



Durham • Freeport • Pownal

**FINANCIAL REPORT**



JUNE 30, 2023

Independently Audited By



**ROYER**  
Advisors & Accountants

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## INDEPENDENT AUDITOR'S REPORT

School Board of Directors  
Regional School Unit No. 5  
Freeport, Maine

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 5 (RSU #5), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise RSU #5's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of RSU #5, as of June 30, 2023, and the respective changes in financial position 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 RSU #5 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RSU #5'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 Responsibility for the Audit of the Financial Statements***

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RSU #5'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 substantial doubt about RSU #5'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, the budgetary comparison schedule, the pension and other post-employment benefit schedules on pages 4 - 11 and 43 – 52 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.

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Regional School Unit No. 5's basic financial statements. Schedules 8 through 15 are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

Schedules 8 through 15 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, Schedules 8 through 15 are fairly stated in all material respects in relation to the basic financial statements as a whole.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2024, on our consideration of Regional School Unit No. 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Regional School Unit No. 5's internal control over financial reporting and compliance.

 ADVISORS & ACCOUNTANTS

Royer Advisors and Accountants  
Certified Public Accountants  
Falmouth, Maine  
April 18, 2024





# Durham • Freeport • Pownal

**Regional School Unit No. 5  
17 West Street  
Freeport, ME 04032**

## **Management's Discussion and Analysis Required Supplementary Information**

**Year Ended June 30, 2023**

Our discussion and analysis of Regional School Unit No. 5's (the RSU) financial condition provides a narrative overview and analysis of the RSU's financial activities for the fiscal year ending June 30, 2023. It is the belief of management that all the information contained herein is accurate in all material respects and reflects fairly the financial position and operations of the RSU. This management's discussion and analysis is designed to offer further explanation of the information contained herein. We encourage readers to consider the information that we have furnished in the RSU's basic financial statements that follow this section.

The management discussion and analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion Analysis for State and Local Governments (currently GASB Codification Section 2200). Certain comparative information between the current year and the prior year is included in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Financial highlights for the past year include the following:

Assets of the RSU exceeding its liabilities by \$28,392,320.  
Capital assets of the RSU, net of depreciation, totaling \$39,749,155.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the RSU's basic financial statements. The RSU's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **GOVERNMENT-WIDE STATEMENTS**

Government-wide statements are designed to provide readers with a broad overview of the RSU's finances, in a manner similar to a private-sector company.

The *statement of net position* presents information on all of the RSU's assets and liabilities, with the difference between the two 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 RSU is improving or deteriorating.

The *statement of activities* presents information showing how the RSU'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 event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, accrued salaries).

Additionally, to assess the RSU's overall health, one needs to consider additional non-financial factors such as the condition of school buildings and other facilities.

Both of the government-wide financial statements distinguish functions of the RSU that are principally supported by the local assessments from other functions that are intended to recover a significant portion of their costs through user fees and charges.

In the government-wide financial statements, the RSU's activities are reported in one category:

*Governmental activities:* Most of the RSU's basic services are included here, such as regular and special education, transportation, and administration. Local assessments, local non-tax revenues, and state revenues finance most of these activities.

## **FUND FINANCIAL STATEMENTS**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The RSU uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The RSU's funds can be divided into two categories: government funds, and fiduciary funds.

*Governmental funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the governmental-wide statements, governmental fund financial statements focus on the *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 evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the RSU'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.

*Fiduciary funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the RSU. Fiduciary funds are not reflected in the governmental-wide financial statement because the resources of those funds are not available to support the RSU's own programs.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

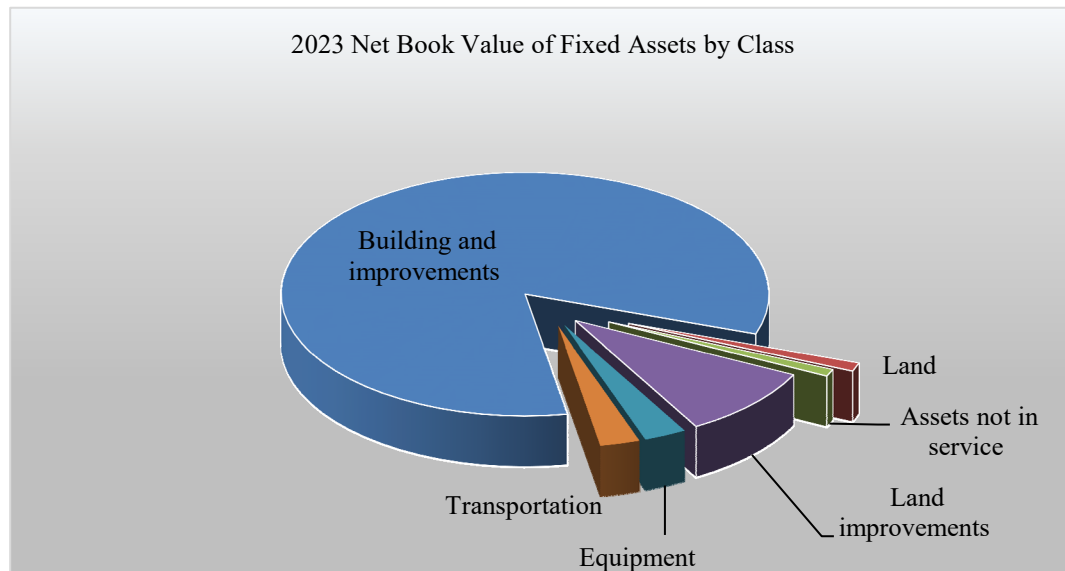
Net position may serve over time as a useful indicator of a government's financial position. As can be seen in the following table, RSU assets exceeded liabilities by \$28,392,320 for the fiscal year ended June 30, 2023.

Table 1  
Statement of Net Position

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Current and other assets	\$ 13,051,209	\$ 11,322,571
Capital assets	39,749,155	40,637,062
Total assets	<u>52,800,364</u>	<u>51,959,633</u>
Deferred outflows of resources	<u>1,991,801</u>	<u>1,294,225</u>
Current and long-term liabilities	<u>26,118,023</u>	<u>27,237,790</u>
Deferred inflows of resources	<u>281,822</u>	<u>440,518</u>
Net position		
Investment in capital assets	23,467,011	22,436,104
Restricted	1,470,761	1,250,642
Unrestricted	<u>3,454,548</u>	<u>1,888,804</u>
Total net position	<u>\$ 28,392,320</u>	<u>\$ 25,575,550</u>

Most of the RSU's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is a combination of restricted and unrestricted amounts. Restricted balances are amounts set aside by management to finance future purchases or capital projects planned by the RSU.

The chart below provides a graphic depiction of the distribution of the 2023 net book value of fixed assets (capital assets, net of depreciation) by asset class.



*Chart A – Net Book Value of Fixed Asset Classes*



Table 2 presents a summary of the RSU's changes in net position for the fiscal year ended June 30, 2023.

Table 2  
Changes in Net Position

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
<i>Program revenues:</i>		
Charges for services	\$ 1,537,063	\$ 1,421,896
Operating grants and contributions	5,877,898	5,955,091
<i>General revenues:</i>		
Town assessments	29,428,877	28,605,155
Subsidies	6,608,045	6,615,139
Interest earned	269,549	18,741
Miscellaneous	290,167	153,592
<b>Total revenues</b>	<b>44,011,599</b>	<b>42,769,614</b>
<b>Expenses</b>		
Student and staff support	3,721,786	3,925,730
School administration	1,902,927	1,740,855
Facilities maintenance	4,814,034	5,071,224
Career and technical education	184,596	142,979
Crossing guards	-	2,256
Regular instruction	16,029,945	15,030,986
Other instruction	888,442	825,750
System administration	1,015,529	1,072,589
Transportation services	1,548,712	1,479,784
Debt service	173,638	160,885
Special education services	5,673,368	4,985,984
Adult education	123,009	141,225
Community education	836,501	708,353
Program expenditures	1,834,926	1,608,743
On-behalf payments	2,456,506	2,256,860
<b>Total expenses</b>	<b>41,203,919</b>	<b>39,154,203</b>
<b>Increase in Net Position</b>	<b>\$ 2,807,680</b>	<b>\$ 3,615,411</b>

Table 3 shows the total cost of each of the RSU's major functional activities.

Table 3  
Fiscal Year ended June 30, 2023  
Net Cost of Governmental Activities

<b>Function/Program:</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction and support	\$ 26,498,137	\$ (24,956,677)
Transportation	1,548,712	(1,546,828)
Facilities maintenance	4,814,034	(4,350,723)
Administration	2,918,456	(2,918,178)
Debt service	173,638	(173,638)
Capital Improvement and Fuel Expenses	-	-
Other	5,250,942	157,086
Total governmental activities	<u>\$ 41,203,919</u>	<u>\$ (33,788,958)</u>

#### General Fund Revenues Budget to Actual Summary

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>			
Town assessments	\$ 29,428,878	\$ 29,428,878	\$ -
Intergovernmental	6,502,443	6,682,376	179,933
Charges for Services	-	340	340
Other	161,830	559,574	397,744
	<u>\$ 36,093,151</u>	<u>\$ 36,671,168</u>	<u>\$ 578,017</u>

The following chart depicts program revenues by source.

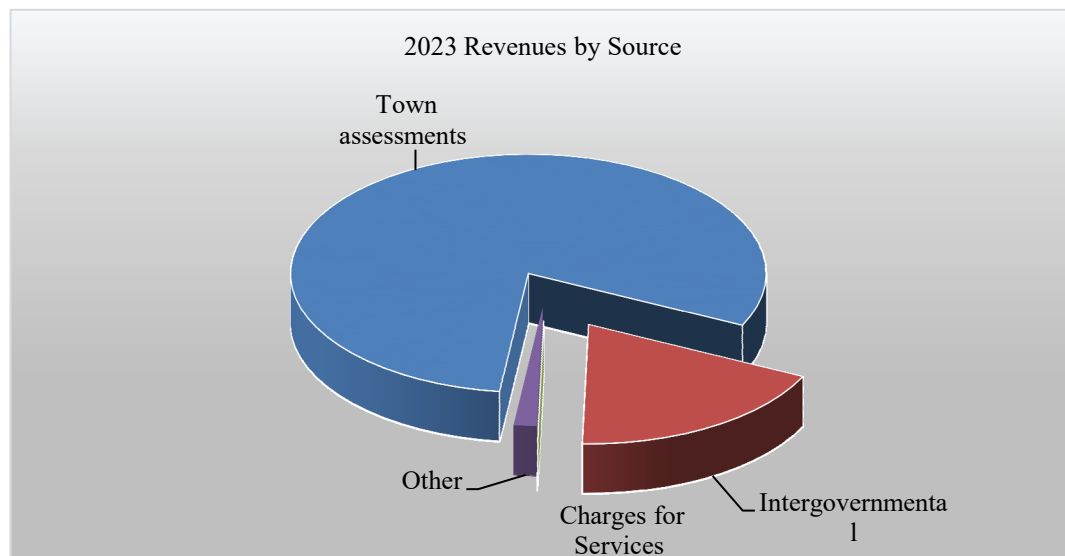


Chart B – Revenues by Source

## General Fund Expenditures Budget to Actual Summary

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Expenditures:</b>			
Student and staff support	\$ 3,594,805	\$ 3,392,697	\$ 202,108
School administration	1,942,616	1,864,357	78,259
Facilities maintenance	5,025,233	4,552,766	472,467
Career and technical education	184,596	184,596	-
Regular instruction	16,299,298	15,363,892	935,406
Other instruction	935,734	915,591	20,143
System administration	1,082,788	1,010,289	72,499
Transportation services	1,523,315	1,483,013	40,302
Debt service	1,181,605	1,181,605	-
Special education services	4,972,916	4,898,941	73,975
Adult education	234,700	123,009	111,691
	<u>\$ 36,977,606</u>	<u>\$ 34,970,756</u>	<u>\$ 2,006,850</u>

Chart C graphically depicts expenditures by function.

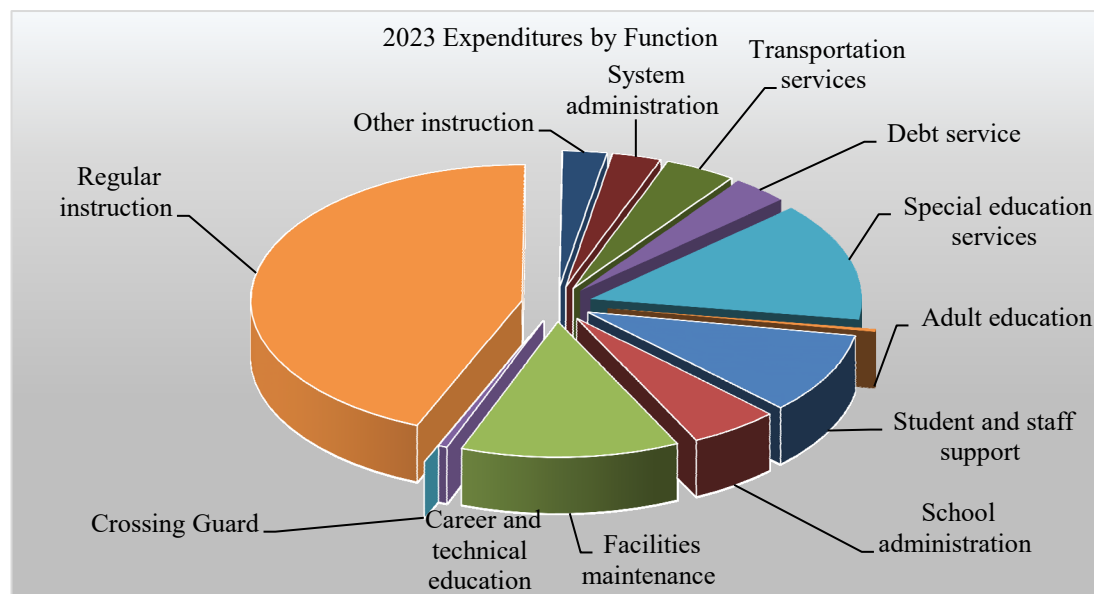


Chart C – Expenditures by Function

## FINANCIAL ANALYSIS OF THE RSU'S FUNDS

As of June 30, 2023, the RSU's governmental funds balance totaled \$9,391,291.

As noted earlier, the RSU uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial performance of the RSU as a whole is reflected in its governmental funds.

*Governmental funds:* The focus of the RSU's governmental funds is to provide information on near-term inflows, outflows, and balances available for spending. Governmental funds report the differences between their assets and liabilities as fund balances. Reserved amounts reflect that which is not available to be spent while undesignated amounts reflect amounts that are.

*Budgetary highlights:* The RSU holds an annual district budget meeting in May of each year for purposes of voting on the budget as recommended by the Board of Directors for the upcoming school year.

## CAPITAL ASSETS

As of June 30, 2023, the RSU had \$39,749,155 invested in a broad range of capital assets, including land, buildings, furniture and equipment.

Table 4  
Governmental Activities Capital Assets  
(Net of Depreciation)

	<u>2023</u>	<u>2022</u>
Land	\$ 447,285	\$ 447,285
Assets not in service	371,489	58,464
Land improvements	3,734,217	3,976,725
Building and building improvements	33,022,375	33,878,795
Equipment and vehicles	<u>2,173,789</u>	<u>2,275,793</u>
	<u>\$ 39,749,155</u>	<u>\$ 40,637,062</u>

## DEBT ADMINISTRATION

At the end of the year RSU had a total of \$15,807,114 of general obligation long-term debt. In addition, the capital lease purchase obligations for a school bus totaled \$78,332 and the lease liabilities obligations were \$383,038.

The following is a summary of long-term debt transactions, capital lease, and lease liabilities obligations of the RSU for the year ended June 30, 2023.

Table 5  
General Long-term Debt and Lease Obligations

	<u>General Long-term Debt and Lease Obligations</u>	
	<u>2023</u>	<u>2022</u>
Debt payable at July 1	\$ 18,307,349	\$ 19,721,247
Debt additions	119,930	874,433
Debt retired	<u>(2,158,795)</u>	<u>(2,288,331)</u>
Debt payable at June 30	<u>\$ 16,268,484</u>	<u>\$ 18,307,349</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Administration, staff, and the Board worked creatively to create a responsible operating budget for the 2023-2024 school year. The approval of the \$39,080,569 budget took place at the Budget Validation Referendum held June 13, 2023. The increase over the previous year's budget was \$1,857,418. The 2023-2024 budget includes an increase of 1.2 Teachers due to increased class sizes, 1.5 Social Workers, .5 Guidance Counselor, and 1 Board Certified Behavioral Analyst to address additional student supports, and 1 Assistant Principal (190 days), to support the increasing demands of specialized programming and larger student populations. The district also added funds to support the hiring of an in-house Athletic Trainer which replaced the contracted service model previously used. Local assessments for the approved 2023-2024 budget were broken down as follows: Durham - \$5,819,168; Freeport -\$21,239,560; and Pownal - \$3,427,607.

The Board and Administration are committed to continuing to provide RSU 5 students the utmost in their educational experience as expressed in the mission of RSU 5: To inspire and support every learner by challenging minds, building character, sparking creativity, and nurturing passions.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the RSU's finances and demonstrate the District's accountability for the money it receives. If you have questions about any of the information provided in this report or wish to request additional financial information, please contact RSU No. 5 Business Office at 17 West Street, Freeport, ME 04032.

## **BASIC FINANCIAL STATEMENTS**

**REGIONAL SCHOOL UNIT NO. 5**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash/investments	\$ 11,221,699
Cash held by third party	24,512
Accounts receivable	1,353,716
Inventories	16,526
Capital assets:	
Land	447,285
Assets not in service	371,489
Other capital assets, net of depreciation	38,930,381
Total capital assets	<u>39,749,155</u>
Right-to-use lease assets, net of amortization	434,756
<b>TOTAL ASSETS</b>	<u>52,800,364</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows for pensions	1,296,151
Deferred outflows for other post-employment benefits	695,650
Total deferred outflows of resources	<u>1,991,801</u>
<b>LIABILITIES:</b>	
Accounts payable	567,260
Accrued salaries and benefits	2,654,869
Due to fiduciary funds	3,033
Current portion of long-term debt and leases, (including current portion of bond premiums of \$62,963)	1,966,048
Total current liabilities	<u>5,191,210</u>
Long-term liabilities	
Compensated absences payable	196,523
Accrued interest	57,751
Long-term debt and leases, (including long-term portion of bond premiums of \$333,735)	14,699,134
Net pension liability	556,049
Net other post-employment benefits liability	5,417,356
Total non-current liabilities	<u>20,926,813</u>
<b>TOTAL LIABILITIES</b>	<u>26,118,023</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows for pensions	141,534
Deferred inflows for other post-employment benefits	140,288
Total deferred inflows of resources	<u>281,822</u>
<b>NET POSITION:</b>	
Net investment in capital assets	23,467,011
Restricted	1,470,761
Unrestricted	3,454,548
<b>TOTAL NET POSITION</b>	<u>\$ 28,392,320</u>

**REGIONAL SCHOOL UNIT NO. 5**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>FUNCTIONS</b>				
<b>Primary government</b>				
Governmental activities				
Student and staff support	\$ 3,721,786	\$ -	\$ 253,927	\$ (3,467,859)
School administration	1,902,927	-	278	(1,902,649)
Facilities maintenance	4,814,034	-	463,311	(4,350,723)
Career and technical education	184,596	-	-	(184,596)
Crossing guards	-	-	-	-
Regular instruction	16,029,945	68,094	486,961	(15,474,890)
Other instruction	888,442	-	-	(888,442)
System administration	1,015,529	-	-	(1,015,529)
Transportation services	1,548,712	-	1,884	(1,546,828)
Debt service	173,638	-	-	(173,638)
Special education services	5,673,368	-	732,478	(4,940,890)
Adult education	123,009	340	43,208	(79,461)
Community education	836,501	944,158	7,990	115,647
Program expenditures	1,834,926	524,471	1,431,355	120,900
MainePERS on-behalf payments	2,456,506	-	2,456,506	-
Total governmental activities	41,203,919	1,537,063	5,877,898	(33,788,958)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 41,203,919</b>	<b>\$ 1,537,063</b>	<b>\$ 5,877,898</b>	
General revenues and special items:				
Taxes:				
Local assessments - K - 12				29,316,877
Local assessments - adult education				112,000
State allocation				6,608,045
Investment earnings				269,549
Miscellaneous				290,167
				36,596,638
Change in net position				2,807,680
<b>Net Position - July 1, 2022 - restated</b>				25,584,640
<b>Net Position - June 30, 2023</b>				<b>\$ 28,392,320</b>



**REGIONAL SCHOOL UNIT NO. 5**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>			
Cash/investments	\$ 10,323,636	\$ 898,063	\$ 11,221,699
Cash held by third party	24,512	-	24,512
Accounts receivable	805,004	548,712	1,353,716
Due from other funds	245,080	818,195	1,063,275
Inventories	-	16,526	16,526
<b>TOTAL ASSETS</b>	<b>\$ 11,398,232</b>	<b>\$ 2,281,496</b>	<b>\$ 13,679,728</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts payable	\$ 439,570	\$ 127,690	\$ 567,260
Accrued salaries and benefits	2,591,053	63,816	2,654,869
Due to other funds	620,547	445,761	1,066,308
Total liabilities	3,651,170	637,267	4,288,437
Fund balances:			
Nonspendable	-	16,526	16,526
Restricted for:			
Special revenues	-	1,454,235	1,454,235
Committed for:			
Capital improvements and fuel oil expenditures	600,175	-	600,175
Track and field expenditures	-	175,000	175,000
Tennis Court expenditures	70,000	-	70,000
Assigned for:			
Use of fund balance	908,600	-	908,600
Adult Education	32,539	-	32,539
Unassigned (deficit)	6,135,748	(1,532)	6,134,216
Total fund balances	7,747,062	1,644,229	9,391,291
<b>TOTAL LIABILITIES AND FUND BALANCES:</b>	<b>\$ 11,398,232</b>	<b>\$ 2,281,496</b>	<b>\$ 13,679,728</b>

The reconciliation of the ending fund balances of governmental funds to the net position in the statement of net position is presented on a separate schedule on the next page.

**REGIONAL SCHOOL UNIT NO. 5**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2019**

Net change in fund balances - total governmental funds (from Statement 3)		\$ 9,391,291
Amounts reported for governmental activities in the Statement of Net Position (Statement 1) are different because (see Note 2 of Notes to the Required Supplementary Information, also):		
Capital assets and right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.		40,183,911
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$ (15,807,114)	
Bond premiums	(396,698)	
Financed purchases payable	(78,332)	
Lease liabilities	(383,038)	
Compensated absences payable	(196,523)	
Accrued interest	<u>(57,751)</u>	(16,919,456)
Adjustments related to pensions		
Unamortized deferred outflows of resources - pensions	1,296,151	
Unamortized deferred outflows of resources - other post-retirement benefits	695,650	
Unamortized deferred inflows of resources - pensions	(141,534)	
Unamortized deferred inflows of resources - other post-retirement benefits	(140,288)	
Net pension liability	(556,049)	
Net other post-retirement benefits liability	<u>(5,417,356)</u>	<u>(4,263,426)</u>
<b>Net position of governmental activities (see Statement 1)</b>		<b><u>\$ 28,392,320</u></b>

**REGIONAL SCHOOL UNIT NO. 5**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Local assessments	\$ 29,428,877	\$ -	\$ 29,428,877
Intergovernmental	6,682,375	3,343,510	10,025,885
Charges for services	340	1,082,280	1,082,620
Interest earned	269,409	-	269,409
Intergovernmental on-behalf payments	2,456,506	-	2,456,506
Miscellaneous	290,167	458,132	748,299
Total revenues	<u>39,127,674</u>	<u>4,883,922</u>	<u>44,011,596</u>
<b>EXPENDITURES:</b>			
Student and staff support	3,392,697	274,150	3,666,847
School administration	1,864,357	278	1,864,635
Facilities maintenance	4,552,766	463,312	5,016,078
Career and technical education	184,596	-	184,596
Regular instruction	15,363,892	511,893	15,875,785
Other instruction	915,591	-	915,591
System administration	1,010,289	-	1,010,289
Transportation services	1,602,943	1,884	1,604,827
Debt service	1,181,605	-	1,181,605
Special education services	4,898,941	732,478	5,631,419
Adult education	123,009	-	123,009
Program expenditures	-	2,679,808	2,679,808
Maine state retirement on-behalf payments	2,456,506	-	2,456,506
Total expenditures	<u>37,547,192</u>	<u>4,663,803</u>	<u>42,210,995</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,580,482	220,119	1,800,601
<b>OTHER FINANCING SOURCES (USES):</b>			
Capital Lease Proceeds	119,930	-	119,930
Transfers in (out)	(35,000)	35,000	-
Total other financing sources (uses)	<u>84,930</u>	<u>35,000</u>	<u>119,930</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	1,665,412	255,119	1,920,531
<b>FUND BALANCES - JULY 1, 2022 - restated</b>	<u>6,081,650</u>	<u>1,389,110</u>	<u>7,470,760</u>
<b>FUND BALANCES - JUNE 30, 2023</b>	<u>\$ 7,747,062</u>	<u>\$ 1,644,229</u>	<u>\$ 9,391,291</u>

The reconciliation of the net change in fund balances of governmental funds to the change in net position in the statement of activities is presented on a separate schedule on the next page.

**REGIONAL SCHOOL UNIT NO. 5**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Net change in fund balances - total governmental funds** (from Statement 5) \$ 1,920,531

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because (see Note 2 in Notes to the Required Supplementary Information, also):

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital and right-to-use asset additions in the current period:

Capital additions	\$ 799,403	
Depreciation	(1,687,309)	
Amortization of right-to-use assets	<u>(221,069)</u>	(1,108,975)

Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds in the current period:

Long-term debt repayment	1,895,302	
Financed purchases proceeds	(119,930)	
Financed purchases repayments	73,176	
Lease liabilities repayments	<u>190,317</u>	2,038,865

Certain expenses reported in the Statement of Activities, such as accrued compensated absences, do not use current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in accrued compensated absences	80,897	
Change in deferred bond premiums	70,266	
Change in accrued interest	12,665	
District pension contribution	863,379	
Cost of benefits earned net of employee contributions	(895,807)	
Net adjustment related to other post-employment benefits	<u>(174,141)</u>	<u>(42,741)</u>

**Change in net position of governmental activities** (see Statement 2) \$ 2,807,680

**REGIONAL SCHOOL UNIT NO. 5**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2023**

	<u><b>Custodial Funds</b></u>
<b>ASSETS:</b>	
Due from other funds	\$       3,033
 <b>LIABILITIES:</b>	
Due to other groups	<u>          3,033</u>
 <b>NET POSITION:</b>	
Held in trust for other purposes	<u><u>\$           -</u></u>

**REGIONAL SCHOOL UNIT NO. 5**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2023**

	<u><b>Custodial Funds</b></u>
<b>ADDITIONS:</b>	
Interest	\$ -
<b>DEDUCTIONS:</b>	
Miscellaneous Expenses	_____ -
<b>CHANGE IN NET POSITION</b>	-
<b>NET POSITION - JULY 1, 2022</b>	_____ -
<b>NET POSITION - JUNE 30, 2023</b>	\$ <u>          </u> -

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The Reporting Entity**

Regional School Unit No. 5 (RSU #5) is a Quasi-Municipal Corporation having received its Certificate of Organization on July 1, 2009, pursuant to Title 20-A and Chapter 103 of the Maine Revised Statutes, as amended. The Regional School's territory includes the Towns of Freeport, Durham, and Pownal, Maine. It provides the educational needs for grades pre-kindergarten through 12 for the residents of these communities. RSU #5 has an eleven-member Board of Directors, of which six are residents of Freeport, three from Durham, and two from Pownal.

The accounting policies and financial statements of RSU #5 are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to governmental entities, as prescribed by the Government Accounting Standards Board (GASB). The following is a summary of RSU #5's significant policies.

**Basis of Presentation**

RSU #5's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

*Government-Wide Financial Statements*

The government-wide financial statements, comprised of the Statement of Net Position and the Statement of Activities, report information on all the non-fiduciary activities of RSU #5. Generally, the effect of interfund activity has been removed from these statements. Governmental activities are primarily supported by taxes and intergovernmental revenues.

The Statement of Net Position presents the financial condition of the governmental activities of RSU #5 as of the end of the fiscal year. It reports governmental activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities points out the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and direct expenses identifies the extent to which each program is self-financing or draws from the general revenues of RSU #5. The Statement of Activities reports the gross and net costs of RSU #5's governmental activities. It reduces gross expenses (including depreciation) by related program revenues - charges for services and operating grants and contributions, if any. The net expenses are covered by general revenues.

*Fund Financial Statements*

The financial transactions of RSU#5 are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures, and transfers in and out. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements. Interfund eliminations have not been made in the aggregate on this data.

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

RSU #5 uses two categories of funds: governmental funds and fiduciary funds.

The governmental fund sub-types used by RSU #5 are general, special revenue, or capital projects, based upon the following guidelines.

The *General Fund* is the operating fund of RSU #5 and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

*Capital Projects Funds* are used to account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The fiduciary fund sub-types used by RSU #5 are custodial funds. These funds are not incorporated into the government-wide statements.

*Custodial funds* are generally used to account for assets that the government holds on behalf of others as their agent. They are custodial in nature (assets equal liabilities).

Fund financial statements report detailed information about RSU #5. Since the focus is on major funds rather than reporting funds by type, each major fund is presented in a separate column. GASB sets forth minimum criteria (percentages of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Nonmajor funds are aggregated and presented in the "Other Governmental Funds" column in the fund financial statements. Fiduciary funds are reported by fund type.

RSU #5's major funds are the General Fund, and School Nutrition Program.

**Measurement Focus and Basis of Accounting**

The accounting and reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flow takes place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been met.



**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized (recorded) in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current fiscal period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within 60 days after the end of the fiscal year. Revenue sources susceptible to accrual include intergovernmental revenues and investment earnings. Special grant program revenues are recognized in accordance with the terms of the grants, generally at the time program funds are expended. Expenditures are recognized when the corresponding liabilities are incurred, except for principal and interest on general long-term debt, which are recognized when due, and compensated absences, which are recognized when paid to the employees. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Fiduciary funds are reported using the economic resources measurement focus.

**Cash and Investments**

RSU #5's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Deposits can only be made in financial institutions insured by the FDIC. RSU #5's policy authorizes investments in obligations of the U. S. Treasury and U. S. Agencies, repurchase agreements, certain certificates of deposit, and certain money market funds. RSU #5 invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return. Investments are reported at fair value except for money market investments that have a remaining maturity at the time of purchase of one year or less stated at amortized cost.

**Cash Held by Third Parties**

Cash held by third parties includes amounts held in trust for RSU #5 by the Maine School Management Association's (MSMA) Unemployment Compensation Trust Fund (UCTF).

**Receivables**

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business. Governmental fund type receivables consist primarily of amounts due from the state or federal governments. These intergovernmental receivables are generally collected within 90 days after the end of the fiscal year and are considered collectible. As such, no allowance for doubtful accounts is recorded.

**Inventories**

School lunch inventories consist of government donated commodities, which are valued at estimated fair market value, and purchased food and supplies, valued at the lower of cost (first-in, first-out basis) or net realizable value.

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

Capital assets, which include property, plant and equipment, are defined by RSU #5 as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. These assets are reported in the governmental column in the government-wide financial statements. Such assets are reported at cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets, other than land, is provided on the straight-line basis over their estimated useful lives. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Straight-line depreciation is used based on the following estimated useful lives:

Land Improvements .....	11 to 30 years
Buildings and Building Improvements .....	6 to 50 years
Furniture and Equipment .....	3 to 20 years
Vehicles .....	8 to 15 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition. Fixed assets are not capitalized and the related depreciation is not reported in the fund financial statements.

**Interfund Transactions**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the combined balance sheet of the governmental funds and fiduciary funds. Generally, the effect of interfund activity has been removed from the government-wide statements.

Operating transfers are used to move unrestricted resources from various funds to finance programs that RSU #5 must account for in other funds in accordance with budgetary authorizations.

**Leases**

The RSU #5 routinely engages in lease agreements to meet operational needs. RSU #5's lease agreements generally relate to technology. For short-term leases with a maximum possible term of 12 months or less at commencement, the RSU #5 recognizes periodic expense based on the provisions of the lease agreement. For all other agreements where the RSU #5 is the lessee, at the commencement of a lease, RSU #5 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 the lease payments made. The intangible right-to-use 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. The intangible right-to-use lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Intangible right-to-use lease assets are reported with other assets, and lease liabilities are reported with the long-term debt in the statement of net position. The RSU #5 monitor changes in circumstances that would require a remeasurement of its lease and will remeasure the intangible right-to-use lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds based on the percentage of each year's interest expense to the total interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. RSU #5 has deferred outflows of resources of \$1,296,151 related to a pension obligation as of June 30, 2023, and \$695,650 related to an other post-employment benefits obligation.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. RSU #5 has deferred inflows of resources of \$141,534 related to a pension obligation as of June 30, 2023, and \$140,288 related to an other post-employment benefits liability.

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the MainePERS State Employee and Teacher Plan (the Plan), the Participating Local District Plan (PLD), and additions to/deductions from the Plan and PLD's fiduciary net position have been determined on the same basis as they are reported by the Plan and the PLD. For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the MainePERS Group Life Insurance (GLI) Plan (the OPEB-GLI Plan) and the Maine Education Association Benefits Trust (MEABT) Post-retirement Benefit Plan (OPEB-Health), and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the OPEB Plans.

For these purposes, the Pension Plan and the OPEB Plans recognize additions when earned and measurable, and deductions when due and payable in accordance with the terms of the statutes. In addition, an estimate is made for group life insurance death benefits incurred before year end but not reported to the OPEB Plan until after year end. Investments of the plans are measured at fair value.

Due to timing differences between audited information about the plans becoming available from MainePERS and the statutorily required deadlines for audited financial statements for the RSU, the RSU uses measurement dates from the plans' account balances and activities that are 12 months prior to the date of the Statement of Net Position. Appropriate adjustments are made to the Statement of Net Position and Statement of Activity to reflect these divergent measurement dates. The use of the different measurement date is allowed under GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position and Fund Equity Classifications**

Net position is required to be classified in the government-wide statements into the following three components:

*Net Investment in Capital Assets* - This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Capital assets	\$ 57,063,810
Accumulated depreciation	(17,314,655)
Bonds, notes, and leases payable	(15,885,446)
Accrued bond premiums	<u>(396,698)</u>
Net investment in capital assets	<u><u>\$ 23,467,011</u></u>

*Restricted* - This component consists of constraints placed on the use of net position which are externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* - This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**Fund Balance**

In the fund financial statements, governmental fund balance is presented in five possible categories that comprise a hierarchy based on the extent to which RSU#5 is bound to honor constraints on the specific purposes for which those funds can be spent. The categories are as follows:

*Nonspendable* - includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. RSU #5 classifies inventory per Statement 3, for the school lunch program under this category.

*Restricted* - represents those portions of fund equity on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation.

*Committed* - describes the portion of the fund balance that represents resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner.

*Assigned* - reflects the amounts constrained by the RSU #5’s “intent” to be used for specific purposes, but are neither restricted nor committed. The School Board has the authority to assign amounts to be used for specific purposes.

*Unassigned* - represents amounts that are available for any purpose.

RSU #5 has no formal revenue spending policy for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences**

Pursuant to the terms of the contract agreements, employees can accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee retirement.

**Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses.

**NOTE 2: DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the bank's failure, RSU #5 will not be able to recover the value of its deposits and investments that are in the possession of an outside party.

**Deposits**

RSU #5 does not have a deposit policy for custodial credit risk. As of June 30, 2023, RSU #5 reported deposits of \$11,221,699 with a bank balance of \$11,574,114. Of RSU #5's bank balances, \$555,702 was covered by FDIC insurance and \$11,018,412 was exposed to custodial credit risk. Of the balance exposed to custodial credit risk, \$6,500,000 was collateralized by government securities held by the pledging bank, but not in RSU#5's name, and the remainder of \$4,518,412 was uncollateralized and uninsured.

**Cash Held by Third Parties**

RSU #5 owns assets held by Maine School Management Association. These amounts are invested by the custodians in money market accounts or similar very low risk investment vehicles that invest in US government obligations. Management believes the custodial credit risk of these assets to be low. As of June 30, 2023, the carrying value of amounts held by the MSMA Unemployment Compensation Trust Fund was \$24,512. Carrying value approximates fair value. None of the underlying securities are in RSU #5's name.

**NOTE 3: INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

Individual interfund receivables and payable balances at June 30, 2023 were as follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General fund	\$ 245,080	\$ 620,547
Nonmajor governmental funds	818,195	445,761
Custodial funds	3,033	-
	<u>\$ 1,066,308</u>	<u>\$ 1,066,308</u>

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3: INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)**

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. The balances represent each fund's portion of the centralized account.

**Transfers**

Interfund transfers for the year ended June 30, 2023 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 35,000
Nonmajor capital projects	35,000	-
	<u>\$ 35,000</u>	<u>\$ 35,000</u>

Operating transfers are used to move unrestricted resources from various funds to finance programs that the District must account for in other funds in accordance with budgetary authorizations.

**NOTE 4: CAPITAL ASSETS**

Capital asset activity during the fiscal year was:

	<u>Balance 6/30/2022</u>	<u>Additions</u>	<u>Balance 6/30/2023</u>
Capital assets not being depreciated			
Land	\$ 447,285	\$ -	\$ 447,285
Assets not in service	58,464	313,025	371,489
Capital assets being depreciated			
Land improvements	5,101,557	9,250	5,110,807
Buildings and improvements	45,485,498	279,772	45,765,270
Transportation	2,575,592	119,930	2,695,522
Equipment	2,596,011	77,426	2,673,437
Total capital assets being depreciated	<u>55,758,658</u>	<u>486,378</u>	<u>56,245,036</u>
Total capital assets	56,264,407	799,403	57,063,810
Less: Accumulated depreciation			
Land improvements	1,124,832	251,758	1,376,590
Buildings and improvements	11,606,703	1,136,192	12,742,895
Transportation	1,338,067	165,697	1,503,764
Equipment	1,557,743	133,663	1,691,406
Total accumulated depreciation	<u>15,627,345</u>	<u>1,687,310</u>	<u>17,314,655</u>
Capital assets, net	<u>\$ 40,637,062</u>	<u>\$ (887,907)</u>	<u>\$ 39,749,155</u>

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 4: CAPITAL ASSETS (Continued)**

The following table shows the intangible right-to-use activity for the year.

	<b>Balance June 30, 2022</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2023</b>
Intangible right-to-use lease assets				
Equipment	\$ 874,433	\$ -	\$ (23,435)	\$ 850,998
Accumulated amortization:				
Equipment	<u>218,608</u>	<u>197,634</u>	<u>-</u>	<u>416,242</u>
Intangible right-to-use assets, net	<u><u>\$ 655,825</u></u>	<u><u>\$ (197,634)</u></u>	<u><u>\$ (23,435)</u></u>	<u><u>\$ 434,756</u></u>

Depreciation and amortization were charged to functions as follows:

Operations and maintenance	\$ 1,433,301
Transportation	158,278
School lunch	3,950
Instructions	88,473
Student and Staff Support	197,634
Administration	<u>3,308</u>
Total depreciation and amortization	<u><u>\$ 1,884,944</u></u>

Included in the capital assets above are capital assets that were obtained with financing. They are as follows:

	<b>Cost</b>	<b>Accumulated Depreciation</b>
Transportation	<u><u>\$ 119,930</u></u>	<u><u>\$ 3,569</u></u>

**NOTE 5: CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of long-term liability activity of RSU #5 for the year ended June 30, 2023:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities</b>					
Bonds and notes payable					
General obligation bonds	\$ 17,702,416	\$ -	\$ (1,895,302)	\$ 15,807,114	\$ 1,675,302
Financed purchases payable	31,578	119,930	(73,176)	78,332	38,276
Lease liabilities	<u>573,355</u>	<u>-</u>	<u>(190,317)</u>	<u>383,038</u>	<u>189,507</u>
Total bonds and notes payable	18,307,349	119,930	(2,158,795)	16,268,484	1,903,085
Compensated absences	<u>277,420</u>	<u>-</u>	<u>(80,897)</u>	<u>196,523</u>	<u>-</u>
	<u><u>\$ 18,584,769</u></u>	<u><u>\$ 119,930</u></u>	<u><u>\$ (2,239,692)</u></u>	<u><u>\$ 16,465,007</u></u>	<u><u>\$ 1,903,085</u></u>

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 6: LONG-TERM DEBT AND LEASE OBLIGATIONS**

**Long-Term Debt Obligations**

General long-term debt payable consists of the following:

*Maine Municipal Bond Bank*

2009 Durham New Building; maturing on 11/1/2029; annual principal payments of \$108,835; various interest rates from 2.075% to 5.575%; authorized and issued \$2,176,696. \$ 761,845

*Maine Municipal Bond Bank*

2009 Series C Durham Elementary New Building; maturing on 8/27/2029; annual principal payments of \$886,467; various interest rates from 2.075% to 5.575%; authorized and issued \$17,729,348. 6,205,269

*US Bank*

2015 General Obligation Bond-Freeport High School Renovation Project; maturing on November 1, 2035; annual principal payments of \$680,000; various interest rates between 2.50% and 5.00%; authorized \$14,638,009 and issued \$13,638,000. 8,840,000

\$ 15,807,114

The annual requirement to amortize debt outstanding as of June 30, 2023 is as follows:

<b>Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 1,675,302	\$ 433,093	\$ 2,108,395
2025	1,675,302	370,761	2,046,063
2026	1,675,302	313,125	1,988,427
2027	1,675,302	271,775	1,947,077
2028	1,675,302	231,735	1,907,037
2029-2033	5,390,604	613,394	6,003,998
2034-2036	2,040,000	98,600	2,138,600
	<u>\$ 15,807,114</u>	<u>\$ 2,332,483</u>	<u>\$ 18,139,597</u>

Interest expense on long-term debt and financed purchases obligations was \$514,649 for the year.

Under a provision of state law, the State of Maine reimburses RSU #5 for a portion of the financing costs of various approved school construction projects. RSU #5's State aid subsidy is dependent upon continued annual appropriation by the State legislature. State aid for annual principal and interest payments for various school debt obligations were received for the year ended June 30, 2023.



**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6: LONG-TERM DEBT AND LEASE OBLIGATIONS (Continued)**

**Long-Term Debt Obligations (Continued)**

**Financed Purchases Obligations**

RSU #5 leases a school bus under an agreement that is classified as a financed purchase obligation. The annual requirement to pay the financed purchase obligation as of June 30, 2023 is as follows:

	<b>Year Ending</b>			
	<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
	2024	\$ 38,276	\$ 3,642	\$ 41,918
	2025	40,056	1,863	41,919
Total financed purchase obligation		<u>\$ 78,332</u>	<u>\$ 5,505</u>	<u>\$ 83,837</u>

**Lease Liabilities Obligations**

RSU #5 leases computers under agreements that are classified as lease liabilities obligations. The lease payments on lease liabilities obligations at June 30, 2023 are as follows:

	<b>Year Ending</b>			
	<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
	2024	\$ 189,507	\$ 8,134	\$ 197,641
	2025	193,531	4,111	197,642
Total lease liabilities obligations		<u>\$ 383,038</u>	<u>\$ 12,245</u>	<u>\$ 395,283</u>

Total lease liabilities expense for the year ending June 30, 2023, was \$223,501.

**NOTE 7: CONTINGENT LIABILITIES**

**Grant Funds**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although RSU #5 expects such amounts, if any, to be immaterial.

**Litigation**

RSU #5 is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, RSU #5 has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of RSU #5.

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 8: OTHER DISCLOSURES**

**Risk Management**

RSU #5 is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; and natural disasters for which RSU #5 either carries commercial insurance, or participates in a public entity risk pool. Currently, RSU #5 participates in several public entity risk pools sponsored by the Maine School Management Association. Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, RSU #5 is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2023. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past three fiscal years. The amount of unpaid claims was \$0 at June 30, 2023.

**NOTE 9: DEFINED BENEFIT PENSION PLAN**

**General Information about the Pension Plan**

*Plan Description*

The MainePERS State Employee and Teacher Plan (the Plan) is a multiple-employer cost sharing plan with a special funding situation. As of June 30, 2022 there were 239 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members.

The Participating Local District (PLD) Plan is a multiple-employer cost sharing plan. Eligible employers (districts) are defined in Maine statute. As of June 30, 2022 there were 311 employers in the plan.

Each plan is administered by the Maine Public Employees Retirement System (MainePERS)

*Pension Benefits*

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. MainePERS's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers; 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. The normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. 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. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

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

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan (Continued)**

*Member and Employer Contributions*

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by the System's 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.

*Financial Reporting*

MainePERS issues annual financial reports for the Plans which can be found at:

<http://www.mainebers.org/Publications/Publications.htm#Annual Reports>

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

The net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions were measured at June 30, 2022, the latest measurement date available, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These amounts are reported on the RSU's financial statements as of June 30, 2023. The RSU's deferred outflows of resources related to pensions balance, as of the measurement date, was increased by contributions to pensions made in the current fiscal year. These amounts were adjusted accordingly as reductions to expenses in the Statement of Activities.

At June 30, 2023, the RSU reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the RSU. The amount recognized by the RSU as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the RSU were as follows:

RSU #5's proportionate share of the net pension liability	\$ 486,249
State's proportionate share of the net pension liability associated with RSU #5	<u>17,597,290</u>
Total	<u>\$ 18,083,539</u>

The RSU's proportion of the net pension liability was based on a projection of the RSU's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2022, for the SET plan, the RSU's proportion was 0.032746%, which was an increase of 0.022261% from its proportion measured as of June 30, 2021. At June 30, 2022, for the PLD plan, the District's proportion was 0.026257%, which was an increase of 0.009374% from its proportion measured as of June 30, 2021.

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2023, the RSU recognized total pension expense of \$3,303,118 and revenue of \$2,456,506 for support provided by the State related to the SET plan, resulting in a net pension expense of \$846,612. At June 30, 2023, the RSU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan		PLD Plan		Net of Both Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,223	\$ -	\$ 12,972	\$ -	\$ 37,195	\$ -
Change of assumptions	94,418	-	14,167	-	108,585	-
Net difference between projected and actual earnings on pension plan investments	-	95,768	-	29,296	-	125,064
Changes in proportion and differences between employer contributions and proportionate share of contributions	265,027	16,470	21,965	-	286,992	16,470
RSU #5's contributions subsequent to the measurement date	863,379	-	-	-	863,379	-
Total	<u>\$ 1,247,047</u>	<u>\$ 112,238</u>	<u>\$ 49,104</u>	<u>\$ 29,296</u>	<u>\$ 1,296,151</u>	<u>\$ 141,534</u>

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan.

RSU contributions to the Plan subsequent to the measurement date, totaling \$863,379, are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SET Plan	PLD Plan	Total
Fiscal year 2024	\$ 164,278	\$ 22,036	\$ 186,314
Fiscal year 2025	40,725	2,213	42,938
Fiscal year 2026	21,258	(18,200)	3,058
Fiscal year 2027	45,169	13,759	58,928
Total	<u>\$ 271,430</u>	<u>\$ 19,808</u>	<u>\$ 291,238</u>

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Actuarial Methods and Assumptions**

The collective total pension liability for the Plans was determined by an actuarial valuation as of June 30, 2022 and 2021, using the following methods and assumptions applied to all periods included in the measurement.

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

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

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

*Asset Valuation Method*

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

*Amortization*

The IUAL of the SET Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses, and changes are amortized over twenty-year periods beginning on the date as of which they occur.

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes, as of June 30, 2022, and June 30, 2021, are as follows:

*Investment Rate of Return* - For both Plans, 6.50% per annum, compounded annually for 2022 and 2021.

*Inflation Rate* - For both Plans, 2.75% (2022 and 2021)

*Salary Increases, Merit and Inflation* - For the SET Plan for 2022 and 2021, Teachers, 2.80% to 13.03%; all participants in the PLD Plan for 2022 and 2021, 2.75% to 11.48%

*Cost of Living Benefit Increases* - 2.20% for the SET Plan (2022 and 2021); For the PLD Consolidated Plan, 1.91% (2022 and 2021)

*Mortality Rates* – For the SET Plan, based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model. For the PLD Plan, based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model.

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

**Actuarial Methods and Assumptions (Continued)**

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

	Target Allocation	Long-Term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional credit	7.5%	3.2%
Alternative credit	5.0%	7.4%
Diversifiers	10.0%	5.9%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.50% for 2022 and 2021 for each of the plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)**

**Actuarial Methods and Assumptions (Continued)**

*Sensitivity of the RSU's Proportionate Share of the Net Pension Liability to Changes in the Discount Rates*

The following table presents the RSU's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the RSU's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate.

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
SET Plan:			
RSU #5's proportionate share of the net pension liability	\$ 952,192	\$ 486,249	\$ 98,304
PLD Plan			
Net pension (asset) liability	<u>206,210</u>	<u>69,800</u>	<u>(42,947)</u>
Total	<u>\$ 1,158,402</u>	<u>\$ 556,049</u>	<u>\$ 55,357</u>

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued MainePERS financial report.

**NOTE 10 OTHER POST-EMPLOYMENT BENEFITS PLAN**

**General Information about the GLI OPEB Plan**

*GLI OPEB Plan Description*

The RSU participates in the Group Life Insurance Plan for Retired State Employees and Teachers administered by MainePERS. It is a multiple-employer cost-sharing plan with a special funding situation. As of June 30, 2022, there were 228 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public-school teachers in the plan.

*GLI OPEB Plan Benefits*

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

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

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 10      OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)**

*GLI OPEB Plan Funding Policy*

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

*GLI OPEB Plan Financial Reporting*

MainePERS issues annual financial reports for the Group Life Insurance Plan which can be found online at:

[http://www.maineopers.org/Publications/Publications.htm#Annual Reports](http://www.maineopers.org/Publications/Publications.htm#Annual%20Reports)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

*GLI OPEB Plan*

The net OPEB liability, deferred inflows of resources and deferred outflows of resources related to OPEB were measured at June 30, 2022, the latest measurement date available, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These amounts are reported on the RSU's financial statements as of June 30, 2023.

The RSU currently has no proportionate share of the collective net OPEB liability. Therefore, at June 30, 2022, the RSU reported a liability of \$0 for its proportionate share of the net OPEB liability. The State's proportionate share of the net OPEB liability associated with the RSU was \$354,701. Likewise, for the year ended June 30, 2023, the RSU recognized no OPEB expense (related to the MainePERS GLI OPEB Plan).

**OPEB Plan Reporting**

*GLI OPEB Plan*

Normally, additional disclosures about actuarial methods and assumptions as well as required supplementary information relating to the RSU's proportionate share of the collective net OPEB liability and a schedule of the RSU's contributions to the OPEB Plan would be presented. However, due to the RSU having no liability nor contributions to the plan, these disclosures and schedules would provide no useful information and, thus, have been omitted.

Detailed information about the OPEB plan is available in the separately issued MainePERS financial report.

**General Information about the Health Insurance OPEB Plan**

*Health Insurance OPEB Plan Description*

The RSU sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is 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.



**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10      OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)**

**General Information about the Health Insurance OPEB Plan**

*Health Insurance OPEB Plan Benefits*

MEABT provides healthcare insurance benefits 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.

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

Inactive employees or beneficiaries currently receiving benefit payments	116
Inactive employee entitled to but not yet receiving benefit payments	-
Active employees	<u>308</u>
Total	<u><u>424</u></u>

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

*Health Insurance OPEB Plan*

The RSU's total OPEB liability of \$4,827,304 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Balance at June 30, 2021	\$ 4,827,304
Changes for the year:	
Service Cost	101,429
Interest	105,088
Changes of benefit terms	-
Differences between expected and actual experience	500,890
Changes in assumptions or other inputs	10,462
Benefit payments	<u>(127,817)</u>
Net changes	<u>590,052</u>
Balance at June 30, 2022	<u><u>\$ 5,417,356</u></u>

Change in assumptions reflects a change in the discount rate from 2.16% to 3.54%.

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 10: Other Post-Employment Benefits Plans (Continued)**

*Health Insurance OPEB Plan (Continued)*

For the year ended June 30, 2023, the RSU recognized a reduction of OPEB expense of \$174,143. At June 30, 2023, the RSU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 429,334	\$ 78,858
Changes in Assumptions and other inputs	266,316	61,430
Differences between expected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 695,650</u>	<u>\$ 140,288</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2024	\$ 95,443
2025	95,443
2026	126,157
2027	86,783
2028	78,490
Thereafter	73,046
	<u>\$ 555,362</u>

*Actuarial Assumptions and Other Inputs*

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not reported
Salary increases	2.75% - 13.03% per year
Discount rate	3.54% per annum
Healthcare cost trend rates - Pre-Medicare	Initial trend of 7.95% applied in FY2023 grading over 19 years to 4.00%
Healthcare cost trend rates - Medicare	Initial trend of 0.00% applied in FY2023 and 5.62% applied in FYE 2024 grading over 18 years to 4.29%
Retirees' share of the benefit related costs	45% of the blended premium rate with a State subsidy for the remaining 55% of the blended premium rate

Mortality rates were 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 in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10: Other Post-Employment Benefits Plans (Continued)**

*Discount Rate*

The rate used to measure the total OPEB liability was 3.54% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon the Bond Buyer 20-Bond GO Index. 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.

*Sensitivity of the Total Health OPEB Liability to Changes in the Discount Rate*

The following presents the RSU's total Health OPEB liability calculated using the discount rate of 3.54%, as well as what the RSU's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.54%) or 1 percentage-point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 6,258,230	\$ 5,417,356	\$ 4,736,231

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the RSU's total OPEB liability calculated using the healthcare cost trend rates, as well as what the RSU's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 4,691,273	\$ 5,417,356	\$ 6,323,649

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11: COMPONENTS OF FUND BALANCE**

As of June 30, 2023, fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund:					
Capital reserve	\$ -	\$ -	\$ 500,175	\$ -	\$ -
Fuel reserve	-	-	100,000	-	-
Tennis court reserve	-	-	70,000	-	-
Use of fund balance	-	-	-	908,600	-
Unassigned	-	-	-	-	6,135,748
Adult Education	-	-	-	32,539	-
Other governmental funds:					
Special revenues					
Getting to proficiency grant	-	11,337	-	-	-
OCFS child care provider	-	143,345	-	-	-
Student aspirations	-	35,218	-	-	-
Donations	-	40,012	-	-	-
Local grants	-	32,750	-	-	-
Erate	-	39,971	-	-	-
Track and field activity	-	-	-	-	(1,532)
Laptop protection	-	33,007	-	-	-
SAMSHA	-	101	-	-	-
Mentoring	-	10,497	-	-	-
Dollars for scholars	-	3,669	-	-	-
Performing arts center	-	29,381	-	-	-
School Nutrition	16,526	502,660	-	-	-
Community education	-	217,465	-	-	-
Odyssey of the mind	-	1,077	-	-	-
Freeport High School Activity Funds	-	206,454	-	-	-
Freeport Middle School Activity Funds	-	62,776	-	-	-
Durham Community School Activity Funds	-	55,458	-	-	-
Pownal Elementary School Activity Funds	-	7,398	-	-	-
Mast Landing School Activity Funds	-	16,160	-	-	-
Morse Street School Activity Funds	-	5,499	-	-	-
Capital projects					
Tri-town track & field project	-	-	175,000	-	-
Total	<u>\$ 16,526</u>	<u>\$ 1,454,235</u>	<u>\$ 845,175</u>	<u>\$ 941,139</u>	<u>\$ 6,134,216</u>

**NOTE 12: DEFICIT FUND BALANCE**

RSU #5's Special Revenue Track and Field Activity Fund is carrying forward a fund deficit as of June 30, 2023. The Special Revenue Tri-Town Track & Field Project's deficit fund balance will be funded by donations to be received in future years.

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 13: PURPOSE OF STUDENT ACTIVITY FUNDS**

The purpose of the Student Activity Funds is to maintain accountability of the various extracurricular activities for the students of Regional School Unit No. 5.

**NOTE 14: PRIOR PERIOD ADJUSTMENT**

The RSU's beginning net position for Governmental Activities in Statement 2 and the beginning fund balances for Governmental Funds in Statement 5 has been restated from the previously issued 2022 financial statements to reflect additional accounts receivable that was inadvertently overlooked. As a result, the beginning net position for Governmental Activities in Statement 2 and the beginning fund balances for Governmental Funds in Statement 5 were increased by \$9,090.

**NOTE 15: SUBSEQUENT EVENTS**

In October 2023, the School Committee approved a lease purchase agreement in the amount of \$132,750 for the purchase of a school bus with the Gorham Savings Leasing Group for 3 years at a fixed rate of 5.35%.

In preparing these financial statements, RSU #5 has evaluated events and transactions for potential recognition or disclosure through April 18, 2024, the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**REGIONAL SCHOOL UNIT NO. 5**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>				
Town assessments (includes adult education of \$112,000)	\$ 29,428,878	\$ 29,428,878	\$ 29,428,878	\$ -
State shared revenues:				
General	6,430,443	6,430,443	6,608,045	177,602
State agency client	30,000	30,000	31,123	1,123
Adult education subsidy	21,000	42,000	43,208	1,208
	<u>6,481,443</u>	<u>6,502,443</u>	<u>6,682,376</u>	<u>179,933</u>
Charges for Services				
Adult education fees	-	-	340	340
Other:				
Interest earnings	25,000	25,000	269,409	244,409
Miscellaneous	136,830	136,830	290,165	153,335
	<u>161,830</u>	<u>161,830</u>	<u>559,574</u>	<u>397,744</u>
<b>TOTAL REVENUES</b>	<u>36,072,151</u>	<u>36,093,151</u>	<u>36,671,168</u>	<u>578,017</u>
<b>EXPENDITURES-BY FUNCTIONS:</b>				
Student and staff support	3,594,805	3,594,805	3,392,697	202,108
School administration	1,942,616	1,942,616	1,864,357	78,259
Facilities maintenance	5,025,233	5,025,233	4,552,766	472,467
Career and technical education	184,596	184,596	184,596	-
Regular instruction	16,401,257	16,299,298	15,363,892	935,406
Other instruction	919,069	935,734	915,591	20,143
System administration	1,082,788	1,082,788	1,010,289	72,499
Transportation services	1,438,023	1,523,315	1,483,013	40,302
Debt service	1,181,603	1,181,605	1,181,605	-
Special education services	4,972,916	4,972,916	4,898,941	73,975
Other outlays:				
Adult education	234,700	234,700	123,009	111,691
<b>TOTAL EXPENDITURES-BY FUNCTIONS</b>	<u>36,977,606</u>	<u>36,977,606</u>	<u>34,970,756</u>	<u>2,006,850</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(905,455)</u>	<u>(884,455)</u>	<u>1,700,412</u>	<u>2,584,867</u>

**REGIONAL SCHOOL UNIT NO. 5**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ (905,455)	\$ (884,455)	\$ 1,700,412	\$ 2,584,867
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer out to track and field reserve	(35,000)	(35,000)	(35,000)	-
Transfer out to school lunch program	<u>(293,245)</u>	<u>(293,245)</u>	<u>-</u>	<u>293,245</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(328,245)</u>	<u>(328,245)</u>	<u>(35,000)</u>	<u>293,245</u>
<b>BUDGETARY SURPLUS (DEFICIT)</b>	<u>\$ (1,233,700)</u>	<u>\$ (1,212,700)</u>	<u>\$ 1,665,412</u>	<u>\$ 2,878,112</u>
 <b>COMPONENTS OF THE SCHOOL'S BUDGETARY SURPLUS (DEFICIT)</b>				
Restricted				
Adult Education	\$ (96,700)	\$ (75,700)	\$ 32,539	
Committed				
Tennis Court	40,000	40,000	40,000	
Assigned				
Use of fund balance	(1,177,000)	(1,177,000)	(268,400)	
Unassigned	<u>-</u>	<u>-</u>	<u>1,861,273</u>	
	<u>\$ (1,233,700)</u>	<u>\$ (1,212,700)</u>	<u>\$ 1,665,412</u>	



**REGIONAL SCHOOL UNIT NO. 5**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MAINEPERS STATE EMPLOYEE AND TEACHER PLAN**  
**EMPLOYER ID: TS005**  
**For the Last Ten Years \***

Fiscal Year Ended June 30	RSU #5's proportion of the net pension liability	State's		Total	RSU #5's covered- employee payroll	RSU #5's proportionate share of the net pension liability as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
		RSU #5's proportionate share of the net pension liability associated with RSU #5					
2023	0.032746%	\$ 486,249	\$ 17,597,290	\$ 18,083,539	\$ 17,551,066	2.77%	85.79%
2022	0.010485%	88,685	10,828,518	10,917,203	17,421,702	0.51%	90.90%
2021	0.005272%	86,069	20,529,597	20,615,666	16,363,572	0.53%	81.03%
2020	0.015724%	230,494	17,703,769	17,934,263	15,636,488	1.47%	82.73%
2019	0.012491%	168,559	16,140,965	16,309,524	14,884,696	1.13%	82.90%
2018	0.009599%	139,429	16,878,129	17,017,558	14,884,696	0.94%	80.78%
2017	0.008086%	142,835	17,934,263	18,077,098	13,846,467	1.03%	76.21%
2016	0.009593%	129,517	14,471,579	14,601,096	12,399,394	1.04%	81.18%
2015	0.011105%	119,971	11,739,600	11,859,571	12,360,183	0.97%	83.91%
2014	0.017422%	276,984	5,204,320	5,481,304	11,528,980	2.40%	76.85%

\* Date headers reflect the reporting fiscal year, but measurement dates are twelve months prior.

*This schedule is intended to show information for ten years.  
The data presented is attributable to those years since the District's  
first year of GASB 68 implementation; the fiscal year ended June 30, 2014.*

*The Accompanying Notes are an Integral Part of these Statements.*

**REGIONAL SCHOOL UNIT NO. 5**  
**SCHEDULE OF THE DISTRICT'S EMPLOYER CONTRIBUTIONS**  
**MAINEPERS STATE EMPLOYEE AND TEACHER PLAN**  
**EMPLOYER ID: TS005**  
**For the Last Ten Fiscal Years \***

Fiscal Year Ended June 30	Contractually required contributions	RSU #5's contributions in relation to the contractually required contributions	RSU #5's contribution deficiency (excess)	RSU #5's covered- employee payroll	RSU #5's contributions as a percentage of its covered-employee payroll
2023	\$ 828,078	\$ 828,078	\$ -	\$ 19,366,737	4.28%
2022	754,891	754,891	-	17,551,066	4.30%
2021	783,118	783,118	-	17,421,702	4.50%
2020	714,513	714,513	-	16,363,572	4.37%
2019	655,671	655,671	-	15,636,488	4.19%
2018	590,922	590,922	-	14,884,696	3.97%
2017	488,206	488,206	-	14,161,782	3.45%
2016	477,559	477,559	-	13,846,467	3.45%
2015	343,962	343,962	-	12,399,394	2.77%
2014	341,412	341,412	-	12,360,183	2.76%

\* Date headers reflect both the reporting fiscal year and the measurement date.

*This schedule is intended to show information for ten years.  
The data presented is attributable to those years since the District's  
first year of GASB 68 implementation; the fiscal year ended June 30, 2014.*

**REGIONAL SCHOOL UNIT NO. 5**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MAINEPERS PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN**  
**EMPLOYER ID: P0325**  
**For the Last Ten Fiscal Years \***

Fiscal Year Ended June 30	RSU #5's proportion of the net pension liability	RSU #5's proportionate share of the net pension (asset) liability	RSU #5's covered- employee payroll	RSU #5's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.026257%	\$ 69,800	\$ 211,146	33.06%	93.26%
2022	0.016883%	(5,426)	114,364	-4.74%	100.86%
2021	0.013043%	51,822	84,249	61.51%	88.35%
2020	0.011300%	34,537	69,124	49.96%	90.62%
2019	0.009047%	24,760	52,313	47.33%	91.14%
2018	0.009263%	37,930	49,975	75.90%	86.43%
2017	0.010962%	58,244	57,802	100.76%	81.61%
2016	0.011198%	35,724	58,682	60.88%	88.27%
2015	0.014247%	21,923	71,615	30.61%	94.10%
2014	0.010374%	31,979	57,711	55.41%	87.50%

\* Date headers reflect the reporting fiscal year, but measurement dates are twelve months prior.

*This schedule is intended to show information for ten years.  
The data presented is attributable to those years since the District's  
first year of GASB 68 implementation; the fiscal year ended June 30, 2014.*

**REGIONAL SCHOOL UNIT NO. 5**  
**SCHEDULE OF THE DISTRICT'S EMPLOYER CONTRIBUTIONS**  
**MAINEPERS PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN**  
**EMPLOYER ID: P0325**  
**For the Last Ten Years \***

Fiscal Year Ended June 30	Contractually required contributions	RSU #5's contributions in relation to the contractually required contributions	RSU #5's contribution deficiency (excess)	RSU #5's covered- employee payroll	RSU #5's contributions as a percentage of its covered-employee payroll
2023	\$ 20,482	\$ 20,482	\$ -	\$ 240,962	8.50%
2022	21,748	21,748	-	211,146	10.30%
2021	11,551	11,551	-	114,364	10.10%
2020	8,425	8,425	-	84,249	10.00%
2019	6,912	6,912	-	69,124	10.00%
2018	5,022	5,022	-	52,313	9.60%
2017	4,748	4,748	-	49,975	9.50%
2016	5,144	5,144	-	57,802	8.90%
2015	4,577	4,577	-	58,682	7.80%
2014	4,655	4,655	-	71,615	6.50%

\* Date headers reflect both the reporting fiscal year and the measurement date.

*This schedule is intended to show information for ten years.  
The data presented is attributable to those years since the District's  
first year of GASB 68 implementation; the fiscal year ended June 30, 2014.*

**REGIONAL SCHOOL UNIT NO. 5**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**MAINEPERS GROUP LIFE INSURANCE OPEB PLAN**  
**EMPLOYER ID: TS005**  
**For the Last Six Years \***

Fiscal Year Ended June 30	RSU #5's proportion of the net OPEB liability	State's proportionate share of the net OPEB liability associated with		Total	RSU #5's covered- employee payroll	RSU #5's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
		RSU #5's proportionate share of the net OPEB liability	RSU #5 associated with				
2023	0.00%	\$	\$ 354,701	\$ 354,701	\$ 17,551,066	0.00%	52.39%
2022	0.00%	-	187,000	187,000	17,421,702	0.00%	62.90%
2021	0.00%	-	405,962	405,962	16,363,572	0.00%	55.40%
2020	0.00%	-	368,007	368,007	15,636,488	0.00%	49.22%
2019	0.00%	-	345,781	345,781	14,884,696	0.00%	48.04%
2018	0.00%	-	314,667	314,667	14,884,696	0.00%	47.29%

\* Date headers reflect the reporting fiscal year, but measurement dates are twelve months prior.

*This schedule is intended to show information for ten years.  
The data presented is attributable to those years since the District's  
first year of GASB 75 implementation: the fiscal year ended June 30, 2018.  
The schedule will be updated annually as new information becomes available.*

*The Accompanying Notes are an Integral Part of these Statements.*

**REGIONAL SCHOOL UNIT NO. 5**  
**SCHEDULE OF CHANGES IN THE THE DISTRICT'S TOTAL HEALTH PLAN**  
**OPEB LIABILITY AND RELATED RATIOS**  
**MAINE EDUCATION ASSOCIATION BENEFITS TRUST HEALTH INSURANCE OPEB PLAN**  
**For the Five Years \***

	2023	2022	2021	2020	2019
<b>A</b> Service cost	\$ 101,429	\$ 102,052	\$ 60,413	\$ 51,685	\$ 54,674
<b>B</b> Interest	105,088	105,228	177,829	183,097	174,430
<b>C</b> Benefit term changes	-	-	(487,902)	-	-
<b>D</b> Experience differences	500,890	-	(138,003)	-	-
<b>E</b> Assumption changes	10,462	38,067	196,049	275,638	(215,005)
<b>F</b> Benefit payments	<u>(127,817)</u>	<u>(154,024)</u>	<u>(184,078)</u>	<u>(155,027)</u>	<u>(149,669)</u>
<b>G</b> Net change	590,052	91,323	(375,692)	355,393	(135,570)
<b>H</b> Beginning liability	4,827,304	4,735,981	5,111,673	4,756,280	4,891,850
<b>I</b> Ending liability	<u>\$ 5,417,356</u>	<u>\$ 4,827,304</u>	<u>\$ 4,735,981</u>	<u>\$ 5,111,673</u>	<u>\$ 4,756,280</u>
<b>J</b> Covered payroll	\$12,653,147	\$12,990,573	\$12,673,729	\$13,663,820	\$13,298,122
<b>K</b> Payroll percentage	42.8%	37.2%	37.4%	37.4%	35.8%

\* Date headers reflect the reporting fiscal year, but measurement dates are twelve months prior.

- A** Service cost related to the District
- B** Interest, which includes interest on service cost
- C** Changes in the Plan's benefit terms
- D** Differences between expected and actual experience
- E** Changes of assumptions
- F** Benefit payments, including refunds of member contributions
- G** Net change in total OPEB liability (sum of A through F)
- H** Total OPEB liability at the beginning of the fiscal year.
- I** Total OPEB liability at the end of the fiscal year.
- J** Covered-employee payroll
- K** Total OPEB liability as a percentage of covered-employee payroll.

*This schedule is intended to show information for ten years.  
The data presented is attributable to those years since the District's  
first year of GASB 75 implementation; the fiscal year ended June 30, 2019.  
The schedule will be updated annually as new information becomes available.*

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Budgetary Accounting**

Budgets are adopted for the general fund only. Formal budgetary integration is employed as a management control device during the year for the general fund. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. A comparison of budget to actual is presented in these financial statements.

**NOTE 2: RECONCILIATION OF BUDGETARY VS. FUND FINANCIAL STATEMENTS**

As required by generally accepted accounting principles (GAAP), RSU #5 has reported a revenue and expenditure for Maine State Retirement contributions in the amount of \$2,456,506 made by the State of Maine on behalf of RSU #5. Since the amount has not been budgeted, there is a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America. The amount has been included as an intergovernmental revenue and expenditure in the General Fund on Statement 5. There is no effect on the fund balance at the end of the year.

Capital lease proceeds and expenditures of \$119,930 have been reported on the GAAP statements but not on the budgetary basis statements. There is no effect on the fund balance at the end of the year.

Explanation of the Differences between General Fund Budgetary Comparison Schedule Revenues and Expenditures (Schedule 1) and General Fund GAAP Revenues and Expenditures (Statement 5) are as follows:

**Revenues**

Total Revenues as reported on Budgetary Comparison Schedule	
Budget and Actual- Budgetary Basis (Schedule 1)	\$ 36,671,168
Differences-budget to GAAP	
On behalf payments for Maine State Retirement Contributions	
made by the State of Maine	<u>2,456,506</u>
Total Revenues as reported on Statement of Revenues, Expenditures	
and Changes in Fund Balances-Governmental Funds (Statement 5)	<u><u>\$ 39,127,674</u></u>

**Expenditures**

Total Expenditures as reported on Budgetary Comparison Schedule	
Budget and Actual- Budgetary Basis (Schedule 1)	\$ 34,970,756
Differences-budget to GAAP	
Capital lease purchases	119,930
On behalf payments for Maine State Retirement Contributions	
made by the State of Maine	<u>2,456,506</u>
Total Expenditures as reported on Statement of Revenues, Expenditures,	
and Changes in Fund Balances-Governmental Funds (Statement 5)	<u><u>\$ 37,547,192</u></u>

**Other Financing Sources (Uses)**

Total Other Financing Sources (Uses) as reported on Budgetary Comparison	
Schedule - Budget and Actual- Budgetary Basis (Schedule 1)	\$ (35,000)
Differences-budget to GAAP	
Capital Lease Proceeds	<u>119,930</u>
Total Other Financing Sources (Uses) as reported on Statement of	
Revenues, Expenditures, and Changes in Fund Balances -	
Governmental Funds (Statement 5)	<u><u>\$ 84,930</u></u>

**REGIONAL SCHOOL UNIT NO. 5**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

**NOTE 3: BUDGETED USE OF SURPLUS**

For the year ended June 30, 2023, RSU #5 budgeted a deficit of \$1,212,700 and planned to use the General Fund and the Adult Education's fund balance to cover the deficit. Actual revenues and expenditures, however, resulted in excess revenues of \$1,665,413.

**NOTE 4: ORIGINAL AND FINAL BUDGET DIFFERENCES**

The budget line transfers were from Regular Instruction (\$101,959) to Other Instruction of \$16,665, Transportation of \$85,292, and Debt Service of \$2.



## **OTHER SUPPLEMENTARY INFORMATION**

**REGIONAL SCHOOL UNIT NO. 5**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	<b>ASSETS</b>				<b>Total Assets</b>
	Cash/ Investments	Due from Other Funds	Accounts Receivable	Inventories	
<b>Special Revenue Funds</b>					
Title IA disadvantaged	\$ -	\$ -	\$ 57,108	\$ -	\$ 57,108
IDEA local entitlement grant	-	-	272,071	-	272,071
Preschool	-	-	-	-	-
Getting to proficiency	-	11,337	-	-	11,337
MLTI grant	-	-	-	-	-
Supporting effective instruction state grants	-	-	24,693	-	24,693
National board scholarship	-	-	-	-	-
OCFS Child Care Provider	-	143,345	-	-	143,345
ESSER #2	-	-	-	-	-
ESSER #3	-	-	71,606	-	71,606
LMS Tech	-	-	-	-	-
GEER Technology	-	-	-	-	-
Multilingual Grant	-	-	46,757	-	46,757
Student aspirations	6,657	28,561	-	-	35,218
Donations	-	40,012	-	-	40,012
Local Grants	-	32,750	-	-	32,750
Erate	-	39,971	-	-	39,971
Track & field Activity	-	-	-	-	-
Laptop protection	-	33,735	-	-	33,735
SAMSHA	-	101	-	-	101
Mentoring	-	10,497	-	-	10,497
Dollars for scholars	-	3,669	-	-	3,669
Performing arts center	-	30,727	-	-	30,727
School Nutrition	536,142	-	76,477	16,526	629,145
Community Education	-	260,976	-	-	260,976
Adult Education enrichment	-	5,603	-	-	5,603
Odyssey of the Mind	1,099	-	-	-	1,099
Freeport High School Activity Funds	206,751	966	-	-	207,717
Freeport Middle School Activity Funds	63,344	-	-	-	63,344
Durham Community School Activity Funds	54,513	945	-	-	55,458
Pownal Elementary School Activity Funds	7,398	-	-	-	7,398
Mast Landing School Activity Funds	16,660	-	-	-	16,660
Morse Street School Activity Funds	5,499	-	-	-	5,499
Total Special Revenues	898,063	643,195	548,712	16,526	2,106,496
<b>Capital Project Funds</b>					
Tri-town track & field project	-	175,000	-	-	175,000
Total Capital Projects	-	175,000	-	-	175,000
<b>Total non-major governmental funds</b>	<u>\$ 898,063</u>	<u>\$ 818,195</u>	<u>\$ 548,712</u>	<u>\$ 16,526</u>	<u>\$ 2,281,496</u>

**REGIONAL SCHOOL UNIT NO. 5**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

LIABILITIES AND FUND BALANCE					
	Accounts Payable	Accrued Salaries	Due to Other Funds	Fund Balance (Deficit)	Total Liabilities and Fund Balance
Special Revenue Funds					
Title 1A disadvantaged	\$ -	\$ 30,667	\$ 26,440	\$ -	\$ 57,107
IDEA local entitlement grant	39,768	104	232,199	-	272,071
Preschool	-	-	-	-	-
Getting to proficiency	-	-	-	11,337	11,337
MLTI grant	-	-	-	-	-
Supporting effective instruction state grants	-	-	24,693	-	24,693
National Board Scholarship	-	-	-	-	-
OCFS Child Care Provider	-	-	-	143,345	143,345
ESSER #2	-	-	-	-	-
ESSER #3	-	577	71,029	-	71,606
LMS Tech	-	-	-	-	-
GEER Technology	-	-	-	-	-
Multilingual Grant	13,600	-	33,157	-	46,757
Student aspirations	-	-	-	35,218	35,218
Donations	-	-	-	40,012	40,012
Local Grants	-	-	-	32,750	32,750
Erate	-	-	-	39,971	39,971
Track & field Activity	-	-	1,532	(1,532)	-
Laptop protection	728	-	-	33,007	33,735
SAMSHA	-	-	-	101	101
Mentoring	-	-	-	10,497	10,497
Dollars for scholars	-	-	-	3,669	3,669
Performing arts center	-	1,346	-	29,381	30,727
School Nutrition	43,334	11,457	55,168	519,186	629,145
Community Education	24,934	18,577	-	217,465	260,976
Adult Education enrichment	4,515	1,088	-	-	5,603
Odyssey of the Mind	-	-	22	1,077	1,099
Freeport High School Activity Funds	46	-	1,217	206,454	207,717
Freeport Middle School Activity Funds	765	-	(197)	62,776	63,344
Durham Community School Activity Funds	-	-	-	55,458	55,458
Pownal Elementary School Activity Funds	-	-	-	7,398	7,398
Mast Landing School Activity Funds	-	-	500	16,160	16,660
Morse Street School Activity Funds	-	-	-	5,499	5,499
Total Special Revenues	127,690	63,816	445,760	1,469,229	2,106,495
Capital Project Funds					
Tri-town track & field project	-	-	-	175,000	175,000
Total Capital Projects	-	-	-	175,000	175,000
Total non-major governmental funds	\$ 127,690	\$ 63,816	\$ 445,760	\$ 1,644,229	\$ 2,281,495

**REGIONAL SCHOOL UNIT NO. 5**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Fund Balances Beginning of Year</b>	<b>Program Revenues</b>		<b>Transfers In (Out)</b>	<b>Program Expenditures</b>	<b>Fund Balances End of Year (Deficit)</b>
		<b>Intergovern- mental</b>	<b>Other</b>			
<b>Special Revenue Funds</b>						
Title 1A disadvantaged	\$ -	\$ 248,464	\$ -	\$ -	\$ 248,464	\$ -
IDEA local entitlement grant	-	719,340	-	-	719,340	-
Preschool	-	13,138	-	-	13,138	-
Getting to proficiency	11,337	-	-	-	-	11,337
MLTI grant	20,222	70,227	-	-	90,449	-
Supporting effective instruction state grants	-	79,783	-	-	79,783	-
National board Scholarship	-	6,000	-	-	6,000	-
OCFS Child Care Provider	127,496	30,708	-	-	14,859	143,345
ESSER #2	-	42,116	-	-	42,116	-
ESSER #3	-	602,959	-	-	602,959	-
LMS Tech	-	10,500	-	-	10,500	-
GEER Technology	-	91,249	-	-	91,249	-
Multilingual Grant	-	46,757	-	-	46,757	-
Student aspirations	28,779	-	6,439	-	-	35,218
Donations	40,143	-	-	-	131	40,012
Local grants	47,750	-	76	-	15,076	32,750
Erate	39,971	-	-	-	-	39,971
Track and field Activity	(1,532)	-	-	-	-	(1,532)
Laptop protection	15,277	-	28,004	-	10,274	33,007
SAMSHA	101	-	-	-	-	101
Mentoring	10,497	-	-	-	-	10,497
Dollars for scholars	1,879	-	1,790	-	-	3,669
Performing arts center	28,171	-	8,967	-	7,757	29,381
School Nutrition	384,755	1,382,269	88,512	-	1,336,350	519,186
Community Education	169,900	-	952,150	(68,082)	836,503	217,465
Adult Education enrichment	-	-	12,779	68,082	80,861	-
Odyssey of the Mind	278	-	18,374	-	17,575	1,077
Freeport High School Activity Funds	197,148	-	205,487	-	196,181	206,454
Freeport Middle School Activity Funds	57,147	-	109,156	-	103,527	62,776
Durham Community School Activity Funds	43,800	-	20,263	-	8,605	55,458
Pownal Elementary School Activity Funds	6,026	-	5,768	-	4,396	7,398
Mast Landing School Activity Funds	14,447	-	21,006	-	19,293	16,160
Morse Street School Activity Funds	5,518	-	61,641	-	61,660	5,499
Total Special Revenues	1,249,110	3,343,510	1,540,412	-	4,663,803	1,469,229
<b>Capital Project Funds</b>						
Tri-town track & field project	140,000	-	-	35,000	-	175,000
Total Capital Projects	140,000	-	-	35,000	-	175,000
<b>Total non-major governmental funds</b>	<u>\$ 1,389,110</u>	<u>\$ 3,343,510</u>	<u>\$ 1,540,412</u>	<u>\$ 35,000</u>	<u>\$ 4,663,803</u>	<u>\$ 1,644,229</u>

**REGIONAL SCHOOL UNIT NO. 5**  
**FREEPORT HIGH SCHOOL STUDENT ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCES**  
**YEAR ENDED JUNE 30, 2023**

	<b>Balance 6/30/2022</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance 6/30/2023</b>
Art Club	\$ 1,059	\$ 1,235	\$ 1,305	\$ 989
Athletics	11,112	48,669	51,830	7,951
Band	1,313	763	1,874	202
Boost	17,519	10,000	6,656	20,863
Bradley Fellowship	4,852	6,375	4,709	6,518
Bridges	63	-	-	63
Ceramics	591	-	-	591
Chorus	2,247	5,772	7,819	200
Class 2017	8,428	-	-	8,428
Class 2018	4,275	-	-	4,275
Class 2019	4,452	-	-	4,452
Class 2020	9,386	-	-	9,386
Class 2021	1,994	-	-	1,994
Class 2022	9,620	-	-	9,620
Class 2023	15,436	22,270	24,606	13,100
Class 2024	2,574	15,585	2,755	15,404
Class 2025	669	361	-	1,030
Class 2026	-	930	-	930
Clynk	3,134	71	63	3,142
Drama/Musical	13,186	15,372	4,294	24,264
Endeavor	5,509	721	3,038	3,192
Environment Club(EARTH)	34	-	-	34
Fishing Club	2,109	-	-	2,109
FPaD Education Foundation	1,399	-	-	1,399
Friends of FHS	440	-	-	440
GEMS	417	-	46	371
GTSA	259	96	-	355
Homecoming	13,450	4,879	767	17,562
JMG	3,203	2,224	2,666	2,761
KyleCares	-	1,300	185	1,115
Latin Club	(359)	2,650	2,637	(346)
Library	489	81	-	570
Math Team	20	-	-	20
Melmac Scholarship	3,000	2,960	2,000	3,960
Model UN	597	4,625	4,836	386
National Honor Society	36	-	-	36
Subtotal	<u>142,513</u>	<u>146,939</u>	<u>122,086</u>	<u>167,366</u>

**REGIONAL SCHOOL UNIT NO. 5**  
**FREEPORT HIGH SCHOOL STUDENT ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCES**  
**YEAR ENDED JUNE 30, 2023**

	<b>Balance 6/30/2022</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance 6/30/2023</b>
One Act Plays	\$ 938	\$ 497	\$ 200	\$ 1,235
Outing Club	-	-	50	(50)
Photography	1,608	-	-	1,608
Principal's Contingency	26,474	10,965	26,566	10,873
Scholarships	6,457	13,250	13,660	6,047
Senior Projects	947	-	188	759
Staff Wellness Initiative	337	-	-	337
Stem Lab	997	1,125	754	1,368
Student Council	3,836	-	-	3,836
Student Services	2,367	31,214	30,569	3,012
Sunshine Fund	180	390	415	155
Videography	86	-	-	86
Yearbook	10,408	1,011	1,597	9,822
Sub-total	<u>54,635</u>	<u>58,452</u>	<u>73,999</u>	<u>39,088</u>
Grand Total	<u>\$ 197,148</u>	<u>\$ 205,391</u>	<u>\$ 196,085</u>	<u>\$ 206,454</u>

**REGIONAL SCHOOL UNIT NO. 5**  
**FREEPORT MIDDLE SCHOOL STUDENT ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCES**  
**YEAR ENDED JUNE 30, 2023**

	<b>Balance 6/30/2022</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance 6/30/2023</b>
Acadia Grant Revenue	\$ 4,382	\$ -	\$ 72	\$ 4,310
Athletics	826	-	47	779
Band-Students	428	550	581	397
Bradley Grant	1,596	1,505	-	3,101
Class 2027	409	-	-	409
Class 2025	378	-	-	378
Coffee Fund	623	211	-	834
Drama	521	19,789	19,125	1,185
Fab Friday	402	3,411	4,109	(296)
Favreau-Technology	1,688	-	-	1,688
Field Hockey	490	1,886	863	1,513
Field Trip	879	7,425	5,369	2,935
FLS & Choices	614	-	58	556
Fpad	1,276	-	-	1,276
Gardening Club	235	-	-	235
GT	913	-	-	913
Guidance	336	-	63	273
Interact Club	297	-	-	297
JMG	1,062	-	85	977
Kieve	-	6,887	3,150	3,737
Library	1,042	1,895	1,820	1,117
Magazine Drive	10,811	8,419	5,000	14,230
MLTI Program	57	4,095	4,025	127
OM-DI	2,194	-	-	2,194
Postage	1,164	1,440	1,440	1,164
Project Adventure	124	-	-	124
Puffin Fund	3,639	1,131	-	4,770
Robotics Grant	222	-	-	222
Scholarship Fund	2,938	28	535	2,431
School Activity	3,939	10,912	10,355	4,496
Science Club	1,050	-	-	1,050
Space Camp	1,415	16,622	18,060	(23)
Sports Boosters	(508)	-	-	(508)
Student Sunshine Fund	1,226	20	253	993
Sunshine Fund	331	172	336	167
Touch Tank	103	-	-	103
Travel Club	9,372	22,389	28,158	3,603
Yearbook	673	346	-	1,019
	<u>\$ 57,147</u>	<u>\$ 109,133</u>	<u>\$ 103,504</u>	<u>\$ 62,776</u>

**REGIONAL SCHOOL UNIT NO. 5**  
**DURHAM COMMUNITY SCHOOL STUDENT ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCES**  
**YEAR ENDED JUNE 30, 2023**

	<b>Balance 6/30/2022</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance 6/30/2023</b>
Care Team	\$ 1,379	\$ 3,007	\$ 1,823	\$ 2,563
Dance	2,585	5,151	1,790	5,946
Drama	453	1,418	636	1,235
Exxon Mobil	22	-	-	22
Fieldwork	1,216	-	-	1,216
Garden	81	800	-	881
Grade 8	922	-	-	922
Jobs For Me Grads	1,086	1,181	188	2,079
Library	1,776	2,550	1,500	2,826
Math	119	-	-	119
Music	1,664	955	260	2,359
Outing Club	711	-	-	711
Pta/Field Work Sup	368	-	-	368
Reimbursement	2,911	739	-	3,650
School Activity	2,793	2,309	1,417	3,685
Sports Gate	690	-	-	690
Student Council	749	-	-	749
Telecommunications	716	-	691	25
Trips	23,180	1,538	300	24,418
Yearbook	378	615	-	993
	<u>\$ 43,800</u>	<u>\$ 20,263</u>	<u>\$ 8,605</u>	<u>\$ 55,458</u>



**REGIONAL SCHOOL UNIT NO. 5**  
**POWNAL ELEMENTARY SCHOOL ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCES**  
**YEAR ENDED JUNE 30, 2023**

	<b>Balance 6/30/2022</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance 6/30/2023</b>
5th Grade Class	\$ 2,076	\$ 804	\$ 2,375	\$ 505
Care Team	835	-	-	835
General	679	5,467	1,474	4,672
Library	173	-	-	173
Nurse Grant	(11)	-	-	(11)
Outdoor Learning	861	-	498	363
Power Engineer Grant	613	-	-	613
Sunshine Account	-	200	35	165
Wellness	21	-	14	7
Yearbook	703	-	703	-
Youth Soccer	76	-	-	76
	<u>\$ 6,026</u>	<u>\$ 6,471</u>	<u>\$ 5,099</u>	<u>\$ 7,398</u>

**REGIONAL SCHOOL UNIT NO. 5**  
**MAST LANDING SCHOOL ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCES**  
**YEAR ENDED JUNE 30, 2023**

	<b>Balance 6/30/2022</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance 6/30/2023</b>
4th Grade Class	\$ 1,075	\$ 2,145	\$ 3,665	\$ (445)
5th Grade Class	1,658	3,256	6,610	(1,697)
Drama	1,195	1,485	248	2,432
Guidance	59	-	-	59
Library	1,471	-	266	1,205
Music/Art	815	445	245	1,015
Office	8,030	13,675	8,259	13,446
Wellness	144	-	-	144
	<u>\$ 14,447</u>	<u>\$ 21,006</u>	<u>\$ 19,293</u>	<u>\$ 16,160</u>

**REGIONAL SCHOOL UNIT NO. 5**  
**MORSE STREET SCHOOL ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCES**  
**YEAR ENDED JUNE 30, 2023**

	<b>Balance 6/30/2022</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance 6/30/2023</b>
Student Fund	\$ 3,791	\$ 1,589	\$ 1,398	\$ 3,982
Wellness Office Fund	1,671	60,052	60,243	1,480
Playground Donation	56	-	19	37
	<u>\$ 5,518</u>	<u>\$ 61,641</u>	<u>\$ 61,660</u>	<u>\$ 5,499</u>