

**SHEEPSCOT VALLEY
REGIONAL SCHOOL UNIT NO. 12**

Annual Financial Report

For the Year Ended June 30, 2021

**SHEEPSCOT VALLEY
REGIONAL SCHOOL UNIT NO. 12
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Independent Auditor's Report

Board of Directors
Sheepscot Valley Regional School Unit No. 12

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 Sheepscot Valley Regional School Unit No. 12, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School Unit's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sheepscot Valley Regional School Unit No. 12 as of June 30, 2021, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund 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 and schedules related to the pension and OPEB liabilities, as listed in the table of contents, 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 Sheepscot Valley Regional School Unit No. 12's basic financial statements. The combining and individual fund financial statements and schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____ on our consideration of Sheepscot Valley Regional School Unit No. 12's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Sheepscot Valley Regional School Unit No. 12's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sheepscot Valley Regional School Unit No. 12's internal control over financial reporting and compliance.

South Portland, Maine

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Management's Discussion and Analysis
June 30, 2021

In this section of the Annual Financial Report, the managers of Sheepsfoot Valley Regional School Unit No. 12 (RSU #12) discuss and analyze RSU #12's financial performance for the fiscal year ending June 30, 2021. Please read it in conjunction with the independent auditor's report and RSU #12's basic financial statements.

FINANCIAL HIGHLIGHTS

The total balance of RSU #12's cash and cash equivalents at June 30, 2021 was \$1,396,259. The net position for FY 2021 was \$8,803,953 of which \$9,792,141 represents the net investment in capital assets, \$199,269 represents restricted funds, and \$(1,187,457) represents unrestricted funds.

During the year, RSU #12 generated \$1,058,248 more in assessments, other revenue, and note proceeds than expenditures in the General Fund. The RSU #12 General Fund had a fund deficit of \$80,793 to start the year. At June 30, 2021, the fund deficit for the General Fund was reversed and ended at a positive fund balance of \$977,455.

Long-term debt, which includes notes from direct borrowing, net pension liability, OPEB liability, and accrued compensated absences has decreased by \$1,279,471 during the year. The decrease is primarily due to principal payments made on notes from direct borrowing. One new note was executed in 2021 for a total of \$192,080.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of RSU #12 as a whole and present a longer-term view of RSU #12's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report RSU #12's operations in more detail than the government-wide financial statements by providing information about RSU #12's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which RSU #12 acts solely as a trustee or agent for the benefit of others.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide financial statements or the fund financial statements.

The combining statements contain even more information about RSU #12's individual funds.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Management's Discussion and Analysis, Continued

REPORTING ON THE UNIT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The analysis of RSU #12's overall financial condition and operations begins on this page. Its primary purpose is to show whether the financial position of RSU #12 is improving or not. The Statement of Net Position includes all RSU #12's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the year while the Statement of Activities includes all the revenues and expenses generated by RSU #12's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. RSU #12's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students outside RSU #12 and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers (local appropriation) or by the State of Maine in the form of annual foundation allocations and debt service subsidies.

All of RSU #12's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report RSU #12's net position and changes in them. RSU #12's net position (the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources) provides one measure of RSU #12's financial health, or financial position. Over time, increases or decreases in RSU #12's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of RSU #12, however, you should consider non-financial factors as well, such as changes in RSU #12's average daily attendance or its property tax base and the condition of RSU #12's facilities.

REPORTING THE UNIT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

In the Governmental Funds Balance Sheet (Statement 3) and the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds (Statement 4), we divide RSU #12 into three major funds and one aggregate fund containing all other non-major funds:

General Fund - Most of RSU #12's basic services are reported here, including the instruction, counseling, co-curricular activities, transportation, maintenance of plant and equipment, community services, and general administration. Local assessments, state subsidies, tuition, and fees finance most of these activities.

Coronavirus Relief Fund I & II - These funds are utilized to track the use of grant proceeds received to facilitate a safe and healthy educational environment during the pandemic.

Other Governmental Funds - Special Revenue and Capital Project Funds are reported here. Special Revenue Funds are used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. Some of the more significant Special Revenue Funds include the School Lunch Program, Federal and Other Special Revenue Funds, and Adult Education.

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Management's Discussion and Analysis, Continued

The combining and individual fund financial statements provide detailed information about the most significant funds, not RSU #12 as a whole. Laws and contracts require RSU #12 to establish separate funds for grants such as those received under the Every Student Succeeds Act from the U.S. Department of Education. RSU #12's administration establishes many other funds to help it control and manage money for particular purposes (like school activities). RSU #12 has two types of funds as follows:

Governmental Funds - Most of RSU #12's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of RSU #12's general operations and the basic services it provides.

We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Fiduciary Funds - RSU #12 is the trustee, or fiduciary, for money raised for the Maine Cohort for Customized Learning (MCCL). All of RSU #12's fiduciary activities are reported in a separate Statement of Fiduciary Net Position (Statement 7). These resources are excluded from RSU #12's other financial statements because RSU #12 cannot use these assets to finance its operations. RSU #12 is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis begins with the following summary and focuses on the net position (Statement 1) and changes in net position (Statement 2) of the School Unit's governmental activities.

NET POSITION		
	2021	Restated 2020
Current and other assets	\$ 3,027,873	\$ 2,070,871
<u>Capital assets</u>	<u>21,824,916</u>	<u>21,763,185</u>
Total assets	<u>24,852,789</u>	<u>23,834,056</u>
<u>Deferred outflows of resources</u>	<u>633,643</u>	<u>451,493</u>
Long-term liabilities	14,388,895	15,668,366
<u>Other liabilities</u>	<u>2,011,400</u>	<u>2,219,873</u>
Total liabilities	<u>16,400,295</u>	<u>17,888,239</u>
<u>Deferred inflows of resources</u>	<u>252,184</u>	<u>140,435</u>
Net investment in capital assets	9,792,141	8,557,710
Restricted	199,269	91,886
Unrestricted	(1,187,457)	(2,392,721)
Total net position	\$ 8,803,953	\$ 6,256,875

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Management's Discussion and Analysis, Continued

CHANGE IN NET POSITION

	<u>2021</u>	<u>Restated 2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ 29,358	\$ 124,318
Operating grants and contributions	4,278,458	3,065,336
Capital grants and contributions	750,081	-
General revenues:		
Municipal allocations	12,611,267	12,168,443
Intergovernmental	10,768,268	10,328,166
Miscellaneous	90,466	107,998
Total revenues	28,527,898	25,794,261
Expenses:		
Regular instruction	11,372,675	11,686,772
Special education	4,578,348	4,517,978
Other instruction	122,837	112,511
Student & staff support	863,610	910,244
System administration	587,466	646,528
School administration	785,462	820,699
Transportation	1,208,174	1,232,999
Facilities maintenance	2,262,688	2,250,829
Adult education	67,420	86,317
Student activities	33,965	59,725
School lunch program	781,435	772,122
Program expenditures	1,743,065	563,756
Maine PERS	1,135,893	1,091,940
Interest on debt	437,782	491,413
Total expenses	25,980,820	25,243,833
Change in net position	\$ 2,547,078	\$ 550,428

RSU #12's net position was \$8,803,953 at June 30, 2021 (Statement 1). The Statement of Activities (Statement 2) also shows the revenues from Municipal allocations of \$12,611,267 and Intergovernmental of \$10,768,268.

GENERAL FUND BUDGETARY HIGHLIGHTS

As Statement 6 indicates, RSU #12 received \$238,515 less in revenues than what was budgeted. More specifically, intergovernmental revenues were under budget by \$250,317; this is primarily the result of reduced State subsidy.

Expenditures were \$1,289,817 less than anticipated primarily due to shifts in personnel costs and tuition rates paid to other districts were lower than anticipated.

RSU #12 ended the year with a net general fund balance of \$977,455.

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Management's Discussion and Analysis, Continued

SPECIAL REVENUE FUNDS

School Lunch Program details transactions related to resources obtained and used in providing student lunches. They include salaries for cafeteria personnel and the cost of food and supplies. Details of the School Lunch Program may be seen under the Governmental Funds section of the audit report.

Adult Education Funds detail activities and transactions relating to the adult education program. Revenues are obtained from State subsidies, Federal grants, local appropriations, and registration fees. The Adult Education program provides classes for GED students, vocational education students and classes taken for enjoyment. Details of the Adult Education Program may be seen under the Governmental Funds section of the audit report.

Federal and Other Special Revenue Funds detail transactions related to resources obtained from Federal, State, or Local Grants. They are often restricted in purpose and must be accounted for separately. See Exhibit C for a list of grants received.

CAPITAL ASSETS

As of June 30, 2021, RSU #12 had \$21,824,916 invested in capital assets (net of accumulated depreciation) consisting primarily of buildings, equipment, and vehicles. This amount represents a net increase of 0.28% from last year. The increase can be attributed primarily to current year depreciation of \$1,021,436 that was less than new purchases of \$1,083,167. Significant additions during the year included new windows at several schools, IT upgrades, and new buses and other vehicles.

LONG-TERM DEBT

RSU #12 had fourteen notes outstanding at fiscal year-end for a total of \$12,032,775. The net obligation payable decreased from the prior year by \$1,172,700 as the RSU paid-off \$1,364,780 and added one new note for \$192,080 to finance new vehicles.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In 2021-2022, the budgeted expenses include a modest increase of approximately 2.9%. Similarly, the local share of revenues increased by 3.9% as increases in grants and other revenue were not enough to offset increased costs.

For Fiscal Year 2021-2022, we have budgeted additional funds for additional health and safety measures to combat Covid-19. This includes improvements to buildings and IT infrastructure to allow teachers and students to adapt to new learning environments.

We also continue to seek efficiencies through staffing changes and collaborative agreements while still providing the best education possible to the students

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of RSU #12's finances and to show RSU #12's accountability for the money it receives. If you have questions about this report or need additional financial information, contact RSU #12's business office, at RSU #12, 665 Patricktown Road, Somerville, Maine 04348.

BASIC FINANCIAL STATEMENTS

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Statement of Net Position
June 30, 2021

	Governmental activities
ASSETS	
Cash and cash equivalents	\$ 1,396,259
Accounts receivable	63,932
Due from State of Maine	1,530,612
Inventory	37,070
Capital assets, not being depreciated	245,301
Capital assets, net of accumulated depreciation	21,579,615
Total assets	24,852,789
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	357,845
Deferred outflows of resources related to OPEB	275,798
Total deferred outflows of resources	633,643
LIABILITIES	
Accounts payable	367,873
Accrued wages and benefits	1,560,561
Accrued interest	112,966
Noncurrent liabilities:	
Due within one year	1,458,109
Due in more than one year	12,930,786
Total liabilities	16,430,295
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	193,957
Deferred inflows of resources related to OPEB	58,227
Total deferred inflows of resources	252,184
NET POSITION	
Net investment in capital assets	9,792,141
Restricted	199,269
Unrestricted	(1,187,457)
Total net position	\$ 8,803,953

See accompanying notes to basic financial statements.

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Statement of Activities
For the year ended June 30, 2021

Function/programs	Program revenues			Net (expense) revenue and changes in net position	
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Governmental
					Governmental activities
Governmental activities:					
Regular instruction	\$ 11,372,675	-	-	-	(11,372,675)
Special education	4,578,348	-	539,091	-	(4,039,257)
Other instruction	122,837	-	-	-	(122,837)
Student and staff support	863,610	-	-	-	(863,610)
System administration	587,466	-	-	-	(587,466)
School administration	785,462	-	-	-	(785,462)
Transportation	1,208,174	23,226	-	-	(1,184,948)
Facilities maintenance	2,262,688	-	-	-	(2,262,688)
Adult education	67,420	-	26,782	-	(40,638)
Program expenditures	1,743,065	-	1,765,680	750,081	772,696
Student activities	33,965	-	41,333	-	7,368
School lunch program	781,435	6,132	769,679	-	(5,624)
MainePERS - on-behalf payments	1,135,893	-	1,135,893	-	-
Interest on debt	437,782	-	-	-	(437,782)
Total governmental activities	25,980,820	29,358	4,278,458	750,081	(20,922,923)
Total primary government	\$ 25,980,820	29,358	4,278,458	750,081	(20,922,923)

General revenues:		
Municipal allocations	\$	12,611,267
Intergovernmental		10,768,268
Unrestricted investment earnings		5,384
Miscellaneous		85,082
Total general revenues		23,470,001
Change in net position		2,547,078
Net position--beginning, restated		6,256,875

Net position--ending **\$ 8,803,953**

See accompanying notes to basic financial statements.

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Balance Sheet
Governmental Funds
June 30, 2021

	General	Coronavirus Relief Fund	Coronavirus Relief Fund II	Other Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 1,329,535	-	-	66,724	1,396,259
Accounts receivable	63,582	-	-	350	63,932
Due from State of Maine	36,533	-	873,575	620,504	1,530,612
Interfund loans receivable	1,266,858	381	-	43,240	1,310,479
Inventory	-	-	-	37,070	37,070
Total assets	2,696,508	381	873,575	767,888	4,338,352
LIABILITIES					
Accounts payable	345,559	381	-	7,108	353,048
Accrued wages and benefits	1,373,494	-	-	187,067	1,560,561
Interfund loans payable	-	-	873,575	451,729	1,325,304
Total liabilities	1,719,053	381	873,575	645,904	3,238,913
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	37,070	37,070
Restricted	-	-	-	162,199	162,199
Unassigned	977,455	-	-	(77,285)	900,170
Total fund balances (deficits)	977,455	-	-	121,984	1,099,439
Total liabilities and fund balances	\$ 2,696,508	381	873,575	767,888	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					21,824,916
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:					
Accrued compensated absences					(471,521)
Accrued interest					(112,966)
Net pension liability, including deferred outflows and inflows of resources					(508,388)
Total OPEB liability, including deferred outflows and inflows of resources					(994,752)
Notes from direct borrowings					(12,032,775)
Net position of governmental activities					\$ 8,803,953

See accompanying notes to basic financial statements.

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2021

	General	Coronavirus Relief Fund	Coronavirus Relief Fund II	Other Governmental Funds	Totals
Revenues:					
Municipal allocations	\$ 12,551,340	-	-	59,927	12,611,267
intergovernmental	12,020,637	831,325	876,887	1,993,932	15,722,781
Charges for services	23,226	-	-	6,132	29,358
Interest earned	5,384	-	-	-	5,384
Other revenues	85,082	-	-	74,026	159,108
Total revenues	24,685,669	831,325	876,887	2,134,017	28,527,898
Expenditures:					
Current:					
Regular instruction	11,544,135	-	-	-	11,544,135
Special education	4,155,733	-	-	422,615	4,578,348
Other instruction	122,837	-	-	-	122,837
Student and staff report	875,092	-	-	-	875,092
System administration	587,436	-	-	-	587,436
School administration	785,462	-	-	-	785,462
Transportation	1,184,459	-	-	-	1,184,459
Facilities maintenance	1,630,552	-	-	-	1,630,552
Adult education	-	-	-	67,420	67,420
Program expenditures	-	831,325	876,887	784,934	2,493,146
Student activities	-	-	-	33,965	33,965
School lunch program	-	-	-	800,018	800,018
MainePERS - on-behalf payments	1,135,893	-	-	-	1,135,893
Debt service	1,562,768	-	-	-	1,562,768
Capital outlay	192,080	-	-	-	192,080
Total expenditures	23,776,447	831,325	876,887	2,108,952	27,593,611
Excess (deficiency) of revenues over (under) expenditures	909,222	-	-	25,065	934,287
Other financing sources (uses):					
Financed purchase proceeds	192,080	-	-	-	192,080
Transfers in	6,946	-	-	50,000	56,946
Transfers out	(50,000)	-	-	(6,946)	(56,946)
Total other financing sources (uses)	149,026	-	-	43,054	192,080
Net change in fund balances	1,058,248	-	-	68,119	1,126,367
Fund balances (deficits), beginning of year, restated	(80,793)	-	-	53,865	(26,928)
Fund balances (deficits), end of year	\$ 977,455	-	-	121,984	1,099,439

See accompanying notes to basic financial statements.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2021

Net change in fund balances--total governmental funds (from Statement 4)	\$	1,126,367
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	1,083,167	
Less: depreciation expense	<u>(1,021,436)</u>	
		61,731

Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Repayment of notes from direct borrowing	1,364,780	
Financed purchase proceeds	<u>(192,080)</u>	
		1,172,700

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. More specifically, this represents:

Change in interest accrual	9,108	
Change in accrued compensated absences	(11,341)	
Change in net pension liability, with related deferred outflows and inflows of resources	84,378	
Change in OPEB liability, with related deferred outflows and inflows of resources	<u>104,135</u>	
		186,280

Change in net position of governmental activities (see Statement 2)	\$	2,547,078
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See accompanying notes to basic financial statements.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Budgetary Basis
General Fund
For the year ended June 30, 2021

	General Fund				Variance with final budget positive (negative)
	Budget		Actual		
	Original	Final			
Revenues:					
Municipal allocations	\$ 12,551,340	12,551,340	12,551,340	-	-
Intergovernmental	11,135,061	11,135,061	10,884,744	(250,317)	(250,317)
Interest earned	1,000	1,000	5,384	4,384	4,384
Other revenues	100,890	100,890	108,308	7,418	7,418
Total revenues	23,788,291	23,788,291	23,549,776	(238,515)	(238,515)
Expenditures:					
Current:					
Regular instruction	12,095,869	12,095,869	11,544,135	551,734	551,734
Special education	4,330,415	4,330,415	4,155,733	174,682	174,682
Other instruction	170,946	170,946	122,837	48,109	48,109
Student and staff support	994,353	994,353	875,092	119,261	119,261
System administration	597,465	597,465	587,436	10,029	10,029
School administration	807,608	807,608	785,462	22,146	22,146
Transportation	1,417,365	1,417,365	1,184,459	232,906	232,906
Facilities maintenance	1,723,752	1,723,752	1,630,552	93,200	93,200
Debt service	1,600,518	1,600,518	1,562,768	37,750	37,750
Total expenditures	23,738,291	23,738,291	22,448,474	1,289,817	1,289,817
Excess (deficiency) of revenues over (under) expenditures	50,000	50,000	1,101,302	1,051,302	1,051,302
Other financing sources (uses):					
Transfers in	-	-	6,946	6,946	6,946
Transfers out	(50,000)	(50,000)	(50,000)	-	-
Total other financing sources (uses)	(50,000)	(50,000)	(43,054)	6,946	6,946
Net change in fund balance	-	-	1,058,248	1,058,248	1,058,248
Fund balance (deficit), beginning of year			(80,793)		
Fund balance (deficit), end of year			\$ 977,455		

See accompanying notes to basic financial statements.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

		Custodial Funds
ASSETS		
Interfund loans receivable	\$	14,825
Total assets		14,825
LIABILITIES		
Accounts payable		-
Total liabilities		-
NET POSITION		
Restricted for other organizations	\$	14,825

See accompanying notes to basic financial statements.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds
Additions:	
Contributions:	
Membership contributions	\$ 45,583
Total additions	45,583
Deductions:	
Administrative expenses	61,654
Other services	7,319
Total deductions	68,973
Net increase (decrease) in fiduciary net position	(23,390)
Net position, beginning of year	38,215
Net position, end of year	\$ 14,825

See accompanying notes to basic financial statements.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements

THE REPORTING ENTITY

Sheepscot Valley Regional School Unit No. 12 was organized in 2009 under the laws of the State of Maine. The School Unit is administered by a seventeen member Board of Directors and encompasses the Towns of Alna, Chelsea, Palermo, Somerville, Westport Island, Whitefield, and Windsor.

This report includes all funds of the School Unit. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

It is the School Unit's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no entities that would be considered potential component units within the School Unit that should be included as part of these financial statements.

The School Unit provides a full range of educational services that include instruction, transportation, operation and maintenance of plant and equipment, student and staff support services, school lunch program, and general administrative services.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Sheepscot Valley Regional School Unit No. 12 conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant of such policies:

A. Basis of Presentation

The School Unit's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the School Unit as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the School Unit at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School Unit's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, clearly identifiable to a particular function.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School Unit. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School Unit.

2. Fund Financial Statements:

During the year, the School Unit segregates transactions related to certain School Unit functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School Unit at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

The School Unit uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School Unit's major governmental funds:

General Fund - The General Fund is the general operating fund of the School Unit. All revenues not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs not paid through other funds.

Coronavirus Relief Fund – This fund is utilized to track the use of grant proceeds received to facilitate a safe and healthy educational environment during the pandemic.

Coronavirus Relief Fund II – This fund is utilized to track the use of additional grant proceeds received to facilitate a safe and healthy educational environment during the pandemic.

2. Fiduciary Fund Types:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension-trust funds, investment-trust funds, private-purpose trust funds and custodial funds. The School Unit only has one custodial fund: the Maine Cohort for Customized Learning (MCCL) which is a coalition of school systems and organizations committed to supporting proficiency-based, customized learning. The School Unit acts as custodial agent for the MCCL and funds are not available to support the School Unit's operations.

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus

1. Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School Unit are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School Unit, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School Unit receives value without directly giving equal value in return, include municipal allocations, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School Unit must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School Unit on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: municipal allocations available as an advance, interest, grants, and student fees.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

E. Budgetary Accounting

A budget is formally adopted for the General Fund each year by a referendum vote, and is prepared on a basis consistent with U.S. generally accepted accounting principles except for Maine Public Employees Retirement System (MainePERS) – on-behalf payments as described later in these notes. Other special revenue funds and capital project funds do not have legally adopted budgets but have adopted budgets through formal authorizations by the Board of Directors and through grant agreements.

Interfund Transactions - During the course of normal operations, the School Unit has several transactions between funds including expenditures and transfers of resources to provide services. These transactions are reported as transfers.

Inventories - School lunch inventories are valued at the lower of cost (first-in, first-out basis) or market. Inventories include the value of the U. S. Department of Agriculture commodities donated to the School lunch program.

Compensated Absences - Under terms of personnel policies, sick leave is granted in varying amounts according to length of service. In some cases, employees are entitled to payment for unused sick leave upon termination or retirement. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in government funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Inflows and Outflows of Resources - In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental activities have deferred outflows and inflows that relate to the pension and OPEB liabilities, which include the School Unit's contributions subsequent to the measurement date, which is recognized as a reduction of the respective liability in the subsequent year.

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between the School Unit's contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. Also included is the net difference between projected and actual earnings on plan investments, which is deferred and amortized over a five-year period.

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 System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. 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.

Other Postemployment Benefits (OPEB – Life Insurance) - For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. 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.

Fund Equity - Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the School Unit is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the School Unit imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the School Unit's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The Board of Directors has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Similarly, the Superintendent has the authority to assign fund balance amounts and can modify such assignments as necessary.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the School Unit's practice to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the School Unit's intent to use committed or assigned resources first, and then unassigned resources as they are needed.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets - Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated acquisition cost as of the date received. The School Unit does not possess any material infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated lives</u>	<u>Capitalization threshold</u>
Land improvements	10-80 years	\$ 5,000
Buildings and improvements	10-80 years	5,000
Furniture and fixtures	5-30 years	5,000
Equipment	5-30 years	5,000
Vehicles	5-12 years	5,000

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

Comparative Data/Reclassifications - Comparative data for the prior year has been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and notes payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the School Unit or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School Unit's net investment in capital assets was calculated as follows at June 30, 2021:

Capital assets	\$ 34,074,312
Accumulated depreciation	(12,249,396)
Notes from direct borrowing	(12,032,775)
<u>Net investment in capital assets</u>	<u>\$ 9,792,141</u>

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis vs. GAAP Basis – General Fund

The School Unit's General Fund budget is prepared on a basis consistent with generally accepted accounting principles (U.S. GAAP) except for Maine Public Employees Retirement System (MainePERS) – on-behalf payments which are not budgeted. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Statement 6) is prepared on the budgetary basis.

Also, as required by generally accepted accounting principles (GAAP), the School Unit has recorded a revenue and expenditure for MainePERS contributions made by the State of Maine on behalf of the School Unit. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$1,135,893. These amounts have been included as intergovernmental revenue and an education expense/expenditure on Statement 2 and in the General Fund on Statement 4 (GAAP basis). There is no effect on the net position/fund balance at the end of the year.

B. Deficit Fund Balances

The following funds had deficits at June 30, 2021:

Adult Education Fund	\$ 70,392
College Transition	2,133
E-Rate Technology	4,760

These deficits will be funded with future revenues anticipated in 2021-2022.

DEPOSITS

Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the School Unit's deposits may not be returned to it. The School Unit does not have a deposit policy for custodial credit risk. As of June 30, 2021, the School Unit reported deposits of \$1,396,259 with a bank balance of \$1,334,542. As of June 30, 2021, none of the School Unit's bank balance of \$1,334,542 was exposed to custodial credit risk whereas \$1,015,516 was collateralized by underlying securities held by the related bank in the School Unit's name and the remaining \$319,026 was insured by the FDIC.

Interest rate risk – The School Unit does not have a deposit policy for interest rate risk.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of normal operations, the School Unit has numerous transactions between funds including expenditures and transfers. Most actual cash transactions occur in the general fund; the use of interfund accounts ensures that activity is reflected in the proper fund. Individual fund interfund receivables and payables balances and interfund transfers at June 30, 2021 arising from these transactions were as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>	<u>Transfers</u>
General Fund	\$ 1,266,858	-	(43,054)
Coronavirus Relief Fund	381	-	-
Coronavirus Relief Fund II	-	873,575	-
Other Governmental Funds	43,240	451,729	43,054
Custodial Funds	14,825	-	-
Total	\$ 1,325,304	1,325,304	-

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	<u>Balance</u> <u>7/01/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/21</u>
Governmental Activities				
Capital asset, not being depreciated:				
Land	\$245,301	-	-	245,301
Total capital assets, not being depreciated	245,301	-	-	245,301
Capital assets, being depreciated:				
Land improvements	167,738	60,485	-	228,223
Buildings and improvements	28,961,628	60,521	-	29,022,149
Furniture and fixtures	13,876	-	-	13,876
Equipment	1,280,127	864,214	-	2,144,341
Vehicles	2,322,475	97,947	-	2,420,422
Total capital assets, being depreciated	32,745,844	1,083,167	-	33,829,011
Less accumulated depreciation:				
Land improvements	96,603	9,786	-	106,389
Buildings and improvements	8,785,435	736,753	-	9,522,188
Furniture and fixtures	12,988	410	-	13,398
Equipment	916,313	134,801	-	1,051,114
Vehicles	1,416,621	139,686	-	1,556,307
Total accumulated depreciation	11,227,960	1,021,436	-	12,249,396
Capital assets, being depreciated, net	21,517,884	61,731	-	21,579,615
Governmental activities capital assets, net	\$ 21,763,185	61,731	-	21,824,916

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 17,709
Student and staff support	515
System administration	30
Transportation	139,686
Facilities maintenance	852,188
School lunch program	<u>11,308</u>
Total depreciation expense	<u>\$ 1,021,436</u>

LONG-TERM DEBT

A. Changes in Long-term Liabilities

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Notes from direct borrowings	\$ 13,205,475	192,080	1,364,780	12,032,775	1,458,109
Net pension liability	855,163	-	182,887	672,276	-
Total OPEB liability	1,147,548	64,775	-	1,212,323	-
Accrued compensated absences	460,180	11,341	-	471,521	-
Governmental activities					
long-term liabilities	<u>\$ 15,668,366</u>	<u>268,196</u>	<u>1,547,667</u>	<u>14,388,895</u>	<u>1,458,109</u>

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

B. Notes from Direct Borrowings

Notes from direct borrowings at June 30, 2021 are comprised of the following individual issues:

	Date of <u>issue</u>	Amount <u>issued</u>	Interest <u>rate</u>	Maturity <u>date</u>	Balance <u>6/30/21</u>
Notes from direct borrowings:					
Windsor School construction	2013	\$ 4,710,312	3.00-7.00%	11/01/2024	1,570,104
Chelsea School construction	2013	13,743,695	2.13-5.63%	11/01/2031	7,956,876
Two school buses	2017	169,716	2.00%	07/17/2021	35,257
Two school buses	2018	166,138	2.60%	07/15/2022	68,746
Mosaic software	2018	21,719	2.60%	07/15/2022	8,990
Food service equipment	2019	64,122	3.21%	07/09/2028	51,633
Roof renovations	2019	375,000	3.80%	08/01/2028	300,000
Vans loan	2019	40,000	2.75%	07/09/2023	24,155
Two school buses	2019	175,369	2.75%	07/09/2023	105,900
Generator Loan	2020	99,102	2.10%	07/01/2024	79,109
Two school buses	2020	178,852	2.10%	07/01/2024	142,770
Two school buses	2021	192,080	2.12%	07/01/2025	192,080
Energy improvements	2016	1,711,212	6.19%	03/26/2035	1,391,775
Copiers	2020	129,374	3.95%	08/01/2024	105,380
Total notes from direct borrowings					\$ 12,032,775

The annual requirements to amortize all long-term liabilities outstanding as of June 30, 2021 are as follows:

Year-ended June 30,	Principal	Interest	Total
2022	1,458,109	501,122	1,959,231
2023	1,429,145	434,972	1,864,117
2024	1,398,445	372,915	1,771,360
2025	1,361,617	323,311	1,684,928
2026	889,925	280,557	1,170,482
2027-2031	4,249,491	794,488	5,043,979
2032-2035	1,246,043	97,845	1,343,888
Totals	\$ 12,032,775	2,805,210	14,837,985

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

SHORT-TERM DEBT

The School Unit annually obtains a revenue anticipation note from a local bank to cover cash shortfalls during each year. During fiscal year 2021, the School Unit had a \$1,500,000 note with an original maturity date of June 30, 2021. This line of credit accrued interest at 1.41%. There were no draws on this note during the fiscal year. This note was extended with the bank and now matures June 30, 2022.

RISK MANAGEMENT

The School Unit is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the School Unit either carries commercial insurance or participates in a public entity risk pool. Currently, the School Unit participates in a public entity risk pool for its workers compensation insurance sponsored by the Maine School Management Association. Based on the coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the School Unit is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2021.

FUND BALANCES

Unassigned fund balance represents a portion of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within a given fund. At year end, the General Fund had unassigned fund balance totaling \$977,455. A negative unassigned fund balance totaling \$77,285 is reported for the Other Governmental Funds as of June 30, 2021 (see Statement 3).

As of June 30, 2021, the remaining fund balance components consisted of:

	<u>Nonspendable</u>	<u>Restricted</u>
School Lunch Program	\$ 37,070	41,204
Federal and Other Special Revenue Funds	-	58,786
Student Activity Funds	-	62,209
Total	\$ 37,070	162,199

RESTATEMENT OF NET POSITION/FUND BALANCE

For the fiscal year ended June 30, 2021, the School Unit has elected to implement Statement No. 84 of the Government Accounting Standards Board – *Fiduciary Activities*. As a result of implementing GASB Statement No. 84, the School Unit has restated the beginning net position of the governmental activities and the beginning fund balance in the other governmental funds to account for certain activities that were previously reported as fiduciary funds. Net position and fund balance were increased as of July 1, 2020 by \$54,841.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY

General Information about the Pension Plan

Plan Description - Teaching-certified employees of the School Unit are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.maineopers.org.

Benefits Provided - The SET Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For SET members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by statute.

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

SET Plan - Maine statute requires the State to contribute a portion of the School Unit's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The School Unit's contractually required contribution rate for the year ended June 30, 2021, was 18.49% of annual payroll of which 4.16% of payroll was required from the School Unit and 14.33% was required from the State. Contributions to the pension plan from the School Unit were \$322,715 for the year ended June 30, 2021.

Pension Liability, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The School Unit's proportion of the net pension liability were based on projections of the School Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating School Administrative Units and the State (SET Plan), actuarially determined.

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

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

School Unit's proportionate share of the net pension liability	\$ 672,276
State's proportionate share of the net pension liability associated with the School Unit	8,768,496
Total	\$ 9,440,772

At June 30, 2020, the School Unit's proportion of the SET Plan was 0.0412%.

For the year ended June 30, 2021, the School Unit recognized pension expense of \$1,349,997 and revenue of \$1,111,660 for support provided by the State. At June 30, 2021, the School Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,259	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	27,871	-
Changes in proportion and differences between School Unit contributions and proportionate share of contributions	-	193,957
School Unit contributions subsequent to the measurement date	322,715	-
Total	\$ 357,845	193,957

An amount of \$322,715 is reported as deferred outflows of resources related to pensions resulting from School Unit contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

Year ended June 30:

2022	\$ (119,580)
2023	(88,477)
2024	24,744
2025	24,484

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases, per year	2.75% plus merit
Investment return, per annum, compounded annually	6.75%
Cost of living benefit increases, per annum	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments 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 asset class. 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 of June 30, 2020 are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	7.2%
Diversifiers	10.0%	5.9%

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

NET PENSION LIABILITY, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 6.75% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Sensitivity of the School Unit's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School Unit's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the School Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
School Unit's proportionate share of the net pension liability	\$ 1,165,923	672,276	260,831

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

General Information about the OPEB Plan

Plan Description - The School Unit sponsors a post-retirement benefit plan providing group term life insurance to retiring teachers. The plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. MPERS issues a publicly available financial report that is available at www.maineopers.org.

Benefits Provided - MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the School Unit were \$24,233 for the year ended June 30, 2021. Employers and employees are not required to contribute to the OPEB plan.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

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

At June 30, 2021, the School Unit reported no liability related to the plan. The State of Maine’s proportionate share of the net OPEB liability associated with the School Unit was \$215,821 as of June 30, 2021. The 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 same date.

The School Unit’s proportion of the net OPEB liability was based on a projection of the School Unit’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the School Unit’s proportion was 0.00%.

For the year ended June 30, 2021, the School Unit recognized OPEB expense of \$24,233 and also revenues of \$24,233 for support provided by the State. At June 30, 2021, the School Unit reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

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

Inflation	2.75%
Salary increases	2.75% - 14.50%
Investment rate of return	6.75%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	15.0%	3.0%
US government securities	10.0%	2.3%

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

Discount Rate - The rate used to measure the total OPEB liability for the plan was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in a separately issued MPERS financial report.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE

General Information about the OPEB Plan

Plan Description - The School Unit sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - MEABT provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage selected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse.

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

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employee entitled to but not yet receiving benefits	-
Active employees	183
Total	213

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED

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

The School Unit's total OPEB liability of \$1,212,323 was measured as of June 30, 2020, and was determined by a actuarial valuation as of that same date.

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$	1,147,548
Changes for the year:		
Service cost		23,219
Interest		40,575
Changes of benefit terms		(183,214)
Differences between expected and actual experience		(66,545)
Changes in assumptions or other inputs		273,894
Benefit payments		(23,154)
Net changes		<u>64,775</u>
Balance at June 30, 2021	\$	<u>1,212,323</u>

Change in assumptions reflects a change in the discount rate from 3.50% to 2.21%. Changes in benefit terms reflects the implementation of the Medicare Advantage plan effective July 1, 2020.

For the year ended June 30, 2021, The School Unit recognized OPEB expense of \$104,135. At June 30, 2021, The School Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	58,227
Changes of assumption or other inputs	262,642	-
School Unit contributions subsequent to measurement date	13,156	-
Total	<u>\$ 275,798</u>	<u>58,227</u>

\$13,156 is reported as deferred outflows of resources related to OPEB resulting from School Unit contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ 28,441
2023	28,441
2024	28,441
2025	28,441
2026	28,440
Thereafter	62,211

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED

Actuarial Assumptions - The total OPEB liability in the June 30, 2020 actuarial valuation for the total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	2.75% per year
Discount rate	2.21% per annum
Healthcare cost trend rates - Pre-Medicare	6.21% for 2020 grading over 18 years to 3.25%
Healthcare cost trend rates - Medicare	0.00% for 2020 grading over 18 years to 3.25%
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

Mortality rates were based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table.

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

Discount Rate - The rate used to measure the total OPEB liability was 2.21% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the School Unit's total OPEB liability calculated using the discount rate of 3.50%, as well as what the School Unit's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.21%) or 1 percentage-point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 1,508,325	1,212,323	983,622

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the School Unit's total OPEB liability calculated using the healthcare cost trend rates, as well as what the School Unit's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 959,731	1,212,323	1,551,242

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Required Supplementary Information

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

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015 ^(a)
School Unit's proportion of the net pension liability	0.0412%	0.0583%	0.0628%	0.0583%	0.0750%	0.0963%	0.0925%
School Unit's proportionate share of the net pension liability	\$ 672,276	855,163	846,802	846,422	1,325,013	1,299,718	999,618
State's proportionate share of the net pension liability associated with the School Unit	87,684,96	7,487,516	6,902,925	7,220,942	9,636,699	6,559,061	9,578,324
Total	\$ 9,440,772	8,342,679	7,749,727	8,067,364	10,961,712	7,858,779	10,577,942
School Unit's covered payroll	\$ 7,489,260	7,258,942	7,052,636	6,719,971	6,822,380	6,531,637	10,989,687
School Unit's proportionate share of the net pension liability as a percentage of its covered payroll	8.98%	11.78%	12.01%	12.60%	19.42%	19.90%	9.10%
Plan fiduciary net position as a percentage of the total pension liability	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

* Only seven years of information available. The amounts presented for each fiscal year were determined as of the prior fiscal year.
(a) 2015 covered payroll includes the Town of Wiscasset School Department, which withdrew from the School Unit in the subsequent year.

SHEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Required Supplementary Information, Continued

Schedule of School Unit Contributions – Net Pension Liability
Maine Public Employees Retirement System State Employee and Teacher Plan (SET)

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014 ^(a)		
Contractually required contribution	\$ 322,715	311,553	288,180	279,990	225,790	229,242	173,088	291,227		
Contributions in relation to the contractually required contribution	(322,715)	(311,553)	(288,180)	(279,990)	(225,790)	(229,242)	(173,088)	(291,227)		
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-		
District's covered payroll	\$ 7,757,570	7,489,260	7,258,942	7,052,636	6,719,971	6,822,380	6,531,637	10,989,687		
Contributions as a percentage of covered payroll	4.16%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%	2.65%		

* Only eight years of information available.

(a) 2014 covered payroll includes the Town of Wiscasset School Department, which withdrew from the School Unit in the subsequent year.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Required Supplementary Information, Continued

Schedule of School Unit's Proportionate Share of the Net OPEB Liability - Life Insurance
Last 10 Fiscal Years*

	2021	2020	2019	2018
School Unit's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
School Unit's proportionate share of the net OPEB liability	-	-	-	-
State's proportionate share of the net OPEB liability associated with the School Unit	215,821	203,474	190,118	175,575
Total	215,821	203,474	190,118	175,575
Plan fiduciary net position as a percentage of the total OPEB liability	49.51%	49.22%	48.04%	47.29%

* Only four years of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
 Required Supplementary Information, Continued

Schedule of Changes in the School Unit's Total OPEB Liability and Related Ratios - Health Insurance

	Last 10 Fiscal Years*		
	2020	2020	2019
Total OPEB Liability			
Service cost	\$ 23,219	19,523	20,936
Interest	40,575	39,826	37,363
Changes of benefit terms	(183,214)	-	-
Differences between expected and actual experience	(66,545)	-	-
Changes of assumptions or other inputs	273,894	83,029	(62,857)
Benefit payments	(23,154)	(8,735)	(8,433)
Net change in total OPEB Liability	\$ 64,775	133,643	(12,991)
Total OPEB liability - beginning	1,147,548	1,013,905	1,026,896
Total OPEB liability - ending	\$ 1,212,323	1,147,548	1,013,905
Covered-employee payroll	7,798,604	8,658,136	8,426,410
Total OPEB liability as a percent of covered-employee payroll	15.55%	13.25%	12.03%

*Only three years of information available.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Notes to Required Supplementary Information

Changes of Benefit Terms (Pension) - None

Changes of Assumptions (Pension) - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2020</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate	6.75%	6.75%	6.88%	7.13%	7.13%	7.25%
Inflation rate	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases	2.75% plus merit	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.

Changes of Benefit Terms (OPEB – Life Insurance) - None

Changes of Assumptions (OPEB – Life Insurance) - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2018</u>	<u>2017</u>
Discount rate	6.75%	6.88%
Inflation rate	2.75%	2.75%
Salary increases	2.75-14.50%	2.75-14.50%

Changes of Benefit Terms (OPEB – Health Insurance) - Effective July 1, 2020, the MEABT implemented the Medicare Advantage Plan.

Changes of Assumptions (OPEB – Health Insurance) - Changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate	2.21%	3.50%	3.87%	3.58%

* This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

These statements provide a more detailed view of the "basic financial statements" presented in the preceding subsection.

Combining statements are presented when there is more than one fund of a given fund type.

GENERAL FUND

The General Fund is the general operating fund of the School Unit. All revenues that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds.

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
General Fund
Comparative Balance Sheets
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,329,535	987,210
Accounts receivable	63,582	515,036
Due from State of Maine	36,533	58,399
Interfund loans receivable	1,266,858	315,024
Total assets	2,696,508	1,875,669
LIABILITIES		
Accounts payable	345,559	539,769
Accrued wages and benefits	1,373,494	1,416,693
Total liabilities	1,719,053	1,956,462
FUND BALANCE (DEFICIT)		
Unassigned	977,455	(80,793)
Total fund balance (deficit)	977,455	(80,793)
Total liabilities and fund balance	\$ 2,696,508	1,875,669

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual
For the year ended June 30, 2021
(with comparative actual amounts for the year ended June 30, 2020)

	2021		Variance positive (negative)	2020 Actual
	Budget	Actual		
Revenues:				
Municipal allocations	\$ 12,551,340	12,551,340	-	12,108,370
Intergovernmental:				
State subsidy - operating costs	10,940,061	10,758,897	(181,164)	10,318,809
State agency clients	175,000	92,482	(82,518)	140,022
Medical reimbursement	20,000	23,994	3,994	3,298
National board certification	-	9,371	9,371	9,357
Total intergovernmental	11,135,061	10,884,744	(250,317)	10,471,486
Interest earned	1,000	5,384	4,384	4,136
Other revenues:				
Transportation	25,000	23,226	(1,774)	28,040
Miscellaneous	75,890	85,082	9,192	103,862
Total other revenues	100,890	108,308	7,418	131,902
Total revenues	23,788,291	23,549,776	(238,515)	22,715,894
Expenditures:				
Current:				
Regular instruction	12,095,869	11,544,135	551,734	11,579,955
Special education	4,330,415	4,155,733	174,682	4,052,971
Other instruction	170,946	122,837	48,109	112,511
Student and staff support	994,353	875,092	119,261	917,763
System administration	597,465	587,436	10,029	636,008
School administration	807,608	785,462	22,146	796,223
Transportation	1,417,365	1,184,459	232,906	1,319,443
Facilities maintenance	1,723,752	1,630,552	93,200	1,582,887
Debt service	1,600,518	1,562,768	37,750	1,610,131
Total expenditures	23,738,291	22,448,474	1,289,817	22,607,892

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual, Continued

	2021		Variance positive (negative)	2020 Actual
	Budget	Actual		
Excess (deficiency) of revenues over (under) expenditures	\$ 50,000	1,101,302	1,051,302	108,002
Other financing sources (uses):				
Transfers in	-	6,946	6,946	-
Transfers out	(50,000)	(50,000)	-	(50,000)
Total other financing sources (uses)	(50,000)	(43,054)	6,946	(50,000)
Net change in fund balance	-	1,058,248	1,058,248	58,002
Fund balance (deficit), beginning of year		(80,793)		(138,795)
Fund balance (deficit), end of year	\$	977,455		(80,793)

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Combining Balance Sheet
Other Governmental Funds
June 30, 2021

	Special Revenue Funds				Totals
	School Lunch Program	Federal and Other Special Revenue Funds	Student Activity Funds	Adult Education Fund	
ASSETS					
Cash and cash equivalents	\$ 4,515	-	62,209	-	66,724
Accounts receivable	103	-	-	247	350
Due from State of Maine	41,542	578,962	-	-	620,504
Interfund loans receivable	43,240	-	-	-	43,240
Inventory	37,070	-	-	-	37,070
Total assets	126,470	578,962	62,209	247	767,888
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	4,608	2,475	-	25	7,108
Accrued wages and benefits	43,588	143,479	-	-	187,067
Interfund loans payable	-	381,115	-	70,614	451,729
Total liabilities	48,196	527,069	-	70,639	645,904
Fund balances (deficit):					
Nonspendable	37,070	-	-	-	37,070
Restricted	41,204	58,786	62,209	-	162,199
Unassigned	-	(6,893)	-	(70,392)	(77,285)
Total fund balances (deficit)	78,274	51,893	62,209	(70,392)	121,984
Total liabilities and fund balances	\$ 126,470	578,962	62,209	247	767,888

OTHER GOVERNMENTAL FUNDS

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Federal and Other Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2021

	Fund				Fund balances (deficits) beginning of year	Revenues		Expenditures		Transfers in (out)	Fund balances (deficits) end of year
		Federal/State revenues	Other revenues	Program expenditures		Federal/State revenues	Other revenues				
Federal programs:											
2300 Title IA Disadvantaged	\$	371,812	-	371,812	-	-	-	371,812	-	-	-
2470 IDEA Part B - Local Entitlement		412,422	-	412,422	-	-	-	412,422	-	-	-
2510 IDEA Special Education - Preschool		10,193	-	10,193	-	-	-	10,193	-	-	-
2605 Elementary and Secondary School Emergency Relief		146,587	-	146,587	-	-	-	146,587	-	-	-
2607 Coronavirus Relief Funds - Adult Education		385	-	385	-	-	-	385	-	-	-
2613 Coronavirus Relief Funds - Reallocated		120,243	-	120,243	-	-	-	120,243	-	-	-
2614 Elementary and Secondary School Emergency Relief II		29,995	-	29,995	-	-	-	29,995	-	-	-
2670 Title VI - Rural and Low Income Grant		17,263	-	17,263	-	-	-	17,263	-	-	-
2690 Title IIA - Supporting Effective Instruction		86,203	-	86,203	-	-	-	86,203	-	-	-
2820 Fresh Fruit and Vegetable Program		45,043	-	45,043	16,992	-	-	43,091	-	-	18,944
2950 Adult Education Basic Ed Grant (FLA)		944	-	944	-	-	-	-	-	-	944
9000 Preschool Expansion Grant - Administration		-	-	-	6,946	-	-	-	(6,946)	-	-
Total federal programs		1,241,090	-	1,238,194	23,938	-	-	1,238,194	(6,946)	-	19,888
Other programs:											
2080 Other Grants/Donations		-	32,219	-	7,166	-	32,219	6,836	-	-	32,549
2270 College Transition		2,842	-	-	(1,740)	-	-	3,235	-	-	(2,133)
2460 Medicaid		-	-	-	6,349	-	-	-	-	-	6,349
2900 E-Rate Technology		-	-	-	(2,385)	-	-	2,375	-	-	(4,760)
Total other programs		2,842	32,219	-	9,390	-	32,219	12,446	-	-	32,005
Total	\$	1,243,932	32,219	1,250,640	33,328	-	32,219	1,250,640	(6,946)	-	51,893

SHEEPSHOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the year ended June 30, 2021

	Special Revenue Funds				Totals
	School Lunch Program	Federal and Other Special Revenue Funds	Student Activity Funds	Adult Education Fund	
Revenues:					
Municipal allocations	\$ -	-	-	59,927	59,927
Intergovernmental	724,409	1,243,932	-	25,591	1,993,932
Charges for services	6,132	-	-	-	6,132
Other revenues	227	32,219	41,333	247	74,026
Total revenues	730,768	1,276,151	41,333	85,765	2,134,017
Expenditures:					
Current:					
Special education	-	422,615	-	-	422,615
Adult education	-	-	-	67,420	67,420
Program expenditures	-	784,934	-	-	784,934
Student activities	-	-	33,965	-	33,965
School Lunch Program	756,927	43,091	-	-	800,018
Total expenditures	756,927	1,250,640	33,965	67,420	2,108,952
Excess (deficiency) of revenues over (under) expenditures	(26,159)	25,511	7,368	18,345	25,065
Other financing sources (uses):					
Transfers in	50,000	-	-	-	50,000
Transfers out	-	(6,946)	-	-	(6,946)
Total other financing sources (uses)	50,000	(6,946)	-	-	43,054
Net change in fund balances	23,841	18,565	7,368	18,345	68,119
Fund balances (deficits), beginning of year, restated	54,433	33,328	54,841	(88,737)	53,865
Fund balances (deficits), end of year	\$ 78,274	51,893	62,209	(70,392)	121,984

SCHEDULE

SHEEPSCOT VALLEY REGIONAL SCHOOL UNIT NO. 12
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Student Activity Funds
For the Year Ended June 30, 2021

	Fund Balance June 30, 2020	Revenues	Expenditures	Fund Balance June 30, 2021
Chelsea Elementary School	\$ 23,739	13,093	8,349	28,483
Palermo Consolidated School	17,515	6,988	7,535	16,968
Windsor Elementary School	2,096	12,555	9,422	5,229
Whitefield Elementary School	11,491	8,697	8,659	11,529
Total	\$ 54,841	41,333	33,965	62,209