

**NORTHPORT SCHOOL
DEPARTMENT**

NORTHPORT, MAINE

FINANCIAL AUDIT REPORT

JUNE 30, 2022

**NORTHPORT SCHOOL DEPARTMENT
NORTHPORT, MAINE
JUNE 30, 2022**

TABLE OF CONTENTS

FINANCIAL SECTION

EXHIBITS

Independent Auditors' Report

Management Discussion and Analysis (Unaudited)

Financial Statements

Government-Wide Financial Statements

Statement of Net Position

Statement I

Statement of Activities

Statement II

Fund Financial Statements

Governmental Funds

Balance Sheet

Statement III

Reconciliation of the Governmental Funds Balance Sheet

to Statement of Net Position

Statement IV

Statement of Revenues, Expenditures and Changes in Fund Balance

Statement V

Reconciliation of the Statement of Revenues, Expenditures and Changes

in Fund Balance of Governmental Funds to the Statement of Activities

Statement VI

Statement of Revenues, Expenditures and Changes in Fund Balance –

Budget and Actual – General Fund

Statement VII

Notes to Financial Statements

Supplementary Information

Schedule of Expenditures of Federal Awards

Exhibit I

Required Supplementary Information

SCHEDULE

Schedule of School Department's Proportionate Share of Net Pension Liability

I

Schedule of School Department Pension Contributions

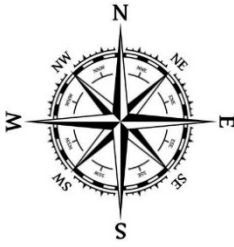
II

Schedule of School Department Group Life Plan Proportionate Share of Net
OPEB Liability and of Department Contributions

III

Schedule of School Department Group Health Plan Net OPEB Liability and
Related Ratios

IV



PETER J HALL CPA LLC
A Professional Limited Liability Company
439 Preble Street
South Portland, Maine 04106
207-415-0920

INDEPENDENT AUDITOR'S REPORT

To the School Committee
Northport School Department
Northport, Maine

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northport School Department ("the Department") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Peter J. Hall CPA LLC

PETER J HALL CPA LLC

**South Portland, Maine
June 13, 2023**

NORTHPORT SCHOOL DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis is an analysis of the financial condition and operating results of the Department for the fiscal year ended June 30, 2022 written by the Business Manager. The purpose is to foster increased interest from citizenry and taxpayers and to provide an easily read overview of the Department's financial condition in conjunction with the audited financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Northport School Department exceeded its liabilities at the close of the most recent fiscal year by \$3,226,748 per Statement I (net position). Of this amount, \$1,296,048 (unrestricted net position) may be used to meet the Department's ongoing obligations to citizens and creditors. The Department's total net position increased by \$461,324.
- At the close of the current fiscal year, Northport School Department's governmental funds reported combined ending fund balances of \$1,426,815, an increase of \$394,613 over the prior year. The amount of \$792,191 is the General Fund Unreserved Fund Balance which is available for appropriation in the next three budget cycles.
- Northport School Department's General Fund has \$250,000 committed for FY 2022/2023, \$120,000 committed within the general fund for purposes of special education, \$100,000 appropriated for purposes related to pension, and \$53,000 appropriated for other specific purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Northport School Department's financial statements. The Department's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The *Statement of Net Position* (Statement I) presents information on all of the Department's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

The *Statement of Activities* (Statement II) presents revenue and expenses and shows how the government's net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by a private-sector business in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Both government-wide financial statements distinguish functions of the Department that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Currently, the Department is not engaged in any business-type activities.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Northport School Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Department can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds – Most of the Department's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Department's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Department's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

Fiduciary Funds – This category is used to account for resources which the Department holds for the specific benefit of certain other parties. Currently the Department does not have any fiduciary funds.

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 fund financial statements.

COMPARATIVE DATA

The following tables provide a summary of Northport School Department's net position and statement of activities for the year ended June 30, 2022, with comparative data for the previous year. Net position serves as a useful indicator of the Department's financial position. Changes in net position generally indicate the direction (positive and negative) of the Department's financial position over time.

COMPARATIVE DATA (CONTINUED)

NORTHPORT SCHOOL DEPARTMENT'S NET POSITION

Condensed Statement of Net Position	Governmental Activities	
	30-Jun-22	30-Jun-21
Assets		
Current and Other Assets	\$ 1,668,028	\$ 1,779,698
Non Current Assets	<u>4,356,450</u>	<u>4,510,397</u>
Total Assets	<u>\$ 6,024,478</u>	<u>\$ 6,290,095</u>
Deferred Outflows of Resources	<u>\$ 162,521</u>	<u>\$ 100,213</u>
Liabilities		
Current and Other Liabilities	\$ 482,515	\$ 760,813
Long Term Liabilities	<u>2,411,014</u>	<u>2,857,607</u>
Total Liabilities	<u>\$ 2,893,529</u>	<u>\$ 3,618,420</u>
Deferred Inflows of Resources	<u>\$ 66,722</u>	<u>\$ 6,464</u>
Net Position		
Net Investment in Capital Assets	\$ 1,842,994	\$ 1,760,991
Restricted	87,706	63,323
Unrestricted	<u>1,296,048</u>	<u>941,110</u>
Total Net Position	<u>\$ 3,226,748</u>	<u>\$ 2,765,424</u>

By far the largest portion of the Department's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Department uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Department's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Department's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$1,296,048 (prior year \$941,110) may be used to meet the governments' ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Department is able to report positive balances all three categories of net position. The Department's net position increased by \$461,324 during the current fiscal year as shown in Statement II.

COMPARATIVE DATA (CONTINUED)

NORTHPORT SCHOOL DEPARTMENT'S CHANGES IN NET POSITION

Condensed Statement of Activities	Governmental Activities	
	30-Jun-22	30-Jun-21
Revenues:		
Intergovernmental - State Subsidy	\$ 198,583	\$ 181,285
Intergovernmental - Program Grants	356,358	640,434
Taxes - Town Assessments	3,223,783	3,028,775
Charges for Services - Food Service	298	2,038
Loss on Disposal of Capital Assets	(17,892)	
Miscellaneous	7,100	12,125
Total Revenues	<u>\$ 3,768,230</u>	<u>\$ 3,864,657</u>
Expenses		
Regular Instruction	\$ 1,665,375	\$ 1,819,224
Special Education	442,577	499,152
Student and Staff Support	203,407	186,682
System Administration	143,331	149,986
School Administration	192,925	184,622
Facility Maintenance	215,445	244,811
Transportation	127,700	105,674
Other Instructional Programs	14,502	16,915
Food Service Operations	106,195	96,497
Interest on Long-Term Debt	64,394	80,391
Depreciation Expense – Unallocated	131,055	131,729
Total Expenses	<u>\$ 3,306,906</u>	<u>\$ 3,515,683</u>
Increase In Net Position	\$ 461,324	\$ 348,974
Net Position, Beginning of Year	<u>2,765,424</u>	<u>2,416,450</u>
Net Position, End of Year	<u>\$ 3,226,748</u>	<u>\$ 2,765,424</u>

ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Statement of Activities indicates that the total revenues exceeded total expenditures by \$461,324 which results in a strong overall financial position for the year ended June 30, 2022.

ANALYSIS OF SIGNIFICANT INDIVIDUAL FUND BALANCES, TRANSACTIONS AND CHANGES IN FUND BALANCES

General Fund – Revenues exceeded expenditures and transfers to other funds, resulting in an increase in total general fund balance to \$1,315,191. While the amount of fund balance that any Department needs to maintain is debatable, this amount is healthy by most standards.

Other Governmental Funds – All other government fund balances in total remained virtually unchanged from the prior year, and are comprised of various monies restricted or committed to specific purposes, as specified in the notes to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

As presented in Exhibit VII, the final budgeted expenditures and transfers, net of other financing sources, amounted to \$3,622,390. The total actual expenditures and transfers, net of other financing sources for the year ending June 30, 2022 was \$3,036,438, resulting in a favorable expenditure variance of \$585,952. After revenue variances, the general fund outperformed budget by \$591,809.

CAPITAL ASSETS AND DEBT**Capital Assets**

Capital Assets as of June 30, 2022 totaled \$4,356,450, net of accumulated depreciation. Additions to Capital Assets during the year, net of disposals and depreciation, totaled \$(153,947) for the fiscal year ended June 30, 2022.

Debt

The School Department's total outstanding debt as of June 30, 2022 is \$2,513,456, which reflects net reductions of debt of \$(235,950) during the year then ended.

FISCAL YEAR 2021 AND BEYOND

At the June 2022 Town meeting, our townspeople approved a school budget for the fiscal year ended June 30, 2023 in the amount of \$3,765,891 which represents a 3.9% increase over the corresponding budget for fiscal 2022.

STATEMENT I

**NORTHPORT SCHOOL DEPARTMENT
STATEMENT OF NET POSITION
JUNE 30, 2022**

	<u>Primary Government</u>
	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 1,618,016
Accounts Receivable	48,566
Inventory	1,446
Capital Assets Not Being Depreciated	794,948
Capital Assets, Net of Accumulated Depreciation	<u>3,561,502</u>
Total Assets	<u>\$ 6,024,478</u>
Deferred Outflows of Resources	
Related to Pensions	<u>\$ 162,521</u>
Liabilities	
Accounts Payable	\$ 63,487
Accrued Expenses	177,726
Accrued Interest	12,308
Non Current Liabilities	
Due Within One Year	228,994
Due in More Than One Year	<u>2,411,014</u>
Total Liabilities	<u>\$ 2,893,529</u>
Deferred Inflows of Resources	
Related to Pensions and OPEB	<u>\$ 66,722</u>
Net Position	
<i>Net Investment in Capital Assets</i>	\$ 1,842,994
<i>Restricted</i>	
Special Revenue Funds	87,706
<i>Unrestricted</i>	<u>1,296,048</u>
Total Net Position	<u>\$ 3,226,748</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

**NORTHPORT SCHOOL DEPARTMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets Primary Government</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total</u>
Governmental Activities				
Regular Instruction	\$ 1,665,375	\$ 0	\$ 235,101	\$ (1,430,274)
Special Education	442,577	0	61,073	(381,504)
Student and Staff Support	203,407	0	0	(203,407)
System Administration	143,331	0	0	(143,331)
School Administration	192,925	0	0	(192,925)
Facility Maintenance	215,445	0	0	(215,445)
Transportation	127,700	0	0	(127,700)
Other Instructional Programs	14,502	0	0	(14,502)
Food Service Operations	106,195	298	60,184	(45,713)
Interest on Long Term Debt	64,394	0	0	(64,394)
Depreciation Expense – Unallocated	<u>131,055</u>	<u>0</u>	<u>0</u>	<u>(131,055)</u>
Total Primary Government	\$ 3,306,906	\$ 298	\$ 356,358	\$ (2,950,250)
General Revenues				
Taxes (Town Assessment)				\$ 3,223,783
Grants and Contributions Not Restricted to Special Programs				198,583
Loss on Disposal of Capital Assets				(17,892)
Miscellaneous				<u>7,100</u>
Total General Revenues				\$ 3,411,574
Changes in Net Position				\$ 461,324
Net Position – June 30, 2021				\$ 2,765,424
Net Position – June 30, 2022				\$ 3,226,748

The Notes to the Financial Statements are an Integral Part of this Statement.

STATEMENT III

**NORTHPORT SCHOOL DEPARTMENT
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2022**

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets			
Cash and Cash Equivalents	\$1,579,273	\$ 38,743	\$ 1,618,016
Accounts Receivable	0	48,566	48,566
Inventory	0	1,446	1,446
Due From Other Funds	<u>153,154</u>	<u>328,676</u>	<u>481,830</u>
Total Assets	\$1,732,427	\$ 417,431	\$ 2,149,858
Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows of Resources	<u>\$1,732,427</u>	<u>\$ 417,431</u>	<u>\$ 2,149,858</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities			
Accounts Payable	\$ 63,487	\$ 0	\$ 63,487
Accrued Expenses	154,597	23,129	177,726
Due to Other Funds	<u>199,152</u>	<u>282,678</u>	<u>481,830</u>
Total Liabilities	<u>\$ 417,236</u>	<u>\$ 305,807</u>	<u>\$ 723,043</u>
Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balance			
<i>Nonspendable</i>			
School Lunch Inventory Reserve	\$ 0	\$ 1,446	\$ 1,446
<i>Restricted</i>			
Unemployment Reserve	0	31,995	31,995
Other Special Revenue Funds	0	54,265	54,265
<i>Committed</i>			
Appropriated for FY 2022/2023	250,000	0	250,000
Appropriated for Special Education	120,000	0	120,000
Appropriated for Food Service	30,000	0	30,000
Appropriated for Regular Instruction	70,000	0	70,000
Appropriated for Fuel Cost Stabilization	33,000	0	33,000
Appropriated for Capital Reserves	20,000	50,000	70,000
<i>Unassigned</i>			
Special Revenue Fund Deficits	0	(26,082)	(26,082)
General Fund	<u>792,191</u>	<u>0</u>	<u>792,191</u>
Total Fund Balance	<u>\$1,315,191</u>	<u>\$ 111,624</u>	<u>\$ 1,426,815</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$1,732,427</u>	<u>\$ 417,431</u>	<u>\$ 2,149,858</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

**NORTHPORT SCHOOL DEPARTMENT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Fund Balance – Total Governmental Funds	\$ 1,426,815
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital Assets Used in Governmental Activities are Not Current Financial Resources and Therefore are Not Reported in the Governmental Funds Balance Sheet.	4,356,450
Interest Payable on Long-Term Debt and Accrued Compensated Absences Do Not Require Current Financial Resources and Therefore, These Items Are Not Reported as Liabilities in the Governmental Funds Balance Sheet	(12,308)
Long Term Liabilities are Not Due and Payable in the Current Period and Therefore, They are Not Reported in the Governmental Funds Balance Sheet	(2,640,008)
Net Pension and OPEB Related Deferred Inflows and Outflows	<u>95,799</u>
Net Position of Governmental Activities	<u>\$ 3,226,748</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

STATEMENT V

**NORTHPORT SCHOOL DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Town Assessment (Taxes and Transfers)	\$ 3,223,783	\$ 0	\$ 3,223,783
Intergovernmental	198,583	311,341	509,924
On-Behalf Pension and OPEB Payments	135,162	0	135,162
Charges for Services	0	298	298
Miscellaneous	<u>5,881</u>	<u>6,217</u>	<u>12,098</u>
Total Revenues	<u>\$ 3,563,409</u>	<u>\$ 317,856</u>	<u>\$ 3,881,265</u>
Expenditures			
<i>Current</i>			
Regular Instruction	\$ 1,446,812	\$ 157,245	\$ 1,604,057
Special Education	379,146	63,431	442,577
Student and Staff Support Services	151,279	52,128	203,407
System Administration	141,731	1,600	143,331
School Administration	192,925	0	192,925
Facility Maintenance	215,445	0	215,445
Transportation	127,700	0	127,700
Other Instructional Programs	13,567	935	14,502
On-Behalf Pension and OPEB Payments	135,162	0	135,162
Food Service	16,482	89,713	106,195
Debt Service	<u>301,351</u>	<u>0</u>	<u>301,351</u>
Total Expenditures	<u>\$ 3,121,600</u>	<u>\$ 365,052</u>	<u>\$ 3,486,652</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 441,809</u>	<u>\$ (47,196)</u>	<u>\$ 394,613</u>
Other Financing Sources (Uses)			
Transfers In (Out)	<u>(50,000)</u>	<u>50,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>\$ (50,000)</u>	<u>\$ 50,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 391,809	\$ 2,804	\$ 394,613
Fund Balance – June 30, 2021	<u>\$ 923,382</u>	<u>\$ 108,820</u>	<u>\$ 1,032,202</u>
Fund Balance – June 30, 2022	<u>\$ 1,315,191</u>	<u>\$ 111,624</u>	<u>\$ 1,426,815</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

**NORTHPORT SCHOOL DEPARTMENT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balance – Total Governmental Funds \$ 394,613

**Amounts Reported for Governmental Activities in the Statement of Net
Position are Different Because**

The Adjusted Basis of Capital Assets Disposed During the Year are Reflected
In the Statement of Activities but Not in the Fund Financial Statements. (22,892)

Depreciation Expense on Capital Assets is reported in the
Government-Wide Statement of Activities and Changes in Net
Position, But They do Not Require the Use of Current Financial
Resources. Therefore, Depreciation Expense is Not Reported as
Expenditure in Governmental Funds. (131,055)

The Issuance of Long-Term Debt (e.g. Bonds) Provides Current
Financial Resources to Governmental Funds, While the Repayment
of the Principal of Long-Term Debt Consumes the Current Financial
Resources of Governmental Funds. Neither Transaction, However,
Has Any Effect on Net Position. Also, Governmental Funds Report
the Effect of Issuance Cost, Premiums, Discounts, and Similar Items
When Debt is First Issued, Whereas the Amounts are Deferred and
Amortized in the Statement of Activities. This Amount is the Net
Effect of These Differences in the Treatment of Long-Term Debt and
Related Items. 235,950

Accrued Interest Expense on Long-Term Debt and Accrued Compensated
Absences Are Reported in the Government-Wide Statement of Activities and
Changes in Net Position, But Do Not Require the Use of Current Financial
Resources. Accordingly, These Items Are Not Included Within the
Governmental Fund Financial Statements. 1,007

Changes in Net Pension & OPEB Liabilities and Related Deferred Inflows and
Outflows Are Not Reflected in the Fund Financial Statements (16,299)

Change in Net Position of Governmental Activities \$ 461,324

The Notes to the Financial Statements are an Integral Part of this Statement.

**NORTHPORT SCHOOL DEPARTMENT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget <u>Original</u>	Budget <u>Final</u>	Actual <u>Amounts</u>	Variance With Final Budget Positive <u>(Negative)</u>
Revenues *				
Town Assessment (Taxes & Transfers)	\$ 3,223,783	\$ 3,223,783	\$ 3,223,783	\$ 0
Intergovernmental	198,583	198,583	198,583	0
Charges for Services	0	0	0	0
Miscellaneous	<u>24</u>	<u>24</u>	<u>5,881</u>	<u>5,857</u>
Total Revenues	<u>\$ 3,422,390</u>	<u>\$ 3,422,390</u>	<u>\$ 3,428,247</u>	<u>\$ 5,857</u>
Expenditures *				
<i>Current</i>				
Regular Instruction	\$ 1,750,217	\$ 1,750,217	\$ 1,446,812	\$ 303,405
Special Education	547,017	547,017	379,146	167,871
Student and Staff Support Services	163,298	163,298	151,279	12,019
System Administration	153,851	153,851	141,731	12,120
School Administration	202,108	202,108	192,925	9,183
Facility Maintenance	225,429	225,429	215,445	9,984
Transportation	159,888	159,888	127,700	32,188
Other Instructional Programs	41,715	41,715	13,567	28,148
Food Service	23,008	23,008	16,482	6,526
Debt Service	<u>305,859</u>	<u>305,859</u>	<u>301,351</u>	<u>4,508</u>
Total Expenditures	<u>\$ 3,572,390</u>	<u>\$ 3,572,390</u>	<u>\$ 2,986,438</u>	<u>\$ 585,952</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	<u>\$ 441,809</u>	<u>\$ 591,809</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ 0</u>
Total Other Financing Sources (Uses)	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (200,000)	\$ (200,000)	\$ 391,809	\$ 591,809
Fund Balance – June 30, 2021	<u>923,382</u>	<u>923,382</u>	<u>923,382</u>	<u>0</u>
Fund Balance – June 30, 2022	<u>\$ 723,382</u>	<u>\$ 723,382</u>	<u>\$ 1,315,191</u>	<u>\$ 591,809</u>

* Excluding On-Behalf Pension and OPEB Payments.

The Notes to the Financial Statements are an Integral Part of this Statement.

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. – General Statement

The Northport School Department provides elementary and secondary education to students of the Town of Northport. The School's financial statements include the operation of all organizations for which the Board of Education exercises oversight responsibility.

The accounting and reporting policies of the School relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles as applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (where applicable). The more significant accounting policies of the School Department are described below.

In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

The financial statement presentation prescribed by Statement No. 34 includes:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the School's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the School's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements including notes to financial statements.

B. – Financial Reporting Entity

The School Department operates as a department of the Town of Northport, Maine, the financial statements of which are issued separately.

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

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. – Financial Reporting Entity (Continued)

The School Department was created on June 30, 2015 pursuant to an agreement by which the Town withdrew from RSU No. 20. In accordance with that agreement, certain assets and liabilities previously owned or owed by RSU No. 20 were transferred to and accepted by the School Department as of that date.

C. – Financial Statements – Government-Wide Statements

The School's financial statements include both government-wide (reporting the School Department as a whole) and fund financial statements (reporting the School's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

In the government-wide Statement of Net Position, both the governmental and business-type activities (if applicable) columns (a) are presented on a consolidated basis by column (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The School Department 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 School's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, charges for services, 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 instruction, support, administering, etc. or a business-type activity. Operating grants include operating-specific and discretionary (whether operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (taxes – town assessment, intergovernmental revenues, interest income, etc).

D. - Financial Statements – Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the School.

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. - Financial Statements – Fund Financial Statements (Continued)

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in 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 School:

General Fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds are used to account for resources legally or internally restricted for construction and acquisition of capital assets and related costs. Currently the Department carries one such fund in conjunction with its school construction project.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School Department currently has no proprietary funds.

Fiduciary Funds

Fiduciary Funds are used to report assets held in an agency capacity for others and therefore are not available to support School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The School Department currently has no fiduciary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. – Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus used. If applicable, the government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. A one-year availability period is used for recognition of all other Governmental fund revenues. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. They also include all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

F. – Budgetary Control

Formal budgetary accounting is employed as a management control for the general fund of Northport School Department. The School is required by state law to adopt annual budgets for the general fund and special revenue funds. Each budget is prepared on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles (GAAP). The following procedures are utilized in establishing the budgetary data reflected in the financial statements:

1. Prior to the annual budget meeting, the School prepares a budget for the next succeeding fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town is then called for the purpose of adopting the proposed budget after public notice of the meeting has been given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town and must be filed with the State of Maine Department of Education on a designated date.

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. – Cash and Cash Equivalents

Maine statutes authorize the Department to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. Generally, the Department invests certain funds in checking, savings accounts or certificates of deposit. The School has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents.

H. – Inventories

The Lunch Program follows the purchases method of accounting for food and supplies. Inventories are valued at the lower of cost (first-in, first-out basis) or market. The cost of donated federal commodities is computed at fair market value on the date received.

I. - Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. 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 following estimated useful lives:

Buildings	30 Years
Equipment	7 - 12 Years
Vehicles	15 Years

J. - Compensated Absences

Eligible employees are entitled to paid vacation and paid sick days, depending on job classification, length of service, and other factors. The School's policy is to recognize the costs of compensated absences when earned at the government-wide level and when paid at the governmental fund level. No liability for such absences was required to be recognized for the year ended June 30, 2022.

K. – Deferred Outflows and Inflows of Resources

Deferred Outflows of Resources - a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred Inflows of Resources - an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

The GASB emphasizes in GASB No. 63 that deferred inflows and deferred outflows are not assets or liabilities and therefore should be separately categorized in the financial statements.

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. – Deferred Outflows and Inflows of Resources (Continued)

The deferred inflows of resources and deferred outflows of resources at June 30, 2022 as listed in Exhibit I amounted to \$66,722 (including \$65,001 with respect to pension and \$1,721 relating to OPEB) and \$162,521 (including \$118,965 relating to pension and \$43,556 relating to OPEB), respectively. Per Exhibit III, there are no deferred inflow or outflow of resources at that date at the governmental fund level.

L. - Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

M. – Use of Estimates

Preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

N. – Accounts Receivable

Accounts Receivable at June 30, 2022, primarily consist of intergovernmental receivables. There is no allowance for doubtful accounts as the School believes they are 100% collectible.

O. – Equity Classifications

Government-Wide Statements

Net position represents the difference between assets and liabilities. Equity is classified as net position and displayed in three components:

- *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. – Equity Classifications (Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. The Town’s fund balances represent: **(1) Nonspendable Fund Balance**, resources that cannot be spent because of legal or contractual provisions that require they be maintained intact. (e.g. the principal of an endowment). **(2) Restricted Purposes**, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; **(3) Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Selectmen; **(4) Assigned Purposes**, which includes balances that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. **(5) Unassigned Fund Balance**, net resources in excess of what is properly categorized in one of the four categories already described. A positive amount of unassigned fund balance will never be reported in a governmental fund other than the general fund , because GASB Statement 54 prohibits reporting resources in another fund unless they are at least assigned to the purpose of that fund. However, funds other than the general fund could report a negative amount of unassigned fund balance should the total of nonspendable, restricted and committed fund balance exceeds the total net resources of the fund.

NOTE 2 – CASH AND CASH EQUIVALENTS

The School’s cash and cash equivalents may be subject to various risks from time to time, as follows:

Deposits

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the School’s deposits may not be returned to it. The School’s policy is to invest in only financial institutions that are insured by the F.D.I.C. or additional insurance.

The School Department’s cash is held in the Town of Northport’s cash accounts. At June 30, 2020 the School Department held no deposits subject to custodial credit risk.

Interest Rate Risk – The School does not currently have a deposit policy for interest rate risk as the deposits are held at the Town.

Credit Risk and Concentration of Credit Risk – The School does not have a formal policy regarding credit risk or concentration of credit risk, as all such deposits are held at the Town level.

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance <u>July 1</u>	<u>Additions</u>	<u>Disposals</u>	Ending Balance <u>June 30</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 794,948	\$ 0	\$ 0	\$ 794,948
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 794,948</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 794,948</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	\$ 4,070,388	\$ 0	\$ 0	\$ 4,070,388
Equipment	65,826	0	0	65,826
Vehicles	<u>160,897</u>	<u>0</u>	<u>86,886</u>	<u>74,011</u>
Total Capital Assets, Being Depreciated	<u>\$ 4,297,111</u>	<u>\$ 0</u>	<u>\$ 86,886</u>	<u>\$ 4,210,225</u>
Less Accumulated Depreciation for				
Buildings and Improvements	\$ 492,944	\$ 111,653	\$ 0	\$ 604,597
Equipment	14,082	8,252	0	22,334
Vehicles	<u>74,636</u>	<u>11,150</u>	<u>63,994</u>	<u>21,792</u>
Total Accumulated Depreciation	<u>\$ 581,662</u>	<u>\$ 131,055</u>	<u>\$ 63,994</u>	<u>\$ 648,723</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 3,715,449</u>	<u>\$ (131,055)</u>	<u>\$ 22,892</u>	<u>\$ 3,561,502</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,510,397</u>	<u>\$ (131,055)</u>	<u>\$ 22,892</u>	<u>\$ 4,356,450</u>

Depreciation expense has not been charged as a direct expense of the School Department.

NOTE 4 – LONG-TERM DEBT

At June 30, 2022, loans, leases, and bonds payable consisted of the following individual issues:

Maine Municipal Bond Bank General Obligation Bond, Interest Rates Varying From 1.16% to 3.492%, Payable in Annual Installments of Principal In the Amount of \$150,000 Plus Interest, Due November, 2036.	Governmental <u>Activities</u> \$ 2,250,000
---	---

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 – LONG-TERM DEBT (CONTINUED)

	<u>Governmental Activities</u>
Maine Municipal Bond Bank	
General Obligation Bond of 2004, Interest Rate 3.557% to 7.497%, Annual Principal Payments of \$52,511, Maturity in 2024.	\$ 157,529
General Obligation Bond of 2005, Interest Rate 4.000%, Annual Principal Payments of \$26,483, Maturity in 2025.	<u>105,927</u>
Total Loans, Leases and Bonds Payable	<u>\$ 2,513,456</u>

Changes in Outstanding Debt

Transactions for the year ended June 30, 2022, are summarized as follows:

	<u>Balance July 1</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance June 30</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 2,742,450	\$ 0	\$ 228,994	\$ 2,513,456	\$ 228,994
Capital Lease	6,956	0	6,956	0	0
Net OPEB Liability	72,781	7,031	0	79,812	0
Net Pension Liability	<u>35,420</u>	<u>11,320</u>	<u>0</u>	<u>46,740</u>	<u>0</u>
Total Governmental Activities	<u>\$ 2,857,607</u>	<u>\$ 18,351</u>	<u>\$ 235,950</u>	<u>\$ 2,640,008</u>	<u>\$ 228,994</u>

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each debt type for the years subsequent to June 30, 2022, are as follows:

	<u>Governmental Activities</u>		
<u>Bonds Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022/23	\$ 228,994	\$ 70,847	\$ 299,841
2023/24	228,994	64,816	293,810
2024/25	228,990	57,884	286,874
2025/26	176,478	54,857	231,335
2026/27	150,000	51,424	201,424
2028/32	750,000	203,606	953,606
2033/37	<u>750,000</u>	<u>81,207</u>	<u>831,207</u>
Total	<u>\$ 2,513,456</u>	<u>\$ 584,641</u>	<u>\$ 3,098,097</u>

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – RETIREMENT PLAN

The Northport School Department provides a retirement plan for its employees through a defined benefit pension plan.

I. Defined Benefit Pension Plan - Maine Public Employees Retirement System (MEPERS)

A. Plan Description

Qualifying personnel of the School Department participate in the Maine Public Employees Retirement System. The plan is a multiple employer, cost-sharing pension plan with a special funding situation. The State of Maine is a non-employer contributing entity in that the state pays the unfunded actuarial liability (UAL) on behalf of the teachers, while the School Department contributes the normal cost, which is actuarially calculated. The School Department has been enrolled in the MEPERS system since July 1, 2015. MEPERS is established under Maine law found in 5 MRSa Part 20. The authority to establish and amend benefit provisions rests with the State legislature.

B. Funding Policy

The School Department makes available to all full time employees the option to make a one-time irrevocable election to participate in the Maine Public Employees Retirement System (MEPERS), State Employees and Teachers Plan. The employee shall pay, through payroll deduction(s), his/her required contribution determined by MEPERS, 7.65%. The School shall pay its required contribution determined by MEPERS. This benefit shall be offered to eligible employees on the date of hire.

C. Pension Benefits

Benefit terms are established in Maine Statute. The System's retirement programs provide defined retirement benefits based on member's average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility of benefits upon reaching qualification) occurs upon the earning of 25 years of service credit for School Department employees.

Normal retirement age of State Employees and Teachers members is age 60 to 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.

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 interest credited to member's accounts is set by the System's Board of Trustees.

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – RETIREMENT PLAN (CONTINUED)

D. Member and Employer Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employer contributions rates are determined through actuarial valuations. For the year ended June 30, 2022, the member contribution rate was 7.65%, the School Department's contribution rate was 4.18% (normal cost), and the State of Maine contributed 14.89% (UAL).

E. Revenue Recognition

Employer contributions to the System are recognized as additions in the period when they become due pursuant to formal commitments or statutory requirements. Investment income is recognized when earned and investment expenses are recorded when incurred.

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

At June 30, 2022, the School Department reported a net pension liability of \$46,740. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The School Department proportion of the net pension liability was based on a projection of the School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At the June 30, 2021 measurement date, the School Department proportion was 0.005526%. At the June 30, 2020 measurement date, this proportion was 0.002170%.

At June 30, 2022, the reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 693	\$ 956
Changes in Assumptions	31,867	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	63,686
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions.	34,612	359
School Department Contributions Subsequent to the Measurement Date	<u>51,793</u>	<u>0</u>
Total	<u>\$ 118,965</u>	<u>\$ 65,001</u>

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – RETIREMENT PLAN (CONTINUED)

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

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

For the Year Ended June 30,	<u>Amount</u>
2023	\$ 67,028
2024	19,154
2025	(14,467)
2026	<u>(17,751)</u>
Total	<u>\$ 53,964</u>

At June 30, 2022 the School Department’s reported net pension liability was a portion of the total proportionate share of the collective net pension liability associated with the School Department’s participation in the Teacher plan, as follows:

School Department’s Proportionate Share of Net Pension Liability	\$ 46,740
State of Maine’s Proportionate Share of Net Pension Liability	<u>589,962</u>
Total	<u>\$ 636,702</u>

For the fiscal year ended June 30, 2022, the School Department recognized pension expense of \$57,583, State support of \$44,858, and on-behalf payments of \$132,196.

G. *Actuarial Assumptions*

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all period included in the measurement:

➤ Inflation	2.75%
➤ Salary Increases	2.80% to 13.03%
➤ Investment Rate of Return	6.50%
➤ Cost of Living Benefit Increases	2.20%

For the School Department employees, the mortality rate is based on the 2010 Public Plan Teacher Benefits tables for males and females.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates or 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2018 are summarized in the following table:

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – RETIREMENT PLAN (CONTINUED)

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
U.S. 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%	3.0%
Alternative Credit	5.0%	7.2%
Diversifiers	<u>10.0%</u>	5.9%
	<u>100.0%</u>	

H. *Discount Rate*

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made 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.

I. *Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

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

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Proportionate Share of the Net Pension Liability	\$122,745	\$46,740	\$(16,542)

J. *Pension Plan Financial and Actuarial Information*

Additional financial information and actuarial information can be found in the Maine PERS 2021 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – INTERFUND ACTIVITY

Interfund balances at June 30, 2022, consisted of the following:

Due To	
General Fund	\$ 153,154
Non-Major Capital Projects Funds	50,000
Non-Major Special Revenue Funds	<u>278,676</u>
Total	<u>\$ 481,830</u>
 Due From	
General Fund	\$ 199,152
Non-Major Special Revenue Funds	<u>282,678</u>
Total	<u>\$ 481,830</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

During the year ended June 30, 2022 the Department transferred \$50,000 from the general fund to the food service program fund. Transfers are used to (1) move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 – GOVERNMENTAL FUND BALANCES

The Northport School Department has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. When both restricted and unrestricted resources are available for use, it is the School Department's policy to use restricted resources first to the extent specified, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the School Department's policy to use committed or assigned resources first to the extent specified, then unassigned resources as they are needed. The General Fund unassigned fund balance total of \$792,191 represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund.

As per Exhibit III, a summary of the nature and purpose of these reserves by fund type at June 30, 2022 follows.

Non-Spendable

School Hot Lunch Inventory	<u>\$ 1,446</u>
----------------------------	-----------------

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – GOVERNMENTAL FUND BALANCES (CONTINUED)

Restricted

Unemployment Reserve	\$ 31,995
School Lunch Program	28,237
Private Library	10,230
Student Activities	6,748
Proficiency Based Education	4,216
Student Needs	1,786
Insurance Fund	1,183
Cobe Grant	877
Maine Community Foundation	432
Amazon Smiles	283
Whole Kids	200
Private Special Education	48
Maine Agriculture	<u>25</u>
Total	<u>\$ 86,260</u>

Committed

Appropriated for FY 2022/2023	\$ 250,000
Appropriated for Special Education Reserve	120,000
Appropriated for Capital Reserves	70,000
Fuel Cost Stabilization	33,000
Appropriated for Regular Education	70,000
Appropriated for Food Service	<u>30,000</u>
Total	<u>\$ 573,000</u>

Unassigned

General Fund	\$ 792,191
FFVP	(83)
IDEA	(6,709)
ESSER II	(12,897)
Title 1A	<u>(6,393)</u>
Total	<u>\$ 766,109</u>

NOTE 8 – RISK MANAGEMENT

The School 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 School carries commercial insurance. There have been no significant reductions in insurance coverage's during the fiscal year and no significant settlements that exceeded insurance coverage.

NOTE 9 – CONCENTRATIONS

The Town of Northport provided \$3,223,783 (83% of Governmental Fund revenues) during the fiscal year ended June 30, 2022.

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Northport School Department participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Northport School Department has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022, may be impaired. In the opinion of the School Department, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective agents; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

The School Department has entered into a contract with a local company to provide bus services for its students. This contract is in effect through June 30, 2024 and calls for monthly payments of between \$7,990 and \$8,559 through the term of the agreement.

NOTE 11 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. - Budgetary Accounting

The Northport School Department utilizes a formal budgetary accounting system to control revenues and expenditures accounted for in the General Fund. This budget is established by the School Board and must be approved at a Public Meeting.

B. - Excess of Expenditures over Appropriations

Per Exhibit VII, for the year ended June 30, 2022, expenditures did not exceed appropriations both in total and at each budget line.

C. - Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. As of June 30, 2022, four individual funds held deficit balances as detailed in Note 7 above. Management is working to restore these funds' balances to surplus positions.

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 – OPEB PLANS

The Northport School Department provides certain other postemployment benefits to its employees through the following plans:

I. Group Life Insurance Plan - Maine Public Employees Retirement System (MEPERS)

Plan Description

Qualifying personnel of the School Department participate in the Maine Public Employees Retirement System, including that system’s Group Life Insurance Plan. This plan is a multiple employer, cost-sharing OPEB plan with a special funding situation. The State of Maine is a non-employer contributing entity in that the state pays 100% of the actuarially determined contributions for retirees.

Benefits

Under the GLI OPEB plan, MPERS 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 level of coverage is initially set to an amount equal to the retirees 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.

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

At June 30, 2022, the School Department reported a net OPEB liability of \$0, as the State of Maine’s non-employer contributing entity required participation level is 100%. At June 30, 2022 the School Department’s reported net OPEB liability was a portion of the total proportionate share of the collective net OPEB liability associated with the School Department’s participation in the Teacher plan, as follows:

School Department’s Proportionate Share of Net OPEB Liability	\$	0
State of Maine’s Proportionate Share of Net OPEB Liability		<u>12,663</u>
Total		<u>\$ 12,663</u>

For the fiscal year ended June 30, 2022, the School Department recognized OPEB expense of \$159, State support of \$159, and on-behalf payments of \$2,966.

No deferred inflows of resources or deferred outflows of resources arising in connection with this plan are reportable by the School Department given that the State of Maine is obligated to fund 100% of the actuarially required contributions attributable to retirees.

Plan Financial and Actuarial Information

Additional financial information and actuarial information can be found in the Maine PERS 2021 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 – OPEB PLANS (CONTINUED)

II. Group Health Insurance Plan – Maine Education Association Benefits Trust (MEABT)

Plan Description

Qualifying personnel of the School participate in the MEABT Group Health Plan. This plan is a single-employer OPEB plan not administered through a trust or similar arrangement. Accordingly, no assets are accumulated within the plan for the payment of future benefits.

Benefits

Under the Health Plan, MEABT provides healthcare and life insurance benefits for retirees and their dependents. School employees over the age of 55 with at least 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 45% of the single coverage premium and 100% of the family coverage premium. At June 30, 2020 there were 20 active employees participating in this plan and 2 inactive employees, retirees or beneficiaries entitled to and/or receiving benefits.

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

The School's total Health Plan OPEB liability reported as of June 30, 2022 of \$79,812 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020. For the year ended June 30, 2022 the School recognized OPEB expense of \$11,865 related to the Health Plan. At June 30, 2022 the School reported deferred inflows of resources and deferred outflows of resources related to the Health Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 21,550	\$ 0
Changes in Assumptions	20,736	1,721
Contributions Subsequent to Measurement Date	<u>1,270</u>	<u>0</u>
Total	<u>\$ 43,556</u>	<u>\$ 1,721</u>

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

For the Year Ended June 30,	<u>Amount</u>
2023	\$ 7,009
2024	5,739
2025	5,739
2026	5,739
2027	5,739
Thereafter	<u>11,870</u>
Total	<u>\$ 41,835</u>

**NORTHPORT SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 – OPEB PLANS (CONTINUED)

The total OPEB liability in the June 30, 2021 actuarial valuation as remeasured was determined using the following actuarial assumptions applied to all periods included in the measurement:

➤ Salary Increases	2.75%
➤ Discount Rate	2.16%
➤ Healthcare Cost Trend Rates (Non-Medicare)	6.83% for 2022 decreasing thereafter
➤ Healthcare Cost Trend Rates (Medicare)	6.30% for 2022, decreasing thereafter
➤ Retirees' Share of Benefit Costs	45% of projected premiums

For the Health Plan, the mortality rate is based on the 2010 Public Plan Teacher Benefits Healthy Retiree Mortality Tables. The discount rate of 2.16% used to measure the Health Plan OPEB liability was based upon 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 following presents the School's total OPEB liability related to the Health Plan calculated using the discount rate of 2.16%, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current rate:

	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
Total OPEB Liability	\$102,738	\$79,812	\$62,351

The following presents the School's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates as noted above, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Health Care Cost Trend Rates	1% Increase
Total OPEB Liability	\$60,066	\$79,812	\$106,970

NOTE 13 – DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through June 13, 2023, the date on which the financial statements were available to be issued.

**NORTHPORT SCHOOL DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor Pass Through Grantor <u>Program Title</u>	Federal Agreement Listing <u>Number</u>	Pass Thru Grantor <u>Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Passed Through Maine Department of Education:			
<i>Child Nutrition Cluster</i>			
Breakfast SNP	10.553	013-05A-3014-00	\$ 4,499
Section II Funds SNP	10.555	013-05A-3024-05	38,317
Healthy Meals	10.555	013-05A-6662-00	3,420
Section IV Funds SNP	10.555	013-05A-3022-00	3,270
Fresh Fruit and Vegetable Program	10.582	013-05A-3028-00	<u>5,808</u>
Total Child Nutrition Cluster			<u>55,314</u>
Supply Chain Assistance	10.560	013-05A-6670-00	6,802
SNAP Year 1	10.649	013-05A-6184-00	<u>614</u>
Total U.S. Department of Agriculture			<u>\$ 62,730</u>
U.S. Department of Education Passed Through Maine Department of Education			
<i>Special Education Cluster</i>			
Local Entitlement IDEA	84.027	013-05A-3046-12	\$ 49,657
Special Education Preschool Grants	84.173	013-05A-6247-12	203
COVID-19 – Local Entitlement IDEA	84.027	025-05A-7170-00	10,043
COVID-19 – Special Education Preschool	84.173	025-05A-7171-00	<u>1,170</u>
Total Special Education Cluster			<u>61,073</u>
Title I Grants	84.010	013-05A-3107-13	45,950
COVID-19 – ESSER I	84.425	013-05A-7006-00	25,566
COVID-19 – ESSER II	84.425	013-05A-7041-00	38,333
COVID-19 – ARP ESSER	84.425U	025-05A-7071-00	<u>48,237</u>
Total Passed Through Maine Department of Education			<u>\$ 219,159</u>
Direct Program			
<i>Title V Rural Grant</i>	84.358	N/A	<u>\$ 2,750</u>
Total U.S. Department of Education			<u>\$ 221,909</u>
Total Expenditures of Federal Awards			<u>\$ 284,639</u>

See accompanying independent auditors' report.

SCHEDULE I

**NORTHPORT SCHOOL DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DEPARTMENT'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY
JUNE 30, 2022**

	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
School Department's Proportion of Net Pension Liability	<u>0.005526%</u>	<u>0.002170%</u>	<u>0.002241%</u>	<u>0.002882%</u>	<u>0.002221%</u>
School Department's Proportionate Share of the Net Pension Liability	\$ 46,740	\$ 35,420	\$ 32,850	\$ 38,891	\$ 32,275
State of Maine's Proportionate Share of the Net Pension Liability	<u>589,962</u>	<u>1,188,745</u>	<u>1,011,440</u>	<u>843,030</u>	<u>822,890</u>
Total	<u>\$ 636,702</u>	<u>\$ 1,224,165</u>	<u>\$ 1,044,290</u>	<u>\$ 881,921</u>	<u>\$ 855,165</u>
School Department's Covered Payroll	<u>\$ 1,057,333</u>	<u>\$ 1,021,224</u>	<u>\$ 949,778</u>	<u>\$ 801,457</u>	<u>\$ 706,262</u>
School Department's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	<u>4.421%</u>	<u>3.468%</u>	<u>3.459%</u>	<u>4.853%</u>	<u>4.57%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>92.12%</u>	<u>81.03%</u>	<u>84.52%</u>	<u>85.17%</u>	<u>83.35%</u>

The Notes to the Financial Statements are an Integral Part of This Statement.

**NORTHPORT SCHOOL DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DEPARTMENT'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY
JUNE 30, 2022**

	<u>6/30/17</u>	<u>6/30/16</u>
School Department's Proportion of Net Pension Liability	<u>0.0000929%</u>	<u>0.00%</u>
School Department's Proportionate Share of the Net Pension Liability	\$ 16,412	\$ 0
State of Maine's Proportionate Share of the Net Pension Liability	<u>608,460</u>	<u>0</u>
Total	<u>\$ 624,872</u>	<u>\$ 0</u>
School Department's Covered Payroll	<u>\$ 479,390</u>	<u>\$ 0</u>
School Department's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	<u>3.42%</u>	<u>0.00%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>76.21%</u>	<u>83.55%</u>

Amounts presented for each fiscal year were determined as of June 30. The data above was determined by the actuarial valuation date which was one year prior to the audit report date. Retroactive information is not required to be presented. A full 10-year schedule will be displayed as it becomes available.

Notes to Required Supplementary Information

Significant Changes of Benefit Terms – None

Significant Changes to Assumptions – None, Other Than Reduction in Discount Rate from 6.75% to 6.50%.

The Notes to the Financial Statements are an Integral Part of This Statement.

SCHEDULE II

**NORTHPORT SCHOOL DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DEPARTMENT
PENSION CONTRIBUTIONS
JUNE 30, 2022**

	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
Contractually Required Contribution	\$ 51,7793	\$ 50,288	\$ 44,028	\$ 39,759	\$ 35,789
Actual Contribution	<u>(51,793)</u>	<u>(50,288)</u>	<u>(44,028)</u>	<u>(39,759)</u>	<u>(35,789)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 1,026,920	\$ 1,057,333	\$ 1,021,224	\$ 949,778	\$ 801,457
Contributions as a Percentage of Covered Payroll	<u>5.04%</u>	<u>4.76%</u>	<u>4.31%</u>	<u>4.19%</u>	<u>4.47%</u>

Amounts presented for each fiscal year were determined as of June 30. The data above was determined for the Department's fiscal years indicated, which differs from the reporting time frames used in Schedule I. Retroactive information is not required to be presented. A full 10-year schedule will be displayed as it becomes available.

The Notes to the Financial Statements are an Integral Part of This Statement.

SCHEDULE II, continued

**NORTHPORT SCHOOL DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DEPARTMENT
PENSION CONTRIBUTIONS
JUNE 30, 2022**

	<u>6/30/17</u>	<u>6/30/16</u>
Contractually Required Contribution	\$ 26,482	\$ 17,430
Actual Contribution	<u>(26,482)</u>	<u>(17,430)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 706,262	\$ 479,390
Contributions as a Percentage of Covered Payroll	<u>3.75%</u>	<u>3.64%</u>

Amounts presented for each fiscal year were determined as of June 30. The data above was determined for the Department's fiscal years indicated, which differs from the reporting time frames used in Schedule I. Retroactive information is not required to be presented. A full 10-year schedule will be displayed as it becomes available.

The Notes to the Financial Statements are an Integral Part of This Statement.

SCHEDULE III

**NORTHPORT SCHOOL DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DEPARTMENT'S PROPORTIONATE SHARE
OF NET OPEB LIABILITY – GROUP LIFE PLAN
JUNE 30, 2022**

	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
School Department's Proportion of Net OPEB Liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
School Department's Proportionate Share of the Net OPEB Liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State of Maine's Proportionate Share of Net OPEB Liability	<u>12,663</u>	<u>22,784</u>	<u>21,324</u>	<u>22,700</u>	<u>18,132</u>
Total	<u>\$ 12,663</u>	<u>\$ 22,784</u>	<u>\$ 21,324</u>	<u>\$ 22,700</u>	<u>\$ 18,132</u>
School Department's Covered Employee Payroll	<u>\$ 1,057,333</u>	<u>\$ 1,021,224</u>	<u>\$ 949,778</u>	<u>\$ 801,457</u>	<u>\$ 706,262</u>
School Department's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Employee Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>81.88%</u>	<u>49.51%</u>	<u>62.29%</u>	<u>61.14%</u>	<u>60.11%</u>
Contributions Required	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions Made	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
Contribution Excess (Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School Department's Covered Employee Payroll Contributions as a Percentage of Covered Employee Payroll	\$ 1,026,920	\$ 1,057,333	\$ 1,021,224	\$ 949,778	\$ 801,457
	0.00%	0.00%	0.00%	0.00%	0.00%

Amounts presented for each fiscal year were determined as of June 30. The data above was determined by the actuarial valuation date which was one year prior to the audit report date. Retroactive information is not required to be presented. A full 10-year schedule will be displayed as it becomes available.

Notes to Required Supplementary Information

Significant Changes of Benefit Terms – None

Significant Changes to Assumptions – None, Other Than Reduction in Discount Rate from 6.75% to 6.50%

The Notes to the Financial Statements are an Integral Part of This Statement.

SCHEDULE IV

**NORTHPORT SCHOOL DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS – HEALTH PLAN
JUNE 30, 2022**

	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>
Service Cost	\$ 4,421	\$ 2,283	\$ 1,924	\$ 2,059
Interest	1,705	1,282	1,131	1,042
Changes of Benefit Terms	0	(14,769)	0	0
Differences Between Expected and Actual Experience	0	27,708	0	0
Changes of Assumptions or Other Inputs	989	21,920	4,012	(2,869)
Benefit Payments	<u>(84)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes	7,031	38,424	\$ 7,067	232
Total OPEB Liability - Beginning	<u>72,781</u>	<u>34,357</u>	<u>27,290</u>	<u>27,058</u>
Total OPEB Liability - Ending	<u>\$ 79,812</u>	<u>\$ 72,781</u>	<u>\$ 34,357</u>	<u>\$ 27,290</u>
Covered-Employee Payroll	\$ 1,002,515	\$ 978,063	\$ 836,020	\$ 813,645
Total OPEB Liability as a Percentage of Covered-Employee Payroll	8.0%	7.4%	4.1%	3.4%

Amounts presented for each fiscal year were determined as of the prior June 30. The data above was determined by the actuarial valuation date which was one year prior to the audit report date. Retroactive information is not required to be presented. A full 10-year schedule will be displayed as it becomes available.

Notes to Required Supplementary Information

Significant Changes of Benefit Terms – None

Significant Changes to Assumptions – None, other than a decrease in the discount rate for the current year's valuation from 2.21% to 2.16%.

The Notes to the Financial Statements are an Integral Part of This Statement.