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INVESTMENTS

Banking & Advisory Group

NEW ISSUE

**Moody's:
S&P:**

In the opinion of Pierce Atwood LLP, 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 on the Bonds is not an item of tax preference for purposes of calculating the alternative minimum tax under the Section 55 of 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, as amended, interest paid on the Bonds is exempt from taxation within the State of Maine (the "State"). **The Town *will not* designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE BONDS—TAX MATTERS" and "APPENDIX B" herein.

TOWN OF ORONO, MAINE

\$10,250,000 (*)

2026 GENERAL OBLIGATION BONDS

Dated: Date of Delivery

Due: October 15, as shown below:

Year of Maturity	Amount (*)	Interest Rate	Yield or Price	Year of Maturity	Amount (*)	Interest Rate	Yield or Price
2027	\$300,000			2042	\$455,000		
2028	300,000			2043	455,000		
2029	300,000			2044	455,000		
2030	465,000			2045	455,000		
2031	465,000			2046	455,000		
2032	465,000			2047	155,000		
2033	465,000			2048	155,000		
2034	465,000			2049	155,000		
2035	465,000			2050	155,000		
2036	460,000			2051	155,000		
2037	455,000			2052	155,000		
2038	455,000			2053	155,000		
2039	455,000			2054	155,000		
2040	455,000			2055	155,000		
2041	455,000			2056	155,000		

The Town of Orono, Maine 2026 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 Bondowner 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 minimum denomination of \$5,000, or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal 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 October 15, 2027 and semi-annually on each April 15 and October 15 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 the Town of Orono, Maine (the "Town") and, unless paid from other sources are payable as to both principal and interest from *ad valorem* taxes that may be levied without limit as to rate or amount upon all the property within the territorial limits of the Town and taxable by it, except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the Town establishes or has established development districts either as tax increment financing districts or affordable housing development districts (collectively, "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 (see "TOWN FINANCES—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein). The Town's Treasurer has certified that the Town has no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality. The Town has established certain tax increment financing districts or affordable housing 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 the districts. Within the limits established by statute, the Town has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. Bond Counsel's opinion will indicate that the enforceability of the obligations of the Town, including the Bonds, is 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.

The Bonds maturing on and before October 15, 2036 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after October 15, 2037 are subject to optional redemption prior to their stated dates of maturity, at the option of the Town, on and after October 15, 2036 as more fully set forth herein (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" herein).

The Bonds are offered when, as and if issued, subject to the approval of legality by Pierce Atwood LLP, Bond Counsel. Moors & Cabot, Inc., Boston, Massachusetts, serves as Municipal Advisor to the Town. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York City, New York on or about October 29, 2026.

NOTE: (*) Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by the Town 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 Town 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 Town. 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 Town 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 ACTS. 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 Town and are included solely for the convenience of the holders of the Bonds. Neither the Town 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 Town 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 the Town of Orono, Maine with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the records of the Town 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 Pierce Atwood LLP, 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 Town 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 Town or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Treasurer, of the Town, 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 Town is not guaranteed as to accuracy, completeness or fairness, the Treasurer 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 Treasurer and furnished at the closing.

This Official Statement is in a form “deemed final” by the Town 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.

Zachary Turner, Treasurer
Town of Orono, Maine

**OFFICIAL STATEMENT
TOWN OF ORONO, MAINE
\$10,250,000 ^(*)
2026 GENERAL OBLIGATION BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Orono, Maine (the “Town” or “Orono”) in connection with the sale of its 2026 General Obligation Bonds (the “Bonds”).

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be issued only as fully-registered bonds without coupons, one certificate per maturity, 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 any integral multiple 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 October 15, 2027, and semi-annually thereafter on April 15 and October 15 of each year until maturity, or redemption prior to maturity. The Bonds will mature as follows:

<u>Amount ^(*)</u>	<u>October 15,</u>	<u>CUSIP</u>	<u>Amount ^(*)</u>	<u>October 15,</u>	<u>CUSIP</u>
\$300,000	2027	687085ED8	\$455,000	2042	687085EU0
300,000	2028	687085EE6	455,000	2043	687085EV8
300,000	2029	687085EF3	455,000	2044	687085EW6
465,000	2030	687085EG1	455,000	2045	687085EX4
465,000	2031	687085EH9	455,000	2046	687085EY2
465,000	2032	687085EJ5	155,000	2047	687085EZ9
465,000	2033	687085EK2	155,000	2048	687085FA3
465,000	2034	687085EL0	155,000	2049	687085FB1
465,000	2035	687085EM8	155,000	2050	687085FC9
460,000	2036	687085EN6	155,000	2051	687085FD7
455,000	2037	687085EP1	155,000	2052	687085FE5
455,000	2038	687085EQ9	155,000	2053	687085FF2
455,000	2039	687085ER7	155,000	2054	687085FG0
455,000	2040	687085ES5	155,000	2055	687085FH8
455,000	2041	687085ET3	155,000	2056	687085FJ4

It is expected that the Bonds will be available for delivery at DTC on or about October 29, 2026.

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 Town 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.

NOTE: ^(*) Preliminary, subject to change.

OPTIONAL REDEMPTION OF THE BONDS PRIOR TO MATURITY

Bonds maturing on and before October 15, 2036 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after October 15, 2037 are subject to optional redemption prior to their stated dates of maturity, at the option of the Town, on and after October 15, 2036, as a whole or in part at any time, in such order of maturity as the Town, 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

Notice of Redemption

In the case of every redemption of the Bonds, the Town shall cause notice of such redemption to be given to the registered owner of any Bonds designated for redemption in whole or in part, at his or her address as the same shall last appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the 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 Town to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner. Each notice of redemption shall specify the date fixed for 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 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 redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed.

The Town 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 Town, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the 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 and funds deposited 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 and funds deposited), the Bonds to be redeemed shall not be deemed to be outstanding.

Cancellation of Bonds

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 Town or returned to the Town 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 Town by lot or in such other manner, as the Town 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 last 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

The Bonds are being issued under the authority of Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, and the Town's Charter. Pursuant to Section 1.1.10. *Referendum and Initiative*, all ordinances, all orders or resolves appropriating \$500,000 or more for a single capital improvement, and all orders or resolves authorizing a general obligation bond issues of \$500,000 or more for capital improvements shall be subject to overrule by referendum. The Bonds are authorized pursuant to an Ordinance Approving Bonded Capital Improvements adopted by the Town Council on July 13, 2026 and the Orders listed in the following table, and are issued to provide funds to finance the following improvements (the Projects"):

<u>Order</u>	<u>Date</u> <u>Authorized</u>	<u>Amount</u>	<u>Projects</u>
26-145	7/13/2026	\$6,000,000	Sewer Improvements
26-146	7/13/2026	400,000	Public Safety Building
26-177	8/10/2026	1,250,000	Public Safety Building
26-147	7/13/2026	<u>2,600,000</u>	Library
		\$10,250,000	The Bonds

Public Safety Building

In 2025, the Town purchased a 2,240 square foot building that had been constructed in 1972, with a parking facility, at 56 Main Street in Orono, with the intent of converting the facility into a Police Station. The Town estimates that the repairs and renovations necessary before it can be occupied may cost an estimated \$3 to \$3.5 million. A portion of the cost of the project, in the amount of \$1.65 million, will be financed with a portion of the Bonds. Additionally, the Town appropriated \$1.2 million of 2024 capital plan reserves and expects to use available Downtown TIF funds to provide additional funds to finance the project.



Library

The Town owns, operates and manages the Orono Public Library (the “Library”). In 2002, the Orono Public Library Foundation (the “Foundation”), a 501(c)(3) organization, was established to acquire physical facilities for and ongoing financial support of the Library. In 2024, the Foundation established a capital campaign with an \$8.62 million goal, to expand the current Library facilities from 6,500 sq ft to 12,000 sq ft, as had been planned in its 2009 original construction. \$3.6 million had been secured through a USDA Grant. In January 2025, the Town resolved to contribute to this expansion, in an amount of \$2.6 million, that will be financed with a portion of the Bonds. Remaining funds, of approximately \$2.4 million, from donations through the Foundation’s capital campaign, are expected to be received and used to provide funds to complete the project. To date, approximately 91.4% of pledged donations from over 500 financial supporters have been received.



Proposed Floor Plan



Orono Public Library With Expansion

Sewer Improvements

The Town has incorporated \$6 million in bonding into its three-year rate structure to finance improvements to its Waste Pollution Control Facility (“WPCF”). A portion of the Bonds, in an amount of \$6 million, will be used to provide funds to finance the following WPCF and ancillary sewer improvements: sludge press replacement, Main Street clay line replacement, Hillside sewer line, and Bennoch Road capacity. The WPCF is an enterprise-funded utility with the expectation that user fees, rates, charges and assessments paid or payable from the provision of sewer services, together with other available monies, if any, will be sufficient to provide funds for ongoing operations and maintenance, and to pay obligations, including required debt service on its Bonds.

Amortization of the Bonds, by Project

<u>Oct 15,</u>	<u>Library</u>	<u>Public Safety</u>	<u>Sewer</u>	<u>The Bonds</u> ^(*)
2027	\$0	\$0	\$300,000	\$300,000
2028	0	0	300,000	300,000
2029	0	0	300,000	300,000
2030	100,000	65,000	300,000	465,000
2031	100,000	65,000	300,000	465,000
2032	100,000	65,000	300,000	465,000
2033	100,000	65,000	300,000	465,000
2034	100,000	65,000	300,000	465,000
2035	100,000	65,000	300,000	465,000
2036	100,000	60,000	300,000	460,000
2037	95,000	60,000	300,000	455,000
2038	95,000	60,000	300,000	455,000
2039	95,000	60,000	300,000	455,000
2040	95,000	60,000	300,000	455,000
2041	95,000	60,000	300,000	455,000
2042	95,000	60,000	300,000	455,000
2043	95,000	60,000	300,000	455,000
2044	95,000	60,000	300,000	455,000
2045	95,000	60,000	300,000	455,000
2046	95,000	60,000	300,000	455,000
2047	95,000	60,000		155,000
2048	95,000	60,000		155,000
2049	95,000	60,000		155,000
2050	95,000	60,000		155,000
2051	95,000	60,000		155,000
2052	95,000	60,000		155,000
2053	95,000	60,000		155,000
2054	95,000	60,000		155,000
2055	95,000	60,000		155,000
2056	95,000	60,000		155,000
	<u>\$2,600,000</u>	<u>\$1,650,000</u>	<u>\$6,000,000</u>	<u>\$10,250,000</u>

NOTE: ^(*) All maturities in the table above are preliminary, subject to change. Amounts in the above table may be adjusted to reflect the par amount of Bonds, plus the allocable net Original Issue bid premium, if any, allocated to each Project.

Unspent Bond Proceeds

In the event that any proceeds of the Bonds remain unspent upon completion of a Project or the Town abandons any Project, the Town reserves the right to reallocate unspent proceeds to the costs of other qualified projects approved, or to be approved, by the Town, or to the payment of debt service on the Bonds.

SOURCE OF PAYMENT AND REMEDIES

General

The Bonds are general obligations of the Town and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the "State") have the right to tax their inhabitants to pay municipal indebtedness. The Bonds are payable as to both principal and interest from *ad valorem* taxes

that that may be levied by the Town without limit as to rate or amount upon all the taxable property within its territorial limits, except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the Town establishes or has established development districts 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 (see “TOWN FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” herein). The Town Treasurer has certified that no tax base sharing agreement now exists. Within the limits established by statute, the Town has the right to designate development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on the Bonds. Title 14, Section 4951 of the Maine Revised Statutes, as amended, provides that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, Title 30-A, Section 5701 of the Maine Revised Statutes, as amended, provides that the personal property of the residents and the real estate within the boundaries of a municipality may be taken to pay any debt due from the municipality. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of or judgments against, a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon. There has been no judicial determination as to whether statutory remedies available against towns are applicable to cities and Bond Counsel expresses no opinion thereon.

Funds to meet Town expenses, including debt service, are not included in the tax levy to the extent they are expected to be met with other non-tax revenues. 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 or interest on notes or bonds 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.

TAX MATTERS

Exclusion of Interest on the Bonds from Gross Income for Federal Income Tax Purposes

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 Town 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.

In its arbitrage and use of proceeds certificate to be delivered concurrently with the delivery of the Bonds, the Town will make certain representations with respect to the use of the proceeds of the Bonds and the projects and improvements financed by the Bonds, and will covenant (i) to comply with the provisions,

procedures and requirements of the Code applicable to the Bonds to assure that the interest paid on the Bonds is and remains excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Code, 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 the Town's compliance with the requirements of the Code and with the representations and tax covenants set forth in the arbitrage and use of proceeds certificate, under existing statutes, regulations and court decisions interest on the Bonds is excludable from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference item for purposes of calculating the alternative minimum tax under the Section 55 of the Code provided, 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. In rendering its opinion, Bond Counsel will rely upon the Town's representations made with respect to the use of the proceeds of the Bonds, and of the projects financed with the Bonds, and the Town's covenant that it will comply with the requirements of the Code. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

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 exempt from income taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

Not Designated as Qualified Tax-Exempt Obligations

The Town *will not designate* the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

Certain maturities of the Bonds (the "Discount Bonds") may be sold at an issue price that is less than the stated redemption price of the Discount Bonds at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at which each of the Discount Bonds is sold and the stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) of each of the Discount Bonds constitutes original issue discount ("OID"). Pursuant to Section 1288 of the Code, OID on the Discount Bonds accrues on the basis of economic accrual under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on the Discount Bonds, as applicable. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued OID for purposes of determining gain or loss on the sale, exchange, or other disposition of such Bond.

Prospective purchasers of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the OID properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

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 the Premium Bonds should consult their own 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 Pierce Atwood LLP, Portland, Maine (see APPENDIX B) 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 for federal income tax purposes pursuant to Section 103 of the Code, (b) interest on Bonds constituting an item of tax preference pursuant to Section 57 of the Code; however, 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, and (c) 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, as amended. Prospective purchasers of the Bonds should consult their own tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds. The opinion of Bond Counsel represents Pierce Atwood’s judgment regarding the proper treatment of the interest paid on the Bonds for purposes of federal income taxation and is not binding on the IRS or the courts, and is not a guarantee of results. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Town or about the effect of changes to the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. 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 as fully-registered Bonds 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 security certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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 bond 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 subsidiaries. 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.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("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 the Bonds 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. To facilitate subsequent transfers, all Bonds 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 the Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of the principal and redemption of, and interest on the Bonds 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 Issuer or Agent, on 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 bonds 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or 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 the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTV and the Issuer takes no responsibility for the accuracy thereof.

RATINGS

The Bonds are rated "___" by Moody's Ratings ("Moody's") and "___" by S&P Global Ratings ("S&P"). The Town has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. 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 for the Continuing Disclosure Agreement set forth in APPENDIX C and referred to under "THE BONDS – CONTINUING DISCLOSURE" herein, the Town 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 Town will enter into a Continuing Disclosure Agreement (the "CDA"), 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 Filing") 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 proposed form of the CDA is provided in APPENDIX C. The CDA will be executed by the Treasurer of the Town, and incorporated by reference in the Bonds. Except as discussed below, in the last five years the Town has complied in all material respects with any previous undertakings to provide financial information, operating data or notices of material events in accordance with the Rule. The following table displays the dates of the Town's recent Annual Filings:

<u>FYE June 30,</u>	<u>Date of EMMA Filing</u>	<u>Days Following the FYE</u>
2025	May 4, 2026	308
2024	May 12, 2025	316
2023	February 18, 2025	599
2022	January 11, 2023	195
2021	March 16, 2022	259

Senior level and operating staff transitions over the last few years resulted in unforeseen delays or training gaps in various aspects of Town office operations, leading to the above-listed late filings under its CDA dated October 29, 2024. This situation has since been rectified. The Town has since received guidance and training to ensure that it will meet its annual filing obligations, on an on-going basis, in the future. The Town intends to satisfy its fiscal year ended June 30, 2025 and June 30, 2026 Operating Data filing obligation by submission of the Preliminary Official Statement for this financing prior to the sale date.

The Town Council adopted a *Financial and Fiscal Policy* September 5, 2018, that incorporated a Post Issuance Reporting and Compliance Policy. The policy outlines procedures, and provides guidelines and responsibilities. The policy recognizes that as an issuer of tax-exempt bonds, the Town is required by the Code, and various regulations promulgated under the Treasury Regulations, to take certain actions subsequent to the issuance of bonds to ensure the continuing tax-exempt status of bonds. The Town recognizes that compliance with applicable provisions of the Code and Treasury Regulations is an on-going process, necessary during the entire term of the obligation(s), and is an integral component of the Town's overall debt management. In addition to its post-issuance compliance requirements under policy, the Town has agreed to provide Continuing Disclosure, such as annual financial information and material event notices obligated by the Rule.

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 Town provided, however, that the Town 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 MSRB and has acted as Municipal Advisor to the Town 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.

No Litigation

Upon delivery of the Bonds, the Town shall deliver or cause to be delivered a certificate of the Treasurer, dated the date of delivery of the Bonds, to the effect that there is no litigation pending or, to the knowledge of such official, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, and that neither the corporate existence nor boundaries of the Town, nor the title of any of said officers to their respective offices, is being contested.

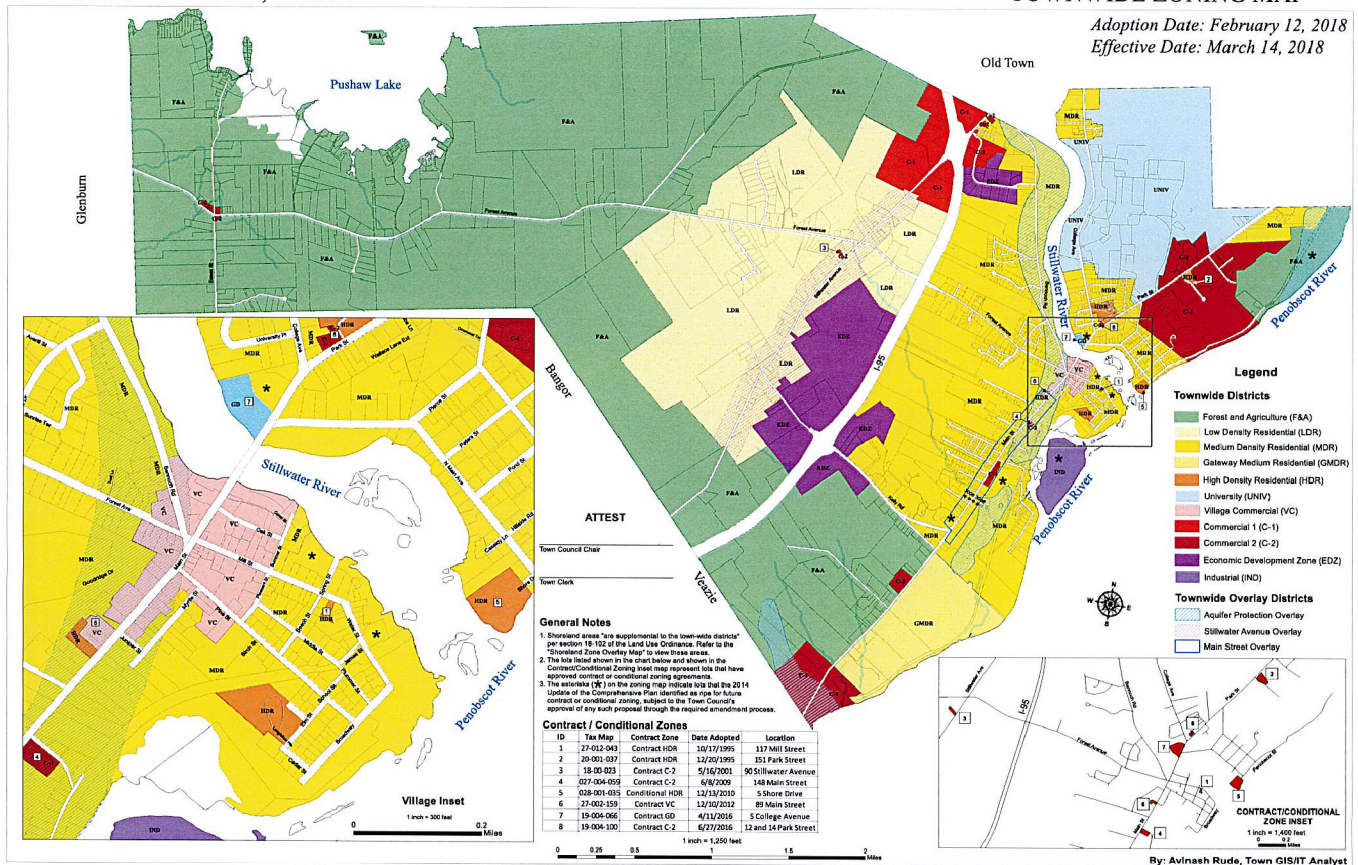
Approval of Legality

The legality of the Bonds will be approved by Pierce Atwood LLP, Bond Counsel. The approving opinion of such counsel with respect to the Bonds in substantially the form attached to this Official Statement as APPENDIX B 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. 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 B herein.

TOWN OF ORONO, MAINE

TOWNWIDE ZONING MAP

Adoption Date: February 12, 2018
Effective Date: March 14, 2018

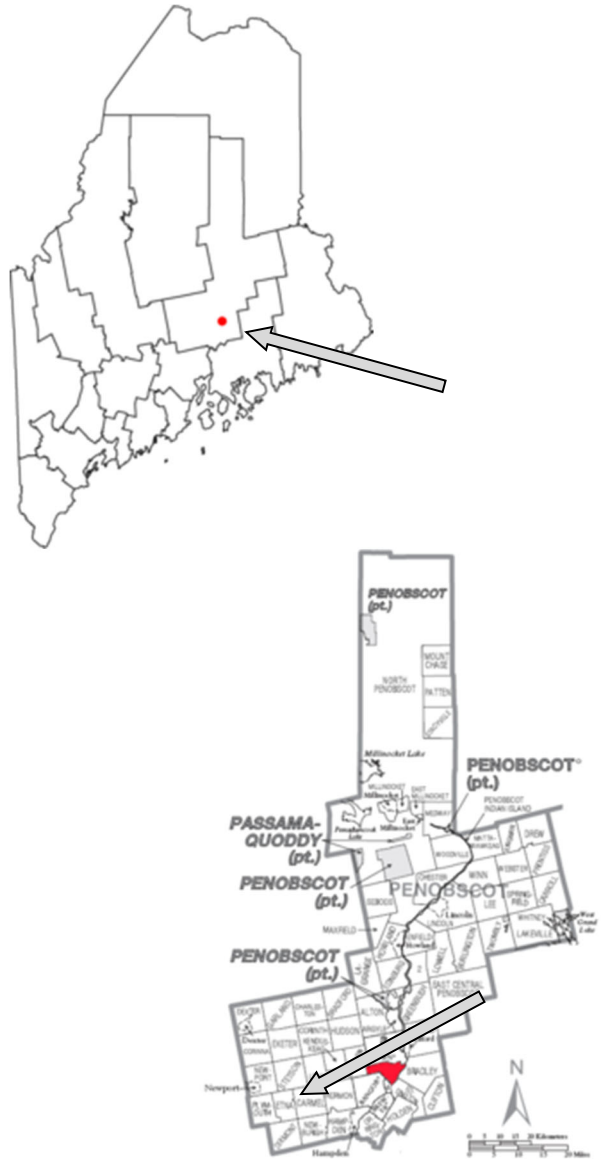


TOWN OF ORONO

GENERAL

The Town of Orono 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.

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 at 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 and growing commercial center, as well as a “college town” hosting the main campus of the University of Maine System. 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.

GOVERNMENT

The basic forms of local government in Maine are the "Direct" form, often referred to as town meeting government, in which the town meeting serves as the legislative body, passing laws, approving the spending of monies; and the "Representational" form, in which an elected council serves as the legislative body. Variations of the Direct form are: *Town Meeting/Selectboard* form of government (209 municipalities); *Town Meeting/Selectboard/Manager*, (135 towns); *Town Meeting/Council/Manager* (20 towns) a variation of the town meeting form of government, where the legislative functions of government are shared between the town meeting and an elected council, and *Selectboard/Town Meeting/Administrator* (80 municipalities). Variations of the Representational form: *Council/Mayor/Administrator* (four cities), and *Council/Manager* (37 municipalities).

The Town operates under a charter initially approved through Chapter 47 of the Private and Special Laws of 1969, as adopted by the State Legislature on March 13, 1969, and accepted by the electors of the Town on November 4, 1969, and since amended, most recently on March 5, 2024. Pursuant to Title 30-A, Chapter 123, §2631 of Maine Revised Statutes, as amended, the Town has adopted its form of government through the state's Statutory Town Manager Plan and operates as a *Council/ Manager* form, with a seven-member Town Council, all elected at-large for three-year terms. The Charter grants to the Town Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the Town's property affairs and government, to preserve the public peace, health and safety, to establish personnel policies, and providing for an annual budget and annual audit of the Town's accounts and, as its general legislative body, is empowered to effect capital improvements or to incur debt; however, any appropriation of \$500,000 or more for a single capital improvement or authorization of general obligation bond issues of \$500,000 or more are subject to overrule by the Charter's petition/referendum procedure. The Town Council constitutes the municipal officers of the Town. The Town Manager is appointed by the Town Council and serves as the chief administrative officer of the Town. The Town Manager appoints the Town's Clerk, Treasurer, Tax Collector, Assessor and department heads, subject to confirmation of the Town Council.

MUNICIPAL SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, emergency medical services, solid waste disposal, maintenance of highways, sewers, streets, sidewalks, parks, recreation and coastal areas, and a library. Public education is provided for grades Kindergarten ("K") through 12 through the Town's affiliation with Regional School Unit No. 26 ("RSU 26").

Water Utilities

Water service is provided by the Orono-Veazie Water District for the densely developed areas of the Town; and by the Old Town Water District for a small portion of the northeastern section of the Town, each being wholly separate quasi-municipal entities whose operations and obligations are not part of the Town.

Orono Water Pollution Control Facility

The Orono Water Pollution Control Facility (the “WPCF”), a department of the Town in operation since 1970, provides for transmission and treatment of the Town’s wastewater. The WPCF, which is staffed by the superintendent and five employees, includes a main treatment plant, four pumping stations and 25 miles of transmission or collector lines. The WPCF’s operations are established as an Enterprise Activity, whereby the intent of the Town is for the WPCF to provide its services on a continuing basis financed through user charges, and therefore be self-supporting.

Public Safety

The Police Department is staffed by 16 full-time which include a Police Chief, a Captain, three Sergeants, a Detective Sergeant, eight Patrol Officers, a Community Police Liaison, and an Administrative Assistant. The Police Department maintains nine vehicles, and has a maintenance program to continue their good repair. The Fire Department is operated by 28 full-time employees, including a Fire Chief, a Deputy Chief, an Administrative Assistant, a Life Safety Assistant, four Captain Firefighter/Paramedics, four Lieutenant Firefighter/Paramedics, four Firefighter/Paramedics, seven Firefighter A-EMT, and four Firefighter/EMT Basic operating from one fire station. The Fire Department serves as a regional HazMat response team and includes nine full-time EMS certified paramedics. The Public Safety departments share an Administrative Assistant.

Public Works

The Public Works Department provides for highway maintenance, care and maintenance of cemeteries and for disposal of the Town’s solid waste. The department is staffed by a Director of Public Works and Engineering, 15 full-time employees and various part-time employees who provide for the care and the maintenance of the Town’s properties.

Although closure and post-closure 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 post-closure 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 post-closure 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 post-closure costs of the landfill, as of June 30, 2025. 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 post-closure costs projected in the engineering estimate total \$1,043,500. The estimated remaining life of the landfill, at June 30, 2025, is 34 years. The new cell has a capacity of 40,000 yards, of which approximately 17,030 yards were used as of June 30, 2025. 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 2025.

Orono Public Library

The Orono Public Library was established in 1892 as the *Orono Women’s Christian Temperance Union Free Library and Reading Room* in the old Town Hall, with an initial collection of 90 books. Originally supported solely through private funding and the efforts of involved citizens, the Library gradually received increased public funding until 1930, when it became part of the Town. In December 1962, the Library was

re-located to the Orono High School building complex as a combined Public/School library. The Town owns, operates and manages the Orono Public Library, and by resolve intends for this to continue. However, in 2002, the Orono Public Library Foundation (the “Foundation”), a 501(c)(3) organization, was established to acquire physical facilities for and ongoing financial support of the Library. The Foundation raised \$2.1 million to construct a free-standing library, opening in 2009. Subsequently, in 2016, \$375,000 was raised to provide funds to finance the Orono Village Green outdoor performance space at the Library. Currently, in 2024, the Foundation, established an *Achieving the Vision* capital campaign with the goal of raising \$8.6 million to expand the circa 2009 library from 6,500 sq ft to 12,000 sq ft as had been originally planned in 2009. In June 2023, Maine’s Senator Collins announced that funding in the amount of \$3.6 million had been secured through the 2024 Agriculture and Rural Development Transportation, Housing and Urban Development appropriations bills passed by the Senate and signed into law (a USDA Grant). In January 2025, the Town resolved to contribute to this expansion, in an amount of \$2,600,000, that will be financed through the proceeds of a portion of the Bonds.

A six-member Board of Trustees acts as an advisory committee for the Library and manages various trust accounts. The Library is staffed by a Director who supervises two full-time and one part-time employees. The Library belongs to the Minerva consortium, offering inter-library loan and collection sharing to its over 3,000 active, registered borrowers.

PUBLIC EDUCATION

Regional School Unit No. 26 (the “RSU 26”) serves the educational needs for grades K through 12 for the residents of its Member Municipalities. The RSU received its current Certificate of Organization, dated May 10, 2013, effective July 1, 2013, leaving the Town of Orono as a sole Member Municipality. 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, five assistant principals, one special education director, one curriculum coordinator, and approximately 182.38 full-time equivalent (“FTE”) staff, which includes 88.3 FTE teachers and various other professional and non-professional staff. The RSU’s schools are:

<u>School</u>	<u>Grades</u>	<u>October 1, 2025 Enrollment</u>		
		<u>Resident</u>	<u>Non-Resident</u>	<u>Total</u>
Asa C. Adams	PreK - 5	310	0	310
Orono Middle	6 - 8	164	3	167
Orono High	9 - 12	203	135	338

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 38 students to Region #4, or 4.6% of the 812 total current student enrollments.

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			
2025	310	164	203	677	138	812	83.37%
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%

LABOR RELATIONS

The Town employs approximately 80 full-time employees and various part-time and seasonal employees. The following lists the various bargaining units that are represented by a union, and the status of its current contract. Town employees not included in the below table are not represented by unions. The various contracts for employees represented by unions are effective and expire as follows:

<u>Union</u>	<u>Members</u>	<u>Bargaining Unit</u>	<u>Date of Contract</u>	
			<u>Effective</u>	<u>Expiration</u>
MAP	12	Police Unit	July 1, 2024	June 30, 2027
IAFF	25	Firefighters	July 1, 2026	June 30, 2029

NOTE: ⁽¹⁾ “MAP” indicates Maine Association of Police; “IAFF” indicates the International Association of Fire Fighters; affiliated with the American Federation of Labor & Congress of Industrial Organizations (“AFL-CIO”).

BUILDING PERMITS

Fiscal Year Ended June 30,	Commercial		Residential		Total	
	Number of Permits	Estimated Cost	Number of Permits	Estimated Cost	Number of Permits	Estimated Cost
2025	47	\$91,749,865	113	\$6,015,354	160	\$97,765,219
2024	78	55,926,555	95	6,260,360	173	62,186,915
2023	56	59,628,263	94	2,659,655	150	62,287,918
2022	43	13,473,724	93	3,930,016	136	17,403,740
2021	18	16,592,427	35	1,985,983	53	18,578,410
2020	0	0	3	402,833	3	402,833
2019	2	78,020,000	5	334,500	7	78,354,500
2018	0	0	0	0	0	0
2017	1	710,295	6	1,421,392	7	2,131,687
2016	12	9,095,785	11	1,530,000	23	10,625,785

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⁽¹⁾ 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.

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>		
		<u>Town</u>	<u>State</u>	<u>USA</u>
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)	21.8	42.0	44.8	38.8
% under 5 years	1.9%	4.2%	4.3%	5.5%
% under 18 years	6.8%	17.1%	17.6%	21.5%
% 65 and over	11.4%	21.2%	23.5%	18.0%
Persons/household	2.37	2.26	2.26	2.53

Income	Town of <u>Orono</u>	Penobscot <u>County</u>	State of <u>Maine</u>	<u>USA</u>
Median household income	\$61,528	\$66,356	\$74,733	\$80,734
% below poverty level	24.9%	14.2%	10.6%	10.6%
Per capita income	\$28,271	\$37,915	\$43,742	\$44,673

Housing	Town of <u>Orono</u>	Penobscot <u>County</u>	State of <u>Maine</u>	<u>USA</u>
% owner occupied	46.6%	70.5%	74.3%	65.2%
Owner occupied med. Value	\$272,600	\$214,100	\$296,600	\$332,700
Median gross rent	\$1,255	\$1,041	\$1,139	\$1,413
Households	3,308	65,221	597,159	-

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>
2025	3.2%	3.7%	3.4%	4.3%
2024	3.1	3.3	3.1	4.0
2023	2.8	3.1	2.9	3.6
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

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

TOWN FINANCES

BUDGETARY PROCESS

Article 1.1.8 of the Town's Charter provides for a budget process. The fiscal year (or "budget year") of the Town begins on the first day of July and ends on the thirtieth day of June of the following year. The Charter provides that the Town Manager submit a budget to the Council at least 60 days prior to the beginning of each budget year. The budget, compiled from detailed information furnished by the administrative officers and boards designated by the Town Manager, reviewed by the Town Council, with the prerogative of amendment, and holds a public hearing. The Town Council reviews the budget and adopts it. If the budget is not adopted by the beginning of the new budget year, the Town operates at the previous year's budget level until adoption of a current budget. A copy of the final budget, as adopted, is certified by the Town Manager and filed with the Town Assessor, who establishes a property tax levy.

Annual Budget Fiscal Year Ending June 30,

	2022	2023	2024	2025	2026
Revenues					
Property taxes	\$13,855,485	\$14,008,567	\$14,171,879	\$15,286,955	\$15,771,058
Excise taxes	789,000	730,125	774,000	794,000	839,000
Licenses & permits	101,700	101,300	109,550	109,550	134,750
Intergovernmental	3,709,422	4,637,728	5,958,229	7,102,244	6,840,284
Charges for services	567,575	527,139	525,937	579,437	662,750
Other	<u>348,249</u>	<u>350,713</u>	<u>340,625</u>	<u>330,625</u>	<u>328,425</u>
Total revenues	19,371,431	20,355,572	21,880,220	24,202,811	24,576,267
Expenditures					
General government	1,062,252	1,295,593	1,377,377	1,512,373	1,599,649
Public works	2,179,128	2,458,219	2,644,495	2,790,850	2,988,667
Public safety	4,401,470	4,852,083	5,397,521	5,804,416	6,173,649
Health & welfare	13,100	14,050	14,050	16,050	16,150
Public services	577,925	650,165	767,509	800,362	872,749
Education	6,932,402	7,242,774	7,684,926	8,514,903	8,517,441
County tax and overlay	816,496	923,371	1,045,729	1,061,662	1,157,943
Debt service	<u>850,170</u>	<u>921,547</u>	<u>907,821</u>	<u>854,223</u>	<u>844,277</u>
Total expenditures	<u>16,832,943</u>	<u>18,357,802</u>	<u>19,839,428</u>	<u>21,354,839</u>	<u>22,170,525</u>
Excess revenues					
Other financing sources	\$2,647,952	\$2,245,099	\$2,530,299	\$3,175,062	\$2,405,742

CAPITAL IMPROVEMENT PLAN

Section 1.1.8.J of the Town's Charter provides that the Town will have a Capital Improvement Program ("CIP"). The Town Manager is directed by the Charter to prepare and submit a capital program at least three months prior to the final date for submission of the annual budget. The CIP includes a list of all capital improvements proposed within the next five succeeding fiscal years. This includes costs, methods of financing and time schedules as well as the annual cost to operate and maintain the proposed respective improvement. The CIP is reviewed by the Town Council who adopt the program, as amended if necessary, following a public hearing.

The Capital Improvement Program includes an inventory of possible capital projects, some of which may ultimately be financed through the issuance of indebtedness. The issuance of debt, however, is subject to the prior review and approval of the Town Council. A complete version of the Town's CIP for FY2027 is on the Town's website at <https://www.orono.org/DocumentCenter/View/13205/Final-Orono-Capital-Improvement-Plan-2026?bidId=>

REPEAL OF PRIOR POLICIES

On September 5, 2018, the Town Council adopted its *Financial and Fiscal Policy*. This policy incorporated (and repealed as separate policies) its Debt Management Policy, adopted on March 21, 2012; its Investment Policy, adopted on March 21, 2012; its Fund Balance Policy, adopted on September 17, 1997, amended on January 20, 2010; and replaced a policy adopted by the Council on November 2, 2016; and its Capital Planning Policy, adopted on September 9, 2016.

INVESTMENT POLICY

In Section II of the *Financial and Fiscal Policy*, the Town established a formal Investment Policy. Pursuant to its Investment Policy and Title 30-A, Section 5706 et seq. of the Maine Revised Statutes, as amended (the "Act") all investments of the Town must be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and (iii) return of income commensurate with avoidance of unreasonable risk. Under its policy, the Town's investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The Town is invested principally in direct obligations of the United States government and its agencies. The Town is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

FUND BALANCE POLICY

In Section III of the *Financial and Fiscal Policy*, the Town established a formal Fund Balance Policy. The purpose of the Policy is to identify the minimum and maximum ranges of Undesignated Fund Balance monies, and to identify potential uses of the funds. In the policy, the "Town aspires to reach an Unassigned Fund Balance of 16.67% (two months or 1/6) of the prior year's Operating Budget."

Pursuant to the Policy, until the Town maintains an Undesignated Fund Balance equal to 10% of total annual Operating Budget consideration should be given to raise the minimum level of Unassigned Fund Balance until the aspirational goal is met. Once the Town achieves an Unassigned Fund Balance greater than 12%, but less than 16.67% of the Town's Operating Budget, any excess above 12% may be assigned

according to the policy. Once the Town achieves an Unassigned Fund Balance greater than 16.67% of the Town's Operating Budget, any excess above 16.67% would be assigned according to the policy. In the event that the balance drops below the established minimum level, the Town Council will develop a plan to replenish the fund balance to the established minimum level within two years.

	Fiscal Year Ended June 30,				
	2021	2022	2023	2024	2025
	Audited				
Unassigned General Fund Balance	\$2,028,471	\$1,848,282	\$5,214,618	\$5,973,604	\$4,657,675
Total Operating Budget	21,588,909	20,952,153	21,588,909	22,127,863	25,215,042
Fund Bal as % Oper. Budget	9.40%	8.82%	24.15%	27.00%	18.47%
Unassigned General Fund Balance	\$2,028,471	\$1,848,282	\$5,214,618	\$5,973,604	\$4,657,675
Total Revenues (Current Year)	17,289,302	17,450,068	21,315,193	22,657,210	24,884,885
Fund Bal as % Revenues	11.73%	10.59%	24.46%	26.37%	18.72%

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Section 1.1.2(M) of the Town's Charter provide for independent annual audits of the Town's accounts and establishes procedures for such audits. The Town, in conformance with this statute and its Charter currently engages the services of Runyon Kersteen Ouellette, Certified Public Accountants ("RKO") for this review. The Town's fiscal year 2025 Annual Financial Report, audited by RKO, is presented as APPENDIX A to this Official Statement. The Town has not requested the consent of RKO for the incorporation of the Financial Statements included in APPENDIX A, nor has it been received.

FUNDS

The accounts of the Town are organized and operated on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. The Town has the following fund types:

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

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

Special Revenue Funds account for revenue sources (not including expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes.

Capital Projects Fund is used to account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or non-expendable trust funds.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting governments' programs.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Town Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

TOWN OF ORONO, MAINE
COMPARATIVE BALANCE SHEET
GENERAL FUND
(As of June 30,)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
ASSETS					
Cash	\$12,655,573	\$11,863,680	\$10,356,716	\$10,220,278	\$8,467,048
Investments	1,150,860	1,067,653	1,002,125	589,897	649,361
In escrow	0	0	0	675,000	0
Receivables:					
Accounts receivable	229,215	252,591	230,162	193,839	317,008
Rescue receivable	75,546	54,198	74,602	101,275	121,374
Taxes - current year	166,283	164,900	157,273	130,296	245,489
Taxes - prior years	124,595	93,041	83,531	148,470	236,829
Inventories	45,904	32,270	33,069	20,628	17,249
Interfund loans receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>122,756</u>
TOTAL ASSETS	14,447,976	13,528,333	11,937,478	12,079,683	10,177,114
LIABILITIES					
Accounts payable	779,363	1,152,326	519,843	746,137	638,477
Accrued wages	332,941	288,249	256,565	226,365	238,287
Performance bond	71,892	68,047	63,520	101,926	93,957
Taxes paid in advance	39,681	15,511	37,269	55,915	71,437
Interfund loans	<u>1,024,597</u>	<u>542,847</u>	<u>983,387</u>	<u>609,095</u>	<u>0</u>
TOTAL LIABILITIES	2,248,474	2,066,980	1,860,584	1,739,438	1,042,158
DEFERRED	226,800	219,900	141,300	256,100	423,700
FUND EQUITY:					
Non-spendable	45,904	32,270	33,069	20,628	17,249
Restricted	1,503,289	1,725,522	1,543,976	3,180,995	3,014,307
Committed	0	0	0	0	0
Assigned	5,765,834	3,510,057	3,143,931	2,585,565	2,297,401
Unassigned	<u>4,657,675</u>	<u>5,973,604</u>	<u>5,214,618</u>	<u>4,296,957</u>	<u>3,382,299</u>
TOTAL FUND EQUITY	11,972,702	11,241,453	9,935,594	10,084,145	8,711,256
TOTAL LIABILITIES AND EQUITY	<u>\$14,447,976</u>	<u>\$13,528,333</u>	<u>\$11,937,478</u>	<u>\$12,079,683</u>	<u>\$10,177,114</u>

Prepared from Audited Financial Statements

TOWN OF ORONO, MAINE
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GENERAL FUND
(For the Years Ended June 30,)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES					
Taxes	\$15,812,863	\$14,994,785	\$14,939,046	\$14,798,558	\$14,166,045
Intergovernmental	7,313,995	6,001,244	4,951,247	4,401,842	3,527,606
License and permits	188,653	199,764	177,717	156,533	199,045
Interest income	585,669	583,438	299,521	(13,915)	100,783
Charges for services	808,219	718,834	734,837	608,470	521,064
Other	<u>175,486</u>	<u>159,145</u>	<u>212,825</u>	<u>221,302</u>	<u>233,756</u>
TOTAL REVENUES	24,884,885	22,657,210	21,315,193	20,172,790	18,748,299
EXPENDITURES					
Current:					
General government	3,289,643	2,536,061	2,377,518	2,202,392	2,219,505
Public services	1,063,169	1,093,023	987,841	910,876	745,823
Public safety	5,701,353	5,250,300	4,696,296	4,410,876	3,850,022
Public works	2,446,682	2,135,958	2,042,745	1,966,443	1,729,616
Education	8,517,441	7,684,925	7,242,773	6,932,402	7,386,560
County tax	903,109	848,451	825,399	784,583	705,009
Debt service	911,142	959,090	968,876	908,667	4,039,065
Capital expenditures	<u>1,457,922</u>	<u>980,368</u>	<u>2,777,182</u>	<u>1,452,287</u>	<u>641,083</u>
TOTAL EXPENDITURES	24,290,461	21,488,176	21,918,630	19,568,526	21,316,683
EXCESS OF REVENUES OVER EXPENDITURES	594,424	1,169,034	(603,437)	604,264	(2,568,384)
OTHER FINANCING					
Transfers in (out)	<u>136,825</u>	<u>136,825</u>	<u>454,886</u>	<u>768,625</u>	<u>4,653,488</u>
TOTAL OTHER FINANCING	136,825	136,825	454,886	768,625	4,653,488
EXCESS OF REVENUES AND OTHER OVER EXPENDITURES	731,249	1,305,859	(148,551)	1,372,889	2,085,104
BEGINNING FUND BAL	<u>11,241,453</u>	<u>9,935,594</u>	<u>10,084,145</u>	<u>8,711,256</u>	<u>6,626,152</u>
ENDING FUND BALANCE	<u>\$11,972,702</u>	<u>\$11,241,453</u>	<u>\$9,935,594</u>	<u>\$10,084,145</u>	<u>\$8,711,256</u>

Prepared from Audited Financial Statements

PROPERTY TAXATION

The principal tax of the Town 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 Town's Tax Collector receives the tax commitment from the Town Assessor, with assessed values as of April 1 of each year, after which time the tax bills are due in two installments. For fiscal year 2026/2027 the tax due dates are October 1, 2026 and February 1, 2027. All taxes paid after the due dates are subject to interest, established under Title 36, Section 505(4) of the Maine Revised Statutes, as amended, currently at the rate of 7.5% per annum, as set by the Town.

Real Estate Taxes

Collection of real estate taxes is ordinarily enforced in the Town by the "tax lien" procedure as provided in the Maine Revised Statutes, as amended, to 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 Town.

Business Personal Property Taxes

In 2006 the Maine Legislature enacted LD 2056, codified as Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended, which exempts from taxation, beginning with the April 1, 2008 tax year, various 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.

Through the Business Equipment Tax Exemption Program ("BETE") the State will reimburse municipalities with respect to the lost property taxes associated with this new exemption through one of three 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, as amended. 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, as amended.

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 Town will also be considered part of that municipality's equalized State Valuation to the extent the Town 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 207 (now repealed) of Title 30-A of the Maine Revised Statutes, as amended, 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 property of all TIF districts and the aggregate original assessed value of property of all housing districts within the municipality as of the April 1st 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 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, as amended.

The increase in assessed value captured by the municipality is excluded from the municipality's equalized just value for each year's State valuation filed with the Secretary of State in accordance with Title 36, Sections 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating

that municipality's share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5702 of the Maine Revised Statutes, as amended.

The Town has designated various tax increment financing districts and an affordable housing tax increment financing district and may consider proposals for other districts on an ongoing basis. All districts will be evaluated based upon the Town's comprehensive plan for economic development, which includes tax increment financing as one of its aspects. In no event will the Town's 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 Town's tax increment financing districts may not be available to pay debt service on the Bonds. The Town does not expect, however, that the use of such future increased property tax receipts for purposes of the Town's tax increment financing districts will have an adverse effect on the Town's ability to pay debt service on the Bonds.

TAX LEVY AND COLLECTIONS

Fiscal Yr. End June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Commitment (000)	Collections (after Supplements and Abatements)	
					Year End (000)	% of Levy
2026	\$865,400,000	\$812,378,618	\$19.90	\$15,826,031	In Process	
2025	736,200,000	742,025,989	21.35	15,323,617	15,136.49	98.91%
2024	645,550,000	605,635,895	23.40	14,171,880	13,545.10	98.93
2023	569,700,000	588,186,600	23.80	13,998,841	13,731.60	98.88
2022	541,550,000	582,967,700	23.75	13,845,483	13,715.20	99.06
2021	516,000,000	480,737,300	28.09	13,503,911	13,258.40	98.17
2020	488,500,000	494,400,800	26.45	13,076,901	12,837.60	98.15
2019	470,900,000	489,495,000	27.00	13,216,365	12,951.70	97.99
2018	456,800,000	490,339,300	26.00	12,748,822	12,497.70	97.99
2017	425,500,000	483,528,800	24.85	12,015,691	11,740.60	97.71

LARGEST TAXPAYERS

Taxpayer	As of April 1, 2026				
	Real Estate	Personal Property	Assessed Total	Property Tax	% of Levy
Ome Owner, LLC	\$52,000,000	\$2,400	\$52,002,400	\$1,149,253	6.52%
Campus Crest at Orono, LLC	36,000,000	471,100	36,471,100	806,011	4.57%
VTR Dirigo Pines, LLC	26,491,800	137,500	26,629,300	588,508	3.34%
Beacon Orchard Trails, LLC	24,268,400	246,300	24,514,700	541,775	3.07%
Dirigo Pines Homeowners corp.	22,332,400	0	22,321,400	493,546	2.80%
Versant Power	19,617,100	0	19,617,100	433,538	2.46%
HS-RPG Orono, LLC	15,943,800	0	15,943,800	352,358	2.00%
Black Bear Hydro Partners, LLC	11,213,900	0	11,213,900	247,827	1.41%
Tyler Technologies, INC	9,568,000	318,700	9,886,700	218,496	1.24%
Cabrel, INC	7,630,800	0	7,630,800	168,641	0.96%
Top Ten Taxpayers				\$4,999,953	28.38%

REVENUES FROM THE STATE

The State provides revenue to the Town in a number of areas including aid to the Town in a number of areas including education and road maintenance, reimbursement for general assistance, homestead exemption and BETE and revenue sharing. The amount of revenue in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State disbursements are governed by laws that may be changed by the State Legislature are subject to appropriation by the State Legislature in its budgetary process.

The State subsidizes most local school administrative units through the Essential Programs and Services (“EPS”) model of calculating and distributing state education aid. 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. The following table displays State revenues received by the Town for the last five audited fiscal periods.

Fiscal Yr. End June 30,	State Revenue Sharing	Reimbursements			Other State Aid	Total From State
		Homestead Exemption	General Assistance	BETE		
2025	\$6,019,601	\$430,400	\$12,113	\$87,585	\$101,600	\$6,651,299
2024	4,685,793	465,941	5,630	72,789	100,320	5,330,473
2023	3,651,926	466,492	6,306	70,133	85,248	4,280,105
2022	3,131,981	443,888	1,111	65,583	85,716	3,728,279
2021	2,160,555	538,229	4,279	80,437	68,660	2,852,160

INDEBTEDNESS

LIMITATIONS AND EXCLUSIONS

Statutory Debt Limits

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, “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 7½% 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 sewer purposes to an amount outstanding at any time not exceeding 7½% 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, as amended, 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 or from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt.”

Town Local Debt Limits

In accordance with Town Council Order No. 12-37, dated March 21, 2012, the Town of Orono shall not incur debt, which would cause its total debt outstanding at any time to exceed the below listed percentage of the Town’s last equalized State Valuation:

<u>Purpose</u>	<u>% equalized State Valuation</u>
School	5.0%
Storm or Sanitary	4.0%
Airport, Water, Special Districts	1.5%
Other	4.0%
Total Debt	8.5%

The Town’s 2026 equalized state valuation (“equalized State Valuation”) is \$865,400,000. The 8.5% total (local) debt limit is \$73,559,000. As of June 30, 2025 the Town’s long-term debt outstanding was \$14,946,130, or 1.73% of the 2026 equalized State Valuation.

The Town will certify on the date of issue of the Bonds that the Town has not exceeded the foregoing debt limits and that issuance of the Bonds will not cause the Town to exceed such debt limits.

DEBT SUMMARY

<u>Issue Date</u>	<u>Fund⁽¹⁾</u>	<u>Amount Issued</u>	<u>Final Maturity</u>	<u>Balance on 6/30/2025 (Audited)</u>	<u>Paid 6/30/2026 (Projected)</u>	<u>Balance on 6/30/2027 (Projected)</u>
10/30/2008	GF	\$500,000	11/1/2028	\$100,000	\$75,000	\$50,000
10/29/2020	GF	4,120,000	8/1/2043	3,485,000	3,265,000	3,045,000
10/29/2020	GF	5,485,000	11/1/2038	5,145,000	4,790,000	4,425,000
10/29/2020	EF	5,730,000	11/1/2038	5,370,000	4,995,000	4,595,000
4/23/2024	EF	890,663	10/1/2043	846,130	801,597	757,064
Subtotal				14,946,130	13,926,597	12,872,064
10/29/2026	GF	2,600,000 ⁽²⁾	10/15/2056			2,600,000
10/29/2026	GF	1,650,000 ⁽²⁾	10/15/2056			1,650,000
10/29/2026	EF	6,000,000 ⁽²⁾	10/15/2046			6,000,000
Total				\$14,946,130	\$13,926,597	\$23,122,064

NOTE: ⁽¹⁾ “GF” indicates General Fund. “EF” indicates Enterprise Fund.

⁽²⁾ Portion of 2026 Bonds, preliminary, subject to change.

DEBT SERVICE COMPONENT OF OPERATING EXPENDITURES

	<u>Audited</u>				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Current Year Debt Service:	\$4,874,328	\$850,170	\$921,547	\$907,821	\$911,142
Budgeted Operating Expense:	\$21,588,909	\$20,952,153	\$21,666,098	\$22,127,863	\$25,215,042
Debt Service as % Oper. Expense:	22.58%	4.06%	4.26%	4.11%	3.76%

DEBT RATIOS

Fiscal Yr. End June 30,	Population	Equalized State Val.	Assessed Valuation	Total Debt	Debt as % Eq. Val.	Per Capita Debt
2026	11,251	\$865,400,000	\$812,378,618	\$13,926,597	1.61%	\$1,237.81
2025	11,251	736,200,000	742,025,989	14,946,130	2.03%	1,328.43
2024	11,251	645,550,000	605,635,895	15,935,663	2.47%	1,416.38
2023	11,251	569,700,000	588,186,600	16,965,000	2.98%	1,507.87
2022	11,251	541,550,000	582,967,700	17,870,000	3.30%	1,588.30
2021	11,251	516,000,000	480,737,300	17,711,205	3.43%	1,574.19
2020	11,251	488,500,000	494,400,800	17,683,102	3.62%	1,571.69
2019	10,362	470,900,000	489,495,000	18,594,219	3.95%	1,794.46
2018	10,362	456,800,000	490,339,300	19,601,468	4.29%	1,891.67
2017	10,362	425,500,000	483,528,800	20,598,134	4.84%	1,987.85

PROJECTED DEBT SERVICE REQUIREMENTS

Fiscal YE June 30,	Principal	Prior Debt Interest	Total	Projected Debt (This Issue)			Total Debt Service
				Principal	Interest	Total	
2026	\$989,533	\$519,358	\$1,508,892				
2027	1,019,533	478,012	1,497,545				
2028	1,054,533	433,955	1,488,488				
2029	1,059,533	388,523	1,448,056				
2030	1,094,533	341,715	1,436,249				
2031	1,114,533	293,680	1,408,213				
2032	1,144,533	244,542	1,389,075				
2033	1,179,533	193,703	1,373,237				
2034	1,204,533	154,805	1,359,338				
2035	1,209,533	128,259	1,337,792				
2036	1,219,533	100,573	1,320,106				
2037	1,219,533	71,810	1,291,343				
2038	514,533	51,015	565,548				
2039	509,533	38,733	548,266				
2040	509,533	26,519	536,052				
2041	239,533	18,018	257,552				
2042	244,533	13,180	257,713				
2043	134,533	9,335	143,868				
2044	134,533	6,534	141,067				
2045							
2046							
2047							
2048							
2049							
2050							
2051							
2052							
2053							
2054							
2055							
2056							
2057							
TOTAL	\$15,796,127	\$3,512,269	\$19,308,400				

PROJECTED PRINCIPAL PAYMENTS

<u>Fiscal Year</u>	<u>2008C</u> <u>GF</u>	<u>2020A</u> <u>GF</u>	<u>2020B</u> <u>GF</u>	<u>2020B</u> <u>EF</u>	<u>2021FR</u> <u>EF</u>	<u>2026</u> <u>GF⁽¹⁾</u>	<u>2026</u> <u>GF⁽²⁾</u>	<u>2026</u> <u>EF⁽³⁾</u>	<u>Totals</u>		
									<u>GF</u>	<u>EF</u>	<u>Total</u>
2025 / 2026	25,000	220,000	355,000	375,000	44,533	0	0	0	600,000	419,533	1,019,533
2026 / 2027	25,000	220,000	365,000	400,000	44,533	0	0	0	610,000	444,533	1,054,533
2027 / 2028	25,000	195,000	375,000	420,000	44,533	0	0	300,000	595,000	764,533	1,359,533
2028 / 2029	25,000	195,000	380,000	450,000	44,533	0	0	300,000	600,000	794,533	1,394,533
2029 / 2030		200,000	395,000	475,000	44,533	0	0	300,000	595,000	819,533	1,414,533
2030 / 2031		200,000	400,000	500,000	44,533	100,000	65,000	300,000	765,000	844,533	1,609,533
2031 / 2032		195,000	410,000	530,000	44,533	100,000	65,000	300,000	770,000	874,533	1,644,533
2032 / 2033		200,000	415,000	545,000	44,533	100,000	65,000	300,000	780,000	889,533	1,669,533
2033 / 2034		200,000	415,000	550,000	44,533	100,000	65,000	300,000	780,000	894,533	1,674,533
2034 / 2035		200,000	410,000	565,000	44,533	100,000	65,000	300,000	775,000	909,533	1,684,533
2035 / 2036		205,000	410,000	560,000	44,533	100,000	65,000	300,000	780,000	904,533	1,684,533
2036 / 2037		195,000	275,000		44,533	100,000	60,000	300,000	630,000	344,533	974,533
2037 / 2038		195,000	270,000		44,533	95,000	60,000	300,000	620,000	344,533	964,533
2038 / 2039		195,000	270,000		44,533	95,000	60,000	300,000	620,000	344,533	964,533
2039 / 2040		195,000			44,533	95,000	60,000	300,000	350,000	344,533	694,533
2040 / 2041		200,000			44,533	95,000	60,000	300,000	355,000	344,533	699,533
2041 / 2042		90,000			44,533	95,000	60,000	300,000	245,000	344,533	589,533
2042 / 2043		90,000			44,533	95,000	60,000	300,000	245,000	344,533	589,533
2043 / 2044		95,000			44,533	95,000	60,000	300,000	250,000	344,533	594,533
2044 / 2045						95,000	60,000	300,000	155,000	300,000	455,000
2045 / 2046						95,000	60,000	300,000	155,000	300,000	455,000
2046 / 2047						95,000	60,000	300,000	155,000	300,000	455,000
2047 / 2048						95,000	60,000		155,000	0	155,000
2048 / 2049						95,000	60,000		155,000	0	155,000
2049 / 2050						95,000	60,000		155,000	0	155,000
2050 / 2051						95,000	60,000		155,000	0	155,000
2051 / 2052						95,000	60,000		155,000	0	155,000
2052 / 2053						95,000	60,000		155,000	0	155,000
2053 / 2054						95,000	60,000		155,000	0	155,000
2054 / 2055						95,000	60,000		155,000	0	155,000
2055 / 2056						95,000	60,000		155,000	0	155,000
2056 / 2057						95,000	60,000		155,000	0	155,000
	100,000	3,485,000	5,145,000	5,370,000	846,130	2,600,000	1,650,000	6,000,000	12,980,000	12,216,130	25,196,130

NOTE: ⁽¹⁾ Library Project; ⁽²⁾ Public Safety Project; ⁽³⁾ Sewer Improvements.

OVERLAPPING DEBT

County of Penobscot

The Town is subject to an annual assessment of its proportional share of the County of Penobscot's expenses, including debt repayment, as determined by the percentage of the Town's equalized State Valuation to the County's equalized State Valuation. As of January 1, 2026 the Town's equalized State Valuation of \$865,400,000 was 4.42% of the County's equalized State Valuation of \$19,585,500,000. The County had \$0.00 of long-term debt outstanding as of June 30, 2025.

RSU 26

The Town is responsible for its proportionate share of its portion of RSU 26's long-term debt. The debt service is included in RSU 26's annual assessment to the Town. As of June 30, 2025, the Town was responsible for 100% of RSU's 26 debt, or an amount of \$13,791,000.

CONTINGENT DEBT

The Town does not have any obligations for which it is responsible on a contingent basis.

FUTURE FINANCING

The Town Manager develops a formal Capital Improvement Program that is submitted to the Town Council (see "TOWN FINANCES - CAPITAL IMPROVEMENT PROGRAM" herein). The CIP includes an inventory of possible capital projects, some of which may ultimately be included in the CIP, and is an indication of future projects that may be financed through the issuance of debt. The Town's voters must approve any order which authorizes issuing debt for supplemental appropriations not covered in the annual budget or by Capital Reserves.

Other than the projects financed through the Bonds of this issue, the Town has no other authorized but unissued debt. The Town is considering its financing options to acquire a replacement for its Fire Ladder Apparatus. This is noted in the Town's CIP but no other official action has been taken to further this acquisition. Otherwise, the Town has no authorized but unissued debt.

RETIREMENT

A. DEFINED BENEFIT PENSION PLAN

For its participating municipal employees and certain participating School Department employees, the Town contributes to the Consolidated Plan for Participating Local Districts (the "PLD Plan") a cost-sharing multiple-employer, defined benefit pension plan administered by the Maine Public Employees Retirement System ("MainePERS"). Teachers and certain other School Department employees also participate in MainePERS through the State Employee and Teacher Plan (the "SET Plan"), a cost-sharing multiple-employer, defined benefit pension plan with a special funding situation established by the Maine Legislature.

The PLD and SET Plans 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. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1,

2014). For SET Plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (for the PLD Plan) or by statute (for the SET Plan).

The 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.mainebers.org.

The Town 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 Report. Please see “APPENDIX A – TOWN OF ORONO, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025”, pages 42 *et seq* in the report.

B. DEFINED CONTRIBUTION PLAN

The Town offers its regular employees a defined contribution money purchase plan created in accordance with Internal Revenue Code Section 401(a). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate and are vested from the date of employment. The Town matches employees’ contribution to the plan up 7% of compensation for the plan year for Town employees.

C. DEFERRED COMPENSATION PLAN

The Town offers its employees not participating in MainePERS a deferred compensation plan created in accordance with Section 457(k) of the Internal Revenue Code, as amended. The Plan is administered by Mission Square Retirement and is available to all Town full-time and permanent part-time employees at their option. The Plan permits participants to defer a portion of their salary until future years and is not available to employees until termination, retirement, death or unforeseeable emergency. In applying the provisions of Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the Town has determined that effective July 1, 1997 it is no longer required to record assets and associated liability of the plan. See “APPENDIX A – TOWN OF ORONO, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025”, page 39 in the report.

D. OTHER POST-EMPLOYMENT BENEFITS

Health Insurance

The Town 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 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*.

MMEHT provides healthcare 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.

The Town reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its Annual Financial Report. Please see “APPENDIX A – TOWN OF ORONO, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025”, pages 33 *et seq* in the report.

Life Insurance

The Town sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees and certain School Department employees the Town participates in Group Life Insurance Plan for the PLD. Teachers also participate in the Group Term Life Insurance Plan for SET. Both plans are a cost-sharing multiple-employer defined benefit OPEB plan administered by MainePERS. The MainePERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MainePERS issues a publicly available financial reports that are available at www.maineopers.org.

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.

The Town reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its Comprehensive Annual Financial Report (CAFR). Please see “APPENDIX A – TOWN OF ORONO, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025”, pages 35 *et seq* herein.

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 Town, as an issuer of municipal securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the Town is voluntarily making the following disclosure with respect to environmental liabilities:

The Town is not aware of any environmental conditions or non-compliance, the remediation or correction of which the Town believes would have a material adverse impact on the financial condition of the Town. The Town is not subject to any proceedings, pending or threatened, or actions involving environmental matters that, if adversely decided, would have a material adverse impact upon the Town’s financial condition or ability to pay debt service on the Bonds as and when due.

LITIGATION

In the opinion of Town officials there is no litigation pending against the Town which, either individually or in the aggregate, would result in judgments that would have a material adverse effect on the Town's financial position or its ability to meet its debt service obligations. In addition, there is no controversy or litigation of any nature now pending, or to the knowledge of the Town, threatened, restraining or enjoining or challenging the issuance, sale, execution or delivery of the Bonds or the power to assess, levy or collect any tax or other charge to pay the interest on or principal or redemption price of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Town taken with respect to the issuance or sale thereof, or in any way contesting the existence or powers of the Town.

APPENDIX A

**TOWN OF ORONO, MAINE
ANNUAL FINANCIAL REPORT
FOR
FISCAL YEAR ENDED JUNE 30, 2025**

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TOWN OF ORONO, MAINE

Annual Financial Report

For the year ended June 30, 2025

TOWN OF ORONO, MAINE
Annual Financial Report
For the year ended June 30, 2025

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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, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and budgetary comparison for the General Fund 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 March 19, 2026, 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 "Rungen Kursten Ouellette".

March 19, 2026
South Portland, Maine

TOWN OF ORONO, MAINE
Management's Discussion and Analysis
June 30, 2025

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, 2025. 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 \$24,517,418 (*net position*, Statement 1). Of this amount, \$10,441,290 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 \$2,721,108 (Statement 2). This represents an increase of \$2,166,453 in governmental activities and an increase of \$554,655 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 \$12,940,896 (Statement 3), which is an increase of \$887,827 (Statement 4) from the prior fiscal year. This total increase is the result of an increase of \$731,249 in the General Fund, as well as an increase of \$156,578 in the other governmental funds.
- The Town of Orono, Maine's General Fund reports an unassigned fund balance of \$4,657,675. Total unassigned fund balance (all governmental funds) decreased by \$1,315,929 from the prior fiscal year due to the net result of operations. Assigned fund balance (Statement 3) increased from the previous fiscal year by \$2,255,777 to \$5,765,834 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, 2025, the total outstanding bonds and notes from direct borrowing principal of the Town, including Sewer fund bonds, was \$14,946,129. This is a decrease of \$989,534. 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 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.

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.

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

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, 2025 and June 30, 2024:

	Governmental Activities			Business-type Activities		
	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>2025</u>	<u>2024</u>	<u>Change</u>
ASSETS						
Current and other assets	\$ 15,107,709	14,594,041	513,668	3,628,118	3,094,856	533,262
Capital assets	18,961,891	18,390,739	571,152	8,893,752	9,219,968	(326,216)
Total assets	34,069,600	32,984,780	1,084,820	12,521,870	12,314,824	207,046
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources	1,381,174	1,012,643	368,531	72,682	52,214	20,468
Total deferred outflows of resources	1,381,174	1,012,643	368,531	72,682	52,214	20,468
LIABILITIES						
Current liabilities	2,014,808	2,402,902	(388,094)	132,955	76,971	55,984
Noncurrent liabilities	14,568,444	14,412,557	155,887	6,406,349	6,776,649	(370,300)
Total liabilities	16,583,252	16,815,459	(232,207)	6,539,304	6,853,620	(314,316)
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources	323,768	477,650	(153,882)	81,584	94,409	(12,825)
Total deferred inflows of resources	323,768	477,650	(153,882)	81,584	94,409	(12,825)
NET POSITION						
Net investment in capital assets	8,927,022	7,556,317	1,370,705	2,677,623	2,599,305	78,318
Restricted	2,471,483	2,537,138	(65,655)	-	-	-
Unrestricted	7,145,249	6,610,859	534,390	3,296,041	2,832,044	463,997
Total net position	\$ 18,543,754	16,704,314	1,839,440	5,973,664	5,431,349	542,315

The Town of Orono, Maine's governmental activities assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$18,543,754 and business-type activities assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$5,973,664 for a total net position of \$24,517,418 at the close of the most recent fiscal year. The summary above shows a 13% increase in net position for governmental activities and a 10% 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 43% 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 \$2,721,108 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 \$2,166,453. **Business-type activities:** The Town's single business-type activity, the sewer fund, increased the Town's net position by \$554,655.

The following schedule is a summary of the statement of activities (*Statement 2*) for the years ended June 30, 2025 and June 30, 2024:

	Governmental Activities			Business-type Activities		
	2025	2024	Change	2025	2024	Change
Program revenues:						
Charges for services	\$ 1,014,627	961,128	53,499	2,331,109	2,216,199	114,910
Operating grants and contributions	952,353	678,276	274,077	-	-	-
Capital grants	101,600	100,320	1,280	161,541	-	161,541
General revenues:						
Taxes	15,819,763	15,073,385	746,378	-	-	-
Intergovernmental	7,200,282	5,895,294	1,304,988	-	-	-
Investment earnings (loss)	633,531	628,966	4,565	106,226	91,500	14,726
Miscellaneous	142,001	121,557	20,444	-	-	-
Transfers	136,825	136,825	-	(136,825)	(136,825)	-
Total revenues	26,000,982	23,595,751	2,405,231	2,462,051	2,170,874	291,177
Primary government:						
General government	2,874,178	2,811,763	62,415	-	-	-
Public services	1,128,563	1,151,264	(22,701)	-	-	-
Public safety	5,877,609	5,285,788	591,821	-	-	-
Public works	2,154,358	2,648,270	(493,912)	-	-	-
Education	8,517,441	7,684,925	832,516	-	-	-
County tax	903,109	848,451	54,658	-	-	-
Unclassified	815,794	698,769	117,025	-	-	-
Interest on debt service	105,554	205,944	(100,390)	-	-	-
Capital maintenance	1,457,923	980,368	477,555	-	-	-
Sewer services	-	-	-	1,907,396	1,748,055	159,341
Total expenses	23,834,529	22,315,542	1,518,987	1,907,396	1,748,055	159,341
Change in net position	2,166,453	1,280,209	886,244	554,655	422,819	131,836
Net position, July 1	16,704,314	15,424,105	1,280,209	5,431,349	5,008,530	422,819
Change in accounting principle	(327,013)	-	(327,013)	(12,340)	-	(12,340)
Net position, June 30	\$ 18,543,754	16,704,314	1,839,440	5,973,664	5,431,349	542,315

Total governmental activities revenues and transfers (\$26,000,982) increased by \$2,405,231 or 10.2% from fiscal year 2024. This was driven primarily by increases in intergovernmental revenues and taxes.

Total governmental activities expenses (\$23,834,529) increased this year by \$1,518,987 or 6.8% from fiscal year 2024. This increase was driven an 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 \$2,166,453 (Statement 2) resulting in a positive change in net position.

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

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 \$12,940,896 an increase of \$887,827 in comparison with the prior year. Approximately 36% of this total amount (\$4,657,675) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance (\$8,283,221) 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 (\$5,765,834), restricted (by outside agencies or contractual agreements) to specific uses (\$2,471,483) or is in a nonspendable form (inventory - \$45,904). Restricted funds include Tax Increment Financing (TIF) funds (\$986,877), unspent bond proceeds (\$516,412), and other governmental funds (\$968,194).

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 (\$4,657,675) (Statement 3) represents 18.55% of the total governmental funds expenditures (\$25,106,255 (Statement 4); total governmental fund balance (\$12,940,896) (Statement 3) represents 51.54% 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 2025 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 \$554,655 to \$5,973,664 (Statement 8). The Fund showed operating income (operating revenues less operating expenses) of \$634,779. Operating expenses include depreciation expense of \$624,312. Operating income plus non-operating revenues and expenses combined with transfers and capital contributions equated a change in net position of \$554,655. Of the total net position as of the end of the fiscal year, the amount classified as net investment in capital assets was \$2,677,623 and unrestricted net position made up the other \$3,296,041. Unrestricted net position represents 194% of operating expenses (\$1,696,330) (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.

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.

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

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 \$782,340 and the capital infrastructure reserve had a balance of \$961,135. Additionally, the Town Council assigned \$450,000 in 2025 to reduce the tax commitment for municipal services in 2026.

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, 2025 amounts to \$41,302,134, less accumulated depreciation of \$22,340,243, leaving a net book value of \$18,961,891. This is an increase of \$571,152 from fiscal year 2024. 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, 2025 included, but were not limited to, the following:

- \$1,477,246 in infrastructure projects related to roadways.
- Vehicle purchases including, Police Cruiser (\$60,012); Public Works truck (\$76,597);
- Building purchase of 56 Main Street \$728,111

Total governmental activities capital asset additions for the year ending June 30, 2025 were \$1,738,314.

The Town of Orono's capital assets for its business-type activities as of June 30, 2025 amounts to \$20,725,321 less accumulated depreciation of \$11,831,569, leaving a net book value of \$8,893,752. This is a decrease of \$326,216. This investment in capital assets includes sewer infrastructure. Total business-type activity capital asset additions for the year ending June 30, 2025 totaled \$298,097 and included construction in progress. Highlights of capital asset additions for the year ending June 30, 2025 included the following: miscellaneous construction in progress (\$277,327); Boiler Replacement: (\$20,770).

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

Long-term Debt

At year-end, the Town had \$14,946,129 in outstanding bonds and notes compared to \$15,935,663 in 2024. This total consists of governmental activities bonds and notes of \$8,730,000 and business-type activities bonds and notes of \$6,216,129.

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, 2025, the Town's state assessed valuation was \$703,444,270. Thus, the current debt limitation for the Town of Orono as a whole is \$105,516,640 (15%) and \$52,758,320 (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%
2025	\$703,444,270	16.14%	\$15,323,617	\$21.35	-8.76%

LOOKING AHEAD

In FY26, 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, 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:

- 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.

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

- Renovation of 56 Main Street which was purchased at the end of FY25 into a new police station. With various funding sources including existing reserves and future bonding at a cost of approximately \$3.55M
- Multiple Water Pollution Control projects including facility upgrades including a sludge press, UV decontamination upgrades, Route 2 sewer line replacement and sewer upgrades on Hillside and Bennoch road (If funding allows) these projects will be funded through reserves and future bonding
- 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, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 12,923,502	2,909,269	15,832,771
Investments	1,621,443	-	1,621,443
Receivables:			
Accounts receivable	445,447	423,838	869,285
Rescue receivable	75,546	-	75,546
Taxes receivable - current year	166,283	-	166,283
Taxes receivable - prior years	124,595	-	124,595
Inventory	45,904	-	45,904
Internal balances	(295,011)	295,011	-
Nondepreciable capital assets	2,422,396	348,531	2,770,927
Depreciable capital assets, net	16,539,495	8,545,221	25,084,716
Total assets	34,069,600	12,521,870	46,591,470
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	1,260,932	66,365	1,327,297
Deferred outflows of resources related to OPEB	120,242	6,317	126,559
Total deferred outflows of resources	1,381,174	72,682	1,453,856
LIABILITIES			
Accounts payable	1,115,670	94,812	1,210,482
Accrued payroll and benefits	332,941	-	332,941
Accrued interest	75,795	38,143	113,938
Performance bond liability	71,892	-	71,892
Deferred revenue	379,829	-	379,829
Taxes paid in advance	39,681	-	39,681
Noncurrent liabilities:			
Due within one year	818,526	419,533	1,238,059
Due in more than one year	13,748,918	5,986,816	19,735,734
Total liabilities	16,583,252	6,539,304	23,122,556
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	228,422	12,022	240,444
Deferred inflows of resources related to OPEB	95,346	4,562	99,908
Deferred gain on refunding	-	65,000	65,000
Total deferred inflows of resources	323,768	81,584	405,352
NET POSITION			
Net investment in capital assets	8,927,022	2,677,623	11,604,645
Restricted	2,471,483	-	2,471,483
Unrestricted	7,145,249	3,296,041	10,441,290
Total net position	\$ 18,543,754	5,973,664	24,517,418

See accompanying notes to basic financial statements.

TOWN OF ORONO, MAINE
Statement of Activities
For the Year Ended June 30, 2025

For the Year Ended June 30, 2023					Net (expense) revenue and changes in net position		
Functions/programs	Expenses	Program revenues			Primary Government		Total
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 2,874,179	190,932	12,113	-	(2,671,134)	-	(2,671,134)
Public services	1,128,563	123,708	923,026	-	(81,829)	-	(81,829)
Public safety	5,877,609	692,674	17,214	-	(5,167,721)	-	(5,167,721)
Public works	2,154,358	7,313	-	101,600	(2,045,445)	-	(2,045,445)
Education	8,517,441	-	-	-	(8,517,441)	-	(8,517,441)
County tax	903,109	-	-	-	(903,109)	-	(903,109)
Program expenses	815,794	-	-	-	(815,794)	-	(815,794)
Interest on debt service	105,554	-	-	-	(105,554)	-	(105,554)
Capital maintenance expenses	1,457,922	-	-	-	(1,457,922)	-	(1,457,922)
Total governmental activities	23,834,529	1,014,627	952,353	101,600	(21,765,949)	-	(21,765,949)
Business-type activities:							
Sewer services	1,907,396	2,331,109	-	161,541	-	585,254	585,254
Total business-type activities	1,907,396	2,331,109	-	161,541	-	585,254	585,254
Total primary government	\$ 25,741,925	3,345,736	952,353	263,141	(21,765,949)	585,254	(21,180,695)
General revenues:							
Property taxes					\$ 14,859,011	-	14,859,011
Excise taxes					960,752	-	960,752
Motor vehicle registration fees					19,438	-	19,438
UMO reimbursements					655,431	-	655,431
PILOT payments					80,200	-	80,200
Franchise fees					39,359	-	39,359
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					6,019,601	-	6,019,601
Homestead exemption					430,400	-	430,400
Other State aid					94,850	-	94,850
Unrestricted investment earnings (loss)					633,531	106,226	739,757
Miscellaneous					3,004	-	3,004
Transfers					136,825	(136,825)	-
Total general revenues and transfers					23,932,402	(30,599)	23,901,803
Change in net position					2,166,453	554,655	2,721,108
Net position, beginning of year (as previously reported)					16,704,314	5,431,349	22,135,663
Change in accounting principle					(327,013)	(12,340)	(339,353)
Net position, beginning of year (as restated)					16,377,301	5,419,009	21,796,310
Net position - ending					\$ 18,543,754	\$ 5,973,664	\$ 24,517,418

See accompanying notes to basic financial statements.

TOWN OF ORONO, MAINE

Balance Sheet

Governmental Funds

June 30, 2025

	General	Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 12,655,573	232,416	35,513	12,923,502
Investments	1,150,860	-	470,583	1,621,443
Receivables:				
Accounts receivable	229,215	216,232	-	445,447
Rescue receivable	75,546	-	-	75,546
Taxes receivable - current year	166,283	-	-	166,283
Taxes receivable - prior years	124,595	-	-	124,595
Inventory	45,904	-	-	45,904
Interfund loans receivable	-	729,586	-	729,586
Total assets	\$ 14,447,976	1,178,234	506,096	16,132,306
LIABILITIES				
Accounts payable	779,363	336,307	-	1,115,670
Accrued payroll and benefits	332,941	-	-	332,941
Performance bond liability	71,892	-	-	71,892
Taxes paid in advance	39,681	-	-	39,681
Unearned revenue	-	379,829	-	379,829
Interfund loans payable	1,024,597	-	-	1,024,597
Total liabilities	2,248,474	716,136	-	2,964,610
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	226,800	-	-	226,800
Total deferred inflows of resources	226,800	-	-	226,800
FUND BALANCES				
Nonspendable - inventory	45,904	-	-	45,904
Restricted	1,503,289	462,098	506,096	2,471,483
Assigned	5,765,834	-	-	5,765,834
Unassigned	4,657,675	-	-	4,657,675
Total fund balances	11,972,702	462,098	506,096	12,940,896
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,447,976	1,178,234	506,096	

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.	18,961,891
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Unavailable revenue - property taxes	226,800
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	(567,100)
Bonds and notes	(8,730,000)
Bond premium	(1,200,778)
Financed purchases payable	(577,108)
Subscriptions payable	(43,395)
Other postemployment benefits with related deferred inflows and outflows of resources	(783,258)
Net pension liability with related deferred inflows and outflows of resources	(1,164,399)
Accrued interest	(75,795)
Landfill closure and postclosure costs	(444,000)

Net position of governmental activities

\$ 18,543,754

See accompanying notes to basic financial statements.

TOWN OF ORONO, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General	Grant Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 15,812,863	-	-	15,812,863
Intergovernmental	7,313,995	917,842	-	8,231,837
Licenses and permits	188,653	-	-	188,653
Investment income (loss)	585,669	8,344	39,518	633,531
Charges for services	808,219	-	-	808,219
Grant revenue	-	5,184	-	5,184
Other revenues	175,486	-	1,484	176,970
Total revenues	24,884,885	931,370	41,002	25,857,257
Expenditures:				
Current:				
General government	3,289,643	-	-	3,289,643
Public services	1,063,169	-	-	1,063,169
Public safety	5,701,353	-	-	5,701,353
Public works	2,446,682	-	-	2,446,682
Education	8,517,441	-	-	8,517,441
County tax	903,109	-	-	903,109
Unclassified	-	805,794	10,000	815,794
Debt service	911,142	-	-	911,142
Capital expenditures	1,457,922	-	-	1,457,922
Total expenditures	24,290,461	805,794	10,000	25,106,255
Excess (deficiency) of revenues over (under) expenditures	594,424	125,576	31,002	751,002
Other financing sources (uses):				
Transfers-in	136,825	-	-	136,825
Total other financing sources (uses)	136,825	-	-	136,825
Net change in fund balances	731,249	125,576	31,002	887,827
Fund balances, beginning of year (as previously reported)	11,241,453	-	811,616	12,053,069
Change in reporting entity	-	336,522	(336,522)	-
Fund balances, beginning of year (as restated)	11,241,453	336,522	475,094	12,053,069
Fund balances, end of year	\$ 11,972,702	462,098	506,096	12,940,896

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, 2025

Net change in fund balances - total governmental funds (from Statement 4)	\$	887,827
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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 capital outlays (\$1,738,314) exceeded depreciation expense (\$1,167,162).		571,152
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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.		6,900
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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		(38,312)
Other postemployment benefits with related deferred inflows and outflows of resources		(51,688)
Landfill closure and postclosure costs		(29,000)
Accrued interest		6,035
Net pension liability with related deferred inflows and outflows of resources		13,986

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		709,114
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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 \$90,439.

Change in net position of governmental activities (see Statement 2)	\$	2,166,453
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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, 2025

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 15,959,402	16,117,955	15,812,863	(305,092)
Intergovernmental	7,078,349	7,102,244	7,313,995	211,751
Licenses and permits	121,550	121,550	188,653	67,103
Interest income	175,000	175,000	435,795	260,795
Charges for services	661,237	661,237	808,219	146,982
Other revenues	107,000	107,000	175,486	68,486
Total revenues	24,102,538	24,284,986	24,735,011	450,025
Expenditures:				
Current:				
General government	1,895,898	2,100,651	1,755,382	345,269
Public services	1,219,232	1,219,232	1,063,169	156,063
Public safety	5,804,416	5,804,416	5,701,353	103,063
Public works	2,371,980	2,371,980	2,446,682	(74,702)
Education	8,514,903	8,514,903	8,517,441	(2,538)
County tax	903,109	903,109	903,109	-
Debt service	854,223	854,223	853,183	1,040
Capital expenditures	838,197	3,446,528	1,191,657	2,254,871
Total expenditures	22,401,958	25,215,042	22,431,976	2,783,066
Excess (deficiency) of revenues over (under) expenditures	1,700,580	(930,056)	2,303,035	3,233,091
Other financing sources (uses):				
Transfers-in	136,825	136,825	136,825	-
Transfers-out	(2,137,405)	(2,137,405)	(2,136,998)	407
Use of restricted fund balance	-	516,412	-	(516,412)
Use of assigned fund balance	-	2,114,224	-	(2,114,224)
Use of prior year surplus	300,000	300,000	-	(300,000)
Total other financing sources (uses)	(1,700,580)	930,056	(2,000,173)	(2,930,229)
Net change in fund balance, budgetary basis	-	-	302,862	302,862
Fund balance, beginning of year-budgetary basis			7,334,669	
Fund balance, end of year-budgetary basis			7,637,531	
Amounts held in reserves			4,335,171	
Fund balance, end of year			\$ 11,972,702	

See accompanying notes to basic financial statements.

TOWN OF ORONO, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2025

Business-type Activities - Enterprise Funds		
		Sewer Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$	2,909,269
Accounts receivable		423,838
Interfund loans receivable		295,011
Total current assets		3,628,118
Noncurrent assets:		
Capital assets:		
Construction in progress		303,958
Land		44,573
Capital assets, being depreciated		20,376,790
Accumulated depreciation		(11,831,569)
Total capital assets, net		8,893,752
Total assets		12,521,870
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions		66,365
Deferred outflows of resources related to OPEB		6,317
Total deferred outflows of resources		72,682
LIABILITIES		
Current liabilities:		
Accounts payable		94,812
Accrued interest expense		38,143
Noncurrent liabilities, due in one year		419,533
Total current liabilities		552,488
Noncurrent liabilities:		
Accrued compensated absences		32,709
Noncurrent liabilities, due in more than one year		5,954,107
Total noncurrent liabilities		5,986,816
Total liabilities		6,539,304
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions		12,022
Deferred inflows of resources related to OPEB		4,562
Deferred gain on refunding		65,000
Total deferred inflows of resources		81,584
NET POSITION		
Net investment in capital assets		2,677,623
Unrestricted		3,296,041
Total net position	\$	5,973,664

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, 2025

Business-type Activities - Enterprise Funds		
		Sewer Fund
Operating revenues:		
Charges for services	\$	2,331,109
Total operating revenues		2,331,109
Operating expenses:		
Wages and benefits		495,615
Travel and training		1,442
Dues and subscriptions		1,054
Computers and devices		3,697
Materials and supplies		35,402
Equipment and maintenance		49,851
Buildings and grounds maintenance		276,717
Vehicles and maintenance		9,333
Professional services		198,907
Depreciation		624,312
Total operating expenses		1,696,330
Operating income (loss)		634,779
Nonoperating revenue (expense):		
Investment income (loss)		106,226
Interest expense		(211,066)
Total nonoperating revenue (expense)		(104,840)
Net income (loss) before transfer		529,939
Capital contributions		161,541
Transfer out		(136,825)
Change in net position and contributions		554,655
Net position, beginning of year (as previously reported)		5,431,349
Change in accounting principle		(12,340)
Net position, beginning of year (as restated)		5,419,009
Net position, end of year	\$	5,973,664

See accompanying notes to basic financial statements.

TOWN OF ORONO, MAINE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

Business-type Activities - Enterprise Funds			
			Sewer Fund
Cash flows from operating activities:			
Receipts from customers and users	\$		2,318,515
Payments to suppliers			(517,784)
Payments to employees			(489,673)
Net cash provided by (used in) operating activities			1,311,058
Cash flows from non-capital and related financing activities:			
Transfers to other funds			(136,825)
Increase (decrease) in interfund loans payable			(406,993)
Net cash provided by (used in) non-capital and related financing activities			(543,818)
Cash flows from capital and related financing activities:			
Purchase of capital assets			(136,556)
Principal payments on bonds			(404,534)
Interest paid on bonds			(218,701)
Net cash provided by (used in) capital and related financing activities			(759,791)
Cash flows from investing activities:			
Investment income			106,226
Net cash provided by (used in) investing activities			106,226
Increase (decrease) in cash			113,675
Cash and cash equivalents, beginning of year			2,795,594
Cash and cash equivalents, end of year	\$		2,909,269
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$		634,779
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation			624,312
(Increase) decrease in receivables			(12,594)
Increase (decrease) in accounts payable			58,619
Increase (decrease) accrued compensated absences			1,965
Increase (decrease) net pension liability			30,779
Increase (decrease) OPEB liability			1,491
(Increase) decrease in deferred outflows of resources related to pensions and OPEB			(20,468)
Increase (decrease) deferred inflows of resources related to pensions			(7,825)
Net cash provided by (used in) operating activities	\$		1,311,058

See accompanying notes to basic financial statements.

TOWN OF ORONO, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 *Grant Fund* accounts for transactions related to resources obtained and used under certain federal, state, and local grants.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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 estimated 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 and sick 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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 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 Postemployment 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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.

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2025, expenditures exceeded appropriations for the following:

Finance	\$ 19,913
Administration	8,144
General assistance	610
Municipal and public safety buildings	48,166
Public safety administration	2,738
Fire protection	26,072
General maintenance	137,759
Town garage	44,198
Educational assessment	2,538

JOINT VENTURE

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.

DEPOSITS AND INVESTMENTS

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, 2025, the Town reported deposits of \$15,832,771 with a bank balance of \$17,018,408. Of the Town's bank balance of \$17,018,408, 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.

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

DEPOSITS AND INVESTMENTS, CONTINUED

Deposits have been reported as follows:

Reported in governmental funds	\$ 12,923,502
Reported in business-type activities	2,909,269
Total deposits	<u>\$ 15,832,771</u>

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, 2025, the Town had the following investments and maturities:

<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	\$ 109,390	N/A	-	-
Mutual funds	948,999	N/A	-	-
Certificate of deposit	60,636	-	60,636	-
Equities	502,418	N/A	-	-
Totals	\$ 1,621,443	-	60,636	-

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, 2025, the Town had no investments subject to custodial credit risk.

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, 2025, are Level 1 inputs.

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

PROPERTY TAX

Property taxes for the current year were committed on August 21, 2024, on the assessed value listed as of the prior April 1st, for all real and personal property located in the Town. Payment of taxes was due in two equal installments on October 3, 2024, and February 13, 2025. Interest was charged at 8.5% 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 \$158,553 for the year ended June 30, 2025.

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.

The following summarizes the 2025 levy:

	<u>2025</u>
Assessed value	\$ 717,733,839
Tax rate (per \$1,000)	<u>21.35</u>
Commitment	15,323,617
Supplements	10,091
Less:	
Abatements	30,938
Collections	<u>15,136,487</u>
Receivable at June 30	\$ 166,283
Collection rate	98.91%

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

CAPITAL ASSETS

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,948,915	-	-	1,948,915
Construction in progress	1,209,150	621,733	1,357,402	473,481
Total capital assets not being depreciated	3,158,065	621,733	1,357,402	2,422,396
Capital assets, being depreciated:				
Buildings	10,631,282	728,111	-	11,359,393
Improvements	1,251,453	-	-	1,251,453
Equipment	2,197,791	105,211	-	2,303,002
Vehicles	4,406,311	136,609	180,130	4,362,790
Infrastructure	17,992,091	1,504,052	-	19,496,143
Right-to-use subscription asset	106,957	-	-	106,957
Total capital assets being depreciated	36,585,885	2,473,983	180,130	38,879,738
Less accumulated depreciation for:				
Buildings	4,462,224	272,529	-	4,734,753
Improvements	606,027	59,611	-	665,638
Equipment	1,367,770	123,061	-	1,490,831
Vehicles	3,074,120	251,313	180,130	3,145,303
Infrastructure	11,805,636	439,257	-	12,244,893
Right-to-use subscription asset	37,434	21,391	-	58,825
Total accumulated depreciation	21,353,211	1,167,162	180,130	22,340,243
Total capital assets being depreciated, net	15,232,674	1,306,821	-	16,539,495
Governmental activities capital assets, net	\$ 18,390,739	1,928,554	1,357,402	18,961,891

Business-type Activities:

Capital assets, not being depreciated:				
Land	\$ 44,573	-	-	44,573
Construction in progress	26,631	277,327	-	303,958
Total capital assets not being depreciated	71,204	277,327	-	348,531
Capital assets, being depreciated:				
Sewer infrastructure	20,356,020	20,770	-	20,376,790
Total capital assets being depreciated	20,356,020	20,770	-	20,376,790
Less accumulated depreciation for:				
Sewer infrastructure	11,207,256	624,313	-	11,831,569
Total accumulated depreciation	11,207,256	624,313	-	11,831,569
Total capital assets being depreciated, net	9,148,764	(603,543)	-	8,545,221
Business-type activities capital assets, net	\$ 9,219,968	(326,216)	-	8,893,752

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

CAPITAL ASSETS, CONTINUED

Depreciation/amortization expense was charged to the following functions:

Governmental Activities:

General government	\$ 257,732
Public services	62,488
Public safety	210,972
Public works	635,970
Total governmental activities depreciation/amortization expense	\$ 1,167,162

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and notes from direct borrowings	\$ 9,315,000	-	585,000	8,730,000	600,000
Bond premium	1,291,217	-	90,439	1,200,778	90,439
Financed purchases*	680,481	-	103,373	577,108	106,715
Subscriptions payable	64,136	-	20,741	43,395	21,372
Other postemployment benefits	801,702	6,452	-	808,154	-
Landfill closure and postclosure	415,000	29,000	-	444,000	-
Net pension	1,643,246	553,663	-	2,196,909	-
Accrued compensated absences	528,788	38,312	-	567,100	-
Total governmental activities	14,739,570	627,427	799,553	14,567,444	818,526
Business-type Activities:					
Notes from direct borrowings	6,620,663	-	404,534	6,216,129	419,533
Other postemployment benefits	40,393	1,491	-	41,884	-
Net pension	84,849	30,778	-	115,627	-
Accrued compensated absences	30,744	1,965	-	32,709	-
Total business-type activities	\$ 6,776,649	34,234	404,534	6,406,349	419,533

* These agreements are considered direct borrowings.

LONG-TERM DEBT

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, 2025, \$11,515,000 of defeased bonds remain outstanding.

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

LONG-TERM DEBT, CONTINUED

Bonds and notes from direct borrowings at June 30, 2025, are comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance June 30, 2025</u>
Governmental activities:					
2008 Note - MMBB	10/30/08	\$ 500,000	11/1/2028	0.08-5.58%	100,000
2020 Bond - Series B – US Bank	10/29/20	5,485,000	11/1/2038	2.20-5.00%	5,145,000
2020 Bond - Series A – US Bank	10/29/20	4,120,000	8/1/2043	2.00-2.125%	3,485,000
Total governmental activities					<u>\$ 8,730,000</u>
Business-type activities:					
2020 Bond - Series B – US Bank	10/29/20	5,730,000	11/1/2038	2.20-5.00%	5,370,000
2024 Bond - MMBB	4/23/24	890,633	10/1/2043	1.9%	846,129
Total business-type activities					<u>\$ 6,216,129</u>

The annual requirements to amortize bonds, notes from direct borrowings and financed purchases as of June 30, 2025, are as follows:

Year ending June 30,	Governmental		Business-type	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	595,000	162,996	519,533	130,684
2031-2035	3,045,000	502,144	2,912,666	319,743
2036-2040	2,210,000	381,470	782,666	47,008
2041-2044	475,000	16,716	178,132	16,010
	<u>\$ 8,730,000</u>	<u>1,951,217</u>	<u>6,216,129</u>	<u>1,263,190</u>

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

FINANCED PURCHASES

The City has entered into two agreements as financed purchase agreements for financing the acquisition of a fire truck and front loader. Both vehicles are recorded as capital assets in the government-wide financial statements as they are individually above the City's capitalization threshold. The financed purchases have been recorded as a liability in the government-wide financial statements at the present value of the future minimum lease payments. Financed purchases are secured by the underlying assets in the agreements.

The following is a schedule of the future minimum payments under financed purchase, and the present value of net minimum payments at June 30, 2025.

Fiscal year <u>Ending</u>	Governmental <u>activities</u>
2026	\$ 123,491
2027	123,491
2028	78,091
2029	78,091
2030	78,091
<u>2031-2032</u>	<u>156,181</u>
Total minimum payments	637,436
<u>Less: amount representing interest</u>	<u>(60,328)</u>

Present value of future minimum payments \$577,108

SUBSCRIPTIONS

On October 1, 2022, the Town entered into a \$106,957 subscription agreement for a video-as-a-service package expiring in October 2026. As of June 30, 2025, the value of the subscription payable was \$43,359. 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 \$58,825.

The future principal and interest payments as of June 30, 2025, were as follows:

	Subscription Payable		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 21,372	1,320	22,692
2027	22,023	669	22,692
Totals	\$ 43,395	1,989	45,384

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

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE

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, 2025, 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
Total	<u>61</u>

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

The Town's total OPEB liability of \$837,678 was measured as of January 1, 2025, and was determined by an actuarial valuation as of that date. \$41,884 has been allocated to business-type activities (based on the number of participants) and the remaining \$795,794 is reported in governmental activities as of June 30, 2025.

Changes in the Total OPEB Liability

Balance at June 30, 2024	\$ 822,664
Changes for the year:	
Service cost	38,197
Interest	27,658
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(25,706)
Benefit payments	(25,135)
Net changes	<u>15,014</u>
Balance at June 30, 2025	<u>\$ 837,678</u>

Change in assumptions reflects a change in the discount rate from 3.26% to 4.08%.

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

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE, CONTINUED

For the year ended June 30, 2025, The Town recognized OPEB expense of \$28,730. At June 30, 2025, 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	\$ -	86,678	-	4,562
Changes of assumptions	105,828	-	5,570	-
Town contributions subsequent to the measurement date	14,192	-	747	-
Total	\$ 120,020	86,678	6,317	4,562

An amount of \$14,192 for governmental activities and \$747 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, 2026. The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2026	\$ 18,060	951
2027	18,054	950
2028	10,788	568
2029	15,892	836
2030	(3,467)	(182)
Thereafter	(40,177)	(2,115)

Actuarial Assumptions - The total OPEB liability in the January 1, 2025, 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	4.08%
Healthcare cost trend rates	10.14% Non-Medicare and 7.66% Medicare, decreasing to 3.81% by 2045
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE, CONTINUED

Mortality rates were based on the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2025, valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2016, through June 30, 2020.

Discount Rate - The rate used to measure the total OPEB liability for the Health Plan was 4.08% 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 4.08%, 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% Decrease (3.08%)	Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB liability	\$ 968,970	837,678	730,725

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 710,673	837,678	1,002,029

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

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.mainepepers.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.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

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 \$222 for the year ended June 30, 2025. 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, 2024, 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, 2025, the Town reported a liability of \$12,360 for its proportionate share of the net OPEB liability. At June 30, 2025, the Town's proportion was 0.1117%.

For the year ended June 30, 2025, the Town recognized OPEB expense of \$9,808 for the PLD OPEB plan. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	610
Changes of assumptions	-	1,159
Net difference between projected and actual earnings on OPEB plan investments	-	949
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	5,950
Town contributions subsequent to the measurement date	222	-
Total	\$ 222	8,668

An amount of \$222 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, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	\$ (3,069)
2027	(1,021)
2028	(2,007)
2029	(1,671)
2030	(900)

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

Actuarial Assumptions - The net OPEB liability in the June 30, 2024, 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.

The actuarial assumptions used in the June 30, 2024, 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:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	5.6%
Traditional credit	2.7%
U.S. Government Securities	2.5%

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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Net OPEB liability	\$ 18,300	12,360	7,583

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

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.

LANDFILL CLOSURE AND POSTCLOSURE COSTS

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, 2025. 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 \$1,043,500. The estimated remaining life of the landfill at June 30, 2025, is 34 years. The new cell has a capacity of 40,000 yards, of which approximately 17,030 yards were used as of June 30, 2025.

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>2024</u>	<u>2025</u>
Total estimated future landfill closure and postclosure care costs	\$ 1,047,700	1,043,000
Estimated capacity used	39.57%	42.57%
Estimated gross landfill closure and postclosure care costs – end of year	415,000	444,000
Amounts actually expended	-	-
<u>Estimated liability for landfill closure and postclosure care costs - end of year</u>	<u>\$ 415,000</u>	<u>444,000</u>
<u>Estimated remaining landfill closure and postclosure care costs to be recognized</u>	<u>\$ 632,700</u>	<u>599,000</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 2025.

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

RISK MANAGEMENT

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.

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, 2025.

DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by Mission Square Retirement.

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, 2025, the Town's contribution to the plan was \$71,221.

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.

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

TAX INCREMENT FINANCING DISTRICTS

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, 2025, the Town remitted a total of \$198,857 in credit enhancement payments. All credit enhancement payments made during the year are outlined below.

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 fiscal year 19, 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, 2025, was \$51,126.

EnvioNet 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. EnvioNet filed for bankruptcy in fiscal year 14 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, 2025, was \$97,999, representing 100% of the captured tax revenues. On June 30, 2025, the balance of the EnvioNet Development Program Fund was \$327,804.

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.

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

TAX INCREMENT FINANCING DISTRICTS, CONTINUED

Fiscal year ended June 30, 2025, was the twenty-second year tax revenues were made available to Dirigo Pines. The amount of tax increment revenues made available for the year ended June 30, 2025, was \$128,131, which was returned to the developer. As of June 30, 2025, the Dirigo Pines TIF Fund had a balance of \$4,407.

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, 2025, was \$ \$1,044,715, of which \$43,354 was returned due to credit enhancement agreements with James D. Swett Living Trust, Rose Property and Bazampas LLC. As of June 30, 2025, the Downtown and Transit Oriented TIF Program Development Program had a balance of \$308,927.

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, 2025, was \$24,480 with \$23,045 returned to the developer. As of June 30, 2025, the Webster Point TIF Development Program had a balance of \$75,747.

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: fiscal year 16-20 40%; fiscal year 21-30 55%; and fiscal year 31-45 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 fiscal year 25, the District value was \$1,308,900 which resulted in 45.00% of taxes paid on the increment returned to Cutis Properties (equaling \$9,489.92). The amount of tax increment revenues received for the year ended June 30, 2025, was \$25,208. As of June 30, 2025, the Penobscot Valley Dermatology TIF Development Program had a balance of \$191,266.

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

TAX INCREMENT FINANCING DISTRICTS, CONTINUED

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 fiscal year 25, the Town captured taxes of \$10,896 and returned \$4,327 to Hub LLC. As of June 30, 2025, the Orono Basin Omnibus Municipal Development and TIF District had a balance of \$27,600.

NET PENSION LIABILITY

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.maineopers.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). 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 6.75% to 7.5% of their annual pay for the regular AC plan and 8.50% of their annual pay for the special 2C plan. The Town's contractually required contribution rates for the year ended June 30, 2025, were 9.90% of annual payroll for the regular AC Plan, and 11.80% 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 \$607,767 for the year ended June 30, 2025.

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

NET PENSION LIABILITY, CONTINUED

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

At June 30, 2025, the Town reported a liability of \$2,312,536 for its proportionate share of the net pension liability. \$115,627 has been allocated to business-type activities (based on the number of participants) and the remaining \$2,196,909 is reported in governmental activities as of June 30, 2025. The net pension liability was measured as of June 30, 2024, 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, 2024, the Town's proportion was 0.5778%.

For the year ended June 30, 2025, the Town recognized pension expense of \$594,220. At June 30, 2025, 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	\$ 652,032	-	34,318	-
Net difference between projected and actual earnings on pension plan investments	-	228,422	-	12,022
Changes in proportion and differences between Town contributions and proportionate share of contributions	31,521	-	1,659	-
Town contributions subsequent to the measurement date	577,379	-	30,388	-
Total	\$ 1,260,932	228,422	66,365	12,022

An amount of \$577,379 for governmental activities and \$30,388 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, 2026. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense (gain) as follows:

Year Ending June 30,	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2026	\$ (38,937)	(2,049)
2027	568,778	29,936
2028	(30,447)	(1,602)
2029	(44,263)	(2,330)

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

NET PENSION LIABILITY, CONTINUED

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, 2024, 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, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Target Allocation</u>	<u>Real Rate of Return</u>
Public equities	30.0%	5.6%
U.S. Government	10.0%	2.2%
Private equity	12.5%	7.2%
Real estate	10.0%	5.8%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.1%
Traditional credit	5.0%	2.7%
Alternative credit	10.0%	6.4%
Diversifiers	7.5%	4.8%

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.

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

NET PENSION LIABILITY, CONTINUED

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)	\$5,778,198	2,312,536	(542,772)

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, 2025.

NET POSITION

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, financed purchases 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, 2025:

	Governmental <u>activities</u>	Business-type <u>activities</u>
Capital assets	\$ 41,302,134	20,725,321
Accumulated depreciation	(22,340,243)	(11,831,569)
Bonds and notes from direct borrowings	(8,730,000)	(6,216,129)
Financed purchases payable	(577,108)	-
Subscriptions payable	(43,395)	-
Bond premium	(1,200,778)	-
<u>Unspent bond proceeds</u>	<u>516,412</u>	<u>-</u>
Total net investment in capital assets	<u>\$ 8,927,022</u>	<u>2,677,623</u>

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

FUND BALANCES

As of June 30, 2025, fund balance components consisted of the following:

	General <u>Fund</u>	Grant <u>Fund</u>	Other Governmental <u>Funds</u>
Nonspendable:			
Inventory	\$ 45,904	-	-
Restricted:			
Downtown TIF	308,927	-	-
Maine Technology Park TIF	51,126	-	-
Penobscot Valley Dermatology TIF	191,266	-	-
Webster Point TIF	75,747	-	-
EnvisioNet TIF	327,804	-	-
Dirigo Pines Inn TIF	4,407	-	-
Orono Basin TIF	27,600	-	-
Unspent bond proceeds	516,412	-	-
Grant Fund	-	462,098	-
Cemetery	-	-	432,569
Public Library	-	-	66,000
Library Construction	-	-	7,527
Total restricted	1,503,289	462,098	506,096
Assigned:			
Assigned for subsequent year's budget	450,000	-	-
Reserves:			
Interest on reserves (all non-TIF)	242,422	-	-
Compensated absences reserve	28,350	-	-
Unemployment	43,005	-	-
Landfill closure	137,621	-	-
Winter maintenance	30,000	-	-
Capital Infrastructure	961,135	-	-
Capital facilities	161,000	-	-
Capital equipment	782,340	-	-
Council reserve projects	4,607	-	-
Major maintenance	73,785	-	-
Safety equipment	11,507	-	-
Public works garage	7,500	-	-
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	71,042	-	-
Public works facility maintenance	100,577	-	-

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

FUND BALANCES, CONTINUED

Police technology reserve	41,000	-	-
Ambulance	289,710	-	-
Fire truck	198	-	-
Sally Jacobs sculpture steward	1,904	-	-
Union Street Boat Launch	10,000	-	-
IT audiovisual	28,108	-	-
Pub safety radio upgrade	21,329	-	-
Solid waste	84,565	-	-
Trail system	23,400	-	-
Penobscot Nation Cultural Proj	39,943	-	-
Carryforwards:			
Colburn Drive	404,312	-	-
Stillwater DOT	6,616	-	-
Misc Road Improvements	21,477	-	-
Stormwater Improvements	16,669	-	-
Peters Street	72,501	-	-
Pond Street	80,574	-	-
Hillside Street	89,674	-	-
Forest Ave Sidewalk	9,260	-	-
BACTS Vision Zero Plan	4,557	-	-
Sunset Drive	68,388	-	-
Spencer St	62,348	-	-
Webster Stormwater	1,005,653	-	-
PW Block Sealing	30,000	-	-
SAFER Wages	58,511	-	-
Trails Reserve	9,500	-	-
Union St Boat Launch	10,000	-	-
Training	2,500	-	-
Planning Services	15,000	-	-
Total assigned	5,765,834	-	-
Total unassigned	4,657,675	-	-
Total fund balances	\$ 11,972,702	462,098	506,096

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

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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, 2025, arising from these transactions were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers</u>
Governmental Activities:			
Major Funds:			
General Fund	\$ -	1,024,597	136,825
Grant Fund	729,586	-	-
Business-type Activities:			
Sewer Fund	295,011	-	(136,825)
Totals	\$ 1,024,597	1,024,597	-

RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE

During fiscal year ended June 30, 2025, the Town implemented GASB Statement No. 101, *Compensated Absences*. As a result, the Town revised its accounting for compensated absences to include liabilities for unused leave that is more likely than not to be used or paid. Also during the current year, the Town determined that the grant fund met the criteria for being reported as a major fund.

These changes resulted in a restatement of beginning net position and fund balance as follows:

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	<u>Funds</u>		<u>Government-Wide</u>	
	<u>Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
June 30, 2024, as previously report	-	811,616	16,704,314	5,431,349
Change from nonmajor to major fund	336,522	(336,522)	-	-
Change in accounting principle (GASB 101)	-	-	(327,013)	(12,340)
June 30, 2024, as adjusted or restated	<u>336,522</u>	<u>475,094</u>	<u>16,377,301</u>	<u>5,419,009</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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PLD Plan										
Town's proportion of the net pension liability (asset)	0.5778%	0.5416%	0.5882%	0.6121%	0.6082%	0.6255%	0.6237%	0.6192%	0.6344%	0.6536%
Town's proportionate share of the net pension liability (asset)	2,312,536	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
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	3,322,232
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	45.52%	37.39%	36.06%	-4.91%	63.81%	50.83%	48.71%	73.14%	98.82%	62.77%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.06%	92.34%	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%

** 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>2025</u>	<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>
PLD Plan										
Contractually required contribution	607,767	568,767	506,543	458,124	418,341	390,507	386,308	344,915	318,336	303,704
Contributions in relation to the contractually required contribution	<u>(607,767)</u>	<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>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	5,385,376	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
Contributions as a percentage of covered payroll	11.29%	11.19%	10.96%	10.57%	10.45%	10.31%	10.27%	9.84%	9.18%	8.90%

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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability									
Service cost	\$	38,197	30,766	37,098	31,389	26,902	19,115	21,783	17,980
Interest		27,658	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		(25,706)	129,035	(98,889)	41,369	46,921	130,452	(53,776)	76,377
Benefit payments		<u>(25,135)</u>	<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		15,014	(15,358)	(63,494)	122,837	82,618	215,962	(26,543)	103,253
Total OPEB liability - beginning		<u>822,664</u>	<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>
Total OPEB liability - ending	\$	<u>837,678</u>	<u>822,664</u>	<u>838,022</u>	<u>901,516</u>	<u>778,679</u>	<u>696,061</u>	<u>480,099</u>	<u>506,642</u>
Covered-employee payroll	\$	3,430,158	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		24.42%	23.98%	24.91%	26.80%	25.77%	23.04%	17.05%	18.00%

*Only eight 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*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Town's proportion of the net OPEB liability	0.1117%	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	\$ 12,360	19,431	23,454	16,156	21,963	33,415	27,691	22,239	30,832
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	3,411,083
Town's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	0.24%	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	67.88%	59.71%	55.88%	67.26%	55.40%	43.18%	43.92%	47.42%	unavailable

** Only nine 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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PLD Plan									
Contractually required contribution	\$ 222	615	1,087	912	532	638	638	639	639
Contributions in relation to the contractually required contribution	(222)	(615)	(1,087)	(912)	(532)	(638)	(638)	(639)	(639)
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered-employee payroll	\$ 5,385,376	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	0.004%	0.012%	0.024%	0.021%	0.013%	0.017%	0.017%	0.018%	0.018%

* Only nine years of information available.

TOWN OF ORONO, MAINE
Notes to Required Supplementary Information

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 Healthy 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 Healthy 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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	4.08%	3.26%	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%	3.78%

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, 2025

	2025
ASSETS	
Cash and cash equivalents	\$ 12,655,573
Investments	1,150,860
Receivables:	
Accounts	229,215
Rescue	75,546
Taxes - current year	166,283
Taxes - prior years	124,595
Inventory	45,904
Total assets	\$ 14,447,976
LIABILITIES	
Accounts payable	779,363
Accrued payroll and benefits	332,941
Performance bond liability	71,892
Taxes paid in advance	39,681
Interfund loans payable	1,024,597
Total liabilities	2,248,474
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	226,800
Total deferred inflows of resources	226,800
FUND BALANCE	
Nonspendable - inventory	45,904
Restricted	1,503,289
Assigned	5,765,834
Unassigned	4,657,675
Total fund balance	11,972,702
Total liabilities, deferred inflows of resources, and fund balance	\$ 14,447,976

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, 2025

	2025		Variance positive (negative)
	Budget	Actual	
Revenues:			
Taxes:			
Property taxes	\$ 15,286,955	14,814,152	(472,803)
Excise taxes	794,000	960,752	166,752
Interest and costs on taxes	37,000	37,959	959
Total taxes	16,117,955	15,812,863	(305,092)
Intergovernmental:			
State revenue sharing	5,784,231	6,019,601	235,370
State road subsidy	100,000	101,600	1,600
General assistance reimbursement	9,520	12,113	2,593
BETE reimbursement	87,431	87,585	154
Homestead tax exemption	449,206	430,400	(18,806)
UMO reimbursements	655,431	655,431	-
Other miscellaneous intergovernmental revenues	16,425	7,265	(9,160)
Total intergovernmental	7,102,244	7,313,995	211,751
Licenses and permits:			
Motor vehicle agent fee	15,000	19,438	4,438
Town licenses and permits	8,500	10,400	1,900
Building permits	17,500	57,064	39,564
Plumbing fees	3,500	8,865	5,365
Electrical permits	7,500	23,041	15,541
Land use ordinance fees	1,000	-	(1,000)
Road opening permits	1,000	1,300	300
Rental unit registration fee	43,200	38,475	(4,725)
Parking permits	6,000	3,850	(2,150)
Fish and wildlife license fees	600	864	264
Site plan review	4,500	4,898	398
Landfill permit	7,500	11,725	4,225
Birth, death and marriage records	5,000	7,775	2,775
Dog licenses	750	958	208
Total licenses and permits	121,550	188,653	67,103
Interest income (loss)	175,000	435,795	260,795

TOWN OF ORONO, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - Budgetary Basis, Continued

	2025		Variance positive (negative)
	Budget	Actual	
Revenues, continued:			
Charges for services:			
Fire and ambulance fees	\$ 376,000	521,038	145,038
Advertising	7,000	6,150	(850)
Police fees	2,000	620	(1,380)
Police accident reports	4,200	2,102	(2,098)
Police special detail	8,000	11,130	3,130
Court fees	500	515	15
BB Express: Orchard Trails	7,537	-	(7,537)
School resource officer	45,100	45,100	-
School crossing guard reimbursement	12,000	11,382	(618)
Recreation	100,000	108,949	8,949
Public library fees	-	3,759	3,759
OVWD plowing fees	2,000	-	(2,000)
Disposal site fees	7,500	4,150	(3,350)
Veazie EMS contract fees	47,500	70,050	22,550
TIF administration fees	1,200	1,281	81
Town office admin fees	500	1,245	745
Public works fees	200	157	(43)
Solid waste hauler	2,500	3,006	506
Cemetery revenue	4,500	9,450	4,950
Stumpage revenue	30,000	-	(30,000)
Rental income	3,000	8,135	5,135
Total charges for services	661,237	808,219	146,982
Other revenues:			
Housing Foundation PILOT	35,000	45,000	10,000
Freeman Forest Foundation	17,600	35,200	17,600
Parking fines	-	25,686	25,686
ACO late fees	-	900	900
Code enforcement penalties and fees	800	550	(250)
Donations	100	650	550
Sale of surplus property	8,000	4,501	(3,499)
Cable franchise fees	44,000	39,359	(4,641)
Recycling revenue	1,500	405	(1,095)
MCJA PD training reimbursement	-	17,214	17,214
Capital Trade In or Sale	-	4,501	4,501
Miscellaneous revenue	-	1,520	1,520
Total other revenues	107,000	175,486	68,486
Total revenues	24,284,986	24,735,011	450,025

TOWN OF ORONO, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - Budgetary Basis, Continued

		2025		
		Budget	Actual	Variance positive (negative)
Expenditures:				
Current:				
General government:				
Town Council	\$	97,711	57,386	40,325
Town Manager		484,245	418,552	65,693
Finance		364,120	384,033	(19,913)
Administration		255,195	263,339	(8,144)
Assessor		148,340	124,606	23,734
Elections and voter registration		32,395	28,457	3,938
Insurance		115,597	112,294	3,303
General assistance		16,050	16,660	(610)
Planning		106,235	83,731	22,504
Code enforcement		132,900	132,126	774
IT / GIS		189,310	125,324	63,986
Overlay		158,553	8,874	149,679
Total general government		2,100,651	1,755,382	345,269
Public services:				
Library		412,885	392,845	20,040
Recreation		387,477	325,361	62,116
Facilities		282,470	168,307	114,163
Municipal and public safety buildings		88,065	136,231	(48,166)
Library facilities maintenance		22,300	18,489	3,811
Senior Citizen Center		13,100	11,558	1,542
Community House		12,935	10,378	2,557
Total public services		1,219,232	1,063,169	156,063
Public safety:				
Public safety administration		157,135	159,873	(2,738)
Police Department		1,807,715	1,740,317	67,398
Community policing		209,815	206,784	3,031
Fire Department		3,265,051	3,203,607	61,444
Fire protection		364,700	390,772	(26,072)
Total public safety		5,804,416	5,701,353	103,063
Public works:				
General maintenance		1,192,367	1,330,126	(137,759)
Winter maintenance		239,896	156,617	83,279
Cemetery		13,350	12,197	1,153
Environmental services		673,587	650,764	22,823
Town garage		252,780	296,978	(44,198)
Total public works		2,371,980	2,446,682	(74,702)

TOWN OF ORONO, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - Budgetary Basis, Continued

	2025		Variance positive (negative)
	Budget	Actual	
Expenditures, continued			
Current, continued:			
Educational assessment	\$ 8,514,903	8,517,441	(2,538)
County tax	903,109	903,109	-
Debt service	854,223	853,183	1,040
Capital expenditures:			
Capital equipment	445,350	98,896	346,454
Capital infrastructure	2,747,678	1,073,266	1,674,412
Capital facilities	253,500	19,495	234,005
Total capital expenditures	3,446,528	1,191,657	2,254,871
Total expenditures	25,215,042	22,431,976	2,783,066
(Excess) deficiency of revenues over (under) expenditures	(930,056)	2,303,035	3,233,091
Other financing sources (uses):			
Transfers-in from sewer fund	136,825	136,825	-
Transfers-out to reserves	(2,137,405)	(2,136,998)	407
Use of restricted fund balance	516,412	-	(516,412)
Use of assigned fund balance	2,114,224	-	(2,114,224)
Use of prior year surplus	300,000	-	(300,000)
Total other financing sources (uses)	930,056	(2,000,173)	(2,930,229)
Net change in fund balances, budgetary basis	-	302,862	302,862
Fund balance, beginning of year-budgetary basis		7,334,669	
Fund balance, end of year - budgetary basis		7,637,531	
Amounts held in reserves		4,335,171	
Fund balance, end of year		\$ 11,972,702	

TOWN OF ORONO, MAINE
General Fund Reserves
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2025

	Fund balances beginning of year	Interest income	Other Revenues	Expenditures	Transfers in	Fund balances end of year
Restricted:						
Downtown TIF	\$ 661,740	18,608	-	1,416,136	1,044,715	308,927
Maine Technology Park TIF	49,235	1,891	-	-	-	51,126
Webster Point TIF	71,731	2,581	-	23,045	24,480	75,747
Penobscot Valley Dermatology TIF	182,411	6,976	-	23,329	25,208	191,266
EnvisioNet TIF	221,294	8,511	-	-	97,999	327,804
Dirigo Pines Inn TIF	2,440	1,967	-	128,131	128,131	4,407
Orono Basin TIF	20,259	772	-	4,327	10,896	27,600
Assigned:						
Interest on reserves (all non-TIF)	133,854	108,568	-	-	-	242,422
Compensated absences reserve	-	-	-	-	28,350	28,350
Unemployment	52,285	-	-	-	(9,281)	43,004
Landfill closure	122,621	-	-	-	15,000	137,621
Winter maintenance	30,000	-	-	-	-	30,000
Capital Infrastructure	1,134,595	-	-	173,460	-	961,135
Capital facilities	-	-	-	-	161,000	161,000
Capital equipment	400,741	-	-	78,400	460,000	782,341
Council reserve projects	4,607	-	-	-	-	4,607
Major maintenance	63,785	-	-	-	10,000	73,785
Safety equipment	11,507	-	-	-	-	11,507
Public works garage	-	-	-	-	7,500	7,500
Skate park	18,157	-	-	-	-	18,157
Skate park council designated	20,000	-	-	-	-	20,000
Recreation reserve	4,584	-	-	-	-	4,584
Police tuition reimbursement	15,000	-	-	-	-	15,000
Professional development	8,384	-	-	-	-	8,384
Employee benefits	87,121	-	-	-	-	87,121
Library maintenance	66,042	-	-	-	5,000	71,042
Public works facility maintenance reserve	90,577	-	-	-	10,000	100,577
Police technology reserve	26,000	-	-	-	15,000	41,000
Ambulance	189,710	-	-	-	100,000	289,710
Fire truck	198	-	-	-	-	198
Sally Jacobs sculpture steward	1,904	-	-	-	-	1,904
Union Street boat launch	10,000	-	-	-	-	10,000
IT Audiovisual	25,108	-	-	-	3,000	28,108
Public safety radio upgrade	21,329	-	-	-	-	21,329
Solid Waste	84,565	-	-	-	-	84,565
Trail System	25,000	-	-	1,600	-	23,400
Penobscot Nation Cultural Proj	50,000	-	-	10,057	-	39,943
Total General Fund reserves	\$ 3,906,784	149,874	-	1,858,485	2,136,998	4,335,171

NONMAJOR GOVERNMENTAL FUNDS

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TOWN OF ORONO, MAINE
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2025

		Special Revenue Funds			Capital Project Fund	
		Grant Fund	Cemetery	Public Library	Library Construction	Totals
ASSETS						
Cash and cash equivalents	\$	-	27,404	582	7,527	35,513
Investments		-	405,165	65,418	-	470,583
Total assets		-	432,569	66,000	7,527	506,096
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable		-	-	-	-	-
Total liabilities		-	-	-	-	-
Fund balances:						
Restricted		-	432,569	66,000	7,527	506,096
Total fund balance		-	432,569	66,000	7,527	506,096
Total liabilities and fund balances	\$	-	432,569	66,000	7,527	506,096

TOWN OF ORONO, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			Capital Project Fund	
	Grant Fund	Cemetery	Public Library	Library Construction	Totals
Revenues:					
Investment income (loss)	\$ -	36,362	3,156	-	39,518
Other	-	1,484	-	-	1,484
Total revenues	-	37,846	3,156	-	41,002
Expenditures:					
Current:					
Program expenditures	-	-	10,000	-	10,000
Total expenditures	-	-	10,000	-	10,000
Net change in fund balances	-	37,846	(6,844)	-	31,002
Fund balances, beginning of year (as previously reported)	336,522	394,723	72,844	7,527	811,616
Change in reporting entity	(336,522)	-	-	-	(336,522)
Fund balances, beginning of year (as restated)	-	394,723	72,844	7,527	475,094
Fund balances, end of year	\$ -	432,569	66,000	7,527	506,096

APPENDIX B

**PROPOSED FORM
OF
LEGAL OPINION**

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Merrill's Wharf
254 Commercial Street
Orono, ME 04101-1110

207-791-1100 voice
207-791-1350 fax
info@pierceatwood.com
pierceatwood.com

Upon issuance and delivery of the Bonds described herein, Pierce Atwood LLP, Orono, Maine, Bond Counsel, proposes to issue its opinion in substantially the following form:

[Dated date of Issue]

Town of Orono
Orono, Maine 04473

Re: Town of Orono, Maine \$10,250,000* 2026 General Obligation Bonds

Ladies and Gentlemen:

We have acted as Bond Counsel for the Town of Orono, Maine (the "Town") in connection with the issue and sale by the Town of \$10,250,000* aggregate principal amount of its 2026 General Obligation Bonds dated October __, 2026 (the "Bonds"). In such capacity, we have examined the law, including Title 30-A, §5772 of the Maine Revised Statutes, as amended, the Town Charter, and the record of proceedings submitted to us by the Town in connection with the execution, issue and delivery of the Bonds, including among other documents and materials, certified copies of an Ordinance Approving Bonded Capital Improvements adopted by the Town Council on July 13, 2026, and the following Orders adopted by the Town Council on the date indicated:

<u>Order No.</u>	<u>Date Adopted</u>
26-145	7/13/2026
26-146	7/13/2026
26-147	7/13/2026
26-177	8/10/2026

and all other authority thereto enabling (the "Bond Authorizations"), authorizing issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials without undertaking to verify such facts by independent investigations. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as copies.

*Preliminary, subject to change

We understand the Bonds are dated as of October __, 2026, and have been issued as serial bonds in the denominations, bearing interest payable on October 15, 2027 and semi-annually on each April 15 and October 15 thereafter until maturity, or redemption prior to maturity, and maturing on October 15 of each year as follows:

<u>Year of Maturity</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Amount*</u>	<u>Interest Rate</u>
2027	\$300,000		2042	\$455,000	
2028	\$300,000		2043	\$455,000	
2029	\$300,000		2044	\$455,000	
2030	\$465,000		2045	\$455,000	
2031	\$465,000		2046	\$455,000	
2032	\$465,000		2047	\$155,000	
2033	\$465,000		2048	\$155,000	
2034	\$465,000		2049	\$155,000	
2035	\$465,000		2050	\$155,000	
2036	\$460,000		2051	\$155,000	
2037	\$455,000		2052	\$155,000	
2038	\$455,000		2053	\$155,000	
2039	\$455,000		2054	\$155,000	
2040	\$455,000		2055	\$155,000	
2041	\$455,000		2056	\$155,000	

Bonds maturing on and before October 15, 2036 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after October 15, 2037 are subject to optional redemption prior to their stated dates of maturity, at the option of the Town, on and after October 15, 2036, as a whole or in part at any time, in such order of maturity as the Town, 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.

The Bonds should be signed by the Treasurer and the Chair of the Town Council of the Town, sealed with the seal of the Town, and should bear the signed certificate of the certifying agent identified thereon.

We note that the Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements regarding the amount, use, investment and expenditure of the proceeds of the Bonds, the timely payment of certain investment earnings to the U.S. Treasury, and the use of the improvement financed with the proceeds of the Bonds, that must be met on a continuing basis subsequent to the issuance and delivery 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.

In rendering the opinion set forth in paragraph 3 hereinbelow, we have examined and relied upon the Arbitrage and Use of Proceeds Certificate and the General Certificate of the Treasurer (collectively, the "Tax Certificates"), both dated October __, 2026, and delivered concurrently with the Bonds, which Tax Certificates contain certain covenants, representations, certifications and provisions regarding compliance with the requirements of the Code. The Town, in executing such Tax Certificates, (a) has set forth facts, estimates, circumstances and reasonable expectations of the Town as of the date hereof as to future events regarding the amount, use, investment and expenditure of the proceeds of the Bonds and the use of

*Preliminary, subject to change

the improvements financed and refinanced with the proceeds of the Bonds that are material for purposes of Section 141 and Section 148 of the Code, and (b) has certified that the information therein is true, accurate, correct and complete and that the Town will comply with the covenants, representations, certifications and provisions set forth therein and with the requirements of the Code, and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds is and will remain excludable from the gross income of the owners thereof, for federal income tax purposes. In rendering the opinions set forth in paragraph 3 hereinbelow, we have relied upon the representations, certifications, facts, estimates, circumstances and reasonable expectations of the Town set forth in such Tax Certificates, and we have assumed that the Town will comply with the requirements of the Code and with the covenants, representations, certifications and provisions set forth in such Tax Certificates. The Town's failure to comply with such requirements may cause interest on the Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

We also note that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their own tax advisors as to applicability of any such collateral consequences.

With reference to the Bonds, based upon the record of proceedings, materials and information discussed above and assuming no material change thereto, we are of the opinion that under existing law:

1. Under the Constitution and laws of the State of Maine, the Town has been duly created and validly exists as a body corporate and politic and a municipality under the name of the Town of Orono with lawful power and authority to adopt the Bond Authorizations and to issue the Bonds.
2. The Bonds are in proper form, have been duly authorized and executed by the Town and, subject to due authentication, are valid and binding general obligations of the Town, enforceable in accordance with their terms. The Bonds are payable from *ad valorem* taxes that may be levied without limit as to rate or amount upon all taxable property within the Town, except to the extent that (a) the Town has or may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, or (b) the Town establishes or has established municipal development districts or municipal affordable housing districts pursuant to Title 30-A, Chapters 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. In reliance on and assuming compliance by the Town with the Tax Certificates and the requirements of the Code, under existing law, interest payable on the Bonds is excludable from the gross income of the owners thereof for purposes of federal income taxation pursuant to Section 103 of the Code. In addition, such interest is not a specific preference item under the Code for purposes of computing the alternative minimum tax; provided, however that 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.

4. Pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, interest paid on the Bonds is exempt from taxation within the State of Maine.

The foregoing opinions are qualified to the extent that the enforceability of the obligations of the Town, including the Bonds, is subject to and 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 the enforceability of such obligations is considered in a proceeding in equity or at law).

We have not examined and assume no responsibility for the financial condition of the Town and nothing set forth herein shall be construed as assurance as to the Town's financial condition or ability to make required debt service payments on the Bonds.

We have not been engaged to examine or review, and have not examined or reviewed, and are not passing upon and do not assume any responsibility for the completeness, accuracy or adequacy of, any statements made in any Preliminary Official Statement or Official Statement, or any other offering material, document or information relating to the Town or the Bonds prepared or provided by the Town with respect to the Bonds, and we express no opinion, advice or representation to any person with respect to the completeness, accuracy or adequacy of any statements made in any such Preliminary Official Statement or Official Statement, other offering material, document or information.

The opinions rendered herein are given and speak as of the date hereof. We have addressed only the laws of the United States and of the State of Maine referenced herein and the opinions stated herein are limited solely to the matters expressly set forth above. We assume no obligation to update, revise or supplement opinions rendered herein to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. No assurance can be given that future legislation or common law will not contain provisions or create precedent which could directly or indirectly affect the matters set forth herein.

Very truly yours,

PIERCE ATWOOD LLP

APPENDIX C

**PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT**

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**TOWN OF ORONO, MAINE
PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the Town of Orono, Maine (the “Issuer”) of its \$____,000 2026 General Obligation Bonds, dated as of October __, 2026 (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. The Issuer reserves the right to incorporate by reference its Official Statement dated October __, 2026 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 or (c) is the Holder.

“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 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026, 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 “TOWN 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; however, if audited financial statements are not available by the required time, the Issuer will provide audited financial statements when they 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.
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) unless otherwise required by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:
 - (1) Principal and interest payment delinquencies;
 - (2) Non-payment related defaults, if material;
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) Substitution of credit or liquidity providers, or their failure to perform;
 - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (7) Modifications to the rights of Holders of the Bonds, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) Defeasances;
 - (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (11) Rating changes;
 - (12) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in this subparagraph (12), 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.);
 - (13) 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, if material;
 - (14) Appointment of a successor or additional trustee or the change of name of a trustee, material;

- (15) Incurrence of a Financial Obligation of the Issuer 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 the Holders, if material; and
- (16) 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.

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. The Issuer hereby agrees that all documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.
- 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 events as set forth in Section 2 in accordance with the Rule.

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: Zackary Turner, Treasurer, Town of Orono, 59 Main Street, Orono, ME 04473; Telephone: (207) 866-2556; Facsimile: (207) 866-5053; e-mail: *zturner@orono.org*

Dated: _____, 20__

TOWN OF ORONO, MAINE

By: _____
Its Treasurer