

Federal Compliance Audit

Regional School Unit No. 38

June 30, 2022



Proven Expertise & Integrity

REGIONAL SCHOOL UNIT NO. 38

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JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Regional School Unit No. 38
Readfield, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Regional School Unit No. 38, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Regional School Unit No. 38's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Regional School Unit No. 38 as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Regional School Unit No. 38 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional School Unit No. 38's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional School Unit No. 38's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Regional School Unit No. 38's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 5 through 12 and 65 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School Unit No. 38's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2023, on our consideration of the Regional School Unit No. 38's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Regional School Unit No. 38's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regional School Unit No. 38's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
April 25, 2023

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

(UNAUDITED)

The following management's discussion and analysis of the Regional School Unit No. 38's financial performance provides an overview of the Unit's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Unit's financial statements.

Financial Statement Overview

The Unit's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the above-mentioned financial statements have separate columns for the two different types of Unit activities. The types of activities presented for the Unit are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Unit's basic services are reported in governmental activities, which include regular instruction, special education, other instruction, student and staff support, system administration, school administration, transportation, operations and maintenance, other community service and program expenditures.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. The Unit's daycare/after school program, food service, adult education and health center are reported here.

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

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues,

expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The Unit presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Unit's major governmental funds are the general fund and the minor projects fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

Proprietary Funds: The Unit maintains four proprietary funds; food service, the daycare/after school program-Readfield, adult education and the health center. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position of the Unit's governmental activities. The Unit's total net position for governmental activities decreased by \$122,559 from \$9,137,079 to a balance of \$9,014,520 at the year end. For business-type activities, the Unit's total net position increased by \$119,166 from \$161,946 to a balance of \$281,112.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for the governmental activities to a deficit balance of \$2,494,116 at the end of the fiscal year. For business-type activities, the balance increased to a balance of \$222,176.

Table 1
Regional School Unit No. 38
Net Position
June 30,

	Governmental Activities		Business-type Activities	
	2022	2021 (Restated)	2022	2021
Assets:				
Current Assets	\$ 4,282,692	\$ 4,466,793	\$ 228,693	\$ 95,267
Noncurrent Assets - Capital Assets	16,002,267	16,044,443	58,936	66,679
Total Assets	20,284,959	20,511,236	287,629	161,946
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	707,158	557,094	-	-
Deferred Outflows Related to OPEB	1,023,789	1,242,433	-	-
Total Deferred Outflows of Resources	1,730,947	1,799,527	-	-
Liabilities:				
Current Liabilities	2,032,608	2,036,553	6,517	-
Noncurrent Liabilities	10,138,141	10,630,372	-	-
Total Liabilities	12,170,749	12,666,925	6,517	-
Deferred Inflows of Resources:				
Deferred Inflows Related to Pensions	462,246	30,815	-	-
Deferred Inflows Related to OPEB	368,391	475,944	-	-
Total Deferred Inflows of Resources	830,637	506,759	-	-
Net Position:				
Net Investment in Capital Assets	10,820,618	11,092,729	58,936	66,679
Restricted: Minor Projects	139,001	744,065	-	-
Special Revenue Funds	389,597	257,598	-	-
Permanent Funds	159,420	157,750	-	-
Unrestricted (Deficit)	(2,494,116)	(3,115,063)	222,176	95,267
Total Net Position	\$ 9,014,520	\$ 9,137,079	\$ 281,112	\$ 161,946

Table 2
Regional School Unit No. 38
Change in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-type Activities	
	2022	2021	2022	2021
Revenues:				
<i>Program Revenues:</i>				
Charges for services	\$ 1,216,452	\$ 791,046	\$ 34,083	\$ 21,622
Operating grants and contributions	4,275,349	5,401,541	995,873	760,539
<i>General Revenue:</i>				
Support from towns	12,411,605	13,213,982	-	-
Grants and contributions not restricted to specific programs	4,950,675	4,235,223	-	-
Miscellaneous	292,626	212,312	258	54,166
Total revenues	<u>23,146,707</u>	<u>23,854,104</u>	<u>1,030,214</u>	<u>836,327</u>
Expenses				
Regular instruction	8,262,207	7,614,510	-	-
Special education	2,498,328	2,505,255	-	-
Other instruction	490,716	534,470	-	-
Student and staff support	1,828,200	1,737,423	-	-
System administration	718,526	659,558	-	-
School administration	1,137,941	1,140,012	-	-
Transportation	1,261,759	680,093	-	-
Operations and maintenance	1,993,082	1,303,095	-	-
Other community service	-	5,711	-	-
State of Maine on-behalf payments	1,797,500	2,621,691	-	-
Program expenditures	2,894,109	3,037,639	1,094,016	960,168
Unallocated depreciation (Note 4)	92,644	92,644	-	-
Interest on long-term debt	111,286	121,604	-	-
Total expenses	<u>23,086,298</u>	<u>22,053,705</u>	<u>1,094,016</u>	<u>960,168</u>
Transfers	<u>(182,968)</u>	<u>(182,350)</u>	<u>182,968</u>	<u>182,350</u>
Change in Net Position	(122,559)	1,618,049	119,166	58,509
Net Position - July 1, Restated	<u>9,137,079</u>	<u>7,519,030</u>	<u>161,946</u>	<u>103,437</u>
Net Position - June 30	<u>\$ 9,014,520</u>	<u>\$ 9,137,079</u>	<u>\$ 281,112</u>	<u>\$ 161,946</u>

Revenues and Expenses

Revenues for the Unit's governmental activities decreased by 2.97%, while total expenses increased by 4.68%. Decreases in operating grants and contributions and support from towns were the largest decreases to the Unit's overall change in revenues while increases in regular instruction, operations and maintenance contributed to the change in expenses from the previous year.

Revenues for the Unit's business-type activities increased by 23.18%, while total expenses increased by 13.94%. The increase in revenues was primarily due to increases in operating grants and contributions while the increase in expenses was mainly the result of increases in supplies.

Financial Analysis of the Unit's Fund Statements

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

Table 3
Regional School Unit No. 38
Fund Balances - Governmental Funds
June 30,

	2022	2021	Increase/ (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ -	\$ 4,800	\$ (4,800)
Assigned	904,000	1,075,000	(171,000)
Unassigned	1,096,139	642,205	453,934
Total General Fund	\$ 2,000,139	\$ 1,722,005	\$ 278,134
Minor Projects Fund:			
Restricted	\$ 139,001	\$ 744,065	\$ (605,064)
Total Minor Projects Fund	\$ 139,001	\$ 744,065	\$ (605,064)
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 389,597	\$ 257,598	\$ 131,999
Committed	5,108	3,510	1,598
Assigned	108,493	86,429	22,064
Unassigned	(59)	-	(59)
Permanent Funds:			
Restricted	159,420	157,750	1,670
Total Nonmajor Funds	\$ 662,559	\$ 505,287	\$ 157,272

The changes to total fund balances for the general fund and nonmajor funds occurred due to the regular activity of operations. The large decrease in the minor projects fund was due to capital outlay expenses.

Proprietary funds: The Unit's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Budgetary Highlights

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

The general fund actual revenues exceeded budgeted amounts by \$235,672. This was the result of all revenue categories being receipted in excess of budgeted amounts with the exception of support from towns, intergovernmental - other, charges for services - transportation and miscellaneous revenues.

The general fund actual expenditures were under budgeted amounts by \$1,117,462. All expenditure articles were under or within budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Unit decreased by \$49,919. This decrease was a result of capital additions of \$909,881 less current year depreciation expense of \$959,800.

**Table 4
Regional School Unit No. 38
Capital Assets (Net of Depreciation)
June 30,**

	2022	2021 (Restated)
Land and construction in progress	\$ 381,979	\$ 342,053
Buildings, building improvements and land improvements	14,275,999	14,661,215
Furniture and fixtures	-	1,042
Machinery and equipment	444,435	281,866
Vehicles	884,290	824,946
Infrastructure	74,500	-
Total	\$ 16,061,203	\$ 16,111,122

Debt

At June 30, 2022, the Unit had \$5,320,650 in bonds and notes from direct borrowing payable outstanding versus \$5,695,779 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The FY 2023 budget could be impacted by reductions in state subsidy as a result of reduced state revenue projections. Curtailments in the state's biennial budget may serve to increase required local contributions and/or reductions in Unit spending.

Contacting the Unit's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Unit's finances and to show the Unit's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Unit's Finance Department at 45 Millard Harrison Drive, Readfield, Maine 04355.

REGIONAL SCHOOL UNIT NO. 38

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,103,363	\$ 114,080	\$ 3,217,443
Investments	330,158	-	330,158
Accounts receivable (net of allowance for uncollectibles)	246,140	-	246,140
Due from other governments	653,400	42,619	696,019
Inventory	-	21,625	21,625
Internal balances	(50,369)	50,369	-
Total current assets	<u>4,282,692</u>	<u>228,693</u>	<u>4,511,385</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	381,979	-	381,979
Buildings and equipment, net of accumulated depreciation	15,620,288	58,936	15,679,224
Total noncurrent assets	<u>16,002,267</u>	<u>58,936</u>	<u>16,061,203</u>
TOTAL ASSETS	<u>20,284,959</u>	<u>287,629</u>	<u>20,572,588</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	707,158	-	707,158
Deferred outflows related to OPEB	1,023,789	-	1,023,789
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,730,947</u>	<u>-</u>	<u>1,730,947</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 22,015,906</u>	<u>\$ 287,629</u>	<u>\$ 22,303,535</u>

STATEMENT A (CONTINUED)
REGIONAL SCHOOL UNIT NO. 38

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 40,122	\$ 6,517	\$ 46,639
Accrued expenses	352,159	-	352,159
Accrued payroll	1,088,712	-	1,088,712
Current portion of long-term obligations	551,615	-	551,615
Total current liabilities	2,032,608	6,517	2,039,125
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	4,674,968	-	4,674,968
Notes from direct borrowings payable	104,017	-	104,017
Accrued compensated absences	189,050	-	189,050
Net pension liability	334,228	-	334,228
Net OPEB liability	4,835,878	-	4,835,878
Total noncurrent liabilities	10,138,141	-	10,138,141
TOTAL LIABILITIES	12,170,749	6,517	12,177,266
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	462,246	-	462,246
Deferred inflows related to OPEB	368,391	-	368,391
TOTAL DEFERRED INFLOWS OF RESOURCES	830,637	-	830,637
NET POSITION			
Net investment in capital assets	10,820,618	58,936	10,879,554
Restricted: Minor projects	139,001	-	139,001
Special revenue funds	389,597	-	389,597
Permanent funds	159,420	-	159,420
Unrestricted (deficit)	(2,494,116)	222,176	(2,271,940)
TOTAL NET POSITION	9,014,520	281,112	9,295,632
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 22,015,906	\$ 287,629	\$ 22,303,535

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

STATEMENT B

REGIONAL SCHOOL UNIT NO. 38

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - type Activities	Total
Governmental activities:							
Regular instruction	\$ 8,262,207	\$ 874,633	\$ -	\$ -	\$ (7,387,574)	\$ -	\$ (7,387,574)
Special education	2,498,328	-	-	-	(2,498,328)	-	(2,498,328)
Other instruction	490,716	-	-	-	(490,716)	-	(490,716)
Student and staff support	1,828,200	-	-	-	(1,828,200)	-	(1,828,200)
System administration	718,526	-	-	-	(718,526)	-	(718,526)
School administration	1,137,941	-	-	-	(1,137,941)	-	(1,137,941)
Transportation	1,261,759	17,352	-	-	(1,244,407)	-	(1,244,407)
Operations and maintenance	1,993,082	-	-	-	(1,993,082)	-	(1,993,082)
Program expenditures	2,894,109	324,467	2,477,849	-	(91,793)	-	(91,793)
State of Maine on-behalf payments	1,797,500	-	1,797,500	-	-	-	-
Unallocated depreciation (Note 5)*	92,644	-	-	-	(92,644)	-	(92,644)
Interest on long-term debt	111,286	-	-	-	(111,286)	-	(111,286)
Total governmental activities	<u>23,086,298</u>	<u>1,216,452</u>	<u>4,275,349</u>	<u>-</u>	<u>(17,594,497)</u>	<u>-</u>	<u>(17,594,497)</u>
Business-type activities:							
Food service	1,009,142	24,712	995,873	-	-	11,443	11,443
Adult education	13,489	9,371	-	-	-	(4,118)	(4,118)
Health center	71,385	-	-	-	-	(71,385)	(71,385)
Total business-type activities	<u>1,094,016</u>	<u>34,083</u>	<u>995,873</u>	<u>-</u>	<u>-</u>	<u>(64,060)</u>	<u>(64,060)</u>
Total government	<u>\$ 24,180,314</u>	<u>\$ 1,250,535</u>	<u>\$ 5,271,222</u>	<u>\$ -</u>	<u>(17,594,497)</u>	<u>(64,060)</u>	<u>(17,658,557)</u>

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)
REGIONAL SCHOOL UNIT NO. 38

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	<u>(17,594,497)</u>	<u>(64,060)</u>	<u>(17,658,557)</u>
General revenues:			
Support from towns	12,411,605	-	12,411,605
Grants and contributions not restricted to specific programs	4,950,675	-	4,950,675
Miscellaneous	<u>292,626</u>	<u>258</u>	<u>292,884</u>
Total general revenues	<u>17,654,906</u>	<u>258</u>	<u>17,655,164</u>
Transfers	<u>(182,968)</u>	<u>182,968</u>	<u>-</u>
Change in net position	(122,559)	119,166	(3,393)
NET POSITION - JULY 1, RESTATED	<u>9,137,079</u>	<u>161,946</u>	<u>9,299,025</u>
NET POSITION - JUNE 30	<u>\$ 9,014,520</u>	<u>\$ 281,112</u>	<u>\$ 9,295,632</u>

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

REGIONAL SCHOOL UNIT NO. 38

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Minor Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,647,592	\$ 138,868	\$ 316,903	\$ 3,103,363
Investments	247,652	-	82,506	330,158
Accounts receivable (net of allowance for uncollectibles)	246,140	-	-	246,140
Due from other governments	-	-	653,400	653,400
Due from other funds	389,748	133	263,271	653,152
TOTAL ASSETS	<u>\$ 3,531,132</u>	<u>\$ 139,001</u>	<u>\$ 1,316,080</u>	<u>\$ 4,986,213</u>
LIABILITIES				
Accounts payable	\$ 40,122	\$ -	\$ -	\$ 40,122
Accrued expenses	352,159	-	-	352,159
Accrued payroll	1,088,712	-	-	1,088,712
Due to other funds	50,000	-	653,521	703,521
TOTAL LIABILITIES	<u>1,530,993</u>	<u>-</u>	<u>653,521</u>	<u>2,184,514</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	139,001	549,017	688,018
Committed	-	-	5,108	5,108
Assigned	904,000	-	108,493	1,012,493
Unassigned	1,096,139	-	(59)	1,096,080
TOTAL FUND BALANCES	<u>2,000,139</u>	<u>139,001</u>	<u>662,559</u>	<u>2,801,699</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,531,132</u>	<u>\$ 139,001</u>	<u>\$ 1,316,080</u>	<u>\$ 4,986,213</u>

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

REGIONAL SCHOOL UNIT NO. 38

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

Total fund balances - governmental funds	\$ 2,801,699
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	16,002,267
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	707,158
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	1,023,789
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(5,165,857)
Notes from direct borrowings payable	(154,793)
Accrued compensated absences	(199,000)
Net pension liability	(334,228)
Net OPEB liability	(4,835,878)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(462,246)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	<u>(368,391)</u>
Net position of governmental activities	<u>\$ 9,014,520</u>

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

REGIONAL SCHOOL UNIT NO. 38

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

	General Fund	Minor Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Support from towns	\$ 12,348,272	\$ -	\$ 63,333	\$ 12,411,605
Intergovernmental revenues	6,288,327	-	2,477,849	8,766,176
Charges for services	891,985	-	324,467	1,216,452
Miscellaneous	58,073	853	233,700	292,626
TOTAL REVENUES	19,586,657	853	3,099,349	22,686,859
EXPENDITURES				
Current:				
Regular instruction	7,710,617	-	-	7,710,617
Special education	2,439,905	-	-	2,439,905
Other instruction	456,290	-	-	456,290
Student and staff support	1,828,200	-	-	1,828,200
System administration	713,132	-	-	713,132
School administration	1,108,318	-	-	1,108,318
Transportation	994,023	-	-	994,023
Operations and maintenance	1,984,543	-	-	1,984,543
State of Maine on-behalf payments	1,337,652	-	-	1,337,652
Capital outlay	-	605,917	-	605,917
Program expenditures	-	-	2,894,109	2,894,109
Debt service:				
Principal	489,557	-	-	489,557
Interest	111,286	-	-	111,286
TOTAL EXPENDITURES	19,173,523	605,917	2,894,109	22,673,549
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	413,134	(605,064)	205,240	13,310
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	11,238	11,238
Transfers (out)	(135,000)	-	(59,206)	(194,206)
TOTAL OTHER FINANCING SOURCES (USES)	(135,000)	-	(47,968)	(182,968)
NET CHANGE IN FUND BALANCES	278,134	(605,064)	157,272	(169,658)
FUND BALANCES - JULY 1	1,722,005	744,065	505,287	2,971,357
FUND BALANCES - JUNE 30	\$ 2,000,139	\$ 139,001	\$ 662,559	\$ 2,801,699

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

REGIONAL SCHOOL UNIT NO. 38

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

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (169,658)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	904,222
Depreciation expense	<u>(946,398)</u>
	<u>(42,176)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
Pension	150,064
OPEB	<u>(218,644)</u>
	<u>(68,580)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>583,006</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(207,877)</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
Pension	(431,431)
OPEB	<u>107,553</u>
	<u>(323,878)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	24,875
Net pension liability	199,698
Net OPEB liability	<u>(117,969)</u>
	<u>106,604</u>
Change in net position of governmental activities (Statement B)	<u>\$ (122,559)</u>

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

REGIONAL SCHOOL UNIT NO. 38

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2022

	Food Service	Other Enterprise Funds	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 114,080	\$ -	\$ 114,080
Due from other governments	42,619	-	42,619
Due from other funds	816	71,783	72,599
Inventory	21,625	-	21,625
Total current assets	<u>179,140</u>	<u>71,783</u>	<u>250,923</u>
Noncurrent assets:			
Machinery and equipment	106,651	-	106,651
Less: accumulated depreciation	(47,715)	-	(47,715)
Total noncurrent assets	<u>58,936</u>	<u>-</u>	<u>58,936</u>
TOTAL ASSETS	<u>\$ 238,076</u>	<u>\$ 71,783</u>	<u>\$ 309,859</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 6,517	\$ -	\$ 6,517
Due to other funds	22,230	-	22,230
TOTAL LIABILITIES	<u>28,747</u>	<u>-</u>	<u>28,747</u>
NET POSITION			
Net investment in capital assets	58,936	-	58,936
Unrestricted	150,393	71,783	222,176
TOTAL NET POSITION	<u>209,329</u>	<u>71,783</u>	<u>281,112</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 238,076</u>	<u>\$ 71,783</u>	<u>\$ 309,859</u>

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

REGIONAL SCHOOL UNIT NO. 38

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Food Service	Other Enterprise Funds	Total
OPERATING REVENUES			
Intergovernmental	\$ 995,873	\$ -	\$ 995,873
Charges for services	24,712	9,371	34,083
Miscellaneous	75	-	75
TOTAL OPERATING REVENUES	1,020,660	9,371	1,030,031
OPERATING EXPENSES			
Salaries	638,537	54,661	693,198
Benefits	76,474	10,374	86,848
Contractual services	-	16,071	16,071
Supplies	266,698	2,574	269,272
Repair and maintenance	6,411	-	6,411
Travel expenses	1,700	-	1,700
Depreciation	13,402	-	13,402
Other	5,920	1,194	7,114
TOTAL OPERATING EXPENSES	1,009,142	84,874	1,094,016
OPERATING INCOME (LOSS)	11,518	(75,503)	(63,985)
NONOPERATING REVENUES (EXPENSES)			
Interest Income	183	-	183
Transfers in	105,000	77,968	182,968
Transfers (out)	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	105,183	77,968	183,151
CHANGES IN NET POSITION	116,701	2,465	119,166
NET POSITION - JULY 1	92,628	69,318	161,946
NET POSITION - JUNE 30	\$ 209,329	\$ 71,783	\$ 281,112

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

REGIONAL SCHOOL UNIT NO. 38

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Food Service	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 24,675	\$ 9,371	\$ 34,046
Intergovernmental receipts	1,013,252	-	1,013,252
Internal activity - receipts (payments) from/to other funds	(51,744)	(2,465)	(54,209)
Payments to employees	(638,537)	(54,661)	(693,198)
Payments to suppliers	(350,686)	(30,213)	(380,899)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(3,040)	(77,968)	(81,008)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	183	-	183
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	183	-	183
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	105,000	77,968	182,968
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	105,000	77,968	182,968
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of fixed assets	(5,659)	-	(5,659)
Net cash provided (used) by capital and related financing activities	(5,659)	-	(5,659)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	96,484	-	96,484
CASH AND CASH EQUIVALENTS - JULY 1	17,596	-	17,596
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 114,080	\$ -	\$ 114,080
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 11,518	\$ (75,503)	\$ (63,985)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	13,402	-	13,402
Changes in operating assets and liabilities:			
(Increase) decrease in due from other governments	17,379	-	17,379
(Increase) decrease in inventory	(112)	-	(112)
(Increase) decrease in due from other funds	(816)	(2,465)	(3,281)
(Decrease) increase in accounts payable	6,517	-	6,517
(Decrease) increase in due to other funds	(50,928)	-	(50,928)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (3,040)	\$ (77,968)	\$ (81,008)

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Regional School Unit No. 38 was incorporated under the laws of the State of Maine. The Unit operates under the Board of Directors-superintendent form of government and provides the following services: regular instruction, special education, other instruction, student and staff support, system administration, school administration, transportation, operations and maintenance, other community service and program expenditures.

The Unit's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Unit has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Unit has chosen not to do so.

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

Implementation of New Accounting Standards

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

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Unit’s food service funds, daycare/afterschool programs, adult education and the health center are categorized as business-type activities. All other activities of the Unit are categorized as governmental.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Unit’s functions and business-type activities (instruction, operations and maintenance, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (support from Towns, certain intergovernmental revenues and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity.

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the Unit. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Minor Project Fund is used to account for financial resources to be used for the acquisition or construction of capital facilities or equipment. Revenue sources were miscellaneous revenues.

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds

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

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Unit:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

Budget

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

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues per budgetary basis	\$ 18,249,005
Add: On-behalf payments	1,337,652
Total GAAP basis	<u>\$ 19,586,657</u>
Expenditures per budgetary basis	\$ 17,970,871
Add: On-behalf basis	1,337,652
Total GAAP basis	<u>\$ 19,308,523</u>

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

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

Deposits and Investments

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

It is the Unit's policy to value investments at fair value. None of the Unit's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Unit Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

The Regional School Unit No. 38 has no formal investment policy but instead follows the State of Maine Statutes.

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Interfund Receivables and Payables

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

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

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

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$942,159 for the year ended June 30, 2022.

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more for land, \$20,000 or more for buildings and improvements, \$2,500 for furniture and equipment and \$5,000 for vehicles are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Estimated useful lives are as follows:

Buildings and improvements	25 - 50 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

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

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

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

Pensions

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPEB

For purposes of measuring the Unit's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

Fund Balance

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

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

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Net Position

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Unit has deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

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

Program Revenues

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

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

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

Use of Estimates

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Unit will not be able to recover its deposits. The Unit does not have a policy covering custodial credit risk for deposits. However, the Unit maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2022, the Unit's deposits amounting to \$3,217,443 were comprised of bank deposits of \$3,872,546. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Unit's cash balance. All of these amounts were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk or were collateralized by an irrevocable stand-by letter of credit held by the financial institution in the Unit's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 747,223
Savings accounts	76,664
Sweep accounts	3,048,659
	<u>\$ 3,872,546</u>

Investments:

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

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

institutions for \$330,158 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

The Unit seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and brokers/dealers. As such, the Unit's investments in certificates of deposit of \$330,158 are fully insured by federal depository insurance and consequently not exposed to custodial credit risk.

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 389,748	\$ 50,000
Minor projects fund	133	-
Nonmajor special revenue funds	263,271	653,521
Enterprise funds	72,599	22,230
	<u>\$ 725,751</u>	<u>\$ 725,751</u>

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - INTERFUND TRANSFERS

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

	Transfers From	Transfers To
General fund	\$ 135,000	\$ -
Nonmajor special revenue funds	59,206	11,238
Enterprise funds	-	182,968
	<u>\$ 194,206</u>	<u>\$ 194,206</u>

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

NOTE 5 - CAPITAL ASSETS

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

	Balance, 7/1/21 (Restated)	Additions	Disposals	Balance, 6/30/22
<u>Governmental Activities:</u>				
Non-depreciated assets:				
Land	\$ 234,912	\$ -	\$ -	\$ 234,912
Construction in progress	212,939	129,617	(195,489)	147,067
	<u>447,851</u>	<u>129,617</u>	<u>(195,489)</u>	<u>381,979</u>
Depreciated assets:				
Land improvements	313,271	70,550	-	383,821
Buildings and improvements	24,680,228	395,100	-	25,075,328
Vehicles	1,825,566	207,878	(126,480)	1,906,964
Equipment	979,672	222,066	-	1,201,738
Infrastructure	-	74,500	-	74,500
	<u>27,798,737</u>	<u>970,094</u>	<u>(126,480)</u>	<u>28,642,351</u>
Less: accumulated depreciation	<u>(12,202,145)</u>	<u>(946,398)</u>	<u>126,480</u>	<u>(13,022,063)</u>
	<u>15,596,592</u>	<u>23,696</u>	<u>-</u>	<u>15,620,288</u>
Net capital assets	<u>\$ 16,044,443</u>	<u>\$ 153,313</u>	<u>\$ (195,489)</u>	<u>\$ 16,002,267</u>

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Business-type Activities:

Depreciated assets:

Equipment	\$ 100,992	\$ 5,659	\$ -	\$ 106,651
	<u>100,992</u>	<u>5,659</u>	<u>-</u>	<u>106,651</u>
Less: accumulated depreciation	(34,313)	(13,402)	-	(47,715)
Net capital assets	<u>\$ 66,679</u>	<u>\$ (7,743)</u>	<u>\$ -</u>	<u>\$ 58,936</u>

Current Year Depreciation:

Regular instruction	\$ 265,736
Special education	58,423
Other instruction	34,426
Administration	5,394
School administration	29,623
Operations and maintenance	306,844
Transportation	153,308
District-wide	92,644
Total governmental activities depreciation	<u>946,398</u>
School lunch	13,402
Total depreciation expense	<u>\$ 959,800</u>

NOTE 6 - LONG-TERM DEBT

The general fund of the Unit is used to pay for all long-term debt. The following is a summary of changes in the long-term debt for the year ended June 30, 2022:

	Balance 7/1/21	Additions	Reductions	Balance, 6/30/22	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 5,656,745	\$ -	\$ (490,888)	\$ 5,165,857	\$ 490,889
Notes from direct borrowings payable	39,034	207,877	(92,118)	154,793	50,776
Totals	<u>\$ 5,695,779</u>	<u>\$ 207,877</u>	<u>\$ (583,006)</u>	<u>\$ 5,320,650</u>	<u>\$ 541,665</u>

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

Bonds payable:

\$2,026,154, Bond payable to Maine Municipal Bond Bank. Interest is charged at a fixed rate varying from 3.050% to 5.250% per annum. Annual principal payments of \$101,308. Maturity in November of 2022. \$ 101,308

\$5,843,710, Bond payable to Maine Municipal Bond Bank. Interest is charged at a fixed rate varying from 1.610% to 3.005% per annum. Annual principal payments of \$389,581. Maturity in November of 2034. 5,064,549

Total bonds payable \$ 5,165,857

Notes from direct borrowings payable:

The District leases a bus under a cancelable lease agreement dated October 26, 2021. The term of the lease is for a four year period expiring November 15, 2024, at a fixed interest rate of 1.610% per annum. Annual principal and interest payments are \$26,634. \$ 77,397

The District leases a bus under a cancelable lease agreement dated October 26, 2021. The term of the lease is for a four year period expiring November 15, 2024, at a fixed interest rate of 1.610% per annum. Annual principal and interest payments are \$26,634. 77,396

Total notes from direct borrowings payable \$ 154,793

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

	Bonds Payable		
	Principal	Interest	Total
2023	\$ 490,889	\$ 104,975	\$ 595,864
2024	389,581	95,985	485,566
2025	389,581	89,615	479,196
2026	389,581	83,167	472,748
2027	389,581	76,544	466,125
2028-2032	1,947,903	269,078	2,216,981
2033-2037	1,168,741	51,151	1,219,892
	<u>\$ 5,165,857</u>	<u>\$ 770,515</u>	<u>\$ 5,936,372</u>

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding notes from direct borrowings principal and interest requirements for the following fiscal years ending June 30:

	Notes from Direct Borrowings Payable		
	Principal	Interest	Total
2023	\$ 50,776	\$ 2,492	\$ 53,268
2024	51,593	1,675	53,268
2025	52,424	844	53,268
	<u>\$ 154,793</u>	<u>\$ 5,011</u>	<u>\$ 159,804</u>

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

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

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

	Balance, 7/1/21	Additions	Reductions	Balance, 6/30/22	Current Portion
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 223,875	\$ -	\$ (24,875)	\$ 199,000	\$ 9,950
Net pension liability	533,926	231,733	(431,431)	334,228	-
Net OPEB liability	4,717,909	221,420	(103,451)	4,835,878	-
Totals	<u>\$ 5,475,710</u>	<u>\$ 453,153</u>	<u>\$ (559,757)</u>	<u>\$ 5,369,106</u>	<u>\$ 9,950</u>

Please see Notes 13, 14 and 16 for detailed information on each of the other long-term obligations.

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Invested in capital assets	\$ 29,024,330	\$ 106,651
Accumulated depreciation	(13,022,063)	(47,715)
Outstanding capital related debt	(5,320,650)	-
Significant unspent debt proceeds	139,001	-
	<u>\$ 10,820,618</u>	<u>\$ 58,936</u>

NOTE 9 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2022, the Unit has the following restricted net position and fund balances:

Minor Projects Fund	\$ 139,001
Nonmajor Special Revenue Funds (Schedule D)	389,597
Nonmajor Permanent Funds (Schedule F)	159,420
	<u>\$ 688,018</u>

NOTE 10 - COMMITTED FUND BALANCES

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

Nonmajor Special Revenue Funds (Schedule D)	<u>\$ 5,108</u>
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NOTE 11 - ASSIGNED FUND BALANCES

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

General Fund:	
Reserved for FY 2023 Budget	\$ 904,000
Nonmajor Special Revenue Funds (Schedule D)	108,493
	<u>\$ 1,012,493</u>

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 - DEFICIT FUND BALANCES

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

Nonmajor Special Revenue Funds (Schedule D):	
Portrait of a Graduate Grant	\$ 59
	<u>\$ 59</u>

NOTE 13 - ACCRUED COMPENSATED ABSENCES

The Unit's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2022, the Unit's liability for compensated absences is \$199,000.

NOTE 14 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions. As of June 30, 2021, there were 238 employers, including the State of Maine, participating in the plan.

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

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Unit's teachers are required to contribute 7.65% of their compensation to the retirement system. The Unit's payroll for teachers covered by this program was approximately \$9,360,758 for the year ended June 30, 2022. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.29% of the Unit's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL).

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions paid by the State were approximately \$1,337,652 for the year ended June 30, 2022. Title 5 of the Maine Revised Statutes Annotated also requires the Unit to contribute at an actuarially determined normal cost rate of 3.84%, which totaled \$665,054 for 2022. In addition, the Unit is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 14.89% of compensation and totaled \$99,027 the year ended June 30, 2022.

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

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

Unit's proportionate share of the net pension liability	\$ 334,228
State's proportionate share of the net pension liability associated with the Unit	<u>5,690,881</u>
Total	<u>\$ 6,025,109</u>

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Unit's proportion of the net pension liability was based on a projection of the Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating school Units and the State, actuarially determined. At June 30, 2021, the Unit's proportion was 0.039516%, which was an increase of 0.006805% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Unit recognized total pension expense of \$514,382 and revenue of \$432,713 for support provided by the State of Maine. At June 30, 2022, the Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,954	\$ 6,833
Changes of assumptions	227,871	-
Net difference between projected and actual earnings on pension plan investments	-	455,413
Changes in proportion and differences between contributions and proportionate share of contributions	89,342	-
Contributions subsequent to the measurement date	384,991	-
Total	<u>\$ 707,158</u>	<u>\$ 462,246</u>

\$384,991 reported as deferred outflows of resources related to pensions resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SET Plan
Plan year ended June 30:	
2022	\$ 42,013
2023	48,297
2024	(103,449)
2025	(126,940)
2026	-
Thereafter	-

Actuarial Methods and Assumptions

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

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

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

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

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

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.00%	6.00%
US Government	7.50%	2.30%
Private equity	15.00%	7.60%
Real assets:		
Real estate	10.00%	5.20%
Infrastructure	10.00%	5.30%
Natural resources	5.00%	5.00%
Traditional credit	7.50%	3.00%
Alternative credit	5.00%	7.20%
Diversifiers	10.00%	5.90%

Discount Rate

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
<u>SET Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Unit's proportionate share of the net pension liability	\$ 877,721	\$ 334,228	\$ (118,285)

Changes in Net Pension Liability

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

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2021 through 2017, this was three years for the SET Plan.

Differences between Expected and Actual Investment Earnings

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Assumptions

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

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

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

Pension Plan Fiduciary Net Position

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

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

Benefits Provided

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

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For the Department's teachers, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution.

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)

The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2022 was approximately \$25,755.

OPEB Liabilities and OPEB Expense

For the year ended June 30, 2022, the Unit recognized net OPEB expense of \$1,380 and revenue of \$1,380 for support provided by the State of Maine.

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

Plan Description

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Benefits Provided

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

Employees Covered by Benefit Terms

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

Active members	206
Retirees and spouses	<u>87</u>
Total	<u><u>293</u></u>

Cost Sharing Provisions/Contributions

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

Employee/Retiree Premium Amounts:

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

<u>Pre-Medicare</u>	<u>Employee</u>	<u>Employee/ Spouse</u>	<u>Employee/ Child(ren)</u>	<u>Family</u>
Choice Plus	\$710	\$1,601	\$1,257	\$1,949
Standard \$200 Ded	\$767	\$1,729	\$1,358	\$2,105
<u>Medicare</u>				
Medicare-Eligible Retirees	\$393	\$787	N/A	N/A

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

At June 30, 2022, the Unit reported a liability of \$4,835,878 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date. The Unit's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2022, the Unit recognized OPEB expense of \$229,080. At June 30, 2022, the Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MEABT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 306,572
Changes of assumptions	935,352	61,819
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	88,437	-
Total	<u>\$ 1,023,789</u>	<u>\$ 368,391</u>

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

\$88,437 were reported as deferred outflows of resources related to OPEB resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MEABT</u>
Plan year ended June 30:	
2022	\$ 134,520
2023	134,521
2024	165,428
2025	126,084
2026	6,408
Thereafter	-

Discount Rate

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	1.16%	2.16%	3.16%
Total OPEB liability	\$ 5,699,946	\$ 4,835,878	\$ 4,139,651
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 5,699,946</u>	<u>\$ 4,835,878</u>	<u>\$ 4,139,651</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Healthcare Trend

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 4,060,502	\$ 4,835,878	\$ 5,810,506
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 4,060,502</u>	<u>\$ 4,835,878</u>	<u>\$ 5,810,506</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

Assumptions

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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

Discount Rate - 2.16% per annum for year-end 2021 reporting, 2.21% per annum for year-end 2020 reporting.

Trend Assumptions:

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

Trend Assumption Inputs

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

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

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

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

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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

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

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

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

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

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

Administrative expenses - Included in the per capita claims cost

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

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

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Rate of Mortality:

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

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

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

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

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

Retiree Continuation Percentage:

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

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

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

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

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

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

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

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

Changes in Total OPEB Liability

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

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of July 1, 2021, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2021, there were no differences between expected and actual experience.

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of July 1, 2021, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2019. For the fiscal year ended June 30, 2021, there were no changes in assumptions.

Differences between Projected and Actual Earnings on OPEB Plan Investments

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

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Unit's Finance Department at 45 Millard Harrison Drive, Readfield, Maine 04355

NOTE 17 - DEFERRED COMPENSATION PLAN

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

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

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 18 - RISK MANAGEMENT

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

Based on the coverage provided by the insurance purchased, the Unit is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2022. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 19 - CONTINGENCIES

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

The Unit participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Unit has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the Unit, there are no significant contingent liabilities relating to compliance with the rules and regulations; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Regional School Unit No. 38 receives subsidy funding payments through the State of Maine. The State subsidy payment amount is adjusted quarterly for the Unit's share of MaineCare Seed, which is the required local share of MaineCare revenue that the State pays on behalf of the Unit and then recovers through the ED 279. Adjustments made by the State in the fiscal year of 2023 could include expenditures from the fiscal year of 2022 that would normally be accrued. The actual amount cannot be determined at this time. However, it is the position of the Regional School Unit No. 38 that this practice is consistent with the formal recommendation of the Maine Department of Education to all Maine units concerning this matter.

REGIONAL SCHOOL UNIT NO. 38

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 20 - LETTER OF CREDIT

At June 30, 2022, the Unit has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Camden National Bank. This letter of credit, which expires at the close of business on December 15, 2022, authorizes draws only up to the amount of \$750,000. There were no draws for the year ended June 30, 2022.

NOTE 21 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 22 - RESTATEMENTS

The net position of the governmental activities has been restated at July 1, 2021 to account for corrections of the capital asset and accumulated depreciation amounts. The capital asset balance was decreased by \$8 and the accumulated depreciation was decreased by \$10,983.

The net restatement increased governmental activities net position by \$10,975 from \$9,126,104 to \$9,137,079.

Required Supplementary Information

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

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

REGIONAL SCHOOL UNIT NO. 38

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

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,722,005	\$ 1,722,005	\$ 1,722,005	\$ -
Resources (Inflows):				
Support from towns	12,348,272	12,348,272	12,348,272	-
Intergovernmental revenues:				
State subsidy	4,818,561	4,818,561	4,934,947	116,386
Other	16,500	16,500	15,728	(772)
Charges for services:				
Tuition	725,000	725,000	874,633	149,633
Transportation	40,000	40,000	17,352	(22,648)
Proceeds from sale of assets	-	-	1,800	1,800
Insurance proceeds	-	-	2,442	2,442
Miscellaneous revenues	65,000	65,000	53,831	(11,169)
Amounts Available for Appropriation	<u>19,735,338</u>	<u>19,735,338</u>	<u>19,971,010</u>	<u>235,672</u>
Charges to Appropriations (Outflows):				
Regular instruction	8,022,009	8,022,009	7,710,617	311,392
Special education	2,929,751	2,929,751	2,439,905	489,846
Other instruction	483,330	483,330	456,290	27,040
Student and staff support	1,919,853	1,919,853	1,828,200	91,653
System administration	721,601	721,601	713,132	8,469
School administration	1,171,916	1,171,916	1,108,318	63,598
Transportation	1,089,314	1,089,314	994,023	95,291
Operations and maintenance	2,005,429	2,005,429	1,984,543	20,886
Debt service:				
Principal	489,557	489,557	489,557	-
Interest	111,286	111,286	111,286	-
Other community service	9,287	9,287	-	9,287
Transfers to other funds	135,000	135,000	135,000	-
Total Charges to Appropriations	<u>19,088,333</u>	<u>19,088,333</u>	<u>17,970,871</u>	<u>1,117,462</u>
Budgetary Fund Balance, June 30	<u>\$ 647,005</u>	<u>\$ 647,005</u>	<u>\$ 2,000,139</u>	<u>\$ 1,353,134</u>
Utilization of assigned fund balance	<u>\$ 1,075,000</u>	<u>\$ 1,075,000</u>	<u>\$ -</u>	<u>\$ (1,075,000)</u>

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

REGIONAL SCHOOL UNIT NO. 38

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>SET Plan:</u>								
Unit's proportion of the net pension liability	0.04%	0.03%	0.03%	0.03%	0.04%	0.04%	0.03%	0.03%
Unit's proportionate share of the net pension liability	\$ 334,228	\$ 533,926	\$ 423,902	\$ 446,679	\$ 513,457	\$ 649,213	\$ 455,935	\$ 375,026
State's proportionate share of the net pension liability associated with the Unit	<u>5,690,881</u>	<u>11,324,826</u>	<u>9,795,962</u>	<u>9,001,581</u>	<u>9,348,838</u>	<u>11,296,578</u>	<u>8,979,229</u>	<u>7,448,248</u>
Total	<u>\$ 6,025,109</u>	<u>\$ 11,858,752</u>	<u>\$ 10,219,864</u>	<u>\$ 9,448,260</u>	<u>\$ 9,862,295</u>	<u>\$ 11,945,791</u>	<u>\$ 9,435,164</u>	<u>\$ 7,823,274</u>
Unit's covered payroll	\$ 9,647,852	\$ 9,412,696	\$ 8,542,512	\$ 8,604,078	\$ 7,847,279	\$ 8,278,271	\$ 7,945,154	\$ 7,977,611
Unit's proportionate share of the net pension liability as a percentage of its covered payroll	3.46%	5.67%	4.96%	5.19%	6.54%	7.84%	5.74%	4.70%
Plan fiduciary net position as a percentage of the total pension liability	90.90%	81.03%	84.52%	85.17%	80.78%	76.21%	81.18%	83.91%

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

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

REGIONAL SCHOOL UNIT NO. 38

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>SET Plan:</u>								
Contractually required contribution	\$ 384,991	\$ 479,537	\$ 453,645	\$ 353,514	\$ 341,581	\$ 321,507	\$ 312,722	\$ 265,543
Contributions in relation to the contractually required contribution	<u>(384,991)</u>	<u>(479,537)</u>	<u>(453,645)</u>	<u>(353,514)</u>	<u>(341,581)</u>	<u>(321,507)</u>	<u>(312,722)</u>	<u>(265,543)</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Unit's covered payroll	\$ 9,360,758	\$ 9,647,852	\$ 9,412,696	\$ 8,542,512	\$ 8,604,078	\$ 7,847,279	\$ 8,278,271	\$ 7,945,154
Contributions as a percentage of covered payroll	4.11%	4.97%	4.82%	4.14%	3.97%	4.10%	3.78%	3.34%

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

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

REGIONAL SCHOOL UNIT NO. 38

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>					
Proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Unit's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Unit	<u>109,945</u>	<u>228,716</u>	<u>228,919</u>	<u>235,061</u>	<u>226,875</u>
Total	<u>\$ 109,945</u>	<u>\$ 228,716</u>	<u>\$ 228,919</u>	<u>\$ 235,061</u>	<u>\$ 226,875</u>
Covered payroll	\$ 9,647,852	\$ 9,412,696	\$ 8,542,512	\$ 8,604,078	\$ 7,847,279
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	62.90%	55.40%	49.51%	49.22%	48.04%

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

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

REGIONAL SCHOOL UNIT NO. 38

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

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 6/30/20 (Reporting June 30, 2021)	\$ 4,717,909	\$ -	\$ 4,717,909
Changes for the year:			
Service cost	78,122	-	78,122
Interest	104,855	-	104,855
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	38,443	-	38,443
Contributions - employer	-	103,451	(103,451)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(103,451)	(103,451)	-
Administrative expense	-	-	-
Net changes	<u>117,969</u>	<u>-</u>	<u>117,969</u>
Balances at 6/30/21 (Reporting June 30, 2022)	<u>\$ 4,835,878</u>	<u>\$ -</u>	<u>\$ 4,835,878</u>

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

REGIONAL SCHOOL UNIT NO. 38

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Total OPEB liability</u>				
Service cost (BOY)	\$ 78,122	\$ 31,347	\$ 26,446	\$ 28,284
Interest (includes interest on service cost)	104,855	149,661	155,604	149,831
Changes of benefit terms	-	(336,324)	-	-
Differences between expected and actual experience	-	(459,858)	-	-
Changes of assumptions	38,443	1,177,910	236,086	(185,459)
Benefit payments, including refunds of member contributions	(103,451)	(177,489)	(158,090)	(152,626)
Net change in total OPEB liability	<u>\$ 117,969</u>	<u>\$ 385,247</u>	<u>\$ 260,046</u>	<u>\$ (159,970)</u>
Total OPEB liability - beginning	\$ 4,717,909	\$ 4,332,662	\$ 4,072,616	\$ 4,232,586
Total OPEB liability - ending	\$ 4,835,878	\$ 4,717,909	\$ 4,332,662	\$ 4,072,616
<u>Plan fiduciary net position</u>				
Contributions - employer	103,451	177,489	158,090	152,626
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(103,451)	(177,489)	(158,090)	(152,626)
Administrative expense	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 4,835,878</u>	<u>\$ 4,717,909</u>	<u>\$ 4,332,662</u>	<u>\$ 4,072,616</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 8,788,114	\$ 8,573,769	\$ 8,756,174	\$ 8,521,824
Net OPEB liability as a percentage of covered payroll	55.0%	55.0%	49.5%	47.8%

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

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

REGIONAL SCHOOL UNIT NO. 38

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,360,758	\$ 9,647,852	\$ 9,412,696	\$ 8,542,512	\$ 8,604,078
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	
<u>MEABT:</u>					
Employer contributions	\$ 103,451	\$ 177,489	\$ 158,090	\$ 152,626	
Benefit payments	<u>(103,451)</u>	<u>(177,489)</u>	<u>(158,090)</u>	<u>(152,626)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 8,788,114	\$ 8,573,769	\$ 8,756,174	\$ 8,521,824	
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	

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

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

REGIONAL SCHOOL UNIT NO. 38

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

Changes of Assumptions

MEPERS SET Pension Plan:

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

MEPERS SET OPEB Plan:

There have been no changes in actuarial assumptions since the last measurement date.

MEABT OPEB Plan:

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

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

Other Supplementary Information

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

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

REGIONAL SCHOOL UNIT NO. 38

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

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
Regular Instruction (Article 2)				
Elementary (Primary) Instruction	\$ 5,366,959	\$ 5,366,959	\$ 5,143,083	\$ 223,876
Secondary Instruction	2,482,924	2,482,924	2,430,225	52,699
Student Transportation - Field Trips	21,544	21,544	5,253	16,291
ESL	20,139	20,139	19,733	406
Gifted and Talented	130,443	130,443	112,323	18,120
Total	8,022,009	8,022,009	7,710,617	311,392
Special Education (Article 3)				
Administration	197,804	197,804	175,818	21,986
Resource Room	837,779	837,779	788,566	49,213
Self Contained	1,410,734	1,410,734	1,069,459	341,275
Tutor	4,797	4,797	-	4,797
Social Worker	10,030	10,030	8,259	1,771
Health	21,545	21,545	21,714	(169)
Psychological	153,931	153,931	145,148	8,783
Speech	293,131	293,131	229,801	63,330
Occupational Therapy	-	-	1,100	(1,100)
ESY (Extended School Year)	-	-	40	(40)
Total	2,929,751	2,929,751	2,439,905	489,846
Other Instruction (Article 5)				
Co-Curricular	95,807	95,807	73,611	22,196
Summer Program - Elementary	7,332	7,332	2,805	4,527
Athletics	380,191	380,191	379,874	317
Total	483,330	483,330	456,290	27,040
Student and Staff Support (Article 6)				
Guidance	372,679	372,679	356,514	16,165
Library	316,747	316,747	261,530	55,217
Technology	556,386	556,386	533,438	22,948
Assessment	65,870	65,870	60,181	5,689
Other Support Services	20,280	20,280	20,552	(272)
Health	334,591	334,591	320,823	13,768
Curriculum and Imp of Instruction	209,500	209,500	232,846	(23,346)
Staff Training	43,800	43,800	42,316	1,484
Total	1,919,853	1,919,853	1,828,200	91,653

SCHEDULE A (CONTINUED)
REGIONAL SCHOOL UNIT NO. 38

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

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
System Administration (Article 7)				
School Board	129,155	129,155	101,733	27,422
Superintendent	245,237	245,237	243,671	1,566
Business Office	343,509	343,509	365,502	(21,993)
Fiscal Services	3,700	3,700	2,226	1,474
Total	<u>721,601</u>	<u>721,601</u>	<u>713,132</u>	<u>8,469</u>
School Administration (Article 8)				
Principal's Office	1,171,916	1,171,916	1,108,318	63,598
Total	<u>1,171,916</u>	<u>1,171,916</u>	<u>1,108,318</u>	<u>63,598</u>
Transportation (Article 9)	<u>1,089,314</u>	<u>1,089,314</u>	<u>994,023</u>	<u>95,291</u>
Operations and Maintenance (Article 10)				
Maintenance of Plant	445,608	445,608	538,958	(93,350)
Care of Buildings	1,044,043	1,044,043	922,938	121,105
Maintenance of Buildings	449,678	449,678	443,234	6,444
Capital Improvement	66,100	66,100	79,413	(13,313)
Total	<u>2,005,429</u>	<u>2,005,429</u>	<u>1,984,543</u>	<u>20,886</u>
Debt Service (Article 11)				
Principal	489,557	489,557	489,557	-
Interest	111,286	111,286	111,286	-
Total	<u>600,843</u>	<u>600,843</u>	<u>600,843</u>	<u>-</u>
Other Expenditures (Article 12)	<u>9,287</u>	<u>9,287</u>	<u>-</u>	<u>9,287</u>
Transfers to Other Funds				
Transfer to Health Program	30,000	30,000	30,000	-
Transfer to Food Service	105,000	105,000	105,000	-
Total	<u>135,000</u>	<u>135,000</u>	<u>135,000</u>	<u>-</u>
Total Departmental Operations	<u>\$ 19,088,333</u>	<u>\$ 19,088,333</u>	<u>\$ 17,970,871</u>	<u>\$ 1,117,462</u>

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

REGIONAL SCHOOL UNIT NO. 38

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 239,989	\$ 76,914	\$ 316,903
Investments	-	82,506	82,506
Due from other governments	653,400	-	653,400
Due from other funds	263,271	-	263,271
TOTAL ASSETS	<u>\$ 1,156,660</u>	<u>\$ 159,420</u>	<u>\$ 1,316,080</u>
LIABILITIES			
Due to other funds	\$ 653,521	\$ -	\$ 653,521
TOTAL LIABILITIES	<u>653,521</u>	<u>-</u>	<u>653,521</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	389,597	159,420	549,017
Committed	5,108	-	5,108
Assigned	108,493	-	108,493
Unassigned	(59)	-	(59)
TOTAL FUND BALANCES	<u>503,139</u>	<u>159,420</u>	<u>662,559</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,156,660</u>	<u>\$ 159,420</u>	<u>\$ 1,316,080</u>

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

REGIONAL SCHOOL UNIT NO. 38

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

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Support form towns	\$ 63,333	\$ -	\$ 63,333
Intergovernmental revenue	2,477,849	-	2,477,849
Charges for services	324,467	-	324,467
Interest income	-	929	929
Other	220,630	12,141	232,771
TOTAL REVENUES	<u>3,086,279</u>	<u>13,070</u>	<u>3,099,349</u>
EXPENDITURES			
Program expenses	2,882,709	11,400	2,894,109
TOTAL EXPENDITURES	<u>2,882,709</u>	<u>11,400</u>	<u>2,894,109</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>203,570</u>	<u>1,670</u>	<u>205,240</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	11,238	-	11,238
Transfers (out)	(59,206)	-	(59,206)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(47,968)</u>	<u>-</u>	<u>(47,968)</u>
NET CHANGE IN FUND BALANCES	155,602	1,670	157,272
FUND BALANCES - JULY 1	<u>347,537</u>	<u>157,750</u>	<u>505,287</u>
FUND BALANCES - JUNE 30	<u>\$ 503,139</u>	<u>\$ 159,420</u>	<u>\$ 662,559</u>

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

Special Revenue Funds

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

SCHEDULE D

REGIONAL SCHOOL UNIT NO. 38

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

	Adult Education	Local Town Meeting	Title I Innovative Grant	Misc. Local SR	GEER Grant	MEEA Outdoor Learning	Adult Ed. College Transition
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	49,712	-	-	-	6,703
Due from other funds	144,153	-	-	500	700	51	-
TOTAL ASSETS	\$ 144,153	\$ -	\$ 49,712	\$ 500	\$ 700	\$ 51	\$ 6,703
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ 49,712	\$ -	\$ -	\$ -	\$ 6,703
TOTAL LIABILITIES	-	-	49,712	-	-	-	6,703
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	144,153	-	-	-	-	-	-
Committed	-	-	-	500	700	51	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	144,153	-	-	500	700	51	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 144,153	\$ -	\$ 49,712	\$ 500	\$ 700	\$ 51	\$ 6,703

REGIONAL SCHOOL UNIT NO. 38

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

	MS MEF Grant	A.E. Maine Education Foundation	Health Center State Grant	ARP Local Entitlement	Friends of Acadia Grant	ARP Local Entitlement Pre-K
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	34,818	5,961	-	2,109
Due from other funds	3,562	100	-	-	1,912	-
TOTAL ASSETS	<u>\$ 3,562</u>	<u>\$ 100</u>	<u>\$ 34,818</u>	<u>\$ 5,961</u>	<u>\$ 1,912</u>	<u>\$ 2,109</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 34,818	\$ 5,961	\$ -	\$ 2,109
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>34,818</u>	<u>5,961</u>	<u>-</u>	<u>2,109</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	100	-	-	1,912	-
Committed	3,562	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>3,562</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>1,912</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 3,562</u>	<u>\$ 100</u>	<u>\$ 34,818</u>	<u>\$ 5,961</u>	<u>\$ 1,912</u>	<u>\$ 2,109</u>

REGIONAL SCHOOL UNIT NO. 38

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

	HS Scholarship America	Tech Educate Maine	Title IA	Local Entitlement	ESSERF Grant	Proficiency Based Education	AEFLA
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	67,156	109,035	7,684	-	-
Due from other funds	168	500	-	-	-	295	-
TOTAL ASSETS	\$ 168	\$ 500	\$ 67,156	\$ 109,035	\$ 7,684.00	\$ 295	\$ -
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ 67,156	\$ 108,972	\$ 7,684	\$ -	\$ -
TOTAL LIABILITIES	-	-	67,156	108,972	7,684	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	168	500	-	63	-	-	-
Committed	-	-	-	-	-	295	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	168	500	-	63	-	295	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 168	\$ 500	\$ 67,156	\$ 109,035	\$ 7,684	\$ 295	\$ -

SCHEDULE D (CONTINUED)

REGIONAL SCHOOL UNIT NO. 38

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

	ESSERF II Grant	Misc. Elementary Grants	CRF Grant Adult Ed	Clearing Account	MLTI Student Fee	MLTI State Laptop	Employee Laptop Fee
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	4,673	-	-	-	-	-	-
Due from other funds	-	-	-	259	33,990	-	74,244
TOTAL ASSETS	<u>\$ 4,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259</u>	<u>\$ 33,990</u>	<u>\$ -</u>	<u>\$ 74,244</u>
LIABILITIES							
Due to other funds	\$ 4,673	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>4,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	259	33,990	-	74,244
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>259</u>	<u>33,990</u>	<u>-</u>	<u>74,244</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 4,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259</u>	<u>\$ 33,990</u>	<u>\$ -</u>	<u>\$ 74,244</u>

SCHEDULE D (CONTINUED)

REGIONAL SCHOOL UNIT NO. 38

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

	Tech Fiscal Service	Local Ent. Pre-School	ME Agriculture in the Classroom	Title IA Program Improvement	Title IVA	ESSERF III Grant	CSSRA ESSERF Grant
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	974	-	16,094	5,700	303,580	19,360
Due from other funds	-	-	122	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 974</u>	<u>\$ 122</u>	<u>\$ 16,094</u>	<u>\$ 5,700</u>	<u>\$ 303,580</u>	<u>\$ 19,360</u>
LIABILITIES							
Due to other funds	\$ -	\$ 974	\$ -	\$ 16,094	\$ 5,700	\$ 303,580	\$ 19,360
TOTAL LIABILITIES	<u>-</u>	<u>974</u>	<u>-</u>	<u>16,094</u>	<u>5,700</u>	<u>303,580</u>	<u>19,360</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	122	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 974</u>	<u>\$ 122</u>	<u>\$ 16,094</u>	<u>\$ 5,700</u>	<u>\$ 303,580</u>	<u>\$ 19,360</u>

SCHEDULE D (CONTINUED)

REGIONAL SCHOOL UNIT NO. 38

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

	Title VI Rural Low Income	Title IIA	Insurance Settlement Fund	Portrait of a Graduate Grant	Student Activities Fund	Local Grant Extra Curricular	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 239,989	\$ -	\$ 239,989
Due from other governments	1,860	17,981	-	-	-	-	653,400
Due from other funds	-	-	-	-	-	2,715	263,271
TOTAL ASSETS	\$ 1,860	\$ 17,981	\$ -	\$ -	\$ 239,989	\$ 2,715	\$ 1,156,660
LIABILITIES							
Due to other funds	\$ 1,860	\$ 17,981	\$ -	\$ 59	\$ 125	\$ -	\$ 653,521
TOTAL LIABILITIES	1,860	17,981	-	59	125	-	653,521
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	239,864	2,715	389,597
Committed	-	-	-	-	-	-	5,108
Assigned	-	-	-	-	-	-	108,493
Unassigned	-	-	-	(59)	-	-	(59)
TOTAL FUND BALANCES (DEFICITS)	-	-	-	(59)	239,864	2,715	503,139
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,860	\$ 17,981	\$ -	\$ -	\$ 239,989	\$ 2,715	\$ 1,156,660

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

REGIONAL SCHOOL UNIT NO. 38

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

	Adult Education	Local Town Meeting	Title I Innovative Grant	Misc. Local SR	GEER Grant	MEEA Outdoor Learning	Adult Ed. College Transition
REVENUES							
Support from towns	\$ 63,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	38,425	-	85,410	500	1,500	1,500	6,703
Charges for services	201,452	-	-	-	-	-	-
Other	16	-	-	-	-	-	-
TOTAL REVENUES	<u>303,226</u>	<u>-</u>	<u>85,410</u>	<u>500</u>	<u>1,500</u>	<u>1,500</u>	<u>6,703</u>
EXPENDITURES							
Program expenses	214,285	263	85,410	-	800	1,449	6,703
TOTAL EXPENDITURES	<u>214,285</u>	<u>263</u>	<u>85,410</u>	<u>-</u>	<u>800</u>	<u>1,449</u>	<u>6,703</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>88,941</u>	<u>(263)</u>	<u>-</u>	<u>500</u>	<u>700</u>	<u>51</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	88,941	(263)	-	500	700	51	-
FUND BALANCES (DEFICITS) - JULY 1	<u>55,212</u>	<u>263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 144,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 700</u>	<u>\$ 51</u>	<u>\$ -</u>

REGIONAL SCHOOL UNIT NO. 38

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

	MS MEF Grant	A.E. Maine Education Foundation	Health Center State Grant	ARP Local Entitlement	Friends of Acadia Grant	ARP Local Entitlement Pre-K
REVENUES						
Support from towns	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	7,892	-	47,968	15,202	-	3,619
Charges for services	-	-	-	-	-	-
Other	1,300	-	-	-	-	-
TOTAL REVENUES	<u>9,192</u>	<u>-</u>	<u>47,968</u>	<u>15,202</u>	<u>-</u>	<u>3,619</u>
EXPENDITURES						
Program expenses	8,582	-	-	15,202	359	3,619
TOTAL EXPENDITURES	<u>8,582</u>	<u>-</u>	<u>-</u>	<u>15,202</u>	<u>359</u>	<u>3,619</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>610</u>	<u>-</u>	<u>47,968</u>	<u>-</u>	<u>(359)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	(47,968)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(47,968)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	610	-	-	-	(359)	-
FUND BALANCES (DEFICITS) - JULY 1	<u>2,952</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>2,271</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 3,562</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,912</u>	<u>\$ -</u>

REGIONAL SCHOOL UNIT NO. 38

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

	HS Scholarship America	Tech Educate Maine	Title IA	Local Entitlement	ESSERF Grant	Proficiency Based Education	AEFLA
REVENUES							
Support from towns	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	140,445	345,099	64,980	-	466
Charges for services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	140,445	345,099	64,980	-	466
EXPENDITURES							
Program expenses	-	-	140,762	345,036	64,980	-	466
TOTAL EXPENDITURES	-	-	140,762	345,036	64,980	-	466
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(317)	63	-	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	317	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	317	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	63	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	168	500	-	-	-	295	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 168	\$ 500	\$ -	\$ 63	\$ -	\$ 295	\$ -

REGIONAL SCHOOL UNIT NO. 38

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

	ESSERF II Grant	Misc. Elementary Grants	CRF Grant Adult Ed	Clearing Account	MLTI Student Fee	MLTI State Laptop	Employee Laptop Fee
REVENUES							
Support from towns	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	499,090	800	-	-	-	110,619	-
Charges for services	-	-	-	-	34,611	-	88,404
Other	-	-	-	363	-	-	-
TOTAL REVENUES	499,090	800	-	363	34,611	110,619	88,404
EXPENDITURES							
Program expenses	499,090	800	-	363	59,758	110,619	31,412
TOTAL EXPENDITURES	499,090	800	-	363	59,758	110,619	31,412
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(25,147)	-	56,992
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-	(25,147)	-	56,992
FUND BALANCES (DEFICITS) - JULY 1	-	-	-	259	59,137	-	17,252
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ -	\$ -	\$ 259	\$ 33,990	\$ -	\$ 74,244

REGIONAL SCHOOL UNIT NO. 38

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

	Tech Fiscal Service	Local Ent. Pre-School	ME Agriculture in the Classroom	Title IA Program Improvement	Title IVA	ESSERF III Grant	CSSRA ESSERF Grant
REVENUES							
Support from towns	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	5,265	-	33,290	16,938	899,617	78,212
Charges for services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL REVENUES	-	5,265	-	33,290	16,938	899,617	78,212
EXPENDITURES							
Program expenses	3,278	5,265	750	33,290	5,700	899,617	78,212
TOTAL EXPENDITURES	3,278	5,265	750	33,290	5,700	899,617	78,212
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,278)	-	(750)	-	11,238	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(11,238)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(11,238)	-	-
NET CHANGE IN FUND BALANCES	(3,278)	-	(750)	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	3,278	-	872	-	-	-	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ -	\$ 122	\$ -	\$ -	\$ -	\$ -

REGIONAL SCHOOL UNIT NO. 38

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

	Title IV Rural Low Income	Title IIA	Insurance Settlement Fund	Portrait of a Graduate Grant	Student Activities Fund	Local Grant Extra Curricular	Total
REVENUES							
Support from towns	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,333
Intergovernmental revenue	15,207	53,023	-	6,079	-	-	2,477,849
Charges for services	-	-	-	-	-	-	324,467
Other	-	-	-	-	201,415	17,536	220,630
TOTAL REVENUES	15,207	53,023	-	6,079	201,415	17,536	3,086,279
EXPENDITURES							
Program expenses	26,128	53,023	6,503	6,138	157,985	16,862	2,882,709
TOTAL EXPENDITURES	26,128	53,023	6,503	6,138	157,985	16,862	2,882,709
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,921)	-	(6,503)	(59)	43,430	674	203,570
OTHER FINANCING SOURCES (USES)							
Transfers in	10,921	-	-	-	-	-	11,238
Transfers (out)	-	-	-	-	-	-	(59,206)
TOTAL OTHER FINANCING SOURCES (USES)	10,921	-	-	-	-	-	(47,968)
NET CHANGE IN FUND BALANCES	-	-	(6,503)	(59)	43,430	674	155,602
FUND BALANCES (DEFICITS) - JULY 1	-	-	6,503	-	196,434	2,041	347,537
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ -	\$ -	\$ (59)	\$ 239,864	\$ 2,715	\$ 503,139

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

Permanent Funds

Permanent funds are used to account for assets held by Regional School Unit No. 38 that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Unit or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of scholarships.

REGIONAL SCHOOL UNIT NO. 38

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2022

	Readfield Golden G&G	Col. Thornton McGlamery	Coach Peter Poulin	Ronald Robertson	George and Alice Powers	Kents Hill Lumber
ASSETS						
Cash and cash equivalents	\$ 7,143	\$ 208	\$ 2,205	\$ 11,475	\$ 3,859	\$ 10,155
Investments	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 7,143</u>	<u>\$ 208</u>	<u>\$ 2,205</u>	<u>\$ 11,475</u>	<u>\$ 3,859</u>	<u>\$ 10,155</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	7,143	208	2,205	11,475	3,859	10,155
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>7,143</u>	<u>208</u>	<u>2,205</u>	<u>11,475</u>	<u>3,859</u>	<u>10,155</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,143</u>	<u>\$ 208</u>	<u>\$ 2,205</u>	<u>\$ 11,475</u>	<u>\$ 3,859</u>	<u>\$ 10,155</u>

REGIONAL SCHOOL UNIT NO. 38

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2022

	Marion Tucker Memorial	Senior Citizens	John Stone Scholarship	Katie Piper	David McPhedran	Benjamin Barclay
ASSETS						
Cash and cash equivalents	\$ 2,853	\$ -	\$ 2,673	\$ 365	\$ 7,715	\$ 1,303
Investments	-	10,678	-	13,484	24,466	-
TOTAL ASSETS	<u>\$ 2,853</u>	<u>\$ 10,678</u>	<u>\$ 2,673</u>	<u>\$ 13,849</u>	<u>\$ 32,181</u>	<u>\$ 1,303</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	2,853	10,678	2,673	13,849	32,181	1,303
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,853</u>	<u>10,678</u>	<u>2,673</u>	<u>13,849</u>	<u>32,181</u>	<u>1,303</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,853</u>	<u>\$ 10,678</u>	<u>\$ 2,673</u>	<u>\$ 13,849</u>	<u>\$ 32,181</u>	<u>\$ 1,303</u>

REGIONAL SCHOOL UNIT NO. 38

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2022

	Maranacook Com. Alumni Schol. Fund	Steve DeAngelis Scholarship	Luke Hopkins	Lloyd Jewett	Wendy Williams	Total
ASSETS						
Cash and cash equivalents	\$ 7,412	\$ 2,643	\$ 8,520	\$ 787	\$ 7,598	\$ 76,914
Investments	33,878	-	-	-	-	82,506
TOTAL ASSETS	\$ 41,290	\$ 2,643	\$ 8,520	\$ 787	\$ 7,598	\$ 159,420
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	41,290	2,643	8,520	787	7,598	159,420
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	41,290	2,643	8,520	787	7,598	159,420
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,290	\$ 2,643	\$ 8,520	\$ 787	\$ 7,598	\$ 159,420

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

REGIONAL SCHOOL UNIT NO. 38

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

	Readfield Golden G&G	Col. Thornton McGlamery	Coach Peter Poulin	Ronald Robertson	George and Alice Powers	Kents Hill Lumber
REVENUES						
Interest income	\$ 2	\$ -	\$ 1	\$ 6	\$ 2	\$ 6
Other	7,141	-	-	-	-	-
TOTAL REVENUES	<u>7,143</u>	<u>-</u>	<u>1</u>	<u>6</u>	<u>2</u>	<u>6</u>
EXPENDITURES						
Other	-	-	500	-	-	500
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
NET CHANGE IN FUND BALANCES	7,143	-	(499)	6	2	(494)
FUND BALANCES - JULY 1	<u>-</u>	<u>208</u>	<u>2,704</u>	<u>11,469</u>	<u>3,857</u>	<u>10,649</u>
FUND BALANCES - JUNE 30	<u>\$ 7,143</u>	<u>\$ 208</u>	<u>\$ 2,205</u>	<u>\$ 11,475</u>	<u>\$ 3,859</u>	<u>\$ 10,155</u>

SCHEDULE G (CONTINUED)

REGIONAL SCHOOL UNIT NO. 38

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

	Marion Tucker Memorial	Senior Citizens	John Stone Scholarship	Katie Piper	David McPhedran	Benjamin Barclay
REVENUES						
Interest income	\$ 1	\$ 58	\$ 1	\$ 33	\$ 270	\$ 1
Other	-	-	-	-	4,135	-
TOTAL REVENUES	<u>1</u>	<u>58</u>	<u>1</u>	<u>33</u>	<u>4,405</u>	<u>1</u>
EXPENDITURES						
Other	500	-	700	1,000	2,000	-
TOTAL EXPENDITURES	<u>500</u>	<u>-</u>	<u>700</u>	<u>1,000</u>	<u>2,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(499)	58	(699)	(967)	2,405	1
FUND BALANCES - JULY 1	<u>3,352</u>	<u>10,620</u>	<u>3,372</u>	<u>14,816</u>	<u>29,776</u>	<u>1,302</u>
FUND BALANCES - JUNE 30	<u>\$ 2,853</u>	<u>\$ 10,678</u>	<u>\$ 2,673</u>	<u>\$ 13,849</u>	<u>\$ 32,181</u>	<u>\$ 1,303</u>

REGIONAL SCHOOL UNIT NO. 38

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

	Maranacook Com. Alumni Schol. Fund	Steve DeAngelis Scholarship	Luke Hopkins	Lloyd Jewett	Wendy Williams	Total
REVENUES						
Interest income	\$ 537	\$ 1	\$ 5	\$ 1	\$ 4	\$ 929
Other	-	165	-	-	700	12,141
TOTAL REVENUES	<u>537</u>	<u>166</u>	<u>5</u>	<u>1</u>	<u>704</u>	<u>13,070</u>
EXPENDITURES						
Other	3,950	800	1,300	150	-	11,400
TOTAL EXPENDITURES	<u>3,950</u>	<u>800</u>	<u>1,300</u>	<u>150</u>	<u>-</u>	<u>11,400</u>
NET CHANGE IN FUND BALANCES	(3,413)	(634)	(1,295)	(149)	704	1,670
FUND BALANCES - JULY 1	<u>44,703</u>	<u>3,277</u>	<u>9,815</u>	<u>936</u>	<u>6,894</u>	<u>157,750</u>
FUND BALANCES - JUNE 30	<u>\$ 41,290</u>	<u>\$ 2,643</u>	<u>\$ 8,520</u>	<u>\$ 787</u>	<u>\$ 7,598</u>	<u>\$ 159,420</u>

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

Enterprise Funds

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

REGIONAL SCHOOL UNIT NO. 38

COMBINING SCHEDULE OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2022

	Daycare/ After School Program Readfield	Adult Education	Health Center	Total Other Enterprise Funds
ASSETS				
Current assets:				
Due from other funds	\$ 3,396	\$ 10,129	\$ 58,258	\$ 71,783
TOTAL ASSETS	\$ 3,396	\$ 10,129	\$ 58,258	\$ 71,783
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-
NET POSITION				
Unrestricted	3,396	10,129	58,258	71,783
TOTAL NET POSITION	3,396	10,129	58,258	71,783
TOTAL LIABILITIES AND NET POSITION	\$ 3,396	\$ 10,129	\$ 58,258	\$ 71,783

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

REGIONAL SCHOOL UNIT NO. 38

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET
POSITION - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Daycare/ After School Program Readfield	Adult Education	Health Center	Total Other Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ -	\$ 9,371	\$ -	\$ 9,371
TOTAL OPERATING REVENUES	<u>-</u>	<u>9,371</u>	<u>-</u>	<u>9,371</u>
OPERATING EXPENSES				
Salaries	-	6,805	47,856	54,661
Benefits	-	351	10,023	10,374
Contractual services	-	4,671	11,400	16,071
Supplies	-	1,662	912	2,574
Other	-	-	1,194	1,194
TOTAL OPERATING EXPENSES	<u>-</u>	<u>13,489</u>	<u>71,385</u>	<u>84,874</u>
OPERATING INCOME (LOSS)	<u>-</u>	<u>(4,118)</u>	<u>(71,385)</u>	<u>(75,503)</u>
NONOPERATING REVENUES (EXPENSES)				
Transfers in	-	-	77,968	77,968
Transfers (out)	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>-</u>	<u>-</u>	<u>77,968</u>	<u>77,968</u>
CHANGES IN NET POSITION	-	(4,118)	6,583	2,465
NET POSITION - JULY 1	<u>3,396</u>	<u>14,247</u>	<u>51,675</u>	<u>69,318</u>
NET POSITION - JUNE 30	<u>\$ 3,396</u>	<u>\$ 10,129</u>	<u>\$ 58,258</u>	<u>\$ 71,783</u>

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

REGIONAL SCHOOL UNIT NO. 38

COMBINING SCHEDULE OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Daycare/ After School Program Readfield	Adult Education	Health Center	Total Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ -	\$ 9,371	\$ -	\$ 9,371
Internal activity - receipts (payments) from/to other funds	-	4,118	(6,583)	(2,465)
Payments to employees	-	(6,805)	(47,856)	(54,661)
Payments to suppliers	-	(6,684)	(23,529)	(30,213)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	-	(77,968)	(77,968)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	-	-	77,968	77,968
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-	77,968	77,968
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS - JULY 1	-	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ -	\$ (4,118)	\$ (71,385)	\$ (75,503)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Changes in operating assets and liabilities:				
(Increase) decrease in due from other funds	-	4,118	(6,583)	(2,465)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ -	\$ -	\$ (77,968)	\$ (77,968)

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

General Capital Assets

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

REGIONAL SCHOOL UNIT NO. 38

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Regular Instruction	\$ 138,393	\$ 8,888,701	\$ 393,992	\$ -	\$ 9,421,086
Special Education	38,400	2,894,701	1,066	-	2,934,167
Other Instruction	19,200	1,911,611	41,851	-	1,972,662
Administration	-	219,878	16,042	-	235,920
School Administration	19,200	1,417,902	91,955	-	1,529,057
Operations and Maintenance	119,874	7,351,166	201,089	74,500	7,746,629
Transportation	-	290,302	1,893,448	-	2,183,750
District Wide	46,912	2,484,888	469,259	-	3,001,059
School Lunch	-	-	106,651	-	106,651
Total General Capital Assets	381,979	25,459,149	3,215,353	74,500	29,130,981
Less: Accumulated Depreciation	-	(11,183,150)	(1,886,628)	-	(13,069,778)
Net General Capital Assets	<u>\$ 381,979</u>	<u>\$ 14,275,999</u>	<u>\$ 1,328,725</u>	<u>\$ 74,500</u>	<u>\$ 16,061,203</u>

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

REGIONAL SCHOOL UNIT NO. 38

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2022

	General Capital Assets 7/1/21 (Restated)	Additions	Deletions	General Capital Assets 6/30/22
Regular Instruction	\$ 9,276,049	\$ 233,447	\$ (88,410)	\$ 9,421,086
Special Education	2,934,167	-	-	2,934,167
Other Instruction	1,972,662	-	-	1,972,662
Administration	235,920	-	-	235,920
School Administration	1,529,057	-	-	1,529,057
Operations and Maintenance	7,202,975	637,952	(94,298)	7,746,629
Transportation	2,094,699	228,312	(139,261)	2,183,750
District Wide	3,001,059	-	-	3,001,059
School Lunch	100,992	5,659	-	106,651
	<u>28,347,580</u>	<u>1,105,370</u>	<u>(321,969)</u>	<u>29,130,981</u>
Total General Capital Assets	28,347,580	1,105,370	(321,969)	29,130,981
Less: Accumulated Depreciation	<u>(12,236,458)</u>	<u>(959,800)</u>	<u>126,480</u>	<u>(13,069,778)</u>
Net General Capital Assets	<u>\$ 16,111,122</u>	<u>\$ 145,570</u>	<u>\$ (195,489)</u>	<u>\$ 16,061,203</u>

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

Federal Compliance

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

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

REGIONAL SCHOOL UNIT NO. 38

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

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal AL Number	Pass Through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed through State of Maine - Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	13-3014	\$ -	\$ 95,808
National School Lunch Program	10.555	13-3024	-	526,280
Subtotal Child Nutrition Cluster			-	622,088
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	13-6184	-	3,684
Total U.S. Department of Agriculture			-	625,772
U.S. Department of Education				
Passed through State of Maine - Department of Education:				
Title I Grants to Local Educational Agencies	84.010A	13-3107	-	140,445
Title I Grants to Local Educational Agencies	84.010A	N/A	-	33,290
Title I Grants to Local Educational Agencies	84.010A	13-3106	-	85,410
			-	259,145
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027A	13-3046	-	345,036
Special Education Grants to States - ARP	84.027X	25-7170	-	15,202
Special Education Preschool Grants	84.173A	13-6247	-	5,265
Special Education Preschool Grants - ARP	84.173X	25-7171	-	3,618
Subtotal Special Education Cluster (IDEA)			-	369,121
Rural Education	84.358	13-3305	-	26,129
Supporting Effective Instruction State Grants	84.367A	13-3042	-	53,023
Education Stabilization Fund	84.425D	13-7006	-	64,980
Education Stabilization Fund	84.425D	13-7041	-	499,089
Education Stabilization Fund	84.425	N/A	-	78,212
Education Stabilization Fund	84.425U	25-7071	-	899,617
			-	1,541,898
Total U.S. Department of Education			-	2,249,316
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 2,875,088

REGIONAL SCHOOL UNIT NO. 38

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Regional School Unit No. 38 under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Regional School Unit No. 38, it is not intended to and does not present the financial position, changes in net position or cash flows of the Regional School Unit No. 38.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Regional School Unit No. 38 has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Food Donation Program

The Regional School Unit No. 38 reports commodities consumed on the Schedule at the fair value [or entitlement value]. The Government allocated donated food commodities to the respective program(s) that benefitted from the use of those donated food commodities.



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

Board of Directors
Regional School Unit No. 38
Readfield, Maine

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, the business-type activities, each major fund and the aggregate remaining fund information of Regional School Unit No. 38 as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise Regional School Unit No. 38's basic financial statements and have issued our report thereon dated April 25, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regional School Unit No. 38's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional School Unit No. 38's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 38'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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional School Unit No. 38's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of Regional School Unit No. 38 in a separate letter dated March 31, 2023.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
April 25, 2023



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

Board of Directors
Regional School Unit No. 38
Readfield, Maine

Report on Compliance for Each Major Federal Program

We have audited Regional School Unit No. 38's compliance with the types of compliance requirements described in the *OMB Circular Supplement* that could have a direct and material effect on each of Regional School Unit No. 38's major federal programs for the year ended June 30, 2022. Regional School Unit No. 38's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Regional School Unit No. 38's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Regional School Unit No. 38's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Regional School Unit No. 38's compliance.

Opinion on Each Major Federal Program

In our opinion, Regional School Unit No. 38 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Report on Internal Control Over Compliance

Management of Regional School Unit No. 38 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Regional School Unit No. 38's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 38's internal control over compliance.

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

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

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

RHR Smith & Company

Buxton, Maine
April 25, 2023

REGIONAL SCHOOL UNIT NO. 38

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported
In accordance with 2 CFR 200.516(a) yes no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425D&U	Elementary and Secondary School Emergency Relief Fund

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

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None

State Compliance

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

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



INDEPENDENT AUDITOR'S REPORT ON STATE REQUIREMENTS

Board of Directors
Regional School Unit No. 38
Readfield, Maine

We have audited the financial statements of Regional School Unit No. 38 for the year ended June 30, 2022 and have issued our report thereon dated April 25, 2023. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Regional School Unit No. 38's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered it necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, Regional School Unit No. 38 complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Regional School Unit No. 38 was in noncompliance with or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Unit and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education Financial System maintained at the Maine Department of Education.

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

RHR Smith & Company

Buxton, Maine
April 25, 2023

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REGIONAL SCHOOL UNIT NO. 38

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

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Funds (4000)	Scholarships (8000)	Total
June 30 Balance per Maine Education Financial System	\$ 2,039,526	\$ 154,782	\$ 138,973	\$ 160,296	\$ 2,493,577
Revenue Adjustments:					
Interest	-	-	28	-	28
Other Adjustments:					
Cash	(1,385)				(1,385)
Accounts payable	(39,260)	-	-	-	(39,260)
Audit adjustments - Due to/from	1,257	-	-	(876)	381
Fiduciary funds	-	239,864	-	-	239,864
Funds not on MEFS	-	108,493	-	-	108,493
Rounding	1	-	-	-	1
Audited GAAP Basis Fund balance June 30	<u>\$ 2,000,139</u>	<u>\$ 503,139</u>	<u>\$ 139,001</u>	<u>\$ 159,420</u>	<u>\$ 2,801,699</u>