

Federal Compliance Audit

**Maine School Administrative  
District No. 28**

June 30, 2022

Revised June 21, 2023



*Proven Expertise & Integrity*

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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JUNE 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Maine School Administrative District No. 28  
Camden, Maine

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Maine School Administrative District No. 28, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Maine School Administrative District No. 28'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, each major fund and the aggregate remaining fund information of Maine School Administrative District No. 28 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 School Districted States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the School Districted States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the School Districted 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 Maine School Administrative District No. 28 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 School Districted States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Maine School Administrative District No. 28'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 Maine School Administrative District No. 28'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 Maine School Administrative District No. 28'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 School Districted States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 12 and 60 through 67 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 School Districted 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 Maine School Administrative District No. 28's basic financial statements. The combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. 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 School Districted States of America. In our opinion, the combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2023, on our consideration of Maine School Administrative District No. 28's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Maine School Administrative District No. 28's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
June 5, 2023



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

**(UNAUDITED)**

The following management's discussion and analysis of Maine School Administrative District No. 28's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the School District's financial statements.

**Financial Statement Overview**

The School District'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 schedules 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 School District'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 School District'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 School District's activity. The type of activity presented for the School District is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the School District's basic services are reported in governmental activities, which include regular instruction, special education, career and technical education, other instruction, student and staff support services, system administration, school administration, operations and maintenance, transportation and program expenses. Support from Towns, charges for services and state and federal grants finance most of these activities.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the School District can be classified as either governmental or fiduciary funds.

*Governmental funds:* All of the basic services provided by the School District 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 School District's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the School District.

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

The School District presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The School District's major governmental funds are the general fund and capital reserve 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 School District 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.

### **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 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

### **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 - SET Plan, 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 and capital asset activity.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the School District's governmental activities. The School District's total net position increased by \$133,144 from \$11,636,604 to \$11,769,748.

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 - decreased to a deficit balance of \$1,662,635 at the end of this year.

**Table 1**  
**Maine School Administrative District No. 28**  
**Net Position**  
**June 30,**

	<b>2022</b>	<b>2021 (Restated)</b>
<b>Assets:</b>		
Current Assets	\$ 5,191,037	\$ 6,547,322
Noncurrent Assets - Capital Assets	46,590,533	47,272,391
Total Assets	51,781,570	53,819,713
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows Related to Pensions	359,277	276,542
Deferred Outflows Related to OPEB	203,244	114,678
Total Deferred Outflows of Resources	562,521	391,220
<b>Liabilities:</b>		
Current Liabilities	5,052,231	4,971,469
Noncurrent Liabilities	35,188,029	37,421,126
Total Liabilities	40,240,260	42,392,595
<b>Deferred Inflows of Resources:</b>		
Deferred Revenue	11,328	-
Deferred Inflows Related to Pensions	147,714	35,632
Deferred Inflows Related to OPEB	175,041	146,102
Total Deferred Inflows of Resources	334,083	181,734
<b>Net Position:</b>		
Net Investment in Capital Assets	11,727,987	11,959,965
Restricted: General Fund	719,084	-
Special Revenue Funds	412,721	439,178
Capital Project Funds	572,591	-
Unrestricted (Deficit)	(1,662,635)	(762,539)
Total Net Position	\$ 11,769,748	\$ 11,636,604

### **Revenues and Expenses**

Revenues for the School District's governmental activities increased by 1.36%, while total expenses increased by 16.05%. All revenue categories increased from the previous year with the exception of charges for services, operating grants and contributions and capital grants and contributions. The largest increases in expenses were in regular instruction and capital outlay.

**Table 2**  
**Maine School Administrative District No. 28**  
**Change in Net Position**  
**For the Years Ended June 30,**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
<i>Program revenues:</i>		
Charges for services	\$ 266,106	\$ 416,883
Operating grants and contributions	2,683,510	2,929,180
Capital grants and contributions	169,512	213,663
<i>General revenues:</i>		
Support from towns	15,591,003	15,258,168
Grants and contributions not restricted to specific programs	1,074,585	948,554
Interest earned	16,001	15,106
Miscellaneous	279,603	29,365
Total Revenues	<u>20,080,320</u>	<u>19,810,919</u>
<b>Expenses</b>		
<i>Instruction:</i>		
Regular instruction	5,610,729	4,949,401
Special education	2,309,558	2,172,042
Other instruction	88,159	41,055
Student and staff support	1,135,602	1,031,198
System administration	471,604	348,507
School administration	753,233	741,368
Operations and maintenance	3,055,112	2,911,452
Transportation	778,106	663,696
Other expenses	6,176	45,677
On-behalf payments - State of Maine	1,224,027	1,160,965
Interest on long-term debt	1,281,223	1,343,286
Capital Outlay	2,062,300	-
Program expenses	1,171,347	1,780,131
Total Expenses	<u>19,947,176</u>	<u>17,188,778</u>
Change in Net Position	133,144	2,622,141
Net Position - July 1, Restated	<u>11,636,604</u>	<u>9,014,463</u>
Net Position - June 30	<u>\$ 11,769,748</u>	<u>\$ 11,636,604</u>

## Financial Analysis of the School District's Fund Statements

*Governmental funds:* The financial reporting focus of the School District'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 School District'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**  
**Maine School Administrative District No. 28**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<u>2022</u>	<u>2021 (Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Restricted	\$ 719,084	\$ -	\$ 719,084
Committed	250,000	-	250,000
Assigned	250,000	360,000	(110,000)
Unassigned	758,555	1,048,426	(289,871)
Total General Fund	<u>\$ 1,977,639</u>	<u>\$ 1,408,426</u>	<u>\$ 569,213</u>
Mary E Taylor Building Fund:			
Restricted	\$ 148,725	\$ 1,702,428	\$ (1,553,703)
Total Mary E Taylor Building Fund	<u>\$ 148,725</u>	<u>\$ 1,702,428</u>	<u>\$ (1,553,703)</u>
School Construction Fund:			
Restricted	\$ 423,866	\$ -	\$ 423,866
Unassigned	-	(94,918)	94,918
Total School Construction Fund	<u>\$ 423,866</u>	<u>\$ (94,918)</u>	<u>\$ 518,784</u>
Capital Reserve Fund:			
Committed	\$ -	\$ 996,604	\$ (996,604)
Total Capital Reserve Fund	<u>\$ -</u>	<u>\$ 996,604</u>	<u>\$ (996,604)</u>
Nonmajor Funds:			
Special revenue funds:			
Nonspendable	\$ 9,401	\$ 11,360	\$ (1,959)
Restricted	412,721	432,916	(20,195)
Unassigned	(16,499)	(95,225)	78,726
Total Nonmajor Funds	<u>\$ 405,623</u>	<u>\$ 349,051</u>	<u>\$ 56,572</u>

The changes to total fund balances for the general fund, Mary E. Taylor building fund, school construction fund, capital reserve fund and the nonmajor funds occurred due to the regular activity of operations.

### **Budgetary Highlights**

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

The general fund actual revenues were receipted over budgeted amounts by \$307,648. All revenue categories were within or exceeded budgeted amounts except for interest income and miscellaneous revenues.

The general fund actual expenditures were at or under budgeted amounts by \$511,565. All expenditure categories were at or under budgeted amounts.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of June 30, 2022, the net book value of capital assets recorded by the School District decreased by \$681,858 from the prior year. This decrease is the result of capital additions of \$743,000 less current year depreciation expense of \$1,424,858. Refer to Note 5 of Notes to Financial Statements for additional comparative information.

**Table 4**  
**Maine School Administrative District No. 28**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<b>2022</b>	<b>2021</b>
Construction in progress	\$ 4,054,461	\$ 3,856,642
Buildings and improvements	41,522,031	42,805,099
Machinery and equipment	208,878	82,867
Vehicles	805,163	527,783
Total	\$ 46,590,533	\$ 47,272,391

#### **Debt**

At June 30, 2022, the School District had \$34,862,546 in bonds payable, bond premium payable and notes from direct borrowings payable outstanding versus \$37,014,854 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 School District spending.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District's Finance Office at 22 Knowlton Street, Camden, Maine 04843.



STATEMENT A

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

STATEMENT OF NET POSITION  
JUNE 30, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 3,012,206
Investments	82,568
Accounts receivable (net of allowance for uncollectibles)	3,028
Due from other governments	2,083,834
Inventory	9,401
Total current assets	<u>5,191,037</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	4,054,461
Buildings and equipment, net of accumulated depreciation	42,536,072
Total noncurrent assets	<u>46,590,533</u>
<b>TOTAL ASSETS</b>	<u><u>51,781,570</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	359,277
Deferred outflows related to OPEB	203,244
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>562,521</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 52,344,091</u></u>

STATEMENT A (CONTINUED)

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

STATEMENT OF NET POSITION  
JUNE 30, 2022

	<u>Governmental Activities</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 870,177
Accrued payroll	1,353,679
Accrued interest	286,224
Current portion of long-term obligations	<u>2,542,151</u>
Total current liabilities	<u>5,052,231</u>
 Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	24,080,000
Notes from direct borrowings payable	6,317,377
Bond premium	1,923,018
Net pension liability	2,769,882
Net OPEB liability	<u>97,752</u>
Total noncurrent liabilities	<u>35,188,029</u>
 TOTAL LIABILITIES	 <u>40,240,260</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue	11,328
Deferred inflows related to pensions	147,714
Deferred inflows related to OPEB	<u>175,041</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>334,083</u>
 <b>NET POSITION</b>	
Net investment in capital assets	11,727,987
Restricted: General fund	719,084
Special revenue funds	412,721
Capital project funds	572,591
Unrestricted (deficit)	<u>(1,662,635)</u>
TOTAL NET POSITION	<u>11,769,748</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	 <u><u>\$ 52,344,091</u></u>

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

## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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	Total Governmental Activities
Governmental activities:					
Instruction:					
Regular instruction	\$ 5,610,729	\$ 260,998	\$ -	\$ -	\$ (5,349,731)
Special education	2,309,558	-	-	-	(2,309,558)
Other instruction	88,159	-	-	-	(88,159)
Student and staff support	1,135,602	-	-	-	(1,135,602)
System administration	471,604	-	-	-	(471,604)
School administration	753,233	-	-	-	(753,233)
Operations and maintenance	3,055,112	-	-	-	(3,055,112)
Transportation	778,106	-	-	-	(778,106)
All other	6,176	-	-	-	(6,176)
On-behalf payments - State of Maine	1,224,027	-	1,224,027	-	-
Interest on long-term debt	1,281,223	-	-	-	(1,281,223)
Capital outlay	2,062,300	-	-	169,512	(1,892,788)
Program expenses	1,171,347	5,108	1,459,483	-	293,244
Total government	<u>\$ 19,947,176</u>	<u>\$ 266,106</u>	<u>\$ 2,683,510</u>	<u>\$ 169,512</u>	<u>(16,828,048)</u>

STATEMENT B (CONTINUED)  
 MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(16,828,048)</u>
General revenues:	
Support from towns	15,591,003
Grants and contributions not restricted to specific programs	1,074,585
Interest earned	16,001
Miscellaneous	<u>279,603</u>
Total general revenues	<u>16,961,192</u>
Change in net position	133,144
NET POSITION - JULY 1, RESTATED	<u>11,636,604</u>
NET POSITION - JUNE 30	<u><u>\$ 11,769,748</u></u>

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

## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	Mary E. Taylor Building Fund	School Construction Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,278,289	\$ 201,437	\$ 431,380	\$ -	\$ 101,100	\$ 3,012,206
Investments	82,568	-	-	-	-	82,568
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	3,028	3,028
Due from other governments	815,076	-	-	-	1,268,758	2,083,834
Inventory	-	-	-	-	9,401	9,401
Due from other funds	726,264	309	-	-	326,713	1,053,286
<b>TOTAL ASSETS</b>	<b>\$ 3,902,197</b>	<b>\$ 201,746</b>	<b>\$ 431,380</b>	<b>\$ -</b>	<b>\$ 1,709,000</b>	<b>\$ 6,244,323</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 243,857	\$ 53,021	\$ 7,514	\$ -	\$ 565,785	\$ 870,177
Accrued expenses	1,353,679	-	-	-	-	1,353,679
Due to other funds	327,022	-	-	-	726,264	1,053,286
<b>TOTAL LIABILITIES</b>	<b>1,924,558</b>	<b>53,021</b>	<b>7,514</b>	<b>-</b>	<b>1,292,049</b>	<b>3,277,142</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue	-	-	-	-	11,328	11,328
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,328</b>	<b>11,328</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	9,401	9,401
Restricted	719,084	148,725	423,866	-	412,721	1,704,396
Committed	250,000	-	-	-	-	250,000
Assigned	250,000	-	-	-	-	250,000
Unassigned (deficit)	758,555	-	-	-	(16,499)	742,056
<b>TOTAL FUND BALANCES</b>	<b>1,977,639</b>	<b>148,725</b>	<b>423,866</b>	<b>-</b>	<b>405,623</b>	<b>2,955,853</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,902,197</b>	<b>\$ 201,746</b>	<b>\$ 431,380</b>	<b>\$ -</b>	<b>\$ 1,709,000</b>	<b>\$ 6,244,323</b>

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

## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,955,853
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	46,590,533
Deferred outflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds	562,521
Long-term obligations shown below are not due and payable in the current period and therefore are not reported in the funds shown above:	
Accrued interest	(286,224)
Bonds payable	(25,585,000)
Bond premium	(2,196,773)
Notes from direct borrowings payable	(7,080,773)
Net pension liability	(2,769,882)
Net OPEB liability	(97,752)
Deferred inflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds	<u>(322,755)</u>
Net position of governmental activities	<u><u>\$ 11,769,748</u></u>

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

## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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

	General Fund	Mary E. Taylor Building Fund	School Construction Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Support from towns	\$ 15,591,003	\$ -	\$ -	\$ -	\$ -	\$ 15,591,003
Intergovernmental revenues	2,015,044	169,512	-	-	1,459,483	3,644,039
Charges for services	260,998	-	-	-	5,108	266,106
Interest earned	8,429	3,781	3,791	-	-	16,001
Miscellaneous	131,101	-	-	-	148,502	279,603
<b>TOTAL REVENUES</b>	<b>18,006,575</b>	<b>173,293</b>	<b>3,791</b>	<b>-</b>	<b>1,613,093</b>	<b>19,796,752</b>
<b>EXPENDITURES</b>						
Current:						
Instruction:						
Regular instruction	5,698,203	-	-	-	-	5,698,203
Special education	2,309,558	-	-	-	-	2,309,558
Other instruction	88,159	-	-	-	-	88,159
Student and staff support	1,135,602	-	-	-	-	1,135,602
System administration	471,604	-	-	-	-	471,604
School administration	753,233	-	-	-	-	753,233
Operations and maintenance	1,728,808	-	-	-	-	1,728,808
Transportation	691,691	-	-	-	-	691,691
All other	6,176	-	-	-	-	6,176
On-behalf payments - State of Maine	940,459	-	-	-	-	940,459
Program expenditures	-	-	-	-	1,616,157	1,616,157
Debt service:						
Principal	2,164,604	-	-	-	-	2,164,604
Interest	1,535,936	-	-	-	-	1,535,936
Capital outlay	-	1,752,947	159,353	150,000	-	2,062,300
<b>TOTAL EXPENDITURES</b>	<b>17,524,033</b>	<b>1,752,947</b>	<b>159,353</b>	<b>150,000</b>	<b>1,616,157</b>	<b>21,202,490</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>482,542</b>	<b>(1,579,654)</b>	<b>(155,562)</b>	<b>(150,000)</b>	<b>(3,064)</b>	<b>(1,405,738)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	260,671	50,000	674,346	114,364	68,000	1,167,381
Transfers (out)	(174,000)	(24,049)	-	(960,968)	(8,364)	(1,167,381)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>86,671</b>	<b>25,951</b>	<b>674,346</b>	<b>(846,604)</b>	<b>59,636</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>569,213</b>	<b>(1,553,703)</b>	<b>518,784</b>	<b>(996,604)</b>	<b>56,572</b>	<b>(1,405,738)</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>1,408,426</b>	<b>1,702,428</b>	<b>(94,918)</b>	<b>996,604</b>	<b>349,051</b>	<b>4,361,591</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,977,639</b>	<b>\$ 148,725</b>	<b>\$ 423,866</b>	<b>\$ -</b>	<b>\$ 405,623</b>	<b>\$ 2,955,853</b>

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

## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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>\$ (1,405,738)</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 to allocated those expenditures over the life of the assets:	
Capital asset purchases	743,000
Depreciation expense	<u>(1,424,858)</u>
	<u>(681,858)</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	82,735
OPEB	<u>88,566</u>
	<u>171,301</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>2,531,588</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(379,280)</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	(112,082)
OPEB	<u>(28,939)</u>
	<u>(141,021)</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 interest	(19,042)
Net pension liability	(14,433)
Net OPEB liability	<u>71,627</u>
	<u>38,152</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 133,144</u></u>

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



MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Maine School Administrative District No. 28 was incorporated under the laws of the State of Maine. The School District 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 services, system administration, school administration, operations and maintenance, transportation, all other and program expenditures.

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

The School District's combined financial statements include all accounts and all operations of the School District. We have determined that the School District has no component School Districts 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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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.

Statement No. 97 "Certain Component School District 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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

comparability related to the reporting of fiduciary component School Districts in circumstances in which a potential component School District 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 School Districts 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 School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds).

Both the government-wide and fund financial statements categorize all primary activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The School District 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 School District's functions (regular and secondary instruction, transportation, 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. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The School District 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 School District as an entity and the change in the School District's net position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the School District 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 School District:

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 School District:

**Major Funds**

- a. The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Mary E. Taylor Building Fund is used to account for the financial resources to be used for the renovation of the Mary E. Taylor building.
- c. The School Construction Fund is used to account for the financial resources to be used for the construction of the new middle school.
- d. The Capital Reserve Fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities or equipment.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds

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

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.

**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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

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

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

Revenues per budgetary basis	\$ 17,066,116
Add: On-behalf payments	940,459
Total GAAP basis	<u>\$ 18,006,575</u>
Expenditures per budgetary basis	\$ 16,757,574
Add: On-behalf payments	940,459
Total GAAP basis	<u>\$ 17,698,033</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 School District 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 participating towns is called for the purpose of adopting the proposed budget after public notice of the meeting is given.
3. The budget is adopted subsequent to passage by the inhabitants of the participating towns.

**Deposits and Investments**

The School District'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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the School District's policy to value investments at fair value. None of the School District's investments are reported at amortized cost. The School District 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 Maine School Administrative District No. 28 has no formal investment policy but instead follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$2,086,862 for the year ended June 30, 2022.

**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 School Lunch Fund consists of supplies and food.

**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".

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Transactions Between Funds**

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

**Capital Assets**

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

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair 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	20 - 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 payable, bond premium payable, notes from direct borrowings payable, 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 fund is the same in the fund statements as it is in the government-wide statements.



MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Pensions**

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

**Other Post-Employment Benefits (OPEB)**

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

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Education Association Benefits Trust (MEABT), which determined the School District'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.

**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 legislations adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund 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 School District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

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

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

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the School District. The inhabitants of the School District through School District meetings are the highest level of decision-making authority of the School District. Commitments may be established, modified or rescinded only through a School District 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 taxpayers 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 School District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has two types of this item, 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 also 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).

**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 School District does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the School District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the School District will not be able to recover its deposits. The School District does not have a policy covering custodial credit risk for deposits. However, the School District 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 School District's cash balances amounting to \$3,012,206 was comprised of bank deposits amounting to \$3,254,027. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the School District's cash balance. Of these bank deposits, \$250,000 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$2,517,110 was collateralized with securities held by the financial institution in the Town's name. The remaining balance of \$486,917 was uninsured and uncollateralized.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 736,917
Repurchase agreements	2,517,110
	<u>\$ 3,254,027</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

collateral securities that are in possession of an outside party. The School District does not have a policy for custodial credit risk for investments. However, the School District seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District 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 institutions for \$82,568 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

All of the School District's investments of \$82,568 in certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

Credit risk - Statutes for the State of Maine authorize the School District 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 School District does not have an investment policy on credit risk. Generally, the School District invests excess funds in 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	\$ 726,264	\$ 327,022
School Lunch Fund	309	-
Nonmajor Special Revenue Funds	326,713	726,264
	<u>\$ 1,053,286</u>	<u>\$ 1,053,286</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the School District. 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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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	\$ 260,671	\$ 174,000
Mary E. Taylor Building Fund	50,000	24,049
School Construction Fund	674,346	-
Capital Reserve Fund	114,364	960,968
Nonmajor Special Revenue Funds	68,000	8,364
	<u>\$ 1,167,381</u>	<u>\$ 1,167,381</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	Additions	Disposals	Balance, 6/30/22
<u>Governmental activities:</u>				
Non-depreciated assets:				
Construction in progress	\$ 3,856,642	\$ 197,819	\$ -	\$ 4,054,461
	<u>3,856,642</u>	<u>197,819</u>	<u>-</u>	<u>4,054,461</u>
Depreciated assets:				
Buildings and improvements	52,649,303	32,450	-	52,681,753
Machinery and equipment	770,690	148,939	-	919,629
Vehicles	1,459,398	363,792	-	1,823,190
	<u>54,879,391</u>	<u>545,181</u>	<u>-</u>	<u>55,424,572</u>
Less accumulated depreciation:				
Buildings and improvements	(9,844,205)	(1,315,517)	-	(11,159,722)
Machinery and equipment	(687,821)	(22,930)	-	(710,751)
Vehicles	(931,616)	(86,411)	-	(1,018,027)
	<u>(11,463,642)</u>	<u>(1,424,858)</u>	<u>-</u>	<u>(12,888,500)</u>
Net capital assets	<u>\$ 47,272,391</u>	<u>\$ (681,858)</u>	<u>\$ -</u>	<u>\$ 46,590,533</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current Year Depreciation

Facilities maintenance	\$ 1,326,304
Transportation	86,415
School nutrition	12,139
Total depreciation expense	<u>\$ 1,424,858</u>

NOTE 6 - LONG-TERM DEBT

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

	Balance, 7/1/21	Additions	Reductions	Balance, 6/30/22	Due Within One Year
Bonds payable	\$ 27,090,000	\$ -	\$ (1,505,000)	\$ 25,585,000	\$ 1,505,000
Bond premium	2,470,528	-	(273,755)	2,196,773	273,755
Notes from direct borrowings payable	7,454,326	379,280	(752,833)	7,080,773	763,396
Totals	<u>\$ 37,014,854</u>	<u>\$ 379,280</u>	<u>\$ (2,531,588)</u>	<u>\$ 34,862,546</u>	<u>\$ 2,542,151</u>

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

Bonds totaling \$25,200,000 were issued in June of 2018 to finance the middle school construction project. Annual principal payments are \$50,173. The fixed interest rate varies from 4.0% to 5.0% per annum. The bonds are due in May of 2039. The bonds are administered by Maine Municipal Bond Bank.	\$ 21,420,000
Bonds totaling \$3,297,000 were issued in February of 2019 to finance the MET building renovation project. Annual principal payments are \$165,000. The fixed interest rate varies from 3.0% to 5.0% per annum. The bonds are due in May of 2039. The bonds are administered by Maine Municipal Bond Bank.	2,805,000
Bonds totaling \$1,600,000 were issued in February of 2019 to finance the MET building renovation project. Annual principal payments are \$80,000. The fixed interest rate varies from 3.5% to 4.0% per annum. The bonds are due in May of 2039. The bonds are administered by Maine Municipal Bond Bank.	<u>1,360,000</u>
Total bonds payable	<u>\$ 25,585,000</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Note payable to Maine Municipal Bond Bank dated May of 2008 to finance the CRES project. Annual principal payments are \$643,122. The fixed interest rate varies from 2.0% to 5.5% per annum. The note is due in November of 2031.	\$ 6,431,221
The School District leases a bus under a non-cancelable lease agreement. The term of the lease is for a five year period ending in September of 2022. Annual payments are \$19,238. Annual interest is fixed at a rate of 5.39% per annum.	18,255
The School District leases kitchen equipment under a non-cancelable lease agreement. The term of the lease is for a twelve year period ending in July of 2030. Annual payments are \$25,376. Annual interest is fixed at a rate of 4.41% per annum.	184,635
The School District leases student computers under a non-cancelable lease agreement. The term of the lease is for a four year period ending in November of 2023. Annual principal payments are \$14,953. Annual interest is fixed at a rate of 0.0% per annum.	15,451
The School District leases a bus under a non-cancelable lease agreement. The term of the lease is for a five year period ending in September of 2024. Annual payments are \$22,780. Annual interest is fixed at a rate of 2.15% per annum.	65,501
The School District leases student computers under a non-cancelable lease agreement. The term of the lease is for a four year period ending in August of 2025. Annual principal payments are \$13,570. Annual interest is fixed at a rate of 0.0% per annum.	40,710
The School District leases a bus under a non-cancelable lease agreement. The term of the lease is for an eleven year period ending in October of 2033. Annual principal payments are \$34,459. Annual interest is fixed at a rate of 4.71% per annum.	<u>325,000</u>
Total notes from direct borrowings payable	<u>\$ 7,080,773</u>



MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

Year Ending June 30,	Bonds Payable		
	Principal	Interest	Total
2023	\$ 1,505,000	\$ 1,162,669	\$ 2,667,669
2024	1,505,000	1,088,619	2,593,619
2025	1,505,000	1,014,569	2,519,569
2026	1,505,000	940,119	2,445,119
2027	1,505,000	865,669	2,370,669
2028-2032	7,525,000	3,213,724	10,738,724
2033-2037	7,525,000	1,486,595	9,011,595
2034-2038	3,010,000	177,919	3,187,919
	<u>\$ 25,585,000</u>	<u>\$ 9,949,883</u>	<u>\$ 35,534,883</u>

Year Ending June 30,	Notes from Direct Borrowings Payable		
	Principal	Interest	Total
2023	\$ 763,396	\$ 265,732	\$ 1,029,128
2024	717,264	228,264	945,528
2025	719,449	185,589	905,038
2026	685,482	155,028	840,510
2027	687,419	91,868	779,287
2028-2032	3,443,435	238,095	3,681,530
2033-2037	64,328	4,588	68,916
	<u>\$ 7,080,773</u>	<u>\$ 1,169,164</u>	<u>\$ 8,249,937</u>

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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	Due Within One Year
Net pension liability	\$ 169,379	\$ 319,468	\$ (391,095)	\$ 97,752	\$ -
Net OPEB liability	2,755,449	129,111	(114,678)	2,769,882	-
Totals	<u>\$ 2,924,828</u>	<u>\$ 448,579</u>	<u>\$ (505,773)</u>	<u>\$ 2,867,634</u>	<u>\$ -</u>

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

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the School District at June 30, 2022:

Invested in capital assets	\$ 59,479,033
Accumulated depreciation	(12,888,500)
Outstanding capital related debt	<u>(34,862,546)</u>
	<u>\$ 11,727,987</u>

NOTE 9 - NONSPENDABLE FUND BALANCE

At June 30, 2022, the School District had the following nonspendable fund balance:

School lunch fund:	
Inventory	<u>\$ 9,401</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 10 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At June 30, 2022, the School District had the following restricted net position and restricted fund balances:

General fund:	
Contingency	\$ 50,000
Capital reserve	619,084
Special education	50,000
Mary E. Taylor Building Fund	148,725
School Construction Fund	423,866
Nonmajor special revenue funds (Schedule C)	412,721
	<u>\$ 1,704,396</u>

NOTE 11 - COMMITTED FUND BALANCE

At June 30, 2022, the School District had the following committed fund balance:

General fund:	
Capital projects	<u>\$ 250,000</u>

NOTE 12 - ASSIGNED FUND BALANCE

At June 30, 2022, the School District had the following assigned fund balance:

General fund:	
Use of fund balance for FY23	<u>\$ 250,000</u>

NOTE 13 - DEFICIT FUND BALANCE

The following fund had a deficit fund balance as of June 30, 2022:

Nonmajor special revenue funds:	
School lunch fund	<u>\$ 7,098</u>

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN

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. 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](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. The School District's teachers are required to contribute 7.65% of their compensation to the retirement system. The School District's payroll for teachers covered by this program was approximately \$6,562,868 for the year ended June 30, 2022. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.29% of the School District's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$940,459 for the year ended June 30, 2022. Title 5 of the Maine Revised Statutes Annotated also requires the School District to contribute at an actuarially determined normal cost rate of 3.84%, which totaled \$257,549 for 2022. In addition, the School District 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 \$21,463 the year ended June 30, 2022.

**Pension Liabilities**

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

District's proportionate share of the net pension liability	\$	97,752
State's proportionate share of the net pension liability associated with the Unit		<u>3,912,607</u>
Total	\$	<u><u>4,010,359</u></u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating School Districts and the State actuarially determined. At June 30, 2021, the School District's proportion was 0.01156%, which was an increase of 0.001157% from its proportion measured as of June 30, 2020.

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

For the year ended June 30, 2022, the School District recognized expense of 310,356 and net revenue of \$266,576 for support provided by the State of Maine for the SET plan. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,449	\$ 1,998
Changes of assumptions	66,646	-
Net difference between projected and actual earnings on pension plan investments	-	133,196
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,169	12,520
Contributions subsequent to the measurement date	279,013	-
Total	<u>\$ 359,277</u>	<u>\$ 147,714</u>

\$279,013 for the SET plan was reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years 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:

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	SET Plan
Plan year ended June 30:	
2022	\$ (10,016)
2023	9,949
2024	(30,256)
2025	(37,126)
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:

*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, affect 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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*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. All other gains, losses and changes are amortized over ten-year periods beginning on the date as of which they occur.

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.

*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.



MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

*Discount Rate*

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

The following table shows how the collective net pension liability 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 each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>SET Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Employer's proportionate share of the net pension liability	\$ 256,708	\$ 97,752	\$ (34,595)

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**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.

*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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*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](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

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.mainebers.org](http://www.mainebers.org) or by contacting the System at (800) 451-9800.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

**Benefits Provided**

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

**Contributions**

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS Board of Trustees to be actuarially sufficient to pay anticipated claims. For Department's teachers, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2022 was approximately \$16,128.

**OPEB Liabilities and OPEB Expense**

At June 30, 2022, the School District reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the School District. The total portion of the net OPEB liability that was associated with the School District were as follows:

District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Unit		<u>68,848</u>
Total	\$	<u><u>68,848</u></u>

For the year ended June 30, 2022, the School District recognized net OPEB expense of \$864 and revenue of \$864 for support provided by the State of Maine.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

**Plan Description**

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

**Benefits Provided**

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

**Employees Covered by Benefit Terms**

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

Active members	141
Retirees and spouses	85
Total	<u>226</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

**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.

<u>Pre-Medicare</u>	<u>Employee</u>	<u>Employee/ Spouse</u>	<u>Employee/ Child(ren)</u>	<u>Family</u>
Choice Plus	\$755.15	\$1,701.98	\$1,336.46	\$2,071.54
Standard \$200 Ded	\$815.47	\$1,838.13	\$1,443.37	\$2,237.27
Standard \$1,000 Ded	\$717.39	\$1,616.89	\$1,269.64	\$1,967.96
<b><u>Medicare</u></b>				
Medicare-Eligible Retirees	\$393.32	\$786.64	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 School District reported a liability of \$2,769,882 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 School District'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 School District recognized OPEB revenue of \$131,254. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

	MEABT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 63,285
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	126,438	-
<b>Total</b>	<b>\$ 203,244</b>	<b>\$ 175,041</b>

\$126,438 were reported as deferred outflows of resources related to OPEB resulting from School District 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:

	MEABT
Plan year ended June 30:	
2022	\$ (28,207)
2023	(4,294)
2024	(34,505)
2025	(34,505)
2026	3,276
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:

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

	1% Decrease	Discount Rate	1% Increase
	1.16%	2.16%	3.16%
Total OPEB liability	\$ 3,210,338	\$ 2,769,882	\$ 2,413,020
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 3,210,338</u>	<u>\$ 2,769,882</u>	<u>\$ 2,413,020</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

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

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 2,367,733	\$ 2,769,882	\$ 3,274,676
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,367,733</u>	<u>\$ 2,769,882</u>	<u>\$ 3,274,676</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:



MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

*Actuarial Cost Method*

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

*Assumptions*

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.

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, ie 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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

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.

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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

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.

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,

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

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.

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 the based on the actual Community School District 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 School District 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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

**Changes in Total OPEB Liability**

Changes in total OPEB liability are recognized in OPEB expense for the year ended June 30, 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.

*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, 2020. 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 School District's Finance Office at 22 Knowlton Street, Camden, Maine 04843.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 17 - RISK MANAGEMENT - PARTICIPATION IN PUBLIC ENTITY RISK POOL

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

Based on the coverage provided by the insurance purchased, the School District 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 18 - CONTINGENCIES/COMMITMENTS

The School District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District 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 School District, 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.

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 School District's financial position.

NOTE 19 - RESTATEMENT

The fund balance of the Coronavirus Relief Funds II fund has been decreased at July 1, 2021 to correct the recording of federal grant revenue. The Coronavirus Relief Funds II fund beginning fund balance decreased by \$6,262 from \$0 to a negative balance of \$6,262.

The resulting restatement increased governmental activities beginning net position from \$11,642,866 to \$11,636,604.

## 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 - SET Plan
- 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

## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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	\$ 1,408,426	\$ 1,408,426	\$ 1,408,426	\$ -
Resources (Inflows):				
Local assessments	15,591,003	15,591,003	15,591,003	-
Intergovernmental revenues	1,014,814	1,014,814	1,074,585	59,771
Charges for services	259,322	259,322	260,998	1,676
Interest income	10,000	10,000	8,429	(1,571)
Miscellaneous revenues	144,000	144,000	131,101	(12,899)
Transfers from other funds	-	-	260,671	260,671
Amounts Available for Appropriation	<u>18,427,565</u>	<u>18,427,565</u>	<u>18,735,213</u>	<u>307,648</u>
Charges to Appropriations (Outflows):				
Instruction:				
Regular instruction	5,849,714	5,849,714	5,698,203	151,511
Special education	2,424,915	2,424,915	2,309,558	115,357
Other instruction	121,963	121,963	88,159	33,804
Student and staff support	1,157,623	1,157,623	1,135,602	22,021
System administration	476,497	476,497	471,604	4,893
School administration	784,834	784,834	753,233	31,601
Operations and maintenance	1,818,087	1,818,087	1,728,808	89,279
Transportation	693,021	693,021	691,691	1,330
All other	50,000	50,000	6,176	43,824
Debt service:				
Principal	2,164,604	2,164,604	2,164,604	-
Interest	1,553,881	1,553,881	1,535,936	17,945
Transfers to other funds	174,000	174,000	174,000	-
Total Charges to Appropriations	<u>17,269,139</u>	<u>17,269,139</u>	<u>16,757,574</u>	<u>511,565</u>
Budgetary Fund Balance, June 30	<u>\$ 1,158,426</u>	<u>\$ 1,158,426</u>	<u>\$ 1,977,639</u>	<u>\$ 819,213</u>
Utilization of unassigned fund balance	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ (250,000)</u>

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



## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SET PLAN  
LAST 10 FISCAL YEARS\*

	2022	2021	2020	2019	2018	2017	2016	2015
<u>SET Plan:</u>								
District's proportion of the net pension liability (asset)	0.01%	0.01%	0.01%	0.02%	0.01%	0.02%	0.01%	0.01%
District's proportionate share of the net pension liability (asset)	\$ 97,752	\$ 169,379	\$ 188,424	\$ 204,117	\$ 164,660	\$ 268,161	\$ 163,297	\$ 150,490
State's proportionate share of the net pension liability (asset) associated with the Unit	<u>3,912,607</u>	<u>7,788,165</u>	<u>7,018,008</u>	<u>6,480,646</u>	<u>6,953,342</u>	<u>8,511,885</u>	<u>6,481,267</u>	<u>4,918,991</u>
Total	<u>\$ 4,010,359</u>	<u>\$ 7,957,544</u>	<u>\$ 7,206,432</u>	<u>\$ 6,684,763</u>	<u>\$ 7,118,002</u>	<u>\$ 8,780,046</u>	<u>\$ 6,644,564</u>	<u>\$ 5,069,481</u>
Unit's covered payroll	\$ 6,434,924	\$ 6,319,237	\$ 6,279,491	\$ 6,086,303	\$ 5,924,974	\$ 5,834,998	\$ 5,631,745	\$ 4,680,371
Unit's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.52%	2.68%	3.00%	3.35%	2.78%	4.60%	2.90%	3.22%
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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

SCHEDULE OF CONTRIBUTIONS - PENSION  
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>								
Contractually required contribution	\$ 279,013	\$ 267,693	\$ 262,880	\$ 249,296	\$ 241,626	\$ 199,079	\$ 196,056	\$ 149,241
Contributions in relation to the contractually required contribution	<u>(279,013)</u>	<u>(267,693)</u>	<u>(262,880)</u>	<u>(249,296)</u>	<u>(241,626)</u>	<u>(199,079)</u>	<u>(196,056)</u>	<u>(149,241)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unit's covered payroll	\$ 6,562,868	\$ 6,434,924	\$ 6,319,237	\$ 6,279,491	\$ 6,086,303	\$ 5,924,974	\$ 5,834,998	\$ 5,631,745
Contributions as a percentage of covered payroll	4.25%	4.16%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%

\* 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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - SET PLAN  
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%
School's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the School	<u>68,848</u>	<u>144,652</u>	<u>145,362</u>	<u>142,632</u>	<u>114,531</u>
Total	<u>\$ 68,848</u>	<u>\$ 144,652</u>	<u>\$ 145,362</u>	<u>\$ 142,632</u>	<u>\$ 114,531</u>
Covered payroll	\$ 6,434,924	\$ 6,319,237	\$ 6,279,491	\$ 6,086,303	\$ 5,924,974
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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN  
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)	\$ 2,755,449	\$ -	\$ 2,755,449
Changes for the year:			
Service cost	48,738	-	48,738
Interest	60,712	-	60,712
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	19,661	-	19,661
Contributions - employer	-	114,678	(114,678)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(114,678)	(114,678)	-
Administrative expense	-	-	-
Net changes	<u>14,433</u>	<u>-</u>	<u>14,433</u>
Balances at 6/30/21 (Reporting June 30, 2022)	<u>\$ 2,769,882</u>	<u>\$ -</u>	<u>\$ 2,769,882</u>

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

## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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

	2022	2021	2020	2019
<u>Total OPEB liability</u>				
Service cost (BOY)	\$ 48,738	\$ 29,321	\$ 25,090	\$ 26,536
Interest (includes interest on service cost)	60,712	112,712	118,882	114,176
Changes of benefit terms	-	(269,127)	-	-
Differences between expected and actual experience	-	(94,927)	-	-
Changes of assumptions	19,661	(131,765)	151,055	(119,561)
Benefit payments, including refunds of member contributions	(114,678)	(162,152)	(139,568)	(134,744)
Net change in total OPEB liability	<u>\$ 14,433</u>	<u>\$ (515,938)</u>	<u>\$ 155,459</u>	<u>\$ (113,593)</u>
Total OPEB liability - beginning	\$ 2,755,449	\$ 3,271,387	\$ 3,115,928	\$ 3,229,521
Total OPEB liability - ending	<u>\$ 2,769,882</u>	<u>\$ 2,755,449</u>	<u>\$ 3,271,387</u>	<u>\$ 3,115,928</u>
<u>Plan fiduciary net position</u>				
Contributions - employer	114,678	162,152	139,568	134,744
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(114,678)	(162,152)	(139,568)	(134,744)
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>\$ 2,769,882</u>	<u>\$ 2,755,449</u>	<u>\$ 3,271,387</u>	<u>\$ 3,115,928</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 6,315,351	\$ 6,161,318	\$ 6,675,463	\$ 6,496,801
Net OPEB liability as a percentage of covered payroll	43.9%	44.7%	49.0%	48.0%

\* 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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>SET Life Insurance:</u>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,562,868	\$ 6,434,924	\$ 6,319,237	\$ 6,279,491
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
<u>MEABT:</u>				
Employer contributions	\$ 114,678	\$ 162,152	\$ 139,568	\$ 134,744
Benefit payments	(114,678)	(162,152)	(139,568)	(134,744)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,315,351	\$ 6,161,318	\$ 6,675,463	\$ 6,496,801
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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED 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.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- 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 Schedule of Revenues, Expenditures and Changes in Fund Balances - Federal and State Programs
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Other Programs
- Combining Schedule of Changes in Net Position - Fiduciary Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function



## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Local assessments:				
Camden	\$ 8,670,413	\$ 8,670,413	\$ 8,670,413	\$ -
Rockport	6,920,590	6,920,590	6,920,590	-
	<u>15,591,003</u>	<u>15,591,003</u>	<u>15,591,003</u>	<u>-</u>
Intergovernmental:				
State allocation	1,011,814	1,011,814	1,031,509	19,695
State agency client	3,000	3,000	18,839	15,839
National board salary supplement	-	-	3,837	3,837
Medicaid reimbursement	-	-	20,400	20,400
	<u>1,014,814</u>	<u>1,014,814</u>	<u>1,074,585</u>	<u>59,771</u>
Charges for services:				
Tuition	48,424	48,424	67,149	18,725
Transportation	210,898	210,898	193,849	(17,049)
	<u>259,322</u>	<u>259,322</u>	<u>260,998</u>	<u>1,676</u>
Investment income	<u>10,000</u>	<u>10,000</u>	<u>8,429</u>	<u>(1,571)</u>
Other revenues:				
Refund of prior year expenses	7,000	7,000	23,519	16,519
Rentals	137,000	137,000	91,193	(45,807)
Miscellaneous	-	-	16,389	16,389
	<u>144,000</u>	<u>144,000</u>	<u>131,101</u>	<u>(12,899)</u>
Transfers from other funds	<u>-</u>	<u>-</u>	<u>260,671</u>	<u>260,671</u>
Total revenues	<u>\$ 17,019,139</u>	<u>\$ 17,019,139</u>	<u>\$ 17,326,787</u>	<u>\$ 307,648</u>

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

## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Regular Instruction:</b>				
Instructional services - pre k	\$ 196,255	\$ 196,255	\$ 173,301	\$ 22,954
Instructional services K-4	2,819,332	2,819,332	2,702,921	116,411
Instructional services 5-8	2,725,098	2,725,098	2,719,336	5,762
ESL	30,800	30,800	33,362	(2,562)
Gifted and talented	78,229	78,229	69,283	8,946
	<u>5,849,714</u>	<u>5,849,714</u>	<u>5,698,203</u>	<u>151,511</u>
<b>Special Education:</b>				
Administration	202,675	202,675	188,828	13,847
Resource room	774,063	774,063	760,954	13,109
Self-contained	925,554	925,554	919,069	6,485
State agency client	3,000	3,000	-	3,000
Psychological services	211,139	211,139	147,699	63,440
Speech/language	189,729	189,729	187,679	2,050
Occupational therapy	77,699	77,699	85,716	(8,017)
ESY	41,056	41,056	19,613	21,443
	<u>2,424,915</u>	<u>2,424,915</u>	<u>2,309,558</u>	<u>115,357</u>
<b>Other Instruction:</b>				
Summer school	7,686	7,686	8,516	(830)
Co-curricular activities	38,555	38,555	18,005	20,550
Athletics	75,722	75,722	61,638	14,084
	<u>121,963</u>	<u>121,963</u>	<u>88,159</u>	<u>33,804</u>

SCHEDULE B (CONTINUED)  
 MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Student and Staff Support:</b>				
Guidance	192,561	192,561	187,101	5,460
Health	191,498	191,498	192,097	(599)
Curriculum development	76,399	76,399	69,206	7,193
Library	237,882	237,882	237,999	(117)
Technical services	245,199	245,199	242,209	2,990
Social worker	202,482	202,482	198,859	3,623
504 services	5,152	5,152	4,566	586
Instructional staff training	3,625	3,625	1,045	2,580
Assessment	2,825	2,825	2,520	305
	<u>1,157,623</u>	<u>1,157,623</u>	<u>1,135,602</u>	<u>22,021</u>
<b>System Administration:</b>				
School board	89,399	89,399	57,282	32,117
Superintendent's office	224,191	224,191	236,408	(12,217)
Business office	162,907	162,907	177,914	(15,007)
	<u>476,497</u>	<u>476,497</u>	<u>471,604</u>	<u>4,893</u>
<b>School Administration:</b>				
Principal's office and staff K-4	375,372	375,372	366,754	8,618
Principal's office and staff 5-8	409,462	409,462	386,479	22,983
	<u>784,834</u>	<u>784,834</u>	<u>753,233</u>	<u>31,601</u>
<b>Transportation</b>				
	<u>693,021</u>	<u>693,021</u>	<u>691,691</u>	<u>1,330</u>
	<u>693,021</u>	<u>693,021</u>	<u>691,691</u>	<u>1,330</u>

SCHEDULE B (CONTINUED)

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Facilities Maintenance:				
Operations of building K-4	790,211	790,211	789,151	1,060
Operations of building 5-8	846,260	846,260	776,363	69,897
Operations of building district	181,616	181,616	163,294	18,322
	<u>1,818,087</u>	<u>1,818,087</u>	<u>1,728,808</u>	<u>89,279</u>
Debt Service:				
Principal	2,164,604	2,164,604	2,164,604	-
Interest	1,553,881	1,553,881	1,535,936	17,945
	<u>3,718,485</u>	<u>3,718,485</u>	<u>3,700,540</u>	<u>17,945</u>
All Other Expenditures:				
Contingency	50,000	50,000	6,176	43,824
Transfer - capital reserve fund	110,000	110,000	110,000	-
Transfer - school nutrition	64,000	64,000	64,000	-
	<u>224,000</u>	<u>224,000</u>	<u>180,176</u>	<u>43,824</u>
<b>TOTAL DEPARTMENTAL OPERATIONS</b>	<u><u>\$ 17,269,139</u></u>	<u><u>\$ 17,269,139</u></u>	<u><u>\$ 16,757,574</u></u>	<u><u>\$ 511,565</u></u>

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

## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 101,100	\$ 101,100
Accounts receivable (net of allowance for uncollectibles)	3,028	3,028
Due from other governments	1,268,758	1,268,758
Inventory	9,401	9,401
Due from other funds	326,713	326,713
<b>TOTAL ASSETS</b>	<u><u>\$ 1,709,000</u></u>	<u><u>\$ 1,709,000</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 565,785	\$ 565,785
Due to other funds	726,264	726,264
<b>TOTAL LIABILITIES</b>	<u><u>1,292,049</u></u>	<u><u>1,292,049</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	<u>11,328</u>	<u>11,328</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>11,328</u></u>	<u><u>11,328</u></u>
<b>FUND BALANCES</b>		
Nonspendable	9,401	9,401
Restricted	412,721	412,721
Committed	-	-
Assigned	-	-
Unassigned (deficit)	<u>(16,499)</u>	<u>(16,499)</u>
<b>TOTAL FUND BALANCES</b>	<u><u>405,623</u></u>	<u><u>405,623</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 1,709,000</u></u>	<u><u>\$ 1,709,000</u></u>

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

## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>
REVENUES		
Intergovernmental revenue	\$ 1,459,483	\$ 1,459,483
Charges for services	5,108	5,108
Other	148,502	148,502
TOTAL REVENUES	<u>1,613,093</u>	<u>1,613,093</u>
EXPENDITURES		
Program expenses	<u>1,616,157</u>	<u>1,616,157</u>
TOTAL EXPENDITURES	<u>1,616,157</u>	<u>1,616,157</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,064)</u>	<u>(3,064)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	68,000	68,000
Transfers (out)	<u>(8,364)</u>	<u>(8,364)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>59,636</u>	<u>59,636</u>
NET CHANGE IN FUND BALANCES	56,572	56,572
FUND BALANCES - JULY 1	<u>349,051</u>	<u>349,051</u>
FUND BALANCES - JUNE 30	<u>\$ 405,623</u>	<u>\$ 405,623</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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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

	School Lunch Fund	Federal and State Programs	Student Activity Funds	Other Programs	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,418	\$ -	\$ 96,682	\$ -	\$ 101,100
Accounts receivable (net of allowance for uncollectibles)	3,028	-	-	-	3,028
Due from other governments	-	1,268,758	-	-	1,268,758
Inventory	9,401	-	-	-	9,401
Due from other funds	-	950	-	325,763	326,713
<b>TOTAL ASSETS</b>	<b>\$ 16,847</b>	<b>\$ 1,269,708</b>	<b>\$ 96,682</b>	<b>\$ 325,763</b>	<b>\$ 1,709,000</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 555,111	\$ -	\$ 10,674	\$ 565,785
Due to other funds	12,617	713,647	-	-	726,264
<b>TOTAL LIABILITIES</b>	<b>12,617</b>	<b>1,268,758</b>	<b>-</b>	<b>10,674</b>	<b>1,292,049</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	11,328	-	-	-	11,328
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>11,328</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,328</b>
<b>FUND BALANCES</b>					
Nonspendable	9,401	-	-	-	9,401
Restricted	-	950	96,682	315,089	412,721
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(16,499)	-	-	-	(16,499)
<b>TOTAL FUND BALANCES</b>	<b>(7,098)</b>	<b>950</b>	<b>96,682</b>	<b>315,089</b>	<b>405,623</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 16,847</b>	<b>\$ 1,269,708</b>	<b>\$ 96,682</b>	<b>\$ 325,763</b>	<b>\$ 1,709,000</b>

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



## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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

	School Lunch Fund	Federal and State Programs	Student Activity Funds	Other Programs	Total
<b>REVENUES</b>					
Intergovernmental revenue	\$ 365,562	\$ 1,093,921	\$ -	\$ -	\$ 1,459,483
Charges for services	5,108	-	-	-	5,108
Other	925	-	34,870	112,707	148,502
<b>TOTAL REVENUES</b>	<b>371,595</b>	<b>1,093,921</b>	<b>34,870</b>	<b>112,707</b>	<b>1,613,093</b>
<b>EXPENDITURES</b>					
Program expenses	371,754	1,083,370	35,275	125,758	1,616,157
<b>TOTAL EXPENDITURES</b>	<b>371,754</b>	<b>1,083,370</b>	<b>35,275</b>	<b>125,758</b>	<b>1,616,157</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(159)</b>	<b>10,551</b>	<b>(405)</b>	<b>(13,051)</b>	<b>(3,064)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	68,000	-	-	-	68,000
Transfers (out)	-	(4,364)	-	(4,000)	(8,364)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>68,000</b>	<b>(4,364)</b>	<b>-</b>	<b>(4,000)</b>	<b>59,636</b>
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	<b>67,841</b>	<b>6,187</b>	<b>(405)</b>	<b>(17,051)</b>	<b>56,572</b>
<b>FUND BALANCES (DEFICITS) - JULY 1, RESTATED</b>	<b>(74,939)</b>	<b>(5,237)</b>	<b>97,087</b>	<b>332,140</b>	<b>349,051</b>
<b>FUND BALANCES (DEFICITS) - JUNE 30</b>	<b>\$ (7,098)</b>	<b>\$ 950</b>	<b>\$ 96,682</b>	<b>\$ 315,089</b>	<b>\$ 405,623</b>

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FEDERAL AND STATE PROGRAMS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Fund Balance, 7/1/2021 (Restated)	Revenues			Program Expenditures	Transfers In/(Out)	Fund Balance, 6/30/2022
		Federal	State	Other			
Federal and state programs:							
Title IA	\$ -	\$ 122,157	\$ -	\$ -	\$ 122,157	\$ -	\$ -
Title IIA	-	92,161	-	-	92,161	-	-
Title IV	-	11,919	-	-	11,919	-	-
Local Entitlement	(67)	195,153	-	-	195,086	-	-
Local Entitlement - ARPA	-	42,255	-	-	42,255	-	-
Local Entitlement - Preschool	-	1,948	-	-	1,948	-	-
Coronavirus Relief Funds II	(6,262)	6,262	-	-	-	-	-
MaineCare	4,364	-	-	-	-	(4,364)	-
Elementary and Secondary School Emergency Relief Funds (ESSER I)	-	97,004	-	-	97,004	-	-
Private Transportation Service - Homeless Elementary and Secondary School	(4,222)	6,649	-	-	2,427	-	-
Rethinking Responsive Education Ventures Elementary and Secondary School	-	49,354	-	-	49,354	-	-
Emergency Relief Funds (ESSER II)	-	83,331	-	-	83,331	-	-
Elementary and Secondary School Emergency Relief Funds (ESSER III)	-	385,728	-	-	385,728	-	-
National Board Certification Scholarship	950	-	-	-	-	-	950
Total federal and state programs	\$ (5,237)	\$ 1,093,921	\$ -	\$ -	\$ 1,083,370	\$ (4,364)	\$ 950

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

## MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2022

	<b>Fund Balance, 7/1/2021</b>	<b>Other Revenues</b>	<b>Program Expenditures</b>	<b>Transfers In/(Out)</b>	<b>Fund Balance, 6/30/2022</b>
Other programs:					
Bisbee Sport Fund	\$ 168,339	\$ 99,323	\$ 111,960	\$ (4,501)	\$ 151,201
MBNA ADF Fund	61,953	862	-	-	62,815
R. Clark Bequest	53,672	136	-	-	53,808
Emily Hall Fund	40,195	102	-	-	40,297
HR Support	(136)	12,266	12,130	-	-
Influenza Grant	1,833	1	1,352	-	482
MLTI Insurance	6,470	16	-	-	6,486
Food Champs	315	1	316	-	-
Friends of MSAD 28	(491)	-	-	491	-
CRMS Yearbooks	(3,804)	-	-	3,804	-
Volvo Challenge	(206)	-	-	206	-
Full Plates Full Potential	4,000	-	-	(4,000)	-
Total other funds	<u>\$ 332,140</u>	<u>\$ 112,707</u>	<u>\$ 125,758</u>	<u>\$ (4,000)</u>	<u>\$ 315,089</u>

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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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	Total
Facilities Maintenance	\$ 4,054,461	\$ 52,681,753	\$ 755,754	\$ 57,491,968
Transportation	-	-	1,784,398	1,784,398
School Lunch	-	-	202,667	202,667
Total General Capital Assets	4,054,461	52,681,753	2,742,819	59,479,033
Less: Accumulated Depreciation	-	(11,159,722)	(1,728,778)	(12,888,500)
Net General Capital Assets	<u>\$ 4,054,461</u>	<u>\$ 41,522,031</u>	<u>\$ 1,014,041</u>	<u>\$ 46,590,533</u>

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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

	General Capital Assets 7/1/21	Additions	Disposals	General Capital Assets 6/30/22
Facilities Maintenance	57,073,968	418,000	-	57,491,968
Transportation	1,459,398	325,000	-	1,784,398
School Lunch	202,667	-	-	202,667
Total General Capital Assets	58,736,033	743,000	-	59,479,033
Less: Accumulated Depreciation	(11,463,642)	(1,424,858)	-	(12,888,500)
Net General Capital Assets	<u>\$ 47,272,391</u>	<u>\$ (681,858)</u>	<u>\$ -</u>	<u>\$ 46,590,533</u>

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

## Federal Compliance Description

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 or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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 and Cultural Services				
Child Nutrition Cluster:				
School Breakfast Program	10.553	3014	\$ -	\$ 44,408
National School Lunch Program	10.555	6662	-	6,135
National School Lunch Program	10.555	3022	-	20,271
National School Lunch Program	10.555	3024	-	206,051
Summer Food Service Program for Children	10.559	3016	-	13,901
Subtotal Child Nutrition Cluster			-	290,766
Food Distribution Cluster:				
Child Nutrition Supply Chain Assistance	10.565	6670	-	16,738
Subtotal Food Distribution Cluster			-	16,738
Total U.S. Department of Agriculture			-	307,504
U.S. Department of Education				
Passed through State of Maine - Department of Education and Cultural Services:				
Title I Grants to Local Educational Agencies	84.010A	3107	-	127,716
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027A	3046	-	234,940
Special Education Preschool Grants	84.173A		-	1,948
Subtotal Special Education Cluster (IDEA)			-	236,888
Teacher Quality Grant	84.367A	3042	-	86,764
Student Support and Academic Enrichment	84.424		-	4,630
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	7010	-	1,356
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	7015	-	8,331
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	7006	-	385,640
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	7041	-	39,767
			-	435,094
Total U.S. Department of Education			-	891,092
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 1,198,596



MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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 Maine School Administrative District No. 28 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 Maine School Administrative District No. 28, it is not intended to and does not present the financial position, changes in net position or cash flows of the Maine School Administrative District No. 28.

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 Maine School Administrative District No. 28 has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Food Donation Program

The Maine School Administrative District No. 28 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. At June 30, 2022, the School District had no food commodities in inventory.



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  
Maine School Administrative District No. 28  
Camden, Maine

We have audited, in accordance with the auditing standards generally accepted in the School Districted States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the School Districted States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Maine School Administrative District No. 28 as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise Maine School Administrative District No. 28's basic financial statements and have issued our report thereon dated June 5, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maine School Administrative District No. 28'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 Maine School Administrative District No. 28's internal control. Accordingly, we do not express an opinion on the effectiveness of Maine School Administrative District No. 28'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.

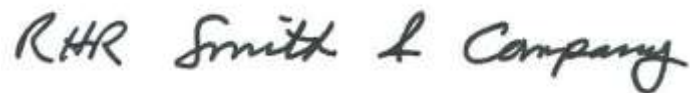
#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maine School Administrative District No. 28'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 Maine School Administrative District No. 28 in a separate letter dated April 7, 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.

A handwritten signature in cursive script that reads "RHR Smith & Company".

Buxton, Maine  
June 5, 2023



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

Board of Directors  
Maine School Administrative District No. 28  
Camden, Maine

Report on Compliance for Each Major Federal Program

We have audited Maine School Administrative District No. 28's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Maine School Administrative District No. 28's major federal programs for the year ended June 30, 2022. Maine School Administrative District No. 28's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Maine School Administrative District No. 28'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 School Districted States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the School Districted 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 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 Maine School Administrative District No. 28's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Maine School Administrative District No. 28's compliance.

### Opinion on Each Major Federal Program

In our opinion, Maine School Administrative District No. 28 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 Maine School Administrative District No. 28 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 Maine School Administrative District No. 28'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 Maine School Administrative District No. 28's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

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

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

*RHR Smith & Company*

Buxton, Maine  
June 5, 2023

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28  
 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 \_\_X\_\_no
- Significant deficiency(ies) identified? \_\_\_yes \_\_X\_\_no
- Noncompliance material to financial statements noted? \_\_\_yes \_\_X\_\_no

- *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_yes \_\_X\_\_no
- Significant deficiency(ies) identified? \_\_\_yes \_\_X\_\_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 \_\_X\_\_no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.027A/84.173A	Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? \_\_X\_\_yes \_\_\_no

**Section II - Financial Statement Findings**

None

**Section III - Federal Awards Findings and Questioned Costs**

None

## State Compliance Description

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  
Maine School Administrative District No. 28  
Camden, Maine

We have audited the financial statements of the Maine School Administrative District No. 28 for the year ended June 30, 2022 and have issued our report thereon dated June 5, 2023. Our audit was made in accordance with auditing standards generally accepted in the School Districted 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 School District for accuracy. In addition, we have reviewed the School District's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Maine School Administrative District No. 28, 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 the Maine School Administrative District No. 28 was in noncompliance with or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the School District and have attached the following schedule as it relates to the reconciliation of audit adjustments to the initial annual financial data submitted to the Maine Education financial system maintained at the School District.

This report is intended solely for the information of the Board of Directors, management and the 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  
June 5, 2023

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MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28

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 Fund (4000)	Total
June 30 Balance per Maine Education Financial System	\$ 1,977,639	\$ (6,148)	\$ -	\$ 1,971,491
<b>Other Adjustments:</b>				
Not reported on MEFS:				
Student activity funds	-	96,682	-	96,682
Other programs	-	315,089	-	315,089
Audited GAAP Basis Fund balance June 30	<u>\$ 1,977,639</u>	<u>\$ 405,623</u>	<u>\$ -</u>	<u>\$ 2,383,262</u>