

***Regional School Unit No. 24***  
***Financial Statements and Supplementary Data***  
***With Independent Auditors' Report***  
***June 30, 2011***

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***INDEPENDENT AUDITORS' REPORT***

December 21, 2011

To the Members of the School Board  
Regional School Unit No. 24

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 24, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Regional School Unit No. 24's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional School Unit No. 24, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011, on our consideration of the Regional School Unit No. 24's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 3 through 7 and page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School Unit No. 24's financial statements as a whole. The introductory section, combining and individual non major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non major fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Horton, McFarland & Veysey, LLC



**Regional School Unit No. 24  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

Regional School Unit No. 24 (The Unit) was formed by approval of the voters of the municipalities of Eastbrook, Ellsworth, Franklin, Gouldsboro, Hancock, Lamoine, Mariaville, Sorrento, Steuben, Sullivan, Waltham and Winter Harbor. The Unit operates 7 elementary schools, 2 high schools, and a technical center serving approximately 2,600 students. It employs over 600 regular school year staff and the fiscal year 2011 general fund budget totaled \$32,287,278.

The following is a discussion and analysis of Regional School Unit No. 24 financial activities for the fiscal year ended June 30, 2011.

**1. FINANCIAL HIGHLIGHTS**

- The Unit's General Fund reflects revenue and expenditures of money raised through local property taxes and the state funding formula for the purpose of providing education to K-12 students. The fund may be supplemented with additional funds from other governments or private sources through business activities of the Unit or to supplement or reimburse expenditures of the Unit from property taxes or the state funding formula. The General Fund Undesignated balance at the beginning of the fiscal year was \$2,806,945. During the fiscal year, the Unit obtained revenues and transfers of \$32,269,204 and expended or transferred \$31,107,939. At the end of the fiscal year the General Fund Undesignated balance is \$3,968,210 on a budgetary (cash) basis and \$1,945,616 on a modified accrual basis.
- The Unit also has Special Revenue Funds consisting of: 1) federal, state and private grants to provide educational programs, 2) The School Nutrition Program, 3) Reserves and 4) Adult Education Programs. The Special Revenue Funds balance at the beginning of the fiscal year was \$822,943. During the fiscal year, the Unit obtained revenues and transfers of \$5,120,102 and expended or transferred \$5,355,407. At the end of the fiscal year the Unit's Special Revenue Funds balance is \$587,638 on a budgetary (cash) basis and \$445,083 on a modified accrual basis.
- The Unit has one enterprise fund to account for the Adult Education Program. The Enterprise Fund balance at the beginning of the fiscal year was \$0. During the fiscal year, the Unit obtained revenues and transfers of \$52,055 and expended or transferred \$23,522. At the end of the fiscal year the Unit's enterprise fund balance is \$28,533.
- The Unit has two major capital projects fund to account for the Peninsula Grammar School Project and the Ellsworth Middle School Project. The major capital project funds balance at the beginning of the year was \$334,421. During the fiscal year, the Unit obtained other sources of funds, transfers and interest income of \$1,831 and expended \$174,623. At the end of the fiscal year the Unit's Major Capital Project Funds balance is \$161,629.

**2. USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements:

Exhibit A: Statement of Net Assets – Government-Wide Financial Statements

Exhibit B: Statement of Activities – Government-Wide Financial Statements

Exhibit C: Balance Sheet – Governmental Funds and the Reconciliation of the  
Balance Sheet of Governmental Funds to the Statement of Net Assets

Exhibit D: Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

**Regional School Unit No. 24  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

**2. USING THIS ANNUAL REPORT (Continued)**

- Exhibit E: Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
- Exhibit F: Balance Sheet-Proprietary Fund-Adult Education Program Enterprise Fund
- Exhibit G: Statement of Revenues, Expenses and Changes in Net Assets-Proprietary Fund-Adult Education Program Enterprise Fund
- Exhibit H: Statement of Cash Flows- Proprietary Fund – Adult Education Program Enterprise Fund
- Exhibit I: Combining Statement of Net Assets-Fiduciary Funds
- Exhibit J: Combining Statement Revenues, Expenses and Changes in Net Assets Fiduciary Funds

This report also contains the following supplemental information:

- Exhibit A-1: Budgetary Comparison Schedule – General Fund
- Exhibit A-2: Schedule of Revenue – Budget and Actual – General Fund
- Exhibit A-3: Schedule of Expenditures – Budget and Actual – General Fund
- Exhibit A-4: Statement of Changes in Unreserved – Undesignated Fund Balance
- Exhibit B-1: Combining Balance Sheet – All Special Revenue Funds
- Exhibit B-2: Combining Statement of Revenues, Expenditures and Changes in Fund Balance – All Special Revenue Funds
- Exhibit B-3: Food Service Fund – Statement of Revenues, Expenditures and Changes in Fund Balance
- Exhibit B-4: Federal/State/Local Grants Fund – Statement of Revenues, Expenditures and Fund Balance
- Exhibit B-5: Adult Education Programs – Statement of Revenue, Expenditures and Changes in Fund Balance
- Exhibit B-6: Reserve Funds – Schedule of Activity
- Exhibit B-7: Food Service Fund – Comparative Schedule of Meals Served
- Exhibit B-9: Combining Major Capital Funds – Balance Sheet
- Exhibit B-10: Combining Major Capital Funds – Statement of Revenues, Expenditures and Changes in Fund Balance

***Regional School Unit No. 24  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011***

**3. THE UNIT'S FINANCIAL POSITION**

The Unit operates Government Funds. As of June 30, 2011, the Unit had \$7,084,900 in cash and other assets and \$4,532,572 in accounts payable and other liabilities. The modified accrual total fund balance of Government Funds at the end of the fiscal year (FY) was \$2,552,328.

**4. SIGNIFICANT TRANSACTIONS AND CHANGES**

School year 2010-11 marked the second full year of operation for Regional School Unit No. 24. During its first year the district made outstanding progress consolidating its operations and streamlining operations. The district successfully weathered a significant curtailment of state and federal revenues and operated on a budget that was over \$3 million less than the combined budgets of the units that formed the RSU. However, the district continued to face significant challenges implementing new and innovative education programs in an era of continually declining financial resources.

The district started the fiscal year with no budgeted balance forward as the ending balances of the Units that formed Regional School Unit No. 24 were reconciled and returned to the municipalities by the end for FY 2010. However, continued savings due to the operational efficiencies of the district allowed for a significant undesignated fund balance by the end of FY 10 and a still larger one by the end of FY 11.

Regional School Unit No. 24 received \$990,297 in federal stabilization funds which partially offset a more than \$1 million reduction in state General Purpose Aid. Receipt of the funds did require the submission of additional monthly reports to the state and the creation of accounts to track the funds separately from other General Fund revenues and expenditures. In addition, the Unit received \$367,596 in federal ARRA IDEA funds to supplement its special education programs. Both federal grants were created to assist school Units to retain or create jobs in the face of a severe revenue shortfall that resulted from the economic downturn. The funds will no longer be available beginning with fiscal year 2012.

FY 11 was the first year of operating a three-year \$1.7 million Federal School Improvement Grant designed to assist Sumner Memorial High School transform its educational programs and practices to improve the educational performance of its students. The district received a total of \$399,835 for the grant activities during the fiscal year. During the year the district learned that it was eligible for a second School Improvement Grant to assist in a similar transformation at Ellsworth High School.

The Towns of Otis and Mariaville agreed on settlement of the Beech Hill School real estate that resulted in the school being placed under the operational authority of the Otis School Department beginning on July 1, 2011. RSU 24 and the Otis school department entered into a one-year agreement that would allow Mariaville students the option of attending Beech Hill School for FY 12.

The first full year of principal and interest payments on the new Peninsula School and interest only on the Ellsworth Elementary-Middle School were reflected in the FY 11 financial statements. The total payments for FY 11 were \$3,056,855 of which \$2,816,789 (92.2%) was paid for with state funds.

The district established a Tax Revenue Anticipation Note (TRAN) line of credit with a local financial institution to cover short term operating cash flow shortfalls that may occur from time to time in the course of a fiscal year. The amount of the TRAN for FY 11 was \$4 million with an annual interest rate of 1.49% on any funds drawn down. The district did draw down \$1 million for a short period and then repaid it.

Despite all of the significant challenges faced by Regional School Unit No. 24, a great deal was accomplished during the first two years of operation.

## **5. EXPENDITURES VS. BUDGET**

General Fund expenditures were below budget in most of the eleven required state cost centers. Transportation costs were a challenge for the district. The cost of transporting special needs students both within the district and to out-of-district locations came in at more than double the amount budgeted. In addition the cost of fuel and the cost of new equipment exceeded expectations. The Board of Directors voted to authorize the transfer of \$200,000 from the Special Education cost center to the Transportation cost center to cover the potential overage.

As a whole, General Fund expenditures were \$1,179,339 (3.7%) below budget.

## **6. CAPITAL ASSETS AND LONG-TERM DEBT**

In order to comply with the requirements of GASB 34, the Board of Directors adopted a policy that requires the Unit to maintain detailed records of capital assets (land, buildings, vehicles, and equipment) that have a unit cost of \$5,000 or more and a useful life span of 5 years or more. The current value of those items, with accumulated depreciation, is \$63,040,507 and is reflected in the Unit's financial statement.

The Unit assumed long-term debt for the construction of Ellsworth High School, the Peninsula School, the Ellsworth Elementary-Middle School, the Lamoine School and various capital leases for equipment. The Unit also has long-term obligations for compensated absences. The outstanding balance on long-term debt is \$50,765,678 (including accrued interest on the debt and current portions of the debt). Of this amount \$222,240 will be forgiven by the State in accordance with the Bond agreements, over the life of the bonds. The last payment on current debt is November 1, 2029.

## **7. LOOKING TOWARD THE FUTURE**

Regional School Unit No. 24 finished fiscal year 2011 with a substantial fund balance of over \$3.9 million (cash basis). However, over \$1.8 million of that was used to offset taxes in the FY 12 budget, leaving less in available cash to cope with continued declines in revenue without significant impact on Unit operations. Planning the FY 13 budget will provide some significant challenges including reduced state subsidy, the loss of the last of the Federal stimulus money, and anticipated increases in personnel expenses.

Despite some tweaks to the EPS funding formula by the legislature that were designed to benefit rural and coastal districts, the Unit continues to lose state subsidy due to the failure of the legislature to appropriate sufficient funds for General Purpose Aid and local property valuations that are increasing faster than the state as a whole. After adjustment for new debt service on the Peninsula School and Ellsworth Elementary-Middle School that is paid entirely by the state, subsidy for FY 11 is \$1.1 million less than FY 10 and subsidy for FY 12 is another \$400,000 less than that. Preliminary estimates for FY 13 are that the district will lose an additional \$150,000. And the possibility of a curtailment always looms so long as the State continues to generate revenues the do not fund the programs that it budgets.

At the same time, the last of the Federal Stimulus money that was meant to supplement, or at least offset temporary losses of, State revenues are about to dry up. Over \$1.3 million in ARRA funds available through the end of FY 11 are gone. Another \$672,000 in Education Jobs Bill funds will disappear in FY 12. There are no stimulus funds to offset subsidy losses for the FY 13 budget.

**Regional School Unit No. 24  
Management's Discussion and Analysis  
For the Year Ended June 30, 2011**

**7. LOOKING TOWARD THE FUTURE (Continued)**

Anticipated increases in personnel costs are expected for FY 12 and FY13. Most RSU 24 employees have not received an increase in compensation since 2009-10. All employees had compensation reduced by 1.9% for FY 11 in return for 2 furlough days and then were re-instated to 2009-10 levels for FY 12. Any pay or benefit increases were limited to employees covered by unexpired collective bargaining agreements. All agreements had expired by the end of FY 11. The RSU Board reached agreement on two-year contracts with the custodian and school bus driver bargaining units that call for changes to benefits but no wage increases for FY 12. However, the contracts do include longevity step increases for FY 13. The RSU Board has reached a tentative but not yet ratified 1-year agreement with the Down East Education Association, the union representing teachers, which would leave benefits the same but provide modest salary increases for FY 12 and beyond. The wage agreement also reduces the number of teacher pay scales down from five to two. A longer-term contract that would standardize both pay and benefits for teachers must still be negotiated. The districts Education Technicians voted to unionize, but negotiations on a contract have not yet begun. Other employee groups (Food Service Workers, Clerical Staff, Specialists and Technicians, and Administrative Personnel) are also likely to receive compensation increases going forward as none have been received since 2009-10.

The State Board of Education informed the district that it has approved its application to receive up to \$2.9 million in Qualified School Construction Bond funding to be used for energy efficiency and indoor air quality projects that will impact every building in the district, except the two newly opened ones which were ineligible. Financing is in the form of little to no interest loans or lease to purchase agreements of up to 15 years. The projects must be completed within three years of issuance of the financial instrument.

**8. QUESTIONS ABOUT THE UNIT'S FINANCES:**

Questions about the School Unit's finances may be directed to:

Mr. David L. Bridgham  
Business Manager  
Regional School Unit No. 24  
248 State Street, Suite 3-A  
Ellsworth, ME 04605

Tel. (207) 667-8136

E-mail: [dbridgham@rsu24.org](mailto:dbridgham@rsu24.org)

<i>Assets</i>	Governmental Activities	Business-Type Activities	Total
<b>Current Assets</b>			
Cash and Equivalents	5,483,205		5,483,205
Accounts Receivable	73,248	7,569	80,817
Bond Proceeds Receivable	85,850		85,850
Due from Other Funds		20,964	20,964
Due from Other Governments	1,028,342		1,028,342
Inventories	29,494		29,494
<b>Total Current Assets</b>	<b>6,700,139</b>	<b>28,533</b>	<b>6,728,672</b>
<b>Noncurrent Assets</b>			
Capital Assets	66,076,869		66,076,869
Less: Accumulated Depreciation	(3,036,362)		(3,036,362)
<b>Total Noncurrent Assets</b>	<b>63,040,507</b>	-	<b>63,040,507</b>
<b>Total Assets</b>	<b>69,740,646</b>	<b>28,533</b>	<b>69,769,179</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	903,764		903,764
Accrued Salaries Payable	2,616,135		2,616,135
Accrued Interest	349,818		349,818
Tax Anticipation Note Payable	50,001		50,001
Due to Other Funds	20,964		20,964
Due to Other Governments	470,792		470,792
Current Portion of Deferred Revenue	35,640		35,640
Current Portion of Bonds and Notes Payable	1,353,100		1,353,100
Current Portion of Capital Lease Obligations	2,022,622		2,022,622
<b>Total Current Liabilities</b>	<b>7,822,836</b>	-	<b>7,822,836</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences Payable	310,231		310,231
Deferred Revenue	222,545		222,545
Less Current Portion Above	(35,640)		(35,640)
Bonds and Notes Payable	13,297,560		13,297,560
Less Current Portion Above	(1,353,100)		(1,353,100)
Capital Lease Obligations	36,671,374		36,671,374
Less Current Portion Above	(2,022,622)		(2,022,622)
<b>Total Noncurrent Liabilities</b>	<b>47,090,348</b>	-	<b>47,090,348</b>
<b>Total Liabilities</b>	<b>54,913,184</b>	-	<b>54,913,184</b>
<b>Net Assets</b>			
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	12,585,365		12,585,365
Unrestricted:			
Undesignated	1,635,371	28,533	1,663,904
Temporarily Restricted:			
Major Capital Projects Funds	161,629		161,629
Reserve Funds	647		647
Food Service Fund	343,299		343,299
Federal/State/Local Grants Funds	24,781		24,781
Adult Education	76,370		76,370
<b>Total Net Assets</b>	<b>14,827,462</b>	<b>28,533</b>	<b>14,855,995</b>
<b>Total Liabilities and Net Assets</b>	<b>69,740,646</b>	<b>28,533</b>	<b>69,769,179</b>



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



	<b>Governmental Fund Types</b>			
	<b>General Fund</b>	<b>Special Revenue</b>	<b>Major Capital Projects Fund</b>	<b>Totals (Memorandum Only)</b>
<b>Assets</b>				
Cash and Equivalents	5,343,288		139,917	5,483,205
Accounts Receivable	21,172	37,981		59,153
Due from Other Governments	416,520	611,822		1,028,342
Due from Other Funds		462,994	21,712	484,706
Inventory		29,494		29,494
<b>Total Assets</b>	<b>5,780,980</b>	<b>1,142,291</b>	<b>161,629</b>	<b>7,084,900</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	653,151	230,787		883,938
Accrued Salaries Payable	2,376,152	239,983		2,616,135
Deferred Revenue		305		305
Student Prepayments		5,731		5,731
Tax Anticipation Note Payable	50,001			50,001
Due to Other Governments	250,390	220,402		470,792
Due to Other Funds	505,670			505,670
<b>Total Liabilities</b>	<b>3,835,364</b>	<b>697,208</b>	<b>-</b>	<b>4,532,572</b>
<b>Fund Balances:</b>				
Reserved for Inventory		29,494		29,494
Unreserved:				
Designated for Subsequent Years' Expenditures		415,589	161,629	577,218
Undesignated	1,945,616			1,945,616
<b>Total Fund Balances</b>	<b>1,945,616</b>	<b>445,083</b>	<b>161,629</b>	<b>2,552,328</b>
<b>Total Liabilities and Fund Balances</b>	<b>5,780,980</b>	<b>1,142,291</b>	<b>161,629</b>	<b>7,084,900</b>

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets**

Total Governmental Fund Balances	2,552,328
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital Assets used in governmental activities are not financial resources and are not reported in the funds.	
Cost of the Capital Assets is	66,076,869
Accumulated Depreciation is	<u>(3,036,362)</u>
	63,040,507
Long term liabilities that are not due and payable in the current portion and are not reported in the fund:	
Compensated Absences Payable	(310,231)
Deferred Revenue	(222,240)
Accrued Interest on Bonds and Notes Payable	(349,818)
Bonds and Notes Payable (Net of Bond Proceeds Receivable)	(13,211,710)
Capital Lease Obligations	<u>(36,671,374)</u>
<b>Net Assets of Governmental Activities</b>	<b>14,827,462</b>



**Regional School Unit No. 24  
Statement of Revenue, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2011**

**Exhibit D**

	<b>Governmental Fund Types</b>			<b>Totals (Memorandum Only)</b>
	<b>General Fund</b>	<b>Special Revenue</b>	<b>Major Capital Projects Fund</b>	
<b>Revenues:</b>				
Town Assessment	21,842,063			21,842,063
Intergovernmental Revenues	8,700,421	4,212,919		12,913,340
State Retirement Contribution	2,503,840			2,503,840
Local Sources	1,726,720	702,894	1,809	2,431,423
<b>Total Revenues</b>	<b>34,773,044</b>	<b>4,915,813</b>	<b>1,809</b>	<b>39,690,666</b>
<b>Expenditures:</b>				
Regular Instruction	10,934,292			10,934,292
Special Education Instruction	4,324,645			4,324,645
Career & Technical Education	808,020			808,020
Other Instruction	683,221			683,221
Student & Staff Support	2,246,403			2,246,403
System Administration	862,812			862,812
School Administration	1,664,004			1,664,004
Facilities Maintenance	3,199,783			3,199,783
Transportation	2,150,511			2,150,511
Debt Service	3,868,645			3,868,645
State Retirement Contribution	2,503,840			2,503,840
Adult Education		507,596		507,596
Capital Outlay			174,623	174,623
Food Service		1,325,155		1,325,155
Federal/State/Local Grants		3,442,610		3,442,610
<b>Total Expenditures</b>	<b>33,246,176</b>	<b>5,275,361</b>	<b>174,623</b>	<b>38,696,160</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,526,868</b>	<b>(359,548)</b>	<b>(172,814)</b>	<b>994,506</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In		204,289	22	204,311
Operating Transfers (Out)	(204,289)	(36)		(204,325)
<b>Total Other Sources (Uses)</b>	<b>(204,289)</b>	<b>204,253</b>	<b>22</b>	<b>(14)</b>
<b>Net Change in Fund Balances</b>	<b>1,322,579</b>	<b>(155,295)</b>	<b>(172,792)</b>	<b>994,492</b>
<b>Fund Balance - July 1</b>	<b>623,037</b>	<b>600,378</b>	<b>334,421</b>	<b>1,557,836</b>
<b>Fund Balance - June 30</b>	<b>1,945,616</b>	<b>445,083</b>	<b>161,629</b>	<b>2,552,328</b>



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

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**Regional School Unit No. 24**  
**Reconciliation of the Statement of Revenue, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended June 30, 2011**

**Exhibit E**

Net Changes in Fund Balances - Total Governmental Funds	994,492
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlay as expenditures; in the Statement of Activities these costs are allocated over their estimated useful lives as depreciation	
Capital Outlay	372,134
Depreciation Expense	(1,644,031)
Accrued interest is recorded in the Statement of Activities when incurred; it is not reported in Governmental Funds until paid	
	(349,818)
Revenue reported in the Statement of Activities that did not provide current financial resources and are not reported in the governmental funds	
	27,780
Repayment of bond principal is an expenditure in the governmental funds, but not in the Statement of Activities (where it reduces long-term debt)	
	1,325,320
Repayment of capital lease obligation is an expenditure in the governmental funds, but not in the Statement of Activities (where it reduces long-term debt)	
	155,630
Increases in compensated absences is recorded as an increase to the expenditure in the Statement of Activities when incurred, it is not reported in the Governmental Funds until paid	
	(263,470)
Change in Net Assets of Governmental Activities	618,037



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

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**Balance Sheet**

**Proprietary Fund - Adult Education Program Enterprise Fund**

**For the Year Ended June 30, 2011**

***Assets***

**Current Assets:**

Accounts Receivable	7,569
Due from Other Funds	20,964
<b>Total Current Assets</b>	<b><u>28,533</u></b>

***Fund Balances***

**Fund Balances:**

**Unreserved:**

Designated for Subsequent Year's Expenditures	28,533
<b>Total Fund Balances</b>	<b><u>28,533</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>28,533</u></b>



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

**Regional School Unit No. 24**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund - Adult Education Program Enterprise Fund**  
**For the Year Ended June 30, 2011**

**Exhibit G**

Local Revenues	52,055
Expenditures:	
Salaries and Benefits	21,243
Professional Services	1,755
Supplies	299
Other	225
Total Expenditures	<u>23,522</u>
Excess of Revenues Over Expenditures	28,533
Fund Balance - July 1	-
Fund Balance - June 30	<u><u>28,533</u></u>



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

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**Statement of Cash Flows**

**Proprietary Fund - Adult Education Program Enterprise Fund  
For the Year Ended June 30, 2011**

**Cash Flows from Operating Activities:**

Tuition	23,522
Payments for Salaries and Benefits	(21,243)
Payments for Professional Services	(1,755)
Payments for Supplies	(299)
Payments for Miscellaneous	(225)
Net Cash Provided (Used) by Operating Activities	<u>-</u>
Net Increase (Decrease) in Cash and Equivalents	-
Cash and Equivalents, Beginning of Year	<u>-</u>
Cash and Equivalents, End of Year	<u><u>-</u></u>
Supplemental Disclosures of Cash Flow Information:	
Cash Paid During the Year for:	
Interest Expense	<u><u>-</u></u>



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

**Regional School Unit No. 24  
Combining Statement of Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2011**

**Exhibit I**

<b>Student Activity Funds</b>							
	<b>Beech Hill School</b>	<b>Cave Hill School</b>	<b>Ella Lewis School</b>	<b>Ellsworth Elementary School</b>	<b>Ellsworth Middle School</b>	<b>Ellsworth High School</b>	<b>Hancock Grammar School</b>
<b>Assets</b>							
Cash - Checking Account	3,445	19,917	3,920	4,322	38,062	43,089	9,720
<b>Total Assets</b>	<b>3,445</b>	<b>19,917</b>	<b>3,920</b>	<b>4,322</b>	<b>38,062</b>	<b>43,089</b>	<b>9,720</b>
<b>Liabilities</b>							
Deposits Held for Others	3,445	19,917	3,920	4,322	38,062	43,089	9,720
<b>Total Liabilities</b>	<b>3,445</b>	<b>19,917</b>	<b>3,920</b>	<b>4,322</b>	<b>38,062</b>	<b>43,089</b>	<b>9,720</b>
<b>Total Liabilities and Net Assets</b>	<b>3,445</b>	<b>19,917</b>	<b>3,920</b>	<b>4,322</b>	<b>38,062</b>	<b>43,089</b>	<b>9,720</b>

<b>Student Activity Funds</b>							
	<b>Lamoine Consolidated School</b>	<b>Mountain View School</b>	<b>Peninsula School</b>	<b>Summer Memorial High School</b>	<b>Hancock County Technical Center</b>	<b>Ellsworth Adult Education</b>	<b>Memorandum Only Total</b>
<b>Assets</b>							
Cash - Checking Account	4,584	1,816	18,003	61,540	16,462	16,665	241,545
<b>Total Assets</b>	<b>4,584</b>	<b>1,816</b>	<b>18,003</b>	<b>61,540</b>	<b>16,462</b>	<b>16,665</b>	<b>241,545</b>
<b>Liabilities</b>							
Deposits Held for Others	4,584	1,816	18,003	61,540	16,462	16,665	241,545
<b>Total Liabilities</b>	<b>4,584</b>	<b>1,816</b>	<b>18,003</b>	<b>61,540</b>	<b>16,462</b>	<b>16,665</b>	<b>241,545</b>
<b>Total Liabilities and Net Assets</b>	<b>4,584</b>	<b>1,816</b>	<b>18,003</b>	<b>61,540</b>	<b>16,462</b>	<b>16,665</b>	<b>241,545</b>

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



**Regional School Unit No. 24  
Combining Statement Revenues, Expenses and Changes in Net Assets  
Fiduciary Funds**

For the Year Ended June 30, 2011

<i>Student Activity Funds</i>									
	<b>Beech Hill School</b>	<b>Cave Hill School</b>	<b>Elta Lewis School</b>	<b>Ellsworth Elementary School</b>	<b>Ellsworth Middle School</b>	<b>Ellsworth High School</b>	<b>Hancock Grammar School</b>		
Revenues:									
Fundraisers, etc.	18,945	22,751	15,388	6,992	23,385	152,601	9,258		
Interest Earned	47	124	34	23	228	198	48		
Total Revenues	18,992	22,875	15,422	7,015	23,613	152,799	9,306		
Expenses:									
Student Activities	19,223	25,385	14,189	7,954	26,583	121,928	8,618		
Total Expenses	19,223	25,385	14,189	7,954	26,583	121,928	8,618		
Change in Net Assets	(231)	(2,510)	1,233	(939)	(2,970)	30,871	688		
Net Assets, Beginning of Year	3,676	22,427	2,687	5,261	41,032	12,218	9,032		
Net Assets, End of Year	3,445	19,917	3,920	4,322	38,062	43,089	9,720		

*Student Activity Funds*

	<b>Lamoine Consolidated School</b>	<b>Mountain View School</b>	<b>Peninsula School</b>	<b>Sumner Memorial High School</b>	<b>Hancock County Technical Center</b>	<b>Ellsworth Adult Education</b>	<b>Sumner Adult Education</b>	<b>Memorandum Only Total</b>
Revenues:								
Fundraisers, etc.	14,768	46,838	17,680	108,100	75,427	90,133	1,041	603,307
Interest Earned	38	50	100	357	53	77	5	1,382
Total Revenues	14,806	46,888	17,780	108,457	75,480	90,210	1,046	604,689
Expenses:								
Student Activities	15,225	50,165	19,675	97,454	62,901	95,620	3,222	568,142
Total Expenses	15,225	50,165	19,675	97,454	62,901	95,620	3,222	568,142
Change in Net Assets	(419)	(3,277)	(1,895)	11,003	12,579	(5,410)	(2,176)	36,547
Net Assets, Beginning of Year	5,003	5,093	19,898	50,537	3,883	22,075	2,176	204,998
Net Assets, End of Year	4,584	1,816	18,003	61,540	16,462	16,665	-	241,545

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



**Regional School Unit No. 24**  
**Notes to the Financial Statements**  
**At June 30, 2011**

**Note 1 – Summary of Significant Accounting Policies**

The financial statements of the Regional School Unit No. 24 (the Unit) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Government's accounting policies are described below.

**A. Governmental Reporting Entity**

Regional School Unit No. 24 was formed by approval of the voters of the municipalities of Eastbrook, Ellsworth, Franklin, Gouldsboro, Hancock, Lamoine, Mariaville, Sorrento, Steuben, Sullivan, Waltham and Winter Harbor. The Unit operates 8 elementary schools, 2 high schools, and a technical center serving approximately 2,600 students. The Unit operates under an elected school committee which has governing responsibilities over all activities related to the Unit.

**B. Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements**

The Government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Unit has one business-type fund, an adult education enterprise fund. All other activities of the Unit are categorized as governmental.

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Fund Based Financial Statements**

The fund based financial statements (i.e. the Balance Sheet and the Statement of Revenue, Expenditures and Changes in Fund Balances) report information on the accounts of the School Unit 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 equity, revenues and expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements.

All funds of the School Unit follow the *Financial Statements of Not-for-profit Organizations* topic of the FASB Codification, Accounting Principles Board Opinions and Accounting research Bulletins, unless those pronouncements conflict with GASB pronouncements.



**Regional School Unit No. 24**  
**Notes to the Financial Statements**  
**At June 30, 2011**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

The School Unit uses the following fund types:

1. Governmental Funds:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. These could include federal, State and local grants, and some charges for services. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and accumulated unpaid vacation and sick pay are recorded only when payment is due.

Under terms of grant agreements, the School Unit funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the School Unit's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

General Fund - The General Fund is the general operating fund of the School Unit. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. Paid from the General Fund are the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds. This fund also includes general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Included in this fund type are the Food Service, Federal, State and Local Grants, Adult Education Programs and reserves.

Minor Capital Projects Funds - Minor Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of minor capital facilities or equipment.

Major Capital Projects Funds - Major Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

2. Proprietary Funds:

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

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



**Regional School Unit No. 24**  
**Notes to the Financial Statements**  
**At June 30, 2011**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**3. Fiduciary Funds:**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Unit programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

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

**C. Management's Discussion and Analysis**

GASB statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the School Unit's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

**D. Budgetary Accounting**

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the School Unit's operations. At its annual meeting, the Unit approved a budget for the School Unit's General Fund. Formal budgets are not adopted for Special Revenue Funds.

All annual appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered. State statutes require balanced budgets but provide for the use of beginning fund balance to achieve that end. In 2010-2011, The School Unit did not use the beginning General Fund balance for this purpose.

**E. Inventory**

Inventory in the Food Service Fund is priced at cost. Inventory in the General and other Special Revenue Funds consist of expendable supplies held for consumption. The cost thereof has been recorded as expenditure at the time individual inventory items were purchased.

**F. Total Columns on Combined Statements**

Total columns on combined statements are captioned Memorandum Only to indicate that they are presented only 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 in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Note 2 – Cash**

All deposits of the School Unit are made in Board approved official depositories and are secured as required by State Law. At year-end, the carrying amount of the School Unit's deposits and cash on hand was \$5,483,205 and the bank balance was \$5,884,784. Of these deposits, \$250,000 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$5,634,784 was collateralized with securities held by the financial institution but not in the School Unit's name.



**Regional School Unit No. 24**  
**Notes to the Financial Statements**  
**At June 30, 2011**

**Note 2 – Cash (Continued)**

State statutes authorize the School Unit to invest excess funds in accounts or deposits of financial institutions provided the institutions are insured by Federal Depository Insurance or credit union insurance, U.S. Government obligations, and repurchase agreements provided that they are secured by an obligation of the U.S. Government, and in money market mutual funds provided that the fund is limited to investing in obligations of the U.S. Government.

During the course of normal operations the School Unit incurs transactions between funds, including expenditures and transfers of resources to provide services. The accompanying financial statements reflect such transactions as transfers.

**Note 3 – Capital Assets**

GASB No. 34 requires the School Unit to report and depreciate capital assets. The School Unit opted to report capital assets and accumulated depreciation retroactively.

Capital assets, which include land, building, equipment and vehicles, are reported in the applicable governmental column in the government-wide financial statement. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Costs of normal repair and maintenance that do not add to the value or materially extend the useful life of the asset are not capitalized. The School Unit does not have infrastructure type assets.

Building, equipment and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings & Additions	60 years
Athletic Facilities & Land Improvements	15 years
Equipment & Vehicles	10 years

Capital asset activity of the School Unit's governmental activities was as follows:

	Balance June 30, 2010	Additions	Balance June 30, 2011
<b>Assets not being depreciated:</b>			
Land	1,510,865	0	1,510,865
<b>Capital assets being depreciated:</b>			
Buildings & Additions	60,899,602	89,632	60,989,234
Land Improvements	131,203	62,113	193,316
Equipment & Vehicles	2,768,065	615,389	3,383,454
Subtotal	63,798,870	767,134	64,566,004
Accumulated depreciation	(1,392,331)	(1,644,031)	(3,036,362)
Net capital assets being depreciated	62,406,539	(876,897)	61,529,642
Net capital assets	<u>\$63,917,404</u>	<u>(876,897)</u>	<u>\$63,040,507</u>

Depreciation expense was not charged to activities as the Unit considers its assets to impact multiple activities and allocation is not practical.

The equipment includes copiers and MacBooks under capital leases that were transferred in as of July 1, 2009 in the amount of \$176,202. Information provided from the previous entities was on a summarized basis making it not readily determinable as to the current year depreciation and thus accumulated depreciation as of June 30, 2011.



**Regional School Unit No. 24**  
**Notes to the Financial Statements**  
**At June 30, 2011**

**Note 3 – Capital Assets (Continued)**

The buildings include the Ellsworth Middle School which is a capital lease that was transferred in as of July 1, 2009 in the amount of \$36,323,847. Current year depreciation on the building is \$605,397 and accumulated depreciation at June 30, 2010 was \$1,008,995.

As a result of the reorganization referred to in Note 1A assets totaling \$62,980,824 were transferred in to the new entity from participating municipalities. Those assets were transferred in at the remaining book value as of July 1, 2009 and then depreciated over the remaining lives.

**Note 4 – Interfund Transactions**

Individual fund interfund receivable and payable balances at June 30, 2011 were as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund		505,670
Enterprise Fund	20,964	
Major Capital Project Funds	21,712	
Special Revenue Funds:		
Reserves	647	
Federal/State/Local Grants	76,535	
Food Service	303,755	
Adult Education Programs	82,057	

**Note 5 – Operating Leases**

The Regional School Unit leases from Bunker Storage, a certain parcel of land, together with the building thereon, located behind the Pine Tree Enterprise auto dealership, on Route 1 in Hancock Maine to accommodate the School vehicles. The term of the lease is five years, terminating June 30, 2015.

The Regional School Unit leases from the Town of Sullivan a portion of the West Wing of the Sullivan Town Office Building to accommodate the adult education program. The term of the lease is two years, terminating June 30, 2012.

The Regional School Unit leases from Willey and Grant Company two spaces located in the Mill Mall Shopping Center, in Ellsworth Maine, to accommodate the adult education program, and the business office of the School Unit. The terms of the leases are three years, terminating June 30, 2013.

The Regional School Unit leases from Paul and Melissa Tracy an office space located at 165 U.S. Route 1, in Gouldsboro Maine, to accommodate record storage. The term of the lease is five years, terminating December 1, 2011.

The Regional School Unit leases, from Northway Bank, copiers and printers located in various schools throughout the School Unit. The term of the lease is five years, terminating June 30, 2013.

The future minimum lease payments for these leases are:

2012	142,851
2013	123,366
2014	34,800
2015	<u>36,000</u>
Total	<u>\$ 337,017</u>



**Regional School Unit No. 24**  
**Notes to the Financial Statements**  
**At June 30, 2011**

**Note 6 – Capital leases**

The School Unit assumed responsibility for the following Capital leases:

A capital lease of 14 copiers located in the former Union 96 Schools. The asset and liability under the capital lease are recorded at the present value of the minimum lease payments using the incremental borrowing rate due to the lessor's implicit rate being unknown. The lease calls for annual payments of \$24,608 beginning June 2006 and ending on June 2011. The interest rate on the capitalized lease was imputed based on the School's incremental borrowing rate of 4.5%, at the inception of the lease.

A capital lease of 22 copiers located in the Ellsworth Schools. The asset and liability under the capital lease are recorded at the present value of the minimum lease payments using the incremental borrowing rate due to the lessor's implicit rate being unknown. The lease calls for annual payments of \$38,426 beginning June 2007 and ending on June 2012. The interest rate on the capitalized lease was imputed based on the School's incremental borrowing rate of 4.5%, at the inception of the lease.

A capital lease of a modular building located in Ellsworth. The asset and liability under the capital lease are recorded at the present value of the minimum lease payments using the incremental borrowing rate due to the lessor's implicit rate being unknown. The lease calls for annual payments of \$19,278 beginning July 2007 and ending on July 2009. The interest rate on the capitalized lease was imputed based on the School's incremental borrowing rate of 4.5%, at the inception of the lease. This lease was paid in full as of June 30, 2010.

A capital lease of 40 Macbook Computers located in the Ellsworth Schools. The asset and liability under the capital lease are recorded at the present value of the minimum lease payments using the incremental borrowing rate due to the lessor's implicit rate being unknown. The lease calls for annual payments of \$13,473 beginning August 2008 and ending in August 2011. The interest rate on the capitalized lease was imputed based on the School's incremental borrowing rate of 4.5%, at the inception of the lease.

A capital lease of the Ellsworth Middle School facility. The asset and liability under the capital lease are recorded at the present value of the minimum lease payments using the incremental borrowing rate due to the lessor's implicit rate being unknown. The lease calls for annual payments of \$1 plus the payment on an associated \$36,323,847 twenty year variable interest rate bond in the name of the City of Ellsworth, Maine. The bonds call for annual principal payments of \$1,911,781.42 beginning November 2011 and ending in November 2029. Annual interest payments vary based on the variable interest rate.

Two capital leases of two 2011 International IC 77 Passenger Buses, with Gorham Leasing Group (the leases are identical in nature). The assets and liabilities under the capital leases are recorded at the present value of the minimum lease payments using the lessor's implicit rate of 3.35%. Each lease calls for five annual payments of \$16,843, beginning July 2010 and ending in July 2014.

Three capital leases of three 2011 BlueBird Vision Type C, 77 Passenger Buses, with Gorham Leasing Group (the leases are identical in nature). The assets and liabilities under the capital leases are recorded at the present value of the minimum lease payments using the lessor's implicit rate of 3.35%. The lease calls for five annual payments of \$16,853 beginning August 2010 and ending in August 2014.



**Regional School Unit No. 24**  
**Notes to the Financial Statements**  
**At June 30, 2011**

**Note 6 – Capital leases (Continued)**

The following is a schedule of the future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2011:

Year Ending June 30,	
2011	3,444,334
2012	3,298,657
2013	3,191,406
2014	3,095,922
2015	2,949,649
Thereafter	<u>34,838,880</u>
	50,818,848
Less: Amount representing interest	<u>(14,147,474)</u>
Present Value of Minimum Lease Payments	<u>\$ 36,671,374</u>

**Note 7 – Long Term Debt**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

On July 1, 2009 the Regional School Unit assumed responsibility for the Lamoine School Department bond payable. The School Unit is eligible to borrow up to \$926,000 to fund the following four projects: \$266,000 for Roof Renovations, \$250,000 for HVAC, \$155,000 for Electrical Systems and \$255,000 for Plumbing Systems at the Lamoine School. The borrowings consist of two bonds through the Maine Municipal Bond Bank the first bond agreement was dated May 18, 2007 for \$652,300 with \$195,690 to be forgiven. The second bond agreement was dated November 11, 2008 for \$273,700 with \$82,110 to be forgiven. Of the total amounts borrowed on the two bonds 70% has to be repaid with 30% of bonds to be forgiven. The debt forgiveness is recorded as deferred revenue and will be amortized over the life of the loan. Payments on the two bonds commenced in December 2009 and are amortized over ten years with zero interest. As of June 30, 2011 the amount drawn down on the bonds was \$840,150 with \$85,850 to be drawn down in the future. As of June 30, 2011 the bonds payable was \$518,560.

On July 1, 2009 the Regional School Unit assumed responsibility from the Peninsula School District a bond payable of \$12,010,000, for the construction of the Peninsula School facility. The bond agreement dated October 30, 2008 calls for twenty consecutive annual principal payments on November 1 of each year, with biannual interest payments based on a variable rate ranging from 2.075% to 5.575%, to be paid on May 1 and November 1 of each year. As of June 30, 2011 the bond payable was \$10,809,000.



**Regional School Unit No. 24**  
**Notes to the Financial Statements**  
**At June 30, 2011**

**Note 7 – Long Term Debt (Continued)**

On July 1, 2009 the Regional School Unit assumed responsibility from the City of Ellsworth a bond payable of \$3,290,000, for the construction of the Ellsworth High School facility. The bond agreement dated November 11, 1993 calls for twenty consecutive annual principal payments on November 1 of each year, with biannual interest payments based on a variable rate ranging from 4.75% to 5.25%, to be paid on May 1 and November 1 of each year. This bond remains in the name of the City of Ellsworth, Maine. The City has on behalf revenues in the fund financial statements to reflect the payment of this liability during the year ended June 30, 2011 and a receivable in the government wide financials to reflect the assumption of this obligation by the Regional School Unit. As of June 30, 2011 the bond payable was \$1,970,000.

The annual requirement to amortize all debt outstanding as of June 30, 2011, is as follows:

Year Ending June 30,	Total Principal Payable	Principal Forgiveness (Recorded as Deferred Revenue)	Net Principal Amount
2012	1,353,100	27,780	1,325,320
2013	1,348,100	27,780	1,320,320
2014	1,348,100	27,780	1,320,320
2015	693,100	27,780	665,320
2016	693,100	27,780	665,320
Thereafter	<u>7,862,060</u>	<u>83,340</u>	<u>7,778,720</u>
Total	<u>\$13,297,560</u>	<u>\$222,240</u>	<u>\$13,075,320</u>

**Note 8 – Commitments**

A contract between the Regional School Unit and No Frills Oil to purchase 132,075 gallons of #2 Heating oil at the agreed upon blended price of \$3.147 per gallon to be delivered between November 1, 2011 and April 30, 2012 at a total cost of \$415,611.

A contract between the Regional School Unit and Jeffrey Mott to transport and convey students living in Mariaville. The contract covers the 2010-2011 school year with automatic extensions through 2013. The contract covers transportation for co-curricular, extra-curricular and after school activities. The total cost per year is \$45,000, \$32,000 and \$32,000 for school years 2010-2011, 2011-2012 and 2012-2013, respectively. The contract requires 12 monthly payments of \$3,750, \$2,667 and \$2,667 for fiscal years 2011, 2012 and 2013, respectively.

A contract between the Regional School Unit and West's Transportation Inc. to transport and convey students living in Steuben. The contract covers the 2010-2011 school year and was extended for the 2011-2012 school year. The contract covers transportation for co-curricular, extra-curricular and after school activities at a total cost of \$158,700, per year. The contract requires 21 equal payments of \$7,557 during the each school year.

A contract between the Regional School Unit and First Student, Inc. to transport and convey students living in Hancock and Lamoine. The contract covers the 2010-2011 school year with automatic extensions through 2015. The contract covers transportation for co-curricular, extra-curricular and after school activities at a total cost of \$321,337, \$337,404, \$354,274, \$371,987 and \$390,587 for school years 2010-2011, 2011-2012, 2012-2013, 2013-2014 and 2014-2015, respectively. The contract requires monthly payments of \$26,778, \$28,117, \$29,523, \$30,999 and \$32,549 for fiscal years 2011, 2012, 2013, 2014 and 2015, respectively.

A contract between the Regional School Unit and Maine Coast Memorial Hospital for professional services related to School nurses. The contract covers the 2011-2012 school year at a total cost of \$2,800 to be paid in one sum in February 2012.



**Note 9 – Compensated Absences**

Full-time employees other than teachers accrue vacation and sick leave in varying amounts based on length of service and the administrative practices of the Districts that formed the RSU. Vacation pay accumulation does not exceed a normal year's allowance. There is no policy for payment of vacation or sick leave benefits upon termination.

Sick leave accumulated is paid only for illness while employed. Since the employees' rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

For teachers in the Beech Hill School; Teachers may accumulate up to 120 days sick leave at a rate of 15 days per year. Upon retirement from the Region School Unit No. 24, teachers with at least twenty-five years of creditable service, showing evidence they plan to retire by March 1<sup>st</sup> of the teacher's final working year the Board agrees to pay a one-time stipend of \$133 per day for accumulated sick leave over 90 days with a maximum number of days to be paid under this provision of thirty.

For teachers in the Cave Hill School; Teachers may accumulate up to 120 days sick leave at a rate of 15 days per year. Upon retirement from the Cave Hill School, teachers with at least twenty-five years of creditable service (at least 10 at Cave Hill School), the Board agrees to pay a one-time stipend of \$133 per day for accumulated sick leave over 90 days with a maximum number of days to be paid under this provision of thirty.

For teachers in the Lamoine Consolidated School; Teachers may accumulate up to 120 days sick leave at a rate of 15 days per year. Upon retirement from the Region School Unit No. 24, teachers with at least twenty-five years of creditable service, showing evidence they plan to retire by January 15th of the teacher's final working year, the Board agrees to pay a one-time stipend at the teacher's per diem rate for accumulated sick leave over 90 days with a maximum number of days to be paid under this provision of thirty.

For teachers in the Hancock Grammar School; Teachers may accumulate up to 135 days sick leave at a rate of 15 days per year. Upon retirement from the Region School Unit No. 24, teachers with at least twenty-five years of creditable service, showing evidence they plan to retire by January 15th of the teacher's final working year, the Board agrees to pay a one-time stipend at the teacher's per diem rate for accumulated sick leave over 120 days with a maximum number of days to be paid under this provision of fifteen.

For teachers in the Ellsworth High School, Middle School and Hancock County Technical Center; Teachers may accumulate up to 138 days sick leave at a rate of 15 days per year. Upon retirement from the Region School Unit No. 24, teachers with at least twenty-five years of creditable service, and 120 accumulated sick days, showing evidence they plan to retire by January 30th of the teacher's final working year, the Board agrees to pay a one-time stipend of \$100 per day for accumulated sick leave up to 30 days.

For teachers in the Ella Lewis, Mountain View, Peninsula and Sumner Memorial Schools; Teachers may accumulate up to 170 days sick leave at a rate of 12 days per year. Upon retirement from the Region School Unit No. 24, teachers with at least twenty-five years of creditable service, or the age of 62, showing evidence they plan to retire by January 30th of the teacher's final working year, the Board agrees to pay a one-time stipend of at the teacher's per diem rate for accumulated sick leave up to 32 days. The stipend for those ages 62 with less than 25 years of service but with more than 10 years will have the stipend based on length of service.

The long-term portion of the unpaid sick leave benefit is recorded as a Noncurrent Liability on Exhibit A.



**Regional School Unit No. 24**  
**Notes to the Financial Statements**  
**At June 30, 2011**

**Note 10 – Risk Management**

The Regional School Unit No. 24 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. The School Unit purchases commercial insurance for the risks of losses to which they are exposed.

**Note 11 – Pension Plan**

School teachers contribute to the Maine Public Employees Retirement System, an agent multiple-employer public retirement system that acts as a common investment and administrative agent for public school teachers, state employees and political subdivisions. Teachers are required to contribute 7.65% of their annual salary to the system. The State of Maine contributes the remaining amounts necessary to fund the system, using the actuarial basis specified by statute. The School Unit's payroll for employees covered by the system for the year ended June 30, 2011 was \$14,098,199.

The School Unit is required to contribute a percentage based on an actuarial valuation for teachers paid with federal funds, which at June 30, 2011 amounted to 17.76%. The School Unit's cost for the fiscal year ended June 30, 2011 amounted to \$215,037. This cost is charged to the individual grants.

**Note 12 – Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School Unit expects such amounts, if any, to be immaterial.

**Note 13 – Restricted Net Assets**

The following net assets have been restricted at June 30, 2011 for the following purposes:

Restricted for Federal/State/Local Grants	24,781
Restricted for Adult Education	76,370
Restricted for Major Capital Projects	161,629
Restricted for Reserves	647
Restricted for Food Service	<u>343,299</u>
	<u>\$ 606,726</u>

**Note 14 – Subsequent Events**

The Regional School Unit monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements from the year end of June 30, 2011, through December 21, 2011, the date on which financial statements were issued.

**Note 15 – Restatement**

The July 1, 2010 Adult Education fund balance was decreased by \$21,280, the General Fund balance was increased by \$16,029 and the Federal, State and Local Grants fund balance was decreased by \$4,147 to adjust for errors in balances that were transferred into the School Unit at July 1, 2009, from participating municipalities, during the reorganization referred to in Note 1A.

The July 1, 2010 Federal, State and Local Grants fund balance was increased by \$10,037 to record the balance forward on the Melmac Grant for Sumner Memorial High School. The grant balance forward monies had incorrectly been kept in the school activity checkbook and therefore were transferred into the operating account at the Regional School Unit.



***REQUIRED SUPPLEMENTAL INFORMATION***

**Regional School Unit No. 24**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2011**

**Exhibit A-1**

	<i>Budget</i>	<i>Actual</i>	<i>Variances Favorable (Unfavorable)</i>
<b>Revenues:</b>			
Town Assessment	21,842,063	21,842,063	-
Other Local Revenues	1,721,658	1,726,720	5,062
Intergovernmental Revenues	8,723,557	8,700,421	(23,136)
<b>Total Revenues</b>	<u>32,287,278</u>	<u>32,269,204</u>	<u>(18,074)</u>
<b>Expenditures:</b>			
Regular Instruction	11,367,365	11,057,620	309,745
Special Education Instruction	4,820,412	4,339,611	480,801
Career & Technical Education	846,027	791,363	54,664
Other Instruction	741,305	684,853	56,452
Student & Staff Support	2,403,232	2,280,117	123,115
System Administration	903,219	862,812	40,407
School Administration	1,693,252	1,668,335	24,917
Facilities Maintenance	3,295,830	3,199,783	96,047
Transportation	2,143,702	2,150,511	(6,809)
Debt Service	3,868,645	3,868,645	-
<b>Total Expenditures</b>	<u>32,082,989</u>	<u>30,903,650</u>	<u>1,179,339</u>
<b>Excess of Revenues Over (Under)</b>			
Expenditures	<u>204,289</u>	<u>1,365,554</u>	<u>1,161,265</u>
<b>Other Financing Source (Uses):</b>			
Operating Transfers Out - Food Service	(204,289)	(204,289)	-
<b>Total Other Financing Source (Uses)</b>	<u>(204,289)</u>	<u>(204,289)</u>	<u>-</u>
<b>Excess of Revenues Over (Under)</b>			
Expenditures and Other Uses	<u>-</u>	<u>1,161,265</u>	<u>1,161,265</u>
<b>Fund Balance - July 1 - Budgetary Basis</b>		<u>2,806,945</u>	
<b>Fund Balance - June 30 - Budgetary Basis</b>		3,968,210	
<b>Adjustments to conform with Governmental:</b>			
Accrued Salaries Payable		<u>(2,022,594)</u>	
<b>Fund Balance - June 30 - Governmental Basis</b>		<u>1,945,616</u>	



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***OTHER SUPPLEMENTAL INFORMATION***

**Regional School Unit No. 24**  
**Other Supplemental Information - General Fund**  
**Schedule of Revenue - Budget and Actual**  
**Year Ended June 30, 2011**

**Exhibit A-2**

	<i>Budget</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
<b>Town Assessment:</b>			
EPS Allocation	18,694,563	18,694,563	-
Debt service Allocation	128,222	128,222	-
Additional Allocation	3,019,278	3,019,278	-
<b>Total Local Property Taxes</b>	<u>21,842,063</u>	<u>21,842,063</u>	<u>-</u>
<b>Other Local Revenues:</b>			
Tuition	816,191	897,612	81,421
Special Education Tuition	262,128	287,162	25,034
HCTC Tuition	446,237	378,211	(68,026)
Summer School Tuition	-	4,325	4,325
Transportation Fees	-	8,240	8,240
Interest Income	44,102	52,264	8,162
Co-Curricular / Athletic Activities	-	4,478	4,478
Miscellaneous	153,000	67,575	(85,425)
Sales Refunds	-	23,082	23,082
Insurance Proceeds	-	3,771	3,771
<b>Total Other Local Revenues</b>	<u>1,721,658</u>	<u>1,726,720</u>	<u>5,062</u>
<b>State Revenues:</b>			
State EPS Allocation	7,733,260	7,707,126	(26,134)
<b>Total State Revenues</b>	<u>7,733,260</u>	<u>7,707,126</u>	<u>(26,134)</u>
<b>Federal Revenues:</b>			
ARRA EPS Stabilization	990,297	990,297	-
Maine Care / Medicaid	-	2,998	2,998
<b>Total Federal Revenues</b>	<u>990,297</u>	<u>993,295</u>	<u>2,998</u>
<b>Total</b>	<u>32,287,278</u>	<u>32,269,204</u>	<u>(18,074)</u>
<b>Beginning Fund Balance Used to     Reduce Town Assessment</b>	-		
<b>Total Revenues and Use of     Fund Balance</b>	<u>32,287,278</u>		



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**Regional School Unit No. 24**  
**Other Supplemental Information - General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended June 30, 2011**

**Exhibit A-3**

	<i>Budget</i>	<i>Actual</i>	<i>(Over) Under Budget</i>
<b>Regular Instruction:</b>			
Elementary Instruction	5,048,462	5,049,881	(1,419)
Elementary Field Trip Transportation	20,187	14,784	5,403
K-2 Instruction	2,101,653	2,062,549	39,104
K-2 Field Trip Transportation	-	213	(213)
Secondary Instruction	3,907,938	3,657,240	250,698
Secondary Field Trip Transportation	12,728	8,228	4,500
Gifted & Talented	192,302	178,774	13,528
English as a Second Language	84,095	85,951	(1,856)
<b>Total Regular Instruction</b>	<b>11,367,365</b>	<b>11,057,620</b>	<b>309,745</b>
<b>Special Education Instruction:</b>			
Special Education	716,026	539,089	176,937
Resource Room	1,472,890	2,714	1,470,176
Self-Contained	1,035,910	1,687,347	(651,437)
Self-Contained Field Trip Transportation	-	750,505	(750,505)
Homebound/Hospital	80,350	487	79,863
Special Education Administration	544,791	29,000	515,791
Social Work	123,564	507,574	(384,010)
Counseling	28,160	99,166	(71,006)
Psychological Services	75,039	77,240	(2,201)
Speech Therapy	388,194	323,367	64,827
Occupational Therapy	187,019	165,197	21,822
Audiology Services	1,000	-	1,000
Physical Therapy	123,264	116,359	6,905
Special Education Summer School	44,205	41,566	2,639
<b>Total Special Education Instruction</b>	<b>4,820,412</b>	<b>4,339,611</b>	<b>480,801</b>
<b>Career &amp; Technical Education:</b>			
HCTC Administration	147,473	138,826	8,647
HCTC Student Services	2,460	2,001	459
HCTC Operation & Maintenance	126,329	120,823	5,506
HCTC Student Transportation	28,812	18,749	10,063
HCTC Carpentry	51,561	43,647	7,914
HCTC Television & Video	61,213	60,415	798
HCTC Health Occupations	46,632	48,362	(1,730)
HCTC Culinary Arts	63,054	61,814	1,240
HCTC Early Childhood Development	50,667	46,249	4,418
HCTC Law Enforcement	50,182	50,087	95
HCTC Welding	18,791	16,244	2,547
HCTC Diesel Technology	67,121	64,720	2,401
HCTC Automotive	76,721	74,010	2,711
HCTC Plato	49,133	39,571	9,562
HCTC Co-Curricular	5,878	5,845	33
<b>Total Career &amp; Technical Education</b>	<b>846,027</b>	<b>791,363</b>	<b>54,664</b>

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**Regional School Unit No. 24**  
**Other Supplemental Information - General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended June 30, 2011**

**Exhibit A-3**

	<i>Budget</i>	<i>Actual</i>	<i>(Over) Under Budget</i>
<b>Other Instruction:</b>			
Summer School	16,735	11,794	4,941
After-School	6,377	3,001	3,376
Elementary Co-Curricular	38,286	20,098	18,188
Elementary Co-Curricular Transportation	3,826	1,615	2,211
Elementary Athletics	159,672	136,061	23,611
Elementary Athletics Transportation	17,164	15,926	1,238
Secondary Co-Curricular	117,234	135,266	(18,032)
Secondary Co-Curricular Transportation	4,827	1,956	2,871
Secondary Athletics	342,292	320,753	21,539
Secondary Athletics Transportation	34,892	38,383	(3,491)
<b>Total Other Instruction</b>	<b>741,305</b>	<b>684,853</b>	<b>56,452</b>
<b>Student &amp; Staff Support:</b>			
Guidance	551,928	523,983	27,945
Health Services	208,728	268,203	(59,475)
Curriculum	112,461	48,205	64,256
Instructional Staff Training	171,615	140,822	30,793
Library	253,592	248,217	5,375
Instructional Technology	1,004,974	953,317	51,657
Student Assessment	99,934	97,370	2,564
<b>Total Student &amp; Staff Support</b>	<b>2,403,232</b>	<b>2,280,117</b>	<b>123,115</b>
<b>System Administration:</b>			
School Board	109,047	116,648	(7,601)
Election Services	8,300	1,982	6,318
Superintendent's Office	319,910	302,969	16,941
Business Services	465,962	441,213	24,749
<b>Total System Administration</b>	<b>903,219</b>	<b>862,812</b>	<b>40,407</b>
<b>School Administration:</b>			
Principal's Offices	1,693,252	1,668,335	24,917
<b>Total School Administration</b>	<b>1,693,252</b>	<b>1,668,335</b>	<b>24,917</b>
<b>Facilities Maintenance:</b>			
Operation & Maintenance of Plant	2,893,318	2,888,132	5,186
System-wide Maintenance	166,958	162,241	4,717
Non-Instructional Maintenance	139,320	100,049	39,271
Capital Renewal	96,234	49,361	46,873
<b>Total Facilities Maintenance</b>	<b>3,295,830</b>	<b>3,199,783</b>	<b>96,047</b>
<b>Transportation:</b>			
Student Transportation	2,107,767	2,088,534	19,233
Out-of-District Transportation	35,935	61,977	(26,042)
<b>Total Transportation</b>	<b>2,143,702</b>	<b>2,150,511</b>	<b>(6,809)</b>

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**Regional School Unit No. 24**  
**Other Supplemental Information - General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended June 30, 2011**

**Exhibit A-3**

	<i>Budget</i>	<i>Actual</i>	<i>(Over) Under Budget</i>
<b>Debt Service</b>	<u>3,868,645</u>	<u>3,868,645</u>	-
<b>Other Financing Uses:</b>			
School Nutrition Program:			
Interfund Transfer	204,289	204,289	-
<b>Total Other Financing Uses</b>	<u>204,289</u>	<u>204,289</u>	-
<b>Total General Fund Expenditures</b>	<u><u>32,287,278</u></u>	<u><u>31,107,939</u></u>	<u><u>1,179,339</u></u>

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**Regional School Unit No. 24**  
**Other Supplemental Information - General Fund**  
**Statement of Changes in Unreserved - Undesignated Fund Balance**  
**For the Year Ended June 30, 2011**

**Exhibit A-4**

Unreserved - Undesignated Fund Balance - July 1		2,806,945
Additions:		
Budget Summary		
Revenue Surplus - Exhibit A-1	(18,074)	
Unexpended Balance of Appropriations - Exhibit A-1	1,179,339	
Budget Surplus		1,161,265
Deductions:		
Beginning Fund Balance Used to Reduce Town Assessment		-
Unreserved - Undesignated Fund Balance - June 30		<u>3,968,210</u>



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**Regional School Unit No. 24**  
**Combining Balance Sheet - Budgetary Basis**  
**All Special Revenue Funds**  
**For the Year Ended June 30, 2011**

**Exhibit B-1**

	<b>Food Service</b>	<b>Federal, State and Local Grants</b>	<b>Adult Education Programs</b>	<b>Reserves</b>	<b>Memorandum Only Total</b>
<b>Assets</b>					
Due from Other Governments	65,352	546,470			611,822
Due from Other Funds	303,755	76,535	82,057	647	462,994
Accounts Receivable		30,259	7,722		37,981
Inventory	29,494				29,494
<b>Total Assets</b>	<b>398,601</b>	<b>653,264</b>	<b>89,779</b>	<b>647</b>	<b>1,142,291</b>
<b>Liabilities</b>					
Accounts Payable	13,361	323,278	2,865		339,504
Due to Other Governments	221	109,382	2,082		111,685
Accrued Payroll		97,428			97,428
Student Prepayments	5,731				5,731
Deferred Revenue			305		305
<b>Total Liabilities</b>	<b>19,313</b>	<b>530,088</b>	<b>5,252</b>	<b>-</b>	<b>554,653</b>
<b>Fund Balances</b>					
Fund Balances:					
Reserved for Inventory	29,494				29,494
Unreserved:					
Designated for Subsequent Year's Expenditures	349,794	123,176	84,527	647	558,144
<b>Total Fund Balances</b>	<b>379,288</b>	<b>123,176</b>	<b>84,527</b>	<b>647</b>	<b>587,638</b>
<b>Total Liabilities and Fund Balances</b>	<b>398,601</b>	<b>653,264</b>	<b>89,779</b>	<b>647</b>	<b>1,142,291</b>



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**Regional School Unit No. 24**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Budgetary Basis**  
**All Special Revenue Funds**  
**For the Year Ended June 30, 2011**

**Exhibit B-2**

	<b>Food Service</b>	<b>Federal, State and Local Grants</b>	<b>Adult Education Programs</b>	<b>Reserves Funds</b>	<b>Memorandum Only Totals</b>
<b>Revenues:</b>					
Intergovernmental Revenues	704,147	3,142,761	366,011		4,212,919
Local Sources		153,436	67,360		220,796
Meal and Milk Sales	482,098				482,098
<b>Total Revenues</b>	<b>1,186,245</b>	<b>3,296,197</b>	<b>433,371</b>	-	<b>4,915,813</b>
<b>Expenditures:</b>					
Food Service	1,289,152				1,289,152
Federal/State/Local Grants		3,540,825			3,540,825
Adult Education			525,394		525,394
<b>Total Expenditures</b>	<b>1,289,152</b>	<b>3,540,825</b>	<b>525,394</b>	-	<b>5,355,371</b>
<b>Excess of Revenues Over (Under)</b>					
Expenditures	(102,907)	(244,628)	(92,023)	-	(439,558)
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In (Out)	204,289	(22)	-	(14)	204,253
<b>Total Other Sources (Uses)</b>	<b>204,289</b>	<b>(22)</b>	<b>-</b>	<b>(14)</b>	<b>204,253</b>
<b>Net Change in Fund Balances</b>	<b>101,382</b>	<b>(244,650)</b>	<b>(92,023)</b>	<b>(14)</b>	<b>(235,305)</b>
<b>Fund Balance - July 1</b>	<b>277,906</b>	<b>367,826</b>	<b>176,550</b>	<b>661</b>	<b>822,943</b>
<b>Fund Balance - June 30</b>	<b>379,288</b>	<b>123,176</b>	<b>84,527</b>	<b>647</b>	<b>587,638</b>
<b>Adjustments to conform with Governmental:</b>					
Accrued Salaries Payable	(36,003)	(98,395)	(8,157)	-	(142,555)
<b>Fund Balance - June 30 - Governmental Basis</b>	<b>343,285</b>	<b>24,781</b>	<b>76,370</b>	<b>647</b>	<b>445,083</b>



## Statement of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis

## Food Service Fund

For the Year Ended June 30, 2011

## Revenues:

Meal and Milk Sales		482,098
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## Intergovernmental Funds:

U.S.D.A. Subsidies - State	24,690	
- Federal	630,899	
Local Assessment	7,231	
Donated Commodities - Federal	41,327	704,147

Transfer From General Fund		204,289
----------------------------	--	---------

Total Revenues and Operating Transfers		1,390,534
--	--	-----------

## Expenditures:

System Wide Expenses	118,769	
Ellsworth Middle School Expenses	273,176	
Mountain View School Expenses	99,494	
Peninsula Grammar School Expenses	93,398	
Ella Lewis School Expenses	85,798	
Cave Hill School Expenses	51,994	
Hancock Grammar School Expenses	98,887	
Lamoine Consolidated School Expenses	57,558	
Beech Hill School Expenses	47,502	
Ellsworth High School Expenses	255,821	
Sumner Memorial High School Expenses	106,755	1,289,152

Net Change in Fund Balance		101,382
----------------------------	--	---------

Fund Balance - July 1		277,906
-----------------------	--	---------

Fund Balance - June 30		379,288
------------------------	--	---------



**Statement of Revenues, Expenditures and Changes in Fund Balance -**

**Budgetary Basis**

**Federal/State/Local Grants Fund**

**For the Year Ended June 30, 2011**

**Revenues:**

**Federal:**

ARRA Title IA	60,248	
ARRA Title I School Improvement	399,835	
ARRA IDEA	360,102	
ARRA IDEA Pre-K	7,494	
NCLB Title IA	572,258	
NCLB Title IA - Program Improvement	107,854	
NCLB Title IA - Gear Up	41,238	
Local Entitlement - Administrative Grant	750,119	
Local Entitlement - Pre School Handicapped	10,775	
Twenty-First Century	192,140	
NCLB Title VI - Rural & Low Income	65,570	
NCLB Title IIA - Improving Teacher Quality	193,909	
NCLB Title IC - Perkins Grant	93,641	
Small & Rural School Achievement Program (REAP)	3,292	
Adult Education Basic Grant	<u>52,494</u>	2,910,969

**State:**

Healthy Maine Partnerships	141,696	
H1N1	1,335	
Maine College Transition	30,000	
Maine Arts	442	
DHHS Child & Family Services	25,818	
DHHS Dental	682	
Fruit & Vegetable Program	<u>31,819</u>	231,792

**Local Grants:**

Cole Foundation	10,950
Maine College Access Challenge Grant	42,285
Youth Advocacy Programs	6,000



**Regional School Unit No. 24**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgetary Basis**  
**Federal/State/Local Grants Fund**  
**For the Year Ended June 30, 2011**

**Exhibit B-4**

Local Grants (Continued):		
MELMAC	35,000	
Pathways	8,000	
Maine Community Foundation	2,818	
Work Ready	4,224	
MEFLI	15,000	124,277
Other:		
D.E.E.P.		14,007
P.B.I.S		11,817
H.C.A.S.T.		3,335
Total Revenues		3,296,197
Expenditures:		
Salaries and Benefits	2,512,173	
Purchased Services	374,828	
Supplies	190,790	
Property	385,467	
Other	77,567	3,540,825
Total Expenditures		
Transfer to the General Fund		22
Excess of Revenues Over Expenditures		(244,650)
Fund Balance - July 1		367,826
Fund Balance - June 30		123,176



See Accountants' Report

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**Regional School Unit No. 24**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgetary Basis**  
**Adult Education Programs**  
**For the Year Ended June 30, 2011**

**Exhibit B-5**

Revenues:		
Intergovernmental Revenues:		
Local Allocation	225,064	
Subsidy	140,947	366,011
	<hr/>	
Other Local Revenues:		
Course Fees	59,710	
Miscellaneous	7,650	67,360
	<hr/>	<hr/>
Total Revenues		433,371
Expenditures:		
Salaries and Benefits	461,639	
Purchased Services	46,204	
Supplies	13,871	
Other	3,680	525,394
	<hr/>	<hr/>
Total Expenditures		
Excess of Revenues Over (Under)		
Expenditures		(92,023)
Fund Balance - July 1 - Budgetary Basis		176,550
		<hr/>
Fund Balance - June 30 - Budgetary Basis		84,527
		<hr/> <hr/>



See Accountants' Report

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**Regional School Unit No. 24**  
**Schedule of Activity - Budgetary Basis**  
**Reserve Funds**  
**For the Year Ended June 30, 2011**

**Exhibit B-6**

	<b>Balance July 1</b>	<b>Transfer In (Out)</b>	<b>Balance June 30</b>
Tennis Capital Reserve	348	-	348
Unemployment Designated Reserve	313	(14)	299
	<hr/>		
	661	(14)	647
	<hr/>		



**See Accountants' Report**  
**Page 40**

**Regional School Unit No. 24**  
**Schedule of Meals Served**  
**Food Service Fund**  
**For the Years Ended June 30, 2011**

**Exhibit B-7**

	<i>Meals</i>	<i>Percent</i>
<b>Lunches Served:</b>		
Children:		
Full Price	99,211	37.41%
Reduced Price	24,773	9.34%
Free	137,495	51.84%
Adults:		
Full Price	3,736	1.41%
<b>Totals</b>	<u>265,215</u>	<u>100.00%</u>

<b>Breakfasts Served:</b>		
Children:		
Full Price	33,143	27.46%
Reduced Price	11,712	9.70%
Free	75,263	62.35%
Adults:		
Full Price	588	0.49%
<b>Totals</b>	<u>120,706</u>	<u>100.00%</u>

<b>After School Snacks Served:</b>		
Children:		
Full Price	3,416	21.64%
Reduced Price	1,150	7.28%
Free	11,220	71.08%
Adults:		
Full Price	-	0.00%
<b>Totals</b>	<u>15,786</u>	<u>100.00%</u>

	<i>Cost</i>	<i>Percent</i>
<b>Cost Per Meal, Lunch:</b>		
Food	\$1.69	38.76%
Labor	\$2.30	52.75%
Other	\$0.37	8.49%
<b>Totals</b>	<u>\$4.36</u>	<u>100.00%</u>

<b>Cost Per Meal, Breakfast:</b>		
Food	\$0.67	64.43%
Labor	\$0.35	33.65%
Other	\$0.02	1.92%
<b>Totals</b>	<u>\$1.04</u>	<u>100.00%</u>

<b>Cost Per Meal, After School:</b>		
Food	\$0.40	97.56%
Labor	\$0.01	2.44%
Other	\$0.00	0.00%
<b>Totals</b>	<u>\$0.41</u>	<u>100.00%</u>



See Accountants' Report

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**Regional School Unit No. 24**  
**Combining Balance Sheet - Budgetary Basis**  
**Major Capital Funds**  
**For the Year Ended June 30, 2011**

**Exhibit B-8**

<i>Assets</i>	<i>Peninsula Grammar School</i>	<i>Ellsworth Middle School</i>	<i>Memorandum Only Total</i>
Current Assets:			
Cash and Equivalents	139,917		139,917
Due from Other Funds		21,712	21,712
Total Current Assets	<u>139,917</u>	<u>21,712</u>	<u>161,629</u>
 <b><i>Fund Balances</i></b>  			
Fund Balances:			
Unreserved:			
Designated for Subsequent Year's Expenditures	139,917	21,712	161,629
Total Fund Balances	<u>139,917</u>	<u>21,712</u>	<u>161,629</u>
Total Liabilities and Fund Balances	<u>139,917</u>	<u>21,712</u>	<u>161,629</u>



**Regional School Unit No. 24**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgetary Basis**  
**Major Capital Projects Fund**  
**For the Year Ended June 30, 2011**

**Exhibit B-9**

	<b>Peninsula Grammar School</b>	<b>Ellsworth Middle School</b>	<b>Memorandum Only Total</b>
Revenues:			
Interest Income	1,809		1,809
Total Revenues	1,809	-	1,809
Transfer from Special Revenue Funds	22		22
Total Revenues and Transfers In	1,831	-	1,831
Expenditures:			
Purchased Professional Service	146,335		146,335
Property		28,288	28,288
Total Expenditures	146,335	28,288	174,623
Net Change in Fund Balance	(144,504)	(28,288)	(172,792)
Fund Balance - July 1	284,421	50,000	334,421
Fund Balance - June 30	139,917	21,712	161,629



***STATE COMPLIANCE***



**HORTON, McFARLAND & VEYSEY, LLC**

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*Ruth W. Wilbur, EA*

December 21, 2011

Members of the School Committee  
Regional School Unit No. 24

We have audited the financial statements of the Regional School Unit No. 24 for the year ended June 30, 2011.

In connection with our audit, we make the following statements of assurances and determinations:

1. The audit has been conducted in accordance with applicable state and federal laws relating to financial and compliance audits.
2. Budgetary controls are in place.
3. The financial report (MEDMS) submitted by the Regional School Unit No. 24 to the Department of Education was reported on the budgetary basis. A reconciliation of the MEDMS financial reports to the financial statements prepared in conformity with generally accepted accounting principles follows this statement of assurance.
4. The Regional School Unit No. 24 has complied with applicable provisions of the School Finance Act of 1985 and the School Finance Act of 1995.

*Horton, McFarland & Veysey, LLC*

**Regional School Unit No. 24  
Audit Adjustments to MEDMS  
For the Year Ended June 30, 2011**

	General Fund (100)	Reserve Funds (100)	Adult Education (150)	Special Revenue (200)	Food Service Fund (293)	Major Capital Projects Funds (300)	Enterprise Funds (615)	Combined
June 30, 2011 Balance per MEDMS - Budgetary Basis	3,968,209	647	84,527	109,455	379,288	161,629	28,533	4,732,288
Rounding	1			13,721				13,721
Fund 901,902 and 905 Not Uploaded								1
Adjusted June 30, 2011 Balance per MEDMS - Budgetary Basis	3,968,210	647	84,527	123,176	379,288	161,629	28,533	4,746,010
Expenditure Adjustments:								
Accrued Salaries	(2,022,594)		(8,157)	(98,395)	(36,003)			(2,165,149)
Adjusted June 30, 2011 Balance per MEDMS - Governmental Basis	1,945,616	647	76,370	24,781	343,285	161,629	28,533	2,580,861
Expenditure Adjustment:								
Compensated Absences	(302,883)				(7,348)			(310,231)
Bonds and Notes Payable	(13,211,710)							(13,211,710)
Capital Lease Obligations	(36,671,374)							(36,671,374)
Accrued Interest	(349,818)							(349,818)
Deferred Revenue	(222,240)							(222,240)
Capital Assets	66,069,507				7,362			66,076,869
Depreciation Expense	(3,036,362)							(3,036,362)
Adjusted June 30, 2011 Balance per MEDMS - GAAP Basis	14,220,736	647	76,370	24,781	343,299	161,629	28,533	14,855,995

Mainecare has a account number starting with 246; however, it is included with the General Fund.



***SINGLE AUDIT ACT***

**Regional School Unit No. 24  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011**

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Number</i>	<i>Balance July 1</i>	<i>Grant Revenues</i>	<i>Expenditures</i>	<i>Balance June 30</i>
<b>U.S. Department of Education</b>						
Passed Through State Department of Education						
ARRA - State Stabilization Fund Basic Education Grants						
ARRA - Title IA	84.389A	020-05A-2077-01	-	990,297	990,297	-
ARRA - School Improvement Grant	84.377	020-05A-3057-13	-	60,248	60,248	-
ARRA - Students With Disabilities Part B State Local Entitlement	84.391A	013-05A-3055-13	-	399,835	399,835	-
ARRA - Students With Disabilities Part B State Pre School	84.392A	020-05A-3046-12	-	360,102	360,102	-
NCLB Title IA - Disadvantaged	84.010	020-05A-6241-23	-	7,494	7,494	-
NCLB Title IA - Program Improvement	84.010A	013-05A-6334-13	93,406	572,258	665,664	-
NCLB Title IA - Gear Up	84.334	013-05A-6332-13	-	107,854	107,854	-
NCLB Title IIA - Improving Teacher Quality State Grants	84.367	013-05A-6341-13	-	41,238	41,238	-
NCLB Title IID - Educational Technology State Grant	84.318	013-05A-1137-11	-	193,909	193,909	-
NCLB Title VI - Rural and Low Income	84.358B	013-05A-1006-07	999	96,954	97,953	-
Special Education - Local Entitlement	84.027	013-05A-1078-03	4,950	65,570	70,520	-
Special Education - Preschool Handicapped	84.173	013-05A-6317-12	-	750,119	750,119	-
Title IC - Perkins Grant	84.048	013-05A-6240-23	212	10,775	10,987	-
REAP	84.358A	013-05A-5159-08	4,074	93,641	97,715	-
Adult Education Basic Grant	84.002	013-05A-1078-03	-	3,292	3,292	-
Twenty-First Century Grants	84.287	013-05A-5296-64	-	52,494	52,494	-
<b>Total U.S. Department of Education</b>		013-05A-1103-13	76,472	192,140	268,612	-
			180,113	3,998,220	4,178,333	-
<b>U.S. Department of Agriculture</b>						
Passed Through State Department of Education						
National School Breakfast Program	10.553	013-05A-7127-05	-	460,787	460,787	-
National School Lunch Program	10.555	013-05A-8121-05	-	159,439	159,439	-
National After School Program	10.555	013-05A-7142-05	-	10,680	10,680	-
Donated Commodities	10.560	013-05A-6134-05	-	41,327	41,327	-
<b>Total U.S. Department of Agriculture</b>			-	672,233	672,233	-
<b>Total Expenditures of Federal Awards</b>			180,113	4,670,453	4,850,566	-

See accompanying notes to schedule of expenditures of federal awards.



***Note 1: Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal grant activity of Regional School Unit No. 24 for the year ended June 30, 2011. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of Regional School Unit No. 24, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Regional School Unit No. 24.

***Note 2: Summary of Significant Accounting Policies***

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable, or are limited to reimbursement.

Pass-through entity identifying numbers are presented where available.

***Note 3: Food Distribution***

Non-monetary assistance is reported on the schedule at the fair market value of the commodities received and disbursed. At June 30, 2011, the District did not have any food commodities in inventory.

***Note 4: Program Clusters***

OMB Circular A-133 defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, similar programs deemed to be a cluster of programs are tested accordingly.

***Note 5: Relationship to Basic Financial Statements***

GASB 33 provides that grant revenue should be recognized when all applicable eligibility requirements are met, and, under modified accrual accounting, when the resources are available. Therefore, the proceeds of grants which do not specify time requirements, and for which all other eligibility requirements have been met, are recognized as revenues in the current fiscal year. Expenditures are recognized in the fiscal year spent for the required purpose.



**Note 6: Contingency**

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of Regional School Unit No. 24. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.





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***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***

December 21, 2011

To the School Board  
Regional School Unit No. 24

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 24, as of and for the year ended June 30, 2011, which collectively comprise Regional School Unit No. 24's basic financial statements and have issued our report thereon dated December 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Regional School Unit No. 24's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional School Unit No. 24's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional School Unit No. 24's internal control over financial reporting.

*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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Regional School Unit No. 24's financial statements are free of 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 matters that we reported to management of Regional School Unit No. 24, in a separate letter dated December 21, 2011.

This report is intended solely for the information and use of management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Horton, McFarland & Veysey, LLC





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***INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133***

December 21, 2011

To the School Board  
Regional School Unit No. 24's

**Compliance**

We have audited Regional School Unit No. 24's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Regional School Unit No. 24's major federal programs for the year ended June 30, 2011. Regional School Unit No. 24's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Regional School Unit No. 24's management. Our responsibility is to express an opinion on Regional School Unit No. 24's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Regional School Unit No. 24'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. Our audit does not provide a legal determination of Regional School Unit No. 24's compliance with those requirements.

In our opinion, Regional School Unit No. 24, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### **Internal Control over Compliance**

Management of Regional School Unit No. 24 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Regional School Unit No. 24's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 24's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Horton, McFarland & Veysey, LLC



**REGIONAL SCHOOL UNIT NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

---

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: unqualified, qualified, adverse, disclaimer]

Internal control over financial reporting:

Material weakness(es) identified? -            Yes   X   No

Reportable condition(s) identified not considered to be material weaknesses? -            Yes   X   None reported

Noncompliance material to financial statements noted? -            Yes   X   No

**Federal Awards**

Internal Control over major programs:

Material weaknesses identified? -            Yes   X   No

Reportable condition(s) identified not considered to be material weaknesses? -            Yes   X   None reported

Type of auditors report issued on compliance for major programs: unqualified, qualified, adverse, disclaimer]

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? -            Yes   X   No

**Identification of major programs:**

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.377	ARRA School Improvement Grant
84.027, 84.173, 84.391, 84.392	Special Education
84.367	Improving Teacher Quality State Grant
84.394	ARRA State Stabilization Fund Basic Education
84.287	Twenty-First Century Grant



**REGIONAL SCHOOL UNIT NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

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Dollar threshold used to distinguish  
between Type A and Type B programs

-

\$ 300,000

Auditee qualified as low-risk auditee?

-

\_\_\_\_\_ Yes   X   No

***Section II - Financial Statement Findings***

None Reported

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

None Reported

