

**REGIONAL SCHOOL UNIT NO. 18**

**Annual Financial Report**

**For the Year Ended June 30, 2021**

**REGIONAL SCHOOL UNIT NO. 18**  
**Annual Financial Report**  
**For the Year Ended June 30, 2021**

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Certified Public Accountants and Business Consultants

## Independent Auditor's Report

To the Board of Directors  
Regional School Unit No. 18

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 18, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School Unit's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 18 as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As described in the notes to the financial statements, in 2021, Regional School Unit No. 18 adopted new accounting guidance, GASBS No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the required supplementary information related to the net pension liability, and the required supplementary information related to the OPEB liabilities, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Regional School Unit No. 18's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules 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 December 17, 2021, on our consideration of Regional School Unit No. 18'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 Regional School Unit No. 18's internal control over financial reporting and compliance.



December 17, 2021  
South Portland, Maine

**REGIONAL SCHOOL UNIT NO. 18**  
**Management's Discussion and Analysis**  
**As of June 30, 2021**

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Regional School Unit No. 18 (School Unit) offers readers of these financial statements an overview and analysis of the financial activities of the School Unit for the fiscal year ended June 30, 2021. We encourage readers to consider this information in addition to materials furnished in the basic financial statements and accompanying notes to these financial statements.

**Fiscal Year Financial Summary**

- For the fiscal year ending June 30, 2021, the School Unit's net position was \$21,588,078 representing an overall increase of \$6,725,390 over the June 30, 2020 net position. The School Unit's Net Position over time can be a useful indicator of a government's financial position presenting the financial condition of the governmental activities of the School Unit at fiscal year-end. The statement presents a comparison between direct expenses and program revenues for each program or function of the School Unit's governmental activities.
- The School Unit's total long-term debt, including financed purchases, pensions, other postemployment benefit (OPEB) liabilities, and accrued compensation balances, decreased by \$983,374 during the year to \$26,353,995. The principle changes this year were increases in other postemployment benefits (\$526,132) and financed purchases (\$719,600) and decreases of payments made on notes payable (\$1,594,544) and financed purchases (\$1,228,941).
- The School Unit's General Fund budget for fiscal year ending June 30<sup>th</sup>, 2021, was \$39,810,018. Actual revenues were \$39,514,905 which was an increase in revenue over budget by \$204,887, however the actual expenditures for this budget were \$37,960,955 and were \$1,636,879 under the planned expenditure budget. Overall unspent expenditures and the increase of revenue amounted to \$1,342,713. The School Unit's fund balance increased by \$1,342,713 to \$3,558,838.
- The General Fund's fund balance as reported on the School Unit's financial statements increased by \$1,342,713 to \$3,558,838. Of this total fund balance, \$1,799,120 is unrestricted and not dedicated to a specific future use. This year the School Unit was able to fund the capital reserve fund fully in the amount of \$500,000 and add an additional \$40,000 to its already established fuel reserve fund. Overall, the School Unit's unassigned fund balance stands at 4.52% of budget.
- The School Unit's school lunch program deficit has been brought down to a zero balance. This deficit stood at (\$394,482) on June 30, 2020, (\$324,315) on June 30, 2019, and (\$458,268) on June 30, 2018. It has been a continuing priority of the School Unit to eliminate this negative fund balance.
- The School Unit continues to make improvements to all School Unit facilities addressing safety, energy efficiency, obsolescence and necessary facility improvements using bonds, notes and financed purchases. As of June 30, 2021, the School Units net investment in capital assets was \$23,756,796. This includes \$4,003,779 in unspent bond proceeds and \$562,043 in unspent financed purchases.

**Fiscal Year Overview and Analysis of Financial Statements**

This Discussion and Analysis provides an introduction for the School Unit's financial statements. The School Unit's financial statements are presented in three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to these financial statements.

**Government-wide financial statements** – These financial statements give the reader a broad overview of the School Unit's finances similar in format for what one would receive for a private-sector business.

**REGIONAL SCHOOL UNIT NO. 18**  
**Management's Discussion and Analysis**  
**As of June 30, 2021**

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**Governmental activities** - The School Unit provides the following services and includes activities such as regular and special education instruction, student support services, operation and maintenance of plant, transportation, school and School Unit administration, adult education, and principal/interest on long-term liabilities. Local assessments and state and federal grants fund most of these activities. The government-wide statements can be found on pages 11-12 of this financial report.

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

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

**1) Fund financial statements** - A *fund* is a grouping of related activities/accounts used to effectively manage, monitor, and report on the resources that have been allocated for these activities or objectives. The School Unit employs fund accounting practices to ensure and demonstrate accountability and compliance with Local, State, and Federal financial and legal requirements. All School Unit funds are divided into two categories: governmental funds and fiduciary funds.

**Governmental funds** – These funds account for and report on governmental activities (regular and special education instruction, student support services, operation and maintenance of plant, transportation, school and School Unit administration, adult education, and principal/interest on long-term liabilities) in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of available resources*, as well as *balances of these resources* at the close of the fiscal year. This information can be useful in evaluating a government's near-term financing obligations.

Leveraging the narrower focus of governmental funds (to government-wide financial statements) allows readers to better understand the longer-term impact of the School Unit's near-term financing decisions. Reviewing the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances facilitates a comparison and reconciliation between *governmental funds and governmental activities*.

Annually, the School Unit adopts a budget for its general fund in order to provide the services and functions it is responsible for. Included in this analysis is a budgetary comparison (actual versus budget) demonstrating compliance with this budget.

The governmental fund financial statements can be found on pages 13-16 of this financial report.

**Fiduciary funds** – These funds account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the School Unit cannot use these funds to finance its operations. The School Unit uses private-purpose trusts to account for scholarships for students and custodial funds to account for resources held for various groups. The fiduciary fund financial statements can be found on pages 17-18 of this report.

**2) Notes to the financial statements** – This discussion and analysis provides notes and additional information that providing for a fuller understanding of the information provided in these government-wide and fund financial statements. The notes to these financial statements can be found on pages 18-40 of this report.

**REGIONAL SCHOOL UNIT NO. 18**  
**Management's Discussion and Analysis**  
**As of June 30, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The School Unit's **Net Position** over time can be a useful indicator of a government's financial position. In the case of the School Unit, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for governmental activities by \$21,588,078 as of June 30, 2021. This represents an increase of \$6,725,390 over the prior year net position as of June 30, 2021.

A portion of the School Unit's net position is reflected in its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The School Unit leverages and cares for these assets in order to provide services and functions it is responsible for. Consequently, these assets are not available for future spending. As noted earlier, the School Unit is currently making significant improvements to all School Unit facilities addressing safety, energy efficiency, obsolescence and necessary facility improvements. The construction in progress balance for these projects as of June 30, 2021 stands at \$2,621,297 versus the June 30, 2020 balance of \$1,640,939, an increase of \$980,358. Some assets have transitioned to capital assets as the projects have now been completed. Due to COVID-19, several new projects are in progress.

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

	Statement of Net Position		
	2021	Restated 2020	Change
Current and other assets	\$ 11,362,159	\$ 9,748,104	1,614,055
Capital assets (not being depreciated)	2,753,097	1,772,739	980,358
Net capital assets (being depreciated)	34,563,554	32,995,955	1,567,599
<b>Total assets</b>	<b>48,678,810</b>	<b>44,516,798</b>	<b>4,162,012</b>
Deferred outflows of resources related to pensions	837,031	739,153	97,878
Deferred outflows of resources related to OPEB	1,370,499	436,006	934,493
<b>Total deferred outflows of resources</b>	<b>2,207,530</b>	<b>1,175,159</b>	<b>1,032,371</b>
Current liabilities	2,822,797	3,403,365	(580,568)
Noncurrent liabilities (due within one year)	2,374,776	2,412,169	(37,393)
Noncurrent liabilities (in more than one year)	23,979,219	24,925,200	(945,981)
<b>Total liabilities</b>	<b>29,176,792</b>	<b>30,740,734</b>	<b>(1,563,942)</b>
Deferred inflows of resources related to pensions	50,879	88,535	(37,656)
Deferred inflows of resources related to OPEB	70,591	-	70,591
<b>Total deferred inflows of resources</b>	<b>121,470</b>	<b>88,535</b>	<b>32,935</b>
Net investment in capital assets	23,756,796	19,190,678	4,566,118
Restricted	516,047	492,828	23,219
Unrestricted	(2,684,765)	(4,820,818)	2,136,053
<b>Total net position</b>	<b>\$ 21,588,078</b>	<b>\$ 14,862,688</b>	<b>\$ 6,725,390</b>

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**Management's Discussion and Analysis**  
**As of June 30, 2021**

Below is a summary of revenues and expenses and changes in overall net position for the fiscal year ended June 30, 2021. Revenues increased by \$6,221,407 driven primary by operating grants. Expenses increased by \$888,340 driven principally by higher expenses for grants and facilities projects as a result of COVID-19.

	<b>2021</b>	<b>2020</b>	<b>Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 296,412	402,392	(105,980)
Operating grants and contributions	10,907,513	6,256,707	4,650,806
Capital grants and contributions	560,377	56,506	503,871
General revenues:			
Local assessments	24,215,176	23,749,113	466,063
Intergovernmental	14,565,324	13,718,060	847,264
Interest income	40,122	172,398	(132,276)
Other Revenues	23,345	22,946	399
Contributions to permanent fund principal	-	8,740	(8,740)
<b>Total revenues</b>	<b>50,608,269</b>	<b>44,386,862</b>	<b>6,221,407</b>
<b>Expenses:</b>			
Instruction	24,945,849	26,213,728	(1,267,879)
Instructional support	4,300,927	3,925,898	375,029
Transportation	1,995,125	2,336,936	(341,811)
Facilities maintenance	4,677,656	3,643,315	1,034,341
System administration	984,267	964,548	19,719
School administration	2,051,002	2,036,359	14,643
Other program expenditures	2,962,539	1,966,902	995,637
Adult education	57,275	69,166	(11,891)
School lunch program	1,171,383	1,238,195	(66,812)
Miscellaneous capital	379,766	209,035	170,731
Interest on debt	357,090	390,457	(33,367)
<b>Total expenses</b>	<b>43,882,879</b>	<b>42,994,539</b>	<b>888,340</b>
<b>Change in net position</b>	<b>6,725,390</b>	<b>1,392,323</b>	<b>5,333,067</b>
<b>Net position, beginning of year, restated</b>	<b>14,862,688</b>	<b>14,015,207</b>	<b>847,481</b>
<b>Restatement of net position</b>	<b>-</b>	<b>(544,842)</b>	<b>544,842</b>
<b>Net position, end of year</b>	<b>\$ 21,588,078</b>	<b>14,862,688</b>	<b>6,725,390</b>

The narrative that follows discusses the operations of governmental activities.

- For the year ended June 30, 2021, the School Unit's net position for governmental activities increased by \$6,725,390 to \$21,588,078.
- Charges for services are revenues earned by the School Unit in return for services provided. These revenues consisted of tuition, rental income, adult education fees, and school lunch revenues. Charges for services totaled \$296,412 decreasing by \$105,980 over June 30, 2020.
- During the year, the School Unit received program-specific operating grants and contributions totaling \$10,907,513, an increase of \$4,650,806 over June 30, 2020. These grants and contributions represent resources that are restricted for use and help to offset the School Unit's costs for operating these various programs. The majority of these grants, and contributions are from state and federal sources.

**REGIONAL SCHOOL UNIT NO. 18**  
**Management's Discussion and Analysis**  
**As of June 30, 2021**

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- General revenues consist of all revenues that are not considered to be program revenues or charges for services. General revenues for the year ended June 30, 2021 totaled \$38,843,967. Of this amount, \$24,215,176 was from local assessments paid by the Towns of Belgrade, China, Oakland, Rome, and Sidney, \$14,565,324 was received from State education subsidy and \$63,467 was revenue received from interest income and other revenues.

**Financial Analysis of the School Unit's Funds**

The School Unit uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The School Unit's governmental funds accounting provides information for near-term inflows, outflows, and balances of spendable resources. At the completion of the fiscal year governmental funds reported a combined fund surplus of \$7,441,706, which is an increase of \$1,131,915 from June 30, 2020. The majority of the change is due to the increase in the General Fund, netted with continued progress of the School Unit's facilities bond projects and current construction in progress projects across the School Unit.

The School Unit's combined fund balance for governmental funds is as follows:

- The General Fund overall fund balance increased by \$1,342,713 to \$3,558,838 over the previous year.
- The Nonmajor Governmental Funds fund balance increased by \$443,354 to \$419,222.
- Bonded capital projects fund balance decreased by \$676,296 to \$3,364,994 as construction efforts across the School Unit continue.

Total governmental fund expenditures for the year were \$49,704,009 and are broken down as follows:

<b>Category</b>	<b>2021</b>
Regular instruction	\$ 16,198,803
Special education	5,257,925
Adult Education	57,275
Other instruction	616,665
Student and staff support	3,797,504
System administration	988,896
School administration	2,051,002
Transportation	2,340,819
Facilities and maintenance	4,656,644
Maine PERS - on-behalf payments	2,810,240
Other program expenditures	6,336,880
School lunch	1,148,963
Capital outlay	1,437,637
Debt service	2,004,756
<b>Total government</b>	<b>\$ 49,704,009</b>

**REGIONAL SCHOOL UNIT NO. 18**  
**Management's Discussion and Analysis**  
**As of June 30, 2021**

**Capital Asset and Debt Administration** – Below is a summary of capital assets with more information on these capital assets available in the notes to the basic financial statements.

**Capital Assets** – A summary of the School Unit capital asset activity as of June 30, 2021 and 2020 is shown below. The major changes over June 30, 2020 include an increase of \$980,358 for projects underway as part of the School Unit facilities plan. Total assets being depreciated increased by \$2,945,368 and accumulated depreciation increased by \$1,377,769 to \$27,046,949. Overall net capital assets were \$37,316,651 representing an increase of \$2,547,957 for the School Unit as construction projects across the School Unit are completed.

Governmental activities - Capital Assets	2021	2020	Change
Land	\$ 131,800	131,800	-
Construction in progress	2,621,297	1,640,939	980,358
<b>Total capital assets, not being depreciated</b>	<b>2,753,097</b>	<b>1,772,739</b>	<b>980,358</b>
<b>Capital assets being depreciated:</b>			
Land improvements	4,710,654	4,683,164	27,490
Buildings and improvements	50,464,455	48,327,396	2,137,059
Equipment	1,531,268	1,388,573	142,695
Vehicles	4,591,187	3,953,063	638,124
Infrastructure	312,939	312,939	-
<b>Total capital assets being depreciated</b>	<b>61,610,503</b>	<b>58,665,135</b>	<b>2,945,368</b>
Less accumulated depreciation	(27,046,949)	(25,669,180)	(1,377,769)
<b>Total capital assets, net</b>	<b>\$ 37,316,651</b>	<b>34,768,694</b>	<b>2,547,957</b>

**Long-term Liability Administration** – The School Unit's long-term liability activity for the year ended June 30, 2021 is shown below. The June 30, 2021 long-term liability balance was \$26,353,995 a reduction of \$983,374 from the June 30, 2020 balance of \$27,337,369. The amount due within the next fiscal year is \$2,374,776 for payments towards existing notes payable and financed purchases.

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Notes payable	\$ 15,135,235	598,839	1,594,544	14,139,530	1,661,082
Net pension liability	627,219	-	401	626,818	-
Total OPEB liability	7,015,132	526,132	-	7,541,264	-
Accrued compensated absences	64,295	-	4,059	60,236	-
Financed Purchases	4,495,488	719,600	1,228,941	3,986,147	713,694
<b>Total</b>	<b>\$ 27,337,369</b>	<b>1,844,571</b>	<b>2,827,945</b>	<b>26,353,995</b>	<b>2,374,776</b>

**REGIONAL SCHOOL UNIT NO. 18**  
**Management's Discussion and Analysis**  
**As of June 30, 2021**

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**LOOKING AHEAD AT THE NEXT FINANCIAL YEAR**

Here are some highlights for our next financial year. We will continue efforts to not accrue any school lunch program debt. We will continue project construction efforts on the School Unit facilities bond. The School Unit will continue its upgrade with our new financial and human resource system which was implemented in July 2021 with additional use of modules to increase efficiencies. The challenges of running a public-school system during the COVID-19 pandemic continues to have a major impact on operating our schools in this past two fiscal years and this continues in the current fiscal year. We anticipate as proper procedures are followed and with vaccines available for all school age children and all adults that things will begin to return to normal in the later part of the current fiscal year ending on June 30, 2022.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide citizens, taxpayers, customers and investors, and creditors with a general overview of the School Unit's financial situation as of June 30, 2021. If you have any questions about this report or need additional financial information, please contact the Regional School Unit No. 18 Superintendent Office at 41 Heath Street, Oakland, Maine 04963 or call (207) 465-7384.

## **BASIC FINANCIAL STATEMENTS**

**REGIONAL SCHOOL UNIT NO. 18**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Governmental activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,215,224
Due from other governments	1,221,949
Amounts held in escrow	1,339,183
Prepaid expenses	521,566
Inventory	64,237
Capital assets not being depreciated	2,753,097
Capital assets being depreciated, net	34,563,554
Total assets	48,678,810
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	837,031
Deferred outflows of resources related to OPEB	1,370,499
Total deferred outflows of resources	2,207,530
<b>LIABILITIES</b>	
Accounts payable	91,598
Accrued wages and benefits	2,526,276
Accrued interest	134,139
Due to agency funds	39,299
Unearned revenue	31,485
Noncurrent liabilities:	
Due within one year	2,374,776
Due in more than one year	23,979,219
Total liabilities	29,176,792
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	50,879
Deferred inflows of resources related to OPEB	70,591
Total deferred inflows of resources	121,470
<b>NET POSITION</b>	
Net investment in capital assets	23,756,796
Restricted for:	
School grants and programs	512,225
Regional service center	3,822
Unrestricted	(2,684,765)
<b>Total net position</b>	<b>\$ 21,588,078</b>

*See accompanying notes to financial statements.*

**REGIONAL SCHOOL UNIT NO. 18**  
**Statement of Activities**  
**For year ended June 30, 2021**

Function/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities
Governmental activities:					
Instruction	\$ 24,945,849	66,767	3,414,885	-	(21,464,197)
Instructional support	4,300,927	22,523	-	-	(4,278,404)
Transportation	1,995,125	22,841	-	-	(1,972,284)
Facilities maintenance	4,677,656	350	-	81,198	(4,596,108)
System administration	984,267	20,100	-	-	(964,167)
School administration	2,051,002	-	-	-	(2,051,002)
Other program expenditures	2,962,539	-	6,355,824	-	3,393,285
Adult education	57,275	1,939	13,370	-	(41,966)
School lunch program	1,171,383	161,892	1,082,603	-	73,112
Capital outlay	379,766	-	-	479,179	99,413
Interest on debt	357,090	-	40,831	-	(316,259)
<b>Total governmental activities</b>	<b>43,882,879</b>	<b>296,412</b>	<b>10,907,513</b>	<b>560,377</b>	<b>(32,118,577)</b>
<b>Total primary government</b>	<b>\$ 43,882,879</b>	<b>296,412</b>	<b>10,907,513</b>	<b>560,377</b>	<b>(32,118,577)</b>
General revenues:					
Local assessments					24,215,176
State allocation					14,565,324
Investment earnings					40,122
Miscellaneous					23,345
<b>Total general revenues</b>					<b>38,843,967</b>
Change in net position					6,725,390
Net position--beginning, restated					14,862,688
<b>Net position--ending</b>					<b>\$ 21,588,078</b>

*See accompanying notes to financial statements.*

**REGIONAL SCHOOL UNIT NO. 18**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General Fund	Federal, State and Other Programs Special Revenues	Bonded Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,393,228	-	3,409,998	411,998	8,215,224
Due from other governments	698,914	463,789	-	59,246	1,221,949
Prepaid expenditures	521,566	-	-	-	521,566
Amounts held in escrow	-	-	-	107,388	107,388
Interfund loans receivable	527,525	-	-	7,224	534,749
Inventory	-	-	-	64,237	64,237
<b>Total assets</b>	<b>6,141,233</b>	<b>463,789</b>	<b>3,409,998</b>	<b>650,093</b>	<b>10,665,113</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	56,304	35,294	-	-	91,598
Accrued wages and benefits	2,526,091	185	-	-	2,526,276
Interfund loans payable	-	329,658	45,004	199,386	574,048
Unearned revenues	-	-	-	31,485	31,485
<b>Total liabilities</b>	<b>2,582,395</b>	<b>365,137</b>	<b>45,004</b>	<b>230,871</b>	<b>3,223,407</b>
Fund balances (deficit):					
Nonspendable	521,566	-	-	-	521,566
Restricted	-	100,227	-	415,820	516,047
Committed	605,000	-	3,364,994	3,402	3,973,396
Assigned	633,152	-	-	-	633,152
Unassigned	1,799,120	(1,575)	-	-	1,797,545
<b>Total fund balances (deficit)</b>	<b>3,558,838</b>	<b>98,652</b>	<b>3,364,994</b>	<b>419,222</b>	<b>7,441,706</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,141,233</b>	<b>463,789</b>	<b>3,409,998</b>	<b>650,093</b>	
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.					37,316,651
Long-term cash held in escrow for financed purchases and bonds					1,231,795
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:					
Bonds and notes from direct borrowings					(14,139,530)
Financed purchases					(3,986,147)
Net pension liability, including related deferred inflows and outflows					159,334
Total OPEB liability, including related deferred inflows and outflows					(6,241,356)
Accrued interest					(134,139)
Accrued compensated absences					(60,236)
<b>Net position of governmental activities</b>					<b>\$ 21,588,078</b>

*See accompanying notes to financial statements.*

**REGIONAL SCHOOL UNIT NO. 18**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For year ended June 30, 2021**

	General Fund	Federal, State and Other Programs Special Revenues	Bonded Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Local assessments	\$ 24,181,648	-	-	33,528	24,215,176
Intergovernmental	17,980,209	6,045,157	-	1,022,408	25,047,774
Charges for services	89,958	-	-	183,931	273,889
Donations and gifts	-	51,101	-	332,426	383,527
Investment income	9,154	-	30,967	1	40,122
Other revenues	86,699	705	-	-	87,404
Total revenues	42,347,668	6,096,963	30,967	1,572,294	50,047,892
Expenditures:					
Current:					
Regular instruction	16,198,803	-	-	-	16,198,803
Special education instruction	5,257,925	-	-	-	5,257,925
Adult education	-	-	-	57,275	57,275
Other instruction	616,665	-	-	-	616,665
Student and staff support	3,797,504	-	-	-	3,797,504
System administration	972,617	-	-	16,279	988,896
School administration	2,051,002	-	-	-	2,051,002
Transportation	2,340,819	-	-	-	2,340,819
Facilities maintenance	4,656,644	-	-	-	4,656,644
Maine PERS on-behalf payments	2,810,240	-	-	-	2,810,240
Other program expenditures	-	6,074,819	-	262,061	6,336,880
School lunch program	86,766	-	-	1,062,197	1,148,963
Capital outlay	219,600	-	706,293	511,744	1,437,637
Debt service	2,003,786	-	970	-	2,004,756
Total expenditures	41,012,371	6,074,819	707,263	1,909,556	49,704,009
Excess (deficiency) of revenues over (under) expenditures	1,335,297	22,144	(676,296)	(337,262)	343,883
Other financing sources (uses):					
Proceeds from notes	-	-	-	408,266	408,266
Proceeds from financed purchases	219,600	-	-	160,166	379,766
Transfers from other funds	-	-	-	212,184	212,184
Transfers to other funds	(212,184)	-	-	-	(212,184)
Total other financing sources (uses)	7,416	-	-	780,616	788,032
Net change in fund balances	1,342,713	22,144	(676,296)	443,354	1,131,915
Fund balances (deficit), beginning of year, restated	2,216,125	76,508	4,041,290	(24,132)	6,309,791
<b>Fund balances, end of year</b>	<b>\$ 3,558,838</b>	<b>98,652</b>	<b>3,364,994</b>	<b>419,222</b>	<b>7,441,706</b>

*See accompanying notes to financial statements.*

**REGIONAL SCHOOL UNIT NO. 18**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For year ended June 30, 2021**

Net change in fund balances--total governmental funds (from Statement 4)	\$	1,131,915
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the change in:</p>		
Capital outlays	4,432,212	
Depreciation	(1,965,453)	
Capital contributions	81,198	2,547,957
<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 the governmental funds.</p>		
Accrued interest	53,122	
Accrued compensated absences	4,059	
Net pension liability	401	
Total OPEB liability	(526,132)	
Deferred inflows/outflows related to pensions	135,534	
Deferred inflows/outflows related to OPEB	863,902	530,886
<p>New bonds, notes from direct borrowings and financed purchases are reflected as other sources in the fund financial statements but are liabilities in the statement of net position.</p>		
Bond issuance, net of forgiveness of debt	70,913	
Financed purchases proceeds, net of amounts held in escrow	(379,766)	(308,853)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.</p>		
Principal payments on bonds and notes from direct borrowings	1,594,544	
Principal payments on finances purchases	1,228,941	2,823,485
<b>Change in net position of governmental activities (see Statement 2)</b>		<b>\$ 6,725,390</b>

*See accompanying notes to financial statements.*

**REGIONAL SCHOOL UNIT NO. 18**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis**  
**General Fund**  
**For year ended June 30, 2021**

	General Fund			Variance with final budget positive (negative)
	Budgeted amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Local assessments	\$ 24,181,648	24,181,648	24,181,648	-
Intergovernmental	14,869,045	14,869,045	15,169,969	300,924
Charges for services	55,000	55,000	89,958	34,958
Interest earned	40,000	40,000	9,154	(30,846)
Other revenues	164,325	164,325	64,176	(100,149)
Total revenues	39,310,018	39,310,018	39,514,905	204,887
<b>Expenditures:</b>				
Current:				
Regular instruction	17,584,464	16,944,964	16,198,803	746,161
Special education instruction	5,732,416	5,610,232	5,257,925	352,307
Career and technical education	5,000	5,000	-	5,000
Other instruction	755,341	755,341	616,665	138,676
Student and staff support	3,963,660	3,963,660	3,775,928	187,732
System administration	955,145	973,145	972,617	528
School administration	2,044,558	2,051,058	2,051,002	56
Transportation	2,543,925	2,543,925	2,340,819	203,106
Facilities and maintenance	5,190,477	5,805,477	5,804,309	1,168
Other expenditures	87,532	87,532	86,766	766
Debt service	857,500	857,500	856,121	1,379
Total expenditures	39,720,018	39,597,834	37,960,955	1,636,879
Excess (deficiency) of revenues over (under) expenditures	(410,000)	(287,816)	1,553,950	1,841,766
<b>Other financing sources (uses):</b>				
Use of fund balance	500,000	500,000	-	(500,000)
Transfer to other funds	(90,000)	(212,184)	(212,184)	-
Total other financing sources (uses)	410,000	287,816	(212,184)	(500,000)
<b>Reconcile to GAAP basis reporting:</b>				
Change in assigned fund balance	-	-	947	947
Net change in fund balance	-	-	1,342,713	1,342,713
Fund balance, beginning of year			2,216,125	
<b>Fund balance, end of year</b>			<b>\$ 3,558,838</b>	

*See accompanying notes to financial statements.*

**REGIONAL SCHOOL UNIT NO. 18**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

	Private-purpose Trusts	Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 20,532	-
Investments	1,085,885	-
Interfund loans receivable	12,215	27,084
<b>Total assets</b>	<b>1,118,632</b>	<b>27,084</b>
<b>LIABILITIES</b>		
Accounts payable	-	-
Total liabilities	-	-
<b>NET POSITION</b>		
Restricted for:		
Individuals and other organizations	1,118,632	27,084
<b>Total Net Position</b>	<b>\$ 1,118,632</b>	<b>27,084</b>

*See accompanying notes to financial statements.*

**REGIONAL SCHOOL UNIT NO. 18**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2021**

	Private-purpose Trusts	Custodial Funds
<b>ADDITIONS</b>		
Contributions:	\$	
Donations and gifts	8,087	-
Other revenues	-	76,131
Investment earnings:		
Net increase (decrease) in fair value of investments	(4,525)	-
Interest, dividends, and other	192,436	-
Total additions	195,998	76,131
<b>DEDUCTIONS</b>		
Benefits paid to beneficiaries	46,468	73,610
Total deductions	46,468	73,610
Net change in fiduciary net position	149,530	2,521
Net position beginning of year	969,102	24,563
<b>Net position, end of year</b>	<b>\$ 1,118,632</b>	<b>27,084</b>

*See accompanying notes to financial statements.*

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements**

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**THE REPORTING ENTITY**

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Regional School Unit No. 18 was organized in 2009 under the laws of the State of Maine. The School Unit is administered by a ten-member Board of School Directors and encompasses the towns of Belgrade, Oakland, Sidney, China, and Rome.

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of Regional School Unit No. 18 conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies:

**A. Basis of Presentation**

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

**1. Government-wide Financial Statements:**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School Unit. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of net position presents the financial condition of the governmental activities of the School Unit at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School Unit's governmental activities.

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The School Unit has elected not to allocate indirect costs among the programs and functions.

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

**2. Fund Financial Statements:**

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

**B. Fund Accounting**

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

**1. Governmental Funds:**

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

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

**Federal, State, and Other Programs special revenues** - The Federal, State, and Other Programs special revenues fund accounts for revenues received and disbursements made from federal, state, and local grants and donations.

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**Bonded Capital Projects** - The Bonded Capital Projects fund accounts for the bond proceeds and related disbursements for various capital projects and improvements.

**2. Fiduciary Funds:**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension-trust funds, investment-trust funds, private-purpose trust funds and custodial funds. The School Unit's private-purpose trust funds account for amounts donated for student scholarships. The School Unit's custodial funds account for funds held on behalf of various organizations.

**C. Measurement Focus**

**1. Government-wide Financial Statements:**

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

**2. Fund Financial Statements**

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

**D. Basis of Accounting**

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

**1. Revenues – Exchange and Non-exchange Transactions:**

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

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Non-exchange transactions, in which the School Unit receives value without directly giving equal value in return, include subsidies, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School Unit must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School Unit on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**2. Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**Cash and Investments** - Cash and cash equivalents are considered to be cash on hand, demand deposits and time deposits. Investments are stated at fair value.

**Interfund Transactions** - During the course of normal operations, the School Unit has several transactions between funds including expenditures and transfers of resources to provide services. These transactions are reported as transfers. Transactions between funds which represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans receivable or payable.

**Inventories** - Food services inventories are valued at cost (first-in, first-out basis), and are offset with a reserve for inventories. Inventories include the value of the U. S. Department of Agriculture commodities donated to the Food Services Program.

**Compensated Absences** - Under terms of union contracts and personnel administration policies, employees are granted vacation and sick time in varying amounts and are, in some cases, entitled to payment for unused vacation and sick time upon termination or retirement. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**Other postemployment benefits (OPEB)** - For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Inflows and Outflows of Resources** - In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental activities have deferred outflows and inflows that relate to the net pension liability and OPEB liability, which include the School Unit's contributions subsequent to the measurement date, which is recognized as a reduction of the respective liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between School Unit contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on plan investments, which is deferred and amortized over a five-year period.

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

**Capital Assets** - Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year.

Donated capital assets are recorded at their estimated acquisition cost as of the date received. The School Unit maintains a capitalization threshold of five thousand dollars.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except for land and construction in progress, are depreciated. The historical cost of buildings was estimated based on construction cost and the historical cost of land has been deemed to be insignificant and has not been reported separately. Improvements are depreciated over the remaining useful lives of the related capital assets.

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated lives</u>
Buildings and improvements	40 years
Furniture and equipment	5-20 years
Vehicles	5-10 years
Infrastructure	50 years
Land improvements	15-20 years

**Accrued Liabilities and Long-term Obligations** - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities, once incurred, are paid in a timely manner and in full from current financial resources, and reported as obligations of the governmental funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. The financed purchases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

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

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

The voters of the School Unit have the responsibility for committing fund balance amounts by vote and likewise would be required to modify or rescind those commitments by a similar vote. For assigned fund balance amounts, the Superintendent has the authority to assign unspent budgeted amounts to specific purposes in the General Fund at year end. The School Board approves the assigned amounts either before or after year end.

Should there be multiple sources of funding available for a particular purpose, it is the School Unit’s practice to expend currently budgeted resources first, and then use other sources in the order of restricted, committed, then assigned amounts, as needed.

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**Net Position** - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, loans, and financed purchases payable and adding back any unspent proceeds.

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

The School Unit's net investment in capital assets was calculated as follows at June 30, 2021:

Capital assets	\$ 64,363,600
Accumulated depreciation	(27,046,949)
Bonds and notes from direct borrowings	(14,139,530)
Financed purchases	(3,986,147)
Unspent financed purchases proceeds	562,043
Unspent bond proceeds	4,003,779
<b>Net investment in capital assets</b>	<b>\$ 23,756,796</b>

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STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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**Budgetary Information** - A budget is formally adopted for the General Fund each year through the passage of articles through a School Unit warrant, and is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for Maine Public Employees Retirement on-behalf payments, and amounts accounted for in the General Fund's committed and assigned fund balances, which are not budgeted. The level of control (level at which expenditures may not exceed budget) is the School Unit budget referendum article level. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year.

During the year, the School Unit will sometimes make transfers between budget lines so that some of the budget lines would not be overspent. In accordance with Maine Statute Title 20-A, the budget line transfers do not exceed 5% of the total appropriations for the cost centers from which the transfers were made and the total budget was not changed. Any adjustments to the budget are included in the final budget column on Statement 6.

**Deficit Fund Balances**

At June 30, 2021, the following funds had deficit fund balances:

Federal, State, and Other Programs Special Revenues Fund:

ESSER #1	\$ 1,120	Title IIA	143
Maine Ag in the classroom MHS	300		
Medicaid reimbursement	12		

These fund deficits will be covered by future revenue sources or transfers from the General Fund.

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ASSESSMENTS

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In accordance with the provisions of Title 20A of the Maine Statutes, the directors of the Regional School Unit No. 18 assess each member community a proportionate share of the additional revenues required to meet current year budgeted expenses. Each member's proportionate share is based upon its percentage of the total state valuation of the School Unit. Assessments are due in twelve equal monthly installments.

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

**BUDGETARY BASIS VS. GAAP BASIS--GENERAL FUND**

The School Unit's General Fund budget is prepared on a basis consistent with U.S. generally accepted accounting principles (GAAP) except that the School Unit does not budget for Maine Public Employees Retirement on-behalf payments made by the State and amounts that are recorded as assigned and committed fund balances in the General Fund. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Statement 6) is prepared on the budgetary basis.

The School Unit has recorded a revenue and expenditure for Maine Public Employees retirement and group term life contributions made as required by state law, by the State of Maine on behalf of the School Unit. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under generally accepted accounting principles of \$2,810,240.

These amounts have been included as intergovernmental revenue and expenditure in the governmental activities on Statement 2 (Statement of Activities) and in Statement 4 (GAAP basis). There is no effect on the fund balance or net position at the end of the year.

The School Unit has revenues and expenditures related to transportation contracts, e-rate refunds, and laptop insurance proceeds which are shown as changes in assigned fund balance on Exhibit A-2 and Statement 6 (budgetary basis), but are shown as revenues of \$22,523 and expenditures of \$21,576 on Statement 4 (GAAP basis).

**DEPOSITS AND INVESTMENTS**

**A. Deposits**

*Custodial Credit Risk-Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the School Unit's deposits may not be returned to it. The School Unit does not have a deposit policy for custodial credit risk. As of June 30, 2021, the School Unit reported deposits of \$8,235,756 with a bank balance of \$9,252,739. All of the School Unit's bank balances were covered by FDIC insurance, or by additional insurance purchased on behalf of the School Unit by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 8,215,224
Reported in fiduciary funds	<u>20,532</u>
<b>Total deposits</b>	<b><u>\$ 8,235,756</u></b>

**B. Investments**

At June 30, 2021, the School Unit had the following investments and maturities:

	Fair Value	Less than <u>1 year</u>
Equities/stock	\$ 3,490	N/A
Exchange traded funds	630,770	N/A
Mutual funds (1)	<u>451,625</u>	N/A
<b>Total investments</b>	<b><u>\$ 1,085,885</u></b>	

(1) Mutual funds are not considered securities and are exempt from credit risk disclosure noted above.

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

**DEPOSITS AND INVESTMENTS, CONTINUED**

All investments have been reported in the fiduciary funds.

The School Unit categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the School Unit's investments as of June 30, 2021 are valued using quoted market prices (Level 1 inputs).

*Interest Rate Risk:* The School Unit does not currently have a policy, which limits the maturities of investments to certain time periods. However, it is the School Unit's general practice to deposit governmental funds in short term deposits (less than one year). Excess governmental funds on hand daily are swept by the banking institution into overnight repurchase agreements.

*Credit Risk:* Maine statutes authorize the School Unit to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds.

*Custodial Credit Risk-School Unit's investments:* For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the School Unit will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the School Unit's \$1,085,885 in investments, 100% was collateralized by underlying securities held by the related bank, which were not in the School Unit's name.

**CAPITAL ASSETS**

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

	Balance 06/30/20	Increases	Decreases	Balance 6/30/21
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 131,800	-	-	131,800
Construction in progress	1,640,939	2,793,870	1,813,512	2,621,297
<b>Total capital assets, not being depreciated:</b>	<b>1,772,739</b>	<b>2,793,870</b>	<b>1,813,512</b>	<b>2,753,097</b>
Capital assets being depreciated:				
Land improvements	4,683,164	27,490	-	4,710,654
Buildings and improvements	48,327,396	2,137,059	-	50,464,455
Equipment	1,388,573	142,695	-	1,531,268
Vehicles	3,953,063	1,225,808	587,684	4,591,187
Infrastructure	312,939	-	-	312,939
<b>Total capital assets, being depreciated</b>	<b>58,665,135</b>	<b>3,533,052</b>	<b>587,684</b>	<b>61,610,503</b>
Less accumulated depreciation:				
Land improvements	406,098	241,560	-	647,658
Buildings and improvements	21,178,727	1,347,535	-	22,526,262
Equipment	1,231,611	37,046	-	1,268,657
Vehicles	2,812,061	333,053	587,684	2,557,430
Infrastructure	40,683	6,259	-	46,942
<b>Total accumulated depreciation</b>	<b>25,669,180</b>	<b>1,965,453</b>	<b>587,684</b>	<b>27,046,949</b>
<b>Total capital assets being depreciated, net</b>	<b>32,995,955</b>	<b>1,567,599</b>	<b>-</b>	<b>34,563,554</b>
<b>Governmental activities capital assets, net</b>	<b>\$34,768,694</b>	<b>4,361,469</b>	<b>1,813,512</b>	<b>37,316,651</b>

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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**CAPITAL ASSETS, CONTINUED**

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Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Regular instruction	\$ 1,575,076
School lunch program	22,420
Facilities and maintenance	21,012
Transportation	346,945
<b><u>Total depreciation expense</u></b>	<b><u>\$ 1,965,453</u></b>

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**INTERFUND LOANS AND TRANSFERS**

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Individual interfund receivables, payables, and transfer balances at June 30, 2021 were as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Interfund payables</u>	<u>Interfund transfers</u>
General Fund	\$ 527,525	-	(212,184)
Federal, State, and Other Programs Special Revenues	-	329,658	-
Bonded Capital Projects	-	45,004	-
Nonmajor Governmental Funds:			
School Lunch Program	-	91,988	212,184
Regional Service Center	3,822	-	-
Adult Education Funds	3,402	-	-
Capital projects	-	107,388	-
Total nonmajor governmental funds	7,224	199,386	212,184
Private-purpose trust	12,215	-	-
Custodial Funds	27,084	-	-
<b><u>Total</u></b>	<b><u>\$ 574,048</u></b>	<b><u>574,048</u></b>	<b><u>-</u></b>

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**LONG-TERM LIABILITIES**

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Notes payable*	\$ 15,135,235	598,839	1,594,544	14,139,530	1,661,082
Net pension liability	627,219	-	401	626,818	-
Total OPEB liability	7,015,132	526,132	-	7,541,264	-
Accrued compensated absences	64,295	-	4,059	60,236	-
Financed purchases*	4,495,488	719,600	1,228,941	3,986,147	713,694
<b><u>Total</u></b>	<b><u>\$27,337,369</u></b>	<b><u>1,844,571</u></b>	<b><u>2,827,945</u></b>	<b><u>26,353,995</u></b>	<b><u>2,374,776</u></b>

\* Notes payable and financed purchases are considered direct borrowings.

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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LONG-TERM DEBT

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**Notes Payable**

Notes payable at June 30, 2021 are comprised of the following individual issues:

	<u>Date of issue</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Balance June 30, 2021</u>
School Heating Upgrades – Qualified School Construction Bond with Maine Municipal Bond Bank due in annual principal installments	2012	\$ 2,672,172(a)	0%	2027	954,349
School Heating Upgrades – School Bond with Maine Municipal Bond Bank due in annual principal and semi-annual interest installments	2012	188,000	6.5%	2026	75,200
School Renovation – General obligation bond with Maine Municipal Bond Bank due in annual principal and semi-annual interest installments	2018	13,900,000	1.92-4.0%	2038	11,815,000
School Renovation – Revolving Loan with Maine Municipal Bond Bank due in annual principal installments	2017	192,625(b)	0%	2022	28,911
School Renovation – Revolving Loan with Maine Municipal Bond Bank due in annual principal installments	2018	115,155(c)	0%	2022	23,031
School Building – Municipal Bond with Maine Municipal Bond Bank due in annual principal installments and semi-annual interest installments	2002	12,883,987	4.59%	2022	644,200
School Building – Municipal Bond with Maine Municipal Bond Bank due in annual principal installments and semi-annual interest installments	2021	598,839(d)	0%	2022	598,839
<b>Totals</b>					<b>\$ 14,139,530</b>

- (a) The original amount of the bond was for \$3,000,000, of which \$327,828 was forgiven by the State.  
(b) The original amount of the loan was for \$272,865, of which \$118,696 was forgiven by the State.  
(c) The original amount of the bond was for \$205,928, of which \$90,773 was forgiven by the State.  
(d) The original amount of the bond was for \$1,078,018, of which \$479,179 was forgiven by the State.

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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**LONG-TERM DEBT, CONTINUED**

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The annual requirements to amortize all notes payable outstanding as of June 30, 2021 are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,661,082	371,362	2,032,444
2023	964,940	355,036	1,319,976
2024	964,940	337,911	1,302,851
2025	964,940	319,987	1,284,927
2026	964,941	301,333	1,266,274
2027-2031	3,753,685	1,202,335	4,956,020
2032-2036	3,475,000	609,529	4,084,529
2037-2038	1,390,002	55,979	1,445,981
<b>Total</b>	<b>\$ 14,139,530</b>	<b>3,553,472</b>	<b>17,693,002</b>

The statutes of the State of Maine provide, in part, that the aggregate principal amount of debt issued by a School Administrative School Unit for capital outlay purposes shall not exceed, at any one time outstanding, the limit of indebtedness of the sum of 10% of the total of the last preceding state valuation of the member municipalities, plus an amount set by the State Board of Education at the time of initial approval of the school construction project not to exceed 4% of the state valuation of the participating municipalities. At June 30, 2021, the School Unit's direct debt was within the minimum statutory limit of 10% of the five participating municipalities.

The School Unit has entered into an agreement with a bank to fund the retirement of the 2012 Qualified School Construction Bond with annual payments to a trust account. The payments deposited into the trust account are invested and it is anticipated that earnings on the deposits will fund a significant portion of the debt retirement obligation. As such, the payments made into the trust are less than what would be required under a traditional payment schedule. When the bond matures, there is the possibility that the deposits made and the investment earnings will not be sufficient to retire the entire principal and interest obligation. In that scenario, the School Unit would be obligated to make a payment to retire any remaining principal or interest due. As of June 30, 2021, the fair market value of the trust account equaled \$1,976,815.

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**SHORT-TERM DEBT**

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The School Unit issues revenue anticipation notes to cover cash shortfalls during the year. Revenue anticipation note activity for the year ended June 30, 2021 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Revenue anticipation notes	\$ -	50,001	50,001	-

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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**FINANCED PURCHASES (LEASES)**

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The School Unit has entered into financed purchase agreements as lessee for financing the acquisition of vehicles, copiers, technology equipment, and school renovations. The agreements contain a fiscal funding clause that permits the School Unit to terminate the agreement on an annual basis if funds are not appropriated. These agreements have been recorded at the present value of the future minimum payments as of the date of inception.

The following is a schedule of future minimum financed purchase payments under the financed purchases at June 30, 2021.

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 713,694	89,280	802,974
2023	617,312	108,717	726,029
2024	462,050	92,184	554,234
2025	278,045	78,470	356,515
2026	253,799	67,469	321,268
2027-2031	744,902	212,543	957,445
2032-2036	746,727	100,952	847,679
2037	169,618	5,419	175,037
<b>Total</b>	<b>\$ 3,986,147</b>	<b>755,034</b>	<b>4,741,181</b>

Assets purchased through these agreements have been capitalized under building improvements, vehicles, equipment, and construction in progress at a total cost of \$7,065,390 and accumulated depreciation of \$3,104,816 as of June 30, 2021.

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**STATE REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES**

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The State of Maine currently reimburses the School Unit for a portion of financing costs of school building and school bus purchases. Continuation of such reimbursements is dependent upon continued appropriations by the State Legislature.

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**RISK MANAGEMENT**

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The School Unit is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the School Unit either carries commercial insurance, is self insured or participates in a public entity risk pool. The School Unit participates in one public entity risk pool, which is sponsored by the Maine School Management Association (MSMA) for Workers' Compensation coverage.

Based on the coverage provided by this pool, as well as commercial insurance purchased, the School Unit is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2021.

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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FUND BALANCES

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

	General Fund	Federal, State, and Other Programs Special Revenues	Bonded Capital Projects	Other Governmental Funds
<b>Nonspendable</b>				
Prepaid expenditures	\$ 521,566	-	-	-
<b>Total Nonspendable</b>	<b>521,566</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Restricted:</b>				
Grant balances	-	100,227	-	-
Student activity funds	-	-	-	411,998
Regional service center	-	-	-	3,822
<b>Total restricted</b>	<b>-</b>	<b>100,227</b>	<b>-</b>	<b>415,820</b>
<b>Committed:</b>				
Fuel reserve	105,000	-	-	-
Capital reserve	500,000	-	-	-
Bonded capital projects	-	-	3,364,994	-
Adult education	-	-	-	3,402
<b>Total committed</b>	<b>605,000</b>	<b>-</b>	<b>3,364,994</b>	<b>3,402</b>
<b>Assigned:</b>				
Transportation	354	-	-	-
Technology	32,798	-	-	-
Subsequent year budget	600,000	-	-	-
<b>Total assigned</b>	<b>633,152</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unassigned:</b>				
General fund	1,799,120	-	-	-
Federal, state, and other programs	-	(1,575)	-	-
<b>Total unassigned</b>	<b>\$ 1,799,120</b>	<b>(1,575)</b>	<b>-</b>	<b>-</b>

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NET PENSION LIABILITY

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***General Information about the Pension Plan***

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

**Benefits Provided** - The SET Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit.

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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**NET PENSION LIABILITY, CONTINUED**

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In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For SET members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by statute.

**Contributions** - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Maine statute requires the State to contribute a portion of the School 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.

Employees are required to contribute 7.65% of their annual pay. The School Unit's contractually required contribution rate for the year ended June 30, 2021, was 18.49% of annual payroll of which 4.16% of payroll was required from the School Unit and 14.33% was required from the State. Contributions to the pension plan from the School Unit were \$804,276 for the year ended June 30, 2021.

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

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

School Unit's proportionate share of the net pension liability	\$ 626,818
State's proportionate share of the net pension liability	
associated with the School Unit	19,690,197
<b>Total</b>	<b>\$ 20,317,015</b>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Unit's proportion of the net pension liability was based on a projection of the School 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, 2020, the School Unit's proportion was 0.0384%.

For the year ended June 30, 2021, the School Unit recognized pension expense of \$3,008,041 and revenue of \$2,339,700 for support provided by the State.

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

**NET PENSION LIABILITY, CONTINUED**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,770	-
Net difference between projected and actual earnings on pension plan investments	25,985	-
Changes in proportion and differences between School Unit contributions and proportionate share of contributions	-	50,879
School Unit contributions subsequent to the measurement date	804,276	-
<b>Total</b>	<b>\$ 837,031</b>	<b>50,879</b>

An amount of \$804,276 is reported as deferred outflows of resources related to pensions resulting from School Unit contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2022	\$ (40,188)
2023	(23,836)
2024	23,070
2025	22,830

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

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

**NET PENSION LIABILITY, CONTINUED**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	7.2%
Diversifiers	10.0%	5.9%

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

**Sensitivity of the School Unit's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
School Unit's proportionate share of the net pension liability	\$ 1,087,086	626,818	243,194

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

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

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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**OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE**

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***General Information about the OPEB Plan***

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

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

**Contributions** - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the School Unit were \$54,335 for the year ended June 30, 2021. Employers and employees are not required to contribute to the OPEB plan.

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

At June 30, 2021, the School Unit reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the School Unit was \$483,900 as of June 30, 2021. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School Unit's proportion of the net OPEB liability was based on a projection of the School Unit's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the School Unit's proportion was 0.00%.

For the year ended June 30, 2021, the School Unit recognized OPEB expense of \$54,335 and also revenues of \$54,335 for support provided by the State. At June 30, 2021, the School Unit reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

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

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

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

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

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

**OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED**

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

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

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

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

**OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE**

**General Information about the OPEB Plan**

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

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

*Employees Covered by Benefit Terms* – At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	152
Inactive employee entitled to but not yet receiving benefits	-
Active employees	437
Total	589

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED

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

The School Unit's total OPEB liability of \$7,541,264 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

*Changes in the Total OPEB Liability*

Balance at June 30, 2020		\$ 7,015,132
Changes for the year:		
Service cost		71,810
Interest		242,519
Changes of benefit terms		(633,705)
Differences between expected and actual experience		(80,675)
Changes in assumptions or other inputs		1,244,549
Benefit payments		(318,366)
Net changes		<u>526,132</u>
Balance at June 30, 2021		<u>\$ 7,541,264</u>

Changes of benefits relate to the implementation of the Medicare Advantage Plan. Change in assumptions reflects a change in the discount rate from 3.50% to 2.21%.

For the year ended June 30, 2021, The School Unit recognized OPEB gain of \$161,552. At June 30, 2021, The School Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	\$	
Changes of assumption or other inputs	1,194,281	-
Differences between expected and actual experience	-	70,591
Unit contributions subsequent to the measurement date	176,218	-
Total	<u>\$ 1,370,499</u>	<u>70,591</u>

\$176,218 is reported as deferred outflows of resources related to OPEB resulting from School Unit contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ 157,824
2023	157,824
2024	157,824
2025	157,824
2026	201,428
Thereafter	290,966

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

**OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED**

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

Inflation	2.00%
Salary increases	2.75% per year
Discount rate	2.21% per annum
Healthcare cost trend rates - Pre-Medicare	6.21% for 2021 grading over 18 years to 3.25%
Healthcare cost trend rates - Medicare	0.00% for 2021 grading over 18 years to 3.25%
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

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

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

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

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

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 8,943,113	7,541,264	6,419,280

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 6,325,819	7,541,264	9,093,123

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Basic Financial Statements, Continued**

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**PRIOR PERIOD ADJUSTMENTS AND NEW PRONOUNCEMENT**

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For the fiscal year ended June 30, 2021, the School Unit has elected to implement Statement No. 84 of the Government Accounting Standards Board – *Fiduciary Activities*. As a result of implementing GASB Statement No. 84, the School Unit has restated beginning net position of the governmental activities and beginning fund balance in the Nonmajor governmental funds to account for certain activities that were previously reported as fiduciary funds and permanent funds. Net position and fund balance were increased as of July 1, 2020 by \$415,198 related to student activity funds and decreased by \$969,102 related to scholarships.

In 2021, the School Unit discovered there was deferred revenue related to the school lunch fund that was not reported in the prior fiscal year. The school lunch fund balance was restated for this deferred revenue as of July 1, 2020. The School Unit also determined there was an amount previously recorded as retainage payable in the Bonded capital projects fund in error. The Bonded capital project’s fund balance was restated for this payable as of July 1, 2020.

Amounts previously reported have been restated as follows:

	Governmental Activities Net Position (Stmt. 2)	Bonded Capital Projects Fund Balance (Stmt. 4)	Other Governmental Fund Balance (Stmt. 4)
As previously reported	\$ 15,407,530	3,983,911	578,089
Unearned revenue not previously reported	(48,317)	-	(48,317)
Over-accrued retainage	57,379	57,379	-
Scholarships previously reported as permanent funds	(969,102)	-	(969,102)
Student activities previously reported as fiduciary funds	415,198	-	415,198
<b>Fund balance, net position as restated</b>	<b>\$ 14,862,688</b>	<b>4,041,290</b>	<b>(24,132)</b>

**REGIONAL SCHOOL UNIT NO. 18**  
**Required Supplementary Information**

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

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 Unit's proportion of the net pension liability	0.0384%	0.0428%	0.0442%	0.0412%	0.0497%	0.0383%	0.0432%
School Unit's proportionate share of the net pension liability	\$ 626,818	627,219	596,332	598,663	878,719	516,906	466,400
State's proportionate share of the net pension liability associated with the School Unit	<u>19,690,197</u>	<u>17,600,206</u>	<u>16,625,243</u>	<u>17,780,731</u>	<u>22,535,924</u>	<u>17,503,534</u>	<u>13,495,050</u>
<b>Total</b>	<b><u>\$ 20,317,015</u></b>	<b><u>18,227,425</u></b>	<b><u>17,221,575</u></b>	<b><u>18,379,394</u></b>	<b><u>23,414,643</u></b>	<b><u>18,020,440</u></b>	<b><u>13,961,450</u></b>
School Unit's covered payroll	\$ 16,130,928	15,881,672	15,679,475	15,300,134	15,559,901	15,264,221	14,484,894
School Unit's proportionate share of the net pension liability as a percentage of its covered payroll	3.89%	3.95%	3.80%	3.91%	5.65%	3.39%	3.22%
Plan fiduciary net position as a percentage of the total pension liability	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

*\*Only seven years of information available.*

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

**REGIONAL SCHOOL UNIT NO. 18**  
**Required Supplementary Information, Continued**

**Schedule of School Unit Contributions**  
**Maine Public Employees Retirement System State Employee and Teacher Plan**

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	\$ 804,276	671,047	630,502	622,475	514,085	522,813	404,502
Contributions in relation to the contractually required contribution	<u>(804,276)</u>	<u>(671,047)</u>	<u>(630,502)</u>	<u>(622,475)</u>	<u>(514,085)</u>	<u>(522,813)</u>	<u>(404,502)</u>
<b>Contribution deficiency (excess)</b>	<b>\$ <u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
School Unit's covered payroll	\$ 16,327,285	16,130,928	15,881,672	15,679,475	15,300,134	15,559,901	15,264,221
Contributions as a percentage of covered payroll	4.93%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%

\* Only seven years of information available.

**REGIONAL SCHOOL UNIT NO. 18**  
**Required Supplementary Information, Continued**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Unit's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
School Unit's proportionate share of the net OPEB liability	-	-	-	-
State's proportionate share of the net OPEB liability associated with the School Unit	<u>\$ 483,900</u>	<u>477,486</u>	<u>486,680</u>	<u>458,635</u>
<b>Total</b>	<b><u>\$ 483,900</u></b>	<b><u>477,486</u></b>	<b><u>486,680</u></b>	<b><u>458,635</u></b>
Plan fiduciary net position as a percentage of the total OPEB liability	49.51%	49.22%	48.04%	47.29%

\* Only four years of information available.

*Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.*

**REGIONAL SCHOOL UNIT NO. 18**  
**Required Supplementary Information, Continued**

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

Last 10 Fiscal Years\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 71,810	60,550	64,786
Interest	242,519	251,731	242,213
Changes of benefit terms	(633,705)	-	-
Differences between expected and actual experience	(80,675)	-	-
Changes of assumptions or other inputs	1,244,549	391,601	(305,226)
Benefit payments	(318,366)	(263,256)	(254,157)
Net change in total OPEB Liability	<u>526,132</u>	<u>440,626</u>	<u>(252,384)</u>
Total OPEB liability - beginning	<u>7,015,132</u>	<u>6,574,506</u>	<u>6,826,890</u>
<b>Total OPEB liability - ending</b>	<b><u>\$ 7,541,264</u></b>	<b><u>7,015,132</u></b>	<b><u>6,574,506</u></b>
Covered-employee payroll	\$ 19,378,480	21,273,957	20,704,581
Total OPEB liability as a percent of covered-employee payroll	38.92%	32.98%	31.75%

\*Only three years of information available.

**REGIONAL SCHOOL UNIT NO. 18**  
**Notes to Required Supplementary Information**

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**Net Pension Liability**

Changes of Benefit Terms - None

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

	<u>2020</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate	6.750%	6.750%	6.875%	7.125%	7.125%	7.250%
Inflation rate	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases	2.75 plus merit	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

Mortality rates:

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

**Net OPEB Liability**

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations regarding the MPERS life insurance plans:

	<u>2018</u>	<u>2017</u>
Discount rate	6.750%	6.875%

**Total OPEB Liability**

Changes of Benefit Terms:

On July 1, 2020, the plan switched its Medicare Companion Plan to a Medicare Advantage Plan, which reduced obligations by \$633,705 as of the measurement date of June 30, 2020.

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations regarding the MEABT health insurance plans:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.21%	3.50%	3.87%	3.58%

Mortality rates:

In 2019, mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

In 2020 and going forward, the mortality rates were based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table.

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

## **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

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

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

**REGIONAL SCHOOL UNIT NO. 18**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,393,228	4,027,552
Due from other governments	698,914	143,738
Prepaid expenditures	521,566	268,166
Interfund loans receivable	527,525	686,201
<b>Total assets</b>	<b>6,141,233</b>	<b>5,125,657</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	56,304	223,316
Accrued wages and benefits	2,526,091	2,686,216
Total liabilities	2,582,395	2,909,532
Fund balances:		
Nonspendable	521,566	-
Committed	605,000	65,000
Assigned	633,152	782,205
Unassigned	1,799,120	1,368,920
Total fund balances	3,558,838	2,216,125
<b>Total liabilities and fund balances</b>	<b>\$ 6,141,233</b>	<b>5,125,657</b>

**REGIONAL SCHOOL UNIT NO. 18**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis**  
**For the Year ended June 30, 2021**  
**(with comparative actual amounts for the year ended June 30, 2020)**

	2021		Variance positive (negative)	2020 Actual
	Budget	Actual		
Revenues:				
Local assessments:				
Belgrade	\$ 6,565,811	6,565,811	-	6,365,058
China	5,042,138	5,042,138	-	5,038,575
Oakland	5,843,554	5,843,554	-	5,828,970
Rome	2,228,342	2,228,342	-	2,123,761
Sidney	4,501,803	4,501,803	-	4,370,040
Total local assessments	24,181,648	24,181,648	-	23,726,404
Intergovernmental:				
State subsidy	14,469,045	14,565,324	96,279	13,718,060
State agency clients	400,000	604,645	204,645	645,062
Total intergovernmental	14,869,045	15,169,969	300,924	14,363,122
Charges for services:				
Tuitions - other	32,000	48,512	16,512	36,344
Rentals	18,000	350	(17,650)	10,143
Educational services	-	18,255	18,255	4,000
Transportation	5,000	22,841	17,841	13,479
Total charges for services	55,000	89,958	34,958	63,966
Interest earned	40,000	9,154	(30,846)	48,243
Other revenues:				
Sale of assets	500	10,123	9,623	13,685
Refunds	2,500	4,651	2,151	-
QSCB interest refund	56,325	40,831	(15,494)	48,722
Miscellaneous revenue	105,000	8,571	(96,429)	9,261
Total other revenues	164,325	64,176	(100,149)	71,668
Total revenues	39,310,018	39,514,905	204,887	38,273,403
Expenditures:				
Current:				
Regular instruction	16,944,964	16,198,803	746,161	16,615,050
Special education instruction	5,610,232	5,257,925	352,307	5,308,907
Career and technical education	5,000	-	5,000	-
Other instruction	755,341	616,665	138,676	536,102
Student and staff support	3,963,660	3,775,928	187,732	3,931,283
System administration	973,145	972,617	528	961,712
School administration	2,051,058	2,051,002	56	2,036,359
Transportation	2,543,925	2,340,819	203,106	2,321,588
Facilities and maintenance	5,805,477	5,804,309	1,168	5,121,888
Other expenditures	87,532	86,766	766	-
Debt service	857,500	856,121	1,379	856,929
Total expenditures	39,597,834	37,960,955	1,636,879	37,689,818

**REGIONAL SCHOOL UNIT NO. 18**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-**  
**Budget and Actual-Budgetary Basis, Continued**

	2021		Variance positive (negative)	2020 Actual
	Budget	Actual		
Excess (deficiency) of revenues over (under) expenditures	\$ (287,816)	1,553,950	1,841,766	583,585
Other financing sources (uses):				
Use of fund balance	500,000	-	(500,000)	-
Transfers to other funds	(212,184)	(212,184)	-	(152,626)
Total other financing sources (uses)	287,816	(212,184)	(500,000)	(152,626)
Reconcile to GAAP basis reporting:				
Change in assigned fund balance	-	947	947	5,434
Net change in fund balance	-	1,342,713	1,342,713	436,393
Fund balance, beginning of year		2,216,125		1,779,732
<b>Fund balance, end of year</b>	<b>\$</b>	<b>3,558,838</b>		<b>2,216,125</b>

**REGIONAL SCHOOL UNIT NO. 18**  
**Special Revenue Funds- Federal, State, and Other Programs**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For year ended June 30, 2021**

		Fund balances (deficits) beginning of year	Revenues		Program expenditures	Fund balances (deficits) end of year
			Federal funds	State and Other revenues		
Federal funds:						
2470	Local Entitlement	\$ 1,457	713,811	-	713,811	1,457
2510	Local Entitlement - Preschool Program	-	19,777	-	19,777	-
2605	ESSER #1	-	247,061	-	248,181	(1,120)
2606	Coronavirus relief fund	-	1,932,843	-	1,932,843	-
2608	Coronavirous relief fund day programming	-	60,341	-	60,341	-
2609	Coronavirus relief fund #2	-	2,135,080	-	2,135,080	-
2614	ESSER #2	-	189,265	-	189,265	-
2990	Title IA	-	566,223	-	566,223	-
2990	Title IIA - Supporting Effective Instruction	-	162,752	-	162,895	(143)
2990	Title V	-	18,004	-	18,004	-
Total federal funds		1,457	6,045,157	-	6,046,420	194
Other programs:						
2050	Robotics donation	64	-	-	64	-
2071	Dollar General CPS	-	-	3,000	3,000	-
2072	Bicentennial WES	-	-	2,000	-	2,000
2073	Fuel up to play 360	-	-	2,600	2,140	460
2074	Dollar General MHS	-	-	2,000	1,981	19
2075	Maine Ag in the classroom CMS	-	-	1,700	1,276	424
2076	Maine Ag in the classroom MMS	-	-	1,700	1,204	496
2077	MEEA MMS	-	-	1,317	1,317	-
2078	Maine Ag in the classroom MHS	-	-	1,700	2,000	(300)
2079	Friends of Acadia	-	-	10,000	-	10,000
2081	Angel fund	(1,917)	-	8,648	500	6,231
2082	Vending	-	-	340	-	340
2084	Lowe's WES	-	-	4,375	-	4,375
2085	Lowe's BCS	-	-	1,000	-	1,000
2100	Customized Learning	23,499	-	365	1,258	22,606
2170	Oak Grove grant	1,247	-	-	1,247	-
2232	Proficiency based grant	46,983	-	10,561	6,725	50,819
2233	Educator effectiveness grant	786	-	-	786	-
2250	Dental	730	-	-	730	-
2460	Medicaid reimbursements	795	-	-	807	(12)
2830	Wellness program	428	-	500	928	-
2840	Messalonskee trails	1,283	-	-	1,283	-
9030	Anti-bullying program	1,153	-	-	1,153	-
Total other programs		75,051	-	51,806	28,399	98,458
<b>Total</b>		<b>\$ 76,508</b>	<b>6,045,157</b>	<b>51,806</b>	<b>6,074,819</b>	<b>98,652</b>

**REGIONAL SCHOOL UNIT NO. 18**  
**Combining Balance Sheet**  
**All Other Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue Funds				Capital Project Funds		Total Other Governmental Funds
	School Lunch Program	Activity Funds (Schedule 1)	Regional Service Center	Adult Education Fund	Capital Projects	Technology Lease	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	411,998	-	-	-	-	411,998
Due from other governments	59,246	-	-	-	-	-	59,246
Amounts held in escrow	-	-	-	-	95,132	12,256	107,388
Interfund loans receivable	-	-	3,822	3,402	-	-	7,224
Inventory	64,237	-	-	-	-	-	64,237
<b>Total assets</b>	<b>123,483</b>	<b>411,998</b>	<b>3,822</b>	<b>3,402</b>	<b>95,132</b>	<b>12,256</b>	<b>650,093</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Interfund loans payable	91,998	-	-	-	95,132	12,256	199,386
Unearned revenues	31,485	-	-	-	-	-	31,485
<b>Total liabilities</b>	<b>123,483</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,132</b>	<b>12,256</b>	<b>230,871</b>
Fund balances:							
Restricted	-	411,998	3,822	-	-	-	415,820
Committed	-	-	-	3,402	-	-	3,402
<b>Total fund balances (deficit)</b>	<b>-</b>	<b>411,998</b>	<b>3,822</b>	<b>3,402</b>	<b>-</b>	<b>-</b>	<b>419,222</b>
<b>Total liabilities and fund balances</b>	<b>\$ 123,483</b>	<b>411,998</b>	<b>3,822</b>	<b>3,402</b>	<b>95,132</b>	<b>12,256</b>	<b>650,093</b>

**REGIONAL SCHOOL UNIT NO. 18**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Other Nonmajor Governmental Funds**  
**For year ended June 30, 2021**

	Special Revenue Funds				Capital Project Funds		Total Other Governmental Funds
	School Lunch Program	Activity Funds (Schedule 1)	Regional Service Center	Adult Education Fund	Capital Projects	Technology Lease	
<b>Revenues:</b>							
Local assessment	\$ -	-	-	33,528	-	-	33,528
Intergovernmental	1,009,038	-	-	13,370	-	-	1,022,408
Charges for services	161,892	-	20,100	1,939	-	-	183,931
Donations and gifts	73,565	258,861	-	-	-	-	332,426
Interest	-	-	1	-	-	-	1
<b>Total revenues</b>	<b>1,244,495</b>	<b>258,861</b>	<b>20,101</b>	<b>48,837</b>	<b>-</b>	<b>-</b>	<b>1,572,294</b>
<b>Expenditures:</b>							
<b>Current:</b>							
System administration	-	-	16,279	-	-	-	16,279
Adult education	-	-	-	57,275	-	-	57,275
School lunch programs	1,062,197	-	-	-	-	-	1,062,197
Other program expenditures	-	262,061	-	-	-	-	262,061
Capital outlay	-	-	-	-	351,578	160,166	511,744
<b>Total expenditures</b>	<b>1,062,197</b>	<b>262,061</b>	<b>16,279</b>	<b>57,275</b>	<b>351,578</b>	<b>160,166</b>	<b>1,909,556</b>
Excess (deficiency) of revenues over (under) expenditures	182,298	(3,200)	3,822	(8,438)	(351,578)	(160,166)	(337,262)
<b>Other financing sources (uses):</b>							
Proceeds from notes	-	-	-	-	408,266	-	408,266
Proceeds from financed purchases	-	-	-	-	-	160,166	160,166
Transfers from other funds	212,184	-	-	-	-	-	212,184
<b>Total other financing sources (uses)</b>	<b>212,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>408,266</b>	<b>160,166</b>	<b>780,616</b>
<b>Net change in fund balances</b>	<b>394,482</b>	<b>(3,200)</b>	<b>3,822</b>	<b>(8,438)</b>	<b>56,688</b>	<b>-</b>	<b>443,354</b>
Fund balances (deficits), beginning of year, restated	(394,482)	415,198	-	11,840	(56,688)	-	(24,132)
<b>Fund balances (deficit), end of year</b>	<b>\$ -</b>	<b>411,998</b>	<b>3,822</b>	<b>3,402</b>	<b>-</b>	<b>-</b>	<b>419,222</b>

## **SCHEDULES**

**REGIONAL SCHOOL UNIT NO. 18**  
**Special Revenue Funds-Activity Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For year ended June 30, 2021**

	Balance			Balance
	June 30, 2020	Donations	Expenditures	June 30, 2021
Activity Fund:				
Messalonskee High school	\$ 191,265	90,865	93,201	188,929
Messalonskee High school - Athletics	63,204	46,955	59,245	50,914
Messalonskee Middle school	37,581	36,663	35,652	38,592
Belgrade Central school	33,733	10,458	9,218	34,973
James H. Bean school	14,169	15,885	8,185	21,869
Atwood Tapley school	19,107	20,886	15,669	24,324
Williams Elementary school	20,694	14,513	15,959	19,248
China Primary school	20,782	3,782	4,304	20,260
China Middle school	14,663	18,854	20,628	12,889
<b>Total</b>	<b>\$ 415,198</b>	<b>258,861</b>	<b>262,061</b>	<b>411,998</b>

**REGIONAL SCHOOL UNIT NO. 18**  
**Fiduciary Funds - Private-purpose Trusts**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**For year ended June 30, 2021**

	Beginning of year		Revenues					Fund balances end of year	End of year	
	Net Position		Change in			Program expenditures	Net Position			
	Nonspendable principal	Restricted Earnings	Interest	market value	Donations		Transfers		Nonspendable principal	Restricted Earnings
Benjamin	\$ 13,000	24,799	8,056	-	-	1,000	-	44,855	13,000	31,855
Bucholz, Henry and Elizabeth	40,581	-	8,695	-	-	-	-	49,276	49,276	-
Gowell Fund	700	1,427	456	-	-	-	-	2,583	700	1,883
Hollingsworth	220,655	189,936	82,333	6,675	587	3,000	14	497,200	220,655	276,545
Jucius, Donna - Memorial	10,000	463	2,242	-	-	-	-	12,705	10,000	2,705
Kappler, Charles - Stock	50,000	4,063	8,679	(12,025)	-	-	-	50,717	50,000	717
Luce, Donald F.	10,000	295	2,184	-	-	500	-	11,979	10,000	1,979
Messalonskee Fish and Game	8,229	-	1,763	-	-	-	-	9,992	9,992	-
Messalonskee High School Ice Hockey	27,251	9,129	5,755	825	-	1,976	-	40,984	27,251	13,733
Newcombe	2,736	144	617	-	-	-	-	3,497	2,736	761
Sidney Lion Club	8,500	5,864	2,676	-	-	2,500	-	14,540	8,500	6,040
Spooner, Eunice	10,000	3,020	2,768	-	-	1,000	-	14,788	10,000	4,788
Therriault, Susan - Memorial Scholarship	2,708	(124)	553	-	-	-	-	3,137	2,708	429
Williams, EP	425	822	267	-	-	-	-	1,514	425	1,089
Adult Education Scholarship	-	2,280	489	-	-	299	-	2,470	-	2,470
Albanese, J. Duke	-	6,860	1,470	-	-	-	-	8,330	-	8,330
Buchsbaum, Margo	-	105	44	-	1,000	500	-	649	-	649
Charette Scholarship	-	4	-	-	-	-	(4)	-	-	-
Easler Scholarship	-	584	125	-	-	-	-	709	-	709
Folsom, Phebe R. - Memorial School	-	998	210	-	-	100	-	1,108	-	1,108
Forsley	-	1,000	-	-	1,000	1,001	-	999	-	999
Fowle, Robert Trust	-	142,895	30,616	-	-	500	-	173,011	-	173,011
Gallagher	-	9,900	2,121	-	-	-	-	12,021	-	12,021
General Trusts	-	6	-	-	-	-	(6)	-	-	-
George Kohl Scholarship	-	418	41	-	-	300	-	159	-	159
Jancovic, Brian - Memorial School	-	7,957	1,705	-	-	500	-	9,162	-	9,162
Hallowell Memorial Scholarship	-	1,141	255	-	500	250	-	1,646	-	1,646
Jurdak, M. - Memorial Scholarship	-	1	-	-	-	-	(1)	-	-	-
Kappler, Charles - Trust	-	23,274	6,027	-	-	1,618	-	27,683	-	27,683
Leigh Scholarship	-	12,878	2,759	-	-	-	-	15,637	-	15,637
Maine Community Foundation	-	4,910	-	-	2,500	4,910	-	2,500	-	2,500
Marston, B.	-	5,524	1,162	-	-	500	-	6,186	-	6,186
Melmac	-	4,000	-	-	2,000	6,000	-	-	-	-
Messalonskee Players	-	3,678	788	-	-	-	-	4,466	-	4,466
MHS Outstanding Leadership	-	120	26	-	-	-	-	146	-	146
Morin, Joe - Scholarship	-	1,606	335	-	-	200	-	1,741	-	1,741
Needham Memorial Fund	-	230	38	-	-	240	-	28	-	28
Pelletier, Pam - School FD	-	3	-	-	-	-	(3)	-	-	-
Sappi-pass through	-	1,000	-	-	500	-	-	1,500	-	1,500
St. Pierre, Ron - Memorial School	-	1,126	241	-	-	-	-	1,367	-	1,367
Tillson, Anson	-	67,886	11,863	-	-	16,715	-	63,034	-	63,034
China educational enrichment fund	-	24,095	5,077	-	-	2,859	-	26,313	-	26,313
<b>Total</b>	<b>\$ 404,785</b>	<b>564,317</b>	<b>192,436</b>	<b>(4,525)</b>	<b>8,087</b>	<b>46,468</b>	<b>-</b>	<b>1,118,632</b>	<b>415,243</b>	<b>703,389</b>

**REGIONAL SCHOOL UNIT NO. 18**  
**Fiduciary Funds - Custodial Funds**  
**Combining Schedule of Fiduciary Net Position**  
**June 30, 2021**

	<b>Balance (deficit) July 1, 2020</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance (deficit) June 30, 2021</b>
Custodial funds:				
Central Maine inclusive schools	\$ 16,781	-	3,000	13,781
Kennebec Valley Superintendents Association	1,516	-	-	1,516
Kennebec Consortium	2,634	18,800	17,579	3,855
Medical reimbursements	(5,327)	57,331	53,031	(1,027)
Other funds	(2,938)	-	-	(2,938)
MCCL cohort	12,788	-	-	12,788
RISC	(891)	-	-	(891)
<b>Total</b>	<b>\$ 24,563</b>	<b>76,131</b>	<b>73,610</b>	<b>27,084</b>