



MOORS & CABOT
INVESTMENTS

Banking & Advisory Group

NEW ISSUE

Moody's:
S&P:

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

**MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 15
(GRAY & NEW GLOUCESTER, MAINE)
2025 GENERAL OBLIGATION BONDS
\$2,390,000^(*)**

Dated: Date of Delivery				Due: November 1, as shown below			
<u>Year of Maturity</u>	<u>Amount ^(*)</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year of Maturity</u>	<u>Amount ^(*)</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2026	\$160,000			2034	\$160,000		
2027	160,000			2035	160,000		
2028	160,000			2036	160,000		
2029	160,000			2037	160,000		
2030	160,000			2038	160,000		
2031	160,000			2039	155,000		
2032	160,000			2040	155,000		
2033	160,000						

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

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of Maine School Administrative District No. 15 ("MSAD 15" or the "Issuer") and, unless paid from other sources, are payable as to both principal and interest from ad valorem taxes which may be levied without limit as to rate or amount upon all the property within the territorial limits of the Issuer (which territory includes the towns of Gray, Maine and New Gloucester, Maine (the "Member Municipalities")) and taxable by it, except to the extent that a Member Municipality may enter into an agreement under Title 30-A, Chapter 223, Subchapter 5 of the Maine Revised Statutes, to share its assessed valuation with another municipality; and except to the extent that a Member Municipality establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, the captured tax increment of which may not be available for payment of debt service on the Bonds. Both Member Municipalities have established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the economic development projects and programs described in the development programs adopted with respect to such districts. Within the limits established by statute, a municipality has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes. Officials of the Member Municipalities will certify that no agreements under Chapter 223, Subchapter 5 of the Maine Revised Statutes now exist. The opinion will indicate that the enforceability of the obligations of the Issuer, including the Bonds, are subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Bonds maturing on and before November 1, 2035 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after November 1, 2036 are subject to redemption prior to their stated dates of maturity, at the option of the Issuer, on and after November 1, 2035 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 Drummond Woodsum & MacMahon of Portland, Maine, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery to DTC on or about June 26, 2025.

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

No dealer, broker, salesman or other person has been authorized by the Issuer 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 Issuer 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 Issuer. 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 Issuer since the date hereof.

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

The CUSIP® numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. Neither the Issuer 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 Issuer 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.

TABLE OF CONTENTS

CERTIFICATE CONCERNING OFFICIAL STATEMENT	ii	ISSUER FINANCES (continued)	
THE ISSUER	1	Member Municipalities' Comparative Balance Sheet	31
THE BONDS		Member Municipalities' Statement of Revenues and Expenditures	32
Description of the Bonds	1	Property Taxation	33
Optional Redemption of the Bonds Prior to Maturity	2	Revenues from the State	36
General Provisions Regarding Redemption Of The Bonds	2	Local Cost	37
Record Date; Payment	3	INDEBTEDNESS	
Authorization and Purpose, the Projects and Plan of Financing	3	Limitations and Exclusions	38
Sources and Uses of Funds	4	Debt Summary	29
Source of Payment and Remedies	5	Projected Principal Payments, by Issue	40
Tax Matters	9	Projected Debt Service Requirements	40
Book-Entry-Only System	12	Debt Ratios	41
Ratings	13	Overlapping Debt	41
Continuing Disclosure	14	Contingent Debt	41
CUSIP Identification Numbers	14	Future Financing	41
Municipal Advisor	14	RETIREMENT	
Statutory References	15	Defined Benefit Pension Plan	41
Conditions Precedent to Delivery	15	Defined Benefit OPEB Plan	42
REORGANIZATION OF SCHOOL ADMINISTRATIVE UNITS INTO MAINE SCHOOL ADMINISTRATIVE DISTRICTS		ENVIRONMENTAL MATTERS	43
The School Consolidation Act	16	LITIGATION	43
Regional School Units	16	APPENDIX A: MSAD NO. 15 FINANCIAL STATEMENTS	
MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 15		APPENDIX B: TOWN OF GRAY, MAINE FINANCIAL STATEMENTS	
General	19	APPENDIX C: TOWN OF NEW GLOUCESTER, MAINE FINANCIAL STATEMENTS	
The District's Alternative Plan	19	APPENDIX D: PROPOSED FORM OF LEGAL OPINION	
The Member Municipalities	19	APPENDIX E: PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT	
Governance	21		
The Schools	21		
Enrollments	21		
Labor Relations	23		
Demographic Characteristics	24		
Commuter Patterns	25		
ISSUER FINANCES			
Budgetary Process	26		
Investment Policy	26		
Fund Balance	27		
Financial Statements	28		
Funds	28		
Comparative Financial Statements	29		
RSU 14 Comparative Balance Sheet	29		
RSU 14 Comparative Statement of Revenues and Expenditures	30		

**CERTIFICATE
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by Maine School Administrative District No. 15 (“MSAD 15” or the “Issuer”) with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the Issuer’s records and from various other public documents and sources, which are believed to be reliable. There has been no independent investigation of such information by the Municipal Advisor or by Drummond Woodsum & MacMahon, its Bond Counsel and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Municipal Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the Issuer 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 Issuer or its agencies and authorities, since the date hereof.

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

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

Chanda Turner
Treasurer
Maine School Administrative District No. 15

**OFFICIAL STATEMENT
MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 15
(GRAY & NEW GLOUCESTER, MAINE)
\$2,390,000¹
2025 GENERAL OBLIGATION BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the sale of the above-referenced Maine School Administrative District No. 15 (“MSAD 15” or the “Issuer”) 2025 General Obligation Bonds (the “Bonds”).

THE ISSUER

The School Departments of the towns of Gray and New Gloucester consolidated to form a Maine School Administrative District, which became operative on April 18, 1960. Pursuant to the Maine Revised Statutes, Title 20-A, Section 1461 and Public Law 2007, Chapter 240, Part XXXX, Section 36(12), as amended by Public Law 2007, Chapter 668, Section 48, the Issuer was reorganized pursuant to an alternative plan as “Regional School Unit No. 15 d/b/a School Administrative Unit No. 15” effective as of July 1, 2009 (see “REORGANIZATION OF SCHOOL ADMINISTRATIVE UNITS IN MAINE INTO MAINE SCHOOL ADMINISTRATIVE DISTRICTS”). Thus, the Issuer operates in accordance with the laws governing regional school units pursuant to Title 20-A, Chapter 103-A of the Maine Revised Statutes.

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be issued only as fully-registered securities without coupons, one certificate per CUSIP assignment, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000, or integral 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 November 1, 2025, and semi-annually thereafter on May 1 or November 1 of each year until maturity, or redemption prior to maturity. It is expected that the Bonds will be available for delivery at DTC on or about June 26, 2025. The Bonds will mature as follows:

<u>Amount</u>	<u>Nov. 1,</u>	<u>CUSIP</u>	<u>Amount</u>	<u>Nov. 1,</u>	<u>CUSIP</u>
\$160,000	2026	807280AX0	\$160,000	2034	807280BF8
160,000	2027	807280AY8	160,000	2035	807280BG6
160,000	2028	807280AZ5	160,000	2036	807280BH4
160,000	2029	807280BA9	160,000	2037	807280BJ0
160,000	2030	807280BB7	160,000	2038	807280BK7
160,000	2031	807280BC5	155,000	2039	807280BL5
160,000	2032	807280BD3	155,000	2040	807280BM3
160,000	2033	807280BE1			

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. MSAD 15 will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein.

OPTIONAL REDEMPTION PRIOR TO MATURITY

Bonds maturing on or before November 1, 2036 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on or after November 1, 2035 are subject to redemption prior to their stated dates of maturity, at the option of MSAD 15, on and after November 1, 2036, as a whole or in part at any time, in such order of maturity as MSAD 15, in its discretion, may determine, at a price of par (100% of the principal amount to be redeemed), together with interest accrued and unpaid to the redemption date, if any (“Optional Redemption”).

GENERAL PROVISIONS REGARDING REDEMPTION OF THE BONDS

Notice of Optional Redemption

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

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

The Issuer 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 Issuer, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the Optional Redemption of such Bond.

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

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

Cancellation

All Bonds that have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the Issuer or returned to the Issuer 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 Issuer by lot or in such other manner, as the Issuer 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 15th 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 PROJECTS AND PLAN OF FINANCING

Maine school administrative districts ("SADs") are authorized to issue notes or bonds for school construction and other purposes under and pursuant to the laws of the State of Maine, including Sections 1490 and 1501 and Chapter 609 of Title 20-A of the Maine Revised Statutes.

The Bonds will be issued by MSAD 15 pursuant to Title 20-A, Sections 1490(1) and 15672(20-A) of the Maine Revised Statutes, to borrow for minor capital costs and school construction costs; and Title 20-A, Sections 1501(1)(A), (E) and 15904 of the Maine Revised Statutes, that requires MSAD voter referendum approval to borrow funds for minor capital costs; and a Resolution(s) passed by the School Board.

Pursuant to Title 20-A, Section 1501(1)(E) of the Maine Revised Statutes, a referendum election was held on November 5, 2024 whereby the Member Municipalities voters approved the issuance of bonds or notes in a principal amount not to exceed \$8,914,073 to provide funds to finance indoor air quality Improvements at four schools within the District (the "Projects"); the School Board approved a Resolution at its meeting held on December 4, 2024.

The Projects

The following schools will sustain Indoor Air Quality Improvements: Gray-New Gloucester High School, Gray-New Gloucester Middle School, Memorial - School and Burchard A. Dunn Elementary School. The improvements include:

- Unit Ventilator (“UV”) Replacement and Refurbishment
- Air Handling Unit (“AHU”) Replacement and Refurbishment
- Energy Recovery Ventilator (“ERV”) Installation
- Exhaust Fan (“EF”) Replacement
- Automation and Control Upgrades
- Network Controller and User Interface
- Building Automation and Control (“BAS”) Network Controller
- New Direct Digital Controllers (“DDC”) Systems

School Revolving Renovation Fund Program

Of the total \$8,914,073 to be financed, an amount not to exceed \$6,522,445 was authorized to be borrowed from the State of Maine’s School Revolving Renovation Fund Program (“SRRF”) administered jointly by Maine Municipal Bond Bank (“MMBB”) and the State of Maine, acting by and through its Department of Education (“DOE”), for costs of the Projects. The MMBB will forgive approximately 47.34% (or \$3,087,726) of the \$6,522,445 SRRF loan amount. The Issuer will be obligated to repay approximately 52.66% (or \$3,434,719) of the SRRF loan amount over a ten-year term at 0% interest. The SRRF loan was approved by the DOE on January 31, 2024. This portion of funding for the Project was authorized by voter referendum approval as described in Part A of Question 1 of the November 5, 2024 ballot.

Supplemental Funding

Part B of Question 1 of the November 5, 2024 ballot received voter referendum approval to finance a supplemental bond (the Bonds of this financing) to provide funds to pay costs for the Projects not covered by the SRRF program, in an amount not to exceed \$2,391,628, and issued at local expense.

<u>Loan #</u>	<u>Forgiven</u> 47.34%	<u>SRRF</u>		<u>2025</u> Bonds	<u>Total</u> Project Funds
		<u>Repay</u> 52.66%	<u>Total</u> SRRF		
1702	\$946,800	\$1,053,200	\$2,000,000	\$921,802	\$2,921,802
1703	946,800	1,053,200	2,000,000	824,647	2,824,647
1706	666,459	741,354	1,407,813	370,713	1,778,526
1704	<u>527,667</u>	<u>586,965</u>	<u>1,114,632</u>	<u>274,466</u>	<u>1,389,098</u>
	\$3,087,726	\$3,434,720	\$6,522,445	\$2,391,628	\$8,914,073
	Project:	\$8,914,073	100.00%		
	(SRRF):	<u>(6,522,445)</u>	73.17%		
	2025 Bonds:	\$2,391,628	26.83%		

Amortization of Principal Payments to Finance the Projects

<u>Fiscal Year</u>	<u>SRRF Payments</u>	<u>2025 Bonds</u>	<u>The Project</u>
2025 / 2026	\$343,472	\$0	\$343,472
2026 / 2027	343,472	160,000	503,472
2027 / 2028	343,472	160,000	503,472
2028 / 2029	343,472	160,000	503,472
2029 / 2030	343,472	160,000	503,472
2030 / 2031	343,472	160,000	503,472
2031 / 2032	343,472	160,000	503,472
2032 / 2033	343,472	160,000	503,472
2033 / 2034	343,472	160,000	503,472
2034 / 2035	343,472	160,000	503,472
2035 / 2036		160,000	160,000
2036 / 2037		160,000	160,000
2037 / 2038		160,000	160,000
2038 / 2039		160,000	160,000
2039 / 2040		155,000	155,000
2040 / 2041		155,000	155,000
	<hr/>	<hr/>	<hr/>
	\$3,434,720	\$2,390,000	\$5,824,720
Forgiven:	3,087,725	0	3,087,725
Allocable Bid Premium:	0	1,628	1,628
Total Project Funds:	<hr/>	<hr/>	<hr/>
	\$6,522,445	\$2,391,628	\$8,914,073

NOTE: Totals may not add due to rounding.

SOURCES AND USES OF FUNDS

Par Amount:
Net Original Issue Premium
Total Sources

Sources

Deposit to the Issuer:
Project Fund Deposits:
To Project Fund
Capitalized Interest

Uses

Costs of Issuance ⁽¹⁾
Total Uses

NOTE: ⁽¹⁾ Costs of issuance includes Underwriter's Discount.

SOURCE OF PAYMENT AND REMEDIES

General Obligation Pledge; Local Assessments

The Bonds are general obligations of the Issuer and their payment is not limited to a particular fund or revenue source. The Issuer comprises the towns of Gray and New Gloucester (each a "Member Municipality", collectively the "Member Municipalities"). Each Member Municipality's contribution to the annual school budget, which includes the Issuer's annual debt service obligation, is determined in accordance with the cost sharing formula based on property valuation.

The Issuer issues warrants to the assessor of each Member Municipality requiring the assessor to assess upon the taxable estates of the respective Member Municipality an amount equal to each Member Municipality's contribution to the Issuer's budget. The assessor of each Member Municipality is required to commit the assessment of the Issuer to that Member Municipality's tax collectors, who have all the same authority to collect the Issuer's taxes as they do to collect State of Maine, county, and municipal taxes. Ad valorem property taxes to satisfy the Issuer assessment on each Member Municipality may be levied without limit as to rate or amount upon all the taxable property within the territorial limits of each Member Municipality to pay principal of and interest on the Bonds, except to any extent that a Member Municipality may enter into an agreement under Title 30-A, Chapter 223, Subchapter 5 of the Maine Revised Statutes, to share its assessed valuation with another municipality, and except to the extent that a Member Municipality establishes or has established municipal development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, the captured tax increment of which may not be available for payment of debt service on the Bonds. Each Member Municipality has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the development projects described in the development programs adopted with respect to the districts. Within the limits established by statute, towns have the right to designate additional development districts pursuant to Chapter 206 of Title 30-A and former (now repealed) Chapter 207 of the Maine Revised Statutes. There is no statutory provision for a lien on any portion of the tax levy to secure the Bonds, or judgments thereon, in priority to other claims. The Issuer is, however, subject to suit on the Bonds.

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

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

State Subsidy

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

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

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

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

The legislative body of an SAU, such as MSAD 15, may approve an additional local appropriation that exceeds the SAU’s local allocation for EPS costs only if that action is approved in a separate article by a vote of the SAU’s legislative body as part of the school budget approval process in that SAU and in accordance the EPS Act. For SAUs whose legislative bodies are town or city councils, the vote for additional local appropriation must be accomplished by a majority vote of the full membership of the school board, followed by approval of the town or city council. For SAUs whose legislative bodies are budget meetings conducted as a New England-style open meeting of voters, the additional local appropriation is accomplished by a secret ballot, simple majority vote. In most SAUs, following legislative body approval of the school budget, the voters of an SAU must ratify the school budget by a referendum vote.

MSAD 15’s legislative body comprises the voters of the Member Municipalities. The legislative body initially approves the annual school budget, including additional local appropriations, at an open New England-style budget meeting. The budget approved at the budget meeting is then subject to ratification

by the legislative body at a secret ballot referendum. See “REORGANIZATION OF SCHOOL ADMINISTRATIVE UNITS INTO MAINE SCHOOL ADMINISTRATIVE DISTRICTS - MAINE SCHOOL ADMINISTRATIVE DISTRICTS – Budgets and Assessments,” herein.

Uncertainty Regarding School Funding

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

The level of State subsidy is subject in any year to approval by the State legislature. Since the State’s establishment of school subsidy programs in 1969, in some years the State has curtailed its subsidy of EPS costs⁽¹⁾. In 2005, the State legislature passed “LD 1,” a bill that required the State to increase the State contribution to EPS costs to 55%. It was not until 2021 that the State met this 55% funding goal. Still, no assurances can be given that future legislation will not have an adverse impact on school funding in Maine. In addition, no assurances can be given regarding the current, or future, annual appropriation by the Legislature of an amount sufficient to fund the State’s share of EPS allocation as it is currently defined and determined under the EPS Act. Because of the uncertainties involved in the legislative process, it is not possible to predict the level of State subsidy to SAUs in future years or indeed, whether the State’s subsidy program will continue in its present form.

NOTE: ⁽¹⁾ It is noted that in those years where the State has curtailed its subsidy of EPS costs, it always has excluded from curtailment the debt service on bonds issued to finance school construction projects that the State has approved for inclusion in EPS costs for subsidy services.

Recent Years’ State General Purpose Aid to Local Schools

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

<u>Fiscal Year</u>	<u>State % Target</u>	<u>State % Target Including Teacher Retirement Contribution</u>
2019/2020	50.78%	55.00%
2020/2021	51.83%	55.00%
2021/2022	55.00%	55.00%
2022/2023	55.00%	55.00%
2023/2024	55.00%	55.00%
2024/2025	55.00%	55.00%

From time-to-time, the State Legislature may change the costs includable in EPS and the method of calculating the achievement of the State target. For example, in fiscal year 2013/2014 the State target for the total cost of K-12 education, as measured by the EPS school funding model, included the employer share of teacher retirement costs that is paid directly by the State. The appropriation increased the State subsidy for that year by approximately \$29 million before it was reduced by \$12.6 million through a curtailment order issued by the Governor in December 2012, as an emergency procedure to keep the State Budget in balance. The \$29 million funding increase, however, was accompanied by the transfer of the financial obligation from the State to the schools for the “normal costs” of teachers’ retirement under MainePERS (as defined herein). As seen in the percentages set forth in this section, transferring the State funding of these costs to the EPS formula in prior years brought the State closer to its stated 55% funding

goal for EPS costs, without providing a net funding increase. Neither the future amount nor future rate of State subsidy can be calculated on a pro forma basis due to the variable nature of the factors included in the State's determination of funding.

State Subsidy for Bonds

Financing State Qualified School Construction Projects in Maine

The BOE has established *Rules for Major Capital School Construction Projects* (the "Rules") to provide a subsidy for state-approved new school construction projects and school additions (including additions plus renovation) projects (i.e., "qualified" for State subsidy). A SAU whose project has qualified for State subsidy has its approved debt service costs for that project (which may be the debt service on all or a portion of the project costs) included in its education costs eligible for subsidy purposes under the EPS education funding model.

The Bonds, Not State Qualified

The Bonds have not been approved for State debt service subsidy and, therefore, Bonds issued to provide funds to finance the Project will not be eligible for the purpose of calculating the Issuer's state education subsidy, and the debt service on the Bonds will be paid from assessments of the Member Municipalities.

Recent Federal Litigation

On April 16, 2025, the United States of America filed a complaint in the U.S. District Court, District of Maine alleging that the DOE has violated Title IX of the Education Amendments of 1972 and related regulations by enforcing policies related to the participation of transgender athletes in athletic competitions (the "Complaint"). The Complaint seeks injunctive and declaratory relief and an award of monetary damages, fees and costs to the United States. The Issuer is not a party to the Complaint and cannot predict or assess the outcome of any resulting litigation and cannot predict what impact, if any, the Complaint and any resultant litigation or potential awards of damages, fees or costs, may have on the State's allocation of funds to the State for the debt service obligation of the Issuer for the Projects financed by the Bonds.

USDA School Lunch Funding

The United States Department of Agriculture ("USDA") and the State were recently engaged in litigation relating to the USDA's suspension of federal funding provided to the DOE (the "State Complaint"). The Issuer does not receive any direct funding from the USDA and the recent suspension to Maine only affects administrative staff that process reimbursements to SAUs. The net impact is expected to be slower reimbursements of school lunch funds. The litigation is in its early stages and, therefore, the Issuer cannot predict what impact, if any, the State Complaint and any resultant litigation may have on the Issuer's receipt of this source of federal funding. Given, however, what is currently known, the Issuer does not foresee the loss of this federal funding adversely impacting the Issuer's ability to make debt service payments on the Bonds. The Issuer has the opportunity to address, if necessary, any shortfall in this funding stream via other budgetary planning means.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and

expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the Issuer to comply with such requirements may cause interest on the Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs or is ascertained.

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

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

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

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

Designated as Qualified Tax-Exempt Obligations

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

Original Issue Discount

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

Original Issue Premium

Certain maturities of the Bonds may be sold at a purchase price in excess of the amount payable on such Bonds after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) (the “Premium Bonds”). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code.

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

Additional Federal Income Tax Consequences

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

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

Changes in Federal and State Tax Law

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

Opinion of Bond Counsel

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

Extent of Opinion

Bond Counsel expresses no opinion regarding any tax consequences of holding the Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code, (b) interest on Bonds not being treated as a preference item in calculating the alternative minimum tax under the Code, such interest will be taken into account included in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code 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. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds.

BOOK-ENTRY-ONLY SYSTEM

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

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

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC’s records. The ownership interest of each actual purchaser of each security deposited with DTC (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but 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 Issuer has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement and is not material to prospective purchasers of the Bonds. The ratings, if obtained, will reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is

not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently. Except as set forth in the Continuing Disclosure Agreement set forth in APPENDIX E and referred to under “THE BONDS – CONTINUING DISCLOSURE” herein, the Issuer 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 Issuer will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than March 31 after the end of each fiscal year (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events, if material. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”). The covenants will be contained in a “Continuing Disclosure Agreement” (the “Agreement”; or “CDA”), the proposed form of which is provided in APPENDIX E of the District’s Preliminary Official Statement dated May 30, 2025. The Agreement will be executed by the Treasurer of the Issuer.

The Issuer’s first, and only to date, publicly sold financing occurred on March 30, 2017 (the “2017 Bonds”). MSAD 15 entered into a CDA for the 2017 Bonds on March 30, 2017. However, due to lapses in administrative turnover the Issuer failed to properly transition staff to the responsibilities inherent in the Agreement. A formal transition plan and guidance is being established so that these lapses will not re-occur; and a template to report annual operating data for fiscal year ended June 30, 2025 going forward has been provided to the Issuer.

On May 21, 2025, the District filed its financial reports for the fiscal years ending June 30, 2017 through and including 2025 therefore late reporting of financial data was corrected for these periods with the May 21, 2025 filings. Operating data for these periods will be complied with by the Issuer by filing its Preliminary Official Statement dated May 30, 2025; and subsequent to fiscal year ended June 30, 2025 going forward, information for the operating data template will be included as a Section of the District financial statements to assure that annual operating data is also filed.

An “Event Filing – Failure to File” for (i) the late filing of Annual Financial Information and (ii) failure to file operating data was posted on May 30, 2025. The Issuer will also register with the EMMA reminder system to receive email reminders to help ensure timely filing of disclosure requirements.

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 Issuer provided, however, that the Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MUNICIPAL ADVISOR

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

STATUTORY REFERENCES

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

CONDITIONS PRECEDENT TO DELIVERY

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

Approval of Legality

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

Certificate With Respect to Official Statement

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

No Litigation

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

Certificate With Respect to Treasurers of Member Municipalities

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

Certification of the Bonds

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

REORGANIZATION OF SCHOOL ADMINISTRATIVE UNITS INTO MAINE SCHOOL ADMINISTRATIVE DISTRICTS

THE SCHOOL CONSOLIDATION ACT

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

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

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

REGIONAL SCHOOL UNITS

Organization

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

Operation

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

Budget and Assessments

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

until a budget is approved at a district budget meeting and validated at referendum. The voters of a SAD may vote to discontinue the budget validation referendum process, in which case the SAD budget is finally approved at a SAD budget meeting.

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

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

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

Power to Borrow Money

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

Additions to an SAD

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

SAD shall call a SAD referendum to vote on the question. If a reorganization plan is approved, the Commissioner shall file notice of approval of the unit with the BOE and the Commissioner shall issue an amended certificate of organization to the reorganized SAD.

Withdrawals from an SAD

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

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

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

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

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

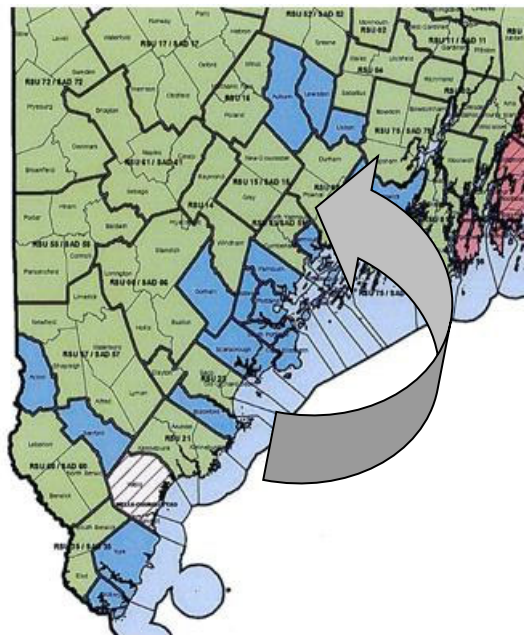
At the referendum, only the municipality proposing to withdraw may vote on whether to approve the withdrawal agreement. For a municipality to withdraw from a SAD formed pursuant to a reorganization plan approval of a withdrawal agreement requires a simple majority vote of the withdrawing municipality,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

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 15

GENERAL

Maine School Administrative District No. 15 (hereinafter also the “District”) was originally organized and became operative on April 18, 1960. In accordance with the School Consolidation Act (the “Act”). MSAD 15 submitted a Reorganization Plan to the Commissioner of the DOE on September 18, 2008, received its Certificate of Organization dated December 1, 2008 and, on June 19, 2009, reorganized effective on July 1, 2009, the Issuer was reorganized as “Regional School Unit No. 15 d/b/a School Administrative Unit No. 15”. The District operates in accordance with the laws governing regional school units (Title 20-A, Chapter 103-A of the Maine Revised Statutes). The Issuer’s territory (both the prior District and as reconstituted as an RSU) comprises the towns of Gray and New Gloucester, Maine (the “Member Municipalities”) and serves the educational needs for grades Pre-Kindergarten (“PK”) through 12 for all of the residents of these communities. The Issuer administrative offices are located in Gray Corner.



THE DISTRICT’S ALTERNATIVE PLAN

The District had an October 1, 2006 enrollment of 1,950, and therefore was required by the Act to consolidate with other SAU(s) to meet a minimum enrollment of 2,500 students. On June 12, 2008, the District submitted an alternative plan under the Act explaining that it qualified for a so-called “donut hole” exception to consolidation because regionalization decisions made by neighboring SAUs prevented the District from finding an SAU consolidation partner in order to meet the 2,500 resident students threshold. The Commissioner accepted the alternative plan, and the District was exempt from being required to consolidate with another SAU into a larger unit of school administration.

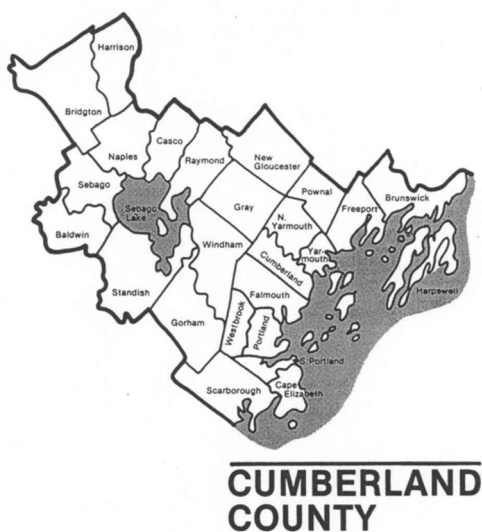
THE MEMBER MUNICIPALITIES

The Member Municipalities are located in a geographic triangle which points are the Portland metropolitan/Saco-Biddeford area to the south, Lewiston-Auburn/Augusta to the northeast, and the Brunswick-Bath/Freeport region to its southeast. This has led to residential development in the area due to its accessibility to these three labor markets. A suburban community with primarily single-family, owner-occupied dwellings, the land area of the Member Municipalities include large tracts of farm and forest lands, open space and coastal areas, as well as residential and is comprised of residential, local business, industrial, commercial, and resource protection zones.

The Town of Gray is located in the center of the County of Cumberland, the State’s most populous county, and is approximately 16 miles north of Portland, the State’s largest city. The shape of the town is nearly square with a northeastern border contiguous to the Town of New Gloucester; its northwestern border formed by the Town of Raymond; its southwestern border by the Town of Windham; and the southeastern border by the towns of Cumberland and North Yarmouth. The majority of Little Sebago Lake, all of Crystal Lake and approximately one half of Forest Lake are in the town. The principal settlements of the town include: Gray Corner (the “Village Center”), North Gray, West Gray, and Dry Mills. Access to Gray is

provided by Exit 63 (formally Exit 11) of the Maine Turnpike (U.S. Interstate Route 95), U.S. Route 202 and State Routes 4, 26, 100, and 115 all of which intersect the Town at its center from various directions.

The Town of New Gloucester is located midway in the northeast line of the County of Cumberland and is approximately 22 miles north of Portland. Originally planned as a tract of land six miles square above North Yarmouth the town is approximately nine miles in length (north-northwest to south-southeast) and six miles wide with its southwestern border contiguous to the towns of Gray and Raymond; North Yarmouth and Pownal border the town to its southeast; and the Androscoggin County communities of City of Auburn and towns of Durham and Poland lie to the town's northeast, northeast and northwest, respectively. The principal settlements of the town include: New Gloucester village, Upper Gloucester, Gloucester Hill, Cobb's Station, Fogg's Corners, and Sabbathday Lake. The Royal River flows through the Town terminating as an estuary in the center of Yarmouth as it meets the ocean. Access to the Town is provided by Exit 63 in Gray (formally Exit 11) or Exit 75 in Auburn (formally Exit 12) of the Maine Turnpike (U.S. Interstate Route 95); on U.S. Route 202 (also being Maine Routes 4 and 100) both highways of which bisect the town in a direct north-south direction; State Route 231 comes in from North Yarmouth terminating at the town village center; and State Route 26 which spans through the western side of New Gloucester near Sabbathday Lake and continues into Poland Springs and on to Maine's western mountains.



History of the Member Municipalities

The territory that now comprises Gray was granted to certain inhabitants of Boston in 1735, but was not settled until around 1750. Without a name until 1756 the area was named New Boston Plantation that year. The Town was incorporated as the 39th town on June 19, 1778, named after Thomas Gray, one of the proprietors. In 1791 Samuel Mayall established the first successful water-powered woolen mill in North America along Collyer Brook. Gray is home to regional headquarters for the *State of Maine Department of Inland Fisheries & Wildlife*, which maintains a fish hatchery and wildlife park the Maine Wildlife Park on Route 26 in the Town.

In 1736, the General Court of Massachusetts Bay Colony granted a six-square-mile tract of land in the Maine Territory of the Massachusetts Bay Colony to sixty inhabitants of the Gloucester fishing village as New Gloucester Plantation. The first settlers followed the

road newly bushed out from North Yarmouth starting in 1739 and in the autumn 1742, settlers were landed at the mouth of Royal's River and poled up the stream on rafts the settlement. From 1744 to 1751 King George's War hostilities caused the abandonment of the settlement until 1753, when some of the inhabitants returned. The town was incorporated as the Town on September 7, 1794 and from 1795 to the organization of Oxford County, in 1805, the courts were held in New Gloucester alternately with Portland as half-shiretown. Sabbathday Lake Shaker Village was founded in 1793 by the United Society of True Believers at what was then called Thompson's Pond Plantation and was formally organized on April 19, 1794. Today, the Shaker Village is the last of formerly 19 religious societies in the United States to be operated by the Shakers themselves. It comprises 18 buildings on 1,800 acres of land.

GOVERNANCE

The District School Board is formed pursuant to Title 20-A, Chapter 103-A, Subchapter 3 of the Maine Revised Statutes. The District School Board has 11 members of which six are residents of the Town of Gray and five are residents of the Town of New Gloucester. Each School Board member has one vote. The Board members from each community is elected for three-year staggered terms. The Superintendent is the Secretary, Treasurer, and chief administrator of the District.

THE SCHOOLS

The District has five schools, listed below, which include three elementary schools, a middle school and a high school. The staff consists of one superintendent, seven principals, and approximately 382 full-time equivalent (“FTE”) teachers and various other professional and non-professional staff.

<u>Location</u>	<u>School</u>	<u>Grades</u>	<u>October 1, 2024 Enrollment</u>		
			<u>Resident</u>	<u>Non-Res</u>	<u>Total</u>
Gray	James W Russell	K - 2	226	4	230
New Gloucester	Memorial	K - 2	177	5	182
New Gloucester	Burchard A Dunn	Pre-K	94	6	100
New Gloucester	Burchard A Dunn	3 - 4	273	7	280
Gray	Gray-New Gloucester Middle	5 - 8	539	7	546
Gray	Gray-New Gloucester High	9 - 12	<u>558</u>	<u>44</u>	<u>602</u>
			1,867	73	1,940

NOTE: **Resident Enrollment** is based on where the students live. They are counts of students who reside in each school district and are educated at public expense. Public school district resident counts include: (1) resident students from the local school unit attending schools in the local school unit, plus (2) resident students from the local unit who are tuitioned to other public school units or private schools and who are paid for with public funds.

Attending Enrollment is an attending student count, or a head count of students, based on where the students are educated. Public school district attending counts include: (1) students from the local school district attending schools in the local school district, plus (2) students from outside the school district who are tuitioned from other school districts.

ENROLLMENTS

The following tables show the student population sent from the Member Municipalities and its respective percentage of the District’s resident student population based upon the Maine DOE’s October 1st Annual Census:

<u>Oct 1,</u>	<u>Town of Gray</u>		<u>Town of New Gloucester</u>		<u>Total Enrollment</u>	
	<u>Students</u>	<u>%</u>	<u>Students</u>	<u>%</u>	<u>Students</u>	<u>%</u>
2024	1,057	56.86%	802	43.14%	1,859	100.00%
2023	1,130	56.39%	874	43.61%	2,004	100.00%
2022	1,045	55.23%	847	44.77%	1,892	100.00%
2021	1,072	56.01%	842	43.99%	1,914	100.00%
2020	1,070	55.87%	845	44.13%	1,915	100.00%
2019	1,083	56.06%	849	43.94%	1,932	100.00%
2018	1,259	56.48%	970	43.52%	2,229	100.00%

NOTE: Maine DOE has developed and uses an on-line data collection system “NEO”. NEO data is not currently available for the years prior to 2018/2019. Therefore, enrollment data prior to October 1, 2028 is not included in this or the following tables.

Town of Gray, School Enrollment Trend

Oct 1,	Grades						% Resident Enrollment
	Pre-K	K - 2	3 - 4	5 - 8	9 - 12	Total	
2024	51	232	151	309	314	1,057	56.86%
2023	53	237	181	319	340	1,130	56.39%
2022	46	224	160	296	319	1,045	55.23%
2021	49	228	145	305	345	1,072	56.01%
2020	36	250	148	312	324	1,070	55.87%
2019	46	246	145	325	321	1,083	56.06%
2018	65	319	156	358	361	1,259	56.48%

Town of New Gloucester, School Enrollment Trend

Oct 1,	Grades						% Resident Enrollment
	Pre-K	K - 2	3 - 4	5 - 8	9 - 12	Total	
2024	40	170	120	228	244	802	43.14%
2023	32	196	132	230	284	874	43.61%
2022	45	187	107	223	285	847	44.77%
2021	45	171	115	226	285	842	44.00%
2020	43	158	114	243	287	845	44.13%
2019	43	168	114	271	253	849	43.94%
2018	31	240	129	282	288	970	43.52%

MSAD No. 15 Consolidated Enrollments, School Enrollment Trend

Oct 1,	Consolidated								Resident Students as % Total
	Resident Students						Non-Resident	Total	
	PreK	K - 2	3 - 4	5 - 8	9 - 12	Total			
2024	95	402	275	539	567	1,878	73	1,951	96.26%
2023	85	433	313	549	624	2,004	76	2,080	96.35%
2022	91	411	267	519	604	1,892	60	1,952	96.93%
2021	94	399	260	531	630	1,914	48	1,962	97.55%
2020	79	408	262	555	611	1,915	45	1,960	97.70%
2019	89	414	259	596	574	1,932	35	1,967	98.22%
2018	96	559	285	640	649	2,229	40	2,269	98.24%

NOTE: Pre-Kindergarten ("Pre-K") was not available prior to the 2011/2012 school year. The program is available for up to 90 students per year.

Portland Arts and Technology High School

Title 20-A, Chapter 313 of the Maine Revised Statutes, provides for "career and technical education," which means 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 a center (a "Center"), a satellite program (a "Satellite Program") or a region (a "Region"). A Center (a "CTE Center") is comprised of a single school administrative unit and its obligations are those of the unit.

The District sends students to the Portland Arts & Technology High School (“PATHS”), a career and technical education (“CTE”) center that is owned, operated and maintained by the School Department of the City of Portland. Pursuant to 20-A, Section 15688-A, of the Maine Revised Statutes CTE regions and 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 regions or centers may assess members if their budget needs exceed the State CTE allocation and to have cost sharing agreements.

LABOR RELATIONS

Approximately 382 full and part time personnel, including temporary employees, work for the Issuer. This includes a current headcount of 181 Teachers, 134 Support Staff and 11 Administrators. District employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. Teachers are represented by the MSAD 15 Education Association (“MSAD 15 Ed Assoc”) through its affiliation with the Maine Education Association (“MEA”). School Secretaries, Educational Technicians, and Library Technicians may also be represented by MEA, as a separate bargaining unit. Custodians and Maintenance Personnel, Bus Drivers, and School Lunch Workers may be represented by unions, as separate bargaining units. Other District employees are not represented by a union.

Union	Bargaining Unit	Date of Contract	
		Effective	Expiration
MSAD 15 Ed Assoc	Teachers	Sept. 1, 2023	Aug. 31, 2026
MSAD 15 Ed Assoc	School Secretaries, Ed& Library Tech, Custodians, Bus Drivers, School Lunch Workers	July 1, 2024	June 30, 2027

[The remainder of this page is left intentionally blank]

DEMOGRAPHIC CHARACTERISTICS

Population	Town of		% Change from Previous Census		
	<u>Gray</u>	<u>New Gloucester</u>	<u>Towns</u>	<u>State</u>	<u>USA</u>
1980	4,344	3,180	30.85%	13.4%	11.4%
1990	5,904	3,916	30.52	9.2	9.8
2000	6,820	4,803	18.36	3.8	13.2
2010	7,761	5,542	14.45	4.2	8.9
2020	8,269	5,676	4.83	1.2	6.3

Population Characteristics	Town of		Cumberland	State of	
	<u>Gray</u>	<u>New Gloucester</u>	<u>County</u>	<u>Maine</u>	<u>USA</u>
Median age	43.9	44.2	42.2	44.7	38.1
% under 5 yrs.	5.2%	3.2%	4.6%	4.4%	5.5%
% under 18 yrs.	18.0%	23.0%	17.8%	17.8%	21.7%
% 65 and over	18.2%	15.1%	21.0%	23.0%	17.0%
Persons/household	2.22	2.68	2.28	2.27	2.54

Income	Town of		Cumberland	State of	
	<u>Gray</u>	<u>New Gloucester</u>	<u>County</u>	<u>Maine</u>	<u>USA</u>
Median household income	\$94,554	\$107,781	\$92,983	\$71,773	\$75,538
Per capita income	\$53,857	\$44,901	\$54,238	\$42,035	\$43,289
% below poverty	3.6%	1.9%	6.9%	10.4%	11.1%

Housing	Town of		Cumberland	State of	
	<u>Gray</u>	<u>New Gloucester</u>	<u>County</u>	<u>Maine</u>	<u>USA</u>
% owner occupied	83.7%	88.3%	70.4%	74.0%	65.0%
Owner oc. med. value	\$338,300	\$318,800	\$411,400	\$266,400	\$303,400
Median gross rent	\$1,316	\$1,270	\$1,492	\$1,084	\$1,348
Households	3,754	2,122	130,003	589,085	-

SOURCE: 2020 Census, U.S. Department of Commerce, Bureau of the Census [census.gov/quickfacts/fact/table/US,ME](https://www.census.gov/quickfacts/fact/table/US,ME).

Unemployment	Town of		Cumberland	State of	
	<u>Gray</u>	<u>New Gloucester</u>	<u>County</u>	<u>Maine</u>	<u>USA</u>
2024	2.2%	2.5%	2.5%	3.1%	4.0%
2023	2.2	2.2	2.4	2.9	3.6
2022	2.3	2.4	2.4	3.0	3.6
2021	3.6	3.3	4.0	4.6	5.5
2020	4.7	4.6	5.3	5.4	8.1
2019	2.3	2.3	2.4	3.0	3.7
2018	2.3	2.4	2.4	3.4	3.9
2017	2.5	2.5	2.5	3.3	4.4
2016	2.9	3.0	2.9	3.9	4.9
2015	3.4	3.6	3.4	4.4	5.3

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

COMMUTER PATTERNS

<u>Gray Residents Work in:</u>		
Portland	990	23.46%
Gray	578	13.70%
South Portland	387	9.17%
Windham	254	6.02%
Falmouth	247	5.85%
Yarmouth	195	4.62%
Auburn	163	3.86%
Cumberland	158	3.74%
Freeport	145	3.44%
New Gloucester	145	3.44%
Scarborough	143	3.39%
Lewiston	131	3.10%
Saco	112	2.65%
Westbrook	107	2.54%
Kennebunk	75	1.78%
Raymond	57	1.35%
Cape Elizabeth	43	1.02%
Brunswick	32	0.76%
All Other:	<u>258</u>	<u>6.11%</u>
Total:	4,220	100.00%

<u>New Gloucester Residents Work in:</u>		
New Gloucester	529	17.60%
Portland	501	16.67%
Gray	342	11.38%
South Portland	260	8.65%
Lewiston	213	7.09%
Yarmouth	188	6.25%
Auburn	170	5.66%
Westbrook	153	5.09%
Poland	93	3.09%
Scarborough	74	2.46%
Freeport	65	2.16%
Augusta	59	1.96%
Falmouth	56	1.86%
Bridgton	47	1.56%
Cumberland	45	1.50%
Windham	37	1.23%
Standish	33	1.10%
Bath	29	0.96%
All Other:	<u>112</u>	<u>3.73%</u>
Total:	3,006	100.00%

<u>Workers in Gray Commute from:</u>		
Gray	578	27.80%
New Gloucester	342	16.45%
Poland	140	6.73%
Portland	90	4.33%
Auburn	82	3.94%
Standish	71	3.42%
Augusta	55	2.65%
Cumberland	54	2.60%
Raymond	51	2.45%
Windham	50	2.41%
Lewiston	48	2.31%
Paris	39	1.88%
Westbrook	37	1.78%
Naples	27	1.30%
Casco	26	1.25%
Gorham	25	1.20%
Freeport	23	1.11%
Derry	20	0.96%
All Other:	<u>321</u>	<u>15.44%</u>
Total:	2,079	100.00%

<u>Workers in New Gloucester Commute from:</u>		
New Gloucester	529	34.04%
Gray	145	9.33%
Portland	142	9.14%
Lewiston	112	7.21%
Falmouth	61	3.93%
Auburn	56	3.60%
Turner	49	3.15%
North Yarmouth	47	3.02%
Pownal	29	1.87%
Augusta	29	1.87%
Raymond	27	1.74%
Scarborough	27	1.74%
Otisfield	23	1.48%
Windham	21	1.35%
Brunswick	19	1.22%
South Portland	18	1.16%
Yarmouth	18	1.16%
PR	17	1.09%
All Other:	<u>185</u>	<u>11.90%</u>
Total:	1,554	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.

DISTRICT FINANCES

BUDGETARY PROCESS

See “Regional School Units – Budgets and Assessments” for the Budget process. The following table sets forth trends in the District’s General Fund budgets:

General Fund Budgets Fiscal Year Ending June 30,					
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
REVENUES					
Town Assessments	\$16,028,794	\$16,541,770	\$16,547,110	\$18,041,535	\$19,305,145
Intergovernmental	10,981,303	10,521,146	11,339,906	11,502,594	12,036,956
Local Sources	<u>135,187</u>	<u>122,687</u>	<u>325,687</u>	<u>405,687</u>	<u>462,687</u>
TOTAL REVENUES	27,145,284	27,185,603	28,212,703	29,949,816	31,804,788
EXPENDITURES					
High School	5,914,403	6,006,219	6,194,840	6,642,060	7,026,289
Middle School	4,863,965	4,798,225	4,894,438	5,136,802	5,598,905
Memorial School	1,633,355	1,661,650	1,800,100	1,853,717	1,948,050
Russell School	2,167,211	2,253,291	2,348,130	2,483,205	2,649,308
Dunn School	2,632,238	2,623,054	2,837,844	3,006,396	3,195,185
Special Education	5,650,913	5,792,023	5,949,211	6,414,474	6,900,231
District Services	2,810,747	2,769,732	2,999,232	3,268,791	3,341,348
District Offices	8,900	8,650	9,300	12,400	12,800
Facilities	5,700	5,500	6,500	8,500	8,400
Transportation	1,928,444	1,934,038	1,880,011	1,877,319	2,087,697
Debt Service	<u>629,408</u>	<u>633,221</u>	<u>593,097</u>	<u>573,152</u>	<u>536,574</u>
TOTAL EXPENDITURES	28,245,284	28,485,603	29,512,703	31,276,816	33,304,787
EXCESS OF REVENUES	(\$1,100,000)	(\$1,300,000)	(\$1,300,000)	(\$1,327,000)	(\$1,499,999)

INVESTMENT POLICY

Pursuant to Title 20-A, Section 1491(2) of the Maine Revised Statutes “All regional school unit funds, including reserve funds and trust funds to the extent not prohibited by the terms of the instrument or vote creating the fund, must be deposited or invested by the treasurer of the regional school unit under the direction of the regional school unit board according to the requirements for the deposit or investment of municipal funds contained in Title 30-A, chapter 223, subchapter 3-A” of the Maine Revised Statutes. In compliance with Title 30-A, Section 5706 *et seq.* of the Maine Revised Statutes (the “Act”) all investments of the District 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. The District’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 District is invested principally in direct obligations of the United States government and its agencies. The District 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

The 5% Law

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

“Notwithstanding any other law, general operating fund balances at the end of a school administrative unit’s fiscal year must be carried forward to meet the school unit’s needs in the next year or over a period not to exceed 3 years. Unallocated balances in excess of 5% of the previous year’s school budget must be used to reduce the state and local share of the total allocation for the purpose of computing state subsidy. School boards may carry forward unallocated balances in excess of 5% of the previous year’s school budget and disburse these funds in the next year or over a period not to exceed 3 years” (the “5% Law”). However, for fiscal years 2021/2022, 2022/2023, 2023/2024 and 2024/2025 only, unallocated balances in excess of 9% of the previous fiscal year’s school budget must be used to reduce the State and local share of the total allocation for the purpose of computing state subsidy and school boards may carry forward unallocated balances in excess of 9% of the previous fiscal year’s school budget and disburse these funds in the next year or over a period not to exceed 3 years.

Except for the temporary exception, above, the Issuer may be subject to reduction in state subsidy if it maintains an unallocated fund balance in an amount exceeding 5% of the budget, and does not disburse the funds above that limit within 3 years. The 5% law applies only to “unallocated” fund balances. An SAU’s “allocated” balances are not subject to this limitation. An SAU’s legislative body may “allocate” its fund balance to the next year’s budget or into a reserve account through their annual budget process and/or a special article. The following is a worksheet that the DOE provides to each SAU to calculate its “unallocated” fund balance.

Unallocated Fund Balance Calculation

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

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

Fund Balance for Member Municipalities

Year ended June 30,	<u>Town of Gray</u>			<u>Town of New Gloucester</u>		
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assigned & Unassigned:	\$5,407,686	\$6,724,886	\$7,881,483	\$4,726,504	\$4,839,991	\$5,152,887
Total Revenues:	21,487,618	21,999,265	22,852,685	11,018,639	11,589,209	12,246,661
Fund Bal/Revenues:	25.17%	30.57%	34.49%	42.90%	41.76%	42.08%

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, provides for independent annual audits of the District's accounts and establishes procedures for such audits. The District, in conformance with this statute and its Charter, currently engages the services of Runyon Kersteen Ouelette, Certified Public Accountants ("RKO"). The District's fiscal year 2024 Annual Report, audited by RKO, is presented as APPENDIX A to this Preliminary Official Statement. The consent of RKO for the incorporation of the Financial Statements included in APPENDIX A has not been requested by the District, nor has it been received.

The Member Municipalities' most recent audited fiscal year's Financial Statements are presented as APPENDIX B (for the Town of Gray, Maine) and APPENDIX C (for the Town of New Gloucester, Maine) to this Official Statement. Being of public record, neither the consent of the Member Municipalities' nor its auditors has been requested by the District, nor has it been received, for the incorporation as appendices to this Official Statement.

FUNDS

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

Governmental Funds

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust, or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction or improvement of major capital facilities.

Proprietary Funds

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

Fiduciary Funds

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

Account Groups

The **General Long-term Debt Account Group** is established to account for all long-term obligations of the District, except those accounted for in the Proprietary Fund (if any).

The **General Fixed Assets Account Group** the District does not maintain this group of accounts which would otherwise account for the fixed assets of the District.

COMPARATIVE FINANCIAL STATEMENTS

The District

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

The Member Municipalities

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

MSAD No.15
COMPARATIVE BALANCE SHEET
GENERAL FUND
(As of June 30,)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS					
Cash & equivalents	\$8,475,694	\$7,580,277	\$6,470,330	\$5,448,397	\$2,948,811
Accounts receivable	0	0	0	350,931	0
Due from State	0	133,534	83,014	53,955	895,289
Interfund receivable	<u>2,021,028</u>	<u>1,262,026</u>	<u>1,593,572</u>	<u>1,083,309</u>	<u>907,188</u>
TOTAL ASSETS	10,496,722	8,975,837	8,146,916	6,936,592	4,751,288
LIABILITIES					
Accounts payable	22,030	7,499	0	12,826	64,754
Accrued wages	<u>3,294,454</u>	<u>2,977,851</u>	<u>2,933,667</u>	<u>2,856,136</u>	<u>2,791,929</u>
TOTAL LIABILITIES	3,316,484	2,985,350	2,933,667	2,868,962	2,856,683
FUND EQUITY:					
Non-spendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	2,741,063	1,177,784	1,143,419	868,439	521,621
Assigned	2,109,660	1,777,036	1,798,647	1,725,457	1,297,969
Unassigned	<u>2,329,515</u>	<u>3,035,667</u>	<u>2,271,183</u>	<u>1,473,734</u>	<u>75,015</u>
TOTAL FUND EQUITY	7,180,238	5,990,487	5,213,249	4,067,630	1,894,605
TOTAL LIABILITIES AND EQUITY	<u>\$10,496,722</u>	<u>\$8,975,837</u>	<u>\$8,146,916</u>	<u>\$6,936,592</u>	<u>\$4,751,288</u>

Prepared from Audited Financial Statements

MSAD No. 15

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

(For the Years Ended June 30,)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES					
Local Assessments	\$18,051,222	\$16,556,797	\$16,038,481	\$16,038,481	\$16,109,503
Intergovernmental	14,799,070	14,173,778	13,897,033	14,102,267	13,117,028
Charges for services	446,869	336,715	271,947	97,846	99,556
Interest earned	65,287	38,046	12,449	15,104	10,845
Other	<u>81,562</u>	<u>81,837</u>	<u>648,659</u>	<u>397,568</u>	<u>35,379</u>
TOTAL REVENUES	33,444,010	31,187,173	30,868,569	30,651,266	29,372,311
EXPENDITURES					
Regular instruction	12,358,729	11,300,710	11,214,968	10,838,051	11,042,891
Special education	5,697,723	5,150,838	5,106,240	5,123,370	4,893,001
Other instruction	903,228	905,186	783,167	695,640	677,642
Student and staff support	2,682,872	2,416,003	2,671,366	2,394,636	2,603,878
System administration	893,817	846,111	794,873	697,145	756,247
School administration	1,575,595	1,553,218	1,460,123	1,438,298	1,440,008
Transportation	1,629,739	1,676,151	1,556,164	1,439,228	1,758,964
Facilities maintenance	3,054,571	3,269,073	2,871,261	2,640,985	2,764,831
MainePERS	2,854,833	2,669,548	2,601,387	2,551,480	2,510,528
Debt service	573,152	593,097	633,221	629,408	663,904
Capital outlay	<u>1,632,708</u>	<u>256,033</u>	<u>0</u>	<u>175,427</u>	<u>184,500</u>
TOTAL EXPENDITURES	33,856,967	30,635,968	29,692,770	28,623,668	29,296,394
EXCESS REVENUES OVER (UNDER) EXPENDITURES		551,205	1,175,799	2,027,598	75,917
OTHER SOURCES (USES)	<u>1,602,708</u>	<u>226,033</u>	<u>(30,180)</u>	<u>145,427</u>	<u>164,500</u>
Net change in fund balance	1,189,751	777,238	1,145,619	2,173,025	240,417
FUND BALANCE, JULY 1	<u>5,990,487</u>	<u>5,213,249</u>	<u>4,067,630</u>	<u>1,894,605</u>	<u>1,654,188</u>
FUND BALANCE, JUNE 30	\$7,180,238	\$5,990,487	\$5,213,249	\$4,067,630	\$1,894,605

Prepared from Audited Financial Statements

Fund Balance for the Issuer

MSAD No. 15

<u>Year ended June 30,</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assigned & Unassigned:	\$1,372,984	\$3,199,191	\$4,069,830	\$4,812,703	\$4,439,175
Total Revenues:	29,372,311	30,651,266	30,868,569	31,187,173	33,444,010
Fund Bal/Revenues:	4.67%	10.44%	13.18%	15.43%	13.27%
Unassigned:	\$75,015	\$1,473,734	\$2,271,183	\$3,035,667	\$2,329,515
Total Revenues:	29,372,311	30,651,266	30,868,569	31,187,173	33,444,010
Fund Bal/Revenues:	0.26%	4.81%	7.36%	9.73%	6.97%

Prepared from Audited Financial Statements

Town of Gray, Maine
Comparative Balance Sheet
As of June 30,

	<u>2021</u>	<u>2022</u>	<u>2023</u>
ASSETS			
Cash and equivalents	\$5,466,856	\$9,921,432	\$10,156,630
Receivables:			
Taxes	356,177	688,799	825,515
Liens	197,071	170,683	
Other	584,452	287,919	229,079
Prepaid	73,575	31,278	
Inventory	49,457	82,568	57,100
Due from other funds	<u>3,265,149</u>	<u>3,600,735</u>	<u>1,341,321</u>
TOTAL ASSETS	9,992,737	14,783,414	12,609,645
LIABILITIES			
Accounts payable	134,369	135,307	65,100
Accrued expenses	34,665	30,464	0
Accrued payroll	74,629	119,876	174,046
Due to other funds	<u>3,190,874</u>	<u>6,329,235</u>	<u>4,010,847</u>
TOTAL LIABILITIES	3,434,537	6,614,882	4,249,993
DEFERRED REVENUES			
Prepaid taxes	127,148	94,469	96,069
Deferred revenue	5,461	5,461	0
Deferred property tax	<u>394,873</u>	<u>394,873</u>	<u>325,000</u>
TOTAL DEFERRED	527,482	494,803	421,069
FUND BALANCE			
Non-spendable	123,032	113,846	57,100
Restricted	0	0	0
Committed	500,000	835,000	0
Assigned	0	0	0
Unassigned	<u>5,407,686</u>	<u>6,724,883</u>	<u>7,881,483</u>
TOTAL FUND BALANCE	6,030,718	7,673,729	7,938,583
TOTAL LIAB., DEFERRED, AND FUND BALANCE	<u>\$9,992,737</u>	<u>\$14,783,414</u>	<u>\$12,609,645</u>

Town of New Gloucester, Maine
Comparative Balance Sheet
As of June 30,

	<u>2021</u>	<u>2022</u>	<u>2023</u>
ASSETS			
Cash	\$4,680,270	\$4,934,238	\$4,689,015
Accounts receivable	138,036	237,953	257,151
Taxes receivable	523	830	76,514
Liens Receivable	106,148	1,784	83,341
Prepaid expenses	4,426	4,356	0
Due from other	<u>0</u>	<u>141,162</u>	<u>360,184</u>
TOTAL ASSETS	4,929,403	5,320,322	5,466,205
LIABILITIES			
Accounts Payable	53,356	37,079	66,111
Accrued expenses	16,536	28,243	0
Due to other funds	<u>12,303</u>	<u>274,783</u>	<u>147,582</u>
TOTAL LIABILITIES	82,195	340,105	213,693
DEFERRED REVENUES			
Prepaid taxes	24,365	28,397	24,626
Deferred property tax	<u>89,000</u>	<u>111,000</u>	<u>75,000</u>
TOTAL DEFERRED	113,365	139,397	99,626
FUND BALANCE			
Non-spendable	4,426	830	0
Restricted	0	0	0
Committed	2,913	0	0
Assigned	500,000	14,077	421,290
Unassigned	<u>4,226,504</u>	<u>4,825,914</u>	<u>4,731,597</u>
TOTAL FUND BALANCE	4,733,843	4,840,821	5,152,887
TOTAL LIAB., DEFERRED, AND FUND BALANCE	<u>\$4,929,403</u>	<u>\$5,320,323</u>	<u>\$5,466,206</u>

Town of Gray, Maine
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
General Fund
As of June 30,

	<u>2021</u>	<u>2022</u>	<u>2023</u>
REVENUES			
Property taxes	\$16,546,536	\$17,279,925	\$17,596,149
Excise taxes	2,136,308	2,092,554	2,158,654
Licenses, permits & fees	-	-	242,893
Intergovernmental	1,474,496	1,322,309	2,091,549
Interest	98,069	74,523	-
Charges for services	760,846	958,179	601,191
Misc.	<u>471,363</u>	<u>271,775</u>	<u>162,249</u>
TOTAL REVENUES	21,487,618	21,999,265	22,852,685
EXPENDITURES			
Admin services	1,372,617	1,441,347	1,713,835
Council, boards, etc	45,544	65,570	62,600
Public safety	1,287,480	1,315,181	1,545,097
Library/Parks/Rec	360,103	332,629	400,004
Public works	2,196,709	2,423,262	2,681,716
Municipal finances	976,920	952,118	-
County assessment	756,334	752,213	792,460
Education	10,412,484	10,412,484	10,893,616
Insurance claims	299,718	51,295	926,276
Other grants	56,601	147,001	-
Law enforcement	251,172	285,553	238,980
Community services	31,131	41,329	59,535
Overlay	-	-	99,779
Capital outlay	<u>19,304</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	18,066,117	18,219,982	19,413,898
EXCESS OF REVENUES			
OVER EXPENDITURES	3,421,501	3,779,283	3,438,787
OTHER FINANCING			
SOURCES (USES)	<u>(2,508,323)</u>	<u>(2,136,272)</u>	<u>(3,173,930)</u>
NET CHANGE IN FUND			
BALANCE	913,178	1,643,011	264,857
BEGINNING FUND BALANCE	<u>5,117,540</u>	<u>6,030,718</u>	<u>7,673,726</u>
ENDING FUND BALANCE	<u>\$6,030,718</u>	<u>\$7,673,729</u>	<u>\$7,938,583</u>

Town of New Gloucester, Maine
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
General Fund
As of June 30,

	<u>2021</u>	<u>2022</u>	<u>2023</u>
REVENUES			
Property taxes	\$8,241,424	\$8,404,590	\$8,620,438
Excise taxes	1,335,550	1,366,376	1,407,089
Intergovernmental	1,006,219	1,369,747	1,679,140
Charges for services	282,912	279,775	279,426
Licenses, permits & fees	85,129	74,117	123,741
Interest	54,930	30,886	65,048
Other	<u>12,475</u>	<u>63,718</u>	<u>71,779</u>
TOTAL REVENUES	11,018,639	11,589,209	12,246,661
EXPENDITURES			
General government	540,784	1,298,271	1,311,891
Public safety	734,149	801,474	838,704
Public works	1,377,644	1,143,012	1,779,599
Transfer station	-	268,597	287,538
Education	5,698,997	5,698,997	5,736,181
County tax	-	391,716	588,707
Debt service	-	362,710	446,875
Community services	45,881	-	-
Recreation	187,289	211,442	189,318
Planning and code enforcement	114,711	-	-
Other or Town-wide	<u>1,404,047</u>	<u>1,238,292</u>	<u>1,502,15</u>
TOTAL EXPENDITURES	10,103,502	11,414,511	11,329,028
EXCESS OF REVENUES			
OVER EXPENDITURES	915,137	174,698	917,633
OTHER FINANCING			
SOURCES (USES)	<u>(282,496)</u>	<u>(67,720)</u>	<u>(605,566)</u>
NET CHANGE IN FUND			
BALANCE	632,641	106,978	312,067
BEGINNING FUND BALANCE	<u>4,101,202</u>	<u>4,733,843</u>	<u>4,840,821</u>
ENDING FUND BALANCE	<u>\$4,733,843</u>	<u>\$4,840,821</u>	<u>\$5,152,888</u>

PROPERTY TAXATION

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

For the current fiscal year, the tax due dates for the Town of Gray are October 30, 2024 and April 1, 2025; and for the Town of New Gloucester are October 3, 2024 and April 3, 2025. All taxes paid after the due date are subject to interest established under Title 36, Section 186 of the Maine Revised Statutes, currently at the rate of 8.5%, respectively, per annum.

Real Estate Taxes

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

Business Personal Property Taxes

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

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

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

rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality's 64% "personal property factor".

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

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

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

Tax Increment Financing Districts and Affordable Housing Development Districts

Chapter 206 and former 207 (now repealed) of Title 30-A of the Maine Revised Statutes, enable a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing ("TIF") district or an affordable housing development district (a "housing district") for a period of up to 30 years and adopts a development program (the "Development Program") stating the means and objectives for the development of that district. The municipality may designate, or "capture", all or a portion of the increase in assessed value resulting from development within the district and dedicate the increased property taxes it receives in future years generated by the "captured" assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of all TIF districts and the aggregate original assessed value of all housing districts within the municipality as of the April 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, transit-oriented TIF districts or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, Section 3403, Subsection 3 of the Maine Revised Statutes.

The towns of Gray and New Gloucester have each designated various tax increment financing districts and may consider proposals for other districts on an ongoing basis. All districts will be evaluated based upon the towns' comprehensive plan for economic development, which includes tax increment financing as one of its aspects. In no event will the districts exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation, as set out above.

The future increased property tax receipts which have been and may, in the future, be "captured" for purposes of the towns' tax increment financing districts will not be available to pay debt service on its bonds. The towns do not expect, however, that the use of such future increased property tax receipts for purposes of the towns' tax increment financing districts will have an adverse effect on the town's ability to pay debt service on its bonds.

Town of Gray, Maine

Fiscal Yr. End June 30,	Equalized State Valuation	Assessed Valuation	Tax Rate (000)	Tax Levy	Collections (after Supplements and Abatements)
					Year End(%)
2024	\$1,763,500,000	\$1,313,166,006	\$15.18	\$19,279,938	98.0%
2023	1,474,800,000	1,296,553,187	13.95	17,456,925	96.3%
2022	1,267,350,000	1,181,861,390	14.61	16,660,408	96.1%
2021	1,173,400,000	1,152,424,570	14.75	16,401,916	99.8%
2020	1,133,450,000	1,132,490,275	14.75	16,283,019	96.1%

Town of New Gloucester, Maine

Fiscal Yr. End June 30,	Equalized State Valuation	Assessed Valuation	Tax Rate (000)	Tax Levy	Collections (after Supplements and Abatements)
					Year End(%)
2024	\$877,650,000	\$633,316,294	\$14.29	\$9,050,090	NA
2023	730,150,000	623,084,080	13.80	8,598,560	NA
2022	640,950,000	610,867,958	13.80	8,429,978	NA
2021	611,050,000	602,375,375	13.65	8,222,424	96.98%
2020	588,450,000	477,451,603	16.90	8,222,424	NA

Representative Largest Taxpayers

<u>Gray Largest Taxpayers (2024)</u>	<u>Business</u>	<u>Assessed Total</u>	<u>Property Tax</u>	<u>% of Levy</u>
Central Maine Power	Electrical Distribution	\$17,996,900	\$174,570	0.83%
Hytek Holdings LLC	Manufacturing	8,481,700	82,272	0.39
October Corporation	Business Property	5,961,200	57,824	0.28
Hannaford Bros. Co	Groceries	5,270,700	51,126	0.24
Pollard Associates, LLC	Business Property	3,922,200	38,045	0.18
Advance Realty	Manufacturing	3,659,600	35,498	0.17
Thayer Elizabeth Farms	Multifamily Housing	3,185,000	30,895	0.15
Gray housing associates	Multifamily Housing	2,444,600	23,713	0.11
Bruns Properties Lim	Manufacturing	2,436,600	23,635	0.11
235 Pr LLC	Storage Units	<u>2,400,600</u>	<u>23,286</u>	<u>0.11</u>
Top Ten Taxpayers		\$55,759,100	\$40,864	2.57%

<u>New Gloucester Largest Taxpayers (2024)</u>	<u>Business</u>	<u>Assessed Total</u>	<u>Property Tax</u>	<u>% of Levy</u>
October Corporation	Business Property	\$12,733,487	\$189,602	2.00%
Central Maine Power Company	Electrical Distribution	8,639,503	128,642	1.36
All Purpose Storage New Glou. LLC	Storage Units	2,566,786	38,219	0.40
October Corporation	Business Property	1,766,367	26,301	0.28
Allen Avenue Plaza LLC	Waterfront Business	1,672,213	24,899	0.26
Brickyard Property LLC	Business Property	1,296,351	19,303	0.20
Ross, Christopher	Waterfront Business	994,277	14,805	0.16
October Corporation	Business Property	987,821	14,709	0.16
Thurston Frederick New Gloucester	Business Property			
QPRT 12-30-2011		970,078	14,444	0.15
Justice, Carolyn	Farm Land	<u>924,075</u>	<u>13,759</u>	<u>0.15</u>
Top Ten Taxpayers		\$32,550,958	\$484,683	5.12%

REVENUES FROM THE STATE

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

Fiscal Yr. End June 30,	General Revenue & Debt Service	Adult Education	Total State Subsidy
2024	\$11,452,608	\$37,764	\$11,490,372
2023	11,292,910	38,217	11,331,126
2022	11,452,140	38,683	11,490,823
2021	11,172,349	38,768	11,211,117
2020	10,368,042	37,490	10,405,532

LOCAL COST

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

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

Second, the Issuer's Member Municipalities must also contribute the additional local costs of the RSU, if any, that are not funded by other budgeted revenues or carry-forwards and that do not qualify for inclusion in the Total EPS Allocation (the "Additional Local Costs"). Different methods of sharing Additional Local Costs among member municipalities exist in different school administrative districts, regional school units, and community school districts within the State. For pupil count, see "MAINE SCHOOL ADMINISTRATIVE DISTRICT No. 15- ENROLLMENTS" herein.

The Issuer's Budget, Assessments and EPS

Fiscal Year Ended June 30,	MSAD No. 15				
	Budget	Assessment	Assessment as % Budget	EPS	EPS as % Budget
2025	\$33,304,788	\$19,414,832	58.29%	\$11,860,124	35.61%
2024	31,276,816	18,151,222	58.03%	11,452,608	36.62%
2023	29,512,703	16,629,797	56.35%	11,292,910	38.26%
2022	28,485,603	16,111,481	56.56%	11,452,140	40.20%
2021	28,245,284	16,111,481	57.04%	11,172,349	39.55%

The District's Equalized State Valuation

The following is a list of the last ten years' equalized State Valuation for the District as certified by the State Tax assessor to the Secretary of State pursuant to Title 36, Sections 208 and 305 of the Maine Revised Statutes:

**Consolidated Equalized State Valuation for
the Member Municipalities Comprising MSAD No. 15**

Year	Equalized State Valuation				
	Town of Gray		Town of New Gloucester		MSAD No. 15
	Valuation	% of District	Valuation	% of District	Valuation
2025	\$1,962,450,000	66.43%	\$991,850,000	33.57%	\$2,954,300,000
2024	1,763,500,000	66.77%	877,650,000	33.23%	2,641,150,000
2023	1,474,800,000	66.89%	730,150,000	33.11%	2,204,950,000
2022	1,267,350,000	66.41%	640,950,000	33.59%	1,908,300,000
2021	1,173,400,000	65.76%	611,050,000	34.24%	1,784,450,000
2020	1,133,450,000	65.83%	588,450,000	34.17%	1,721,900,000
2019	1,029,500,000	64.87%	557,400,000	35.13%	1,586,900,000
2018	928,000,000	64.74%	505,350,000	35.26%	1,433,350,000
2017	888,850,000	64.30%	493,500,000	35.70%	1,382,350,000
2016	884,000,000	64.56%	485,300,000	35.44%	1,369,300,000
2015	846,050,000	64.27%	470,300,000	35.73%	1,316,350,000

INDEBTEDNESS

LIMITATIONS AND EXCLUSIONS

The District's Debt Limitations

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

The consolidated 2025 equalized State Valuation ("ESV") for the Member Municipalities is \$2,954,300,000. The District's 10% debt limitation is \$295,430. As of June 30, 2024, the District's long-term debt outstanding was \$2,030,000 ⁽¹⁾ or 0.07% of the consolidated 2025 equalized State Valuation of the Member Municipalities. The District will certify on the date of issue of the Bonds that the District has not exceeded the foregoing debt limits and that issuance of the Bonds will not cause the District to exceed the debt limit.

NOTE: ⁽¹⁾ Does not include \$1,731,691 short-term financed installment sale purchases.

The Towns' Debt Limitations

Although the indebtedness of the Notes is the indebtedness of the District, and not of the Member Municipalities, the tax base of the District is the same as the tax base of the Member Municipalities. Therefore, the current indebtedness of the Member Municipalities is included in the discussions below.

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, "No municipality may incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7 1/2% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any

time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm and sanitary sewer purposes to an amount outstanding at any time not exceeding 7 1/2% of its last full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set.” Title 30-A, Section 5703 of the Maine Revised Statutes, provides that the limitations on municipal debt contained in Section 5702 do not apply “... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or state aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under chapter 235 and Title 10, chapter 110, subchapter IV, obligations payable from revenues of the current municipal year from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt.”

Town of Gray, Maine

As of February 1, 2025 the Town of Gray, Maine’s ESV was \$1,962,450,000. The Town’s overall 15% debt limit is \$294,367,500. As of June 30, 2023 the Town’s long term debt outstanding was \$6,750,000 or 0.34% of the 2025 ESV.

Town of New Gloucester, Maine

As of February 1, 2025 the Town of New Gloucester, Maine’s ESV was \$991,850,000. The Town’s overall 15% debt limit is \$148,777,500. As of June 30, 2023, the most recent information available, the Town’s long term debt outstanding was \$4,035,000 or 0.41% of the 2025 ESV.

DEBT SUMMARY

The District’s general obligation debt payable at June 30, 2023 (audited) June 30, 2024 (audited) and projected for June 30, 2025 (unaudited), are comprised of the following issues:

<u>Issued</u>	<u>Source</u>	<u>Amount</u>	<u>Date of</u>	<u>Balance on June 30,</u>		
		<u>Issued</u>	<u>Final Mat.</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
2007	MMBB	\$16,187,296	11/1/2027	\$1,546,825	\$1,237,460	\$928,095
2017	Bonds	2,929,000	11/1/2037	2,180,000	2,030,000	1,885,000
2025	SRRF	6,522,445	1/30/2035	0	0	6,522,445
				3,726,825	3,267,460	9,335,540
2025	Bonds	2,390,000	11/1/2040	0	0	2,390,000
				\$3,726,825	\$3,267,460	\$11,725,540

NOTE: ⁽¹⁾ Does not include \$1,731,691 short-term financed installment sale purchases-.

⁽²⁾ “SRRF” indicates a loan financed through the School Revolving Renovation Fund administered through the Maine Municipal Bond Bank in cooperation with the State of Maine Department of Education. The SRRFs’ loan is without interest and a portion was forgiven. The loan is for 10 years, at 0% interest with a portion of principal forgiven.

PROJECTED PRINCIPAL PAYMENTS, BY ISSUE

<u>FY Yr. end</u>	<u>2007</u>	<u>2017</u>	<u>2025</u>	<u>2025</u>	<u>Totals</u>
2024	\$309,365	\$150,000	\$0	\$0	\$459,365
2025	309,365	145,000	0	0	454,365
2026	309,365	145,000	652,245	0	1,106,610
2027	309,365	145,000	652,245	160,000	1,266,610
2028	309,365	145,000	652,245	160,000	1,266,610
2029		145,000	652,245	160,000	957,245
2030		145,000	652,245	160,000	957,245
2031		145,000	652,245	160,000	957,245
2032		145,000	652,245	160,000	957,245
2033		145,000	652,245	160,000	957,245
2034		145,000	652,245	160,000	957,245
2035		145,000	652,245	160,000	957,245
2036		145,000		160,000	305,000
2037		145,000		160,000	305,000
2038		145,000		160,000	305,000
2039				160,000	160,000
2040				155,000	155,000
2041				155,000	155,000
	<u>\$1,546,825</u>	<u>\$2,180,000</u>	<u>\$6,522,445</u>	<u>\$2,390,000</u>	<u>\$12,639,270</u>

PROJECTED DEBT SERVICE REQUIREMENTS

<u>FY End</u>	<u>Prior Debt</u>			<u>The Bonds (Pro-forma)</u>			<u>Total</u>
	<u>Principal</u>	<u>Interest/Credits</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Debt</u>
6/30/2024	\$459,365	\$113,787	\$573,152	\$0	\$0	\$0	\$573,152
6/30/2025	454,365	82,209	536,574	0	0	0	536,574
6/30/2026	1,106,610	(166,678)	939,932	0	80,994	80,994	1,020,926
6/30/2027	1,106,610	(170,168)	936,442	160,000	92,400	252,400	1,188,842
6/30/2028	1,106,610	(186,026)	920,584	160,000	86,000	246,000	1,166,584
6/30/2029	797,245	(182,773)	614,472	160,000	79,600	239,600	854,072
6/30/2030	797,245	(193,523)	603,722	160,000	73,200	233,200	836,922
6/30/2031	797,245	(204,363)	592,881	160,000	66,800	226,800	819,681
6/30/2032	797,245	(215,385)	581,859	160,000	60,400	220,400	802,259
6/30/2033	797,245	(226,588)	570,656	160,000	54,000	214,000	784,656
6/30/2034	797,245	(237,973)	559,272	160,000	47,600	207,600	766,872
6/30/2035	797,245	(249,448)	547,797	160,000	41,200	201,200	748,997
6/30/2036	145,000	47,850	192,850	160,000	34,800	194,800	387,650
6/30/2037	145,000	36,284	181,284	160,000	28,400	188,400	369,684
6/30/2038	145,000	24,628	169,628	160,000	22,000	182,000	351,628
6/30/2039				160,000	15,600	175,600	175,600
6/30/2040				155,000	9,300	164,300	164,300
6/30/2041				155,000	3,100	158,100	158,100
	<u>\$10,249,270</u>	<u>(\$1,728,165)</u>	<u>\$8,521,105</u>	<u>\$2,390,000</u>	<u>\$795,394</u>	<u>\$3,185,394</u>	<u>\$11,706,500</u>

DEBT RATIOS

Member Municipalities and the District Debt Ratios

Fiscal Yr. End June 30,	Consolidated		Total Debt			Consolidated		
	Pop.	ESV	Gray	New Gloucester	MSAD No. 15	Total Debt	Debt % Eq. Val.	Debt Per Capita
2024	13,945	\$2,641,150,000	\$4,838,033	\$3,490,000	\$3,267,460	\$11,595,493	0.44%	\$831.52
2023	13,945	2,204,950,000	5,780,991	3,675,000	3,726,825	13,182,816	0.60%	945.34
2022	13,945	1,908,300,000	6,750,000	3,860,000	4,156,190	14,766,190	0.77%	1,058.89
2021	13,945	1,784,450,000	7,220,000	4,045,000	4,664,228	15,929,228	0.89%	1,142.29
2020	13,945	1,721,900,000	8,185,000	4,230,000	5,142,267	17,557,267	1.02%	1,259.04

OVERLAPPING DEBT

The District does not have any obligations for which it is responsible for on an overlapping basis.

CONTINGENT DEBT

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

FUTURE FINANCING

There are no other financings being contemplated by the District. Any future borrowing of notes or bonds, if requested by the District School Board, is subject to approval of the District's voters at an RSU referendum.

RETIREMENT

DEFINED BENEFIT PENSION PLAN

Teaching-certified employees of the District are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (the "SET Plan") and contributes to Maine Public Employees Retirement System's ("MainePERS"), successor to the Maine State Retirement System ("MSRS"), a cost-sharing multiple-employer defined benefit pension plan. The MSRS was established in 1942, and effective September 20, 2007, by virtue of Chapter 58 of the Public Laws of 2007, MSRS was renamed MainePERS as successor to the MSRS. MainePERS was established and is administered under the Maine State Retirement System Laws, Title 5, Chapters 421, 423 and 425 of the Maine Revised Statutes. MainePERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to its members and which include employees of participating local districts. Information concerning the pension plan benefit obligation for public teachers is available from MSRS, which issues a publicly available financial report. This report may be obtained by writing the Maine State Retirement System, 46 State House Station, Augusta, ME 04333-0046 or by calling 1 (800) 415-9800.

Pension Benefits

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. MainePERS's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility

for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for State employees and teachers; separate legislation enacted the same reduced requirement for judges, legislators, and employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The MainePERS also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions. Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the MainePERS's Board of Trustees and is currently 0.93%.

Contributions

Member contribution rates are defined by law or by the MainePERS's Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. The Issuer reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its Annual Financial Statements. Please see "APPENDIX A – MSAD NO. 15 ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024", pages 33 *et seq.*, "Pension Plan" herein.

DEFINED BENEFIT OPEB PLAN

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

Group Life Insurance

Under both the PLD and SET OPEB Plans, MainePERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Group Health Insurance

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

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

The Issuer reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its Annual Financial Statements. Please see “APPENDIX A – MSAD NO. 15 ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024”, page 36 *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 District, as an issuer of municipal securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the District is voluntarily making the disclosure required by the Regulation with respect to environmental liabilities:

The District is not subject to any pending legal proceedings involving environmental matters that would require disclosure under the Regulation were the District subject to its provisions.

LITIGATION

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

[This page left intentionally blank.]

APPENDIX A

**MSAD NO. 15
ANNUAL FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES
FOR THE
YEAR ENDED JUNE 30, 2024**

(With Report of Independent Auditors' Thereon)

[This page left intentionally blank.]

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15

Annual Financial Report

For the Year Ended June 30, 2024

[This page left intentionally blank.]

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Annual Financial Report
For the year ended June 30, 2024

Table of Contents

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-9
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	13
Statement of Activities	2	14
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	6	18
Notes to Basic Financial Statements		19-41
Required Supplementary Information		
Schedule of District's Proportionate Share of the Net Pension Liability		42
Schedule of District Contributions – Pension		43
Schedule of District's Proportional Share of the Net OPEB Liability – Life Insurance		44
Schedule of Changes in District's Total OPEB Liability and Related Ratios – Health Insurance		45
Notes to the Required Supplementary Information		46
	<u>Exhibit</u>	<u>Page</u>
Combining and Individual Fund Financial Statements and Schedules:		
General Fund:		
Comparative Balance Sheets	A-1	49
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	A-2	50-51
Other Governmental Funds:		
Combining Balance Sheet	B-1	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	56
Federal and Other Special Revenue Funds:		
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	C	57
	<u>Schedule</u>	<u>Page</u>
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Student Activity Funds	1	61
Schedule of Revenue, Expenditures, and Changes in fund Balances – Gray - New Gloucester High School	2	62-63

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15

Annual Financial Report

For the year ended June 30, 2024

Table of Contents, Continued

	<u>Schedule</u>	<u>Page</u>
Schedule of Revenue, Expenditures, and Changes in fund Balances – Gray - New Gloucester Middle School	3	64
Schedule of Revenue, Expenditures, and Changes in fund Balances – Burchard A. Dunn School	4	65
Schedule of Revenue, Expenditures, and Changes in fund Balances – James W. Russell School	5	66
Schedule of Revenue, Expenditures, and Changes in fund Balances – Memorial School	6	67

Independent Auditor's Report

To the School Board
Maine School Administrative District 15

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Maine School Administrative District 15, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Maine School Administrative District 15's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Maine School Administrative District 15, as of June 30, 2024, and the respective changes in financial position thereof, and the 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 Maine School Administrative District 15 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 Maine School Administrative District 15'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 Maine School Administrative District 15'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 Maine School Administrative District 15'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 pertaining to the net pension and OPEB liabilities, as listed on 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 Maine School Administrative District 15's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are 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 May 14, 2025 on our consideration of Maine School Administrative District 15'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 Maine School Administrative District 15'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 Maine School Administrative District 15's internal control over financial reporting and compliance.

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

May 14, 2025
South Portland, Maine

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Management's Discussion and Analysis
For the Year Ended June 30, 2024

As management of the Maine School Administrative District 15, we offer readers of the financial statements this narrative overview and analysis of the financial activities of Maine School Administrative District 15 for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the District using the integrated approach as prescribed by GASB Statement #34.

The Government-wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. Currently, the District has no business-type activities. The government-wide financial statements include all assets of the District as well as all liabilities (including long-term debt), deferred outflows of resources, and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The fiscal year 2024 Statement of Net Position is provided as Statement 1 in the financial section on page 13. The Statement of Activities is Statement 2 on page 14. The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in it. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health or *financial position*. Over time, increases and decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of school buildings and other facilities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State law.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Management's Discussion and Analysis, Continued

However, management establishes many other funds to help it control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

The District has one type of fund:

Governmental Funds - All of the District'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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed shorter-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District is providing condensed financial information for fiscal year 2024 with comparative information for fiscal year 2023. Our analysis below focuses on the net position of the District's governmental activities.

The District's combined net position was \$17,952,847 at June 30, 2024 (Statement 1). The Statement of Activities (Statement 2) shows the revenues from local assessments of \$18,151,222 and intergovernmental of \$11,566,963.

NET POSITION

	2024	2023
Current and other assets	\$ 11,474,602	\$ 9,679,635
Capital assets	19,221,651	18,475,571
Total assets	30,696,253	28,155,206
Deferred outflows related to pensions	983,620	915,803
Deferred outflows related to OPEB	820,183	994,356
Total deferred outflows	1,803,803	1,910,159
Long-term liabilities	10,945,773	9,751,036
Other liabilities	3,442,429	3,089,410
Total liabilities	14,388,202	12,840,446
Deferred inflows related to pensions	87,656	157,219
Deferred inflows related to OPEB	71,351	76,922
Total deferred inflows	159,007	234,141
Net investment in capital assets	14,188,935	14,516,172
Restricted	671,723	482,337
Unrestricted	3,092,189	1,992,269
Total net position	\$ 17,952,847	\$ 16,990,778

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Management's Discussion and Analysis, Continued

CHANGE IN NET POSITION

	<u>2024</u>	<u>2023</u>
General revenues:		
Local assessments	\$ 18,151,222	\$ 16,629,797
Intergovernmental	11,566,963	11,396,503
Investment earnings	65,287	38,046
Miscellaneous	81,562	81,837
Program revenues:		
Charges for services	757,256	636,556
Grants and contributions	7,213,208	6,753,527
Capital grants and contributions	278,096	485,000
Total revenues	38,113,594	36,021,266
Program expenses:		
Regular instruction	12,512,337	11,547,568
Special education	6,245,017	5,696,418
Other instruction	906,812	908,769
Student and staff support	2,911,619	2,424,665
System administration	901,974	835,863
School administration	1,575,595	1,553,218
Transportation	1,761,010	1,759,857
Facilities maintenance	3,765,895	3,616,872
Adult education	299,050	265,795
Special state and federal funds	1,783,836	1,792,431
School lunch	1,311,184	1,229,030
Student activities	226,637	225,564
MainePERS - on-behalf payments	2,854,833	2,669,548
Debt service - interest	95,726	134,831
Total expenses	37,151,525	34,660,429
Change in net position	\$ 962,069	\$ 1,360,837

2024 FINANCIAL HIGHLIGHTS

Debt Administration

Debt, more specifically, bonds payable, notes from direct borrowing, and leases, are considered a liability of governmental activities and increased in fiscal year 2024 by \$1,073,318. The school entered into a new financed purchase for computer equipment and a new lease for a truck in fiscal year 2024 totaling \$1,632,708. The Governmental Activities debt summary for fiscal year 2024 is presented below.

Debt payable at June 30, 2023	\$ 3,959,399
Plus: debt issuances	1,632,708
Less: debt retired	(559,391)
Debt payable at June 30, 2024	\$ 5,032,716

Additional detail can be found in the notes to the financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Management's Discussion and Analysis, Continued

Capital Assets

The capital assets of the District are those assets which are used in the performance of the District's functions. At June 30, 2024, net capital assets of the governmental activities totaled \$19,221,651. Depreciation on capital assets is recognized in the government-wide financial statements. Significant capital asset additions during the year included:

- Student Laptops - \$1,519,042
- Playground Improvements - \$269,914
- Security System Upgrades - \$366,596
- Wifi Installation and Upgrades - \$168,717
- Maintenance Truck - \$51,619
- Software subscriptions - \$46,535

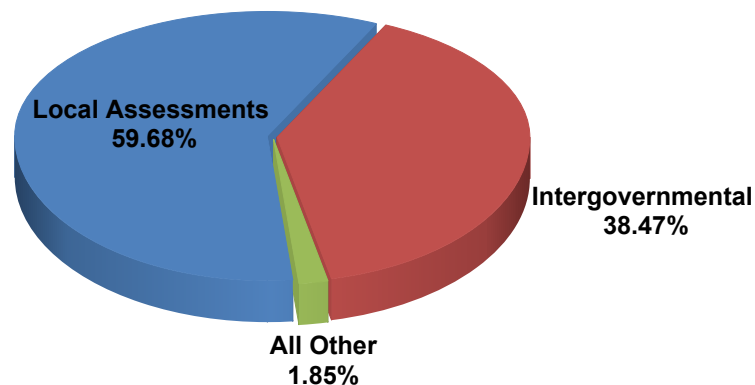
General Fund Budget Variances

Revenues

	Budget	Actual	Variance
Local assessments	\$ 18,051,222	18,051,222	-
Intergovernmental	11,605,594	11,634,758	29,164
Tuition and fees	225,000	390,865	165,865
Other	68,000	167,878	99,878
Use of surplus	1,327,000	-	(1,327,000)
Total revenues and other sources	\$ 31,276,816	30,244,723	(1,032,093)

Intergovernmental revenues were over budget as State subsidy was higher than anticipated. Tuition increased as there was an influx of students from Raymond who elected to come to our district for education. Other revenues were over budget as interest rates increased and we earned more on our cash holdings during the year. The budgeted use of surplus represents use of existing cash balances to reduce the burden on taxpayers.

General Fund Revenues by Source



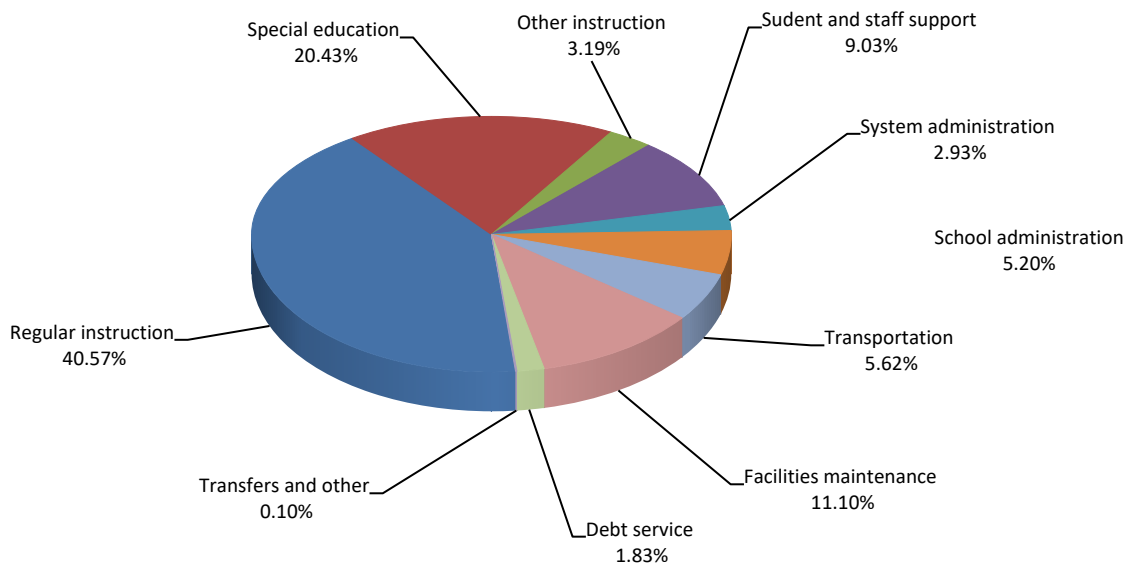
MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Management's Discussion and Analysis, Continued

Expenditures

	Budget	Actual	Variance
Regular instruction	\$ 12,689,093	12,141,677	547,416
Special education	6,390,026	5,554,437	835,589
Other instruction	996,923	888,574	108,349
Student and staff support	2,823,532	2,552,835	270,697
System administration	916,899	864,424	52,475
School administration	1,626,735	1,575,595	51,140
Transportation	1,758,819	1,630,610	128,209
Facilities maintenance	3,471,637	3,228,185	243,452
Debt service	573,152	573,152	-
Transfer to other funds	30,000	30,000	-
Total expenditures and other uses	\$ 31,276,816	29,039,489	2,237,327

Regular instruction, special education, other instruction, and transportation expenditures were under budget due to unfilled positions. Special education was also under budget due to decreased out-of-district placements.

General Fund Expenditures by Function



MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Management's Discussion and Analysis, Continued

ECONOMIC FACTORS

The School Board of Directors adopted the fiscal year 2024 budget in June 2023, which included a 5.98% expenditure increase over the 2023 budget. The budget increase was primarily due to necessary increases in wages and benefits to attract and retain staff as well as updated curriculum materials and training to meet the needs of our students. Staff changes were also made (increases and decreases) to meet our current student enrollment. Funds continue to be budgeted for the school nutrition program in order to offset higher food costs as well as staff salary and benefits increases. Additional funding to cover the budgeted 2024 expenditures came primarily from additional state subsidy received. The District also budgeted to use \$1,327,000 of prior year surplus to reduce local assessments. The use of surplus to reduce local assessments is determined each year as funds allow.

The fiscal year 2025 budget is a 6.48% expenditure increase from fiscal year 2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact the Superintendent's Office at 14 Shaker Road, Gray, Maine, 04039; phone 207-657-3335.

[This page left intentionally blank.]

BASIC FINANCIAL STATEMENTS

[This page left intentionally blank.]

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Statement of Net Position
June 30, 2024

	Governmental activities
ASSETS	
Cash and cash equivalents	\$ 9,632,173
Accounts receivable	33,444
Due from State of Maine	1,775,240
Inventory	33,745
Capital assets, not being depreciated	1,195,267
Capital assets, net of accumulated depreciation	18,026,384
Total assets	30,696,253
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	983,620
Deferred outflows of resources related to OPEB	820,183
Total deferred outflows of resources	1,803,803
LIABILITIES	
Accounts payable	28,463
Accrued wages and benefits	3,389,279
Accrued interest	24,687
Noncurrent liabilities:	
Bonds and notes from direct borrowing payable:	
Due within one year	1,301,987
Due in more than one year	3,697,164
Leases payable:	
Due within one year	16,350
Due in more than one year	17,215
Accrued compensated absences	302,148
Net pension liability	944,860
OPEB liability	4,666,049
Total liabilities	14,388,202
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	87,656
Deferred inflows of resources related to OPEB	71,351
Total deferred inflows of resources	159,007
NET POSITION	
Net investment in capital assets	14,188,935
Restricted	671,723
Unrestricted	3,092,189
Total net position	\$ 17,952,847

See accompanying notes to basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Statement of Activities
For the year ended June 30, 2024

Function/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities
Governmental activities:					
Regular instruction	\$ 12,512,337	390,865		-	(12,121,472)
Special education	6,245,017	-	770,847	-	(5,474,170)
Other instruction	906,812	21,917	-	-	(884,895)
Student and staff support	2,911,619	-	153,720	-	(2,757,899)
System administration	901,974	-	8,183	-	(893,791)
School administration	1,575,595	-	-	-	(1,575,595)
Transportation	1,761,010	7,174	12,963	-	(1,740,873)
Facilities maintenance	3,765,895	26,913	-	-	(3,738,982)
Adult education	299,050	177,206	99,983	-	(21,861)
Special state and federal funds	1,783,836	-	1,793,010	278,096	287,270
School lunch program	1,311,184	133,181	1,287,416	-	109,413
Student activities	226,637	-	232,253	-	5,616
MainePERS - on-behalf payments	2,854,833	-	2,854,833	-	-
Interest on debt	95,726	-	-	-	(95,726)
Total governmental activities	37,151,525	757,256	7,213,208	278,096	(28,902,965)
Total primary government	\$ 37,151,525	757,256	7,213,208	278,096	(28,902,965)
General revenues:					
Local assessments				\$	18,151,222
Intergovernmental					11,566,963
Unrestricted investment earnings					65,287
Miscellaneous					81,562
Total general revenues					29,865,034
Change in net position					962,069
Net position--beginning					16,990,778
Net position--ending				\$	17,952,847

See accompanying notes to basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Balance Sheet
Governmental Funds
June 30, 2024

	General	School Lunch Program	Other Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	\$ 8,475,694	736,308	420,171	9,632,173
Accounts receivable	-	2,958	30,486	33,444
Due from State of Maine	-	224,168	1,551,072	1,775,240
Interfund loans receivable	2,021,028	-	1,401	2,022,429
Inventory	-	33,745	-	33,745
Total assets	10,496,722	997,179	2,003,130	13,497,031
LIABILITIES				
Accounts payable	22,030	5,160	1,273	28,463
Accrued wages and benefits	3,294,454	12,355	82,470	3,389,279
Interfund loans payable	-	485,858	1,536,571	2,022,429
Total liabilities	3,316,484	503,373	1,620,314	5,440,171
FUND BALANCE				
Nonspendable	-	33,745	-	33,745
Restricted	-	460,061	177,917	637,978
Committed	2,741,063	-	220,587	2,961,650
Assigned	2,109,660	-	-	2,109,660
Unassigned	2,329,515	-	(15,688)	2,313,827
Total fund balances	7,180,238	493,806	382,816	8,056,860
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,496,722	997,179	2,003,130	

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.	19,221,651
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(302,148)
Accrued interest	(24,687)
Net pension liability, including related deferred outflows and inflows of resources	(48,896)
OPEB liability, including related deferred outflows and inflows of resources	(3,917,217)
Notes from direct borrowing	(2,969,151)
Leases payable	(33,565)
Bonds payable	(2,030,000)

Net position of governmental activities	\$ 17,952,847
--	----------------------

See accompanying notes to basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2024

	General	School Lunch Program	Other Governmental Funds	Totals
Revenues:				
Local assessments	\$ 18,051,222	-	100,000	18,151,222
Intergovernmental	14,799,070	1,287,416	2,739,529	18,826,015
Charges for services	446,869	133,181	177,206	757,256
Interest earned	65,287	-	-	65,287
Other revenues	81,562	-	232,253	313,815
Total revenues	33,444,010	1,420,597	3,248,988	38,113,595
Expenditures:				
Current:				
Regular instruction	12,358,729	-	-	12,358,729
Special education	5,697,723	-	547,294	6,245,017
Other instruction	903,228	-	-	903,228
Student and staff support	2,682,872	-	5,263	2,688,135
System administration	893,817	-	-	893,817
School administration	1,575,595	-	-	1,575,595
Transportation	1,629,739	-	-	1,629,739
Facilities maintenance	3,054,571	-	-	3,054,571
Adult education	-	-	299,050	299,050
Special state and federal funds	-	-	1,783,836	1,783,836
School lunch program	-	1,307,219	-	1,307,219
Student activities	-	-	226,637	226,637
MainePERS - on-behalf payments	2,854,833	-	-	2,854,833
Debt service	573,152	-	-	573,152
Capital outlay	1,632,708	-	278,096	1,910,804
Total expenditures	33,856,967	1,307,219	3,140,176	38,304,362
Excess (deficiency) of revenues over (under) expenditures	(412,957)	113,378	108,812	(190,767)
Other financing sources (uses):				
Proceeds from financed purchases	1,581,089	-	-	1,581,089
Proceeds from leases	51,619	-	-	51,619
Transfers in	-	30,000	-	30,000
Transfers out	(30,000)	-	-	(30,000)
Total other financing sources (uses)	1,602,708	30,000	-	1,632,708
Net change in fund balances	1,189,751	143,378	108,812	1,441,941
Fund balances, beginning of year	5,990,487	350,428	274,004	6,614,919
Fund balances, end of year	\$ 7,180,238	493,806	382,816	8,056,860

See accompanying notes to basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2024

Net change in fund balances--total governmental funds (from Statement 4)	\$	1,441,941
--	----	-----------

Amounts reported for governmental activities in the statement of activities 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.

Capital outlays	2,111,876	
Less: depreciation expense	<u>(1,365,796)</u>	
		746,080

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.

Repayment of bonds	150,000	
Repayment of notes from direct borrowing	391,337	
Proceeds	(1,581,089)	
Repayment of Leases	18,054	
Proceeds from Leases	<u>(51,619)</u>	
		(1,073,317)

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 the governmental funds. More specifically, this represents:

Change in interest accrual	7	
Change in accrued compensated absences	38,007	
Change in net pension liability, with related deferred outflows and inflows of resources	(9,221)	
Change in OPEB liability, with related deferred outflows and inflows of resources	<u>(181,428)</u>	
		(152,635)

Change in net position of governmental activities (see Statement 2)	\$	962,069
---	----	----------------

See accompanying notes to basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Statement of Revenues, Expenditures, and Changes in Fund Balance--
Budget and Actual - Budgetary Basis
General Fund
For the year ended June 30, 2024

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Local assessments	\$ 18,051,222	18,051,222	18,051,222	-
Intergovernmental	11,605,594	11,605,594	11,634,758	29,164
Tuition and fees	225,000	225,000	390,865	165,865
Other revenues	68,000	68,000	167,878	99,878
Total revenues	29,949,816	29,949,816	30,244,723	294,907
Expenditures:				
Current:				
Regular instruction	12,689,093	12,689,093	12,141,677	547,416
Special education	6,390,026	6,390,026	5,554,437	835,589
Other instruction	996,923	996,923	888,574	108,349
Student and staff support	2,823,532	2,823,532	2,552,835	270,697
System administration	916,899	916,899	864,424	52,475
School administration	1,626,735	1,626,735	1,575,595	51,140
Transportation	1,758,819	1,758,819	1,630,610	128,209
Facilities maintenance	3,471,637	3,471,637	3,228,185	243,452
Debt service	573,152	573,152	573,152	-
Total expenditures	31,246,816	31,246,816	29,009,489	2,237,327
Excess (deficiency) of revenues over (under) expenditures	(1,297,000)	(1,297,000)	1,235,234	2,532,234
Other financing sources (uses):				
Use of prior year surplus	1,327,000	1,327,000	-	(1,327,000)
Transfers out	(30,000)	(30,000)	(30,000)	-
Total other financing sources (uses)	1,297,000	1,297,000	(30,000)	(1,327,000)
Net change in fund balance - budgetary basis	-	-	1,205,234	1,205,234
Reconciliation to GAAP basis:				
Change in encumbrances			159,625	
Change in reserves			63,279	
Change in accrued summer salaries/benefits			(238,387)	
Net change in fund balance - GAAP basis			1,189,751	
Fund balance, beginning of year			5,990,487	
Fund balance, end of year			\$ 7,180,238	

See accompanying notes to basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements

THE REPORTING ENTITY

Maine School Administrative District 15 was formed in 1962 under the laws of the State of Maine. The District is administered by an eleven-member School Board and encompasses the Towns of Gray and New Gloucester, Maine.

This report includes all funds of the District. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. 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.

It is the District's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no entities that would be considered potential component units within the District that should be included as part of these financial statements.

The District provides a full range of educational services that includes instruction, transportation, operation and maintenance of plant and equipment, student and staff support services, school lunch program, and general administrative services.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Maine School Administrative District 15 conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant of such policies:

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements:

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District utilizes only one type of fund: governmental.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's major governmental funds:

General Fund - The General Fund is the general operating fund of the District. All revenues not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs not paid through other funds.

School Lunch Program - This fund is used to track expenditures and the related grant revenues and service fees necessary to support meals provided to students.

C. Measurement Focus

1. Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement of Net Position.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include local assessments, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: local assessments, interest, grants, and student fees.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

E. Budgetary Accounting

A budget is formally adopted for the General Fund each year by a referendum vote, and is prepared on a basis consistent with U.S. generally accepted accounting principles except for Maine Public Employees Retirement System (MainePERS) – on-behalf payments (as described later in these notes), accrued salaries and benefits relating to teacher summer salaries, and activity in the reserve accounts. Other special revenue funds and capital project funds do not have legally adopted budgets, but have adopted budgets through formal authorizations by the School Board and through grant agreements.

Interfund Transactions - During the course of normal operations, the District has several transactions between funds including expenditures and transfers of resources to provide services. These transactions are reported as transfers.

Inventories - School Lunch inventories are valued at cost (first-in, first-out basis). Inventories include the value of the U. S. Department of Agriculture commodities donated to the School Lunch Program.

Compensated Absences - Under terms of personnel policies, vacation, and sick leave are granted in varying amounts according to length of service. In some cases, employees are entitled to payment for unused vacation upon termination or retirement. Compensated absences are accrued when incurred in the government-wide financial statements. 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.

Leases - The District is a lessee for a noncancellable lease of a vehicle. The District recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more.

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription Assets - The District has entered into subscription agreements for the use of software. The District recognizes an intangible right-to-use subscription asset in the government-wide financial statements. At the commencement of a subscription, the District initially measures the right-to-use subscription asset at the present value of payments expected to be made over the subscription term, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

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

- The District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District 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 asset are composed of fixed payments and other option fees that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and any related liability if certain changes occur that are expected to significantly affect the amount of the subscription.

Deferred Inflows and Outflows of Resources - In addition to assets and liabilities, the statement of net position 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 assets 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 activities have deferred outflows and inflows that relate to the net pension and OPEB liabilities, which include the District's contributions subsequent to the measurement date, which is recognized as a reduction of the related liability in the subsequent year.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between the District's 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 respective plan. Also included is the net difference between projected and actual earnings on plan investments, which is deferred and amortized over a five-year period.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System State Employee and Teacher Plan (SET 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.

Other Postemployment Benefits (OPEB) - For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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 plans. 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.

Fund Equity - Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the District 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 District 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 District'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 voters at the District's budget referendum have the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. The School Board has given management the authority to assign fund balances at year-end for specific purposes.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the District's intent to use committed or assigned resources first, and then unassigned resources as they are needed.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets - Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost or estimated historical cost (except for intangible right-to-use assets, the measurement of which is discussed below) and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated acquisition value as of the date received. The District does not possess any material infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated lives</u>	<u>Capitalization</u>
Buildings and improvements	10-50 years	\$ 10,000
Furniture and equipment	5-25 years	10,000
Vehicles	5-10 years	10,000
Right-to-use subscriptions	3-5 years	10,000

Use of Estimates - Preparation of the District'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.

Comparative Data/Reclassifications - Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 payable, leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's net investment in capital assets was calculated as follows at June 30, 2024:

Capital assets	\$ 40,445,753
Accumulated depreciation and amortization	(21,224,102)
Bonds payable	(2,030,000)
Notes from direct borrowing	(2,969,151)
Leases payable	(33,565)
<u>Net investment in capital assets</u>	<u>\$ 14,188,935</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis versus GAAP Basis – General Fund

The District's General Fund budget is prepared on a basis consistent with generally accepted accounting principles (U.S. GAAP) except for teacher summer salaries and health benefits, which are budgeted on a cash basis, Maine Public Employees Retirement System (MainePERS) – on-behalf payments, which are not budgeted, encumbrances, and transactions in reserve accounts, which are not budgeted. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Statement 6) is prepared on the budgetary basis.

Also, as required by generally accepted accounting principles (GAAP), the District has recorded a revenue and expenditure for MainePERS contributions made by the State of Maine on behalf of the District. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under accounting principles generally accepted in the United States of America of \$2,854,833. These amounts have been included as revenue and an expense/expenditure on Statement 2 and in the General Fund on Statement 4 (GAAP basis). There is no effect on the net position/fund balance at the end of the year.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year.

B. Deficit Fund Balances

The following funds had a deficit at June 30, 2024:

Workforce Innovation Grant	\$ 15,688
----------------------------	-----------

This deficit will be funded with future revenues anticipated in 2025 or by a transfer from the General Fund.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

DEPOSITS

Custodial credit risk – This is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024, the District reported deposits of \$9,632,173 with a bank balance of \$9,835,294. Of the District’s bank balance at June 30, 2024, none was exposed to custodial credit risk as it was covered by either the FDIC or by additional insurance.

Interest rate risk – The District does not have a deposit policy for interest rate risk.

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of normal operations, the District has numerous transactions between funds including expenditures and transfers. Most actual cash transactions occur in the general fund; the use of interfund accounts ensures that activity is reflected in the proper fund. Individual fund interfund receivables and payables balances and interfund transfers at June 30, 2024 arising from these transactions were as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>	<u>Transfers In (out)</u>
General Fund	\$ 2,021,028	-	(30,000)
School Lunch Program	-	485,858	30,000
Nonmajor funds:			
Federal and Other Special Revenue Funds	-	1,311,316	-
Adult Education Fund	-	225,255	-
Dunn School Capital Projects	1,401	-	-
Total	\$ 2,022,429	2,022,429	-

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Balance 07/01/23	Increases	Decreases	Balance 06/30/24
Governmental Activities				
Capital asset, not being depreciated:				
Land	\$ 1,195,267	-	-	1,195,267
Construction in progress	358,413	8,183	366,596	-
Total capital assets, not being depreciated	1,553,680	8,183	366,596	1,195,267
Capital assets, being depreciated:				
Buildings and improvements	33,220,882	679,277	-	33,900,159
Furniture and equipment	1,143,498	1,692,858	-	2,836,356
Vehicles	2,400,041	-	-	2,400,041
Lease assets				
Vehicles	-	51,619	-	51,619
Subscription assets	15,776	46,535	-	62,311
Total capital assets, being depreciated	36,780,197	2,470,289	-	39,250,486
Less accumulated depreciation:				
Buildings and improvements	17,653,698	709,866	-	18,363,564
Furniture and equipment	789,254	434,384	-	1,223,638
Vehicles	1,412,725	183,570	-	1,596,295
Less accumulated amortization for:				
Leased vehicles	-	17,206	-	17,206
Subscription assets	2,629	20,770	-	23,399
Total accumulated depreciation and amortization	19,858,306	1,365,796	-	21,224,102
Capital assets, net	16,921,891	1,104,493	-	18,026,384
Governmental activities capital assets, net	\$ 18,475,571	1,112,676	366,596	19,221,651

Depreciation/amortization expense was charged to governmental functions as follows:

Regular instruction	\$ 966
Other instruction	3,584
Student and staff support	419,458
System administration	8,157
Transportation	191,199
Facilities maintenance	738,467
School lunch program	3,965
Total depreciation/amortization expense	\$ 1,365,796

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT

A. Changes in Long-term Liabilities

The following is a summary of long-term liability transactions of the District for the year ended June 30, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Bonds payable	\$ 2,180,000	-	150,000	2,030,000	145,000
Notes from direct borrowing*	1,779,399	1,581,089	391,337	2,969,151	1,156,987
Leases payable	-	51,619	18,054	33,565	16,350
Net pension liability	798,259	146,601	-	944,860	-
OPEB liability	4,653,223	12,826	-	4,666,049	-
Accrued compensated absences	340,155	-	38,007	302,148	-
Governmental activities long-term liabilities	\$ 9,751,036	1,792,135	597,398	10,945,773	1,318,337

*Includes financed purchases.

B. Bonds Payable

Bonds payable at June 30, 2024 are comprised of the following individual issues:

	<u>Date of issue</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Balance 06/30/24</u>
Bonds payable:					
2017 Bond – Renovations	2017	\$ 2,929,000	2.00-4.00%	2038	2,030,000

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

C. Notes from Direct Borrowing

Both notes payable and financed purchases qualify as notes from direct borrowing. The District is obligated for certain notes payable that were issued to provide financing for building renovations. Additionally, the District has entered into several arrangements to provide funds for the acquisition of vehicles and other equipment. These arrangements qualify as financed purchases for accounting purposes and, therefore, have been recorded at the present value of the future minimum payments as of the date of its inception.

The District's financed purchases and notes payable are collateralized by the underlying assets.

Notes from direct borrowing at June 30, 2024 is comprised of the following individual issues:

	<u>Date of issue</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Balance 06/30/24</u>
Financed purchases payable:					
Phone System A	2021	\$ 50,616	1.81%	2025	10,303
Phone System B	2021	59,637	1.81%	2025	12,139
Bus VIN #8836	2023	128,016	4.55%	2026	64,080
Bus VIN #8837	2023	128,016	4.55%	2026	64,080
Apple Computer	2024	1,581,089	1.73%	2028	1,581,089
Total financed purchases					1,731,691
Notes payable:					
2006 Renovations	2006	6,187,296	1.00-5.00%	2028	1,237,460
Total notes payable					1,237,460
Total notes from direct borrowing					\$ 2,969,151

The annual requirements to amortize bonds, financed purchases and notes from direct borrowings outstanding as of June 30, 2024 are as follows:

Year ended June 30,	<u>Bonds Payable</u>		<u>Notes from Direct Borrowing</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 145,000	68,875	1,156,987	29,319
2026	145,000	63,075	646,215	10,384
2027	145,000	57,275	580,632	-
2028	145,000	51,475	585,317	-
2029	145,000	46,400	-	-
2030-2034	725,000	164,031	-	-
2035-2038	580,000	41,687	-	-
Totals	\$ 2,030,000	492,818	2,969,151	39,703

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

D. Leases Payable

During fiscal year 2024, the District entered into a lease agreement as lessee for the acquisition and use of a vehicle. As of June 30, 2024, the value of the lease liability is \$33,565. The lease has a stated interest rate of 5.3%. The value of the right-to-use assets as of the end of the current fiscal year was \$51,619 with accumulated depreciation of \$17,206.

	<u>Date of issue</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Balance 06/30/24</u>
Ford F350 VIN #0310	2023	\$ 51,619	5.30%	2026	33,565
Total leases payable					\$ 33,565

The future principal and interest lease payments as of June 30, 2024 were as follows:

	<u>Leases Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 16,350	1,779	18,129
2026	17,215	912	18,127
Totals	\$ 33,565	2,691	36,256

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

PENSION PLAN

General Information about the Pension Plan

Plan Description - Employees of the District are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET 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. MPERS issues a publicly available financial report that can be obtained at www.mainebers.org.

Benefits Provided - The SET 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. For SET 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 statute.

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. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

SET Plan - Maine statute requires the State to contribute a portion of the District's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The District's contractually required contribution rate for the year ended June 30, 2024 was 18.98% of annual payroll of which 4.47% of payroll was required from the District and 14.51% was required from the State. Contributions to the pension plan from the District were \$721,862 for the year ended June 30, 2024.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on projections of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating School Administrative Units and the State, actuarially determined.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

PENSION PLAN, CONTINUED

SET Plan - At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 944,860
State's proportionate share of the net pension liability associated with the District	14,443,449
Total	\$ 15,388,309

At June 30, 2023, the District's proportion of the SET Plan was 0.0623%.

For the year ended June 30, 2024, the District recognized pension expense of \$3,074,309 for the SET plan and revenue of \$2,343,226 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 77,413	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	87,656
Changes in proportion and differences between District contributions and proportionate share of contributions	184,345	-
District contributions subsequent to the measurement date	721,862	-
Total	\$983,620	87,656

An amount of \$721,862 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ 35,197
2026	(1,828)
2027	136,298
2028	4,435

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

PENSION PLAN, 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, per year	2.80-13.03%
Investment return, per annum, compounded annually	6.50%
Cost of living benefit increases, per annum	2.20%

Mortality rates were based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US Government	10.0%	2.6%
Private equity	12.5%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	5.0%	3.2%
Alternative credit	10.0%	7.4%
Diversifiers	7.5%	5.0%

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 rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating 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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

PENSION PLAN, CONTINUED

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
District's proportionate share of the net pension liability (asset)	\$ 1,857,814	944,860	184,874

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2024.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

General Information about the OPEB Plan

Plan Description - The District sponsors a post-retirement benefit plan providing group term life insurance to retiring Teachers. The 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. MPERS issues a publicly available financial report that is available at www.mainebers.org.

Benefits Provided - MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the District were \$49,745 for the year ended June 30, 2024. Employers and employees are not required to contribute to the OPEB plan.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

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

At June 30, 2024, the District reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the District was \$362,724 as of June 30, 2024. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 0.00%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$49,745 and also revenues of \$49,745 for support provided by the State. At June 30, 2024, the District reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

Actuarial Assumptions - The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.80-13.03%
Investment rate of return	6.50%

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

The actuarial assumptions used in the June 30, 2023 valuation 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 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 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>	<u>Target Allocation</u>
Public equities	6.0%	70.0%
Real estate	5.2%	5.0%
Traditional credit	3.2%	16.0%
US Government Securities	2.3%	9.0%

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

Discount Rate - The rate used to measure the total OPEB liability for the plan was 6.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in a separately issued MPERS financial report.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE

General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	79
Inactive employee entitled to but not yet receiving benefits	-
Active employees	<u>285</u>
Total	<u><u>364</u></u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED

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

The District's total OPEB liability of \$4,666,049 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

Changes in the Total OPEB Liability

Balance at June 30, 2023	\$ 4,653,223
Changes for the year:	
Service cost	72,314
Interest	164,575
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions and other inputs	(69,644)
Benefit payments	(154,419)
Net changes	<u>12,826</u>
Balance at June 30, 2024	<u>\$ 4,666,049</u>

Change in assumptions reflects a change in the discount rate from 3.54% to 3.65%.

For the year ended June 30, 2024, The District recognized OPEB expense of \$181,428 and revenue of \$461,863 for support provided by the State. At June 30, 2024, The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	71,351
Changes of assumption or other inputs	629,676	-
District contributions subsequent to measurement date	190,507	-
Total	<u>\$ 820,183</u>	<u>71,351</u>

\$190,507 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. Other 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:	
2025	\$ 135,018
2026	157,758
2027	128,630
2028	128,626
2029	10,724
Thereafter	(2,431)

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE, CONTINUED

Actuarial Assumptions - The total OPEB liability in the June 30, 2023 actuarial valuation for the total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	2.75% per year
Discount rate	3.65% per annum
Healthcare cost trend rates - Pre-Medicare	7.96% for 2024 grading over 19 years to 4.00%
Healthcare cost trend rates - Medicare	0.00% for 2024, then 5.62% in 2024 grading over 18 years to 4.29%
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

Mortality rates were based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality table.

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

Discount Rate - The rate used to measure the total OPEB liability was 3.65% per annum. Since the plan is pay as you go and is not funded, 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 District's total OPEB liability calculated using the discount rate of 3.65%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.65%) or 1 percentage-point higher (4.65%) than the current rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 5,361,544	4,666,049	4,099,087

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the District's total OPEB liability calculated using the healthcare cost trend rates, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 4,026,150	4,666,049	5,464,195

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Notes to Basic Financial Statements, Continued

FUND BALANCES

The General Fund unassigned fund balance total of \$2,329,515 represents a fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund deficits of \$15,688 are reported for the Other Governmental Funds, as of June 30, 2024 (see Statement 3).

As of June 30, 2024, fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Capital Reserve	\$ -	-	2,440,181	-
Summer Sports Reserve	-	-	4,973	-
Planson Grant Reserve – K-8	-	-	75,000	-
Planson Grant Reserve – Kids in ME	-	-	21,711	-
Technology	-	-	154,577	-
Van Lease/Purchase 23-24	-	-	20,000	-
Outdoor Adventure Reserve	-	-	5,744	-
Lacrosse Reserve	-	-	3,884	-
Insurance Reserve	-	-	5,018	-
Opioid Settlement Reserve -	-	-	9,975	-
Encumbrances	-	-	-	609,660
Subsequent budget	-	-	-	1,500,000
School Lunch Program:				
Inventory	33,745	-	-	-
Operations	-	460,061	-	-
Nonmajor funds:				
Federal and Other				
Special Revenue Funds	-	177,917	-	-
Student Activity Fund	-	-	219,186	-
Dunn School Capital Projects	-	-	1,401	-
Total	\$ 33,745	637,978	2,961,650	2,109,660

COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies is not determinable at this time, however, the District does not believe any such amounts would be significant.

RISK MANAGEMENT

The District 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 District carries commercial insurance. Based on the coverage provided by commercial insurance purchased, the District is not aware of any material actual or potential claim liabilities that should be recorded at June 30, 2024.

SUBSEQUENT EVENT

On December 13, 2024, the District issued \$6,522,445 in bonds from the State of Maine's School Revolving Renovation Fund (SRRF) program to finance indoor air quality renovations and improvements at the District's schools. \$3,434,719 is subject to repayment over ten years at 0% interest and \$3,087,726 will be forgiven.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Required Supplementary Information

Schedule of District's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System State Employee and Teacher Plan (SET)
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
SET Plan										
District's proportion of the net pension liability	0.0623%	0.0538%	0.0378%	0.0381%	0.0397%	0.0324%	0.0304%	0.0373%	0.0372%	0.0400%
District's proportionate share of the net pension liability	\$ 944,860	798,259	319,739	621,904	582,407	436,977	441,339	659,194	502,662	518,223
State's proportionate share of the net pension liability associated with the District	14,443,449	14,465,449	8,472,883	16,802,874	14,724,151	13,620,818	14,590,160	17,787,423	13,029,280	Unknown
Total	\$ 15,388,309	15,263,708	8,792,622	17,424,778	15,306,558	14,057,795	15,031,499	18,446,617	13,531,942	Unknown
District's covered payroll	\$ 15,075,871	14,618,025	14,086,050	13,833,198	13,335,739	12,799,260	12,513,241	12,261,191	11,450,946	Unknown
District's proportionate share of the net pension liability as a percentage of its covered payroll	6.27%	5.46%	2.27%	4.50%	4.37%	3.41%	3.53%	5.38%	4.39%	Unknown
Plan fiduciary net position as a percentage of the total pension liability	86.03%	85.79%	90.90%	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

* The amounts presented for each fiscal year were determined as of the prior fiscal year.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Required Supplementary Information, Continued

Schedule of District Contributions – Net Pension Liability
Maine Public Employees Retirement System State Employee and Teacher Plan (SET)
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
SET Plan										
Contractually required contribution	\$ 721,862	578,913	561,332	585,982	575,461	529,459	508,131	420,445	411,976	303,450
Contributions in relation to the contractually required contribution	(721,862)	(578,913)	(561,332)	(585,982)	(575,461)	(529,459)	(508,131)	(420,445)	(411,976)	(303,450)
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 16,149,040	15,075,871	14,618,025	14,086,050	13,833,198	13,335,739	12,799,260	12,513,241	12,261,191	11,450,946
Contributions as a percentage of covered payroll	4.47%	3.84%	3.84%	4.16%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Required Supplementary Information, Continued

Schedule of District's Proportionate Share of the Net OPEB Liability – Life Insurance
Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net OPEB liability	-	-	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the District	\$ <u>362,724</u>	<u>401,492</u>	<u>203,277</u>	<u>405,860</u>	<u>388,600</u>	<u>377,598</u>	<u>359,963</u>
Total	\$ <u>362,724</u>	<u>401,492</u>	<u>203,277</u>	<u>405,860</u>	<u>388,600</u>	<u>377,598</u>	<u>359,963</u>
Plan fiduciary net position as a percentage of the total OPEB liability	56.97%	52.39%	62.90%	49.51%	49.22%	48.04%	47.29%

* Only seven years of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Required Supplementary Information, Continued

Schedule of Changes in the District's Total OPEB Liability and Related Ratios - Health Insurance
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019
Total OPEB Liability						
Service cost	\$ 72,314	82,561	80,824	36,352	30,254	32,706
Interest	164,575	97,017	96,988	130,490	134,733	128,789
Changes of benefit terms	-	-	-	(356,003)	-	-
Differences between expected and actual experience	-	(196,243)	-	85,571	-	-
Changes of assumptions or other inputs	(69,644)	315,861	110,746	771,729	203,878	(158,961)
Benefit payments	<u>(154,419)</u>	<u>(109,281)</u>	<u>(115,610)</u>	<u>(138,224)</u>	<u>(118,159)</u>	<u>(114,075)</u>
Net change in total OPEB Liability	12,826	189,915	172,948	529,915	250,706	(111,541)
Total OPEB liability - beginning	<u>4,653,223</u>	<u>4,463,308</u>	<u>4,290,360</u>	<u>3,760,445</u>	<u>3,509,739</u>	<u>3,621,280</u>
Total OPEB liability - ending	\$ <u>4,666,049</u>	<u>4,653,223</u>	<u>4,463,308</u>	<u>4,290,360</u>	<u>3,760,445</u>	<u>3,509,739</u>
Covered-employee payroll	\$ 12,910,520	12,595,629	12,724,474	11,217,331	12,785,116	12,442,935
Total OPEB liability as a percent of covered-employee payroll	36.14%	36.94%	35.08%	38.25%	29.41%	28.21%

*Only six years of information available.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
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>2020</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate	6.50%	6.75%	6.75%	6.875%	7.125%	7.125%	7.250%
Inflation rate	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases	2.80-13.03%	2.75% plus merit	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. 2016 through 2021, mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table. In 2022 and going forward, mortality rates were based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality table.

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>2018</u>	<u>2017</u>
Discount rate	6.50%	6.75%	6.875%
Inflation rate	2.75%	2.75%	2.75%
Salary increases	2.80-13.03%	2.75-14.50%	2.75-14.50%

Mortality rates:

For 2017 through 2021 mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table. In 2022, the mortality rates were based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality table.

Changes of Benefit Terms (OPEB – Health Insurance) - Effective July 1, 2020 the valuation considers the effects of the newly offered Medicare Advantage Plan.

Changes of Assumptions (OPEB – Health Insurance) - Changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%

Mortality rates:

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 Teacher Benefits Weighted Healthy Retiree Mortality Table.

** 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.*

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

These statements provide a more detailed view of the "basic financial statements" presented in the preceding subsection.

Combining statements are presented when there is more than one fund of a given fund type.

GENERAL FUND

The General Fund is the general operating fund of the District. All revenues that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds.

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
General Fund
Comparative Balance Sheets
June 30, 2024

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 8,475,694	7,580,277
Accounts receivable	-	-
Due from State of Maine	-	133,534
Prepaid expenditures	-	-
Interfund loans receivable	2,021,028	1,262,026
Total assets	10,496,722	8,975,837
LIABILITIES		
Accounts payable	22,030	7,499
Accrued wages and benefits	3,294,454	2,977,851
Total liabilities	3,316,484	2,985,350
FUND BALANCE		
Committed	2,741,063	1,177,784
Assigned	2,109,660	1,777,036
Unassigned	2,329,515	3,035,667
Total fund balance	7,180,238	5,990,487
Total liabilities, deferred inflows of resources, and fund balance	\$ 10,496,722	8,975,837

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual
For the year ended June 30, 2024
(with comparative totals for the year ended June 30, 2023)

	2024		Variance positive (negative)	2023 Actual
	Budget	Actual		
Revenues:				
Local assessments:				
Local allocation	\$ 12,580,037	12,580,037	-	12,054,025
Additional local allocation	4,888,346	4,888,346	-	3,899,988
Local debt service	573,152	573,152	-	593,097
Local community use	9,687	9,687	-	9,687
Total local assessments	18,051,222	18,051,222	-	16,556,797
Intergovernmental:				
State subsidy - operating costs	11,502,594	11,566,963	64,369	11,396,503
State agency clients	100,000	58,408	(41,592)	107,125
MaineCare reimbursement	3,000	9,387	6,387	602
Total intergovernmental	11,605,594	11,634,758	29,164	11,504,230
Tuition and fees	225,000	390,865	165,865	307,389
Other revenues:				
Rentals	1,000	26,913	25,913	4,595
Interest	15,000	65,287	50,287	38,046
Transportation	1,000	7,174	6,174	5,528
Activity Fees	15,000	19,106	4,106	16,481
Gate Receipts	1,000	2,811	1,811	2,722
Miscellaneous	35,000	46,587	11,587	31,837
Total other revenues	68,000	167,878	99,878	99,209
Total revenues	29,949,816	30,244,723	294,907	28,467,625
Expenditures:				
Current:				
Regular instruction	12,689,093	12,141,677	547,416	11,286,025
Special education	6,390,026	5,554,437	835,589	5,135,486
Other instruction	996,923	888,574	108,349	881,143
Student and staff support	2,823,532	2,552,835	270,697	2,499,975
System administration	916,899	864,424	52,475	863,969
School administration	1,626,735	1,575,595	51,140	1,553,218
Transportation	1,758,819	1,630,610	128,209	1,597,976
Facilities maintenance	3,471,637	3,228,185	243,452	3,167,789
Debt service	573,152	573,152	-	593,097
Total expenditures	31,246,816	29,009,489	2,237,327	27,578,678

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual, Continued
(with comparative totals for the year ended June 30, 2023)

	2024		Variance positive (negative)	2023 Actual
	Budget	Actual		
Excess (deficiency) of revenues over (under) expenditures	\$ (1,297,000)	1,235,234	2,532,234	888,947
Other financing sources (uses):				
Utilization of prior year surplus	1,327,000	-	(1,327,000)	-
Transfers out	(30,000)	(30,000)	-	(30,000)
Total other financing sources (uses):	1,297,000	(30,000)	(1,327,000)	(30,000)
Net change in fund balance - budgetary basis	-	1,205,234	1,205,234	858,947
Reconciliation to GAAP basis:				
Change in encumbrances		159,625		(48,611)
Change in reserves		63,279		34,365
Change in accrued summer salaries/benefits		(238,387)		(67,463)
Net change in fund balance - GAAP basis	-	1,189,751		777,238
Fund balance, beginning of year		5,990,487		5,213,249
Fund balance, end of year	\$	7,180,238		5,990,487

[This page left intentionally blank.]

OTHER GOVERNMENTAL FUNDS

[This page left intentionally blank.]

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Combining Balance Sheet
Other Governmental Funds
June 30, 2024

	Special Revenue Funds			Capital Project Fund	
	Federal and Other Special Revenue Funds	Adult Education Fund	Student Activity Fund	Dunn School Capital Projects	Totals
ASSETS					
Cash and cash equivalents	\$ -	200,985	219,186	-	420,171
Accounts receivable	-	30,486	-	-	30,486
Due from State of Maine	1,536,337	14,735	-	-	1,551,072
Interfund loans receivable	-	-	-	1,401	1,401
Total assets	1,536,337	246,206	219,186	1,401	2,003,130
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,273	-	-	-	1,273
Accrued wages and benefits	82,470	-	-	-	82,470
Interfund loans payable	1,311,316	225,255	-	-	1,536,571
Total liabilities	1,395,059	225,255	-	-	1,620,314
Fund balances (deficits):					
Restricted	156,966	20,951	-	-	177,917
Committed	-	-	219,186	1,401	220,587
Unassigned	(15,688)	-	-	-	(15,688)
Total fund balances (deficits)	141,278	20,951	219,186	1,401	382,816
Total liabilities and fund balances	\$ 1,536,337	246,206	219,186	1,401	2,003,130

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the year ended June 30, 2024

	Special Revenue Funds			Capital Project Fund	
	Federal and Other Special Revenue Funds	Adult Education Fund	Student Activity Fund	Dunn School Capital Projects	Totals
Revenues:					
Local assessments	\$ -	100,000	-	-	100,000
Intergovernmental	2,639,546	99,983	-	-	2,739,529
Charges for services	-	177,206	-	-	177,206
Other revenues	-	-	232,253	-	232,253
Total revenues	2,639,546	377,189	232,253	-	3,248,988
Expenditures:					
Current:					
Special education	547,294	-	-	-	547,294
Student and staff support	5,263	-	-	-	5,263
Adult education	-	299,050	-	-	299,050
Special state and federal funds	1,783,836	-	-	-	1,783,836
Student activities	-	-	226,637	-	226,637
Capital outlay	278,096	-	-	-	278,096
Total expenditures	2,614,489	299,050	226,637	-	3,140,176
Net change in fund balances	25,057	78,139	5,616	-	108,812
Fund balances (deficits), beginning of year	116,221	(57,188)	213,570	1,401	274,004
Fund balances (deficits), end of year	\$ 141,278	20,951	219,186	1,401	382,816

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Federal and Other Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2024

		Fund balances (deficits) beginning of year	Revenues		Expenditures	Fund balances (deficits) end of year
			Federal/ State revenues	Other revenues	Program expenditures	
Federal programs:						
9000	Title IA - Disadvantaged	\$ -	372,603	-	372,603	-
9000	Title IIA - Supporting Effective Instruction	-	26,942	-	26,942	-
9000	Title V - Rural And Low Income Schools	-	17,533	-	17,533	-
9100	Local Entitlement	-	495,175	-	495,175	-
9100	Local Entitlement - ARP	-	39,846	-	39,846	-
9100	Local Entitlement - Preschool	-	12,273	-	12,273	-
9000	Education Jobs	3	-	-	-	3
2614	Elementary and Secondary School Emergency Relief II	-	12,963	-	12,963	-
2615	Elementary and Secondary School Emergency Relief III	-	1,160,666	-	1,160,666	-
2617	Learning Management Systems Grant	-	13,495	-	13,495	-
2623	ARP Summer Learning and Enrichment	-	101,693	-	101,693	-
2627	Literacy Grant	-	69,753	-	69,753	-
2633	ALRF - ARP Workforce Development	-	4,519	-	4,519	-
2925	COPS Grant	-	8,183	-	8,183	-
Total federal programs		3	2,335,644	-	2,335,644	3
Other programs:						
2219	Workforce Innovation Grant	(15,688)	-	-	-	(15,688)
2254	Cybersecurity	-	88,800	-	88,800	-
6700	Child Development Services	-	195,736	-	184,782	10,954
9000	Adult Education Connect ME	5	-	-	-	5
9000	E-Rate	108,323	19,366	-	5,263	122,426
9000	Grant Funds Relinquished	11,167	-	-	-	11,167
9000	Transition Grant	12,411	-	-	-	12,411
Total other programs		116,218	303,902	-	278,845	141,275
Total		\$ 116,221	2,639,546	-	2,614,489	141,278

[This page left intentionally blank.]

SCHEDULES

[This page left intentionally blank.]

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Student Activity Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2024

		Fund Balance June 30, 2023	Revenues	Expenditures	Fund Balance June 30, 2024
Gray - New Gloucester High School (Schedule 2)	\$	117,302	144,767	137,602	124,467
Gray - New Gloucester Middle School (Schedule 3)		54,955	42,120	42,677	54,398
Burchard A. Dunn School (Schedule 4)		3,831	20,857	19,414	5,274
James W. Russell School (Schedule 5)		29,694	13,481	12,680	30,495
Memorial School (Schedule 6)		7,788	11,028	14,264	4,552
Total	\$	213,570	232,253	226,637	219,186

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Gray - New Gloucester High School
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2024

	Fund Balance June 30, 2023	Revenues	Expenditures	Fund Balance June 30, 2024
HS Alpine Ski Team	\$ 2,081	200	1,491	790
HS Alternative Ed	476	-	-	476
HS AP Exams	3,429	1,200	1,108	3,521
HS Art	9	318	-	327
HS Athletic Misc	2,742	1,662	2,726	1,678
HS Boys Baseball Team	3,751	6,807	3,778	6,780
HS Boys Basketball Team	2,340	2,990	4,887	443
HS Boys Soccer Team	1,863	1,600	2,236	1,227
HS Band Chorus	523	668	477	714
HS BB Gate Receipts	1,359	7,019	5,834	2,544
HS Boys Lacrosse	3,525	412	1,902	2,035
HS Cheerleading	2,572	22,501	18,226	6,847
HS Civil Rights Club	91	-	-	91
HS Class of 2019	46	-	46	-
HS Class of 2023	8,654	46	5,282	3,418
HS Class of 2024	632	18,787	16,959	2,460
HS Class of 2025	1,538	1,609	2,200	947
HS Class of 2026	1,272	1,908	400	2,780
HS Class of 2027	-	375	-	375
HS Community Service Clubs	2,325	1,852	3,600	577
HS Destination Imagination	4,099	-	-	4,099
HS Drama	3,927	6,035	4,106	5,856
HS Environmental Club	256	-	-	256
HS Field Hockey Team	2,045	990	1,804	1,231
HS Football Gate Receipts	-	2,811	2,811	-
HS Football Team	1,879	200	1,014	1,065
HS Girls Basketball Team	2,951	2,166	2,023	3,094
HS Girls Softball Team	5,240	6,238	754	10,724
HS Girls Soccer Team	1,566	3,850	3,408	2,008
HS Girls Lacrosse	1,896	-	-	1,896
HS Greenhouse	416	734	130	1,020
HS Heartwood Magazine	579	648	575	652
Subtotal	\$ 64,082	93,626	87,777	69,931

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Gray - New Gloucester High School
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2024

		Fund Balance June 30, 2023	Revenues	Expenditures	Fund Balance June 30, 2024
HS Hockey	\$	4,769	3,347	2,900	5,216
HS IB Testing Fees		10,909	11,730	14,031	8,608
HS Library Exchange		416	135	-	551
HS Life Skills Room		40	-	-	40
HS Model UN		-	330	330	-
HS NHS		965	255	85	1,135
HS Nordic Athletics Team		1,692	-	-	1,692
HS NSTA Grant		238	-	-	238
HS Outdoor Activity		2,547	1,500	1,625	2,422
HS Principals Acct		6,558	1,666	2,962	5,262
HS Robotics		8,195	4,460	3,809	8,846
HS Scholarships		750	-	-	750
HS/MS Student Activity Fees		535	23,023	19,106	4,452
HS Student Council		1,525	44	669	900
HS Teacher Pepsi		666	1	-	667
HS Track Team - Indoor		3,000	500	430	3,070
HS Track Team - Outdoor		664	700	465	899
HS Unified Bocce		1,405	-	-	1,405
HS Unified Basketball		998	390	404	984
HS Volleyball		156	1,080	896	340
HS Wellness		284	-	275	9
HS Wood Shop Adult Ed		875	-	-	875
HS Cross Country		25	-	-	25
HS Yearbook		5,974	1,460	1,318	6,116
HS reimbursement		34	520	520	34
Total	\$	117,302	144,767	137,602	124,467

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Gray - New Gloucester Middle School
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2024

	Fund Balance June 30, 2023	Revenues	Expenditures	Fund Balance June 30, 2024
MS Band/Chorus	\$ 1,121	1,113	1,259	975
MS Team Bustins	472	-	472	-
MS Cadillace Mountain	-	2,423	1,524	899
MS Civil Rights	162	-	-	162
MS Drama	8,290	4,926	5,901	7,315
MS Team Eagle	1,163	168	930	401
MS Garden Account	820	-	-	820
MS Team Highland	298	-	298	-
MS I Team	396	-	-	396
MS J Bartlett SPEC Ed Grant	1	-	-	1
MS Team Katadin	450	280	280	450
MS Team Kennebec	898	149	157	890
MS Team Kineo	399	-	399	-
MS Leadership Team	2,864	2,284	134	5,014
MS Team LeBourdais	82	-	-	82
MS Library	660	6,010	5,948	722
MS Team Lincoln	44	-	44	-
MS Team Malaga	411	1,611	1,678	344
MS Team Moosehead	1,203	2,177	1,707	1,673
MS Mt. Moxie	646	-	646	-
MS MTSS-B	-	1,827	823	1,004
MS Nautilus Island	177	625	455	347
MS NJHS	1,768	2,059	2,511	1,316
MS Nordic Adventure	1,516	-	-	1,516
MS Outdoor Adventures	7,862	-	-	7,862
MS Penobscot	3	906	838	71
MS Physical Education	1,319	5,145	6,192	272
MS Planner Fund	30	-	-	30
MS Principals Acct	4,078	7,086	7,027	4,137
MS Rapid Journey	1,205	-	-	1,205
MS Team Royal River	1,166	-	1,166	-
MS Team Saco	440	-	-	440
Team Sustainability Grant	1,474	-	-	1,474
MS Ski Club	3,213	-	-	3,213
MS Spanish	11	-	-	11
MS Student Activities	3,288	1,923	2,288	2,923
MS Travelers MT	36	692	-	728
MS Yearbook	6,989	716	-	7,705
Subtotal	\$ 54,955	42,120	42,677	54,398

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Burchard A. Dunn School
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2024

		Fund Balance June 30, 2023	Revenues	Expenditures	Fund Balance June 30, 2024
Dunn Art Classes	\$	23	-	-	23
Dunn Field Trips		239	2,824	2,805	258
Dunn School Garden		1,759	-	207	1,552
Dunn Library Fund		155	8,177	8,089	243
Dunn ME Agriculture Grant		677	1,500	1,375	802
Dunn Music		32	1,300	1,331	1
DN PE Grant		809	-	809	-
Dunn PreK		-	512	170	342
Dunn Principals Acct		137	6,544	4,628	2,053
Subtotal	\$	3,831	20,857	19,414	5,274

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
James W. Russell School
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2024

		Fund Balance June 30, 2023	Revenues	Expenditures	Fund Balance June 30, 2024
Russ Craft Fair	\$	6,005	-	-	6,005
Russ Grant Fund		30	-	-	30
Russ Library		544	3,068	2,174	1,438
Russ Teacher Pepsi		47	-	-	47
Russ Principals Acct		10,803	3,751	184	14,370
Russ Student Activities		12,079	6,025	9,685	8,419
Russ Sunshine Acct		3	-	-	3
Russ Field Trips - Gr 2		-	637	637	-
Russ reimbursement		183	-	-	183
Subtotal	\$	29,694	13,481	12,680	30,495

MAINE SCHOOL ADMINISTRATIVE DISTRICT 15
Memorial School
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2024

		Fund Balance June 30, 2023	Revenues	Expenditures	Fund Balance June 30, 2024
Aquaponics Grant	\$	208	-	-	208
MM Help Students Account		1,192	-	279	913
MM In Memory of Mary Chase		159	-	-	159
Mem Library Book Fair		129	2,796	1,481	1,444
Mem Lost Book		107	114	178	43
Mem Principals Account		5,748	5,784	10,008	1,524
Mem Science Fair		59	-	-	59
MM Summer Activity Account		67	-	-	67
Mem Field Trips Gr 1		35	-	-	35
Mem Field Trips Gr K		15	-	-	15
Mem Field Day T-Shirts		69	2,334	2,318	85
Subtotal	\$	7,788	11,028	14,264	4,552

[This page left intentionally blank.]

APPENDIX B

**TOWN OF GRAY, MAINE
ANNUAL FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES
FOR THE
YEAR ENDED JUNE 30, 2023**

(With Report of Independent Auditors' Thereon)

[This page left intentionally blank.]

TOWN OF GRAY



Financial Statements

Fiscal Year 2023

Independently Audited By



Table of Contents

Independent Auditor's Report	1
Management's Discussions and Analysis	4
Basic Financial Statements	
Statement 1 Statement of Net Position	10
Statement 2 Statement of Activities	11
Statement 3 Governmental Funds Balance Sheet	12
Statement 4 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement 5 Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance	14
Statement 6 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	15
Notes to the Basic Financial Statements	16
Required Supplementary Information	
Schedule 1 General Fund Budgetary Comparison Schedule	30
Notes to the Required Supplementary Information	31
Other Supplementary Information	
Schedule 2 Schedule of Changes in Fund Balance – Non-major Governmental Funds	32



Independent Auditor's Report

To the Town Council
Town of Gray, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gray, Maine, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gray, Maine, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 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.

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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'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 the general fund's budgetary comparison schedule (Schedule 1) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gray, Maine's basic financial statements. Schedule 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Schedule 2 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule 2 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Royer Advisors & Accountants

Royer Advisors and Accountants
Certified Public Accountants
Falmouth, Maine
May 7, 2025

Town of Gray

Management's Discussion and Analysis



TOWN OF GRAY

This Management's Discussion and Analysis (MD&A) is required supplementary information to the basic financial statements under the Government Accounting Standards Board's (GASB) financial reporting standards and is intended to provide an objective and easily readable analysis of the government's financial activities.

Brief Discussion of the Financial Statements

The Town's basic financial statements have three components: government-wide financial statements, fund financial statements and notes to the basic financial statements. Additionally, the Town provides required supplementary information, such as this MD&A and the General Fund's budgetary comparison schedule, as well other supplementary information in the form of schedules that provide more detail than what can be obtained from the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations similar to a private-sector business. The statements provide both short-term and long-term information about the Town's financial position, which assists in assessing the Town's economic condition at the end of the fiscal year. These are prepared using the *economic resources measurement focus* and the *full accrual basis of accounting*. This means all revenues and expenses connected with the fiscal year are considered even if the cash involved has not been received or paid. The government-wide financial statements include two statements:

Statement of Net Position: This statement presents the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows being reported as total net position. Over time, increases or decreases in the Town's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

Statement of Activities: This statement presents information showing how the Town's net position changed during the 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 not result in cash flows until future fiscal periods. This statement also presents a comparison between direct expenses and program revenues for each function of the Town.

Both financial statements described above present the net position and activities of *governmental activities*. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The Town does not carry on any *business-type activities*, and therefore presents no separate column of data for them.

Town of Gray

Management's Discussion and Analysis

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide detailed information regarding the Town's most significant funds. All funds of the Town are categorized as *governmental funds*.

Governmental funds: All of the Town's services are reported in governmental funds using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. This method focuses on how cash and other current financial resources flow in and out of the funds and the remaining balances at year end that are available for spending. Consequently, the governmental funds financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources which can be spent in the near future to finance the Town's programs.

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. A reconciliation statement is presented after both the governmental funds' Balance Sheet and the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances to facilitate this comparison between governmental funds and governmental activities.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information which is essential to a full understanding of the data provided in the government-wide and fund financial statements.

As of and for the year ended June 30, 2023.

5

Town of Gray

Management's Discussion and Analysis

Condensed Financial Information

The following condensed statements are derived from the government-wide financial statements and compare the current year to the prior year.

Condensed Comparative Statement of Net Position As of June 30, 2023 and 2022

	2023	2022	\$ Change	% Change
		Restated		
Current assets	\$13,834,939	\$13,738,724	\$ 96,215	0.7%
Net capital assets	<u>15,577,448</u>	<u>16,511,167</u>	<u>(933,719)</u>	-5.7%
<i>Total assets</i>	<u>29,412,387</u>	<u>30,249,891</u>	<u>(837,504)</u>	-2.8%
Deferred outflows of resources	29,614	33,845	(4,231)	-12.5%
Current liabilities	1,236,382	1,386,202	(149,820)	-10.8%
Long-term liabilities	<u>5,108,321</u>	<u>5,753,659</u>	<u>(645,338)</u>	-11.2%
<i>Total liabilities</i>	<u>6,344,703</u>	<u>7,139,861</u>	<u>(795,158)</u>	-11.1%
Deferred inflows of resources	<u>96,069</u>	<u>94,469</u>	<u>1,600</u>	1.7%
Net investment in capital assets	11,388,373	11,353,083	35,290	0.3%
Restricted	2,702,585	3,255,104	(552,519)	-17.0%
Unrestricted	<u>8,910,271</u>	<u>8,441,219</u>	<u>469,052</u>	5.6%
<i>Total net position</i>	<u>\$23,001,229</u>	<u>\$23,049,406</u>	<u>\$ (48,177)</u>	-0.2%

Net capital assets decreased from the prior year by \$933,719 due to the difference between new acquisitions and construction of capital assets and depreciation expense. New assets were \$536,000 while depreciation expense was \$1,469,719.

The decrease in current liabilities was mostly due to the reductions in the current portion of long-term debt as well as outstanding payables at year end. The decreases in long-term debt were due to normal payments on debt during the year.

As of and for the year ended June 30, 2023.

6

Town of Gray

Management's Discussion and Analysis

Condensed Comparative Statement of Activities For the Fiscal Years Ended June 30, 2023 and 2022

	2023	2022 Restated	\$ Change	% Change
General Revenues				
Property taxes	\$17,526,276	\$17,279,925	\$ 246,351	1.4%
Excise taxes	2,158,654	2,092,554	66,100	3.2%
Intergovernmental	1,928,580	2,065,224	(136,644)	-6.6%
All other revenue	179,637	809,993	(630,356)	-77.8%
Program Revenues				
Charges for services	1,776,954	1,588,877	188,077	11.8%
Operating grants and contributions	100,687	149,747	(49,060)	-32.8%
Capital grants and contributions	162,969	498,036	(335,067)	-67.3%
Total revenues	23,833,757	24,484,356	(650,599)	-2.7%
Administration	1,768,690	1,435,148	333,542	23.2%
Insurance and benefits	1,116,971	1,003,413	113,558	11.3%
Library, parks, and recreation	1,042,756	901,756	141,000	15.6%
Public safety	1,622,766	1,632,659	(9,893)	-0.6%
Public works	3,521,203	3,277,443	243,760	7.4%
Council, boards, and committees	62,600	65,570	(2,970)	-4.5%
Law enforcement	238,980	285,553	(46,573)	-16.3%
Community services	59,535	41,329	18,206	44.1%
County tax	792,460	752,213	40,247	5.4%
Education	10,893,616	10,412,484	481,132	4.6%
Capital projects and designated funds	2,762,357	1,052,644	1,709,713	162.4%
Total expenses	23,881,934	20,860,212	3,021,722	14.5%
Change in net position	(48,177)	3,624,144	(3,672,321)	-101.3%
Net position - beginning, Restated	23,049,406	19,425,262	3,624,144	18.7%
Net position - ending	<u>\$23,001,229</u>	<u>\$23,049,406</u>	<u>\$ (48,177)</u>	-0.2%

Overall, the change in net position was a significant change from the prior year. The prior year saw an increase in net position of \$3.6 million while the current year's change in net position was a decrease of \$48,177. The primary reason was due to a decline in commercial construction fees, operating grants and contributions, as well as capital grants and contributions for various Town construction projects for the year ended June 30, 2023. These declines were partially offset by increases in property and excise taxes and charges for services. In addition, governmental expenditures in fiscal year 2023 were higher in nearly all categories. Costs rose most significantly in administration, public works, education, and capital projects and special revenue funds as Town and commercial projects were completed.

As of and for the year ended June 30, 2023.

7

Town of Gray

Management's Discussion and Analysis

Fund Financial Analysis

The General Fund is the primary fund of the Town. During the year, the fund's total fund balance increased \$264,857 as a result of operating activities. General Fund assets decreased by \$2.2 million compared to the prior year, primarily due to a decrease in the amounts owed to the General Fund from other funds. But, General Fund liabilities decreased by \$2.3 million compared to the prior year primarily due to a decrease in the amounts owed by the General Fund to other funds. Thus, these two changes offset each other.

The other major fund presented by the Town is the Capital Reserves Fund. During the year, the fund's total fund balance increased by \$178,453. The fund expended \$2.4 million on capital projects and debt service, but this was offset by a transfer in from the General Fund of \$2,455,000, proceeds from borrowings of \$156,000 for a new excavator, and interest income of \$13,961. In the prior year, the fund had over \$3.0 million in capital project and debt service expenditures.

The remaining funds are all considered non-major funds due to their relative size compared to the two major funds above. They consist of special revenue funds, the recreation fund, TIF funds, and permanent funds. In total, these funds had expenditures of just under \$2.0 million during the year, compared to \$1.0 million in expenditures in the prior year. In total, these funds' balances changed by \$207,700 during the year as a result of activity and ended the year with a total fund balances of \$4.0 million.

General Fund Budget Analysis

The Town adopts a budget for the General Fund every year. For the fiscal year, the total budget was \$8,252,041 for municipal appropriations, \$792,460 for county tax, \$10,893,616 for education, and \$3,173,930 for transfers out to the Capital Reserve Fund and the TIF Funds. Additionally, an overlay of \$476,308 was selected by the Town Council when committing taxes. As a result, total budgeted expenditures and transfers out were \$23,588,355. Estimated revenues and transfers in totaled \$22,303,656. Therefore, the Town budgeted a deficit of \$1,284,699.

Actual results were that total expenditures and transfers out were \$22,488,049, which was \$1.1 million under budget. Additionally, actual revenues and transfer in were \$22,752,906, which was \$449,250 over budget. The net result is that there was a \$264,857 surplus instead of the \$1.3 million deficit, as budgeted.

Capital Asset Activity

During the year, the town acquired and constructed \$536,000 in new capital assets. Depreciation expense for the year, however, was \$1,469,719. The result is that the net carrying value of capital assets decreased during the year by \$933,719. The table below shows the net book values of the asset categories and how they changed from the prior year to the current year.

	2023	2022 Restated	\$ Change	% Change
Land	\$ 620,953	\$ 620,953	\$ -	0.0%
Construction in progress	-	982,642	(982,642)	-100.0%
Land improvements	6,121	9,674	(3,553)	-36.7%
Buildings and improvements	5,694,342	5,939,472	(245,130)	-4.1%
Vehicles	3,013,302	3,417,721	(404,419)	-11.8%
Equipment	1,150,480	1,253,096	(102,616)	-8.2%
Infrastructure	5,092,250	4,287,609	804,641	18.8%
Totals	<u>\$15,577,448</u>	<u>\$16,511,167</u>	<u>\$ (933,719)</u>	-5.7%

As of and for the year ended June 30, 2023.

8

Town of Gray

Management's Discussion and Analysis

Long-Term Debt Activity

During the year, the Town entered into a municipal lease purchase agreement to purchase a new excavator. The new debt was \$156,000. Payments on debt during the year totaled \$1,125,009. The table below shows balances of the types of debt and how they changed from the prior year to the current year.

	2023	2022	\$ Change	% Change
General obligation bonds	5,679,013	6,750,000	(1,070,987)	-15.9%
Municipal lease purchase agreements	<u>101,978</u>	<u>-</u>	<u>101,978</u>	N/A
Totals	<u>\$ 5,780,991</u>	<u>\$ 6,750,000</u>	<u>\$ (969,009)</u>	-14.4%

Contacting the Town's Financial Management Team

Questions about the town's financial activities and financial position can be directed to the Town's Finance Director, Justine Hutchings, at the Town Office at 24 Main Street, Gray, Maine 04039.

Town of Gray

Basic Financial Statements

Statement of Net Position

Statement 1

As of June 30, 2023

	Governmental Activities	
Assets		
Cash	\$ 12,723,245	
Accounts receivable	229,079	
Taxes receivable	825,515	
Inventories	<u>57,100</u>	
<i>Total current assets</i>	13,834,939	
Non-depreciable capital assets	620,953	
Depreciable capital assets	34,244,510	
Accumulated depreciation	<u>(19,288,015)</u>	
<i>Net capital assets</i>	15,577,448	
Total Assets		\$ 29,412,387
Deferred Outflows of Resources		
Deferred outflows from refunding debt	<u>29,614</u>	
Total Deferred Outflows of Resources		29,614
Liabilities		
Accounts payable	65,100	
Accrued wages	174,046	
Accrued interest	54,278	
Current portion of long-term debt	<u>942,958</u>	
<i>Total current liabilities</i>	1,236,382	
Accrued compensated absences	270,288	
Long-term debt	<u>4,838,033</u>	
<i>Total long-term liabilities</i>	5,108,321	
Total Liabilities		6,344,703
Deferred Inflows of Resources		
Prepaid property taxes	<u>96,069</u>	
Total Deferred Inflows of Resources		96,069
Net Position		
Net investment in capital assets	11,388,373	
Restricted	2,702,585	
Unrestricted	<u>8,910,271</u>	
Total Net Position		<u>\$ 23,001,229</u>

Town of Gray

Basic Financial Statements

Statement of Activities For the Year Ended June 30, 2023

Statement 2

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities					
Administration	\$ 1,768,690	\$ 314,388	\$ -	\$ -	\$ (1,454,302)
Insurance and benefits	1,116,971	-	-	-	(1,116,971)
Library, parks, and recreation	1,042,756	852,704	-	-	(190,052)
Public safety	1,622,766	319,640	-	-	(1,303,126)
Public works	3,521,203	181,263	-	162,969	(3,176,971)
Council, boards, and committees	62,600	108,959	-	-	46,359
Law enforcement	238,980	-	-	-	(238,980)
Community services	59,535	-	-	-	(59,535)
County tax	792,460	-	-	-	(792,460)
Education	10,893,616	-	-	-	(10,893,616)
Capital projects and designated funds	2,762,357	-	100,687	-	(2,661,670)
Total Primary Government	\$ 23,881,934	\$ 1,776,954	\$ 100,687	\$ 162,969	(21,841,324)
General Revenues					
Property taxes					17,526,276
Excise taxes					2,158,654
Intergovernmental					1,928,580
All other revenue					179,637
<i>Total general revenues</i>					<u>21,793,147</u>
Change in Net Position					(48,177)
Beginning Net Position, Restated					<u>23,049,406</u>
Ending Net Position					<u>\$ 23,001,229</u>

The accompanying notes are an integral part of these financial statements.

11

Town of Gray

Basic Financial Statements

Balance Sheet Governmental Funds As of June 30, 2023

Statement 3

	General Fund	Capital Reserves Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 10,156,630	\$ 2,529,169	\$ 37,446	\$ 12,723,245
Accounts receivable	229,079	-	-	229,079
Taxes receivable	825,515	-	-	825,515
Inventories	57,100	-	-	57,100
Due from other funds	1,341,321	-	4,010,847	5,352,168
Total Assets	\$ 12,609,645	\$ 2,529,169	\$ 4,048,293	\$ 19,187,107
Liabilities, Deferred Inflows, and Fund Balance				
Liabilities				
Accounts payable	\$ 65,100	\$ -	\$ -	\$ 65,100
Accrued wages	174,046	-	-	174,046
Due to other funds	4,010,847	1,341,321	-	5,352,168
<i>Total liabilities</i>	<u>4,249,993</u>	<u>1,341,321</u>	<u>-</u>	<u>5,591,314</u>
Deferred Inflows of Resources				
Prepaid taxes	96,069	-	-	96,069
Unavailable property taxes	325,000	-	-	325,000
<i>Total deferred inflows</i>	<u>421,069</u>	<u>-</u>	<u>-</u>	<u>421,069</u>
Fund Balance				
Nonspendable	57,100	-	109,687	166,787
Restricted	-	-	2,592,898	2,592,898
Committed	-	1,187,848	1,345,708	2,533,556
Unassigned	7,881,483	-	-	7,881,483
<i>Total fund balance</i>	<u>7,938,583</u>	<u>1,187,848</u>	<u>4,048,293</u>	<u>13,174,724</u>
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 12,609,645	\$ 2,529,169	\$ 4,048,293	\$ 19,187,107

The accompanying notes are an integral part of these financial statements.

12

Town of Gray

Basic Financial Statements

Reconciliation Statement

Statement 4

Total Fund Balance of Governmental Funds to the
Net Position of Governmental Activities
As of June 30, 2023

Total fund balance of governmental funds, per Statement 3 \$ 13,174,724

Capital assets reported in the Statement of Net Position are not current financial resources and, therefore, are not reported in the governmental funds.

Net capital assets 15,577,448

Deferred outflows of resources from refunding debt in the Statement of Net Position are not current financial resources and, therefore, are not reported in the governmental funds.

Deferred outflows from refunding debt 29,614

Long-term debt and lease obligations are only considered payable when due and, therefore, are not reported as liabilities in the governmental funds. They are, however, obligations reported in the Statement of Net Position.

Accrued interest (54,278)

Long-term debt and lease obligations (5,780,991)

Accrued compensated absences are not considered current financial obligations and, therefore, are not reported in the governmental funds. They are, however, obligations reported in the Statement of Net Position.

Accrued compensated absences (270,288)

Property taxes not received within sixty days of the fiscal year end are not considered available and are reported as deferred inflows of resources in the governmental funds. They are not, however, reported as deferred inflows of resources in the Statement of Net Position.

Unavailable property taxes 325,000

Net position of governmental activities, per Statement 1 \$ 23,001,229

The accompanying notes are an integral part of these financial statements.

13

Town of Gray

Basic Financial Statements

Statement of Revenues, Expenditures, and Changes in Fund Balance

Statement 5

Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Capital Reserves Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 17,596,149	\$ -	\$ -	\$ 17,596,149
Excise taxes	2,158,654	-	-	2,158,654
Licenses, permits, and fees	242,893	-	82,082	324,975
Intergovernmental	2,091,549	-	86,062	2,177,611
Charges for services	601,191	-	850,788	1,451,979
All other revenues	162,249	13,961	18,052	194,262
Total revenues	22,852,685	13,961	1,036,984	23,903,630
Expenditures				
Administration	1,713,835	-	-	1,713,835
Insurance and benefits	926,276	-	-	926,276
Library, parks, and recreation	400,004	-	581,265	981,269
Public safety	1,545,097	-	-	1,545,097
Public works	2,681,716	-	-	2,681,716
Council, boards, and committees	62,600	-	-	62,600
Law enforcement	238,980	-	-	238,980
Community services	59,535	-	-	59,535
County tax	792,460	-	-	792,460
Education	10,893,616	-	-	10,893,616
Overlay	99,779	-	-	99,779
Capital projects and designated funds	-	2,446,508	1,382,349	3,828,857
Total expenditures	19,413,898	2,446,508	1,963,614	23,824,020
Revenue Surplus (Deficit)	3,438,787	(2,432,547)	(926,630)	79,610
Other Financing Sources (Uses)				
Proceeds from borrowing	-	156,000	-	156,000
Transfers in	-	2,455,000	718,930	3,173,930
Transfers out	(3,173,930)	-	-	(3,173,930)
Net other financing sources (uses)	(3,173,930)	2,611,000	718,930	156,000
Net Change in Fund Balance	264,857	178,453	(207,700)	235,610
Beginning Fund Balance, restated	7,673,726	1,009,395	4,255,993	12,939,114
Ending Fund Balance	\$ 7,938,583	\$ 1,187,848	\$ 4,048,293	\$ 13,174,724

The accompanying notes are an integral part of these financial statements.

14

Town of Gray

Basic Financial Statements

Reconciliation Statement	Statement 6
Net Change of Fund Balance of Governmental Funds to the	
Change in Net Position of Governmental Activities	
For the Year Ended June 30, 2023	
Net change in fund balance of governmental funds, per Statement 5	235,610
Capital asset acquisitions are expenditures of Governmental Funds, but are not expenses of Governmental Activities. Conversely, depreciation is not an expenditure of Governmental Funds, but is an expense of Governmental Activities. Losses resulting from disposals that have no effect on cash are not reported as expenditures of Governmental Funds, but are expenses of Governmental Activities.	
Acquisition of new capital assets	536,000
Depreciation expense	(1,469,719)
Proceeds from borrowings are other financing sources for Governmental Funds, but are not revenues for Governmental Activities. Additionally, repayment of the principal of such debt is an expenditure of Governmental Funds, but is not an expense of Governmental Activities. Also, the change in accrued interest expense is not reflected in Governmental Funds, but is reported as an adjustment to expenses of Governmental Activities.	
Proceeds from borrowings	(156,000)
Long-term debt and lease obligation principal payments	1,125,009
Change in accrued interest expense	(54,278)
The change in accrued compensated absences is not recognized as a current flow of resources in Governmental Funds, but is reported as an adjustment to expenses of Governmental Activities.	
Changes in accrued compensated absences	(190,695)
The change in unavailable property taxes is recognized as a current flow of resources in Governmental Funds, but is not recognized as an adjustment to revenues of Governmental Activities.	
Changes in unavailable property taxes	(69,873)
Amortization of loss on refunded debt is not recognized as a current flow of resources in Governmental Funds, but are recognized as an interest expense of Governmental Activities.	
Reduction in deferred outflows from refunding debt	(4,231)
Change in Net Position of Governmental Activities, per Statement 2	<u>\$ (48,177)</u>

The accompanying notes are an integral part of these financial statements.

15

Town of Gray

Notes to the Basic Financial Statements

NOTE 1 Summary of Significant Accounting Policies

The Reporting Entity

The Town of Gray operates under the council-manager form of government and provides general municipal services to its residents. It prepares its financial statements in accordance with generally accepted accounting principles (GAAP) for state and local governments, as prescribed by the Government Accounting Standards Board (GASB). The Town has no component units, and the accompanying financial statements present all accounts and operations of the Town.

Basis of Presentation

The government-wide financial statements (Statements 1 and 2) report information on all the non-fiduciary activities of the Town. The *Statement of Net Position* presents the financial condition of the governmental activities of the Town as of the end of the fiscal year. The *Statement of Activities* presents the degree to which the expenses of a given function are offset by revenue directly related to those functions, including charges for services, operating grants and contributions, and capital grants and contributions. All other revenue is reported as general revenue and is primarily sourced from property taxes. The net between directly related revenues and functional expenses represents how much each function is financed by the Town's general revenues.

The fund financial statements (Statements 3 and 5) present the financial activities and ending financial position of each of the Town's major funds and its aggregated non-major funds. The Town currently only maintains *governmental funds* which include the General Fund, special revenue funds, capital project funds, debt service funds, and permanent funds. Other types of funds are possible, such as enterprise funds and fiduciary funds, but the Town does not currently carry out any activities that require those types of funds. The General Fund is the main operating fund of the town and accounts for all financial resources and activities that are not accounted for in other funds – it is the default fund of all governments. Special revenue funds account for the expenditures of revenue sources that are restricted for specific purposes. Capital projects funds account for expenditures on capital projects. Debt service funds account for expenditures to service debt. Permanent funds account for items that are designed to be permanent, such as trusts and bequests, where the original seed of the fund is to be maintained indefinitely and only the income from the corpus of the fund may be used for a specified purpose.

Resources, Measurement Focus, and Basis of Accounting

The concept of *resources* is central to governmental financial reporting. A resource is anything that can be drawn on by the government to provide services to its citizens. The financial statements, collectively, describe the sources and types of resources the government controls and their acquisition, allocation, and use by the government.

Measurement focus refers to *which* resources are being measured. Basis of accounting refers to *when* those measurements are being applied. Therefore, a financial statement's measurement focus and basis of accounting informs the user what resources are being reported and when their inflows and outflows are being recognized.

The *economic resources measurement focus* measures all economic resources controlled by the government, including capital assets and other non-current assets, as well as all claims on those resources, including long-term debts. The *current financial resources measurement focus* measures only those resources that are cash or easily converted to cash, and only those obligations that will be satisfied with those resources. Thus, it excludes from measurement any long-lived assets or long-term debts.

As of and for the year ended June 30, 2023.

16

Town of Gray

Notes to the Basic Financial Statements

NOTE 1 Summary of Significant Accounting Policies (Continued)

The *full accrual basis of accounting* recognizes inflows when earned and outflows when incurred, regardless of the timing of the related cash flows. The *modified accrual basis of accounting* recognizes inflows when *measurable* and *available* ("available" generally considered as being collectible within 60 days of the financial statement reporting date) and outflows when incurred, except for the special cases of debt service expenditures, compensated absences, and claim and judgements – which are all recognized when only payment is due.

The government-wide financial statements are presented using the economic resources measurement focus and the full accrual basis of accounting. The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting.

Interfund Transactions

During the course of normal operations, transactions occur between individual funds. Interfund transactions are classified depending on the nature of the transaction.

Interfund loans are recorded as receivables and payables and are presented as "due from other funds" and "due to other funds," respectively, on the balance sheets of the fund financial statements. For reporting purposes, current amounts due from and due to the same funds are offset and the net amounts are shown in the respective fund balance sheets. Non-fiduciary interfund loans are eliminated in the government-wide financial statements.

Interfund services provided and used are recorded as revenues in the fund providing the goods or services and as expenditures/expenses in the fund receiving the goods or services. Any unpaid amounts are recorded as receivables and payables and presented in the same manner as interfund loans.

Interfund transfers are flows of assets from one fund to another without equivalent flows of assets in return. Interfund transfers are recorded and are presented as "transfers in" and "transfers out" in the fund financial statements. In the governmental funds, these transfers are reported as other financing sources and uses.

Interfund reimbursements are repayments from funds responsible for particular expenditures/expenses to funds that initially paid for them. Reimbursements are not displayed in the financial statements.

Cash

The Town's cash consists of cash on hand and demand deposits.

Receivables

Accounts receivable include amounts due from local, county, state, or federal governments. These intergovernmental receivables are generally collected within 90 days of the end of the fiscal year and are considered fully collectible. As such, no allowance for doubtful accounts is recorded for these types of receivables.

Tax receivables are deemed fully collectible. Legally abated or otherwise written off balances are expensed in the year the Town approves such abatements/write-offs.

Ambulance receivables are reported net of an allowance for uncollectible accounts. Allowances are management estimates based on the aging of the accounts and historical ability to collect. As of June 30, 2023, ambulance receivables were \$137,822 with an allowance of \$6,500, netting to \$131,322.

Town of Gray

Notes to the Basic Financial Statements

NOTE 1 Summary of Significant Accounting Policies (Continued)

Inventories

Inventories of salt, gasoline, and diesel are valued at cost, determined by estimating the total volume of inventory on hand multiplied by the by the most recent price per unit, which approximates market. The costs of inventories are recorded as expenditures when used (consumption method).

Capital Assets

Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Expenditures that significantly increase the service capacity or extend the useful life of existing capital assets are also capitalized. The costs of normal maintenance and repairs are not capitalized. These assets are reported in the government-wide financial statements. Such assets are depreciated over their estimated useful lives using the straight-line method. Estimated useful life is management's estimate of how long the asset is expected to meet service demands and generally fall within the following ranges:

Buildings and improvements	10 – 75 years
Equipment	5 – 50 years
Vehicles	5 – 20 years
Infrastructure	20 – 50 years

Accrued Compensated Absences

In the government-wide financial statements, liabilities that are attributable to services already rendered are accrued as employees earn the rights to the benefits and are recognized in the period incurred. In the governmental fund financial statements, compensated absences are recognized as related payments come due each period.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, proceeds from new debt issuances are presented as other financing sources and payments on debt principal are recorded as expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called deferred outflows of resources. This element represents a consumption of resources that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position (government-wide financial statements) and Balance Sheet (fund financial statements) will sometimes report an additional financial statement element called deferred inflows of resources. This element represents an acquisition of resources that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time.

Town of Gray

Notes to the Basic Financial Statements

NOTE 1 Summary of Significant Accounting Policies (Continued)

Components of Net Position

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

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

Gross capital assets	\$34,865,463
Unexpended capital bond proceeds	1,591,916
Accumulated depreciation	(19,288,015)
Related debt	<u>(5,780,991)</u>
	<u>\$11,388,373</u>

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

Unrestricted consists of net position that does not meet the definition of restricted or net investment in capital assets.

Fund Balance

Fund balances in the governmental funds Balance Sheet are required to be classified into five components. Classifications are hierarchical and are based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The components of fund balance are

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

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

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

Assigned reflects the amounts constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned represents amounts that are available for any purpose. The balance of the unassigned fund balance is available to help fund the operations of the subsequent fiscal year.

The Town has no formal revenue spending policy for programs with multiple revenue sources. For expenditures where funds from more than one classification could be made, management makes the decision on a case-by-case basis.

As of and for the year ended June 30, 2023.

19

Town of Gray

Notes to the Basic Financial Statements

NOTE 1 Summary of Significant Accounting Policies (Continued)

Revenue Recognition

As described previously, the government-wide financial and fiduciary fund financial statements are reported on the accrual basis of accounting. Under this method, revenue is recognized in the period earned, regardless of the timing of cash flows. Property taxes and special assessments are recognized in the fiscal year for which they are certified for levy; penalties are recognized in the period assessed; interest is recognized in the period earned. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met. Charges for services and other exchange and exchange-like transactions are recognized when the exchange takes place.

The governmental fund financial statements are reported on the modified accrual basis of accounting. Under this method, revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes, special assessments, intergovernmental revenue, penalties, interest, and charges for services are susceptible to accrual, given the measurable and available requirement. Excise taxes, licenses, permits, fees, and miscellaneous revenue are not susceptible to accrual because they are not measurable until collected. Such revenue is recorded only when received.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance.

Unearned Revenue

Resources received in advance are recorded as unearned revenues. Unearned revenues arise when resources are received by the Town before it has a legal claim to them. In subsequent periods, when both the measurable and available criteria are met, or when the Town has legal claim to the resources, the liability for unearned revenue is reduced and revenue is recognized.

Estimates

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

NOTE 2 Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the bank's failure, the Town will not be able to recover the value of its deposits and investments that are in the possession of an outside party. To mitigate this risk, the Town participates in an insured cash sweep program through its bank, which allows all its deposits to insured by the FDIC.

As of and for the year ended June 30, 2023.

20

Town of Gray

Notes to the Basic Financial Statements

NOTE 3 Interfund Balances and Transactions

Interfund balances among governmental funds at year end were as follows:

	Due From Other Funds	Due To Other Funds
General fund	\$ 1,341,321	\$ 4,010,847
Capital reserves fund	-	1,341,321
Non-major governmental funds	<u>4,010,847</u>	<u>-</u>
	<u>\$ 5,352,168</u>	<u>\$ 5,352,168</u>

The General Fund maintains several cash accounts that contain a total of \$4.0 million belonging to the Special Revenue Funds, Recreation Fund, TIF Funds, and Trust Funds because these funds do not maintain their own cash accounts. The Capital Reserves Fund maintains its own cash accounts and at year end owed the General Fund \$1.3 million representing amounts that the General Fund had disbursed on behalf of the Capital Reserve Fund and will eventually be reimbursed.

Interfund transactions during the year consisted of transfers between funds as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 3,173,930
Capital reserves fund	2,455,000	-
Non-major governmental funds	<u>718,930</u>	<u>-</u>
	<u>\$ 3,173,930</u>	<u>\$ 3,173,930</u>

During the year, the General Fund transferred \$2,455,000 to the Capital Reserves Fund, per appropriations approved at the annual town meeting. The General Fund also transferred a total of \$718,930 to the Town's three TIF Funds, per the TIF agreements.

NOTE 4 Deferred Outflows from Refunding Debt

In 2017, the Town refunded existing debt with new debt where the value of resources required to refund the debt exceeded its net carrying amount. This variance resulted in a deferred outflow resources that increases the interest cost on the new debt over the life of the debt. The annual amortization of this excess is \$4,231 and will continue through fiscal year 2030 when the related debt matures.

Town of Gray

Notes to the Basic Financial Statements

NOTE 5 Capital Assets

The following is a summary of the changes in the Town's capital assets during the year:

	Beginning Balance Restated	Additions	Disposals	Ending Balance
Non-Depreciable Capital Assets				
Land	\$ 620,953	\$ -	\$ -	\$ 620,953
Construction in progress	<u>982,642</u>	<u>-</u>	<u>(982,642)</u>	<u>-</u>
	1,603,595	-	(982,642)	620,953
Depreciable Capital Assets				
Land improvements	35,525	-	-	35,525
Buildings and improvements	11,130,396	184,721	-	11,315,117
Vehicles	5,214,525	44,349	-	5,258,874
Equipment	1,895,204	97,804	-	1,993,008
Infrastructure	<u>14,450,218</u>	<u>1,191,768</u>	<u>-</u>	<u>15,641,986</u>
	32,725,868	1,518,642	-	34,244,510
Accumulated Depreciation				
Land improvements	25,851	3,553	-	29,404
Buildings and improvements	5,190,924	429,851	-	5,620,775
Vehicles	1,796,804	448,768	-	2,245,572
Equipment	642,108	200,420	-	842,528
Infrastructure	<u>10,162,609</u>	<u>387,127</u>	<u>-</u>	<u>10,549,736</u>
	17,818,296	1,469,719	-	19,288,015
Net Capital Assets	<u>\$16,511,167</u>	<u>\$ 48,923</u>	<u>\$ (982,642)</u>	<u>\$15,577,448</u>

Depreciation expense for the year was charged to the following functions in the Statement of Activities:

Administration	\$ 177,492
Library, Parks, and Recreation	61,487
Public Safety	351,024
Public Works	<u>879,716</u>
	<u>\$ 1,469,719</u>

Town of Gray

Notes to the Basic Financial Statements

NOTE 6 Long-term Obligations

The following is a summary of long-term debt activity for the fiscal year:

	Beginning Balance	Additions	Reductions	Ending Balance
2014 Refunding bond	\$ 495,000	\$ -	\$ (335,000)	\$ 160,000
2017 Refunding bond	2,180,000	-	(280,000)	1,900,000
2018 General obligation bond	3,575,000	-	(360,000)	3,215,000
2021 Village Gateway bond	500,000	-	(95,987)	404,013
2022 Excavator loan	-	156,000	(54,022)	101,978
	<u>\$ 6,750,000</u>	<u>\$ 156,000</u>	<u>\$ (1,125,009)</u>	<u>\$ 5,780,991</u>

The maturity of the Town's long-term debt is as follows:

	Principal	Interest	Total Debt Service
Fiscal year 2024	\$ 942,958	\$ 194,700	\$ 1,137,658
Fiscal year 2025	786,919	164,889	951,808
Fiscal year 2026	732,011	136,850	868,861
Fiscal year 2027	734,103	109,559	843,662
Fiscal year 2028	630,000	82,225	712,225
Fiscal years 2029 - 2033	1,325,000	170,128	1,495,128
Fiscal years 2034 - 2038	525,000	59,653	584,653
Fiscal years 2039	105,000	1,706	106,706
	<u>\$ 5,780,991</u>	<u>\$ 919,710</u>	<u>\$ 6,700,701</u>

The town's long-term debt consisted of the following:

General obligation refunding bond issued in 2014 for \$2,880,000. The annual interest rate is 4.0% on the remaining balance. The remaining annual principal payments are \$335,000 and \$160,000. The bond matures in 2024.

General obligation refunding bond issued in 2017 for \$2,745,000. The annual interest rates vary from 3.0% to 4.0% on the remaining balance. The remaining annual principal payments vary from \$280,000 to \$270,000. The bond matures in 2030.

General obligation bond issued in 2018 for \$4,662,000. The annual interest rates vary from 3.56% to 1.62% on the remaining balance. The remaining annual principal payments vary from \$360,000 to \$105,000. The bond matures in 2039.

General obligation bond issued in 2021 for \$500,000. The annual interest rate is 2.05%. Annual principal and interest payments are \$106,237. The bond matures in 2027.

A loan effected through a municipal lease purchase agreement in 2022 for \$156,000. The annual interest rate is 3.94 %. Annual principal and interest payments are \$54,022. The loan matures in 2025.

Town of Gray

Notes to the Basic Financial Statements

NOTE 6 Long-term Obligations (Continued)

The current portion of outstanding long-term debt at year end is \$942,958.

The Town's other long-term obligations include accrued compensated absences. The net change in accrued compensated during the year was an increase of \$190,695, ending the year at \$270,288.

NOTE 7 Tax Increment Financing Districts and Abatements

Northbrook Business and Industrial Campus TIF

In March 1997, the Town entered into a 20-year TIF agreement with Enercon Technologies, Inc., Advance Realty, LLC, Hytek Holdings, LLC, M-34 Associates, Inc., M-35 Associates, Inc., and M-36 Associates Inc. (referred to individually and collectively as the "Company"). The agreement was amended in 2012 and was extended for an additional 10 years. The TIF will expire in March 2027. A portion of TIF revenues are used for credit enhancement agreements with certain owners/developers within the district. The remaining TIF revenues are used for infrastructure projects both inside and outside the district, planning projects within the district, and certain projects and activities related to Gray Village.

Route 100 TIF

In February 1998, the Town entered into a 30-year TIF agreement. The TIF will expire in February 2028. TIF revenues are used for a credit enhancement agreement with the Gray Water District, as well water line improvement projects along Route 100, Route 115, and Route 26, and other related infrastructure projects.

Village Area Improvements Omnibus TIF

In July 2018, the Town entered into a 30-year TIF agreement. The TIF will expire in July 2048. TIF revenues may be used for the acquisition and construction of land and buildings improvements (and related planning, engineering, and financing costs) within the district, and acquisition and construction of public ways, infrastructure, recreational trails, public safety enhancements, and economic development activities both within and outside the district.

On February 2, 2012, the Town of Gray entered into a credit enhancement agreement amendment with M-36 Associates, Inc. to extend the term of the original agreement in the Northbrook Business and Industrial Campus TIF, to provide for 90% share of the BETE reimbursement, the marketing of the Campus, and the next major expansion of the Campus. For the year ended June 30, 2023, the Town abated property taxes totaling \$171,754 through this credit enhancement agreement. Advance Realty, LLC received a 73% property tax abatement on all new value created within the district totaling \$125,408. Enercon Technologies and Hytek Holdings received \$11,293 and \$35,053, respectively of the agreed upon BETE reimbursement.

NOTE 8 Landfill Post Closure Obligations

The Town closed its landfill in 1992 and considers any liability for post closure monitoring to be immaterial and, therefore, has not recorded a liability for it. The Town maintains a reserve for any necessary maintenance or improvements to the closed landfill, the balance of which was \$115,770 at year end.

Town of Gray**Notes to the Basic Financial Statements****NOTE 9 Overlapping Debt**

The Town is contingently liable for its proportionate share of debt, should any of the organizations it is a member of default on its debt. At year end, the Town's overlapping debt was:

Entity	Total Debt	Percentage	Amount
MSAD #15	\$ 3,959,399	67.04%	\$ 2,654,381
Cumberland County	29,931,418	2.26%	676,450
Gray Water District	377,572	35.10%	132,528

NOTE 10 Risk Management and Contingencies**General**

The Town is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance or participates in a public entity risk pool. Based on the coverage provided by the pools, 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 as of the end of the fiscal year.

Grant Funds

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

Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

NOTE 11 Deferred Compensation Plan

The Town participates in a deferred compensation plan established under Internal Revenue Code section 457(b). Participation in the plan is available to certain employee groups and allows them to make elective deferrals through a salary reduction agreement. Withdrawals from the plan are permitted after an employee's termination with the Town, or for unforeseeable emergencies or the participant's death. Employee elective deferrals are immediately vested and all assets are held in trust for the exclusive benefit of plan participants and their beneficiaries. The Town has no liability for losses under the plan but does have a duty of care that would be required of an ordinary prudent investor.

The Town makes matching contributions to employee accounts based on years of service, at the following rates: up to 6% for 0 to 10 years of service, 7.5% for 10 to 15 years of service, 8% for 15 to 20 years of service, 8.5% for 20 to 25 years of service, and 9% for 25 or more years of service.

The Town's contributions to the plan for the fiscal year were \$169,171.

As of and for the year ended June 30, 2023.

25

Town of Gray**Notes to the Basic Financial Statements****NOTE 12 Jointly Governed Organization**

Ecomaine is a solid waste management corporation serving municipalities throughout York, Cumberland, and Oxford counties. It creates electricity through its processing of waste and also operates an extensive recycling program.

The Town is a member of Ecomaine and participates in its governance. However, the Town has no explicit, measurable equity interest in Ecomaine and, therefore, does not report any asset related to Ecomaine in the financial statements. Interlocal agreements between Ecomaine and member communities obligate the members to deliver certain solid waste produced within the community to Ecomaine for processing and to make service payments and pay tipping fees for such processing.

Selected balance sheet information for Ecomaine for the year ended June 30, 2023, includes total assets of \$68.7 million, total liabilities and deferred inflows of resources of \$27.1 million, and an unrestricted net position of \$10.4 million. The liabilities include an accrual for landfill closure and post-closure care amounting to \$18.0 million. Ecomaine has a plan to fund this liability in the form of a cash reserve through a projected closing date. As of June 30, 2023, the reserve's balance was \$14.6 million.

The separate audited financial statements of Ecomaine may be obtained at their administrative office at 64 Blueberry Road, Portland, Maine, 04102.

NOTE 13 Property Taxes

Taxes for fiscal year 2023 were committed on August 2, 2022, totaling \$17,456,925 to be paid in two installments due on October 3, 2022, and April 3, 2023. Delinquent tax accounts would be charged interest at a rate of 4% per annum. The tax commitment was based on a total assessed value of real and personal property of \$1,251,392,500. The tax rate for the fiscal year was \$13.95 per \$1,000 of assessed value.

Supplemental taxes assessed during the year totaled \$75,935 and tax abatements totaled \$6,596. When added to the original tax assessment, the total assessed for the fiscal year was \$17,596,149. Outstanding property taxes at year end for the 2023 fiscal year assessment totaled \$656,063, which results in an effective tax collection rate of 96.3%.

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 real property eighteen months after the filing of tax liens if the liens remained unpaid at that time.

The Town is permitted by state law to levy up to 105% of its net budgeted expenditures for the fiscal year. The amount raised in excess of 100% of net budgeted expenditures is referred to as overlay. For the current fiscal year, the overlay was \$476,308.

As of and for the year ended June 30, 2023.

26

Town of Gray

Notes to the Basic Financial Statements

NOTE 14 Restricted Portions of Net Position

A portion of the total net position reported on the Statement of Net Position is restricted due to externally imposed restrictions or operation of law, as follows:

	Amount
Northbrook TIF	\$ 632,595
Route 100 TIF	860,487
Village Area TIF	334,452
ARPA funds	672,712
Grant funds	50,104
Cemetery trust - unexpendable corpus	22,798
Cemetery trust - accumulated earnings	351
Doughty trust - unexpendable corpus	10,000
Doughty trust - accumulated earnings	57
Frank cemetery trust - unexpendable corpus	33,580
Frank cemetery trust - accumulated earnings	191
Stimson cemetery trust - unexpendable corpus	7,000
Stimson cemetery trust - accumulated earnings	40
Barker scholarship - unexpendable corpus	22,013
Barker scholarship - accumulated earnings	692
Grange scholarship - unexpendable corpus	14,296
Grange scholarship - accumulated earnings	445
Monument and temple trust	3,080
Pennelle trust	34,811
Common school trust	2,881
Total restricted net position	<u>\$ 2,702,585</u>

As of and for the year ended June 30, 2023.

27

Town of Gray

Notes to the Basic Financial Statements

NOTE 15 Prior Period Restatements

During the year, management reviewed the capital asset schedule for items that were no longer in service, did not meet the requirements for capitalization as described in Note 1, or had not been depreciated correctly. As a result of this analysis, it was determined that the total historical cost of capital assets was \$3,720,453 lower than reported and total accumulated depreciation was \$2,940,394 lower than reported. Thus, the beginning net position of governmental activities has been restated downward by \$780,059 for the fiscal year. The fund balances of governmental funds are unaffected by this restatement.

During the year, management noted that the deferred outflows from refunding debt on the Statement of Net Position had not been amortized appropriately in the prior years. Correcting this error resulted in the beginning net position of governmental activities to be restated downward by \$8,462. The fund balances of governmental funds are unaffected by this restatement.

During the year, management noted that total long-term debt was overstated on the prior year's Statement of Net Position. Correcting this error resulted in the beginning net position of governmental activities to be restated upward by \$42,307. The fund balances of governmental funds are unaffected by this restatement.

During the year, management noted that items were classified incorrectly as deferred revenue in the prior year's financial statements that should have been recognized in prior years. The result of this correction increased both the beginning net position of governmental activities and the beginning total fund balance of governmental funds by \$60,207.

NOTE 16 Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued, the date of the independent auditor's report.

In June 2022, a material fraud was discovered by the Town's auditors during the annual audit, who identified several financial discrepancies, including missing credit card invoices, inconsistencies with vacation time records, and issues with payroll tax withholding that led to IRS penalties. The employee had resigned prior to this discovery. Legal proceedings against the employee were initiated, and in July 2024, the former employee pleaded guilty to misdemeanor theft by unauthorized taking or transfer for misappropriating funds between 2020 and 2022. As part of a plea agreement, they paid restitution to the Town totaling \$53,177.32, covering \$37,608.57 in stolen funds and \$15,568.75 in auditing and legal fees.

On September 21, 2023, the Town issued General Obligation Bonds for \$1,000,000 at an annual interest rate of 5.05% with a maturity date of September 21, 2028, to finance the costs of improvements to the septic system that services multiple buildings on the Pennell Complex and the construction of additional public facilities and programmatic space for the Town Recreation Department and child-care program in the Manual Arts building. The financial statements as of June 30, 2023, do not reflect this transaction.

On November 27, 2023, the Town entered a lease/purchase agreement for two electric vehicles along with associated accessories and equipment, one for Code Enforcement and another for Facilities and Parks, totaling \$96,635 at an annual interest rate of 6.50% with a lease termination date of November 30, 2025. The financial statements as of June 30, 2023, do not reflect this transaction.

As of and for the year ended June 30, 2023.

28

Town of Gray

Notes to the Basic Financial Statements

NOTE 16 Subsequent Events (Continued)

On March 11, 2025, the Town entered a lease/purchase agreement for two hybrid vehicles along with associated accessories and equipment, used for Assessing and Code Enforcement and Planning, totaling \$56,948 at an imputed interest rate of 4.99% with a lease termination date of March 10, 2028. Purchase option costs total \$45,013. The financial statements as of June 30, 2023, do not reflect this transaction

Town of Gray

Required Supplementary Information

Budgetary Comparison Schedule

Schedule 1

General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 17,456,925	\$ 17,456,925	\$ 17,596,149	\$ 139,224
Excise taxes	1,898,500	1,898,500	2,158,654	260,154
Licenses, permits, and fees	288,350	288,350	242,893	(45,457)
Intergovernmental	1,954,081	1,954,081	2,091,549	137,468
Charges for services	579,800	579,800	601,191	21,391
All other revenues	95,000	95,000	162,249	67,249
<i>Total revenues</i>	<u>22,272,656</u>	<u>22,272,656</u>	<u>22,852,685</u>	<u>580,029</u>
Expenditures				
Administration	1,657,962	1,657,962	1,713,835	(55,873)
Insurance and benefits	1,336,687	1,336,687	926,276	410,411
Library, parks, and recreation	424,354	424,354	400,004	24,350
Public safety	1,535,727	1,535,727	1,545,097	(9,370)
Public works	2,886,716	2,886,716	2,681,716	205,000
Council, boards, and committees	59,620	59,620	62,600	(2,980)
Law enforcement	274,591	274,591	238,980	35,611
Community services	76,384	76,384	59,535	16,849
County tax	792,460	792,460	792,460	-
Education	10,893,616	10,893,616	10,893,616	-
Overlay	476,308	476,308	99,779	376,529
<i>Total expenditures</i>	<u>20,414,425</u>	<u>20,414,425</u>	<u>19,413,898</u>	<u>1,000,527</u>
Revenue Surplus (Deficit)	1,858,231	1,858,231	3,438,787	1,580,556
Other Financing Sources and (Uses)				
Transfers in	31,000	31,000	-	(31,000)
Transfers out	(3,173,930)	(3,173,930)	(3,173,930)	-
<i>Net other financing sources (uses)</i>	<u>(3,142,930)</u>	<u>(3,142,930)</u>	<u>(3,173,930)</u>	<u>(31,000)</u>
Net Change in Fund Balance	<u>\$ (1,284,699)</u>	<u>\$ (1,284,699)</u>	<u>\$ 264,857</u>	<u>\$ 1,549,556</u>

Town of Gray Notes to the Required Supplementary Information

NOTE 1 Budgetary Accounting

Budgets are adopted for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with U.S. generally accepted accounting principles (US GAAP).

NOTE 2 Departments Over Budget

The various departments within the General Fund maintain budgets for operational oversight. The Administration department was over budget by \$55,873 (3.4%), the Public Safety department was over budget by \$9,370 (0.6%), and the Council, Boards, and Committees department was over budget by \$2,980 (5.0%).

However, budgeted appropriations are at the fund level, per the authorizations granted in the annual town meeting warrant and statutorily required appropriations for county taxes and education assessments. At this level, the total General Fund expenditures came in under budget by \$1,100,306.

Town of Gray Other Supplementary Information

Schedule of Changes in Fund Balances

Schedule 2

Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Beginning Balance	Revenues	Transfers In (Out)	Expenditures	Ending Balance
Special Revenue Funds	Restated				
Planning board escrow	\$ 569,687	\$ 82,082	\$ -	\$ (365,273)	\$ 286,496
Schoolhouse museum	9,593	168	-	(1,142)	8,619
Penn cable	525	-	-	-	525
Grants	1,392	86,062	-	(37,350)	50,104
Subdivision recreation	132,923	12,000	-	-	144,923
Library reserve	4,143	312	-	-	4,455
Employee wellness	3,582	-	-	-	3,582
Pennell town clock	5,787	-	-	(650)	5,137
Library appeal	1,959	-	-	-	1,959
Fire and rescue memorial	17,775	-	-	-	17,775
Mazur parks and rec	751	-	-	-	751
Rescue Kilby	20,563	1,755	-	-	22,318
Library fund	11,515	-	-	-	11,515
Training site	1,369	-	-	-	1,369
Stimson hall	21,287	-	-	-	21,287
Dugas pit reclamation	8,507	-	-	-	8,507
Maxwell pit reclamation	5,065	-	-	-	5,065
GeoPlan	392	-	-	-	392
Library rec scholarships	478	-	-	-	478
Fire and rescue education	9,172	-	-	-	9,172
Gray Matters	1,530	-	-	-	1,530
Marketing	1,000	-	-	-	1,000
Pennell muni complex	7,285	250	-	-	7,535
Parks recreation	4,987	-	-	-	4,987
Landfill closure	115,770	-	-	-	115,770
Water quality	6,151	-	-	-	6,151
VALT phase 1	1,583	-	-	-	1,583
Rec scholarship	2,259	2,207	-	-	4,466
Rec facility	30,588	-	-	-	30,588
Blackthorn road assoc	4,663	-	-	-	4,663
ARPA	869,487	-	-	(196,775)	672,712
<i>Total special revenue funds</i>	1,871,768	184,836	-	(601,190)	1,455,414
Recreation fund	345,654	848,721	-	(581,265)	613,110

Town of Gray

Other Supplementary Information

Schedule of Changes in Fund Balances

Schedule 2 (continued)

Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Beginning Balance	Revenues	Transfers In (Out)	Expenditures	Ending Balance
TIF Funds					
Northbrook TIF	\$ 522,876	\$ -	\$ 235,127	\$ (125,408)	\$ 632,595
Route 100 TIF	1,002,057	2,571	359,947	(504,088)	860,487
Village Area TIF	362,259	-	123,856	(151,663)	334,452
<i>Total TIF funds</i>	<u>1,887,192</u>	<u>2,571</u>	<u>718,930</u>	<u>(781,159)</u>	<u>1,827,534</u>
Trust Funds					
Cemetery trust	23,018	131	-	-	23,149
Doughty trust	10,000	57	-	-	10,057
Frank cemetery	33,580	191	-	-	33,771
Monument and temple	3,062	18	-	-	3,080
Pennell trust	34,614	197	-	-	34,811
Stimson cemetery	7,000	40	-	-	7,040
Barker scholarship	22,580	125	-	-	22,705
Grange scholarship	14,660	81	-	-	14,741
Common school	2,865	16	-	-	2,881
<i>Total trust funds</i>	<u>151,379</u>	<u>856</u>	<u>-</u>	<u>-</u>	<u>152,235</u>
Total non-major funds	<u>\$ 4,255,993</u>	<u>\$ 1,036,984</u>	<u>\$ 718,930</u>	<u>\$ (1,963,614)</u>	<u>\$ 4,048,293</u>

[This page left intentionally blank.]

APPENDIX C

**TOWN OF NEW GLOUCESTER, MAINE
EXCERPTS FROM THE ANNUAL FINANCIAL STATEMENTS
FOR THE
YEAR ENDED JUNE 30, 2023**

(With Report of Independent Auditors' Thereon)

[This page left intentionally blank.]

TOWN OF NEW GLOUCESTER, MAINE
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
JUNE 30, 2023

TABLE OF CONTENTS

	Statement	Page
Independent Auditors' Report		3-4
Basic Financial Statements		
<i>Government-wide Financial Statements:</i>		
Statement of Net Position	1	5
Statement of Activities	2	6
<i>Fund Financial Statements:</i>		
Balance Sheet – Governmental Funds	3	7-8
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	4	9-10
Statement of Net Position – Fiduciary Fund	5	11
Statement of Changes in Fiduciary Net Position	6	12
Notes to Financial Statements		13-31
Required Supplemental Information	Exhibit	
Budgetary Comparison Schedule – General Fund	1	32
Schedule of Proportionate Share of Net Pension Liability	2	33
Schedule of Employer Contributions	3	34
Schedule of Changes in Net OPEB Liability	4	35
Notes to the Required Supplemental Information		36
Other Supplemental Information	Schedule	
Combining Balance Sheet – Nonmajor Governmental Funds	A	37
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	B	38
Schedule of Changes in Fund Balances – Special Revenue Funds	C	39
Schedule of Changes in Fund Balances – Capital Project Funds	D	40

Maine Municipal Audit Services, PA

Mindy J. Cyr, CPA

Independent Auditors' Report

To the Select Board
Town of New Gloucester
New Gloucester, Maine

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 Town of New Gloucester, Maine, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of New Gloucester, 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 New Gloucester, Maine, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of New Gloucester, Maine, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe 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 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 Town of New Gloucester, 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 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 aggregate, they would influence the judgment made by a reasonable user based on financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of New Gloucester, 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 Town of New Gloucester, 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

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, pension and OPEB information on pages 32, and 33-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of New Gloucester, Maine's basic financial statements. The combining balance sheet – non major governmental funds, combining statement of revenue, expenditures and changes in fund balance – non major governmental funds, schedule of changes in fund balance – special revenue funds, and schedule of changes in fund balance – capital projects fund 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 related 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 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 balance sheet – non major governmental funds, combining statement of revenue, expenditures and changes in fund balance – non major governmental funds, schedule of changes in fund balance – special revenue funds, and schedule of changes in fund balance – capital projects fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maine Municipal Audit Services, PA
Levant, Maine
May 21, 2024

Town of New Gloucester, Maine Statement of Net Position June 30, 2023		Total Governmental Activities
ASSETS:		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 9,605,237	
Accounts receivable	257,151	
Taxes receivable	76,514	
Tax liens receivable	83,341	
<i>Total current assets</i>	\$ 10,022,243	
<i>Non-current assets:</i>		
Capital assets, net of accumulated depreciation	10,573,887	
<i>Total non-current assets</i>	10,573,887	
TOTAL ASSETS		20,596,130
DEFERRED OUTFLOWS OF RESOURCES:		
Pension related outflows	156,825	
OPEB related outflows	23,875	
TOTAL DEFERRED OUTFLOWS OF RESOURCES		180,700
		\$ 20,776,830
LIABILITIES:		
<i>Current liabilities:</i>		
Accounts payable	\$ 66,111	
Current portion of bonds payable	275,000	
Current portion of capital leases payable	6,943	
<i>Total current liabilities</i>	\$ 348,054	
<i>Non-current liabilities:</i>		
Bonds payable	3,760,000	
Accrued compensated absences	91,378	
Net pension liability	214,928	
OPEB liability	110,250	
<i>Total non-current liabilities</i>	4,176,556	
TOTAL LIABILITIES		4,524,610
DEFERRED INFLOWS OF RESOURCES:		
Taxes collected in advance	24,626	
Pension related inflows	104,401	
OPEB related inflows	118,185	
TOTAL DEFERRED INFLOWS OF RESOURCES		247,212
NET POSITION:		
Net investment in capital assets	6,531,944	
Restricted	2,335,964	
Unrestricted	7,137,100	
TOTAL NET POSITION		16,005,008
	\$ 20,776,830	

Statement 2

Town of New Gloucester, Maine
Statement of Activities
For the Year Ended June 30, 2022

	Net (Expense) Revenue and Changes			
	Program Revenues		In Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:	Expenses	Program Revenues	Capital Grants and Contributions	Total
General government	\$ 1,221,343	\$ 33,574	\$ -	\$ (1,187,769)
Public safety	838,704	189,200	-	(649,504)
Public works	1,779,599	-	70,384	(1,709,315)
Transfer station	287,538	50,458	-	(237,080)
Education	5,736,181	-	-	(5,736,181)
County tax	588,707	-	-	(588,707)
Culture and recreation	189,318	6,193	-	(183,125)
Other	335,999	-	7,948	(328,051)
Interest on long-term debt	165,258	-	-	(165,258)
Depreciation	479,776	-	-	(479,776)
Total governmental activities	\$ 11,620,424	\$ 279,426	\$ 7,948	\$ (11,362,766)
General revenues:				
Property taxes, levied for general purposes				8,584,438
Excise taxes				1,407,089
Licenses and permits				123,741
Grants and contributions not restricted to specific programs:				
State revenue sharing				882,873
Other				718,035
Unrestricted investment earnings				82,654
Miscellaneous revenues				349,028
Total general revenues and transfers				12,147,858
Changes in net position				
				885,092
NET POSITION - BEGINNING				15,119,916
NET POSITION - ENDING				\$ 16,005,008

The accompanying notes are an integral part of this statement.

Town of New Gloucester, Maine					
Balance Sheets					
Governmental Funds					
June 30, 2023					
	General Fund	Major Fund TIF District	Other Normajor Governmental Funds	Total Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 4,689,015	\$ 1,650,774	\$ 3,265,448	\$ 9,605,237	
Accounts receivable	257,151	-	-	257,151	
Interfund receivable	360,184	-	-	507,766	
Taxes receivable	76,514	-	147,582	76,514	
Tax liens receivable	83,341	-	-	83,341	
TOTAL ASSETS	\$ 5,466,205	\$ 1,650,774	\$ 3,413,030	\$ 10,530,009	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
<i>Liabilities:</i>					
Accounts payable	\$ 66,111	\$ -	\$ -	\$ 66,111	
Interfund payable	147,582	-	-	360,184	
Total liabilities	213,693	-	-	360,184	
<i>Deferred inflows of resources:</i>					
Taxes collected in advance	24,626	-	-	24,626	
Uncollected property taxes	75,000	-	-	75,000	
Total deferred inflows of resources	99,626	-	-	99,626	
<i>Fund balances:</i>					
Restricted - see footnotes	-	1,650,774	685,190	2,335,964	
Committed - see footnotes	-	-	2,367,655	2,367,655	
Assigned - see footnotes	421,290	-	-	421,290	
Unassigned	4,731,597	-	-	4,731,597	
Total fund balances	5,152,887	1,650,774	3,052,845	9,856,506	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,466,205	\$ 1,650,774	\$ 3,413,030	\$ 10,530,009	

The accompanying notes are an integral part of this statement.

Town of New Gloucester, Maine					
Balance Sheets					
Governmental Funds					
June 30, 2023					
TOTAL FUND BALANCES			\$	9,856,506	
<i>Amounts reported for governmental activities in the statement of net position (Stmnt. 1) are different because:</i>					
Depreciable and non-depreciable capital assets as reported in Stmnt. 1				10,573,887	
Long-term liabilities, including bonds payable, as reported on Stmnt. 1				(4,041,943)	
Accrued compensated absences				(91,378)	
Deferred property taxes not reported on Stmnt. 1				75,000	
Deferred outflows of resources - pension related expenditures				156,825	
Deferred inflows of resources - pension related inflows				(104,401)	
Net pension (liability) asset				(214,928)	
Deferred outflows of resources - OPEB related expenditures				23,875	
Deferred inflows of resources - OPEB related inflows				(118,185)	
OPEB liabilities				(110,250)	
NET POSITION OF GOVERNMENTAL ACTIVITIES			\$	16,005,008	

The accompanying notes are an integral part of this statement.

Town of New Gloucester, Maine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Major Fund TIF District	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$			8,620,438
Excise taxes				1,407,089
Intergovernmental revenue				1,679,140
Charges for services				279,426
Investment income				65,048
Grants and permits				27,714
Other revenues				1,568,141
				340,038
Total revenues	12,246,661	14,247	277,250	12,541,517
EXPENDITURES:				
General government				1,311,891
Public safety				838,704
Public works				1,779,599
Transfer station				287,538
Education				5,736,181
County tax				588,707
Debt service				446,875
Culture and recreation				189,318
Other				150,215
				423,761
Total expenditures	11,329,028	-	423,761	11,752,789
Excess (deficiency) of revenues over expenditures	917,633	14,247	(143,152)	788,728
OTHER FINANCING SOURCES (USES):				
Operating transfers in				2,730,173
Operating transfers out				(97,000)
				(865,303)
Total other financing sources (uses)	(665,566)	245,661	359,505	-
Net change in fund balances	312,067	259,908	216,753	788,728
FUND BALANCES - BEGINNING	4,840,821	1,390,866	2,836,092	9,067,779
FUND BALANCES - ENDING	\$ 5,152,888	\$ 1,650,774	\$ 3,052,845	\$ 9,856,507

The accompanying notes are an integral part of this statement.

Statement 4
(Continued)

Town of New Gloucester, 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, 2023

Net change in fund balances - total governmental funds (Stmt. 4)	\$ 788,728
Amounts reported for governmental activities in the Statement of Activities (Stmt. 2) are different due to the following items:	
Depreciation expense recorded on Statement of Activities, yet not required to be recorded as expenditures on governmental funds	(479,776)
Capital outlays expensed on the Governmental Funds report (Stmt. 4), yet not considered an expense for the purposes of Statement of Activities (Stmt. 2)	239,977
Revenues in the Statement of Activities (Stmt. 2) that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes.	(36,000)
Repayment of bond 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 reduction in debt service made during the fiscal year.	281,617
Change in accrued compensated absences	890
Change in net position related to pensions - GASB #68	96,897
Change in net position relating to OPEB - GASB #75	(7,241)
Changes in net position of governmental activities (see Stmt. 2)	\$ 885,092

The accompanying notes are an integral part of this statement.

Statement 5

Town of New Gloucester, Maine
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Private Purpose Trust Fund
ASSETS	
Cash and cash equivalents	\$ 45,938
<i>Total assets</i>	<u>\$ 45,938</u>
NET POSITION	
Held in trust for private purposes	\$ 45,938
FIDUCIARY NET POSITION	<u>\$ 45,938</u>

Statement 6

Town of New Gloucester, Maine
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2023

	Private Purpose Trust Fund
Additions	460
Deductions	(35)
<i>Change in Net Position</i>	426
NET POSITION - BEGINNING OF YEAR	45,512
NET POSITION - END OF YEAR	<u>\$ 45,938</u>

The accompanying notes are an integral part of this statement.

The accompanying notes are an integral part of this statement.

TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town operates under a selectboard-manager form of government and was incorporated in 1774 under the laws of the State of Maine.

The accounting policies of the Town conform to U.S. generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, and its amendments, established new financial reporting requirements for governments and caused the Town to restructure much of the information presented in the past. The more significant of the government’s accounting policies are described below.

The financial statements include those of the various departments governed by the Select Board and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by GASB.

B. Basis of Presentation

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

Government-Wide Financial Statements

The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reports information on all of the non-fiduciary activities of the Town as a whole.

The Statement of Net Position presents the financial condition of the governmental and business-type (if applicable) activities of the Town at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental and business-type (if applicable) activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The Town has elected not to allocate indirect costs among programs. Program revenues include 1) charges to customers for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being aggregated and displayed in a single column. The General Fund is always a major fund.

Because of the basis of accounting and reporting differences, summary reconciliations to the Government-wide financial statements are presented at the end of each applicable fund financial statement.

C. Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of three categories of funds: governmental, proprietary and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the Town’s major funds:

General Fund – The 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 Fund – This fund is used for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. It accounts for cemetery care and upkeep.

Capital Projects Fund – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Fund Types

Fiduciary funds account for assets held by the Town in a trustee capacity. Non-expendable trust funds are held for investment with the interest only available for cemetery and other specified expenditures.

TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus

Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fiduciary funds are reported using the economic resources measurement focus.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements, proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services, and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, property taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

F. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for the general fund only. Annual operating budgets are adopted each fiscal year by the registered voters of the Town at their annual Town meeting. Budgets are established in accordance with generally accepted accounting principles. Budgetary control is exercised by department heads, town administration and the Select Board. All unencumbered budget appropriations lapse at the end of the year unless specifically designated by the Select Board or required by law.

G. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with financial institutions, and other accounts with an original maturity of three months or less when purchased. Investments are recorded at fair market value.

**TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

Compensated Absences

Under the terms of the Town's personnel policy, vacation and sick leave are granted in varying amounts according to length of service. The Town accrues unpaid vacation leave when earned (or estimated to be earned) by the employee. The Town accrues sick leave payable at varying amounts based on length of service. At June 30, 2023, the amount of accrued vacation was \$91,378 and has been recorded in the government-wide financial statements.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value as of the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Infrastructure	50-100
Equipment	5-20
Vehicles	3-25

Net Position and Fund Balances

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position is the residual amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the Fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. These designations are categorized as follows:

Non-spendable – Funds that are not in spendable form, such as funds that are legally required to be maintained in tact (corpus of a permanent fund).

Restricted – Funds that are restricted for use by an external party, constitutional provision, or enabling legislation.

Committed – Funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the governing body.

Assigned – Funds intended to be used for specific purposes set by the Select Board.

Unassigned – Funds available for any purpose.

When an expenditure is incurred for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue arises when resources are received by the Town before the Town has legal claim to them. In subsequent periods, when both revenue recognition criteria are met or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Property Taxes

Property taxes for the current year were committed on August 15, 2022, on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Payment of taxes was due October 6, 2022 and April 6, 2023 with interest at 4% on all tax bills unpaid as of the due date.

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 \$247,654 for the year ended June 30, 2023.

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 tax liens and associated costs remain unpaid.

**TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

Risk Management

The Town pays insurance premiums to certain agencies to cover risks that may occur in normal operations. The Town purchases employee fidelity bond coverage. There have been no significant reductions in insurance coverage from the prior year. No settlements of claims have exceeded insurance coverage in the current year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Typically, the Town invests funds in checking accounts, savings accounts, certificates of deposit, and U.S. government obligations (through an investment group owned by a financial institution). From time to time the Town's deposits and investments may be subject to risks, such as the following:

Custodial Credit Risk – Deposits - the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town uses only financial institutions that are insured by the FDIC or additional insurance. At June 30, 2023, cash deposits had a carrying value of \$9,605,237, all of which was covered by FDIC or collateralized.

Interest Rate Risk – The Town does not currently have a deposit policy for interest rate risk.

Credit Risk – The Town does not have a formal policy regarding credit risk. Maine statutes authorize the Town to invest in obligations of the U.S. Treasury, and U.S. Agencies and certain bonds, securities, and real assets.

Custodial Credit Risk – Investments – the risk that, in the event of 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. The Town does not have an investment policy. None of the Town's investments were 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 investments held by the Town are Level 1 inputs.

**TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

3. CAPITAL ASSETS

Governmental activities:	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
<i>Capital assets:</i>				
Land	\$ 955,673	\$ -	\$ -	\$ 955,673
Buildings	9,342,634	88,576	-	9,431,210
Vehicles	3,462,470	-	-	3,462,470
Equipment	1,044,823	151,401	-	1,196,224
Infrastructure	3,299,893	-	-	3,299,893
Total capital assets	18,105,493	239,977	-	18,345,470
<i>Accumulated depreciation</i>				
Buildings	(3,224,366)	(190,973)	-	(3,415,339)
Vehicles	(2,724,863)	(150,502)	-	(2,875,365)
Equipment	(785,875)	(56,001)	-	(834,306)
Infrastructure	(556,703)	(82,300)	-	(639,003)
Total accumulated depreciation	(7,291,807)	(476,776)	-	(7,764,013)
Governmental activities				
Capital assets, net	\$ 10,813,686	\$ (236,799)	\$ -	\$ 10,581,457

Depreciation expense has not been charged as a direct expense for any department of the Town.

4. CONTINGENCIES

There may be various claims and suits pending against the Town, which arise in the normal course of the Town's activities. According to Town management, there are no matters that would result in adverse losses, claims, or assessments against the Town through the date of the audit report.

5. SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including the audit report date, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

6. INTERFUND BALANCES AND TRANSFERS

Interfund balances as of June 30, 2023 consisted of the following:

	General Fund	Special Revenue Fund	Due from: Capital Project Fund	Total
Due to:				
General Fund	\$ 1	\$ 1,940	\$ 358,244	\$ 360,184
Special Revenue Fund	147,582	-	-	147,582
	\$ 147,582	\$ 1,940	\$ 358,244	\$ 507,766

TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

6. **INTERFUND BALANCES AND TRANSFERS**

	<i>Transfer from:</i>			
	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<i>Transfer to:</i>				
General Fund	\$ -	\$ 97,001	\$ 965,302	\$ 1,062,303
Capital Projects Fund	1,320,184	-	-	1,320,184
Special Revenue Fund	347,686	-	-	347,686
	<u>\$ 1,667,870</u>	<u>\$ 97,001</u>	<u>\$ 965,302</u>	<u>\$ 2,730,173</u>

7. **FUND BALANCES AND NET POSITION**

<i>Restricted:</i>	
Maschino gravel pit	\$ 5,764
Chandler pit	2,809
Cable TV grant	25,955
Gazebo	903
Community fair	4,370
Leighton gravel pit	5,240
Historical society lease	65
Recreation	1,265
Cheer program	7,700
Recreation scholarship	3,206
Celebration fund	1,000
Fire rescue donations	47,364
Library gifts	9,228
Fairgrounds donation	1,748
ARPA grant	424,055
ARPA senior fund	3,600
Kids club	140,918
TIF	<u>1,650,774</u>
TOTAL RESTRICTED FUND BALANCE & NET POSITION	<u>\$ 2,335,964</u>

TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

7. **FUND BALANCES (CONTINUED)**

<i>Committed:</i>	
Road reconstruction	\$ 1
Maps and remapping	8,588
Fire equipment	585,216
Highway equipment	471,454
Transfer safety equipment	50,000
Transfer station equipment	284,264
Franchise cable TV	28,938
Future buildings	178,986
Town hall repairs	25,000
Building emergencies	4,191
Future land	26,681
Water holes	62,500
Parks and recreation	37,037
Fairgrounds	4,811
Fairgrounds royal	752
Library improvement	8,810
Library expansion	1,147
Paving	529,734
Fairgrounds playground	1,195
Lower village land	25,450
Stevens Brook	<u>32,899</u>
TOTAL COMMITTED FUND BALANCE	<u>\$ 2,367,655</u>

<i>Assigned:</i>	
For future years	<u>\$ 421,290</u>
TOTAL ASSIGNED FUND BALANCE	<u>\$ 421,290</u>

<i>Unassigned:</i>	<u>\$ 4,731,597</u>
---------------------------	----------------------------

**TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

9. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2022, was as follows:

Description	Balance 7/1/21	Additions	(Reductions)	Balance 6/30/22	Due within one year
Bonds payable	\$ 4,310,000	\$ -	\$ (275,000)	\$ 4,035,000	\$ 275,000
Capital leases payable	13,560	-	(6,617)	6,943	6,943
Total	\$ 4,323,560	\$ -	\$ (281,617)	\$ 4,041,943	\$ 281,943

Payments on bonds payable, notes payable and capital leases of the governmental activities are paid out of the General Fund.

General Obligation Bonds

Bonds payable at June 30, 2023 are comprised of the following:

	Interest Rate	Maturity Date	Balance at 6/30/2023
Governmental Activities:			
Public works garage	3-4%	5/2043	\$ 3,675,000
Stevens Brook culvert	.61-1.07%	11/2026	<u>360,000</u>
Total governmental activities			<u>\$ 4,035,000</u>

Debt service requirements to retire the bonds payable outstanding for governmental activities at June 30, 2023 are as follows:

Year ending June 30,	Principal	Governmental Activities Interest	Total
2024	\$ 275,000	\$ 138,299	\$ 413,299
2025	275,000	132,105	407,105
2026	275,000	123,954	398,954
2027	275,000	115,663	390,663
2028	185,000	107,781	292,781
2029-2033	925,000	439,006	1,364,006
2034-2038	925,000	291,006	1,216,006
2039-2043	900,000	130,450	1,030,450
Total	\$ 4,035,000	\$ 1,478,264	\$ 5,513,264

**TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

9. LONG-TERM OBLIGATIONS (CONTINUED)

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function.

The following are the individual capital lease obligations outstanding for governmental activities at June 30, 2023:

	Interest Rate	Maturity Date	Balance at 6/30/2023
Governmental activities:			
LifePaks	5.87%	8/2023	\$ 6,943
			<u>\$ 6,943</u>

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2023 are as follows:

Year ending June 30,	Principal	Governmental Activities Interest	Total
2024	\$ 6,943	\$ 346	\$ 7,289
Total	\$ 6,943	\$ 346	\$ 7,289

TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

10. DEFINED BENEFIT PENSION PLAN

Plan Description

Full-time Town employees are eligible to participate in the Maine Public Employees Retirement System (MainePERS), a cost sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title V of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.mainebers.org or by contacting the System at (800) 451-9800

Benefits Provided

The MainePERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60. 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 his/her normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

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

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

TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2023, the Town reported a liability of \$214,928 for its proportionate share of the net pension asset/liabilities for the plan. The net pension asset/liabilities were measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension asset/liability was based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the Town's proportion was 0.080850%.

At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred outflows of resources</i>	<i>Deferred inflows of resources</i>
Difference between expected and actual experience	\$ 39,943	\$ -
Net difference between projected and actual earnings on pension plan investments	-	90,207
Changes in assumptions	43,623	-
Contributions subsequent to measurement date	61,211	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,048	14,194
	<u>\$ 156,825</u>	<u>\$ 104,401</u>

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

Year Ending June 30,	Amount
2023	18,930
2024	(14,044)
2025	(56,041)
2026	42,369

TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

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

Actuarial Cost Method

The entry age normal actuarial funding method is used to figure costs. Using this method, the total employer contribution rate contains two elements – the normal cost rate and the unfunded actuarial liability (UAL) rate.

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

Experience gains (losses) – increases or decreases in liabilities and in assets when actual experience is different from the actuarial assumptions – affect the unfunded actuarial accrued liability.

Asset Valuation Method

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

Amortization

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

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

Investment Rate of Return – 6.50% per annum for the year ended June 30, 2021

Salary Increases, Merit and Inflation – 2.75%-11.48% plus merit component based on each employee's years of service for the year ended June 30, 2022

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.

TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Class	Long-term Expected Real Rate of Return
Public equities	6.0 %
US government	2.3
Private equity	7.6
Real assets:	
Real estate	5.2
Infrastructure	5.3
Natural resources	5.0
Traditional credit	3.0
Alternative credit	4.2
Diversifiers	5.9

Discount Rate

The discount rate used to measure the collective pension liability was 6.5% for 2022. 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 contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate.

1% Decrease	Current Discount Rate	% Increase
5.50%	6.50%	7.50%
\$ 634,958	\$ 214,928	\$ (132,242)

Pension Plan Financial and Actuarial Information

Additional financial information and actuarial information can be found in the Maine PERS 2022 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (800) 451-9800.

**TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

11. OPEB OBLIGATIONS

Plan Description

The Town provides health insurance to its employees through Maine Municipal Employees Health Trust (MMEHT). The Town does not provide postemployment or postretirement health benefits, but it is subject to an implicit benefit for its members in MMEHT.

Accounting Policies

The impact of experience gains or losses and assumption changes on the Total OPEB Liability (TOL) are recognized in the OPEB expense over the average expected remaining life of all active and inactive members of the Plan. As of the beginning of the measurement period, this average was 7 years.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next 5 years, and thereafter:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 97,218
Changes in assumptions	23,150	20,972
Contributions subsequent to measurement date	730	-
Total	\$ 23,880	\$ 118,190

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

Year ended June 30:

2024	(14,911)
2025	(12,364)
2026	(20,371)
2027	(22,701)
2028	(22,705)
Thereafter	(1,988)

As of January 1, 2023, the plan membership data is comprised of 13 active members with only an implicit benefit.

**TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

11. OPEB OBLIGATIONS (CONTINUED)

Key Economic Assumptions:

Measurement date: January 1, 2023

Discount rates: 3.72% per annum for year end 2023 reporting
2.06% per annum for year end 2022 reporting

Trend assumptions: *Pre-Medicare Medical* – Initial trend of 7.90% applied in FYE 2022 grading over 20 years to 4.55% per annum.

Pre-Medicare Drug – Initial trend of 8.15% applied in FYE 2022 grading over 20 years to 4.55% per annum.

Medicare Medical – Initial trend of 4.80% applied in FYE 2022 grading over 20 years to 4.55% per annum.

Medicare Drug – Initial trend of 8.15% applied in FYE 2022 grading over 20 years to 4.55% per annum.

Administrative and claims expense – 3% per annum.

Future Plan Changes

It is assumed that the current plan and cost-sharing structure remains in place for all future years.

Demographic Assumptions:

Retiree continuation: Retirees who are current Medicare participants – 100%
Retirees who are Pre-medicare, active participants – 75%
Spouses who are Pre-medicare, spouse is active participant – 50%

Rate of mortality: Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those include in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

TOWN OF NEW GLOUCESTER, MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit 1

11. OPEB OBLIGATIONS (CONTINUED)

Assumed rate of retirement: For employees hired prior to July 1, 2014

Age 57-58 – 6%
Age 59 – 10%
Age 60-61 - 12%
Age 62-63 - 16%
Age 64 – 20%
Age 65-66 – 30%
Age 67-69 – 25%
Age 70+ - 100%

For employees hired after July 1, 2014

Age 55-61 – 6%
Age 62 – 10%
Age 63-64 – 12%
Age 65 – 20%
Age 66-68 – 16%
Age 69 – 20%
Age 70-74 - 25%
Age 75+ - 100%

Salary increases: 2.75% per year

Discount Rate

The discount rate used to measure the TOL was 3.72% based on a measurement date of January 1, 2023. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

The following table shows how the net OPEB liability as of June 30, 2023 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 2.06%.

1% Decrease 2.72%	Current Rate 3.72%	1% Increase 4.72%
\$ 128,365	\$ 110,250	\$ 95,281

Changes in the healthcare trend affect the measurement of the TOL. Lower healthcare trend rates produce a lower TOL and higher healthcare trend rates produce a higher TOL. The table below shows the sensitivity of the TOL to the healthcare trend rates.

1% Decrease	Healthcare Trend Rates	1% Increase
\$ 93,178	\$ 110,250	\$ 131,378

A 1% decrease in the healthcare trend rate decreases the NOL by approximately 15.5%. A 1% increase in the healthcare trend rate increases the NOL by approximately 19.2%.

Town of New Gloucester, Maine
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 8,598,560	\$ 8,598,560	\$ 8,620,438	\$ 21,878
Excise taxes	1,207,000	1,207,000	1,407,089	200,089
Intergovernmental revenue	1,133,772	1,133,772	1,679,140	545,368
Interest income	43,000	43,000	65,048	22,048
Charges for services	220,250	220,250	279,426	59,176
Licenses and permits	46,500	46,500	123,741	77,241
Other revenues	53,000	53,000	71,779	18,779
Total revenues	11,302,082	11,302,082	12,246,661	944,579
EXPENDITURES:				
General government	1,478,565	1,482,715	1,311,891	170,824
Public safety	905,730	905,730	838,704	67,026
Public works	1,188,864	2,333,952	1,779,599	554,353
Transfer station	288,155	288,155	287,538	617
Education	5,736,181	5,736,181	5,736,181	-
County tax	400,779	588,707	588,707	-
Debt service	446,880	446,880	446,875	5
Culture and recreation	199,302	199,302	189,318	9,984
Other	174,924	183,744	150,215	33,529
Total expenditures	10,819,380	12,165,366	11,329,029	836,337
Excess (deficiency) of revenues over (under) expenditures	482,702	(863,284)	917,632	1,780,917
OTHER FINANCING SOURCES (USES):				
Operating transfers in	488,429	488,429	1,062,303	(573,874)
Operating transfers (out)	(1,208,477)	(1,208,477)	(1,667,870)	459,393
Total other financing sources	(720,048)	(720,048)	(605,566)	(114,482)
Net changes in fund balances			312,066	
FUND BALANCES - BEGINNING			4,840,821	
FUND BALANCES - ENDING			\$ 5,152,887	

Exhibit 2

Town of New Gloucester, Maine
Schedule of Proportionate Share of Net Pension Liability
Maine Public Employees Retirement System Local Districts Consolidated Plan
Employer ID: P0210
Last 10 Fiscal Years *

		2023	2022	2021	2020	2019
A	Town's proportion		0.08%	0.07%	0.09%	0.10%
B	Town's share	\$	214,928	\$ (23,903)	\$ 343,592	\$ 299,981
						\$ 306,617
C	Town's covered payroll	\$	617,858	\$ 469,185	\$ 558,606	\$ 600,348
D	Payroll percentage		34.79%	-5.09%	61.51%	49.97%
						47.62%
E	Net position percentage		93.20%	-0.86%	88.35%	90.62%
						91.14%

		2018	2017	2016	2015	2014
A	Town's proportion		0.13%	0.11%	0.12%	.012%
B	Town's share	\$	533,484	\$ 610,031	\$ 368,419	\$ 185,125
						\$ 392,260
C	Town's covered payroll	\$	702,977	\$ 605,341	\$ 609,376	\$ 596,204
D	Payroll percentage		75.89%	100.77%	60.46%	31.05%
						55.62%
E	Net position percentage		86.43%	81.61%	88.27%	94.10%
						87.50%

- A** The Town's proportion of the Plan's total net pension liability or asset.
B The Town's proportionate share of the Plan's total net pension liability (asset).
C The Town's covered-employee payroll for the fiscal year.
D The Town's proportionate share (B) as a percentage of its covered-employee payroll (C)
E The Plan's fiduciary net position as a percentage of the Plan's total net pension liability.

* The amounts presented have a measurement date twelve months prior to the Town's fiscal year end.
This schedule is intended to show information for ten years.
The data presented is attributable to those years beginning with the Town's first year
of GASB 68 implementation - the fiscal year ended June 30, 2014.

See notes to required supplementary information.

Exhibit 3

Town of New Gloucester, Maine
Schedule of Employer Contributions
Maine Public Employees Retirement System Local Districts Consolidated Plan
Employer ID: P0210
Last 10 Fiscal Years *

		2023	2022	2021	2020	2019
A	Required	\$	61,211	\$ 63,764	\$ 50,764	\$ 55,885
B	Actual		61,211	63,764	50,764	55,885
C	Deficiency (Excess)	\$	-	\$ -	\$ -	\$ -
						\$ -
D	Town's covered payroll	\$	600,108	\$ 617,858	\$ 469,185	\$ 558,606
E	Payroll percentage		10.20%	10.32%	10.82%	10.00%
						10.00%

		2018	2017	2016	2015	2014
A	Required	\$	61,809	\$ 66,783	\$ 53,877	\$ 47,202
B	Actual		61,809	66,783	53,877	47,202
C	Deficiency (Excess)	\$	-	\$ -	\$ -	\$ -
						\$ -
D	Town's covered payroll	\$	643,846	\$ 702,977	\$ 605,341	\$ 609,376
E	Payroll percentage		9.60%	9.50%	8.90%	7.75%
						7.00%

- A** The Town's contractually required contributions to the Plan.
B The Town's actual contribution to the Plan.
C The Town's deficiency (excess) of actual contributions (B) from (over) required contributions (A).
D The Town's covered-employee payroll for the fiscal year.
E The Town's contributions as a percentage of its covered-employee payroll.

* The amounts presented have a measurement date twelve months prior to the Town's fiscal year end.
This schedule is intended to show information for ten years.
The data presented is attributable to those years beginning with the Town's first year
of GASB 68 implementation - the fiscal year ended June 30, 2014.

See notes to required supplementary information.

Town of New Gloucester, Maine
Schedule of Changes to the Net OPEB Liability
MMEHT Health Insurance OPEB Plan
Last 10 Fiscal Years *

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost (BOY)	\$ 10,322	\$ 13,370	\$ 11,690	\$ 9,242	\$ 10,163	\$ 9,356
Interest (includes interest on service cost)	2,509	5,353	6,067	6,692	5,821	3,752
Changes in benefit terms	-	-	-	(4,060)	-	-
Differences between expected and actual experience	-	(135,894)	-	(439)	-	50,385
Changes of assumptions	(13,904)	(9,115)	13,990	48,464	(15,241)	9,880
Benefit payments	(299)	(2,406)	(2,313)	(5,931)	(5,703)	(2,798)
Net change in total OPEB liability	\$ (1,372)	\$ (128,692)	\$ 29,434	\$ 53,968	\$ (4,960)	\$ 70,575
Total OPEB liability - beginning	\$ 111,622	\$ 240,314	\$ 210,880	\$ 156,912	\$ 161,872	\$ 91,297
Total OPEB liability - ending	\$ 110,250	\$ 111,622	\$ 240,314	\$ 210,880	\$ 156,912	\$ 161,872
Covered employee payroll	\$ 652,696	\$ 652,696	\$ 772,903	\$ 772,903	\$ 828,942	\$ 828,942
Net OPEB liability as a percentage of covered employee payroll	16.90%	17.10%	31.09%	27.28%	18.93%	19.53%

*The amounts presented have a measurement date of January 1st prior to the Town's fiscal year end.
This schedule is intended to show information for ten years.
The data presented is attributable to those years beginning with the Town's first year of GASB 75 implementation - the fiscal year ended June 30, 2018.

See notes to required supplementary information.

TOWN OF NEW GLOUCESTER, MAINE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

1. **ORIGINAL AND FINAL BUDGET DIFFERENCES**

The original budget is the original appropriated budget in place at the beginning of the fiscal year. Changes to the budget during the fiscal year are the result of expenditures from reserve funds, grants, or other donations for their designated purposes, special town meetings, or as a result of changes adopted by the Select Board.

2. **CHANGES IN ASSUMPTIONS AND METHODS FOR PENSIONS AND OPEB**

There were no changes in assumptions and methods used for actuarial calculations for the MainePERS PLD Pension Plan.

The only change in the assumptions and methods used for actuarial calculations for the MMEHT OPEB Plan's change in the discount rate from 2.06% to 3.72%.

Town of New Gloucester, Maine
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	<i>Special Revenue Funds</i>	<i>Capital Projects Funds</i>	<i>Total</i>
ASSETS:			
Cash and cash equivalents	\$ 539,549	\$ 2,725,899	\$ 3,265,448
Interfund receivables	147,582	-	147,582
TOTAL ASSETS	\$ 687,131	\$ 2,725,899	\$ 3,413,030
LIABILITIES AND FUND BALANCE:			
<i>Liabilities:</i>			
Interfund Payables	\$ 1,940	\$ 358,244	\$ 360,184
Total liabilities	1,940	358,244	360,184
<i>Fund Balance:</i>			
Restricted	685,190	-	685,190
Committed	-	2,367,655	2,367,655
<i>Total fund balance</i>	685,190	2,367,655	3,052,845
TOTAL LIABILITIES AND FUND BALANCES	\$ 687,131	\$ 2,725,899	\$ 3,413,030

Town of New Gloucester, Maine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	<i>Special Revenue Funds</i>	<i>Capital Reserve Funds</i>	<i>Total</i>
REVENUES:			
Interest income	\$ 3,360	\$ -	\$ 3,360
Other income	272,517	4,732	277,250
<i>Total revenues</i>	275,877	4,732	280,609
EXPENDITURES:			
Other	384,191	39,570	423,761
Total expenditures	384,191	39,570	423,761
<i>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</i>	(108,314)	(34,838)	(143,152)
OTHER FINANCING SOURCES (USES) OF FUNDS:			
Transfers in	5,025	1,320,184	1,325,209
Transfers out	(1)	(965,302)	(965,303)
<i>Total other financing sources (uses)</i>	5,024	354,881	359,905
<i>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</i>	(103,290)	320,043	216,753
FUND BALANCE - BEGINNING OF YEAR	788,480	2,047,612	2,836,092
FUND BALANCE - END OF YEAR	\$ 685,190	\$ 2,367,655	\$ 3,052,845

Schedule C

Town of New Gloucester, Maine
Schedule of Changes in Fund Balances
Special Revenue Funds
For the Year Ended June 30, 2023

	Beginning Balance	Revenues	Expenditures	Transfers in	Transfers out	Total
RESTRICTED						
Maschino gravel pit	\$ 5,732	\$ 32	\$ -	\$ -	\$ -	5,764
Chandler pit	-	2,809	-	-	-	2,809
Cable TV grant	34,340	244	(8,630)	-	-	25,955
Gazabo	1,125	6	(238)	-	-	903
Community fair	5,517	4,573	(5,720)	-	-	4,370
Leighton gravel	5,212	29	-	-	-	5,240
Historical society lease	65	-	-	-	(1)	64
Recreation	1,225	1,934	(1,894)	-	-	1,265
Cher program	5,033	15,657	(12,990)	-	-	7,700
Recreation scholarship	-	4,951	(2,170)	425	-	3,206
Celebration fund	-	-	-	1,000	-	1,000
Fire rescue donations	36,364	17,257	(6,257)	-	-	47,364
Library gifts	2,485	15,274	(8,341)	-	-	9,228
Fairgrounds donation	1,736	10	-	-	-	1,746
Senior grant	-	-	-	-	-	-
ABPA senior fund	615,052	4,801	(195,798)	-	-	424,055
Kids club	74,581	208,300	-	3,600	-	3,600
			(141,963)	-	-	140,918
TOTAL	\$ 788,480	\$ 275,876	\$ (384,191)	\$ 5,025	\$ (1)	\$ 685,190

Schedule D

Town of New Gloucester, Maine
Schedule of Changes in Fund Balances
Capital Projects Fund
For the Year Ended June 30, 2023

	Beginning Balance	Revenues	Expenditures	Transfers in	Transfers out	Total
COMMITTED						
Office equipment	\$ 5,188	\$ -	\$ -	\$ -	\$ (5,188)	\$ -
Library building	2,957	-	-	-	(2,957)	-
Road reconstruction	1	-	-	-	-	1
Maps and remapping	12,588	-	-	-	(4,000)	8,588
Fire equipment	675,324	632	-	200,000	(290,740)	585,216
Highway equipment	267,354	4,100	-	200,000	-	471,454
Transfer station equipment	-	-	-	50,000	-	50,000
Transfer station safety	98,814	-	(3,776)	265,450	(80,000)	284,264
Franchise cable TV	135,657	-	-	25,000	(102,943)	28,938
Future buildings	153,986	-	-	25,000	-	178,986
Town hall repairs	419	-	-	-	-	25,000
Building emergencies	419	-	-	-	-	4,191
Future land	26,696	-	(15)	-	-	26,681
Water hoses	64,000	-	-	-	(1,500)	62,500
Park and recreation	12,037	-	-	25,000	-	37,037
Fairgrounds	4,811	-	-	-	-	4,811
Fairgrounds royal	752	-	-	-	752	-
Fairgrounds	14,589	-	(5,779)	-	-	8,810
Library improvement	1,147	-	-	-	-	1,147
Library expansion	475,975	-	-	529,734	(475,975)	529,734
Paving	3,195	-	-	-	(2,000)	1,195
Fairgrounds playground	25,450	-	-	-	-	25,450
Lower village land	30,000	-	(30,000)	-	-	-
Transfer station roll off container	32,899	-	-	-	-	-
Stevens Brook	-	-	-	-	-	32,899
TOTAL	\$ 2,047,611	\$ 4,732	\$ (39,570)	\$ 1,320,184	\$ (965,302)	\$ 2,367,655

APPENDIX D

**PROPOSED FORM
OF
LEGAL OPINION**

[This page left intentionally blank.]

June 26, 2025

[address]

FORM OF OPINION

Attn: [underwriter]

Re: Maine School Administrative Unit No. 15
2025 General Obligation Bonds in principal amount of \$2,390,000, dated June 26, 2025
Final CUSIP: 807280__

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by Maine School Administrative Unit No. 15 (the “Issuer”) of the Issuer’s registered 2025 General Obligation Bonds in the principal amount of \$2,390,000, dated June 26, 2025 (the “Bonds”).

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. In our examination of the foregoing, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such copies. As to questions of fact material to our opinion, we have relied upon certified proceedings and other certifications of public officials furnished to us, and we have not undertaken to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto.

The Bonds are dated June 26, 2025, and will bear interest payable on November 1, 2025, and semi-annually thereafter on May 1 and November 1 of each year thereafter until maturity. The Bonds are issued in the following denominations and principal amounts and will mature on November 1 of each year as reflected hereinbelow:

Year	Installment	Interest Rate	Year	Installment	Interest Rate
2025	\$ 0.00		2034	\$ 160,000	
2026	\$ 160,000		2035	\$ 160,000	
2027	\$ 160,000		2036	\$ 160,000	
2028	\$ 160,000		2037	\$ 160,000	
2029	\$ 160,000		2038	\$ 160,000	
2030	\$ 160,000		2039	\$ 155,000	
2031	\$ 160,000		2040	\$ 155,000	
2032	\$ 160,000		Total	\$ 2,390,000	
2033	\$ 160,000				

Bonds maturing on and before November 1, 2035 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after November 1, 2036 are subject to redemption prior to their stated dates of maturity, at the option of the Issuer, on and after May 1, 2035, in whole or in part at any time, in such order of maturity as the Issuer, in its discretion, may determine at a price of par (100% of

original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

Each of the Bonds have been signed by the Treasurer of the Issuer, countersigned by the Chair of the School Board of the Issuer, and attested to by the Secretary of the Issuer, and bear the signed certificate of the authenticating agent identified thereon. The Bonds are issued in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company. Purchases of the Bonds will be made in book-entry form, in the denominations of \$5,000 or any integral multiple thereof.

In formulating our opinion we have made such examination of Maine law and federal tax law as we have deemed relevant for the purposes of this opinion but have not made an independent review of the laws of any other state or jurisdiction. Accordingly, we express no opinion as to the laws of any state or jurisdiction other than those of the State of Maine and the tax laws of the United States of America.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds, executed and authenticated as described above, have been duly authorized and are valid and binding general obligations of the Issuer, enforceable in accordance with its terms.
2. Unless paid from other sources, the Bonds are payable as to both principal and interest from ad valorem taxes which may be levied without limit as to rate or amount upon all the property within the territorial limits of the Issuer (which territory comprises the Towns of Gray and New Gloucester, Maine) and taxable by it, except to the extent that any municipality within the territory of the Issuer may enter into an agreement under Title 30-A, Chapter 223, Subchapter 5 of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality; and except to the extent that any municipality within the territory of the Issuer establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds.
3. Under existing statutes and court decisions, interest on the Bonds (i) is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item in calculating the alternative minimum tax under the Code. However, such interest is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The opinions set forth herein are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements, however, may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of the issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.
4. Interest payable on the Bonds is not subject to Maine income taxes imposed upon individuals under existing statutes, regulations, and court decisions. We express no opinion with respect to taxation of the Bonds and the interest thereon under the laws of any state other than the State of Maine.

5. The Bonds are designated as a qualified tax-exempt obligation by the Issuer pursuant to section 265(b)(3) of the Code.

The foregoing opinions are qualified to the extent that the enforceability of obligations of the Issuer, including the Bonds, may be limited by bankruptcy, moratorium, or insolvency, or other laws affecting the rights and remedies of creditors generally and are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have not examined and assume no responsibility for the financial condition of the Issuer and nothing set forth herein shall be construed as an assurance as to the Issuer's financial condition or ability to make payment on the Bonds.

The opinions rendered herein are given as of the date hereof and we assume no obligation to update, revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

DRUMMOND WOODSUM & MACMAHON

[This page left intentionally blank.]

APPENDIX E

**PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT**

[This page left intentionally blank.]

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 15
PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT

In connection with the issuance by the Maine School Administrative District No. 15, Maine (the “Issuer”) of its \$_____,000 2025 General Obligation Bonds dated _____, 2025 (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under this 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 _____, 2025 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

In addition to the definitions set forth above in the undertaking, which apply to any capitalized term used in this Agreement unless otherwise defined, if used the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean the financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 1 of this Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

“Dissemination Agent” shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

“Holders” shall mean the registered Holders of the Bonds, as recorded in the registration books of the Registrar.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005, which is subject to change from time to time.

“State” shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than March 31 after the end of each fiscal year, commencing with the fiscal year ending June 30, 2025, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings “ISSUER FINANCES,” “INDEBTEDNESS” and in APPENDIX A to the Official Statement and such other Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer

commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Bonds.
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults, if material
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions or events affecting the tax-exempt status of the Bonds, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - g. Modifications to rights of security holders, if material;
 - h. Bond calls, if material, and tender offers;
 - i. Defeasances;
 - j. The release, substitution, or sale of property securing repayment of the Bonds;
 - k. Rating changes;
 - l. Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in Section 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);
 - m. 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;
 - n. Appointment of a successor or additional trustee or the change of name of a trustee;
 - o. Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security Holders, if material; and
 - p. 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.
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 the Issuer's undertakings under this Agreement 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 Issuer's undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Bonds or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.
6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.
7. The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: David Pascale, Director of Finance and Operations, MSAD No. 15, 14 Shaker Road, Gray, ME 04039, dpascale@sad15.org.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 15

Dated: _____, 20__

By: _____
Chanda Turner, Treasurer

[This page left intentionally blank.]