


**MOORS & CABOT**  
INVESTMENTS

**Banking & Advisory Group**
**NEW ISSUE**
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S&P:**

In the opinion of Drummond Woodsum & MacMahon of Portland, Maine, Bond Counsel ("Bond Counsel"), and assuming continuing compliance with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Bonds (as defined below) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not treated as a preference item in calculating the alternative minimum tax under the Code; however, such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes interest paid on the Bonds is exempt from taxation within the State of Maine (the "State"). **The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE BONDS—TAX MATTERS" and "APPENDIX C" herein.

**REGIONAL SCHOOL UNIT NO. 26  
(ORONO, MAINE)  
2025 GENERAL OBLIGATION BONDS  
\$4,350,000<sup>(\*)</sup>**

Dated: Date of Delivery				Due: September 1, as shown below			
Year of Maturity	Amount <sup>(*)</sup>	Interest Rate	Yield or Price	Year of Maturity	Amount <sup>(*)</sup>	Interest Rate	Yield or Price
2027	\$245,000			2036	\$240,000		
2028	245,000			2037	240,000		
2029	245,000			2038	240,000		
2030	245,000			2039	240,000		
2031	245,000			2040	240,000		
2032	245,000			2041	240,000		
2033	240,000			2042	240,000		
2034	240,000			2043	240,000		
2035	240,000			2044	240,000		

The 2025 General Obligation Bonds (the "Bonds") will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bond owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal of and interest on the Bonds will be paid to DTC by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on March 1, 2026 and semi-annually on each September 1 and March 1 thereafter until maturity, or redemption prior to maturity.

The legal opinion of Bond Counsel, will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of Regional School Unit No. 26 (the "RSU") and, unless paid from other sources, are payable as to both principal and interest from ad valorem taxes which may be levied without limit as to rate or amount upon all the property within the territorial limits of the RSU (which territory includes the town of Orono, Maine (the "Member Municipality") and taxable by it, except to the extent that a Member Municipality may enter into an agreement under Title 30-A, Chapter 223, Subchapter 5 of the Maine Revised Statutes, to share its assessed valuation with another municipality; and except to the extent that the Member Municipality establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds. The Member Municipality has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the economic development projects and programs described in the development programs adopted with respect to such districts. Within the limits established by statute, a municipality has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. The Member Municipality has certified that no agreements under Chapter 223, Subchapter 5 of the Maine Revised Statutes now exist. The opinion will indicate that the enforceability of the obligations of the RSU, including the Bonds, are subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Bonds maturing on and before September 1, 2035 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after September 1, 2036 are subject to redemption prior to their stated dates of maturity, at the option of the RSU, on and after September 1, 2035 as more fully set forth herein (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" herein).

The Bonds are offered when, and if issued, subject to the approval of legality by Drummond Woodsum & MacMahon of Portland, Maine, Bond Counsel. Moors & Cabot, Inc., Boston, Massachusetts, serves as Municipal Advisor to the RSU. It is expected that the Bonds in definitive form will be available for delivery to DTC on or about September 11, 2025.

NOTE: <sup>(\*)</sup> Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by the RSU or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the RSU and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the RSU. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the RSU since the date hereof.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP® numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the RSU and are included solely for the convenience of the holders of the Bonds. Neither the RSU nor the Underwriter makes any representation with respect to the accuracy of such CUSIP® numbers set forth in this Official Statement or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The RSU is not responsible for the selection or uses of the CUSIP® numbers and no representation is made as to their correctness on the Bonds or as set forth in this Official Statement. The CUSIP® number for a specific maturity of the Bonds is subject to change after the issuance of the Bonds and as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the Bonds.

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**CERTIFICATE  
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by Regional School Unit No. 26 (the “RSU”) with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the RSU’s records and from various other public documents and sources, which are believed to be reliable. There has been no independent investigation of such information by the Municipal Advisor or by Drummond Woodsum & MacMahon, its Bond Counsel and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Municipal Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the RSU and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the RSU or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the undersigned, this Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the RSU is not guaranteed as to accuracy, completeness or fairness, the undersigned has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the undersigned and furnished at the closing.

This Official Statement is in a form “deemed final” by the RSU for purposes of Securities and Exchange Commission’s Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Meredith L. Higgins, Treasurer  
Regional School Unit No. 26

**OFFICIAL STATEMENT  
REGIONAL SCHOOL UNIT NO. 26  
(ORONO, MAINE)  
\$4,350,000<sup>(\*)</sup>  
2025 GENERAL OBLIGATION BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the sale of the above-referenced Regional School Unit No. 26 (the “RSU” or “RSU 26”) General Obligation Bonds (the “Bonds” or the “2025 Bonds”).

**THE RSU**

Pursuant to the Maine Revised Statutes, Title 20-A, Section 1461 (the “School Consolidation Act”), the School Department of the Towns of Glenburn, Orono, and Veazie organized to form a regional school unit (an “RSU,” see “REORGANIZATION OF SCHOOL ADMINISTRATIVE UNITS IN MAINE INTO REGIONAL SCHOOL UNITS”) as Regional School Unit No. 26 (“the RSU”). The RSU received its initial Certificate of Organization dated February 12, 2009, evidencing its organization as a regional school unit, comprising the towns of Glenburn, Orono, and Veazie, under the laws of the State of Maine (the “State”), effective July 1, 2009. On July 1, 2013, withdrawal agreements, pursuant to Title 20-A, Section 1466 of the Maine Revised Statutes, between the RSU and the towns of Glenburn and Veazie, leaving the Town of Orono as the sole Member Municipality of the RSU. The RSU received a new Certificate of Organization dated May 10, 2013, effective July 1, 2013. See “REORGANIZATION OF SCHOOL ADMINISTRATIVE UNITS IN MAINE INTO REGIONAL SCHOOL UNITS” herein.

**THE BONDS**

**DESCRIPTION OF THE BONDS**

The Bonds will be issued only as fully-registered securities without coupons, one certificate per CUSIP assignment, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000, or integral multiples thereof. The Bonds will be dated on the date of delivery and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months), payable on March 1, 2026, and semi-annually thereafter on September 1 or March 1 of each year until maturity, or redemption prior to maturity. It is expected that the Bonds will be available for delivery at DTC on or about September 11, 2025. The Bonds will mature as follows:

<u>Amount<sup>(*)</sup></u>	<u>September 1,</u>	<u>CUSIP</u>	<u>Amount<sup>(*)</sup></u>	<u>September 1,</u>	<u>CUSIP</u>
\$245,000	2027	75915LBC2	\$240,000	2036	75915LBM0
245,000	2028	75915LBD0	240,000	2037	75915LBN8
245,000	2029	75915LBE8	240,000	2038	75915LBP3
245,000	2030	75915LBF5	240,000	2039	75915LBQ1
245,000	2031	75915LBG3	240,000	2040	75915LBR9
245,000	2032	75915LBH1	240,000	2041	75915LBS7
245,000	2033	75915LBJ7	240,000	2042	75915LBT5
240,000	2034	75915LBK4	240,000	2043	75915LBU2
240,000	2035	75915LBL2	240,000	2044	75915LBV0

NOTE: <sup>(\*)</sup> Preliminary, subject to change.

Principal of and interest on the Bonds will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Bonds by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as paying agent (the “Paying Agent”). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners.

The RSU 26 will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein.

## **OPTIONAL REDEMPTION OF THE BONDS PRIOR TO MATURITY**

Bonds maturing on or before September 1, 2035 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after September 1, 2036 are subject to redemption prior to their stated dates of maturity, at the option of the RSU, on and after September 1, 2035, as a whole or in part in at any time, in such order of maturity as the RSU, in its discretion, may determine, at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

## **GENERAL PROVISIONS REGARDING REDEMPTION OF THE BONDS**

### **Notice of Optional Redemption**

In the case of every Optional Redemption of the Bonds, the RSU shall cause notice of such Optional Redemption to be given to the registered owner of any Bonds designated for Optional Redemption in whole or in part, at such address as shall appear upon the registration books kept by the Paying Agent by mailing a copy of the Optional Redemption notice by first class mail not less than thirty (30) days prior to the Optional Redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondholder actually receives notice. The failure of The RSU to give notice to a Bondholder or any defect in such notice shall not affect the validity of the Optional Redemption of any Bond of any other owner.

Each notice of Optional Redemption shall specify the date fixed for Optional Redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for Optional Redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of Optional Redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or integral multiple thereof) to be redeemed.

The RSU shall notify the Securities Depository (see “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein) in the same manner as the Bondholders, with a request that the Securities Depository notify its Participants who in turn notify the beneficial owners of such Bonds. Any failure on the part of the Securities Depository, or failure on the part of a nominee of a Beneficial Owner (having received notice from The RSU, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the Optional Redemption of such Bond.

## **Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue**

On any redemption date, the principal amount of each Bond to be redeemed, together with the premium, if any, and accrued interest thereon to such date, shall become due and payable. Funds shall be deposited with the Paying Agent to pay, and the Paying Agent is authorized and directed to apply such funds to the payment of, the Bonds called for redemption, together with accrued interest thereon to the redemption date and redemption premium, if any. After such redemption date, notice having been given in the manner described above, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given), the Bonds to be redeemed shall not be deemed to be outstanding.

## **Cancellation**

All Bonds that have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the RSU or returned to the RSU at its request.

## **Partial Redemption of Bonds**

Bonds or portions of Bonds to be redeemed in part shall be selected when held by a Securities Depository by lot and when not held by a Securities Depository by the RSU by lot or in such other manner, as the RSU in its discretion may deem appropriate.

## **RECORD DATE; PAYMENT**

The principal of the Bonds is payable upon surrender thereof at the designated Corporate Trust Office of the Paying Agent. Payment of the interest on the Bonds will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the 15<sup>th</sup> day of the month preceding the interest payment date for the Bonds, and if such day is not a regular business day of the Paying Agent, the next day preceding which is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person's address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest that is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

## **AUTHORIZATION AND PURPOSE, PLAN OF FINANCING AND THE PROJECT**

### **Authorization and Purpose**

The RSU is authorized to issue the Bonds pursuant to the laws of the State of Maine, including Sections 1490 and 1501 and Chapter 609 of Title 20-A of the Maine Revised Statutes; referendum approval by the RSU's voters on June 11, 2019; and Resolutions adopted by the RSU School Board on June 18, 2019 and September 3, 2019.

RSU's voters authorized the RSU to issue Notes or Bonds, in an amount not to exceed \$16,845,000, to provide funds to carry out and equip school construction projects at Asa C. Adams School, Orono Middle School and Orono High School (the "School Projects").

## Plan of Financing

On June 11, 2019, the RSU's voters authorized the RSU to issue bonds, in an amount not to exceed \$16,845,000, to provide funds to carry out and equip school construction projects for the School Projects. The voters approved the projects with the informal understanding that additional annual debt service for bonds or notes that would provide funds to finance School Projects would not increase the RSU's total annual debt service obligations substantially above \$1,170,000 per year. The RSU's QSCB Lease continues to require annual payments of approximately \$265,000 until the final payments on July 1, 2026. The RSU desires to mitigate the burden of associated debt service for the School Projects through the term of the QSCB Lease. In so doing, the RSU Board contemplated deferring principal payments, and perhaps portions of or all interest, until after the QSCB Lease has matured; yet to proceed with the School Projects by Spring of 2020 (the "Policy Objectives").

Notwithstanding the need to comply with US Treasury Regulations (including Section 1.150-2 regarding reimbursement regulations); Section 148(f) of the Code (regarding spending thresholds to comply with arbitrage restrictions); sensitivity to structure financings to accommodate the RSU's Policy Objectives is further exacerbated by the restrictions of Title 20-A, Section 1490 of the Maine Revised Statutes, such as: Section 1490(2)(C): "Each issue of bonds must mature in *substantially equal annual installments* so that *the first installment is payable not later than 2 years and the last installment not later than 30 years after the date of issue*"; Section 1490 (3)(B): "If the proceeds of an issue of bonds are used in whole or in part to fund temporary notes, the period during which the issue of bonds is outstanding plus *the period of the loan represented by the temporary notes or renewal notes may not exceed 30 years*"; and Section 1490 (3)(C): "*Temporary notes mature not later than 3 years from the date the first temporary note is issued*" [italics are added to emphasize the salient restrictions].

The following plan of financing was structured, and followed, to achieve compliance with Treasury Regulations, the Code, Maine statute, and the RSU's Policy Objective:

- \$12,145,000 2019 Bonds: Issued October 30, 2019; first interest March 1, 2020 and every six months thereafter; first principal deferred two years to September 1, 2021; length - 25 years, with 24 payments; callable in 10 years @100%.
- \$4,350,000 2020 BAN: Issued September 30, 2020 (the "2020 BAN"); in addition to the proceeds from the 2020 BAN, \$350,000 of School Projects costs were paid from the 2020-2021 operating budget (\$4,700,000 - \$350,000 = \$4,350,000); semi-annual interest; mature September 30, 2023 (not greater than 3 years); refund with proceeds from 2023 Bullet Bonds.
- \$4,350,000 2023 Bullet Bonds: Issued September 30, 2023; first interest March 1, 2024 and every six months thereafter; Bullet principal due September 30, 2025; length - two years; refund with proceeds from 2025 Refunding Bonds
- \$4,350,000 2025 Refunding Bonds: Issued September 11, 2025; first interest March 1, 2026 and every six months thereafter; first principal deferred two years to September 1, 2027; final maturity on September 1, 2044 (three-year BAN + two-year Bullet + two-year deferment + 18 years = 25 years); callable in 10 years @100%. The 2025 Refunding Bonds have been authorized by a resolution passed by the RSU Board at its meeting held on September 6, 2019, pursuant to Title 20-A, Section 1490(7) of the Maine Revised Statutes.



<u>Issue Date</u>	<u>Yrs from</u> <u>1st Bond</u>	<u>FY</u>	<u>2019 Bonds</u>	<u>2020 BANs</u>	<u>2023 Bonds</u>	<u>2025 Bonds</u>	<u>Consolidated</u>
10/30/2019	0	2019 / 2020	10/30/2019				
9/30/2020	1	2020 / 2021	9/1/2020	0	4,350,000		
	2	2021 / 2022	9/1/2021	510,000			510,000
	3	2022 / 2023	9/1/2022	510,000			510,000
9/30/2023	4	2023 / 2024	9/1/2023	510,000			510,000
	5	2024 / 2025	9/1/2024	510,000			510,000
	6	2025 / 2026	9/1/2025	510,000			510,000
9/11/2025	7	2026 / 2027	9/1/2026	505,000			505,000
	8	2027 / 2028	9/1/2027	505,000		245,000	750,000
	9	2028 / 2029	9/1/2028	505,000		245,000	750,000
	10	2029 / 2030	9/1/2029	505,000		245,000	750,000
	11	2030 / 2031	9/1/2030	505,000		245,000	750,000
	12	2031 / 2032	9/1/2031	505,000		245,000	750,000
	13	2032 / 2033	9/1/2032	505,000		245,000	750,000
	14	2033 / 2034	9/1/2033	505,000		240,000	745,000
	15	2034 / 2035	9/1/2034	505,000		240,000	745,000
	16	2035 / 2036	9/1/2035	505,000		240,000	745,000
	17	2036 / 2037	9/1/2036	505,000		240,000	745,000
	18	2037 / 2038	9/1/2037	505,000		240,000	745,000
	19	2038 / 2039	9/1/2038	505,000		240,000	745,000
	20	2039 / 2040	9/1/2039	505,000		240,000	745,000
	21	2040 / 2041	9/1/2040	505,000		240,000	745,000
	22	2041 / 2042	9/1/2041	505,000		240,000	745,000
	23	2042 / 2043	9/1/2042	505,000		240,000	745,000
	24	2043 / 2044	9/1/2043	505,000		240,000	745,000
	25	2044 / 2045	9/1/2044	<u>505,000</u>		<u>240,000</u>	<u>745,000</u>
<b>Issue Proceeds:</b>			<b>12,145,000</b>			<b>4,350,000</b>	<b>16,495,000</b>
<b>Allocable Bid Premium:</b>			<b><u>(745,000)</u></b>				<b><u>350,000</u></b>
<b>Bonds:</b>			<b>\$11,400,000</b>				<b>\$16,845,000</b>
							<b>Issued Budget Authorization</b>



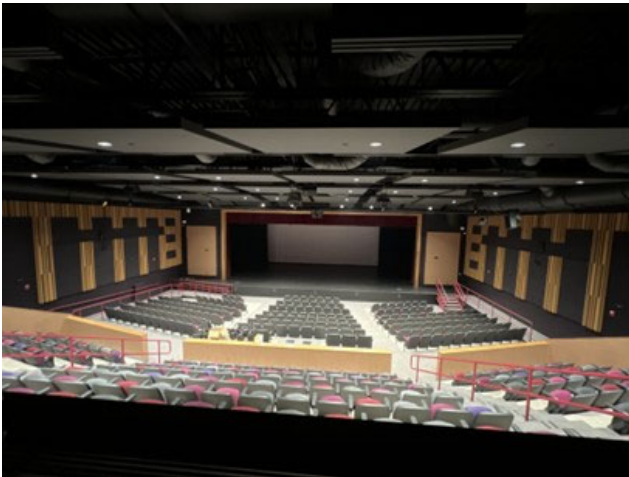
**Asa Adams Elementary School (foreground);  
Orono Junior High School (top right); Orono High School (top left)**



**Performing Arts Center Entrance**



**Athletic Field Improvements**



**Rendition of New Auditorium**

## **SOURCE OF PAYMENT AND REMEDIES**

### **General Obligation Pledge; Local Assessments**

The Bonds are general obligations of the RSU and their payment is not limited to a particular fund or revenue source. The RSU comprises the Town of Orono (the “Member Municipality”). The Member Municipality’s contribution to the annual school budget, which includes the RSU’s annual debt service obligation, is determined in accordance with the budget annually approved by the voters of the RSU. The School Board issues a warrant to the assessor of the Member Municipality requiring the assessor to assess upon the taxable estates of the Member Municipality an amount equal to the Member Municipality’s contribution to the RSU’s budget. The assessor of the Member Municipality is required to commit the assessment of the RSU to the Municipality’s tax collectors, who have all the authority to collect the RSU’s taxes as to collect State of Maine (the “State”), county, and municipal taxes. Ad valorem property taxes may be levied without limit as to rate or amount upon all the taxable property within the territorial limits of the RSU to pay principal and interest on the Bonds, except to any extent that any municipality within the territory of the RSU may enter into an agreement under Title 30-A, Chapter 223, Subchapter 5 of the Maine Revised Statutes, to share its assessed valuation with another municipality, and except to the extent that any Member Municipality within the territory of the RSU establishes or has established municipal development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, the captured tax increment of which may not be available for payment of debt service on the Bonds. The Town of Orono has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the development projects described in the development programs adopted with respect to the districts. Within the limits

established by statute, towns have the right to designate additional development districts pursuant to Chapter 206 of Title 30-A and former (now repealed) Chapter 207 of the Maine Revised Statutes. There is no statutory provision for a lien on any portion of the tax levy to secure the Bonds, or judgments thereon, in priority to other claims. The RSU is, however, subject to suit on the Bonds.

Pursuant to Title 20-A, Section 1490(5) of the Maine Revised Statutes, the RSU is a quasi-municipal corporation within the meaning of Title 30-A, Section 5701 of the Maine Revised Statutes. Section 5701 provides that the personal property of the residents and the real estate within the boundaries of a quasi-municipal corporation may be taken to pay any debt due from the body corporate. However, there has been no judicial determination of whether this remedy is constitutional under current due process and equal protection standards. Further, Title 20-A, Section 1489(6) of the Maine Revised Statutes, provides that if the treasurer of the RSU's Member Municipality fails to pay an assessment when due, the RSU Treasurer, following notice and a 60-day cure period from the due date, may initiate an action in Superior Court to compel payment of the delinquent installment. The court shall determine the amount owed by the municipality to the RSU and shall order the municipal treasurer to pay all delinquent installments and accrued interest (along with court costs and reasonable attorney's fees). To ensure prompt payment of the delinquent installments, the court may require that amounts due to the municipality from the State under Title 30-A, Section 5681 and Title 36, Sections 578 and 685 be paid to the RSU until the amount determined by the court is satisfied. The court shall promptly notify the disbursing State agency of the determination and direct the agency to make the required change in payee and the amounts to be paid. If additional funds are needed to satisfy the amount determined by the court to be paid to the RSU, the court may order the attachment or trustee process and sale of real or personal property owned by the municipality or the attachment of the municipality's bank accounts or require property tax payments to the municipality to be turned over to the court and may pay the amount owed the RSU from the proceeds and return any excess to the municipality.

The RSU's assessments of its Member Municipality do not include amounts for expenses, including debt service, to the extent the expenses are expected to be paid from budgeted revenues other than revenues from the assessment of taxes. Amounts necessary to repay sums borrowed temporarily in anticipation of bonds or grants are similarly excluded because they would normally be expected to be paid from the anticipated bond proceeds or grants. Enforcement of a claim for payment of principal of or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. The Bonds are not guaranteed by the State.

### **State Subsidy**

The State subsidizes local school administrative units ("SAUs"), which include regional school units ("RSUs"), pursuant to Chapter 606-B of Title 20-A of the Maine Revised Statutes. Chapter 606-B, is known as the "Essential Programs and Services Funding Act," (the "EPS Act") and is summarized in this section. Pursuant to Section 15671 of the EPS Act, Essential Programs and Services ("EPS") are identified as those educational resources required for all students to meet the standards in the eight content standard subject areas of the system of learning results established by statute. In order to achieve this system of learning results, school funding based on EPS must be available in all schools on an equitable basis and utilize resources including federal funds that are currently provided or could be adapted to implement a system of learning results, as well as additional resources that are also needed to ensure that these programs and services are available to all students. The objective of school funding is to make adequate provision to provide for staffing and other material resource needs of the essential programs and services identified by the Legislature. Funding is subject to appropriation by the State legislature. The EPS Act and State funding under the EPS Act are subject to amendment by the Legislature.

The State and SAU are jointly responsible for contributing to the cost of the components of EPS. The State contribution to the cost of the components of EPS is proposed by the Commissioner of Education (the “Commissioner”) and established by the Legislature. The current statutory objective is for the State to provide 55% of the statewide EPS costs to SAUs. See “THE BONDS - SOURCE OF PAYMENT AND REMEDIES - Uncertainty Regarding School Funding,” below.

Based upon the State’s funding level for a fiscal year, the EPS Act establishes that the Commissioner set a statewide, full-value education mill rate that determines a municipality’s required local contribution. The full-value mill rate is that rate which, if applied to the statewide valuation, would produce a sufficient amount to achieve the statewide total local share of the total State/local allocation. The statewide mill rate applied to a municipality’s property valuation determines the municipality’s required local contribution, also referred to as the “local cost share expectation” for that municipality. The required local contribution is subject to certain adjustments, including, where applicable a minimum receiver adjustment. In some cases, an SAU’s formula for dividing costs among its member municipalities creates a “re-allocation” of the member municipalities’ contributions towards the SAU’s local allocation.

Each year, the Commissioner notifies each SAU of the local cost share expectation for the SAU and its member municipalities, and each superintendent reports to the municipal officers whenever an SAU is notified of the local cost share expectation or a change made in the local cost share expectation resulting from an adjustment.

The legislative body of an SAU, such as RSU 26, may approve an additional local appropriation that exceeds the SAU’s local allocation for EPS costs only if that action is approved in a separate article by a vote of the SAU’s legislative body as part of the school budget approval process in that SAU and in accordance the EPS Act. For SAUs whose legislative bodies are town or city councils, the vote for additional local appropriation must be accomplished by a majority vote of the full membership of the school board, followed by approval of the town or city council. For SAUs whose legislative bodies are budget meetings conducted as a New England-style open meeting of voters, the additional local appropriation is accomplished by a secret ballot, simple majority vote. In most SAUs, following legislative body approval of the school budget, the voters of an SAU must ratify the school budget by a referendum vote.

The voters of the Member Municipality comprise the RSU 26’s legislative body. The legislative body initially approves the annual school budget, including additional local appropriations, at an open New England-style budget meeting. The budget approved at the budget meeting is then subject to ratification by the legislative body at a secret ballot referendum. See “REORGANIZATION OF SCHOOL ADMINISTRATIVE UNITS INTO REGIONAL SCHOOL UNITS - REGIONAL SCHOOL UNITS – Budgets and Assessments,” herein.

### **Uncertainty Regarding School Funding**

State subsidies for SAUs are based upon a number of factors set forth in the EPS Act that are subject to change each year. In addition, the subsidy formula itself is subject to change each year by the Legislature. Furthermore, subsidies for SAUs are an annual item in the State’s budgetary process and are subject to legislative appropriation each year.

The level of State subsidy is subject in any year to approval by the State legislature. Since the State’s establishment of school subsidy programs in 1969, in some years the State has curtailed its subsidy of EPS costs<sup>(1)</sup>.

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NOTE: <sup>(1)</sup> It is noted that in those years where the State has curtailed its subsidy of EPS costs, it always has excluded from curtailment the debt service on bonds issued to finance school construction projects that the State has approved for inclusion in EPS costs for subsidy services. No assurance can be given, however, that the State will not change this practice in some manner that would affect the level of such debt service subsidy.

In 2005, the State legislature passed “LD 1,” a bill that required the State to increase the State contribution to EPS costs to 55%. It was not until 2021 that the State met this 55% funding goal. Still, no assurances can be given that future legislation will not have an adverse impact on school funding in Maine. In addition, no assurances can be given regarding the current, or future, annual appropriation by the Legislature of an amount sufficient to fund the State’s share of EPS allocation as it is currently defined and determined under the EPS Act. Because of the uncertainties involved in the legislative process, it is not possible to predict the level of State subsidy to SAUs in future years or indeed, whether the State’s subsidy program will continue in its present form.

### **Recent Years’ State General Purpose Aid to Local Schools**

Beginning in fiscal year 2011/2012, the State set targets that include EPS costs *plus* the State contribution to teacher retirement, retired teacher health insurance, and retired teacher life insurance. The State target for General Purpose Aid to Local Schools (“GPALS”) was established at the following level in the following fiscal years:

<u>Fiscal Year</u>	<u>State % Target</u>	<u>State % Target Including Teacher Retirement Contribution</u>
2019/2020	50.78%	55.00%
2020/2021	51.78%	55.00%
2021/2022	55.00%	55.00%
2022/2023	55.00%	55.00%
2023/2024	55.00%	55.00%
2024/2025	55.00%	55.00%

From time-to-time, the State Legislature may change the costs includable in EPS and the method of calculating the achievement of the State target. For example, in fiscal year 2013/2014 the State target for the total cost of K-12 education, as measured by the EPS school funding model, included the employer share of teacher retirement costs that is paid directly by the State. The appropriation increased the State subsidy for that year by approximately \$29 million before it was reduced by \$12.6 million through a curtailment order issued by the Governor in December 2012, as an emergency procedure to keep the State Budget in balance. The \$29 million funding increase, however, was accompanied by the transfer of the financial obligation from the State to the schools for the “normal costs” of teachers’ retirement under MainePERS (as defined herein). As seen in the percentages set forth in this section, transferring the State funding of these costs to the EPS formula in prior years brought the State closer to its stated 55% funding goal for EPS costs, without providing a net funding increase. Neither the future amount nor future rate of State subsidy can be calculated on a pro forma basis due to the variable nature of the factors included in the State’s determination of funding.

### **State Subsidy for Bonds**

The Bonds are not eligible for State debt service subsidy. The State Board of Education has established *Rules for Major Capital School Construction Projects* (the “Rules”) to provide a subsidy for all or a portion of the debt service costs for certain eligible new school construction projects and school addition (including addition plus renovation) projects (i.e., “qualified” for State subsidy). An SAU whose project has qualified for State subsidy has its approved debt service costs for that project (which may be the debt service on all or a portion of the project costs) included in its State local allocation for subsidy purposes.

The RSU *did not* submit the School Projects to the State for a rating to determine eligibility to be qualified for State subsidy. Accordingly, debt service on the Project *is not* eligible for subsidy inclusion, and debt service on the Project will *not be* includable as a subsidized cost in the RSU’s total allocation for purposes of calculating the State subsidy to the RSU (the “State Share”).

## **TAX MATTERS**

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the RSU to comply with such requirements may cause interest on the Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs or is ascertained.

The RSU will make certain representations with respect to the use of the proceeds of the Bonds and the School Projects and will covenant (i) to comply with the provisions and procedures of the Code applicable to the Bonds and (ii) not to take any action or permit any action that would cause the interest paid on the Bonds to be included in gross income for purposes of federal income taxation pursuant to section 103 of the Code.

In the opinion of Bond Counsel and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions interest on the Bonds is excludable from the gross income of the owners of the Bonds for purposes of federal income tax purposes pursuant to Section 103 of the Code. Interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax; however, such interest is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel will rely upon the RSU’s representations made with respect to the use of the proceeds of the Bonds and the School Projects and the RSU’s covenant that it will comply with the Code.

### **Exemption of Interest on the Bonds from Taxation Within the State of Maine**

In the opinion of Bond Counsel, interest paid on the Bonds is not subject to income taxes within the State imposed on individuals under existing statutes, regulations and judicial decisions. See “PROPOSED FORM OF LEGAL OPINION” in APPENDIX D herein.

### **Designated as Qualified Tax-Exempt Obligations**

The RSU will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

### **Original Issue Discount**

Pursuant to Title 20-A, Section 1490(2)(A) of the Maine Revised Statutes, the Bonds may not be initially sold for less than par.

### **Original Issue Premium**

Certain maturities of the Bonds may be sold at a purchase price in excess of the amount payable on such Bonds after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) (the “Premium Bonds”). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax



purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code.

Prospective purchasers of Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

### **Additional Federal Income Tax Consequences**

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the "IRS") has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Bonds will be audited. If an audit is commenced, under current IRS procedures holders of the Bonds may not be permitted to participate in the audit process and the value and liquidity of the Bonds may be adversely affected.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the United States Congress ("Congress") and in the States that, if enacted, could alter or amend the federal and State tax matters referred to herein. In addition, such legislation (whether currently proposed, proposed in the future or enacted) could affect the market value or marketability of the Bonds or significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax of interest on the Bonds. Future Congressional proposals could also affect the Bonds, even if never enacted. It cannot be predicted whether, or in what form, any such proposals might ultimately be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Prospective purchasers of the Bonds should consult their tax and financial advisors regarding such matters.

## **Opinion of Bond Counsel**

The legal opinion of the firm of Drummond Woodsum & MacMahon, of Portland, Maine (see APPENDIX C) will be furnished to the original purchaser of the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the original purchaser of the Bonds.

## **Extent of Opinion**

Bond Counsel expresses no opinion regarding any tax consequences of holding the Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Bonds not being treated as a preference item in calculating the alternative minimum tax under the Code, such interest will be taken into account included in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code, (c) designation of the Bonds as “Qualified Tax-exempt Obligations”, for purposes of Section 265(b)(3) of the Code, and (d) the exemption of interest on the Bonds from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds.

## **BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC’s records. The ownership interest of each actual purchaser of each security deposited with DTC (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase.



Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners. The RSU may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the RSU believes to be reliable, but the RSU takes no responsibility for the accuracy thereof.

## **RATINGS**

The Bonds are rated “\_\_\_” by Moody's Investors Service (“Moody's”) and “\_\_\_” by S&P Global Ratings (“S&P”). The RSU has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement and is not material to prospective purchasers of the Bonds. The ratings, if obtained, will reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently. Except as set forth in the Continuing Disclosure Agreement set forth in APPENDIX D and referred to under “THE BONDS – CONTINUING DISCLOSURE” herein, the RSU has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in, or withdrawal of, any rating of the Bonds or to oppose any such change or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist the underwriter of the Bonds in complying with the Securities and Exchange Commission's (“SEC”) Rule 15c2-12 (the “Rule”), the RSU will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events, if material. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”). The covenants will be contained in a “Continuing Disclosure Agreement” (the “Agreement”; or “CDA”), the proposed form of which is provided in APPENDIX D. The Continuing Disclosure Agreement will be executed by the Treasurer of RSU and incorporated by reference in bond issues.

The first issuance of publicly sold debt by RSU 26 that was subject to continuing disclosure requirements of the Securities Exchange Commission's Rule 15c2-12 (the “Rule”), was its \$11,400,000 2019 General Obligation Bonds, dated October 30, 2019 (“2019 Bonds”). The undertaking commenced with the fiscal year ending June 30, 2019.

- For the fiscal year ending June 30, 2019, the RSU posted its operating data on October 22, 2019 by virtue of submission of its 2019 Bonds Official Statement, dated October 16, 2019; and its audited financial statements on February 13, 2020 on EMMA.
- For the fiscal year ending June 30, 2020, the RSU filed its audited financial statements for fiscal years ending June 30, 2020 on a timely basis (albeit, and a duplicate filing on August 20, 2025); however, its operating data requirement was met by posting the RSU's 2020 Bond General Obligation Bond Anticipation Bonds Preliminary Official Statement, dated September 4, 2020, as amended, posted on September 16, 2020, addended on August 28, 2023 along with a “failure to file operating data on a timely basis” Event Disclosure on that date.
- For the fiscal years ending June 30, 2021 and 2022, the RSU filed its audited financial statements on a timely basis; however, its operating data requirement was not met until posting the RSU's 2023 Bond General Obligation Bond Anticipation Bonds Preliminary Official Statement, dated August 29, 2023, as amended, posted on September 16, 2020, addended on August 28, 2023 along with a “late filing of operating data on a timely basis” Event Disclosure on that date.

- The RSU filed its audited financial statements for fiscal years ending June 30, 2023 and 2024 on a timely basis; however, its operating data requirement will not be met until posting the RSU's 2025 General Obligation Bonds Preliminary Official Statement, dated August 22, 2025. Simultaneous with that filing, a "late filing of operating data on a timely basis" Event Disclosure will be posted on that date.

<b><u>FY ended June 30,</u></b>	<b><u>Financial Information Filing</u></b>		<b><u>Operating Data Filing</u></b>	
	<b><u>Date Filed</u></b>	<b><u>Days after Fiscal Period</u></b>	<b><u>Date Filed</u></b>	<b><u>Days after Fiscal Period</u></b>
2024	Jan. 8, 2025	192	Aug. 22, 2025	>270
2023	Feb. 8, 2024	223	Aug. 22, 2025	>270
2022	Dec. 20, 2022	173	Sept. 14, 2023	>270
2021	Feb. 9, 2022	224	Sept. 14, 2023	>270
2020	Sept. 16, 2020	78	Sept. 16, 2020	78
2019	Feb. 13, 2020	228	Oct. 22, 2019	114

### **Assurances of Compliance**

The RSU will implement post-issuance compliance procedures that, among other items, provide for timely filings with the MSRB through EMMA. The RSU will also register with the EMMA reminder system to receive email reminders to help ensure timely filing of disclosure requirements. Subsequent to fiscal year ended June 30, 2025 going forward, information for the operating data template will be included as a Section of the RSU's financial statements to assure that annual operating data is also filed.

### **CUSIP® IDENTIFICATION NUMBERS**

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the RSU provided, however, that the RSU assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

### **MUNICIPAL ADVISOR**

Moors & Cabot, Inc. is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and has acted as Municipal Advisor to the RSU with respect to the issuance of the Bonds pursuant to MSRB Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Bonds.

### **STATUTORY REFERENCES**

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

### **CONDITIONS PRECEDENT TO DELIVERY**

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

### **Approval of Legality**

The legality of the Bonds will be approved by Drummond Woodsum & MacMahon of Portland, Maine, Bond Counsel. The unqualified approving opinion of such counsel with respect to the Bonds in substantially the form attached to this Official Statement as APPENDIX C will be delivered at the time of original delivery of the Bonds and a copy of the opinion will be provided to the original purchasers. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the Underwriter. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also “PROPOSED FORM OF LEGAL OPINION” in APPENDIX C herein.

### **Certificate With Respect to Official Statement**

At the time of the original delivery of and payment for the Bonds, the RSU will deliver a certificate of the Treasurer to the effect that the Treasurer has examined this Official Statement and the financial and other data contained therein and that, to the best of the Treasurer’s knowledge and belief, both as of its date and as of the date of delivery of the Bonds, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the RSU is not guaranteed as to accuracy, completeness or fairness, the Treasurer has no reason to believe that such information is materially inaccurate or misleading.

### **No Litigation**

Upon delivery of the Bonds, the RSU shall deliver or cause to be delivered a certificate of the Treasurer, and attested to by its Secretary, dated the date of delivery of the Bonds, to the effect that there is no litigation pending or, to the knowledge of the Treasurer, threatened, affecting the validity of the Bonds or the power of the RSU to assess and to require the Member Municipality to levy and collect taxes to pay the Bonds, and that neither the corporate existence nor boundaries of the RSU, nor the title of any of said officers to their respective offices, is being contested.

### **Certificate With Respect to the Treasurer of the Member Municipality**

At the time of the original delivery of and payment for the Bonds, the RSU will deliver a certification of the Member Municipality that no agreements now exist under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality.

### **Certification of the Bonds**

The Bonds will be certified as to their genuineness by U.S. Bank Trust Company, National Association, Boston, Massachusetts, which certificate will appear on the Bonds.

## **REORGANIZATION OF SCHOOL ADMINISTRATIVE UNITS INTO REGIONAL SCHOOL UNITS**

### **THE SCHOOL CONSOLIDATION ACT**

The School Consolidation Act was enacted in 2007 with the goal of reorganizing and consolidating certain existing SAUs into RSUs. The law sets forth State policy to provide for certain existing SAUs to be reorganized into regional, State approved, units of school administration in order to provide: equitable educational opportunities, rigorous academic programs, uniformity in delivering programs, a greater uniformity in tax rates, more efficient and effective use of limited resources, preservation of school choice and maximum opportunity to deliver services in an efficient manner. All SAUs were directed to work with other units to reorganize into larger, more efficient units, or where expansion of the SAU would be impractical or inconsistent with state policy, reorganize their own administrative structures to reduce costs and to achieve administrative efficiencies.

Subject to certain exceptions, existing SAUs were directed to form regional school units of at least 2,500 resident students, or 1,200 resident students in certain situations where geography, demographics, population density, transportation challenges and other obstacles make 2,500 impractical. SAUs that were exempt from the requirement were, nonetheless, required to submit a plan to achieve efficiencies.

The School Consolidation Act also provided for any Maine school administrative district (“SAD”) that had not merged with other SAUs into an RSU by January 30, 2009 to be recreated as an RSU under Title 20-A, Chapter 103-A, effective July 1, 2009, without dissolving the SAD. The School Consolidation Act further provided for such “recreated” RSUs to be subject to all public laws relating to public education and applicable to RSUs, and to remain the same legal entity, but to be permitted to keep and continue to use the same name, including the term “School Administrative District,” for official purposes, including all contracts and debt instruments.

### **REGIONAL SCHOOL UNITS**

#### **Organization**

An RSU is organized under and governed by Chapter 103-A (Sections 1451 – 1512) of Title 20-A of the Maine Revised Statutes. Pursuant to Chapter 103-A, Section 1490(5) of Title 20-A of the Maine Revised Statutes, an RSU is a body politic and corporate of the State and is a quasi-municipal corporation within the meaning of Title 30-A, Section 5701 of the Maine Revised Statutes.

#### **Operation**

Pursuant to Title 20-A, Section 1471 of the Maine Revised Statutes, an RSU is governed by a school board. The school board elects and hires the Superintendent, who serves as its Secretary and Treasurer.

#### **Budget and Assessments**

The RSU budget preparation and approval process are conducted pursuant to Title 20-A, Sections 1482 - 1489 of the Maine Revised Statutes. The RSU budget is prepared by the school board and then must be approved at New England town meeting-style budget meeting, followed by voter approval at a budget validation referendum. The budget validation referendum must be held on or before the 45<sup>th</sup> calendar day following the scheduled date of the RSU budget meeting. If the voters do not validate the budget at the budget validation referendum, the school board must hold another budget meeting to approve a new budget at least 10 days and not more than 45 days after the referendum. The new budget approved at the budget

meeting must again be submitted to the voters for validation at referendum. The process must be repeated until a budget is approved at a district budget meeting and validated at referendum. The voters of an RSU may vote to discontinue the budget validation referendum process, in which case the RSU budget is finally approved at an RSU budget meeting.

Pursuant to Title 20-A, Section 1487 of the Maine Revised Statutes, if a budget is not approved prior to July 1st, the latest budget approved at an RSU budget meeting and submitted for approval at a budget validation referendum is automatically considered the budget for operational expenses for the ensuing year until a final budget is approved. If a budget is not approved by July 1st and the officers of an RSU member municipality determine that property taxes must be committed in a timely manner, such property taxes may be committed based on the latest budget approved at an RSU budget meeting and submitted for approval at a budget validation referendum.

In accordance with the approved budget, the RSU's school board issues warrants to the assessors of each member municipality for its share of the RSU's costs. The assessors commit the assessment to the respective tax collectors, who have the authority and powers to collect the RSU's taxes as is vested in them by law to collect state, county, and municipal taxes. The RSU's school board also notifies the member municipalities of the monthly installments that will become payable during the RSU's fiscal year, due on or before the 20th of each month.

In accordance with Title 20-A, Section 1489(6) of the Maine Revised Statutes, if a treasurer of the RSU's member municipality fails to pay an assessment when due, the RSU treasurer, following notice and a 60-day cure period from the due date, may initiate an action in Superior Court to compel payment of the delinquent installment. The court shall determine the amount owed by the municipality to the RSU and order the municipal treasurer to pay all delinquent installments and accrued interest (along with court costs and reasonable attorney's fees). To ensure prompt payment of the delinquent installments, the court may require that amounts due to the municipality from the State be paid to the RSU until the amount determined by the court is satisfied, promptly notifying the disbursing state agency of the determination and directing the agency to make the required change in payee and the amounts to be paid; or if additional funds are needed the court may order the attachment or trustee process and sale of real or personal property owned by the municipality or the attachment of the municipality's bank accounts or require property tax payments to the municipality to be turned over to the court and may pay the amount owed the RSU from the proceeds and return any excess to the municipality.

### **Power to Borrow Money**

Pursuant to Title 20-A, Section 1490 of the Maine Revised Statutes, an RSU school board may borrow money to pay for current operating expenses, minor capital costs, and, school construction costs. The aggregate principal amount of outstanding debt issued or assumed by an RSU for major and minor capital costs (i.e., school construction purposes and renovation, improvement, and repair purposes), shall not exceed 10% of the total of the last preceding State valuation of all of the municipalities within the RSU (plus, for State-subsidized school projects, an amount not to exceed 4% of the total RSU valuation set by the BOE at the time of initial approval of a school construction project).

### **Additions to an RSU**

An SAU not originally a member of an RSU may be included in the RSU by filing with the Commissioner a notice of intent to engage in planning and negotiations to join with the RSU. The Commissioner shall provide information regarding the process and whether the intended action complies with the requirements of Chapter 103-A of Title 20-A. An SAU may join an existing RSU generally in the same manner required for the formation of the RSU. The municipal officers of each municipality in a proposed reorganized SAU

shall submit the question to the voters of such SAU. If the SAU vote was in the affirmative, the existing RSU shall call an RSU referendum to vote on the question. If a reorganization plan is approved, the Commissioner shall file notice of approval of the unit with the State Board of Education and the Commissioner shall issue an amended certificate of organization to the reorganized RSU.

### **Withdrawals from an RSU**

A municipality may withdraw from the RSU under the RSU statutes pursuant to Title 20-A, Section 1466 of the Maine Revised Statutes. The process of a municipality's withdrawal from an RSU is initiated by a petition signed by at least 10% of the voters of the municipality that voted in the last gubernatorial election. After a public hearing, the municipality holds a referendum election on whether to file the withdrawal petition with the School Board and the Commissioner of Education. If the municipal vote in favor of the petition receives less than 45% of the votes cast, that municipality may not petition to withdraw within two years of the date of that vote.

If the voters approve the withdrawal petition, the municipal officers shall form a withdrawal committee, composed of one of the municipal officers, one member from the general public, one member from the group filing the petition, and one of the municipality's representatives on the school board.

The withdrawal committee must negotiate a withdrawal agreement with the RSU school board. The withdrawal agreement must contain provisions to address aspects of the withdrawal, including distribution of financial commitments arising from the RSU's outstanding bonds, notes, and other contractual obligations. The statute governing withdrawals expressly provides that the RSU "remains intact for the purpose of securing and retiring [outstanding] indebtedness" of the RSU.

The Commissioner then reviews the withdrawal agreement, and either gives it conditional approval or recommends changes. If changes are recommended, they must be made by the withdrawal committee within the time period specified by the commissioner.

After the withdrawal agreement receives conditional approval from the Commissioner, the RSU school board calls a public hearing to discuss the merits of the withdrawal agreement. Following the public hearing, the withdrawal committee forwards the final agreement back to the Commissioner. The Commissioner then schedules the date and time for the referendum to consider the withdrawal agreement.

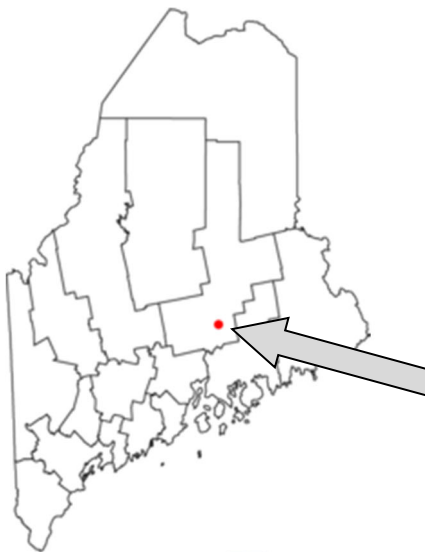
At the referendum, only the municipality proposing to withdraw may vote on whether to approve the withdrawal agreement. For a municipality to withdraw from an RSU formed pursuant to a reorganization plan approval of a withdrawal agreement requires a simple majority vote of the withdrawing municipality, however, the number of votes cast for and against the withdrawal must exceed 50% of the voters in the last gubernatorial election. In this type of RSU, if the municipal vote in favor of the withdrawal agreement receives less than 45% of the votes cast, that municipality may not petition to withdraw within two years of the date of that vote. For a municipality to withdraw from an RSU that was reformulated from a school administrative RSU pursuant to Public Law 2007, Chapter 240, Section XXXX-36(12), as amended, approval of the withdrawal agreement requires a 2/3 vote, but there is no minimum number that must vote. In this type of RSU, if the municipal vote in favor of the withdrawal agreement receives less than 60% of the votes cast, that municipality may not petition to withdraw within two years of the date of that vote.

Following the above procedures, upon withdrawal of a municipality from an RSU that is composed of a single municipality, the RSU is dissolved.

## REGIONAL SCHOOL UNIT NO. 26

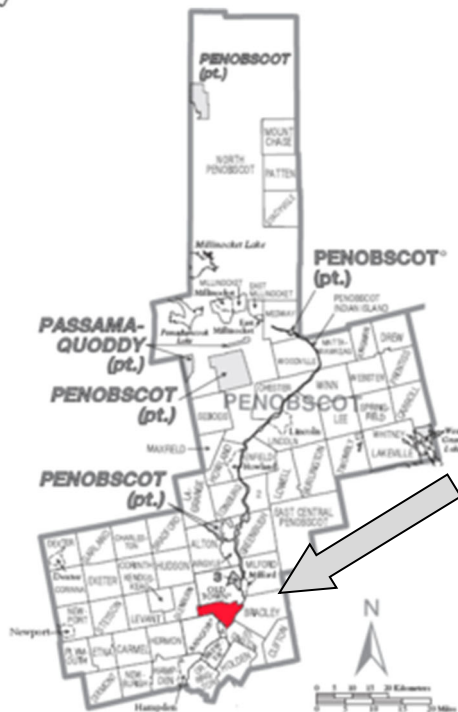
### GENERAL

Regional School Unit No. 26 received its initial Certificate of Organization dated February 12, 2009, evidencing its organization as an RSU under the laws of the State of Maine, effective July 1, 2009 (which included the towns of Glenburn, Orono and Veazie). On July 1, 2013, withdrawal agreements, pursuant to Title 20-A, Section 1466 of the Maine Revised Statutes, between the RSU and the towns of Glenburn and Veazie became effective, leaving the Town of Orono as the sole Member Municipality. The RSU received a new Certificate of Organization dated May 10, 2013, effective July 1, 2013. The RSU currently serves the educational needs for grades Pre-Kindergarten (“PreK”) through 12 for all of the residents of the RSU. The RSU’s administrative offices are currently located at 10 Goodridge Drive, on the RSU’s campus, in Orono, Maine.



### THE MEMBER MUNICIPALITY

The Town of Orono (the “Town”) is located in the southeastern section of the County of Penobscot in the eastern section of the State of Maine. The Town is approximately 140 miles northeast of the City of Portland, the State’s largest city, approximately 80 miles northeast of Augusta, the State’s capital and seven miles northeast of the City of Bangor. Orono is part of an 11-municipality regional employment and commercial complex having its hub in Bangor and is also the home of the University of Maine, the largest post-secondary school in the State. See “REGIONAL SCHOOL UNIT NO. 26 – ECONOMIC CHARACTERISTICS - University of Maine”, herein.



The Town is situated on the western shore of the Penobscot River that forms the Town’s southeastern border, separating Orono from the towns of Bradley and Eddington. The City of Old Town’s line forms Orono’s northern border, the Town of Glenburn is its western boundary, and the City of Bangor and Town of Veazie are contiguous to Orono’s south and southwest, respectively. The Stillwater River splits as a tributary off the Penobscot River north of the Town to form Marsh Island and then reconnects to the Penobscot River in Orono. U.S. Interstate Route 95 that bisects the Town’s central plain, with two exits in the Town, provides convenient access to Orono. U.S. Route 2 follows the Town’s eastern border along the Penobscot River, through Orono’s more densely populated area. U.S. Route 2A splits from U.S. Route 2 at Marsh Island, proceeding along the eastern bank of the Stillwater River and State Route 16, which originates at the Town’s village, proceeds north along the western bank of the Stillwater. Air travel is accommodated in Bangor at its Bangor International Airport.



The area embracing the territory of Orono and Old Town was settled in 1774, first called Deadwater and changed to Stillwater Plantation due to its more agreeable name. The territory encompassing Orono was known as Lower Stillwater, with Old Town being Upper Stillwater. On March 12, 1806 the General Court of Massachusetts incorporated the plantation into the Town of Orono, named for Chief Joseph Orono of the Tarratine, or Penobscot, tribe. Joseph Orono was instrumental in allying the Penobscot tribe on the side of the American colonists in the Revolutionary War. Old Town set off from Orono, incorporating as a town on March 16, 1840 and then as the city on March 30, 1891. A State land-grant college was established in Orono, opening for classes on September 21, 1868 and becoming the University of Maine in 1897.

Orono is a suburban, residential community, with a growing commercial center, as well as is a “college town”. The Town has industries that create canvas products, make oars and paddles and companies that provide telemarketing and light technological enterprises. Population density is prevalent along the Town’s eastern corridor, east of the U.S. Interstate Route 95, while the western portion of the Town enjoys mostly rural characteristics. The University of Maine campus is located on Marsh Island, in the Town’s northeastern corner. The Town is comprised of zones which include: forest and agriculture, medium density residential, high density residential, commercial one and commercial two, light industrial and economic development, university and village commercial districts, with a total land area of 19.04 square miles.

## GOVERNANCE

The RSU School Board is formed pursuant to Title 20-A, Chapter 103-A, Subchapter 3 of the Maine Revised Statutes. The RSU School Board has five members, who are residents of the Town, and two Student Advisors to the Board. The Board members are elected for three-year staggered terms. The Superintendent is the Secretary, Treasurer, and chief administrator of the RSU.

## THE SCHOOLS

The RSU has three schools: an elementary school, a middle school, and a high school. The staff consists of one superintendent, three principals, two assistant principals, one special education director, one curriculum coordinator, and approximately 167.88 full-time equivalent (“FTE”) staff, which includes 87.50 FTE teachers and various other professional and non-professional staff. The RSU’s schools are:

<u>School</u>	<u>Grades</u>	<u>October 1, 2024 Enrollment</u>		
		<u>Resident</u>	<u>Non-Resident</u>	<u>Total</u>
Asa C. Adams	PreK - 5	334	0	334
Orono Middle	6 - 8	149	4	153
Orono High	9 - 12	194	138	332

## Career and Technical Education

Title 20-A, Chapter 313 of the Maine Revised Statutes, as amended, provides for “applied technology education” or a course or program of education which is designed to create or improve job-related skills that are part of a secondary school curriculum. The programs may be offered via an applied technology center (a “Center”) or an applied technology region (a “Region”). A Center (a “CTE Center”) comprises a single school administrative unit and its obligations are those of the unit.

A Region is a quasi-municipal corporation established by the Legislature to provide career and technical education to secondary students that is comprised of all the School Administrative Units (“SAU”) within the geographical boundaries set forth for each career and technical education region and is governed by a cooperative board formed and operating in accordance with this chapter. CTE Centers are funded through a CTE allocation paid by the State and paid directly to the CTE Region or an SAU that has a CTE Center. The CTE funding statute still allows CTEs to assess members if their budget needs exceed the State CTE allocation and to have cost sharing agreements.

RSU 26 is a member of the *United Technologies Center, Region #4* (“Region #4”), a CTE Region. The RSU currently sends 43 students to Region #4, or 5.2% of the 819 total current student enrollments. Pursuant to Title 20-A, Section 8451(2)(D) of the Maine Revised Statutes, Region #4’s territory comprises the following SAUs:

Bangor School Department	Milford School Department
Brewer School Department	RSU 22 (Hampden, Newburgh, Winterport)
AOS 47 (Dedham, Orrington)	RSU 26 (Orono)
Glenburn School Department	RSU 34 (Alton, Bradley, Old Town)
Grand Falls Township	RSU 63 (Clifton, Eddington, Holden)
Greenbush School Department	RSU 64 (Bradford, Corinth, Hudson, Kenduskeag, Stetson)
Greenfield Township	RSU 87 (Carmel, Levant)
Hermon School Department	CSD 8 (Amherst, Aurora, Great Pond, Osborn)
Indian Island (MIE)	Veazie School Department

## Enrollments

### RSU No. 26 Consolidated Enrollments, School Enrollment Trend

Oct 1,	Resident Students				Non-resident Students	Total Attending	Resident Students as % Attending
	K – 5	6 – 8	9 - 12	Total			
2024	334	149	194	677	142	819	82.66%
2023	322	138	206	666	168	834	79.86%
2022	308	144	199	651	182	833	78.15%
2021	313	132	209	654	171	825	79.27%
2020	282	139	204	625	177	802	77.93%
2019	268	140	171	579	208	785	73.66%
2018	257	153	183	593	187	780	76.03%
2017	260	141	190	591	202	793	74.53%
2016	268	113	201	582	191	773	75.29%
2015	265	119	196	580	226	806	71.96%

NOTE:<sup>(1)</sup> State of Maine Department of Education’s October 1st Annual Census.

**Resident Enrollment** is generally based on where the students live. Resident Enrollment includes students that reside, or that are deemed to reside (a student is deemed to reside in an SAU where the student attends public school even though that school is not the SAU where the student lives, in cases where two superintendents have agreed to the transfer in the best interest of that individual student) in an SAU and are educated at public expense. An SAU’s resident count includes: (1) resident students of the SAU (including students that are deemed residents by virtue of superintendent transfer agreements) attending schools of the SAU, plus (2) resident students of the SAU that are tuitioned to be educated by other SAUs or by private schools and that are paid for with public funds.

**Attending Enrollment** is an attending student count, or a head count of students, based on where the students are educated. An SAU’s attending counts includes: (1) students that are residents of the SAU (including students that are deemed residents by virtue of superintendent transfer agreements) that attend schools of the SAU, plus (2) non-resident students that attend schools of the SAU as tuition students.

## LABOR RELATIONS

RSU employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. Teachers are represented by the Orono Education Association (“OEA”) Teacher Professional Unit; School Secretaries, Educational Technicians, Food Service and Custodians the OEA Educational Support Professional Unit, each through its affiliation with the Maine Education Association (“MEA”), as separate bargaining units. Other RSU employees are not represented by a union.

<u>Union</u>	<u>Bargaining Unit</u>	<u>Date of Contract</u>	
		<u>Effective</u>	<u>Expiration</u>
OEA	Teachers	September 1, 2023	August 31, 2026
OEA	School Secretaries, Ed Tech, Food Service, Custodians	July 1, 2024	June 30, 2027

## ECONOMIC CHARACTERISTICS

### Former Bangor MSA

The U.S. Department of Commerce, Bureau of the Census formerly defined a metropolitan statistical area (“MSA”) as an area that includes at least one Town with 50,000 or more inhabitants, or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 75,000 (in New England). Additional cities and towns are included in the MSA if they meet specified requirements of commuting to the central area and other selected requirements of metropolitan character (such as population density and percent urban). An MSA is also considered a labor market area. The following map displays the 14 cities or towns and one reservation that comprise the former Bangor MSA of which the Town is part.



### University of Maine

The University of Maine (the “University”), located in the Town of Orono, is the flagship campus of the University of Maine System, which consists of a total of eight institutions, and is the largest post-secondary educational institution in the State. The Morrill Land-Grant College Act (1862) (the “Act”) provided for land-grant colleges to be established. On March 25, 1863, the State accepted the conditions of the Act creating the *State College of Agriculture and the Mechanical Arts* and, on April 25, 1865, the Board of Trustees of the school met in Augusta to create a corporation to administer the affairs of the school. The school was opened in Orono on September 21, 1868 with 12 students and two faculty members, and became co-educational in 1872. The name was changed to *University of Maine* in 1897.

The Orono campus presently consists 660 acres and is one of only 16 colleges or universities listed in *Princeton Review’s* “Green Honor Roll” (2011), recognizing schools for their commitment to sustainability. The University has 878 full or part-time faculty members, and approximately 11,561 students who represent 49 states and 81 countries. Through its five colleges, the University offers 90 undergraduate major programs for associate or bachelor’s degrees, more than 70 master’s degree programs and 30 doctorate degrees. The current tuition for State and Canadian residents starts at \$400 per credit hour; NEBHE<sup>(1)</sup> at \$700 per credit hour; non-resident students at \$1,158 per credit hour (the average credit load for full-time students being 15 credit hours per semester in a two-semester academic year). The Raymond H. Fogler Library, built in 1942 with an addition completed in 1976, houses Maine’s largest library collection with

over 3.1 million print and digital volumes subscriptions to over 5,400 periodicals and is a regional depository for over 2 million government documents. Among the other facilities on campus are art galleries, an anthropology museum, the only public observatory in the State, and a planetarium. The Collins Center for the Arts, built in 1986, includes the Hutchins Concert Hall (with a seating capacity of 1,435). The Hudson Museum and William P. Palmer III Gallery exhibit the permanent collection of pre-Hispanic Mexican, Central American, and Native American artifacts. The School of Performing Arts and the Class of 1944 Hall were completed in mid-1996. Two gymnasiums, a field house, an indoor pool, a sports arena, a fitness center, athletic fields and a 5,124 seat Alford Arena are used for both NCAA Division I athletics and recreational sports. The University is a member of the National Collegiate Athletic Association (the “NCAA”) classified as Division I, except for Division I-A men’s football.

SOURCE: web site @[www.umaine.edu](http://www.umaine.edu).

NOTE: <sup>(1)</sup> The New England Board of Higher Education (“NEBHE”) Regional Student Program (“RSP”) allows students from New England states to attend the University of Maine at a reduced tuition rate for selected academic programs, and provides significant tuition savings to residents of the six New England states.

### Commuter Trends

People who work in Orono and live in:	Number of Workers	% Orono Workforce	People who live in Orono and work in:	Number of Workers	% Orono Workers
Orono	2,535	35.97%	Orono	2,535	54.91%
Bangor	1,303	18.49%	Bangor	1,257	27.23%
Old Town	967	13.72%	Old Town	164	3.55%
Milford	294	4.17%	Hermon	70	1.52%
Glenburn	167	2.37%	Brewer	63	1.36%
Brewer	153	2.17%	Saco	31	0.67%
Bradley	112	1.59%	Hampden	30	0.65%
Hermon	104	1.48%	Penobscot Reservation	28	0.61%
Hampden	87	1.23%	Newport	27	0.58%
Orrington	69	0.98%	Lincoln	26	0.56%
Greenbush	67	0.95%	Kittery	25	0.54%
Veazie	65	0.92%	Mars Hill	23	0.50%
All Other	<u>1,125</u>	<u>15.96%</u>	All Other	<u>338</u>	<u>7.32%</u>
Totals	7,048	100.00%	Totals	4,617	100.00%

SOURCE: U.S. Department of Commerce, Bureau of Census - Tables 3 & 4. Residence MCD/County to Workplace MCD/County Commuting Flows for the United States: 5-Year ACS, 2011-2015, the latest information available.

<u>Representative Largest Employers</u>	<u>Business</u>	<u>Range of # Employees</u>
University of Maine	University	500+
Northern Light	Medical Center	100 – 499
RSU No. 26	School Administrative Unit	100 – 499
Orono Commons	Assisted Living	100 – 499
Dirigo Pines	Senior Living	100 – 499
Town of Orono	Municipality	10 – 99
Treats Falls House	Intermediate Health Care	10 – 99
University Credit Union	Banking	10 – 99
Housing Foundation	Affordable Housing	10 – 99
Bell’s IGA	Retail Groceries	10 – 99

## DEMOGRAPHIC CHARACTERISTICS

Population	Town of <u>Orono</u>	<u>% Change Since Prior Census</u>		
		Town	State	USA
1980	10,578	5.9%	13.4%	11.4%
1990	10,573	0.1	9.2	9.8
2000	9,112	(13.8)	9.2	9.8
2010	10,362	13.7	4.2	8.9
2020	11,251	8.6	1.2	6.3

Population Characteristics	Town of <u>Orono</u>	Penobscot <u>County</u>	State of <u>Maine</u>	<u>USA</u>
Median age (years)	21.7	42.2	44.8	38.6
% under 5 years	1.7%	4.2%	4.5%	5.7%
% under 18 years	6.8%	17.4%	18.4%	22.2%
% 65 and over	12.3%	20.4%	21.7%	16.8%
Persons/household	2.31	2.32	2.31	2.60

Income	Town of <u>Orono</u>	Penobscot <u>County</u>	State of <u>Maine</u>	<u>USA</u>
Median household income	\$51,233	\$55,125	\$63,182	\$69,021
% below poverty level	17.9%	14.6%	11.5%	11.6%
Per capita income	\$27,763	\$31,318	\$36,171	\$37,638

Housing	Town of <u>Orono</u>	Penobscot <u>County</u>	State of <u>Maine</u>	<u>USA</u>
% owner occupied	50.5%	69.9%	73.4%	64.6%
Owner occupied med. Value	\$188,500	\$157,100	\$212,100	\$244,900
Median gross rent	\$967	\$870	\$927	\$1,163
Households	3,465	62,812	571,064	-

SOURCE: 2020 Census, U.S. Department of Commerce, Bureau of the Census.

Unemployment	Town of <u>Orono</u>	Penobscot <u>County</u>	State of <u>Maine</u>	<u>USA</u>
2024	3.1%	3.3%	3.1%	4.0%
2023	2.8	3.1	2.9	4.0
2022	2.9	3.1	3.0	3.6
2021	3.7	4.7	4.6	5.5
2020	4.2	5.4	5.4	8.1
2019	3.2	3.2	3.0	3.7
2018	3.9	3.8	3.4	3.9
2017	3.5	3.7	3.3	4.4
2016	2.7	4.4	3.9	4.9
2015	4.0	4.8	4.4	5.3

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research.

## RSU FINANCES

### BUDGETARY PROCESS

The following table sets forth trends in the RSU's General Fund budgets. See "REORGANIZATION OF SCHOOL ADMINISTRATIVE UNITS IN MAINE INTO REGIONAL SCHOOL UNITS - Regional School Units – Budgets and Assessments" for the Budget process.

<b>General Fund Budgets</b>					
<b><u>Fiscal Year Ending June 30,</u></b>					
	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2026</u></b>
<b>REVENUES</b>					
State Subsidy	\$5,267,648	\$5,614,872	\$5,857,428	\$6,183,786	\$6,873,018
Local Assessments	3,427,204	3,491,780	3,591,990	3,590,798	3,572,160
Tuition	2,369,962	2,410,347	2,677,564	2,458,831	2,557,709
International Tuition	0	0	0	0	0
Glenburn Payment	89,318	87,944	83,909	81,987	78,990
Interest Income	78,752	66,290	63,910	62,009	49,178
Other	2,500	0	1,500	37,302	10,500
Fund Balance	<u>951,000</u>	<u>1,083,874</u>	<u>981,900</u>	<u>1,106,154</u>	<u>1,342,030</u>
Sub-total	12,186,385	12,755,106	12,258,201	13,520,866	14,493,585
Additional Local	<u>3,415,198</u>	<u>3,660,993</u>	<u>4,027,935</u>	<u>4,861,643</u>	<u>4,880,281</u>
<b>TOTAL REVENUES</b>	<b>\$15,601,583</b>	<b>\$16,416,099</b>	<b>\$17,286,136</b>	<b>\$18,382,509</b>	<b>\$19,373,866</b>
<b>EXPENDITURES</b>					
Regular Instruction	\$6,011,725	\$6,094,896	\$6,240,078	\$6,565,470	\$6,786,326
Special Ed	3,274,400	3,407,187	3,609,266	4,110,855	4,369,444
CTE Instruction	0	0	0	0	0
Other Instruction	675,753	728,756	742,079	784,676	853,357
Student/Staff Support	1,184,833	1,317,681	1,338,563	1,448,413	1,582,656
System Administration	567,962	568,557	590,688	654,223	690,320
School Administration	792,096	885,965	928,332	944,588	1,006,206
Transportation	395,307	405,500	444,780	426,599	511,149
Facilities	1,258,657	1,517,408	1,693,295	1,816,594	1,892,185
Capital Improvement	125,000	125,000	369,600	300,000	300,000
Debt Service	1,315,850	1,365,150	1,329,512	1,331,092	1,382,222
School Lunch	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<b>\$15,601,583</b>	<b>\$16,416,099</b>	<b>\$17,286,136</b>	<b>\$18,382,509</b>	<b>\$19,373,866</b>

### FUND BALANCE

#### The 9% Law

Title 20-A, Section 15689-B(6) of the Maine Revised Statutes provides as follows:

“Notwithstanding any other law, general operating fund balances at the end of a school administrative unit’s fiscal year must be carried forward to meet the school unit’s needs in the next year or over a period not to exceed 3 years. Unallocated balances in excess of 9% of the previous fiscal year’s school budget must be used to reduce the State and local share of the total allocation for the purpose of computing state subsidy. School boards may carry forward unallocated balances in excess of 9% of the previous fiscal year’s school budget and disburse these funds in the next year or over a period not to exceed 3 years.

Except for the temporary exception, above, the RSU may be subject to reduction in state subsidy if it maintains an unallocated fund balance in an amount exceeding 9% of the budget, and does not disburse the funds above that limit within 3 years. The 9% law applies only to “unallocated” fund balances. An SAU’s “allocated” balances are not subject to this limitation. An SAU’s legislative body may “allocate” its fund balance to the next year’s budget or into a reserve account through their annual budget process and/or a special article. The following is a worksheet that the DOE provides to each SAU to calculate its “unallocated” fund balance.

### **Unallocated Fund Balance Calculation**

1) Prior Fiscal Year (“Prior FY”) Operating Budget (Prior FY EF-M-46, page 2, column 6, line 22)	=	\$ _____
2) x% of Operating Budget (x% x \$ _____)	=	\$ _____
3) Actual ending balance (Prior FY EF-M-45, page 12, column 1, line 13)	=	\$ _____
4) Balance used for budget purposes (allocated) (Current Fiscal Year EF-M-46, page 3, line 30)	=	\$ _____
5) <b>Unallocated</b> ending balance (3. minus 4.)	=	\$ _____
6) x% x prior year’s budget (2.)	=	\$ _____
7) Amount in <b>excess</b> of x% (5. minus 6. or zero if less than zero)	=	\$ _____

Typically, the State DOE assumes that some or all excess is used to reduce any amounts raised locally without State participation. If some or all of the excess remains, then the State DOE will assume that the State share of the EPS allocation should have been reduced and prorate the State share, accordingly.

### **Fund Balance for the RSU and the Member Municipality**

	<b><u>RSU 26</u></b>				
<b>Year ended June 30:</b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>
Assigned & Unassigned:	\$2,075,657	\$2,112,248	\$2,148,582	\$2,883,415	\$2,792,031
Total Revenues:	13,352,247	13,735,520	14,698,747	16,733,984	17,555,088
Fund Bal/Revenues:	15.55%	15.38%	14.62%	17.23%	15.90%
Unassigned:	\$2,075,657	\$2,112,248	\$2,148,582	\$2,883,415	\$2,792,031
Total Revenues:	13,352,247	13,735,520	14,698,747	16,733,984	17,555,088
Fund Bal/Revenues:	15.55%	15.38%	14.62%	17.23%	15.90%

	<b><u>Town of Orono</u></b>				
<b>Year ended June 30:</b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>
Assigned & Unassigned:	\$6,557,332	\$6,548,700	\$5,699,555	\$8,358,549	\$9,483,661
Total Revenues:	16,783,605	17,289,302	17,450,068	21,315,193	22,657,210
Fund Bal/Revenues:	39.07%	37.88%	32.66%	39.21%	41.86%
Unassigned:	\$4,732,172	\$2,028,471	\$1,848,282	\$5,214,618	\$5,973,604
Total Revenues:	16,783,605	17,289,302	17,450,068	21,315,193	22,657,210
Fund Bal/Revenues:	28.20%	11.73%	10.59%	24.46%	26.37%

## INVESTMENT POLICY

On April 7, 2020, the RSU Board adopted, and follows, a formal Investment Policy. The policy directs the Board to optimize the investment return of its unencumbered cash balances in such a way as to minimize non-invested balances and maximize return on investments in a manner consistent with Statute. The primary objectives of investment activities, in priority order, shall be: (1) *Legality* - All investments shall be made in accordance with applicable laws of the State (including Maine Revised Statutes Title 30-A, Subchapter 3-A, §5706-§5719) and the federal government; (2) *Safety* - Safety of principal shall be of highest priority and preservation of capital in the portfolio shall be ensured through the mitigation of credit risk, interest rate risk, and attention to early withdrawal penalties; (3) *Liquidity* - Investments shall remain sufficiently liquid to meet all operating requirements that are reasonably anticipated. A fiscal year operations anticipated cash flow shall be developed so that investments can be made as early as possible, with maturities concurrent with anticipated cash demands; and, (4) *Yield* – to maximize returns then available on the market subject to the above purposes by a process of receiving multiple competing quotes.

The Board authorizes the Treasurer to make investments who will monitor market conditions and from time to time, but at least once a year, evaluate if RSU 26's unencumbered cash is invested across instruments and institutions optimally with respect to the purposes identified above. The Treasurer will report on current investments and returns realized to be provided quarterly to the Board.

## FINANCIAL STATEMENTS

Title 20-A, Chapter 221, Subchapter 2 of the Maine Revised Statutes provides for independent annual audits of the RSU's accounts and establishes procedures for such audits. The RSU, in conformance with this statute and its Charter, currently engages the services of Brantner, Thibodeau & Associates, Certified Public Accountants ("Brantner, Thibodeau"). The RSU's fiscal year 2024 Annual Report, audited by Brantner, Thibodeau, is presented as APPENDIX A to this Preliminary Official Statement. The consent of Brantner, Thibodeau for the incorporation of the Financial Statements included in APPENDIX A has not been requested by the RSU, nor has it been received.

Title 30-A, Chapter 223, Subchapter 8 of the Maine Revised Statutes, requires independent annual audits of the Member Municipality's financial statements. The Member Municipality's most recent audited fiscal year's Financial Statements are presented as APPENDIX B (for the Town of Orono) to this Official Statement. Being of public record, neither the consent of the Member Municipality's nor its auditors has been requested by the RSU, nor has it been received, for the incorporation as appendices to this Official Statement.

## FUNDS

The accounts of the RSU are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, equities, revenues and expenditures or expenses. The following fund types and account groups are used by the RSU:

**Governmental Funds** are used to account for most governmental functions of the RSU. Governmental Funds include the following fund types:

- The **General Fund** is the general operating fund of the RSU. It is used to pay the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds.



- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than expendable trust, or significant capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.
- **Capital Projects Funds** are used to account for financial resources to be used for the acquisition, construction or improvement of major capital facilities.

**Proprietary Funds** include **Enterprise Funds**, used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services on a continuing basis be financed or recovered primarily through charges, or where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Funds** include **Trust and Agency Funds**, used to account for assets held by the RSU in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

### **Account Groups**

- The **General Long-term Debt Account Group** is established to account for all long-term obligations of the RSU, except those accounted for in the Proprietary Fund (if any).
- The **General Fixed Assets Account Group** the RSU does not maintain this group of accounts which would otherwise account for the fixed assets of the RSU.

## **COMPARATIVE FINANCIAL STATEMENTS**

### **The RSU**

Displayed on the following pages are the comparative financial statements of the *RSU's Combined Balance Sheet – General Fund* and the *RSU's Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund* for its most recent five audited fiscal periods.

**RSU No. 26**  
**COMPARATIVE BALANCE SHEET**  
**GENERAL FUND**  
**(As of June 30,)**

	<u><b>2024</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>ASSETS</b>					
Cash	\$3,129,615	\$4,027,742	\$3,435,426	\$4,235,502	\$3,260,283
Due from other governments	1,218,277	224,338	609,280	214,150	38,215
Accounts receivable	21,261	11,669	1,350	0	923
Prepaid expenses	<u>5,522</u>	<u>6,157</u>	<u>0</u>	<u>0</u>	<u>6,359</u>
<b>TOTAL ASSETS</b>	<b>\$4,374,675</b>	<b>\$4,269,906</b>	<b>\$4,046,056</b>	<b>\$4,449,652</b>	<b>\$3,305,780</b>
<b>LIABILITIES</b>					
Accounts payable	218,036	262,312	149,696	83,482	110,065
Due to MePERS	0	0	86,371	0	0
Accrued wages	1,035,381	836,931	832,870	799,702	772,103
Due to other funds	<u>171,109</u>	<u>175,052</u>	<u>74,786</u>	<u>44,981</u>	<u>154,698</u>
<b>TOTAL LIABILITIES</b>	<b>\$1,424,526</b>	<b>\$1,274,295</b>	<b>\$1,143,723</b>	<b>\$928,165</b>	<b>\$1,036,866</b>
Deferred	0	0	0	13,373	0
<b>FUND EQUITY:</b>					
Non-spendable	5,522	6,157	0	0	6,359
Restricted	0	0	0	0	0
Committed	152,596	106,039	104,281	109,138	113,973
Assigned	0	0	0	366,020	0
Unassigned	<u>2,792,031</u>	<u>2,883,415</u>	<u>2,798,052</u>	<u>3,032,956</u>	<u>2,148,582</u>
<b>TOTAL FUND EQUITY</b>	<b>\$2,950,149</b>	<b>\$2,995,611</b>	<b>\$2,902,333</b>	<b>\$3,508,114</b>	<b>\$2,268,914</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$4,374,675</b>	<b>\$4,269,906</b>	<b>\$4,046,056</b>	<b>\$4,449,652</b>	<b>\$3,305,780</b>

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Prepared from Audited Financial Statements

**RSU No. 26**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GENERAL FUND**

	(For the Years Ended June 30,)				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>					
Local Assessments	\$7,619,925	\$7,152,773	\$6,842,402	\$7,296,560	\$6,787,436
Intergovernmental	6,083,356	5,762,327	5,391,607	4,936,544	4,815,535
On-behalf (State)	1,108,948	1,073,170	1,024,017	1,004,348	1,005,816
Charges for services	2,660,352	2,678,386	2,297,485	2,386,714	2,063,880
Interest	29,913	25,735	3,898	3,156	19,630
Other	<u>52,594</u>	<u>41,593</u>	<u>23,452</u>	<u>9,309</u>	<u>6,450</u>
<b>TOTAL REVENUES</b>	<b>\$17,555,088</b>	<b>\$16,733,984</b>	<b>\$15,582,861</b>	<b>\$15,636,631</b>	<b>\$14,698,747</b>
<b>EXPENDITURES</b>					
Regular Instruction	6,042,198	5,812,191	5,711,194	5,345,612	5,621,009
Special Ed	3,282,472	3,029,101	2,832,395	2,964,379	3,023,890
Other Instruction	719,736	651,527	623,052	549,870	604,439
Student/Staff Support	1,243,166	1,175,696	1,051,117	1,014,099	1,081,208
System Administration	592,720	604,969	546,673	517,197	538,037
School Administration	860,885	875,067	715,580	745,125	724,816
Transportation	350,818	330,696	334,230	339,842	312,717
Facilities	1,866,195	1,686,687	1,760,897	1,254,108	1,172,736
On-behalf (State)	1,108,948	1,073,170	1,024,017	1,004,348	1,005,816
Debt Service	1,393,333	1,365,244	1,315,964	752,394	456,037
Capital Outlay	<u>0</u>	<u>0</u>	<u>457,422</u>	<u>0</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<b>\$17,460,471</b>	<b>\$16,604,348</b>	<b>\$16,372,541</b>	<b>\$14,486,974</b>	<b>\$14,540,705</b>
Excess (deficiency) Revenues	94,617	129,636	(789,680)	1,149,657	158,042
<b>OTHER SOURCES (USES)</b>					
Proceeds from sale of asset	8,550	0	457,422	0	0
Bond interest refund/ Lease proceeds	51,371	63,642	76,477	89,543	0
Transfers In (Out)	<u>(200,000)</u>	<u>(100,000)</u>	<u>(350,000)</u>	<u>0</u>	<u>(125,700)</u>
<b>TOTAL OTHER SOURCES (USES)</b>	<b>(140,079)</b>	<b>(36,358)</b>	<b>183,899</b>	<b>89,543</b>	<b>(125,700)</b>
Net change	(45,462)	93,278	(605,781)	1,239,200	32,342
<b>BEGINNING FUND BALANCE</b>	<b><u>2,995,611</u></b>	<b><u>2,902,333</u></b>	<b><u>3,508,114</u></b>	<b><u>2,268,914</u></b>	<b><u>2,236,572</u></b>
<b>ENDING FUND BALANCE</b>	<b>\$2,950,149</b>	<b>\$2,995,611</b>	<b>\$2,902,333</b>	<b>\$3,508,114</b>	<b>\$2,268,914</b>

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Prepared from Audited Financial Statements

**The Member Municipality**

Also displayed on the following pages, are the comparative financial statements of the Town of Orono's *Combined Balance Sheet – General Fund* and the Town of Orono's *Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund*, for its most recent three audited fiscal periods.

**TOWN OF ORONO, MAINE**

**COMPARATIVE BALANCE SHEET  
GENERAL FUND  
(As of June 30,)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>			
Cash	\$11,863,680	\$10,356,716	\$10,220,278
Investments	1,067,653	1,002,125	589,897
In escrow	0	0	675,000
Receivables:			
Accounts receivable	252,591	230,162	193,839
Rescue receivable	54,198	74,602	101,275
Taxes - current year	164,900	157,273	130,296
Taxes - prior years	93,041	83,531	148,470
Inventories	32,270	33,069	20,628
Inter-fund loans receivable	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<b>13,528,333</b>	<b>11,937,478</b>	<b>12,079,683</b>
<b>LIABILITIES</b>			
Accounts payable	1,152,326	519,843	746,137
Accrued wages	288,249	256,565	226,365
Performance bond	68,047	63,520	101,926
Taxes paid in advance	15,511	37,269	55,915
Inter-fund loans	<u>542,847</u>	<u>983,387</u>	<u>609,095</u>
<b>TOTAL LIABILITIES</b>	<b>2,066,980</b>	<b>1,860,584</b>	<b>1,739,438</b>
Deferred	219,900	141,300	256,100
<b>FUND EQUITY:</b>			
Non-spendable	32,270	33,069	20,628
Restricted	1,725,522	1,543,976	3,180,995
Committed	0	0	0
Assigned	3,510,057	3,143,931	2,585,565
Unassigned	<u>5,973,604</u>	<u>5,214,618</u>	<u>4,296,957</u>
<b>TOTAL FUND EQUITY</b>	<b>11,241,453</b>	<b>9,935,594</b>	<b>10,084,145</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$13,528,333</b>	<b>\$11,937,478</b>	<b>\$12,079,683</b>

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GENERAL FUND**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>			
Taxes	\$14,994,785	\$14,939,046	\$14,798,558
Intergovernmental	6,001,244	4,951,247	4,401,842
License and permits	199,764	177,717	156,533
Interest income	583,438	299,521	(13,915)
Charges for services	718,834	734,837	608,470
Other	<u>159,145</u>	<u>212,825</u>	<u>221,302</u>
<b>TOTAL REVENUES</b>	<b>22,657,210</b>	<b>21,315,193</b>	<b>20,172,790</b>
<b>EXPENDITURES</b>			
Current:			
General government	2,536,061	2,377,518	2,202,392
Public services	1,093,023	987,841	910,876
Public safety	5,250,300	4,696,296	4,410,876
Public works	2,135,958	2,042,745	1,966,443
Education	7,684,925	7,242,773	6,932,402
County tax	848,451	825,399	784,583
Debt service	959,090	968,876	908,667
Capital expenditures	<u>980,368</u>	<u>2,777,182</u>	<u>1,452,287</u>
<b>TOTAL EXPENDITURES</b>	<b>21,488,176</b>	<b>21,918,630</b>	<b>19,568,526</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,169,034</b>	<b>(603,437)</b>	<b>604,264</b>
<b>OTHER FINANCING</b>			
Transfers in (out)	<u>136,825</u>	<u>454,886</u>	<u>768,625</u>
<b>TOTAL OTHER FINANCING</b>	<b>136,825</b>	<b>454,886</b>	<b>768,625</b>
<b>EXCESS OF REVENUES AND OTHER OVER EXPENDITURES</b>	<b>1,305,859</b>	<b>(148,551)</b>	<b>1,372,889</b>
<b>BEGINNING FUND BAL</b>	<b>9,935,594</b>	<b>10,084,145</b>	<b>8,711,256</b>
<b>ENDING FUND BALANCE</b>	<b>\$11,241,453</b>	<b>\$9,935,594</b>	<b>\$10,084,145</b>

Prepared from Audited Financial Statements.

## PROPERTY TAXATION

The principal tax of the Member Municipality is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The tax collector for each of the Towns receives the tax commitment from its respective assessor, with assessed values as of April 1 of each year, after which time the tax bills are mailed.

For the fiscal year 2025/2026, the tax due dates for the Town of Orono are October 2, 2025 and February 12, 2026. All taxes paid after the due date are subject to interest established under Title 36, Section 505(4) of the Maine Revised Statutes, currently at the maximum rate of 7.5%, respectively, per annum, as set by the Town.

Collection of real estate taxes is ordinarily enforced in the Member Municipality by the “tax lien” procedure as provided in the Maine Revised Statutes, for the collection of delinquent real estate taxes. Real Estate tax liens are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the respective municipality.

### Business Personal Property Taxes

Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, provides for an eligible business equipment tax exemption (“BETE” or the “BETE Act”) for certain types of tangible business personal property subject to an allowance for depreciation and some specialty types of real property improvements. The exemption does not apply to: office furniture; lamps and lighting fixtures used to provide general purpose office or worker lighting; property owned or used by public utilities and persons providing certain television/telecommunications services; telecommunications personal property subject to the tax imposed by section 457 of Title 36; gambling machines or devices and associated equipment; property located at a retail sales facility unless such facility is more than 100,000 square feet in size and owned by a business whose Maine-based operations derive less than 30% of their total annual revenue from sales in the State; and certain energy and pollution control facilities.

Pursuant to the BETE Act, the State will reimburse municipalities with respect to the lost property taxes associated with this new exemption through one of two formulas, whichever is most beneficial to the municipality, as follows:

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.
2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town’s tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality’s 64% “personal property factor”.

3. **Municipal Retention TIF Districts** – Certain TIF districts that were enacted prior to April 1, 2008 entitle a municipality to receive reimbursement at a rate of up to 100% for exempt business equipment that is TIF exempt business equipment as defined in Title 36, Section 691(1)(G) of the Maine Revised Statutes. The increased reimbursement percentage is based on the tax increment percentage allocated to the municipality, as provided in Title 36, Section 694(2)(C) of the Maine Revised Statutes.

For the purposes of identifying the municipality's valuation for determining the local property tax rate, the value of all property made exempt by this legislation in the municipality must be considered part of that municipality's local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district.

The value of all property made exempt by this law in the Member Municipality will also be considered part of that municipality's equalized State Valuation to the extent the Member Municipality is being reimbursed for its lost property taxes by the state with an additional adjustment for property in a tax increment financing district. The law provides some additional security for the municipal reimbursement system by funding the reimbursements described above directly from State Income Tax receipts before those receipts are deposited into the State's General Fund, rather than as an annual General Fund appropriation.

### **Tax Increment Financing Districts and Affordable Housing Development Districts**

Chapter 206 and former (now repealed) Chapter 207 of Title 30-A of the Maine Revised Statutes, enable a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing ("TIF") district or an affordable housing development district (a "housing district") for a period of up to 30 years and adopts a development program (the "Development Program") stating the means and objectives for the development of that district. The municipality may designate, or "capture," all or a portion of the increase in assessed value resulting from development within the district and dedicate the increased property taxes it receives in future years generated by the "captured" assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of all TIF districts and the aggregate original assessed value of all housing districts within the municipality as of the April 1<sup>st</sup> preceding the date the Commissioner of the Department of Economic and Community Development, with respect to TIF Districts, or the Director of the Maine State Housing Authority, with respect to housing districts, approves the designation of any such district each cannot exceed 5% of the municipality's total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality's total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones, transit-oriented TIF districts or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, Section 3403, Subsection 3 of the Maine Revised Statutes.

The Town of Orono has designated various tax increment financing districts and may consider proposals for other districts on an ongoing basis. All districts will be evaluated based upon the towns' comprehensive plan for economic development, which includes tax increment financing as one of its aspects. In no event

will the districts exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation, as set out above.

The future increased property tax receipts which have been and may, in the future, be “captured” for purposes of the towns’ tax increment financing districts will not be available to pay debt service on the town’s bonds. RSU 26 does not expect the towns’ use of future tax increment financing districts will have an adverse effect on their ability to pay RSU 26’s assessments for public education.

### Town of Orono, Maine

Fiscal Yr. End June 30,	Equalized State Valuation	Assessed Valuation	Tax Rate (000)	Tax Levy	Collections (after Supplements and Abatements)	
					Year End (000)	% of Levy
2024	\$736,200,000	\$605,635,895	\$23.40	\$14,171,880	\$13,545.1	98.93%
2023	569,700,000	588,186,600	23.80	13,998,841	13,731.6	98.88%
2022	541,550,000	582,967,700	23.75	13,845,483	13,715.2	99.06
2021	516,000,000	480,737,300	28.09	13,503,911	13,258.4	98.17
2020	488,500,000	508,882,900	26.45	13,076,901	12,837.6	98.15
2019	470,900,000	489,495,000	27.00	13,216,365	12,951.7	97.99
2018	456,800,000	490,339,300	26.00	12,748,822	12,497.7	97.99
2017	425,500,000	483,528,800	24.85	12,015,691	11,740.6	97.71

### Largest Taxpayers

Name	Business	Real Estate (000)	(Exemp.) (000)	Personal Property (000)	Total AV	Tax	% Levy
CD/PARK7 Orono Owner, LLC	Student Hsg.	\$46,479.4	\$0.0	\$10.2	\$46,489,600	\$1,106,452	7.90%
Campus Crest at Orono,	Student Hsg.	28,504.2	0.0	0.0	28,504,200	678,400	4.85%
Orion UME, LLC	Student Hsg.	20,144.1	0.0	246.3	20,390,400	485,292	3.47%
Dirigo Pines Homeowners	Ass’t’d Living	18,507.2	(1,500.0)	0.0	17,007,200	404,771	2.89%
CPF Senior Living - Dirigo	Senior Living	15,307.4	0.0	479.6	15,787,000	375,731	2.68%
Black Bear Hydro	Elec Utility	14,105.3	0.0	0.0	14,105,300	335,706	2.40%
Versant Power	Elec Trans.	6,934.2	0.0	0.0	6,934,200	165,034	1.18%
EWT, LLC 9	Renewable Engy	5,925.0	0.0	6.2	5,931,200	141,163	1.01%
6 Stillwater Avenue, LLC	Retail Mall	5,759.9	0.0	0.0	5,759,900	137,086	0.98%
Cabrel Inc.	Retail Mall	5,407.0	0.0	0.0	5,759,901	128,687	0.92%
		\$167,073.7	\$1,500.0	\$742.3	\$166,668,901.0	\$3,958,320.8	28.28%

NOTE: As of April 1, 2023, latest information available.

### REVENUES FROM THE STATE

In accordance with the provisions of applicable Maine law, the State subsidizes most SAUs through the EPS model of calculating and distributing state education aid. All education expenditures, including state approved debt service, flow through the EPS model. EPS utilizes a number of factors that are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature. Furthermore, subsidies for school administrative units are an annual item in the State’s budgetary process and are subject to legislative appropriation in that process. No assurance can be given that future legislation will not have an adverse impact on school funding in Maine. Because of these uncertainties, it is not possible to predict the level of State subsidy to local units in future years or whether the State’s subsidy program will continue in its present form.

## LOCAL COST

That part of the RSU's budget not funded from State aid, grants or other programs is funded from assessments to the Member Municipality (the "Local Cost"). The assessments have two components:

First, the Towns must share the RSU's share (the "Required Local Contribution") of EPS costs that qualify for State subsidy (the "Total EPS Allocation"). In a school administrative district, regional school unit, or community school district, a member municipality's contribution to the SAU's Required Local Contribution is based upon the percentage that the municipality's most recent calendar year average pupil count is to the SAU's most recent calendar year pupil count. Each member municipality's contribution, however, is made subject to a statewide, uniform maximum mill rate cap established by the Commissioner annually, and the State contributes subsidy to these SAUs so that a member municipality's contribution to the SAU's Required Local Contribution does not cause that contribution to exceed the amount of the mill rate cap times the member's adjusted state valuation (the "Mill Rate Cap Amount"). In a year when a member municipality is able to meet its share without exceeding the Mill Rate Cap Amount, however, the State contributes subsidy to the SAU in the form of an alternative "minimum receiver adjustment," which reduces somewhat that member municipality's contribution. Currently, the RSU's member towns are able to pay their contributions without exceeding the Mill Rate Cap Amount, and the RSU receives a minimum receiver adjustment that the State allocates between the member towns proportionately to their most recent calendar year average pupil count percentages. Consequently, the required local contributions are currently in proportion to their most recent calendar year average pupil count percentages.

Second, the RSU's Member Municipality must also contribute the additional local costs of the RSU, if any, that are not funded by other budgeted revenues or carry-forwards and that do not qualify for inclusion in the Total EPS Allocation (the "Additional Local Costs"). Different methods of sharing Additional Local Costs among member municipalities exist in different school administrative districts, regional school units, and community school districts within the State. For pupil count, see "REGIONAL SCHOOL UNIT NO. 26 - ENROLLMENTS" herein.

### The RSU's Budget, Assessments and EPS

Fiscal Yr Ended June 30,	RSU No. 26				
	Budget	Assessment	Ass'm't as % Budget	EPS	EPS as % Budget
2026	\$19,373,866	\$8,517,441	43.15%	\$6,873,018	35.47%
2025	18,382,509	8,517,441	46.33%	6,183,786	33.63%
2024	17,286,136	7,684,925	44.46%	5,857,428	33.89%
2023	16,416,099	7,242,773	44.12%	5,614,872	34.20%
2022	15,601,583	6,932,402	44.43%	5,267,648	33.76%
2021	15,770,447	7,296,560	46.27%	4,815,776	30.54%
2020	14,196,593	6,787,436	47.81%	4,625,103	32.58%
2019	13,732,299	6,787,436	49.43%	4,071,108	29.65%
2018	13,366,744	6,628,478	49.59%	3,767,303	28.18%



## **INDEBTEDNESS**

### **LIMITATIONS AND EXCLUSIONS**

#### **The RSU's Debt Limitations**

In accordance with Title 20-A, Section 1490(6) of the Maine Revised Statutes, "The aggregate principal amount of outstanding bonds or notes issued by a regional school unit for school construction purposes shall not exceed, at any one time, 10% of the total of the last preceding state valuation of all the municipalities within the regional school unit, plus, in the case of a state-subsidized school construction project, an amount not to exceed 4% of that total regional school unit valuation set by the state board at the time of the initial approval of the school construction project."

The 2025 equalized State Valuation for the Member Municipality is \$736,200,000. The RSU's 10% debt limitation is \$73,620,000. As of June 30, 2024, the RSU's long-term debt outstanding was \$14,972,000 or 2.03% of the 2025 equalized State Valuation of the Member Municipality. The RSU will certify on the date of issue of the Bonds that the RSU has not exceeded the foregoing debt limits and that issuance of the Bonds will not cause the RSU to exceed the debt limit. See also, "INDEBTEDNESS – DEBT SUMMARY – The QSCB Lease" herein.

#### **The Towns' Debt Limitations**

Although the indebtedness of the Bonds is the indebtedness of the RSU, and not of the Member Municipality, the tax base of the RSU is the same as the tax base of the Member Municipality. Therefore, the current indebtedness of the Member Municipality is included in the discussions below.

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, "No municipality may incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7.5% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm and sanitary sewer purposes to an amount outstanding at any time not exceeding 7.5% of its last full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set." Title 30-A, Section 5703 of the Maine Revised Statutes, provides that the limitations on municipal debt contained in Section 5702 do not apply "... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or state aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under chapter 235 and Title 10, Chapter 110, Subchapter IV, obligations payable from revenues of the current municipal year from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt."

#### **Town of Orono, Maine**

As of February 1, 2025 the Town of Orono, Maine's equalized state valuation was \$736,200,000. The Town's overall 15% debt limit is \$110,430,000. As of June 30, 2024 the Town's long term debt outstanding was \$15,935,663, or 2.16% of the 2025 equalized State Valuation.

### Member Municipality and the RSU Debt Ratios

Fiscal Yr. End June 30,	Pop.	Eq. Val.	Total Debt			Debt % Eq. Val.	Debt Per Capita
			Orono	RSU 26 <sup>(1)</sup>	Total		
2024	11,251	\$736,200,000	\$15,935,663	\$14,454,000	\$30,389,663	4.13%	\$2,701.06
2023	11,251	569,700,000	16,965,000	14,972,000	31,937,000	5.61%	2,838.59
2022	11,251	541,550,000	17,870,000	11,140,000	29,010,000	5.36%	2,578.44
2021	11,251	516,000,000	17,711,205	12,394,174	30,105,379	5.83%	2,675.80
2020	11,251	488,500,000	17,683,102	12,437,174	30,120,276	6.17%	2,677.12
2019	10,362	470,900,000	18,594,219	2,952,108	21,546,327	4.58%	2,079.36
2018	10,362	456,800,000	19,601,468	2,972,881	22,574,349	4.94%	2,178.57
2017	10,362	425,500,000	20,598,134	3,372,522	23,970,656	5.63%	2,313.32
2016	10,362	420,050,000	21,614,120	3,675,026	25,289,146	6.02%	2,440.57
2015	10,362	419,200,000	22,658,750	3,974,493	26,633,243	6.35%	2,570.28

NOTE: <sup>(1)</sup> See “INDEBTEDNESS – DEBT SUMMARY – The QSCB Lease” herein.

### DEBT SUMMARY

	Amount	Date of Final	Balance on June 30,		
<u>Issued</u>	<u>Issued</u>	<u>Maturity</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
3/31/2011	\$645,000	7/1/2026	\$172,000	\$129,000	\$86,000
3/31/2011 <sup>(1)</sup>	3,604,181	7/11/2026	1,340,714	883,974	592,793
10/30/2019	11,400,000	9/1/2044	10,450,000	9,975,000	9,500,000
9/11/2025	4,350,000	9/15/2044	0	0	4,350,000
	<b>Totals</b>		<b>\$11,962,714</b>	<b>\$10,987,974</b>	<b>\$14,528,793</b>

NOTE: <sup>(1)</sup> As the lease is subject to annual appropriation and is, therefore, not legally “debt”. However, due to the size and original length of the QSCB Lease, it is included in the above table but not in other calculations herein. See “INDEBTEDNESS – DEBT SUMMARY – The QSCB Lease” herein.

### The QSCB Lease

The RSU currently is obligated to pay associated debt service on a 2011 Qualified School Construction Bond (“QSCB”) and a 2011 QSCB Lease (collectively the “QSCB Loans”). It should be noted that in Maine, a Capital Lease is subject to annual appropriation and is, therefore, not legally “debt”.

The QSCB Loans were executed by the original RSU 26, which included the towns of Glenburn, Orono and Veazie. Title 20-A, Section 1466 of the Maine Revised Statutes expressly provides that the obligations of the RSU “remains intact for the purpose of securing and retiring outstanding indebtedness” (including lease purchase agreements) of the RSU. A condition of the July 9, 2012 Withdrawal Agreements, between the RSU and the towns of Glenburn and Veazie was that (i) Glenburn will continue to annually pay its pro-rata share of associated debt service of the QSCB Lease and (ii) on July 1, 2013, Veazie made a lump sum payment of \$63,449 (plus 1.54% of any loss in federal interest subsidy, if any) thus extinguishing its obligation.

## PROJECTED DEBT SERVICE

FY end June 30,	Prior Debt			Projected Debt			Projected Total Debt Service
	Principal	Interest	Total Prior	Pro Forma			
				Principal	Interest	Total	
2026	\$475,000	\$293,906	\$768,906				
2027	475,000	270,156	745,156				
2028	475,000	246,406	721,406				
2029	475,000	222,656	697,656				
2030	475,000	198,906	673,906				
2031	475,000	175,156	650,156				
2032	475,000	158,531	633,531				
2033	475,000	148,734	623,734				
2034	475,000	138,344	613,344				
2035	475,000	127,063	602,063				
2036	475,000	115,069	590,069				
2037	475,000	102,838	577,838				
2038	475,000	90,369	565,369				
2039	475,000	77,663	552,663				
2040	475,000	64,125	539,125				
2041	475,000	49,875	524,875				
2042	475,000	35,625	510,625				
2043	475,000	21,375	496,375				
2044	475,000	7,125	482,125				
	\$9,025,000	\$2,543,922	\$11,568,922				

## OVERLAPPING DEBT

RSU 26 does not have any obligations for which it is responsible for on an overlapping basis.

## CONTINGENT DEBT

RSU 26 does not have any obligations for which it is responsible for on a contingent basis.

## FUTURE FINANCING

General obligation bonds or notes, if requested by the RSU School Board, is subject to approval of RSU 26's voters at an RSU referendum.

Other than the Bonds, the RSU has no authorized, nor unissued, debt for projects, if any, that it expects to finance with bonds over the next year.

## RETIREMENT

### DEFINED BENEFIT PENSION PLAN

The MainePERS ("MainePERS") is established and administered under Maine law, and the authority to establish and amend benefit provisions rests with the State legislature. The MainePERS issues a publicly available financial report which may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or at [www.maineopers.org](http://www.maineopers.org).

## **Maine Public Employees Retirement System**

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's State Employee and Teacher ("SET") Plan. The SET plan is a cost-sharing multiple employer defined benefit plan with a special funding situation, established by the Maine State legislature. The State is 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. Eligible employees other than teachers participate in the Maine Public Employees Retirement System's Participating Local District ("PLD") Plan. The PLD plan is a multiple-employer cost sharing defined benefit plan. Eligible employers (districts) are defined in Maine statute.

### **Pension Benefits**

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. MainePERS's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for State employees and teachers; separate legislation enacted the same reduced requirement for judges, legislators, and employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The MainePERS also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the MainePERS's Board of Trustees and is currently 3.88%.

### **Contributions**

SET plan members are required to contribute 7.65% of their compensation to the retirement system. The DOE is required to contribute 14.51% of compensation for non-federally funded employees. The Unit is required to contribute 4.47% of compensation to cover the normal costs for non-federally funded employees. The Unit is also required to contribute 19.57% of compensation for federally funded employees. The RSU reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its Annual Financial Statements. Please see "APPENDIX A – RSU No. 26, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024", Note 8, pages 33 *et seq.*, "Defined Benefit Pension Plan" herein.

## **DEFINED BENEFIT OPEB PLAN**

The RSU sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. The Group Life Insurance Plan for Retired Participating Local District (the “PLD Consolidated Plan”) employees is a multiple-employer cost sharing plan. The Group Life Insurance Plan for Retired State Employees and Teachers (the “SET Plan”) is a multiple-employer cost sharing plan with a special funding situation. The State is also a non-employer contributing entity in that the State pays contributions for retired public-school teachers in the plan.

### **Group Life Insurance**

Under both the PLD and SET OPEB Plans, MainePERS 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.

### **Group Health Insurance**

The RSU sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the “Health Plan”). The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (“MEABT”). The State Legislature has the authority to establish and amend the benefit terms and financing requirements.

Under the Health Plan, MEABT provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage selected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse.

The RSU reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its Annual Financial Statements. Please see “APPENDIX A – RSU No. 26, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024”, Note 9, pages 38 *et seq.*, (Life Insurance); Note 10, pages 43 *et seq.* herein.

## **INSURANCES AND PARTICIPATION IN PUBLIC ENTITY RISK POOL**

The RSU is exposed to various risks of losses related to torts, theft, damage, and destruction of assets, injuries to employees, and natural disasters. The RSU maintains various commercial insurance policies to mitigate these risks to an acceptable level and to limit the RSU’s exposure to losses.

The RSU is a member of the Maine School Management Association - Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The RSU pays an annual premium to the Fund for its worker’s compensation coverage. The RSU’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member RSUs for claims in excess of \$500,000 with an excess limit of \$25,000,000.

The RSU is also a member of the Maine School Management Association – Unemployment Compensation Trust Fund (“MSMA”). MSMA was created to formulate, develop and administer a program of modified self-funding for MSMA’s membership, obtain lower costs for unemployment compensation coverage and develop a comprehensive loss control program. The RSU contributes to MSMA based on the first \$12,000 of wages for unemployment compensation. Each member has its reserve, which is determined by the actuary. If the reserve is higher than is determined by the actuary, excess contributions are returned to the member. The annual rate set by MSMA’s actuary is based on the member’s reserve and on estimated future claims. Each member is responsible for its own excess of claims over reserve. Please see “APPENDIX A – RSU No. 26, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2022”, Note 10, page 46 “Insurances and Participation in Public Entity Risk Pool” herein.

The RSU does not believe that its OPEB liabilities, as determined pursuant to GASB 45, have a material impact on its current financial condition or operations. The RSU has monitored and will continue to monitor its OPEB liabilities as determined pursuant to GASB 45. The RSU does not, however, offer any assurance as to the impact, if any, of future OPEB liabilities, as determined pursuant to GASB 45, on the RSU’s future financial condition or operations. For additional information about the RSU’s OPEB liabilities. See “Other Post-Employment Benefits” in Notes to Basic Financial Statements in APPENDIX A hereto.

### **ENVIRONMENTAL MATTERS**

Securities and Exchange Commission Regulation 229.103 (the “Regulation”) requires that issuers subject to the disclosure requirements of the Securities Exchange Act of 1934 disclose, among other things, any material pending legal proceedings, including without limitation, legal proceedings involving environmental issues. The Regulation states that no information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten percent (10%) of the current assets of the issuer, and, if a governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the issuer reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000. Although the RSU, as an issuer of municipal securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the RSU is voluntarily making the disclosure required by the Regulation with respect to environmental liabilities: The RSU is not subject to any pending legal proceedings involving environmental matters that would require disclosure under the Regulation were the RSU subject to its provisions.

### **LITIGATION**

In the opinion of RSU officials there is no litigation pending or threatened against the RSU which, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the RSU’s financial position or its ability to meet its debt service obligations.

**APPENDIX A**

**RSU NO. 26  
ANNUAL FINANCIAL STATEMENTS  
AND SUPPORTING SCHEDULES  
FOR THE  
YEAR ENDED JUNE 30, 2024**

(With Report of Independent Auditors' Thereon)

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Regional School Unit No. 26

**ANNUAL FINANCIAL STATEMENTS**  
**(with required and other supplementary information)**

For the Year Ended June 30, 2024

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## **Independent Auditor's Report**

Board of Directors  
Regional School Unit No. 26

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 26, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Unit'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 Regional School Unit No. 26 as of June 30, 2024, 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 Regional School Unit No. 26, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Regional School Unit No. 26'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 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 Regional School Unit No. 26'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 Regional School Unit No. 26'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, and pension and OPEB information on pages 7 through 14 and 46 through 56 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Regional School Unit No. 26's basic financial statements. The other supplementary information on Schedules 1 and 2 is presented for purposes of additional analysis and is 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 the State of Maine and is also not a required part of the basic financial statements. The reconciliation of audit adjustments to annual financial data submitted to the Maine Education Financial System is presented as required by the laws of the State of Maine and is also not a required part of the basic financial statements.

The other supplementary information on Schedules 1 and 2, the schedule of expenditures of federal awards, and the reconciliation of audit adjustments to annual financial data submitted to the Maine Education financial System are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 and 2, the schedule of expenditures of federal awards, and the reconciliation of audit adjustments to annual financial data submitted to the Maine Education Financial System 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 December 30, 2024, on our consideration of the Regional School Unit No. 26's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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. 26'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. 26's internal control over financial reporting and compliance.

*Brantner Whibodian & Associates*

Bangor, Maine  
December 30, 2024

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2024**

As management of the Regional School Unit No. 26, we offer readers of the Unit's financial statements this narrative overview and analysis of the financial activities of the Unit for the fiscal year ended June 30, 2024. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. The data is reported in a manner designed to fairly present the Unit's financial position, and the results of operations of the various funds of the Unit. All disclosures necessary to enable the reader to gain an accurate understanding of the Unit's financial activities have been included.

This report covers all funds administered by the Unit in connection with its responsibility in providing educational services. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements.

**FINANCIAL INFORMATION**

The Regional School Unit No. 26 was formed on July 1, 2009 under new state of Maine legislation.

The Unit's administration is responsible for establishing and maintaining an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual and human resource assets of the Unit are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Additionally, management strives to ensure that these assets are put to good and effective use.

**FINANCIAL HIGHLIGHTS**

- The total balance of the Unit's governmental activities cash and cash equivalents at June 30, 2024 was \$3,579,890.
- Under the government-wide basis of reporting, the Unit's total net position was \$6,234,968 at June 30, 2024 a decrease of \$153,893.

**OVERVIEW OF FINANCIAL STATEMENTS**

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



**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2024**

**Government-wide financial statements**

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

The statement of net position presents information on all of the Unit'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 Unit is improving or deteriorating.

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

The government-wide financial statements outline functions of the Unit that are principally supported by assessments and intergovernmental revenues (governmental activities). The governmental activities of the Unit include instruction, support services, operation and maintenance of plant, transportation, administration, and adult education. Fixed assets and related debt are also supported by assessments and intergovernmental revenues. The government-wide financial statements can be found on pages 15 - 16 of this report.

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Unit, 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 Unit can be divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds*

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

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 Unit's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Capital assets and depreciation are not included in the governmental funds financial statements.

The Unit adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. This statement is included in the required supplementary information portion of the financial statements. The basic governmental fund financial statements can be found on pages 17-20 of this report.

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2024**

**OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

**Notes to the basic financial statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21-45 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning financial performance (budget and actual with budget to GAAP differences and budget and actual with variances). Required supplementary information can be found on pages 46-56 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 57-58 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Unit, assets exceeded liabilities by \$6,234,968, as of June 30, 2024.

The largest portion of the Unit's net position reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, and furniture and equipment); less any related debt used to acquire those assets that is still outstanding. The Unit uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the Unit'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.

The Unit's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Net Position for the Period Ending June 30, 2024 and 2023**

The current year's governmental activities financial statements are compared with prior year as follows:

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 5,100,408	\$ 6,194,510
Capital assets (net of accumulated depreciation)	<u>19,765,820</u>	<u>19,431,115</u>
Total Assets	24,866,228	25,625,625
 Deferred outflows of resources	 <u>663,126</u>	 <u>805,932</u>
Current liabilities	1,582,503	1,341,904
Non-current liabilities	<u>17,362,590</u>	<u>18,235,652</u>
Total Liabilities	18,945,093	19,577,556
 Deferred inflows of resources	 <u>349,293</u>	 <u>465,140</u>
 Net Position		
Investment in capital assets (net of debt)	4,427,846	4,085,597
Restricted	672,689	1,090,131
Unrestricted	<u>1,134,433</u>	<u>1,213,133</u>
Total Net Position	<u>\$ 6,234,968</u>	<u>\$ 6,388,861</u>

The following are significant transactions that have had an impact on the Statement of Net Position:

- The Unit recorded depreciation expense of \$1,248,842 for the year ended June 30, 2024. The Unit also recorded interest expense of \$587,473 the year ended June 30, 2024.

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The following table presents a summary of the Unit's operations for the fiscal year ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<b>REVENUES</b>		
Charges for services and other	\$ 2,710,471	\$ 2,725,097
Operating grants and contributions	2,483,127	2,490,709
Capital grants and contributions	196,920	79,375
General revenues		
Local assessments	7,619,925	7,152,773
State subsidy	5,984,643	5,644,444
Interest income	29,907	25,728
Miscellaneous	<u>50,945</u>	<u>35,883</u>
Total Revenues	<u>19,075,938</u>	<u>18,154,009</u>
<b>EXPENSES</b>		
Regular instruction	\$ 5,937,796	\$ 5,680,749
Special education	3,306,461	3,048,555
Other instruction	710,950	656,654
Student and staff support	1,434,371	1,342,903
System administration	610,297	602,686
School administration	852,498	857,169
Student transportation	350,818	288,406
Facilities and operations	3,111,271	2,799,082
Federal, state and local grant expense	593,262	621,904
Adult education	83,332	93,995
On-behalf payments – State of Maine	1,136,576	1,098,651
Food service	519,168	500,270
Interest and other charges	<u>591,581</u>	<u>541,483</u>
Total Expenses	<u>19,238,381</u>	<u>18,132,507</u>
Excess (deficiency) of revenues over expenditures before special item	(162,443)	21,502
Special item – gain (loss) on disposal of capital assets	<u>8,550</u>	<u>(14,302)</u>
Change in net position	(153,893)	7,200
Net position, beginning of year	<u>6,388,861</u>	<u>6,381,661</u>
Net position, end of year	<u>\$ 6,234,968</u>	<u>\$ 6,388,861</u>

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Analysis of the Unit's Operations**

Overall the Unit had a total decrease in net position of \$153,893 from current year operations.

Total revenue include general revenues such as local assessments, state aid to education, and other revenue that is not program specific or charges for services, such as federal grants for special education and fees for food service and adult education.

General revenues for the year ended June 30, 2024 totaled \$13,685,420. Of this amount, \$7,619,925 was from local assessments paid by the Town of Orono, Maine and \$5,984,643 was from the State of Maine. In addition, \$80,852 came from interest and other miscellaneous sources.

During the year, the Unit received program specific operating grants and contributions totaling \$2,483,127 and capital grants and contributions of \$196,920. These grants and contributions represent resources that are restricted for use in particular programs and are meant to directly offset the Unit's costs for these various programs. Most of these grants and contributions come from state and federal sources.

Expenses of governmental activities include depreciation expense of \$1,248,842. Depreciation expense has been allocated and is included in the various function/program expenses of the Unit.

Charges for services and other represent revenues earned by the Unit in return for services provided by the Unit or the use of the Unit's property. These revenues predominately consist of tuition, adult education fees and school lunch revenues. Charges for services totaled \$2,710,471 for the year ended June 30, 2024.

**FINANCIAL ANALYSIS OF THE UNIT'S FUNDS**

The focus of the Unit's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Unit's financing requirements. As the Unit completed the year, its governmental funds reported a combined fund balance of \$3,690,094, \$1,029,501 lower than the beginning balances.

Revenues include intergovernmental revenue of \$7,118,841 and local assessments totaling \$7,684,925. On-behalf payments amounted to \$1,108,948. Additional information on these "on-behalf" payments can be found in notes to the basic financial statements.

Charges for services contributed \$2,708,815 in total revenue during the year. Of this amount, \$34,945 represents revenues generated from the food service program.

Total governmental fund expenditures before other financing for the year were \$24,522,400. The Unit's debt service totaled \$1,393,333 for the year.

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2024**

**FINANCIAL ANALYSIS OF THE UNIT'S BUDGET**

The Unit recognized revenues and expenditures on a budget basis that differs from how revenues and expenditures should be recognized under generally accepted accounting principles (GAAP). The principle differences between the two methods are as follows:

- GAAP basis revenues and expenditures include teachers' retirement plan payments made by the state on behalf of the Unit. The Unit's budget basis revenues and expenditures do not include these revenues and expenditures.
- The budget basis revenues and expenditures do not include financed purchased asset lease payable, debt revenue and offsetting outlay activity. GAAP basis revenues and expenditures include the activity for proper reporting.

During the year, actual revenues exceeded budgeted revenues by \$201,165.

Budgeted expenditures exceeded actual expenditures by \$934,613.

Excess revenues over expenditures and other uses was (\$45,462). Accordingly, the budget basis fund balance decreased from \$2,995,611 to \$2,950,149.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The following summarizes capital assets at year end:

	<b>Balance June 30, 2023</b>	<b>Additions</b>	<b>Retire- ments</b>	<b>Balance June 30, 2024</b>
Land and CIP	\$ 499,287	\$ -	\$ (499,287)	\$ 499,287
Buildings and improvements	22,138,285	1,835,009	-	23,973,294
Equipment	595,457	32,770	(8,513)	619,714
Vehicles	116,206	-	-	116,206
Land improvements	403,955	-	-	403,955
Total capital assets	23,753,190	1,867,779	(507,800)	25,113,169
Accumulated depreciation	<u>(4,322,075)</u>	<u>(1,248,842)</u>	<u>8,513</u>	<u>(5,562,404)</u>
Capital assets, net	<u>\$19,431,115</u>	<u>\$ 618,937</u>	<u>\$ (499,287)</u>	<u>\$19,550,765</u>

**Regional School Unit No. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)**  
**June 30, 2024**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Debt Administration**

The Unit's debt consists of bonds, several financed purchased asset leases from various lending sources, net pension liability, net OPEB liability, and compensated absences liability.

	<b>Balance June 30, 2023</b>	<b>Increases</b>	<b>Forgiveness/ Decreases</b>	<b>Balance June 30, 2024</b>
Bonds payable	\$10,622,000	\$ -	\$ (518,000)	\$10,104,000
Bond anticipation note payable	4,350,000	4,350,000	(4,350,000)	4,350,000
Financed purchased asset lease obligations	1,340,714	-	(456,740)	883,974
Net pension liability	429,226	447,315	(397,873)	478,668
Net OPEB liability	1,453,527	180,571	(161,504)	1,472,594
Compensated absences	<u>40,185</u>	<u>33,169</u>	<u>-</u>	<u>73,354</u>
Total	<u>\$18,235,652</u>	<u>\$5,011,055</u>	<u>\$(5,884,117)</u>	<u>\$17,362,590</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Our community is very proud of its school and the current level of program offerings. The School Board and administration view the money spent on schools as an investment into our future. We try very hard to develop budgets that are lean yet maintain the current program levels which our community has grown to expect.

**REQUEST FOR INFORMATION**

The financial report is designed to provide information to the readers of the report with a general overview of the Unit's finances. If you have questions about this report or need any additional information, contact the Superintendent's Office at 10 Goodridge Dr, Orono, Maine, 04473 or call (207) 866-7110.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

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

Regional School Unit No. 26 provides educational services for the Town of Orono. The Unit was assigned a Regional School Unit number by the State Board of Education effective July 1, 2009 to comply with new legislation.

The accounting and reporting policies of the Unit relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America 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, when applicable. The more significant accounting policies of the Unit are described below.

**A. FINANCIAL REPORTING ENTITY**

In evaluating the Unit as a reporting entity, management has addressed all potential component units for which the Unit may be financially accountable and, as such, should be included within the Unit's financial statements. In accordance with GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Unit is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the Unit. Additionally, the Unit is required to consider other organizations for which the nature and significance of their relationship with the Unit are such that exclusion would cause the reporting entity's financial statements to be misleading. Based on the application of these criteria, there are no entities that should be included as part of these financial statements.

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements report information of all activities of the Unit, except for fiduciary funds. Governmental activities, which normally are supported by assessments and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Unit has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program; and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Assessments and other items not properly included among program revenues are reported instead as general revenues.

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The Unit segregates transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and fiduciary activities. The governmental statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column, when applicable. The fiduciary statements aggregate and present each fund type as a separate column on the fund financial statements.



**Regional School Unit No. 26**  
**Statement of Net Position**  
**June 30, 2024**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,394,160
Cash - restricted	185,730
Other receivable	28,014
Due from other governments	1,429,158
Due from IRS - bond interest refund receivable	49,552
Inventories	8,272
Prepaid expenses	5,522
Due from Town of Glenburn for future debt service	215,055
Capital assets being depreciated, net of accumulated depreciation	<u>19,550,765</u>
Total assets	<u>24,866,228</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	512,198
Deferred outflows related to OPEB	<u>150,928</u>
Total deferred outflows of resources	<u>663,126</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	317,382
Due to MainePers	-
Accrued wages payable	1,043,377
Unearned revenue	-
Accrued interest payable	221,744
Long-term liabilities	
Due within one year	
Bonds payable	518,000
Financed purchased asset leases payable	291,181
Bond anticipation note payable	-
Due in more than one year	
Bonds payable	9,586,000
Bond anticipation note payable	4,350,000
Financed purchased asset leases payable	592,793
Net pension liability	478,668
Net OPEB liability	1,472,594
Compensated absences	<u>73,354</u>
Total liabilities	<u>18,945,093</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	97,619
Deferred inflows related to OPEB	<u>251,674</u>
Total deferred inflows of resources	<u>349,293</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,427,846
Restricted for grants and contributions	383,527
Restricted for food service fund	198,666
Restricted for capital projects	90,496
Unrestricted	<u>1,134,433</u>
Total net position	<u><u>\$ 6,234,968</u></u>

**Regional School Unit No. 26**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenue		Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
		Charges for Services and Other	Operating Grants and Contributions		Governmental Activities
Governmental activities					
Regular instruction	\$ 5,937,796	\$ 2,064,248	\$ -	\$ -	\$ (3,873,548)
Special education	3,306,461	596,110	13,725	-	(2,696,626)
Other instruction	710,950	-	-	-	(710,950)
Student and staff support	1,434,371	-	227,341	-	(1,207,030)
System administration	610,297	-	-	-	(610,297)
School administration	852,498	-	-	-	(852,498)
Student transportation	350,818	-	-	-	(350,818)
Facilities maintenance	3,111,271	1,650	-	-	(3,109,621)
Federal, state and local grant expense	593,262	-	573,747	-	(19,515)
Adult education	83,332	13,518	59,800	-	(10,014)
On-behalf payments - State of Maine	1,136,576	-	1,136,576	-	-
Food service	519,168	34,945	471,938	-	(12,285)
Interest and other charges	591,581	-	-	50,319	(541,262)
Capital outlay	-	-	-	146,601	146,601
Total governmental activities	<u>\$ 19,238,381</u>	<u>\$ 2,710,471</u>	<u>\$ 2,483,127</u>	<u>\$ 196,920</u>	<u>(13,847,863)</u>
<b>General revenues</b>					
Assessments					
Assessments, levied for general purposes					
State subsidy					
Unrestricted interest earnings					
Miscellaneous					
<b>Special item - gain on disposal of capital assets</b>					
Total general revenues and special item					
Change in net position					
<b>NET POSITION - BEGINNING</b>					
<b>NET POSITION - ENDING</b>					

**Regional School Unit No. 26**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Funds</b>	<b>Other Govern- mental Funds- School Food Service</b>	<b>Total Govern- mental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,129,615	\$ 264,545	\$ -	\$ -	\$ 3,394,160
Cash - restricted	-	-	185,730	-	185,730
Due from other funds	-	1,448	-	169,661	171,109
Due from other governments	1,218,277	187,021	-	23,860	1,429,158
Accounts receivable	21,261	-	-	6,753	28,014
Inventories	-	-	-	8,272	8,272
Prepaid expenses	5,522	-	-	-	5,522
Total assets	<u>\$ 4,374,675</u>	<u>\$ 453,014</u>	<u>\$ 185,730</u>	<u>\$ 208,546</u>	<u>\$ 5,221,965</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 218,036	\$ 69,487	\$ 27,978	\$ 1,884	\$ 317,385
Accrued summer teacher pay and wages	1,035,381	-	-	7,996	1,043,377
Due to other funds	171,109	-	-	-	171,109
Total liabilities	<u>1,424,526</u>	<u>69,487</u>	<u>27,978</u>	<u>9,880</u>	<u>1,531,871</u>
<b>Fund balances</b>					
Nonspendable for inventory	-	-	-	8,272	8,272
Nonspendable for prepaid expenses	5,522	-	-	-	5,522
Restricted for food service funds	-	-	-	190,394	190,394
Restricted for grants and contributions	-	118,983	-	-	118,983
Restricted for scholarship funds	-	1,308	-	-	1,308
Restricted for school funds	-	263,236	-	-	263,236
Restricted for capital projects	-	-	90,496	-	90,496
Committed for capital projects	-	-	67,256	-	67,256
Committed for future debt service	15,600	-	-	-	15,600
Committed for fuel stabilization	136,996	-	-	-	136,996
Unassigned	2,792,031	-	-	-	2,792,031
Total fund balances	<u>2,950,149</u>	<u>383,527</u>	<u>157,752</u>	<u>198,666</u>	<u>3,690,094</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,374,675</u>	<u>\$ 453,014</u>	<u>\$ 185,730</u>	<u>\$ 208,546</u>	<u>\$ 5,221,965</u>

**Regional School Unit No. 26**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2024**

Total fund balance, governmental funds \$ 3,690,094

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 this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Capital assets, net of accumulated depreciation 19,550,765

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Bond interest refund receivable	\$ 49,552	
Due from other governments - Town of Glenburn	215,055	264,607

Certain deferred outflows of resources and deferred inflows of resources related to pensions are not reported in this fund statement, but are reported in the governmental activities of the Statement of Net Position.

Deferred outflows related to pensions	\$ 512,198	
Deferred inflows related to pensions	(97,619)	
Deferred outflows related to OPEB	150,928	
Deferred inflows related to OPEB	(251,674)	313,833

Certain other liabilities that will not be paid by current assets and are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Accrued interest payable	\$ (221,744)	
Compensated absences liability	(73,354)	(295,098)

Some liabilities, (such as Financed Purchased Assets Payable, Bonds Payable and Net Pension Liability), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Bonds, financed purchased assets payable, net pension and OPEB liability		(17,289,235)

Net Position of Governmental Activities in the Statement of Net Position	\$	6,234,966

**Regional School Unit No. 26**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2024**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Funds</b>	<b>Other Govern- mental Funds- School Food Service</b>	<b>Total Govern- mental Funds</b>
<b>REVENUES</b>					
Local assessments	\$ 7,619,925	\$ 40,000	\$ -	\$ 25,000	\$ 7,684,925
Intergovernmental revenue	6,083,356	588,547	-	446,938	7,118,841
On-behalf payments - State of Maine	1,108,948	-	-	-	1,108,948
Charges for services	2,660,352	13,518	-	34,945	2,708,815
Interest	29,913	1	10,875	-	40,789
School and student activity funds	-	227,340	-	-	227,340
Donations	-	5,000	-	-	5,000
Other	52,594	-	16,623	-	69,217
Total revenues	17,555,088	874,406	27,498	506,883	18,963,875
<b>EXPENDITURES</b>					
Current					
Regular instruction	6,042,198	-	-	-	6,042,198
Special education	3,282,472	-	-	-	3,282,472
Other instruction	719,736	-	-	-	719,736
Student and staff support	1,243,166	192,639	-	-	1,435,805
System administration	592,720	-	-	-	592,720
School administration	860,885	-	-	-	860,885
Transportation	350,818	-	-	-	350,818
Facilities maintenance	1,866,195	-	-	-	1,866,195
Restricted Federal, state and local grant expense	-	410,778	-	-	410,778
Recovery funds grants	-	177,395	-	-	177,395
Adult education	-	83,036	-	-	83,036
On-behalf payments - State of Maine	1,108,948	-	-	-	1,108,948
Food service	-	-	-	512,359	512,359
Debt service					
Principal - other	805,860	-	-	-	805,860
Interest and other charges	587,473	-	-	-	587,473
Capital outlay	-	-	5,685,722	-	5,685,722
Total expenditures	17,460,471	863,848	5,685,722	512,359	24,522,400
Excess (deficiency) of revenues over expenditures	94,617	10,558	(5,658,224)	(5,476)	(5,558,525)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	4,350,000	-	4,350,000
Bond issuance premium	-	-	119,103	-	119,103
Proceeds from sale of capital asset	8,550	-	-	-	8,550
Bond interest refund	51,371	-	-	-	51,371
Transfers in	-	-	200,000	-	200,000
Transfers out	(200,000)	-	-	-	(200,000)
Total other financing sources (uses)	(140,079)	-	4,669,103	-	4,529,024
Net change in fund balances	(45,462)	10,558	(989,121)	(5,476)	(1,029,501)
<b>FUND BALANCES - BEGINNING</b>	2,995,611	372,969	1,146,873	204,142	4,719,595
<b>FUND BALANCES - ENDING</b>	\$ 2,950,149	\$ 383,527	\$ 157,752	\$ 198,666	\$ 3,690,094

**Regional School Unit No. 26**  
**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, 2024**

Net change in fund balances - total governmental funds: \$ (1,029,501)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays	\$ 1,368,492	
Depreciation expense	<u>(1,248,842)</u>	119,650

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Debt payment receivable adjustment from other Town	\$ (70,242)	
Bond interest refund revenue	<u>(15,799)</u>	(86,041)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Principal repaid		974,740
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Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Net pension deferred inflows, outflows and liability adjustments	\$ (58,043)	
Net OPEB deferred inflows, outflows and liability adjustments	(37,425)	
Accrued interest not reflected on Governmental funds	(4,108)	
Compensated absences not reflected on Governmental funds	<u>(33,167)</u>	(132,743)

Change in net position of governmental activities		<u><u>\$ (153,895)</u></u>
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**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (CONTINUED)**

**Governmental Funds**

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The Unit has presented the following major governmental funds:

*General Fund*

The general fund is the primary operating fund of the Unit and always classified as a major fund. This fund is used to account for all financial resources not accounted for in other funds.

*Special Revenue Fund*

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes. This fund includes federal and state grants for specific purposes, student activity accounts, and scholarship accounts.

*Capital Projects Fund*

The capital projects fund is used to account for all resources for the acquisition or construction of capital facilities or items by the Unit as well as the resources held in reserves for future projects.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

Measurement focus refers to what is being measured; basis of accounting refers to when revenue 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 applied.

The government-wide statements and the fund financial statements for fiduciary 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 position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)**

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. A one-year availability period is used for recognition of governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures and compensated absences expenditures are recorded only when payment is due.

The revenues susceptible to accrual are assessments, intergovernmental revenues and charges for services. All other governmental fund revenues are recognized when received.

**E. BUDGETS AND BUDGETARY ACCOUNTING**

The Unit's general fund operating budget is approved by referendum in June for the upcoming fiscal year. Assessments are levied against the Town of Orono after the budget is adopted.

Payments made by the State of Maine to the Maine Public Employees Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund in accordance with generally accepted accounting principles.

Appropriations for the general fund lapse at the end of the fiscal year.

Formal budgets are not adopted for the other funds. Grant procedures for many of the revenues included in the special revenue funds require submission of a budget. However, such budgets are not subject to formal adoption procedures and are normally prepared based upon the grant period which does not necessarily correspond with the Unit's fiscal year.

**F. FINANCIAL STATEMENT AMOUNTS**

**Cash and Cash Equivalents**

For purposes of the statement of net position, cash and cash equivalents includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Unit, including amounts in repurchase accounts. Additional information is presented in Note 2.

**Inventories**

Inventories of food and supplies in the food service program are valued at the lower of cost or market value using the first-in, first-out method.



**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statement of net position. Any residual balances between the governmental activities and fiduciary funds are reported in the statement of net position as "due to/from fiduciary funds".

**Interfund Transfers**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the governmental funds on the fund financial statements. For the purposes of the government-wide statement of activities, all interfund transfers between individual funds within governmental activities have been eliminated.

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental activities column on the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Improvements	25-100 years
Machinery and Equipment	3-30 years

The Unit has no assets that it considers to be infrastructure. Assets such as parking lots are capitalized as improvements in accordance with the Unit's capitalization policy.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**Long-term Liabilities**

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

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of financed purchased asset leases, general obligation bonds, net pension liability, net OPEB liability, and compensated absences liability.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

Compensated absences liability is reported in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees. The Unit's policy is described below:

**Sick time:**

Upon retirement, all hourly employees with at least ten (10) years of employment, but less than twenty (20) years of employment with the schools comprising RSU 26 shall be reimbursed at their regular hourly rate of pay for unused sick leave up to one thousand three hundred dollars (\$1,300). Employees with at least twenty (20) years, but less than thirty (30) years of employment with the schools comprising RSU 26 shall be reimbursed under this provision up to two thousand dollars (\$2,000). Employees with thirty (30) or more years of employment within the schools comprising RSU 26 shall be reimbursed under this provision up to two thousand seven hundred dollars (\$2,700).

Upon retirement, all contracted teachers are compensated at the per-diem rate for up to forty 40 days of accumulated sick leave under the Maine Public Employee Retirement System if the employee has been employed by RSU 26 for at least fifteen (15) years and provided that written notice of intention to retire is received by the Superintendent of Schools on or before March 1 of the year prior to the year of retirement. Teachers who provide notice by March 1 of the year prior to retirement shall receive payment by June 30 of the year in which that teacher retires. Teachers who give notice later than March 1 of the year prior to retirement shall receive the payment in July of the year following the year in which that teacher retires.

**Vacation:**

Employees are required to take their vacation during the year it is awarded. Vacation time may not be carried forward to the next employment year except under unusual circumstances with the permission of the Superintendent or designee. Vacation time that current employees have been allowed to accrue will be honored, but no further unused vacation time can be accrued, except as specified.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

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

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the State Employees and Teachers (SET) Pension Plan and OPEB Plan and the Participating Local Districts (PLD) Pension Plan and OPEB Plan and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the respective plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Use of Estimates**

Preparation of the Unit's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**Government-wide Net Position**

Net position represents the difference between asset and deferred outflows and liabilities and deferred inflows in the government-wide financial statements.

Net investment in capital assets 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.

The remaining net position is reported as unrestricted. For expenditures that qualify for either classification, amounts will be first spent from restricted net position then from unrestricted net position.

**Governmental Fund Balances**

Fund balance represents the difference between assets and liabilities in the fund financial statements. Fund balance must be properly reported within one of the five fund balance categories listed below:

*Nonspendable* – such as fund balances associated with inventories or prepaid expenses. The Nonspendable fund balance may also include amounts that are required to be maintained intact, such as the corpus of an endowment fund.

*Restricted* fund balance category includes amounts that can be used only for the specific purposes stipulated by constitution, grantors or through enabling legislation.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**Governmental Fund Balances (Continued)**

*Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, which is voter approval.

*Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Directors is authorized to assign amounts under authority granted by the Unit's budget policies.

*Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Unit has not formally adopted a fund balance policy, but has implemented GASB 54 based on the definitions above. For expenditures that qualify for multiple categories, amounts will be considered first spent from restricted fund balance, followed by committed fund balance, then assigned fund balance, and finally unassigned fund balance.

**NOTE 2. CASH AND CASH EQUIVALENTS**

**Cash and Cash Equivalents**

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the Unit's deposits may not be returned to it. The Unit does not have a deposit policy for custodial credit risk. As of June 30, 2024, the Unit reported deposits of \$3,579,890 with bank balances of \$3,897,608. Of the Unit's total bank balance of \$3,897,608, \$34,456 was exposed to custodial credit risk.

Deposits have been reported as follows:

Reported in governmental funds	<u>\$3,579,890</u>
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The Unit has \$185,730 in restricted cash for capital projects as of June 30, 2024.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 3. CAPITAL ASSETS**

Governmental activities capital asset activity for the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Disposals/ Retire- ments	Balance June 30, 2024
<i>Capital assets not being depreciated</i>				
Construction in process	\$ 499,287	\$ -	\$ (499,287)	\$ -
<i>Capital assets being depreciated</i>				
Buildings and improvements	22,138,285	1,835,009	-	23,973,294
Equipment	595,457	32,770	(8,513)	619,714
Vehicles	116,206	-	-	116,206
Land improvements	403,955	-	-	403,955
Total capital assets being depreciated	<u>23,253,903</u>	<u>1,867,779</u>	<u>(8,513)</u>	<u>25,113,169</u>
<i>Less accumulated depreciation for</i>				
Buildings and improvements	(3,694,802)	(1,190,604)	-	(4,885,406)
Equipment	(379,442)	(28,998)	8,513	(399,927)
Vehicles	(26,404)	(11,621)	-	(38,025)
Land improvements	(221,427)	(17,619)	-	(239,046)
Total accumulated depreciation	<u>(4,322,075)</u>	<u>(1,248,842)</u>	<u>8,513</u>	<u>(5,562,404)</u>
Total capital assets being depreciated, net	<u>18,931,828</u>	<u>618,937</u>	<u>-</u>	<u>19,550,765</u>
Capital assets, net	<u>\$ 19,431,115</u>	<u>\$ 618,937</u>	<u>\$ (499,287)</u>	<u>\$ 19,550,765</u>

Depreciation expense was charged to governmental activities as follows:

Regular education	\$ 10,904
Special education	2,848
Other instruction	6,193
Facilities maintenance	1,224,954
Food service	<u>3,943</u>
Total depreciation expense	<u>\$1,248,842</u>

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 4. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities of the Unit for the year ended June 30, 2024:

	<b>Balance June 30, 2023</b>	<b>Increases</b>	<b>Forgiveness/ Decreases</b>	<b>Balance June 30, 2024</b>	<b>Portion due within one year</b>
<b>General Obligation Bonds</b>					
Bangor Savings Bank 2011 qualified school construction bond due in annual principal installments of \$43,000 through July 2026; interest due semi-annually at 5.04%.	\$ 172,000	\$ -	\$ (43,000)	\$ 129,000	\$ 43,000
US Bank 2019 general obligation bonds due in annual principal installments of \$475,000 through September 2044; interest due semi-annually at rates from 2.0% to 5.0%	10,450,000	-	(475,000)	9,975,000	475,000
US Bank 2020 general obligation bond anticipation notes due in September 2023; interest due annually at a rate of 2.00%	4,350,000	-	(4,350,000)	-	-
US Bank 2023 general obligation bond anticipation notes due in September 2025; interest due annually at a rate of 5.00%	-	4,350,000	-	\$4,350,000	-
Total general obligation bonds	14,972,000	4,350,000	(4,868,000)	14,454,000	518,000
<b>Financed purchased asset leases</b>	1,340,714	-	(456,740)	883,974	291,181
<b>Net pension liability</b>	429,226	447,315	(397,873)	478,668	N/A
<b>Net OPEB liability</b>	1,453,527	180,571	(161,504)	1,472,594	N/A
<b>Compensated Absences</b>	40,185	33,169	-	73,354	N/A
Total long-term liabilities	<u>\$18,235,652</u>	<u>\$5,011,055</u>	<u>\$ (5,884,117)</u>	<u>\$17,362,590</u>	<u>\$ 801,181</u>

**General Obligation Bonds Payable**

Future maturities of general obligation bonds are as follows:

<b>Year ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 518,000	\$ 564,855	\$ 1,082,855
2026	4,868,000	429,970	5,297,970
2027	518,000	295,088	813,088
2028	475,000	270,156	745,156
2029	475,000	246,406	721,406
2030-2034	2,375,000	903,984	3,278,984
2035-2039	2,375,000	573,681	2,948,681
2040-2044	2,375,000	248,663	2,623,663
2045	475,000	7,125	482,125
	<u>\$ 14,454,000</u>	<u>\$ 3,539,928</u>	<u>\$ 17,993,928</u>

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 4. LONG-TERM LIABILITIES (Continued)**

**Obligations under bond anticipation notes**

The General Obligation Bond Anticipation Note in the amount of \$4,350,000 provides temporary financing for the Unit's construction project and is due on September 15, 2025. \$109,354 in interest was paid by the Unit in the fiscal year ended June 30, 2024.

**Obligations under financed purchased asset leases**

The Unit is the lessee of copiers at an interest rate of 3.69%, computers at interest rates of 3.74% and 2.49%, and a Qualified School Construction Bond Lease, at an interest rate of 5.21%, under financed purchased asset leases expiring in 2024 and 2027. The liabilities under financed purchased assets are recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset acquired.

As of June 30, 2024, the Unit had recorded \$4,189,798 in equipment and buildings related to outstanding financed purchased asset leases. Amortization of these assets is included with depreciation expense. Accumulated depreciation for these assets at June 30, 2024 is \$2,583,299.

Future payments under financed purchased asset leases as of June 30, 2024 are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 291,181	\$ 46,055	\$ 337,236
2026	294,618	30,885	325,503
2027	298,175	15,535	313,710
	<u>\$ 883,974</u>	<u>\$ 92,475</u>	<u>\$ 976,449</u>

The amount of principal due within one year for the above financed purchased asset leases is \$291,181.

In accordance with Maine law, no school unit shall incur debt for specific purposes in excess of certain percentages of State valuation of member municipalities. At June 30, 2024, the Unit was in compliance with these limitations.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 5. INTERFUND TRANSACTIONS**

During the course of normal operations, the Unit has numerous transactions between funds including expenditures and transfers.

Individual fund interfund receivable and payable balances at June 30, 2024 arising from these transactions were as follows:

	<b>Receivables</b>	<b>Payables</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General fund	\$ -	\$ 171,109	\$ -	\$ 200,000
Special revenue fund	1,448		-	-
Capital projects fund	-	-	200,000	-
Nonmajor fund-food service fund	<u>169,661</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 171,109</u>	<u>\$ 171,109</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

The outstanding balances between funds result mainly from short-term cash flow needs that are funded by the general fund, as it holds the Unit's checking account. The transfer of \$200,000 from the general fund to the capital reserve fund is made per budgetary authorization.

**NOTE 6. NET INVESTMENT IN CAPITAL ASSETS**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds payable adding back any unspent proceeds. The Unit's net position invested in capital assets, net of related debt was calculated as follows at June 30, 2024:

Capital assets	\$ 25,113,168
Accumulated depreciation	(5,562,403)
Receivable offset to debt service	215,055
Related bonds payable	(14,454,000)
Related financed purchased asset leases payable	<u>(883,974)</u>
Total balance	<u>\$ 4,427,846</u>



**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 7. RESTRICTED FUND BALANCES – SPECIAL REVENUE FUND**

At June 30, 2024, the Unit maintained restricted fund balances in its special revenue fund for the following programs:

Adult education – Orono	\$ 72,492
Adult education – Hampden	16,054
Adult education - enrichment	3,857
Transition	7,940
Improvement of instruction training	2,367
Stephen & Tabitha King	200
NSF – Johnson	2,557
PEPG	1,107
Maine math and science	638
Region IV	1,162
Friends of Acadia	1,096
Board Scholarship	5,850
Adult ed courage consortium	1,896
Student activity accounts	263,236
Scholarship account	1,308
Miscellaneous local grants and donations	<u>1,767</u>
	<u>\$ 383,527</u>

**NOTE 8. DEFINED BENEFIT PENSION PLAN**

**Plan Description**

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

Eligible employees other than teachers participate in the Maine Public Employees Retirement System's Participating Local District (PLD) Plan. The PLD plan is a multiple-employer cost sharing defined benefit plan. Eligible employers (districts) are defined in Maine statute.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Benefits Provided**

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. 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; separate legislation enacted the same reduced requirement for judges, legislators, and employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 3.88%.

**Contributions**

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

**Contributions - SET Plan**

SET plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education (DOE) is required to contribute 14.51% of compensation for non-federally funded employees. The Unit is required to contribute 4.47% of compensation to cover the normal costs for non-federally funded employees. The Unit is also required to contribute 19.57% of compensation for federally funded employees.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Contributions – SET Plan (Continued)**

The contributions for the year ended June 30, 2024 were as follows:

	Covered Payroll	Contribution Percentage	Contribution Amount
Employee contribution	\$ 7,761,129	7.65%	\$ 593,726
State DOE contribution for non-federally funded employees	7,642,643	14.51%	1,108,948
Employer contribution for normal costs of non-federally funded employees	7,509,939	4.47%	341,626
Employer contribution for federally funded employees	118,486	19.57%	23,188

**Contributions - PLD Plan**

PLD plan members are required to contribute 7.18% of their annual salary to the plan. The Unit is required to pay 10.20% of members' compensation. The Unit had covered payroll of \$748,917 for the year ended June 30, 2024. Unit contributions were as follows:

	Year ended 6/30/24		Year ended 6/30/23		Year ended 6/30/22	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Employer	\$ 76,389	10.20%	\$ 71,313	10.20%	\$ 59,192	10.30%
Employee	53,783	7.18%	49,980	7.15%	42,075	7.32%

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Proportionate Share of the Net Pension Liability**

At June 30, 2024, 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 for contributions to the SET Plan. The amount recognized by the Unit as its proportionate share of the net pension liability and the total portion of the net pension liability that was associated with the Unit were as follows:

	SET Plan	PLD Plan
Unit's proportionate share of the net pension liability	\$ 219,636	\$ 259,032
State's proportionate share of the net pension liability associated with the Unit	<u>7,661,650</u>	<u>-</u>
Total	<u>\$ 7,881,286</u>	<u>\$ 259,032</u>

The net pension liability for the Unit was measured as of June 30, 2023, and the total collective pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Unit's proportionate share percentage of the collective net pension liability for the SET Plan was 0.014477%, allocated based on Unfunded Actuarial Liability (UAL) contributions to the plan. This percentage was 0.014684% at the prior measurement date of June 30, 2022. The Unit's proportionate share percentage of the collective net pension liability for the PLD Plan was 0.081177%, allocated based on adjusted contributions to the plan for the year ended June 30, 2023. This percentage was 0.079441% at the prior measurement date of June 30, 2022.

**Special Funding Situation – SET Plan**

The Unit participates in the SET Plan as a non-employer contributing entity in that the State pays the Initial Unfunded Actuarial Liability (IUAL) associated with the teachers and the local teacher districts pay the normal cost contributions as determined by the actuary.

**Actuarial Assumptions**

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2023 are as follows:

Actuarial valuation date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal
Assumptions	
Investment Rate of Return	6.50% per annum, compounded annually
Inflation Rate	2.75%
Annual Salary Increases, Including Inflation	2.80% - 13.03% SET / 2.75% - 11.48% PLD
Cost of Living Benefit Increases	2.20% SET / 1.91% PLD

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

Mortality rates are based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table and the Public Plan General Benefits – Weighted Healthy Retirement Mortality Tables for the SET and PLD plans, respectively, for males and females, projected generationally using the RPEC\_2020 model.

The actuarial assumptions used in the June 30, 2023 valuation for the Plans were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020

**Long-term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Public Equities	6.0%
US Government	2.6
Private Equity	7.6
Real Assets:	
Real Estate	5.2
Infrastructure	5.3
Natural Resources	5.0
Traditional Credit	3.2
Alternative Credit	7.4
Diversifiers	5.0

**Discount Rate**

The discount rate used to measure the collective total pension liability was 6.50% for 2023 for each plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Discount Rate Sensitivity Analysis**

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

	1% Decrease	Current Rate	1% Increase
SET Plan	\$ 431,856	\$ 219,636	\$ (26,018)
PLD Consolidated Plan	709,766	259,032	835

**Pension Expense and Deferred Items Summary**

For the year ended June 30, 2024, the Unit recognized pension expense of \$392,095 related to the SET Plan.

For the year ended June 30, 2024, the Unit recognized pension expense of \$112,724 related to the PLD Plan.

For the year ended June 30, 2024, the Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan		PLD Plan	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 17,995	\$ -	\$ 48,090	\$ -
Changes of assumptions	-	-	-	-
Net difference between expected and actual investment earnings	-	20,376	-	43,957
Changes in proportion	-	33,286	5,609	-
Contributions to plan subsequent to measurement date	364,115	-	76,389	-
Total	<u>\$ 382,110</u>	<u>\$ 53,662</u>	<u>\$ 130,088</u>	<u>\$ 43,957</u>

\$440,504 reported as deferred outflows 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, 2025. Other amounts reported as deferred inflows and outflows will be recognized as pension expense as follows:

Year ended June 30	SET Plan Amount	PLD Plan Amount
2025	\$ (26,018)	\$ 835
2026	(34,624)	(37,720)
2027	23,943	44,584
2028	1,032	2,043
	<u>\$ (35,667)</u>	<u>\$ 9,742</u>

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Pension Plan Fiduciary Net Position**

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

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

**NOTE 9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – LIFE INSURANCE**

**Plan Description**

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

**Benefits Provided**

The Group Life Insurance Plans (the Plans) provide basic group life insurance benefits, during retirement, to retirees who participated in the Plans prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic 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 and Funding Policy**

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. The State of Maine made contributions to the SET plan on-behalf of the School Unit of \$27,628 for the year ended June 30, 2024. The School Unit and employees are not required to contribute to the SET plan.

PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – LIFE INSURANCE  
(CONTINUED)**

**Proportionate Share of the Net OPEB Liability**

The proportions of the OPEB liabilities that were associated with the District were as follows:

	SET Plan	PLD Plan
Unit's proportionate share of the net OPEB liability	\$ -	\$ 4,743
State's proportionate share of the net OPEB liability associated with the Unit	<u>201,454</u>	<u>-</u>
Total	<u>\$ 201,454</u>	<u>\$ 4,743</u>

The net OPEB liability for the Unit was measured as of June 30, 2023, and the total collective OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of that date. The Unit's proportionate share percentage of the collective net OPEB liability for the PLD Plan was 0.032748%, allocated based on adjusted contributions to the plan for the year ended June 30, 2023. This percentage was 0.035635% at the prior measurement date of June 30, 2022. Because of the special funding situation in which the State pays the total dollar amount of each year's annual required contribution, the Unit's proportionate share percentage of the collective net OPEB liability for the SET Plan was 0.0%, and the entire net OPEB liability is reported by the State of Maine.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Assumptions	
Investment rate of return	6.50%
Inflation rate	2.75%
Annual salary increases	2.80%-13.03% SET / 2.75% - 11.48% PLD

Mortality rates are based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table and the Public Plan General Benefits – Weighted Healthy Retirement Mortality Tables for the SET and PLD plans, respectively, for males and females, projected generationally using the RPEC\_2020 model.

The actuarial assumptions used for the year ended June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.



**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – LIFE INSURANCE  
(CONTINUED)**

**Long-term Expected Rate of Return**

Assets of the plans are pooled for investment purposes and are allocated to each plan based on each plan's fiduciary net position. The long-term expected rate of return on the plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.2%
U.S. government securities	2.3%

**Discount Rate**

The discount rate used to measure the collective total OPEB liability was 6.5% for 2023. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – LIFE INSURANCE (CONTINUED)**

**OPEB Expense and Deferred Items Summary**

For the year ended June 30, 2024, the Unit recognized OPEB expense of \$223 related to the PLD Plan. The Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

For the year ended June 30, 2024, the Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PLD Plan	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 84	\$ 37
Changes of assumptions	232	1,048
Net difference between projected and actual investment earnings on OPEB plan investments	152	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	162	258
Employer's contributions to plan subsequent to measurement date of collective net OPEB liability	-	-
Total	<u>\$ 630</u>	<u>\$ 1,344</u>

Amounts reported as deferred inflows and outflows will be recognized as OPEB expense as follows:

Year ended June 30	PLD Plan Amount
2025	\$ (457)
2026	(484)
2027	267
2028	(40)
	<u>\$ (714)</u>

For the year ended June 30, 2024, the Unit recognized OPEB expense of \$26,065 related to the SET Plan and recognized revenue of \$26,065 for support provided by the State,

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – LIFE INSURANCE (CONTINUED)**

**OPEB Plan Fiduciary Net Position**

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

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

**NOTE 10. OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – HEALTH INSURANCE**

**Plan Description**

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

**Plan membership**

At June 30, 2023, membership consisted of:

Inactive members currently receiving benefits	52
Inactive members entitled to but not yet receiving benefits	-
Active members	<u>106</u>
Total	<u>158</u>

**Benefits Provided**

Healthcare insurance benefits are provided for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 55% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members. The retiree pays 45% of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree (and/or spouse).

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 10. OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – HEALTH INSURANCE  
(CONTINUED)**

**Net OPEB Liability**

The Unit's total Plan OPEB liability of \$1,467,851 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2023 actuarial valuation for the Plan was determined using the following actuarial assumptions:

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

Mortality rates for the Plan were based on the 2010 Public Plan Teacher Benefits Weighted Retiree Mortality Table.

The actuarial assumptions used in the June 30, 2023 valuation are the teacher assumptions that were used by the Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation at June 30, 2023 and are based on the experience study covering the period June 30, 2015 through June 30, 2020

**Discount Rate**

Using the Bond Buyer 20-Bond GO Index, the discount rate used to measure the total OPEB liability was 3.65%. This rate is assumed to be an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Changes in the Total Plan OPEB Liability**

	<u>Total OPEB Liability</u>
Balance, beginning of year	\$ 1,448,366
Changes for the year:	
Service Cost	34,747
Interest	51,752
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(24,249)
Benefit payments	<u>(42,765)</u>
Net changes	<u>19,485</u>
Balance, end of year	<u>\$ 1,467,851</u>

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 10. OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – HEALTH INSURANCE (CONTINUED)**

**Discount Rate and Healthcare Rate Sensitivity Analysis**

The following is a sensitive analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability calculated using the discount rate of 3.65% as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$ 1,711,522	\$ 1,467,851	\$ 1,271,808

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

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$ 1,244,056	\$ 1,467,851	\$ 1,753,213

**OPEB Expense and Deferred Items Summary**

For the year ended June 30, 2024, The Unit recognized OPEB expense of \$(12,271) related to the Plan. At June 30, 2024, The Unit reported deferred outflows of resources and deferred inflows 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	\$ 89,555	\$173,293
Changes in assumptions or other inputs	34,487	77,037
Employer contributions after measurement date	<u>26,256</u>	<u>-</u>
Total	<u>\$ 150,298</u>	<u>\$ 250,330</u>

\$26,256 reported as deferred outflows 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, 2025. Other amounts reported as deferred inflows and outflows will be recognized as pension expense as follows:

Year ended June 30:	
2025	\$ (22,581)
2026	(12,519)
2027	(25,454)
2028	(25,447)
2029	(36,822)
Thereafter	<u>(3,465)</u>
Total	<u>\$ (126,288)</u>

**Regional School Unit No. 26**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

**NOTE 11. RISK MANAGEMENT**

The School 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. The School Unit carries commercial insurance and participates in a public entity risk pool sponsored by the Maine School Management Association. Based on the coverages provided, the School Unit is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2024.

**NOTE 12. 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 requirements 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.

**NOTE 13. JOINTLY GOVERNED ORGANIZATION**

The Unit and various entities in the region have jointly agreed to operate a vocational education school. A separate legal entity known as the United Technologies Center (UTC) was established by State law and is governed by an eight-member board, of which one member represents the Unit. Complete financial statements for the UTC can be obtained from the United Technologies Center; 200 Hogan Road, Bangor, Maine, 04401.

**NOTE 14. COMMITMENTS**

At June 30, 2024, the Unit is committed to school renovation construction contracts totaling approximately \$436,440.

**NOTE 15. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 30, 2024, the date on which the financial statements were available to be issued.

**Regional School Unit No. 26**  
**Budget and Actual (with Budget to GAAP Differences)**  
**General Fund**  
**For the Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>			<u>Actual Amounts - Budgetary Basis</u>	<u>Budget to GAAP Differences**</u>	<u>Actual Amounts - GAAP Basis</u>
	<u>Original</u>	<u>Budget Changes *</u>	<u>Final</u>			
<b>REVENUES</b>						
Local assessments	\$ 7,619,925	\$ -	\$ 7,619,925	\$ 7,619,925	\$ -	\$ 7,619,925
Intergovernmental revenue	5,941,337	-	5,941,337	6,083,356	-	6,083,356
On-behalf payments - State of Maine	-	-	-	-	1,108,948	1,108,948
Charges for services	2,677,564	-	2,677,564	2,660,352	-	2,660,352
Interest	13,200	-	13,200	29,913	-	29,913
Other	1,500	-	1,500	52,594	-	52,594
Total revenues	16,253,526	-	16,253,526	16,446,140	1,108,948	17,555,088
<b>EXPENDITURES</b>						
Current						
Regular instruction	6,240,081	(65,853)	6,174,228	6,042,198	-	6,042,198
Special education	3,609,266	-	3,609,266	3,282,472	-	3,282,472
Other instruction	742,079	-	742,079	719,736	-	719,736
Student and staff support	1,338,563	-	1,338,563	1,243,166	-	1,243,166
System administration	590,688	2,032	592,720	592,720	-	592,720
School administration	928,332	-	928,332	860,885	-	860,885
Transportation	444,780	-	444,780	350,818	-	350,818
Facilities maintenance	2,062,835	-	2,062,835	1,866,195	-	1,866,195
On-behalf payments - State of Maine	-	-	-	-	1,108,948	1,108,948
Debt service						
Principal	805,860	-	805,860	805,860	-	805,860
Interest and other charges	523,652	63,821	587,473	587,473	-	587,473
Total expenditures	17,286,136	-	17,286,136	16,351,523	1,108,948	17,460,471
Excess (deficiency) of revenues over expenditures	(1,032,610)	-	(1,032,610)	94,617	-	94,617
<b>OTHER FINANCING SOURCES (USES)</b>						
Use of carryover fund balance	981,900	-	981,900	-	-	-
Proceeds from sale of capital asset	-	-	-	8,550	-	8,550
Bond interest refund	50,710	-	50,710	51,371	-	51,371
Transfers out	-	-	-	(200,000)	-	(200,000)
Total other financing sources (uses)	1,032,610	-	1,032,610	(140,079)	-	(140,079)
Net change in fund balances	\$ -	\$ -	\$ -	(45,462)	-	(45,462)
<b>FUND BALANCE - BEGINNING</b>				2,995,611	-	2,995,611
<b>FUND BALANCE - ENDING</b>				\$ 2,950,149	\$ -	\$ 2,950,149

\* Adjustments to budget for additional use of fund balance and cost center transfers

\*\* Adjustments necessary to convert the general fund's net change in balances on the budget basis to a GAAP basis are provided below:

Net change in fund balances - budget basis	\$ (45,462)
On-behalf payments revenue	1,108,948
On-behalf payments expenditures	(1,108,948)
Net change in fund balances - GAAP basis	\$ (45,462)

**Regional School Unit No. 26**  
**Budget and Actual (with Variances)**  
**General Fund**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts			Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Budget Changes *	Final		
REVENUES					
Local assessments	\$ 7,619,925	\$ -	\$ 7,619,925	\$ 7,619,925	\$ -
Intergovernmental revenue	5,941,337	-	5,941,337	6,083,356	142,019
Charges for services	2,677,564	-	2,677,564	2,660,352	(17,212)
Interest	13,200	-	13,200	29,913	16,713
Other	1,500	-	1,500	52,594	51,094
Total revenues	16,253,526	-	16,253,526	16,446,140	192,614
EXPENDITURES					
Current					
Regular instruction	6,240,081	(65,853)	6,174,228	6,042,198	132,030
Special education	3,609,266	-	3,609,266	3,282,472	326,794
Other instruction	742,079	-	742,079	719,736	22,343
Student and staff support	1,338,563	-	1,338,563	1,243,166	95,397
System administration	590,688	2,032	592,720	592,720	-
School administration	928,332	-	928,332	860,885	67,447
Transportation	444,780	-	444,780	350,818	93,962
Facilities maintenance	2,062,835	-	2,062,835	1,866,195	196,640
Debt service					
Principal - other	805,860	-	805,860	805,860	-
Interest and other charges	523,652	63,821	587,473	587,473	-
Total expenditures	17,286,136	-	17,286,136	16,351,523	934,613
Excess (deficiency) of revenues over expenditures	(1,032,610)	-	(1,032,610)	94,617	1,127,227
OTHER FINANCING SOURCES (USES)					
Use of carryover fund balances	981,900	-	981,900	-	(981,900)
Proceeds from sale of capital asset				8,550	8,550
Bond interest refund	50,710	-	50,710	51,371	661
Transfers out	-	-	-	(200,000)	(200,000)
Total other financing sources (uses)	1,032,610	-	1,032,610	(140,079)	(1,172,689)
Net change in fund balances	\$ -	\$ -	\$ -	(45,462)	\$ (45,462)
FUND BALANCE - BEGINNING				2,995,611	
FUND BALANCE - ENDING				\$ 2,950,149	

\* Adjustments to budget for additional use of fund balance and cost center transfers



**Regional School Unit No. 26**  
**Schedule of the Unit's Proportionate Share of the Net Pension Liability**  
**State Employees and Teachers Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Unit's proportion of the net pension liability	0.014477%	0.014684%	0.018259%	0.006396%	0.005935%	0.005946%	0.006694%	0.011011%	0.007050%	0.600800%
Unit's proportionate share of the net pension liability	\$ 219,636	\$ 218,044	\$ 154,439	\$ 104,399	\$ 87,000	\$ 80,239	\$ 97,233	\$ 147,870	\$ 95,183	\$ 64,906
State's proportionate share of the net pension liability associated with the Unit	<u>7,661,650</u>	<u>7,495,277</u>	<u>4,366,607</u>	<u>8,834,645</u>	<u>7,715,636</u>	<u>7,293,016</u>	<u>7,640,487</u>	<u>9,045,557</u>	<u>6,802,550</u>	<u>5,414,625</u>
Total	<u>\$ 7,881,286</u>	<u>\$ 7,713,321</u>	<u>\$ 4,521,046</u>	<u>\$ 8,939,044</u>	<u>\$ 7,802,636</u>	<u>\$ 7,373,255</u>	<u>\$ 7,737,720</u>	<u>\$ 9,193,427</u>	<u>\$ 6,897,733</u>	<u>\$ 5,479,531</u>
Unit's covered-employee payroll ***	\$ 7,720,519	\$ 7,384,631	\$ 7,243,277	\$ 7,100,141	\$ 6,801,624	\$ 6,710,703	\$ 6,440,230	\$ 6,108,893	\$ 5,859,314	\$ 5,679,613
Unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	2.84%	2.95%	2.13%	1.47%	1.28%	1.20%	1.51%	2.42%	1.56%	1.14%
Plan fiduciary net position as a percentage of the total pension liability **	86.82%	86.68%	92.12%	83.06%	84.52%	85.17%	83.35%	79.05%	83.55%	86.46%

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

\*\* Plan net position and collective net pension liability reflect only the teachers' group portion of the SET plan

\*\*\*Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.

\*\*\* The Unit's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For System employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

**Regional School Unit No. 26**  
**Schedule of Unit Pension Contributions**  
**State Employees and Teachers Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 326,560	\$ 314,817	\$ 334,934	\$ 307,000	\$ 277,732	\$ 274,465	\$ 183,846	\$ 175,406	\$ 168,792	\$ 159,812
Contributions in relation to the contractually required contribution **	(326,560)	(314,817)	(334,934)	(307,000)	(277,732)	(274,465)	(183,846)	(175,406)	(168,792)	(159,812)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unit's covered-employee payroll ***	\$ 7,720,519	\$ 7,384,631	\$ 7,243,277	\$ 7,100,141	\$ 6,801,624	\$ 6,710,703	\$ 6,440,230	\$ 6,108,893	\$ 5,859,314	\$ 5,679,613
Contributions as a percentage of covered-employee payroll	4.23%	4.26%	4.62%	4.32%	4.08%	4.09%	2.85%	2.87%	2.76%	2.84%

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

\*\*Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.

\*\*\* The Unit's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For System employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

**Notes to Schedule:**

Changes of Benefit Terms - None

Changes in Benefit Assumptions: the following are changes in actuarial assumptions used in valuations:

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Discount rate	6.50%	6.50%	6.50%	6.75%	6.75%	6.875%	7.125%	7.125%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases	2.80-13.03%	2.80-13.03%	2.80-13.03%	2.75% + merit	2.75-14.50%	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

Mortality rates - **2015:** RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. **2016:** RP2014 Total Data Set Healthy Annuitant Mortality Table. **2021:** 2010 Public Plan

Teacher Benefits-Weighted Healthy Retiree Mortality Table

**Regional School Unit No. 26**  
**Schedule of the Unit's Proportionate Share of the Net Pension Liability**  
**Participating Local Districts Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Unit's proportion of the net pension liability	0.081177%	0.079441%	0.076823%	0.075534%	0.078435%	0.071294%	0.090726%	0.092736%	0.080650%	0.094848%
Unit's proportionate share of the net pension liability	\$ 259,032	\$ 211,182	\$ (24,688)	\$ 300,106	\$ 239,747	\$ 195,116	\$ 371,465	\$ 492,734	\$ 257,311	\$ 94,865
Unit's covered-employee payroll ***	\$ 699,151	\$ 574,679	\$ 488,344	\$ 476,858	\$ 479,798	\$ 412,259	\$ 489,483	\$ 488,948	\$ 422,655	\$ 328,787
Unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.05%	36.75%	-5.06%	62.93%	49.97%	47.33%	75.89%	100.77%	60.88%	28.85%
Plan fiduciary net position as a percentage of the total pension liability **	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

\*\* Plan net position and collective net pension liability reflect only the employees' group portion of the SET plan

\*\*\*Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.

\*\*\* The Unit's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For System employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

**Regional School Unit No. 26**  
**Schedule of Unit Pension Contributions**  
**Participating Local Districts Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 71,313	\$ 59,192	\$ 49,323	\$ 47,686	\$ 47,980	\$ 39,577	\$ 46,500	\$ 43,516	\$ 32,967	\$ 21,371
Contributions in relation to the contractually required contribution **	<u>(71,313)</u>	<u>(59,192)</u>	<u>(49,323)</u>	<u>(47,686)</u>	<u>(47,980)</u>	<u>(39,577)</u>	<u>(46,500)</u>	<u>(43,516)</u>	<u>(32,967)</u>	<u>(21,371)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unit's covered-employee payroll ***	\$ 699,151	\$ 574,679	\$ 488,344	\$ 476,858	\$ 479,798	\$ 412,259	\$ 489,483	\$ 488,948	\$ 422,655	\$ 328,787
Contributions as a percentage of covered-employee payroll	10.20%	10.30%	10.10%	10.00%	10.00%	9.60%	9.50%	8.90%	7.80%	6.50%

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

\*\*Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.

\*\*\* The Unit's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For System employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

**Notes to Schedule:**

Changes of Benefit Terms - None

Changes in Benefit Assumptions: the following are changes in actuarial assumptions used in valuations:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Discount rate	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
Salary increases	2.75-11.48%	2.75-11.48%	2.75-11.48%	2.75% + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%
Cost of living increases	1.91%	1.91%	1.91%	1.91%	1.91%	1.91%	2.20%	2.20%	2.55%	3.12%

Mortality rates - **2015**: RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. **2016**: RP2014 Total Data Set Healthy Annuitant Mortality Table. **2021**: 2010 Public Plan

General Benefits-Weighted Healthy Retiree Mortality Table

**Regional School Unit No. 26**  
**Schedule of the Unit's Proportionate Share of the Net OPEB Liability**  
**State Employees and Teachers Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Unit's proportion of the net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Unit's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Unit	<u>201,454</u>	<u>213,786</u>	<u>114,745</u>	<u>234,993</u>	<u>217,716</u>	<u>211,930</u>	<u>190,725</u>
Total	<u>\$ 201,454</u>	<u>\$ 213,786</u>	<u>\$ 114,745</u>	<u>\$ 234,993</u>	<u>\$ 217,716</u>	<u>\$ 211,930</u>	<u>\$ 190,725</u>
Unit's covered-employee payroll	\$ 4,878,159	\$ 4,691,731	\$ 5,219,286	\$ 4,374,937	\$ 4,548,000	\$ 4,018,481	\$ 4,042,000
Unit's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability **	71.52%	66.68%	81.88%	62.70%	62.29%	61.14%	60.11%

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

\*\* Plan net position and collective net OPEB liability reflect only the teachers' group portion of the SET plan

**Regional School Unit No. 26**  
**Schedule of Unit OPEB Contributions**  
**State Employees and Teachers Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</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>	<u>\$ -</u>
Unit's covered-employee payroll	\$ 4,878,159	\$ 4,691,731	\$ 5,219,286	\$ 4,374,937	\$ 4,548,000	\$ 4,018,481	\$ 4,042,000
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Notes to Schedule**

Changes in benefit terms - None

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%

**Regional School Unit No. 26**  
**Schedule of the Unit's Proportionate Share of the Net OPEB Liability**  
**Participating Local Districts Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Unit's proportion of the net OPEB liability	0.032748%	0.035635%	0.034415%	0.035241%	0.036453%	0.036453%	0.036073%
Unit's proportionate share of the net OPEB liability	\$ 4,743	\$ 5,161	\$ 3,553	\$ 4,649	\$ 7,517	\$ 7,364	\$ 6,032
Unit's covered-employee payroll	\$ 138,543	\$ 129,465	\$ 127,113	\$ 137,800	\$ 119,000	\$ 118,378	\$ 132,800
Unit's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	3.42%	3.99%	2.80%	3.37%	6.32%	6.22%	4.54%
Plan fiduciary net position as a percentage of the total OPEB liability	59.71%	55.88%	67.26%	55.40%	43.18%	43.92%	47.42%

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Regional School Unit No. 26**  
**Schedule of Unit OPEB Contributions**  
**Participating Local Districts Plan**  
**Last 10 Fiscal Years\***  
**For the years ended June 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Unit's covered-employee payroll	\$ 138,543	\$ 129,465	\$ 127,113	\$ 137,800	\$ 119,000	\$ 118,378	\$ 132,800
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\* The amounts presented for each fiscal year available were determined as of June 30 of the previous year

**Notes to Schedule**

Changes in benefit terms - None

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%



**Regional School Unit No. 26**  
**Schedule of Changes in Net OPEB Liability and Related Ratios -**  
**Postretirement State Employees and Teachers Healthcare Plan**  
**For the Year Ended June 30**

	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
	Actuarial Valuation Date June 30, 2023	Actuarial Valuation Date June 30, 2022	Actuarial Valuation Date June 30, 2021	Actuarial Valuation Date June 30, 2020	Actuarial Valuation Date June 30, 2019	Actuarial Valuation Date June 30, 2018
<b>Total OPEB Liability</b>						
Service cost (BOY)	\$ 34,747	\$ 41,165	\$ 37,686	\$ 19,270	\$ 16,201	\$ 17,375
Interest (includes interest on service cost)	51,752	36,233	35,808	58,657	59,915	56,631
Changes of benefit terms	-	-	-	(205,207)	-	-
Differences between expected and actual experience	-	(242,611)	-	179,107	-	-
Changes in assumptions	(24,249)	(2,975)	13,792	(88,140)	90,527	(70,401)
Benefit payments, including refunds of member contributions	(42,765)	(39,245)	(27,993)	(47,251)	(36,769)	(35,498)
<b>Net change in total OPEB liability</b>	<b>\$ 19,485</b>	<b>\$ (207,433)</b>	<b>\$ 59,293</b>	<b>\$ (83,564)</b>	<b>\$ 129,874</b>	<b>\$ (31,893)</b>
<b>Total OPEB liability - beginning</b>	<b>\$ 1,448,366</b>	<b>\$ 1,655,799</b>	<b>\$ 1,596,506</b>	<b>\$ 1,680,070</b>	<b>\$ 1,550,196</b>	<b>\$ 1,582,089</b>
<b>Total OPEB liability - ending</b>	<b>\$ 1,467,851</b>	<b>\$ 1,448,366</b>	<b>\$ 1,655,799</b>	<b>\$ 1,596,506</b>	<b>\$ 1,680,070</b>	<b>\$ 1,550,196</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	42,765	39,245	27,993	47,251	36,769	35,498
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(42,765)	(39,245)	(27,993)	(47,251)	(36,769)	(35,498)
Administrative expense	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net OPEB liability - ending</b>	<b>\$ 1,467,851</b>	<b>\$ 1,448,366</b>	<b>\$ 1,655,799</b>	<b>\$ 1,596,506</b>	<b>\$ 1,680,070</b>	<b>\$ 1,550,196</b>
Covered employee payroll	\$ 4,781,053	\$ 4,664,442	\$ 5,187,227	\$ 5,060,709	\$ 5,594,696	\$ 5,444,960
Net OPEB liability as a percentage of covered employee payroll	<u>30.7%</u>	<u>31.1%</u>	<u>31.9%</u>	<u>31.5%</u>	<u>30.0%</u>	<u>28.5%</u>

**Notes to schedule:**

Changes in Benefit Terms - In 2020, implemented the Medicare Advantage plan

Changes of Assumptions - the following are changes in actuarial assumptions used in valuations:

	2023	2022	2021	2020	2019	2018
Discount rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%

**Regional School Unit No. 26  
Budget and Assessment - General Fund  
For the Year Ended June 30, 2024**

**BUDGET REQUIREMENTS**

Operations, indebtedness, and transfers	<u>\$ 17,286,136</u>
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Total budget requirements	<u>17,286,136</u>
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**REDUCTIONS OF REQUIREMENTS**

Estimated revenues	8,633,601
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Bond interest refund	50,710
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Utilization of fund balance - budget	<u>981,900</u>
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Total reductions of requirements	<u>9,666,211</u>
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Net budget requirements	<u>\$ 7,619,925</u>
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**ASSESSMENTS**

Town of Orono	<u>\$ 7,619,925</u>
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**Regional School Unit No. 26**  
**Combining Schedule of Special Revenue Fund Activity**  
**For the Year Ended June 30, 2024**

	June 30, 2023			June 30, 2024
	Balance	Revenues	Expenditures	Balance
Title IA disadvantaged	\$ -	\$ 129,870	\$ 129,870	\$ -
Local entitlement	-	197,660	197,660	-
Title IIA	-	46,262	46,262	-
ESSER III	-	122,951	122,951	-
ESSER- Multilingual Learners and Students				
Experiencing Homelessness	-	10,550	10,550	-
ARP Homeless Children and Youth II	-	2,263	2,263	-
Literacy Grant	-	41,631	41,631	-
Adult Ed local grant courage consortium	1,896	-	-	1,896
Adult education - Orono	82,554	69,199	79,262	72,491
Adult education - Hampden	16,054	-	-	16,054
Adult education - Transitions	7,940	-	-	7,940
Adult Education - Enrichment	3,513	4,118	3,774	3,857
Friends of Acadia	-	5,000	3,904	1,096
Improvement of instruction training	2,367	-	-	2,367
Service learn youth advisory group	98	-	-	98
Stephen & Tabitha King donation	200	-	-	200
Wellness grant	5	-	-	5
NSF - Johnson	2,557	-	-	2,557
Glueck funds Orono	20	-	-	20
Timber sale	81	-	-	81
Mountcastle MS River - Orono	319	-	-	319
OEA Orono	14,506	7,939	22,654	(209)
MAITC	965	2,000	2,703	262
ME Math and Science	638	-	-	638
MEEA Outdoor Ed mini grant	47	-	103	(56)
Region IV	1,162	-	-	1,162
Rutherford	6	-	-	6
Art (PAL)	124	-	-	124
PEPG	1,107	-	-	1,107
Preventing homelessness	-	4,891	4,891	-
Courageous steps	118	-	-	118
Teach with Tech	-	2,732	2,732	-
HiSET Completion Campaign	1,000	-	-	1,000
Board scholarship	5,850	-	-	5,850
Subtotal federal, state, local grants and contributi	143,127	647,066	671,210	118,983
1965 Scholarship	1,307	1		1,308
Asa Adams student activity	12,571	11,953	11,119	13,405
Orono High School student activity	207,786	184,497	168,595	223,688
Orono High School athletics	8,178	30,889	12,924	26,143
Subtotal student activity and scholarship funds	229,842	227,340	192,638	264,544
Totals	\$ 372,969	\$ 874,406	\$ 863,848	\$ 383,527



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**Report on Compliance  
With the Requirements of the  
Maine School Finance Act**

Board of Directors  
Regional School Unit No. 26

We audited the financial statements of Regional School Unit No. 26 as of and for the year ended June 30, 2024, and have issued our report thereon dated December 30, 2024.

The management of Regional School Unit No. 26 is responsible for the Unit's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the Unit's compliance with laws and regulations, noncompliance with which could have a material effect on the financial statements of Regional School Unit No. 26.

Title 20-A Sec 6051 requires certain written assurances with respect to school audits. Our audit of compliance with laws and regulations consisted of, at a minimum, the following:

1. The audit has been conducted in accordance with applicable state and federal laws relating to financial and compliance audits as indicated in federal Office of Management and Budget circulars.
2. Budgetary controls were in place.
3. A determination of whether or not the annual financial data submitted to the department is correct.
4. A determination of whether or not the Unit has exceeded its authority to expend funds as provided by the total budget summary article.
5. The Unit has complied with applicable provisions of the Essential Services and Program Funding Act.
6. A determination of whether the school administrative unit has complied with the applicable provisions of the unexpended balances requirements established under section 15004.
7. The Unit has complied with transfer limitations between budget cost centers pursuant to section 1485, subsection 4.
8. The Unit has complied with budget content requirements pursuant to section 15693, subsection 1 and cost center summary budget format requirements pursuant to sections 1305C, 1485, 1701C and 2307.

The results of our tests indicate that, for the items tested, Regional School Unit No. 26 complied with those provisions of Maine laws and regulations. Nothing came to our attention that caused us to believe that, for the items not tested, Regional School Unit No. 26 was not in compliance with Maine laws and regulations.

*Brantner Thibodeau & Associates*

December 30, 2024

**Regional School Unit No. 26**  
**Reconciliation of Audit Adjustments to the Annual Financial Data**  
**Submitted to Maine Education Financial System**  
**For the Year Ended June 30, 2024**

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>School Food Service Program</b>	<b>Capital Projects</b>	<b>Totals</b>
<i>June 30 balance as per MEFS Financial System</i>	\$ 2,928,888	\$ 99,061	\$ 198,434	\$ 157,752	\$ 3,384,135
Beginning Fund Balance Adjustments	199,999	261,436	42,784	-	504,219
<b>Revenue adjustments</b>	1,130,209	235,639	9,143	(4,350,000)	(2,975,009)
<b>Expenditure adjustments</b>	<u>(1,308,947)</u>	<u>(212,609)</u>	<u>(51,695)</u>	<u>4,350,000</u>	<u>2,776,749</u>
<b><i>Audited GAAP Basis Fund Balance</i></b>	<b><u>\$ 2,950,149</u></b>	<b><u>\$ 383,527</u></b>	<b><u>\$ 198,666</u></b>	<b><u>\$ 157,752</u></b>	<b><u>\$ 3,690,094</u></b>

**Regional School Unit No. 26**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor Number	Expenditures
U.S. Department of Education			
<i>Passed through State of Maine Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	3107	\$ 129,870
Title IIA - Supporting Effective Instruction State Grants	84.367	3042	46,262
Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act - American Rescue Plan ESSER III	84.425D	7071	122,950
Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act - American Rescue Plan Homeless Children and Youth II	84.425W	3161	2,263
Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act - American Rescue Plan Multilingual Learners and Students Experiencing Homelessness	84.425U	7042	10,550
Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act - American Rescue Plan Literacy	84.425U	7072	15,187
Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act - American Rescue Plan Teacher Workforce	84.425U	7072	26,444
<i>Total Education Stabilization Fund</i>			<u>177,394</u>
<i>Special Education Cluster</i>			
Special Education - Grants to State - Local Entitlement	84.027	3046	<u>197,660</u>
Total U.S. Department of Education			<u>551,186</u>
U.S. Department of Agriculture			
<i>Passed through State of Maine Department of Education</i>			
State Pandemic Electronic Benefit Transfer Administrative Costs Grant	10.649	6184	1,959
<i>Child Nutrition Cluster</i>			
National school lunch program - Supply Chain Assistance	10.555	6670	22,848
National school lunch program	10.555	3024	132,646
National school lunch program - donated commodities	10.555	n/a	27,047
School breakfast program	10.553	3014	32,270
<i>Total Child Nutrition Cluster</i>			<u>214,811</u>
Total U.S. Department of Agriculture			<u>216,770</u>
Total expenditure of federal awards			<u>\$ 767,956</u>

**Regional School Unit No. 26**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

**PURPOSE OF THE SCHEDULE**

The Uniform Guidance requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified by a federal Assistance Listing Number.

**SIGNIFICANT ACCOUNTING POLICIES**

**1. REPORTING ENTITY**

The accompanying schedule includes all federal award programs of the Unit for the fiscal year ended June 30, 2024. The reporting entity is defined in the Notes to the Financial Statements of Regional School Unit No. 26.

**2. BASIS OF PRESENTATION**

The information in this schedule is presented in accordance with the requirements of 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).

- a. Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
- b. The Uniform Guidance establishes the level of expenditures to be used in defining major federal financial award programs. Major programs for the Unit have been identified in the Schedule of Findings and Questioned Costs.

**3. BASIS OF ACCOUNTING**

The information presented in the Schedule of Expenditures of Federal Awards is presented on a basis consistent with the Unit's general-purpose financial statements. The grants included are all accounted for on a modified accrual basis of accounting which is described in the notes to the general-purpose financial statements.

**4. INDIRECT COST RATE**

The Unit has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**5. NONCASH AWARDS**

The amount of \$27,047, reported on the schedule is the value of commodities received by the Unit during the current year and priced as prescribed by USDA and is included in the National School Lunch Program total.

**6. CHILD NUTRITION CLUSTER**

The Unit commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Unit assumes it expends federal monies first.

**7. GRANT TRANSFERS**

As described in the U.S. Department of Education Cross-Cutting Section, sections III.A.3, Activities Allowed or Unallowed – Transferability (SEAs and LEAs) and IV.3. Other Information – Transferability of the 2024 OMB Compliance Supplement, expenditures of funds should be included in the audit and total expenditures of the receiving program. For fiscal year 2024, the District transferred Title IV, Part A (AL 84.424) expenditures to its Title I, Part A (AL 84.010) and Title II, Part A (AL 84.367) programs as submitted to the State of Maine Department of Education in its consolidated application. As such, Title IV, Part A (AL 84.424) expenditures were included as part of Title I, Part A (AL 84.010) and Title II, Part A (AL 84.367).



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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. 26

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 26, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Regional School Unit No. 26's basic financial statements, and have issued our report thereon dated December 30, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Regional School Unit No. 26's internal control over financial reporting (internal control) as a basis for designing 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. 26's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 26'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.

Our consideration of the 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, or 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.



### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Regional School Unit No. 26'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain other matter that we reported to management of Regional School Unit No. 26, in a separate letter to management dated December 30, 2024.

### **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.

*Barbara Whibodan & Associates*

Bangor, Maine  
December 30, 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. 26

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Regional School Unit No. 26's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Regional School Unit No. 26's major federal programs for the year ended June 30, 2024. Regional School Unit No. 26's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Regional School Unit No. 26 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Regional School Unit No. 26 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 with each major federal program. Our audit does not provide a legal determination of Regional School Unit No. 26's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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. 26.

### ***Auditor's Responsibilities for the Audit of Compliance***

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. 26'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 generally accepted auditing standards, *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. 26's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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. 26'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. 26'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. 26'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**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control may exist that have not been identified.

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.

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.

*Brantner Shibadian & Associates*

Bangor, Maine  
December 30, 2024

**Regional School Unit No. 26**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

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

***Financial Statements***

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP - *Unmodified opinion*

Internal control over financial reporting

- Material weakness(es) identified? - ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? - ☐ yes ☒ no

Noncompliance material to financial statements noted? - ☐ yes ☒ no

***Federal Awards***

Internal control over major programs

- Material weakness(es) identified? - ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weakness(es)? - ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs - *Unmodified opinion*

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)? - ☐ yes ☒ no

Identification of major programs

***Assistance Listing  
Number(s)***

***Name of Federal Program or Cluster***

84.425C, 84.425D, 84.425U,  
84.425W

Economic Stabilization Funds

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

- \$750,000

Auditee qualified as low-risk auditee?

- ☒ yes ☐ no

**Regional School Unit No. 26  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2024**

**Section II — Financial Statement Findings**

None

*Criteria or specific  
requirement*

*Condition*

*Context*

*Recommendation*

*Management's response*

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

None

*Criteria or specific  
requirement*

*Condition*

*Context*

*Recommendation*

*Management's response*

**APPENDIX B**

**TOWN OF ORONO, MAINE  
ANNUAL FINANCIAL STATEMENTS  
AND SUPPORTING SCHEDULES  
FOR THE  
YEAR ENDED JUNE 30, 2024**

**(With Report of Independent Auditors' Thereon)**

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**TOWN OF ORONO, MAINE**

**Annual Financial Report**

**For the year ended June 30, 2024**

**TOWN OF ORONO, MAINE**  
**Annual Financial Report**  
**For the year ended June 30, 2024**

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## Independent Auditor's Report

Town Council  
Town of Orono, Maine

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Orono, Maine, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Orono, Maine'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Orono, Maine, as of June 30, 2024, 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 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 Town of Orono, Maine 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 Town of Orono, Maine'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 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 generally accepted auditing standards and *Government 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 Town of Orono, Maine'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 Town of Orono, Maine'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 schedules related to the pension and OPEB liabilities, 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 Town of Orono, Maine's basic financial statements. The accompanying combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2025 on our consideration of the Town of Orono, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Town of Orono, Maine'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 Town of Orono, Maine's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "Remya Hudson Ouellette".

April 3, 2025  
South Portland, Maine

**TOWN OF ORONO, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2024**

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As management of the Town of Orono, Maine, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### **Financial Highlights**

- The assets and deferred outflows of resources of the Town of Orono, Maine exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22,135,663 (*net position*, Statement 1). Of this amount, \$9,442,903 was reported as unrestricted net position (Statement 1). Unrestricted net position is the amount available to be used to meet the Town's ongoing obligations to citizens and creditors. The Town of Orono, Maine's total net position increased by \$1,703,028 (Statement 2). This represents an increase of \$1,280,209 in governmental activities and an increase of \$422,819 in business-type activities (Sewer).
- As of the close of the current fiscal year, the Town of Orono, Maine's governmental funds reported a combined ending fund balance of \$12,053,069 (Statement 3), which is an increase of \$1,330,206 (Statement 4) from the prior fiscal year. This total increase is the result of an increase of \$1,305,859 shown in the General Fund tempered by an increase of \$24,347 in other governmental funds.
- The Town of Orono, Maine's General Fund reports an unassigned fund balance of \$5,973,604. Total unassigned fund balance (all governmental funds) increased by \$758,986 from the prior fiscal year due to the net result of operations. Assigned fund balance (Statement 3) increased from the previous fiscal year by \$366,126 to \$3,510,057 due in large part to the increase in carryforwards as well as the amount of interest on reserves in the current-year.
- As of June 30, 2024, the total outstanding bonds and notes from direct borrowing principal of the Town, including Sewer fund bonds, was \$15,935,663. This is a decrease of \$1,029,337 from the previous fiscal year.

### **Overview of the Financial Statements**

The Management's Discussion and Analysis introduces the Town's basic financial statements. The Town's financial statements are composed of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information (RSI) and other supplementary information in addition to the basic financial statements themselves.

### **Government-wide financial statements**

The *government-wide financial statements* are designed to provide the readers with an overview of the Town of Orono, Maine's finances, in a manner similar to a private-sector business.

The *Statement of Net Position*, Statement 1, presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them 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 Town is improving or deteriorating. The *Statement of Activities*, Statement 2, presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**TOWN OF ORONO, MAINE**  
**Management's Discussion and Analysis, Continued**

Both of the government-wide financial statements distinguish functions of the Town of Orono, Maine that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public services, public safety, public works, and education. The Town has one business-type activity, which is the Sewer Fund.

**Financial Analysis of the Town as a Whole - Government-wide Financial Statements**

**Statement of Net Position**

As previously noted, the statement of net position balances all of the Town's assets and deferred outflows of resources, the resources the Town can use to provide services and operate the government, against all of its liabilities and deferred inflows of resources, its obligations to turn over resources to other organizations or individuals, with the difference being reported as net position. Net position is what the Town would have left over after satisfying all its liabilities. The following schedule is a summary of net position for the years ended June 30, 2024 and June 30, 2023:

	Governmental Activities			Business-type Activities		
	2024	2023	Change	2024	2023	Change
		(restated)				
<b>ASSETS</b>						
Current and other assets	\$ 14,594,041	\$ 12,653,329	1,940,712	3,094,856	2,613,139	481,717
Capital assets	18,390,739	19,130,023	(739,284)	9,219,968	9,796,417	(576,449)
<b>Total assets</b>	<b>32,984,780</b>	<b>31,783,352</b>	<b>1,201,428</b>	<b>12,314,824</b>	<b>12,409,556</b>	<b>(94,732)</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of resources	1,012,643	1,211,013	(198,370)	52,214	61,282	(9,068)
<b>Total deferred outflows of resources</b>	<b>1,012,643</b>	<b>1,211,013</b>	<b>(198,370)</b>	<b>52,214</b>	<b>61,282</b>	<b>(9,068)</b>
<b>LIABILITIES</b>						
Current liabilities	2,402,902	1,878,330	524,572	76,971	102,624	(25,653)
Noncurrent liabilities	14,412,557	15,023,072	(610,515)	6,764,309	7,250,989	(486,680)
<b>Total liabilities</b>	<b>16,815,459</b>	<b>16,901,402</b>	<b>(85,943)</b>	<b>6,841,280</b>	<b>7,353,613</b>	<b>(512,333)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources	477,650	667,858	(190,208)	94,409	108,695	(14,286)
<b>Total deferred inflows of resources</b>	<b>477,650</b>	<b>667,858</b>	<b>(190,208)</b>	<b>94,409</b>	<b>108,695</b>	<b>(14,286)</b>
<b>NET POSITION</b>						
Net investment in capital assets	7,556,317	7,581,061	(24,744)	2,599,305	2,807,459	(208,154)
Restricted	2,537,138	2,331,245	205,893	-	-	-
Unrestricted	6,610,859	5,511,799	1,099,060	2,832,044	2,201,071	630,973
<b>Total net position</b>	<b>\$ 16,704,314</b>	<b>\$ 15,424,105</b>	<b>1,280,209</b>	<b>5,431,349</b>	<b>5,008,530</b>	<b>422,819</b>

The Town of Orono, Maine's governmental activities assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$16,704,314 and business-type activities assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$5,431,349 for a total net position of \$22,135,663 at the close of the most recent fiscal year. The summary above shows a 8.3% increase in net position for governmental activities and an 8.44% increase in net position for business-type activities from the prior fiscal year.

A large portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding and adding back any unspent bond or note proceeds. The Town of Orono, Maine uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Town'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 liquidated to satisfy these liabilities. It should be noted that 42.7% of the Town's net position is available to be used to meet the Town's ongoing obligations to its citizens and creditors.

**TOWN OF ORONO, MAINE**  
**Management's Discussion and Analysis, Continued**

**Statement of Activities**

As stated earlier, the statement of activities reports the current year change in net position. This statement includes all the current year's revenues and expenses regardless of when cash is received or paid.

The Town of Orono, Maine's net position increased \$1,703,028 during the current fiscal year. This change is broken out in the following categories:

**Governmental activities:** The Town's governmental activities' net position increased by \$1,280,209.

**Business-type activities:** The Town's single business-type activity, the sewer fund, increased the Town's net position by \$422,819.

The following schedule is a summary of the statement of activities (*Statement 2*) for the years ended June 30, 2024 and June 30, 2023:

	Governmental Activities			Business-type Activities		
	2024	2023	Change	2024	2023	Change
Program revenues:						
Charges for services	\$ 961,128	\$ 941,811	19,317	2,216,199	1,914,657	301,542
Operating grants and contributions	678,276	847,053	(168,777)	-	-	-
Capital grants	100,320	85,248	15,072	-	-	-
General revenues:						
Taxes	15,073,385	14,824,246	249,139	-	-	-
Intergovernmental	5,895,294	4,859,693	1,035,601	-	-	-
Investment earnings (loss)	628,966	326,534	302,432	91,500	41,250	50,250
Miscellaneous	121,557	123,232	(1,675)	-	-	-
Transfers	136,825	138,825	(2,000)	(136,825)	(138,825)	2,000
<b>Total revenues</b>	<b>23,595,751</b>	<b>22,146,642</b>	<b>1,449,109</b>	<b>2,170,874</b>	<b>1,817,082</b>	<b>353,792</b>
Primary government:						
General government	2,811,763	2,584,197	227,566	-	-	-
Public services	1,151,264	1,054,099	97,165	-	-	-
Public safety	5,285,788	4,894,918	390,870	-	-	-
Public works	2,648,270	2,624,137	24,133	-	-	-
Education	7,684,925	7,242,773	442,152	-	-	-
County tax	848,451	825,399	23,052	-	-	-
Unclassified	698,769	692,124	6,645	-	-	-
Interest on debt service	205,944	222,481	(16,537)	-	-	-
Capital maintenance	980,368	290,359	690,009	-	-	-
Sewer services	-	-	-	1,748,055	1,646,871	101,184
<b>Total expenses</b>	<b>22,315,542</b>	<b>20,430,487</b>	<b>1,885,055</b>	<b>1,748,055</b>	<b>1,646,871</b>	<b>101,184</b>
<b>Change in net position</b>	<b>1,280,209</b>	<b>1,716,155</b>	<b>(435,946)</b>	<b>422,819</b>	<b>170,211</b>	<b>252,608</b>
<b>Net position, July 1</b>	<b>16,332,779</b>	<b>14,616,624</b>	<b>1,716,155</b>	<b>5,008,530</b>	<b>4,838,319</b>	<b>170,211</b>
<b>Correction for over-reported infrastructure assets</b>	<b>(908,674)</b>	<b>-</b>	<b>(908,674)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position, June 30</b>	<b>\$ 16,704,314</b>	<b>\$ 16,332,779</b>	<b>\$ 371,535</b>	<b>\$ 5,431,349</b>	<b>5,008,530</b>	<b>422,819</b>

Total governmental activities revenues and transfers (\$23,595,751) increased by \$1,449,109 or 6.54% from fiscal year 2023. This was driven primarily by increases in intergovernmental revenues, interest earned on investments, and taxes.



**TOWN OF ORONO, MAINE**  
**Management's Discussion and Analysis, Continued**

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Total governmental activities expenses (\$22,315,542) increased this year by \$1,885,055 or 9.23% from fiscal year 2023. This increase was driven primarily by a significant increase in expenses related to general government (which returned to its FY21 level) as well as increases in education, capital maintenance, and public safety. Total governmental activities' revenue exceeded total expenditures by \$1,280,209 (Statement 2) resulting in a positive change in net position.

### **Financial Analysis of the Government's Funds**

#### **Governmental Funds:**

As of the end of the current fiscal year, the Town of Orono, Maine's governmental funds reported combined ending fund balances of \$12,053,069, an increase of \$1,330,206 in comparison with the prior year. Approximately 50% of this total amount (\$5,973,604) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance (\$6,079,465) is not available for new spending because it has already been set aside (by the Town Council) in its use for various capital and other governmental purposes (\$3,510,057), restricted (by outside agencies or contractual agreements) to specific uses (\$2,537,138) or is in a nonspendable form (inventory - \$32,270). Restricted funds include Tax Increment Financing (TIF) funds (\$1,209,110), unspent bond proceeds (\$516,412), and other governmental funds (\$811,616).

As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total governmental funds expenditures. Unassigned fund balance (\$5,973,604) (Statement 3) represents 28% of the total governmental funds expenditures (\$21,488,176) (Statement 4); total governmental fund balance (\$12,053,069) (Statement 3) represents 54% of total governmental funds expenditures.

#### **Business-type Activities:**

The Town operates one business-type activity classified as an enterprise fund. Enterprise funds are self-sustaining funds designed to be mostly funded through user fees and grants. The Town's enterprise fund is more commonly referred to as the Sewer Fund and it holds all of the financial activity related to running and maintaining the Water Pollution Control Facility (WPCF).

For a detailed look at both the fiscal year 2024 balance sheet and statement of revenues, expenses, and changes in net position, please see Statements 7 and 8 of the audited financial statements.

Net position of the Town's Sewer Fund increased by \$422,819 to \$5,431,349 (Statement 8). The Fund showed operating income (operating revenues less operating expenses) of \$698,389. Operating expenses include depreciation expense of \$624,519. Non-operating revenues and expenses combined with transfers equated to a gain of \$422,819. Of the total net position as of the end of the fiscal year, the amount classified as net investment in capital assets was \$2,599,305 and unrestricted net position made up the other \$2,832,044. Unrestricted net position represents 187% of operating expenses (\$1,517,810) (Statements 7 and 8).

#### **Fund Financial Statements**

For governmental activities, these statements focus on how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

### **Financial Analysis of the Town's Funds - Fund Financial Statements**

Analysis of the Town's major funds begins with the fund financial statements and provides detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by State law. However, other funds are established to help control and manage money for particular purposes or to show that the Town is meeting legal responsibilities for using certain taxes, grants, and other money. The Town reports governmental funds and a proprietary fund.

- **Governmental funds** - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the 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 Town'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 Town'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 the reconciliation at the bottom of the fund financial statements (Statement 3) and Statement 5.
- **Proprietary funds** - The Town maintains one type of proprietary fund, an enterprise fund. Enterprise funds, as described above, are required to be used to account for operations for which a fee is charged to external users for goods or services. Enterprise funds are reported using the accrual basis of accounting. The Town's Enterprise fund accounts for sewer operations.

### **Noteworthy Special Revenue/Reserve/Capital Project Funds**

A detailed list of reserves can be found under Exhibit A-3 of the audited financial statements. This list includes beginning balances, additions, reductions and ending balances for the reserves as of the end of the fiscal year. The capital equipment reserve fund is available to absorb the cost of equipment that would otherwise be purchased through the normal operating budget. The utilization of a reserve fund allows the Town to reach into a "savings account" for larger purchases to reduce the year-to-year impact on the taxpayer. It is funded during each fiscal year by an assigned appropriation within the operating budget as well as by transfers from the unassigned fund balance remaining at the end of the previous fiscal year. As of the end of the fiscal year, the capital equipment reserve fund had a balance of \$400,741 and the capital infrastructure reserve had a balance of \$1,134,595. Additionally, the Town Council assigned \$300,000 in 2024 to reduce the tax commitment for municipal services in 2025.

### **General Fund Budgetary Highlights**

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual located on page 16 of the audited financial statements shows, on a budgetary basis, both the approved budget for each revenue and expenditure category as well as the effects on the budgetary fund balance at the end of the year. A more detailed and expanded version of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual can be found in Exhibit A-2 of the audited financial statements. This schedule shows the details within each revenue and expenditure category.

### **Capital Assets**

The Town of Orono's capital assets for its governmental activities as of June 30, 2024 amounts to \$39,743,950, less accumulated depreciation of \$21,353,211, leaving a net book value of \$18,390,739. This is a decrease of \$738,284 from fiscal year 2023. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, as well as infrastructure. Highlights of capital asset additions for the year ending June 30, 2024 included, but were not limited to, the following:

**TOWN OF ORONO, MAINE**  
**Management's Discussion and Analysis, Continued**

- \$154,592 in infrastructure projects related to roadways.
- Equipment and vehicle purchases including, but not limited to: Police Department Interview Camera System (\$17,207); Police Cruiser (\$61,172); Public Works truck (\$48,196); Vehicle Charging Stations (\$27,703).

Total governmental activities capital asset additions for the year ending June 30, 2024 were \$427,118.

The Town of Orono's capital assets for its business-type activities as of June 30, 2024 amounts to \$20,427,224, less accumulated depreciation of \$11,207,256, leaving a net book value of \$9,219,968. This is a decrease of \$576,449. This investment in capital assets includes sewer infrastructure. Total business-type activity capital asset additions for the year ending June 30, 2024 totaled \$48,070 and included construction in progress. Highlights of capital asset additions for the year ending June 30, 2024 included the following: miscellaneous construction in progress (\$35,247); Dry Chemical Feeder: (\$7,636); Garage Door Openers (\$5,187).

### **Long-term Debt**

At year-end, the Town had \$15,935,663 in outstanding bonds and notes compared to \$16,965,000 in 2023. This total consists of governmental activities bonds and notes of \$9,315,000 and business-type activities bonds and notes of \$6,620,663.

State statutes limit the amount of general obligation debt a municipality may issue to 15% of its total state assessed valuation, with a further limit of no more than 7.5% of state assessed valuation in enterprise fund debt. As of June 30, 2024, the Town's state assessed valuation was \$605,035,895. Thus, the current debt limitation for the Town of Orono as a whole is \$90,755,384 (15%) and \$45,377,692 (7.5%) for its Sewer Fund, far exceeding the Town's outstanding general obligation debt.

### **HISTORICAL ASSESSMENTS AND MIL RATES**

<i>Historical Tax Commitments</i>					
<i>Fiscal Year</i>	<i>Assessed Valuation</i>	<i>Valuation Increase/(Decrease)</i>	<i>Total Commitment</i>	<i>Mil Rate per \$1,000</i>	<i>Mil Rate Increase/(Decrease)</i>
2012	\$413,922,200	-0.37%	\$ 8,816,656	\$ 21.30	2.65%
2013	\$418,583,000	1.13%	\$ 9,041,393	\$ 21.60	1.41%
2014	\$442,456,800	5.70%	\$10,264,998	\$23.20	7.41%
2015	\$456,522,000	3.18%	\$10,888,050	\$23.85	2.80%
2016	\$462,939,500	1.41%	\$11,295,724	\$24.40	2.30%
2017	\$483,528,800	4.43%	\$12,015,691	\$24.85	1.84%
2018	\$490,339,300	1.41%	\$12,748,828	\$26.00	4.63%
2019	\$489,495,000	-0.17%	\$13,216,365	\$27.00	3.85%
2020	\$494,400,800	1.00%	\$13,076,901	\$26.45	-2.04%
2021	\$480,737,300	-2.76%	\$13,503,911	\$28.09	6.20%
2022	\$582,967,700	21.27%	\$13,845,483	\$23.75	-15.45%
2023	\$588,186,600	0.90%	\$13,998,841	\$23.80	0.21%
2024	\$605,635,895	2.96%	\$14,171,880	\$23.40	-1.68%

### **LOOKING AHEAD**

In FY24, the Town will continue to equitably provide inclusive municipal services to the community that support a vibrant, welcoming community and an expanding tax-base. The Town will continue implementing its planned investment in Orono's municipal infrastructure utilizing American Rescue Plan Act grant funds, Clean Water State Revolving Loan Funds, and prior year municipal bond proceeds.

In addition to these projects the Orono Town Council will continue to investigate/evaluate the following major capital investments identified as potential priorities in the next five years:

**TOWN OF ORONO, MAINE**  
**Management's Discussion and Analysis, Continued**

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- A transformative infrastructure project along the Route 2 corridor from Kelley Road to the Orono/Old Town town-line which seeks to address safety concerns for all modes of transportation in a manner that creates a more prominent village aesthetic. This would be a joint project with the Maine Department of Transportation and would be a candidate for and estimated \$27M in federal transportation grant funding. Along with the roadway improvements, this project would also address drainage and other needed street improvements as well as allow the Town's Water Pollution Control Facility to address approximately 3,000 feet of older sewer main in a more cost-effective manner. The Main Street sewer main replacement/rehabilitation project is estimated at approximately \$2M.
- An approximately 7,000 square foot expansion to the current Orono Public Library (located at 39 Pine Street) with an estimated cost of \$8.62M. The Orono Public Library Foundation has developed conceptual plans, secured \$3.6M in Congressionally Directed Spending funds, and has begun its private fundraising campaign as it looks to provide a directed donation of approximately \$2.42M.
- The structure and operational efficacy of the Public Safety Building (located at 63 Main Street). It is estimated that this renovation would cost between \$1.5M - \$6M.
- Continued consideration of long-term stewardship plans for community buildings and amenities.

The Orono Town Council plans to continue its work implementing strategies aimed at increasing the Town's taxable valuation, increasing available housing opportunities, ensuring good stewardship of Town-owned assets, and finding the balance between providing high quality requested Town services and the increasing tax burden borne by our residents. With the cost of providing municipal services increasing, Council will also continue to examine the service level provided to the community and identify strategies aimed at reducing or finding alternative methods to fund operational costs.

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

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 59 Main Street, Orono, Maine or call 207-866-2556. Citizens are welcome to visit with the appropriate staff on any financial matter.

**TOWN OF ORONO, MAINE**  
**Statement of Net Position**  
**June 30, 2024**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,105,421	2,795,594	14,901,015
Investments	1,507,234	-	1,507,234
Receivables:			
Accounts receivable	524,995	411,244	936,239
Rescue receivable	54,198	-	54,198
Taxes receivable - current year	164,900	-	164,900
Taxes receivable - prior years	93,041	-	93,041
Inventory	32,270	-	32,270
Internal balances	111,982	(111,982)	-
Nondepreciable capital assets	3,158,065	71,204	3,229,269
Depreciable capital assets, net	15,232,674	9,148,764	24,381,438
Total assets	32,984,780	12,314,824	45,299,604
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	845,911	43,679	889,590
Deferred outflows of resources related to OPEB	166,732	8,535	175,267
Total deferred outflows of resources	1,012,643	52,214	1,064,857
<b>LIABILITIES</b>			
Accounts payable	1,152,326	36,193	1,188,519
Accrued payroll and benefits	288,249	-	288,249
Accrued interest	81,830	40,778	122,608
Performance bond liability	68,047	-	68,047
Deferred revenue	796,939	-	796,939
Taxes paid in advance	15,511	-	15,511
Noncurrent liabilities:			
Due within one year	799,552	404,533	1,204,085
Due in more than one year	13,613,005	6,359,776	19,972,781
Total liabilities	16,815,459	6,841,280	23,656,739
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	381,050	19,676	400,726
Deferred inflows of resources related to OPEB	96,600	4,733	101,333
Deferred gain on refunding	-	70,000	70,000
Total deferred inflows of resources	477,650	94,409	572,059
<b>NET POSITION</b>			
Net investment in capital assets	7,556,317	2,599,305	10,155,622
Restricted	2,537,138	-	2,537,138
Unrestricted	6,610,859	2,832,044	9,442,903
Total net position	\$ 16,704,314	5,431,349	22,135,663

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 2,811,763	198,355	5,630	-	(2,607,778)	-	(2,607,778)
Public services	1,151,264	133,623	672,646	-	(344,995)	-	(344,995)
Public safety	5,285,788	619,675	-	-	(4,666,113)	-	(4,666,113)
Public works	2,648,270	9,475	-	100,320	(2,538,475)	-	(2,538,475)
Education	7,684,925	-	-	-	(7,684,925)	-	(7,684,925)
County tax	848,451	-	-	-	(848,451)	-	(848,451)
Program expenses	698,769	-	-	-	(698,769)	-	(698,769)
Interest on debt service	205,944	-	-	-	(205,944)	-	(205,944)
Capital maintenance expenses	980,368	-	-	-	(980,368)	-	(980,368)
Total governmental activities	22,315,542	961,128	678,276	100,320	(20,575,818)	-	(20,575,818)
Business-type activities:							
Sewer services	1,748,055	2,216,199	-	-	-	468,144	468,144
Total business-type activities	1,748,055	2,216,199	-	-	-	468,144	468,144
Total primary government	\$ 24,063,597	3,177,327	678,276	100,320	(20,575,818)	468,144	(20,107,674)
General revenues:							
Property taxes					\$ 14,176,745	-	14,176,745
Excise taxes					896,640	-	896,640
Motor vehicle registration fees					18,190	-	18,190
UMO reimbursements					655,431	-	655,431
PILOT payments					52,600	-	52,600
Franchise fees					45,263	-	45,263
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					4,685,793	-	4,685,793
Homestead exemption					465,941	-	465,941
Other State aid					88,129	-	88,129
Unrestricted investment earnings (loss)					628,966	91,500	720,466
Miscellaneous					5,504	-	5,504
Transfers					136,825	(136,825)	-
Total general revenues and transfers					21,856,027	(45,325)	21,810,702
Change in net position					1,280,209	422,819	1,703,028
Net position, beginning of year (as previously reported)					16,332,779	5,008,530	21,341,309
Restatement for error correction over-reported infrastructure assets					(908,674)	-	(908,674)
Net position, beginning of year (as restated)					15,424,105	5,008,530	20,432,635
Net position - ending					\$ 16,704,314	\$ 5,431,349	\$ 22,135,663

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,863,680	241,741	12,105,421
Investments	1,067,653	439,581	1,507,234
Receivables:			
Accounts receivable	252,591	272,404	524,995
Rescue receivable	54,198	-	54,198
Taxes receivable - current year	164,900	-	164,900
Taxes receivable - prior years	93,041	-	93,041
Inventory	32,270	-	32,270
Interfund loans receivable	-	654,829	654,829
<b>Total assets</b>	<b>\$ 13,528,333</b>	<b>1,608,555</b>	<b>15,136,888</b>
<b>LIABILITIES</b>			
Accounts payable	1,152,326	-	1,152,326
Accrued payroll and benefits	288,249	-	288,249
Performance bond liability	68,047	-	68,047
Taxes paid in advance	15,511	-	15,511
Unearned revenue	-	796,939	796,939
Interfund loans payable	542,847	-	542,847
<b>Total liabilities</b>	<b>2,066,980</b>	<b>796,939</b>	<b>2,863,919</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	219,900	-	219,900
<b>Total deferred inflows of resources</b>	<b>219,900</b>	<b>-</b>	<b>219,900</b>
<b>FUND BALANCES</b>			
Nonspendable - inventory	32,270	-	32,270
Restricted	1,725,522	811,616	2,537,138
Assigned	3,510,057	-	3,510,057
Unassigned	5,973,604	-	5,973,604
<b>Total fund balances</b>	<b>11,241,453</b>	<b>811,616</b>	<b>12,053,069</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 13,528,333</b>	<b>1,608,555</b>	
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.			18,390,739
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:			
Unavailable revenue - property taxes			219,900
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.			
Accrued compensated absences			(201,775)
Bonds and notes			(9,315,000)
Bond premium			(1,291,217)
Financed purchases payable			(680,481)
Subscriptions payable			(64,136)
Other postemployment benefits with related deferred inflows and outflows of resources			(731,570)
Net pension liability with related deferred inflows and outflows of resources			(1,178,385)
Accrued interest			(81,830)
Landfill closure and postclosure costs			(415,000)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>16,704,314</b>

**TOWN OF ORONO, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2024**

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 14,994,785	-	14,994,785
Intergovernmental	6,001,244	590,367	6,591,611
Licenses and permits	199,764	-	199,764
Investment income (loss)	583,438	45,528	628,966
Charges for services	718,834	-	718,834
Grant revenue	-	82,272	82,272
Other revenues	159,145	4,949	164,094
Total revenues	22,657,210	723,116	23,380,326
Expenditures:			
Current:			
General government	2,536,061	-	2,536,061
Public services	1,093,023	-	1,093,023
Public safety	5,250,300	-	5,250,300
Public works	2,135,958	-	2,135,958
Education	7,684,925	-	7,684,925
County tax	848,451	-	848,451
Unclassified	-	698,769	698,769
Debt service	959,090	-	959,090
Capital expenditures	980,368	-	980,368
Total expenditures	21,488,176	698,769	22,186,945
Excess (deficiency) of revenues over (under) expenditures	1,169,034	24,347	1,193,381
Other financing sources (uses):			
Transfers-in	136,825	-	136,825
Total other financing sources (uses)	136,825	-	136,825
Net change in fund balances	1,305,859	24,347	1,330,206
Fund balances, beginning of year	9,935,594	787,269	10,722,863
<b>Fund balances, end of year</b>	<b>\$ 11,241,453</b>	<b>811,616</b>	<b>12,053,069</b>

*See accompanying notes to basic financial statements.*



**TOWN OF ORONO, MAINE**  
**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, 2024**

Net change in fund balances - total governmental funds (from Statement 4)	\$ 1,330,206
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$1,165,402) exceeded capital outlays (\$427,118).	
	(738,284)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the decrease in unavailable revenue - property taxes.	
	78,600
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; alternatively, some expenditures using current financial resources are not expensed in the statement of activities. This is the change in:	
Accrued compensated absences	81,727
Other postemployment benefits with related deferred inflows and outflows of resources	(55,713)
Landfill closure and postclosure costs	(81,000)
Accrued interest	7,334
Net pension liability with related deferred inflows and outflows of resources	(88,473)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. More specifically, this represents the net amount of principal (increases) decreases in debt service made during the year.	
Debt principal repayments	655,372
Governmental funds report the effects of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The Town amortized bond premiums of \$90,440.	
	90,440
<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$ 1,280,209</b>

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2024**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 14,889,743	14,982,879	14,994,785	11,906
Intergovernmental	5,911,636	5,958,229	6,001,244	43,015
Licenses and permits	119,550	119,550	199,764	80,214
Interest income	175,000	175,000	416,243	241,243
Charges for services	579,737	579,737	718,834	139,097
Other revenues	145,000	145,000	159,138	14,138
Total revenues	21,820,666	21,960,395	22,490,008	529,613
Expenditures:				
Current:				
General government	1,837,816	1,872,716	1,875,563	(2,847)
Public services	1,150,104	1,188,044	1,093,023	95,021
Public safety	5,341,937	5,397,521	5,250,300	147,221
Public works	2,221,960	2,223,960	2,135,958	88,002
Education	7,684,926	7,684,926	7,684,925	1
County tax	848,451	848,451	848,451	-
Debt service	768,092	907,821	901,131	6,690
Capital expenditures	1,322,180	2,004,424	769,544	1,234,880
Total expenditures	21,175,466	22,127,863	20,558,895	1,568,968
Excess (deficiency) of revenues over (under) expenditures	645,200	(167,468)	1,931,113	2,098,581
Other financing sources (uses):				
Transfers-in	138,825	138,825	136,825	(2,000)
Transfers-out	(1,084,025)	(1,084,025)	(1,093,624)	(9,599)
Use of restricted fund balance	-	548,684	-	(548,684)
Use of assigned fund balance	-	263,984	-	(263,984)
Use of prior year surplus	300,000	300,000	-	(300,000)
Total other financing sources (uses)	(645,200)	167,468	(956,799)	(1,124,267)
Net change in fund balance, budgetary basis	-	-	974,314	974,314
Fund balance, beginning of year-budgetary basis			6,360,355	
Fund balance, end of year-budgetary basis			7,334,669	
Amounts held in reserves			3,906,784	
<b>Fund balance, end of year</b>			<b>\$ 11,241,453</b>	

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2024**

<b>Business-type Activities - Enterprise Funds</b>		
		<b>Sewer Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	2,795,594
Accounts receivable		411,244
Total current assets		3,206,838
Noncurrent assets:		
Capital assets:		
Construction in progress		26,631
Land		44,573
Capital assets, being depreciated		20,356,020
Accumulated depreciation		(11,207,256)
Total capital assets, net		9,219,968
Total assets		12,426,806
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions		43,679
Deferred outflows of resources related to OPEB		8,535
		52,214
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable		36,193
Accrued interest expense		40,778
Interfund loans payable		111,982
Noncurrent liabilities, due in one year		404,533
Total current liabilities		593,486
Noncurrent liabilities:		
Accrued compensated absences		18,404
Noncurrent liabilities, due in more than one year		6,341,372
Total noncurrent liabilities		6,359,776
Total liabilities		6,953,262
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions		19,676
Deferred inflows of resources related to OPEB		4,733
Deferred gain on refunding		70,000
Total deferred inflows of resources		94,409
<b>NET POSITION</b>		
Net investment in capital assets		2,599,305
Unrestricted		2,832,044
Total net position	\$	5,431,349

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2024**

<b>Business-type Activities - Enterprise Funds</b>		
		<b>Sewer Fund</b>
Operating revenues:		
Charges for services	\$	2,216,199
Total operating revenues		2,216,199
Operating expenses:		
Wages and benefits		443,423
Travel and training		2,874
Dues and subscriptions		737
Computers and devices		2,787
Materials and supplies		37,175
Equipment and maintenance		12,678
Buildings and grounds maintenance		191,993
Vehicles and maintenance		8,660
Professional services		192,964
Depreciation		624,519
Total operating expenses		1,517,810
Operating income (loss)		698,389
Nonoperating revenue (expense):		
Investment income (loss)		91,500
Interest expense		(230,245)
Total nonoperating revenue (expense)		(138,745)
Net income (loss) before transfer		559,644
Transfer out		(136,825)
Change in net position		422,819
Net position, beginning of year		5,008,530
<b>Net position, end of year</b>	<b>\$</b>	<b>5,431,349</b>

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2024**

<b>Business-type Activities - Enterprise Funds</b>			
			<b>Sewer Fund</b>
Cash flows from operating activities:			
Receipts from customers and users	\$		2,243,974
Payments to suppliers			(477,291)
Payments to employees			(435,984)
Net cash provided by (used in) operating activities			1,330,699
Cash flows from non-capital and related financing activities:			
Transfers to other funds			(136,825)
Increase (decrease) in interfund loans payable			134,938
Net cash provided by (used in) non-capital and related financing activities			(1,887)
Cash flows from capital and related financing activities:			
Purchase of capital assets			(48,070)
Proceeds from long-term debt			1,078,520
Principal payments on bonds			(1,385,000)
Interest paid on bonds			(233,475)
Net cash provided by (used in) capital and related financing activities			(588,025)
Cash flows from investing activities:			
Investment income			91,500
Net cash provided by (used in) investing activities			91,500
Increase (decrease) in cash			832,287
Cash and cash equivalents, beginning of year			1,963,307
<b>Cash and cash equivalents, end of year</b>	<b>\$</b>		<b>2,795,594</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$		698,389
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation			624,519
(Increase) decrease in receivables			27,775
Increase (decrease) in accounts payable			(27,423)
Increase (decrease) accrued compensated absences			(1,342)
Increase (decrease) net pension liability			9,166
Increase (decrease) OPEB liability			(168)
(Increase) decrease in deferred outflows of resources related to pensions and OPEB			9,068
Increase (decrease) deferred inflows of resources related to pensions			(9,285)
Net cash provided by (used in) operating activities	\$		1,330,699

*See accompanying notes to basic financial statements.*

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**A. Reporting Entity**

The Town of Orono, Maine was incorporated in 1806 and operates under a Council-Manager form of government, adopted by charter in 1969.

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made based on criterion set forth in GAAP. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based on the application of this criterion, there were no potential component units required to be included in this report.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions, and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Basis of Presentation**

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

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

The Town reports the following major governmental fund:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major enterprise fund:

The *Sewer Fund* is used to account for expenses and revenues generated through wastewater services provided and collections from customers receiving the services, respectively.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's Sewer Fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary fund are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Cash and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and time deposits. Investments are stated at fair value.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**E. Interfund Loans Receivable/Payable**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans or as interfund advances (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**F. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Unbilled revenues from the Sewer Fund are recognized at the end of each fiscal year on a pro rata basis. This amount is based on billings during the months following the close of the fiscal year.

**G. Inventory**

Inventory consists of fuel which is recorded at cost on a first-in, first-out basis.

**H. Capital Assets**

In the government-wide financial statements and in proprietary funds in the fund financial statements, capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost (except for subscription-based assets, the measurement of which is discussed in the subscriptions disclosure). Contributed assets are reported at acquisition 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 method. Estimated useful lives are as follows: land improvements, 8-20 years; buildings and improvements, 20-39 years; infrastructure, 6-50 years; sewer items, 5-80 years; vehicles and equipment, 5-30 years; and subscription assets 5 years.

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

**I. Compensated Absences**

It is the government’s policy to permit employees to accumulate earned but unused vacation pay. Long-term accumulated vacation pay is reported only in the entity-wide statement of net position and in the proprietary funds. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**J. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.



**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**K. Fund Balance**

Governmental fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the governmental funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The Town Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, the Town Council, or a body or official delegated by the Town Council may assign unspent budgeted amounts to specific purposes in the General Fund at year end based on Department requests.

**L. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

**M. Deferred Inflows and Outflows of Resources**

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds report deferred inflow of resources for unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The governmental activities and enterprise funds have deferred outflows and inflows that relate to the net pension and OPEB liabilities, which include the Town's contributions subsequent to the measurement date, which are recognized as a reduction of the net pension and OPEB liabilities in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on plan investments, which is deferred and amortized over a five-year period.

The governmental activities and enterprise funds also report deferred inflow of resources for the deferred gain on refunding. These amounts are a result of the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**N. Use of Estimates**

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**O. Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the 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.

**P. 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 OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined based on actuary reports prepared by the OPEB Plan's actuary. 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.

**Q. Subscriptions**

The Town is engaged in a noncancellable subscription for video-as-a-service services. The Town recognizes a subscription liability and an intangible right-to-use asset (subscription asset) in the government-wide financial statements. The Town recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

Key estimates and judgments related to subscriptions include how the Town determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

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

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

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**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**A. Budgetary Information**

Budgets are formally adopted for the General Fund and are prepared on a basis consistent with accounting principles generally accepted in the United States of America as noted below. The level of control (level at which expenditures may not exceed budget) is the department.

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2024, expenditures exceeded appropriations for the following:

Town Manager	\$ 100,406
Finance	6,428
Administration	2,273
IT / GIS	2,951
Library facilities maintenance	2,520
Public safety administration	4,433
General maintenance	24,573
Town garage	4,379

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**JOINT VENTURE**

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The Town is a member of a non-profit corporation, the Municipal Review Committee, Inc. (MRC), whose mission is to ensure the continuing availability of long-term, reliable, safe, and environmentally-sound methods of solid waste disposal. The MRC transitioned from a long-term contractual arrangement with the Penobscot Energy Recovery Corporation to a new venture that included partnering with a private partner, Coastal Resources of Maine, which constructed and operated a solid waste and recycling processing facility in Hampden, Maine. On May 28, 2020, after operating successfully for several months, this facility closed and the MRC worked with the private partners, lenders, and the Maine Department of Environmental Protection attempting to restart operations. In the meantime, MRC members (including the Town of Orono) are using alternative, licensed disposal options. In August, 2022, the MRC purchased the facility and transferred 90% ownership interest to Innovative Resource Recovery on June 30, 2023 with plans to invest in and restart the plant in 2024/2025.

MRC's last independent audit was conducted effective December 31, 2022. The audit for the period ending December 31, 2023, is currently in progress. As of June 30, 2024, unaudited financial statements indicate that the Town's proportionate interest in the net position of the MRC joint venture (\$8,713,528) was \$351,853 (4.04%). Complete financial statements may be obtained from the MRC at 20 Godfrey Drive, Suite 300, Orono, Maine 04473.

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**DEPOSITS AND INVESTMENTS**

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**A. Deposits**

*Custodial Credit Risk-Town Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a deposit policy for custodial credit risk. As of June 30, 2024, the Town reported deposits of \$14,901,015 with a bank balance of \$15,247,094. Of the Town's bank balance of \$15,247,094, none was exposed to custodial credit risk as it was covered by F.D.I.C. or securities pledged on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 12,105,421
Reported in business-type activities	2,795,594
<b>Total deposits</b>	<b>\$ 14,901,015</b>

**B. Investments**

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certain corporate stocks, bonds and mutual funds.

*Interest rate risk:* In accordance with the Town's investment policy, excluding reserve and trust investments, investment maturities shall be less than one year. At June 30, 2024, the Town had the following investments and maturities:

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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<u>Investment Types</u>	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Money market	\$ 133,420	N/A	-	-
Mutual funds	789,992	N/A	-	-
Certificate of deposit	109,328	49,763	59,565	-
Equities	449,904	N/A	-	-
Corporate bonds	24,590	-	24,590	-
<b>Totals</b>	<b>\$ 1,507,234</b>	<b>49,763</b>	<b>84,155</b>	<b>-</b>

All investments are reported in governmental funds.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Town's investment policy, the securities are required to be held by a third party custodian. At June 30, 2024, the Town had no investments subject to custodial credit risk.

*Credit Risk:* Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The Town's investments in corporate bonds (fixed income securities) were rated by Standard & Poor's as follows:

Qualcomm Inc Senior	\$ 24,590	A
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The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Town's investments at June 30, 2024 are Level 1 inputs.

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**PROPERTY TAX**

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Property taxes for the current year were committed on August 22, 2023 on the assessed value listed as of the prior April 1<sup>st</sup>, for all real and personal property located in the Town. Payment of taxes was due in two equal installments on September 21, 2023 and February 8, 2024. Interest was charged at 8.0% on all tax bills unpaid.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$155,204 for the year ended June 30, 2024.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remain unpaid.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**PROPERTY TAX, CONTINUED**

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The following summarizes the 2024 levy:

	<u>2024</u>
Assessed value	\$ 605,635,895
Tax rate (per \$1,000)	23.40
Commitment	14,171,880
Supplements	17,068
Less:	
Abatements	478,999
Collections	13,545,049
<b><u>Receivable at June 30</u></b>	<b><u>\$ 164,900</u></b>
Collection rate	98.93%

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**CAPITAL ASSETS**

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	Balance June 30, 2023 (as restated)	Increases	Decreases	Balance June 30, 20234
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,948,915	-	-	1,948,915
Construction in progress	1,594,216	154,592	539,658	1,209,150
<b>Total capital assets not being depreciated</b>	<b>3,543,131</b>	<b>154,592</b>	<b>539,658</b>	<b>3,158,065</b>
Capital assets, being depreciated:				
Buildings	10,631,282	-	-	10,631,282
Improvements	1,214,300	37,153	-	1,251,453
Equipment	2,118,126	79,665	-	2,197,791
Vehicles	4,296,943	109,368	-	4,406,311
Infrastructure	17,406,093	585,998	-	17,992,091
Right-to-use subscription asset	106,957	-	-	106,957
<b>Total capital assets being depreciated</b>	<b>35,773,701</b>	<b>812,184</b>	<b>-</b>	<b>36,585,885</b>
Less accumulated depreciation for:				
Buildings	4,208,366	253,858	-	4,462,224
Improvements	545,393	60,634	-	606,027
Equipment	1,254,906	112,864	-	1,367,770
Vehicles	2,832,454	241,666	-	3,074,120
Infrastructure	11,330,647	474,989	-	11,805,636
Right-to-use subscription asset	16,043	21,391	-	37,434
<b>Total accumulated depreciation</b>	<b>20,187,809</b>	<b>1,165,402</b>	<b>-</b>	<b>21,353,211</b>
<b>Total capital assets being depreciated, net</b>	<b>15,585,892</b>	<b>(353,218)</b>	<b>-</b>	<b>15,232,674</b>
<b><u>Governmental activities capital assets, net</u></b>	<b><u>\$ 19,129,023</u></b>	<b><u>(198,626)</u></b>	<b><u>539,658</u></b>	<b><u>18,390,739</u></b>

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**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

**CAPITAL ASSETS, CONTINUED**

**Business-type Activities:**

Capital assets, not being depreciated:

Land	\$ 44,573	-	-	44,573
Construction in progress	881,597	42,886	897,852	26,631
<b>Total capital assets not being depreciated</b>	<b>926,170</b>	<b>42,886</b>	<b>897,852</b>	<b>71,204</b>

Capital assets, being depreciated:

Sewer infrastructure	19,452,984	903,036	-	20,356,020
<b>Total capital assets being depreciated</b>	<b>19,452,984</b>	<b>903,036</b>	<b>-</b>	<b>20,356,020</b>

Less accumulated depreciation for:

Sewer infrastructure	10,582,737	624,519	-	11,207,256
<b>Total accumulated depreciation</b>	<b>10,582,737</b>	<b>624,519</b>	<b>-</b>	<b>11,207,256</b>

<b>Total capital assets being depreciated, net</b>	<b>8,870,247</b>	<b>278,517</b>	<b>-</b>	<b>9,148,764</b>
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<b>Business-type activities capital assets, net</b>	<b>\$ 9,796,417</b>	<b>321,403</b>	<b>897,852</b>	<b>9,219,968</b>
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Depreciation/amortization expense was charged to the following functions:

**Governmental Activities:**

General government	\$ 239,059
Public services	63,512
Public safety	208,984
Public works	653,847

<b>Total governmental activities depreciation/amortization expense</b>	<b>\$ 1,165,402</b>
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**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2024 was as follows:

	Beginning			Ending	Amounts
	Balance	Additions	Reductions	Balance	Due Within
					One Year
<b>Governmental Activities:</b>					
Bonds and notes from direct borrowings	\$ 9,850,000	-	535,000	9,315,000	585,000
Bond premium	1,381,657	-	90,440	1,291,217	90,439
Financed purchases*	780,724	-	100,243	680,481	103,372
Subscriptions payable	84,265	-	20,129	64,136	20,741
Other postemployment benefits	820,916	-	19,214	801,702	-
Landfill closure and postclosure	334,000	81,000	-	415,000	-
Net pension	1,488,008	155,238	-	1,643,246	-
Accrued compensated absences	283,502	-	81,727	201,775	-
<b>Total governmental activities</b>	<b>\$ 15,023,072</b>	<b>236,238</b>	<b>846,753</b>	<b>14,412,557</b>	<b>799,552</b>
<b>Business-type Activities:</b>					
Notes from direct borrowings	\$ 7,115,000	890,663	1,385,000	6,620,663	404,533
Other postemployment benefits	40,560	-	167	40,393	-
Net pension	75,683	9,166	-	84,849	-
Accrued compensated absences	19,749	-	1,345	18,404	-
<b>Total business-type activities</b>	<b>\$ 7,250,992</b>	<b>899,829</b>	<b>1,386,512</b>	<b>6,764,309</b>	<b>404,533</b>

\* These agreements are considered direct borrowings.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**LONG-TERM DEBT**

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Defeasance of debt - In October of 2020, the Town defeased its 2014 general obligation bond by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments and the related call premiums on the old bonds. The trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2024, \$11,215,000 of defeased bonds remain outstanding.

Bonds and notes from direct borrowings at June 30, 2024 are comprised of the following:

	Date of <u>issue</u>	Original amount <u>issued</u>	Date of <u>maturity</u>	Interest <u>rate</u>	Balance June 30, <u>2024</u>
Governmental activities:					
2008 Note - MMBB	10/30/08	\$ 500,000	11/1/2028	0.08-5.58%	125,000
2020 Bond - Series B – US Bank	10/29/20	5,485,000	11/1/2038	2.20-5.00%	5,485,000
2020 Bond - Series A – US Bank	10/29/20	4,120,000	8/1/2043	2.00-2.125%	3,705,000
Total governmental activities					\$ 9,315,000
Business-type activities:					
2020 Bond - Series B – US Bank	10/29/20	5,730,000	11/1/2038	2.20-5.00%	5,730,000
2024 Bond - MMBB	4/23/24	890,633	4/23/24	1.9%	890,663
Total business-type activities					\$ 6,620,663

The annual requirements to amortize bonds, notes from direct borrowings and financed purchases as of June 30, 2024 are as follows:

Year ending June 30,	<b>Governmental</b>		<b>Business-type</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 585,000	281,075	404,533	237,165
2026	600,000	257,888	419,533	218,988
2027	610,000	234,103	444,533	198,724
2028	595,000	209,458	464,533	177,336
2029	600,000	186,442	494,533	154,697
2030-2034	3,030,000	596,014	2,822,666	418,975
2035-2039	2,625,000	216,420	1,347,666	72,235
2040-2044	670,000	250,892	222,666	22,235
	<u>\$ 9,315,000</u>	<u>2,232,292</u>	<u>6,620,663</u>	<u>1,500,355</u>



**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUBSCRIPTIONS**

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On October 1, 2022, the Town entered into a \$106,957 subscription agreement for a video-as-a-service package expiring in October 2027. As of June 30, 2024, the value of the subscription payable was \$64,136. The annual payment over the term of the subscription is \$22,692. The value of the right-to-use asset as of the end of the current fiscal year was \$106,957 and had accumulated amortization of \$37,434.

The future principal and interest payments as of June 30, 2024 were as follows:

	<b>Subscription Payable</b>		
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2025	20,741	1,951	22,692
2026	21,372	1,320	22,692
2027	22,023	669	22,692
<b>Totals</b>	<b>\$ 64,136</b>	<b>\$3,940</b>	<b>\$ 68,076</b>

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**OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE**

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***General Information about the OPEB Plans***

**Plan Description** - The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Benefits Provided** - MMEHT provides healthcare and life insurance benefits for retirees and their dependents. Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

*Employees Covered by Benefit Terms* – At January 1, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employee entitled to but not yet receiving benefits	-
Active employees	58
<b>Total</b>	<b>61</b>

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

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE, CONTINUED**

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The Town's total OPEB liability of \$822,664 was measured as of January 1, 2024, and was determined by an actuarial valuation as of that date. \$40,393 has been allocated to business-type activities (based on the number of participants) and the remaining \$782,271 is reported in governmental activities as of June 30, 2023.

*Changes in the Total OPEB Liability*

Balance at June 30, 2023	\$	838,022
Changes for the year:		
Service cost		30,766
Interest		31,856
Changes of benefit terms		-
Differences between expected and actual experience		(181,892)
Changes in assumptions or other inputs		129,035
Benefit payments		(25,123)
Net changes		(15,358)
Balance at June 30, 2024	\$	<u>822,664</u>

Change in assumptions reflects a change in the discount rate from 3.72% to 3.26%.

For the year ended June 30, 2024, The Town recognized OPEB expense of \$58,841. At June 30, 2024, The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	91,657	-	4,733
Changes of assumptions	153,347	-	7,918	-
Town contributions subsequent to the measurement date	11,951	-	617	-
<b>Total</b>	<b>\$ 165,298</b>	<b>91,657</b>	<b>8,535</b>	<b>4,733</b>

An amount of \$11,951 for governmental activities and \$617 for business-type activities is reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE, CONTINUED**

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Year Ending June 30,	Governmental Activities	Business-type Activities
	<hr/>	<hr/>
2025	\$ 20,300	1,048
2026	20,300	1,048
2027	20,293	1,048
2028	13,021	672
2029	18,129	936
Thereafter	(30,353)	(1,567)

**Actuarial Assumptions** - The total OPEB liability in the January 1, 2024 actuarial valuation roll forward was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.38% per year
Salary increases	2.75% per year
Discount rate	3.26% per annum
Healthcare cost trend rates	7.72% Non-Medicare and 10.77% Medicare, decreasing to 3.81% by 2044
Retirees' share of the benefit related costs	100% of projected health insurance premiums

Mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2024 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

**Discount Rate** - The rate used to measure the total OPEB liability for the Health Plan was 3.26% per annum. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** - The following presents the Town's total OPEB liability calculated using the discount rate of 3.26%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point higher or lower than the current rate:

	1%	Discount	1%
	Decrease	Rate	Increase
	(2.26%)	(3.26%)	(4.26%)
	<hr/>	<hr/>	<hr/>
Total OPEB liability	\$ 956,777	822,664	713,614

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE, CONTINUED

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**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the Town's total OPEB liability calculated using the healthcare cost trend rates, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

		Healthcare Cost Trend Rates	
	1% Decrease		1% Increase
Total OPEB liability	\$ 698,642	822,664	983,664

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OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

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***General Information about the OPEB Plan***

**Plan Description** - The Town sponsors a post-retirement benefit plan providing group term life insurance to retiring employees (hereafter referred to as the PLD OPEB plan). The PLD OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for the PLD OPEB plan. MPERS issues publicly available financial reports that are available at [www.maineopers.org](http://www.maineopers.org).

**Benefits Provided** - Under the PLD OPEB plan, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the PLD OPEB 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.

**Contributions** - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums total \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Employer contributions to the PLD OPEB plan from the Town were \$615 for the year ended June 30, 2024. Employees are not required to contribute to the PLD OPEB plan.

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

The net OPEB liability plan was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Town reported a liability of \$19,431 for its proportionate share of the net OPEB liability. At June 30, 2024, the Town's proportion was 0.1424%.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED**

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For the year ended June 30, 2023, the Town recognized OPEB expense of \$857 for the PLD OPEB plan. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 193	-
Changes of assumptions	-	3,344
Net difference between projected and actual earnings on OPEB plan investments	626	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	1,599
Town contributions subsequent to the measurement date	615	-
<b>Total</b>	<b>\$ 1,434</b>	<b>4,943</b>

An amount of \$615 is reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>		
2025	\$	(1,218)
2026		(2,221)
2027		493
2028		(764)
2029		(414)

**Actuarial Assumptions** - The net OPEB liability in the June 30, 2023 actuarial valuations were determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>PLD OPEB Plan</u>	<u>SET OPEB Plan</u>
Inflation	2.75%	2.75%
Salary increases	2.75% - 11.48%	2.80 - 13.03%
Investment rate of return	6.50%	6.50%

Mortality rates for each plan were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED**

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The actuarial assumptions used in the June 30, 2023 valuations were based on the results of an actuarial experience study conducted for the period July 1, 2015 to June 30, 2020.

The long-term expected rate of return on PLD OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.0%
U.S. Government Securities	2.3%

**Discount Rate** - The discount rate used to measure the collective total OPEB liability was 6.50% for 2024 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the Town's proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 6.50%, as well as what the Town's proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$ 13,387	19,431	26,951

**OPEB Plan Fiduciary Net Position** - Detailed information about the PLD OPEB plan's fiduciary net positions are available in a separately issued MPERS financial report.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**LANDFILL CLOSURE AND POSTCLOSURE COSTS**

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State and Federal laws and regulations require the Town to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for ten years after closure. Until fiscal year 2018, Federal law required a 30-year post closure monitoring and maintenance period. This change significantly reduced the future cost of these activities.

Although closure and postclosure care costs will be paid only near or after the dates that the landfills stop accepting waste, the Town reports a portion of these closure and postclosure costs as a program expense in each year based on landfill capacity used as of each balance sheet date. The Town will recognize the remaining estimated cost of closure and postclosure care for the site as the remaining estimated capacity is filled.

The Town's landfill site is segregated into four cells: one active cell, two cells at maximum capacity that have been closed, and one undeveloped cell.

An engineering estimate was calculated for the closure and postclosure costs of the landfill as of June 30, 2024. Generally accepted accounting principles require that cost estimates be based on the present value of consultation and construction costs adjusted for an assumed inflation rate, known as current cost. The current cost of closure and postclosure costs projected in the engineering estimate total \$1,047,700. The estimated remaining life of the landfill at June 30, 2024 is 44 years. The new cell has a capacity of 40,000 yards, of which approximately 15,828 yards were used as of June 30, 2024.

Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Town anticipates financing closure costs by funding and using reserves and/or state grants and local assessments at the time of closure. A summary of estimated landfill closure and postclosure care costs is as follows:

	<u>2023</u>	<u>2024</u>
Total estimated future landfill closure and postclosure care costs	\$ 923,800	1,047,700
Estimated capacity used	36.11%	39.57%
Estimated gross landfill closure and postclosure care costs – end of year	334,000	415,000
Amounts actually expended	-	-
<u>Estimated liability for landfill closure and postclosure care costs - end of year</u>	<u>\$ 334,000</u>	<u>415,000</u>
<u>Estimated remaining landfill closure and postclosure care costs to be recognized</u>	<u>\$ 589,800</u>	<u>632,700</u>

Federal law requires financial assurance regarding closure and post-closure care. Financial assurance is computed annually through a variety of ratios regarding liquidity, debt, and revenues. The Town has met the financial assurance conditions for 2024.

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**RISK MANAGEMENT**

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The Town 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 Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in several public entity and self-insured risk pools sponsored by the Maine Municipal Association (MMA). These pools, and the risks of loss to which the Town is exposed, are as follows:

MMA's workers' compensation fund retains \$400,000 of risk and purchases excess insurance for claims which exceed \$400,000 up to a maximum coverage of \$2,000,000 per occurrence.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**RISK MANAGEMENT, CONTINUED**

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MMA's income protection risk and health insurance risk pools are also self-insured. Each member retains \$135,000 of risk in total for the two plans and the pool purchases excess insurance for claims which exceed \$135,000 cumulative for both lines. The health insurance pool has no maximum coverage limit and the income protection has a limit of \$1,000 a week for a maximum of 52 weeks per occurrence.

MMA's property and casualty risk pool retains \$100,000 of risk and purchases excess insurance for claims which exceed \$100,000 up to a maximum coverage of \$1,000,000 for property and casualty coverage per occurrence, \$200,000,000 cumulative coverage for the entire pool, and \$250,000 for crime per entity per occurrence.

The Town is subject to assessments by the risk pools. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2024.

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**DEFERRED COMPENSATION PLAN**

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The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by the International City Management Association Retirement Corporation (ICMARC).

The plan, available to all full-time and permanent part-time Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Employees are permitted to contribute up to the maximum allowed per Internal Revenue Code limits. Employer contributions are not required, unless specifically agreed upon per individual contract with each employee. For the year ended June 30, 2024, the Town's contribution to the plan was \$63,439.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants. All assets are protected by a trust arrangement from any claims on the Town and from any use by the Town other than paying benefits to employees and their beneficiaries in accordance with the plan. Employees are immediately vested in their own as well as employer contributions and earnings on those contributions. There is, therefore, no forfeiture provision.

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**TAX INCREMENT FINANCING DISTRICTS**

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Under Maine law, the Town has established seven tax increment financing (TIF) districts in order to finance development programs in the Town of Orono. The expenditures for these programs are paid for by tax dollars that have been retained under the tax increment financing program. The Town has entered into several Credit Enhancement Agreements (CEAs) with individual organizations as permitted within its TIF District development programs, established under the State of Maine Title 30-A. The CEA's outline conditions for the reimbursement of a percentage of tax revenues generated through the increased values of certain parcels within the districts. The agreements and payments are intended to promote economic development through real estate development and job creation, as well as infrastructure improvements and business incentives within the Town's TIF districts. For the fiscal year ended June 30, 2024, the Town remitted a total of \$207,134 in credit enhancement payments. All credit enhancement payments made during the year are outlined below.



**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**TAX INCREMENT FINANCING DISTRICTS, CONTINUED**

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Maine Technology Park Omnibus Municipal TIF (Previously Sensor Research and Development TIF) - This TIF was established in the spring of 2000 and had a life of 15 years. The original assessed base value in this district was assessed at zero. Acquisitions and improvements made by the Development Program were to result in an estimated investment of approximately \$4,834,100, creating an additional tax base within the Town. The Town made available to Sensor Research and Development all of the retained captured tax increment revenues from the District for a period of ten years. These revenues were used by Sensor Research and Development, either to assist it in paying debt service related to financing the Project or as direct payments toward the cost of the Project. Fiscal year ended June 30, 2010 was the final year tax revenues were retained and made available to Sensor Research and Development. On October 25, 2013, the TIF district was amended and renamed the Maine Technology Park Omnibus Municipal TIF. The term was extended to 30 years ending February 28, 2030. The original assessed base value in this district was assessed at \$4,762,300 as of April 1, 2012 and spans 34.99 acres. The Town is allowed to enter into credit enhancement agreements up to 100% reimbursement, however, there is currently no CEA's in place for this TIF district. In FY19, the District value decreased substantially due to the purchase of property by the University of Maine that was converted to tax-exempt status as a result, no taxes were captured for this tax year. The balance of tax increment funds retained by the Town, in previous years, for its approved development purposes at the year ended June 30, 2024 was \$49,235 .

EnvisioNet Municipal Development TIF - This TIF was established on July 13, 2000 and has a life of 20 years and then renewed on July 20, 2020 for ten additional years (through June 30, 2030). The original assessed base value in this district is zero. EnvisioNet filed for bankruptcy in FY14 and the Town decided to retain the 70% TIF revenues that were to be reimbursed. During 2015, the related property was sold and all current and back taxes were paid to the Town. The amount of tax increment revenues retained by the Town for the year ended June 30, 2024 was \$85,581, representing 100% of the captured tax revenues. On June 30, 2024, the balance of the EnvisioNet Development Program Fund was \$221,294.

Dirigo Pines TIF - This TIF was established on February 10, 2003 and has a life of 30 years. The original assessed base value in this district is \$182,500 and the development program excludes the first \$433,500 of the increase in assessed value. The development program calls for 30% of the tax revenues derived from the increase in value in excess of \$616,000 to be sheltered and returned to the developer in accordance with the terms of the credit enhancement agreement. Fiscal year ended June 30, 2024 was the twenty - first year tax revenues were made available to Dirigo Pines. The amount of tax increment revenues made available for the year ended June 30, 2024 was \$127,818, which was returned to the developer. As of June 30, 2024, the Dirigo Pines TIF Fund had a balance of \$2,440.

Downtown and Transit-Oriented Development TIF - This TIF was established on March 17, 2000 and has a life of 30 years. The original assessed base value in this district is \$28,080,265. The Town created the tax increment financing district to fund transportation-related projects for the Town's downtown. On May 13, 2013, the TIF district was renamed the Downtown and Transit-Oriented Development TIF whereas the original name was Transit-Oriented TIF. The amendment increased the original acreage to 96.4 acres in order to allow the Town to fund various transit and other economic development costs; provide continuing employment opportunities for the citizens of the Town and surrounding region; improve and broaden the tax base of the Town; improve the general economy of the Town, the surrounding region and the State of Maine; and to encourage the development, expansion and improvement of commercial facilities within the Town. The amount of tax increment revenues received for the year ended June 30, 2024 was \$ \$621,851, of which \$43,869 was returned due to credit enhancement agreements with James D. Swett Living Trust, Rose Property and Bazampas LLC. As of June 30, 2024, the Downtown and Transit Oriented TIF Program Development Program had a balance of \$661,740.

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**TAX INCREMENT FINANCING DISTRICTS, CONTINUED**

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Webster Point TIF - This TIF was established on February 7, 2011 and is in effect until June 30, 2027. The original assessed base value in this district is zero. Effective May 14, 2012 the Town agreed to a Credit Enhancement Agreement with Webster Point LLC. In that agreement, the Town agreed to provide the developer 85% of the tax increment revenues. The Town will use the remaining 15% for approved development projects and mitigating impacts within the district. The amount of tax increment revenues received for the year ended June 30, 2024 was \$26,830 with \$22,607 returned to the developer. As of June 30, 2024, the Webster Point TIF Development Program had a balance of \$71,731.

Penobscot Valley Dermatology - While approved by the Orono Town Council on April 1, 2014, this TIF District was established to exist for a total of thirty (30) years beginning on July 1, 2015. The original assessed base value in this district is \$200,400 with 100% of the incremental value captured. The development program includes a credit enhancement agreement with Cutis Properties, LLC for thirty (30) years total with an average return of up to 40% of the taxes paid on real and personal property. (Specifically, the maximum agreed rate of return is as follows: years 1-5 60%; years 6-15 45%; and years 16-30 30%.) This Credit Enhancement Agreement also contains a provision requiring that the Town retain, at minimum, taxes at the following levels paid on a value of \$2,000,000: FY16-20 40%; FY21-30 55%; and FY31-45 70%. The development program allows funds retained by the Town to also be used for public infrastructure, childcare, recreational trails, mitigation of downtown impacts, economic development, professional and administrative costs, and financing expenses. For FY24, the District value was \$1,358,400 which resulted in 45.00% of taxes paid on the increment returned to Cutis Properties (equaling \$10,043). The amount of tax increment revenues received for the year ended June 30, 2024 was \$27,628. As of June 30, 2024, the Penobscot Valley Dermatology TIF Development Program had a balance of \$182,411.

Orono Basin Omnibus Municipal Development and TIF District - Of note, on February 11, 2019, the Orono Town Council approved and Maine Department of Economic and Community Development subsequently authorized this TIF District to exist for a total of 20 years beginning on July 1, 2020. In FY24, the Town captured taxes of \$7,180 and returned \$2,797 to Hub LLC. As of June 30, 2024, the Orono Basin Omnibus Municipal Development and TIF District had a balance of \$20,259.

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**NET PENSION LIABILITY**

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***General Information about the Pension Plan***

**Plan Description** - Employees of the Town are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at [www.mainebers.org](http://www.mainebers.org).

**Benefits Provided** - The PLD Plan provides 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. 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 is 60 (65 for new members to the PLD Plan on or after July 1, 2014).

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**NET PENSION LIABILITY, CONTINUED**

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The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions.

**Contributions** - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. Employees are required to contribute 6.95% to 7.7% of their annual pay for the regular AC plan and 8.40% of their annual pay for the special 2C plan. The Town's contractually required contribution rates for the year ended June 30, 2024, were 10.20% of annual payroll for the regular AC Plan, and 11.60% of annual payroll for the special 2C Plan.

Contribution rates are actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$568,767 for the year ended June 30, 2024.

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

At June 30, 2024, the Town reported a liability of \$1,728,095 for its proportionate share of the net pension liability. \$84,849 has been allocated to business-type activities (based on the number of participants) and the remaining \$1,643,246 is reported in governmental activities as of June 30, 2024. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2023, the Town's proportion was 0.5416%.

For the year ended June 30, 2024, the Town recognized pension expense of \$662,650. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 305,071	-	15,752	-
Net difference between projected and actual earnings on pension plan investments	-	278,850	-	14,399
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	102,200	-	5,277
City contributions subsequent to the measurement date	540,840	-	27,927	-
<b>Total</b>	<b>\$ 845,911</b>	<b>381,050</b>	<b>43,679</b>	<b>19,676</b>

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**NET PENSION LIABILITY, CONTINUED**

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An amount of \$540,840 for governmental activities and \$27,927 for business-type activities is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense (gain) as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities
2025	\$ (81,893)	(4,229)
2026	(289,878)	(14,968)
2027	282,829	14,604
2028	12,963	669

**Actuarial Assumptions** - The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	2.75-11.48%
Investment return	6.50%
Cost of living benefit increases	1.91%

Mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US Government	10.0%	2.6%
Private equity	12.5%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	5.0%	3.2%
Alternative credit	10.0%	7.4%
Diversifiers	7.5%	5.0%

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**NET PENSION LIABILITY, CONTINUED**

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**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 employee contributions will be made at the current contribution rate and that contributions from participating local districts 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 of current active and inactive employees. 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.

**Sensitivity of the Town's Proportionate Share of the Net Pension liability to Changes in the Discount Rate** - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$4,735,105	1,728,095	(752,444)

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

**Payables to the Pension Plan** - None as of June 30, 2024.

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**NET POSITION**

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Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, leases payable, subscriptions payable and bond premiums and adding back any unspent proceeds. The Town's net investment in capital assets was calculated as follows at June 30, 2024:

	Governmental <u>activities</u>	Business-type <u>activities</u>
Capital assets	\$ 39,743,950	20,427,224
Accumulated depreciation	(21,353,211)	(11,207,256)
Bonds and notes from direct borrowings	(9,315,000)	(6,620,663)
Lease payable	(680,481)	-
Subscriptions payable	(64,136)	-
Bond premium	(1,291,217)	-
<u>Unspent bond proceeds</u>	<u>516,412</u>	<u>-</u>
<b>Total net investment in capital assets</b>	<b>\$ 7,556,317</b>	<b>2,599,305</b>

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**FUND BALANCES**

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As of June 30, 2024, fund balance components consisted of the following:

	General <u>Fund</u>	Other Governmental <u>Funds</u>
Nonspendable:		
Inventory	\$ 32,270	-
Restricted:		
Downtown TIF	661,740	-
Maine Technology Park TIF	49,235	-
Penobscot Valley Dermatology TIF	182,411	-
Webster Point TIF	71,731	-
EnvisioNet TIF	221,294	-
Dirigo Pines Inn TIF	2,440	-
Orono Basin TIF	20,259	-
Unspent bond proceeds	516,412	-
Grant Fund	-	336,522
Cemetery	-	394,723
Public Library	-	72,844
Library Construction	-	7,527
<b>Total restricted</b>	<b>1,725,522</b>	<b>811,616</b>
Assigned:		
Assigned for subsequent year's budget	\$ 300,000	-
Reserves:		
Interest on reserves (all non-TIF)	133,854	-
Unemployment	52,285	-
Landfill closure	122,621	-
Winter maintenance	30,000	-
Capital Infrastructure	1,134,595	-
Capital equipment	400,741	-
Council reserve projects	4,607	-
Major maintenance	63,785	-
Safety equipment	11,507	-
Skate park	18,157	-
Skate park council designated	20,000	-
Recreation	4,584	-
Police tuition	15,000	-
Professional development	8,384	-
Employee benefits	87,121	-
Library maintenance	66,042	-
Public works facility maintenance	90,577	-
Police technology reserve	26,000	-
Ambulance	189,710	-
Fire truck	198	-
Sally Jacobs sculpture steward	1,904	-

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**FUND BALANCES, CONTINUED**

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Union Street Boat Launch	\$ 10,000	-
IT audiovisual	25,108	-
Pub safety radio upgrade	21,329	-
Solid waste	84,565	-
Trail system	25,000	-
Penobscot Nation Cultural Proj	50,000	-
Carryforwards:		
Contracted Planning	20,000	-
Elections Wages	3,800	-
Charles St Paving & Drainage	39,785	-
Stillwater Ped Improvement	55,369	-
Colburn Paving/Lighting	164,968	-
Forest Ave Sidewalk	5,000	-
Peters Paving	47,502	-
Pond Paving	55,574	-
Hillside Paving	54,674	-
Forest Ave Traffic Calming	13,311	-
Senior Ramp	20,000	-
Goulds Landing Dock, Flag, Kiosk	10,000	-
Flashvote/Community Engagement	19,400	-
Orono Arts Festival (Contingency)	3,000	-
<b>Total assigned</b>	<b>3,510,057</b>	<b>-</b>
<b>Total unassigned</b>	<b>5,973,604</b>	<b>-</b>
<b>Total fund balances</b>	<b>\$ 11,241,453</b>	<b>811,616</b>

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**INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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During the course of normal operations, the Town has numerous transactions between funds. Individual interfund receivable and payable balances and interfund transfers at June 30, 2024 arising from these transactions were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers</u>
<b>Governmental Activities:</b>			
Major Funds:			
General Fund	\$ -	542,847	136,825
Other governmental funds:			
Grant Fund	654,829	-	-
<b>Business-type Activities:</b>			
Sewer Fund	-	111,982	(136,825)
<b>Totals</b>	<b>\$ 654,829</b>	<b>654,829</b>	<b>-</b>

**TOWN OF ORONO, MAINE**  
**Notes to Basic Financial Statements, Continued**

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RESTATEMENT OF NET POSITION

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During the fiscal year, the auditor discovered that certain infrastructure assets were incorrectly recognized in prior fiscal years. The error resulted in overstating the Town's governmental activities net position by \$908,674.

	Governmental <u>Activities</u>
Net position, as previously reported	\$ 16,332,779
Error correction (over-reported infrastructure assets)	<u>(908,674)</u>
Net position, as restated	<u><b>\$ 15,424,105</b></u>



**TOWN OF ORONO, MAINE**  
**Required Supplementary Information**

**Schedule of Town's Proportionate Share of the Net Pension Liability (Asset)**  
**Maine Public Employees Retirement System Consolidated Plan**

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>PLD Plan</b>										
Town's proportion of the net pension liability (asset)	0.5416%	0.5882%	0.6121%	0.6082%	0.6255%	0.6237%	0.6192%	0.6344%	0.6536%	0.6802%
Town's proportionate share of the net pension liability (asset)	\$ 1,728,095	1,563,691	(196,704)	2,416,418	1,911,794	1,706,948	2,535,046	3,370,789	2,085,401	1,046,695
Town's covered payroll	4,621,976	4,336,105	4,003,830	3,787,081	3,761,277	3,504,468	3,466,077	3,411,083	3,322,232	3,297,330
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.39%	36.06%	-4.91%	63.81%	50.83%	48.71%	73.14%	98.82%	62.77%	31.74%
Plan fiduciary net position as a percentage of the total pension liability (asset)	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year.

**TOWN OF ORONO, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Town Contributions – Net Pension Liability (Asset)**  
**Maine Public Employees Retirement System Consolidated Plan (PLD)**

	Last 10 Fiscal Years									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>PLD Plan</b>										
Contractually required contribution	\$ 568,767	506,543	458,124	418,341	390,507	386,308	344,915	318,336	303,704	267,184
Contributions in relation to the contractually required contribution	<u>(568,767)</u>	<u>(506,543)</u>	<u>(458,124)</u>	<u>(418,341)</u>	<u>(390,507)</u>	<u>(386,308)</u>	<u>(344,915)</u>	<u>(318,336)</u>	<u>(303,704)</u>	<u>(267,184)</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 5,080,583	4,621,976	4,336,105	4,003,830	3,787,081	3,761,277	3,504,468	3,466,077	3,411,083	3,322,323
Contributions as a percentage of covered payroll	11.19%	10.96%	10.57%	10.45%	10.31%	10.27%	9.84%	9.18%	8.90%	8.04%

**TOWN OF ORONO, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Changes in the Town's Total Health Plan OPEB Liability and Related Ratios**

Last 10 Fiscal Years\*

		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>								
Service cost	\$	30,766	37,098	31,389	26,902	19,115	21,783	17,980
Interest		31,856	19,122	17,054	19,661	20,204	17,964	15,795
Changes of benefit terms		-	-	-	-	(14,140)	-	-
Differences between expected and actual experience		(181,892)	-	44,326	-	73,346	-	206
Changes of assumptions or other inputs		129,035	(98,889)	41,369	46,921	130,452	(53,776)	76,377
Benefit payments		<u>(25,123)</u>	<u>(20,825)</u>	<u>(11,301)</u>	<u>(10,866)</u>	<u>(13,015)</u>	<u>(12,514)</u>	<u>(7,105)</u>
Net change in total OPEB Liability		(15,358)	(63,494)	122,837	82,618	215,962	(26,543)	103,253
Total OPEB liability - beginning		<u>838,022</u>	<u>901,516</u>	<u>778,679</u>	<u>696,061</u>	<u>480,099</u>	<u>506,642</u>	<u>403,389</u>
<b>Total OPEB liability - ending</b>	<b>\$</b>	<b><u>822,664</u></b>	<b><u>838,022</u></b>	<b><u>901,516</u></b>	<b><u>778,679</u></b>	<b><u>696,061</u></b>	<b><u>480,099</u></b>	<b><u>506,642</u></b>
Covered-employee payroll	\$	3,430,158	3,363,564	3,363,564	3,021,511	3,021,511	2,815,179	2,815,179
Total OPEB liability as a percent of covered-employee payroll		23.98%	24.91%	26.80%	25.77%	23.04%	17.05%	18.00%

\*Only seven years of information available.

**TOWN OF ORONO, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Town's Proportionate Share of the Net OPEB Liability – Life Insurance**  
**Last 10 Fiscal Years\***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Town's proportion of the net OPEB liability	0.1424%	0.1619%	0.1565%	0.1665%	0.1562%	0.1371%	0.1330%	0.1363%
Town's proportionate share of the net OPEB liability	\$ 19,431	23,454	16,156	21,963	33,415	27,691	22,239	30,832
Town's covered-employee payroll	4,621,976	4,336,105	4,003,830	3,787,081	- 3,761,277	3,504,468	3,466,077	3,411,083
Town's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	0.42%	0.54%	0.40%	0.58%	0.89%	0.79%	0.64%	0.90%
Plan fiduciary net position as a percentage of the total OPEB liability	59.71%	55.88%	67.26%	55.40%	43.18%	43.92%	47.42%	unavailable

*\* Only eight years of information available.*

*Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.*

**TOWN OF ORONO, MAINE**  
**Required Supplementary Information, Continued**

**Schedule Town's Contributions - Net OPEB Liability - Life Insurance**  
**Maine Public Employees Retirement System Consolidated Plan (PLD)**

Last 10 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>PLD Plan</b>								
Contractually required contribution	\$ 615	1,087	912	532	638	638	639	639
Contributions in relation to the contractually required contribution	<u>(615)</u>	<u>(1,087)</u>	<u>(912)</u>	<u>(532)</u>	<u>(638)</u>	<u>(638)</u>	<u>(639)</u>	<u>(639)</u>
<b>Contribution deficiency (excess)</b>	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Town's covered-employee payroll	\$ 5,080,583	4,621,976	4,336,105	4,003,830	3,787,081	3,761,277	3,504,468	3,466,077
Contributions as a percentage of covered- employee payroll	0.012%	0.024%	0.021%	0.013%	0.017%	0.017%	0.018%	0.018%

\* Only eight years of information available.

**TOWN OF ORONO, MAINE**  
**Notes to Required Supplementary Information**

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Changes of Benefit Terms (Pension) - None

Changes of Assumptions (Pension) - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2022</u>	<u>2021</u>	<u>2019</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.50%	6.75%	6.75%	6.875%	6.875%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases	2.75-11.48%	2.75 + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%
Cost of living increases	1.91%	1.91%	1.91%	2.20%	2.20%	2.55%	3.12%

Mortality rates (Pension):

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. Between 2016 and 2021, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table. Starting 2022, Mortality rates were based on the 2010 Public Plan General Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

Changes of Benefit Terms (OPEB – Life Insurance) - None

Changes of Assumptions (OPEB – Life Insurance) - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate	6.50%	6.75%	4.98%	5.13%	5.41%

Mortality rates (OPEB – Life Insurance):

In 2018, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2016 using Scale AA. Between 2017 and 2021, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table. Starting 2022, Mortality rates were based on the 2010 Public Plan General Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

Changes of Benefit Terms (OPEB – Health Insurance) - None

Changes of Assumptions (OPEB – Health Insurance) - Changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate	3.26%	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%

In 2019, mortality rates were based on the RP2014 total data set healthy annuitant mortality table. In 2020 and going forward, mortality rates were based on the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

Additionally, the valuation method for the Town Health Plan was changed from the Projected Unit Credit funding method in 2018 to the Entry Age Normal funding method in 2019.

\* This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.

## **GENERAL FUND**

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**TOWN OF ORONO, MAINE**  
**Balance Sheet - General Fund**  
**June 30, 2024**

	<b>2024</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,863,680
Investments	1,067,653
Receivables:	
Accounts	252,591
Rescue	54,198
Taxes - current year	164,900
Taxes - prior years	93,041
Inventory	32,270
<b>Total assets</b>	<b>\$ 13,528,333</b>
<b>LIABILITIES</b>	
Accounts payable	1,152,326
Accrued payroll and benefits	288,249
Performance bond liability	68,047
Taxes paid in advance	15,511
Interfund loans payable	542,847
<b>Total liabilities</b>	<b>2,066,980</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	219,900
<b>Total deferred inflows of resources</b>	<b>219,900</b>
<b>FUND BALANCE</b>	
Nonspendable - inventory	32,270
Restricted	1,725,522
Assigned	3,510,057
Unassigned	5,973,604
<b>Total fund balance</b>	<b>11,241,453</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 13,528,333</b>

**TOWN OF ORONO, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2024**

	2024		Variance positive (negative)
	Budget	Actual	
Revenues:			
Taxes:			
Property taxes	\$ 14,171,879	14,068,799	(103,080)
Excise taxes	774,000	896,640	122,640
Interest and costs on taxes	37,000	29,346	(7,654)
Total taxes	14,982,879	14,994,785	11,906
Intergovernmental:			
State revenue sharing	4,653,260	4,685,793	32,533
State road subsidy	85,000	100,320	15,320
General assistance reimbursement	9,520	5,630	(3,890)
BETE reimbursement	72,653	72,789	136
Homestead tax exemption	465,940	465,941	1
UMO reimbursements	655,431	655,431	-
Other miscellaneous intergovernmental revenues	16,425	15,340	(1,085)
Total intergovernmental	5,958,229	6,001,244	43,015
Licenses and permits:			
Motor vehicle agent fee	15,000	18,190	3,190
Town licenses and permits	8,500	15,285	6,785
Building permits	17,500	59,975	42,475
Plumbing fees	3,500	8,440	4,940
Electrical permits	7,500	19,337	11,837
Land use ordinance fees	1,000	50	(950)
Road opening permits	1,000	1,225	225
Rental unit registration fee	43,200	38,500	(4,700)
Parking permits	6,000	6,910	910
Fish and wildlife license fees	600	579	(21)
Site plan review	2,500	11,883	9,383
Landfill permit	7,500	12,325	4,825
Birth, death and marriage records	5,000	5,893	893
Dog licenses	750	1,172	422
Total licenses and permits	119,550	199,764	80,214
Interest income (loss)	175,000	416,243	241,243

**TOWN OF ORONO, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual - Budgetary Basis, Continued**

	2024		Variance positive (negative)
	Budget	Actual	
Revenues, continued:			
Charges for services:			
Fire and ambulance fees	\$ 336,000	429,627	93,627
Advertising	7,000	6,700	(300)
Police fees	2,000	1,165	(835)
Police accident reports	4,200	5,104	904
Police special detail	8,000	10,875	2,875
Court fees	500	420	(80)
BB Express: Orchard Trails	7,537	12,075	4,538
School resource officer	45,100	45,100	-
School crossing guard reimbursement	12,000	10,144	(1,856)
Recreation	88,500	123,643	35,143
Public library fees	-	3,105	3,105
OVWD plowing fees	2,000	-	(2,000)
Disposal site fees	7,500	6,700	(800)
Veazie EMS contract fees	47,500	48,600	1,100
TIF administration fees	1,200	1,278	78
Town office admin fees	500	288	(212)
Public works fees	200	175	(25)
Solid waste hauler	2,500	2,600	100
Cemetery revenue	4,500	5,700	1,200
Rental income	3,000	5,535	2,535
Total charges for services	579,737	718,834	139,097
Other revenues:			
Housing Foundation PILOT	35,000	35,000	-
Freeman Forest Foundation	17,600	17,600	-
Parking fines	30,000	44,044	14,044
ACO late fees	-	500	500
Code enforcement penalties and fees	800	12,521	11,721
Donations	100	675	575
Sale of surplus property	3,000	-	(3,000)
Cable franchise fees	52,000	45,263	(6,737)
Recycling revenue	1,500	2,980	1,480
Capital Trade In or Sale	5,000	-	(5,000)
Miscellaneous revenue	-	555	555
Total other revenues	145,000	159,138	14,138
Total revenues	21,960,395	22,490,008	529,613

**TOWN OF ORONO, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual - Budgetary Basis, Continued**

		2024		
		Budget	Actual	Variance positive (negative)
Expenditures:				
Current:				
General government:				
Town Council	\$	93,511	58,524	34,987
Town Manager		511,124	611,530	(100,406)
Finance		276,455	282,883	(6,428)
Administration		243,665	245,938	(2,273)
Assessor		115,920	114,154	1,766
Elections and voter registration		25,863	17,995	7,868
Insurance		110,419	93,009	17,410
General assistance		14,050	10,562	3,488
Planning		85,790	65,306	20,484
Code enforcement		124,375	122,131	2,244
IT / GIS		116,340	119,291	(2,951)
Tax abatements		155,204	134,240	20,964
Total general government		1,872,716	1,875,563	(2,847)
Public services:				
Library		395,067	382,279	12,788
Recreation		372,442	358,618	13,824
Facilities		258,620	206,269	52,351
Municipal and public safety buildings		108,130	95,163	12,967
Library facilities maintenance		20,950	23,470	(2,520)
Senior Citizen Center		12,750	10,751	1,999
Anderson Community House		20,085	16,473	3,612
Total public services		1,188,044	1,093,023	95,021
Public safety:				
Public safety administration		146,635	151,068	(4,433)
Police Department		1,668,693	1,660,760	7,933
Community policing		198,075	191,864	6,211
Fire Department		3,019,418	2,990,986	28,432
Fire protection		364,700	255,622	109,078
Total public safety		5,397,521	5,250,300	147,221
Public works:				
General maintenance		1,140,757	1,165,330	(24,573)
Winter maintenance		248,859	146,061	102,798
Cemetery		6,850	3,644	3,206
Solid waste disposal		574,234	563,284	10,950
Town garage		253,260	257,639	(4,379)
Total public works		2,223,960	2,135,958	88,002

**TOWN OF ORONO, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual - Budgetary Basis, Continued**

	<b>2024</b>		<b>Variance positive (negative)</b>
	<b>Budget</b>	<b>Actual</b>	
Expenditures, continued			
Current, continued:			
Educational assessment	\$ 7,684,926	7,684,925	1
County tax	848,451	848,451	-
Debt service	907,821	901,131	6,690
Capital expenditures:			
Capital equipment	260,380	147,397	112,983
Capital infrastructure	1,383,684	427,855	955,829
Capital facilities	360,360	194,292	166,068
Total capital expenditures	2,004,424	769,544	1,234,880
Total expenditures	22,127,863	20,558,895	1,568,968
(Excess) deficiency of revenues over (under) expenditures	(167,468)	1,931,113	2,098,581
Other financing sources (uses):			
Transfers-in from sewer fund	138,825	136,825	(2,000)
Transfers-out to reserves	(1,084,025)	(1,093,624)	(9,599)
Use of restricted fund balance	548,684	-	(548,684)
Use of assigned fund balance	263,984	-	(263,984)
Use of prior year surplus	300,000	-	(300,000)
Total other financing sources (uses)	167,468	(956,799)	(1,124,267)
Net change in fund balances, budgetary basis	-	974,314	974,314
Fund balance, beginning of year-budgetary basis		6,360,355	
Fund balance, end of year - budgetary basis		7,334,669	
Amounts held in reserves		3,906,784	
<b>Fund balance, end of year</b>	<b>\$</b>	<b>11,241,453</b>	

**TOWN OF ORONO, MAINE**  
**General Fund Reserves**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2024**

	Fund balances beginning of year	Interest income	Other Revenues	Expenditures	Transfers in	Transfers out	Fund balances end of year
Restricted:							
Downtown TIF	\$ 571,369	28,658	-	560,138	621,851	-	661,740
Maine Technology Park TIF	47,219	2,016	-	-	-	-	49,235
Webster Point TIF	68,957	3,119	-	27,175	26,830	-	71,731
Penobscot Valley Dermatology TIF	159,128	6,984	-	11,329	27,628	-	182,411
EnvisioNet TIF	129,581	6,132	-	-	85,581	-	221,294
Dirigo Pines Inn TIF	1,523	917	-	127,818	127,818	-	2,440
Orono Basin TIF	17,515	796	-	5,232	7,180	-	20,259
Assigned:							
Interest on reserves (all non-TIF)	15,281	118,573	-	-	-	-	133,854
Unemployment	52,285	-	-	-	-	-	52,285
Landfill closure	107,621	-	-	-	15,000	-	122,621
Winter maintenance	30,000	-	-	-	-	-	30,000
Capital Infrastructure	1,322,778	-	-	191,419	3,236	-	1,134,595
Capital equipment	330,741	-	-	5,000	75,000	-	400,741
Council reserve projects	4,607	-	-	-	-	-	4,607
Major maintenance	53,785	-	-	-	10,000	-	63,785
Safety equipment	11,507	-	-	-	-	-	11,507
Skate park	18,157	-	-	-	-	-	18,157
Skate park council designated	20,000	-	-	-	-	-	20,000
Recreation reserve	4,577	-	7	-	-	-	4,584
Police tuition reimbursement	15,000	-	-	-	-	-	15,000
Professional development	9,554	-	-	1,170	-	-	8,384
Employee benefits	87,121	-	-	-	-	-	87,121
Library maintenance	61,042	-	-	-	5,000	-	66,042
Public works facility maintenance reserve	80,577	-	-	-	10,000	-	90,577
Police technology reserve	-	-	-	-	26,000	-	26,000
Ambulance	189,710	-	-	-	-	-	189,710
Fire truck	198	-	-	-	-	-	198
Sally Jacobs sculpture steward	1,904	-	-	-	-	-	1,904
Union Street boat launch	10,000	-	-	-	-	-	10,000
IT Audiovisual	22,608	-	-	-	2,500	-	25,108
Public safety radio upgrade	21,329	-	-	-	-	-	21,329
Solid Waste	84,565	-	-	-	-	-	84,565
Trail System	25,000	-	-	-	-	-	25,000
Penobscot Nation Cultural Proj	-	-	-	-	50,000	-	50,000
<b>Total General Fund reserves</b>	<b>\$ 3,575,239</b>	<b>167,195</b>	<b>7</b>	<b>929,281</b>	<b>1,093,624</b>	<b>-</b>	<b>3,906,784</b>

## **NONMAJOR GOVERNMENTAL FUNDS**

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**TOWN OF ORONO, MAINE**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2024**

	<b>Special Revenue Funds</b>			<b>Capital Project Fund</b>	
	<b>Grant Fund</b>	<b>Cemetery</b>	<b>Public Library</b>	<b>Library Construction</b>	<b>Totals</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 206,228	27,404	582	7,527	241,741
Investments	-	367,319	72,262	-	439,581
Accounts receivable	272,404	-	-	-	272,404
Interfund loans receivable	654,829	-	-	-	654,829
<b>Total assets</b>	<b>\$ 1,133,461</b>	<b>394,723</b>	<b>72,844</b>	<b>7,527</b>	<b>1,608,555</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Unearned revenue	796,939	-	-	-	796,939
Total liabilities	796,939	-	-	-	796,939
Fund balances:					
Restricted	336,522	394,723	72,844	7,527	811,616
Total fund balance	336,522	394,723	72,844	7,527	811,616
<b>Total liabilities and fund balances</b>	<b>\$ 1,133,461</b>	<b>394,723</b>	<b>72,844</b>	<b>7,527</b>	<b>1,608,555</b>

**TOWN OF ORONO, MAINE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2024**

	<b>Special Revenue Funds</b>			<b>Capital Project Fund</b>	
	<b>Grant Fund</b>	<b>Cemetery</b>	<b>Public Library</b>	<b>Library Construction</b>	<b>Totals</b>
Revenues:					
Intergovernmental	\$ 590,367	-	-	-	590,367
Investment income (loss)	8,467	33,307	3,754	-	45,528
Grant revenue	82,272	-	-	-	82,272
Other	-	4,949	-	-	4,949
Total revenues	681,106	38,256	3,754	-	723,116
Expenditures:					
Current:					
Program expenditures	693,769	-	5,000	-	698,769
Total expenditures	693,769	-	5,000	-	698,769
Net change in fund balances	(12,663)	38,256	(1,246)	-	24,347
Fund balances, beginning of year	349,185	356,467	74,090	7,527	787,269
<b>Fund balances, end of year</b>	<b>\$ 336,522</b>	<b>394,723</b>	<b>72,844</b>	<b>7,527</b>	<b>811,616</b>

**APPENDIX C**

**PROPOSED FORM  
OF  
LEGAL OPINION**

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September 11, 2025

***FORM OF OPINION***

[Underwriter]

Re: Regional School Unit No. 26 – 2025 General Obligation Bonds in the aggregate principal amount of \$4,350,000, dated September 11, 2025  
CUSIP: 75915LBV0

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by Regional School Unit No. 26 (the “Issuer”) of the Issuer’s registered 2025 General Obligation Bonds in the aggregate principal amount of \$4,350,000.00, dated September 11, 2025 (the “Bonds”).

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. In our examination of the foregoing, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such copies. As to questions of fact material to our opinion, we have relied upon certified proceedings and other certifications of public officials furnished to us, and we have not undertaken to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto.

The Bonds are dated September 11, 2025, and will bear interest payable on March 1, 2026, and semi-annually thereafter on March 1 and September 1 of each year thereafter until maturity. The Bonds are issued in the following denominations and principal amounts and will mature on September 1 of each year as reflected hereinbelow:

Year	Installment	Interest Rate	Year	Installment	Interest Rate
2027	\$ 245,000	%	2036	\$ 240,000	%
2028	\$ 245,000	%	2037	\$ 240,000	%
2029	\$ 245,000	%	2038	\$ 240,000	%
2030	\$ 245,000	%	2039	\$ 240,000	%
2031	\$ 245,000	%	2040	\$ 240,000	%
2032	\$ 245,000	%	2041	\$ 240,000	%
2033	\$ 240,000	%	2042	\$ 240,000	%
2034	\$ 240,000	%	2043	\$ 240,000	%
2035	\$ 240,000	%	2044	\$ 240,000	%
			Total	\$ 4,350,000	

Bonds maturing on and before September 1, 2035 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after September 1, 2036 are subject to redemption prior to their stated dates of maturity, at the option of the Issuer, on and after September 1, 2035, in whole or in part at any time, in such order of maturity as the Issuer, in its discretion, may determine at a price of par (100% of

original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

Each of the Bonds have been signed by the Treasurer of the Issuer, countersigned by the Chair of the School Board of the Issuer, and attested to by the Secretary of the Issuer, and bear the signed certificate of the authenticating agent identified thereon. The Bonds are issued in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company. Purchases of the Bonds will be made in book-entry form, in the denominations of \$5,000 or any integral multiple thereof.

In formulating our opinion we have made such examination of Maine law and federal tax law as we have deemed relevant for the purposes of this opinion but have not made an independent review of the laws of any other state or jurisdiction. Accordingly, we express no opinion as to the laws of any state or jurisdiction other than those of the State of Maine and the tax laws of the United States of America.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds, executed and authenticated as described above, have been duly authorized and are valid and binding general obligations of the Issuer, enforceable in accordance with its terms.
2. Unless paid from other sources, the Bonds are payable as to both principal and interest from ad valorem taxes which may be levied without limit as to rate or amount upon all the property within the territorial limits of the Issuer (which territory comprises the Town of Orono, Maine) and taxable by it, except to the extent that any municipality within the territory of the Issuer may enter into an agreement under Title 30-A, Chapter 223, Subchapter 5 of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality; and except to the extent that any municipality within the territory of the Issuer establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds.
3. Under existing statutes and court decisions, interest on the Bonds (i) is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item in calculating the alternative minimum tax under the Code. However, such interest is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The opinions set forth herein are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements, however, may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of the issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.
4. Interest payable on the Bonds is not subject to Maine income taxes imposed upon individuals under existing statutes, regulations, and court decisions. We express no opinion with respect to taxation of the Bonds and the interest thereon under the laws of any state other than the State of Maine.

5. The Bonds are designated as a qualified tax-exempt obligation by the Issuer pursuant to section 265(b)(3) of the Code.

The foregoing opinions are qualified to the extent that the enforceability of obligations of the Issuer, including the Bonds, may be limited by bankruptcy, moratorium, or insolvency, or other laws affecting the rights and remedies of creditors generally and are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have not examined and assume no responsibility for the financial condition of the Issuer and nothing set forth herein shall be construed as an assurance as to the Issuer's financial condition or ability to make payment on the Bonds.

The opinions rendered herein are given as of the date hereof and we assume no obligation to update, revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

---

DRUMMOND WOODSUM & MACMAHON

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**APPENDIX D**

**PROPOSED FORM  
OF  
CONTINUING DISCLOSURE AGREEMENT**

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**REGIONAL SCHOOL UNIT NO. 26**  
**PROPOSED FORM OF**  
**CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the Regional School Unit No. 26, Maine (the “Issuer”) of its \$ \_\_, \_\_, \_\_, 000 2025 General Obligation Bonds dated \_\_\_\_\_, 2025 (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at [www.emma.msrb.org](http://www.emma.msrb.org). The Issuer reserves the right to incorporate by reference its Official Statement dated \_\_\_\_\_, 2025 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

In addition to the definitions set forth above in the undertaking, which apply to any capitalized term used in this Agreement unless otherwise defined, if used the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean the financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 1 of this Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

“Dissemination Agent” shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

“Holders” shall mean the registered Holders of the Bonds, as recorded in the registration books of the Registrar.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005.

“State” shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than March 31 after the end of each fiscal year, commencing with the fiscal year ending June 30, 2025, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings “RSU FINANCES,” “INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other

Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Bonds.

(a) Certain events whether material or not material:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in Section 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties

(b) Certain events if material:

- (1) Non-payment related defaults;
- (2) Modifications to the rights of Holders of the Bonds;
- (3) Bond calls;
- (4) The release, substitution, or sale of property securing repayment of the Bonds;

- (5) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (6) Appointment of a successor or additional trustee or the change of name of a trustee; and
- (7) Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security Holders, if material.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

- 3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Section 1 herein.
- 4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any Beneficial Owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a Dissemination Agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the Beneficial Owners of the Bonds, (d) to modify the contents, presentation and format of the Annual Financial Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Bonds or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

- 5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.

6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.
- 7 The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Meredith L. Higgins, Treasurer, Regional School Union No. 26, 10 Goodridge Drive, Orono, ME 04473, (207) 866-7110 x1101, (207) 866-4217 (FAX), *mhiggins@rsu26.org*.

Dated: \_\_\_\_\_, 20\_\_

REGIONAL SCHOOL UNIT NO. 26

By: \_\_\_\_\_  
Meredith L. Higgins, Treasurer