



**REGIONAL SCHOOL UNIT NO. 1**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

# Regional School Unit No. 1

## Annual financial report

For the fiscal year ended June 30, 2023

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Regional School Unit No. 1  
Bath, Maine

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Regional School Unit No. 1, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Regional School Unit No. 1 as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Regional School Unit No. 1's and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional School Unit No. 1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional School Unit No. 1's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Regional School Unit No. 1's ability to continue as a going concern for a reasonable period of time.

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 1 through 10 and pages 41 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School Unit No. 1's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

Management is responsible for the other information included in the annual report. The other information also comprises the reconciliation of audit adjustments to annual financial data submitted to the Maine Education Financial System presented for purposes of additional analysis as required by Title 20-A MRSA §6051, Sub-chapter 1(K) of the

Maine Revised Statutes as amended. This additional information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of Regional School Unit No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regional School Unit No. 1's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
February 29, 2024

# Regional School Unit No. 1

## Management's Discussion and Analysis

As management of the Regional School Unit No. 1, we offer readers of the School Unit's financial statements this narrative overview and analysis of the financial activities of the School Unit for the fiscal year ended June 30, 2023.

### Financial highlights

- The assets and deferred outflows of resources of the School Unit exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$25,117,062 (net position). The unrestricted net position, which represents the amounts available to meet the School Unit's ongoing obligations to citizens and creditors, was a deficit of \$996,672. The School Unit is committed to provide postemployment benefits to its employees. As a result, the School Unit has recognized substantial liabilities in the financial statements for these benefits. As of June 30, 2023, the School Unit had liabilities of nearly \$8 million for postemployment benefits, which has caused the deficit balance in the unrestricted net position.
- The School Unit's total net position increased \$11,550,848 primarily because revenues exceeded expenses during the year. Governmental funds had an increase of \$8,164,634, most of which was due to the receipt of insurance recoveries for fire damage to the Dike Newell School. Entity-wide adjustments for capital assets, debt, and other long-term items increased net position another \$3,386,214.
- At the close of the current fiscal year, the School Unit's governmental funds reported combined fund balances of \$15,202,956, an increase of \$8,164,634 in comparison with the prior year. Of this amount, \$1,137,126, or 7.5%, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$2,583,838, or approximately 6% of total general fund expenditures.

### Overview of the financial statements

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

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

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

The *statement of activities* presents information showing how the School Unit's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School Unit, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School Unit utilizes only one type of fund: governmental funds.

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

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

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

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



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

**Notes to the financial statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-40 of this report.

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

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 45-54 of this report.

**Government-wide overall financial analysis**

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the School Unit, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$25,117,062, at the close of the most recent fiscal year.

	<b>2023</b>	<b>2022</b>	<b>Change</b>
Assets			
Current assets	\$ 18,580,681	10,616,578	7,964,103
Capital assets, net	87,093,109	88,787,620	(1,694,511)
Total assets	<u>105,673,790</u>	<u>99,404,198</u>	<u>6,269,592</u>
Total deferred outflows of resources	<u>3,089,177</u>	<u>3,513,266</u>	<u>(424,089)</u>
Liabilities			
Long-term liabilities	79,144,353	83,723,836	(4,579,483)
Other liabilities	3,909,034	4,147,490	(238,456)
Total liabilities	<u>83,053,387</u>	<u>87,871,326</u>	<u>(4,817,939)</u>
Total deferred inflows of resources	<u>592,518</u>	<u>1,479,924</u>	<u>(887,406)</u>
Net position			
Net investment in capital assets	16,979,368	13,190,392	3,788,976
Restricted	9,134,366	879,043	8,255,323
Unrestricted	(996,672)	(503,221)	(493,451)
Total net position	<u>\$ 25,117,062</u>	<u>13,566,214</u>	<u>11,550,848</u>

Current and other assets increased by \$7,964,103 from the prior year. The increase in current assets coincides with the increase in fund balance in the governmental funds. Cash and cash equivalents increased \$7,897,868, most of which is unspent insurance proceeds for Dike Newell fire damage.

Capital assets decreased \$1,694,511 due to depreciation expense of \$2,809,267 exceeding new capital purchases of \$1,114,756 during the year.

Long-term liabilities, which consist of bonds, notes, leases, compensated absences and postemployment benefit obligations, decreased by \$4,579,483 from the previous year. The School Unit made scheduled debt payments which consisted of \$4,440,000 of bond principal and \$317,754 of note principal. Bond premium amortization totaled \$869,136. These decreases were offset by increases in accrued compensated absences of \$80,982 and the net pension liability of \$917,137.

By far, the largest portion of the School Unit's net position, \$16,979,368, reflects its investment in capital assets (e.g., land, buildings, equipment, and vehicles), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The School Unit uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the School Unit's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the School Unit's net position, \$9,134,366 represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the School Unit's unrestricted net position was a deficit balance of \$996,672. The deficit is caused primarily by the approximately \$7.9 million in postemployment liabilities for the School Unit's two pension plans (\$1,572,943) and two other postemployment benefit plans for retiree healthcare and life insurance (\$6,372,353).

The School Unit's overall net position increased \$11,550,848 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections.

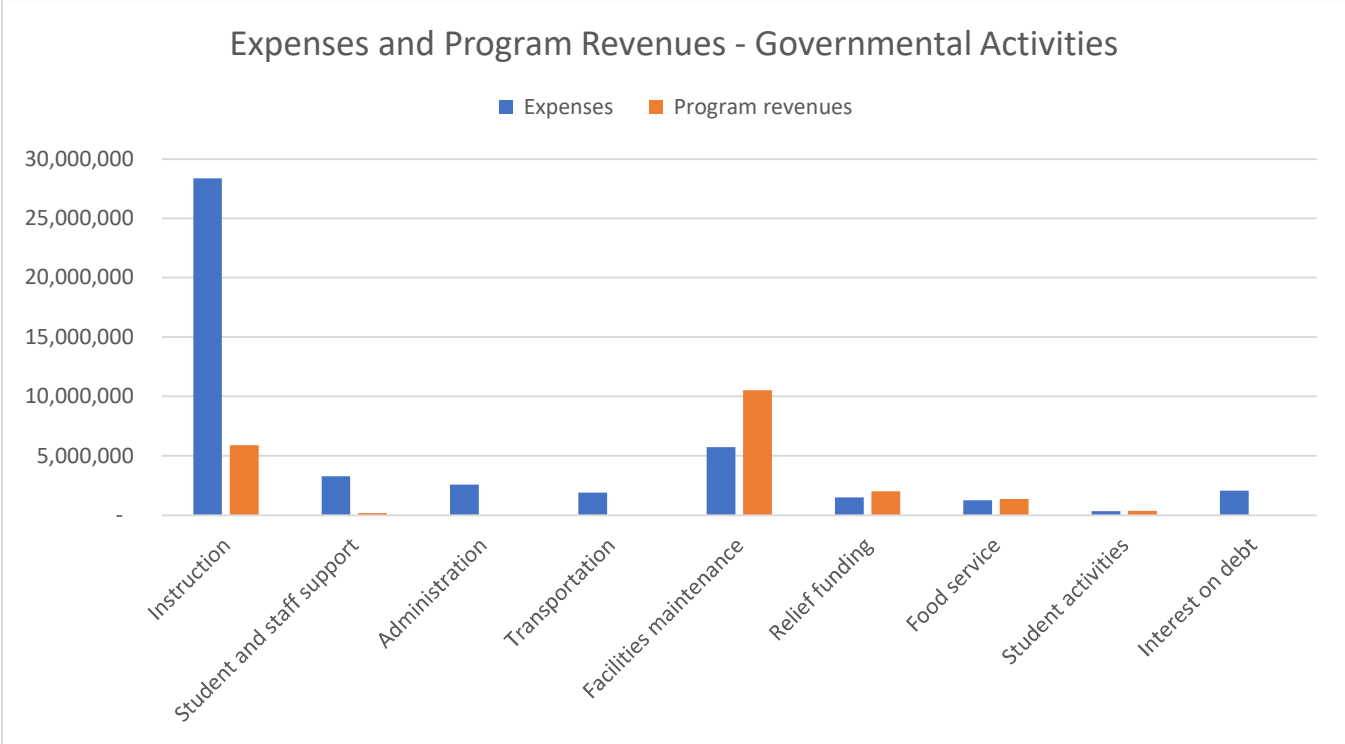
	<b>2023</b>	<b>2022</b>	<b>Change</b>
Revenues			
Program revenues			
Charges for services	\$ 1,936,505	1,848,193	88,312
Operating grants and cont.	7,400,495	7,422,820	(22,325)
Capital grants and cont.	10,958,938	258,735	10,700,203
General revenues			
Local assessments	20,035,833	18,898,065	1,137,768
Unrestricted grants and cont.	17,792,988	17,766,355	26,633
Other	328,297	301,502	26,795
Total revenues	<u>58,453,056</u>	<u>46,495,670</u>	<u>11,957,386</u>
Expenses			
Instruction	28,264,805	26,988,327	1,276,478
Student and staff support	3,278,774	3,004,527	274,247
Administration	2,553,251	2,415,112	138,139
Transportation	1,882,254	1,713,890	168,364
Facilities maintenance	5,728,859	5,471,488	257,371
Adult education	88,979	111,114	(22,135)
Relief funding	1,474,990	2,002,755	(527,765)
Food service	1,254,721	1,155,239	99,482
Student activities	327,204	228,486	98,718
Interest on debt	2,048,371	2,135,422	(87,051)
Total expenses	<u>46,902,208</u>	<u>45,226,360</u>	<u>1,675,848</u>
Increase (decrease) in net position	11,550,848	1,269,310	
Net position - beginning	<u>13,566,214</u>	<u>12,296,904</u>	
Net position - ending	<u>\$ 25,117,062</u>	<u>13,566,214</u>	

**Governmental activities.** During the current fiscal year, net position for governmental activities increased \$11,550,848 from the prior fiscal year for an ending balance of \$25,117,062. The increase in the overall net position of governmental activities is primarily due to revenues exceeding expenditures in the governmental funds of \$8,164,634, combined with the principal payments on debt issuances, which are considered expenditures in the governmental funds.

Revenues increased \$11,957,386 from the prior year due increases in local assessments and capital grants and contributions. The School Unit received \$10,434,058 of insurance recoveries for the fire damage to the Dike Newell School that occurred on June 10, 2022.

Expenses increased from \$45.2 million in the prior year to \$46.9 million in the current year. Most expense increases across functions were due to increases in salaries and benefits. The School Unit discontinued use of a cleaning service and hired custodians. This has increased costs in facilities maintenance, but this change has improved the service the School unit receives. These increases were offset by a \$527,753 decrease in relief funding related expenses.

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



**Financial analysis of governmental funds**

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

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

At June 30, 2023, the School Unit’s governmental funds reported combined fund balances of \$15,202,956, an increase of \$8,164,634 in comparison with the prior year. Of this amount, \$1,137,126, or 7.5%, constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is (1) not in spendable form, \$29,400; (2) restricted for particular purposes, \$9,104,966; (3) committed for particular purposes, \$3,765,230; (4) assigned for the subsequent budget, \$1,000,000 or (5) assigned for particular purposes, \$166,234.

*Analysis of Individual Funds*

The general fund is the chief operating fund of the School Unit. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,417,604, while total fund balance increased to \$2,853,931. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers to other funds. Unassigned fund balance represents 3.4% of total general fund expenditures and transfers to other funds, while total fund balance represents 6.8% of that same amount.

The fund balance of the School Unit’s general fund increased by \$319,418 during the current fiscal year. The School Unit budgeted to use \$800,000 of fund balance for their 2023 fiscal year budget. Revenues exceeded projections by \$516,451 and expenditures came in under budget by \$556,818. Assigned funds within the general fund also increased \$46,149.

The Dike Newell fire damage fund, a major fund, had a \$7,725,596 increase in fund balance during the current fiscal year which put the overall fund balance at \$7,971,461. The School Unit received \$10,434,058 of insurance proceeds during the year and expended \$2,711,562. The expenditures included \$916,250 to insurance adjusters that assisted the School Unit in receiving an extra \$3,665,000 in insurance proceeds. RSU 1 has requested that the Dike Newell School be moved to the current approved state construction project list as an emergency project. Once on the current approved project list, we asked the State Board of Education to consider consolidating the Dike Newell and Fisher Mitchell Schools. The State Board did not recognize RSU 1’s situation as an emergency project this summer. Their recommendation is for the School Unit to wait and apply in the next cycle of major capital school construction projects. The next cycle is expected to be established in 2026.

**General fund budgetary highlights**

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

<b>Revenue source</b>	<b>Estimated revenues</b>	<b>Actual revenues</b>	<b>Difference</b>
Tuition - regular	\$ 436,489	636,042	199,553
Interest	65,000	277,404	212,404
Miscellaneous	9,500	50,893	41,393

Tuition revenues exceeded budgeted amounts as the number of tuition students exceeded initial projections. An increase in cash due to receiving over \$10 million in insurance proceeds coupled with increasing interest rates for the School Unit’s interest-bearing cash accounts resulting in more revenue than expected. Miscellaneous revenues include insurance refunds and dividends (property, casualty, and workers comp) received during the year.

<b>Expenditures</b>	<b>Estimated expenditures</b>	<b>Actual expenditures</b>	<b>Difference</b>
Special education	\$ 6,665,905	6,321,080	344,825
Student and staff support	3,269,979	3,156,579	113,400
System administration	694,865	628,748	66,117
Transportation	1,805,935	1,876,874	(70,939)
Facilities maintenance	3,539,033	3,592,685	(53,652)

Special education had fewer out of district placement children, less Mainecare fees than originally anticipated, and unfilled positions. Student and staff support came in under budget due to charging substitute time to location for better tracking of costs, fewer tuition reimbursements than originally anticipated, and general savings on a multitude of accounts in that cost article. Staff turnover, lower legal fees than anticipated, and an unused contingency make up the savings for system administration. Higher than expected fuel prices and unexpected maintenance on vehicles caused transportation to come in higher than budget. During the year, the School Unit switched from a cleaning service to hiring custodians, which had an increased cost over the budgeted cleaning contract. There were also more repairs than anticipated at the Phippsburg Elementary School.

### Capital asset and debt administration

**Capital assets.** The School Unit's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$87,093,109 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and vehicles. The total decrease in capital assets for the current fiscal year was 2%.

	<b>Capital assets, net</b>	
	<b>2023</b>	<b>2022</b>
Land	\$ 1,238,895	1,238,895
Artwork	43,110	43,110
Construction in progress	597,784	156,000
Buildings and improvements	84,503,417	86,553,129
Right-to-use office space	33,093	72,801
Furniture and equipment	505,303	569,221
Vehicles	171,507	154,464
	<u>\$ 87,093,109</u>	<u>88,787,620</u>

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

- Roof project was started at Phippsburg Elementary School with \$304,858 being spent through yearend.
- The hurst boilers project at Woolwich Central was completed at a total cost of \$154,800.
- The School Unit incurred \$196,287 of costs renovating the old Morse High School to use in the interim after the fire damage at Dike Newell has made it unusable.
- A passenger van was obtained at a cost of \$53,743.
- Six floor scrubbers were purchased for a total of \$56,362.
- New welders for the tech center were purchased for a total of \$39,482.
- Bleachers were purchased for Morse High School for a total cost of \$94,092.

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

**Long-term Debt.** At the end of the current fiscal year, the School Unit had total bonded debt outstanding of \$63,775,000. The remainder of the School Unit’s long-term obligations is comprised of notes and leases payable.

	<b>Outstanding debt</b>	
	<b>2023</b>	<b>2022</b>
Bonds payable	\$ 63,775,000	68,215,000
Notes payable	340,939	563,364
Leases payable	33,588	72,799
	<b>\$ 64,149,527</b>	<b>68,851,163</b>

The School Unit’s total debt decreased by \$4,701,636 (6.8%) during the current fiscal year. The decrease is due to the School Unit making scheduled principal payments during the fiscal year. The School Unit issued a \$95,329 note payable for an iCloud system during the fiscal year.

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

**Economic factors and next year’s budgets and rates**

On June 13, 2023, the voters within RSU 1 approved a 2023-2024 school budget that is a 3.71% increase over last year’s budget and a 2.10% increase to the local appropriation.

Funding for two staff positions was added to the general fund budget. A system-wide social worker and an interventionist at Phippsburg Elementary School were added. RSU 1 currently has twelve full-time and five part-time staffing positions that are provided through federal funding. Fiscal year 2023-2024 is the final funding year for these positions. A discussion took place regarding the importance of various positions, and it was the recommendation of the school administration to make these two positions permanent.

Other increases were in salary and benefits for current staff. There are four bargaining units in RSU 1, which are as follows: the Sagadahoc Education Association for teachers; the ESP/MEA/NEA Sagadahoc Education Association for secretaries and education technicians; the AFSCME AFL-CIO for food service workers; and the School Administrators Association (SAA). Negotiation agreements are for a three-year period. The negotiation process begins early in 2024 for all bargaining units and RSU 1 is hopeful that agreements will be reached. Due to the financial climate of the general labor market, this may be challenging.

In June of 2022, there was a fire at Dike Newell School and students and staff now occupy the old Bath Regional Career and Technical Center. They have been there for a full year now and attempts at receiving state financial assistance are ongoing. RSU 1 has a lease agreement with the City of Bath to cover operating costs until funding can be secured. Students and staff alike are very thankful to have this facility. We certainly are trying to expedite the process of financial funding in order to relocate students into a more appropriate location.

Transportation costs, supplies, energy costs, and adult education also had slight increases that impacted the school budget increase. Bids for transportation services will also be taking place during the 2023-2024 school year.

The Board of Directors and school administration strive to balance the community's desire for excellent school programs and reasonable taxes by continually evaluating current practices, proposed expenditures, and other revenue sources. It is important to be sensitive to the financial capacity of our communities.

The Finance Committee continues to meet to provide leadership, guidance, and recommendations to the RSU 1 Board of Directors and/or the Superintendent regarding the School Unit's financial issues, systems, and procedures.

At the end of the current fiscal year, the fund balance in the general fund was \$2,853,943. The School Unit has appropriated \$1,000,000 of this amount for spending in the 2023-2024 fiscal year budget. This action was taken to reduce the local burden on taxpayers and to stay in compliance with the provisions of Title 20-A that refer to the amount of unallocated balances allowable.

### **Requests for information**

This financial report is designed to provide a general overview of the School Unit's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, 34 Wing Farm Parkway, Bath, Maine, 04530.



# BASIC FINANCIAL STATEMENTS



# Regional School Unit No. 1

## Statement of net position June 30, 2023

	<b>Governmental activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 17,021,178
Accounts receivable	1,530,103
Inventory	29,400
Capital assets, not being depreciated	1,879,789
Capital assets, net of accumulated depreciation	85,213,320
Total assets	<u>105,673,790</u>
<b>Deferred outflows of resources</b>	
Pension related	1,507,152
OPEB related	967,594
Deferred charge on refunding	614,431
Total deferred outflows of resources	<u>3,089,177</u>
<b>Liabilities</b>	
Accounts payable	165,908
Accrued wages and benefits	3,211,817
Accrued interest	531,309
Noncurrent liabilities:	
Due within one year	5,232,224
Due in more than one year	73,912,129
Total liabilities	<u>83,053,387</u>
<b>Deferred inflows of resources</b>	
Pension related	404,536
OPEB related	187,982
Total deferred inflows of resources	<u>592,518</u>
<b>Net position</b>	
Net investment in capital assets	16,979,368
Restricted	9,134,366
Unrestricted	(996,672)
Total net position	<u>\$ 25,117,062</u>

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

# Regional School Unit No. 1

## Statement of activities

For the year ended June 30, 2023

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position Governmental activities
		Charges for services	Operating grants and contributions	Capital grants and contributions	
Governmental activities:					
Regular instruction	\$ 15,995,008	645,078	766,138	-	(14,583,792)
Special education	6,858,659	1,099,988	554,643	-	(5,204,028)
Career and technical education	2,280,426	-	379,797	-	(1,900,629)
Other instruction	711,036	14,499	5,825	-	(690,712)
Student and staff support	3,278,774	81,316	80,736	-	(3,116,722)
System administration	637,391	-	-	-	(637,391)
School administration	1,915,860	-	-	-	(1,915,860)
Transportation	1,882,254	-	-	-	(1,882,254)
Facilities maintenance	5,728,859	11,909	79,473	10,437,158	4,799,681
Adult education	88,979	-	8,280	-	(80,699)
Relief funding	1,474,990	-	1,470,199	521,780	516,989
Food service	1,254,721	83,715	1,271,177	-	100,171
Student activities	327,204	-	364,551	-	37,347
MainePERS on-behalf payments	2,419,676	-	2,419,676	-	-
Interest on debt	2,048,371	-	-	-	(2,048,371)
Capital maintenance	-	-	-	-	-
Total governmental activities	\$ 46,902,208	1,936,505	7,400,495	10,958,938	(26,606,270)
General revenues:					
Local assessments					20,035,833
Grants and contributions not restricted to specific programs					17,792,988
Unrestricted investment earnings					277,404
Miscellaneous					50,893
Total general revenues					38,157,118
Change in net position					11,550,848
Net position - beginning					13,566,214
Net position - ending					\$ 25,117,062

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

# Regional School Unit No. 1

Balance sheet  
Governmental funds  
June 30, 2023

	General	Dike Newell building fire damage	Total nonmajor funds	Total governmental funds
<b>Assets</b>				
Cash and cash equivalents	\$ 14,199,062	-	2,822,116	17,021,178
Accounts receivable	765,000	-	765,103	1,530,103
Due from other funds	557,080	7,972,436	1,664,840	10,194,356
Inventory	-	-	29,400	29,400
Total assets	\$ 15,521,142	7,972,436	5,281,459	28,775,037
<b>Liabilities</b>				
Accounts payable	157,826	975	7,107	165,908
Accrued wages and benefits	2,872,109	-	339,708	3,211,817
Due to other funds	9,637,276	-	557,080	10,194,356
Total liabilities	12,667,211	975	903,895	13,572,081
<b>Fund balances</b>				
Nonspendable	-	-	29,400	29,400
Restricted	270,093	7,971,461	863,412	9,104,966
Committed	-	-	3,765,230	3,765,230
Assigned	1,166,234	-	-	1,166,234
Unassigned	1,417,604	-	(280,478)	1,137,126
Total fund balances	2,853,931	7,971,461	4,377,564	15,202,956
Total liabilities and fund balances	\$ 15,521,142	7,972,436	5,281,459	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	87,093,109
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Bonds payable	(63,775,000)
Premium on bonds	(6,636,418)
Deferred charge on refunding	614,431
Notes payable	(340,939)
Leases payable	(33,588)
Accrued interest on long-term debt	(531,309)
Compensated absences	(413,112)
Net pension liability with related deferred inflows and outflows	(470,327)
Net OPEB liability with related deferred inflows and outflows	(18,486)
Total OPEB liability with related deferred inflows and outflows	(5,574,255)
Net position of governmental funds	25,117,062

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

# Regional School Unit No. 1

## Statement of revenues, expenditures, and changes in fund balances

### Governmental funds

For the year ended June 30, 2023

	General	Dike Newell building fire damage	Total nonmajor funds	Total governmental funds
<b>Revenues</b>				
Local assessments	\$ 20,035,833	-	-	20,035,833
Intergovernmental	20,226,508	-	4,942,517	25,169,025
Charges for services	1,840,881	-	95,624	1,936,505
Student activity fees and fundraisers	-	-	364,551	364,551
Interest	277,404	-	79,486	356,890
Miscellaneous	50,893	3,100	102,201	156,194
Total revenues	42,431,519	3,100	5,584,379	48,018,998
<b>Expenditures</b>				
Current:				
Regular instruction	12,402,686	-	769,420	13,172,106
Special education	6,321,080	-	540,799	6,861,879
Career and technical education	1,866,264	-	439,255	2,305,519
Other instruction	682,510	-	14,700	697,210
Student and staff support	3,177,412	-	79,592	3,257,004
System administration	628,748	-	-	628,748
School administration	1,914,795	-	-	1,914,795
Transportation	1,876,874	-	-	1,876,874
Facilities maintenance	3,592,685	2,711,562	208,828	6,513,075
Adult education	-	-	88,979	88,979
Relief funding	-	-	1,996,770	1,996,770
Food service	-	-	1,244,373	1,244,373
Student activities	-	-	327,204	327,204
MainePERS on-behalf payments	2,419,676	-	-	2,419,676
Debt service	6,896,925	-	-	6,896,925
Capital outlay	95,329	-	87,285	182,614
Total expenditures	41,874,984	2,711,562	5,797,205	50,383,751
Excess (deficiency) of revenues over (under) expenditures	556,535	(2,708,462)	(212,826)	(2,364,753)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	333,665	333,665
Transfers out	(332,446)	-	(1,219)	(333,665)
Insurance recoveries	-	10,434,058	-	10,434,058
Notes and leases issued	95,329	-	-	95,329
Total other financing sources (uses)	(237,117)	10,434,058	332,446	10,529,387
Net change in fund balances	319,418	7,725,596	119,620	8,164,634
Fund balances - beginning	2,534,513	245,865	4,257,944	7,038,322
Fund balances - ending	\$ 2,853,931	7,971,461	4,377,564	15,202,956

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

# Regional School Unit No. 1

## Reconciliation of the statement of revenues, expenditures, and changes in fund balances - governmental funds to the government-wide statement of activities For the year ended June 30, 2023

Net change in fund balances - total governmental funds	\$	8,164,634
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of these assets is allocated over their useful lives and reported as depreciation expense.</p>		
Capital outlays		1,114,756
Depreciation expense		(2,809,267)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Notes and leases issued		(95,329)
Principal paid on bonds		4,440,000
Principal paid on notes		317,754
Principal paid on leases		39,211
Amortization of bond premium		869,136
Amortization of deferred charge on refunding		(76,804)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Accrued interest on long-term debt		37,925
Compensated absences		(80,982)
Changes in pension liabilities and related deferred outflows and inflows of resources		(269,287)
Changes in OPEB liabilities and related deferred outflows and inflows of resources		(100,899)
Change in net position of governmental activities	\$	<u><u>11,550,848</u></u>

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

# Regional School Unit No. 1

## General fund

### Statement of revenues, expenditures, and changes in fund balance

#### Budget and actual

For the year ended June 30, 2023

	Original budget	Final budget	Actual	Variance positive (negative)
<b>Revenues</b>				
Local assessments	\$ 20,035,832	20,035,832	20,035,833	1
Intergovernmental	17,797,988	17,797,988	17,806,832	8,844
Charges for services	1,496,720	1,496,720	1,750,529	253,809
Interest	65,000	65,000	277,404	212,404
Miscellaneous	9,500	9,500	50,893	41,393
Total revenues	39,405,040	39,405,040	39,921,491	516,451
<b>Expenditures</b>				
Current:				
Regular instruction	12,470,629	12,470,629	12,385,062	85,567
Special education	6,665,905	6,665,905	6,321,080	344,825
Career and technical education	1,898,600	1,898,600	1,866,264	32,336
Other instruction	687,757	687,757	682,510	5,247
Student and staff support	3,269,979	3,269,979	3,156,579	113,400
System administration	694,865	694,865	628,748	66,117
School administration	1,948,711	1,948,711	1,914,795	33,916
Transportation	1,805,935	1,805,935	1,876,874	(70,939)
Facilities maintenance	3,539,033	3,539,033	3,592,685	(53,652)
Debt service	6,896,926	6,896,926	6,896,925	1
Total expenditures	39,878,340	39,878,340	39,321,522	556,818
Excess (deficiency) of revenues over (under) expenditures	(473,300)	(473,300)	599,969	1,073,269
<b>Other financing sources (uses)</b>				
Transfers out	(326,700)	(326,700)	(326,700)	-
Use of fund balance	800,000	800,000	-	(800,000)
Total other financing sources (uses)	473,300	473,300	(326,700)	(800,000)
Net change in fund balance - budgetary basis	-	-	273,269	273,269
Reconciliation to GAAP				
Change in assigned funds			46,149	
Net change in fund balance - GAAP basis			319,418	
Fund balance - beginning			2,534,513	
Fund balance - end		\$	2,853,931	

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

# Regional School Unit No. 1

## Notes to the financial statements

June 30, 2023

### I. Summary of significant accounting policies

The financial statements of Regional School Unit No. 1 (RSU1 or School Unit) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School Unit's significant accounting policies are described below.

#### A. Description of government-wide financial statements

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

#### B. Reporting entity

RSU1 was organized in 2008 under the laws of the State of Maine and is governed by a seven-member Board of Directors elected from the communities within RSU1. The four communities comprising RSU1 are the City of Bath and the Towns of Arrowsic, Phippsburg, and Woolwich. The accompanying financial statements present information for the primary government. RSU1 is not financially accountable for any other organizations and therefore does not report any component units.

#### C. Basis of presentation – government-wide financial statements

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

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



## **D. Basis of presentation – fund financial statements**

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

The School Unit reports the following major governmental funds:

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

The *Dike Newell fire damage fund* accounts for insurance proceeds and donations received for the repair of the Dike Newell School.

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

## **E. Measurement focus and basis of accounting**

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Local assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School Unit considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability

is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the School Unit the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

## **F. Budgetary information**

### Budgetary basis of accounting

A budget is formally adopted for the general fund each year through the passage of articles through a referendum vote and is prepared on a basis consistent with accounting principles generally accepted in the United States of America except for Maine Public Employees Retirement System on-behalf payments and the activity of certain assigned funds that do not meet the definition of special revenue funds. The level of control (level at which expenditures may not exceed budget) is the article level. Generally, all unexpended budgetary accounts lapse to fund balance at the close of the fiscal year.

### Excess of expenditures over appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in two cost articles: transportation by \$70,939; and facilities maintenance by \$53,652.

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

### Cash and cash equivalents

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

### Inventories

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

## Capital assets

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

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

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

<u>Capital asset classes</u>	<u>Lives</u>
Buildings and improvements	15-40
Furniture and equipment	5-20
Vehicles	5-10
Right-to-use leased assets	2-10

## Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School Unit has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

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

## Net position

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

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

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

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

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

## Fund Balance

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

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

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

*Committed* fund balance represents amounts that can be used only for the specific purposes determined by the adoption of a policy committing fund balance for a specified purpose by the School Board prior to the end of the fiscal year. Once adopted, the limitation imposed by the

ordinance remains in place until the resources have been spent for the specified purpose or the School Board adopts another policy to remove or revise the limitation.

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

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

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

### Leases

**Lessee:** The School Unit is a lessee for a noncancellable lease of office space. The School Unit recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School Unit recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the School Unit initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School Unit determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The School Unit uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School Unit generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School Unit is reasonably certain to exercise.

The School Unit monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

## **H. Revenues and expenditures/expenses**

### Program revenues

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

### Compensated absences

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

## II. Stewardship, compliance, and accountability

### A. Violations of legal or contractual provisions

Note I.F. Excess of expenditures over appropriations describes any budgetary violations that occurred for the year ended June 30, 2023.

### B. Deficit fund equity

At June 30, 2023, the following funds had deficit balances:

Title IA	\$86,590	American rescue plan - ESSER3	146,481
Rethinking remote education	15,045	Extended learning opportunities	14,284
Title IIA	17,024	Fundamental learning on water	1,054

These deficits, except for the fundamental learning on water fund, are caused by the accrual of summer salaries and benefits and will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in).

## III. Detailed notes on activities and funds

### A. Cash and investments

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

### B. Cash deposits with financial institutions

*Custodial credit risk - deposits.* In the case of deposits, this is the risk that, in the event of a bank's failure, the School Unit's deposits may not be returned to it. The School Unit does not have a deposit policy for custodial credit risk. As of June 30, 2023, the School Unit's bank balance was \$17,206,461, of which \$2,537,733 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. The remaining balance was covered by F.D.I.C. or collateral held by the financial institution.

### C. Capital assets

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year
Capital assets, not being depreciated				
Land	\$1,238,895	-	-	1,238,895
Artwork	43,110	-	-	43,110
Construction in progress	156,000	596,584	154,800	597,784
<b>Total capital assets, not being depreciated</b>	<b>1,438,005</b>	<b>596,584</b>	<b>154,800</b>	<b>1,879,789</b>
Capital assets, being depreciated				
Buildings and improvements	98,445,041	419,318	-	98,864,359
Right-to-use office space	79,419	-	-	79,419
Furniture and equipment	992,552	178,377	-	1,170,929
Vehicles	270,746	75,277	-	346,023
<b>Total capital assets, being depreciated</b>	<b>99,787,758</b>	<b>672,972</b>	<b>-</b>	<b>100,460,730</b>
Less accumulated depreciation for				
Buildings and improvements	11,891,912	2,469,030	-	14,360,942
Right-to-use office space	6,618	39,708	-	46,326
Furniture and equipment	423,331	242,295	-	665,626
Vehicles	116,282	58,234	-	174,516
<b>Total accumulated depreciation</b>	<b>12,438,143</b>	<b>2,809,267</b>	<b>-</b>	<b>15,247,410</b>
<b>Total capital assets, being depreciated, net</b>	<b>87,349,615</b>	<b>(2,136,295)</b>	<b>-</b>	<b>85,213,320</b>
<b>Total capital assets</b>	<b>\$88,787,620</b>	<b>(1,539,711)</b>	<b>154,800</b>	<b>87,093,109</b>

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

Regular instruction	\$2,419,660
Career and technical education	18,145
Other instruction	13,826
Student and staff support	190,548
School administration	4,397
Transportation	26,914
Facilities maintenance	133,749
Food service	2,028
<b>Total depreciation expense</b>	<b>\$2,809,267</b>

#### Fire damage at Dike Newell School

On June 10, 2022, the Dike Newell School suffered extensive fire damage when an arsonist set fire to the building. The RSU approximates that 65% of the Dike Newell School has been impaired. The building was fully depreciated for financial statement reporting purposes and does not have a net book value;



therefore, the RSU has not record an impairment loss. The RSU has received \$10,434,058 of insurance recoveries during the year ended June 30, 2023.

#### D. Changes in long-term liabilities

Changes in the RSU's long-term liabilities for the year ended June 30, 2023, are as follows:

	Balance beginning of year	Additions	Deletions	Balance end of year	Amount due within one year
Governmental activities					
Bonds payable	\$68,215,000	-	4,440,000	63,775,000	4,070,000
Premium on bonds	7,505,554	-	869,136	6,636,418	818,770
Notes payable	563,364	95,329	317,754	340,939	270,145
Leases payable	72,799	-	39,211	33,588	33,588
Compensated absences	332,130	80,982	-	413,112	39,721
Net pension liability	655,806	917,137	-	1,572,943	-
Net OPEB liability	12,649	1,120	-	13,769	-
Total OPEB liability - MEABT	6,366,534	-	7,950	6,358,584	-
<b>Total governmental activities</b>	<b>\$83,723,836</b>	<b>1,094,568</b>	<b>5,674,051</b>	<b>79,144,353</b>	<b>5,232,224</b>

#### E. Bonds and notes payable

The RSU issues general obligation bonds and notes payable to provide funds for the acquisition and construction of major capital facilities and equipment. Bonds and notes payable at June 30, 2023, are as follows:

	Original borrowing	Interest rates	Final maturity	Outstand- ing at year end
Governmental activities				
Bonds payable				
2016 bond projects	\$3,727,000	1.00-2.125%	2028	\$1,850,000
2017 refunding - Woolwich	7,915,000	2.50-5.00%	2031	6,320,000
2019 Morse High School	65,430,000	3.00-5.00%	2040	55,605,000
<b>Total bonds payable</b>				<b>63,775,000</b>
Notes payable				
Copiers	190,000	4.22%	2024	39,600
School renovations	262,071	0.00%	2025	46,250
Technology	553,915	1.50%	2024	184,731
iCloud systems	95,329	3.33%	2026	70,358
<b>Total notes payable</b>				<b>340,939</b>
<b>Total bonds and notes payable</b>				<b>\$64,115,939</b>

The debt service requirements for the RSU's bonds and notes are as follows:

Year ending June 30	Bonds payable		Notes payable		Total
	Principal	Interest	Principal	Interest	
2024	\$4,440,000	2,676,854	270,145	6,785	7,393,784
2025	4,440,000	2,485,829	46,569	1,587	6,973,985
2026	4,440,000	2,274,929	24,225	807	6,739,961
2027	4,435,000	2,064,117	-	-	6,499,117
2028	4,425,000	1,853,341	-	-	6,278,341
2029-2033	18,705,000	6,261,450	-	-	24,966,450
2034-2038	16,350,000	2,730,450	-	-	19,080,450
2039-2043	6,540,000	261,600	-	-	6,801,600
<b>Totals</b>	<b>\$63,775,000</b>	<b>20,608,570</b>	<b>340,939</b>	<b>9,179</b>	<b>84,733,688</b>

## F. Leases

### Lease payable

The School Unit is the lessee in a lease for office space. The lease is a two-year lease with monthly payments of \$3,405, with the final 12 months of the lease being increased by the Boston (Northeast) Consumer Price Index. The future principal and interest lease payments as of June 30, 2023, are as follows:

Year ending June 30	Principal	Interest	Total
2024	\$33,588	462	34,050
<b>Totals</b>	<b>\$33,588</b>	<b>462</b>	<b>34,050</b>

## G. Pension plans

### Plan description

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

### Benefits provided

Benefit terms are established in Maine statute; in the case of the PLD plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. MPERS retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for SET members; separate legislation enacted the same reduced requirement for employees of PLDs). In some

cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for SET members is age 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits which are established by statute for SET members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the MPERS Board of Trustees and is currently 1.52%.

### Contributions

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

PLD plan – Employees are required to contribute 8.2% of their annual pay for the 2C special plan. The RSU's contractually required rate for the year ended June 30, 2023, was 11.4%. The RSU made contributions to the pension plan of \$47,863 for the year ended June 30, 2023.

SET plan - Maine statute requires the State to contribute a portion of the RSU's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The RSU's contractually required contribution rate for the year ended June 30, 2023, was 18.13% of annual payroll of which 3.84% of payroll was required from the RSU and 14.29% was required from the State. The RSU made contributions to the pension plan of \$703,010 for the year ended June 30, 2023.

### Proportionate share of the net pension (asset) liability

PLD plan - At June 30, 2023, the RSU reported a liability of \$203,409 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The RSU's proportion of the pension liability was based on the RSU's contributions recognized by the plan during the measurement period, adjusted for contributions for employer-specific and employer-paid employee contributions. The RSU's proportionate share was 0.0765% at the end of the measurement period and 0.0766% for the beginning of the period, which represents a decrease of 0.0001%.

SET plan - At June 30, 2023, the RSU reported a liability of \$1,369,534 for its proportionate share of the net pension liability. The State's proportionate share of the net pension liability associated with the RSU was \$16,854,689, for a total of \$18,224,223. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The RSU's proportion of the pension liability was based on unfunded actuarial liability contributions to the plan. The RSU's proportionate share was 0.0922% at the end of the measurement period and 0.0804% for the beginning of the period, which represents an increase of 0.0118%.

Actuarial assumptions

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

	<u>PLD plan</u>	<u>SET plan</u>
Actuarial valuation date	June 30, 2022	June 30, 2022
Measurement date	June 30, 2022	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
Assumptions		
Investment rate of return	6.50%	6.50%
Inflation rate	2.75%	2.75%
Annual salary increases	2.75%-11.48%	2.80%-13.03%
Cost of living adjustments	1.91%	2.20%

Mortality rates for PLD members are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model. Mortality rates for teachers are based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model.

The actuarial assumptions used for the year ended June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
U.S. government	2.3%
Private equity	7.6%
Real assets:	
Real estate	5.2%
Infrastructure	5.3%
Natural resources	5.0%
Traditional credit	3.2%
Alternative credit	7.4%
Diversifiers	5.9%

### Discount rate

The discount rate used to measure the collective total pension liability was 6.5% for 2022 for each plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Discount rate sensitivity analysis

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

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
PLD plan - proportionate share net pension (asset) liability	\$600,929	203,409	(125,155)
SET plan - proportionate share net pension (asset) liability	2,681,874	1,369,534	276,875

### Pension expense and deferred items summary

For the year ended June 30, 2023, the RSU recognized pension expense of \$36,848 and \$1,177,925 for its proportionate share of the pension expense for the PLD and SET plans, respectively. Additionally, the RSU recognized revenue of \$2,357,777 for support provided by the State for the SET plan. At June 30, 2023, the RSU reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
PLD plan		
Differences between expected and actual experience	\$37,802	-
Differences between expected and actual investment earnings	-	85,372
Changes of assumptions	41,285	-
Changes in proportion	-	3,044
Contributions paid subsequent to the measurement date	42,863	-
<u>Totals PLD plan</u>	<u>121,950</u>	<u>88,416</u>
SET plan		
Differences between expected and actual experience	68,225	-
Differences between expected and actual investment earnings	-	269,734
Changes of assumptions	265,931	-
Changes in proportion	348,036	46,386
Contributions paid subsequent to the measurement date	703,010	-
<u>Totals SET plan</u>	<u>1,385,202</u>	<u>316,120</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$1,507,152</u>	<u>404,536</u>

Deferred outflows of resources reported \$745,873 related to pensions resulting from the RSU's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending	<u>PLD plan</u>	<u>SET plan</u>
<u>June 30</u>		
2024	\$22,663	427,387
2025	(19,052)	(66,853)
2026	(53,038)	(121,683)
2027	40,099	127,221

#### Pension plan fiduciary net position

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

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at [www.maineper.org](http://www.maineper.org).

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

### Plan description

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

### Benefits provided

The group life insurance plans provide basic group life insurance benefits, during retirement, to retirees who participated in the plans prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits).

The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic group life insurance is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

### Contributions and funding policy

Premium rates are those determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period.

The RSU made contributions to the PLD plan of \$833 for the year ended June 30, 2023. Employees are not required to contribute to the PLD plan. The State of Maine made contributions to the SET plan on-behalf of the RSU of \$61,899 for the year ended June 30, 2023. The RSU and employees are not required to contribute to the SET plan.

### Proportionate share of the net OPEB liability

PLD plan - At June 30, 2023, the RSU reported a liability of \$13,769 for its proportionate share of the net OPEB liability. The OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The RSU's proportion of the OPEB liability was based on the RSU's contributions recognized by the plan during the measurement period. The RSU's proportionate share was 0.0951% at the end of the measurement period and 0.1225% for the beginning of the period, which represents a decrease of 0.0275%.

SET plan - At June 30, 2023, the RSU reported no liability for its proportionate share of the net OPEB liability. The State's proportionate share of the net OPEB liability associated with the RSU was \$519,330, for a total of \$519,330. The OPEB liability was measured as of June 30, 2022, and the total OPEB liability

used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The RSU's proportion of the OPEB liability was 0% at the end of the measurement period.

Actuarial assumptions

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

	<u>PLD plan</u>	<u>SET plan</u>
Actuarial valuation date	June 30, 2022	June 30, 2022
Measurement date	June 30, 2022	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	Fair value	Fair value
<u>Assumptions</u>		
Investment rate of return	6.50%	6.50%
Inflation rate	2.75%	2.75%
Annual salary increases	2.75%-11.48%	2.80%-13.03%

Mortality rates for PLD members are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model. Mortality rates for teachers are based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model.

The actuarial assumptions used for the year ended June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

Long-term expected rate of return

Assets of the plans are pooled for investment purposes and are allocated to each plan based on each plan's fiduciary net position. The long-term expected rate of return on the Plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.0%
U.S. government securities	2.3%



### Discount rate

The discount rate used to measure the collective total OPEB liability was 6.5% for 2022 for the plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

### Discount rate sensitivity analysis

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

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
PLD plan - proportionate share net OPEB liability	\$18,687	13,769	9,819

### OPEB expense and deferred items summary

For the year ended June 30, 2023, the RSU recognized OPEB (gain) expense of (\$2,113) and \$55,181 for its proportionate share of the OPEB expense for the PLD and SET plans, respectively. Additionally the RSU recognized revenue of \$61,899 for support provided by the State for the SET plan. At June 30, 2023, the RSU reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
PLD plan		
Differences between expected and actual experience	\$670	123
Differences between expected and actual investment earnings	1,190	-
Changes of assumptions	1,145	4,299
Changes in proportion	2,945	7,078
<u>Contributions paid subsequent to the measurement date</u>	<u>833</u>	<u>-</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$6,783</u>	<u>11,500</u>

Deferred outflows of resources reported \$833 related to OPEB resulting from the RSU's contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending	
<u>June 30</u>	
2023	(\$2,175)
2024	(1,927)
2025	(1,585)
2026	843
2027	4
Thereafter	(708)

OPEB plan fiduciary net position

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

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at [www.maineopers.org](http://www.maineopers.org).

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

Plan description

The RSU offers a post-retirement benefit plan providing health insurance to retiring employees. The State sponsors a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Plan membership

At June 30, 2022, membership consisted of:

Inactive members currently receiving benefits	166
Inactive members entitled to but not yet receiving benefits	-
<u>Active members</u>	<u>295</u>
<u>Total</u>	<u>461</u>

Benefits provided

Healthcare insurance benefits are provided for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement

benefits. The retiree is eligible for a State subsidy of 55% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members. The retiree pays 45% of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree (and/or spouse).

Net OPEB liability

At June 30, 2023, the RSU reported a total OPEB liability of \$6,358,584. The OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial assumptions

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

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

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

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

Discount rate

Using the Bond Buyer 20-Bond GO Index, the discount rate used to measure the total OPEB liability was 3.54%. This rate is assumed to be an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

### Changes in total OPEB liability

Balances beginning of year	\$6,366,534
Changes for the period	
Service cost	101,781
Interest	136,983
Changes of benefits	-
Differences between expected and actual experience	(106,117)
Changes of assumptions	113,775
Benefit payments	(254,372)
Net changes	(7,950)
<u>Balances end of year</u>	<u>\$6,358,584</u>

### Discount rate and healthcare rate sensitivity analysis

The following is a sensitive analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability calculated using the discount rate of 3.54% as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$7,271,717	6,358,584	5,610,750

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

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$5,566,531	6,358,584	7,337,434

### OPEB expense and deferred items summary

For the year ended June 30, 2023, the RSU recognized OPEB expense of \$386,983. At June 30, 2023, the RSU reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Differences between expected and actual experience	\$ -	176,482
Changes of assumptions	672,068	-
<u>Contributions paid subsequent to the measurement date</u>	<u>288,743</u>	<u>-</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$960,811</u>	<u>176,482</u>

Deferred outflows of resources reported \$288,743 related to OPEB resulting from the RSU's contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in

the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending	
<u>June 30</u>	
2024	\$202,531
2025	141,125
2026	141,125
2027	8,617
2028	1,094
Thereafter	1,094

**J. Fund Balance**

Components of fund balance

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund				
Career and technical	\$ -	270,093	-	-
Budget appropriation	-	-	-	1,000,000
Laptop repairs	-	-	-	164,289
Other	-	-	-	1,245
Dike Newell building fire damage	-	7,971,461	-	-
Special revenue funds				
Adult education	-	13,022	-	-
Grants and other purposes	-	132,501	-	-
School lunch	29,400	717,889	-	-
Student activities	-	-	365,464	-
Capital project funds				
Morse High building project	-	-	2,422,469	-
Morse High and Bath Tech reserve	-	-	266,054	-
Other projects	-	-	711,243	-
<u>Total</u>	<u>\$29,400</u>	<u>9,104,966</u>	<u>3,765,230</u>	<u>1,166,234</u>

**K. Interfund balances**

The outstanding balances between funds result from receipts and disbursements being made through consolidated cash accounts held by the general fund. The composition of interfund balances as of June 30, 2023, is as follows:

<u>Receivable fund (due from)</u>	<u>Payable fund (due to)</u>	<u>Amount</u>
General fund	Grant and other funds	\$557,080
Dike Newell fire damage	General fund	7,972,436
Adult education	General fund	13,022
School lunch	General fund	670,060
Capital project funds	General fund	981,758
<u>Total</u>		<u>\$10,194,356</u>

## L. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

	Transfers in				Total
	Adult education	Grant and other funds	School lunch	System-wide projects	
<u>Transfers out</u>					
General fund	\$81,700	5,746	195,000	50,000	332,446
Grant and other funds	-	1,219	-	-	1,219
<u>Total</u>	<u>\$81,700</u>	<u>6,965</u>	<u>195,000</u>	<u>50,000</u>	<u>333,665</u>

During the year, transfers are used to move revenues from the fund with collection authorization to the adult education, school lunch, and system-wide minor projects funds.

Further, during the year ended June 30, 2023, the RSU made the following one-time transfers:

Transfers of \$5,746 from the MLTI repair fund and \$1,219 from the MLTI 2.0 fund, for a total of \$6,965, to close the e-rate reimbursement fund.

## M. Risk management

The RSU is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The RSU carries commercial insurance and participates in a public entity risk pool sponsored by the Maine School Management Association. Based on the coverages provided, the RSU is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2023.

## N. Contingencies

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

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

# Regional School Unit No. 1

## Required supplementary information

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

#### Maine Public Employees Retirement System

#### Last ten fiscal years (only nine years available)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>PLD plan</b>									
RSU's proportion of the net pension liability	0.0765%	0.0766%	0.0791%	0.0883%	0.0965%	0.0922%	0.1139%	0.1219%	0.1648%
RSU's proportionate share of the net pension liability	\$ 203,409	(24,610)	314,171	270,023	264,189	377,607	605,276	388,876	253,564
RSU's covered payroll	533,002	485,123	481,864	514,659	530,579	519,453	600,521	597,040	723,079
RSU's proportionate share of the net pension liability as a percentage of its covered payroll	38.16%	-5.07%	65.20%	52.47%	49.79%	72.69%	100.79%	65.13%	35.07%
Plan fiduciary net position as a percentage of the total pension liability	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%
<b>SET plan</b>									
RSU's proportion of the net pension liability	0.0922%	0.0804%	0.0374%	0.0359%	0.0402%	0.0427%	0.0428%	0.0481%	0.0416%
RSU's proportionate share of the net pension liability	\$ 1,369,534	680,416	610,495	525,517	543,097	619,521	756,555	649,312	444,309
State's proportionate share of the net pension liability associated with the RSU	16,854,689	9,582,621	18,896,161	16,819,988	15,387,849	16,332,188	19,317,683	15,406,924	12,545,926
Total	\$ 18,224,223	10,263,037	19,506,656	17,345,505	15,930,946	16,951,709	20,074,238	16,056,236	12,990,235
RSU's covered payroll	\$ 17,462,911	16,430,382	15,491,348	15,115,335	14,503,843	14,111,939	13,341,468	13,577,372	13,482,516
RSU's proportionate share of the net pension liability as a percentage of its covered payroll	7.84%	4.14%	3.94%	3.48%	3.74%	4.39%	5.67%	4.78%	3.30%
Plan fiduciary net position as a percentage of the total pension liability	85.79%	90.90%	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

### Schedule of RSU's pension contributions

#### Maine Public Employees Retirement System

#### Last ten fiscal years (only nine years available)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>PLD plan</b>									
Contractually determined contribution	\$ 42,863	60,229	52,393	51,078	54,039	53,588	47,270	53,455	49,554
Contributions in relation to the contractually required contribution	(42,863)	(60,229)	(52,393)	(51,078)	(54,039)	(53,588)	(47,270)	(53,455)	(49,554)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
RSU's covered payroll	375,990	533,002	485,123	481,864	514,659	530,579	519,453	600,521	597,040
Contributions as a percentage of covered payroll	11.40%	11.30%	10.80%	10.60%	10.50%	10.10%	9.10%	8.90%	8.30%
<b>SET plan</b>									
Contractually determined contribution	\$ 703,010	670,577	683,515	644,452	600,089	575,843	474,148	448,227	359,793
Contributions in relation to the contractually required contribution	(703,010)	(670,577)	(683,515)	(644,452)	(600,089)	(575,843)	(474,148)	(448,227)	(359,793)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
RSU's covered payroll	\$ 18,307,523	17,462,911	16,430,382	15,491,348	15,115,335	14,503,843	14,111,939	13,341,468	13,577,372
Contributions as a percentage of covered payroll	3.84%	3.84%	4.16%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%

# Regional School Unit No. 1

## Required supplementary information

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

#### Maine Public Employees Retirement System

#### Last ten fiscal years (only six years available)

	2023	2022	2021	2020	2019	2018
<b>PLD plan</b>						
RSU's proportion of the net OPEB liability	0.0951%	0.1225%	0.1018%	0.1117%	0.1266%	0.1489%
RSU's proportionate share of the net OPEB liability	\$ 13,769	12,649	13,434	23,904	25,581	33,672
RSU's covered-employee payroll	533,002	485,123	481,864	514,659	530,579	519,453
RSU's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	2.58%	2.61%	2.79%	4.64%	4.82%	6.48%
Plan fiduciary net position as a percentage of the total OPEB liability	55.88%	67.26%	55.39%	43.18%	43.92%	47.42%
<b>SET plan</b>						
RSU's proportion of the net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
RSU's proportionate share of the net OPEB liability	\$ -	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the RSU	519,330	260,235	501,442	482,682	462,997	430,151
Total	\$ 519,330	260,235	501,442	482,682	462,997	430,151
RSU's covered-employee payroll	\$ 17,462,911	16,430,382	15,491,348	15,115,335	14,503,843	14,111,939
RSU's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	52.39%	62.90%	49.51%	49.22%	48.04%	47.29%

### Schedule of RSU's OPEB contributions

#### Maine Public Employees Retirement System

#### Last ten fiscal years (only six years available)

	2023	2022	2021	2020	2019	2018
<b>PLD plan</b>						
Contractually determined contribution	\$ 833	986	1,254	953	1,097	1,125
Contributions in relation to the contractually required contribution	(833)	(986)	(1,254)	(953)	(1,097)	(1,125)
Contribution deficiency (excess)	\$ -	-	-	-	-	-
RSU's covered-employee payroll	375,990	533,002	485,123	481,864	514,659	530,579
Contributions as a percentage of covered-employee payroll	0.22%	0.18%	0.26%	0.20%	0.21%	0.21%



# Regional School Unit No. 1

## Required supplementary information

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

Last ten fiscal years (only five years available)

	2023	2022	2021	2020	2019
<b>Total OPEB liability</b>					
Service cost	\$ 101,781	94,283	46,070	38,845	41,566
Interest	136,983	139,742	214,083	225,608	217,809
Changes of benefits	-	-	(600,540)	-	-
Differences between expected and actual experience	(106,117)	-	(171,052)	-	-
Changes of assumptions	113,775	45,153	966,082	307,026	(242,391)
Benefit payments	(254,372)	(281,523)	(310,024)	(273,500)	(264,047)
Net change in total OPEB liability - MEABT plan	(7,950)	(2,345)	144,619	297,979	(247,063)
Total OPEB liability - beginning	6,366,534	6,368,879	6,224,260	5,926,281	6,173,344
Total OPEB liability - ending	\$ 6,358,584	6,366,534	6,368,879	6,224,260	5,926,281
Covered-employee payroll	\$ 13,449,727	13,247,186	12,924,084	12,753,707	12,412,367
Total OPEB liability as a percentage of covered-employee payroll	47.28%	48.06%	49.28%	48.80%	47.74%

# Regional School Unit No. 1

## Notes to required supplementary information

### Pension plans

**Changes of benefit terms** - None

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Discount rate - PLD	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.25%	7.25%
Discount rate - SET	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases - PLD	2.75-11.48%	2.75-11.48%	2.75% + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Salary increases - SET	2.80-13.03%	2.80-13.03%	2.75% + merit	2.75-14.50%	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases - PLD	1.91%	1.91%	1.91%	2.20%	2.20%	2.20%	2.55%	3.12%	3.12%
Cost of living increases - SET	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

Mortality rates - **2015**: RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. **2016**: RP2014 Total Data Set Healthy Annuitant Mortality Table. **2021**: 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table (PLD) and 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table (SET).

### Other postemployment benefit (OPEB) obligations - life insurance

**Changes of benefit terms** - None

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Discount rate - PLD	6.50%	6.50%	6.75%	4.98%	5.13%	5.41%
Discount rate - SET	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%

### Other postemployment benefit (OPEB) obligations - health insurance

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

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Discount rate	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%

# Regional School Unit No. 1

## General fund

### Statement of revenues, expenditures, and changes in fund balance

#### Budget and actual

For the year ended June 30, 2023

(with comparative totals for the year ended June 30, 2022)

	2023				2022 actual
	Original budget	Final budget	Actual	Variance positive (negative)	
<b>Revenues</b>					
Local assessments					
Local allocation	\$ 13,403,321	13,403,321	13,403,322	1	13,778,686
Non-state funded debt service	599,850	599,850	599,850	-	-
Additional local appropriation	6,032,661	6,032,661	6,032,661	-	5,119,379
Total local assessments	20,035,832	20,035,832	20,035,833	1	18,898,065
Intergovernmental					
State subsidy	17,797,988	17,797,988	17,792,988	(5,000)	17,766,355
State agency clients	-	-	13,844	13,844	12,252
Other	-	-	-	-	35,862
Total intergovernmental	17,797,988	17,797,988	17,806,832	8,844	17,814,469
Charges for services					
Tuition - regular	436,489	436,489	636,042	199,553	747,427
Tuition - secondary	1,060,231	1,060,231	1,099,988	39,757	907,391
Student activities	-	-	14,499	14,499	16,426
Total charges for services	1,496,720	1,496,720	1,750,529	253,809	1,671,244
Interest	65,000	65,000	277,404	212,404	11,269
Miscellaneous	9,500	9,500	50,893	41,393	40,233
Total revenues	39,405,040	39,405,040	39,921,491	516,451	38,435,280
<b>Expenditures</b>					
Current:					
Regular instruction	12,470,629	12,470,629	12,385,062	85,567	11,954,582
Special education	6,665,905	6,665,905	6,321,080	344,825	6,196,465
Career and technical education	1,898,600	1,898,600	1,866,264	32,336	1,737,294
Other instruction	687,757	687,757	682,510	5,247	639,771
Student and staff support	3,269,979	3,269,979	3,156,579	113,400	2,900,810
System administration	694,865	694,865	628,748	66,117	621,623
School administration	1,948,711	1,948,711	1,914,795	33,916	1,813,846
Transportation	1,805,935	1,805,935	1,876,874	(70,939)	1,694,654
Facilities maintenance	3,539,033	3,539,033	3,592,685	(53,652)	3,555,023
Debt service	6,896,926	6,896,926	6,896,925	1	7,085,675
Total expenditures	39,878,340	39,878,340	39,321,522	556,818	38,199,743
Excess (deficiency) of revenues over (under) expenditures	(473,300)	(473,300)	599,969	1,073,269	235,537
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	(326,700)	(326,700)	(326,700)	-	(787,847)
Use of fund balance	800,000	800,000	-	(800,000)	-
Total other financing sources (uses)	473,300	473,300	(326,700)	(800,000)	(787,847)
Net change in fund balance - budgetary basis	-	-	273,269	273,269	(552,310)
Reconciliation to GAAP					
Change in assigned funds			46,149		60,983
Net change in fund balance - GAAP basis			319,418		(491,327)
Fund balance - beginning			2,534,513		3,025,840
Fund balance - end			\$ 2,853,931		2,534,513

# Regional School Unit No. 1

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

Assigned funds - general fund

For the year ended June 30, 2023

	<b>Beginning fund balance</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Transfers in (out)</b>	<b>Ending fund balance</b>
Merrymeeting area summer school	\$ 4,881	9,036	17,624	-	(3,707)
Central office forfeitures	1,245	-	-	-	1,245
MLTI repair	110,252	81,316	20,833	(5,746)	164,989
	<u>\$ 116,378</u>	<u>90,352</u>	<u>38,457</u>	<u>(5,746)</u>	<u>162,527</u>

# Regional School Unit No. 1

Combining balance sheet  
 Nonmajor governmental funds  
 June 30, 2023

	Special revenue funds	Capital project funds	Total nonmajor governmental funds
<b>Assets</b>			
Cash and cash equivalents	\$ 400,516	2,421,600	2,822,116
Accounts receivable	765,103	-	765,103
Due from other funds	683,082	981,758	1,664,840
Inventory	29,400	-	29,400
Total assets	\$ 1,878,101	3,403,358	5,281,459
<b>Liabilities</b>			
Accounts payable	3,515	3,592	7,107
Accrued wages and benefits	339,708	-	339,708
Due to other funds	557,080	-	557,080
Total liabilities	900,303	3,592	903,895
<b>Fund balances</b>			
Nonspendable	29,400	-	29,400
Restricted	863,412	-	863,412
Committed	365,464	3,399,766	3,765,230
Assigned	-	-	-
Unassigned	(280,478)	-	(280,478)
Total fund balances	977,798	3,399,766	4,377,564
Total liabilities and fund balances	\$ 1,878,101	3,403,358	5,281,459

# Regional School Unit No. 1

Combining statement of revenues, expenditures, and changes in fund balances  
 Nonmajor governmental funds  
 For the year ended June 30, 2023

	Special revenue funds	Capital project funds	Total nonmajor governmental funds
<b>Revenues</b>			
Intergovernmental	\$ 4,942,517	-	4,942,517
Charges for services	83,715	11,909	95,624
Student activity fees and fundraisers	364,551	-	364,551
Interest	13	79,473	79,486
Miscellaneous	102,201	-	102,201
Total revenues	<u>5,492,997</u>	<u>91,382</u>	<u>5,584,379</u>
<b>Expenditures</b>			
Current:			
Regular instruction	769,420	-	769,420
Special education	540,799	-	540,799
Career and technical education	439,255	-	439,255
Other instruction	14,700	-	14,700
Student and staff support	79,592	-	79,592
Facilities maintenance	-	208,828	208,828
Adult education	88,979	-	88,979
Relief funding	1,996,770	-	1,996,770
Food service	1,244,373	-	1,244,373
Student activities	327,204	-	327,204
Total expenditures	<u>5,501,092</u>	<u>296,113</u>	<u>5,797,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,095)</u>	<u>(204,731)</u>	<u>(212,826)</u>
<b>Other financing sources (uses)</b>			
Transfers in	283,665	50,000	333,665
Transfers out	(1,219)	-	(1,219)
Notes issued	-	-	-
Total other financing sources (uses)	<u>282,446</u>	<u>50,000</u>	<u>332,446</u>
Net change in fund balances	274,351	(154,731)	119,620
Fund balances - beginning	<u>703,447</u>	<u>3,554,497</u>	<u>4,257,944</u>
Fund balances - ending	<u>\$ 977,798</u>	<u>3,399,766</u>	<u>4,377,564</u>

# Regional School Unit No. 1

Combining balance sheet  
Special revenue funds  
June 30, 2023

	Adult education	Grant and other funds	School lunch	Student activities	Total special revenue funds
<b>Assets</b>					
Cash and cash equivalents	-	28,265	6,787	365,464	400,516
Accounts receivable	-	674,832	90,271	-	765,103
Due from other funds	13,022	-	670,060	-	683,082
Inventory	-	-	29,400	-	29,400
Total assets	\$ 13,022	703,097	796,518	365,464	1,878,101
<b>Liabilities</b>					
Accounts payable	-	3,449	66	-	3,515
Accrued wages and benefits	-	290,545	49,163	-	339,708
Due to other funds	-	557,080	-	-	557,080
Total liabilities	-	851,074	49,229	-	900,303
<b>Fund balances</b>					
Nonspendable	-	-	29,400	-	29,400
Restricted	13,022	132,501	717,889	-	863,412
Committed	-	-	-	365,464	365,464
Unassigned	-	(280,478)	-	-	(280,478)
Total fund balances	13,022	(147,977)	747,289	365,464	977,798
Total liabilities and fund balances	\$ 13,022	703,097	796,518	365,464	1,878,101

# Regional School Unit No. 1

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

Special revenue funds

For the year ended June 30, 2023

	Adult education	Grant and other funds	School lunch	Student activities	Total special revenue funds
<b>Revenues</b>					
Intergovernmental	\$ -	3,671,340	1,271,177	-	4,942,517
Charges for services	-	-	83,715	-	83,715
Student activity fees and fundraisers	-	-	-	364,551	364,551
Interest	-	13	-	-	13
Miscellaneous	8,280	93,921	-	-	102,201
Total revenues	8,280	3,765,274	1,354,892	364,551	5,492,997
<b>Expenditures</b>					
Current:					
Regular instruction	-	769,420	-	-	769,420
Special education	-	540,799	-	-	540,799
Career and technical education	-	439,255	-	-	439,255
Other instruction	-	14,700	-	-	14,700
Student and staff support	-	79,592	-	-	79,592
Adult education	88,979	-	-	-	88,979
Relief funding	-	1,996,770	-	-	1,996,770
Food service	-	-	1,244,373	-	1,244,373
Student activities	-	-	-	327,204	327,204
Total expenditures	88,979	3,840,536	1,244,373	327,204	5,501,092
Excess (deficiency) of revenues over (under) expenditures	(80,699)	(75,262)	110,519	37,347	(8,095)
<b>Other financing sources (uses)</b>					
Transfers in	81,700	6,965	195,000	-	283,665
Transfers out	-	(1,219)	-	-	(1,219)
Notes issued	-	-	-	-	-
Total other financing sources (uses)	81,700	5,746	195,000	-	282,446
Net change in fund balances	1,001	(69,516)	305,519	37,347	274,351
Fund balances - beginning	12,021	(78,461)	441,770	328,117	703,447
Fund balances - ending	\$ 13,022	(147,977)	747,289	365,464	977,798



# Regional School Unit No. 1

Combining balance sheet  
Capital project funds  
June 30, 2023

	<b>Morse High building project</b>	<b>MHS BRCTC reserve</b>	<b>Auditorium fund</b>	<b>System-wide minor projects</b>	<b>System-wide field maintenance</b>	<b>Total capital project funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 2,421,600	-	-	-	-	2,421,600
Due from other funds	869	269,646	23,524	686,827	892	981,758
Total assets	\$ 2,422,469	269,646	23,524	686,827	892	3,403,358
<b>Liabilities</b>						
Accounts payable	-	3,592	-	-	-	3,592
Total liabilities	-	3,592	-	-	-	3,592
<b>Fund balances</b>						
Committed	2,422,469	266,054	23,524	686,827	892	3,399,766
Total fund balances	2,422,469	266,054	23,524	686,827	892	3,399,766
Total liabilities and fund balances	\$ 2,422,469	269,646	23,524	686,827	892	3,403,358

# Regional School Unit No. 1

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

### Capital project funds

For the year ended June 30, 2023

	Morse High building project	MHS BRCTC reserve	Auditorium fund	System-wide minor projects	System-wide field maintenance	Total capital project funds
<b>Revenues</b>						
Charges for services	\$ -	-	11,909	-	-	11,909
Interest	79,280	-	-	193	-	79,473
Total revenues	79,280	-	11,909	193	-	91,382
<b>Expenditures</b>						
Current:						
Facilities maintenance	-	207,958	-	-	870	208,828
Capital outlay	87,285	-	-	-	-	87,285
Total expenditures	87,285	207,958	-	-	870	296,113
Excess (deficiency) of revenues over (under) expenditures	(8,005)	(207,958)	11,909	193	(870)	(204,731)
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	50,000	-	50,000
Total other financing sources (uses)	-	-	-	50,000	-	50,000
Net change in fund balances	(8,005)	(207,958)	11,909	50,193	(870)	(154,731)
Fund balances - beginning	2,430,474	474,012	11,615	636,634	1,762	3,554,497
Fund balances - ending	\$ 2,422,469	266,054	23,524	686,827	892	3,399,766

# Regional School Unit No. 1

Combining statement of revenues, expenditures, and changes in fund balances  
 Grant and other funds  
 For the year ended June 30, 2023

	Beginning fund balance	Revenues	Expenditures	Transfers in (out)	Ending fund balance
Cheseborough fund	\$ 1,479	-	1,479	-	-
Maine youth suicide prevention	204	-	-	-	204
Cable TV fund	3,427	-	-	-	3,427
MELMAC	512	-	-	-	512
MELMAC - college readiness	24,320	-	13,632	-	10,688
MELMAC - systems innovation	36,769	-	32,114	-	4,655
Help a kid	102	-	102	-	-
William Kendall trust	358	-	-	-	358
Annie Palmer trust	3,617	489	-	-	4,106
Plummer/Moses trust	5,947	362	-	-	6,309
Vocational gift	366	-	338	-	28
5-2-1-0 grant	2,300	3,503	2,257	-	3,546
Vocational mini grant	496	-	-	-	496
PEPG development grant	3,292	-	-	-	3,292
MLTI 2.0	1,219	77,233	77,233	(1,219)	-
CTE instructional supplies	-	54,082	54,082	-	-
CTE instructional supplies	-	74,075	74,075	-	-
Flu clinic - Maine CDC/DHHS	204	-	-	-	204
Title IA	(81,424)	568,400	573,566	-	(86,590)
Local entitlement	-	525,132	525,132	-	-
Preschool	-	15,667	15,667	-	-
Elementary and secondary school relief 1	(25,314)	29,950	4,636	-	-
Elementary and secondary school relief 2	(131,421)	277,518	146,097	-	-
American rescue plan - ESSER3	-	1,489,155	1,635,636	-	(146,481)
Rethinking remote education ventures	-	143,959	159,004	-	(15,045)
Elementary and secondary school relief MLEH	-	39,186	39,186	-	-
American rescue plan - homeless	-	12,211	12,211	-	-
Other local grants	-	500	500	-	-
WAVES	978	-	978	-	-
American rescue plan - CTE	-	98,200	98,200	-	-
Extended learning opportunities	-	73,630	87,914	-	(14,284)
Title IIA	(13,021)	114,042	118,045	-	(17,024)
Perkins - vocational	-	78,900	78,900	-	-
E-rate reimbursement	(6,965)	-	-	6,965	-
Edna Wyman trust	5,524	2	-	-	5,526
Swim for health	29,270	5,825	11,993	-	23,102
Davenport grant - ipads for robotics	207	-	207	-	-
Davenport grant - MHS ski club	2,500	-	2,500	-	-
Davenport grant - discretionary	16,250	10,000	8,910	-	17,340
MCSHP	3,958	-	809	-	3,149
MEA wellness grant	926	-	-	-	926
Morse in motion	379	-	-	-	379
Davenport grant - yoga mat project	311	-	-	-	311
Davenport grant - books, preK	292	-	-	-	292
Unified basketball - special olympics	1,292	-	-	-	1,292
Davenport grant - engineering day camp	212	-	212	-	-
Rotary grant - expeditionary learning	964	-	525	-	439
Toni Trippi fund	19,225	910	-	-	20,135
Fundamental learning on water	12,784	24,425	38,263	-	(1,054)
Donations - private sources	-	9,959	9,959	-	-
Donations - private sources	-	37,959	16,174	-	21,785
	\$ (78,461)	3,765,274	3,840,536	5,746	(147,977)

# Regional School Unit No. 1

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

Student activity funds

For the year ended June 30, 2023

	<b>Beginning fund balance</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Ending fund balance</b>
Morse High School	\$ 180,871	129,954	113,129	197,696
Bath Regional Vocational School	46,566	113,435	118,825	41,176
Bath Middle School	14,632	14,068	9,747	18,953
Woolwich Central School	59,961	67,312	55,745	71,528
Phippsburg Elementary School	10,867	16,109	14,526	12,450
Dike Newell School	10,063	22,000	14,306	17,757
Fisher Mitchell School	5,157	1,673	926	5,904
	<u>\$ 328,117</u>	<u>364,551</u>	<u>327,204</u>	<u>365,464</u>