

Federal Compliance Audit

# Regional School Unit No. 70

June 30, 2023



*Proven Expertise & Integrity*

REGIONAL SCHOOL UNIT NO. 70

CONTENTS

JUNE 30, 2023

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT A - STATEMENT OF NET POSITION	13 - 14
STATEMENT B - STATEMENT OF ACTIVITIES	15 - 16

FUND FINANCIAL STATEMENTS

STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
NOTES TO FINANCIAL STATEMENTS	21 - 57

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	58
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	59
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	60

SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSIONS	61
SCHEDULE 4 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - SET PLAN	62
SCHEDULE 5 - SCHEDULE OF CONTRIBUTIONS - OPEB - SET PLAN	63
SCHEDULE 6 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN	64
SCHEDULE 7 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - MEABT PLAN	65
SCHEDULE 8 - SCHEDULE OF CONTRIBUTIONS - OPEB - MEABT PLAN	66
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	67
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	68
SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	69 - 70
SCHEDULE B - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	71
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	72
SPECIAL REVENUE FUNDS DESCRIPTION	73
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	74 - 76
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	77 - 79
CAPITAL PROJECTS FUNDS DESCRIPTION	80
SCHEDULE F - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	81
SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	82

## FEDERAL COMPLIANCE

FEDERAL COMPLIANCE DESCRIPTION	83
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	84
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	85
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	86 - 87
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	88 - 91
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	92 - 96

## OTHER REPORTS

STATE COMPLIANCE DESCRIPTION	97
INDEPENDENT AUDITOR'S REPORT ON STATE REQUIREMENTS	98
RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM	99



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Regional School Unit No. 70  
Hodgdon, Maine

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Regional School Unit No. 70, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Regional School Unit No. 70'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 Regional School Unit No. 70 as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Regional School Unit No. 70 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
www.rhrsmith.com

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional School Unit No. 70's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional School Unit No. 70's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Regional School Unit No. 70's ability to continue as a going concern for a reasonable period of time.

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 12 and 59 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School Unit No. 70's basic financial statements. The Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024, on our consideration of the Regional School Unit No. 70's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Regional School Unit No. 70's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regional School Unit No. 70's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
March 12, 2024



**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**(UNAUDITED)**

The following management's discussion and analysis of Regional School Unit No. 70's financial performance provides an overview of the Unit's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Unit's financial statements.

**Financial Statement Overview**

The Regional School Unit No. 70's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Unit's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Unit's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have been presented for the following activities:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Unit's basic services are reported in governmental activities, which include regular instruction, special education, student and staff support, system administration, school administration, operations and maintenance, transportation and program expenses.

### **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 Regional School Unit No. 70, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Regional School Unit No. 70 are categorized as governmental funds.

*Governmental funds:* All of the basic services provided by the Unit are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Unit's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Unit.

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

The Regional School Unit No. 70 presents four columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Unit's three major governmental funds are the General Fund, Food Service Fund and the ESSER III Grant Fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Unit legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Proportionate Share of the Net OPEB Liability - SET Plan, Schedule of Contributions - OPEB - SET Plan, Schedule of Changes in Net OPEB Liability - MEABT Plan, Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan, Schedule of Contributions - OPEB - MEABT Plan and Notes to Required Supplementary Information.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds and other detailed budgetary information for the general fund.

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

Our analysis below focuses on the net position and changes in net position of the Unit's governmental activities. The Unit's total net position for governmental activities decreased by \$136,762 from \$1,716,511 to \$1,579,749.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased for governmental activities to a deficit balance of \$2,262,334 at the end of this year.

**Table 1**  
**Regional School Unit No. 70**  
**Net Position**  
**June 30,**

	<u>2023</u>	<u>2022</u>
<b>Assets:</b>		
Current Assets	\$ 1,401,496	\$ 1,479,840
Noncurrent Assets - Capital Assets	4,537,725	3,832,982
Total Assets	<u>5,939,221</u>	<u>5,312,822</u>
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows Related to Pensions	344,902	464,822
Deferred Outflows Related to OPEB	500,169	492,943
Total Deferred Outflows of Resources	<u>845,071</u>	<u>957,765</u>
<b>Liabilities:</b>		
Current Liabilities	564,846	627,205
Noncurrent Liabilities	4,183,578	3,495,177
Total Liabilities	<u>4,748,424</u>	<u>4,122,382</u>
<b>Deferred Inflows of Resources:</b>		
Deferred Inflows Related to Pensions	120,752	372,500
Deferred Inflows Related to OPEB	335,367	59,194
Total Deferred Inflows of Resources	<u>456,119</u>	<u>431,694</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	3,728,323	3,589,615
Restricted: Special Revenue Funds	113,760	101,274
Unrestricted (deficit)	(2,262,334)	(1,974,378)
Total Net Position	<u>\$ 1,579,749</u>	<u>\$ 1,716,511</u>

### Revenues and Expenses

The revenues increased by 3.52% when compared to fiscal year 2022. The largest increase was in charges for services and grants and contributions not restricted to specific programs. The expenses increased by 5.30%. The largest increases in expenses were in program expenses and State of Maine on-behalf payments.

**Table 2**  
**Regional School Unit No. 70**  
**Change in Net Position**  
**For the Years Ended June 30,**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 572,990	\$ 462,004
Operating grants and contributions	2,291,092	2,409,823
<i>General Revenues:</i>		
Support from towns	2,301,447	2,219,983
Grants and contributions not restricted to specific programs	3,637,509	3,457,568
Investment income	8,138	1,157
Miscellaneous	135,055	91,181
Total Revenues	<u>8,946,231</u>	<u>8,641,716</u>
 <b>Expenses</b>		
Regular instruction	2,233,673	2,204,104
Special education	990,607	994,820
Student and staff support	850,307	985,611
System administration	405,265	373,684
School administration	430,743	389,667
Operations and maintenance	715,422	704,214
Transportation	503,884	489,665
Program expenses	1,781,027	1,658,436
State of Maine on-behalf payments	825,399	486,659
Unallocated depreciation (Note 5)	346,666	338,659
Total Expenses	<u>9,082,993</u>	<u>8,625,519</u>
 Change in Net Position	(136,762)	16,197
 Net Position - July 1	<u>1,716,511</u>	<u>1,700,314</u>
 Net Position - June 30	<u>\$ 1,579,749</u>	<u>\$ 1,716,511</u>

## Financial Analysis of the Unit's Fund Statements

*Governmental funds:* The financial reporting focus of the Unit's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Unit's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

**Table 3**  
**Regional School Unit No. 70**  
**Fund Balances (Deficits) - Governmental Funds**  
**June 30,**

	<u>2023</u>	<u>2022 (Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Assigned	\$ 375,000	\$ 375,000	\$ -
Unassigned	563,121	95,354	467,767
Total General Fund	<u>\$ 938,121</u>	<u>\$ 470,354</u>	<u>\$ 467,767</u>
Food Service Fund:			
Nonspendable	\$ 11,418	\$ 14,945	\$ (3,527)
Assigned	248,924	289,903	(40,979)
Total Food Service Fund	<u>\$ 260,342</u>	<u>\$ 304,848</u>	<u>\$ (44,506)</u>
ESSER III Grant (Deficit):			
Unassigned	\$ (326,250)	\$ -	\$ (326,250)
Total ESSER III Grant Fund (Deficit)	<u>\$ (326,250)</u>	<u>\$ -</u>	<u>\$ (326,250)</u>
Total Major Funds	<u>\$ 872,213</u>	<u>\$ 775,202</u>	<u>\$ 97,011</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 113,760	\$ 101,037	\$ 12,723
Assigned	102,848	118,062	(15,214)
Unassigned (Deficit)	(54,896)	(31,728)	(23,168)
Capital Projects Funds:			
Restricted	-	237	(237)
Unassigned (Deficit)	(41,729)	40,200	(81,929)
Total Nonmajor Funds	<u>\$ 119,983</u>	<u>\$ 227,808</u>	<u>\$ (107,825)</u>

The changes to total fund balances for the general fund, food service fund, ESSER III grant fund and the nonmajor funds occurred due to the regular activity of operations.

## Budgetary Highlights

The was no difference between the original and final budget.

The general fund actual revenues exceeded the budget by \$149,184. This was the result of all revenues being receipted at or in excess of budgeted amounts.

The general fund actual expenditures were under the budget by \$693,583. All expenditures were within or under budget with the exception of system administration.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Unit increased by \$704,743 from the prior year. This increase is the result of current year capital additions of \$1,051,409 less current year depreciation of \$346,666. Refer to Note 5 of Notes to Financial Statements for additional information on capital assets.

**Table 4**  
**Regional School Unit No. 70**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<u>2023</u>	<u>2022</u>
Land	\$ 177,633	\$ 177,633
Buildings and improvements	3,505,938	2,714,014
Equipment	371,508	386,824
Vehicles	482,646	554,511
Total	<u>\$ 4,537,725</u>	<u>\$ 3,832,982</u>

### Debt

At June 30, 2023, the Unit had \$831,829 in a bond and notes payable from direct borrowings versus \$243,367 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

## **Currently Known Facts, Decisions or Conditions**

### **Economic Factors and Next Year's Budgets and Rates**

The 2023 - 2024 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2023 - 2024 as of the date this report was issued.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Unit's finances and to show the Unit's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Unit's Business Office at 175 Hodgdon Mills Road, Hodgdon, Maine 04730.



REGIONAL SCHOOL UNIT NO. 70

STATEMENT A

STATEMENT OF NET POSITION  
JUNE 30, 2023

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,018,677
Investments	12,284
Accounts receivable (net of allowance for uncollectibles):	
Other	359,117
Inventory	11,418
Total current assets	<u>1,401,496</u>
Noncurrent assets:	
Capital assets:	
Land, infrastructure and other assets not being depreciated	177,633
Buildings and equipment, net of accumulated depreciation	4,360,092
Total noncurrent assets	<u>4,537,725</u>
<b>TOTAL ASSETS</b>	<u>5,939,221</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	344,902
Deferred outflows related to OPEB	500,169
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>845,071</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 6,784,292</u>

STATEMENT A (CONTINUED)  
REGIONAL SCHOOL UNIT NO. 70

STATEMENT OF NET POSITION  
JUNE 30, 2023

	<u>Governmental Activities</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 346,415
Accrued expenses	62,885
Current portion of long-term obligations	<u>155,546</u>
Total current liabilities	<u>564,846</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bond payable	119,891
Notes from direct borrowings payable	611,138
Accrued compensated absences	164,237
Net pension liability	523,134
Net OPEB liability	<u>2,765,178</u>
Total noncurrent liabilities	<u>4,183,578</u>
<b>TOTAL LIABILITIES</b>	<u>4,748,424</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	120,752
Deferred inflows related to OPEB	<u>335,367</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>456,119</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,728,323
Restricted	113,760
Unrestricted (deficit)	<u>(2,262,334)</u>
<b>TOTAL NET POSITION</b>	<u>1,579,749</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 6,784,292</u></u>

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

## REGIONAL SCHOOL UNIT NO. 70

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Regular instruction	\$ 2,233,673	\$ 546,221	\$ -	\$ -	\$ (1,687,452)
Special education	990,607	-	-	-	(990,607)
Student and staff support	850,307	-	-	-	(850,307)
System administration	405,265	-	-	-	(405,265)
School administration	430,743	-	-	-	(430,743)
Operations and maintenance	715,422	-	-	-	(715,422)
Transportation	503,884	-	-	-	(503,884)
Program expenses	1,781,027	26,769	1,465,693	-	(288,565)
State of Maine on-behalf payments	825,399	-	825,399	-	-
Unallocated depreciation (Note 5)*	346,666	-	-	-	(346,666)
Total government	<u>\$ 9,082,993</u>	<u>\$ 572,990</u>	<u>\$ 2,291,092</u>	<u>\$ -</u>	<u>(6,218,911)</u>

STATEMENT B (CONTINUED)  
REGIONAL SCHOOL UNIT NO. 70

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(6,218,911)
General revenues:	
Support from towns	2,301,447
Grants and contributions not restricted to specific programs	3,637,509
Investment income	8,138
Miscellaneous	135,055
Total general revenues	6,082,149
Change in net position	(136,762)
NET POSITION - JULY 1	1,716,511
NET POSITION - JUNE 30	\$ 1,579,749

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

## REGIONAL SCHOOL UNIT NO. 70

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023

	General Fund	Food Service	ESSER III	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 921,114	\$ -	\$ -	\$ 97,563	\$ 1,018,677
Investments	6,999	-	-	5,285	12,284
Accounts receivables (net of allowance for uncollectibles):					
Other	244,841	-	-	114,276	359,117
Inventory	-	11,418	-	-	11,418
Due from other funds	206,384	265,955	-	113,212	585,551
<b>TOTAL ASSETS</b>	<b>\$ 1,379,338</b>	<b>\$ 277,373</b>	<b>\$ -</b>	<b>\$ 330,336</b>	<b>\$ 1,987,047</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 3,134	\$ 17,031	\$ 326,250	\$ -	\$ 346,415
Accrued expenses	58,916	-	-	3,969	62,885
Due to other funds	379,167	-	-	206,384	585,551
<b>TOTAL LIABILITIES</b>	<b>441,217</b>	<b>17,031</b>	<b>326,250</b>	<b>210,353</b>	<b>994,851</b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	11,418	-	-	11,418
Restricted	-	-	-	113,760	113,760
Committed	-	-	-	-	-
Assigned	375,000	248,924	-	102,848	726,772
Unassigned	563,121	-	(326,250)	(96,625)	140,246
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>938,121</b>	<b>260,342</b>	<b>(326,250)</b>	<b>119,983</b>	<b>992,196</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 1,379,338</b>	<b>\$ 277,373</b>	<b>\$ -</b>	<b>\$ 330,336</b>	<b>\$ 1,987,047</b>

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

## REGIONAL SCHOOL UNIT NO. 70

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	Total Governmental Funds
Total Fund Balances	\$ 992,196
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	4,537,725
Deferred outflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	344,902
OPEB	500,169
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bond payable	(159,854)
Notes from direct borrowings payable	(671,975)
Accrued compensated absences	(218,983)
Net pension liability	(523,134)
Net OPEB liability	(2,765,178)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds:	
Pension	(120,752)
OPEB	(335,367)
Net position of governmental activities	\$ 1,579,749

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

## REGIONAL SCHOOL UNIT NO. 70

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Food Service	ESSER III	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Support from towns	\$ 2,271,583	\$ -	\$ -	\$ 29,864	\$ 2,301,447
Intergovernmental revenues	3,637,509	363,080	610,336	492,277	5,103,202
State of Maine on-behalf payments	371,105	-	-	-	371,105
Charges for services	546,221	26,769	-	-	572,990
Investment income	8,138	-	-	-	8,138
Other income	32,500	-	-	102,555	135,055
<b>TOTAL REVENUES</b>	<b>6,867,056</b>	<b>389,849</b>	<b>610,336</b>	<b>624,696</b>	<b>8,491,937</b>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	2,077,982	-	-	-	2,077,982
Special education	990,607	-	-	-	990,607
Student and staff support	894,289	-	-	-	894,289
System administration	405,265	-	-	-	405,265
School administration	430,743	-	-	-	430,743
Operations and maintenance	715,422	-	-	-	715,422
Transportation	513,876	-	-	-	513,876
Program expenses	-	434,355	936,586	1,407,521	2,778,462
State of Maine on-behalf payments	371,105	-	-	-	371,105
<b>TOTAL EXPENDITURES</b>	<b>6,399,289</b>	<b>434,355</b>	<b>936,586</b>	<b>1,407,521</b>	<b>9,177,751</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>467,767</b>	<b>(44,506)</b>	<b>(326,250)</b>	<b>(782,825)</b>	<b>(685,814)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt proceeds	-	-	-	675,000	675,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>675,000</b>	<b>675,000</b>
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	<b>467,767</b>	<b>(44,506)</b>	<b>(326,250)</b>	<b>(107,825)</b>	<b>(10,814)</b>
<b>FUND BALANCES (DEFICITS) - JULY 1, RESTATED</b>	<b>470,354</b>	<b>304,848</b>	<b>-</b>	<b>227,808</b>	<b>1,003,010</b>
<b>FUND BALANCES (DEFICITS) - JUNE 30</b>	<b>\$ 938,121</b>	<b>\$ 260,342</b>	<b>\$ (326,250)</b>	<b>\$ 119,983</b>	<b>\$ 992,196</b>

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

## REGIONAL SCHOOL UNIT NO. 70

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 (Statement E)	<u>\$ (10,814)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,051,409
Depreciation expense	<u>(346,666)</u>
	<u>704,743</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	(119,920)
OPEB	<u>7,226</u>
	<u>(112,694)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	
	<u>(675,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>86,538</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	106,663
Net pension liability	(268,109)
Net OPEB liability	<u>56,336</u>
	<u>(105,110)</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pensions	251,748
OPEB	<u>(276,173)</u>
	<u>(24,425)</u>
Change in net position of governmental activities (Statement B)	<u>\$ (136,762)</u>

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



REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

Regional School Unit No. 70 was incorporated under the laws of the State of Maine. This was a result of changes made within the Department of Education in regard to classification and definition of educational entities. The Unit did not change its prior name (Maine School Administrative Unit No. 70) with certain agencies such as banks, Internal Revenue Service and the Maine Bond Bank and continues to do business under its prior name.

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

The Unit's combined financial statements include all accounts and all operations of the Unit. We have determined that the Unit has no component units as described in GASB Statements No.14 and amended by GASB Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Government-Wide and Fund Financial Statements**

The Unit's basic financial statements include both government-wide (reporting the Unit as a whole) and fund financial statements (reporting the Unit's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Unit has no proprietary funds and all activities of the Unit are categorized as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Unit's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Unit first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Unit's functions (instruction, operations and maintenance, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

The Unit does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Unit as an entity and the change in the Unit's net position resulting from the current year's activities.

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

The financial transactions of the Unit are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities,

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Unit:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Unit:

Major Funds

- a. The General Fund is the general operating fund of the Unit. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Food Service Fund is used to account for the intergovernmental and charges for services revenues and expenditures related to the lunch program.
- c. The ESSER III Grant Fund is used to account for the intergovernmental revenues and expenditures in the ESSER grant program.

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. The primary revenue source is bond proceeds and interfund transfers.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Budget**

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

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

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues per budgetary basis	\$ 6,495,951
Add: On-behalf payments	371,105
Total GAAP basis	<u>\$ 6,867,056</u>
Expenditures per budgetary basis	\$ 6,028,184
Add: On-behalf payments	371,105
Total GAAP basis	<u>\$ 6,399,289</u>

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Unit prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Unit Towns was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Unit.

**Deposits and Investments**

The Unit'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.

It is the Unit's policy to value investments at fair value. None of the Unit's investments are reported at amortized cost. The Unit is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Regional School Unit No. 70 has a formal investment policy which is in compliance with the State of Maine Statutes. The policy will be reviewed and updated as needed in the future.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Receivables**

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$359,117 for the year ended June 30, 2023.

**Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory of the Unit consists of school nutrition supplies and food on hand at the end of the year.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

**Transactions Between Funds**

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

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Buildings and improvements	20 - 50 years
Equipment	3 - 50 years
Vehicles	3 - 25 years

**Long-term Obligations**

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of a bond payable, notes payable from direct borrowings, accrued compensated absences, net pension liability and net OPEB liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Pensions**

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

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

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the State Employee and Teacher (SET) Plan and additions



REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

to/deductions from the SET Plan's fiduciary net position have been determined on the same basis as they are reported by the SET Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Education Association Benefits Trust (MEABT), which determined the Unit's fiduciary net position as a single employer defined benefit plan based on information provided solely by MEABT to complete the actuarial report. Additions to/deductions from the MEABT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MEABT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Unit or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Unit is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

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

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Unit. The inhabitants of the Unit through Unit meetings are the highest level of decision-making authority of the Unit. Commitments may be established, modified or rescinded only through a Unit meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by vote of the taxpayer and is expressed by the Board of Directors.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Unit considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Unit considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Unit meeting vote has provided otherwise in its commitment or assignment actions.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Unit has deferred amounts related to pensions and OPEB that qualify for reporting in this category. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenues qualify for reporting in this category. Deferred revenues are reported on the balance sheet and the statement of net position. Deferred amounts related to pensions and OPEB also qualify for reporting in this category. Deferred amounts related to pensions and OPEB are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Unit does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Unit's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Unit will not be able to recover its deposits. The Unit

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINTUED)

does not have a policy covering custodial credit risk for deposits. However, the Unit maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2023, the Unit's book balance of \$1,057,877 was comprised of bank deposits of \$886,752. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Unit's cash balance. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking	\$ 371,592
Savings accounts	36,964
Insured collateralized accounts	478,196
	<u>\$ 886,752</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Unit will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Unit does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Unit does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$12,284 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2023, the Unit's investments of \$12,284 were comprised of certificates of deposit which were fully collateralized with federal depository insurance and consequently not exposed to custodial credit.

Credit risk - Statutes for the State of Maine authorize the Unit to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINTUED)

approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Unit does not have an investment policy on credit risk. Generally, the Unit invests excess funds in a cash management account or various insured certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances are amounts that are owed between the individual funds. As most of the funds do not have their own cash accounts, their receipts and expenditures flow through the general fund cash accounts and are recorded in the individual funds through the use of the interfund receivables and payables. These balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General Fund	\$ 206,384	\$ 379,167
Food Service Fund	265,955	-
Nonmajor Special Revenue Funds	113,212	164,655
Nonmajor Capital Projects Funds	-	41,729
	<u>\$ 585,551</u>	<u>\$ 585,551</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Unit. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Disposals	Balance, 6/30/23
Non-depreciated assets:				
Land	\$ 177,633	\$ -	\$ -	\$ 177,633
Depreciated assets:				
Buildings and improvements	5,995,006	978,823	-	6,973,829
Equipment	974,414	52,582	-	1,026,996
Vehicles	1,899,851	20,004	-	1,919,855
	<u>8,869,271</u>	<u>1,051,409</u>	<u>-</u>	<u>9,920,680</u>
Less: Accumulated depreciation	(5,213,922)	(346,666)	-	(5,560,588)
	<u>3,655,349</u>	<u>704,743</u>	<u>-</u>	<u>4,360,092</u>
Net capital assets	<u>\$ 3,832,982</u>	<u>\$ 704,743</u>	<u>\$ -</u>	<u>\$ 4,537,725</u>

NOTE 5 - LONG-TERM DEBT

The General Fund of the Unit is used to pay for all long-term debt. A summary of long-term debt is as follows:

	Balance, 7/1/22	Additions	Reductions	Balance, 6/30/23	Current Amount
Bond payable	\$ 199,816	\$ -	\$ (39,962)	\$ 159,854	\$ 39,963
Notes from direct borrowings payable	43,551	675,000	(46,576)	671,975	60,837
Totals	<u>\$ 243,367</u>	<u>\$ 675,000</u>	<u>\$ (86,538)</u>	<u>\$ 831,829</u>	<u>\$ 100,800</u>

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the bond outstanding as of June 30, 2023:

\$1,136,256 Maine Municipal Bond Bank bond payable, with principal payments due in annual installments of \$39,963 through August of 2026. This is a zero interest bond with a portion of the bond forgiven. Bond proceeds were used for ADS compliance and building \$ 159,854

The following is a summary of the notes from direct borrowings payable as of June 30, 2023:

\$89,205 promissory note payable to Machias Savings Bank for a bus, payments of \$1,644 beginning April 2019 and ending March 2024. Interest is charged at a fixed rate of 3.97% per annum. \$ 13,333

\$675,000 promissory note payable to Machias Savings Bank for a HVAC renovations, payments of \$90,578 beginning August 2022 and ending August 2031. Interest is charged at a fixed rate of 3.92% per annum. 658,642

Total notes from direct borrowings payable \$ 671,975

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

Year Ending June 30,	Bond Payable		Notes from Direct Borrowings Payable		Total
	Principal	Interest	Principal	Interest	
2024	\$ 39,963	\$ -	\$ 60,837	\$ 22,604	\$ 123,404
2025	39,963	-	66,333	24,356	130,652
2026	39,963	-	69,036	21,653	130,652
2027	39,965	-	71,780	18,909	130,654
2028	-	-	74,633	16,056	90,689
2029-2033	-	-	329,356	33,401	362,757
	<u>\$ 159,854</u>	<u>\$ -</u>	<u>\$ 671,975</u>	<u>\$ 136,979</u>	<u>\$ 968,808</u>

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

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2023 is as follows:

	Balance, 7/1/22	Additions	Reductions	Balance, 6/30/23	Current Amount
Accrued compensated absences	\$ 325,646	\$ -	\$ (106,663)	\$ 218,983	\$ 54,746
Net pension liability	255,025	(235,231)	503,340	523,134	-
Net OPEB liability	2,821,514	362,929	(419,265)	2,765,178	-
	<u>\$ 3,402,185</u>	<u>\$ 127,698</u>	<u>\$ (22,588)</u>	<u>\$ 3,507,295</u>	<u>\$ 54,746</u>

Refer to Notes 7, 14 and 16 for more detailed information regarding other long-term obligations.

NOTE 7 - ACCRUED COMPENSATED ABSENCES

The Unit's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. Usually, any potential liability is paid out at the time of severance and is known ahead of time. The accrual as of June 30, 2023 is for administration. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2023, the Unit's liability for compensated absences is \$218,983.

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Unit at June 30, 2023:

Invested in capital assets	\$ 10,098,313
Accumulated depreciation	(5,560,588)
Outstanding capital related debt	(831,829)
Significant unspent debt proceeds	22,427
	<u>\$ 3,728,323</u>



REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At June 30, 2023, the Unit had the following restricted net position:

Nonmajor special revenue funds (Schedule D):	
Adult education	\$ 548
Small local grants	20,971
Ballfield	2,626
Dental grant	2
Gear up grant	13,242
MELMAC planning grant	9,551
ARPA Local Entitlement preschool	1
COVID relief funds	662
NCLB Title II	66,157
	<u>\$ 113,760</u>

NOTE 10 - NONSPENDABLE FUND BALANCE

At June 30, 2023, the Unit had the following nonspendable fund balance:

Food service:	
Inventory	<u>\$ 11,418</u>

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2023, the Unit had the following assigned fund balances:

General fund:	
Assigned for FY 2023 budget	\$ 375,000
Food service fund	248,924
Nonmajor special revenue funds (Schedule D)	102,848
	<u>\$ 726,772</u>

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 12 - DEFICIT FUND BALANCES

At June 30, 2023, the Unit had the following deficit fund balances:

ESSER III	\$ 326,250
Nonmajor Special Revenue Funds (Schedule D):	
Local entitlement	1,037
Title IA	53,859
Nonmajor Capital Projects Funds:	
Capital projects and renovations	41,729
	<u>\$ 422,875</u>

NOTE 13 - RISK MANAGEMENT

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

Based on the coverage provided by the insurance purchased, the Unit 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.

NOTE 14 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**Plan Description**

All schoolteachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members. As of June 30, 2022, there were 239 employers, including the State of Maine, participating in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of 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%.

**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. The Unit's plan members are required to contribute 7.65% of their compensation to the retirement system. The Unit's payroll for employees covered by this program was approximately \$3,007,204 for the year ended June 30, 2023. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.29% of the Unit's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$365,779 for the year ended June 30, 2023. Title 5 of the Maine

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Revised Statutes Annotated also requires the Unit to contribute at an actuarially determined normal cost rate of 3.84%, which totaled \$115,687 for 2022. In addition, the Unit is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 14.89% of compensation and totaled \$71,505 the year ended June 30, 2023.

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

At June 30, 2023, the Unit reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Unit. The amount recognized by the Unit 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 Unit were as follows:

Unit's proportionate share of the net pension liability	\$ 523,134
State's proportionate share of the net pension liability associated with the Unit	<u>2,614,793</u>
Total	<u>\$ 3,137,927</u>

The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Unit's proportion of the net pension liability was based on a projection of the Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating school Units and the State, actuarially determined. At June 30, 2022, the Unit's proportion was 0.03523%, which was an increase of 0.00508% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Unit recognized total pension expense of \$449,546 and revenue of \$365,779 for support provided by the State of Maine. At June 30, 2023, the Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,060	\$ -
Changes of assumptions	101,580	-
Net difference between projected and actual earnings on pension plan investments	-	103,033
Changes in proportion and differences between employer contributions and proportionate share of contributions	101,951	17,719
Contributions subsequent to the measurement date	115,311	-
Total	<u>\$ 344,902</u>	<u>\$ 120,752</u>

\$115,311 reported as deferred outflows of resources related to pensions resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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
Plan year ended June 30:	
2023	\$ 128,147
2024	(23,479)
2025	(44,423)
2026	48,596
2027	-
Thereafter	-

**Actuarial Methods and Assumptions**

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

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Actuarial Cost Method*

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

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

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

*Asset Valuation Method*

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

*Amortization*

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements.

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

*Investment Rate of Return* - 6.50% per annum for the year ended June 30, 2022 and 2021, compounded annually.

*Salary Increases, Merit and Inflation* - state employees, 2.80% - 13.03%

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

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Cost of Living Benefit Increases* - 2.20% per annum for the year ended June 30, 2022.

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

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

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following table shows how the collective net pension liability as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the State Employee and Teacher Plan.

	1% Decrease	Discount Rate	1% Increase
<u>SET Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Unit's proportionate share of the net pension liability	\$ 1,024,422	\$ 523,134	\$ 105,761

**Changes in Net Pension Liability**

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2022 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2022 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2017 and 2021, this was three years for the SET Plan.

*Differences between Expected and Actual Investment Earnings*

Differences between projected and actual investment earnings are recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.



REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2022 valuation were based on the results of an actuarial experience study for the period of June 30, 2015 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the *Actuarial Methods and Assumptions* section for information relating to the use of assumptions.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2022 Annual Comprehensive Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

**Plan Description**

All schoolteachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2022, there were 228 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (800) 451-9800.

**Benefits Provided**

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

**Contributions**

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For Department's teachers, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. The State participates in the SET Plan as a non-employer

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2023 were approximately \$5,326.

**OPEB Liabilities and OPEB Expense**

At June 30, 2023, the Unit reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Unit. The total portion of the net OPEB liability that was associated with the Unit were as follows:

Unit's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Unit		<u>44,684</u>
Total	\$	<u>44,684</u>

For the year ended June 30, 2023, the Unit recognized net OPEB expense of \$4,748 and revenue of \$4,748 for support provided by the State of Maine.

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

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

**Plan Description**

The State of Maine and Unit retirees contribute to the Unit's OPEB Plan with the Maine Education Association Benefits Trust (MEABT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the State, the Unit and/or the Unit retirees. MEABT is a fully funded, self-insured trust which provides benefits to education organizations and acts as the agent to the Unit concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MEABT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MEABT participants and are administered by a number of third-party administrators contracted by MEABT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MEABT issues

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

**Benefits Provided**

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

**Employees Covered by Benefit Terms**

At June 30, 2023, the following employees were covered by the benefit terms:

Active members	75
Retirees and spouses	<u>49</u>
Total	<u><u>124</u></u>

**Cost Sharing Provisions/Contributions**

Retirees are eligible for a State subsidy of 55% of the blended single premium for the retiree. The blended premium is determined by blending rates for active members and retired members, as determined by State law. The retiree contributes the remaining 45% of blended single premium and spouse must contribute 100% of the blended premium amount coverage elected.

**Employee/Retiree Premium Amounts**

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

<u>Pre-Medicare</u>	<u>Employee Only</u>	<u>Employee/ Spouse</u>	<u>Employer/ Child(ren)</u>	<u>Employee/ Family</u>
Choice Plus	\$ 976.03	\$ 2,199.79	\$ 1,727.36	\$ 2,677.44
Standard \$200 Ded	\$1,053.99	\$ 2,375.77	\$ 1,865.54	\$ 2,891.64
Standard \$500 Ded	\$ 927.22	\$ 2,089.81	\$ 1,641.00	\$ 2,543.57
Standard \$1,000 Ded	\$ 884.29	\$ 1,993.02	\$ 1,564.99	\$ 2,425.77
 <b>Medicare</b>				
Medicare-Eligible Retirees	\$ 387.76	\$ 775.52		

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

At June 30, 2023, the Unit reported a liability of \$2,765,178 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date. The Unit's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2023, the Unit recognized OPEB expense of \$348,892. At June 30, 2023, the Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	MEABT	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 335,367
Changes of assumptions	445,224	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	54,945	-
Total	<u>\$ 500,169</u>	<u>\$ 335,367</u>

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

\$54,945 were reported as deferred outflows of resources related to OPEB resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MEABT</u>
Plan year ended June 30:	
2023	\$ 105,316
2024	81,755
2025	(36,553)
2026	(40,661)
2027	-
Thereafter	-

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2021. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.54% per annum for June 30, 2023 was based upon a measurement date of June 30, 2022. The sensitivity of total OPEB liability to changes in discount rate are as follows:

	<u>1%</u> <u>Decrease</u>	<u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
	2.54%	3.54%	4.54%
Total OPEB liability	\$ 3,140,074	\$ 2,765,178	\$ 2,448,662
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 3,140,074</u>	<u>\$ 2,765,178</u>	<u>\$ 2,448,662</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of total OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 2,418,324	\$ 2,765,178	\$ 3,178,604
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,418,324</u>	<u>\$ 2,765,178</u>	<u>\$ 3,178,604</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2023, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

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

*Assumptions*

The demographic actuarial assumptions are the Teacher assumptions that were used by the Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation at June 30, 2021 and are based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021.

The economic assumptions are based on GASB 75 paragraph 36. Since the Plan is not funded via a qualified trust, the discount rates are selected based on the 20-year

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

tax-exempt bond buyer rates as of the measurement dates. The other economic assumptions, i.e., trend rates, were developed based on historical and future projections of long term health care rates:

Discount Rate - 3.54% per annum for year-end 2022 reporting, 2.16% per annum for year-end 2021 reporting.

Trend Assumptions:

Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2023\_1f. The following assumptions were applied in this model as below:

Trend Assumption Inputs

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.70%
Rate of Growth in Real Income/GDP per capita 2032+	1.40%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.8%
Health Share of GDP Resistance Point	19.90%
Year for Limiting Cost Growth to GDP Growth	2042

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. Sample medical trends are listed in the table below.

Pre-Medicare - Initial trend of 7.95% applied in FYE 2023 and 4.00% applied in FYE 2022 grading over 18 years to 3.25% per annum.

Medicare - Initial trend of 0.0% applied in FYE 2023 and 5.62% applied in FYE 2024 grading over 18 years to 4.29% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine Public Employees Retirement



REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

System State Employee and Teacher Retirement Program at June 30, 2021 and based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021 meeting. As of June 30, 2022, they are as follows:

Retirement Rates - Rates vary for plans based on age and service

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims

Family Enrollment Composition - It is assumed that 80% is married with an eligible spouse.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method

Salaries - Salaries were not provided by the client. Assumed salaries are inferred using the Teachers Age/Service Salary scatter from the Maine State Teachers Retirement System's salary age/service scatter from the June 30, 2022 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Based on the dates of hire assumed above and the participant's actual age, pay was assigned using the salary age service scatter, unless otherwise supplied by the district group during its review of the active data.

Dates of Hire - Were not available from the client and were available from the State Retirement Agency. Dates of hire were inferred using the Maine State Retirement System's Age/Service scatter from the June 30, 2022 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Those under 1 year of service, the date was assumed to be January 1, 2022 and all other groups were assumed to be hired on July 1 of each service midpoint.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

Rate of Mortality:

Healthy Annuitants: Based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows:

- 98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80
- 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

Rates are projected generationally using the RPEC\_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC\_2020 model are those included in the published MP-2020 scale.

Healthy Employees: Based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC\_2020 model as described in the healthy annuitant mortality.

Disabled Annuitants: Based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC\_2020 model described in the healthy annuitant mortality.

Retiree Continuation Percentage:

Retirees who are currently in the Medicare Advantage Plan (Medicare participants) are assumed to remain in the Medicare Advantage Plan.

Retirees who are over the age of 65 and enrolled in a Pre-Medicare plan are assumed to never be eligible for Medicare and are assumed to remain enrolled in the Pre-Medicare plan.

Retirees who are currently under the age of 64 and enrolled in a Pre-Medicare plan are assumed to be eligible for Medicare and are assumed to remain in the Pre-Medicare Plan until age 64 and enroll in the Medicare Advantage Plan at age 65.

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

Spouses who are currently in a Pre-Medicare plan will follow the same assumptions as the retired member. Thus, if the member is never eligible for Medicare, the spouse is not either.

Significant actuarial assumptions employed by the actuary for claims and expense purposes are the based on the actual community rated premiums of the entire group. As of June 30, 2022, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through July 1, 2022 and projects through June 30, 2023 and associate enrollment in the various options offered. Annual administrative and claims adjudication expenses are assumed to be included in the annual premiums.

Medical Plan Election - Employees are assumed to continue in their current medical plan for their entire career. 50% of retirees are assumed to switch from the Choice Plan to the Standard Plan.

Medicare Eligibility - Assumed to be age 65, with the exception of retirees over age 65 who are not in the Medicare Advantage Plan are assumed to never be eligible for Medicare, all current actives with a hire date before March 31, 1986 are assumed to never be eligible for Medicare.

**Changes in Total OPEB Liability**

Changes in total OPEB liability are recognized in OPEB expense for the year ended June 30, 2022 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of the beginning of the measurement period, this average was 7 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2022, the differences between expected and actual experience was (\$335,367).

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of the beginning of the measurement period, this average was 7 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2019. For the fiscal year ended June 30, 2022, there were no changes in assumptions.

*Differences between Projected and Actual Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the Unit Office at 175 Hodgdon Mills Road, Hodgdon, Maine 04730.

NOTE 17 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Unit's financial position.

The Unit participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Unit's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

The Unit receives subsidy funding payments through the State of Maine. The State subsidy payment amount is adjusted quarterly for the Unit's share of MaineCare Seed, which is the required local share of MaineCare revenue that the State pays on behalf of the Unit and then recovers through the ED 279. Adjustments made by the State in the

REGIONAL SCHOOL UNIT NO. 70

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 17 - CONTINGENCIES (CONTINUED)

fiscal year of 2024 could include expenditures from the fiscal year of 2023 that would normally be accrued. The actual amount cannot be determined at this time; however, it is the position of the Unit that this practice is consistent with the formal recommendation of the Maine Department of Education to all Maine units concerning this matter.

NOTE 18 - OVERSPENT APPROPRIATIONS

The following categories were overspent at June 30, 2023:

System administration	<u>\$ 21,759</u>
-----------------------	------------------

The budget in total was underspent by \$693,583. Underspent balances in several other expenditure categories were used to offset the overspent balance.

NOTE 19 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Unit's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 20 - RESTATEMENT

The beginning fund balance of the general fund and nonmajor capital project fund was restated to correct the beginning balances. The general fund decreased by \$40,200 to \$470,354 and the nonmajor capital project fund increased by \$40,200 to \$40,437. The resulting restatements did not have an impact on the total net position for governmental activities.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Proportionate Share of the Net OPEB Liability - SET Plan
- Schedule of Contributions - OPEB - SET Plan
- Schedule of Changes in Net OPEB Liability - MEABT Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT - Plan
- Schedule of Contributions - OPEB - MEABT Plan
- Notes to Required Supplementary Information

## REGIONAL SCHOOL UNIT NO. 70

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 470,354	\$ 470,354	\$ 470,354	\$ -
Resources (Inflows):				
Support from towns	2,271,579	2,271,579	2,271,583	4
Intergovernmental revenues:				
State Subsidy	3,600,004	3,600,004	3,600,004	-
Mainecare	14,000	14,000	37,505	23,505
Charges for services	440,000	440,000	546,221	106,221
Investment income	1,400	1,400	8,138	6,738
Other income	19,784	19,784	32,500	12,716
Amounts Available for Appropriation	<u>6,817,121</u>	<u>6,817,121</u>	<u>6,966,305</u>	<u>149,184</u>
Charges to Appropriations (Outflows):				
Regular instruction	2,414,724	2,414,724	2,077,982	336,742
Special education	1,087,287	1,087,287	990,607	96,680
Student and staff support	1,020,497	1,020,497	894,289	126,208
System administration	383,506	383,506	405,265	(21,759)
School administration	432,544	432,544	430,743	1,801
Operations and maintenance	866,048	866,048	715,422	150,626
Transportation	517,161	517,161	513,876	3,285
Total Charges to Appropriations	<u>6,721,767</u>	<u>6,721,767</u>	<u>6,028,184</u>	<u>693,583</u>
Budgetary Fund Balance, June 30	<u>\$ 95,354</u>	<u>\$ 95,354</u>	<u>\$ 938,121</u>	<u>\$ 842,767</u>
Utilization of unassigned fund balance	<u>\$ 375,000</u>	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ (375,000)</u>

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

## REGIONAL SCHOOL UNIT NO. 70

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

	2023	2022	2021	2020	2019	2018	2017	2016
<u>SET Plan:</u>								
Unit's proportion of the net pension liability	0.04%	0.03%	0.02%	0.02%	0.03%	0.03%	0.03%	0.02%
Unit's proportionate share of the net pension liability	\$ 523,134	\$ 255,025	\$ 341,418	\$ 364,021	\$ 406,061	\$ 413,101	\$ 543,796	\$ 323,961
State's proportionate share of the net pension liability associated with the Unit	2,614,793	1,623,371	3,216,878	2,848,957	2,885,105	3,037,153	3,813,678	3,039,317
Total	<u>\$ 3,137,927</u>	<u>\$ 1,878,396</u>	<u>\$ 3,558,296</u>	<u>\$ 3,212,978</u>	<u>\$ 3,291,166</u>	<u>\$ 3,450,254</u>	<u>\$ 4,357,474</u>	<u>\$ 3,363,278</u>
Unit's covered payroll	\$ 3,013,231	\$ 3,001,916	\$ 2,819,331	\$ 2,794,989	\$ 2,994,948	\$ 2,869,210	\$ 2,894,875	\$ 2,825,787
Unit's proportionate share of the net pension liability as a percentage of its covered payroll	17.36%	8.50%	12.11%	13.02%	13.56%	14.40%	18.78%	11.46%
Plan fiduciary net position as a percentage of the total pension liability	85.79%	90.90%	81.03%	84.52%	85.17%	80.78%	80.80%	81.20%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

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



REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF CONTRIBUTIONS - PENSION  
LAST 10 FISCAL YEARS\*

	2023	2022	2021	2020	2019	2018	2017	2016
<u>SET Plan:</u>								
Contractually required contribution	\$ 115,311	\$ 191,939	\$ 115,269	\$ 117,284	\$ 110,961	\$ 100,630	\$ 96,406	\$ 97,268
Contributions in relation to the contractually required contribution	<u>(115,311)</u>	<u>(191,939)</u>	<u>(115,269)</u>	<u>(117,284)</u>	<u>(110,961)</u>	<u>(100,630)</u>	<u>(96,406)</u>	<u>(97,268)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unit's covered payroll	\$ 3,007,205	\$ 3,013,231	\$ 3,001,916	\$ 2,819,331	\$ 2,794,989	\$ 2,994,948	\$ 2,869,210	\$ 2,894,875
Contributions as a percentage of covered payroll	3.83%	6.37%	3.84%	4.16%	3.97%	3.36%	3.36%	3.36%

\* The amounts presented for each fiscal year are for those years for which information is available.

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

## REGIONAL SCHOOL UNIT NO. 70

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

	2023	2022	2021	2020	2019	2018
<u>SET Life Insurance:</u>						
Proportion of the net OPEB liability District's proportionate share of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District Total	<u>44,684</u>	<u>23,553</u>	<u>49,942</u>	<u>50,253</u>	<u>60,651</u>	<u>54,982</u>
	<u>\$ 44,684</u>	<u>\$ 23,553</u>	<u>\$ 49,942</u>	<u>\$ 50,253</u>	<u>\$ 60,651</u>	<u>\$ 54,982</u>
Covered payroll	\$ 3,013,231	\$ 3,001,916	\$ 2,819,331	\$ 2,794,989	\$ 2,994,948	\$ 2,869,210
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	52.39%	62.90%	55.40%	49.51%	49.22%	48.04%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

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

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF CONTRIBUTIONS - OPEB - SET PLAN  
LAST 10 FISCAL YEARS\*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,007,205	\$ 3,013,231	\$ 3,001,916	\$ 2,819,331	\$ 2,794,989	\$ 2,994,948
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\* The amounts presented for each fiscal year are for those years for which information is available.

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

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN  
FOR THE YEAR ENDED JUNE 30, 2023

	Increase (Decrease)		
	Net OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2021 (Reporting June 30, 2022)	\$ 2,821,514	\$ -	\$ 2,821,514
Changes for the year:			
Service cost	117,726	-	117,726
Interest	63,124	-	63,124
Changes of benefits	-	-	-
Differences between expected and actual experience	(385,388)	-	(385,388)
Changes of assumptions	182,079	-	182,079
Contributions - employer	-	33,877	(33,877)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(33,877)	(33,877)	-
Administrative expense	-	-	-
Net changes	<u>(56,336)</u>	<u>-</u>	<u>(56,336)</u>
Balances at 6/30/22 (Reporting June 30, 2023)	<u>\$ 2,765,178</u>	<u>\$ -</u>	<u>\$ 2,765,178</u>

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

## REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
MEABT PLAN  
JUNE 30, 2023

	2023	2022	2021	2020	2019
<u>Total OPEB liability</u>					
Service cost (BOY)	\$ 117,726	\$ 37,359	\$ 12,486	\$ 10,331	\$ 11,221
Interest (includes interest on service cost)	63,124	61,059	79,440	81,892	77,707
Changes of benefit terms	-	-	(158,818)	-	-
Differences between expected and actual experience	(385,388)	-	(67,641)	-	-
Changes of assumptions	182,079	20,553	659,175	117,796	(93,037)
Benefit payments, including refunds of member contributions	(33,877)	(45,620)	(66,812)	(50,397)	(48,655)
Net change in total OPEB liability	<u>\$ (56,336)</u>	<u>\$ 73,351</u>	<u>\$ 457,830</u>	<u>\$ 159,622</u>	<u>\$ (52,764)</u>
Total OPEB liability - beginning	\$ 2,821,514	\$ 2,748,163	\$ 2,290,333	\$ 2,130,711	\$ 2,183,475
Total OPEB liability - ending	<u>\$ 2,765,178</u>	<u>\$ 2,821,514</u>	<u>\$ 2,748,163</u>	<u>\$ 2,290,333</u>	<u>\$ 2,130,711</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	33,877	45,620	66,812	50,397	48,655
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(33,877)	(45,620)	(66,812)	(50,397)	(48,655)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 2,765,178</u>	<u>\$ 2,821,514</u>	<u>\$ 2,748,163</u>	<u>\$ 2,290,333</u>	<u>\$ 2,130,711</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered employee payroll	\$ 2,960,956	\$ 3,424,236	\$ 3,340,718	\$ 4,270,705	\$ 4,156,404
Net OPEB liability as a percentage of covered payroll	93.4%	82.4%	82.3%	53.6%	51.3%

\* The amounts presented for each fiscal year are for those years for which information is available.

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

## REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF CONTRIBUTIONS - OPEB - MEABT PLAN  
JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>MEABT:</u>					
Employer contributions	\$ 33,877	\$ 45,620	\$ 66,812	\$ 50,397	\$ 48,655
Benefit payments	<u>(33,877)</u>	<u>(45,620)</u>	<u>(66,812)</u>	<u>(50,397)</u>	<u>(48,655)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,960,956	\$ 3,424,236	\$ 3,340,718	\$ 4,270,705	\$ 4,156,404
Contributions as a percentage of covered payroll	1.14%	1.33%	2.00%	1.18%	1.17%

\* The amounts presented for each fiscal year are for those years for which information is available.

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

REGIONAL SCHOOL UNIT NO. 70

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023

**Changes of Assumptions**

MEPERS SET Pension Plan:

There were no assumption changes.

MEPERS SET OPEB Plan:

There have been no changes in actuarial assumptions since the last measurement date.

MEABT Health Plan:

There was a change in the discount rate from 2.16% to 3.54% per GASB 75 discount rate selection.

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

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds



## REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
Regular instruction				
Elementary	\$ 1,104,448	\$ 1,104,448	\$ 948,349	\$ 156,099
Secondary	931,379	931,379	809,318	122,061
Co-curricular:				
Elementary	26,292	26,292	14,217	12,075
Secondary	25,324	25,324	17,585	7,739
Extra curricular:				
Elementary	43,851	43,851	28,593	15,258
Secondary	92,492	92,492	89,820	2,672
Gifted and talented	75,483	75,483	46,643	28,840
Alternative education	72,000	72,000	69,166	2,834
Summer school	28,955	28,955	42,563	(13,608)
Post secondary enrollment programs	14,500	14,500	11,728	2,772
Total	<u>2,414,724</u>	<u>2,414,724</u>	<u>2,077,982</u>	<u>336,742</u>
Special education				
Resource room	456,944	456,944	348,679	108,265
Self contained	303,276	303,276	236,075	67,201
Administration	109,015	109,015	148,969	(39,954)
Other	218,052	218,052	256,884	(38,832)
Total	<u>1,087,287</u>	<u>1,087,287</u>	<u>990,607</u>	<u>96,680</u>
Student and staff support				
Guidance	96,408	96,408	95,798	610
Health	74,515	74,515	93,482	(18,967)
Other student support services	14,672	14,672	9,318	5,354
Improvement of instruction	10,046	10,046	9,002	1,044
Instructional staff training	54,104	54,104	48,763	5,341
Academic student assessment	11,000	11,000	11,107	(107)
Library	75,503	75,503	28,289	47,214
Technology	684,249	684,249	598,530	85,719
Total	<u>1,020,497</u>	<u>1,020,497</u>	<u>894,289</u>	<u>126,208</u>

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
System administration				
Board of education	39,970	39,970	62,690	(22,720)
Fiscal services	84,275	84,275	108,083	(23,808)
Administrative technology services	62,420	62,420	57,907	4,513
Superintendent	196,841	196,841	176,585	20,256
Total	<u>383,506</u>	<u>383,506</u>	<u>405,265</u>	<u>(21,759)</u>
School administration				
Principal's office	<u>432,544</u>	<u>432,544</u>	<u>430,743</u>	<u>1,801</u>
Operations and maintenance	<u>866,048</u>	<u>866,048</u>	<u>715,422</u>	<u>150,626</u>
Transportation	<u>517,161</u>	<u>517,161</u>	<u>513,876</u>	<u>3,285</u>
Total Departmental Operations	<u>\$ 6,721,767</u>	<u>\$ 6,721,767</u>	<u>\$ 6,028,184</u>	<u>\$ 693,583</u>

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

## REGIONAL SCHOOL UNIT NO. 70

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 97,563	\$ -	\$ 97,563
Investments	5,285	-	5,285
Accounts receivable (net of allowance for uncollectibles)	114,276	-	114,276
Due from other funds	113,212	-	113,212
<b>TOTAL ASSETS</b>	<u>\$ 330,336</u>	<u>\$ -</u>	<u>\$ 330,336</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	3,969	-	3,969
Due to other funds	164,655	41,729	206,384
<b>TOTAL LIABILITIES</b>	<u>168,624</u>	<u>41,729</u>	<u>210,353</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	-	-	-
Restricted	113,760	-	113,760
Committed	-	-	-
Assigned	102,848	-	102,848
Unassigned	(54,896)	(41,729)	(96,625)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>161,712</u>	<u>(41,729)</u>	<u>119,983</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 330,336</u>	<u>\$ -</u>	<u>\$ 330,336</u>

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

## REGIONAL SCHOOL UNIT NO. 70

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Support from towns	\$ 29,864	\$ -	\$ 29,864
Intergovernmental revenue	492,277	-	492,277
Other	102,555	-	102,555
TOTAL REVENUES	<u>624,696</u>	<u>-</u>	<u>624,696</u>
EXPENDITURES			
Program expenses	<u>650,355</u>	<u>757,166</u>	<u>1,407,521</u>
TOTAL EXPENDITURES	<u>650,355</u>	<u>757,166</u>	<u>1,407,521</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(25,659)</u>	<u>(757,166)</u>	<u>(782,825)</u>
OTHER FINANCING SOURCES (USES)			
Debt proceeds	<u>-</u>	<u>675,000</u>	<u>675,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>675,000</u>	<u>675,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(25,659)	(82,166)	(107,825)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>187,371</u>	<u>40,437</u>	<u>227,808</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 161,712</u>	<u>\$ (41,729)</u>	<u>\$ 119,983</u>

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

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

REGIONAL SCHOOL UNIT NO. 70

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2023

	Adult Education <u>1500</u>	Small Local Grants <u>2000</u>	Ballfield <u>2050</u>	MLTI Grant <u>2237</u>	Dental Grant <u>2240</u>	Title I Summer Sch. <u>2623</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	1,097	-	-	-	-	5,238
Due from other funds	-	20,971	2,626	-	2	-
<b>TOTAL ASSETS</b>	<u>\$ 1,097</u>	<u>\$ 20,971</u>	<u>\$ 2,626</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 5,238</u>
<b>LIABILITIES</b>						
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	549	-	-	-	-	5,238
<b>TOTAL LIABILITIES</b>	<u>549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,238</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	548	20,971	2,626	-	2	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>548</u>	<u>20,971</u>	<u>2,626</u>	<u>-</u>	<u>2</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 1,097</u>	<u>\$ 20,971</u>	<u>\$ 2,626</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 5,238</u>

REGIONAL SCHOOL UNIT NO. 70

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2023

	Gear Up Grant <u>2390</u>	Local Entitlement <u>2470</u>	MELMAC Planning Grant <u>2200</u>	Local Entitlement Preschool <u>2510</u>	ARPA Local Entitlement Preschool <u>2515</u>	COVID Relief Funds <u>2606</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	24,485	-	1,393	-	-
Due from other funds	13,242	-	9,551	-	1	662
<b>TOTAL ASSETS</b>	<u>\$ 13,242</u>	<u>\$ 24,485</u>	<u>\$ 9,551</u>	<u>\$ 1,393</u>	<u>\$ 1</u>	<u>\$ 662</u>
<b>LIABILITIES</b>						
Accrued payroll	\$ -	\$ 476	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	25,046	-	1,393	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>25,522</u>	<u>-</u>	<u>1,393</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	13,242	-	9,551	-	1	662
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(1,037)	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>13,242</u>	<u>(1,037)</u>	<u>9,551</u>	<u>-</u>	<u>1</u>	<u>662</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 13,242</u>	<u>\$ 24,485</u>	<u>\$ 9,551</u>	<u>\$ 1,393</u>	<u>\$ 1</u>	<u>\$ 662</u>

REGIONAL SCHOOL UNIT NO. 70

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2023

	Title IA 2300	Rural Education Title IV 2670	NCLB Title II 2700	Mill Pond Student Activities	High School Student Activities	High School Scholarships	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 20,703	\$ 60,586	\$ 16,274	\$ 97,563
Investments	-	-	-	-	-	5,285	5,285
Accounts receivable (net of allowance for uncollectibles)	81,877	186	-	-	-	-	114,276
Due from other funds	-	-	66,157	-	-	-	113,212
<b>TOTAL ASSETS</b>	<b>\$ 81,877</b>	<b>\$ 186</b>	<b>\$ 66,157</b>	<b>\$ 20,703</b>	<b>\$ 60,586</b>	<b>\$ 21,559</b>	<b>\$ 330,336</b>
<b>LIABILITIES</b>							
Accrued payroll	\$ 3,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,969
Due to other funds	132,243	186	-	-	-	-	164,655
<b>TOTAL LIABILITIES</b>	<b>135,736</b>	<b>186</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168,624</b>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	66,157	-	-	-	113,760
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	20,703	60,586	21,559	102,848
Unassigned	(53,859)	-	-	-	-	-	(54,896)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(53,859)</b>	<b>-</b>	<b>66,157</b>	<b>20,703</b>	<b>60,586</b>	<b>21,559</b>	<b>161,712</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 81,877</b>	<b>\$ 186</b>	<b>\$ 66,157</b>	<b>\$ 20,703</b>	<b>\$ 60,586</b>	<b>\$ 21,559</b>	<b>\$ 330,336</b>

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



REGIONAL SCHOOL UNIT NO. 70

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023

	Adult Education <u>1500</u>	Small Local Grants <u>2000</u>	Ballfield <u>2050</u>	MLTI Grant <u>2237</u>	Dental Grant <u>2240</u>	Title I Summer Sch. <u>2623</u>
REVENUES						
Support from towns	\$ 29,864	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	10,668	-	-	16,470	-	5,238
Other	-	-	2,626	-	-	-
TOTAL REVENUES	<u>40,532</u>	<u>-</u>	<u>2,626</u>	<u>16,470</u>	<u>-</u>	<u>5,238</u>
EXPENDITURES						
Program expenses	<u>39,984</u>	<u>-</u>	<u>-</u>	<u>16,470</u>	<u>-</u>	<u>5,238</u>
TOTAL EXPENDITURES	<u>39,984</u>	<u>-</u>	<u>-</u>	<u>16,470</u>	<u>-</u>	<u>5,238</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	548	-	2,626	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>20,971</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 548</u>	<u>\$ 20,971</u>	<u>\$ 2,626</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>

REGIONAL SCHOOL UNIT NO. 70

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	Gear Up Grant	Local Entitlement	MELMAC Planning Grant	Local Entitlement Preschool	ARPA Local Entitlement Preschool	COVID Relief Funds
	<u>2390</u>	<u>2470</u>	<u>2200</u>	<u>2510</u>	<u>2515</u>	<u>2606</u>
REVENUES						
Support from towns	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	154,520	-	1,393	-	-
Other	-	-	14,333	-	-	-
TOTAL REVENUES	<u>-</u>	<u>154,520</u>	<u>14,333</u>	<u>1,393</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Program expenses	-	154,520	4,782	1,393	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>154,520</u>	<u>4,782</u>	<u>1,393</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	9,551	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>13,242</u>	<u>(1,037)</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>662</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 13,242</u>	<u>\$ (1,037)</u>	<u>\$ 9,551</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 662</u>

REGIONAL SCHOOL UNIT NO. 70

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	Title IA 2300	Rural Education Title IV 2670	NCLB Title II 2700	Mill Pond Student Activities	High School Student Activities	High School Scholarships	Total
REVENUES							
Support from towns	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,864
Intergovernmental revenue	274,046	29,942	-	-	-	-	492,277
Other	-	-	-	17,070	52,321	16,205	102,555
TOTAL REVENUES	<u>274,046</u>	<u>29,942</u>	<u>-</u>	<u>17,070</u>	<u>52,321</u>	<u>16,205</u>	<u>624,696</u>
EXPENDITURES							
Program expenses	297,214	29,944	-	21,265	70,145	9,400	650,355
TOTAL EXPENDITURES	<u>297,214</u>	<u>29,944</u>	<u>-</u>	<u>21,265</u>	<u>70,145</u>	<u>9,400</u>	<u>650,355</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(23,168)	(2)	-	(4,195)	(17,824)	6,805	(25,659)
FUND BALANCES (DEFICITS) - JULY 1	<u>(30,691)</u>	<u>2</u>	<u>66,157</u>	<u>24,898</u>	<u>78,410</u>	<u>14,754</u>	<u>187,371</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (53,859)</u>	<u>\$ -</u>	<u>\$ 66,157</u>	<u>\$ 20,703</u>	<u>\$ 60,586</u>	<u>\$ 21,559</u>	<u>\$ 161,712</u>

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

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

## REGIONAL SCHOOL UNIT NO. 70

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2023

	Capital Projects and Renovations	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ -
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>		
Due to other funds	\$ 41,729	41,729
<b>TOTAL LIABILITIES</b>	<b>41,729</b>	<b>41,729</b>
<b>FUND BALANCES (DEFICITS)</b>		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	(41,729)	(41,729)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(41,729)</b>	<b>(41,729)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ -</b>	<b>\$ -</b>

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

## REGIONAL SCHOOL UNIT NO. 70

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023

	Capital Projects and Renovations	Total
REVENUES		
Intergovernmental revenues	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>
EXPENDITURES		
Capital outlay	757,166	757,166
TOTAL EXPENDITURES	<u>757,166</u>	<u>757,166</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(757,166)</u>	<u>(757,166)</u>
OTHER FINANCING SOURCES (USES)		
Debt proceeds	675,000	675,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>675,000</u>	<u>675,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(82,166)	(82,166)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>40,437</u>	<u>40,437</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (41,729)</u>	<u>\$ (41,729)</u>

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

## Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with Government Auditing Standards and/or the Uniform Guidance in accordance with 2 CRF § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance of Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through State of Maine - Department of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program (SBP)	10.553	013-06A-3014-013	\$ -	\$ 72,659
National School Lunch Program - USDA (NSLP)	10.555	013-05A-3022-013	-	220,317
Summer Food Service Program for Children	10.559	013-06A-3016-013	-	7,169
Fresh Fruit and Vegetable Program (FFVP)	10.582	013-05A-3028-013	-	27,890
Subtotal Child Nutrition Cluster			-	328,035
Child and Adult Care Food Program (CACFP)	10.558	013-05A-6184-013	-	1,256
Total U.S. Department of Agriculture			-	329,291
U.S. Department of Education				
Passed-through State of Maine - Department of Education and Cultural Services:				
Title I Grants to Local Educational Agencies	84.010A	013-06A-3107-013	-	263,203
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027A	013-06A-3046-013	-	154,741
Special Education Grants to States - ARP	84.027X	013-06A-7170-025	-	6,873
Special Education Preschool Grants	84.173A	013-06A-6247-013	-	1,104
Subtotal Special Education Cluster (IDEA)			-	162,718
Grants for State Assessment and Related Activities	84.369A	013-06A-3042-013	-	40,445
Student Support and Academic Enrichment Program	84.424F	013-06A-3345-013	-	28,796
Education Stabilization Fund under the Coronavirus Aid, Relief and Economic Security Act	84.425D	013-06A-7071-025	-	712,888
Total U.S. Department of Education			-	1,208,050
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 1,537,341



REGIONAL SCHOOL UNIT NO. 70

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Regional School Unit No. 70 under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Regional School Unit No. 70, it is not intended to and does not present the financial position, changes in net position or cash flows of the Regional School Unit No. 70.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Regional School Unit No. 70 has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Regional School Unit No. 70  
Hodgdon, Maine

We have audited, in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Regional School Unit No. 70 as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise Regional School Unit No. 70's basic financial statements and have issued our report thereon dated March 12, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regional School Unit No. 70's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional School Unit No. 70's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 70's internal control.

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

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional School Unit No. 70's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of Regional School Unit No. 70 in a separate letter dated October 23, 2023.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
March 12, 2024



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

Board of Directors  
Regional School Unit No. 70  
Hodgdon, Maine

Report on Compliance for Each Major Federal Program

**Opinion on Each Major Federal Program**

We have audited Regional School Unit No. 70's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Regional School Unit No. 70's major federal programs for the year ended June 30, 2023. Regional School Unit No. 70's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Qualified Opinion on the Education Stabilization Fund (ALN 84.425)**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the Regional School Unit No. 70 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund (ALN 84.425) for the year ended June 30, 2023.

**Basis for Qualified Opinion**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibility section of our report.

We are required to be independent of Regional School Unit No. 70 and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Regional School Unit No. 70's compliance with the compliance requirements referred to above.

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
www.rhrsmith.com

## **Matter(s) Giving Rise to Qualified Opinion on the Education Stabilization Fund (ALN 84.425)**

As described in the accompanying schedule of findings and questioned costs, the Regional School Unit No. 70 did not comply with requirements regarding the Education Stabilization Fund (ALN 84.425) as described in finding numbers 2023-001 - Special Tests and Provisions - Wage Rate Requirements and 2023-002 - Allowable Costs and Activities. Compliance with such requirements is necessary, in our opinion, for the Regional School Unit No. 70 to comply with the requirements applicable to that program.

### Management's Responsibility

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Regional School Unit No. 70's federal programs.

### Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on Regional School Unit No. 70's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Regional School Unit No. 70's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Regional School Unit No. 70's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Regional School Unit No. 70's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Regional School Unit No. 70's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibility section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 Special Tests and Provisions - Wage Rate Requirements to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 Allowable Costs and Activities to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Regional School Unit No. 70's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Regional School Unit No. 70's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*RHR Smith & Company*

Buxton, Maine  
March 12, 2024

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  no
- Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  no

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance?  yes  no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425D/84.425U	Education Stabilization Fund under the Coronavirus Aid, Relief and Economic Security Act

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

Auditee qualified as low-risk auditee?  yes  no

**Section II – Financial Statement Findings**

None



REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2023

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

**MATERIAL WEAKNESSES**

**2023-001 - Special Tests and Provisions – Wage Rate Requirements**

Federal Program Information:

Department of Education:

ALN – 84.425 – Education Stabilization Fund

Criteria: The following CFR applies to this finding: 29 CFR 5.5

Condition: During audit procedures, it was identified that the Unit did not obtain copies of construction subcontracts to verify that the prevailing wage rate clause was included in the subcontract provisions and did not obtain copies of certified payrolls for one of the subcontractors.

Cause: The Unit does not have the necessary internal controls over compliance.

Effect: Contracts are not executed in compliance with the requirement above and wage rates are not being verified by the Unit.

Identification Of Questioned Costs: None Identified

Context: One construction contract and 2 subcontracts. Unit had not obtained copies of the two construction subcontracts to verify that the prevailing wage clause was included in each contract. The Unit did not obtain the Payroll Certifications for one of the subcontractors. This is not statistically valid sample.

Repeat Finding: This is a repeat finding (2022-001)

Recommendation: It is recommended that the Unit implement internal control processes and procedures to ensure that they are following the criteria above.

Views of Responsible Officials and Corrective Action Plan: Please see the Corrective Action Plan issued by Regional School Unit No. 70.

REGIONAL SCHOOL UNIT NO. 70

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2023

**SIGNIFICANT DEFICIENCIES**

**2023-002 - ALLOWABLE COSTS AND ACTIVITIES**

Federal Program Information:

Department of Education:

ALN – 84.425 – Education Stabilization Fund

Criteria: The following CFR applies to this finding: 2 CFR 200.303

Condition: During audit procedures, it was identified that the Unit does not have a process to document approval over disbursements. Unit's control over timesheets and payroll charges are not consistently applied.

Cause: The Unit does not have the necessary internal controls over compliance.

Effect: Insufficient controls could allow for unallowable costs to be charged.

Identification Of Questioned Costs: None Identified

Context: There were 3 cash disbursements and all 3 were tested and found no process to document approval before payment is issued. 72 payroll charges out of a population of over 250. It was identified that salaried employees do not complete timesheets and instead track time with Absence and Substitute Report. It was found that 4 samples where the software generated leave report was not consistent with the Absence and Substitute Reports. Additionally 4 samples were identified where the unit could not provide justification for the pay rate. One contract was not provided for one staff person. This is not statistically valid sample.

Repeat Finding: This is not a repeat finding

Recommendation: It is recommended that the Unit implement internal control processes and procedures to ensure that they are following the criteria above.

Views of Responsible Officials and Corrective Action Plan: Please see the Corrective Action Plan issued by Regional School Unit No. 70.

OFFICE OF THE SUPERINTENDENT OF SCHOOLS  
175 HODGDON MILLS ROAD HODGDON, MAINE 04730  
PHONE (207)532-3015 FAX (207)532-2679

## Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2023

### Material Weaknesses

#### 2022-001 – Special Tests and Provisions – Wage Rate Requirements

##### Federal Program Information:

Department of Education

ALN – 84.425 – Education Stabilization Fund

Repeat Finding: This is a repeat finding.

Recurrence: This finding is not closed because the Region School Unit 70 implemented new internal control processes and procedures to ensure that their federal procurement policy is followed in the future.

Corrective Action Taken: The Regional School Unit 70 has hired new management, and is working on implementing an updated federal procurement policy in accordance with the Corrective Action Plan but it had not been adopted fully in the prior fiscal year.

Views of Responsible Officials and Corrective Action Plan: Please see the Corrective Action Plan issued by the Regional School Unit 70.

OFFICE OF THE SUPERINTENDENT OF SCHOOLS  
175 HODGDON MILLS ROAD HODGDON, MAINE 04730  
PHONE (207)532-3015 FAX (207)532-2679

## CORRECTIVE ACTION PLAN (Concerning Finding 2023-001)

Contact Person Responsible for Corrective Action: Catrina Kemp, Business Manager

Corrective Action: The Regional School Unit No. 70 will take the following actions to address finding 2023-001. Management will review standards and requirements annually to ensure that all of our contracts are in compliance with federal guidelines. Management will annually assess the district's grant procedure guide to ensure that all criteria and requirements are met for future federal grants.

Anticipated Completion Date: May 1, 2024

## CORRECTIVE ACTION PLAN (Concerning Finding 2023-002)

Contact Person Responsible for Corrective Action: Catrina Kemp, Business Manager

Corrective Action: The Regional School Unit No. 70 will take the following actions to address finding 2023-002. Management will review standards and requirements annually to ensure that the district is following federal guidelines. Management will also develop an attendance procedure to track salaried employees. Management will also employ a signature and date on all federal grant disbursements to ensure that all criteria and requirements are met for future federal grants.

Anticipated Completion Date: July 1, 2024

## State Compliance

State compliance includes financial information and reports that are presented for purposes of additional analysis as required by Title 20-A MRSA §6051 of the Maine Revised Statutes as amended. Such financial information and reports include:

- Independent Auditor's Report on State Requirements
- Reconciliation of Audit Adjustments to Annual Financial Data Submitted to the Maine Education Financial System



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## INDEPENDENT AUDITOR'S REPORT ON STATE REQUIREMENTS

Board of Directors  
Regional School Unit No. 70  
Hodgdon, Maine

We have audited the financial statements of Regional School Unit No. 70 for the year ended June 30, 2023 and have issued our report thereon dated March 12, 2024. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Regional School Unit No. 70's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, Regional School Unit No. 70 complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Regional School Unit No. 70 was in noncompliance with or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Regional School Unit No. 70 and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the Maine Education Financial System maintained at the Maine Department of Education.

This report is intended solely for the information of the Board of Directors, management and the Maine Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

*RHR Smith & Company*

Buxton, Maine  
March 12, 2024

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
www.rhrsmith.com

REGIONAL SCHOOL UNIT NO. 70

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL  
DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund (1000)	Special Revenue Funds (2000) & (6000)	Capital Projects Funds (3000) & (4000)	Total
June 30 Balance per Maine Education Financial System	\$ 18,383	\$ 24,887	\$ (24,429)	\$ 18,841
<b>Adjust fund balance</b>	1,384,123	(187,125)	(119,891)	1,077,107
<b>Revenue Adjustments:</b>				
Fund 1000	(7,397)	-	-	(7,397)
Fund 2200	-	14,333	-	14,333
Fund 2300	-	(23,497)	-	(23,497)
Fund 2470	-	(24,485)	-	(24,485)
Fund 2623	-	5,238	-	5,238
Fund 4000	-	-	675,000	675,000
Fund 6000	-	(42,992)	-	(42,992)
Revenue rounding	-	1	-	1
<b>Expenditure Adjustments:</b>				
Function 1000	(394,531)	-	-	(394,531)
Function 2110	(12,709)	-	-	(12,709)
Function 2130	(17,130)	-	-	(17,130)
Function 2310	7,050	-	-	7,050
Function 2320	298	-	-	298
Function 2690	(39,963)	-	-	(39,963)
Fund 2300	-	(330)	-	(330)
Fund 2615	-	326,250	-	326,250
Fund 4000	-	-	(572,409)	(572,409)
Fund 6000	-	3,527	-	3,527
Expenditure rounding	(3)	(3)	-	(6)
Audited GAAP Basis Fund Balance June 30	<u>\$ 938,121</u>	<u>\$ 95,804</u>	<u>\$ (41,729)</u>	<u>\$ 992,196</u>