



**REGIONAL SCHOOL UNIT NO. 22
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED, JUNE 30, 2024**

Regional School Unit No. 22

Table of contents

Page

Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

1

Independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance

3

Schedule of expenditures of federal awards

6

Notes to the schedule of expenditures of federal awards

7

Schedule of findings and questioned costs

8

Summary schedule of prior audit findings

10

Financial Report



674 Mt Hope Avenue • Suite 1 • Bangor, ME 04401-5662 • (207) 947-3325 • FAX (207) 945-3400

Email: bta@btacpa.com

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

Board of Directors
Regional School Unit No. 22

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparison information of Regional School Unit No. 22, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Regional School Unit No. 22's basic financial statements, and have issued our report thereon dated March 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regional School Unit No. 22's internal control over financial reporting (internal control) as a basis for designing 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. 22's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 22'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency, finding 2024-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional School Unit No. 22'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Regional School Unit No. 22's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Regional School Unit No. 22's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs, Regional School Unit No. 22's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Barthrus Whibodian & Associates

Bangor, Maine
March 20, 2025



674 Mt Hope Avenue • Suite 1 • Bangor, ME 04401-5662 • (207) 947-3325 • FAX (207) 945-3400
Email: bta@btacpa.com

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

To the Board of Directors
Regional School Unit No. 22

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Regional School Unit No. 22's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Regional School Unit No. 22's major federal programs for the year ended June 30, 2024. Regional School Unit No. 22's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Regional School Unit No. 22 complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Regional School Unit No. 22 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Regional School Unit No. 22's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Regional School Unit No. 22's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Regional School Unit No. 22's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Regional School Unit No. 22's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Regional School Unit No. 22's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Regional School Unit No. 22's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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. 22's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 22, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Regional School Unit No. 22's basic financial statements. We issued our report thereon, dated March 20, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Brantner Whibodian & Associates

Bangor, Maine
March 20, 2025

Regional School Unit No. 22

Schedule of expenditures of federal awards

For the year ended June 30, 2024

Federal agency/ listing number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor number	Program expenditures	Listing/ cluster total	Pass-through to sub- recipients
Department of education							
84.002	Adult education - basic grants to states		ME Dept of Education	6296	\$ 16,818		-
84.010	Title I grants to local educational agencies		ME Dept of Education	3107	337,004		-
84.027	Special education grants to states	Special education	ME Dept of Education	3046	617,782	617,782	-
84.358	Rural education		ME Dept of Education	3305	7,950		-
84.367	Supporting effective instruction state grants		ME Dept of Education	3042	95,791		-
84.424	Student support and academic enrichment		ME Dept of Education	3345	2,908		-
84.425D	Elementary and secondary school emergency relief 2		ME Dept of Education	7041	77,551		-
84.425U	Elementary and secondary school emergency relief 3		ME Dept of Education	7071	164,425		-
84.425B	Rethinking Remote Education Ventures		ME Dept of Education	7030	36,707		-
84.425U	Elementary and secondary school relief MLEH		ME Dept of Education	7042	11,105		-
84.425U	Elementary and secondary school relief MLEH 2		ME Dept of Education	3161	2,338		-
84.425U	American rescue plan literacy grant		ME Dept of Education	7072	61,122	353,248	-
Total department of education					1,431,501		
Department of agriculture							
10.553	School breakfast program	Child nutrition	ME Dept of Education	3014	96,223		-
10.555	National school lunch program	Child nutrition	ME Dept of Education	3022/3024	326,075		-
10.555	Supply chain assistance	Child nutrition	ME Dept of Education	6670	53,387		-
10.555	National school lunch program - donated commodities	Child nutrition	ME Dept of Education	n/a	91,818		-
10.582	Fresh fruit and vegetable program	Child nutrition	ME Dept of Education	3028	27,680	595,183	-
10.575	Local Produce		ME Dept of Education	6671	11,579		-
10.649	Supplemental nutrition assistance program		ME Dept of Education	6184	4,571		-
Total department of agriculture					611,333		
Department of treasury							
21.027	Pre-school expansion - ARP		ME Dept of Education	unavailable	172,140		-
Federal communications commission							
32.004	Universal service fund - schools and libraries		Direct	n/a	18,513		-
Total expenditures of federal awards					\$ 2,233,487		

See accompanying independent auditors' report on schedule of expenditures of federal awards

The accompanying notes are an integral part of this schedule.

Regional School Unit No. 22

Notes to the schedule of expenditures of federal awards

June 30, 2024

I. Purpose of the schedule

Office of Management and Budget (OMB)'s Uniform Guidance requires a schedule of expenditures of federal awards showing total expenditures for each federal award program as identified in the Assistance Listings in the System for Award Management.

II. Summary of significant accounting policies

A. Reporting entity

The accompanying schedule includes all federal award programs of Regional School Unit No. 22 for the fiscal year ended June 30, 2024. The reporting entity is defined in the notes to the financial statements of Regional School Unit No. 22.

B. Basis of presentation

The information in the accompanying schedule of expenditures of federal awards is presented in accordance with the Uniform Guidance. Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.

Major programs

The Uniform Guidance establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for Regional School Unit No. 22 are identified in the summary of auditor's results section in the schedule of findings and questioned costs.

C. Basis of accounting

The information presented in the schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the Unit's fund financial statements.

D. Indirect cost rate

Regional School Unit No. 22 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

E. Food distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities consumed. At June 30, 2024, the Unit had food commodities consumed totaling \$91,818.

Regional School Unit No. 22
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I — Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP - *Unmodified opinion*

Internal control over financial reporting

- Material weakness(es) identified? - ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? - ☒ yes ☐ none reported

Noncompliance material to financial statements noted? - ☐ yes ☒ no

Federal Awards

Internal control over major programs

- Material weakness(es) identified? - ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weakness(es)? - ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs - *Unmodified opinion*

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a) of the Uniform Guidance? - ☐ yes ☒ no

Identification of major programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425B, 84.425D, 84.425U 84.027, 84.173	Education Stabilization Funds Special Education to States Cluster

Dollar threshold used to distinguish between Type A and Type B programs - \$750,000

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

Regional School Unit No. 22
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2024

Section II — Financial Statement Findings

Significant Deficiency

#2024-001 Accounting and Billing for Grants (Repeat)

<i>Condition</i>	Grant revenue was not being billed on a timely basis. Also, there was a lack of oversight for grant revenue results. In addition, errors were found with duplicate submissions of billing received after year end.
<i>Criteria</i>	Internal controls should be in place that provides reasonable assurance that billing and reconciliation of billing is being performed on a timelier basis.
<i>Cause</i>	The accounting department was behind on its work and timely procedures not performed.
<i>Effect</i>	As a result of the lack of timely billing and reconciliation, errors occur in recording and potential for corrections to billings that may result in grant expenditures not being approved. In addition, errors were found with duplicate submissions of billing received after year end.
<i>Recommendation</i>	We recommended procedures should be implemented to ensure grant revenue is billed on a monthly basis, the accounting for the grant revenue should take place when the grant has been billed and there should be additional oversight procedures to include monthly reporting of budget to actual revenue results and fund balance amounts to oversee financial results.
<i>Management's response</i>	<i>The Unit will improve its procedures for billing and perform timelier in future periods.</i>

Section III — Federal Award Findings and Questioned Costs

	None
<i>Information on federal programs</i>	
<i>Pass-through entity</i>	
<i>Finding type</i>	
<i>Criteria or specific requirement (including statutory, regulatory or other citation)</i>	
<i>Condition</i>	
<i>Cause and effect</i>	
<i>Management's response</i>	

**Regional School Unit No. 22
Schedule of Prior Audit Findings
For the Year Ended June 30, 2024**

#2023-001

Condition

Grant revenue was not being billed on a timely basis. Also, there was a lack of formal oversight for grant revenue results.

Status

The recommendation to this finding was not fully implemented.



**REGIONAL SCHOOL UNIT NO. 22
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED, JUNE 30, 2024**

Regional School Unit No. 22

Annual financial report

For the fiscal year ended June 30, 2024

Table of contents

	Page
Independent auditor's report	i
Management's discussion and analysis	1
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	12
Statement of activities	13
Fund financial statements:	
Balance sheet - governmental funds	14
Statement of revenues, expenditures, and changes in fund balances - governmental funds	15
Reconciliation of the statement of revenues, expenditures, and changes in fund balances - governmental funds to the government-wide statement of activities	16
Statement of revenues, expenditures, and changes in fund balances - budget and actual - general fund	17
Statement of fiduciary net position - fiduciary funds	18
Statement of changes in fiduciary net position - fiduciary funds	19
Notes to the basic financial statements	20
Required supplementary information:	
Schedule of RSU's proportionate share of the net pension liability	41
Schedule of RSU's pension contributions	41
Schedule of RSU's proportionate share of the net OPEB liability	42
Schedule of changes in the RSU's total OPEB liability and related ratios	43
Notes to required supplementary information	44
Combining and individual fund financial statements:	
Statement of revenues, expenditures, and changes in fund balances - budget and actual - general fund	45
Combining statement of revenues, expenditures, and changes in fund balances - grant and other funds	47
Combining balance sheet - nonmajor governmental funds	48
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	49
Combining balance sheet - special revenue funds	50
Combining statement of revenues, expenditures, and changes in fund balances - special revenue funds	51
Combining statement of revenues, expenditures, and changes in fund balances - student activity funds	52
Combining statement of revenues, expenditures, and changes in fund balances - capital project funds	53



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Email: bta@btacpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Regional School Unit No. 22

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of Regional School Unit No. 22, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Regional School Unit No. 22's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Regional School Unit No. 22, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Regional School Unit No. 22 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional School Unit No. 22's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Board of Directors

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional School Unit No. 22's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional School Unit No. 22's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School Unit No. 22's basic financial statements. The accompanying combining and individual fund financial statements and the reconciliation of audit adjustments to annual financial data submitted to Maine Education Financial System are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024, on our consideration of the Regional School Unit No. 22's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Regional School Unit No. 22's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Regional School Unit No. 22's internal control over financial reporting and compliance.

Brantner Whibodan & Associates

Bangor, Maine
March 20, 2024

Regional School Unit No. 22

Management's Discussion and Analysis

As management of the Regional School Unit No. 22, we offer readers of the School Unit's financial statements this narrative overview and analysis of the financial activities of the School Unit for the fiscal year ended June 30, 2024.

Financial highlights

- The assets and deferred outflows of resources of the School Unit exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$36,257,002 (net position). The unrestricted net position, which represents the amounts available to meet the School Unit's ongoing obligations to citizens and creditors, was \$8,527,335.
- The School Unit's total net position increased \$3,593,993. The increase in fund balance in the governmental funds was \$930 thousand. Principal payments on notes payable, which are considered expenditures in the governmental funds, are a reduction of long-term liabilities in the entity-wide financial statements, totaled nearly \$3 million.
- At the close of the current fiscal year, the School Unit's governmental funds reported combined fund balances of \$14,854,770, an increase of \$930,350 in comparison with the prior year. Of this amount, \$8,599,430, or 58%, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$11,686,751, or approximately 30% of total general fund expenditures and transfers to other funds.

Overview of the financial statements

The discussion and analysis provided here are intended to serve as an introduction to the School Unit's basic financial statements. The School Unit's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the School Unit's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the School Unit's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and

expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School Unit that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the School Unit include instruction, administration, transportation, maintenance, and food service. The School Unit does not have any business-type activities.

The government-wide financial statements can be found on pages 12-13 of this report.

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 School Unit, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School Unit can be divided into two categories: governmental and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School Unit maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and grants and other funds, which are considered to be major funds. Data from the other five governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The School Unit adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support the School Unit's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The School Unit maintains three fiduciary funds. The *private-purpose trust fund* is used to report resources held for scholarships and other programs that benefit students. The *custodial funds* report resources, not in a trust, that are held by the School Unit for other parties outside of the School Unit's reporting entity, for the Penobscot River Educational Partnership and the Maine Cohort for Customized Learning.

The fiduciary fund financial statements can be found on pages 18-19 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-40 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the School Unit's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 41-44.

The combining statements referred to earlier in connection with nonmajor governmental funds and private-purpose trust funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 45-53 of this report.

Government-wide overall financial analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the School Unit, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$36,257,002, at the close of the most recent fiscal year.

	2024	2023	Change
Assets			
Current assets	\$ 19,011,236	17,223,527	1,787,709
Capital assets, net	46,836,259	46,475,083	361,176
Total assets	65,847,495	63,698,610	2,148,885
Total deferred outflows of resources	1,499,872	1,561,990	(62,118)
Liabilities			
Long-term liabilities	26,621,427	28,985,959	(2,364,532)
Other liabilities	4,255,959	3,347,960	907,999
Total liabilities	30,877,386	32,333,919	(1,456,533)
Total deferred inflows of resources	212,979	263,672	(50,693)
Net position			
Net investment in capital assets	26,339,025	23,395,925	2,943,100
Restricted	1,390,642	1,267,232	123,410
Unrestricted	8,527,335	7,999,852	527,483
Total net position	\$ 36,257,002	32,663,009	3,593,993

Current and other assets increased in governmental activities by \$1,787,709 from the prior year. This coincides with the increase in other liabilities and the increase in fund balance. Cash saw a significant increase (\$3.8 million) due to the collection of receivables that were outstanding in the prior year. The receivable balance decreased by \$1.9 million, most of which was ESSER related.

Long-term liabilities, which consist of notes, compensated absences and postemployment benefit obligations, decreased nearly \$2.4 million from the previous year. The School Unit's notes decreased \$2.6 million due to making scheduled principal payments. This decrease was partially offset by increases in the net pension, OPEB and compensated absences liabilities.

Other liabilities increased nearly \$908 thousand due to increases in accounts payable and accrued wages and benefits. The School Unit had large payables at year end for the resurfacing of the tennis courts and construction work on the Reeds Brook façade. Wage and health insurance increases contributed to the increase in accrued wages and benefits.

By far, the largest portion of the School Unit's net position, \$26.3 million, reflects its investment in capital assets (e.g., land, buildings, equipment, and vehicles), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The School Unit uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the School Unit's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the School Unit's net position, \$1,390,642, represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the School Unit's unrestricted net position was a balance of \$8,527,335.

The School Unit's overall net position increased \$3.6 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections.

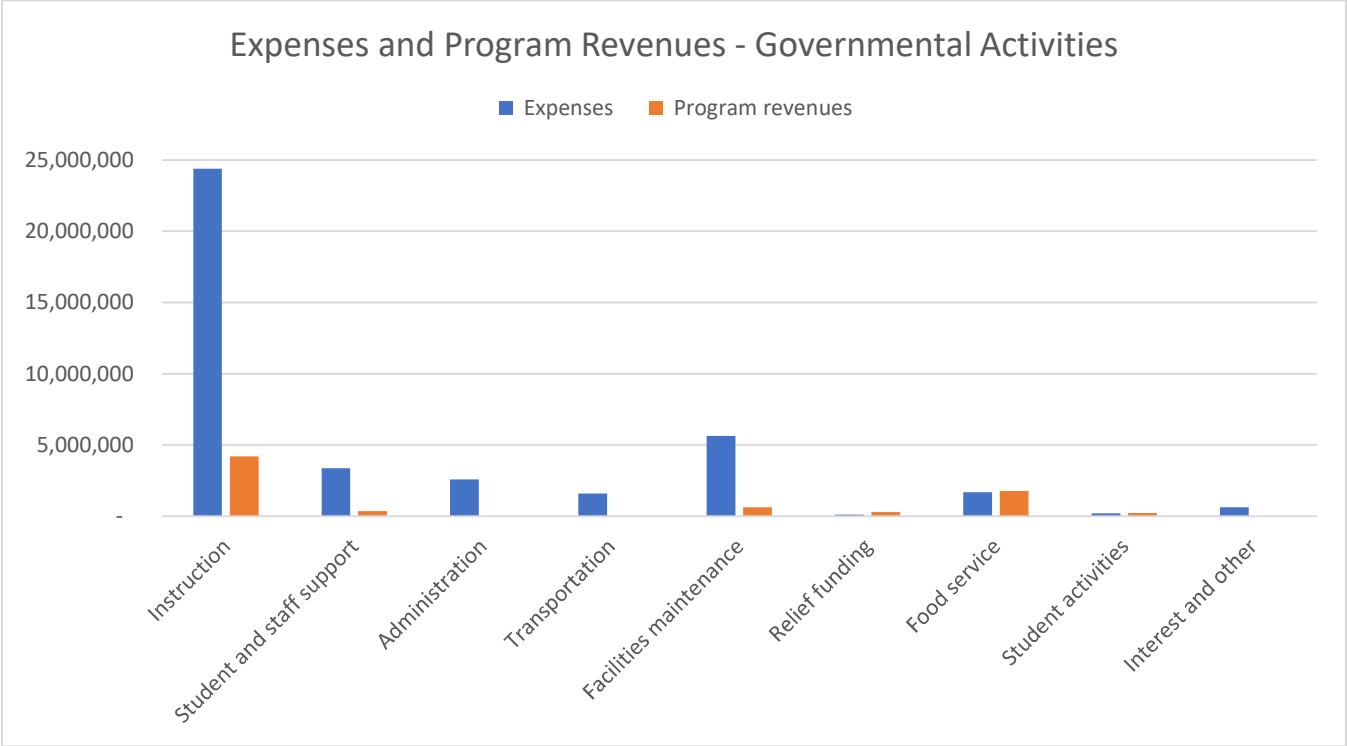
	2024	2023	Change
Revenues			
Program revenues	\$		
Charges for services	778,200	872,814	(94,614)
Operating grants and cont.	5,764,113	6,412,559	(648,446)
Capital grants and cont.	888,350	2,290,291	(1,401,941)
General revenues			
Local assessments	14,133,074	13,156,808	976,266
Unrestricted grants and cont.	21,874,429	20,914,373	960,056
Other	293,538	219,814	73,724
Total revenues	43,731,704	43,866,659	(134,955)
Expenses			
Instruction	24,392,668	23,849,793	542,875
Student and staff support	3,356,190	2,963,465	392,725
Administration	2,567,728	2,355,330	212,398
Transportation	1,595,855	1,578,828	17,027
Facilities maintenance	5,630,365	5,027,203	603,162
Relief funding	106,277	520,264	(413,987)
Food service	1,668,409	1,580,830	87,579
Student activities	197,120	188,911	8,209
Interest on debt	623,099	477,349	145,750
Total expenses	40,137,711	38,541,973	1,595,738
Increase (decrease) in net position	3,593,993	5,324,686	
Net position - beginning	32,663,009	27,338,323	
Net position - ending	\$ 36,257,002	32,663,009	

Governmental activities. During the current fiscal year, net position for governmental activities increased \$3,593,993 from the prior fiscal year for an ending balance of \$36,257,002. The increase in the overall net position of governmental activities is primarily due to the increase in fund balance of the governmental funds of \$930,350, combined with the repayment of \$3 million of debt principal which is considered an expenditure in the governmental funds.

Revenues decreased \$134,955 from the prior year due to decreases in grant funding of \$2 million offset by increases in local assessments and Maine state subsidy. A majority of the grant decrease was due to a decrease in funding received for ESSER II and ESSER III.

Expenses increased from \$38.5 million in the prior year to \$40.1 million in the current year. The largest increases were facilities maintenance (\$603 thousand), instruction (\$543 thousand), student and staff support (\$393 thousand), and administration (\$212 thousand) offset by a decrease in relief funding (\$414 thousand). Salary and benefit increases, along with tackling multiple building upgrade projects, were factors in the increase of expenses.

As shown in the chart below, revenues generated by the School Unit’s programs are not sufficient to cover the costs. The School Unit relies on local assessments, state funding, and other general revenues to cover the costs associated with the various programs.



Financial analysis of governmental funds

As noted earlier, the School Unit uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the School Unit’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School Unit’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the School Unit itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the School Unit’s Board.

At June 30, 2024, the School Unit’s governmental funds reported combined fund balances of \$14,854,770, an increase of \$930,350 in comparison with the prior year. Of this amount, \$8,599,430, or 58%, constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder

of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is (1) not in spendable form, \$27,055; (2) not spendable because it is legally required to be maintained intact, \$342,500; (3) restricted for particular purposes, \$1,021,087; (4) committed for particular purposes, \$1,864,698; or (5) assigned for the subsequent budget, \$3,000,000.

Analysis of Individual Funds

The general fund is the chief operating fund of the School Unit. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,686,751, while total fund balance increased to \$11,686,751. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers to other funds. Unassigned fund balance represents 22.5% of total general fund expenditures and transfers to other funds, while total fund balance represents 30% of that same amount.

The fund balance of the School Unit's general fund increased by \$902,440 during the current fiscal year. Revenues exceeded budgeted figures by \$460,039, while expenditures came in under budget by \$1,697,755. This was partially offset by a budgeted use of fund balance of \$1,275,000.

Grant and other funds, a major fund, had a \$13,860 increase in fund balance during the current fiscal year which put the overall fund balance at \$80,448. This fund recognized \$1,692,960 in revenues and \$1,679,100 in expenditures.

General fund budgetary highlights

Original budget compared to final budget. During the year, the School Board approved a one-time transfer of general fund unassigned fund balance of \$625,000 and gate receipts of \$16,607 to the technology reserve (\$50,000), fuel stabilization reserve (\$50,000), field maintenance reserve (\$166,607), and the capital maintenance reserve (\$375,000).

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Revenue source	Estimated revenues	Actual revenues	Difference
Tuition	\$ 483,909	570,657	86,748
Interest	-	169,655	169,655
Refunds and reimbursements	20,406	42,578	22,172
Other	-	81,305	81,305

Tuition revenues exceeded budget as the amount of tuition students attending RSU 22 exceeded initial projections. Increasing interest rates with a large cash balance has helped the School Unit earn nearly \$170 thousand in interest revenue. Refunds and reimbursements included a refund from the workers comp trust, unspent flex spending, shared expenses with the Town of Newburgh, a credit from a premium adjustment from Liberty Mutual Insurance. Other included an agreement for a teacher on loan from the Maine Department of Education which was made after the budget was assembled.

Expenditures	Estimated expenditures	Actual expenditures	Difference
Regular instruction	\$ 13,088,171	12,561,924	526,247
Special education	7,935,180	7,144,756	790,424
System administration	1,012,181	883,420	128,761
Transportation	1,694,721	1,598,253	96,468

Actual expenditures came in under budget by \$1.7 million. There were multiple factors causing the variance between budgeted and actual amounts. Most savings in regular instruction, special education, and system administration were related to salaries and benefits. The School Unit had a multitude of unfilled positions and had experienced positions resigning and being replaced by lesser experienced individuals. Benefit savings occurred when employees budgeted to have a family health insurance plan took the single health insurance plan. Special education also had savings for public day treatment tuition due to less children needing those services. System administration had less need for legal services during the year. Savings on the contracted transportation contract and fuel purchases helped transportation come in under budget.

Capital asset and debt administration

Capital assets. The School Unit's investment in capital assets for its governmental activities as of June 30, 2024, amounts to \$46,836,259 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and vehicles. The total increase in capital assets for the current fiscal year was 1%.

		Capital assets, net	
		2024	2023
Land	\$	669,844	669,844
Construction in progress		908,848	109,200
Buildings and improvements		35,070,564	36,096,155
Land improvements		7,556,111	7,565,759
Equipment and furniture		2,536,016	1,958,893
Vehicles		94,876	75,232
	\$	<u>46,836,259</u>	<u>46,475,083</u>

Major capital assets events during the current fiscal year included the following:

- Work continued on the Reeds Brook façade, incurring \$751,070 in costs during the year.
- The retaining wall was finished at Hampden Academy for a total cost of \$123,000.
- ADA improvements at Weatherbee School were started for a cost of \$78,578.
- Paving at Hampden Academy's main entrance, back section, and student lot were completed at a total cost of \$163,000.
- The track was resurfaced for \$130,000.
- New irrigation systems were installed at the track and soccer fields at Wagner and Reeds Brook for a total cost of \$45,000.
- Heat pumps were installed at Hampden Academy at a cost of \$99,007.
- Generators were installed at Weatherbee, McGraw, Reeds Brook, and Smith Schools for \$104,152.
- A 1300-gallon fuel tank was installed at a cost of \$166,466.

- Fitness equipment was purchased for \$61,110 for Hampden Academy.
- \$131,862 worth of projectors were installed at Smith, Wagner, and Reeds Brook Schools.
- Printers and copiers were added with a new note payable for a total cost of \$193,508.

Additional information on the School Unit's capital assets can be found in Note III.D of this report.

Long-term Debt. At the end of the current fiscal year, the School Unit had total notes outstanding of \$20,47,234.

		Outstanding debt	
		2024	2023
Notes payable	\$	20,497,234	23,079,158

The School Unit's total debt decreased by \$2,581,924 (11%) during the current fiscal year. The decrease is due to the School Unit making scheduled principal payments during the fiscal year. The School Unit issued a \$886,080 school revolving renovation fund with the Maine Municipal Bond Bank, \$620,256 of which was forgiven. The School Unit chose to pay off the remaining \$265,824 in the current year as opposed to over the next ten years. The School Unit also issued a \$193,508 note payable for printers and copiers during the fiscal year.

The School Unit will be participating in another project, at Weatherbee School, utilizing school revolving renovation funds. On June 21, 2024, the School Unit agreed to a \$1,153,790 note payable, with \$807,653 to be forgiven. The School Unit is planning on paying the remaining balance of the loan in the next fiscal year instead of over the next ten fiscal years. No amount is outstanding at year end.

Additional information on the School Unit's long-term debt can be found in Note III.E and III.F of this report.

Economic factors and next year's budget

While the School Unit has been able to fill nearly all open teaching positions, we still struggle to fill support staff positions, with special education ed tech positions being the most difficult to fill. The School Unit budgeted for an IEP coordinator but has not been able to fill that position as well as custodial, food service and administrative assistant positions. The influx of CDS (Child Development Services) clients (students between the ages of 3-5) that require more services will put a further strain on the current ability to hire the staff to meet the specific needs of the students.

The local assessments of RSU 22 towns decreased by an average of 2.70% in FY25. The FY25 assessments were offset using \$3 million from the unallocated fund balance. The School Unit will continue to use a substantial balance forward to offset the town assessments until our unallocated fund balance is more inline within State guidelines.

The School Unit is mindful of potential financial challenges coming in the next few years. In addition to the continued hiring crisis, a financial cliff is predicted. September 2024 saw the end of available federal crisis funding. School districts will face tough choices of whether to absorb the programs that were built using federal dollars or to cut those programs and staffing. The Maine Legislature has proposed

increasing the minimum teacher's salary to \$50,000 and voted to increase the minimum wage for support staff to \$17/hour for FY25, \$18/hour for FY26, \$19/hour for FY27, and \$20/hour for FY28, thereafter the increase must equal that of the cost of living. Additionally, the federal government is threatening to reduce or cut funding to Title programs which serve those most impacted by poverty which could have a major impact on our budget.

The legislature continues to assess changes to how the current calculations for subsidy allocations (ED-279) are made and what the impact of that may be. They have been holding hearings with representatives of the Department of Education and MEPRI (Maine Education Policy Research Institute) over three sessions covering reviews of special education, career and technical education, and transportation.

The tuition student enrollment at Hampden Academy continues to remain consistent at about 60 students. The expansion of Hampden Academy's third floor, done at no cost to the School Unit using federal relief funds, has provided the opportunity to gather the math department in one area which allowed the special education classrooms on the first floor to expand, and also allowed the technology department room for needed expansion.

The Superintendent, Administration and Finance Committee continue to be mindful of the need to reduce the burden on the taxpayers while satisfying the educational needs of its students.

At the end of the current fiscal year (FY24), the fund balance for the general fund was \$11,701,030, an increase of \$916,719 – considerably less than in recent past years. This was the result of continuing to right size the budget while still providing an excellent education for the students of RSU 22.

Requests for information

This financial report is designed to provide a general overview of the School Unit's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent's Office, 24 Main Road North, Hampden, Maine, 04444.

BASIC FINANCIAL STATEMENTS



Regional School Unit No. 22

Statement of net position

June 30, 2024

	Governmental activities
Assets	
Cash and cash equivalents	\$ 16,853,509
Investments	537,937
Intergovernmental receivables	1,592,735
Inventory and prepaids	27,055
Capital assets, not being depreciated	1,578,692
Capital assets, net of accumulated depreciation	45,257,567
Total assets	<u>65,847,495</u>
Deferred outflows of resources	
Pension related	874,589
OPEB related	625,283
Total deferred outflows of resources	<u>1,499,872</u>
Liabilities	
Accounts payable	724,362
Accrued wages and benefits	3,106,278
Due to fiduciary funds	325,826
Accrued interest	99,493
Noncurrent liabilities:	
Due within one year	2,614,944
Due in more than one year	24,006,483
Total liabilities	<u>30,877,386</u>
Deferred inflows of resources	
Pension related	128,907
OPEB related	84,072
Total deferred inflows of resources	<u>212,979</u>
Net position	
Net investment in capital assets	26,339,025
Restricted	1,390,642
Unrestricted	8,527,335
Total net position	<u>\$ 36,257,002</u>

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Statement of activities

For the year ended June 30, 2024

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position Governmental activities
		Charges for services	Operating grants and contributions	Capital grants and contributions	
Governmental activities:					
Regular instruction	\$ 13,189,924	570,657	578,216	-	(12,041,051)
Special education	7,818,115	-	720,573	-	(7,097,542)
Other instruction	1,079,008	59,471	-	-	(1,019,537)
Student and staff support	3,356,190	-	274,837	82,245	(2,999,108)
System administration	889,470	-	-	-	(889,470)
School administration	1,678,258	-	-	-	(1,678,258)
Transportation	1,595,855	-	-	-	(1,595,855)
Facilities maintenance	5,630,365	6,518	869	620,256	(5,002,722)
Adult education	87,355	9,535	28,097	-	(49,723)
Relief funding	106,277	-	108,197	185,849	187,769
Food service	1,668,409	132,019	1,627,972	-	91,582
Student activities	197,120	-	207,086	-	9,966
MainePERS on-behalf payments	2,218,266	-	2,218,266	-	-
Interest on debt	623,099	-	-	-	(623,099)
Total governmental activities	\$ 40,137,711	778,200	5,764,113	888,350	(32,707,048)
General revenues:					
Local assessments					14,133,074
Grants and contributions not restricted to specific programs					21,874,429
Unrestricted investment earnings					169,655
Miscellaneous					123,883
Total general revenues					36,301,041
Change in net position					3,593,993
Net position - beginning					32,663,009
Net position - ending					\$ 36,257,002

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Balance sheet

Governmental funds

June 30, 2024

		General	Grant and other funds	Total nonmajor funds	Total governmental funds
Assets					
Cash and cash equivalents	\$	16,412,592	-	440,917	16,853,509
Investments		-	-	537,937	537,937
Intergovernmental receivables		48,600	848,674	695,461	1,592,735
Due from other funds		674,574	-	1,619,640	2,294,214
Inventory and prepaids		-	-	27,055	27,055
Total assets	\$	17,135,766	848,674	3,321,010	21,305,450
Liabilities					
Accounts payable		399,586	106,473	218,303	724,362
Accrued wages and benefits		3,103,963	700	1,615	3,106,278
Due to other funds		1,945,466	661,053	13,521	2,620,040
Total liabilities		5,449,015	768,226	233,439	6,450,680
Fund balances					
Nonspendable		-	-	369,555	369,555
Restricted		-	72,709	948,378	1,021,087
Committed		-	8,972	1,855,726	1,864,698
Assigned		3,000,000	-	-	3,000,000
Unassigned		8,686,751	(1,233)	(86,088)	8,599,430
Total fund balances		11,686,751	80,448	3,087,571	14,854,770
Total liabilities and fund balances	\$	17,135,766	848,674	3,321,010	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	46,836,259
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Notes payable	(20,497,234)
Accrued interest on long-term debt	(99,493)
Compensated absences	(402,796)
Net pension liability with related deferred inflows and outflows	2,253
Total OPEB liability with related deferred inflows and outflows	(4,436,757)
Net position of governmental funds	36,257,002

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Statement of revenues, expenditures, and changes in fund balances

Governmental funds

For the year ended June 30, 2024

	General	Grant and other funds	Total nonmajor funds	Total governmental funds
Revenues				
Local assessments	\$ 14,097,301	-	35,773	14,133,074
Intergovernmental	24,321,968	1,663,411	1,572,591	27,557,970
Charges for services	617,132	29,049	132,019	778,200
Fees and fundraisers	-	-	207,086	207,086
Interest and investment income	169,655	-	48,776	218,431
Miscellaneous	123,883	500	10,059	134,442
Total revenues	39,329,939	1,692,960	2,006,304	43,029,203
Expenditures				
Current:				
Regular instruction	12,531,056	579,695	-	13,110,751
Special education	7,178,262	617,782	-	7,796,044
Other instruction	1,091,163	9,072	-	1,100,235
Student and staff support	3,399,038	100,131	26,686	3,525,855
System administration	882,800	-	-	882,800
School administration	1,661,647	-	-	1,661,647
Transportation	1,598,253	-	-	1,598,253
Facilities maintenance	4,370,897	-	-	4,370,897
Adult education	-	6,875	80,480	87,355
Relief funding	-	292,126	-	292,126
Food service	-	73,419	1,629,725	1,703,144
Student activities	-	-	197,120	197,120
MainePERS on-behalf payments	2,218,266	-	-	2,218,266
Debt service	2,854,510	-	265,824	3,120,334
Capital outlay	193,508	-	1,320,106	1,513,614
Total expenditures	37,979,400	1,679,100	3,519,941	43,178,441
Excess (deficiency) of revenues over (under) expenditures	1,350,539	13,860	(1,513,637)	(149,238)
Other financing sources (uses)				
Transfers in	-	-	907,431	907,431
Transfers out	(641,607)	-	(265,824)	(907,431)
Notes issued	193,508	-	886,080	1,079,588
Total other financing sources (uses)	(448,099)	-	1,527,687	1,079,588
Net change in fund balances	902,440	13,860	14,050	930,350
Fund balances - beginning	10,784,311	66,588	3,073,521	13,924,420
Fund balances - ending	\$ 11,686,751	80,448	3,087,571	14,854,770

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Reconciliation of the statement of revenues, expenditures, and changes in fund balances - governmental funds to the government-wide statement of activities For the year ended June 30, 2024

Net change in fund balances - total governmental funds	\$	930,350
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Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of these assets is allocated over their useful lives and reported as depreciation expense.

Capital outlays	2,525,898
Depreciation expense	(2,164,722)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Notes issued	(1,079,588)
Principal paid on notes	2,959,011
Forgiveness of note balance	702,501

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

Accrued interest on long-term debt	(50,640)
Compensated absences	(71,554)
Changes in pension liabilities and related deferred outflows and inflows of resources	15,418
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(172,681)

Change in net position of governmental activities	\$	<u><u>3,593,993</u></u>
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The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Local assessments	\$ 14,097,073	14,097,073	14,097,301	228
Intergovernmental	21,997,639	21,997,639	22,103,702	106,063
Charges for services	519,909	536,516	617,132	80,616
Interest	-	-	169,655	169,655
Miscellaneous	20,406	20,406	123,883	103,477
Total revenues	36,635,027	36,651,634	37,111,673	460,039
Expenditures				
Current:				
Regular instruction	13,088,171	13,088,171	12,561,924	526,247
Special education	7,935,180	7,895,673	7,144,756	750,917
Other instruction	1,103,535	1,103,535	1,090,456	13,079
Student and staff support	3,490,253	3,490,253	3,417,958	72,295
System administration	1,012,181	1,012,181	883,420	128,761
School administration	1,729,550	1,729,550	1,661,867	67,683
Transportation	1,694,721	1,694,721	1,598,253	96,468
Facilities maintenance	4,334,621	4,374,128	4,374,128	-
Debt service	2,896,815	2,896,815	2,854,510	42,305
Total expenditures	37,285,027	37,285,027	35,587,272	1,697,755
Excess (deficiency) of revenues over (under) expenditures	(650,000)	(633,393)	1,524,401	2,157,794
Other financing sources (uses)				
Transfers out	-	(641,607)	(641,607)	-
Use of fund balance	650,000	1,275,000	-	(1,275,000)
Total other financing sources (uses)	650,000	633,393	(641,607)	(1,275,000)
Net change in fund balance - budgetary basis	-	-	882,794	882,794
Reconciliation to GAAP				
Change in benefits of accrued teacher summer salaries			19,646	
Net change in fund balance - GAAP basis			902,440	
Fund balance - beginning			10,784,311	
Fund balance - ending		\$	11,686,751	

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Statement of fiduciary net position

Fiduciary funds

June 30, 2024

		Custodial funds	
		Penobscot River Educational Partnership	Maine Cohort for Customized Learning
	Private-purpose trust funds Scholarships		
Assets			
Cash and cash equivalents	\$ 203,600	-	-
Accounts receivable	-	9,955	-
Due from other funds	37,479	288,278	69
Total assets	241,079	298,233	69
Liabilities			
Accounts payable	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
Net position			
Restricted	241,079	298,233	69
Total net position	\$ 241,079	298,233	69

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Statement of changes in fiduciary net position

Fiduciary funds

For the year ended June 30, 2024

		Custodial funds	
		Penobscot River Educational Partnership	Maine Cohort for Customized Learning
	Private-purpose trust funds Scholarships		
Additions			
Fees and contracted services	\$ -	251,905	-
Contributions	49,323	-	-
Interest	407	-	-
Total additions	49,730	251,905	-
Deductions			
Scholarships	37,980	-	-
Special education	-	141,313	-
Student and staff support	-	79,297	-
Total deductions	37,980	220,610	-
Net increase (decrease) in fiduciary net position	11,750	31,295	-
Net position - beginning	229,329	266,938	69
Net position - ending	\$ 241,079	298,233	69

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Notes to the financial statements

June 30, 2024

I. Summary of significant accounting policies

The financial statements of Regional School Unit No. 22 (RSU 22 or School Unit) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School Unit's significant accounting policies are described below.

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

RSU 22 was organized in 1970 under the laws of the State of Maine and is governed by a fourteen-member School Board elected from the communities within the School Unit. The four communities comprising RSU 22 are the Towns of Hampden, Winterport, Newburgh, and Frankfort. The accompanying financial statements present information for the primary government. RSU 22 is not financially accountable for any other organizations and therefore does not report any component units.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The School Unit does not report any business-type activities or proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the School Unit's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The School Unit does not report any enterprise funds.

The School Unit reports the following major governmental funds:

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

Grant and other funds account for federal, state, and local grants received by the School Unit.

Additionally, the School Unit reports the following fund types:

The *private-purpose trust fund* accounts for scholarships and other programs that benefit students.

The *custodial funds* account for assets held for the Penobscot River Educational Partnership and the Maine Cohort for Customized Learning, to which the School Unit provides accounting services.

During the course of operations, the School Unit has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Local assessments are recognized as revenues in the year for which they are levied. Grants

and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School Unit considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the School Unit the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Local assessments, charges for service, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the School Unit.

F. Budgetary information

Budgetary basis of accounting

A budget is formally adopted for the general fund each year through the passage of articles through a referendum vote and is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) except for Maine Public Employees Retirement System on-behalf payments and the change in benefits for the teacher summer salary accrual.

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary basis	\$37,111,673	35,587,272
MainePERS on-behalf payments	2,218,266	2,218,266
Change in benefits accrual for summer salaries	-	(19,646)
<u>Capital expenditures related to note issuance</u>	-	<u>193,508</u>
<u>GAAP basis</u>	<u>\$39,329,939</u>	<u>37,979,400</u>

The level of control (level at which expenditures may not exceed budget) is the article level. Generally, all unexpended budgetary accounts lapse to fund balance at the close of the fiscal year.

Excess of expenditures over appropriations

For the year ended June 30, 2024, expenditures exceeded appropriations in one cost article: facilities maintenance by \$39,507.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Cash and cash equivalents

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

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end. State statutes authorize the School Unit to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of food supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the School Unit as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the School Unit constructs or acquires capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, and right to use leased equipment of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings and improvements	7-50
Land improvements	5-45
Furniture, equipment, and vehicles	5-50

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School Unit has two items that qualify for reporting in this category, deferred amounts related to pension and OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School Unit has two items that qualify for reporting in this category. In the government-wide financial statements the School Unit reports deferred amounts related to pension and OPEB.

Net position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of notes, leases, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the School Unit will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Although not a formal policy, the School Unit considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The School Unit's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed fund balance represents amounts that can be used only for the specific purposes determined by the adoption of a policy committing fund balance for a specified purpose by the School Unit's Board prior to the end of the fiscal year. Once adopted, the limitation imposed by the policy remains in place until the resources have been spent for the specified purpose or the School Board adopts another policy to remove or revise the limitation.

Assigned fund balance represents amounts that are intended to be used by the School Unit for specific purposes but do not meet the criteria to be classified as committed. The School Board may assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the School Unit will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Although not a formal policy, the School Unit considers restricted fund balance to have been depleted before using any of the components of unrestricted fund

balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

H. Revenues and expenditures/expenses

Program revenues

Amounts reported as *program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All local assessments, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Compensated absences

The School Unit’s policy permits employees to accumulate earned but unused vacation and sick leave, which are eligible for payment upon separation from government service. Sick leave is valued based on the vesting method that calculates the amount of sick leave that is expected to become eligible for payout at termination. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

II. Stewardship, compliance, and accountability

A. Violations of legal or contractual provisions

Note I.F. Excess of expenditures over appropriations describes any budgetary violations that occurred for the year ended June 30, 2024.

B. Deficit fund equity

At June 30, 2024, the following funds had deficit balances:

Continuity of service	\$37	Local entitlement	574
ARP homeless	622	Adult education	5,313
SRRF – Weatherbee	80,775		

These deficits will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in).

III. Detailed notes on activities and funds

A. Cash and investments

It is the intent of the School Unit to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the School Unit and confirming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield. The School Unit is not invested in any obligations typically known as derivatives.

B. Cash deposits with financial institutions

Custodial credit risk - deposits. In the case of deposits, this is the risk that, in the event of a bank's failure, the School Unit's deposits may not be returned to it. The School Unit does not have a deposit policy for custodial credit risk. As of June 30, 2024, the School Unit's bank balance was \$18,530,763, all of which was covered by F.D.I.C. or collateral held by the financial institution.

C. Investments

State statutes authorize the School Unit to invest in obligations of the U.S. Treasury and U.S. Agencies, mutual funds with portfolios of securities issued or guaranteed by the United States Government, or agreements to repurchase these same obligations, negotiable and non-negotiable certificates of deposit, municipal bonds, commercial paper, and corporate bonds. As of June 30, 2024, the School Unit had investments valued at \$537,937 with Maine Community Foundation (MCF).

Interest rate risk. Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The School Unit does not have an investment policy for interest rate risk.

Credit risk. Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. The School Unit does not have an investment policy for credit risk. The MCF funds are not rated.

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

Concentration of credit risk. The concentration of credit risk is the risk of loss that may be caused by the School Unit's investment in a single issuer. The School Unit does not have an investment policy for concentration of credit risk.

Fair value of investments. The School Unit measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows: *Level 1* - quoted prices for identical investments in active markets; *Level 2* - observable inputs other than those in Level 1; and *Level 3* - unobservable inputs. The MCF funds are classified as level 3 due to unobservable inputs.

D. Capital assets

Capital assets activity for the year ended June 30, 2024, was as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year
Capital assets, not being depreciated				
Land	\$669,844	-	-	669,844
Construction in progress	109,200	922,648	123,000	908,848
<u>Total capital assets, not being depreciated</u>	<u>779,044</u>	<u>922,648</u>	<u>123,000</u>	<u>1,578,692</u>
Capital assets, being depreciated				
Buildings and improvements	57,236,125	335,870	-	57,571,995
Land improvements	13,011,044	461,000	-	13,472,044
Furniture and equipment	2,706,909	858,977	7,206	3,558,680
Vehicles	198,566	70,403	-	268,969
<u>Total capital assets, being depreciated</u>	<u>73,152,644</u>	<u>1,726,250</u>	<u>7,206</u>	<u>74,871,688</u>
Less accumulated depreciation for				
Buildings and improvements	21,139,970	1,361,461	-	22,501,431
Land improvements	5,445,285	470,648	-	5,915,933
Furniture and equipment	748,016	281,854	7,206	1,022,664
Vehicles	123,334	50,759	-	174,093
<u>Total accumulated depreciation</u>	<u>27,456,605</u>	<u>2,164,722</u>	<u>7,206</u>	<u>29,614,121</u>
<u>Total capital assets, being depreciated, net</u>	<u>45,696,039</u>	<u>(438,472)</u>	<u>-</u>	<u>45,257,567</u>
<u>Total capital assets</u>	<u>\$46,475,083</u>	<u>484,176</u>	<u>123,000</u>	<u>46,836,259</u>

Depreciation/amortization expense was charged to the functions/programs of the governmental activities as follows:

Regular instruction	\$37,570
Other instruction	15,166
Student and staff support	41,140
Transportation	34,126
Facilities maintenance	2,025,568
Food service	11,152
<u>Total depreciation expense</u>	<u>\$2,164,722</u>

The School Unit has active construction projects as of June 30, 2024. At year end, the School Unit's commitments are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining commitment</u>
Reeds Brook façade – phase I	\$580,447	305,633
Reeds Brook façade – phase II	162,703	212,948
Weatherbee School ADA improvements	78,142	27,455

E. Changes in long-term liabilities

Changes in the School Unit's long-term liabilities for the year ended June 30, 2024, are as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year	Amount due within one year
Governmental activities					
Notes payable	\$23,079,158	1,079,588	3,661,512	20,497,234	2,548,485
Compensated absences	331,242	71,554	-	402,796	66,459
Net pension liability	605,636	137,793	-	743,429	-
Total OPEB liability	4,969,923	8,045	-	4,977,968	-
Total governmental activities	\$28,985,959	1,296,980	3,661,512	26,621,427	2,614,944

F. Notes payable

The School Unit issues notes payable to provide funds for the acquisition and construction of major capital facilities and equipment. Notes payable at June 30, 2024, are as follows:

	Original borrowing	Interest rates	Final maturity	Outstanding year end
Notes payable				
Hampden Academy construction	\$46,912,642	2.13-5.63%	2032	18,765,058
Turf replacement and lighting upgrades	850,000	2.2-2.99%	2029	425,000
School construction	282,963	4.80%	2029	105,699
Printers and copiers	193,508	4.54%	2028	193,508
Energy conservation	1,591,023	4.14%	2033	932,444
Doors and windows	428,000	1.00%	2028	75,525
Total notes payable				\$20,497,234

The debt service requirements for the School Unit's notes are as follows:

Year ending	Principal	Interest	Total
June 30			
2025	\$2,548,485	680,394	3,228,879
2026	2,630,874	580,074	3,210,948
2027	2,636,483	322,482	2,958,965
2028	2,642,277	25,412	2,667,689
2029	2,569,113	16,118	2,585,231
2030-2034	7,470,002	24,149	7,494,151
Totals	\$20,497,234	1,648,629	22,145,863

On June 21, 2024, the School Unit was approved for a \$1,153,790 School Revolving Renovation Fund (SRRF) loan funded through the Maine Municipal Bond Bank, with \$807,653 of the principal balance to be forgiven. The School Unit did not draw down any of the loan balance and there was no amount outstanding for the year ended June 30, 2024.

G. Pension plans

Plan description

The School Unit participates in the State Employee and Teacher (SET) Plan, which is a cost-sharing, multiple-employer defined benefit pension plan administered by the Maine Public Employees Retirement System (MPERS), which is a component unit of the State of Maine. MPERS assets are held in trust for the plan beneficiaries. MPERS is established and administered under the laws of the State of Maine.

Benefits provided

Benefit terms are established in Maine statute. MPERS 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 SET members). 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 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 her/his normal retirement age at retirement. MPERS also provides disability and death benefits which are established by statute and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the MPERS Board of Trustees and is currently 3.88%.

Contributions

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

Maine statute requires the State to contribute a portion of the School Unit's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The School Unit's contractually required contribution rate for the year ended June 30, 2024, was 18.98% of annual payroll of which 4.47% of payroll was required from the School Unit and 14.51% was required from the State. The School Unit made contributions to the pension plan of \$726,483 for the year ended June 30, 2024.

Proportionate share of the net pension liability

At June 30, 2024, the School Unit reported a liability of \$743,429 for its proportionate share of the net pension liability. The State’s proportionate share of the net pension liability associated with the School Unit was \$15,469,184, for a total of \$16,212,613. The pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Unit’s proportion of the pension liability was based on unfunded actuarial liability contributions to the plan. The School Unit’s proportionate share was 0.049% at the end of the measurement period and 0.0408% for the beginning of the period, which represents an increase of 0.0082%.

Actuarial assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal
Assumptions	
Investment rate of return	6.50%
Inflation rate	2.75%
Annual salary increases	2.80%-13.03%
Cost of living adjustments	2.20%

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

The actuarial assumptions used for the year ended June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major 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 geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
U.S. government	2.6%
Private equity	7.6%

Real assets:	
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.2%
Alternative credit	7.4%
Diversifiers	5.0%

Discount rate

The discount rate used to measure the collective total pension liability was 6.5% for 2023. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate sensitivity analysis

The following presents the School Unit's proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the School Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Proportionate share net pension (asset) liability	\$1,461,755	743,429	145,461

Pension expense and deferred items summary

For the year ended June 30, 2024, the School Unit recognized pension expense of \$847,163 for its proportionate share of the pension expense. Additionally, the School Unit recognized revenue of \$2,172,227 for support provided by the State. At June 30, 2024, the School Unit reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Differences between expected and actual experience	\$60,910	-
Differences between expected and actual investment earnings	-	68,970
Changes of assumptions	-	-
Changes in proportion	87,196	59,937
<u>Contributions paid subsequent to the measurement date</u>	<u>726,483</u>	<u>-</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$874,589</u>	<u>128,907</u>

Deferred outflows of resources reported \$726,483 related to pensions resulting from the School Unit’s contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	
2025	\$(33,874)
2026	(63,005)
2027	112,589
2028	3,489

Pension plan fiduciary net position

The MPERS fiduciary net position has been determined using the same basis used to determine the net pension liability, deferred outflows and inflows of resources related to pension, and pension expense. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at www.maineopers.org.

H. Other postemployment benefit (OPEB) obligations – life insurance

Plan description

The School Unit participates in the State Employee and Teacher (SET) Group Life Insurance Plan, which is a cost-sharing, multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS), which is a component unit of the State of Maine. MPERS assets are held in trust for the plan beneficiaries. MPERS is established and administered under the laws of the State of Maine.

Benefits provided

The group life insurance plans provide basic group life insurance benefits, during retirement, to retirees who participated in the plans 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 group life insurance is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions and funding policy

Premium rates are those determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. 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 of Maine made contributions to the SET plan on-behalf of the School Unit of \$46,039 for the year ended June 30, 2024. The School Unit and employees are not required to contribute to the SET plan.

Proportionate share of the net OPEB liability

At June 30, 2024, the School Unit reported no liability for its proportionate share of the net OPEB liability. The State’s proportionate share of the net OPEB liability associated with the School Unit was \$335,702, for a total of \$335,702. The OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School Unit’s proportion of the OPEB liability was 0% at the end of the measurement period.

Actuarial assumptions

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Assumptions	
Investment rate of return	6.50%
Inflation rate	2.75%
Annual salary increases	2.80%-13.03%

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

The actuarial assumptions used for the year ended June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

Long-term expected rate of return

Assets of the plans are pooled for investment purposes and are allocated to each plan based on each plan’s fiduciary net position. The long-term expected rate of return on the plans’ investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce 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 geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.2%
U.S. government securities	2.3%

Discount rate

The discount rate used to measure the collective total OPEB liability was 6.5% for 2023. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB expense

For the year ended June 30, 2024, the School Unit recognized OPEB expense of \$43,435 for its proportionate share of the OPEB expense. Additionally, the School Unit recognized revenue of \$46,039 for support provided by the State.

OPEB plan fiduciary net position

The MPERS fiduciary net position has been determined using the same basis used to determine the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at www.maineopers.org.

I. Other postemployment benefit (OPEB) obligations – health insurance

Plan description

The School Unit offers a post-retirement benefit plan providing health insurance to retiring employees. The State sponsors a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of

paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Plan membership

At June 30, 2022, membership consisted of:

Inactive members currently receiving benefits	141
Inactive members entitled to but not yet receiving benefits	-
Active members	261
Total	402

Benefits provided

Healthcare insurance benefits are provided for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 60% (effective November 1, 2023) and 55% (effective July 1, 2021) of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members. The retiree pays 40% (effective November 1, 2023) and 45% (effective July 1, 2021) of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree (and/or spouse).

Net OPEB liability

At June 30, 2024, the School Unit reported a total OPEB liability of \$4,969,923. The OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal
Assumptions	
Inflation rate	2.70%
Annual salary increases	2.80%-13.03%
Healthcare cost trend rates - non-Medicare	7.96% in 2023
decreasing to	4.00% in 2043
Healthcare cost trend rates - Medicare	0.00% in 2023
increasing to	4.29% in 2043

Rates of mortality are based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table.

Actuarial assumptions used for the June 30, 2022, valuation are the teacher assumptions that were used by the Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation at June 30, 2021, and are based on the experience study covering the period from June 30, 2015 through June 30, 2020.

Discount rate

Using the Bond Buyer 20-Bond GO Index, the discount rate used to measure the total OPEB liability was 3.65%. This rate is assumed to be an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in total OPEB liability

Balances beginning of year	\$4,969,923
Changes for the period	
Service cost	60,080
Interest	175,346
Changes of benefits	-
Differences between expected and actual experience	-
Changes of assumptions	(72,609)
Benefit payments	(154,772)
Net changes	8,045
Balances end of year	\$4,977,968

Discount rate and healthcare rate sensitivity analysis

The following is a sensitive analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability calculated using the discount rate of 3.65% as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$5,702,654	4,977,968	4,386,305

The table below presents the total OPEB liability of the School Unit calculated using the healthcare rates disclosed above as well as what the total OPEB liability would be if it were calculated using a healthcare rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$4,312,886	4,977,968	5,806,616

OPEB expense and deferred items summary

For the year ended June 30, 2024, the School Unit recognized OPEB expense of \$354,595. At June 30, 2024, the School Unit reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred <u>outflows</u>	Deferred <u>inflows</u>
Differences between expected and actual experience	\$168,603	21,836
Changes of assumptions	274,766	62,236
<u>Contributions paid subsequent to the measurement date</u>	<u>181,914</u>	<u>-</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$625,283</u>	<u>84,072</u>

Deferred outflows of resources reported \$181,914 related to OPEB resulting from the School Unit's contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending

June 30

2025	\$149,650
2026	110,838
2027	110,835
2028	1,833
2029	(3,488)
Thereafter	(10,371)

J. Fund Balance

Components of fund balance

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund - budget appropriation	-	-	-	3,000,000
Grants and other funds	-	72,709	8,972	-
Special revenue funds				
School lunch	27,055	700,061	-	-
Student activities	-	-	427,999	-
Capital projects	-	52,463	1,427,727	-
<u>Hampden Academy donations</u>	<u>342,500</u>	<u>195,854</u>	<u>-</u>	<u>-</u>
<u>Total</u>	<u>\$369,555</u>	<u>1,021,087</u>	<u>1,864,698</u>	<u>3,000,000</u>

K. Interfund balances

The outstanding balances between funds result from receipts and disbursements being made through consolidated cash accounts held by the general fund. The composition of interfund balances as of June 30, 2024, is as follows:

<u>Receivable fund (due from)</u>	<u>Payable fund (due to)</u>	<u>Amount</u>
General fund	Grant and other funds	\$661,053
General fund	Permanent fund	6,626
General fund	Adult education	6,895
School lunch	General fund	652,770
Student activities	General fund	429,372
Capital project funds	General fund	537,498
Fiduciary funds	General fund	325,826
<u>Total</u>		<u>\$2,620,040</u>

L. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2024, is as follows:

	<u>Transfers in</u>		
	<u>Capital</u>	<u>All other</u>	
	<u>maintenance</u>	<u>capital funds</u>	<u>Total</u>
Transfers out			
General fund	\$375,000	266,607	641,607
Capital maintenance	-	265,824	265,824
<u>Total</u>	<u>\$375,000</u>	<u>532,431</u>	<u>907,431</u>

During the year ended June 30, 2024, the School Unit made the following one-time transfers:

The general fund transferred \$375,000 for capital maintenance, \$166,607 for field maintenance, \$50,000 for fuel stabilization, and \$50,000 for technology.

The capital maintenance reserve transferred \$265,824 to the SRRF – Reeds Brook fund to cover a portion of costs of the project.

M. Significant commitments

The School Unit has an agreement with a vendor to provide student transportation services through the year ended June 30, 2026. Future minimum costs related to this agreement are \$1,236,004 and \$1,273,076 for the years ending June 30, 2025, and 2026, respectively.

N. Risk management

The School Unit is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The School Unit carries commercial insurance and participates in a public entity risk pool sponsored by the Maine School Management Association. Based on the coverages provided, the School Unit is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2024.

O. Contingencies

The School Unit participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the School Unit's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School Unit anticipates such amounts, if any, will be immaterial.

The School Unit is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School Unit's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the School Unit.

Regional School Unit No. 22

Required supplementary information

Schedule of RSU's proportionate share of the net pension liability

Maine Public Employees Retirement System

Last ten fiscal years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School Unit's proportion of the net pension liability	0.0490%	0.0408%	0.0471%	0.0336%	0.0333%	0.0332%	0.0321%	0.0361%	0.0316%	0.0257%
School Unit's proportionate share of the net pension liability \$	743,429	605,636	398,105	549,481	487,946	448,622	466,598	637,288	426,529	278,034
State's proportionate share of the net pension liability associated with the School Unit	15,469,184	15,693,401	9,075,882	17,521,514	15,425,515	14,398,045	15,886,028	19,006,901	14,762,480	11,666,980
Total \$	16,212,613	16,299,037	9,473,987	18,070,995	15,913,461	14,846,667	16,352,626	19,644,189	15,189,009	11,945,014
School Unit's covered payroll \$	15,171,369	15,178,339	14,347,941	16,866,508	13,540,956	13,612,461	13,037,573	12,859,165	12,423,732	10,736,358
School Unit's proportionate share of the net pension liability as a percentage of its covered payroll	4.90%	3.99%	2.77%	3.26%	3.60%	3.30%	3.58%	4.96%	3.43%	2.59%
Plan fiduciary net position as a percentage of the total pension liability	86.03%	85.79%	90.90%	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

Schedule of RSU's pension contributions

Maine Public Employees Retirement System

Last ten fiscal years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually determined contribution \$	726,483	582,577	692,807	634,266	596,687	582,584	492,298	480,648	389,649	367,689
Contributions in relation to the contractually required contribution	(726,483)	(582,577)	(692,807)	(634,266)	(596,687)	(582,584)	(492,298)	(480,648)	(389,649)	(367,689)
Contribution deficiency (excess) \$	-	-	-	-	-	-	-	-	-	-
School Unit's covered payroll \$	16,252,459	15,171,369	15,178,339	14,347,941	16,866,508	13,540,956	13,612,461	13,037,573	12,859,165	12,423,732
Contributions as a percentage of covered payroll	4.47%	3.84%	4.56%	4.42%	3.54%	4.30%	3.62%	3.69%	3.03%	2.96%

Regional School Unit No. 22

Required supplementary information

Schedule of RSU's proportionate share of the net OPEB liability

Maine Public Employees Retirement System

Last ten fiscal years (only seven years available)

	2024	2023	2022	2021	2020	2019	2018
School Unit's proportion of the net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
School Unit's proportionate share of the net OPEB liability \$	-	-	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the School Unit	335,702	361,440	182,524	356,329	313,181	312,128	296,533
Total	\$ 335,702	361,440	182,524	356,329	313,181	312,128	296,533
Plan fiduciary net position as a percentage of the total OPEB liability	56.97%	52.39%	62.90%	49.51%	49.22%	48.04%	47.29%

Regional School Unit No. 22

Required supplementary information

Schedule of changes in the RSU's total OPEB liability and related ratios

Last ten fiscal years (only six years available)

	2023	2023	2022	2021	2020	2019
<u>Total OPEB liability</u>						
Service cost	\$ 60,080	71,207	69,291	39,993	33,763	36,091
Interest	175,346	105,472	106,199	156,227	164,129	158,717
Changes of benefits	-	-	-	(464,001)	-	-
Differences between expected and actual experience	-	(30,570)	-	393,407	-	-
Changes of assumptions	(72,609)	78,789	37,207	369,639	232,862	(182,879)
Benefit payments	(154,772)	(132,786)	(141,207)	(223,214)	(205,631)	(198,524)
Net change in total OPEB liability - MEABT plan	8,045	92,112	71,490	272,051	225,123	(186,595)
Total OPEB liability - beginning	4,969,923	4,877,811	4,806,321	4,534,270	4,309,147	4,495,742
Total OPEB liability - ending	\$ 4,977,968	4,969,923	4,877,811	4,806,321	4,534,270	4,309,147
Covered-employee payroll	\$ 11,805,772	11,517,827	11,389,518	11,111,725	11,688,231	11,375,407
Total OPEB liability as a percentage of covered-employee payroll	42.17%	43.15%	42.83%	43.25%	38.79%	37.88%

Regional School Unit No. 22

Notes to required supplementary information

Pension plans

Changes of benefit terms - None

Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Discount rate	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases	2.80-13.03%	2.80-13.03%	2.80-13.03%	2.75% + merit	2.75-14.50%	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%
Mortality rates - 2015: RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. 2016: RP2014 Total Data Set Healthy Annuitant Mortality Table. 2021: 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table.										

Other postemployment benefit (OPEB) obligations - life insurance

Changes of benefit terms - None

Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	2023	2022	2021	2020	2019	2018	2017
Discount rate	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%

Other postemployment benefit (OPEB) obligations - health insurance

Changes of benefit terms - In 2020, implemented the Medicare Advantage plan.

Changes of assumptions - The following are changes in actuarial assumptions used in valuations:

	2023	2022	2021	2020	2019	2018	2017
Discount rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%

Regional School Unit No. 22

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024				
	Original budget	Final budget	Actual	Variance positive (negative)	2023 actual
Revenues					
Local assessments					
Local allocation	\$ 8,928,221	8,928,221	8,928,449	228	8,541,418
Non-state funded debt service	435,159	435,159	435,159	-	493,888
Additional local appropriation	4,733,693	4,733,693	4,733,693	-	4,085,092
Total local assessments	14,097,073	14,097,073	14,097,301	228	13,120,398
Intergovernmental					
State subsidy	21,791,885	21,791,885	21,874,429	82,544	20,914,373
State agency clients	75,000	75,000	103,365	28,365	90,193
MaineCare	2,500	2,500	-	(2,500)	-
MLTI	107,395	107,395	107,395	-	-
E-rate	20,859	20,859	18,513	(2,346)	154,330
Total intergovernmental	21,997,639	21,997,639	22,103,702	106,063	21,158,896
Charges for services					
Tuition	483,909	483,909	570,657	86,748	637,138
Rentals	1,000	1,000	6,518	5,518	30,038
Athletic receipts	35,000	51,607	39,957	(11,650)	52,517
Total charges for services	519,909	536,516	617,132	80,616	719,693
Interest	-	-	169,655	169,655	108,200
Miscellaneous					
Refunds and reimbursements	20,406	20,406	42,578	22,172	91,514
Other	-	-	81,305	81,305	20,100
Total miscellaneous	20,406	20,406	123,883	103,477	111,614
Total revenues	36,635,027	36,651,634	37,111,673	460,039	35,218,801

Regional School Unit No. 22

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024				
	Original budget	Final budget	Actual	Variance positive (negative)	2023 actual
Expenditures					
Current:					
Regular instruction	13,088,171	13,088,171	12,561,924	526,247	11,796,448
Special education	7,935,180	7,935,180	7,144,756	790,424	6,190,782
Other instruction	1,103,535	1,103,535	1,090,456	13,079	969,354
Student and staff support	3,490,253	3,490,253	3,417,958	72,295	2,895,036
System administration	1,012,181	1,012,181	883,420	128,761	832,209
School administration	1,729,550	1,729,550	1,661,867	67,683	1,554,995
Transportation	1,694,721	1,694,721	1,598,253	96,468	1,552,007
Facilities maintenance	4,334,621	4,334,621	4,374,128	(39,507)	3,169,691
Debt service	2,896,815	2,896,815	2,854,510	42,305	2,726,862
Total expenditures	37,285,027	37,285,027	35,587,272	1,697,755	31,687,384
Excess (deficiency) of revenues over (under) expenditures	(650,000)	(633,393)	1,524,401	2,157,794	3,531,417
Other financing sources (uses)					
Transfers out	-	(641,607)	(641,607)	-	(890,824)
Use of fund balance	650,000	1,275,000	-	(1,275,000)	-
Total other financing sources (uses)	650,000	633,393	(641,607)	(1,275,000)	(890,824)
Net change in fund balance - budgetary basis	-	-	882,794	882,794	2,640,593
Reconciliation to GAAP					
Change in/addition of benefits to accrued teacher summer salaries			19,646		(721,954)
Net change in fund balance - GAAP basis			902,440		1,918,639
Fund balance - beginning			10,784,311		8,865,672
Fund balance - ending		\$	11,686,751		10,784,311

Regional School Unit No. 22

Combining statement of revenues, expenditures, and changes in fund balances

Grant and other funds

For the year ended June 30, 2024

	Beginning fund balance	Revenues	Expenditures	Ending fund balance
Adult education enrichment	\$ 12,184	9,535	6,838	14,881
Penobscot job training program	5,509	-	-	5,509
Signage	21,806	-	-	21,806
MEEA grants	3,000	-	-	3,000
National board certification	(475)	950	-	475
Maine arts	7,008	-	-	7,008
Dental	453	-	-	453
Preventing homelessness	-	1,045	1,045	-
Proficiency grant	5,836	-	1,479	4,357
Momentum grant	391	-	-	391
Continuity of service	-	-	37	(37)
Title IA	-	337,004	337,004	-
Title IV student support	-	2,908	2,908	-
Local entitlement	-	617,208	617,782	(574)
ESSER II	-	77,551	77,551	-
ESSER III	-	166,967	164,425	2,542
Rethinking responsive education ventures	-	36,707	36,707	-
LMS grant	-	11,105	11,105	-
ARP Homeless	-	1,716	2,338	(622)
Teens to Trails	1,500	-	-	1,500
ARP Literacy grant	-	61,122	61,122	-
Pre-K expansion	-	172,140	172,140	-
Title V rural low income	-	7,950	7,950	-
Title IIA	172	95,619	95,791	-
HMI grant	-	73,419	73,419	-
Performing arts center	(1,470)	19,514	9,072	8,972
Wellness grant	4,183	500	387	4,296
Laura Wood fund	6,491	-	-	6,491
		-		-
\$	66,588	1,692,960	1,679,100	80,448

Regional School Unit No. 22

Combining balance sheet

Nonmajor governmental funds

June 30, 2024

	Special revenue funds	Capital project funds	Permanent fund	Total nonmajor governmental funds
Assets				
Cash and cash equivalents	\$ -	433,874	7,043	440,917
Investments	-	-	537,937	537,937
Intergovernmental receivables	75,205	620,256	-	695,461
Due from other funds	1,082,142	537,498	-	1,619,640
Inventory and prepaids	27,055	-	-	27,055
Total assets	\$ 1,184,402	1,591,628	544,980	3,321,010
Liabilities				
Accounts payable	26,090	192,213	-	218,303
Accrued wages and benefits	1,615	-	-	1,615
Due to other funds	6,895	-	6,626	13,521
Total liabilities	34,600	192,213	6,626	233,439
Fund balances				
Nonspendable	27,055	-	342,500	369,555
Restricted	700,061	52,463	195,854	948,378
Committed	427,999	1,427,727	-	1,855,726
Unassigned	(5,313)	(80,775)	-	(86,088)
Total fund balances	1,149,802	1,399,415	538,354	3,087,571
Total liabilities and fund balances	\$ 1,184,402	1,591,628	544,980	3,321,010

Regional School Unit No. 22

Combining statement of revenues, expenditures, and changes in fund balances

Nonmajor governmental funds

For the year ended June 30, 2024

	Special revenue funds	Capital project funds	Permanent fund	Total nonmajor governmental funds
Revenues				
Local assessments	\$ 35,773	-	-	35,773
Intergovernmental	1,572,591	-	-	1,572,591
Charges for services	132,019	-	-	132,019
Fees and fundraisers	207,086	-	-	207,086
Interest and investment income	-	869	47,907	48,776
Miscellaneous	10,059	-	-	10,059
Total revenues	1,957,528	869	47,907	2,006,304
Expenditures				
Current:				
Student and staff support	-	-	26,686	26,686
Adult education	80,480	-	-	80,480
Food service	1,629,725	-	-	1,629,725
Student activities	197,120	-	-	197,120
Debt service	-	265,824	-	265,824
Capital outlay	-	1,320,106	-	1,320,106
Total expenditures	1,907,325	1,585,930	26,686	3,519,941
Excess (deficiency) of revenues over (under) expenditures	50,203	(1,585,061)	21,221	(1,513,637)
Other financing sources (uses)				
Transfers in	-	907,431	-	907,431
Transfers out	-	(265,824)	-	(265,824)
Notes issued	-	886,080	-	886,080
Total other financing sources (uses)	-	1,527,687	-	1,527,687
Net change in fund balances	50,203	(57,374)	21,221	14,050
Fund balances - beginning	1,099,599	1,456,789	517,133	3,073,521
Fund balances - ending	\$ 1,149,802	1,399,415	538,354	3,087,571

Regional School Unit No. 22

Combining balance sheet

Special revenue funds

June 30, 2024

		Adult education	School lunch	Student activities	Total special revenue funds
Assets					
Intergovernmental receivables	\$	7,958	67,247	-	75,205
Due from other funds		-	652,770	429,372	1,082,142
Inventory and prepaids		-	27,055	-	27,055
Total assets	\$	7,958	747,072	429,372	1,184,402
Liabilities					
Accounts payable		5,671	19,046	1,373	26,090
Accrued wages and benefits		705	910	-	1,615
Due to other funds		6,895	-	-	6,895
Total liabilities		13,271	19,956	1,373	34,600
Fund balances					
Nonspendable		-	27,055	-	27,055
Restricted		-	700,061	-	700,061
Committed		-	-	427,999	427,999
Unassigned		(5,313)	-	-	(5,313)
Total fund balances		(5,313)	727,116	427,999	1,149,802
Total liabilities and fund balances	\$	7,958	747,072	429,372	1,184,402

Regional School Unit No. 22

Combining statement of revenues, expenditures, and changes in fund balances

Special revenue funds

For the year ended June 30, 2024

		Adult education	School lunch	Student activities	Total special revenue funds
Revenues					
Local assessments	\$	35,773	-	-	35,773
Intergovernmental		28,097	1,544,494	-	1,572,591
Charges for services		-	132,019	-	132,019
Fees and fundraisers		-	-	207,086	207,086
Miscellaneous		-	10,059	-	10,059
Total revenues		63,870	1,686,572	207,086	1,957,528
Expenditures					
Current:					
Adult education		80,480	-	-	80,480
Food service		-	1,629,725	-	1,629,725
Student activities		-	-	197,120	197,120
Total expenditures		80,480	1,629,725	197,120	1,907,325
Net change in fund balances		(16,610)	56,847	9,966	50,203
Fund balances - beginning		11,297	670,269	418,033	1,099,599
Fund balances - ending	\$	(5,313)	727,116	427,999	1,149,802

Regional School Unit No. 22

Combining statement of revenues, expenditures, and changes in fund balances

Student activity funds

For the year ended June 30, 2024

	Beginning fund balance	Revenues	Expenditures	Ending fund balance
Hampden Academy	\$ 195,815	51,056	50,027	196,844
Alternative education	712	-	-	712
Hampden Academy athletics	62,381	99,231	87,578	74,034
Trails project	584	-	681	(97)
McGraw School	21,303	2,059	2,125	21,237
Special Olympics	75	-	-	75
Leroy Smith School	58,982	6,325	4,896	60,411
Weatherbee School	9,232	2,402	4,168	7,466
Wagner School	20,105	21,110	18,926	22,289
Reeds Brook School	40,245	24,903	28,719	36,429
Fundraising	8,599	-	-	8,599
\$	418,033	207,086	197,120	427,999

Regional School Unit No. 22

Combining statement of revenues, expenditures, and changes in fund balances

Capital project funds

For the year ended June 30, 2024

	Beginning fund balance	Revenues	Expenditures	Other financing sources (uses)		Ending fund balance
				Notes issued	Transfers in (out)	
New HA Bronco construction	\$ 1,500	-	-	-	-	1,500
Technology	400,000	-	44,975	-	50,000	405,025
Fuel stabilization	150,000	-	-	-	50,000	200,000
Field maintenance	502,019	135	-	-	166,607	668,761
Capital maintenance	483,938	734	441,535	-	109,176	152,313
SRRF - Reeds Brook	(80,796)	-	1,018,645	886,080	265,824	52,463
SRRF - Weatherbee	-	-	80,775	-	-	(80,775)
Lease purchase fund	128	-	-	-	-	128
\$	1,456,789	869	1,585,930	886,080	641,607	1,399,415