

TOWN OF HOPE SCHOOL DEPARTMENT
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JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

Town of Hope School Committee
Hope School Department
School Union #69
Hope, Maine

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hope School Department, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Town of Hope School Department's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hope School Department as of June 30, 2022 and 2021, and the respective changes in the financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Town of Hope School Department, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Hope School Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hope School Department'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Hope School Department's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hope School Department's basic financial statements. The fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Emphasis of Matter

As discussed in Note A, the financial statements of the Town of Hope School Department are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of governmental activities, the business-type activities, and each major fund of the Town of Hope that is attributable to the transactions of the School Department. They do not purport to, and do not present fairly the financial position of the Town of Hope as of June 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Bath, Maine

June 14, 2023



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INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH STATE STATUTE REQUIREMENTS

Town of Hope School Committee
Hope School Department
School Union #69
Hope, Maine

We have audited the general purpose financial statements of the Town of Hope School Department as of and for the year ended June 30, 2022, and have issued our report thereon dated June 14, 2023.

The management of the Town of Hope School Department is responsible for the School's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the School's compliance with laws and regulations, noncompliance with which could have a material effect on the financial statements of the Town of Hope School Department.

Title 20-A Sec. 6051 requires certain written assurances with respect to school audits. Our audit of compliance with the laws and regulations consisted of, at a minimum, the following:

1. The audit has been conducted in accordance with applicable state and federal laws relating to financial and compliance audits as indicated in federal Office of Management and Budget circulars.
2. Budgetary controls were in place. The Town of Hope School Department is not in compliance with this regulation. See Note A, Part 11 for more details.
3. A determination of whether or not the School Department has exceeded its authority to expend funds as provided by the total budget summary article.
4. A determination of whether or not the annual financial data submitted to the department is correct.
5. A determination of whether or not the School Department was in compliance with applicable provisions of the Essential Programs and Services Funding Act pursuant to chapter 606-B, §15671.
6. A determination of whether or not the School Department complied with the applicable provisions of the unexpended balance requirements established under section 15004.
7. The School Department has complied with transfer limitations between budget cost centers pursuant to section 1485, subsection 4.
8. The School Department has complied with budget content requirements pursuant to section 15693, subsection 1 and cost center summary budget format requirements pursuant to sections 1305C, 1485, 1701C and 2307.

The results of our tests indicate that, for the items tested, the Town of Hope School Department complied with those provisions of Maine laws and regulations. Nothing came to our attention that caused us to believe that, for the items not tested, the Town of Hope School Department was not in compliance with Maine laws and regulations.

Bath, Maine

June 14, 2023



TOWN OF HOPE SCHOOL DEPARTMENT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTALS (MEMORANDUM ONLY)
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash in Bank	\$ -	\$ 25,752	\$ 25,752
Accounts Receivable	833	143,758	144,591
Equity with Town Treasurer	684,828		684,828
	<u>\$ 685,661</u>	<u>\$ 169,510</u>	<u>\$ 855,171</u>
Total Assets			
 LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 99,439	\$ -	\$ 99,439
Accrued Salaries	186,084	25,430	211,514
Unearned revenue		21,519	21,519
Due To Other Funds	45,604		45,604
Funds Owed to Town Treasurer		236,978	236,978
Facilities Reserve	18,732		18,732
Special Education Reserve	3,100		3,100
Total Liabilities	<u>\$ 352,959</u>	<u>\$ 283,927</u>	<u>\$ 636,886</u>
 Fund Balance:			
Restricted	\$ -	\$ 100,138	\$ 100,138
Assigned	150,000		150,000
Unassigned	182,702	(214,555)	(31,853)
Total Fund Balance	<u>\$ 332,702</u>	<u>\$ (114,417)</u>	<u>\$ 218,285</u>
	<u>\$ 685,661</u>	<u>\$ 169,510</u>	<u>\$ 855,171</u>
Total Liabilities and Fund Balance			

TOWN OF HOPE SCHOOL DEPARTMENT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN
 FUND BALANCE - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTALS (MEMORANDUM ONLY)
REVENUES:			
Local Allocation	\$ 1,933,341	\$ -	\$ 1,933,341
Intergovernmental Revenue	1,083,015	216,144	1,299,159
Miscellaneous Revenue	8,675		8,675
Maine State Retirement on Behalf Payments (Note C)	233,694		233,694
Total Revenues	\$ 3,258,725	\$ 216,144	\$ 3,474,869
EXPENDITURES:			
REGULAR INSTRUCTION	\$ 1,327,431	\$ -	\$ 1,327,431
SPECIAL EDUCATION PROGRAM:			
Instruction	687,489		687,489
Office	51,666		51,666
OTHER INSTRUCTION:			
Co-Curricular Activities	6,486		6,486
Co-Curricular Athletics	14,713		14,713
SUPPORT STAFF:			
Guidance	74,755		74,755
Library	73,689		73,689
Technology	83,567		83,567
Sub Coordinator	1,081		1,081
Instructional Staff Training	1,314		1,314
Nurse	45,720		45,720
Student Assessment	683		683
SYSTEM ADMINISTRATION:			
School Committee	15,459		15,459
Office of the Superintendent	110,848		110,848
SCHOOL ADMINISTRATION	198,083		198,083
TRANSPORTATION	154,176		154,176
FACILITIES MAINTENANCE	282,946		282,946
PROGRAM EXPENDITURES		411,798	411,798
MAINE STATE RETIREMENT ON BEHALF PAYMENTS	233,694		233,694
Total Expenditures	\$ 3,363,800	\$ 411,798	\$ 3,775,598
Excess of Expenditures over Revenues	\$ (105,075)	\$ (195,654)	\$ (300,729)
Fund Balance, July 1, 2021	437,777	81,237	519,014
Fund Balance, June 30, 2022	<u>\$ 332,702</u>	<u>\$ (114,417)</u>	<u>\$ 218,285</u>

TOWN OF HOPE SCHOOL DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Local Allocation	\$ 2,023,660	\$ 2,023,660	\$ 1,933,341	\$ (90,319)
Intergovernmental Revenue	990,963	990,963	1,083,015	92,052
Miscellaneous Revenue			8,675	8,675
Total Revenues	<u>\$ 3,014,623</u>	<u>\$ 3,014,623</u>	<u>\$ 3,025,031</u>	<u>\$ 10,408</u>
EXPENDITURES:				
REGULAR INSTRUCTION	\$ 1,376,152	\$ 1,376,152	\$ 1,327,431	\$ 48,721
SPECIAL EDUCATION PROGRAM:				
Instruction	635,040	635,040	687,489	(52,449)
Office	54,395	54,395	51,666	2,729
OTHER INSTRUCTION:				
Co-Curricular Activities	10,958	10,958	6,486	4,472
Co-Curricular Athletics	18,339	18,339	14,713	3,626
SUPPORT STAFF:				
Guidance	72,498	72,498	74,755	(2,257)
Library	72,537	72,537	73,689	(1,152)
Technology	90,244	90,244	83,567	6,677
Sub Coordinator	1,245	1,245	1,081	164
Instructional Staff Training	6,840	6,840	1,314	5,526
Nurse	41,488	41,488	45,720	(4,232)
Student Assessment	2,815	2,815	683	2,132
SYSTEM ADMINISTRATION:				
School Committee	13,715	13,715	15,459	(1,744)
Office of the Superintendent	105,112	105,112	110,848	(5,736)
SCHOOL ADMINISTRATION	201,913	201,913	198,083	3,830
TRANSPORTATION	146,499	146,499	154,176	(7,677)
FACILITIES MAINTENANCE	244,833	244,833	282,946	(38,113)
Total Expenditures	<u>\$ 3,094,623</u>	<u>\$ 3,094,623</u>	<u>\$ 3,130,106</u>	<u>\$ (35,483)</u>
Excess of Expenditures over Revenues	<u>\$ (80,000)</u>	<u>\$ (80,000)</u>	<u>\$ (105,075)</u>	<u>\$ (25,075)</u>
Fund Balance, July 1, 2021	80,000	80,000	437,777	357,777
Fund Balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,702</u>	<u>\$ 332,702</u>

TOWN OF HOPE SCHOOL DEPARTMENT
STATEMENT OF FIDUCIARY NET POSITION
STUDENT ACTIVITY ACCOUNTS
JUNE 30, 2022

AGENCY

ASSETS:		
Cash	\$	25,752
Total Assets	<u>\$</u>	<u>25,752</u>
LIABILITIES	\$	-
NET POSITION:		
Amounts Restricted for Other Groups		25,752
Total Liabilities and Net Position	<u>\$</u>	<u>25,752</u>

STATEMENT OF NET POSITION - PROPRIETARY FUND
SCHOOL LUNCH PROGRAM
JUNE 30, 2022

ASSETS:		
Accounts Receivable	\$	10,338
Inventory		2,494
Due From Other Funds		45,604
Total Assets	<u>\$</u>	<u>58,436</u>
LIABILITIES:		
Accounts Payable	\$	1,146
NET POSITION		57,290
Total Liabilities and Net Position	<u>\$</u>	<u>58,436</u>

TOWN OF HOPE SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Town of Hope School Department conform to generally accepted accounting principles as applicable to governmental units.

1. Financial Reporting Entity

The Town of Hope School Department is a department of the Town of Hope, Maine, the basic financial statements of which have been issued in a separate report dated June 14, 2023 for the year ended June 30, 2022.

The accompanying financial statements present only the Hope School Department's operations and are not intended to present fairly the financial position and results of operations of the Town of Hope, Maine, in conformity with accounting principles generally accepted in the United States of America. Certain disclosures relevant to both the Town of Hope and the Hope School Department are omitted herein and have been disclosed in the Town's basic financial statements.

MRSA Title 20-A Section 15003 requires the Town of Hope School Department to report on a July 1 to June 30 fiscal year.

2. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. Basis of Presentation

The accounts of the Town of Hope School Department are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The various funds are grouped by type in the financial statements.

Governmental Funds

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

Special Revenue Funds - Special revenue funds are used to account for the revenues derived from specific sources (i.e. federal and state grants) and to facilitate the management of financial resources internally "designated" for specific purposes.

Capital Project Fund - Capital project funds are used to fund major improvements to the school buildings. Hope School Department no longer has a Capital Projects Fund.

TOWN OF HOPE SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

3. Basis of Presentation (Cont'd)

Fiduciary Fund

Custodial Funds - Custodial funds are used to account for assets held by the Town of Hope School Department in an agency capacity. The amounts are not available to support the Hope School Department.

Proprietary Fund

The Proprietary Fund is the fund used to account for all the financial resources relating to the School Nutrition Program.

4. Basis of Accounting

The modified accrual basis of accounting is followed by the general, special revenue, and agency funds. The modified accrual basis of accounting is defined as the basis of accounting under which expenditures are recorded as incurred and revenues are recorded when received in cash except for material and/or available revenues which are accrued to reflect properly the assessments levied and the revenues earned.

5. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

6. Financial Statement Amounts

In accordance with GASB Statement No. 54, the school department employs terminology and classifications for fund balance items as follows:

Restricted fund balances are amounts that can be used only for specific purposes because of legislation or restrictions imposed by donors. The fund balance of the Special Revenue Fund is classified as restricted.

Committed fund balances are amounts that can be used only for specific purposes because of a formal action taken by town government.

Assigned fund balances are resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balances are all amounts in the General Fund that are not assigned to another category. Only the General Fund can have an unassigned fund balance.

TOWN OF HOPE SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

7. Accounts Receivable

Accounts Receivable is stated at gross value. At June 30, 2022 it was determined there was \$833.34 in accounts receivable and the allowance for uncollectible accounts was not considered necessary.

8. Inventory

Inventory consists of school lunch food and supplies, and is recorded at cost on the first-in, first-out basis.

9. Implementation of New Accounting Standards

- a. Statement No. 87, "Leases" is effective for the fiscal year ending June 30, 2022. 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 that the impact of this statement is not material to the financial statements.
- b. Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", is effective for the fiscal year ending June 30, 2022. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify 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. Management has determined that the impact of this statement is not material to the financial statements.
- c. Statement No. 91, "Conduit Debt Obligations" is effective for the fiscal year ending June 30, 2022. The objective of the statement is 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 disclosures. Management has determined that this statement is not applicable.

TOWN OF HOPE SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

9. Implementation of New Accounting Standards (Cont'd)

- d. Statement No. 93, "Replacement of Interbank Offered Rates" is effective for the fiscal year ending June 30, 2022. The objective of this statement is to improve guidance regarding the governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Management has determined that this statement is not applicable.
- e. Statement No. 97, "Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" is effective for the fiscal year ending June 30, 2022. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 Plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. Management has determined that this statement is not applicable.
- f. Statement No. 98, "The Annual Comprehensive Financial Report" is effective for the fiscal year ending June 30, 2022. This statement establishes the term *annual comprehensive financial report* and its acronym ACFR. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. Management has determined that this statement is not applicable.

10. Future Accounting Pronouncements

- a. Statement No. 94, "Public Private Partnerships" is effective for the fiscal year ending June 30, 2023. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Management has determined that this statement is not applicable.
- b. Statement No. 96, "Subscription-Based Information Technology Arrangements" is effective for the fiscal year ending June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined that this statement is not applicable.

TOWN OF HOPE SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

10. Future Accounting Pronouncements (Cont'd)

- c. Statement No. 99, "Omnibus 2022" portions of the Omnibus 2022 is effective for the fiscal year ending June 30, 2023 and portions are effective for the fiscal year ending June 30, 2024. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Management has determined that some portions of this statement will be applicable.
- d. Statement No. 100, "Accounting Changes and Error Corrections" is effective for the fiscal year ending June 30, 2024. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Management has determined that this statement is applicable based on certain circumstances that change from year to year.
- e. Statement No. 101, "Compensated Absences" is effective for the fiscal year ending June 30, 2025. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management has determined that this statement will not be applicable.

11. Subsequent Event

As of June 14, 2023, management has reviewed events after June 30, 2022 and noted the following subsequent event:

The Town of Hope School Department is not in compliance with the legally adopted budget for the fiscal year. The School Board will hold a special meeting on June 28, 2023 in order to transfer budget cost centers up to the allowable 5% and will hold a Special Town Meeting tentatively scheduled for July 20, 2023 in order to gain taxpayer approval for additional funds needed to cover the remaining over-expended cost centers. Once this process is complete the Town of Hope School Department will be in compliance with State laws and regulations.

NOTE B - GENERAL FUND BUDGET:

The Town of Hope School Department operates on a gross budget. All revenues are estimated. The unexpended balance is carried forward each year as required by MRSA Title 20-A, Section 15004.

At the annual town meeting, held in June, the townspeople vote on various articles on which amounts for appropriation have been recommended by the school committee and/or the budget committees.

TOWN OF HOPE SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE C - DEFINED BENEFIT PENSION PLAN:

Public school teachers contribute to the Maine Public Employees Retirement System (“System”), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for public school teachers, state employees (except members of the judiciary and legislature who are covered under the Judicial and Legislative Retirement Systems) and political subdivisions. The System also provides retirement, death, disability, and health insurance benefits. These benefit provisions and all other requirements are established by state statute. The MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the teachers group. This report may be obtained by calling 1-800-451-9800.

Teachers are required to contribute 7.65% of their annual salary to the System. The Town of Hope School Department is required to pay 3.84% of teachers’ payroll which is reflected in expenses on the Statement of Revenues and Expenditures. The only exception is the additional contribution required for federally funded teachers for which the School contributes 14.89% of their compensation and is charged to the grant. This cost amounted to \$64,942 for the year ended June 30, 2022. The State of Maine contributes the remaining amounts necessary to fund the System, using the actuarial basis specified by statute. The covered payroll for teachers is approximately \$1,775,668. As required by Accounting Standards, the amount paid on behalf of the School Department by the State of Maine has been recorded as revenue and an expenditure, which amounted to approximately \$233,694.

NOTE D - EXPENDITURES IN EXCESS OF APPROPRIATIONS:

Expenditures exceeded appropriations in the following categories during the year ending June 30, 2022:

BUDGET CATEGORY	APPROPRIATION	EXPENDITURES	VARIANCE
Special Education - Instruction	\$ 635,040	\$ 687,489	\$ (52,449)
Guidance	\$ 72,498	\$ 74,755	\$ (2,257)
Library	\$ 72,537	\$ 73,689	\$ (1,152)
Nurse	\$ 41,488	\$ 45,720	\$ (4,232)
School Committee	\$ 13,715	\$ 15,459	\$ (1,744)
Office of the Superintendent	\$ 105,112	\$ 110,848	\$ (5,736)
Transportation	\$ 146,499	\$ 154,176	\$ (7,677)
Facilities Maintenance	\$ 244,833	\$ 282,946	\$ (38,113)

Maine State Retirement on Behalf Payments are not budgeted and are offset by corresponding revenue amounts. Total budgetary authority was over-expended by \$35,483.

NOTE E - RISK MANAGEMENT:

The School Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All significant losses are covered by commercial insurance. There has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE F - DONATED COMMODITIES:

The School Lunch Program received food with a value of \$5,839 from the U.S. Department of Agriculture during the year. This amount has been reflected in revenues and food expense.

TOWN OF HOPE SCHOOL DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE G - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

FUND	INTERFUND RECEIVABLES	INTERFUND PAYABLES	TRANSFERS
General	\$	\$ 45,604	\$
Proprietary	45,604		
Total	\$ 45,604	\$	\$

TOWN OF HOPE SCHOOL DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE LISTING	PASS THROUGH GRANTOR NUMBER	FUND BALANCE JULY 1, 2021	REVENUES	EXPENDITURES	FUND BALANCE JUNE 30, 2022
U.S. DEPARTMENT OF AGRICULTURE:						
Passed Through State Department of Education:						
School Nutrition Cluster:						
Donated Commodities (Note F)	10.559	N/A	\$ -	\$ 5,839	\$ 5,839	\$ -
School Lunch Summer Program	10.559	13.3016/13.3018		110,342	110,342	
Total School Nutrition Cluster			<u>\$ -</u>	<u>\$ 116,181</u>	<u>\$ 116,181</u>	<u>\$ -</u>
Fresh Fruits and Veggies	10.582	13.3028	\$ -	\$ 2,723	\$ 2,723	\$ -
Subtotal U.S. Department of Agriculture			<u>\$ -</u>	<u>\$ 118,904</u>	<u>\$ 118,904</u>	<u>\$ -</u>
U.S. DEPARTMENT OF EDUCATION:						
Passed Through State Department of Education:						
Special Education Cluster:						
IDEA Special Education - Grants to States - ARP	84.027X	25.7071	\$ -	\$ 10,368	\$ 10,063	\$ 305
IDEA Special Education - Grant to States (IDEA Part B)	84.027	13.3046		57,402	55,866	1,536
Preschool	84.173	13.6247		699	699	
Preschool - ARP	84.173X	25.7171		1,208	1,208	
Total Special Education Cluster			<u>\$ -</u>	<u>\$ 69,677</u>	<u>\$ 67,836</u>	<u>\$ 1,841</u>
COVID - Elementary and Secondary School Emergency Relief Fund #3	84.425D	13.7006	\$ -	\$ -	\$ 143,935	\$ (143,935)
COVID - Elementary and Secondary School Emergency Relief Fund #2	84.425D	13.7010			54,363	(54,363)
Subtotal ESSER			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,298</u>	<u>\$ (198,298)</u>
Title I - Basic Disadvantaged Program	84.010	13.3107	\$ 1,772	\$ 43,944	\$ 47,661	\$ (1,945)
Rural Education Achievement Program	84.358	N/A	1,359	10,894	10,894	1,359
Title IIA - Supporting Effective Instruction	84.367	13.3042		6,658	1,456	5,202
Student Support and Academic Enrichment - Title IVA	84.424	13.3345		8,919	1,197	7,722
Rural and Low Income - Title V	84.368A	13.3005		88	14,400	(14,312)
Subtotal U.S. Department of Education			<u>\$ 3,131</u>	<u>\$ 140,180</u>	<u>\$ 341,742</u>	<u>\$ (198,431)</u>
Total			<u>\$ 3,131</u>	<u>\$ 259,084</u>	<u>\$ 460,646</u>	<u>\$ (198,431)</u>

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of Town of Hope School Department's Schedule of Expenditures of Federal Awards conforms to generally accepted accounting principles as applicable to governmental units. The modified accrual basis of accounting is followed. This method of accounting is defined as the basis of accounting under which expenditures are recorded as incurred, and revenues are recorded when received in cash except for material and/or available revenues which are accrued to reflect properly the assessments levied and the revenues earned.

NOTE 2 - DONATED COMMODITIES:

Non-monetary assistance is reported in the schedule at the fair market value of the commodities consumed.

NOTE 3 - INDIRECT COST RATE:

The Town of Hope School Department has elected not to use the 10% de minimus indirect cost rate allowed under uniform guidance.

TOWN OF HOPE SCHOOL DEPARTMENT
 SCHEDULE OF ACTIVITY - FIDUCIARY FUND TYPE - AGENCY - STUDENT ACTIVITY FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	NET POSITION <u>7/1/2021</u>	REVENUES	EXPENDITURES	NET POSITION <u>6/30/2022</u>
CHECKING:				
Class of 2021	\$ 518	\$ 124	\$ (642)	\$ -
Class of 2022	236	7,565	(7,115)	686
Cheer Fund	405	320	(740)	(15)
Essentials Team	56			56
Fundraising	2,004	3,506	(4,899)	611
Guidance	429			429
Laptop Insurance	5,388	490		5,878
Library	516	10,317	(4,776)	6,057
Math & Science	243	1,489	(10)	1,722
Laptop Fund	660			660
Middle School Athletics Fund	26			26
French	25			25
Music	1,261			1,261
Integrated Studies 6+8	7			7
Replacement Fund	100			100
Scholarship Fund	1,379	50	(400)	1,029
Seeds of Hope	426		(136)	290
Student Council	276	509	(685)	100
Petty Cash	(325)	14,390	(14,706)	(641)
Yearbook	1,017	321	(797)	541
Pre-K	989		(709)	280
0th Grade	8	1,691	(1,013)	686
1st Grade	518		(226)	292
3rd Grade	34			34
4th Grade	85			85
5th Grade	13			13
7th Grade	(76)	76		
8th Grade	188			188
Helpekin Camp Scholarship	2,000			2,000
Camp Kieve Scholarship	666			666
Lunch Fund	25		(25)	
Adv Math	148			148
Middle Level Fund	600			600
Outdoor Education Grant		1,938		1,938
Total Checking	<u>\$ 19,845</u>	<u>\$ 42,786</u>	<u>\$ (36,879)</u>	<u>\$ 25,752</u>

TOWN OF HOPE SCHOOL DEPARTMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>REVENUES</u>	<u>EXPENDITURES</u>	EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>FUND BALANCE</u>	
	FEDERAL AND STATE GRANTS	PROGRAM EXPENDITURES		JULY 1, 2021	JUNE 30, 2022
REAP Small Rural School Achievement	\$ 10,894	\$ 10,894	\$ -	\$ 1,358	\$ 1,358
Local Entitlement	57,402	55,866	1,536		1,536
Preschool	699	699			
Elementary and Secondary School Emergency Relief Fund #2		54,363	(54,363)		(54,363)
Elementary and Secondary School Emergency Relief Fund #3		143,935	(143,935)		(143,935)
Title IA	43,944	47,661	(3,717)	1,772	(1,945)
Title IIA - Teacher Quality	6,658	1,456	5,202		5,202
Title IVA - Student Support and Academic Enrichment	8,919	1,197	7,722		7,722
Title V - Rural and Low Income	88	14,400	(14,312)		(14,312)
PEPG Grant				1,113	1,113
Bracher Memorial Donations				942	942
Donor Foundation				54,752	54,752
King Grant				1,455	1,455
MLTI Grant	21,114	21,114			
Local Entitlement - ARP	10,368	10,063	305		305
Preschool - LE ARP	1,208	1,208			
E-Rate Technology	12,064	12,064			
Student Activity Funds	42,786	36,878	5,908	19,845	25,753
Total	<u>\$ 216,144</u>	<u>\$ 411,798</u>	<u>\$ (195,654)</u>	<u>\$ 81,237</u>	<u>\$ (114,417)</u>

TOWN OF HOPE SCHOOL DEPARTMENT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN FUND NET POSITION - PROPRIETARY FUND TYPE
ENTERPRISE - SCHOOL LUNCH PROGRAM
FOR THE YEAR ENDED JUNE 30, 2022

REVENUES:

Sales	\$	246
Subsidy		113,065
Other revenues		223
Donated Commodities		<u>5,839</u>

Total Revenues		\$	<u>119,373</u>
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EXPENSES:

Food and Supplies	\$	44,960
Labor		42,791
Other		<u>12,878</u>

Total Expenses		<u>100,629</u>
Net Gain	\$	<u>18,744</u>
Net Position, July 1, 2021		<u>38,546</u>
Net Position, June 30, 2022	\$	<u><u>57,290</u></u>

TOWN OF HOPE SCHOOL DEPARTMENT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
ENTERPRISE - SCHOOL LUNCH PROGRAM
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Received from Customers	\$ 469
Received from the State and Other Organizations	141,816
Payments to Suppliers for Goods and Services	(116,784)
Payments to Employees	(31,340)
Net Amount Transferred to/from Town	5,839

Net Cash Provided by (Used in) Operating Activities

\$ -

TOWN OF HOPE SCHOOL DEPARTMENT
 RECONCILIATION OF THE AUDIT ADJUSTMENTS TO MAINE EDUCATION FINANCIAL SYSTEMS (MEFS)
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>UNDESIGNATED</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>ENTERPRISE FUND</u>	<u>TOTAL</u>
June 30 Balance as per Maine Education Financial System	\$ (2,185,124)	\$ 61,087	\$ 19,916	\$ (2,104,121)
Beginning Balance Adjustment	2,617,658	(128,938)	37,165	2,525,885
REVENUE ADJUSTMENT	(80,000)	(46,566)	5,879	(120,687)
EXPENDITURE ADJUSTMENT	(19,832)		(5,670)	(25,502)
June 30 Audited GAAP Basis Fund Balance	<u>\$ 332,702</u>	<u>\$ (114,417)</u>	<u>\$ 57,290</u>	<u>\$ 275,575</u>