

*M.S.A.D. # 70*

BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

(With Independent Auditors' Report Thereon)



SCHOOL ADMINISTRATIVE DISTRICT NO. 70

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## INDEPENDENT AUDITORS' REPORT

To the Management of the  
School Administrative District No. 70

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Administrative District No. 70 as of and for the year ended June 30, 2021, which collectively comprise the School's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Administrative District No. 70, as of June 30, 2021, 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.

### **Other-Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and pages 27 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic

financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2021, on our consideration of the School Administrative District No. 70's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School Administrative District No. 70's internal control over financial reporting and compliance

Presque Isle, Maine  
October 1, 2021

# MAINE SCHOOL ADMINISTRATIVE DISTRICT No. 70

## OFFICE OF THE SUPERINTENDENT OF SCHOOLS

175 Hodgdon Mills Rd / Hodgdon, Maine 04730 / 207-532-3015 / fax 207-532-2679

### Management's Discussion & Analysis

(Unaudited)

As management of the School Administrative District No. 70, we offer readers of the School Administrative District No. 70's financial statements this narrative overview and analysis of the financial activities of the School Administrative District No. 70 for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented in conjunction with the basic financial statements.

#### FINANCIAL HIGHLIGHTS

- Total assets of the School Administrative District No. 70 exceed liabilities by \$1,891,684, which represents the total net position of the School.
- The ending fund balance for all governmental funds (which includes the special revenue fund and the lunch program), was \$1,015,955. This is a \$31,978 decrease from the prior year total.
- The General Fund reports a fund balance of \$739,750. The unassigned fund balance is 12% of annual general fund expenditures.

#### USING THIS ANNUAL REPORT

The School Administrative District No. 70's financial statements are comprised of a series of statements. The Statement of Net Position and the Statement of Activities provide an overview of the government as a whole and its activities. The Fund Financial Statements, which begin immediately after the Statement of Activities, provide a more detailed look at the governmental funds. Next are the notes to the financial statements, which provide information essential to a complete understanding of the data provided. Following the notes are the combining and individual fund schedules, including non-major governmental funds.

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

#### FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts which is used to maintain control over resources which have been segregated for specific activities or objectives. The School Administrative District No. 70, like other state and local governments, uses fund accounting to insure and demonstrate compliance with finance related legal requirements.



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

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

• *Fiduciary funds* -These funds are used to account for monies held for the benefit of students. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School Administrative District No. 70's operational programs.

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

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

	6/30/2021	6/30/2020
<i>Statement of Net Position:</i>		
Total current assets	\$ 1,381,455	\$ 1,473,942
Total non-current assets	4,447,908	3,221,041
Total assets	<u>5,829,363</u>	<u>4,694,983</u>
Total current liabilities	(441,711)	(531,142)
Total non-current liabilities and deferrals	<u>(3,495,968)</u>	<u>(3,129,314)</u>
Total net position	<u><u>\$ 1,891,684</u></u>	<u><u>\$ 1,034,527</u></u>
<i>Statement of Activities:</i>		
Property taxes	\$ 2,513,481	\$ 2,519,478
Federal and State Assistance	3,459,548	3,230,537
Other revenues	443,492	589,534
Total revenues	<u>6,416,521</u>	<u>6,339,549</u>
Instruction	3,104,064	3,843,640
Nutrition	(66,203)	(43,847)
Student/staff support	531,570	480,451
Administration	687,833	680,658
Operation and maintenance of plant	840,160	978,840
Transportation	461,939	447,204
Total expenses	<u>5,559,363</u>	<u>6,386,946</u>
Change in net position	<u><u>\$ 857,158</u></u>	<u><u>\$ (47,397)</u></u>

The following summarizes the changes in net position of the School's governmental activities: The School Administrative District No. 70's net position for the governmental funds increased by \$857,158 during the fiscal year ended June 30, 2021. The total cost of governmental activities was \$7,583,922. However, many programs are subsidized by user fees, grants and contributions. Therefore, the ultimate cost to the taxpayers was \$5,559,363 after taking into consideration the program revenues. See the Statement of Activities -for greater detail.

## **FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

### **GOVERNMENTAL FUNDS**

As indicated in the Financial Highlights, the School Administrative District No. 70's governmental funds reported a fund balance of \$1,015,955, which represents a \$31,978 decrease. The general fund reports a fund balance of \$739,750. This unassigned amount (frequently referred to as the "School's surplus") represents a \$193,414 decrease over the June 30, 2020 unassigned fund balance. In other words, the 2020/2021 budget included a \$675,000 budgeted use of surplus as a financing source, but the School used only a portion of that amount.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The School continues to meet its responsibilities for sound financial management. Actual revenues were under budgeted revenues by \$31,883. Actual expenditures were under budget by \$513,469. After transfers and utilization of prior year fund balance the change in fund balance was a \$193,414 decrease.

No line items were spent over budget.

### **CAPITAL ASSETS**

Governmental activities capital assets net of depreciation totaled \$3,824,813 as of June 30, 2021, representing a \$744,764 increase from the prior year end. Several assets were purchased during the year including two buses, a pickup, two vans, roof repairs, HVAC and parking lot renovations, student ipads. See financial statement note 4 for further details.

### **DEBT**

There was no new debt issued during the year. See note 5 to the basic financial statements for further detailed information on the School's debt.

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

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

## SCHOOL ADMINISTRATIVE DISTRICT NO. 70

### GOVERNMENT WIDE STATEMENT OF NET POSITION JUNE 30, 2021

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>Assets</b>	
Cash	\$ 1,293,413
Due from other governments	81,802
Inventory	6,240
<i>Non-current capital assets</i>	
Property, plant and equipment	8,700,078
Accumulated depreciation	(4,875,265)
Total assets	<u>5,206,268</u>
<b>Deferred outflows of resources</b>	
OPEB	598,018
Pensions	25,077
	<u>\$ 5,829,363</u>
<b>Current liabilities</b>	
Accrued payroll	\$ 365,503
Current portion of long-term debt	76,208
<b>Long-term liabilities</b>	
Long-term debt	243,721
OPEB liability	2,748,163
Pension liability	341,418
Total liabilities	<u>3,775,013</u>
<b>Deferred inflows of resources</b>	
OPEB	\$ 91,329
Pensions	71,337
Total deferred inflows	<u>162,666</u>
<b>Net Position</b>	
Net Investment in capital assets	3,504,884
Unrestricted	(1,613,200)
Total net position	<u>1,891,684</u>
	<u>\$ 5,829,363</u>



## SCHOOL ADMINISTRATIVE DISTRICT NO. 70

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

Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities					
Instruction	\$ (4,631,952)	\$ -	\$ 1,527,888	\$ -	\$ (3,104,064)
Student / Staff support	(531,570)	-	-	-	(531,570)
Administration	(687,833)	-	-	-	(687,833)
Operation and maintenance of plant	(840,160)	-	-	-	(840,160)
Transportation	(461,939)	-	-	-	(461,939)
Nutrition	(430,468)	12,798	483,873	-	66,203
Total expenses	<u>\$ (7,583,922)</u>	<u>\$ 12,798</u>	<u>\$ 2,011,761</u>	<u>\$ -</u>	<u>(5,559,363)</u>
			General revenues		
			Property taxes		2,513,481
			Federal and State assistance		3,459,548
			Tuition		417,790
			Other revenues		25,702
			Total revenues		<u>6,416,521</u>
			Change in net position		<u>857,158</u>
			Net position - July 1		1,034,526
			Net position - June 30		<u>\$ 1,891,684</u>

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

# SCHOOL ADMINISTRATIVE DISTRICT NO. 70

BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
JUNE 30, 2021

	Major Fund		Non-Major Fund	Totals
	General	Special Revenue Fund	Lunch Fund	
<b>Assets:</b>				
Cash	\$ 1,293,413	\$ -	\$ -	\$ 1,293,413
Due from other funds	-	23,693	179,783	203,476
Due from other governments	15,313	23,498	42,991	81,802
Inventory	-	-	6,240	6,240
	<u>\$ 1,308,726</u>	<u>\$ 47,191</u>	<u>\$ 229,014</u>	<u>\$ 1,584,931</u>
<b>Liabilities:</b>				
Due to other funds	\$ 203,476	\$ -	\$ -	\$ 203,476
Accrued payroll	365,500	-	-	365,500
	<u>568,976</u>	<u>-</u>	<u>-</u>	<u>568,976</u>
<b>Fund Balance:</b>				
Nonspendable	-	-	6,240	6,240
Restricted	-	47,191	-	47,191
Unassigned	739,750	-	222,774	962,524
	<u>739,750</u>	<u>47,191</u>	<u>229,014</u>	<u>1,015,955</u>
	<u>\$ 1,308,726</u>	<u>\$ 47,191</u>	<u>\$ 229,014</u>	<u>\$ 1,584,931</u>

Total fund equity as noted above: \$ 1,015,955

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation and related debt: 3,504,884

Some liabilities, including net pension and OPEB obligations, are not due and payable in the current periods and, therefore, are not reported in the funds:

Pension liability (341,418)  
OPEB liability (2,748,163)

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

Deferred outflows of resources related to pensions 25,077  
Deferred inflows of resources related to pensions (71,337)  
Deferred inflows of resources related to OPEB (91,329)  
Deferred outflows of resources related to OPEB 598,018

Total net position of governmental activities \$ 1,891,687

**SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

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

	Major Fund		Non-Major Fund	Totals
	General	Special Revenue	Lunch	
<b>Revenues</b>				
Federal and State assistance	\$ 3,459,548	\$ 1,527,888	\$ 483,873	\$ 5,471,309
Property taxes	2,433,481	-	80,000	2,513,481
Tuition	417,790	-	-	417,790
Intergovernmental revenue - MSRS	449,087	-	-	449,087
Other revenues	25,705	-	12,798	38,503
	<u>6,735,611</u>	<u>1,527,888</u>	<u>576,671</u>	<u>8,890,170</u>
<b>Expenditures</b>				
Instruction	3,805,166	1,512,655	-	5,317,821
Nutrition	-	-	430,468	430,468
Student / Staff support	532,749	-	-	532,749
Pension expense - MSRS on behalf payments	449,087	-	-	449,087
Administration	687,833	-	-	687,833
Operation and maintenance of plant	619,952	-	-	619,952
Capital Projects	439,183	-	-	439,183
Transportation	445,055	-	-	445,055
	<u>6,979,025</u>	<u>1,512,655</u>	<u>430,468</u>	<u>8,922,148</u>
<b>Net Change in Fund Balance</b>	<u>(193,414)</u>	<u>15,233</u>	<u>146,203</u>	<u>(31,978)</u>
Fund Balance - July 1	933,164	31,958	82,811	1,047,933
Fund Balance - June 30	<u>\$ 739,750</u>	<u>\$ 47,191</u>	<u>\$ 229,014</u>	<u>\$ 1,015,955</u>

SCHOOL ADMINISTRATIVE DISTRICT 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, 2021

Net changes in fund balances - all governmental funds (page 9)	\$ (31,978)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount of capital assets recorded is as follows:	
Vehicles	261,123
Renovations	508,251
Equipment	275,267
Repayment of long-term debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	103,927
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pensions benefits earned net of employee contributions is reported as pension expense	30,003
Governmental funds report OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pensions benefits earned net of employee contributions is reported as pension expense	10,445
Depreciation expense	(299,877)
Change in net position of governmental activities (page 7)	<u>\$ 857,161</u>

**SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

STATEMENT OF AGENCY ASSETS AND LIABILITIES - FIDUCIARY FUNDS  
JUNE 30, 2021

	<u>High School Activities</u>	<u>Elementary School Activities</u>	<u>Total Agency Funds</u>
Cash	<u>\$ 83,568</u>	<u>\$ 23,507</u>	<u>\$ 107,075</u>
Due to Student Groups	<u>\$ 83,568</u>	<u>\$ 23,507</u>	<u>\$ 107,075</u>

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

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Government-wide and Fund financial statements

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

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

Separate statements are provided for government funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Measurement Focus / Basis of Accounting / Basis of Presentation

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

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



## SCHOOL ADMINISTRATIVE DISTRICT NO. 70

### NOTES TO FINANCIAL STATEMENTS (cont'd)

#### 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The School reports the following major governmental funds:

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

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

Additionally, the District reports the following fund type(s):

Fiduciary Funds:

*Agency Funds*- The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund

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

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program, 2) operating or capital grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### Budgets

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

#### Deposits and investments

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories

Lunch program inventories are stated at net realizable value.

Interfund Receivables and Payables

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

Capital Assets

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

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

Buildings and Improvements	20-60 years
Machinery and equipment	5-15 years
Vehicles and equipment	5-10 years

Compensated Absences

The District has varying policies with regard to accruing sick leave, severance and vacation days. Upon termination, an employee is paid the full amount of accumulated vacation days not taken, however these days are not accrued year-over-year. Accumulated vacation pay is estimated to be immaterial in relation to the financial statements and therefore has not been accrued. Upon retirement, teachers who have obtained the required experience, and notify the Superintendent of their intent to retire, are paid a per diem rate for a maximum of 30 days. Accumulated sick pay is also estimated to be immaterial in relation to the financial statements and therefore has not been accrued.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## SCHOOL ADMINISTRATIVE DISTRICT NO. 70

### NOTES TO FINANCIAL STATEMENTS (cont'd)

#### 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### Pensions

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

##### Fund Equity

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

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

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

1. *Non-spendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the district's highest level of decision-making authority),
4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

##### Use of Estimates

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

#### 2. DEPOSITS AND INVESTMENTS

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a policy with respect to custodial credit risk for deposits. As of June 30, 2021, the School's deposits totaled \$954,453, none of which are exposed to custodial credit risk, as all funds are insured through FDIC or NCUA coverage.

**SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

NOTES TO FINANCIAL STATEMENTS (cont'd)

3. COMMITMENTS AND CONTINGENCIES

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

4. FIXED ASSETS

The following is a summary of changes in capital assets:

	Balance 7/1/20	Additions	Deletions	Balance 6/30/21
<i>Asset:</i>				
Land	\$ 177,633	\$ -	\$ -	\$ 177,633
Building and Improve	5,426,767	508,251	-	5,935,018
Equipment	465,138	242,652	-	707,790
Lunch equipment	45,866	32,615	-	78,481
Vehicles	1,540,033	261,123	-	1,801,156
	<u>7,655,437</u>	<u>1,044,641</u>	<u>-</u>	<u>8,700,078</u>
<i>Accumulated depreciation:</i>				
Building and Improve	2,909,081	184,373	-	3,093,454
Equipment	485,021	35,834	-	520,855
Vehicles	1,181,285	79,669	-	1,260,954
	<u>4,575,387</u>	<u>299,876</u>	<u>-</u>	<u>4,875,263</u>
Net book value	<u>\$ 3,080,050</u>	<u>\$ 744,765</u>	<u>\$ -</u>	<u>\$ 3,824,815</u>

Depreciation has been allocated in the Statement of Activities as follows:  
 Transportation \$79,669 and operation of plant \$220,207

**SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

NOTES TO FINANCIAL STATEMENTS (cont'd)

5. LONG-TERM DEBT AND CAPITAL LEASES

	Balance at July 1	Debt Issued	Debt Retired	Balance at June 30
Loan payable to Machias Savings Bank for a bus purchase with monthly payments of \$1,644.19, including interest of 3.97%.	\$ 66,843	\$ -	\$ (16,591)	\$ 50,252
Loan payable to Machias Savings Bank for a bus purchase with monthly payments of \$1,438.90, including interest of 2.79%.	\$ 10,697	-	\$ (10,697)	-
Loan payable to Machias Savings Bank for Chromebooks with monthly payments of \$1,181.05, including interest of 2.79%.	1,179	-	(1,179)	-
Loan payable to Maine Municipal Bond Bank for building renovations with yearly payments of \$46,542, with no interest. Portion of the proceeds are forgiven.	279,744	-	(39,963)	239,781
Loan payable to Machias Savings Bank for a bus purchase with monthly payments of \$1,497.76, including interest of 2.76%.	18,317	-	(18,317)	-
Loan payable to Machias Savings Bank for a bus purchase with monthly payments of \$1,572.24, including interest of 3.15%.	47,077	-	(17,180)	29,897
	<u>\$ 423,857</u>	<u>\$ -</u>	<u>\$ (103,927)</u>	<u>\$ 319,930</u>

Maturities are as follows:

Year ended June 30	Principal	Interest	Totals
2022	\$ 76,208	\$ 2,809	\$ 79,017
2023	70,453	1,381	71,834
2024	53,377	355	53,732
2025	39,963	-	39,963
2026	39,963	-	39,963
Thereafter	39,966	-	39,966
	<u>\$ 319,930</u>	<u>\$ 4,545</u>	<u>\$ 324,475</u>

**SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

NOTES TO FINANCIAL STATEMENTS (cont'd)

6. USDA COMMODITIES - LUNCH PROGRAM

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

Commodities on hand - July 1	\$ 9,293
Commodities received during the year	15,394
	<u>24,687</u>
Commodities on hand - June 30	(6,240)
Commodities used during the year	<u>\$ 18,447</u>

7. OTHER REVENUES

Per the financial statement, page 27, other revenues at June 30 are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Interest	\$ 2,134	\$ 1,226	\$ (908)
Miscellaneous	18,500	17,779	(721)
	<u>\$ 20,634</u>	<u>\$ 19,005</u>	<u>\$ (1,629)</u>

8. INTERFUND ACTIVITY

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

		General fund	<u>Due from Special Revenue</u>	Other fund
<b>Due to</b>	Gen fund	-	23,693	179,783
	Other fund	-	-	-
	Special Revenue	-	-	-

The above balances reflect the fact that all programs are paid from one checking account.

9. EXPENDITURES OVER APPROPRIATIONS

No line items were spent over budget.

10. PENSION PLAN

Description

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

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



10. PENSION PLAN (cont'd)

Pension Benefits

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers; separate legislation enacted the same reduced requirement for judges, legislators, and employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers, judges and legislative members is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 5.0%.

Member and Employer Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

Actuarial Methods and Assumptions

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

10. PENSION PLAN (cont'd)

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

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

*Amortization*

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

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

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

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

*Salary Increases, Merit and Inflation* - 2.75% plus merit component based on each employee's years of service.

*Mortality Rates* - For active State employee members and non-disabled retirees of the State employee plan, participating local districts, legislative and judicial plans, the RP2014 Tables projected forward to 2016 using Scale AA are used; for active members and non-disabled retirees of the teachers' plan, the ages are set back two years; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

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

10. PENSION PLAN (cont'd)

Actuarial Methods and Assumptions (Continued)

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

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

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2020. 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.

Changes in Net Pension Liability

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

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

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

	1% Decrease	Current Rate	1% Increase
Proportionate share of the Net pension liability	\$592,119	\$341,418	\$132,464

**SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

NOTES TO FINANCIAL STATEMENTS (cont'd)

10. PENSION PLAN (cont'd)

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

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

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

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

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

2021: \$(50,561) 2022: -(20,701), 2023: -\$12,566, 2024: \$12,435.

Additional Financial and Actuarial Information

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

11. PENSIONS - DEFERRED OUTFLOWS / INFLOWS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,921	\$ 7,234
Changes in assumptions	14,155	-
Changes in proportion and differences between district contributions and proportionate share of contributions	-	64,103
	\$ 25,076	\$ 71,337

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events for the period July 1, 2021 through October 1, 2021 for any possible disclosures. None were noted. This was not however, when the financial statements were issued.

13. DEFICIT FUND BALANCE –LUNCH FUND

At June 30, 2021 the lunch fund no longer had a deficit balance due to a large amount of accounts receivable from government grants.

14. OTHER POST EMPLOYMENT BENEFITS – (OPEB)

Plan description

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

Benefits provided

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

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

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

*Life Insurance:* The \$2,500 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$2,500 life insurance benefit as well.

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

Net OPEB Liability

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

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

Actuarial Assumptions

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

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

Projections of benefits for financial reporting purposes are based on the provisions of the Plans in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the funding methodologies. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. Experience gains and losses, i.e., actual decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2020, there were 17 years remaining in the amortization schedule for the SET Plan and 10 years remaining for the PLD Consolidated Plan. The actuarial assumptions used in the June 30, 2020 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Changes of Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs 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. 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.

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 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. 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. 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. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2020.



**SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

NOTES TO FINANCIAL STATEMENTS (cont'd)

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

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

The discount rate used to measure the collective total OPEB liability was 2.21% for 2020 for the Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following presents the net OPEB liability of the School, as well as what the School's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (1.21% lower NOL) or 1 percentage point higher (3.21% higher NOL) than the current healthcare cost trend rate

	<u>1% Decrease</u> 1.21%	<u>Discount Rate</u> 2.21%	<u>1% Increase</u> 3.21%
Total OPEB liability	\$3,204,747	\$2,748,163	\$2,371,356
Plan Fiduciary Net Position	\$0	\$0	\$0
Net OPEB liability	\$3,204,747	\$2,748,163	\$2,371,356
Plan Fiduciary Net Position as a Percentage of the total OPEB liability	0.0%	0.0%	0.0%

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

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

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

2021: \$123,259, 2022: \$123,527, 2023: \$141,867, 2024: \$118,306.

SCHOOL ADMINISTRATIVE DISTRICT NO. 70

NOTES TO FINANCIAL STATEMENTS (cont'd)

15. OPEB - DEFERRED OUTFLOWS / INFLOWS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 54,113
Changes in assumptions	598,018	37,216
Changes in proportion and differences between district contributions and proportionate share of contributions	-	-
	<u>\$ 598,018</u>	<u>\$ 91,329</u>

16. DEFICIT FUND BALANCE

At June 30, 2021 the government wide statement of net position shows a negative unrestricted balance. This is due primarily to the implementation of recording pension and OPEB liability balances as required by GASB 75 and GASB 68 in prior years.

## SCHOOL ADMINISTRATIVE DISTRICT NO. 70

### REQUIRED SUPPLEMENTARY INFORMATION

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

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Federal and State assistance	\$ 3,452,905	\$ 3,452,905	\$ 3,459,548	\$ 6,643
Property taxes	2,418,168	2,418,168	2,433,481	15,313
Tuition	440,000	440,000	417,790	(22,210)
Mainecare	30,000	30,000	-	(30,000)
E rate	6,700	6,700	6,700	-
Other revenues	20,634	20,634	19,005	(1,629)
Total revenues	<u>6,368,407</u>	<u>6,368,407</u>	<u>6,336,524</u>	<u>(31,883)</u>
Expenditures				
Instruction				
Regular	2,940,538	2,940,538	2,784,350	156,188
Special	1,115,773	1,115,773	984,547	131,226
Adult education	36,269	36,269	36,269	-
Student / Staff support	574,298	574,298	532,749	41,549
Administration				
District	338,275	338,275	335,027	3,248
School	366,742	366,742	352,806	13,936
Operation and maintenance of plant	713,165	713,165	619,952	93,213
Capital Projects	445,200	445,200	439,183	6,017
Transportation	513,147	513,147	445,055	68,092
Total expenditures	<u>7,043,407</u>	<u>7,043,407</u>	<u>6,529,938</u>	<u>513,469</u>
Net change in fund balance	<u>\$ (675,000)</u>	<u>\$ (675,000)</u>	<u>(193,414)</u>	<u>\$ (545,352)</u>
Fund balance - July 1			933,164	
Fund balance - June 30			<u>\$ 739,750</u>	

**SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Maine Public Employees Retirement System State Employee and Teacher Plan (SET)

Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>SET Plan</b>							
School's proportion of the net pension liability	0.0209%	0.0248%	0.0301%	0.0284%	0.0308%	0.0240%	0.0196%
School's proportionate share of the net pension liability	\$ 341,418	\$ 364,021	\$ 406,061	\$ 413,101	\$ 543,796	\$ 323,961	\$ 211,561
School's covered payroll	\$ 3,001,916	\$ 2,819,331	\$ 2,794,989	\$ 2,994,948	\$ 2,869,210	\$ 2,894,875	\$ 2,825,787
School's proportion share of the net pension liability as a percentage of its covered-employee payroll	11.37%	12.91%	14.53%	13.79%	18.95%	11.19%	7.49%

\* Only seven years of information available.

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

**SCHOOL ADMINISTRATIVE DISTRICT NO. 29**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL CONTRIBUTIONS-PENSIONS  
Maine Public Employees Retirement System State Employee and Teacher Plan (SET)

Last 10 Fiscal Years \*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>SET Plan</b>							
Contractually required contribution	\$ 115,269	\$ 117,284	\$ 110,961	\$ 100,630	\$ 96,406	\$ 97,268	\$ 74,884
Contributions in relation to the contractually required contribution	<u>\$ (115,269)</u>	<u>\$ (117,284)</u>	<u>\$ (110,961)</u>	<u>\$ (100,630)</u>	<u>\$ (96,406)</u>	<u>\$ (97,268)</u>	<u>\$ (74,884)</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 3,001,916	\$ 2,819,331	\$ 2,794,989	\$ 2,994,948	\$ 2,869,210	\$ 2,894,875	\$ 2,825,787
Contributions as a percentage of employee payroll	3.84%	4.16%	3.97%	3.36%	3.36%	3.36%	2.65%

\* Only seven years of information available

**SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last 10 Fiscal Years \*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
School's proportionate share of the net OPEB liability	\$ 2,748,163	\$ 2,290,333	\$ 2,130,711
School's covered payroll	\$3,340,718	\$4,270,705	\$ 4,156,404
School's proportion share of the net OPEB liability as a percentage of its covered-employee payroll	82.26%	53.63%	51.26%
Plan Fiduciary Net Position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%

*\*Only three years available*

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



**SCHOOL ADMINISTRATIVE DISTRICT NO. 29**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF SCHOOL CONTRIBUTIONS-OPEB

Last 10 Fiscal Years \*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 66,812	\$ 50,397	\$ 48,655
Contributions in relation to the contractually required contribution	<u>\$ (66,812)</u>	<u>\$ (50,397)</u>	<u>\$ (48,655)</u>
<b><u>Contribution deficiency (excess)</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$3,340,718	\$4,270,705	\$4,156,404
Contributions as a percentage of covered- employee payroll	2.00%	1.18%	1.17%

\* Only three years available

SCHOOL ADMINISTRATIVE DISTRICT NO. 70

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

REVENUES	
Lunches	\$ 12,798
Property taxes	80,000
Subsidies - State of Maine	483,873
	<u>576,671</u>
EXPENDITURES	
Food	236,007
Labor	174,088
Supplies	20,373
	<u>430,468</u>
TRANSFER FROM GENERAL FUND	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCE:	146,203
FUND BALANCE - July 1	<u>82,811</u>
FUND BALANCE - June 30	<u>\$ 229,014</u>

SCHOOL ADMINISTRATIVE DISTRICT NO. 70

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

	<u>Federal Programs</u>	<u>State and Other Programs</u>	<u>Totals</u>
Revenues			
Federal and State assistance	<u>\$ 1,527,735</u>	<u>\$ 153</u>	<u>\$ 1,527,888</u>
Expenditures			
Salaries / benefits	691,643	-	691,643
Contracted Services	193,773	-	193,773
Supplies	627,239	-	627,239
	<u>1,512,655</u>	<u>-</u>	<u>1,512,655</u>
 Net change in fund balance	 <u>15,080</u>	 <u>153</u>	 <u>15,233</u>
 Fund balance - July 1	 <u>247</u>	 <u>31,711</u>	 <u>31,958</u>
Fund balance - June 30	<u>\$ 15,327</u>	<u>\$ 31,864</u>	<u>\$ 47,191</u>

*See Auditor's Report on Supplemental Information*

**SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

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

	Title IA Chapter I	Improving Teacher Quality Title II-A	Title IV Rural Educator	COVID Relief Funds	CRF 2	ESSR	Gear Up	Preschool Section 515	Local Entitlement	Totals
Revenues										
Federal grants received through the State of Maine	\$ 232,240	\$ 34,521	\$ 41,092	\$ 426,819	\$ 448,464	\$ 174,679	\$ 32,187	\$ 1,845	\$ 136,088	\$ 1,527,735
Expenditures:										
Salaries / benefits	265,245	-	-	40,133	111,566	113,843	19,215	1,645	139,996	691,643
Contracted Services	-	-	-	-	133,314	52,780	4,677	-	3,002	193,773
Supplies	516	-	41,092	362,861	293,584	8,056	8,530	-	2,600	627,239
Total expenditures:	265,761	-	41,092	402,994	448,464	174,679	32,422	1,845	145,598	1,512,655
Net change in fund balance:	(33,521)	34,521	-	23,825	-	-	(235)	-	(9,510)	15,080
Fund balance - July 1	2,830	8,138	2	(23,163)	-	-	13,477	-	(1,037)	247
Fund balance - June 30	\$ (30,691)	\$ 42,659	\$ 2	\$ 662	\$ -	\$ -	\$ 13,242	\$ -	\$ (10,547)	\$ 15,327

**SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

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

	21ST Century	Ballfield	Stop Grant	Americorp	Dental Health	MELMAC Grant	Health Wellness	Totals
Revenues								
Grants	\$ -	\$ 153	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153
Expenditures								
Salaries/benefits	-	-	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
Total expenses:	-	-	-	-	-	-	-	-
Net change in fund balance:	-	153	-	-	-	-	-	153
Fund balance - July 1	10,786	10,738	555	234	2	9,007	389	31,711
Fund balance - June 30	\$ 10,786	\$ 10,891	\$ 555	\$ 234	\$ 2	\$ 9,007	\$ 389	\$ 31,864

**SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

RECONCILIATION OF FINANCIAL STATEMENTS  
TO THE MAINE EDUCATIONAL DATA MANAGEMENT SYSTEM (MEDMS);  
FOR YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Lunch Program</u>	<u>TOTAL</u>
Balance per State form MEDMS	\$ 1,227,118	\$ -	\$ -	\$ 1,227,118
Interfund transfers	(203,476)	23,693	179,783	-
MEDMS Difference	66,301	-	-	66,301
Revenue adjustments				
Accounts receivable	15,313	23,498	42,991	81,802
Expenditure adjustments:				
Accrued payroll	(365,503)	-	-	(365,503)
Inventory	-	-	6,240	6,240
Balance per financial statements - June 30, 2021	<u>\$ 739,753</u>	<u>\$ 47,191</u>	<u>\$ 229,014</u>	<u>\$ 1,015,958</u>

## SCHOOL ADMINISTRATIVE DISTRICT NO. 70

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

	BALANCE JULY 1	RECEIPTS	DISBURSE- MENTS	TRANSFERS	BALANCE JUNE 30
Athletics	\$ (83)	\$ 1,602	\$ 1,615	\$ -	\$ (96)
After School Program	3,843	-	-	-	3,843
Arts	7,516	1,200	-	-	8,716
Bottle Collections	221	-	-	-	221
Boys Basketball	10	-	-	-	10
Boys Baseball	457	-	-	-	457
Bobby Williard Scholar	120	-	-	-	120
Camp Kieve	5,123	13	105	-	5,031
Cheerleading	330	-	-	-	330
Classes:					
'2015	29	-	-	-	29
'2016	53	-	-	-	53
'2020	25	-	-	-	25
'2021	4,071	605	2,785	-	1,891
'2022	506	646	-	-	1,152
'2023	655	1,880	701	-	1,834
'2024	200	2,470	1,272	-	1,398
'2025	200	-	-	-	200
Coke	252	1,449	1,205	-	496
Computers	18,119	5,627	1,194	-	22,552
Computer Sales	513	-	-	-	513
FFA	715	-	-	-	715
General	14,379	2,150	6,041	-	10,488
Girls Basketball	1,033	-	-	-	1,033
Girls Soccer	-	-	-	-	-
Wal-mart Grant	1,500	-	1,500	-	-
HL Ingraham Scholars	600	-	300	-	300
Hodgdon Scholarship	105	-	355	-	(250)
Interest	51	-	-	-	51
Jeans Fund	22	372	400	-	(6)
JMG	1,531	2,426	2,405	-	1,552
JMG Grant	(31)	531	478	-	22
Library	3,636	111	-	-	3,747
Life Skills	16	-	-	-	16
MS Student Council	210	-	25	-	185
National Honors Soc.	782	346	457	-	671
Principal's	(624)	-	-	-	(624)
Rotary Grant JMG	25	548	-	-	573
Scholarships	9,899	7,500	11,715	-	5,684
School Store	206	65	-	-	271
Soccer boys	33	-	-	-	33
Softball	112	-	-	-	112
Student Council	223	388	25	-	586
Yearbook	8,794	3,195	2,355	-	9,634
	<u>\$ 85,377</u>	<u>\$ 33,124</u>	<u>\$ 34,933</u>	<u>\$ -</u>	<u>\$ 83,568</u>
			Balance per bank:		\$87,244
			Less: O/S Checks		(3,677)
			Balance per book:		<u>\$83,567</u>



**SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

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

	BALANCE JULY 1	RECEIPTS	DISBURSE- MENTS	Transfers	BALANCE JUNE 30
After School Program	\$ 1,041	\$ -	\$ -	\$ -	\$ 1,041
Elem/M.S. Activities	8,476	1,023	3,440	-	6,059
Flower Fund	1,526	318	895	-	949
General	3,241	12,485	9,492	-	6,234
Jean Day	1,236	279	850	-	665
Library	2,061	115	160	-	2,016
Music	1,672	-	-	-	1,672
Robotics	3,830	-	-	-	3,830
Student Counselor	10	-	-	-	10
Teen Leadership	42	-	-	-	42
Theater/After School	986	-	-	-	986
Checking Interest	3	-	-	-	3
	<u>\$ 24,124</u>	<u>\$ 14,220</u>	<u>\$ 14,837</u>	<u>\$ -</u>	<u>\$ 23,507</u>

Balance per bank:	\$25,143
Add: Deposit in transit	5,265
Less: O/S checks	6,901
Balance per book:	<u>\$23,507</u>

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

To the Management of the  
School Administrative District No. 70

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Administrative District No. 70, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise School Administrative District No. 70's basic financial statements, and have issued our report thereon dated October 1, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered School Administrative District No. 70's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School Administrative District No. 70's internal control. Accordingly, we do not express an opinion on the effectiveness of School Administrative District 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 School Administrative District 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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

Presque Isle, Maine  
October 1, 2021

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

To the Management of  
School Administrative District No. 70

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

We have audited School Administrative District No. 70's compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of School Administrative District No. 70's major federal programs for the year ended June 30, 2021. School Administrative District 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 requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of School Administrative District 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 School Administrative District No. 70's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, School Administrative District 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, 2021.

***Report on Internal Control over Compliance***

Management of School Administrative District 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 School Administrative District 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of School Administrative District 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

We have audited the financial statements School Administrative District No. 70 as of and for the year ended June 30, 2021, and have issued our report thereon dated October 1, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Presque Isle, Maine  
October 1, 2021

**MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

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

Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures	
<i>U. S. Treasury Department</i>				
* Coronavirus Relief Funds #1	21.027	N/A	\$	402,994
<u>Pass through the State of Maine</u>				
<i>U. S. Department of Education</i>				
<i>Special Education Cluster</i>				
Local Entitlement	84.027	013-05A-3046-12	\$ 145,598	
Preschool Grant Section 619	84.173	013-05A-6247-23	<u>1,645</u>	147,243
Gear Up	84.334	013-05A-3059-13		32,422
* Coronavirus Relief Fund #2	84.425D	N/A	448,464	
* ESSER	84.425	013-05A-6247-13	<u>174,679</u>	623,143
I.A.S.A. Title IA	84.010	013-05A-3107-13		265,761
Title VI Rural Education	84.358	013-05A-3005-03		41,092
<i>U. S. Department of Agriculture</i>				
<i>Child Nutrition Cluster</i>				
Special Lunch Program	10.555	013-05A-3023-05	\$ 4,069	
Fresh Fruit & Vegetables Program	10.582	013-05A-3028-05	28,389	
Commodities	10.555	N/A	18,447	
Summer Food Service	10.559	013-05A-3016-05	495,279	
Summer Admin	10.559	013-05A-3018-05	<u>50,922</u>	597,106
<b>Total Federal Awards</b>				<u><u>\$ 2,109,761</u></u>

\* Indicates a major program

NOTES:

The above schedule is presented on the accrual basis of accounting.

The School Department has not elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 70

NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Maine School Administrative District No. 70. All federal awards received are included on the schedule.

2. *Basis of accounting*

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. *Major Programs - Federal*

The following programs were considered major programs as defined by Uniform Guidance:

<u>Program</u>	<u>CFDA #</u>
Coronavirus Relief Fund #1	21.027
Coronavirus Relief Fund #2	84.425D
ESSER	84.425

**MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 70**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

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

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Coronavirus Relief Fund #1
21.027	Coronavirus Relief Fund #2
84.425	ESSER 1

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	No
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**Section II - Financial Statement findings      None**

**Section III - Federal Award Findings and Questioned Costs      None**



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

To the Management of the  
School Administrative District No. 70

We audited the financial statements of the School Administrative District No. 70 as of and for the year ended June 30, 2021, and have issued my report thereon dated October 1, 2021.

The management of the School Administrative District No. 70 is responsible for the School's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the School's compliance with laws and regulations, noncompliance with which could have a material effect on the financial statements of the School Administrative District No. 70.

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

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

The results of our tests indicate that, for the items tested, the School Administrative District No. 70 complied with those provisions of Maine laws and regulations. Nothing came to our attention that caused us to believe that, for items not tested, the School Administrative District No. 70 was not in compliance with Maine laws and regulations.

Presque Isle, Maine  
October 1, 2021