

Federal Compliance Audit

Regional School Unit No. 70

June 30, 2022



Proven Expertise & Integrity

REGIONAL SCHOOL UNIT NO. 70

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JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Regional School Unit No. 70
Buxton, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Regional School Unit No. 70, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Regional School Unit No. 70's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Regional School Unit No. 70 as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Regional School Unit No. 70 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional School Unit No. 70's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit 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 Regional School Unit No. 70's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Regional School Unit No. 70's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 11 and 60 through 68 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School Unit No. 70's basic financial statements. The Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2023, on our consideration of the Regional School Unit No. 70's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Regional School Unit No. 70's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regional School Unit No. 70's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
January 26, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

(UNAUDITED)

The following management's discussion and analysis of Regional School Unit No. 70's financial performance provides an overview of the Unit's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Unit's financial statements.

Financial Statement Overview

The Regional School Unit No. 70's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Unit's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Unit's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have been presented for the following activities:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Unit's basic services are reported in governmental activities, which include regular instruction, special education, student and staff support, system administration, school administration, operations and maintenance, transportation and program expenses.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Regional School Unit No. 70, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Regional School Unit No. 70 are categorized as governmental funds.

Governmental funds: All of the basic services provided by the Unit are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Unit's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Unit.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Regional School Unit No. 70 presents four columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Unit's three major governmental funds are the General Fund, Food Service Fund and the ESSER II Fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Unit legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Proportionate Share of the Net OPEB Liability - SET Plan, Schedule of Contributions - OPEB - SET Plan, Schedule of Changes in Net OPEB Liability - MEABT Plan, Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan, Schedule of Contributions - OPEB - MEABT Plan and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Unit's governmental activities. The Unit's total net position for governmental activities increased by \$16,197 from \$1,700,314 to \$1,716,511.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased for governmental activities to a deficit balance of \$1,974,378 at the end of this year.

Table 1
Regional School Unit No. 70
Net Position
June 30,

	<u>2022</u>	<u>2021 (Restated)</u>
Assets:		
Current Assets	\$ 1,479,840	\$ 1,490,097
Noncurrent Assets - Capital Assets	3,832,982	3,824,813
Total Assets	<u>5,312,822</u>	<u>5,314,910</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	464,822	25,077
Deferred Outflows Related to OPEB	492,943	598,018
Total Deferred Outflows of Resources	<u>957,765</u>	<u>623,095</u>
Liabilities:		
Current Liabilities	627,205	441,711
Noncurrent Liabilities	3,495,177	3,633,314
Total Liabilities	<u>4,122,382</u>	<u>4,075,025</u>
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	372,500	71,337
Deferred Inflows Related to OPEB	59,194	91,329
Total Deferred Inflows of Resources	<u>431,694</u>	<u>162,666</u>
Net Position:		
Net Investment in Capital Assets	3,589,615	3,504,884
Restricted: Special Revenue Funds	101,274	154,266
Unrestricted (deficit)	(1,974,378)	(1,958,836)
Total Net Position	<u>\$ 1,716,511</u>	<u>\$ 1,700,314</u>

Revenues and Expenses

The revenues increased by 1.81% when compared to fiscal year 2021. The largest increase was in operating grants and contributions, which was partially offset by a decrease in support from towns. The expenses increased by 12.99%. The largest increases in expenses were in regular instruction and student and staff support which were partially offset by decreases in program expenses.

Table 2
Regional School Unit No. 70
Change in Net Position
For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 462,004	\$ 430,588
Operating grants and contributions	2,409,823	2,059,105
<i>General Revenues:</i>		
Support from towns	2,219,983	2,513,481
Grants and contributions not restricted to specific programs	3,457,568	3,459,548
Investment income	1,157	1,226
Miscellaneous	91,181	24,476
Total Revenues	<u>8,641,716</u>	<u>8,488,424</u>
Expenses		
Regular instruction	2,204,104	1,685,663
Special education	994,820	984,547
Student and staff support	985,611	531,570
System administration	373,684	335,027
School administration	389,667	352,806
Operations and maintenance	704,214	619,952
Transportation	489,665	445,055
Program expenses	1,658,436	1,930,106
State of Maine on-behalf payments	486,659	449,087
Unallocated depreciation (Note 5)	338,659	299,877
Total Expenses	<u>8,625,519</u>	<u>7,633,690</u>
Change in Net Position	16,197	854,734
Net Position - July 1, Restated	<u>1,700,314</u>	<u>845,580</u>
Net Position - June 30	<u>\$ 1,716,511</u>	<u>\$ 1,700,314</u>

Financial Analysis of the Unit's Fund Statements

Governmental funds: The financial reporting focus of the Unit's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Unit's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Regional School Unit No. 70
Fund Balances - Governmental Funds
June 30,

	<u>2022</u>	<u>2021 (Restated)</u>	<u>Change Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Assigned	\$ 375,000	\$ -	\$ 375,000
Unassigned	135,554	739,750	(604,196)
Total General Fund	<u>\$ 510,554</u>	<u>\$ 739,750</u>	<u>\$ (229,196)</u>
Food Service Fund:			
Nonspendable	\$ 14,945	\$ 6,240	\$ 8,705
Assigned	289,903	222,774	67,129
Total Food Service Fund	<u>\$ 304,848</u>	<u>\$ 229,014</u>	<u>\$ 75,834</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 101,037	\$ 47,191	\$ 53,846
Assigned	118,062	108,642	9,420
Unassigned	(31,728)	-	(31,728)
Capital Projects Funds:			
Restricted	237	-	237
Total Nonmajor Funds	<u>\$ 187,608</u>	<u>\$ 155,833</u>	<u>\$ 31,775</u>

The changes to total fund balances for the general fund, food service fund and the nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

The difference between the original and final budget for the general fund was due to the use of unassigned fund balance.

The general fund actual revenues exceeded the budget by \$4,347. This was the result of all revenues being receipted at or in excess of budgeted amounts with the exception of support from towns, other intergovernmental revenues, charges for services, investment income and other income.

The general fund actual expenditures were under the budget by \$216,457. All expenditures were within or under budget with the exception of system administration, school administration and transportation.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Unit increased by \$8,169 from the prior year. This increase is the result of current year capital additions of \$346,828 less current year depreciation of \$338,659. Refer to Note 5 of Notes to Financial Statements for additional information on capital assets.

**Table 4
Regional School Unit No. 70
Capital Assets (Net of Depreciation)
June 30,**

	<u>2022</u>	<u>2021</u>
Land	\$ 177,633	\$ 177,633
Buildings and improvements	2,714,014	2,841,132
Equipment	386,824	265,362
Vehicles	554,511	540,686
Total	<u>\$ 3,832,982</u>	<u>\$ 3,824,813</u>

Debt

At June 30, 2022, the Unit had \$243,367 in a bond and notes payable from direct borrowings versus \$319,930 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The 2022 - 2023 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2022 - 2023 as of the date this report was issued.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Unit's finances and to show the Unit's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Unit's Business Office at 175 Hodgdon Mills Road, Hodgdon, Maine 04730.

STATEMENT A

REGIONAL SCHOOL UNIT NO. 70

STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,084,100
Investments	9,742
Accounts receivable (net of allowance for uncollectibles):	
Intergovernmental	227,554
Other	143,499
Inventory	14,945
Total current assets	<u>1,479,840</u>
Noncurrent assets:	
Capital assets:	
Land, infrastructure and other assets not being depreciated	177,633
Buildings and equipment, net of accumulated depreciation	3,655,349
Total noncurrent assets	<u>3,832,982</u>
TOTAL ASSETS	<u>5,312,822</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	464,822
Deferred outflows related to OPEB	492,943
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>957,765</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,270,587</u>

STATEMENT A (CONTINUED)
REGIONAL SCHOOL UNIT NO. 70

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accrued expenses	\$ 476,830
Current portion of long-term obligations	150,375
Total current liabilities	627,205
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bond payable	159,853
Notes from direct borrowings payable	14,551
Accrued compensated absences	244,234
Net pension liability	255,025
Net OPEB liability	2,821,514
Total noncurrent liabilities	3,495,177
TOTAL LIABILITIES	4,122,382
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	372,500
Deferred inflows related to OPEB	59,194
TOTAL DEFERRED INFLOWS OF RESOURCES	431,694
NET POSITION	
Net investment in capital assets	3,589,615
Restricted	101,274
Unrestricted (deficit)	(1,974,378)
TOTAL NET POSITION	1,716,511
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 6,270,587

See accompanying independent auditor's report and notes to financial statements.

STATEMENT B

REGIONAL SCHOOL UNIT NO. 70
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Regular instruction	\$ 2,204,104	\$ 436,767	\$ -	\$ -	(1,767,337)
Special education	994,820	-	-	-	(994,820)
Student and staff support	985,611	-	-	-	(985,611)
System administration	373,684	-	-	-	(373,684)
School administration	389,667	-	-	-	(389,667)
Operations and maintenance	704,214	-	-	-	(704,214)
Transportation	489,665	-	-	-	(489,665)
Program expenses	1,658,436	25,237	1,923,164	-	289,965
State of Maine on-behalf payments	486,659	-	486,659	-	-
Unallocated depreciation (Note 5)*	338,659	-	-	-	(338,659)
Total government	\$ 8,625,519	\$ 462,004	\$ 2,409,823	\$ -	(5,753,692)

STATEMENT B (CONTINUED)
REGIONAL SCHOOL UNIT NO. 70

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(5,753,692)</u>
General revenues:	
Support from towns	2,219,983
Grants and contributions not restricted to specific programs	3,457,568
Investment income	1,157
Miscellaneous	<u>91,181</u>
Total general revenues	<u>5,769,889</u>
Change in net position	16,197
NET POSITION - JULY 1, RESTATED	<u>1,700,314</u>
NET POSITION - JUNE 30	<u>\$ 1,716,511</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT C

REGIONAL SCHOOL UNIT NO. 70

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Food Service	ESSER II Grant	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 971,318	\$ -	\$ -	\$ 112,782	\$ 1,084,100
Investments	4,462	-	-	5,280	9,742
Accounts receivables (net of allowance for uncollectibles):					
Intergovernmental	-	-	-	227,554	227,554
Other	96,356	42,991	-	4,152	143,499
Inventory	-	14,945	-	-	14,945
Due from other funds	249,026	246,912	-	101,272	597,210
TOTAL ASSETS	\$ 1,321,162	\$ 304,848	\$ -	\$ 451,040	\$ 2,077,050
LIABILITIES					
Accrued expenses	\$ 462,424	\$ -	\$ -	\$ 14,406	\$ 476,830
Due to other funds	348,184	-	-	249,026	597,210
TOTAL LIABILITIES	810,608	-	-	263,432	1,074,040
FUND BALANCES					
Nonspendable	-	14,945	-	-	14,945
Restricted	-	-	-	101,274	101,274
Committed	-	-	-	-	-
Assigned	375,000	289,903	-	118,062	782,965
Unassigned	135,554	-	-	(31,728)	103,826
TOTAL FUND BALANCES	510,554	304,848	-	187,608	1,003,010
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,321,162	\$ 304,848	\$ -	\$ 451,040	\$ 2,077,050

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 1,003,010
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, net of accumulated depreciation	3,832,982
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	464,822
OPEB	492,943
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bond payable	(199,816)
Notes from direct borrowings payable	(43,551)
Accrued compensated absences	(325,646)
Net pension liability	(255,025)
Net OPEB liability	(2,821,514)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	(372,500)
OPEB	<u>(59,194)</u>
Net position of governmental activities	<u>\$ 1,716,511</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Food Service	ESSER II Grant	Other Governmental Funds	Total Governmental Funds
REVENUES					
Support from towns	\$ 2,190,118	\$ -	\$ -	\$ 29,865	\$ 2,219,983
Intergovernmental revenues	3,457,568	499,449	737,091	686,624	5,380,732
State of Maine on-behalf payments	362,928	-	-	-	362,928
Charges for services	436,767	25,237	-	-	462,004
Investment income	1,157	-	-	-	1,157
Other income	(3,226)	-	-	94,407	91,181
TOTAL REVENUES	6,445,312	524,686	737,091	810,896	8,517,985
EXPENDITURES					
Current:					
Regular instruction	2,333,719	-	-	-	2,333,719
Special education	994,820	-	-	-	994,820
Student and staff support	985,611	-	-	-	985,611
System administration	373,684	-	-	-	373,684
School administration	389,667	-	-	-	389,667
Operations and maintenance	704,214	-	-	-	704,214
Transportation	489,665	-	-	-	489,665
Program expenses	-	448,852	737,091	819,321	2,005,264
State of Maine on-behalf payments	362,928	-	-	-	362,928
TOTAL EXPENDITURES	6,634,308	448,852	737,091	819,321	8,639,572
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(188,996)	75,834	-	(8,425)	(121,587)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	40,200	40,200
Transfers (out)	(40,200)	-	-	-	(40,200)
TOTAL OTHER FINANCING SOURCES (USES)	(40,200)	-	-	40,200	-
NET CHANGE IN FUND BALANCES	(229,196)	75,834	-	31,775	(121,587)
FUND BALANCES - JULY 1, RESTATED	739,750	229,014	-	155,833	1,124,597
FUND BALANCES - JUNE 30	\$ 510,554	\$ 304,848	\$ -	\$ 187,608	\$ 1,003,010

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

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, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (121,587)</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset acquisitions	346,828
Depreciation expense	<u>(338,659)</u>
	<u>8,169</u>
<p>Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:</p>	
Pensions	439,745
OPEB	<u>(105,075)</u>
	<u>334,670</u>
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position</p>	
	<u>76,563</u>
<p>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 governmental funds:</p>	
Accrued compensated absences	(25,632)
Net pension liability	86,393
Net OPEB liability	<u>(73,351)</u>
	<u>(12,590)</u>
<p>Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:</p>	
Pensions	(301,163)
OPEB	<u>32,135</u>
	<u>(269,028)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 16,197</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Regional School Unit No. 70 was incorporated under the laws of the State of Maine. This was a result of changes made within the Department of Education in regard to classification and definition of educational entities. The Unit did not change its prior name (Maine School Administrative Unit No. 70) with certain agencies such as banks, Internal Revenue Service and the Maine Bond Bank and continues to do business under its prior name.

The Unit's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Unit's combined financial statements include all accounts and all operations of the Unit. We have determined that the Unit has no component units as described in GASB Statements No.14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 "Conduit Debt Obligations". The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 "Omnibus 2020." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 13-14)". The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 97 "Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Government-Wide and Fund Financial Statements

The Unit's basic financial statements include both government-wide (reporting the Unit as a whole) and fund financial statements (reporting the Unit's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Unit has no proprietary funds and all activities of the Unit are categorized as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Unit's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Unit first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Unit's functions (instruction, operations and maintenance, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Unit does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Unit as an entity and the change in the Unit's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Unit are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Unit:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Unit:

Major Funds

- a. The General Fund is the general operating fund of the Unit. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Food Service Fund is used to account for the intergovernmental and charges for services revenues and expenditures related to the lunch program.
- c. The ESSER II Fund is used to account for the intergovernmental revenues and expenditures in the ESSER grant program.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. The primary revenue source is bond proceeds and interfund transfers.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

The Unit's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$ 6,082,384
Add: On-behalf payments	<u>362,928</u>
Total GAAP basis	<u>\$ 6,445,312</u>
Expenditures per budgetary basis	\$ 6,311,580
Add: On-behalf payments	<u>362,928</u>
Total GAAP basis	<u>\$ 6,674,508</u>

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Unit prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Unit Towns was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Unit.

Deposits and Investments

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

It is the Unit's policy to value investments at fair value. None of the Unit's investments are reported at amortized cost. The Unit is authorized by State Statutes to invest all excess funds in the following:

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Regional School Unit No. 70 has a formal investment policy which is in compliance with the State of Maine Statutes. The policy will be reviewed and updated as needed in the future.

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$371,053 for the year ended June 30, 2022.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory of the Unit consists of school nutrition supplies and food on hand at the end of the year.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Buildings and improvements	20 - 50 years
Equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

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

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of a bond payable, notes payable from direct borrowings, accrued compensated absences, net pension liability and net OPEB liability.

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

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

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Post-Employment Benefits (OPEB)

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

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Education Association Benefits Trust (MEABT), which determined the Unit's fiduciary net position as a single employer defined benefit plan based on information provided solely by MEABT to complete the actuarial report. Additions to/deductions from the MEABT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MEABT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Unit or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Unit is bound to honor constraints on the specific purpose for which amounts in the funds can

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Unit. The inhabitants of the Unit through Unit meetings are the highest level of decision-making authority of the Unit. Commitments may be established, modified or rescinded only through a Unit meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by vote of the taxpayer and is expressed by the Board of Directors.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Unit considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Unit considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Unit meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of resources (expense/expenditure) until then. The Unit has deferred amounts related to pensions and OPEB that qualify for reporting in this category. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenues qualify for reporting in this category. Deferred revenues are reported on the balance sheet and the statement of net position. Deferred amounts related to pensions and OPEB also qualify for reporting in this category. Deferred amounts related to pensions and OPEB are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Unit does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Unit's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Unit's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Unit funds.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINTUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Unit will not be able to recover its deposits. The Unit does not have a policy covering custodial credit risk for deposits. However, the Unit maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2022, the Unit's book balance of \$1,084,100 was comprised of bank deposits of \$1,205,283. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Unit's cash balance. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

Account Type	Bank Balance
Checking	\$ 301,807
Savings accounts	36,870
Insured collateralized accounts	866,606
	<u>\$ 1,205,283</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Unit will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Unit does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Unit does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$9,742 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2022, the Unit's investments of \$9,742 were comprised of certificates of deposit which were fully collateralized with federal depository insurance and consequently not exposed to custodial credit.

Credit risk - Statutes for the State of Maine authorize the Unit to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINTUED)

approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Unit does not have an investment policy on credit risk. Generally, the Unit invests excess funds in a cash management account or various insured certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances are amounts that are owed between the individual funds. As most of the funds do not have their own cash accounts, their receipts and expenditures flow through the general fund cash accounts and are recorded in the individual funds through the use of the interfund receivables and payables. These balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General Fund	\$ 249,026	\$ 348,184
Food Service Fund	246,912	-
Nonmajor Special Revenue Funds	101,035	249,026
Nonmajor Capital Projects Funds	237	-
	<u>\$ 597,210</u>	<u>\$ 597,210</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Unit. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2022 consisted of the following:

	<u>Transfers From</u>	<u>Transfers To</u>
General Fund	\$ 40,200	\$ -
Nonmajor Capital Projects Funds	-	40,200
	<u>\$ 40,200</u>	<u>\$ 40,200</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance, 7/1/21	Additions	Disposals	Balance, 6/30/22
Non-depreciated assets:				
Land	\$ 177,633	\$ -	\$ -	\$ 177,633
Depreciated assets:				
Buildings and improvements	5,935,126	59,880	-	5,995,006
Equipment	786,222	188,192	-	974,414
Vehicles	1,801,095	98,756	-	1,899,851
	<u>8,522,443</u>	<u>346,828</u>	<u>-</u>	<u>8,869,271</u>
Less: Accumulated depreciation	(4,875,263)	(338,659)	-	(5,213,922)
	<u>3,647,180</u>	<u>8,169</u>	<u>-</u>	<u>3,655,349</u>
Net capital assets	<u>\$ 3,824,813</u>	<u>\$ 8,169</u>	<u>\$ -</u>	<u>\$ 3,832,982</u>

NOTE 6 - LONG-TERM DEBT

The General Fund of the Unit is used to pay for all long-term debt. A summary of long-term debt is as follows:

	Balance, 7/1/21	Additions	Reductions	Balance, 6/30/22	Current Amount
Bond payable	\$ 239,781	\$ -	\$ (39,965)	\$ 199,816	\$ 39,963
Notes from direct borrowings payable	80,149	-	(36,598)	43,551	29,000
Totals	<u>\$ 319,930</u>	<u>\$ -</u>	<u>\$ (76,563)</u>	<u>\$ 243,367</u>	<u>\$ 68,963</u>

The following is a summary of the bond outstanding as of June 30, 2022:

\$1,136,256 Maine Municipal Bond Bank bond payable, with principal payments due in annual installments of \$39,963 through August of 2026. This is a zero interest bond with a portion of the bond forgiven. Bond proceeds were used for ADS compliance and building improvements.

\$ 199,816

REGIONAL SCHOOL UNIT NO. 70
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the notes from direct borrowings payable as of June 30, 2022:

\$87,087 promissory note payable to Machias Savings Bank for a bus, payments of \$1,572 beginning March 2018 and ending February 2023. Interest is charged at a fixed rate of 3.15% per annum.	\$ 11,637
\$89,205 promissory note payable to Machias Savings Bank for a bus, payments of \$1,644 beginning April 2019 and ending March 2024. Interest is charged at a fixed rate of 3.97% per annum.	<u>31,914</u>
Total notes from direct borrowings payable	<u>\$ 43,551</u>

The annual principal and interest requirements to amortize the bond and notes from direct borrowings payable are as follows:

Year Ending June 30,	Bond Payable		Notes from Direct Borrowings Payable		Total
	Principal	Interest	Principal	Interest	
2023	\$ 39,963	\$ -	\$ 29,000	\$ 1,147	\$ 70,110
2024	39,963	-	14,551	246	54,760
2025	39,963	-	-	-	39,963
2026	39,963	-	-	-	39,963
2027	39,964	-	-	-	39,964
	<u>\$ 199,816</u>	<u>\$ -</u>	<u>\$ 43,551</u>	<u>\$ 1,393</u>	<u>\$ 244,760</u>

All bonds payable and notes from direct borrowings payable are direct obligations of the Unit, for which its full faith and credit are pledged. The Unit is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Unit.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2022 is as follows:

	Balance, 7/1/21 (Restated)	Additions	Reductions	Balance, 6/30/22	Current Amount
Accrued compensated absences	\$ 300,014	\$ 42,978	\$ (17,346)	\$ 325,646	\$ 81,412
Net pension liability	341,418	439,745	(526,138)	255,025	-
Net OPEB liability	2,748,163	118,971	(45,620)	2,821,514	-
	<u>\$ 3,389,595</u>	<u>\$ 601,694</u>	<u>\$ (589,104)</u>	<u>\$ 3,402,185</u>	<u>\$ 81,412</u>

Refer to Notes 8, 15 and 17 for more detailed information regarding other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Unit's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. Usually, any potential liability is paid out at the time of severance and is known ahead of time. The accrual as of June 30, 2022 is for administration. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2022, the Unit's liability for compensated absences is \$325,646.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Unit at June 30, 2022:

Invested in capital assets	\$ 9,046,904
Accumulated depreciation	(5,213,922)
Outstanding capital related debt	<u>(243,367)</u>
	<u>\$ 3,589,615</u>

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At June 30, 2022, the Unit had the following restricted net position:

Nonmajor special revenue funds (Schedule D):	
Small local grants	\$ 20,971
Dental grant	2
Gear up grant	13,242
ARPA Local Entitlement preschool	1
COVID relief funds	662
Rural education Title IV	2
NCLB Title II	66,157
Nonmajor capital projects funds (Schedule F):	
Capital projects and renovations	237
	<u>\$ 101,274</u>

NOTE 11 - NONSPENDABLE FUND BALANCE

At June 30, 2022, the Unit had the following nonspendable fund balance:

Food service:	
Inventory	<u>\$ 14,945</u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2022, the Unit had the following assigned fund balances:

General fund:	
Assigned for FY 2023 budget	\$ 375,000
Food service fund	289,903
Nonmajor special revenue funds (Schedule D)	118,062
	<u>\$ 782,965</u>

NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2022, the Unit had the following deficit fund balances:

Nonmajor Special Revenue Funds (Schedule D):	
Title IA	\$ 30,691
Local entitlement	1,037
	<u>\$ 31,728</u>

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - RISK MANAGEMENT

The 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 Unit either carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine School Management Association.

Based on the coverage provided by the insurance purchased, the Unit is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2022. There were no significant reductions in insurance coverage from that of the prior year.

NOTE 15 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

All schoolteachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.mainebers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members. As of June 30, 2021, there were 238 employers, including the State of Maine, participating in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 0.93%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Unit's plan members are required to contribute 7.65% of their compensation to the retirement system. The Unit's payroll for employees covered by this program was approximately \$3,013,231 for the year ended June 30, 2022. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.29% of the Unit's contractually required contributions, which 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 (UAL). Contributions paid by the State were approximately \$357,411 for the year ended June 30, 2022. Title 5 of the Maine Revised Statutes Annotated also requires the Unit to contribute at an actuarially determined normal cost rate of 3.84%, which totaled \$115,687 for 2022. In addition, the Unit is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 14.89% of compensation and totaled \$76,252 the year ended June 30, 2022.

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

At June 30, 2022, the Unit reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Unit. The amount recognized by the 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 Unit were as follows:

REGIONAL SCHOOL UNIT NO. 70
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Unit's proportionate share of the net pension liability	\$	255,025
State's proportionate share of the net pension liability associated with the Unit		1,623,371
Total	\$	1,878,396

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Unit's proportion of the net pension liability was based on a projection of the Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating school Units and the State, actuarially determined. At June 30, 2021, the Unit's proportion was 0.030151%, which was an increase of 0.009234% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Unit recognized total pension expense of \$582,386 and revenue of \$357,411 for support provided by the State of Maine. At June 30, 2022, the Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,780	\$ 5,214
Changes of assumptions	173,872	-
Net difference between projected and actual earnings on pension plan investments	-	347,492
Changes in proportion and differences between employer contributions and proportionate share of contributions	95,231	19,794
Contributions subsequent to the measurement date	191,939	-
Total	\$ 464,822	\$ 372,500

\$191,939 reported as deferred outflows of resources related to pensions resulting from Unit contributions subsequent to the measurement date will be recognized as a

REGIONAL SCHOOL UNIT NO. 70
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		SET Plan
Plan year ended June 30:		
2022	\$	18,480
2023		57,696
2024		(78,934)
2025		(96,859)
2026		-
Thereafter		-

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2021 using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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

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

REGIONAL SCHOOL UNIT NO. 70
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Valuation Method

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

Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2021, compounded annually.

Salary Increases, Merit and Inflation - state employees, 2.80% - 13.03%

Mortality Rates - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Cost of Living Benefit Increases - 2.20% per annum for the year ended June 30, 2021.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2021 are summarized in the following table.

REGIONAL SCHOOL UNIT NO. 70
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	SET Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	7.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2021 for the State Employee and Teacher Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2021 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the State Employee and Teacher Plan.

	1% Decrease	Discount Rate	1% Increase
SET Plan:			
Discount rate	5.50%	6.50%	7.50%
Unit's proportionate share of the net pension liability (asset)	\$ 669,725	\$ 255,025	\$ (90,254)

REGIONAL SCHOOL UNIT NO. 70
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2021 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2021 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2021 and 2020, this was three years for the SET Plan.

Differences between Expected and Actual Investment Earnings

Differences between projected and actual investment earnings are recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2021 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the *Actuarial Methods and Assumptions* section for information relating to the use of assumptions.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2021 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All schoolteachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2021, there were 228 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)

Benefits Provided

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

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For Department's teachers, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2022 were approximately \$5,517.

OPEB Liabilities and OPEB Expense

At June 30, 2022, the Unit reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Unit. The total portion of the net OPEB liability that was associated with the Unit were as follows:

Unit's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Unit		<u>23,553</u>
Total	\$	<u>23,553</u>

For the year ended June 30, 2022, the Unit recognized net OPEB expense of \$296 and revenue of \$296 for support provided by the State of Maine.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

Plan Description

The State of Maine and Unit retirees contribute to the Unit's OPEB Plan with the Maine Education Association Benefits Trust (MEABT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the State, the Unit and/or the Unit retirees. MEABT is a fully funded, self-insured trust which provides benefits to education organizations and acts as the agent to the Unit concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MEABT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MEABT participants and are administered by a number of third-party administrators contracted by MEABT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MEABT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The employee must have participated in a plan for the 12 months prior to retirement and have 10 years (under age 50) or 5 years (age 50 or above) of continuous active service and enrollment in the health plan to be eligible for this Plan. The retiree who terminates coverage may elect to re-enroll in coverage if they participated in the health plan for 12 months prior to terminating coverage, as long as re-enrollment occurs within 5 years from coverage termination and as long as the retiree is not past age 62. The retiree must have maintained continuous health insurance coverage during the break in coverage with MEABT to be eligible for re-enrollment and is only eligible for re-enrollment once.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Active members	66
Retirees and spouses	<u>51</u>
Total	<u>117</u>

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Cost Sharing Provisions/Contributions

Retirees are eligible for a State subsidy of 55% of the blended single premium for the retiree. The blended premium is determined by blending rates for active members and retired members, as determined by State law. The retiree contributes the remaining 45% of blended single premium and spouse must contribute 100% of the blended premium amount coverage elected.

Employee/Retiree Premium Amounts

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Employee Only</u>	<u>Employee/ Spouse</u>	<u>Employer/ Child(ren)</u>	<u>Employee/ Family</u>
Choice Plus	\$ 886.49	\$ 1,997.98	\$ 1,568.89	\$ 2,431.81
Standard \$200 Ded	\$ 957.29	\$ 2,157.81	\$ 1,694.39	\$ 2,626.36
Standard \$500 Ded	\$ 842.16	\$ 1,898.08	\$ 1,490.45	\$ 2,310.21
Standard \$1,000 Ded	\$ 803.16	\$ 1,810.17	\$ 1,421.41	\$ 2,203.22
 Medicare				
Medicare-Eligible Retirees	\$ 393.32	\$ 786.64		

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the Unit reported a liability of \$2,821,514 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date. The Unit's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2022, the Unit recognized OPEB revenue of \$146,291. At June 30, 2022, the Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

	<u>MEABT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 40,585
Changes of assumptions	459,066	18,609
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	<u>33,877</u>	<u>-</u>
Total	<u>\$ 492,943</u>	<u>\$ 59,194</u>

\$33,877 were reported as deferred outflows of resources related to OPEB resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MEABT</u>
Plan year ended June 30:	
2022	\$ 127,368
2023	145,978
2024	122,417
2025	4,109
2026	-
Thereafter	-

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2021. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.16% per annum for June 30, 2021 was based upon a measurement date of June 24, 2021. The sensitivity of total OPEB liability to changes in discount rate are as follows:

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	1.16%	2.16%	3.16%
Total OPEB liability	\$ 3,276,836	\$ 2,821,514	\$ 2,445,137
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 3,276,836</u>	<u>\$ 2,821,514</u>	<u>\$ 2,445,137</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of total OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 2,404,477	\$ 2,821,514	\$ 3,330,292
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,404,477</u>	<u>\$ 2,821,514</u>	<u>\$ 3,330,292</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2021, using the following methods and assumptions applied to all periods included in the measurement:

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

Assumptions

The demographic actuarial assumptions are the Teacher assumptions that were used by the Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation at June 30, 2021 and are based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021.

The economic assumptions are based on GASB 75 paragraph 36. Since the Plan is not funded via a qualified trust, the discount rates are selected based on the 20-year tax-exempt bond buyer rates as of the measurement dates. The other economic assumptions, i.e., trend rates, were developed based on historical and future projections of long term health care rates:

Discount Rate - 2.16% per annum for year-end 2020 reporting, 2.21% per annum for year-end 2020 reporting.

Trend Assumptions:

Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2021_b. The following assumptions were applied in this model as below:

Trend Assumption Inputs

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capita 2030+	1.23%
Extra Trend due to Taste/Technology 2030+	1.10%
Expected Health Share of GDP 2030	20.0%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2040

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. Sample medical trends are listed in the table below.

Pre-Medicare - Initial trend of 6.21% applied in FYE 2020 and 6.83% applied in FYE 2022 grading over 18 years to 3.25% per annum.

Medicare - Initial trend of 0.0% applied in FYE 2021 and 6.30% applied in FYE 2022 grading over 18 years to 3.25% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2021 and based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021 meeting. As of June 30, 2021, they are as follows:

Retirement Rates - Rates vary for plans based on age and service

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims

Family Enrollment Composition - It is assumed that 80% is married with an eligible spouse.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Salaries - Salaries were not provided by the client. Assumed salaries are inferred using the Teachers Age/Service Salary scatter from the Maine State Teachers Retirement System's salary age/service scatter from the June 30, 2020 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Based on the dates of hire assumed above and the participant's actual age, pay was assigned using the salary age service scatter, unless otherwise supplied by the district group during its review of the active data.

Dates of Hire - Were not available from the client and were available from the State Retirement Agency. Dates of hire were inferred using the Maine State Retirement System's Age/Service scatter from the June 30, 2020 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Those under 1 year of service, the date was assumed to be January 1, 2020 and all other groups were assumed to be hired on July 1 of each service midpoint.

Rate of Mortality:

Healthy Annuitants: Based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows:

- 98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80
- 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

Rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.

Healthy Employees: Based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

Disabled Annuitants: Based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model described in the healthy annuitant mortality.

REGIONAL SCHOOL UNIT NO. 70
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Retiree Continuation Percentage:

Retirees who are currently in the Medicare Advantage Plan (Medicare participants) are assumed to remain in the Medicare Advantage Plan.

Retirees who are over the age of 65 and enrolled in a Pre-Medicare plan are assumed to never be eligible for Medicare and are assumed to remain enrolled in the Pre-Medicare plan.

Retirees who are currently under the age of 64 and enrolled in a Pre-Medicare plan are assumed to be eligible for Medicare and are assumed to remain in the Pre-Medicare Plan until age 64 and enroll in the Medicare Advantage Plan at age 65.

Spouses who are currently in a Pre-Medicare plan will follow the same assumptions as the retired member. Thus, if the member is never eligible for Medicare, the spouse is not either.

Significant actuarial assumptions employed by the actuary for claims and expense purposes are based on the actual community rated premiums of the entire group. As of June 30, 2021, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through July 1, 2020 and projects through June 30, 2021 and associate enrollment in the various options offered. Annual administrative and claims adjudication expenses are assumed to be included in the annual premiums.

Medical Plan Election - Employees are assumed to continue in their current medical plan for their entire career. 50% of retirees are assumed to switch from the Choice Plan to the Standard Plan.

Medicare Eligibility - Assumed to be age 65, with the exception of retirees over age 65 who are not in the Medicare Advantage Plan are assumed to never be eligible for Medicare, all current actives with a hire date before March 31, 1986 are assumed to never be eligible for Medicare.

Changes in Total OPEB Liability

Changes in total OPEB liability are recognized in OPEB expense for the year ended June 30, 2021 with the following exceptions:

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of July 1, 2021, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2021, the differences between expected and actual experience was (\$40,585).

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of July 1, 2021, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2019. For the fiscal year ended June 30, 2021, the changes in assumptions was \$440,457.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Unit Office at 94 Main Street, Buxton, Maine 04093.

NOTE 18 - CONTINGENCIES

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

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - CONTINGENCIES (CONTINUED)

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

The Unit receives subsidy funding payments through the State of Maine. The State subsidy payment amount is adjusted quarterly for the Unit's share of MaineCare Seed, which is the required local share of MaineCare revenue that the State pays on behalf of the Unit and then recovers through the ED 279. Adjustments made by the State in the fiscal year of 2023 could include expenditures from the fiscal year of 2022 that would normally be accrued. The actual amount cannot be determined at this time; however, it is the position of the Unit that this practice is consistent with the formal recommendation of the Maine Department of Education to all Maine units concerning this matter.

NOTE 19 - OVERSPENT APPROPRIATIONS

The following categories were overspent at June 30, 2022:

System administration	\$	1,905
School administration		165
Transportation		5,280
	\$	<u>7,350</u>

The budget in total was underspent by \$216,457. Underspent balances in several other expenditure categories were used to offset these overspent balances.

NOTE 20 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Unit's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 21 - RESTATEMENT

The net position of the governmental activities been restated at July 1, 2021 to correct the other long-term liabilities to include the accrued compensated absences. The beginning accrued compensated absences amount was \$300,014.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 21 - RESTATEMENT (CONTINUED)

The beginning fund balance of the nonmajor special revenue funds was also restated to correct the beginning balances of the student activity funds. This restatement was an increase of \$1,567.

The resulting restatements decreased total net position for governmental activities by \$298,447 from \$1,998,761 to \$1,700,314.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Proportionate Share of the Net OPEB Liability - SET Plan
- Schedule of Contributions - OPEB - SET Plan
- Schedule of Changes in Net OPEB Liability - MEABT Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT - Plan
- Schedule of Contributions - OPEB - MEABT Plan
- Notes to Required Supplementary Information

REGIONAL SCHOOL UNIT NO. 70

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 739,750	\$ 739,750	\$ 739,750	\$ -
Resources (Inflows):				
Support from towns	2,303,691	2,303,691	2,190,118	(113,573)
Intergovernmental revenues:				
State Subsidy	3,284,763	3,284,763	3,428,906	144,143
Mainecare	14,000	14,000	25,401	11,401
Other	14,950	14,950	3,261	(11,689)
Charges for services	440,000	440,000	436,767	(3,233)
Investment income	2,133	2,133	1,157	(976)
Other income	18,500	18,500	(3,226)	(21,726)
Amounts Available for Appropriation	<u>6,817,787</u>	<u>6,817,787</u>	<u>6,822,134</u>	<u>4,347</u>
Charges to Appropriations (Outflows):				
Regular instruction	2,465,357	2,465,357	2,333,719	131,638
Special education	1,024,790	1,024,790	994,820	29,970
Student and staff support	1,036,366	1,036,366	985,611	50,755
System administration	371,779	371,779	373,684	(1,905)
School administration	389,502	389,502	389,667	(165)
Operations and maintenance	715,658	715,658	704,214	11,444
Transportation	484,385	484,385	489,665	(5,280)
Transfers to other funds	40,200	40,200	40,200	-
Total Charges to Appropriations	<u>6,528,037</u>	<u>6,528,037</u>	<u>6,311,580</u>	<u>216,457</u>
Budgetary Fund Balance, June 30	<u>\$ 289,750</u>	<u>\$ 289,750</u>	<u>\$ 510,554</u>	<u>\$ 220,804</u>
Utilization of unassigned fund balance	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ (450,000)</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016
Unit's proportion of the net pension liability	0.03%	0.02%	0.02%	0.03%	0.03%	0.03%	0.02%
Unit's proportionate share of the net pension liability	\$ 255,025	\$ 341,418	\$ 364,021	\$ 406,061	\$ 413,101	\$ 543,796	\$ 323,961
State's proportionate share of the net pension liability associated with the Unit	<u>1,623,371</u>	<u>3,216,878</u>	<u>2,848,957</u>	<u>2,885,105</u>	<u>3,037,153</u>	<u>3,813,678</u>	<u>3,039,317</u>
Total	<u>\$ 1,878,396</u>	<u>\$ 3,558,296</u>	<u>\$ 3,212,978</u>	<u>\$ 3,291,166</u>	<u>\$ 3,450,254</u>	<u>\$ 4,357,474</u>	<u>\$ 3,363,278</u>
Unit's covered payroll	\$ 3,001,916	\$ 2,819,331	\$ 2,794,989	\$ 2,994,948	\$ 2,869,210	\$ 2,894,875	\$ 2,825,787
Unit's proportionate share of the net pension liability as a percentage of its covered payroll	8.50%	12.11%	13.02%	13.56%	14.40%	18.78%	11.46%
Plan fiduciary net position as a percentage of the total pension liability	90.90%	81.03%	84.52%	85.17%	80.78%	80.80%	81.20%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 191,939	\$ 115,269	\$ 117,284	\$ 110,961	\$ 100,630	\$ 96,406	\$ 97,268
Contributions in relation to the contractually required contribution	(191,939)	(115,269)	(117,284)	(110,961)	(100,630)	(96,406)	(97,268)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unit's covered payroll	\$ 3,013,231	\$ 3,001,916	\$ 2,819,331	\$ 2,794,989	\$ 2,994,948	\$ 2,869,210	\$ 2,894,875
Contributions as a percentage of covered payroll	6.37%	3.84%	4.16%	3.97%	3.36%	3.36%	3.36%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SET PLAN
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018
Proportion of the net OPEB liability District's proportionate share of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District Total	23,553	49,942	50,253	60,651	54,982
	\$ 23,553	\$ 49,942	\$ 50,253	\$ 60,651	\$ 54,982
Covered payroll	\$ 3,001,916	\$ 2,819,331	\$ 2,794,989	\$ 2,994,948	\$ 2,869,210
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	62.90%	55.40%	49.51%	49.22%	48.04%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF CONTRIBUTIONS - OPEB - SET PLAN
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018
<u>SET Life Insurance:</u>					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,013,231	\$ 3,001,916	\$ 2,819,331	\$ 2,794,989	\$ 2,994,948
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN
FOR THE YEAR ENDED JUNE 30, 2022

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2020 (Reporting June 30, 2021)	\$ 2,748,163	\$ -	\$ 2,748,163
Changes for the year:			
Service cost	37,359	-	37,359
Interest	61,059	-	61,059
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	20,553	-	20,553
Contributions - employer	-	45,620	(45,620)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(45,620)	(45,620)	-
Administrative expense	-	-	-
Net changes	<u>73,351</u>	<u>-</u>	<u>73,351</u>
Balances at 6/30/21 (Reporting June 30, 2022)	<u>\$ 2,821,514</u>	<u>\$ -</u>	<u>\$ 2,821,514</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
MEABT PLAN
JUNE 30, 2022

	2022	2021	2020	2019
<u>Total OPEB liability</u>				
Service cost (BOY)	\$ 37,359	\$ 12,486	\$ 10,331	\$ 11,221
Interest (includes interest on service cost)	61,059	79,440	81,892	77,707
Changes of benefit terms	-	(158,818)	-	-
Differences between expected and actual experience	-	(67,641)	-	-
Changes of assumptions	20,553	659,175	117,796	(93,037)
Benefit payments, including refunds of member contributions	(45,620)	(66,812)	(50,397)	(48,655)
Net change in total OPEB liability	<u>\$ 73,351</u>	<u>\$ 457,830</u>	<u>\$ 159,622</u>	<u>\$ (52,764)</u>
Total OPEB liability - beginning	\$ 2,748,163	\$ 2,290,333	\$ 2,130,711	\$ 2,183,475
Total OPEB liability - ending	<u>\$ 2,821,514</u>	<u>\$ 2,748,163</u>	<u>\$ 2,290,333</u>	<u>\$ 2,130,711</u>
<u>Plan fiduciary net position</u>				
Contributions - employer	45,620	66,812	50,397	48,655
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(45,620)	(66,812)	(50,397)	(48,655)
Administrative expense	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 2,821,514</u>	<u>\$ 2,748,163</u>	<u>\$ 2,290,333</u>	<u>\$ 2,130,711</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered employee payroll	\$ 3,424,236	\$ 3,340,718	\$ 4,270,705	\$ 4,156,404
Net OPEB liability as a percentage of covered payroll	82.4%	82.3%	53.6%	51.3%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF CONTRIBUTIONS - OPEB - MEABT PLAN
JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>MEABT:</u>				
Employer contributions	\$ 45,620	\$ 66,812	\$ 50,397	\$ 48,655
Benefit payments	(45,620)	(66,812)	(50,397)	(48,655)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,424,236	\$ 3,340,718	\$ 4,270,705	\$ 4,156,404
Contributions as a percentage of covered payroll	1.33%	2.00%	1.18%	1.17%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Changes of Assumptions

MEPERS SET Pension Plan:

The discount rate was reduced from 6.75% to 6.50%. In addition, the salary increases for the plan, increased from 2.75% to 2.80% - 13.03% per year.

MEPERS SET OPEB Plan:

For the fiscal year ended June 30, 2021, the discount rate used for all plans was reduced from 6.75% to 6.50%. In addition, assumptions related to salary increases, rates of terminations, mortality and age of retirement were updated to reflect the results of an experience study conducted in 2021.

MEABT Health Plan:

There was a change in the discount rate from 2.21% to 2.16% per GASB 75 discount rate selection.

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
Regular instruction				
Elementary	\$ 1,142,581	\$ 1,142,581	\$ 1,018,251	\$ 124,330
Secondary	959,553	959,553	952,599	6,954
Co-curricular:				
Elementary	23,696	23,696	18,509	5,187
Secondary	22,199	22,199	18,368	3,831
Extra curricular:				
Elementary	41,468	41,468	27,263	14,205
Secondary	89,581	89,581	96,552	(6,971)
Gifted and talented	72,824	72,824	73,370	(546)
Alternative education	71,000	71,000	87,737	(16,737)
Summer school	28,955	28,955	31,516	(2,561)
Post secondary enrollment programs	13,500	13,500	9,554	3,946
Total	<u>2,465,357</u>	<u>2,465,357</u>	<u>2,333,719</u>	<u>131,638</u>
Special education				
Resource room	433,398	433,398	450,974	(17,576)
Self contained	295,381	295,381	204,059	91,322
Administration	109,714	109,714	74,383	35,331
Other	186,297	186,297	265,404	(79,107)
Total	<u>1,024,790</u>	<u>1,024,790</u>	<u>994,820</u>	<u>29,970</u>
Student and staff support				
Guidance	93,952	93,952	91,253	2,699
Health	62,264	62,264	71,514	(9,250)
Other student support services	14,672	14,672	10,045	4,627
Improvement of instruction	9,846	9,846	787	9,059
Instructional staff training	50,105	50,105	52,327	(2,222)
Academic student assessment	11,000	11,000	11,000	-
Library	91,428	91,428	103,528	(12,100)
Technology	703,099	703,099	645,157	57,942
Total	<u>1,036,366</u>	<u>1,036,366</u>	<u>985,611</u>	<u>50,755</u>

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
System administration				
Board of education	39,170	39,170	46,505	(7,335)
Fiscal services	93,074	93,074	101,443	(8,369)
Administrative technology services	60,701	60,701	54,169	6,532
Superintendent	178,834	178,834	171,567	7,267
Total	<u>371,779</u>	<u>371,779</u>	<u>373,684</u>	<u>(1,905)</u>
School administration				
Principal's office	<u>389,502</u>	<u>389,502</u>	<u>389,667</u>	<u>(165)</u>
Operations and maintenance	<u>715,658</u>	<u>715,658</u>	<u>704,214</u>	<u>11,444</u>
Transportation	<u>484,385</u>	<u>484,385</u>	<u>489,665</u>	<u>(5,280)</u>
Transfers to other funds	<u>40,200</u>	<u>40,200</u>	<u>40,200</u>	<u>-</u>
Total Departmental Operations	<u>\$ 6,528,037</u>	<u>\$ 6,528,037</u>	<u>\$ 6,311,580</u>	<u>\$ 216,457</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 112,782	\$ -	\$ 112,782
Investments	5,280	-	5,280
Accounts receivable (net of allowance for uncollectibles)	4,152	-	4,152
Due from other governments	227,554	-	227,554
Due from other funds	101,035	237	101,272
TOTAL ASSETS	\$ 450,803	\$ 237	\$ 451,040
LIABILITIES			
Accrued payroll	\$ 14,406	\$ -	\$ 14,406
Due to other funds	249,026	-	249,026
TOTAL LIABILITIES	263,432	-	263,432
FUND BALANCES			
Nonspendable	-	-	-
Restricted	101,037	237	101,274
Committed	-	-	-
Assigned	118,062	-	118,062
Unassigned	(31,728)	-	(31,728)
TOTAL FUND BALANCES	187,371	237	187,608
TOTAL LIABILITIES AND FUND BALANCES	\$ 450,803	\$ 237	\$ 451,040

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Support from towns	\$ 29,865	\$ -	\$ 29,865
Intergovernmental revenue	686,624	-	686,624
Other	94,407	-	94,407
TOTAL REVENUES	<u>810,896</u>	<u>-</u>	<u>810,896</u>
EXPENDITURES			
Program expenses	779,358	39,963	819,321
TOTAL EXPENDITURES	<u>779,358</u>	<u>39,963</u>	<u>819,321</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>31,538</u>	<u>(39,963)</u>	<u>(8,425)</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	-	40,200	40,200
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>40,200</u>	<u>40,200</u>
NET CHANGE IN FUND BALANCES	31,538	237	31,775
FUND BALANCES - JULY 1, RESTATED	<u>155,833</u>	<u>-</u>	<u>155,833</u>
FUND BALANCES - JUNE 30	<u>\$ 187,371</u>	<u>\$ 237</u>	<u>\$ 187,608</u>

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

SCHEDULE D

REGIONAL SCHOOL UNIT NO. 70

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Adult Education 1500	Small Local Grants 2000	Ballfield 2050	MLTI Grant 2237	Dental Grant 2240	Title IA 2300
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	87,983
Due from other funds	-	20,971	-	-	2	-
TOTAL ASSETS	\$ -	\$ 20,971	\$ -	\$ -	\$ 2	\$ 87,983
LIABILITIES						
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,220
Due to other funds	-	-	-	-	-	113,454
TOTAL LIABILITIES	-	-	-	-	-	118,674
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	20,971	-	-	2	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(30,691)
TOTAL FUND BALANCES (DEFICITS)	-	20,971	-	-	2	(30,691)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 20,971	\$ -	\$ -	\$ 2	\$ 87,983

SCHEDULE D (CONTINUED)

REGIONAL SCHOOL UNIT NO. 70

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Gear Up Grant	Local Entitlement	Local Entitlement	Local Entitlement	Local Entitlement	Local Entitlement	Local Entitlement	COVID Relief Funds
	2390	2470	2480	2510	2515	2606		
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	4,152	-	-	-	-	-	-
Due from other governments	-	24,706	6,873	1,104	-	-	-	-
Due from other funds	13,242	-	-	-	1	662	-	662
TOTAL ASSETS	\$ 13,242	\$ 28,858	\$ 6,873	\$ 1,104	\$ 1	\$ 662	\$ -	\$ 662
LIABILITIES								
Accrued payroll	\$ -	\$ -	\$ 4,614	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	29,895	2,259	1,104	-	-	-	-
TOTAL LIABILITIES	-	29,895	6,873	1,104	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	13,242	-	-	-	1	662	-	662
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	(1,037)	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	13,242	(1,037)	-	-	1	662	-	662
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 13,242	\$ 28,858	\$ 6,873	\$ 1,104	\$ 1	\$ 662	\$ -	\$ 662

SCHEDULE D (CONTINUED)

REGIONAL SCHOOL UNIT NO. 70

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	ESSER III Grant	Rural Education Title IV	NCLB Title II	Hodgdon Elementary Activity Funds	Hodgdon High School Activity Funds	Total
	2615	2670	2700			
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 24,898	\$ 87,884	\$ 112,782
Investments	-	-	-	-	5,280	5,280
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	4,152
Due from other governments	102,551	4,337	-	-	-	227,554
Due from other funds	-	-	66,157	-	-	101,035
TOTAL ASSETS	\$ 102,551	\$ 4,337	\$ 66,157	\$ 24,898	\$ 93,164	\$ 450,803
LIABILITIES						
Accrued payroll	\$ 4,572	\$ -	\$ -	\$ -	\$ -	\$ 14,406
Due to other funds	97,979	4,335	-	-	-	249,026
TOTAL LIABILITIES	102,551	4,335	-	-	-	263,432
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	2	66,157	-	-	101,037
Committed	-	-	-	-	-	-
Assigned	-	-	-	24,898	93,164	118,062
Unassigned	-	-	-	-	-	(31,728)
TOTAL FUND BALANCES (DEFICITS)	-	2	66,157	24,898	93,164	187,371
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 102,551	\$ 4,337	\$ 66,157	\$ 24,898	\$ 93,164	\$ 450,803

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Adult Education	Small Local Grants	Ballfield	MLTI Grant	Dental Grant	Title IA
	1500	2000	2050	2237	2240	2300
REVENUES						
Support from towns	\$ 29,865	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	9,652	-	-	32,987	-	273,455
Other	-	-	-	-	-	-
TOTAL REVENUES	39,517	-	-	32,987	-	273,455
EXPENDITURES						
Program expenses	39,517	-	10,892	32,987	-	273,455
TOTAL EXPENDITURES	39,517	-	10,892	32,987	-	273,455
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	(10,892)	-	-	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	-	20,971	10,892	-	2	(30,691)
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 20,971	\$ -	\$ -	\$ 2	\$ (30,691)

SCHEDULE E (CONTINUED)

REGIONAL SCHOOL UNIT NO. 70

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Gear Up Grant	Local Entitlement	ARPA Local Entitlement	Local Entitlement Preschool	ARPA Local Entitlement Preschool	COVID Relief Funds
	2390	2470	2480	2510	2515	2606
REVENUES						
Support from towns	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	158,154	30,412	1,104	3,541	-
Other	-	-	-	-	-	-
TOTAL REVENUES	-	158,154	30,412	1,104	3,541	-
EXPENDITURES						
Program expenses	-	148,644	30,412	1,104	3,540	-
TOTAL EXPENDITURES	-	148,644	30,412	1,104	3,540	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	9,510	-	-	1	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	13,242	(10,547)	-	-	-	662
FUND BALANCES (DEFICITS) - JUNE 30	\$ 13,242	\$ (1,037)	\$ -	\$ -	\$ 1	\$ 662

SCHEDULE E (CONTINUED)

REGIONAL SCHOOL UNIT NO. 70

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	ESSER III Grant	Rural Education Title IV	NCLB Title II	Hodgdon Elementary Activity Funds	Hodgdon High School Activity Funds	Total
	2615	2670	2700			
REVENUES						
Support from towns	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,865
Intergovernmental revenue	115,554	38,267	23,498	-	-	686,624
Other	-	-	-	36,486	57,921	94,407
TOTAL REVENUES	115,554	38,267	23,498	36,486	57,921	810,896
EXPENDITURES						
Program expenses	115,554	38,267	-	36,400	48,586	779,358
TOTAL EXPENDITURES	115,554	38,267	-	36,400	48,586	779,358
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	23,498	86	9,335	31,538
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	-	2	42,659	24,812	83,829	155,833
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 2	\$ 66,157	\$ 24,898	\$ 93,164	\$ 187,371

See accompanying independent auditor's report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

REGIONAL SCHOOL UNIT NO. 70

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2022

	Capital Projects and Renovations	Total
ASSETS		
Due from other funds	\$ 237	\$ 237
TOTAL ASSETS	<u>\$ 237</u>	<u>\$ 237</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	237	237
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>237</u>	<u>237</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 237</u>	<u>\$ 237</u>

See accompanying independent auditor's report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 70

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Capital Projects and Renovations	Total
REVENUES		
Intergovernmental revenues	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>
EXPENDITURES		
Capital outlay	39,963	39,963
TOTAL EXPENDITURES	<u>39,963</u>	<u>39,963</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(39,963)</u>	<u>(39,963)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	40,200	40,200
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>40,200</u>	<u>40,200</u>
NET CHANGE IN FUND BALANCES	237	237
FUND BALANCES - JULY 1	<u>-</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ 237</u>	<u>\$ 237</u>

See accompanying independent auditor's report and notes to financial statements.

Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with Government Auditing Standards and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance of Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through State of Maine - Department of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program (SBP)	10.553	013-06A-3014-013	\$ -	\$ 55,000
National School Lunch Program - USDA (NSLP)	10.555	013-05A-3024-013	-	309,026
Summer Food Service Program for Children	10.559	013-06A-3016-013	-	59,100
Fresh Fruit and Vegetable Program (FFVP)	10.582	013-05A-3028-013	-	18,565
Subtotal Child Nutrition Cluster			<u>-</u>	<u>441,691</u>
Child and Adult Care Food Program (CACFP)	10.558	013-05A-6661-013	<u>-</u>	<u>15,865</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>457,556</u>
U.S. Department of Education				
Passed-through State of Maine - Department of Education and Cultural Services:				
Title I Grants to Local Educational Agencies	84.010A	013-06A-3107-13	<u>-</u>	<u>273,455</u>
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027A	013-06A-3046-013	-	148,644
Special Education Grants to States - ARP	84.027X	013-06A-7170-025	-	30,412
Special Education Preschool Grants	84.173A	013-06A-6247-023	-	1,104
Special Education Preschool Grants - ARP	84.173X	013-06A-7171-025	<u>-</u>	<u>3,540</u>
Subtotal Special Education Cluster (IDEA)			<u>-</u>	<u>183,700</u>
Supporting Effective Instruction State Grants	84.367A	013-06A-3042-011	<u>-</u>	<u>15,622</u>
Student Support and Academic Enrichment Program	84.424A	013-05A-3345-013	<u>-</u>	<u>22,645</u>
Education Stabilization Fund under the Coronavirus Aid, Relief and Economic Security Act	84.425D	013-06A-7041-013	-	737,091
Education Stabilization Fund under the Coronavirus Aid, Relief and Economic Security Act	84.425U	013-06A-7071-025	<u>-</u>	<u>115,555</u>
			<u>-</u>	<u>852,646</u>
Total U.S. Department of Education			<u>-</u>	<u>1,348,068</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ -</u>	<u>\$ 1,805,624</u>

REGIONAL SCHOOL UNIT NO. 70

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Regional School Unit No. 70 under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Regional School Unit No. 70, it is not intended to and does not present the financial position, changes in net position or cash flows of the Regional School Unit No. 70.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Regional School Unit No. 70 has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



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

Board of Directors
Regional School Unit No. 70
Hodgdon, Maine

We have audited, in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Regional School Unit No. 70 as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise Regional School Unit No. 70's basic financial statements and have issued our report thereon dated January 26, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regional School Unit No. 70's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional School Unit No. 70's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 70's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional School Unit No. 70's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of Regional School Unit No. 70 in a separate letter dated November 17, 2022.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
January 26, 2023



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Regional School Unit No. 70
Hodgdon, Maine

Report on Compliance for Each Major Federal Program

We have audited Regional School Unit No. 70's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Regional School Unit No. 70's major federal programs for the year ended June 30, 2022. Regional School Unit No. 70's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Regional School Unit No. 70's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Regional School Unit No. 70's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Regional School Unit No. 70's compliance.

Opinion on Each Major Federal Program

In our opinion, Regional School Unit No. 70 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Report on Internal Control Over Compliance

Management of Regional School Unit No. 70 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Regional School Unit No. 70's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Regional School Unit No. 70's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 70's internal control over compliance.

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

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

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

RHR Smith & Company

Buxton, Maine
January 26, 2023

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance? yes no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425D/84.425U	Education Stabilization Fund under the Coronavirus Aid, Relief and Economic Security Act

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None

State Compliance

State compliance includes financial information and reports that are presented for purposes of additional analysis as required by Title 20-A MRSA §6051 of the Maine Revised Statutes as amended. Such financial information and reports include:

- Independent Auditor's Report on State Requirements
- Reconciliation of Audit Adjustments to Annual Financial Data Submitted to the Maine Education Financial System



INDEPENDENT AUDITOR'S REPORT ON STATE REQUIREMENTS

Board of Directors
Regional School Unit No. 70
Hodgdon, Maine

We have audited the financial statements of Regional School Unit No. 70 for the year ended June 30, 2022 and have issued our report thereon dated January 26, 2023. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Regional School Unit No. 70's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, Regional School Unit No. 70 complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Regional School Unit No. 70 was in noncompliance with or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Regional School Unit No. 70 and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education Financial System maintained at the Maine Department of Education.

This report is intended solely for the information of the Board of Directors, management and the Maine Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Buxton, Maine
January 11, 2023

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REGIONAL SCHOOL UNIT NO. 70

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL
DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund (1000)	Special Revenue Funds (2000) & (6000)	Capital Projects Funds (3000) & (4000)	Total
June 30 Balance per Maine Education Financial System	\$ (221,311)	\$ 194,547	\$ -	\$ (26,764)
Other Adjustments:				
Cash adjustments	1,288,984	112,782	-	1,401,766
Investment adjustments	4,462	5,280	-	9,742
Accounts receivable adjustments	-	80,150	-	80,150
Inventory adjustments	-	14,945	-	14,945
Accrued expenses	(462,424)	(14,406)	-	(476,830)
Interfund balances	(99,158)	98,921	237	-
Rounding	1	-	-	1
Audited GAAP Basis Fund Balance June 30	\$ 510,554	\$ 492,219	\$ 237	\$ 1,003,010