, there are no entities that should be included as part of these financial statements.

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements report information of all activities of the Unit, except for fiduciary funds. Governmental activities, which normally are supported by assessments and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Unit has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program; and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Assessments and other items not properly included among program revenues are reported instead as general revenues.

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The Unit segregates transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and fiduciary activities. The governmental statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column, when applicable. The fiduciary statements aggregate and present each fund type as a separate column on the fund financial statements.

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (CONTINUED)**

**Governmental Funds**

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The Unit has presented the following major governmental funds:

*General Fund*

The general fund is the primary operating fund of the Unit and always classified as a major fund. This fund is used to account for all financial resources not accounted for in other funds.

*Special Revenue Fund*

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes. This fund includes federal and state grants for specific purposes as well as student activity funds and scholarship funds controlled by the Unit.

*Capital Projects Fund*

The capital projects fund is used to account for all resources for the acquisition, betterment or construction of capital facilities.

*Other Governmental Fund – School Food Service*

The other government fund – school food service fund is used to account for all food service activity.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

Measurement focus refers to what is being measured; basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and the fund financial statements for fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities, whether current or non-current, are included on the statement of net position and the operating statements present increases, revenues, and decreases, expenses, in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)**

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition of governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures and compensated absences expenditures are recorded only when payment is due.

The revenues susceptible to accrual are assessments, intergovernmental revenues and charges for services. All other governmental fund revenues are recognized when received.

**E. BUDGETS AND BUDGETARY ACCOUNTING**

The Unit's general fund operating budget is approved by referendum in June for the upcoming fiscal year. Assessments are levied against the towns of Mount Chase, Patten, Sherman and Stacyville after the budget is adopted.

Payments made by the State of Maine to the Maine Public Employees Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund in accordance with generally accepted accounting principles.

Appropriations for the general fund lapse at the end of the fiscal year.

Formal budgets are not adopted for the other funds. Grant procedures for many of the revenues included in the special revenue funds require submission of a budget. However, such budgets are not subject to formal adoption procedures and are normally prepared based upon the grant period which does not necessarily correspond with the Unit's fiscal year.

**F. FINANCIAL STATEMENT AMOUNTS**

**1. Cash, Cash Equivalents and Investments**

For purposes of the statement of net position, cash and cash equivalents includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Unit, including amounts in repurchase accounts. Additional information is presented in Note 2.

Investments are carried at fair value. Additional information, including the composition of investments, is presented in Note 2.

**2. Inventories**

Inventories of food and supplies in the food service program are valued at the lower of cost or market value using the first-in, first-out method.

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**3. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statement of net position. Any residual balances between the governmental activities and fiduciary funds are reported in the statement of net position as "due to/from fiduciary funds".

**4. Interfund Transfers**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the governmental funds on the fund financial statements. For the purposes of the government-wide statement of activities, all interfund transfers between individual funds within governmental activities have been eliminated.

**5. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental activities column on the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	60 years
Improvements	15 years
Vehicles and Equipment	5-10 years

The Unit has no assets that it considers to be infrastructure. Assets such as parking lots are capitalized as improvements in accordance with the Unit's capitalization policy.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**6. Long-term Debt**

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

All long-term debt to be repaid from governmental resources is reported as a liability in the government-wide statements. The long-term liabilities consist of capital leases and compensated absences liability.

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

Unit employees are entitled to various payments upon retirement, according to their respective collective bargaining agreements. Teachers may be paid out up to 30 days of unused sick time at a per-diem rate dependent upon their hire date and years of service. Support staff may be entitled to a payout at retirement if the employee has at least 90 days of accrued sick leave and has reached legal retirement age. Other employees may be entitled to a payout at retirement if the employee has at least 90 days of accumulated sick leave, has reached legal retirement age, and has worked in the school system for 15 years. Compensated absences liability is reported in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees.

**7. Pensions and Other Post-Employment Benefits (OPEB)**

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

**8. Use of Estimates**

Preparation of the Unit's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.



**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**9. Government-wide Net Position**

Net position represents the difference between asset and deferred outflows, and liabilities and deferred inflows in the government-wide financial statements.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds.

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

The remaining net position is reported as unrestricted. For expenditures that qualify for either classification, amounts will be first spent from restricted net position then from unrestricted net position.

**10. Governmental Fund Balances**

Fund balance represents the difference between assets and liabilities in the fund financial statements. Fund balance must be properly reported within one of the five fund balance categories listed below:

*Nonspendable* – such as fund balances associated with inventories or prepaid expenses. The Nonspendable fund balance may also include amounts that are required to be maintained intact, such as the corpus of an endowment fund.

*Restricted* fund balance category includes amounts that can be used only for the specific purposes stipulated by constitution, grantors or through enabling legislation.

*Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, which is voter approval.

*Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Directors is authorized to assign amounts under authority granted by the Unit's budget policies.

*Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Unit has not formally adopted a fund balance policy, but has implemented GASB 54 based on the definitions above. For expenditures that qualify for multiple categories, amounts will be considered first spent from restricted fund balance, followed by committed fund balance, then assigned fund balance, and finally unassigned fund balance.

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**11. Recent Accounting Standard Adoptions**

During the year ended June 30, 2021, the Unit implemented GASB Statement No. 84, *Fiduciary Activities*. This statement improves financial reporting by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The effect of this Statement on the Unit's financial statements is described in Note 15.

**12. Recent Accounting Pronouncements**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This statement improves financial reporting by increasing the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The statement was originally issued to be effective for periods beginning after December 15, 2019 but in May of 2020, the Governmental Accounting Standards Board postponed the effective date of this Statement to periods beginning after June 15, 2021. The effect of this Statement on the Unit's financial statements is not known at this time.

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash and Cash Equivalents**

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the Unit's deposits may not be returned to it. The Unit does not have a deposit policy for custodial credit risk. As of June 30, 2021, the Unit reported deposits of \$1,396,388 with bank balances of \$1,416,319. Of the Unit's total bank balance of \$1,416,319, \$508,751 was exposed to custodial credit risk. The entire \$508,751 exposed amount was collateralized.

Deposits have been reported as follows:

Reported in governmental funds	<u>\$ 1,396,388</u>
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**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments**

Statutes authorize the Unit to invest in certificates of deposit, repurchase agreements, and other available bank investments. In addition, the Unit can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

The Unit categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Unit's investments and their level in the fair value hierarchy at June 30, 2021 are as follows:

Money market mutual funds	<u>\$ 36,266</u>	Level 1
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*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of failure of the counterparty, the Unit will not be able to recover the value of its investments. The Unit does not have an investment policy for custodial credit risk. The Unit's investments of \$36,266 in mutual funds are exposed to custodial credit risk as the investments are not in the Unit's name. They are registered in the name of the Bank's custodian.

*Concentration of Credit Risk:* The Unit has no investments that meet the criteria to be classified as a concentration of credit risk. The Unit does not have a policy related to concentration of credit risk.

Investments have been reported as follows:

Reported in governmental funds	<u>\$ 36,266</u>
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**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 3. CAPITAL ASSETS**

Governmental activities capital asset activity for the year ended June 30, 2021 is as follows:

	<b>Balance June 30, 2020</b>	<b>Additions</b>	<b>Disposals/ Retirements</b>	<b>Balance June 30, 2021</b>
<i>Capital assets not being depreciated</i>				
Land	\$ 95,683	\$ -	\$ -	\$ 95,683
Construction in process	<u>54,987</u>	<u>168,123</u>	<u>-</u>	<u>223,110</u>
Total capital assets not being Depreciated	<u>150,670</u>	<u>168,123</u>	<u>-</u>	<u>318,793</u>
<i>Capital assets being depreciated</i>				
Buildings and improvements	4,676,941	35,400	-	4,712,341
Equipment	788,280	40,171	-	828,451
Vehicles	859,031	187,002	(140,915)	905,118
Land improvements	<u>64,688</u>	<u>-</u>	<u>-</u>	<u>64,688</u>
Total capital assets being depreciated	<u>6,388,940</u>	<u>262,573</u>	<u>(140,915)</u>	<u>6,510,598</u>
<i>Less accumulated depreciation for</i>				
Buildings and improvements	(3,639,209)	(104,150)	-	(3,743,359)
Equipment	(706,935)	(46,160)	-	(753,095)
Vehicles	(614,462)	(75,434)	140,915	(548,981)
Land improvements	<u>(54,895)</u>	<u>(961)</u>	<u>-</u>	<u>(55,856)</u>
Total accumulated depreciation	<u>(5,015,501)</u>	<u>(226,705)</u>	<u>140,915</u>	<u>(5,101,291)</u>
Total capital assets being depreciated, net	<u>1,373,439</u>	<u>35,868</u>	<u>-</u>	<u>1,409,307</u>
Capital assets, net	<u>\$ 1,524,109</u>	<u>\$ 203,991</u>	<u>\$ -</u>	<u>\$ 1,728,100</u>

Depreciation expense was charged to governmental activities as follows:

Student and staff support	\$ 30,400
Transportation	70,781
Facilities maintenance	125,040
Food service	<u>484</u>
Total depreciation expense	<u>\$ 226,705</u>

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 4. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities of the Unit for the year ended June 30, 2021:

	<b>Balance June 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2021</b>	<b>Portion due within one year</b>
<b>Capital Leases</b>	\$ 87,161	\$93,501	\$ (78,334)	\$ 102,328	\$ 71,123
<b>Net Pension Liability</b>	125,845	110,508	(93,629)	142,724	N/A
<b>Net OPEB Liability</b>	613,113	805,615	(8,597)	1,410,131	N/A
<b>Compensated Absences</b>	<u>33,532</u>	<u>21,955</u>	<u>(20,139)</u>	<u>35,348</u>	<u>N/A</u>
Total long-term liabilities	<u>\$ 859,651</u>	<u>\$1,031,579</u>	<u>\$(200,699)</u>	<u>\$ 1,690,531</u>	<u>\$ 71,123</u>

In accordance with Maine law, no school unit shall incur debt for specific purposes in excess of certain percentages of State valuation of member municipalities. At June 30, 2021, the Unit was in compliance with these limitations.

**Obligations under capital leases**

The Unit is the lessee of a truck and two buses under capital leases expiring in 2022 and 2023. The liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset acquired.

As of June 30, 2021, the Unit had recorded \$237,110 in vehicles related to outstanding capital leases. Amortization of these asset are included with depreciation expense. Accumulated depreciation for these assets at June 30, 2021 is \$46,961.

Minimum future lease payments under capital leases as of June 30, 2021 are:

2022	\$ 73,644
2023	<u>31,813</u>
	105,457
Less amount representing interest	<u>(3,129)</u>
Present value of minimum lease payments	<u>\$ 102,328</u>

**NOTE 5. SHORT TERM DEBT**

The following is a summary of short-term debt for the year ended June 30, 2021:

	<b>Balance June 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2021</b>
Katahdin Trust Line of Credit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A line of credit in the amount of \$100,000 was arranged when the Unit was initially formed to provide for short-term cash flow situations.

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 6. INTERFUND TRANSACTIONS**

During the course of normal operations, the Unit has numerous transactions between funds including expenditures and transfers.

Individual fund interfund receivable and payable balances at June 30, 2021 arising from these transactions, and interfund transfers were as follows:

	<u>Receivables</u>	<u>Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 177,068	\$ -	\$ 18,891	\$ 90,000
Special revenue fund	-	481,689	-	18,891
Capital projects fund	265,603	-	20,000	-
Nonmajor fund - school food service	<u>39,018</u>	<u>-</u>	<u>70,000</u>	<u>-</u>
	<u>\$ 481,689</u>	<u>\$481,689</u>	<u>\$ 108,891</u>	<u>\$ 108,891</u>

The outstanding balances between funds result mainly from short-term cash flow needs that are funded by the general fund, as it holds the Unit's checking account. The transfer of \$70,000 was made to the school food service fund, in accordance with budgetary authorization. The \$20,000 transfer was made to the capital reserve fund, in accordance with budgetary authorization. The \$18,891 transfer to the general fund from the special revenue fund was done with budgetary authorization.

**NOTE 7. NET INVESTMENT IN CAPITAL ASSETS**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of capital leases payable. The Unit's net position invested in capital assets, net of related debt was calculated as follows at June 30, 2021:

Capital assets	\$ 6,829,391
Accumulated depreciation	(5,101,291)
Related capital leases payable	<u>(102,328)</u>
Total balance	<u>\$ 1,625,772</u>

**NOTE 8. DEFINED BENEFIT PENSION PLAN**

**Maine Public Employees Retirement System**

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's State Employee and Teacher (SET) Plan. The SET plan is a cost-sharing multiple employer defined benefit plan with a special funding situation, established by the Maine State legislature. The State of Maine is a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members.

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Pension Benefits**

Benefit terms are established in Maine statute. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.92%.

**Contributions**

Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

**Contributions - SET Plan**

SET plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education (DOE) is required to contribute 14.33% of compensation for non-federally funded employees. The Unit is required to contribute 4.16% of compensation to cover the normal costs for non-federally funded employees. The Unit is also required to contribute 19.11% of compensation for federally funded employees.

The contributions for the year ended June 30, 2021 were as follows:

	<u>Covered Payroll</u>	<u>Contribution Percentage</u>	<u>Contribution Amount</u>
Employee contribution	\$ 1,869,416	7.65%	\$ 143,010
State DOE contribution for non-federally funded employees	1,717,360	14.33%	246,098
Employer contribution for normal costs	1,717,360	4.16%	71,442
Employer contribution for federally funded employees	152,056	19.12%	29,073

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Net Pension Liability**

The System separately accounts for the two groups within the SET plan, state employees being one group, and teachers the second group. Amounts disclosed for the SET plan reflect only the teachers' group portion, where applicable.

The collective net pension liability measured as of June 30, 2020 was as follows:

	SET Plan
Plan collective total pension liability	\$ 9,636,587,340
Less plan net position	<u>(8,004,335,042)</u>
Plan collective net pension liability	<u>\$ 1,632,252,298</u>

At June 30, 2021, the Unit reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Unit for contributions to the SET Plan. The amount recognized by the Unit as its proportionate share of the net pension liability and the total portion of the net pension liability that was associated with the Unit were as follows:

	SET Plan
Unit's proportionate share of the net pension liability	\$ 142,724
State's proportionate share of the net pension liability associated with the Unit	<u>2,205,523</u>
Total	<u>\$ 2,348,247</u>

The net pension liability for the Unit was measured as of June 30, 2020, and the total collective pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Unit's proportionate share percentage of the collective net pension liability for the SET Plan was 0.008744%, allocated based on Unfunded Actuarial Liability (UAL) contributions to the plan. This percentage was 0.008585% at the prior measurement date of June 30, 2019.

**Special Funding Situation – SET Plan**

The Unit participates in the SET Plan as a non-employer contributing entity in that the State pays the Initial Unfunded Actuarial Liability (IUAL) associated with the teachers and the local teacher districts pay the normal cost contributions as determined by the actuary.

**Actuarial Methods and Assumptions**

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions, applied to all periods included in the measurement:



**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
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**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

The IUAL of the SET Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses, and changes are amortized over twenty-year periods beginning on the date as of which they occur.

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

Investment Rate of Return	6.75% per annum, compounded annually
Inflation Rate	2.75%
Annual Salary Increases, Including Inflation	2.75% plus merit component based on each employee's year of service.
Cost of Living Benefit Increases	2.20%
Mortality Rates	For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females is used. For all recipients of disability benefits, the RP2014 Dataset Disabled Annuitant Mortality Table, for males and females, is used.

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Actuarial Methods and Assumptions (Continued)**

Significant Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
US Government	7.5	2.3
Private Equity	15.0	7.6
Real Assets:		
Real Estate	10.0	5.2
Infrastructure	10.0	5.3
Natural Resources	5.0	5.0
Traditional Credit	7.5	3.0
Alternative Credit	5.0	7.2
Diversifiers	10.0	5.9

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2020 for the SET plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2020 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
SET Plan	\$ 2,830,804,610	\$ 1,632,252,298	\$ 633,284,276

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
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**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Pension Expense and Revenue**

For the year ended June 30, 2021, the Unit recognized pension expense of \$137,616, made up of the Unit's proportionate share of plan pension expense \$23,329, pension expense related to specific liabilities of employers \$73,454 and net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions \$40,833, and recognized revenue of \$292,470 for support provided by the State.

**Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2021, the Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 4,565	\$ 3,024
Changes of assumptions	-	-
Net difference between projected and actual investment earnings on pension plan investments	5,917	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,636	-
Employer's contributions to plan subsequent to measurement date of collective net pension liability	99,557	-
Total	\$ 151,675	\$ 3,024

\$99,557 reported as deferred outflows related to pensions resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows and outflows will be recognized as pension expense as follows:

Year ended June 30	Amount
2022	\$ 38,219
2023	424
2024	5,253
2025	5,198
	\$ 49,094

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Further Information Available**

Further information, schedules, as well as the actuarial valuation reports for each of the Maine Public Employee Retirement System's plans may be obtained by calling 1-800-451-9800, and are available on the System's website at [www.maineopers.org/Publications/Publications.htm#Annual Reports](http://www.maineopers.org/Publications/Publications.htm#Annual Reports)

**NOTE 9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS**

**A. MAINE PUBLIC EMPLOYEE RETIREMENT SYSTEM – GROUP LIFE INSURANCE**

The Group Life Insurance Plan for Retired State Employees and Teachers (the SET Plan) is a multiple-employer cost sharing plan with a special funding situation. The State is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the plan.

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

**Contributions**

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution.

**Net OPEB Liability**

The System separately accounts for the two groups within the SET plan, state employees being one group, and teachers the second group. Amounts disclosed for the SET plan reflect only the teachers' group portion, where applicable.

The collective net OPEB liability measured as of June 30, 2020 was as follows:

	SET Plan
Plan collective total OPEB liability	\$ 106,910,772
Less plan net fiduciary position	<u>(67,029,368)</u>
Plan collective net OPEB liability	<u>\$ 39,881,404</u>

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)**

**A. MAINE PUBLIC EMPLOYEE RETIREMENT SYSTEM – GROUP LIFE INSURANCE (CONTINUED)**

The total portion of the net OPEB liability that was associated with the Unit were as follows:

	SET Plan
Unit's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Unit	<u>82,461</u>
Total	<u>\$ 82,461</u>

The net OPEB liability for the Unit was measured as of June 30, 2020, and the total collective OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. Because of the special funding situation in which the State pays the total dollar amount of each year's annual required contribution, the Unit's proportionate share percentage of the collective net OPEB liability for the SET Plan was 0.0%, and the entire net OPEB liability is reported by the State of Maine.

**OPEB Expense and Revenue**

For the year ended June 30, 2021, the Unit recognized OPEB expense of \$9,132 related to the SET Plan and recognized revenue of \$9,132 for support provided by the State, and recognized offsetting revenue and expense of \$9,259 for payments made by the State on-behalf of the Unit pursuant to the special funding situation of the SET Plan.

**Actuarial Assumptions, Discount Rate, and OPEB Plan Fiduciary Net Position**

Information on the OPEB plan's fiduciary net position, as well as the actuarial assumptions and discount rate used by the Maine Public Employees Retirement System in calculating the net OPEB liability and related amounts are disclosed in the Notes to the Audited Schedules of Employer Allocations and OPEB Amounts by Employer. Those schedules, as well as the actuarial valuation reports for each of the System's plans may be obtained by calling 1-800-451-9800, and are available on the System's website at [www.maineopers.org/Publications/Publications.htm#Annual Reports](http://www.maineopers.org/Publications/Publications.htm#Annual Reports).

**B. MAINE EDUCATION ASSOCIATION BENEFITS TRUST – EMPLOYEE HEALTH PLAN**

**Unit Plan Description**

The Unit sponsors a post-retirement benefit plan providing an implicit rate subsidy of 45% based on the blended single premium for the retiring employee (hereafter referred to as the Plan). Under State law, the blended premium is determined by blending rates for active members and retired members. The Plan is a single-employer OPEB plan administered by the Maine Education Association Benefits Trust (MEABT).

No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Regional School Unit No. 89  
Notes to Basic Financial Statements  
June 30, 2021**

**NOTE 9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)**

**B. MAINE EDUCATION ASSOCIATION BENEFITS TRUST – EMPLOYEE HEALTH PLAN  
(CONTINUED)**

**Benefits Provided**

Under the Plan, MEABT provides a partial premium rate subsidy for retirees that have participated in the MEA Benefits Trust health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above). For those Unit employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B.

*Employees Covered by Benefit Terms* – At June 30, 2020, the following employees were covered by the Plan benefit terms:

Inactive retirees or beneficiaries	30
Active employees	<u>61</u>
Total	<u><u>91</u></u>

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

The Unit's total Plan OPEB liability of \$1,410,131 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Changes in the Total Plan OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 613,113
Changes for the year:	
Service Cost	3,205
Interest	21,410
Changes of benefit terms	(105,540)
Differences between expected and actual experience	657,424
Changes in assumptions or other inputs	229,798
Benefit payments	<u>(9,279)</u>
Net changes	<u>797,018</u>
Balance at June 30, 2021	<u><u>\$ 1,410,131</u></u>

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
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**NOTE 9. OTHER POST RETIREMENT BENEFIT (OPEB) PLAN (CONTINUED)**

**B. MAINE EDUCATION ASSOCIATION BENEFITS TRUST – EMPLOYEE HEALTH PLAN  
(CONTINUED)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

The changes that are provided in the deferred inflows and outflows are related to the change in the discount rate between the beginning of the measurement date (3.50%) and the end of the measurement date (2.21%). In addition, the MEABT moved its Medicare companion plan to a Medicare Advantage plan effective July 1, 2020. It is estimated that the migration to the Medicare Advantage plan reduced obligations by \$105,540 measured as of the measurement date of June 30, 2020 at a discount rate of 3.50%

For the year ended June 30, 2021, The Unit recognized OPEB expense of \$68,223 related to the Plan. At June 30, 2021, The Unit reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 547,853	\$ -
Changes in assumptions or other inputs	215,032	13,819
Employer contributions after measurement date	<u>34,894</u>	<u>-</u>
Total	<u>\$ 797,779</u>	<u>\$ 13,819</u>

\$34,894 reported as deferred outflows related to pensions resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows and outflows will be recognized as pension expense as follows:

Year ended June 30:	
2022	\$ 149,148
2023	149,148
2024	149,150
2025	153,753
2026	<u>147,867</u>
Total	<u>\$ 749,066</u>

**Actuarial Assumptions - Plan** - The total OPEB liability in the June 30, 2020 actuarial valuation for the Plan was determined using assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, and retirement; changes in compensation; rates of investment earnings, and asset appreciation or depreciation; procedures used to determine the actuarial value of assets; and other relevant items.

Mortality rates for the Plan were based on the 2010 Public Plan Teacher Benefits Weighted Employee Mortality Table, for males and females. The rates are generationally projected using the RPEC\_2020 model.

The actuarial assumptions used in the June 30, 2020 valuation for the Plan were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 9. OTHER POST RETIREMENT BENEFIT (OPEB) PLAN (CONTINUED)**

**B. MAINE EDUCATION ASSOCIATION BENEFITS TRUST – EMPLOYEE HEALTH PLAN (CONTINUED)**

**Discount Rate - Plan** - The rate used to measure the total OPEB liability for the Plan was 2.21% per annum. Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year tax-exempt general obligation municipal bond index. The rate is assumed to be an index rate for 20-year tax- exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

**Sensitivity of the Total Plan OPEB Liability to Changes in the Discount Rate** - Changes in the discount rate affect the measurement of the Total OPEB Liability (TOL). Lower discount rates produce higher TOL and higher discount rates produce a lower TOL. The following table presents the Unit's total OPEB liability related to the Plan calculated using the discount rate of 2.21%, as well as what the Unit's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage-point higher (3.21%) than the current rate:

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$ 1,620,113	\$ 1,410,131	\$ 1,236,382
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 1,620,113</u>	<u>\$ 1,410,131</u>	<u>\$ 1,236,382</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%

A one percent decrease in the discount rate increases the Net OPEB Liability (NOL) by approximately 14.9%. A one percent increase in the discount rate decreases the NOL by approximately 12.3%.

**Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates** - Changes in the healthcare trend rate affect the measurement of the Total OPEB Liability (TOL). Lower healthcare trend rates produce higher TOL and higher healthcare trend rates produce a lower TOL. The following table presents the Unit's total OPEB liability related to the Plan calculated using the current healthcare cost trend rate, as well as what the Unit's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend	1% Increase
Total OPEB Liability	\$ 1,225,444	\$ 1,410,131	\$ 1,635,790
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 1,225,444</u>	<u>\$ 1,410,131</u>	<u>\$ 1,635,790</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

A one percent decrease in the healthcare trend rate decreases the NOL by approximately 13.1%. A one percent increase in the healthcare trend rate increases the NOL by approximately 16.0%.



**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 10. RESTRICTED FUND BALANCES – SPECIAL REVENUE FUND**

At June 30, 2021, the Unit maintained restricted fund balances in its special revenue fund for the following programs:

University of Fort Kent grant	\$ 4,644
Friends of Katahdin Woods and Water	305
Butler Foundation outdoor education	968
Maine interactive television	4,426
Mainecare	29,003
Student activities	116,354
Scholarships	<u>36,266</u>
	<u>\$ 191,966</u>

**NOTE 11. CAPITAL PROJECTS FUND BALANCES**

A capital reserve account was established by the School Unit. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The reserve had a balance of \$60,650 at July 1, 2020. The Board voted to contribute \$20,000 of voter budgeted funds during the fiscal year ended June 30, 2021, resulting in a committed balance of \$80,650 at June 30, 2021.

Three grants totaling \$175,000 were received by the Unit in the fiscal year ended June 30, 2021 for specific capital projects to upgrade the schools' doors, lunchrooms and heating systems. \$51,144 was expended for the replacement of doors and windows in the school buildings and to upgrade the schools' wireless system. The restricted balance in the capital project fund at June 30, 2020 was \$40,013. A restricted balance of \$163,869 remains in the capital project fund for five projects.

**NOTE 12. INSURANCES AND PARTICIPATION IN PUBLIC ENTITY RISK POOL**

The Unit is exposed to various risks of losses related to torts, theft, damage, and destruction of assets, injuries to employees, and natural disasters. The Unit maintains various commercial insurance policies to mitigate these risks to an acceptable level and to limit the Unit's exposure to losses.

The Unit is a member of the Maine School Management Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Unit pays an annual premium to the Fund for its worker's compensation coverage. The Unit's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member Units for claims in excess of \$500,000 with an excess limit of \$25,000,000.

The Unit is also a member of the Maine School Management Association - Unemployment Compensation Trust Fund ("MSMA"). MSMA was created to formulate, develop and administer a program of modified self-funding for MSMA's membership, obtain lower costs for unemployment compensation coverage and develop a comprehensive loss control program. The Unit contributes to MSMA based on the first \$12,000 of wages for unemployment compensation. Each member has its reserve, which is determined by the actuary. If the reserve is higher than is determined by the actuary, excess contributions are returned to the member. The annual rate set by MSMA's actuary is based on the member's reserve and on estimated future claims. Each member is responsible for its own excess of claims over reserve.

**Regional School Unit No. 89**  
**Notes to Basic Financial Statements**  
**June 30, 2021**

**NOTE 13. CONTINGENCIES**

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

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

**NOTE 14. JOINTLY GOVERNED ORGANIZATION**

The Unit and various entities in the region jointly operate a vocational education school. A separate legal entity known as Region Two School of Applied Technology was established by State law and is governed by an eighteen-member board, of which two members represents the Unit. Complete financial statements for the vocational school can be obtained from Region Two School of Applied Technology; P O Box 307, Houlton, ME 04730.

**NOTE 15. RESTATEMENT OF BEGINNING NET POSITION AND BEGINNING FUND BALANCE**

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, the Unit restated its beginning net position on the government-wide statements and beginning fund balance of special revenue funds on the fund financial statements by \$139,741, to record the reclassification of fiduciary funds of \$28,175 and agency funds of \$111,566.

**NOTE 16. COMMITMENTS**

At June 30, 2021, the Unit is committed to a school renovation construction contract totaling approximately \$293,475 and a maintenance contract totaling \$25,120.

**NOTE 17. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 15, 2022, the date on which the financial statements were available to be issued.

**Regional School Unit No. 89**  
**Budget and Actual (with Budget to GAAP Differences)**  
**General Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts			Actual Amounts - Budgetary Basis	Budget to GAAP Differences **	Actual Amounts - GAAP Basis
	Original	Budget Changes *	Final			
<b>REVENUES</b>						
Local assessments	\$ 1,720,375	\$ -	1,720,375	\$ 1,720,375	\$ -	\$ 1,720,375
Intergovernmental revenue	2,363,801	-	2,363,801	2,358,759	-	2,358,759
On-behalf payments - State of Maine	-	-	-	-	246,098	246,098
Charges for services	244,800	-	244,800	296,680	-	296,680
Interest	2,000	-	2,000	1,143	-	1,143
Other	8,564	-	8,564	11,343	-	11,343
Total revenues	4,339,540	-	4,339,540	4,388,300	246,098	4,634,398
<b>EXPENDITURES</b>						
Current						
Regular instruction	1,631,430	-	1,631,430	1,422,276	-	1,422,276
Special education	733,464	-	733,464	644,458	-	644,458
Other instruction	192,893	-	192,893	111,615	-	111,615
Career and technical education	5,011	-	5,011	5,011	-	5,011
Student and staff support	434,454	-	434,454	350,889	-	350,889
System administration	217,902	-	217,902	196,237	-	196,237
School administration	339,798	-	339,798	321,726	-	321,726
Transportation	411,068	-	411,068	338,978	-	338,978
Facilities maintenance	602,102	-	602,102	601,778	-	601,778
Adult education	28,826	-	28,826	14,863	-	14,863
On-behalf payments - State of Maine	-	-	-	-	246,098	246,098
Food Service	6,500	-	6,500	909	-	909
Capital outlay for capital leases	-	-	-	-	93,501	93,501
Total expenditures	4,603,448	-	4,603,448	4,008,740	339,599	4,348,339
Excess (deficiency) of revenues over expenditures	(263,908)	-	(263,908)	379,560	(93,501)	286,059
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital leases	-	-	-	-	93,501	93,501
Use of carryover fund balance	311,908	-	311,908	-	-	-
Transfers in	22,000	-	22,000	18,891	-	18,891
Transfers out	(70,000)	-	(70,000)	(90,000)	-	(90,000)
Total other financing sources (uses)	263,908	-	263,908	(71,109)	93,501	22,392
Net change in fund balances	\$ -	\$ -	\$ -	308,451	-	308,451
<b>FUND BALANCE - BEGINNING</b>				867,213	-	867,213
<b>FUND BALANCE - ENDING</b>				\$ 1,175,664	\$ -	\$ 1,175,664

\*\* - Adjustments necessary to convert the general fund's net change in balances on the budget basis to a GAAP basis are provided below:

Net change in fund balances - budget basis	\$ 308,451
Proceeds from capital lease	93,501
Capital outlay - capital lease	(93,501)
On-behalf payments revenue	246,098
On-behalf payments expenditures	(246,098)
Net change in fund balances - GAAP basis	\$ 308,451

**Regional School Unit No. 89**  
**Budget and Actual (with Variances)**  
**General Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts			Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Budget Changes *	Final		
<b>REVENUES</b>					
Local assessments	\$ 1,720,375	\$ -	\$ 1,720,375	\$ 1,720,375	\$ -
Intergovernmental revenue	2,363,801	-	2,363,801	2,358,759	(5,042)
Charges for services	244,800	-	244,800	296,680	51,880
Interest	2,000	-	2,000	1,143	(857)
Other	8,564	-	8,564	11,343	2,779
Total revenues	4,339,540	-	4,339,540	4,388,300	48,760
<b>EXPENDITURES</b>					
Current					
Regular instruction	1,631,430	-	1,631,430	1,422,276	209,154
Special education	733,464	-	733,464	644,458	89,006
Other instruction	192,893	-	192,893	111,615	81,278
Career and technical education	5,011	-	5,011	5,011	-
Student and staff support	434,454	-	434,454	350,889	83,565
System administration	217,902	-	217,902	196,237	21,665
School administration	339,798	-	339,798	321,726	18,072
Transportation	411,068	-	411,068	338,978	72,090
Facilities maintenance	602,102	-	602,102	601,778	324
Adult Education	28,826	-	28,826	14,863	13,963
Food Service	6,500	-	6,500	909	5,591
Total expenditures	4,603,448	-	4,603,448	4,008,740	594,708
Excess (deficiency) of revenues over expenditures	(263,908)	-	(263,908)	379,560	643,468
<b>OTHER FINANCING SOURCES (USES)</b>					
Use of carryover fund balance	311,908	-	311,908	-	(311,908)
Transfers in	22,000	-	22,000	18,891	(3,109)
Transfers out	(70,000)	-	(70,000)	(90,000)	(20,000)
Total other financing sources (uses)	263,908	-	263,908	(71,109)	(335,017)
Net change in fund balances	\$ -	\$ -	\$ -	308,451	\$ 308,451
<b>FUND BALANCE - BEGINNING</b>				867,213	
<b>FUND BALANCE - ENDING</b>				<u>\$ 1,175,664</u>	

**Regional School Unit No. 89**  
**Schedule of the Unit's Proportionate Share of the Net Pension Liability**  
**State Employees and Teachers Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2021</u>	<u>2020</u>						
Unit's proportion of the net pension liability	0.008744%	0.008585%						
Unit's proportionate share of the net pension liability	\$ 142,724	\$ 125,845						
State's proportionate share of the net pension liability associated with the Unit	<u>2,205,523</u>	<u>1,806,005</u>						
Total	<u>\$ 2,348,247</u>	<u>\$ 1,931,850</u>						
Unit's covered-employee payroll ***	\$ 1,868,341	\$ 1,683,258						
Unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	7.64%	7.48%						
Plan fiduciary net position as a percentage of the total pension liability **	83.06%	84.52%						

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

\*\* Plan net position and collective net pension liability reflect only the teachers' group portion of the SET plan

\*\*\*Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.

\*\*\* The Unit's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For System employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

**Regional School Unit No. 89  
Schedule of Unit's Pension Contributions  
State Employees and Teachers Plan  
Last 10 Fiscal Years\*  
For the years ended June 30,**

	<u>2021</u>	<u>2020</u>						
Contractually required contribution	\$ 93,629	\$ 78,737						
Contributions in relation to the contractually required contribution **	<u>(93,629)</u>	<u>(78,737)</u>						
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>						
Unit's covered-employee payroll ***	\$ 1,868,341	\$ 1,683,258						
Contributions as a percentage of covered-employee payroll	5.01%	4.68%						

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

\*\*Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.

\*\*\* The Unit's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For System employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

**Notes to Schedule:**

**Changes of Benefit Terms:** There were no changes of benefit terms in FY 2021

**Changes in Benefit Assumptions:** There were no changes of benefit assumptions in FY2021

**RSU 89 - Regional School Unit No. 89**  
**Schedule of the Unit's Proportionate Share of the Net OPEB Liability**  
**State Employees and Teachers Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>						
Unit's proportion of the net OPEB liability	0.000000%	0.000000%							
Unit's proportionate share of the net OPEB liability	\$ -	\$ -							
State's proportionate share of the net OPEB liability associated with the Unit	<u>82,461</u>	<u>72,945</u>							
Total	<u>\$ 82,461</u>	<u>\$ 72,945</u>							
Unit's covered-employee payroll	\$ 1,688,000	\$ 1,758,000							
Unit's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%							
Plan fiduciary net position as a percentage of the total OPEB liability **	62.70%	62.29%							

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

\*\* Plan net position and collective net OPEB liability reflect only the teachers' group portion of the SET plan

**RSU 89 - Regional School Unit No. 89**  
**Schedule of Unit OPEB Contributions**  
**State Employees and Teachers Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Contractually required contribution	\$ -	\$ -							
Contributions in relation to the contractually required contribution	-	-							
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>							
Unit's covered-employee payroll	\$ 1,688,000	\$ 1,758,000							
Contributions as a percentage of covered-employee payroll	-	-							

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year



**Regional School Unit No. 89**  
**Schedule of Changes in Net OPEB Liability and Related Ratios -**  
**Postretirement Employee Healthcare Plan**  
**For the Year Ended June 30,**

	Year Ended June 30, 2021 Actuarial Valuation Date June 30, 2020	Year Ended June 30, 2020 Actuarial Valuation Date June 30, 2019	Year Ended June 30, 2019 Actuarial Valuation Date June 30, 2018
<b><u>Total OPEB Liability</u></b>			
Service cost (BOY)	\$ 3,205	\$ 2,566	\$ 2,861
Interest (includes interest on service cost)	21,410	21,690	20,529
Changes of benefit terms	(105,540)	-	-
Differences between expected and actual experience	657,424	-	-
Changes in assumptions	229,798	35,302	(27,640)
Benefit payments, including refunds of member contributions	(9,279)	(8,597)	(8,300)
<b>Net change in total OPEB liability</b>	<b>\$ 797,018</b>	<b>\$ 50,961</b>	<b>\$ (12,550)</b>
<b>Total OPEB liability - beginning</b>	<b>\$ 613,113</b>	<b>\$ 562,152</b>	<b>\$ 574,702</b>
<b>Total OPEB liability - ending</b>	<b>\$ 1,410,131</b>	<b>\$ 613,113</b>	<b>\$ 562,152</b>
<b><u>Plan fiduciary net position</u></b>			
Contributions - employer	9,279	8,597	8,300
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(9,279)	(8,597)	(8,300)
Administrative expense	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net OPEB liability - ending</b>	<b>\$ 1,410,131</b>	<b>\$ 613,113</b>	<b>\$ 562,152</b>
Covered employee payroll	\$ 2,258,490	\$ 2,397,473	\$ 2,333,307
Net OPEB liability as a percentage of covered employee payroll	<u>62.4%</u>	<u>25.6%</u>	<u>24.1%</u>

**Notes to schedule:**

**Changes in Benefit Terms** - MEABT changes in Medicare plans reflect changes in the obligation

Fiscal Year	Impact on Obligation
2021	(\$105,540)

**Changes of Assumptions** - Under the Health Plan, changes of assumptions and other inputs reflect the changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2021	2.21%
2020	3.50%
2019	3.87%

**Regional School Unit No. 89  
Budget and Assessment - General Fund  
For the Year Ended June 30, 2021**

**BUDGET REQUIREMENTS**

Operations and indebtedness - School Budget	<u>\$ 4,673,448</u>
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**REDUCTIONS OF REQUIREMENTS**

Estimated revenues	2,641,165
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Utilization of fund balance - budget	<u>311,908</u>
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Total reductions of requirements	<u>2,953,073</u>
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Net budget requirements	<u>\$ 1,720,375</u>
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**ASSESSMENTS**

Mount Chase	\$ 388,393
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Patten	545,089
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Sherman	535,911
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Stacyville	<u>250,982</u>
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	<u>\$ 1,720,375</u>
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**Regional School Unit No. 89**  
**Schedule of Special Revenue Fund Activity**  
**For the Year Ended June 30, 2021**

	June 30, 2020	Reclassification of fiduciary	Revenues	Expenditures	Transfers	June 30, 2021
	Balance	funds				Balance
MEEA Outdoor Learning	\$ -	\$ -	\$ 1,500	\$ 1,500	\$ -	\$ -
Maine Farm to Institution Innovation Grant	-	-	144	144	-	-
UMFK Grant	4,644	-	-	-	-	4,644
Friends of Katahdin Woods and Waters	-	-	2,625	2,320	-	305
Cole Foundation	-	-	10,741	10,741	-	-
Butler Foundation	968	-	-	-	-	968
Maine ITV	9,308	-	-	-	(4,882)	4,426
Proficiency Based Learning	2,009	-	-	-	(2,009)	-
Title IA	-	-	141,494	185,588	44,094	-
Title IVA	-	-	15,982	-	(15,982)	-
MaineCare	34,396	-	6,607	-	(12,000)	29,003
Local Entitlement	-	-	96,849	96,849	-	-
Local Entitlement - Preschool	-	-	468	468	-	-
ESSER I	-	-	23,706	23,706	-	-
CRF I	-	-	266,690	266,690	-	-
CRF II	-	-	280,288	280,288	-	-
ESSER II	-	-	117,658	117,658	-	-
21st Century	-	-	20,310	20,310	-	-
Title V	-	-	28,680	28,680	-	-
Title IIA	-	-	33,187	5,075	(28,112)	-
Student activity	-	111,566.00	51,042	46,254	-	116,354
Scholarship	-	28,175.00	8,091	-	-	36,266
	<u>\$ 51,325</u>	<u>\$ 139,741</u>	<u>\$ 1,106,062</u>	<u>\$ 1,086,271</u>	<u>\$ (18,891)</u>	<u>\$ 191,966</u>
Totals						

**Regional School Unit No. 89**  
**Katahdin Elementary School Activities**  
**Schedule of Cash Receipts and Disbursements**  
**For the year ended June 30, 2021**

	<b>Balance</b>				<b>Balance</b>
	<b>6/30/20</b>	<b>Receipts</b>	<b>Disbursements</b>		<b>6/30/21</b>
5th grade Boston trip	\$ 270	\$ -	\$ -	\$ -	\$ 270
After school fund	3,028	1,580	1,145		3,463
Book fair	70	-	-		70
Celebration of life	9,527	3,051	4,223		8,355
Chorus/Band	1,131	1,000	523		1,608
Food Corps grant	-	1,276	219		1,057
Good Shepherd food pantry	2,000	2,600	471		4,129
Library book fund	156	-	-		156
Outdoor ed gear grant	-	2,625	2,373		252
Old/outstanding checks	291	-	-		291
Student activities	4,828	2,123	5,686		1,265
Sunshine fund	197	503	570		130
	<u>21,498</u>	<u>14,758</u>	<u>15,210</u>		<u>21,046</u>
Totals	<u>\$ 21,498</u>	<u>\$ 14,758</u>	<u>\$ 15,210</u>	<u>\$ -</u>	<u>\$ 21,046</u>

**Regional School Unit No. 89**  
**Katahdin Middle/High School Activities**  
**Schedule of Cash Receipts and Disbursements**  
**For the Year Ended June 30, 2021**

	<b>Balance</b>				<b>Balance</b>
	<b>6/30/20</b>	<b>Receipts</b>	<b>Disbursements</b>		<b>6/30/21</b>
50/50	\$ 1,813	\$ -	\$ -		\$ 1,813
Art Club	6,458	-	-		6,458
Band	663	-	-		663
Band Trip	1,502	-	-		1,502
Baseball	(1,033)	1,033	36		(36)
Basketball games	6,071	1,011	847		6,235
Booster booth	1	-	-		1
Chorus	494	72	272		294
Classes:		-	-		
2019	603	-	117		486
2020	510	-	70		440
2021	1,240	706	1,987		(41)
2022	1,448	1,020	117		2,351
2023	3,022	144	171		2,995
2024	3,628	-	-		3,628
2025	1,227	-	-		1,227
2026	4,824	-	-		4,824
Close up DC	(3)	-	-		(3)
Civil Rights	373	-	-		373
Dark Park	(255)	-	-		(255)
Dirigo	33	-	-		33
General fund	3,445	6,087	4,995		4,537
Health	1,284	220	461		1,043
Houlton Regional Hospital	500	500	-		1,000
HS After School Program	2,393	948	2,048		1,293
HS Outdoor Education	-	750	750		-
KFCU	400	1,500	1,500		400
KHS interest	1,035	57	-		1,092
KHS Pack	5,025	-	-		5,025
Laptop insurance	288	-	-		288
Library funds	508	-	-		508
Life skills	138	-	-		138

continued

**Regional School Unit No. 89  
Katahdin Middle/High School Activities  
Schedule of Cash Receipts and Disbursements  
For the Year Ended June 30, 2021**

	<b>Balance 6/30/20</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance 6/30/21</b>
Math team	258	-	-	258
Math workshop	469	-	-	469
Maine Regional Hospital Employees	500	1,000	-	1,500
Middle School concessions	737	-	-	737
Middle School outing	9,191	2,039	5,573	5,657
National Honor Society	2,196	-	6	2,190
PE grant	325	-	-	325
Reunion	1,748	-	-	1,748
Scholarships	23,624	13,025	5,950	30,699
Science fair	563	-	-	563
Senior donations	-	100	-	100
Ski club	180	-	-	180
Ski for life	-	695	-	695
Soccer jackets	6	35	-	41
Softball	540	-	540	-
KHS STOP	(345)	-	-	(345)
Student council	1,754	38	76	1,716
Uncleared Checks	1,704	-	-	1,704
Varsity Girls B-ball	362	-	-	362
Weightlifting/Chess	6	-	-	6
Yearbook	(1,385)	4,804	5,028	(1,609)
Totals	<u>\$ 90,068</u>	<u>\$ 36,284</u>	<u>\$ 31,044</u>	<u>\$ 95,308</u>



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**Report on Compliance  
With the Requirements of the  
Maine School Finance Act**

Board of Directors  
Regional School Unit No. 89

We audited the financial statements of Regional School Unit No. 89 as of and for the year ended June 30, 2021, and have issued our report thereon dated February 15, 2022.

The management of Regional School Unit No. 89 is responsible for the Unit's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the Unit's compliance with laws and regulations, noncompliance with which could have a material effect on the financial statements of Regional School Unit No. 89.

Title 20-A Sec 6051 requires certain written assurances with respect to school audits. Our audit of compliance with laws and regulations consisted of, at a minimum, the following:

1. The audit has been conducted in accordance with applicable state and federal laws relating to financial and compliance audits as indicated in federal Office of Management and Budget circulars.
2. Budgetary controls were in place.
3. A determination of whether or not the annual financial data submitted to the department is correct.
4. A determination of whether or not the Unit has exceeded its authority to expend funds as provided by the total budget summary article.
5. The Unit has complied with applicable provisions of the Essential Services and Program Funding Act.
6. A determination of whether the school administrative unit has complied with the applicable provisions of the unexpended balances requirements established under section 15004.
7. The Unit has complied with transfer limitations between budget cost centers pursuant to section 1485, subsection 4.
8. The Unit has complied with budget content requirements pursuant to section 15693, subsection 1 and cost center summary budget format requirements pursuant to sections 1305C, 1485, 1701C and 2307.

The results of our tests indicate that, for the items tested, Regional School Unit No. 89 complied with those provisions of Maine laws and regulations. Nothing came to our attention that caused us to believe that, for the items not tested, Regional School Unit No. 89 was not in compliance with Maine laws and regulations.

*Brantner Thibodeau & Associates*

February 15, 2022

**Regional School Unit No. 89**  
**Reconciliation of Audit Adjustments to the Annual Financial Data**  
**Submitted to Maine Education Financial System**  
**For the Year Ended June 30, 2021**

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Capital Projects</b>	<b>School Food Service</b>	<b>Totals</b>
<i>June 30 balance as per MEFS Financial System</i>	\$ 1,183,857	\$ 41,987	\$ 245,853	\$ 89,261	\$ 1,560,958
Beginning Fund Balance Adjustments	827	167,852	-	6,886	175,565
<b>Revenue adjustments</b>	80	10,458	24,582	-	35,120
<b>Expenditure adjustments</b>	(9,350)	(28,330)	(25,916)	(32,445)	(96,041)
<b>Rounding adjustments</b>	-	(1)	-	(1)	(2)
<b><i>Audited GAAP Basis Fund Balance</i></b>	<u>\$ 1,175,414</u>	<u>\$ 191,966</u>	<u>\$ 244,519</u>	<u>\$ 63,701</u>	<u>\$ 1,675,600</u>





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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***

Board of Directors  
Regional School Unit No. 89

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 89, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Regional School Unit No. 89's basic financial statements, and have issued our report thereon dated February 15, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Regional School Unit No. 89's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional School Unit No. 89's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 89's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Regional School Unit No. 89'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 financial statements. 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 that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of Regional School Unit No. 89, in a separate letter dated February 15, 2022.

### **Purpose of this Report**

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

*Brantner Whibodian & Associates*

February 15, 2022

**Independent Auditor's Report on Compliance For Each Major Program  
and on Internal Control over Compliance Required by the Uniform Guidance**

Board of Directors  
Regional School Unit No. 89

**Report on Compliance for Each Major Federal Program**

We have audited Regional School Unit No. 89's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Regional School Unit No. 89's major federal programs for the year ended June 30, 2021. Regional School Unit No. 89's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***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 Regional School Unit No. 89'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 Regional School Unit No. 89's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 Regional School Unit No. 89's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Regional School Unit No. 89, 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, 2021.

## Report on Internal Control Over Compliance

Management of Regional School Unit No. 89 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 Regional School Unit No. 89'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 Regional School Unit No. 89's internal control over compliance.

*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.

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

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.

*Brantner Shiodian & Associates*

February 15, 2022

**Regional School Unit No. 89**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures
U.S. Department of Education			
Direct			
Rural education achievement program	84.358	13-05A-1078-03	\$ 28,680
<i>Passed through State Department of Education</i>			
Title IA disadvantaged	84.010	13-05A-6334-13	185,588
Title IIA - Improving teacher quality	84.367	13-05A-3042-11	5,075
Education Stabilization Fund under the Coronavirus Aid, and Economic Security Act (1)	84.425D	13-05A-7006-90	23,706
Education Stabilization Fund under the Coronavirus Aid, and Economic Security Act (2)	84.425D	13-05A-7041-90	117,658
<i>Special Education Cluster</i>			
Special Education - Grants to States- Preschool	84.173	13-05A-6247-23	468
Special Education - Grants to States	84.027	13-05A-3046-12	96,849
<i>Total Special Education Cluster</i>			<u>97,317</u>
<i>Passed through Maine Family Resource Center</i>			
21st Century Community Learning Center	84.287	Unknown	<u>20,310</u>
Total U.S. Department of Education			<u>478,334</u>
U.S. Department of Treasury			
<i>Passed through State Department of Education</i>			
Coronavirus Relief Fund 1	21.019	022-05A-7010-60-6306-7010CRF-F2021	266,690
Coronavirus Relief Fund 2	21.019	022-05A-7015-60-6306-7015CRF2-F2021	<u>280,288</u>
Total U.S. Department of Treasury			<u>546,978</u>
U.S. Department of Agriculture			
<i>Passed through State Department of Education</i>			
Fresh fruit and vegetables	10.582	13-05A-3028-05	4,940
<i>Child Nutrition Cluster</i>			
National school lunch program	10.555	13-05A-3024-05	13,657
Summer Food Service Program for Children (COVID-19)	10.559	13-05A-7130-05	190,501
<i>Total Child Nutrition Cluster</i>			<u>204,158</u>
Total U.S. Department of Agriculture			<u>209,098</u>
Total federal programs			<u>\$ 1,234,410</u>

**Regional School Unit No. 89**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

**OF THE SCHEDULE**

The Uniform Guidance requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified in the catalog of Federal Domestic Assistance (CFDA).

**SIGNIFICANT ACCOUNTING POLICIES**

**1. REPORTING ENTITY**

The accompanying schedule includes all federal award programs of the Unit for the fiscal year ended June 30, 2021. The reporting entity is defined in the Notes to the Financial Statements of Regional School Unit No. 89.

**2. BASIS OF PRESENTATION**

The information in this schedule is presented in accordance with the requirements of 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).

- a. Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
- b. The Uniform Guidance establishes the level of expenditures to be used in defining major federal financial award programs. Major programs for the Unit have been identified in the Schedule of Findings and Questioned Costs.

**3. BASIS OF ACCOUNTING**

The information presented in the Schedule of Expenditures of Federal Awards is presented on a basis consistent with the Unit's general-purpose financial statements. The grants included are all accounted for on a modified accrual basis of accounting which is described in the notes to the general-purpose financial statements.

**4. INDIRECT COST RATE**

The Unit has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**5. NONCASH AWARDS**

The amount of \$8,111, reported on the schedule is the value of commodities received by the Unit during the current year and priced as prescribed by USDA and is included in the National School Lunch Program total.

**6. CHILD NUTRITION CLUSTER**

The Unit commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Unit assumes it expends federal monies first.

**Regional School Unit No. 89**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

**Section I — Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP - *Unmodified opinion*

Internal control over financial reporting

- Material weakness(es) identified? -  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses? -  yes  no

Noncompliance material to financial statements noted? -  yes  no

**Federal Awards**

Internal control over major programs

- Material weakness(es) identified? -  yes  no
- Significant deficiencies identified that are not considered to be material weakness(es)? -  yes  none reported

Type of auditor’s report issued on compliance for major programs - *Unmodified opinion*

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)? -  yes  no

Identification of major programs

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
21.019	Coronavirus Relief Funds

Dollar threshold used to distinguish between Type A and Type B programs - \$750,000

Auditee qualified as low-risk auditee? -  yes  no

**Regional School Unit No. 89**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

**Section II — Financial Statement Findings**

None

*Criteria or specific*

*requirement*

*Condition*

*Context*

*Recommendation*

*Management's response*

**Section III — Federal Award Findings and Questioned Costs**

None

*Criteria or specific*

*requirement*

*Condition*

*Context*

*Recommendation*

*Management's response*