

Federal Compliance Audit

Regional School Unit No. 6

June 30, 2020



Proven Expertise & Integrity

REGIONAL SCHOOL UNIT NO. 6

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JUNE 30, 2020

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Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT

Board of Directors
Regional School Unit No. 6
Buxton, Maine

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. 6, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Regional School Unit No. 6'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.

Auditors' 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 of material misstatement.

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

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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. 6 as of June 30, 2020 and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and OPEB information on pages 4 through 11 and pages 63 through 71 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. 6's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related 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 Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020, on our consideration of Regional School Unit No. 6's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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* and should be read in considering the Regional School Unit No. 6's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
December 22, 2020

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(UNAUDITED)

The following management's discussion and analysis of Regional School Unit No. 6's financial performance provides an overview of the Unit's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Unit's financial statements.

Financial Statement Overview

The Regional School Unit No. 6's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net

position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Regional School Unit No. 6, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Regional School Unit No. 6 can be divided into two categories: governmental funds and fiduciary funds.

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

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

The Regional School Unit No. 6 presents seven columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Unit's six major governmental funds are the General Fund, School Lunch Fund, the IDEA Local Entitlement Fund, Capital Project Fund, State Revolving Loan Fund and the Science Lab Fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Regional School Unit No. 6. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Unit's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Net Position - Fiduciary Funds.

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Unit's governmental activities. The Unit's total net position for governmental activities increased by \$1,945,609 from \$15,819,349 to \$17,764,958.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for governmental activities increased to a deficit balance of \$4,482,022 at the end of this year.

Table 1
Regional School Unit No. 6
Net Position
June 30,

	2020	2019 (Restated)
Assets:		
Current Assets	\$ 9,751,630	\$ 8,506,599
Noncurrent Assets - Capital Assets	38,603,847	39,847,371
Total Assets	<u>48,355,477</u>	<u>48,353,970</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	1,072,500	989,134
Deferred Outflows Related to OPEB	739,537	277,764
Total Deferred Outflows of Resources	<u>1,812,037</u>	<u>1,266,898</u>
Liabilities:		
Current Liabilities	6,237,050	6,645,900
Noncurrent Liabilities	25,773,044	26,692,141
Total Liabilities	<u>32,010,094</u>	<u>33,338,041</u>
Deferred Inflows of Resources:		
Deferred Revenue	42,635	30,457
Deferred Inflows Related to Pensions	80,600	109,949
Deferred Inflows Related to OPEB	269,227	323,072
Total Deferred Inflows of Resources	<u>392,462</u>	<u>463,478</u>
Net Position:		
Net Investment in Capital Assets	20,517,880	20,151,259
Restricted: Special Revenue Funds	199,784	155,794
Capital Project Funds	1,473,969	1,644,207
Permanent Funds	55,347	55,012
Unrestricted	(4,482,022)	(6,186,923)
Total Net Position	<u><u>\$ 17,764,958</u></u>	<u><u>\$ 15,819,349</u></u>

Table 2
Regional School Unit No. 6
Change in Net Position
For the Years Ended June 30,

	<u>2020</u>	<u>2019</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 692,494	\$ 674,400
Operating grants and contributions	10,928,168	7,249,665
<i>General Revenues:</i>		
Support from towns	27,411,810	26,205,156
Grants and contributions not restricted to specific programs	21,813,482	21,088,620
Investment income	65,304	68,058
Miscellaneous	122,702	115,355
Total Revenues	<u>61,033,960</u>	<u>55,401,254</u>
Expenses		
Regular instruction	20,345,276	20,585,284
Other instruction	637,220	801,659
Transportation	2,831,229	3,065,345
Operations and maintenance	4,479,900	6,103,020
Special education	8,804,446	8,600,890
Student and staff support	4,676,239	4,791,987
School administration	2,415,703	2,578,885
System administration	1,520,759	1,610,484
Other	10,266	17,572
State of Maine on-behalf payments	7,949,945	4,361,092
Interest on long-term debt	328,063	693,716
Program expenses	5,089,305	5,270,987
Total Expenses	<u>59,088,351</u>	<u>58,480,921</u>
Change in Net Position	1,945,609	(3,079,667)
Net Position - July 1, Restated	<u>15,819,349</u>	<u>18,899,016</u>
Net Position - June 30	<u>\$ 17,764,958</u>	<u>\$ 15,819,349</u>

Revenues and Expenses

The revenues increased from 2019 by 10.17%. The largest items of increase was operating grants and contributions and support from towns. The expenses increased by 1.04%. The largest increase was in State of Maine on-behalf payments.

Financial Analysis of the Unit's Fund Statements

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

[illegible]

The changes to total fund balances for the general fund, school lunch fund, capital project fund, state revolving loan fund, science lab fund and nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues were below budget by \$93,938. This was primarily the result of all revenues being receipted less than budgeted amounts except for intergovernmental revenues - state agency clients.

The general fund actual expenditures were under the budget by \$2,720,422. All expenditures were within or under budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the Unit decreased by \$1,243,524 from the prior year. This decrease is the result of current year capital additions of \$1,638,016 less current year depreciation of \$2,881,540. Refer to Note 4 of Notes to Financial Statements for additional information on capital assets.

Table 4
Regional School Unit No. 6
Capital Assets (Net of Depreciation)
June 30,

	2020	2019 (Restated)
Land	\$ 2,689,410	\$ 2,689,410
Artwork	47,362	47,362
Construction in progress	256,242	225,858
Land improvements	886,617	1,003,075
Buildings	22,075,989	23,271,048
Buildings improvements	8,766,125	8,437,250
Equipment and vehicles	3,360,329	3,600,245
Furniture and fixtures	300	397
Infrastructure	521,473	572,726
Total	<u>\$38,603,847</u>	<u>\$39,847,371</u>

Debt

At June 30, 2020, the Unit had \$18,085,967 in bonds and notes payable from direct borrowings versus \$19,696,112 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

In order to bring transparency to the budget process and provide a channel for feedback from stakeholders (teachers, staff, students, parents, community members and municipal officials), the Unit established a Budget Advisory Committee (BAC) of 21 members to enhance community understanding of Unit goals, policies and initiatives; to provide the Board and administration with a community viewpoint and to provide advisory recommendations to the budget committee during its budget deliberations. The BAC, after review of historical data and future projections, made recommendations to the Unit Budget Committee. The Unit found the process to be quite successful in improving community understanding of the issues it faced in the development of a fiscally responsible budget, while adhering to the mission of providing for the educational needs of its students. The Unit intends to continue to employ this practice in future years. With the continued uncertainty of future revenue streams, the Unit recognizes that it will be crucial for it to establish and maintain open communication with all RSU No. 6 stakeholders.

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Unit. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Unit.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Unit's finances and to show the Unit's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Unit Business Office at 94 Main Street, Buxton, Maine 04093.

REGIONAL SCHOOL UNIT NO. 6

STATEMENT A

STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 9,011,333
Accounts receivable (net of allowance for uncollectibles):	
Intergovernmental	117,497
Other	571,025
Inventory	51,113
Internal balances	<u>662</u>
Total current assets	<u>9,751,630</u>
Noncurrent assets:	
Capital assets:	
Land, infrastructure and other assets not being depreciated	2,993,014
Buildings and equipment, net of accumulated depreciation	<u>35,610,833</u>
Total noncurrent assets	<u>38,603,847</u>
TOTAL ASSETS	<u>48,355,477</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,072,500
Deferred outflows related to OPEB	<u>739,537</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,812,037</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 50,167,514</u></u>

STATEMENT A (CONTINUED)

REGIONAL SCHOOL UNIT NO. 6

STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 307,408
Accrued expenses	3,716,988
Current portion of long-term obligations	<u>2,212,654</u>
Total current liabilities	<u>6,237,050</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	10,935,456
Notes payable from direct borrowings	4,946,130
Accrued compensated absences	157,178
Net pension liability	456,459
Net OPEB liability	<u>9,277,821</u>
Total noncurrent liabilities	<u>25,773,044</u>
TOTAL LIABILITIES	<u>32,010,094</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	42,635
Deferred inflows related to pensions	80,600
Deferred inflows related to OPEB	<u>269,227</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>392,462</u>
NET POSITION	
Net investment in capital assets	20,517,880
Restricted	1,729,100
Unrestricted	<u>(4,482,022)</u>
TOTAL NET POSITION	<u>17,764,958</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 50,167,514</u></u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT B

REGIONAL SCHOOL UNIT NO. 6

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Regular instruction	\$20,345,276	\$ 76,343	\$ -	\$ -	\$ (20,268,933)
Other instruction	637,220	-	-	-	(637,220)
Transportation	2,831,229	-	-	-	(2,831,229)
Operations and maintenance	4,479,900	-	-	-	(4,479,900)
Special education	8,804,446	-	-	-	(8,804,446)
Student and staff support	4,676,239	-	-	-	(4,676,239)
School administration	2,415,703	-	-	-	(2,415,703)
System administration	1,520,759	-	-	-	(1,520,759)
Other	10,266	-	-	-	(10,266)
State of Maine on-behalf payments	7,949,945	-	7,949,945	-	-
Interest on long-term debt	328,063	-	-	-	(328,063)
Program expenses	5,089,305	616,151	2,978,223	-	(1,494,931)
Total government	<u>\$59,088,351</u>	<u>\$ 692,494</u>	<u>\$ 10,928,168</u>	<u>\$ -</u>	<u>(47,467,689)</u>

STATEMENT B (CONTINUED)

REGIONAL SCHOOL UNIT NO. 6

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(47,467,689)</u>
General revenues:	
Support from towns	27,411,810
Grants and contributions not restricted to specific programs	21,813,482
Investment income	65,304
Miscellaneous	<u>122,702</u>
Total general revenues	<u>49,413,298</u>
Change in net position	1,945,609
NET POSITION - JULY 1, RESTATED	<u>15,819,349</u>
NET POSITION - JUNE 30	<u><u>\$ 17,764,958</u></u>

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2020

	General Fund	School Lunch Fund	IDEA Local Entitlement	Capital Project Fund	State Revolving Loan Fund	Science Lab Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 8,604,029	\$ 207,839	\$ -	\$ -	\$ -	\$ -	\$ 199,465	\$ 9,011,333
Accounts receivables (net of allowance for uncollectibles):								
Intergovernmental	-	-	-	-	-	-	117,497	117,497
Other	367,245	203,780	-	-	-	-	-	571,025
Inventory	-	51,113	-	-	-	-	-	51,113
Due from other funds	530,129	-	268	1,149,716	348,410	13,283	460,571	2,502,377
TOTAL ASSETS	<u>\$ 9,501,403</u>	<u>\$ 462,732</u>	<u>\$ 268</u>	<u>\$ 1,149,716</u>	<u>\$ 348,410</u>	<u>\$ 13,283</u>	<u>\$ 777,533</u>	<u>\$ 12,253,345</u>
LIABILITIES								
Accounts payable	\$ 250,385	\$ 19,438	\$ -	\$ -	\$ 37,440	\$ -	\$ 145	\$ 307,408
Accrued expenses	3,701,531	13,256	268	-	-	-	1,933	3,716,988
Due to other governments	-	-	-	-	-	-	-	-
Due to other funds	1,972,248	409,298	-	-	-	-	120,169	2,501,715
TOTAL LIABILITIES	<u>5,924,164</u>	<u>441,992</u>	<u>268</u>	<u>-</u>	<u>37,440</u>	<u>-</u>	<u>122,247</u>	<u>6,526,111</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	42,635	-	-	-	-	-	42,635
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>42,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,635</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	51,113	-	-	-	-	-	51,113
Restricted	-	-	-	1,149,716	310,970	13,283	255,131	1,729,100
Committed	-	-	-	-	-	-	-	-
Assigned	539,000	-	-	-	-	-	400,282	939,282
Unassigned	3,038,239	(73,008)	-	-	-	-	(127)	2,965,104
TOTAL FUND BALANCES (DEFICITS)	<u>3,577,239</u>	<u>(21,895)</u>	<u>-</u>	<u>1,149,716</u>	<u>310,970</u>	<u>13,283</u>	<u>655,286</u>	<u>5,684,599</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 9,501,403</u>	<u>\$ 462,732</u>	<u>\$ 268</u>	<u>\$ 1,149,716</u>	<u>\$ 348,410</u>	<u>\$ 13,283</u>	<u>\$ 777,533</u>	<u>\$ 12,253,345</u>

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2020

	Total Governmental Funds
Total Fund Balances	\$ 5,684,599
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	38,603,847
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	1,812,037
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(12,385,722)
Notes payable from direct borrowings	(5,700,245)
Accrued compensated absences	(165,451)
Net pension liability	(456,459)
Net OPEB liability	(9,277,821)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	(349,827)
Net position of governmental activities	<u>\$ 17,764,958</u>

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	School Lunch Fund	IDEA Local Entitlement	Capital Project Fund	State Revolving Loan Fund	Science Lab Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Support from towns	\$27,240,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,480	\$ 27,411,810
Intergovernmental revenues	21,813,482	826,112	998,341	-	-	-	1,153,770	24,791,705
State of Maine on-behalf payments	3,349,686	-	-	-	-	-	-	3,349,686
Charges for services	76,343	528,196	-	-	-	-	87,955	692,494
Investment income	65,304	-	-	-	-	-	-	65,304
Other income	2,103	5,106	-	-	36,000	-	79,493	122,702
TOTAL REVENUES	52,547,248	1,359,414	998,341	-	36,000	-	1,492,698	56,433,701
EXPENDITURES								
Current:								
Regular instruction	19,043,360	-	-	-	-	-	-	19,043,360
Other instruction	637,220	-	-	-	-	-	-	637,220
Transportation	2,968,410	-	-	-	-	-	-	2,968,410
Operations and maintenance	5,415,781	-	-	-	-	-	-	5,415,781
Special education	8,804,446	-	-	-	-	-	-	8,804,446
Student and staff support	4,324,240	-	-	-	-	-	-	4,324,240
School administration	2,376,958	-	-	-	-	-	-	2,376,958
System administration	1,070,459	-	-	-	-	-	-	1,070,459
Other	10,266	-	-	-	-	-	-	10,266
Program expenses	-	1,728,260	998,341	-	278,530	686,717	1,397,457	5,089,305
State of Maine on-behalf payments	3,349,686	-	-	-	-	-	-	3,349,686
Debt service:								
Principal	1,450,266	-	-	-	-	-	-	1,450,266
Interest	328,063	-	-	-	-	-	-	328,063
TOTAL EXPENDITURES	49,779,155	1,728,260	998,341	-	278,530	686,717	1,397,457	54,868,460
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,768,093	(368,846)	-	-	(242,530)	(686,717)	95,241	1,565,241
OTHER FINANCING SOURCES (USES)								
Debt proceeds	-	-	-	-	78,400	-	-	78,400
Transfers in	-	295,000	-	680,609	475,100	700,000	-	2,150,709
Transfers (out)	(975,609)	-	-	(1,175,100)	-	-	-	(2,150,709)
TOTAL OTHER FINANCING SOURCES (USES)	(975,609)	295,000	-	(494,491)	553,500	700,000	-	78,400
NET CHANGE IN FUND BALANCES (DEFICITS)	1,792,484	(73,846)	-	(494,491)	310,970	13,283	95,241	1,643,641
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	1,784,755	51,951	-	1,644,207	-	-	560,045	4,040,958
FUND BALANCES (DEFICITS) - JUNE 30	\$ 3,577,239	\$ (21,895)	\$ -	\$ 1,149,716	\$ 310,970	\$ 13,283	\$ 655,286	\$ 5,684,599

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,643,641</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,863,874
Capital asset disposals (net)	(225,858)
Depreciation expense	<u>(2,881,540)</u>
	<u>(1,243,524)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	83,366
OPEB	<u>461,773</u>
	<u>545,139</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(659,057)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>2,269,202</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(38,745)
Net pension liability	(42,625)
Net OPEB liability	<u>(611,616)</u>
	<u>(692,986)</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	29,349
OPEB	<u>53,845</u>
	<u>83,194</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,945,609</u></u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT G

REGIONAL SCHOOL UNIT NO. 6

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 297,363
TOTAL ASSETS	<u>\$ 297,363</u>
 LIABILITIES	
Due to other governments	\$ 662
Deposits held for others	<u>296,701</u>
TOTAL LIABILITIES	<u>\$ 297,363</u>

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Regional School Unit No. 6 was incorporated under the laws of the State of Maine effective July 1, 2009. This was a result of changes made within the Department of Education in regard to classification and definition of Educational entities. The Unit did not change its prior name (Maine School Administrative Unit No. 6) with certain agencies such as banks, Internal Revenue Service and the Maine Bond Bank and continues to do business under its prior name.

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

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

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. As of the date of this report, the state of emergency was extended to February 17, 2021 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 17, 2020 Maine LD 2167 was issued and executed by the Governor of Maine. Among other measures, this LD gave guidance ceasing in-house operations and moving to nontraditional learning systems while continuing to provide meals to students during the state of emergency. The Unit chose to use Zoom and other web-based platforms. The Unit also continued to provide meals to students by using buses and offering multiple pick-up locations. This application of this LD in coordination with other Executive Orders necessitated that these methods remained in force for the remainder of the scheduled school year.

In accordance with Executive Order 15, issued by the Governor of Maine on March 19, 2020, the Unit was required to pay their hourly school employees for the duration of this school year.

Impact on Finances

The Unit does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act funding and applicable State programs.

Expected Federal/State Support

The Unit may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Unit expects that if those actions are necessary, that the Unit would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Unit, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Unit. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Unit.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the Unit. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The School Lunch Fund is used to account for the intergovernmental and charges for services revenues and expenditures related to the lunch program.
- c. The Local Entitlement Fund is used to account for the intergovernmental revenues and expenditures in the local entitlement grant program.
- d. The Capital Projects Fund is used to account for debt proceed and interfund transfer revenues and expenditures to be used for the acquisition or construction of major capital facilities or equipment.
- e. The State Revolving Loan Fund is used to account for other and interfund transfer revenues and expenditures to be used for health, safety and compliance repairs for HVAC indoor air quality improvements at Bonny Eagle High School.
- f. The Science Lab Fund is used to account for interfund transfer revenues and expenditures to be used for the acquisition or construction of the science lab.

Nonmajor Funds

- g. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- h. Permanent Funds are used to account for assets held by the Unit that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Unit or its citizenry. The Unit's policy for authorizing and spending investment income follows State statutes.

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Unit programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. The Unit has no component units that are fiduciary in nature.

The Unit's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

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

Basis of Accounting

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

1. Accrual

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

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

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

Revenues per budgetary basis	\$ 49,197,562
Add: On-behalf payments	<u>3,349,686</u>
Total GAAP basis	<u>\$ 52,547,248</u>
Expenditures per budgetary basis	\$ 47,405,078
Add: On-behalf payments	<u>3,349,686</u>
Total GAAP basis	<u>\$ 50,754,764</u>

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

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. The budget was adopted subsequent to passage by the inhabitants of the Unit.

Deposits and Investments

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

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

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

The Regional School Unit No. 6 has a formal investment policy which is in compliance with the State of Maine Statutes. The policy will be reviewed and updated as needed in the future.

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$688,522 for the year ended June 30, 2020. The allowance for uncollectible accounts in the school lunch fund is estimated to be \$32,919 as of June 30, 2020.

Inventories

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Pensions

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

Other Post-Employment Benefits (OPEB)

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

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Unit is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

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

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

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

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Unit has deferred amounts related to pensions and OPEB that qualify for reporting in this category. These items are reported in the statement of net position.

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

Program Revenues

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Unit will not be able to recover its deposits. The Unit does not have a policy covering custodial credit risk for deposits. However, the Unit maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2020, the Unit's book balance of \$9,308,696 was comprised of bank deposits of \$10,506,947. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Unit's cash balance. \$9,603,204 of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk. The remaining deposits of \$903,743 were uninsured and uncollateralized.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINTUED)

Account Type	Bank Balance
Checking	\$ 1,153,743
Money market accounts	58,126
Cash management	9,295,078
	<u>\$ 10,506,947</u>

Investments:

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

Interest rate risk - The risk that changes in interest rates will adversely affect the fair value of an investment. The Unit does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

At June 30, 2020, the Unit had \$0 in investments.

Credit risk - Statutes for the State of Maine authorize the Unit to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Unit does not have an investment policy on credit risk. Generally, the Unit invests excess funds in a cash management account or various insured certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances are amounts that are owed between the individual funds. As most of the funds do not have their own cash accounts, their receipts and expenditures flow through the general fund cash accounts and are recorded in the individual funds through the use of the interfund receivables and payables. These balances at June 30, 2020 consisted of the following individual fund receivables and payables:

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	Receivables (Due From)	Payables (Due To)
General Fund	\$ 530,129	\$ 1,972,248
School Lunch Fund	-	409,298
IDEA Local Entitlement Fund	268	-
Capital Project Fund	1,149,716	-
State Revolving Loan Fund	348,410	-
Science Lab Fund	13,283	-
Nonmajor Special Revenue Funds	460,571	117,624
Nonmajor Permanent Funds	-	2,545
Fiduciary Funds	-	662
	<u>\$ 2,502,377</u>	<u>\$ 2,502,377</u>

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

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2020 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ -	\$ 975,609
School Lunch Fund	295,000	-
Capital Project Fund	680,609	1,175,100
State Revolving Loan Fund	475,100	-
Science Lab Fund	700,000	-
	<u>\$ 2,150,709</u>	<u>\$ 2,150,709</u>

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance, 7/1/19 (Restated)	Additions	Disposals	Balance, 6/30/20
Non-depreciated assets:				
Land	\$ 2,689,410	\$ -	\$ -	\$ 2,689,410
Artwork	47,362	-	-	47,362
Construction in progress	225,858	256,242	(225,858)	256,242
	<u>2,962,630</u>	<u>256,242</u>	<u>(225,858)</u>	<u>2,993,014</u>
Depreciated assets:				
Land improvements	3,487,055	-	-	3,487,055
Buildings	73,859,040	-	-	73,859,040
Building improvements	15,178,590	912,574	-	16,091,164
Equipment	11,057,173	134,058	-	11,191,231
Furniture and fixtures	2,845,613	-	-	2,845,613
Vehicles	6,860,140	561,000	-	7,421,140
Infrastructure	1,470,996	-	-	1,470,996
	<u>114,758,607</u>	<u>1,607,632</u>	<u>-</u>	<u>116,366,239</u>
Less: Accumulated depreciation	<u>(77,873,866)</u>	<u>(2,881,540)</u>	<u>-</u>	<u>(80,755,406)</u>
	<u>36,884,741</u>	<u>(1,273,908)</u>	<u>-</u>	<u>35,610,833</u>
Net capital assets	<u>\$ 39,847,371</u>	<u>\$ (1,017,666)</u>	<u>\$ (225,858)</u>	<u>\$ 38,603,847</u>
Current year depreciation:				
BEHS				\$ 93,191
BEMS				336,870
Bus Garage				423,819
BCES				628,683
Central Office				963
District-wide				399,337
Edna Libby				80,424
Eliza Libby				4,041
Frank Jewett				73,644
George E Jack				15,513
HB Emery				70,189
Hollis				83,006
Jack Memorial				12,959
Maintenance				245,356
SD Hanson				2,000
Sewer				50,000
Steep Falls				9,546
Technology				351,999
Total depreciation expense				<u>\$ 2,881,540</u>

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT

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

	Balance, 7/1/19	Additions	Reductions	Balance, 6/30/20	Current Amount
Bonds payable	\$ 13,835,988	\$ -	\$ (1,450,266)	\$ 12,385,722	\$ 1,450,266
Notes payable from direct borrowings	5,860,124	659,057	(818,936)	5,700,245	754,115
Totals	<u>\$ 19,696,112</u>	<u>\$ 659,057</u>	<u>\$ (2,269,202)</u>	<u>\$ 18,085,967</u>	<u>\$ 2,204,381</u>

The following is a summary of bonds outstanding as of June 30, 2020:

Bonds totaling \$1,250,000 were issued in May of 2005 to finance the Bonny Eagle High School renovation. Annual principal payments are \$83,333. The fixed interest rate ranges from 2.0% to 6.0% per annum. The bonds will mature in November of 2020. The bonds are administered by the Maine Municipal Bond Bank.

\$ 83,334

Bonds totaling \$27,338,632 were issued in October of 2008 to finance the Buxton Elementary School renovation. Annual principal payments are \$1,366,931. The fixed interest rate ranges from 2.075% to 5.575% per annum. The bonds will mature in November of 2028. The bonds are administered by the Maine Municipal Bond Bank.

12,302,388

Total bonds payable

\$ 12,385,722

The following is a summary of the notes payable from direct borrowings as of June 30, 2020:

Lease payable to Gorham Savings Leasing Group LLC for the purchase of a school bus. Lease incurred in November of 2018. Amount financed was \$175,000 for 3 years. Quarterly principal and interest payments are \$15,403. Interest rate is fixed at 3.68% per annum. Maturity date of October 2021.

\$ 89,515

Lease payable to Gorham Savings Leasing Group LLC for the purchase of a school bus. Lease incurred in June of 2019. Amount financed was \$175,000 for 4 years. Quarterly principal and interest payments are \$11,650. Interest rate is fixed at 3.35% per annum. Maturity is in March of 2023.

121,936

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Lease payable to TD Equipment Finance for the purchase of technology equipment used at the Unit. Lease incurred in December of 2017. Amount financed was \$500,000 for 4 years. Quarterly principal and interest payments are \$32,451.	191,438
Lease payable to MST Government Leasing LLC for the purchase of copiers. Lease incurred in August of 2017. Amount financed was \$430,521 for 5 years. Annual principal and interest payments are \$94,240.	265,855
Lease payable to TD Equipment Finance to purchase buses used at the Unit. Lease incurred in December of 2017. Amount financed was \$380,000 for 3 years. Quarterly principal and interest payments are \$32,531.	64,611
Lease payable to Honeywell International, Inc. to finance an energy conservation project at the Unit. Lease incurred in May of 2017. Amount financed was \$2,491,145 for 15 years. Annual principal and interest	2,215,577
Lease payable to Honeywell International, Inc. to finance an energy conservation project at the Unit. Lease incurred in February of 2018. Amount financed was \$2,498,511 for 15 years. Annual principal and interest	2,189,102
Lease payable to Gorham Savings Leasing Group LLC to finance five school buses. Lease incurred in November of 2019. Amount financed was \$525,000 for 4 years. Quarterly principal and interest payments are \$34,650. The fixed interest rate is 2.738% per annum. Maturity in October of 2023.	461,079
Lease payable to Apple Financial Services to finance computers. Lease incurred in December of 2019. Amount financed was \$134,058 for 3 years. Annual principal and interest payments are \$34,662. The fixed interest rate is 2.29% per annum.	<u>101,132</u>
Total notes payable from direct borrowings	<u><u>\$ 5,700,245</u></u>

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

Year Ending June 30,	Bonds Payable			Notes Payable from Direct Borrowings	
	Principal	Interest	Credits Applied to Interest	Principal	Interest
2021	\$ 1,450,266	\$ 589,919	\$ (58,007)	\$ 825,327	\$ 155,956
2022	1,366,932	513,884	(57,836)	684,679	135,833
2023	1,366,932	436,757	(57,665)	594,860	118,294
2024	1,366,932	359,677	(58,585)	378,135	101,867
2025	1,366,932	281,807	(59,458)	318,405	92,298
2026-2030	5,467,728	359,835	(279,436)	1,734,254	319,257
2031-2035	-	-	-	1,164,585	67,522
	<u>\$ 12,385,722</u>	<u>\$ 2,541,879</u>	<u>\$ (570,987)</u>	<u>\$ 5,700,245</u>	<u>\$ 991,027</u>

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

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2020 is as follows:

	Balance, 7/1/19	Additions	Reductions	Balance, 6/30/20	Current Amount
Accrued compensated absences	\$ 126,706	\$ 38,745	\$ -	\$ 165,451	\$ 8,273
Net pension liability	413,834	1,062,002	(1,019,377)	456,459	-
Net OPEB liability	8,666,205	938,776	(327,160)	9,277,821	-
	<u>\$ 9,206,745</u>	<u>\$ 2,039,523</u>	<u>\$ (1,346,537)</u>	<u>\$ 9,899,731</u>	<u>\$ 8,273</u>

Refer to Notes 8, 14 and 18 for more detailed information regarding other long-term obligations.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Unit's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. Usually any potential liability is paid out at the time of severance and is known ahead of time. The accrual as of June 30, 2020 is for administration. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2020, the Unit's liability for compensated absences is \$165,451.

NOTE 9 - RESTRICTED NET POSITION

At June 30, 2020, the Unit had the following restricted net position:

Capital project fund	\$ 1,149,716
State revolving loan fund	310,970
Science lab fund	13,283
Nonmajor special revenue funds:	
Wilkinson foundation	2,628
Food serv grants	2,664
AEFLA grant	893
PEPG	1,905
FEDES	79,862
E-rate	81,162
Efficiency grant	30,670
Nonmajor permanent funds:	
Marian Gowen fund	7,067
Millicent Smith fund	416
Robert L. Hutchinson memorial	1,119
Ken Willard memorial	328
Gabrielle Irene Kennendy memorial	505
Usher Goff/Towle memorial	2,977
Shawna Bailey fund	920
BEMS scholarship savings	8,646
SIS scholarship	6,652
Frank Damon Jr. memorial	655
Richard C. Randall scholarship	517
BEHS fund	2,641
Hollis rescue	2,705
Brian Staples memorial	1
Lori Cates scholarship	1,710
Jeannette Chester and Barbara Dennett	18,488
	<u>\$ 1,729,100</u>

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 - NONSPENDABLE FUND BALANCE

At June 30, 2020, the Unit had the following nonspendable fund balance:

School lunch fund:	
Inventory	<u>\$ 51,113</u>

NOTE 11 - RESTRICTED FUND BALANCES

At June 30, 2020, the Unit had the following restricted fund balances:

Capital project fund	\$ 1,149,716
State revolving loan fund	310,970
Science lab fund	13,283
Nonmajor special revenue funds (Schedule D)	199,784
Nonmajor permanent funds (Schedule F)	55,347
	<u>\$ 1,729,100</u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2020, the Unit had the following assigned fund balances:

General fund:	
Assigned for 2020/2021 budget	\$ 539,000
Nonmajor special revenue funds (Schedule D)	400,282
	<u>\$ 939,282</u>

NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2020, the Unit had the following deficit fund balances:

State Transition	\$ 100
Title ID	27
School Lunch Fund	21,895
	<u>\$ 22,022</u>

NOTE 14 - RISK MANAGEMENT

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 14 - RISK MANAGEMENT (CONTINUED)

Based on the coverage provided by the insurance purchased, the Unit is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2020. There were no significant reductions in insurance coverage from that of the prior year.

NOTE 15 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

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

Benefits Provided

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members. As of June 30, 2019, there were 239 employers, including the State of Maine, participating in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.69%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Unit's plan members are required to contribute 7.65% of their compensation to the retirement system. The Unit's payroll for employees covered by this program was approximately \$23,426,150 for the year ended June 30, 2020. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.33% of the Unit's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$3,297,403 for the year ended June 30, 2020. Title 5 of the Maine Revised Statutes Annotated also requires the Unit to contribute at an actuarially determined normal cost rate of 4.16%, which totaled \$957,238 for 2020. In addition, the Unit is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 14.95% of compensation and totaled \$62,139 the year ended June 30, 2020.

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

At June 30, 2020, the Unit reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Unit. The amount recognized by the Unit as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Unit were as follows:

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Unit's proportionate share of the net pension liability	\$ 456,459
State's proportionate share of the net pension liability associated with the Unit	<u>25,692,644</u>
Total	<u>\$ 26,149,103</u>

The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Unit's proportion of the net pension liability was based on a projection of the Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating school Units and the State, actuarially determined. At June 30, 2019, the Unit's proportion was 0.031139%, which was an increase of 0.00047% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Unit recognized total pension expense of \$4,546,634 and revenue of \$4,616,724 for support provided by the State of Maine. At June 30, 2020, the Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,506	\$ -
Changes of assumptions	13,216	-
Net difference between projected and actual earnings on pension plan investments	-	64,431
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,401	16,169
Contributions subsequent to the measurement date	<u>1,019,377</u>	<u>-</u>
Total	<u>\$ 1,072,500</u>	<u>\$ 80,600</u>

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$1,019,377 reported as deferred outflows of resources related to pensions resulting from Unit contributions subsequent to the measurement date 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:

	SET Plan
Plan year ended June 30:	
2021	\$ 7,041
2022	(20,235)
2023	(14,479)
2024	196
2025	-
Thereafter	-

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2019 using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

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

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Valuation Method

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

Amortization

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

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2019, compounded annually.

Salary Increases, Merit and Inflation - state employees, 2.75% to 8.75% per year; teachers, 2.75% to 14.50% per year.

Mortality Rates - For active members and non-disabled retirees the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 2.20% per annum for the year ended June 30, 2019.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2019 are summarized in the following table.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	SET Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2019 for the State Employee and Teacher Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2019 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for the State Employee and Teacher Plan.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>SET Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Unit's proportionate share of the net pension liability	\$ 825,267	\$ 456,459	\$ 149,125

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2019 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2019 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2019 and 2018, this was three years for the SET Plan.

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

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

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2019 valuation were based on results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

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

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2019 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

NOTE 16 - DEFERRED COMPENSATION PLAN

The Unit offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all Unit employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Unit's management that the Unit has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - CONTINGENCIES

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

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

The Unit receives subsidy funding payments through the State of Maine. The State subsidy payment amount is adjusted quarterly for the Unit's share of MaineCare Seed, which is the required local share of MaineCare revenue that the State pays on behalf of the Unit and then recovers through the ED 279. Adjustments made by the State in the fiscal year of 2021 could include expenditures from the fiscal year of 2020 that would normally be accrued. The actual amount cannot be determined at this time; however, it is the position of the Unit that this practice is consistent with the formal recommendation of the Maine Department of Education to all Maine units concerning this matter.

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2019, there were 239 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (800) 451-9800.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)

Benefits Provided

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

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For Department's teachers, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2020 were approximately \$52,283.

OPEB Liabilities and OPEB Expense

At June 30, 2020, the Unit reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Unit. The total portion of the net OPEB liability that was associated with the Unit were as follows:

Unit's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Unit	<u>568,011</u>
Total	<u>\$ 568,011</u>

For the year ended June 30, 2020, the Unit recognized net OPEB expense of \$53,625 and revenue of \$53,625 for support provided by the State of Maine.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Active members	515
Retirees and spouses	221
Total	<u>736</u>

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Cost Sharing Provisions/Contributions

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

Employee/Retiree Premium Amounts:

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

<u>Pre-Medicare</u>	<u>Employee Only</u>	<u>Employee/ Spouse</u>	<u>Employer/ Child(ren)</u>	<u>Employee/ Family</u>
Choice Plus	\$ 755.15	\$ 1,701.98	\$ 1,336.46	\$ 2,071.54
Standard \$200 Ded	\$ 815.47	\$ 1,838.13	\$ 1,443.37	\$ 2,237.27
Standard \$500 Ded	\$ 717.39	\$ 1,616.89	\$ 1,269.64	\$ 1,967.96
Standard \$1,000 Ded	\$ 684.18	\$ 1,542.00	\$ 1,210.83	\$ 1,876.82
 <u>Medicare</u>				
Medicare-Eligible Retirees	\$ 449.52	\$ 943.57		

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

At June 30, 2020, the Unit reported a liability of \$9,277,821 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date. The Unit's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2020, the Unit recognized OPEB expense of \$95,998. At June 30, 2020, the Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

	MEABT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	412,377	269,227
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	327,160	-
Total	<u>\$ 739,537</u>	<u>\$ 269,227</u>

\$327,160 were reported as deferred outflows of resources related to OPEB resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MEABT
Plan year ended June 30:	
2020	\$ 14,884
2021	14,884
2022	14,884
2023	14,884
2024	14,882
Thereafter	68,732

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2019. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.50% per annum for June 30, 2019 was based upon a measurement date of June 27, 2019. The sensitivity of total OPEB liability to changes in discount rate are as follows:

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	2.50%	3.50%	4.50%
Total OPEB liability	\$ 10,791,279	\$ 9,277,821	\$ 8,059,575
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 10,791,279</u>	<u>\$ 9,277,821</u>	<u>\$ 8,059,575</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 7,917,534	\$ 9,277,821	\$ 10,978,761
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 7,917,534</u>	<u>\$ 9,277,821</u>	<u>\$ 10,978,761</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions applied to all periods included in the measurement:

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Actuarial Cost Method

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

Assumptions

Significant actuarial assumptions employed by the actuary for economic purposes are based on GASB 75 paragraph 36. Assumptions other than the discount rate are based on historical and future projections of long-term health care rates:

Discount Rate - 3.50% per annum.

Trend Assumptions:

Pre-Medicare - Initial trend of 5.55% applied in FYE 2018 grading over 15 years to 3.73% per annum.

Medicare - Initial trend of 3.72% applied in FYE 2018 grading over 15 years to 2.81% per annum.

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

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2018 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of June 30, 2018, they are as follows:

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

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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

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

Administrative expenses - Included in the per capita claims cost

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

Salaries - Were not available from the client and were assumed using the Teachers/Age Service Salary scatter from the State Retirement Agency. Based on the dates of hire assumed above and the participant's actual age, pay was assigned using the salary age service scatter.

Dates of Hire - Were not available from the client and were available from the State Retirement Agency. Dates of hire were assumed to be the midpoint of each service group. Those under 1 year of service, the date was assumed to be January 1, 2018 and all other groups were assumed to be hired on July 1 of each service midpoint.

Rate of Mortality:

Healthy Annuitants - Based on 99% of the RP_2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP_2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020.

Healthy Employees - Based on 99% of the RP_2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP_2014 Total Dataset Healthy Annuitant Mortality Tables after the end of the Total Employee Mortality Table, both projected using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Disabled Annuitants - Based on 108% and 105% of the RP_2014 Total Dataset Disabled Annuitant Mortality Table, respectively for males and females, projected from the 2006 base rates using the RPEC_2015 model with an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020.

Retiree Continuation Percentage:

Retirees currently in the Group Companion Plan (Medicare participants) are assumed to remain in the Group Companion Plan.

Retirees who are currently age 64 or over age 65 and enrolled in a Pre-Medicare plan are assumed to never be eligible for Medicare and are assumed to remain enrolled in the Pre-Medicare plan.

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

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

Significant actuarial assumptions employed by the actuary for claims and expense purposes are the based on the actual community rated premiums of the entire group. As of June 30, 2019, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through June 30, 2018 and projects through 2019 and associate enrollment in the various options offered. Annual administrative and claims adjudication expenses are assumed to be included in the annual premiums.

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

Medicare Eligibility - Assumed to be age 65, with the exception of retirees over age 65 who are not in the Group Companion Plan, all retirees under age 64 and current actives with a date of hire before 3/31/1986.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Changes in Total OPEB Liability

Changes in total OPEB liability are recognized in OPEB expense for the year ended June 30, 2020 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2020, there were no differences between expected and actual experience.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2018. For the fiscal year ended June 30, 2020, there were no changes in assumptions.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

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

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 20 - INTERLOCAL AGREEMENT

The Greater Sebago Education Alliance Region Service Center Board was created in 2018 as an interlocal agreement, pursuant to the provisions of Title 20-A M.R.S. Chapter 123, §§ 3801 *et seq.* and Title 30, Chapter 115, §§ *et seq.* of the Maine Revised Statutes. The Greater Sebago Education Alliance Region Service Center Board was formed for the purpose of enhancing student learning opportunities and to maximize available and desired resources through the establishment of shared regional initiatives.

The agreement was made between Brunswick School Department, Cape Elizabeth School Department, Gorham Department of Education, Portland Public Schools, Scarborough School Department, South Portland Department of Education, Westbrook School Department, Maine School Administrative Unit No. 6, Maine School Administrative Unit No. 15, Regional School Unit No. 5 and Regional School Unit No. 14. The Maine School Administrative Unit No. 6 currently acts as the fiscal agent for the Center. The accounting policies of the Greater Sebago Education Alliance Region Service Center Board conform to generally accepted accounting principles. Complete financial statements may be obtained from the Unit Office at 94 Main Street, Buxton, Maine 04093.

NOTE 21 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 22 - RESTATEMENT

The net position and fund balances of the governmental activities were restated as of July 1, 2019. This balance was restated to correct the general fund balance, school lunch fund balance and the nonmajor special revenue funds' balance to adjust for accrued payroll.

The general fund balance was restated by an increase of \$578,107 from \$1,206,648 to \$1,784,755.

The school lunch fund balance was restated by an increase of \$25,586 from \$26,365 to \$51,951.

The special revenue funds' total fund balance was restated by an increase of \$844 from \$504,189 to \$505,033.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 22 - RESTATEMENT (CONTINUED)

The capital asset balance was restated to correct the construction in progress and vehicles balances. The balance was restated by an increase of \$275,858 from \$39,571,513 to \$39,847,371.

The total net position for governmental activities was restated by an increase of \$880,395 from \$14,938,954 to \$15,819,349.

Required Supplementary Information

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

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

REGIONAL SCHOOL UNIT NO. 6

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 1,784,755	\$ 1,784,755	\$ 1,784,755	\$ -
Resources (Inflows):				
Support from towns	26,945,330	26,945,330	27,240,330	-
Intergovernmental revenues:				
State Subsidy	21,970,050	21,970,050	21,688,650	(281,400)
Mainecare	112,000	112,000	60,540	(51,460)
State agency clients	35,000	35,000	61,740	26,740
Other	10,000	10,000	2,552	(7,448)
Charges for services	129,400	129,400	76,343	(53,057)
Investment income	80,000	80,000	65,304	(14,696)
Other income	9,720	9,720	2,103	(7,617)
Amounts Available for Appropriation	<u>51,076,255</u>	<u>51,076,255</u>	<u>50,982,317</u>	<u>(93,938)</u>
Charges to Appropriations (Outflows):				
Regular instruction	19,904,092	19,904,092	19,043,360	860,732
Career and technical	30,000	30,000	-	30,000
Other instruction	807,477	807,477	637,220	170,257
Transportation	3,295,738	3,295,738	2,968,410	327,328
Operations and maintenance	6,096,390	5,415,781	5,415,781	-
Special education	8,870,193	8,870,193	8,804,446	65,747
Student and staff support	4,897,505	4,897,505	4,324,240	573,265
School administration	2,584,869	2,584,869	2,376,958	207,911
System administration	1,229,283	1,229,283	1,070,459	158,824
Debt service:				
Principal	1,450,266	1,450,266	1,450,266	-
Interest	649,687	649,687	328,063	321,624
Other	15,000	15,000	10,266	4,734
Transfers to other funds	-	975,609	975,609	-
Total Charges to Appropriations	<u>49,830,500</u>	<u>50,125,500</u>	<u>47,405,078</u>	<u>2,720,422</u>
Budgetary Fund Balance, June 30	<u>\$ 1,245,755</u>	<u>\$ 950,755</u>	<u>\$ 3,577,239</u>	<u>\$ 2,626,484</u>
Utilization of unassigned fund balance	<u>\$ 539,000</u>	<u>\$ 834,000</u>	<u>\$ -</u>	<u>\$ (834,000)</u>

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

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

	2020	2019	2018	2017	2016	2015
<u>SET Plan:</u>						
Unit's proportion of the net pension liability	0.03%	0.03%	0.03%	0.04%	0.04%	0.04%
Unit's proportionate share of the net pension liability	\$ 456,459	\$ 413,834	\$ 494,530	\$ 688,627	\$ 534,822	\$ 446,576
State's proportionate share of the net pension liability associated with the Unit	25,692,644	23,969,192	25,193,644	30,852,798	23,829,576	18,549,184
Total	<u>\$ 26,149,103</u>	<u>\$ 24,383,026</u>	<u>\$ 25,688,174</u>	<u>\$ 31,541,425</u>	<u>\$ 24,364,398</u>	<u>\$ 18,995,760</u>
Unit's covered-employee payroll	\$ 22,791,524	\$ 20,711,185	\$ 19,983,056	\$ 20,960,456	\$ 20,319,395	\$ 19,848,056
Unit's proportionate share of the net pension liability as a percentage of its covered payroll	2.00%	2.00%	2.47%	3.29%	2.63%	2.25%
Plan fiduciary net position as a percentage of the total pension liability	84.52%	85.17%	80.78%	80.80%	81.20%	83.91%

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

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	2020	2019	2018	2017	2016	2015
<u>SET Plan:</u>						
Contractually required contribution	\$ 1,019,377	\$ 950,464	\$ 865,043	\$ 715,421	\$ 752,769	\$ 598,906
Contributions in relation to the contractually required contribution	<u>(1,019,377)</u>	<u>(950,464)</u>	<u>(865,043)</u>	<u>(715,421)</u>	<u>(752,769)</u>	<u>(598,906)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unit's covered payroll	\$ 23,426,150	\$ 22,791,524	\$ 20,711,185	\$ 19,983,056	\$ 20,960,456	\$ 20,319,395
Contributions as a percentage of covered payroll	4.35%	4.17%	4.18%	3.58%	3.59%	2.95%

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

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>			
Proportion of the net OPEB liability	0.00%	0.00%	0.00%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>568,011</u>	<u>542,046</u>	<u>476,648</u>
Total	<u>\$ 568,011</u>	<u>\$ 542,046</u>	<u>\$ 476,648</u>
Covered payroll	\$ 22,791,524	\$ 20,711,185	\$ 19,983,056
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	49.51%	49.22%	48.04%

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

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

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

	2020	2019	2018
<u>SET Life Insurance:</u>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 20,711,185	\$ 19,983,056	\$ 20,960,456
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN
FOR THE YEAR ENDED JUNE 30, 2020

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2018 (Reporting June 30, 2019)	\$ 8,666,205	\$ -	\$ 8,666,205
Changes for the year:			
Service cost	75,301	-	75,301
Interest	332,973	-	332,973
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	481,106	-	481,106
Contributions - employer	-	277,764	(277,764)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(277,764)	(277,764)	-
Administrative expense	-	-	-
Net changes	611,616	-	611,616
Balances at 6/30/19 (Reporting June 30, 2020)	<u>\$ 9,277,821</u>	<u>\$ -</u>	<u>\$ 9,277,821</u>

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
MEABT PLAN
JUNE 30, 2020

	<u>2020</u>	<u>2019</u>
<u>Total OPEB liability</u>		
Service cost (BOY)	75,301	80,488
Interest (includes interest on service cost)	332,973	317,229
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	481,106	(376,917)
Benefit payments, including refunds of member contributions	<u>(277,764)</u>	<u>(268,164)</u>
Net change in total OPEB liability	\$ 611,616	\$ (247,364)
Total OPEB liability - beginning	\$ 8,666,205	\$ 8,913,569
Total OPEB liability - ending	\$ 9,277,821	\$ 8,666,205
<u>Plan fiduciary net position</u>		
Contributions - employer	277,764	268,164
Contributions - member	-	-
Net investment income	-	-
Benefit payments, including refunds of member contributions	(277,764)	(268,164)
Administrative expense	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 9,277,821</u>	<u>\$ 8,666,205</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-
Covered employee payroll	\$ 23,519,692	\$ 22,890,211
Net OPEB liability as a percentage of covered payroll	39.4%	37.9%

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

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

SCHEDULE OF CONTRIBUTIONS - OPEB - MEABT PLAN
JUNE 30, 2020

	<u>2020</u>	<u>2019</u>
<u>MEABT:</u>		
Employer contributions	\$ 277,764	\$ 268,164
Benefit payments	<u>(277,764)</u>	<u>(268,164)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 23,519,692	 \$ 22,890,211
Contributions as a percentage of covered payroll	1.18%	1.17%

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

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Changes of Assumptions

For the MEABT OPEB Plan, there was a change in the discount rate from 3.87% to 3.50% per GASB 75 discount rate selection.

See accompanying independent auditors' report and notes to financial statements.

Other Supplementary Information

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

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

REGIONAL SCHOOL UNIT NO. 6

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
Regular elementary instruction				
Salaries / professionals	\$ 12,838,773	\$ 12,838,773	\$ 12,643,564	\$ 195,209
Salaries / ed techs	524,295	524,295	458,609	65,686
Salaries / tutors	4,000	4,000	140	3,860
Salaries / substitutes	265,000	265,000	168,064	96,936
Stipends / teacher leaders	118,622	118,622	129,473	(10,851)
Salaries / PreK	89,251	89,251	89,767	(516)
Benefits and taxes	4,303,062	4,303,062	4,366,175	(63,113)
Purchased services	147,405	147,405	93,995	53,410
General supplies	390,114	390,114	277,495	112,619
Textbooks	142,787	142,787	67,692	75,095
Great school partnership	18,600	18,600	18,013	587
Observation	10,000	10,000	6,497	3,503
Tech related supplies	30,065	30,065	10,419	19,646
Travel	50,640	50,640	30,575	20,065
Photocopier supplies	63,000	63,000	61,829	1,171
Field trips	1,000	1,000	-	1,000
Equipment / equipment lease	512,232	512,232	439,472	72,760
Contingency	305,000	305,000	120,486	184,514
Other	90,246	90,246	61,095	29,151
Total	19,904,092	19,904,092	19,043,360	860,732
Special education				
Salaries / professional	3,749,624	3,749,624	3,773,354	(23,730)
Salaries / ed techs	1,785,193	1,785,193	1,885,076	(99,883)
Salaries / administrators	234,507	234,507	254,525	(20,018)
Salaries / other	170,184	170,184	188,814	(18,630)
Benefits and taxes	1,660,398	1,660,398	1,672,395	(11,997)
Contracted services	810,181	810,181	635,023	175,158
General supplies	86,056	86,056	74,792	11,264
Vocational / other tuition	324,000	324,000	276,794	47,206
Legal fees	20,000	20,000	32,189	(12,189)
Travel	9,450	9,450	2,299	7,151
Other	20,600	20,600	9,185	11,415
Total	8,870,193	8,870,193	8,804,446	65,747
Career and technical	30,000	30,000	-	30,000

SCHEDULE A (CONTINUED)

REGIONAL SCHOOL UNIT NO. 6

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
Other instruction				
Salaries / ed tech	10,000	10,000	-	10,000
Stipends / athletics	272,441	272,441	202,255	70,186
Stipends / officials	280,572	280,572	240,068	40,504
Benefit and taxes	44,632	44,632	50,233	(5,601)
Purchased services	37,750	37,750	35,953	1,797
Supplies	59,018	59,018	38,274	20,744
Field trips	60,000	60,000	45,321	14,679
Dues and memberships	22,085	22,085	19,659	2,426
Travel	8,979	8,979	5,457	3,522
Other	12,000	12,000	-	12,000
Total	807,477	807,477	637,220	170,257
Student and staff support				
Salaries / professionals	2,731,759	2,731,759	2,388,852	342,907
Salaries / department managers	90,141	90,141	92,394	(2,253)
Salaries / clerical and custodial	144,674	144,674	122,770	21,904
Stipends / athletics and others	112,000	112,000	113,505	(1,505)
Benefits and taxes	937,415	937,415	879,387	58,028
Purchased services	111,560	111,560	79,812	31,748
Textbooks	129,003	129,003	98,794	30,209
Computer software	109,200	109,200	78,390	30,810
Leases	129,804	129,804	129,804	-
Maintenance	123,584	123,584	112,633	10,951
Travel	19,160	19,160	10,425	8,735
Tech related hardware	153,466	153,466	141,474	11,992
Supplies	88,526	88,526	63,120	25,406
Other costs	17,213	17,213	12,880	4,333
Total	4,897,505	4,897,505	4,324,240	573,265

SCHEDULE A (CONTINUED)
REGIONAL SCHOOL UNIT NO. 6

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
System administration				
Salaries	686,594	686,594	641,815	44,779
Benefits and taxes	273,839	273,839	260,455	13,384
Legal and other professional fees	137,500	137,500	109,298	28,202
Software / lease	36,000	36,000	1,000	35,000
Other purchased services	16,300	16,300	21,240	(4,940)
Supplies	19,300	19,300	3,553	15,747
Advertising and postage	13,700	13,700	8,839	4,861
Other costs	46,050	46,050	24,259	21,791
Total	1,229,283	1,229,283	1,070,459	158,824
School administration				
Salaries	1,881,834	1,881,834	1,744,218	137,616
Benefits and taxes	599,768	599,768	581,381	18,387
Postage	15,475	15,475	7,328	8,147
Travel	24,837	24,837	5,885	18,952
Supplies	32,375	32,375	21,375	11,000
Contracted services	16,050	16,050	6,451	9,599
Other costs	14,530	14,530	10,320	4,210
Total	2,584,869	2,584,869	2,376,958	207,911
Transportation				
Salaries and wages	1,733,440	1,733,440	1,477,581	255,859
Taxes and benefits	721,298	721,298	733,820	(12,522)
Fuel - gasoline	66,000	66,000	52,618	13,382
Fuel - propane	90,000	90,000	52,967	37,033
Fuel - diesel	150,000	150,000	98,263	51,737
Repairs / maintenance	110,700	110,700	96,343	14,357
Purchased services	16,800	16,800	12,884	3,916
Lease	269,900	269,900	321,286	(51,386)
Vehicle supplies / software	73,450	73,450	62,584	10,866
Other expenditures	64,150	64,150	60,064	4,086
Total	3,295,738	3,295,738	2,968,410	327,328

SCHEDULE A (CONTINUED)

REGIONAL SCHOOL UNIT NO. 6

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
Operations and maintenance				
Salaries and wages	1,949,543	1,877,431	1,877,431	-
Taxes and benefits	869,796	836,652	836,652	-
Electricity	518,500	458,676	458,676	-
Heating oil / propane	462,100	422,414	422,414	-
Facilities emergency	175,000	63,904	63,904	-
Rubbish / snowplow / other	183,600	208,220	208,220	-
Special projects / repairs	711,873	524,071	524,071	-
Insurance	142,200	143,406	143,406	-
Telephone	106,100	118,195	118,195	-
Supplies	225,927	191,476	191,476	-
Contracted / purchased services	40,100	29,974	29,974	-
Travel	6,000	956	956	-
Lease	493,701	501,942	501,942	-
Equipment	44,050	6,632	6,632	-
Engineering	60,000	4,042	4,042	-
Water / sewer	50,150	27,790	27,790	-
Capital improvements	55,000	-	-	-
Other	2,750	-	-	-
Total	6,096,390	5,415,781	5,415,781	-
Transfers to other funds	-	975,609	975,609	-
Debt service				
Principal	1,450,266	1,450,266	1,450,266	-
Interest	649,687	649,687	328,063	321,624
Total	2,099,953	2,099,953	1,778,329	321,624
Other				
Community relations	15,000	15,000	10,266	4,734
Total	15,000	15,000	10,266	4,734
Total Departmental Operations	<u>\$ 49,830,500</u>	<u>\$ 50,125,500</u>	<u>\$ 47,405,078</u>	<u>\$ 2,720,422</u>

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 141,573	\$ 57,892	\$ 199,465
Due from other governments	117,497	-	117,497
Due from other funds	460,571	-	460,571
TOTAL ASSETS	<u>\$ 719,641</u>	<u>\$ 57,892</u>	<u>\$ 777,533</u>
LIABILITIES			
Accrued payroll	\$ 1,933	\$ -	\$ 1,933
Due to other funds	117,624	2,545	120,169
TOTAL LIABILITIES	<u>119,702</u>	<u>2,545</u>	<u>122,247</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	199,784	55,347	255,131
Committed	-	-	-
Assigned	400,282	-	400,282
Unassigned	(127)	-	(127)
TOTAL FUND BALANCES	<u>599,939</u>	<u>55,347</u>	<u>655,286</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 719,641</u>	<u>\$ 57,892</u>	<u>\$ 777,533</u>

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Support from towns	\$ 171,480	\$ -	\$ 171,480
Intergovernmental revenue	1,153,770	-	1,153,770
Charges for services	87,955	-	87,955
Other	78,009	1,484	79,493
TOTAL REVENUES	<u>1,491,214</u>	<u>1,484</u>	<u>1,492,698</u>
EXPENDITURES			
Program expenses	<u>1,396,308</u>	<u>1,149</u>	<u>1,397,457</u>
TOTAL EXPENDITURES	<u>1,396,308</u>	<u>1,149</u>	<u>1,397,457</u>
NET CHANGE IN FUND BALANCES	94,906	335	95,241
FUND BALANCES - JULY 1, RESTATED	<u>505,033</u>	<u>55,012</u>	<u>560,045</u>
FUND BALANCES - JUNE 30	<u><u>\$ 599,939</u></u>	<u><u>\$ 55,347</u></u>	<u><u>\$ 655,286</u></u>

See accompanying independent auditors' report and notes to financial statements.

Special Revenue Funds

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

REGIONAL SCHOOL UNIT NO. 6

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Adult Education 1500	Small Local Grants 2000	Small Local Grants 2010	Gate Program 2020	HBE Summer Camp 2030	Laptop Protection 2040	Staff Develop 2050	Summer Camps 2060
ASSETS								
Cash and cash equivalents	\$ 141,573	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	-	-
Due from other funds	60,154	1,065	4,207	79,738	769	91,089	2,003	1,834
TOTAL ASSETS	<u>\$ 201,727</u>	<u>\$ 1,065</u>	<u>\$ 4,207</u>	<u>\$ 79,738</u>	<u>\$ 769</u>	<u>\$ 91,089</u>	<u>\$ 2,003</u>	<u>\$ 1,834</u>
LIABILITIES								
Accounts payable	\$ 145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	1,933	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>2,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	199,649	1,065	\$ 4,207	79,738	769	91,089	2,003	1,834
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>199,649</u>	<u>1,065</u>	<u>4,207</u>	<u>79,738</u>	<u>769</u>	<u>91,089</u>	<u>2,003</u>	<u>1,834</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 201,727</u>	<u>\$ 1,065</u>	<u>\$ 4,207</u>	<u>\$ 79,738</u>	<u>\$ 769</u>	<u>\$ 91,089</u>	<u>\$ 2,003</u>	<u>\$ 1,834</u>

REGIONAL SCHOOL UNIT NO. 6

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Wilkinson Foundation 2090	Food Serv Grants 2110	AEFLA Grant 2215	PEPG 2233	State Transition 2290	Title I 2300
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	117,497
Due from other funds	2,628	2,664	893	1,905	-	-
TOTAL ASSETS	<u>\$ 2,628</u>	<u>\$ 2,664</u>	<u>\$ 893</u>	<u>\$ 1,905</u>	<u>\$ -</u>	<u>\$ 117,497</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	100	117,497
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>117,497</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	2,628	2,664	893	1,905	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(100)	-
TOTAL FUND BALANCES (DEFICITS)	<u>2,628</u>	<u>2,664</u>	<u>893</u>	<u>1,905</u>	<u>(100)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,628</u>	<u>\$ 2,664</u>	<u>\$ 893</u>	<u>\$ 1,905</u>	<u>\$ -</u>	<u>\$ 117,497</u>

REGIONAL SCHOOL UNIT NO. 6

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Title ID 2340	FEDES 2248	Preschool 2510	Title IIA 2700	E-Rate 2830	Efficiency Grant 2850	Adult Basic Educ 2950	Adult Ed Enrichment 6150	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,573
Due from other governments	-	-	-	-	-	-	-	-	117,497
Due from other funds	-	79,862	-	-	81,162	30,670	-	19,928	460,571
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 79,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,162</u>	<u>\$ 30,670</u>	<u>\$ -</u>	<u>\$ 19,928</u>	<u>\$ 719,641</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145
Accrued payroll	-	-	-	-	-	-	-	-	1,933
Due to other funds	27	-	-	-	-	-	-	-	117,624
TOTAL LIABILITIES	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,702</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	79,862	-	-	81,162	30,670	-	-	199,784
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	19,928	400,282
Unassigned	(27)	-	-	-	-	-	-	-	(127)
TOTAL FUND BALANCES (DEFICITS)	<u>(27)</u>	<u>79,862</u>	<u>-</u>	<u>-</u>	<u>81,162</u>	<u>30,670</u>	<u>-</u>	<u>19,928</u>	<u>599,939</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 79,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,162</u>	<u>\$ 30,670</u>	<u>\$ -</u>	<u>\$ 19,928</u>	<u>\$ 719,641</u>

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Adult Education 1500	Small Local Grants 2000	Small Local Grants 2010	Gate Program 2020	HBE Summer Camp 2030	Laptop Protection 2040	Staff Develop 2050	Summer Camps 2060
REVENUES								
Support from towns	\$ 171,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	72,339	-	500	-	-	-	-	-
Charges for services	209	-	-	28,796	7,500	-	-	-
Other	-	-	4,215	-	-	49,929	2,003	-
TOTAL REVENUES	<u>244,028</u>	<u>-</u>	<u>4,715</u>	<u>28,796</u>	<u>7,500</u>	<u>49,929</u>	<u>2,003</u>	<u>-</u>
EXPENDITURES								
Program expenses	<u>209,228</u>	<u>-</u>	<u>508</u>	<u>4,196</u>	<u>14,851</u>	<u>47,101</u>	<u>-</u>	<u>10,713</u>
TOTAL EXPENDITURES	<u>209,228</u>	<u>-</u>	<u>508</u>	<u>4,196</u>	<u>14,851</u>	<u>47,101</u>	<u>-</u>	<u>10,713</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>34,800</u>	<u>-</u>	<u>4,207</u>	<u>24,600</u>	<u>(7,351)</u>	<u>2,828</u>	<u>2,003</u>	<u>(10,713)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	34,800	-	4,207	24,600	(7,351)	2,828	2,003	(10,713)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>164,849</u>	<u>1,065</u>	<u>-</u>	<u>55,138</u>	<u>8,120</u>	<u>88,261</u>	<u>-</u>	<u>12,547</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 199,649</u>	<u>\$ 1,065</u>	<u>\$ 4,207</u>	<u>\$ 79,738</u>	<u>\$ 769</u>	<u>\$ 91,089</u>	<u>\$ 2,003</u>	<u>\$ 1,834</u>

REGIONAL SCHOOL UNIT NO. 6

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Wilkinson Foundation 2090	Food Serv Grants 2110	AEFLA Grant 2215	PEPG 2233	State Transition 2290	Title I 2300
REVENUES						
Support from towns	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	675,436
Charges for services	-	-	-	-	-	-
Other	-	-	9,226	-	-	-
TOTAL REVENUES	-	-	9,226	-	-	675,436
EXPENDITURES						
Program expenses	-	-	8,317	-	-	675,436
TOTAL EXPENDITURES	-	-	8,317	-	-	675,436
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	909	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	909	-	-	-
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	2,628	2,664	(16)	1,905	(100)	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,628	\$ 2,664	\$ 893	\$ 1,905	\$ (100)	\$ -

REGIONAL SCHOOL UNIT NO. 6

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Title ID	FEDES	Preschool	Title IIA	E-Rate	Efficiency Grant	Adult Basic Educ	Adult Ed Enrichment	Total
	2340	2248	2510	2700	2830	2850	2950	6150	
REVENUES									
Support from towns	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,480
Intergovernmental revenue	4,927	174,176	15,936	129,365	67,040	-	14,051	-	1,153,770
Charges for services	-	51,450	-	-	-	-	-	-	87,955
Other	-	-	-	-	-	-	-	12,636	78,009
TOTAL REVENUES	4,927	225,626	15,936	129,365	67,040	-	14,051	12,636	1,491,214
EXPENDITURES									
Program expenses	4,927	172,014	15,936	129,365	76,711	-	14,051	12,954	1,396,308
TOTAL EXPENDITURES	4,927	172,014	15,936	129,365	76,711	-	14,051	12,954	1,396,308
NET CHANGE IN FUND BALANCES (DEFICITS)	-	53,612	-	-	(9,671)	-	-	(318)	94,906
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	(27)	26,250	-	-	90,833	30,670	-	20,246	505,033
FUND BALANCES (DEFICITS) - JUNE 30	\$ (27)	\$ 79,862	\$ -	\$ -	\$ 81,162	\$ 30,670	\$ -	\$ 19,928	\$ 599,939

See accompanying independent auditors' report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by Regional School Unit No. 6 that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Unit or its citizenry. These funds have been established for various purposes including scholarships.

REGIONAL SCHOOL UNIT NO. 6

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	Marian Gowen Fund	Millicent Smith Fund	Chester Rich Fund	Robert L. Hutchinson Memorial	Ken Willard Memorial	Gabrielle Irene Kennedy Memorial
ASSETS						
Cash and cash equivalents	\$ 7,067	\$ 416	\$ -	\$ 1,119	\$ 328	\$ 505
TOTAL ASSETS	<u>\$ 7,067</u>	<u>\$ 416</u>	<u>\$ -</u>	<u>\$ 1,119</u>	<u>\$ 328</u>	<u>\$ 505</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	7,067	416	-	1,119	328	505
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>7,067</u>	<u>416</u>	<u>-</u>	<u>1,119</u>	<u>328</u>	<u>505</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,067</u>	<u>\$ 416</u>	<u>\$ -</u>	<u>\$ 1,119</u>	<u>\$ 328</u>	<u>\$ 505</u>

REGIONAL SCHOOL UNIT NO. 6

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	Usher Goff/Towle Memorial	Norris and Alice Berry Fund	Shawna Bailey Fund	BEMS Scholarship Savings	SIS Scholarship	Frank Damon Jr. Memorial	Richard C. Randall Scholarship
ASSETS							
Cash and cash equivalents	\$ 2,977	\$ -	\$ 920	\$ 8,646	\$ 6,652	\$ 655	\$ 517
TOTAL ASSETS	<u>\$ 2,977</u>	<u>\$ -</u>	<u>\$ 920</u>	<u>\$ 8,646</u>	<u>\$ 6,652</u>	<u>\$ 655</u>	<u>\$ 517</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	2,977	-	920	8,646	6,652	655	517
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,977</u>	<u>-</u>	<u>920</u>	<u>8,646</u>	<u>6,652</u>	<u>655</u>	<u>517</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,977</u>	<u>\$ -</u>	<u>\$ 920</u>	<u>\$ 8,646</u>	<u>\$ 6,652</u>	<u>\$ 655</u>	<u>\$ 517</u>

REGIONAL SCHOOL UNIT NO. 6

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	BEHS Fund	Hollis Rescue	Brian Staples Memorial	Bruce and Tina Atkinson Scholarship	Lori Cates Scholarship	Jeannette Chester and Barbara Dennett	Total
ASSETS							
Cash and cash equivalents	\$ 5,186	\$ 2,705	\$ 1	\$ -	\$ 1,710	\$ 18,488	\$ 57,892
TOTAL ASSETS	<u>\$ 5,186</u>	<u>\$ 2,705</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,710</u>	<u>\$ 18,488</u>	<u>\$ 57,892</u>
LIABILITIES							
Due to other funds	\$ 2,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,545
TOTAL LIABILITIES	<u>2,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,545</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	2,641	2,705	1	-	1,710	18,488	55,347
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,641</u>	<u>2,705</u>	<u>1</u>	<u>-</u>	<u>1,710</u>	<u>18,488</u>	<u>55,347</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,186</u>	<u>\$ 2,705</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,710</u>	<u>\$ 18,488</u>	<u>\$ 57,892</u>

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Marian Gowen Fund	Millicent Smith Fund	Chester Rich Fund	Robert L. Hutchinson Memorial	Ken Willard Memorial	Gabrielle Irene Kennedy Memorial
REVENUES						
Other	\$ -	\$ 5	\$ -	\$ 12	\$ 4	\$ 5
TOTAL REVENUES	-	5	-	12	4	5
EXPENDITURES						
Other	220	-	-	-	-	-
TOTAL EXPENDITURES	220	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(220)	5	-	12	4	5
FUND BALANCES - JULY 1	7,287	411	-	1,107	324	500
FUND BALANCES - JUNE 30	<u>\$ 7,067</u>	<u>\$ 416</u>	<u>\$ -</u>	<u>\$ 1,119</u>	<u>\$ 328</u>	<u>\$ 505</u>

REGIONAL SCHOOL UNIT NO. 6

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Usher Goff/Towle Memorial	Norris and Alice Berry Fund	Shawna Bailey Fund	BEMS Scholarship Savings	SIS Scholarship	Frank Damon Jr. Memorial	Richard C. Randall Scholarship
REVENUES							
Other	\$ 31	\$ -	\$ 10	\$ 94	\$ 1,060	\$ 7	\$ -
TOTAL REVENUES	<u>31</u>	<u>-</u>	<u>10</u>	<u>94</u>	<u>1,060</u>	<u>7</u>	<u>-</u>
EXPENDITURES							
Other	-	-	-	-	-	-	490
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>490</u>
NET CHANGE IN FUND BALANCES	31	-	10	94	1,060	7	(490)
FUND BALANCES - JULY 1	<u>2,946</u>	<u>-</u>	<u>910</u>	<u>8,552</u>	<u>5,592</u>	<u>648</u>	<u>1,007</u>
FUND BALANCES - JUNE 30	<u>\$ 2,977</u>	<u>\$ -</u>	<u>\$ 920</u>	<u>\$ 8,646</u>	<u>\$ 6,652</u>	<u>\$ 655</u>	<u>\$ 517</u>

REGIONAL SCHOOL UNIT NO. 6

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	BEHS Fund	Hollis Rescue	Brian Staples Memorial	Bruce and Tina Atkinson Scholarship	Lori Cates Scholarship	Jeannette Chester and Barbara Dennett	Total
REVENUES							
Other	\$ -	\$ 37	\$ -	\$ -	\$ 19	\$ 200	\$ 1,484
TOTAL REVENUES	-	37	-	-	19	200	1,484
EXPENDITURES							
Other	114	-	325	-	-	-	1,149
TOTAL EXPENDITURES	114	-	325	-	-	-	1,149
NET CHANGE IN FUND BALANCES	(114)	37	(325)	-	19	200	335
FUND BALANCES - JULY 1	2,755	2,668	326	-	1,691	18,288	55,012
FUND BALANCES - JUNE 30	<u>\$ 2,641</u>	<u>\$ 2,705</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,710</u>	<u>\$ 18,488</u>	<u>\$ 55,347</u>

See accompanying independent auditors' report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

REGIONAL SCHOOL UNIT NO. 6

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2020

	Land and Non-depreciable Assets	Buildings Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Bonny Eagle Middle School	\$ 516,800	\$ 13,316,584	\$ 1,424,109	\$ -	\$ 15,257,493
Bonny Eagle High School	463,909	22,619,828	4,368,251	-	27,451,988
Buxton Elementary School	424,951	25,127,937	1,585,057	-	27,137,945
Eliza Libby Elementary School	-	708,191	111,849	-	820,040
Edna Libby Elementary School	94,383	3,046,244	361,306	-	3,501,933
Frank Jewett Elementary School	166,300	2,803,627	280,985	-	3,250,912
George E. Jack Elementary School	83,617	2,357,481	243,237	-	2,684,335
H.B. Emery School	43,529	2,613,312	276,648	-	2,933,489
Hollis Consolidated Elementary School	328,100	4,215,112	357,759	-	4,900,971
Jack Memorial School	155,600	1,467,606	186,581	-	1,809,787
S.D. Hanson Elementary School	87,500	1,125,038	54,641	-	1,267,179
Steep Falls Elementary School	55,767	1,257,475	147,992	-	1,461,234
Central Office	102,300	453,597	70,356	-	626,253
District-wide	427,258	7,514,314	780,849	-	8,722,421
Bus Garage	38,000	202,464	8,159,986	-	8,400,450
Maintenance	-	4,608,449	347,097	29,705	4,985,251
Technology	-	-	2,692,781	-	2,692,781
Music	-	-	8,500	-	8,500
Sewer	5,000	-	-	1,441,291	1,446,291
Total General Capital Assets	2,993,014	93,437,259	21,457,984	1,470,996	119,359,253
Less: Accumulated Depreciation	-	(61,708,546)	(18,097,337)	(949,523)	(80,755,406)
Net General Capital Assets	\$ 2,993,014	\$ 31,728,713	\$ 3,360,647	\$ 521,473	\$ 38,603,847

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2020

	Capital Assets 7/1/19 (Restated)	Additions	Deletions	Capital Assets 6/30/20
Bonny Eagle Middle School	\$ 15,257,493	\$ -	\$ -	\$ 15,257,493
Bonny Eagle High School	26,283,172	1,168,816	(225,858)	27,226,130
Buxton Elementary School	27,137,945	-	-	27,137,945
Eliza Libby Elementary School	820,040	-	-	820,040
Edna Libby Elementary School	3,501,933	-	-	3,501,933
Frank Jewett Elementary School	3,250,912	-	-	3,250,912
George E. Jack Elementary School	2,684,335	-	-	2,684,335
H.B. Emery School	2,933,489	-	-	2,933,489
Hollis Consolidated Elementary School	4,900,971	-	-	4,900,971
Jack Memorial School	1,809,787	-	-	1,809,787
S.D. Hanson Elementary School	1,267,179	-	-	1,267,179
Steep Falls Elementary School	1,461,234	-	-	1,461,234
Central Office	626,253	-	-	626,253
District-wide	8,588,363	134,058	-	8,722,421
Bus Garage	7,839,450	561,000	-	8,400,450
Maintenance	4,985,251	-	-	4,985,251
Technology	2,692,781	-	-	2,692,781
Music	8,500	-	-	8,500
Sewer	1,446,291	-	-	1,446,291
Total General Capital Assets	117,495,379	1,863,874	(225,858)	119,133,395
Less: Accumulated Depreciation	(77,873,866)	(2,881,540)	-	(80,755,406)
Net General Capital Assets	<u>\$ 39,621,513</u>	<u>\$ (1,017,666)</u>	<u>\$ (225,858)</u>	<u>\$ 38,377,989</u>

See accompanying independent auditors' report and notes to financial statements.

REGIONAL SCHOOL UNIT NO. 6

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture Passed-through State of Maine - Department of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	013-06A-3014-13	\$ -	\$ 129,720
National School Lunch Program	10.555	013-06A-3024-13	-	320,921
National School Lunch Program (CARES)	10.555		-	159,530
Summer Food Service Program for Children	10.559	013-06A-3016-13	-	170,494
Subtotal Child Nutrition Cluster			-	780,665
Total U.S. Department of Agriculture			-	780,665
U.S. Department of Education Passed-through State of Maine - Department of Education and Cultural Services:				
Adult Education - Basic Grants to States	84.002	013-05A-6296-64	-	14,051
Title I Grants to Local Educational Agencies	84.010	013-06A-3107-13	-	680,363
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	013-06A-6317-12	-	998,341
Special Education Preschool Grants	84.173	013-06A-6241-23	-	15,936
Subtotal Special Education Cluster (IDEA)			-	1,014,277
Supporting Effective Instruction State Grants	84.367	013-06A-1138-11	-	129,365
Total U.S. Department of Education			-	1,838,056
U.S. Department of Treasury Passed-through Portland Public Schools - Adult Basic Education				
Coronavirus Relief Fund	21.019	022-05A-7010-60	-	57,453
Total U.S. Department of Treasury			-	57,453
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 2,676,174

REGIONAL SCHOOL UNIT NO. 6

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Regional School Unit No. 6 under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Regional School Unit No. 6, it is not intended to and does not present the financial position, changes in net position or cash flows of the Regional School Unit No. 6.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Regional School Unit No. 6 has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



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

Board of Directors
Regional School Unit No. 6
Buxton, Maine

We have audited, in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Regional School Unit No. 6 as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise Regional School Unit No. 6's basic financial statements and have issued our report thereon dated December 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regional School Unit No. 6's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional School Unit No. 6's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 6's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional School Unit No. 6's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of Regional School Unit No. 6 in a separate letter dated January 7, 2021.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
December 22, 2020



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

Board of Directors
Regional School Unit No. 6
Buxton, Maine

Report on Compliance for Each Major Federal Program

We have audited Regional School Unit No. 6's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Regional School Unit No. 6's major federal programs for the year ended June 30, 2020. Regional School Unit No. 6's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Regional School Unit No. 6's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Regional School Unit No. 6's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Regional School Unit No. 6's compliance.

Opinion on Each Major Federal Program

In our opinion, Regional School Unit No. 6 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Regional School Unit No. 6 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Regional School Unit No. 6's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Regional School Unit No. 6's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 6's internal control over compliance.

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

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

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

RHR Smith & Company

Buxton, Maine
December 22, 2020

REGIONAL SCHOOL UNIT NO. 6

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Numbers

84.002

84.027/84.173

84.367

Name of Federal Program or Cluster

Adult Education - Basic Grants to States

Special Education Cluster (IDEA)

Supporting Effective Instruction State Grants

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

Auditee qualified as low-risk auditee? ☐yes ☒no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None



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INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Board of Directors
Regional School Unit No. 6
Buxton, Maine

We have audited the financial statements of Regional School Unit No. 6 for the year ended June 30, 2020 and have issued our report thereon dated December 22, 2020. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Regional School Unit No. 6's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, Regional School Unit No. 6 complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Regional School Unit No. 6 was in noncompliance with or in violation of, those provisions.

Management has determined that no adjustments were necessary to the fiscal books of the Regional School Unit No. 6 and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education Financial System maintained at the Maine Department of Education.

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

RHR Smith & Company

Buxton, Maine
December 22, 2020

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REGIONAL SCHOOL UNIT NO. 6

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL
DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund (1000)	Special Revenue Funds (2000) & (6000)	Capital Projects Funds (3000) & (4000)	Total
June 30 Balance per Maine Education Financial System	\$ 4,199,071	\$ 251,058	\$ 469,107	\$ 4,919,236
Other Adjustments:				
Accrued payroll	150,805	-	-	150,805
Payroll liabilities	(92,790)	-	-	(92,790)
Reserve for endowments	763	-	-	763
Funds not reported on MEFS:				
Adult Education (1500)	-	199,649	-	199,649
Small Local Grants (2000)	-	1,065	-	1,065
Small Local Grants (2010)	-	4,207	-	4,207
Gate Program (2020)	-	79,738	-	79,738
HBE Summer Camp (2030)	-	769	-	769
Laptop Protection (2040)	-	91,089	-	91,089
Staff Development (2050)	-	2,003	-	2,003
Summer Camps (2060)	-	1,834	-	1,834
Wilkinson Foundation (2090)	-	2,628	-	2,628
Food Service Grants (2110)	-	2,664	-	2,664
Title ID (2340)	-	(27)	-	(27)
School Lunch Fund (2930)	-	(21,895)	-	(21,895)
Adult Basic Educ (2950)	-	-	-	-
Science Lab Fund (3060)	-	-	13,283	13,283
State Revolving Loan Fund (4000)	-	-	310,970	310,970
Adult Ed Enrichment (6150)	-	19,928	-	19,928
GSEA (6750)	-	(56,666)	-	(56,666)
Rounding	(1)	-	-	(1)
Audited GAAP Basis Fund Balance June 30	<u>\$ 4,257,848</u>	<u>\$ 578,044</u>	<u>\$ 793,360</u>	<u>\$ 5,629,252</u>