

***RSU/MSAD #29***

BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

(With Independent Auditors' Report Thereon)



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**REGIONAL SCHOOL UNIT NO. 29**

	TABLE OF CONTENTS
	PAGE
<b>FINANCIAL STATEMENTS</b>	
Independent Auditor's Report on Financial Statements	1-2
Management Discussion and Analysis	3-6
Basic Financial Statements	
<i>Government Wide Financial Statements:</i>	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements	
<i>Governmental Funds:</i>	
Balance Sheet - Governmental Funds	9
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Net Position, Revenues, Expenditures – Student Activity Funds	12
Notes to Financial Statements	13-27
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund – General Fund Budget and Actual (non-GAAP budgetary basis)	28
Schedule of School's Proportionate Share of Net Pension Liability	29
Schedule of School Contributions-Pension	30
Schedule of School's Proportionate Share of OPEB Liability	31
Schedule of School Contributions-OPEB	32
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
Combining Balance Sheets – All Special Revenue Funds	33
Schedule of Revenues, Expenditures and Changes in Fund Balance – All Special Revenue Funds	34
Schedule of Revenues, Expenditures and Changes in Fund Balance – Federal Awards	35
Schedule of Revenues, Expenditures and Changes in Fund Balance – State and Other Awards	36
Schedule of Revenues, Expenditures and Changes in Fund Balance – Lunch Program	37
Reconciliation of Financial Statements to State Form MEDMS	38
Schedule of Transactions – Cash Basis – High School	39
Schedule of Transactions – Cash Basis – Elementary School	40
Schedule of Transactions – Cash Basis – Southside School	41
Schedule of Transactions – Cash Basis – Student Scholarships	42
<b>ADDITIONAL REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS, UNIFORM GUIDANCE and THE MAINE STATE STATUTE REQUIREMENTS</b>	
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 <i>Government Auditing Standards</i>	43-44
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance Required by the Uniform Guidance	45-46
Schedule of Federal Award Expenditures	47
Schedule of Findings and Questioned Costs	48-49
Summary Schedule of Prior Audit Findings	50
Independent Auditor's Report on Compliance with the Maine State Statute Requirements	51

INDEPENDENT AUDITORS' REPORT

To the Management of the  
RSU/School Administrative District No. 29

**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 the RSU/School Administrative District No. 29 as of and for the year ended June 30, 2021, which collectively comprise the School's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

**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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of 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 the RSU/School Administrative District No. 29, as of June 30, 2021, and the respective changes in financial position 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, pension and other retirement benefit schedules and budgetary comparison information on pages 3 through 6 and pages 28 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the RSU/School Administrative District No. 29's financial statements as a whole. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2022, on our consideration of the RSU/School Administrative District No. 29'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RSU/School Administrative District No. 29's internal control over financial reporting and compliance

*Davis, Gates & Alward, CPAs*

Presque Isle, Maine  
January 12, 2022

# **RSU/MSAD NO. 29**

## Management's Discussion & Analysis

(Unaudited)

As management of the Regional School Unit/MSAD No. 29, we offer readers of the Regional School Unit/MSAD No. 29's financial statements this narrative overview and analysis of the financial activities of the Regional School Unit/MSAD No. 29 for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented in conjunction with the basic financial statements.

### **FINANCIAL HIGHLIGHTS**

- Total assets of the Regional School Unit/MSAD No. 29 exceed liabilities by \$10,730,240, which represents the total net position of the School.
- The ending fund balance for all governmental funds (which includes the special revenue funds, student activities and the school lunch programs) was \$3,809,085. This is a \$702,821 increase from the prior year total.
- The General Fund reports a fund balance of \$3,393,907 which represents 22% of annual general fund expenditures.

### **USING THIS ANNUAL REPORT**

The Regional School Unit/MSAD No. 29's financial statements are comprised of a series of statements. The Statement of Net Position and the Statement of Activities provide an overview of the government as a whole and its activities. The Fund Financial Statements, which begin immediately after the Statement of Activities, provide a more detailed look at the governmental funds. Next are the notes to the financial statements, which provide information essential to a complete understanding of the data provided. Following the notes are the combining and individual fund schedules, including non-major governmental funds.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements present financial information in two statements -the Statement of Net Position and the Statement of Activities. These statements provide an overview of the government as a whole (similar to private-sector statements). All of the current year's revenues are taken into account regardless of when cash is received.

The Statement of Net Position provides a picture of the difference between assets and liabilities, which is called Net Position. The Statement of Activities provides a look at how the net position has changed from the prior year to the current year. Increases or decreases in net position assets can show whether the School is improving or deteriorating. In the statement of Net Position and the Statement of Activities, activities are classified as follows:

- Governmental Activities -Most of the School's basic services are reported here, including the instruction, operation of plant and transportation, intergovernmental revenue (primarily revenues from the State of Maine), and user fees finance most of these activities.

## FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts which is used to maintain control over resources which have been segregated for specific activities or objectives. The Regional School Unit/MSAD No. 29, like other state and local governments, uses fund accounting to insure and demonstrate compliance with finance related legal requirements. All of the funds of the School can be divided into two categories; governmental funds and fiduciary funds.

The Fund Financial Statements provide details of the School's most significant funds, not the School as a whole. These statements located in the fund financial statements and begin after the governmental fund financial statements. Some funds are required to be established by state law and by bond covenants. However, management establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- *Governmental funds* -Most of the School's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end which are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets which can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's operations and the basic services it provides. Governmental funds information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Student activity funds are used to account for monies held for the benefit of parties outside the School. These funds consist of student activity accounts.

## THE SCHOOL AS A WHOLE -STATEMENT OF NET POSITION and STATEMENT OF ACTIVITIES

The following information is a condensed version of the Statement of Net Position with comparative information included. The analysis below focuses on the net position of the School's governmental and business type activities.

	6/30/2021	6/30/2020
<i>Statement of Net Position:</i>		
Total current assets	\$ 3,924,387	\$ 3,139,754
Total non-current assets	11,630,659	10,171,711
Total assets	<u>15,555,046</u>	<u>13,311,465</u>
Total deferred outflows	1,007,106	177,145
Total deferred inflows	(98,420)	(148,230)
Total current liabilities	(428,271)	(312,665)
Total non-current liabilities	<u>(5,305,221)</u>	<u>(5,570,388)</u>
Total net position	<u>\$ 10,730,240</u>	<u>\$ 7,457,327</u>
<i>Statement of Activities:</i>		
Property taxes	\$ 3,191,446	\$ 3,305,141
Federal and State Assistance	11,335,028	10,639,989
Other revenues	<u>203,164</u>	<u>118,115</u>
Total revenues	<u>14,729,638</u>	<u>14,063,245</u>
Instruction	3,943,911	6,014,148
Special education	2,494,745	2,100,117
Co-curricular	208,436	229,817
Nutrition	(55,657)	121,521
Student/staff support	1,306,132	1,351,584
Administration	1,128,075	1,069,671
Operation/maintenance of plant	1,744,094	1,654,627
Interest	69,185	82,485
Transportation	798,996	798,863
Total expenses	<u>11,637,917</u>	<u>13,422,833</u>
Change in net position	<u>\$ 3,091,721</u>	<u>\$ 640,412</u>

The Regional School Unit/MSAD No. 29's net position for the governmental funds increased by \$3,091,721 during the fiscal year ended June 30, 2021.

The total cost of governmental activities was \$19,268,436. However, many programs are subsidized by user fees, grants and contributions. Therefore, the ultimate cost to the taxpayers was \$12,803,419 after taking into consideration the program revenues. See the Statement of Activities for greater detail.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

### GOVERNMENTAL FUNDS

As indicated in the Financial Highlights, the Regional School Unit/MSAD No. 29's governmental funds reported a fund balance of \$3,809,085, which represents a \$702,821 increase. The general fund reports a fund balance of \$3,393,907. The unassigned amount of \$2,262,854 (frequently referred to as the "School's surplus") represents a \$540,961 increase over the June 30, 2020 unassigned fund balance.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues were over budgeted revenues by \$36,508. Actual expenditures were under budget by \$1,094,580 after other items.

The bottom line is a general fund balance that increased by \$540,962. The unassigned fund balance of \$2,262,854 represents 16% of the total general fund expenditures.

## **CAPITAL ASSETS**

Governmental activities capital assets net of depreciation totaled \$11,630,659 as of June 30, 2021, representing a \$1,458,948 increase from the prior year end. See financial statement note 7 for further details.

## **DEBT**

The Regional School Unit/MSAD No. 29's long-term debt outstanding at June 30, 2021 totals \$1,291,007. See note 8 to the basic financial statements for further detailed information on the School's debt.

## **CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Superintendent, at MSAD No. 29, P.O. Box 190, Houlton, ME 04730.



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**RSU / MSAD NO. 29**

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GOVERNMENT WIDE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 2,683,449
Due from other governments	257,490
Prepaid expenses	938,504
Inventory	44,944
<i>Non-current capital assets</i>	
Depreciable, net of accumulated depreciation	<u>11,630,659</u>
<b>Total assets</b>	<u><u>15,555,046</u></u>
<b>Deferred outflows of resources</b>	
OPEB	422,595
Pensions	584,511
	<u>\$ 16,562,152</u>
<b>Liabilities</b>	
<i>Current liabilities</i>	
Accounts payable	\$ 115,301
Current portion of compensated absences	16,000
Current portion of long-term debt	125,000
Current portion of capital lease payable	171,970
<i>Non-current liabilities</i>	
Compensated absences	507,838
Capital lease payable	119,037
Bond payable	875,000
OPEB liability	3,680,199
Pension liability	123,147
<b>Total liabilities</b>	<u><u>5,733,492</u></u>
<b>Deferred inflows of resources</b>	
OPEB	74,500
Pensions	23,920
	<u><u>98,420</u></u>
<b>Net Position</b>	
Net investment in capital assets	10,339,652
Unrestricted	390,588
<b>Total net position</b>	<u><u>10,730,240</u></u>
	<u><u>\$ 16,562,152</u></u>

**RSU / MSAD NO. 29**

GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities					
Instruction	\$ (9,131,194)	\$ -	\$ 5,187,283	\$ -	\$ (3,943,911)
Special education	(2,494,745)	-	-	-	(2,494,745)
Co-curricular	(208,436)	-	-	-	(208,436)
Student / Staff support	(1,298,690)	-	-	-	(1,298,690)
Administration	(1,128,075)	-	-	-	(1,128,075)
Pension expense-MSRS on behalf payments	(1,165,502)	-	-	-	(1,165,502)
Operation and maintenance of plant	(1,744,094)	-	-	-	(1,744,094)
Transportation	(798,996)	-	-	-	(798,996)
Student activities	(268,941)	-	261,499	-	(7,442)
School lunch	(960,578)	75,971	940,264	-	55,657
Interest on long-term debt	(69,185)	-	-	-	(69,185)
Total expenses	\$ (19,268,436)	\$ 75,971	\$ 6,389,046	\$ -	(12,803,419)
			General revenues		
			Property taxes		3,191,446
			Federal and State assistance		11,335,028
			Intergovernmental revenue-MSRS		1,165,502
			Other revenues		203,164
			Total revenues		15,895,140
			Change in net position		3,091,721
			Prior period adjustments		181,191
			Net position - July 1		7,457,328
			Net position - June 30		\$ 10,730,240

*See independent auditor's report  
and notes to financial statements*

**RSU / MSAD NO. 29**

BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Major Fund		Non-Major Funds		Totals
	General	Special Revenue Fund	Student Activities	Nutrition Program	
<b>Assets:</b>					
Cash	\$ 2,352,000	\$ 20,651	\$ 173,749	\$ 137,047	\$ 2,683,447
Prepaid items	938,504	-	-	-	938,504
Due from other funds	443,889	235,958	-	-	679,847
Due from other Governments	10,772	246,718	-	-	257,490
Inventory	-	-	-	44,944	44,944
	<u>\$ 3,745,165</u>	<u>\$ 503,327</u>	<u>\$ 173,749</u>	<u>\$ 181,991</u>	<u>\$ 4,604,232</u>
<b>Liabilities:</b>					
Accounts payable	\$ 115,301	\$ -	\$ -	\$ -	\$ 115,301
Due to other funds	235,958	353,344	-	90,545	679,847
	<u>351,259</u>	<u>353,344</u>	<u>-</u>	<u>90,545</u>	<u>795,148</u>
<b>Fund Balance</b>					
Non-spendable					
Inventory	-	-	-	44,944	44,944
Prepaid items	938,504	-	-	-	938,504
Restricted fund balance					
Federal/state programs	-	149,983	-	46,502	196,485
Unrestricted fund balance					
Committed	192,548	-	173,749	-	366,297
Unassigned	2,262,854	-	-	-	2,262,854
	<u>3,393,906</u>	<u>149,983</u>	<u>173,749</u>	<u>91,446</u>	<u>3,809,084</u>
	<u>\$ 3,745,165</u>	<u>\$ 503,327</u>	<u>\$ 173,749</u>	<u>\$ 181,991</u>	<u>\$ 4,604,232</u>

Total fund equity as noted above: \$ 3,809,084

Amounts reported for governmental activities in the statement are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation and related debt: 10,339,652

Compensated absences are treated as long-term debt in the Statement of Net Position and reduces the net position: (523,838)

Some liabilities, including net pension obligations, are not due and payable in the current periods and, therefore, are not reported in the funds net pension liability. (123,147)

Some liabilities, including OPEB obligations, are not due and payable in the current periods and, therefore, are not reported in the funds net pension liability. (3,680,199)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	584,511
Deferred inflows of resources related to pensions	(23,920)
Deferred outflows of resources related to OPEB	422,595
Deferred inflows of resources related to OPEB	(74,500)

Total net position of governmental activities: \$ 10,730,238

**RSU / MSAD NO. 29**

COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds		Non-Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	Student Activities	Nutrition Program	
<b>Revenues</b>					
Federal and State assistance	\$ 11,335,028	\$ 3,984,245	\$ -	\$ 941,490	\$ 16,260,763
Property taxes	3,191,446	79,830	-	-	3,271,276
Tuition	10,771	52,403	-	-	63,174
Intergovernmental revenue-MSRS	1,165,502	-	-	-	1,165,502
Other revenues	192,393	1,070,805	261,499	74,745	1,599,442
Total revenues	15,895,140	5,187,283	261,499	1,016,235	22,360,157
<b>Expenditures</b>					
Instruction	6,477,481	5,503,163	-	-	11,980,644
Special education	2,494,745	-	-	-	2,494,745
Co-Curricular	208,436	-	-	-	208,436
Student / staff support	1,298,690	-	-	-	1,298,690
Administration	1,128,075	-	-	-	1,128,075
Operation and maintenance of plant	1,593,341	-	-	-	1,593,341
Transportation	751,542	-	-	-	751,542
Pension expense-MSRS on behalf payments	1,165,502	-	-	-	1,165,502
Student activities disbursements	-	-	268,941	-	268,941
Nutrition program	-	-	-	948,611	948,611
Total expenditures	15,117,812	5,503,163	268,941	948,611	21,838,527
<b>Other items</b>					
Transfers	(139,667)	125,667	-	14,000	-
Total other items	(139,667)	125,667	-	14,000	-
Net change in fund balance	637,661	(190,213)	(7,442)	81,624	521,630
Fund balance - July 1	2,756,246	340,196	-	9,822	3,106,264
Prior period adjustment	-	-	181,191	-	181,191
Fund balance - June 30	\$ 3,393,907	\$ 149,983	\$ 173,749	\$ 91,446	\$ 3,809,085

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 changes in fund balances - all governmental funds (page 10)	\$	521,630
Amounts reported for governmental activities in the Statement of Activities are different because:		
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position		324,603
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount of capital assets recorded is as follows:		1,885,016
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense		633,455
Governmental funds report district OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPB benefits earned net of employee contributions is reported as OPEB expense		386,876
Change in compensated absences		(55,896)
Depreciation expense		(603,962)
Change in net position of governmental activities (page 8)	<u>\$</u>	<u>3,091,722</u>

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**RSU / MSAD NO. 29**STATEMENT OF NET POSITION - STUDENT ACTIVITY FUND  
JUNE 30, 2021

	High School Activities	Elementary School Activities	Southside School Activities	Student Scholarships	Total Student Funds
Cash	<u>\$ 112,814</u>	<u>\$ 16,207</u>	<u>\$ 29,551</u>	<u>\$ 15,177</u>	<u>\$ 173,749</u>
Liabilities:					
Due to Student Groups	<u>\$ 112,814</u>	<u>\$ 16,207</u>	<u>\$ 29,551</u>	<u>\$ -</u>	<u>\$ 158,572</u>
Fund Balances:					
Reserved for Scholarships	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,177</u>	<u>15,177</u>
	<u>\$ 112,814</u>	<u>\$ 16,207</u>	<u>\$ 29,551</u>	<u>\$ 15,177</u>	<u>\$ 173,749</u>

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
STUDENT ACTIVITY FUND  
JUNE 30, 2021

Revenues:	
Student activity receipts	<u>\$ 261,499</u>
Expenditures	
Student activity disbursements	<u>268,941</u>
Excess (deficit) of revenues over expenditures	<u>(7,442)</u>
Fund balance (deficit) - July 1	<u>181,191</u>
Fund balance (deficit) - June 30	<u>\$ 173,749</u>

**1. SIGNIFICANT ACCOUNTING POLICIES**Reporting Entity

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The financial statements of the School consist of all funds of the School and government entities that are considered to be controlled by or dependent on the School. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The School has no entities that are controlled or dependent on the School.

Government-wide and Fund financial statements

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School (the primary government) and its component units. For the most part, the effect of inter-fund activity has been removed from these financial statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate statements are provided for government funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These 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.

Measurement Focus / Basis of Accounting / Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, a fiduciary fund type, have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the period or soon enough thereafter to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due and certain compensated absences and claims and judgments are recognized when the obligations are due and payable.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The revenues susceptible to accrual are property taxes and state assistance. All other governmental fund revenues are recognized when received and are recognized as revenue at that time.

The School reports the following major governmental funds:

The *general fund* is the School's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Special revenue fund* accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Federal Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

*Student activity funds*- The District accounts for resources held for others. These funds consist of the Student Activity Fund and Student Scholarship Fund.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the School's proprietary fund (if applicable) and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as 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, 2) operating or capital grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Budgets

An operating budget is adopted each year for the general fund on the same modified accrual basis used to reflect actual revenues and expenditures. Special revenue funds do not have legally adopted budgets, but administratively approved project budgets

Deposits and investments

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

State statutes authorize the School to invest in obligations of the U.S. government, its agencies and instrumentalities, and other state and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements.



1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories

Lunch program inventories are stated at net realizable value.

Interfund Receivables and Payables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost if actual historical is not available. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Repairs and maintenance are recorded as expenses.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives. Estimated useful lives are as follows:

Buildings and Improvements	20-50 years
Machinery and equipment	5-15 years
Vehicles and equipment	5-10 years

Compensated Absences

The District has varying policies with regard to accruing sick leave, severance and vacation days. Upon termination, an employee is paid the full amount of accumulated vacation days not taken. Upon retirement, teachers who have obtained the required experience, and notify the Superintendent of their intent to retire, are paid a per diem rate for a maximum of 30 days. The District's accrued liability at June 30, 2021 is \$523,838.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. *Non-spendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fund Equity (cont'd)

2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the district's highest level of decision-making authority),

4. *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, and

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

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of 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 School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense. Actual results could differ from these estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees' Retirement Fund (MePERS) and additions to/deductions from MePERS's fiduciary net position have been determined on the same basis as they are reported by MePERS. 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.

New GASB Pronouncement

For the fiscal year ending June 30, 2021 the School has implemented GASB Statement No. 84 which applies to fiduciary funds. As a result, the student activity accounts, formerly agency funds, are now included in the governmental fund balance sheet.

2. DEPOSITS AND INVESTMENTS

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a policy with respect to custodial credit risk for deposits.

As of June 30, 2021, the School's deposits totaled \$2,683,447, none of which are exposed to custodial credit risk.

3. PENSION PLAN

Description

The State Employee and Teacher (SET) Plan is a multiple-employer cost sharing plan with a special funding situation. As of June 30, 2020 there were 237 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members.

The Legislative Retirement Plan was established to provide a retirement program for those serving in the Maine Legislature. Except as provided otherwise by statute, membership in the Maine Legislative Retirement Plan is mandatory for legislators entering service on or after December 3, 1986.

Pension Benefits

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers; separate legislation enacted the same reduced requirement for judges, legislators, and employees of PLDs). 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, judges and legislative members 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. For PLD members, normal retirement age is 60. 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 5.0%.

3. PENSION PLAN (cont'd)

Member and Employer Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. 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. Pension expense for the f/y/e 6-30-19 totals \$20,577.

Actuarial Methods and Assumptions

The collective total pension liability for the Plans 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:

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

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

*Amortization*

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements.

The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of twenty years.

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

NOTES TO FINANCIAL STATEMENTS (cont'd)

3. PENSION PLAN (cont'd)

*Investment Rate of Return* - For the State Employee and Teacher Plan, 6.75% per annum for the year ended June 30, 2020, compounded annually.

*Salary Increases, Merit and Inflation* - State employees, 2.75% to 8.75% per year; Teachers, 2.75% to 14.50% per year; members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

*Mortality Rates* - For active State employee members and non-disabled retirees of the State employee plan, participating local districts, legislative and judicial plans, the RP2000 Tables projected forward to 2016 using Scale AA are used; for active members and non-disabled retirees of the teachers' plan, the ages are set back two years; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

*Cost of Living Benefit Increases* - 2.20% per annum for State employees and teachers, and 1.91% for participating local districts.

Actuarial Methods and Assumptions (Continued)

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

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return %</u>
Public Equities	6.0
US Government	2.3
Private Equity	7.6
Real Assets:	
Real estate	5.2
Infrastructure	5.3
Natural resources	5.0
Traditional credit	3.0
Alternative credit	4.2
Diversifiers	5.9

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2020 for the State Employee and Teacher Plan, and 6.75% for the PLD 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

3. PENSION PLAN (cont'd)

Changes in Net Pension Liability

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2020 with the following exceptions.

Sensitivity of the District's Proportionate Share of the Net Pension Liability

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate of one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease	Current Rate	1% Increase
Proportionate share of the Net pension liability	\$258,806	\$123,147	\$12,101

*Differences between Expected and Actual Experience* - The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2020, this was 3 years for the State Employee and Teacher Plan, and 4 years for the PLD Consolidated Plan.

*Differences between Projected and Actual Investment Earnings* - Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

*Changes in Assumptions* - Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. There were no changes in assumptions for the PLD Consolidated Plan.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions* - Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense in the measurement periods as follows:

2021: (\$15,393), 2022: \$(6,752), 2023: \$6,806, 2024 \$6,822

Additional Financial and Actuarial Information

Additional financial and actuarial information with respect to the Plans can be found in the MainePERS' 2020 Comprehensive Annual Financial Report available online at [www.maineper.org](http://www.maineper.org) or by contacting the System at (207) 512-3100.

NOTES TO FINANCIAL STATEMENTS (cont'd)

3. PENSIONS - DEFERRED OUTFLOWS / INFLOWS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,390	\$ 1,354
Net difference between projected and actual investment earnings on pension plan investments	8,013	-
Subsequent contributions	569,108	-
Changes in proportion and differences between district contributions and proportionate share of contributions	-	22,566
	<u>\$ 584,511</u>	<u>\$ 23,920</u>

4. COMMITMENTS AND CONTINGENCIES

*Grant programs* - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2021 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

5. EXPENDITURES OVER APPROPRIATIONS

The following appropriations were exceeded by actual expenditures

Operations	\$ 39,153
District administration	\$ 18,359

6. USDA COMMODITIES - LUNCH PROGRAM

The lunch program receives and uses various commodities under an agreement with the United States Department of Agriculture (USDA). Commodity transactions are as follows:

Commodities on hand - July 1	\$ 44,944
Commodities received during the year	<u>58,666</u>
	103,610
Commodities on hand - June 30	<u>(44,944)</u>
Commodities used during the year	<u><u>\$ 58,666</u></u>

NOTES TO FINANCIAL STATEMENTS (cont'd)

7. FIXED ASSETS

The following is a summary of changes in capital assets:

	Balance 7/1/20	Additions	Deletions	Balance 6/30/21
Building and Improve	\$ 17,118,776	\$ 879,368	\$ -	\$ 17,998,144
Equipment	453,809	442,283	-	896,092
Lunch equipment	125,401	36,581	-	161,982
Paving	347,706	174,110	-	521,816
Vehicles	1,496,869	530,569	-	2,027,438
	<u>19,542,561</u>	<u>2,062,911</u>	<u>-</u>	<u>21,605,472</u>
Less accumulated depreciation				
Building and Improve	7,500,951	367,866	-	7,868,817
Equipment	449,648	37,313	-	486,961
Lunch equipment	108,786	11,967	-	120,753
Paving	235,199	48,483	-	283,682
Vehicles	1,076,267	138,333	-	1,214,600
	<u>9,370,851</u>	<u>603,962</u>	<u>-</u>	<u>9,974,813</u>
Net depreciable assets	<u>\$ 10,171,710</u>	<u>\$ 1,458,949</u>	<u>\$ -</u>	<u>\$ 11,630,659</u>

Depreciation is allocated in the Statement of Activities as follows:

Operation of plant	\$ 453,662
Transportation	138,333
Nutrition	11,967
	<u>\$ 603,962</u>



NOTES TO FINANCIAL STATEMENTS (cont'd)

8. LONG-TERM DEBT

	Balance at July 1	Debt Issued	Debt Retired	Balance at June 30
Maine Bond Bank \$2,500,000 bond issued October 2008 due in annual installments of \$125,000 plus interest ranging from 5.75% to 3.185%	\$ 1,125,000	\$ -	\$ (125,000)	\$ 1,000,000
Capital lease payable to Kansas State Bank, due in annual installments of \$30,608.00	29,451	-	(29,451)	-
Capital lease payable to Kansas State Bank, due in annual installments of \$30,434.	-	87,895	(30,434)	57,461
Capital lease payable to Kansas State Bank, due in annual installments of \$30,994.	-	90,000	(30,994)	59,006
Capital lease payable to Key Government Finance, due in semi-annual installments of \$61,404, including interest of 5.25%. Lease includes a 3% prepayment penalty.	283,264	-	(108,724)	174,540
	<u>\$ 1,437,715</u>	<u>\$ 177,895</u>	<u>\$ (324,603)</u>	<u>\$ 1,291,007</u>

Maturities are as follows:

Year ended June 30	Principal	Interest	Total Payment
2022	\$ 296,970	\$ 65,501	\$ 362,471
2023	244,037	51,679	295,716
2024	125,000	38,329	163,329
2025	125,000	31,358	156,358
2026	125,000	24,390	149,390
2027-2031	375,000	31,357	406,357
	<u>\$ 1,291,007</u>	<u>\$ 242,614</u>	<u>\$ 1,533,621</u>

9. OTHER REVENUES

Per the financial statement, page 28, other revenues at June 30 are as follows:

	Budget	Actual	Variance
Interest income	\$ 25,000	\$ 46,415	\$ 21,415
Athletics	20,500	9,176	(11,324)
Local sources	52,500	131,558	79,058
Miscellaneous	43,000	5,244	(37,756)
	<u>\$ 141,000</u>	<u>\$ 192,393</u>	<u>\$ 51,393</u>

NOTES TO FINANCIAL STATEMENTS (cont'd)

10. INTERFUND ACTIVITY

At June 30, 2021, interfund balances are as follows:

		Due from		
		General fund	Special Revenue	Other fund
Due to	Gen fund	\$ 235,958	\$ 353,344	\$ 90,545
	Special Revenue	-	-	-
	Other fund	-	-	-

The above balances reflect the fact that the cash is all handled in the general fund. The majority of this amount is represented by unspent special revenue and capital projects funds.

During the fiscal year, \$14,000 was transferred to the lunch program and \$25,667 transferred into the special revenue fund, resulting in a net transfer out of the general fund of \$139,667.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events for the period July 1, 2021 through January 12, 2022 for any possible disclosures. None were noted.

12. OTHER POST EMPLOYMENT BENEFITS – (OPEB)

Plan description

Qualifying personnel of the School can participate in the Maine Education Association Benefits Trust.

Benefits provided

*Medical/Prescription Drug:* The non-Medicare retirees are offered the same plans that are available to the active employees, as described in the benefits summaries. Medicare retirees are assumed to be enrolled in Medicare Part A and Part B which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage.

*Medicare:* Medicare benefits will be taken into account for any member or dependent while they are eligible to apply for Medicare. The Fund will determine a family member's benefit allowance, if any, based upon the applicable Medicare statutes and regulations. The Fund does not participate in the Medicare Retiree Drug Subsidy program.

*Duration of Coverage:* Medical benefits are provided for the life of the retiree and surviving spouses.

*Life Insurance:* The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$2,000 life insurance benefit as well.

NOTES TO FINANCIAL STATEMENTS (cont'd)

12. OTHER POST EMPLOYMENT BENEFITS – (OPEB) (cont'd)

*Dental:* Current retirees do not have access to dental benefits. Future new retirees who retire on and after the coverage and rates are set to mirror plan experience costs, no additional obligation is anticipated. Program experience will be monitored with future valuations and updated as with all benefit provisions and assumptions.

Net OPEB Liability

The School's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.21%per annum.
Salary Increase Rate	2.75%per year
Administration and claims expense	3% per annum.

Healthcare cost trend rates:

*Pre-Medicare Medical:* Initial trend of 8.20% applied in FYE 2020 grading over 15 years to 4.00% per annum.

*Pre-Medicare Drug:* Initial trend of 9.60% applied in FYE 2020 grading over 14 years to 4.00% per annum.

*Medicare Medical:* Initial trend of 4.93% applied in FYE 2020 grading over 14 years to 4.00% per annum.

*Medicare Drug:* Initial trend of 9.60% applied in FYE 2019 grading over 14 years to 4.00% per annum.

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020. As prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2020.

The Entry Age Normal Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the Plan. An open 30-year amortization period was used. The amortization method is a level dollar amortization method. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

NOTES TO FINANCIAL STATEMENTS (cont'd)

12. OTHER POST EMPLOYMENT BENEFITS – (OPEB) (cont'd)

For medical and pharmacy, historical claims and census records assembled and provided by Maine Municipal through June 30, 2020 were used by the Actuary. Medical and prescription experience for Medicare eligible (ME) and non- Medicare eligible (NME) (actives and retired covered persons) were analyzed by the Actuary. The Actuary assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. The Actuary distributed the cost based on the current covered population and Cheiron's (Actuary) standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distributions as current retirees.

This report does not reflect future changes in benefits, subsidies, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 related legislation and regulations.

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. Using the Bond Buyer 20-Bond GO Index, the discount rate as of December 31, 2020 is based upon an earlier measurement date, as of December 29, 2016 and is 3.78% per annum. The discount rate as of December 31, 2018 is based upon an earlier measurement date, as of December 28, 2018 and is 3.44% per annum. The rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, for pay as you go plans.

The following presents the net OPEB liability of the School, as well as what the School's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (2.50% lower NOL) or 1 percentage point higher (4.50% higher NOL) than the current healthcare cost trend rate

	<u>1% Decrease</u> 2.50%	<u>Discount Rate</u> 3.50%	<u>1% Increase</u> 4.50%
Total OPEB liability	\$3,147,849	\$3,680,199	\$4,347,432
Plan Fiduciary Net Position	\$0	\$0	\$0
Net OPEB liability	\$3,147,849	\$3,680,199	\$4,347,432
Plan Fiduciary Net Position as a Percentage of the total OPEB liability	0.0%	0.0%	0.0%

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The impact of experience gains or losses and assumption changes on the TOL are recognized in the OPEB expense over the average expected remaining service life of all active and inactive members of the Plan. As of the beginning of the measurement period, the average was 9 years.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as OPEB expense in the measurement periods as follows:

2021: \$38,682, 2022: \$38,682, 2023: \$38,684, 2024: \$63,513, 2025: \$32,022

NOTES TO FINANCIAL STATEMENTS (cont'd)

13. OPEB - DEFERRED OUTFLOWS / INFLOWS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 67,690	\$ -
Changes in assumptions	218,393	74,500
Subsequent contributions	136,512	-
	\$ 422,595	\$ 74,500

14. COMMITTED FUND BALANCE

	Balance Beg of year	Appropriation	Receipts	Disbursements	Balance End of year
<b>Committed Fund Balance</b>					
Capital Reserve Fund	\$ 192,548	\$ -	\$ -	\$ -	\$ 192,548
	\$ 192,548	\$ -	\$ -	\$ -	\$ 192,548

15. PRIOR PERIOD ADJUSTMENT

The financial statements have a prior period adjustment for the implementation of GASB 84. This adjustment now includes the activity of student activity funds. The effect of this restatement was to increase fund balance by \$181,191.

RSU / MSAD NO. 29

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GENERAL FUND  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund				Adult Education			
	Budget		Actual	Variance Favorable (Unfavorable)	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final			Original	Final		
Revenues								
Federal and State assistance	\$ 11,336,068	\$ 11,336,068	\$ 11,335,028	\$ (1,040)	\$ 113,836	\$ 113,836	\$ 105,688	\$ (8,148)
Property taxes	3,216,062	3,216,062	3,191,446	(24,616)	85,000	85,000	79,830	(5,170)
Tuition	-	-	10,771	10,771	51,914	51,914	52,403	489
Other revenues	141,000	141,000	192,393	51,393	49,300	49,300	59,362	10,062
	<u>14,693,130</u>	<u>14,693,130</u>	<u>14,729,638</u>	<u>36,508</u>	<u>300,050</u>	<u>300,050</u>	<u>297,283</u>	<u>(2,767)</u>
Expenditures								
Instruction	6,886,429	6,886,429	6,562,225	324,204	300,050	300,050	330,577	(30,527)
Special Education	2,554,785	2,554,785	2,504,631	50,154	-	-	-	-
Co-Curricular	382,922	382,922	208,436	174,486	-	-	-	-
Student / Staff support								
Student support services	486,490	486,490	452,878	33,612	-	-	-	-
Library	186,775	186,775	182,933	3,842	-	-	-	-
Instruction technology	511,895	511,895	353,882	158,013	-	-	-	-
Health services	219,649	219,649	213,596	6,053	-	-	-	-
Staff support services	102,288	102,288	94,401	7,887	-	-	-	-
Administration								
District	496,615	496,615	514,974	(18,359)	-	-	-	-
School	638,795	638,795	606,960	31,835	-	-	-	-
Operation and maintenance of plant	1,702,181	1,702,181	1,741,334	(39,153)	-	-	-	-
Transportation	974,765	974,765	612,759	362,006	-	-	-	-
Total expenditure	<u>15,143,589</u>	<u>15,143,589</u>	<u>14,049,009</u>	<u>1,094,580</u>	<u>300,050</u>	<u>300,050</u>	<u>330,577</u>	<u>(30,527)</u>
Other items								
Interfund transfers	(14,000)	(14,000)	(139,667)	(125,667)	-	-	14,196	-
	<u>(14,000)</u>	<u>(14,000)</u>	<u>(139,667)</u>	<u>(125,667)</u>	<u>-</u>	<u>-</u>	<u>14,196</u>	<u>-</u>
Net change in fund balance	<u>\$ (464,459)</u>	<u>\$ (464,459)</u>	<u>540,962</u>	<u>\$ 1,005,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(19,098)</u>	<u>\$ (33,294)</u>
Fund balance								
(non-GAAP budgetary basis) - July 1			1,914,441				13,151	
(non-GAAP budgetary basis) - June 30			2,455,403				(5,947)	
Adjustments to generally accepted accounting principles								
Prepaid items			938,504				-	
Fund balance - GAAP basis			<u>\$ 3,393,907</u>				<u>\$ (5,947)</u>	

**SCHOOL ADMINISTRATIVE DISTRICT NO. 29**

Schedule of School's Proportionate Share of the Net Pension Liability  
Maine Public Employees Retirement System State Employee and Teacher Plan (SET)

Last 10 Fiscal Years \*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>SET Plan</b>							
School's proportion of the net pension liability	0.0310%	0.0381%	0.0428%	0.0405%	0.0390%	0.0370%	0.0364%
School's proportionate share of the net pension liability	\$ 123,147	\$ 116,345	\$ 117,000	\$ 203,023	\$ 260,931	\$ 499,571	\$ 393,553
School's covered payroll	\$ 7,796,001	\$ 7,399,168	\$ 7,222,923	\$ 6,729,657	\$ 6,600,953	\$ 6,594,713	\$ 6,403,091
School's proportion share of the net pension liability as a percentage of its covered-employee payroll	1.58%	1.57%	1.62%	3.02%	3.95%	7.58%	6.15%

\* Only seven years of information available.

\*\* The amounts presented for each fiscal year were determined as of the prior fiscal year.

**SCHOOL ADMINISTRATIVE DISTRICT NO. 29**

Schedule of School Contributions  
Maine Public Employees Retirement System State Employee and Teacher Plan (SET)

Last 10 Fiscal Years \*

	<u>2021*</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>SET Plan</b>							
Contractually required contribution	\$ 569,108	\$ 540,139	\$ 291,084	\$ 267,167	\$ 221,792	\$ 221,582	\$ 169,682
Contributions in relation to the contractually required contribution	<u>\$ (569,108)</u>	<u>\$ (540,139)</u>	<u>\$ (291,084)</u>	<u>\$ (267,167)</u>	<u>\$ (221,792)</u>	<u>\$ (221,582)</u>	<u>\$ (169,682)</u>
<b><u>Contribution deficiency (excess)</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 7,796,001	\$ 7,399,168	\$ 7,222,923	\$ 6,729,657	\$ 6,600,953	\$ 6,594,713	\$ 6,403,091
Contributions as a percentage of covered-employee payroll	7.30%	7.30%	4.03%	3.97%	3.36%	3.36%	2.65%

\* Only six years of information available



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**SCHOOL ADMINISTRATIVE DISTRICT NO. 29**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF OPEB LIABILITY

Last 10 Fiscal Years \*

	<u>2021*</u>	<u>2020</u>	<u>2019</u>
School's proportionate share of the net OPEB liability	\$3,680,199	\$3,827,561	\$ 3,612,252
School's covered payroll	\$7,419,153	\$8,713,239	\$ 8,480,038
School's proportion share of the net OPEB liability as a percentage of its covered-employee payroll	49.60%	43.93%	42.60%
Plan Fiduciary Net Position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%

\*Third year of implementation of GASB 75

\*\* The amounts presented for each fiscal year were determined as of the prior fiscal year.

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**SCHOOL ADMINISTRATIVE DISTRICT NO. 29**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF SCHOOL CONTRIBUTIONS-OPEB

Last 10 Fiscal Years \*

	<u>2021*</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 136,512	\$ 136,188	\$ 131,481
Contributions in relation to the contractually required contribution	<u>\$ (136,512)</u>	<u>\$ (136,188)</u>	<u>\$ (131,481)</u>
<b><u>Contribution deficiency (excess)</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$7,419,153	\$8,713,239	\$8,480,038
Contributions as a percentage of covered- employee payroll	1.84%	1.56%	1.55%

\* Third year of implementation of GASB 75

**RSU / MSAD NO. 29**

COMBINING BALANCE SHEETS - ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	<b>Federal Programs</b>	<b>State and Other Programs</b>	<b>Adult Education</b>	<b>Total Special Revenue Funds</b>
<i>Assets:</i>				
Cash	\$ -	\$ -	\$ 20,651	\$ 20,651
Due from other Governments	246,718	-	-	246,718
Due from other funds	-	235,958	-	235,958
	\$ 246,718	\$ 235,958	\$ 20,651	\$ 503,327
 <i>Liabilities</i>				
Due to other funds	\$ 326,746	\$ -	\$ 26,598	\$ 353,344
 <i>Fund Balance</i>				
Restricted	-	235,958	-	235,958
Unassigned	(80,028)	-	(5,947)	(85,975)
	(80,028)	235,958	(5,947)	149,983
	\$ 246,718	\$ 235,958	\$ 20,651	\$ 503,327

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Federal Programs</u>	<u>State and Other Programs</u>	<u>Adult Education</u>	<u>Total Special Revenue Funds</u>
Revenue				
Federal and State assistance	\$ 3,726,675	\$ 151,882	\$ 105,688	\$ 3,984,245
Property taxes	-	-	79,830	79,830
Tuition	-	-	52,403	52,403
Other	-	1,011,443	59,362	1,070,805
Total revenues	<u>3,726,675</u>	<u>1,163,325</u>	<u>297,283</u>	<u>5,187,283</u>
Expenditures				
Salaries	981,315	391,209	230,179	1,602,703
Contracted Services	995,688	49,620	34,441	1,079,749
Professional development	8,794	-	-	8,794
Supplies	2,017,491	83,538	65,057	2,166,086
Other	-	644,931	900	645,831
	<u>4,003,288</u>	<u>1,169,298</u>	<u>330,577</u>	<u>5,503,163</u>
Other items				
Interfund transfers	111,471	-	14,196	125,667
Net change in fund balance	<u>(165,142)</u>	<u>(5,973)</u>	<u>(19,098)</u>	<u>(190,213)</u>
Fund balance - July 1	85,114	241,931	13,151	340,196
Fund balance - June 30	<u>\$ (80,028)</u>	<u>\$ 235,958</u>	<u>\$ (5,947)</u>	<u>\$ 149,983</u>

RSU / MSAD No. 29

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Title IA Dis- advantaged	Program Improvement	Rural Low Income	ESSER	CRF	Title IV	Local Entitlement	Pre- School Sec 619	Title IIA Improving Teacher Quality	Classroom Reduction	Totals
Revenues											
Federal grants received through the State of Maine	\$ 636,931	\$ 2,114	\$ 12,246	\$ 103,451	\$ 2,724,246	\$ 21,403	\$ 171,696	\$ -	\$ 13,639	\$ 40,949	\$ 3,726,675
Expenditures											
Salaries & benefits	597,028	-	3,261	33,389	-	31,518	231,983	7,219	-	76,917	981,315
Contracted Services	-	20,351	-	15,081	960,256	-	-	-	-	-	995,688
Professional development	-	-	-	-	-	-	3,533	-	5,261	-	8,794
Supplies	21,667	-	8,984	143,320	1,793,119	1,309	49,092	-	-	-	2,017,491
Travel	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	618,695	20,351	12,245	191,790	2,753,375	32,827	284,608	7,219	5,261	76,917	\$ 4,003,288
Other financing sources (uses)											
Interfund transfers	111,471	-	-	-	-	-	-	-	-	-	111,471
Net change in fund balance	129,707	(18,237)	1	(88,339)	(29,129)	(11,424)	(112,912)	(7,219)	8,378	(35,968)	(165,142)
Fund balance - July 1	(123,615)	-	1,352	-	-	7,325	299	-	157,908	41,845	85,114
Fund balance - June 30	\$ 6,092	\$ (18,237)	\$ 1,353	\$ (88,339)	\$ (29,129)	\$ (4,099)	\$ (112,613)	\$ (7,219)	\$ 166,286	\$ 5,877	\$ (80,028)

**RSU / MSAD No. 29**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - STATE AND OTHER AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

	21st Century	Regional Center	Mainecare	Alternative Ed Embrace	E-Rate Funds	Transition Proficiency	Indian Education	Bird Farm	Totals
<b>Revenues</b>									
Federal grants received through the State of Maine	\$ 18,198	\$ 6,600	\$ 60,725	\$ -	\$ -	\$ -	\$ 66,359	\$ -	\$ 151,882
Other income	-	1,011,443	-	-	-	-	-	-	1,011,443
Total income	<u>18,198</u>	<u>1,018,043</u>	<u>60,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,359</u>	<u>-</u>	<u>1,163,325</u>
<b>Expenditures</b>									
Salaries & benefits	20,916	327,714	-	-	-	-	42,579	-	391,209
Contracted Services	-	49,620	-	-	-	-	-	-	49,620
Supplies	-	68,506	8,140	-	-	-	6,892	-	83,538
Other	-	611,647	30,000	-	2,000	-	1,284	-	644,931
Total expenditures	<u>20,916</u>	<u>1,057,487</u>	<u>38,140</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>50,755</u>	<u>-</u>	<u>1,169,298</u>
<b>Other financing sources (uses)</b>									
Interfund transfers	-	-	-	-	-	-	-	-	-
Net change in fund balance	(2,718)	(39,444)	22,585	-	(2,000)	-	15,604	-	(5,973)
Fund balance - July 1	7,850	112,576	77,849	7,137	-	1,568	30,971	3,980	241,931
Fund balance - June 30	<u>\$ 5,132</u>	<u>\$ 73,132</u>	<u>\$ 100,434</u>	<u>\$ 7,137</u>	<u>\$ (2,000)</u>	<u>\$ 1,568</u>	<u>\$ 46,575</u>	<u>\$ 3,980</u>	<u>\$ 235,958</u>

**RSU/MSAD NO. 29**

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SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - LUNCH PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2021

Revenues	
Lunches	\$ 73,491
Subsidies - State of Maine	941,490
Other income	1,254
	<u>1,016,235</u>
Expenditures	
Food	333,758
Labor	553,544
Supplies	8,602
Equipment	52,707
	<u>948,611</u>
Transfer from general fund	<u>14,000</u>
Net change in fund balance	81,624
Fund balance - July 1	<u>9,822</u>
Fund balance - June 30	<u><u>\$ 91,446</u></u>

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**RSU/MSAD NO. 29**RECONCILIATION OF FINANCIAL STATEMENTS  
TO THE MAINE EDUCATIONAL DATA MANAGEMENT SYSTEM (MEDMS)  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Non-Major Lunch Program</u>	<u>Total</u>
Balance per State form MEDMS June 30, 2021	\$ 2,352,000	\$ -	\$ -	\$ 2,352,000
Beginning balance adjustment	-	-	-	-
Cash adjustment	-	20,651	137,047	157,698
Fund balance adjustment	-	-	-	-
Interfund transfers	207,931	(117,386)	(90,545)	-
Inventory	-	-	44,944	44,944
Revenue adjustments				
Accounts receivables	10,772	246,718	-	257,490
Expenditure adjustments:				
Accounts payable	(115,301)	-	-	(115,301)
Prepaid expenses	938,504	-	-	938,504
Balance per financial statements June 30, 2021	<u>\$ 3,393,906</u>	<u>\$ 149,983</u>	<u>\$ 91,446</u>	<u>\$ 3,635,335</u>



**RSU / MSAD No. 29**

HOULTON HIGH SCHOOL  
SCHEDULE OF TRANSACTIONS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

	Balance July 1	Receipts	Disburse- ments	Transfers	Balance June 30
Athletic Boosters	\$ 5,279	\$ 654	\$ 928	\$ -	\$ 5,005
Aaron Putnam	-	2,000	500	\$ -	1,500
Athletic Lockers	495	-	-	-	495
Band	901	40	252	-	689
Biliteracy	25	280	-	-	305
Band Recording Equipment	1,057	-	-	-	1,057
Breaking Ground	336	-	-	-	336
Chorus	605	-	-	-	605
Civil Rights	348	427	250	-	525
Classes:					
'2020	10,525	641	1,536	-	9,630
'2021	2,614	9,907	9,852	-	2,669
'2022	2,928	-	-	-	2,928
'2023	376	3,130	326	-	3,180
'2024	-	2,609	-	-	2,609
Europe Trip	1,888	2,841	2,828	-	1,901
Equity	586	-	-	-	586
Focus	3	-	-	-	3
General	(10,001)	5,080	3,931	-	(8,852)
HS Student Travel	1,043	-	-	-	1,043
HS Sports Revenue	8,097	-	9,177	-	(1,080)
JMG	75	1,125	122	-	1,078
J.H. Ball Games	3,029	147	2,144	-	1,032
J.H. Cheering	(343)	693	959	-	(609)
J.H. Concessions	(240)	-	-	-	(240)
J.H. Health Grant	1,038	-	-	-	1,038
J.H. Student Council	3,949	538	879	-	3,608
Library	130	12	-	-	142
Lockers	3,186	-	-	-	3,186
Music Boosters	9,788	277	1,700	-	8,365
Lapointe, Paul Memorial	570	150	-	-	720
National Honor Society	(417)	1,168	737	-	14
Student Travel	51	-	-	-	51
New England Student	(90)	-	-	-	(90)
Project Graduation	374	15,906	15,037	-	1,243
PSAT's	59	-	-	-	59
Shirefire	73	-	-	-	73
STOP Grant	704	-	-	-	704
Student Council	4,711	1,698	1,266	(551)	4,592
Teachers Assoc.	275	452	807	610	530
Theatre	105	-	-	-	105
Track and Field	6,756	627	6,598	31	816
Varsity Cheerleading	1,870	4,684	4,801	-	1,753
Xcountry Athletics	1,358	961	130	-	2,189
Yearbook	1,763	6,914	11,193	-	(2,516)
6th Grade Team	1,375	-	-	-	1,375
7th Grade Team	367	-	65	-	302
8th Grade Team	138	-	78	-	60
Various Accounts	47,012	93,130	87,066	5,024	58,100
	<u>\$ 114,771</u>	<u>\$ 156,091</u>	<u>\$ 163,162</u>	<u>\$ 5,114</u>	<u>\$ 112,814</u>

Bank Balance	
Checking	\$ 66,517
Scholarships	(15,177)
Certificate of Deposit	20,000
Certificate of Deposit	40,000
Less: Outstanding Items	1,474
	<u>\$ 112,814</u>

See Independent Auditor's Report  
on Supplemental Information

**RSU / MSAD No. 29**

HOULTON ELEMENTARY SCHOOL  
 SCHEDULE OF TRANSACTIONS - CASH BASIS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Balance July 1	Receipts	Disburse- ments	Transfers	Balance June 30
Coke	\$ 476	\$ -	\$ -	\$ (476)	\$ -
General	11,048	5,492	11,310	-	5,230
Gift	1,032	1,240	1,245	-	1,027
Interest	15	10	3	-	22
Art Program	175	-	-	-	175
Putnam Family Trust	3,411	-	121	-	3,290
Library	3,800	162	481	-	3,481
Music	1,860	-	-	-	1,860
Technology	1,091	-	-	-	1,091
Student Clothes	348	-	-	(348)	-
Water	31	-	-	-	31
	<u>\$ 23,287</u>	<u>\$ 6,904</u>	<u>\$ 13,160</u>	<u>\$ (824)</u>	<u>\$ 16,207</u>
					\$ 16,261
					Less O/S Checks (54)
					<u>\$ 16,207</u>



**RSU / MSAD No. 29**STUDENT SCHOLARSHIPS  
SCHEDULE OF TRANSACTIONS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

	Balance July 1	Receipts	Disburse- ments	Transfers	Balance June 30
Aimme Fitzpatrick Scholarship	\$ 1,410	\$ 1,490	\$ -	\$ -	\$ 2,900
Alumni Assoc Scholarship	3,550	54,220	49,720	-	8,050
Culinary Arts Scholarship	357	-	-	-	357
Gerald A York Scholarship	4,500	-	10,450	2,250	(3,700)
Hogan Tire	-	1,000	1,000	-	-
Jeff Jewell Scholarship	5	-	-	-	5
Jeremiah Crockett Memorial Scholarship	250	-	-	-	250
Makenna Ward Scholarship	250	61	250	-	61
Margaret Fitzpatrick Scholarship	21	2,000	2,000	-	21
Melmac Scholarship	-	2,000	-	-	2,000
Merlon J. Memorial Scholarship	1,000	-	-	400	1,400
Mike Fogarty Scholarship	2,373	2,000	2,000	-	2,373
Raymond & Sandra Wotton Memorial	100	-	-	-	100
Summer Camp Awards	-	570	-	-	570
St. Mary's Parish Scholarship	750	760	720	-	790
	<u>\$ 14,566</u>	<u>\$ 64,101</u>	<u>\$ 66,140</u>	<u>\$ 2,650</u>	<u>\$ 15,177</u>

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

To the Management of the  
RSU/School Administrative District No. 29

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the RSU/School Administrative District No. 29, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the RSU/School Administrative District No. 29's basic financial statements, and have issued our report thereon dated January 12, 2022.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered RSU/School Administrative District No. 29's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RSU/School Administrative District No. 29's internal control. Accordingly, we do not express an opinion on the effectiveness of RSU/School Administrative District No. 29'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 RSU/School Administrative District No. 29's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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

*Davis, Gates & Alward, CPAs*

Presque Isle, Maine  
January 12, 2022

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

To the Management of  
RSU/School Administrative District No. 29

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

We have audited RSU/School Administrative District No. 29's compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of RSU/School Administrative District No. 29's major federal programs for the year ended June 30, 2021. RSU/School Administrative District No. 29'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of RSU/School Administrative District No. 29'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 RSU/School Administrative District No. 29'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 RSU/School Administrative District No. 29's compliance.

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

In our opinion, RSU/School Administrative District No. 29 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 RSU/School Administrative District No. 29 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 RSU/School Administrative District No. 29'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 RSU/School Administrative District No. 29'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.

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

We have audited the financial statements RSU/School Administrative District No. 29 as of and for the year ended June 30, 2021, and have issued our report thereon dated January 12, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Davis, Gates & Alward, CPAs*

Presque Isle, Maine  
January 12, 2022



SCHEDULE OF FEDERAL AWARD EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2021

Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number		Expenditures
<i>U.S. Treasury Department</i>				
* Coronavirus Relief Funds	21.019	N/A		\$ 2,753,375
<u>Pass through the State of Maine:</u>				
<i>U.S. Department of Education Special Education Cluster</i>				
Local Entitlement	84.027	013-05A-3046-12	284,608	
Preschool Grant Part B, Section 619	84.173	013-05A-6247-23	7,219	291,827
Title IA Disadvantaged	84.010	013-05A-3107-13		618,695
Title IIA - Improving Teacher Quality	84.367	013-05A-3042-11		82,178
* Elementary and Secondary School Emergency Relief	84.425D	N/A		191,790
Title IV-Student Support	84.424	013-05A-3345-13		32,827
Rural and Low Income Title VI	84.144	013-05A-3305-03		12,245
<i>U.S. Department of Agriculture Child Nutrition Cluster</i>				
After School Snack Program	10.555	013-05A-3020-05	1,843	
Special Lunch	10.555	013-05A-3023-05	11,437	
Fresh Fruits and Vegetables	10.582	013-05A-3028-05	56,714	
Summer Food Program - Administration	10.559	013-05A-3018-05	81,688	
Commodities	10.555	N/A	58,666	
Summer Food Program	10.559	013-05A-3016-05	791,724	1,002,072
<b>Total Federal Awards</b>				<b>\$ 4,985,009</b>

\* Indicates a major program

Notes:

- 1 This schedule is prepared on the accrual basis of accounting.
- 2 This schedule presents the activity of all federal awards programs of the Maine School Administrative District No. 29. All federal awards received are included on the schedule.
- 3 The School District has not elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted:	No

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief
84.425	Funds
	Elementary and Secondary School
	Funds

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

**Section II – Findings Required to be Reported Under *Government Auditing Standard* – *None noted***

**Section III – Federal Award Findings and Questioned Costs *None noted***

**Section IV – Status of Prior Year Findings and Questioned Costs Under *Government Auditing Standards*: *None noted***

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2021

The following summarizes prior year audit findings:

**20-1** Finding – Student Activities

*Description* – Receipting and account reconciliations for student activity bank accounts not used.

*Management response* – Management will take steps to improve internal control over these accounts.

*Audit finding* – Receipting is used regularly and bank accounts are now reconciled.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH MAINE STATE STATUTE REQUIREMENTS**

To the Management of the  
RSU/School Administrative District No. 29

We audited the financial statements of the RSU/School Administrative District No. 29 as of and for the year ended June 30, 2021, and have issued my report thereon dated January 12, 2022.

The management of the RSU/School Administrative District No. 29 is responsible for the School's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the School's compliance with laws and regulations, noncompliance with which could have a material effect on the financial statements of the RSU/School Administrative District No. 29.

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

1. A determination of whether or not the school has complied with budget content requirements pursuant to section 15693, subsection 1 and cost center summary budget.
2. A determination of whether or not the school has exceeded its authority to expend funds.
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 school was in compliance with applicable provisions of the Essential Programs and Services Funding Act pursuant to chapter 606-B, subsection 15671.

The results of our tests indicate that, for the items tested, the RSU/School Administrative District No. 29 complied with those provisions of Maine laws and regulations. Nothing came to our attention that caused us to believe that, for items not tested, the RSU/School Administrative District No. 29 was not in compliance with Maine laws and regulations.

*Davis, Gates & Alward, CPAs*

Presque Isle, Maine  
January 12, 2022