



**REGIONAL SCHOOL UNIT NO. 22
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED, JUNE 30, 2025**

Regional School Unit No. 22

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

Board of Directors
Regional School Unit No. 22

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparison information of Regional School Unit No. 22, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Regional School Unit No. 22's basic financial statements, and have issued our report thereon dated February 12, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regional School Unit No. 22's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional School Unit No. 22's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 22's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be, or material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional School Unit No. 22's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Directors
Regional School Unit No. 22

Purpose of This Report

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

Brantner Whibodian & Associates

Bangor, Maine
February 12, 2026



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

To the Board of Directors
Regional School Unit No. 22

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Regional School Unit No. 22's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Regional School Unit No. 22's major federal programs for the year ended June 30, 2025. Regional School Unit No. 22's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Regional School Unit No. 22 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Regional School Unit No. 22 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Regional School Unit No. 22's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Regional School Unit No. 22's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Regional School Unit No. 22's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Regional School Unit No. 22's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Regional School Unit No. 22's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Regional School Unit No. 22's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Regional School Unit No. 22's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item #2025-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Regional School Unit No. 22's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Regional School Unit No. 22's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #2025-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Regional School Unit No. 22's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Regional School Unit No. 22's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal Awards as Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 22, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Regional School Unit No. 22's basic financial statements. We issued our report thereon, dated February 12, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Brantner Shibadian & Associates

Bangor, Maine
February 12, 2026

Regional School Unit No. 22

Schedule of expenditures of federal awards

For the year ended June 30, 2025

Federal agency/ listing number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor number	Program expenditures	Listing/ cluster total	Pass-through to sub- recipients
Department of education							
84.002	Adult education - basic grants to states		Bangor School Department	6296	\$ 520		-
84.010	Title I grants to local educational agencies		ME Dept of Education	3107	453,771		-
84.027	Special education grants to states	Special education	ME Dept of Education	3046	729,310	729,310	-
84.358	Rural education		ME Dept of Education	3305	22,945		-
84.367	Supporting effective instruction state grants		ME Dept of Education	3042	117,937		-
84.424	Student support and academic enrichment		ME Dept of Education	3345	15,219		-
84.425U	Elementary and secondary school emergency relief 3		ME Dept of Education	7071	179,000		-
84.425U	Elementary and secondary school relief MLEH 2		ME Dept of Education	3161	1,517		-
84.425U	American rescue plan literacy grant		ME Dept of Education	7072	10,500	191,017	-
	Total department of education				1,530,719		
Department of agriculture							
10.553	School breakfast program	Child nutrition	ME Dept of Education	3014	128,862		-
10.555	National school lunch program	Child nutrition	ME Dept of Education	3022/3024	387,871		-
10.555	National school lunch program - donated commodities	Child nutrition	ME Dept of Education	n/a	108,100		-
10.582	Fresh fruit and vegetable program	Child nutrition	ME Dept of Education	3028	21,683	646,516	-
10.575	Local Produce		ME Dept of Education	6671	152		-
10.579	Healthy Meals Incentives		ME Dept of Education	n/a	75,391		-
	Total department of agriculture				722,059		
Federal communications commission							
32.004	Universal service fund - schools and libraries		Direct	n/a	20,859		-
	Total expenditures of federal awards				\$ 2,273,637		

See accompanying independent auditors' report on schedule of expenditures of federal awards

The accompanying notes are an integral part of this schedule.

Regional School Unit No. 22

Notes to the schedule of expenditures of federal awards

June 30, 2025

I. Purpose of the schedule

Office of Management and Budget (OMB)'s Uniform Guidance requires a schedule of expenditures of federal awards showing total expenditures for each federal award program as identified in the Assistance Listings in the System for Award Management.

II. Summary of significant accounting policies

A. Reporting entity

The accompanying schedule includes all federal award programs of Regional School Unit No. 22 for the fiscal year ended June 30, 2025. The reporting entity is defined in the notes to the financial statements of Regional School Unit No. 22.

B. Basis of presentation

The information in the accompanying schedule of expenditures of federal awards is presented in accordance with the Uniform Guidance. Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.

Major programs

The Uniform Guidance establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for Regional School Unit No. 22 are identified in the summary of auditor's results section in the schedule of findings and questioned costs.

C. Basis of accounting

The information presented in the schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the Unit's fund financial statements.

D. Indirect cost rate

Regional School Unit No. 22 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

E. Food distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities consumed. At June 30, 2025, the Unit had food commodities consumed totaling \$108,100.

Regional School Unit No. 22
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I — Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting

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

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

Federal Awards

Internal control over major programs

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

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

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

Identification of major programs

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
--	--

10.553,10.555,582	Child Nutrition Cluster
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Dollar threshold used to distinguish between Type A and Type B programs - \$750,000

Auditee qualified as low-risk auditee? - ☒ yes ☐ no

Regional School Unit No. 22
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2025

Section II — Financial Statement Findings

None noted

Condition

Criteria

Cause

Effect

Recommendation

Management's response

Section III — Federal Award Findings and Questioned Costs

#2025-001

Information on federal programs

Child Nutrition Cluster CFDA #10.553,10.555,10.582

Pass-through entity

State of Maine Department of Education

Finding type

Compliance, significant deficiency

Criteria or specific requirement (including statutory, regulatory or other citation)

The Child Nutrition Program (CNP) requires that monthly reimbursement claims be accurate, complete, and supported by valid meal count documentation in accordance with 7 CFR Parts 210, 215, and 220, as applicable. Claims must reflect only eligible meals served to eligible participants and be submitted based on properly maintained source records.

Condition

During the audit period, it was noted that one reimbursement claim submitted for the Child Nutrition Program contained errors. Specifically, meal counts reported for reimbursement did not agree with supporting daily meal count records. As a result, the reimbursement claim submitted to the State agency was inaccurate.

Cause and effect

The error was caused by inadequate review and reconciliation procedures prior to claim submission. Staff responsible for preparing and submitting claim did not consistently verify reported meal counts against source documentation. Additionally, there was insufficient supervisory review to detect and correct errors before submission.

As a result, the Unit submitted an inaccurate reimbursement claim, which resulted in overstatement of program revenues. This condition increases the risk of questioned costs, potential repayment of funds, and noncompliance with federal program requirements.

Recommendation

Management should strengthen internal controls over the preparation and submission of Child Nutrition Program reimbursement claims. This should include implementing a documented review process to reconcile meal counts to source records prior to submission, providing additional training to staff involved in claim preparation, and ensuring supervisory review and approval of all claims.

Management's response

Management concurs with the finding and will implement corrective actions to improve claim review procedures and staff training to ensure future reimbursement submissions are accurate and compliant.

**Regional School Unit No. 22
Schedule of Prior Audit Findings
For the Year Ended June 30, 2025**

#2024-001

Condition

Grant revenue was not being billed on a timely basis. Also, there was a lack of formal oversight for grant revenue results.

Status

The recommendation to this finding was implemented.



**REGIONAL SCHOOL UNIT NO. 22
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED, JUNE 30, 2025**

Regional School Unit No. 22

Annual financial report

For the fiscal year ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Regional School Unit No. 22

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of Regional School Unit No. 22, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Regional School Unit No. 22's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Regional School Unit No. 22, as of June 30, 2025, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Regional School Unit No. 22 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, Regional School Unit No. 22 adopted new accounting guidance, GASBS No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 Regional School Unit No. 22's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional School Unit No. 22'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 Regional School Unit No. 22's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School Unit No. 22's basic financial statements. The accompanying combining and individual fund financial statements and the reconciliation of audit adjustments to annual financial data submitted to Maine Education Financial System are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves,

Board of Directors

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 February 12, 2026, on our consideration of the Regional School Unit No. 22's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Regional School Unit No. 22'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 Regional School Unit No. 22's internal control over financial reporting and compliance.

Brantner Shibodeau & Associates

Bangor, Maine
February 12, 2026

Regional School Unit No. 22

Management's Discussion and Analysis

As management of the Regional School Unit No. 22, we offer readers of the School Unit's financial statements this narrative overview and analysis of the financial activities of the School Unit for the fiscal year ended June 30, 2025.

Financial highlights

- The assets and deferred outflows of resources of the School Unit exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$36,439,365 (net position). The unrestricted net position, which represents the amounts available to meet the School Unit's ongoing obligations to citizens and creditors, was \$6,341,766.
- The School Unit's total net position increased \$527,292. Fund balance in the governmental funds decreased by \$1.8 million. Principal payments on notes, which are considered expenditures in the governmental funds, are a reduction of long-term liabilities in the entity-wide financial statements, totaled nearly \$3.5 million. This was partially offset by \$1 million in note proceeds.
- At the close of the current fiscal year, the School Unit's governmental funds reported combined fund balances of \$13,078,777, a decrease of \$1,775,993 in comparison with the prior year. Of this amount, \$8,450,948, or 65%, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$9,452,731, or approximately 23% of total general fund expenditures and transfers to other funds.

Overview of the financial statements

The discussion and analysis provided here are intended to serve as an introduction to the School Unit's basic financial statements. The School Unit's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

The *statement of net position* presents financial information on all of the School Unit's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School Unit is improving or deteriorating.

The *statement of activities* presents information showing how the School Unit's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and

expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School Unit that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the School Unit include instruction, administration, transportation, maintenance, and food service. The School Unit does not have any business-type activities.

The government-wide financial statements can be found on pages 12-13 of this report.

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

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

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

The School Unit maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The School Unit adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support the School Unit's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The School Unit maintains three fiduciary funds. The *private-purpose trust fund* is used to report resources held for scholarships and other programs that benefit students. The *custodial funds* report resources, not in a trust, that are held by the School Unit for other parties outside of the School Unit's reporting entity, for the Penobscot River Educational Partnership and the Maine Cohort for Customized Learning.

The fiduciary fund financial statements can be found on pages 18-19 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-40 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the School Unit's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 41-44.

The combining statements referred to earlier in connection with nonmajor governmental funds and private-purpose trust funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 45-53 of this report.

Government-wide overall financial analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the School Unit, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$36,436,365, at the close of the most recent fiscal year.

	2025	2024 restated	Change
Assets			
Current assets	\$ 18,003,119	19,011,236	(1,008,117)
Capital assets, net	46,669,587	46,836,259	(166,672)
Total assets	64,672,706	65,847,495	(1,174,789)
Total deferred outflows of resources	1,519,969	1,499,872	20,097
Liabilities			
Long-term liabilities	24,344,896	26,966,356	(2,621,460)
Other liabilities	5,013,579	4,255,959	757,620
Total liabilities	29,358,475	31,222,315	(1,863,840)
Total deferred inflows of resources	394,835	212,979	181,856
Net position			
Net investment in capital assets	28,746,158	26,339,025	2,407,133
Restricted	1,351,441	1,390,642	(39,201)
Unrestricted	6,341,766	8,182,406	(1,840,640)
Total net position	\$ 36,439,365	35,912,073	527,292

Current and other assets decreased by \$1,008,117 from the prior year. This coincides with the increase in other liabilities and the decrease in fund balance. Cash saw a significant decrease (\$934 thousand) due to expenditures exceeding revenues. This was offset by increases in accounts payable and accrued wages and benefits. Receivables decreased \$135 thousand, which is attributable to collecting grant funds in a timelier manner.

Long-term liabilities, which consist of notes, compensated absences and postemployment benefit obligations, decreased over \$2.6 million from the previous year. The School Unit's notes decreased \$2.6 million due to making scheduled principal payments, while also receiving \$704,407 in loan forgiveness.

Other liabilities increased over \$750 thousand due to increases in accounts payable and accrued wages and benefits. The School Unit had large payables at year end for the supplies, paving, transportation services, a vehicle, equipment, and construction costs for the Weatherbee ADA project. Wage and health insurance increases contributed to the increase in accrued wages and benefits.

By far, the largest portion of the School Unit's net position, \$28.7 million, reflects its investment in capital assets (e.g., land, buildings, equipment, and vehicles), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The School Unit uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the School Unit's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the School Unit's net position, \$1,351,441, represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the School Unit's unrestricted net position was a balance of \$6,341,766.

The School Unit's overall net position increased \$527 thousand from the prior fiscal year. The reasons for this overall increase are discussed in the following sections.

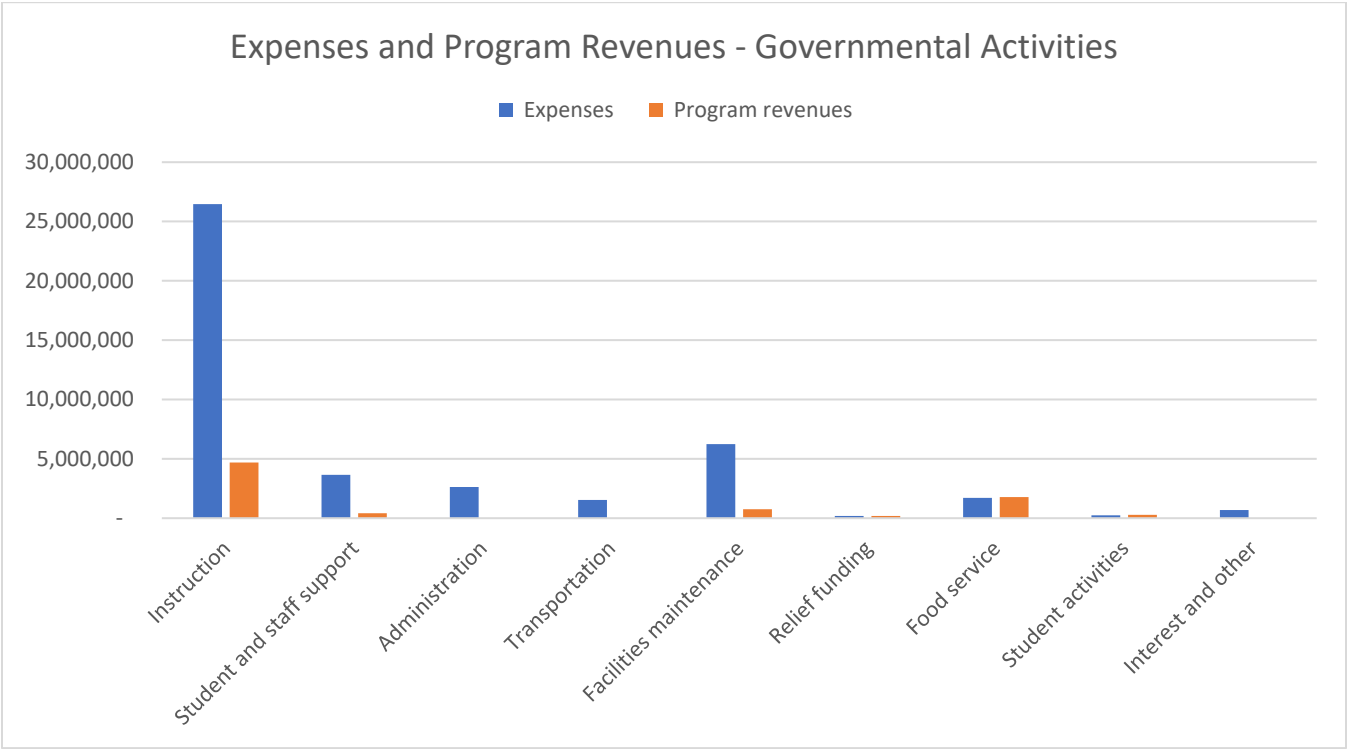
	2025	2024	Change
Revenues			
Program revenues			
Charges for services	\$ 895,728	778,200	117,528
Operating grants and cont.	6,462,495	5,834,821	627,674
Capital grants and cont.	704,407	888,350	(183,943)
General revenues			
Local assessments	13,628,771	14,133,074	(504,303)
Unrestricted grants and cont.	21,621,301	21,803,721	(182,420)
Other	480,650	293,538	187,112
Total revenues	<u>43,793,352</u>	<u>43,731,704</u>	<u>61,648</u>
Expenses			
Instruction	26,457,682	24,392,668	2,065,014
Student and staff support	3,643,855	3,356,190	287,665
Administration	2,616,996	2,567,728	49,268
Transportation	1,527,801	1,595,855	(68,054)
Facilities maintenance	6,229,916	5,630,365	599,551
Relief funding	180,517	106,277	74,240
Food service	1,701,364	1,668,409	32,955
Student activities	232,121	197,120	35,001
Interest on debt	675,808	623,099	52,709
Total expenses	<u>43,266,060</u>	<u>40,137,711</u>	<u>3,128,349</u>
Increase (decrease) in net position	527,292	3,593,993	
Net position - beginning, restated	<u>35,912,073</u>	<u>32,663,009</u>	
Net position - ending	<u>\$ 36,439,365</u>	<u>36,257,002</u>	

Governmental activities. During the current fiscal year, net position for governmental activities increased \$527,292 from the prior fiscal year for an ending balance of \$36,436,365. The increase in the overall net position of governmental activities is primarily due to the decrease in fund balance of the governmental funds of \$1,775,993, offset by the repayment of \$2.9 million of debt principal which is considered an expenditure in the governmental funds.

Overall, revenues increased slightly from the prior year. The School Unit saw decreases of \$504,303 in local assessments and \$182,420 in state subsidy. These decreases were offset by increases in tuition (\$121,078), grants and contributions (\$443,731), and interest revenue (\$187,812).

Expenses increased from \$40.1 million in the prior year to \$43.3 million in the current year. The largest increases were instruction (\$2.1 million), facilities maintenance (\$600 thousand), and student and staff support (\$288 thousand). Salary and benefit increases, outside placement tuition costs, along with tackling multiple building upgrade and repair projects, were factors in the increase of expenses.

As shown in the chart below, revenues generated by the School Unit’s programs are not sufficient to cover the costs. The School Unit relies on local assessments, state funding, and other general revenues to cover the costs associated with the various programs.



Financial analysis of governmental funds

As noted earlier, the School Unit uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the School Unit's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School Unit’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the School Unit itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the School Unit’s Board.

At June 30, 2025, the School Unit’s governmental funds reported combined fund balances of \$13,078,777, a decrease of \$1,775,993 in comparison with the prior year. Of this amount, \$8,450,948, or 65%, constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that

it is (1) not in spendable form, \$35,073; (2) not spendable because it is legally required to be maintained intact, \$342,500; (3) restricted for particular purposes, \$974,118; (4) committed for particular purposes, \$2,276,138; or (5) assigned for the subsequent budget, \$1,000,000.

Analysis of Individual Funds

The general fund is the chief operating fund of the School Unit. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,452,731, while total fund balance decreased to \$9,452,981. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers to other funds. Unassigned fund balance represents 20% of total general fund expenditures and transfers to other funds, while total fund balance represents 23% of that same amount.

The fund balance of the School Unit's general fund decreased by \$2,233,770 during the current fiscal year. Revenues exceeded budgeted figures by \$800,947, while expenditures came in under budget by \$1,346,258. This was offset by a budgeted use of fund balance of \$3,000,000 and transferring \$1,341,500 into capital reserves.

General fund budgetary highlights

Original budget compared to final budget. During the year, the School Board approved a one-time transfer of general fund unassigned fund balance of \$1,341,500 to the technology reserve (\$200,000), energy reserve (\$50,000), special education reserve (\$100,000), field maintenance reserve (\$280,000), and the capital maintenance reserve (\$711,500).

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Revenue source	Estimated revenues	Actual revenues	Difference
Tuition	\$ 522,913	691,735	168,822
Rentals	1,000	38,879	37,879
Interest	50,000	357,467	307,467
Refunds and reimbursements	6,000	51,583	45,583
Other	8,492	71,600	63,108

Tuition revenues exceeded budget as the amount of tuition students attending RSU 22 exceeded initial projections. Rent received from Kindercare totaled \$37,681 and was unbudgeted. Increasing interest rates with a large cash balance has helped the School Unit earn nearly \$357 thousand in interest revenue. Refunds and reimbursements included a refund from the workers comp and unemployment trusts, gas tax refund, PREP fiscal agent fee, energy efficiency rebates, and a shortfall payment from Honeywell. Other included fees for testing programs and tech repairs, a sponsorship from Coca-Cola, and other miscellaneous payments received during the year.

Expenditures	Estimated expenditures	Actual expenditures	Difference
Regular instruction	\$ 13,765,493	13,487,413	278,080
Special education	8,488,220	7,947,379	540,841
Student and staff support	3,896,772	3,625,487	271,285
Transportation	1,677,759	1,544,612	133,147

Actual expenditures came in under budget by \$1.35 million. There were multiple factors causing the variance between budgeted and actual amounts. Most savings in regular instruction, special education, and student and staff support were related to salaries and benefits. There were unfilled positions (many in special education), retired teachers replaced by teachers at a lower wage scale, and employees taking insurance plans that differed from what was budgeted (i.e., employees budgeted to select the family health insurance plan but took the single health insurance plan or no insurance). Student and staff support also had savings in technology purchases and contracted services. Savings on the contracted transportation contract and fuel purchases helped transportation come in under budget.

Capital asset and debt administration

Capital assets. The School Unit's investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$46,669,587 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and vehicles. The total decrease in capital assets for the current fiscal year was 0.4%.

		Capital assets, net	
		2025	2024
Land	\$	669,844	669,844
Construction in progress		767,629	908,848
Buildings and improvements		35,135,408	35,070,564
Land improvements		7,159,520	7,556,111
Equipment and furniture		2,840,932	2,536,016
Vehicles		96,254	94,876
	\$	<u>46,669,587</u>	<u>46,836,259</u>

Major capital assets events during the current fiscal year included the following:

- The Reeds Brook façade was wrapped up, incurring \$528,129 in costs during the year.
- The ADA improvement project at Weatherbee School continued costing \$664,809 during the year.
- New audio and visual equipment, including projectors were installed at multiple schools for a total cost of \$204,680.
- The parking lots at Smith and Wagner Schools were paved for a total cost of \$75,769.
- Two Hobart dishwashers and a walk-in cooler were purchased for \$90,151.
- A 2018 and 2019 Toyota Sienna were purchased for \$24,728 and \$27,000, respectively.
- An ASCO 7000 series transfer switch for the generator was purchased at a cost of \$119,030.
- A 1300-gallon Tramont fuel tank was acquired for \$47,436.

Additional information on the School Unit's capital assets can be found in Note III.D of this report.

Long-term Debt. At the end of the current fiscal year, the School Unit had total notes outstanding of \$17,923,429.

		Outstanding debt	
		2025	2024
Notes payable	\$	17,923,429	20,497,234

The School Unit’s total debt decreased by \$2,573,805 (12.5%) during the current fiscal year. The decrease is due to the School Unit making scheduled principal payments during the fiscal year. The School Unit issued a \$1,006,296 school revolving renovation fund with the Maine Municipal Bond Bank, \$704,407 of which was forgiven. The School Unit chose to pay off the remaining \$301,889 in the current year as opposed to over the next ten years.

Additional information on the School Unit’s long-term debt can be found in Note III.E and III.F of this report.

Economic factors and next year’s budget

While the School Unit has been able to fill nearly all open teaching positions, we still struggle to fill support staff positions, with special education ed tech positions being the most difficult to fill. The School Unit budgeted for an IEP coordinator but has not been able to fill that position as well as custodial, food service and administrative assistant positions. The influx of CDS (Child Development Services) clients (students between the ages of 3-5) that require more services will put a further strain on the current ability to hire the staff to meet the specific needs of the students.

The local assessments of RSU 22 towns increased by an average of 23.8% in FY26. The FY26 assessments were offset using \$1 million from the unallocated fund balance. The RSU utilized \$3 million from unallocated fund balance in the prior year. The School Unit will continue to use a substantial balance forward to offset the town assessments until our unallocated fund balance is more inline within State guidelines, while being cognizant of not creating large swings in tax rates.

The School Unit is mindful of potential financial challenges coming in the next few years. In addition to the continued hiring crisis, a financial cliff is predicted. September 2024 saw the end of available federal crisis funding. School districts will face tough choices of whether to absorb the programs that were built using federal dollars or to cut those programs and staffing.

The Maine Legislature has voted to require a minimum hourly wage of \$22.50/hour for FY26, \$23.75/hour for FY27, and \$25.00/hour for FY28 for educational technicians (125% of the minimum hourly wage in Title 26 §664 (1)) and a minimum hourly wage for other school support staff of \$20.70/hour for FY26, \$21.85/hour for FY27, and \$23.00/hour for FY28 for educational technicians (115% of the minimum hourly wage in Title 26 §664 (1)). Thereafter, the increase must equal that of the cost of living. The Maine Legislature has proposed increasing the minimum teacher’s salary to \$50,000. Additionally, the federal government is threatening to reduce or cut funding to Title programs intended to serve those most impacted by poverty which could have a major impact on the RSU’s budget.

The legislature continues to assess changes to how the current calculations for subsidy allocations (ED-279) are made and what the impact of that may be. They have been holding hearings with representatives of the Department of Education and MEPRI (Maine Education Policy Research Institute) over three sessions covering reviews of special education, career and technical education, and transportation. The RSU administration is monitoring these sessions and will provide as much notice as possible to taxpayers of any projected impact on tax rates.

The tuition student enrollment at Hampden Academy continues to remain consistent at about 60 students. Tuition from other SAUs and individuals, as well as other sources of revenue other than taxes and State support, reduces the tax burden to taxpayers of the district.

The Superintendent, Administration, and Board of Directors continue to be mindful of the need to reduce the burden on the taxpayers while satisfying the educational needs of its students.

At the end of the current fiscal year (FY25), the fund balance for the general fund was \$9,452,981, a decrease of \$2,233,770. The School Unit has appropriated \$1,000,000 of this amount for spending in the 2025-2026 fiscal year budget. This action was taken to reduce the local burden on taxpayers and to get in compliance with the provisions of Title 20-A §15689-B(6) that refer to the amount of unallocated balances allowable.

Requests for information

This financial report is designed to provide a general overview of the School Unit's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent's Office, 24 Main Road North, Hampden, Maine, 04444.

BASIC FINANCIAL STATEMENTS



Regional School Unit No. 22

Statement of net position

June 30, 2025

	Governmental activities
Assets	
Cash and cash equivalents	\$ 15,919,282
Investments	588,949
Accounts receivable	135,850
Intergovernmental receivables	1,321,165
Inventory and prepaids	37,873
Capital assets, not being depreciated	1,437,473
Capital assets, net of accumulated depreciation	45,232,114
Total assets	<u>64,672,706</u>
Deferred outflows of resources	
Pension related	898,178
OPEB related	621,791
Total deferred outflows of resources	<u>1,519,969</u>
Liabilities	
Accounts payable	1,215,484
Accrued wages and benefits	3,341,091
Due to fiduciary funds	367,767
Accrued interest	89,237
Noncurrent liabilities:	
Due within one year	2,804,633
Due in more than one year	21,540,263
Total liabilities	<u>29,358,475</u>
Deferred inflows of resources	
Pension related	249,092
OPEB related	145,743
Total deferred inflows of resources	<u>394,835</u>
Net position	
Net investment in capital assets	28,746,158
Restricted	1,351,441
Unrestricted	6,341,766
Total net position	<u>\$ 36,439,365</u>

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Statement of activities

For the year ended June 30, 2025

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position Governmental activities
		Charges for services	Operating grants and contributions	Capital grants and contributions	
Governmental activities:					
Regular instruction	\$ 14,145,021	691,735	601,883	-	(12,851,403)
Special education	8,702,399	-	821,170	-	(7,881,229)
Other instruction	1,057,613	47,224	9,714	-	(1,000,675)
Student and staff support	3,643,855	-	407,860	-	(3,235,995)
System administration	859,458	-	-	-	(859,458)
School administration	1,757,538	-	-	-	(1,757,538)
Transportation	1,527,801	-	-	-	(1,527,801)
Facilities maintenance	6,229,916	38,879	4,368	704,407	(5,482,262)
Adult education	70,714	1,416	25,578	-	(43,720)
Relief funding	180,517	-	178,597	-	(1,920)
Food service	1,701,364	116,474	1,653,529	-	68,639
Student activities	232,121	-	277,861	-	45,740
MainePERS on-behalf payments	2,481,935	-	2,481,935	-	-
Interest on debt	675,808	-	-	-	(675,808)
Total governmental activities	\$ 43,266,060	895,728	6,462,495	704,407	(35,203,430)
General revenues:					
Local assessments					13,628,771
Grants and contributions not restricted to specific programs					21,621,301
Unrestricted investment earnings					357,467
Miscellaneous					123,183
Total general revenues					35,730,722
Change in net position					527,292
Net position - beginning, restated					35,912,073
Net position - ending					\$ 36,439,365

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Balance sheet

Governmental funds

June 30, 2025

	General	Total nonmajor funds	Total governmental funds
Assets			
Cash and cash equivalents	\$ 13,928,285	1,990,997	15,919,282
Investments	-	588,949	588,949
Accounts receivable	120,366	15,484	135,850
Intergovernmental receivables	149,057	1,172,108	1,321,165
Due from other funds	941,596	1,164,138	2,105,734
Inventory and prepaids	250	37,623	37,873
Total assets	\$ 15,139,554	4,969,299	20,108,853
Liabilities			
Accounts payable	827,329	388,155	1,215,484
Accrued wages and benefits	3,327,339	13,752	3,341,091
Due to other funds	1,531,905	941,596	2,473,501
Total liabilities	5,686,573	1,343,503	7,030,076
Fund balances			
Nonspendable	250	377,323	377,573
Restricted	-	974,118	974,118
Committed	-	2,276,138	2,276,138
Assigned	1,000,000	-	1,000,000
Unassigned	8,452,731	(1,783)	8,450,948
Total fund balances	9,452,981	3,625,796	13,078,777
Total liabilities and fund balances	\$ 15,139,554	4,969,299	

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. 46,669,587

Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.

Notes payable (17,923,429)

Accrued interest on long-term debt (89,237)

Compensated absences (853,846)

Net pension liability with related deferred inflows and outflows 191,476

Total OPEB liability with related deferred inflows and outflows (4,633,963)

Net position of governmental funds 36,439,365

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Statement of revenues, expenditures, and changes in fund balances

Governmental funds

For the year ended June 30, 2025

	General	Total nonmajor funds	Total governmental funds
Revenues			
Local assessments	\$ 13,587,428	41,343	13,628,771
Intergovernmental	24,478,116	3,264,329	27,742,445
Charges for services	751,469	144,259	895,728
Fees and fundraisers	-	277,861	277,861
Interest and investment income	357,467	56,646	414,113
Miscellaneous	123,183	6,844	130,027
Total revenues	39,297,663	3,791,282	43,088,945
Expenditures			
Current:			
Regular instruction	13,519,864	491,573	14,011,437
Special education	7,953,071	729,310	8,682,381
Other instruction	1,098,666	21,078	1,119,744
Student and staff support	3,630,531	200,142	3,830,673
System administration	926,048	-	926,048
School administration	1,756,108	-	1,756,108
Transportation	1,544,612	-	1,544,612
Facilities maintenance	4,285,076	-	4,285,076
Adult education	-	70,714	70,714
Relief funding	-	180,517	180,517
Food service	-	1,782,687	1,782,687
Student activities	-	232,121	232,121
MainePERS on-behalf payments	2,481,935	-	2,481,935
Debt service	2,994,022	301,889	3,295,911
Capital outlay	-	1,671,270	1,671,270
Total expenditures	40,189,933	5,681,301	45,871,234
Excess (deficiency) of revenues over (under) expenditures	(892,270)	(1,890,019)	(2,782,289)
Other financing sources (uses)			
Transfers in	-	1,341,500	1,341,500
Transfers out	(1,341,500)	-	(1,341,500)
Notes issued		1,006,296	1,006,296
Total other financing sources (uses)	(1,341,500)	2,347,796	1,006,296
Net change in fund balances	(2,233,770)	457,777	(1,775,993)
Fund balances - beginning, restated	11,686,751	3,168,019	14,854,770
Fund balances - ending	\$ 9,452,981	3,625,796	13,078,777

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Reconciliation of the statement of revenues, expenditures, and changes in fund balances - governmental funds to the government-wide statement of activities For the year ended June 30, 2025

Net change in fund balances - total governmental funds	\$	(1,775,993)
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Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of these assets is allocated over their useful lives and reported as depreciation expense.

Capital outlays	2,117,823
Depreciation expense	(2,250,370)
Book value of disposed capital assets	(34,125)

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 repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Notes issued	(1,006,296)
Principal paid on notes	2,875,694
Forgiveness of note balance	704,407

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.

Accrued interest on long-term debt	10,256
Compensated absences	(106,121)
Changes in pension liabilities and related deferred outflows and inflows of resources	189,223
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(197,206)

Change in net position of governmental activities	\$	<u>527,292</u>
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The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2025

	Original budget	Final budget	Actual	Variance positive (negative)
Revenues				
Local assessments	\$ 13,587,428	13,587,428	13,587,428	-
Intergovernmental	21,828,948	21,828,948	21,996,181	167,233
Charges for services	533,913	533,913	751,469	217,556
Interest	50,000	50,000	357,467	307,467
Miscellaneous	14,492	14,492	123,183	108,691
Total revenues	36,014,781	36,014,781	36,815,728	800,947
Expenditures				
Current:				
Regular instruction	13,765,493	13,765,493	13,487,413	278,080
Special education	8,488,220	8,488,220	7,947,379	540,841
Other instruction	1,106,123	1,106,123	1,102,000	4,123
Student and staff support	3,896,772	3,896,772	3,625,487	271,285
System administration	998,997	998,997	926,048	72,949
School administration	1,797,677	1,797,677	1,756,486	41,191
Transportation	1,677,759	1,677,759	1,544,612	133,147
Facilities maintenance	4,289,717	4,289,717	4,285,076	4,641
Debt service	2,994,023	2,994,023	2,994,022	1
Total expenditures	39,014,781	39,014,781	37,668,523	1,346,258
Excess (deficiency) of revenues over (under) expenditures	(3,000,000)	(3,000,000)	(852,795)	2,147,205
Other financing sources (uses)				
Transfers out	-	(1,341,500)	(1,341,500)	-
Use of fund balance	3,000,000	4,341,500	-	(4,341,500)
Total other financing sources (uses)	3,000,000	3,000,000	(1,341,500)	(4,341,500)
Net change in fund balance - budgetary basis	-	-	(2,194,295)	(2,194,295)
Reconciliation to GAAP				
Change in benefits of accrued teacher summer salaries			(39,475)	
Net change in fund balance - GAAP basis			(2,233,770)	
Fund balance - beginning			11,686,751	
Fund balance - ending		\$	9,452,981	

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Statement of fiduciary net position

Fiduciary funds

June 30, 2025

		Custodial funds	
		Penobscot River Educational Partnership	Maine Cohort for Customized Learning
	Private-purpose trust funds Scholarships		
Assets			
Cash and cash equivalents	\$ 204,617	-	-
Due from other funds	57,380	310,387	-
Total assets	261,997	310,387	-
Liabilities			
Accounts payable	-	403	-
Total liabilities	-	403	-
Net position			
Restricted	261,997	309,984	-
Total net position	\$ 261,997	309,984	-

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Statement of changes in fiduciary net position

Fiduciary funds

For the year ended June 30, 2025

		Custodial funds	
		Penobscot	
		River Educational Partnership	Maine Cohort for Customized Learning
	Private-purpose trust funds		
	Scholarships		
Additions			
Fees and contracted services	\$ -	264,083	-
Contributions	60,781	-	-
Interest	1,017	-	-
Total additions	61,798	264,083	-
Deductions			
Scholarships	40,880	-	-
Special education	-	147,876	-
Student and staff support	-	104,456	69
Total deductions	40,880	252,332	69
Net increase (decrease) in fiduciary net position	20,918	11,751	(69)
Net position - beginning	241,079	298,233	69
Net position - ending	\$ 261,997	309,984	-

The notes to financial statements are an integral part of this statement.

Regional School Unit No. 22

Notes to the financial statements

June 30, 2025

I. Summary of significant accounting policies

The financial statements of Regional School Unit No. 22 (RSU 22 or School Unit) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School Unit's significant accounting policies are described below.

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

RSU 22 was organized in 1970 under the laws of the State of Maine and is governed by a fourteen-member School Board elected from the communities within the School Unit. The four communities comprising RSU 22 are the Towns of Hampden, Winterport, Newburgh, and Frankfort. The accompanying financial statements present information for the primary government. RSU 22 is not financially accountable for any other organizations and therefore does not report any component units.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from enterprise funds. 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 School Unit does not report any business-type activities or proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the School Unit's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The School Unit does not report any enterprise funds.

The School Unit reports the following major governmental funds:

The *general fund* is the School Unit's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Additionally, the School Unit reports the following fund types:

The *private-purpose trust fund* accounts for scholarships and other programs that benefit students.

The *custodial funds* account for assets held for the Penobscot River Educational Partnership and the Maine Cohort for Customized Learning, to which the School Unit provides accounting services.

During the course of operations, the School Unit has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School Unit considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the School Unit the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Local assessments, charges for service, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the School Unit.

F. Budgetary information

Budgetary basis of accounting

A budget is formally adopted for the general fund each year through the passage of articles through a referendum vote and is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) except for Maine Public Employees Retirement System on-behalf payments and the change in benefits for the teacher summer salary accrual.

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary basis	\$36,815,728	37,668,523
MainePERS on-behalf payments	2,481,935	2,481,935
Change in benefits accrual for summer salaries	-	39,475
<u>GAAP basis</u>	<u>\$39,297,663</u>	<u>40,189,933</u>

The level of control (level at which expenditures may not exceed budget) is the article level. Generally, all unexpended budgetary accounts lapse to fund balance at the close of the fiscal year.

Excess of expenditures over appropriations

No cost articles were overspent as of June 30, 2025.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Cash and cash equivalents

The School Unit's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end. State statutes authorize the School Unit to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of food supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the School Unit as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the School Unit constructs or acquires capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, and right to use leased equipment of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings and improvements	7-50
Land improvements	5-45
Furniture, equipment, and vehicles	5-50

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School Unit has two items that qualify for reporting in this category, deferred amounts related to pension and OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School Unit has two items that qualify for reporting in this category. In the government-wide financial statements the School Unit reports deferred amounts related to pension and OPEB.

Net position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of notes, leases, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the School Unit will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow

assumption must be made about the order in which the resources are considered to be applied. Although not a formal policy, the School Unit considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The School Unit's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed fund balance represents amounts that can be used only for the specific purposes determined by the adoption of a policy committing fund balance for a specified purpose by the School Unit's Board prior to the end of the fiscal year. Once adopted, the limitation imposed by the policy remains in place until the resources have been spent for the specified purpose or the School Board adopts another policy to remove or revise the limitation.

Assigned fund balance represents amounts that are intended to be used by the School Unit for specific purposes but do not meet the criteria to be classified as committed. The School Board may assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the School Unit will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Although not a formal policy, the School Unit considers restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

H. Revenues and expenditures/expenses

Program revenues

Amounts reported as *program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All local assessments, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Compensated absences

The School Unit recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The School Unit’s policy permits employees to accumulate earned but unused vacation and sick leave, which are eligible for payment upon separation from government service. A portion of sick leave is valued based on the vesting method that calculates the amount of sick leave that is expected to become eligible for payout at retirement. The sick leave accrual also contains an estimate of the amount of sick time that is “more likely than not” to be used as time off (\$363,083). The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements.

II. Stewardship, compliance, and accountability

A. Violations of legal or contractual provisions

Note I.F. Excess of expenditures over appropriations describes any budgetary violations that occurred for the year ended June 30, 2025.

B. Deficit fund equity

At June 30, 2025, the following funds had deficit balances:

Adult education	\$1,783
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These deficits will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in).

III. Detailed notes on activities and funds

A. Cash and investments

It is the intent of the School Unit to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the School Unit and confirming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield. The School Unit is not invested in any obligations typically known as derivatives.

B. Cash deposits with financial institutions

Custodial credit risk - deposits. In the case of deposits, this is the risk that, in the event of a bank's failure, the School Unit's deposits may not be returned to it. The School Unit does not have a deposit policy for custodial credit risk. As of June 30, 2025, the School Unit's bank balance was \$16,169,032, all of which was covered by F.D.I.C. or collateral held by the financial institution.

C. Investments

State statutes authorize the School Unit to invest in obligations of the U.S. Treasury and U.S. Agencies, mutual funds with portfolios of securities issued or guaranteed by the United States Government, or agreements to repurchase these same obligations, negotiable and non-negotiable certificates of deposit, municipal bonds, commercial paper, and corporate bonds. As of June 30, 2025, the School Unit had investments valued at \$588,949 with Maine Community Foundation (MCF).

Interest rate risk. Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The School Unit does not have an investment policy for interest rate risk.

Credit risk. Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. The School Unit does not have an investment policy for credit risk. The MCF funds are not rated.

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

Concentration of credit risk. The concentration of credit risk is the risk of loss that may be caused by the School Unit's investment in a single issuer. The School Unit does not have an investment policy for concentration of credit risk.

Fair value of investments. The School Unit measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows: *Level 1* - quoted prices for identical investments in active markets; *Level 2* - observable inputs other than those in Level 1; and *Level 3* - unobservable inputs. The MCF funds are classified as level 3 due to unobservable inputs.

D. Capital assets

Capital assets activity for the year ended June 30, 2025, was as follows:

	Balance Beginning of year	Additions	Deletions	Balance end of year
Capital assets, not being depreciated				
Land	\$669,844	-	-	669,844
Construction in progress	908,848	1,421,860	1,563,079	767,629
<u>Total capital assets, not being depreciated</u>	<u>1,578,692</u>	<u>1,421,860</u>	<u>1,563,079</u>	<u>1,437,473</u>
Capital assets, being depreciated				
Buildings and improvements	57,571,995	1,455,716	-	59,027,711
Land improvements	13,472,044	75,769	-	13,547,813
Furniture and equipment	3,558,680	675,829	99,953	4,134,556
Vehicles	268,969	51,728	6,000	314,697
<u>Total capital assets, being depreciated</u>	<u>74,871,688</u>	<u>2,259,042</u>	<u>105,953</u>	<u>77,024,777</u>
Less accumulated depreciation for				
Buildings and improvements	22,501,431	1,390,872	-	23,892,303
Land improvements	5,915,933	472,360	-	6,388,293
Furniture and equipment	1,022,664	336,788	65,828	1,293,624
Vehicles	174,093	50,350	6,000	218,443
<u>Total accumulated depreciation</u>	<u>29,614,121</u>	<u>2,250,370</u>	<u>71,828</u>	<u>31,792,663</u>
<u>Total capital assets, being depreciated, net</u>	<u>45,257,567</u>	<u>8,672</u>	<u>34,125</u>	<u>45,232,114</u>
<u>Total capital assets</u>	<u>\$46,836,259</u>	<u>1,430,532</u>	<u>1,597,204</u>	<u>46,669,587</u>

Depreciation/amortization expense was charged to the functions/programs of the governmental activities as follows:

Regular instruction	\$52,079
Other instruction	22,754
Student and staff support	40,428
Transportation	34,917
Facilities maintenance	2,081,949
Food service	18,243
<u>Total depreciation expense</u>	<u>\$2,250,370</u>

The School Unit has active construction projects as of June 30, 2025. At year end, the School Unit's commitments are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining commitment</u>
Weatherbee School ADA improvements	\$638,830	240,890

E. Changes in long-term liabilities

Changes in the School Unit's long-term liabilities for the year ended June 30, 2025, are as follows:

	Restated balance beginning of year	Additions	Deletions	Balance end of year	Amount due within one year
Governmental activities					
Notes payable	\$20,497,234	1,006,296	3,580,101	17,923,429	2,630,875
Compensated absences	747,725	106,121*	-	853,846	173,758
Net pension liability	743,429	-	285,819	457,610	-
Total OPEB liability	4,977,968	132,043	-	5,110,011	-
Total governmental activities	\$26,966,356	1,244,460	3,865,920	24,344,896	2,804,633

* Net change in compensated absences.

F. Notes payable

The School Unit issues notes payable to provide funds for the acquisition and construction of major capital facilities and equipment. Notes payable at June 30, 2025, are as follows:

	Original borrowing	Interest rates	Final maturity	Outstanding year end
Notes payable				
Hampden Academy construction	\$46,912,642	2.13-5.63%	2032	16,419,426
Turf replacement and lighting upgrades	850,000	2.2-2.99%	2029	340,000
School construction	282,963	4.80%	2029	85,550
Printers and copiers	193,508	4.54%	2028	148,304
Energy conservation	1,591,023	4.14%	2033	879,944
Doors and windows	428,000	1.00%	2028	50,349
Total notes payable				\$17,923,429

The debt service requirements for the School Unit's notes are as follows:

Year ending	Principal	Interest	Total
<u>June 30</u>			
2026	\$2,630,875	579,822	3,210,697
2027	2,636,478	322,231	2,958,709
2028	2,616,961	25,304	2,642,265
2029	2,569,113	16,118	2,585,231
2030	2,465,181	11,094	2,476,275
2031-2035	5,004,821	13,055	5,017,876
Totals	\$17,923,429	967,624	18,891,053

G. Pension plans

Plan description

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

Benefits provided

Benefit terms are established in Maine statute. MPERS 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 SET members). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age is age 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits which are established by statute 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 MPERS Board of Trustees and is currently 3.88%.

Contributions

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

Maine statute requires the State to contribute a portion of the School Unit's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The School Unit's contractually required contribution rate for the year ended June 30, 2025, was 18.98% of annual payroll of which 4.47% of payroll was required from the School Unit and 14.51% was required from the State. The School Unit made contributions to the pension plan of \$793,760 for the year ended June 30, 2025.

Proportionate share of the net pension liability

At June 30, 2025, the School Unit reported a liability of \$457,610 for its proportionate share of the net pension liability. The State’s proportionate share of the net pension liability associated with the School Unit was \$16,113,865, for a total of \$16,571,475. The pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Unit’s proportion of the pension liability was based on unfunded actuarial liability contributions to the plan. The School Unit’s proportionate share was 0.0333% at the end of the measurement period and 0.049% for the beginning of the period, which represents a decrease of 0.0157%.

Actuarial assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2024
Measurement date	June 30, 2024
Actuarial cost method	Entry age normal
Assumptions	
Investment rate of return	6.50%
Inflation rate	2.75%
Annual salary increases	2.80%-13.03%
Cost of living adjustments	2.20%

Mortality rates are 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 for the year ended June 30, 2024 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2024, are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	5.6%
U.S. government	2.2%
Private equity	7.2%

Real assets:	
Real estate	5.8%
Infrastructure	5.3%
Natural resources	5.1%
Traditional credit	2.7%
Alternative credit	6.4%
Diversifiers	4.8%

Discount rate

The discount rate used to measure the collective total pension liability was 6.5% for 2024. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate sensitivity analysis

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

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Proportionate share net pension (asset) liability	\$960,189	457,610	39,297

Pension expense and deferred items summary

For the year ended June 30, 2025, the School Unit recognized pension expense of \$705,885 for its proportionate share of the pension expense. Additionally, the School Unit recognized revenue of \$2,431,652 for support provided by the State. At June 30, 2025, the School Unit reported its proportionate share of the deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Differences between expected and actual experience	\$46,287	-
Differences between expected and actual investment earnings	-	34,852
Changes of assumptions	-	-
Changes in proportion	58,131	214,240
<u>Contributions paid subsequent to the measurement date</u>	<u>793,760</u>	<u>-</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$898,178</u>	<u>249,092</u>

Deferred outflows of resources reported \$793,760 related to pensions resulting from the School Unit’s contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	
2026	\$(104,089)
2027	24,753
2028	(58,626)
2029	(6,712)

Pension plan fiduciary net position

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

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at www.maineopers.org.

H. Other postemployment benefit (OPEB) obligations – life insurance

Plan description

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

Benefits provided

The group life insurance plans provide basic group life insurance benefits, during retirement, to retirees who participated in the plans prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits).

The level of coverage in retirement is initially set to an amount equal to the retiree’s average final compensation. The initial amount of basic group life insurance is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions and funding policy

Premium rates are those determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year’s annual required contribution.

The State of Maine made contributions to the SET plan on-behalf of the School Unit of \$50,283 for the year ended June 30, 2025. The School Unit and employees are not required to contribute to the SET plan.

Proportionate share of the net OPEB liability

At June 30, 2025, the School Unit reported no liability for its proportionate share of the net OPEB liability. The State’s proportionate share of the net OPEB liability associated with the School Unit was \$247,144, for a total of \$247,144. The OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School Unit’s proportion of the OPEB liability was 0% at the end of the measurement period.

Actuarial assumptions

The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2024
Measurement date	June 30, 2024
Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Assumptions	
Investment rate of return	6.50%
Inflation rate	2.75%
Annual salary increases	2.80%-13.03%

Mortality rates are 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 for the year ended June 30, 2024 actuarial valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

Long-term expected rate of return

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

inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Public equities	5.6%
Traditional credit	2.7%
U.S. government securities	2.2%

Discount rate

The discount rate used to measure the collective total OPEB liability was 6.5% for 2024. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB expense

For the year ended June 30, 2025, the School Unit recognized OPEB expense of \$29,051 for its proportionate share of the OPEB expense. Additionally, the School Unit recognized revenue of \$50,283 for support provided by the State.

OPEB plan fiduciary net position

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

Detailed information about the MPERS fiduciary net position is available in a separately issued MPERS financial report. That report may be obtained on the MPERS website at www.maineopers.org.

I. Other postemployment benefit (OPEB) obligations – health insurance

Plan description

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

Plan membership

At June 30, 2024, membership consisted of:

Inactive members currently receiving benefits	146
Inactive members entitled to but not yet receiving benefits	-
<u>Active members</u>	<u>272</u>
<u>Total</u>	<u>418</u>

Benefits provided

Healthcare insurance benefits are provided for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 60% (effective November 1, 2023) of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members. The retiree pays 40% (effective November 1, 2023 and later) of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree (and/or spouse).

Net OPEB liability

At June 30, 2025, the School Unit reported a total OPEB liability of \$5,110,011. The OPEB liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2024
Measurement date	June 30, 2024
Actuarial cost method	Entry age normal
Assumptions	
Inflation rate	2.75%
Annual salary increases	2.80%-13.03%
Healthcare cost trend rates - non-Medicare	9.00% in 2025
decreasing to	4.50% in 2045
Healthcare cost trend rates - Medicare	6.00% in 2025
decreasing to	4.50% in 2045

Rates of mortality are based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table.

Actuarial assumptions used for the June 30, 2024, valuation are the teacher assumptions that were used by the Maine Public Employees Retirement System State Employee and Teacher Retirement Program

valuation at June 30, 2021, and are based on the experience study covering the period from June 30, 2015 through June 30, 2020.

Discount rate

Using the Bond Buyer 20-Bond GO Index, the discount rate used to measure the total OPEB liability was 3.93%. This rate is assumed to be an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in total OPEB liability

Balances beginning of year	\$4,977,968
Changes for the period	
Service cost	77,978
Interest	181,252
Changes of benefits	-
Differences between expected and actual experience	143,873
Changes of assumptions	(89,146)
Benefit payments	(181,914)
Net changes	132,043
Balances end of year	\$5,110,011

Discount rate and healthcare rate sensitivity analysis

The following is a sensitive analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability calculated using the discount rate of 3.93% as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$5,809,048	5,110,011	4,537,146

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

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Total OPEB liability	\$4,508,908	5,110,011	5,851,680

OPEB expense and deferred items summary

For the year ended June 30, 2025, the School Unit recognized OPEB expense of \$416,698. At June 30, 2025, the School Unit reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Differences between expected and actual experience	\$235,722	17,469
Changes of assumptions	166,577	128,274
<u>Contributions paid subsequent to the measurement date</u>	<u>219,492</u>	<u>-</u>
<u>Total deferred outflows and inflows of resources</u>	<u>\$621,791</u>	<u>145,743</u>

Deferred outflows of resources reported \$219,492 related to OPEB resulting from the School Unit's contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending

June 30

2026	\$118,656
2027	118,653
2028	9,651
2029	4,330
2030	(2,553)
Thereafter	7,819

J. Fund Balance

Components of fund balance

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General fund – prepaid items	\$250	-	-	-
General fund - budget appropriation	-	-	-	1,000,000
Special revenue funds				
Grants and other funds	-	59,226	23,979	-
School lunch	34,823	679,609	-	-
Student activities	-	-	473,739	-
Capital projects	-	-	1,778,420	-
<u>Hampden Academy donations</u>	<u>342,500</u>	<u>235,283</u>	<u>-</u>	<u>-</u>
<u>Total</u>	<u>\$377,573</u>	<u>974,118</u>	<u>2,276,138</u>	<u>1,000,000</u>

K. Interfund balances

The outstanding balances between funds result from receipts and disbursements being made through consolidated cash accounts held by the general fund. The composition of interfund balances as of June 30, 2025, is as follows:

<u>Receivable fund (due from)</u>	<u>Payable fund (due to)</u>	<u>Amount</u>
General fund	Grant and other funds	\$286,285
General fund	Capital project funds	636,615
General fund	Permanent fund	18,696
Adult education	General fund	10,699
School lunch	General fund	675,330
Student activities	General fund	478,109
<u>Fiduciary funds</u>	<u>General fund</u>	<u>367,767</u>
<u>Total</u>		<u>\$2,473,501</u>

L. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2025, is as follows:

	<u>Transfers in</u>		
	<u>Capital</u>	<u>All other</u>	<u>Total</u>
	<u>maintenance</u>	<u>capital funds</u>	
Transfers out			
General fund	\$711,500	630,000	1,341,500

During the year ended June 30, 2025, the School Unit made the following one-time transfers:

The general fund transferred \$711,500 for capital maintenance, \$280,000 for field maintenance, \$100,000 for special education, \$50,000 for energy, and \$200,000 for technology.

M. Significant commitments

The School Unit has an agreement with a vendor to provide student transportation services through the year ended June 30, 2026. Future minimum costs related to this agreement are \$1,273,076 for the year ending June 30, 2026.

N. Risk management

The School Unit is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The School Unit carries commercial insurance and participates in a public entity risk pool sponsored by the Maine School Management Association. Based on the coverages provided, the School Unit is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2025.

O. Contingencies

The School Unit participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the School Unit’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School Unit anticipates such amounts, if any, will be immaterial.

The School Unit is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School Unit’s legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the School Unit.

P. Change in accounting principle, change to financial reporting entity, and restatements of beginning balances

During fiscal year 2025, the School Unit has adopted Governmental Accounting Standards Board Statement No. 101 *Compensated Absences*. Under this new standard, the School Unit is required to record a liability for sick time that is “more likely than not” to be used for time off. Also, the grant and other funds are no longer being reported as a major fund. It was a major fund in the prior year. The following accounts were restated as of July 1, 2024:

	<u>For the year ended June 30, 2024</u>		
	<u>Original</u>	<u>Adjustments</u>	<u>Restated</u>
<u>Adopting GASB 101</u>	<u>amounts</u>		<u>amounts</u>
Accrued compensated absences	\$402,796	344,929	747,725
Net position, beginning	36,257,002	(344,929)	35,912,073
 <u>Removing major fund</u>			
Grants and other funds	80,448	(80,448)	-
Nonmajor funds	3,087,571	80,448	3,168,089

Q. Subsequent Events

Management has evaluated subsequent events through February 12, 2026, the date on which the financial statements were available to be issued.

Regional School Unit No. 22

Required supplementary information

Schedule of RSU's proportionate share of the net pension liability

Maine Public Employees Retirement System

Last ten fiscal years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School Unit's proportion of the net pension liability	0.0333%	0.0490%	0.0408%	0.0471%	0.0336%	0.0333%	0.0332%	0.0321%	0.0361%	0.0316%
School Unit's proportionate share of the net pension liability \$	457,610	743,429	605,636	398,105	549,481	487,946	448,622	466,598	637,288	426,529
State's proportionate share of the net pension liability associated with the School Unit	16,113,865	15,469,184	15,693,401	9,075,882	17,521,514	15,425,515	14,398,045	15,886,028	19,006,901	14,762,480
Total	\$ 16,571,475	16,212,613	16,299,037	9,473,987	18,070,995	15,913,461	14,846,667	16,352,626	19,644,189	15,189,009
School Unit's covered payroll \$	16,252,459	15,171,369	15,178,339	14,347,941	16,866,508	13,540,956	13,612,461	13,037,573	12,859,165	12,423,732
School Unit's proportionate share of the net pension liability as a percentage of its covered payroll	2.82%	4.90%	3.99%	2.77%	3.26%	3.60%	3.30%	3.58%	4.96%	3.43%
Plan fiduciary net position as a percentage of the total pension liability	87.59%	86.03%	85.79%	90.90%	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%

Schedule of RSU's pension contributions

Maine Public Employees Retirement System

Last ten fiscal years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually determined contribution	\$ 793,760	726,483	582,577	692,807	634,266	596,687	582,584	492,298	480,648	389,649
Contributions in relation to the contractually required contribution	(793,760)	(726,483)	(582,577)	(692,807)	(634,266)	(596,687)	(582,584)	(492,298)	(480,648)	(389,649)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
School Unit's covered payroll \$	17,757,491	16,252,459	15,171,369	15,178,339	14,347,941	16,866,508	13,540,956	13,612,461	13,037,573	12,859,165
Contributions as a percentage of covered payroll	4.47%	4.47%	3.84%	4.56%	4.42%	3.54%	4.30%	3.62%	3.69%	3.03%

Regional School Unit No. 22

Required supplementary information

Schedule of RSU's proportionate share of the net OPEB liability

Maine Public Employees Retirement System

Last ten fiscal years (only eight years available)

	2025	2024	2023	2022	2021	2020	2019	2018
School Unit's proportion of the net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
School Unit's proportionate share of the net OPEB liability \$	-	-	-	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the School Unit	247,144	335,702	361,440	182,524	356,329	313,181	312,128	296,533
Total	\$ 247,144	335,702	361,440	182,524	356,329	313,181	312,128	296,533
Plan fiduciary net position as a percentage of the total OPEB liability	66.13%	56.97%	52.39%	62.90%	49.51%	49.22%	48.04%	47.29%

Regional School Unit No. 22

Required supplementary information

Schedule of changes in the RSU's total OPEB liability and related ratios

Last ten fiscal years (only seven years available)

	2025	2024	2023	2022	2021	2020	2019
<u>Total OPEB liability</u>							
Service cost	\$ 77,978	60,080	71,207	69,291	39,993	33,763	36,091
Interest	181,252	175,346	105,472	106,199	156,227	164,129	158,717
Changes of benefits	-	-	-	-	(464,001)	-	-
Differences between expected and actual experience	143,873	-	(30,570)	-	393,407	-	-
Changes of assumptions	(89,146)	(72,609)	78,789	37,207	369,639	232,862	(182,879)
Benefit payments	(181,914)	(154,772)	(132,786)	(141,207)	(223,214)	(205,631)	(198,524)
Net change in total OPEB liability - MEABT plan	132,043	8,045	92,112	71,490	272,051	225,123	(186,595)
Total OPEB liability - beginning	4,977,968	4,969,923	4,877,811	4,806,321	4,534,270	4,309,147	4,495,742
Total OPEB liability - ending	\$ 5,110,011	4,977,968	4,969,923	4,877,811	4,806,321	4,534,270	4,309,147
Covered-employee payroll	\$ 14,930,118	11,805,772	11,517,827	11,389,518	11,111,725	11,688,231	11,375,407
Total OPEB liability as a percentage of covered-employee payroll	34.23%	42.17%	43.15%	42.83%	43.25%	38.79%	37.88%

Regional School Unit No. 22

Notes to required supplementary information

Pension plans

Changes of benefit terms - None

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Discount rate	6.50%	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%	7.125%	7.125%
Inflation rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
Salary increases	2.80-13.03%	2.80-13.03%	2.80-13.03%	2.80-13.03%	2.75% + merit	2.75-14.50%	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%
Cost of living increases	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%
Mortality rates - 2015: RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. 2016: RP2014 Total Data Set Healthy Annuitant Mortality Table. 2021: 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table.										

Other postemployment benefit (OPEB) obligations - life insurance

Changes of benefit terms - None

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

	2024	2023	2022	2021	2020	2019	2018	2017
Discount rate	6.50%	6.50%	6.50%	6.50%	6.75%	6.75%	6.75%	6.875%

Other postemployment benefit (OPEB) obligations - health insurance

Changes of benefit terms - In 2020, implemented the Medicare Advantage plan.

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

	2024	2023	2022	2021	2020	2019	2018	2017
Discount rate	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%

Regional School Unit No. 22

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2025

(with comparative totals for the year ended June 30, 2024)

		2025				
		Original budget	Final budget	Actual	Variance positive (negative)	2024 actual
Revenues						
Local assessments						
Local allocation	\$	9,284,771	9,284,771	9,284,771	-	8,928,449
Non-state funded debt service		277,435	277,435	277,435	-	435,159
Additional local appropriation		4,025,222	4,025,222	4,025,222	-	4,733,693
Total local assessments		13,587,428	13,587,428	13,587,428	-	14,097,301
Intergovernmental						
State subsidy		21,544,437	21,544,437	21,621,301	76,864	21,803,721
State agency clients		75,000	75,000	91,286	16,286	103,365
Distinguished teacher		99,511	99,511	114,667	15,156	70,708
MLTI		110,000	110,000	148,068	38,068	107,395
E-rate		-	-	20,859	20,859	18,513
Total intergovernmental		21,828,948	21,828,948	21,996,181	167,233	22,103,702
Charges for services						
Tuition		522,913	522,913	691,735	168,822	570,657
Rentals		1,000	1,000	38,879	37,879	6,518
Athletic receipts		10,000	10,000	20,855	10,855	39,957
Total charges for services		533,913	533,913	751,469	217,556	617,132
Interest		50,000	50,000	357,467	307,467	169,655
Miscellaneous						
Refunds and reimbursements		6,000	6,000	51,583	45,583	42,578
Other		8,492	8,492	71,600	63,108	81,305
Total miscellaneous		14,492	14,492	123,183	108,691	123,883
Total revenues		36,014,781	36,014,781	36,815,728	800,947	37,111,673

Regional School Unit No. 22

General fund

Statement of revenues, expenditures, and changes in fund balance

Budget and actual

For the year ended June 30, 2025

(with comparative totals for the year ended June 30, 2024)

	2025				
	Original budget	Final budget	Actual	Variance positive (negative)	2024 actual
Expenditures					
Current:					
Regular instruction	13,765,493	13,765,493	13,487,413	278,080	12,561,924
Special education	8,488,220	8,488,220	7,947,379	540,841	7,144,756
Other instruction	1,106,123	1,106,123	1,102,000	4,123	1,090,456
Student and staff support	3,896,772	3,896,772	3,625,487	271,285	3,417,958
System administration	998,997	998,997	926,048	72,949	883,420
School administration	1,797,677	1,797,677	1,756,486	41,191	1,661,867
Transportation	1,677,759	1,677,759	1,544,612	133,147	1,598,253
Facilities maintenance	4,289,717	4,289,717	4,285,076	4,641	4,374,128
Debt service	2,994,023	2,994,023	2,994,022	1	2,854,510
Total expenditures	39,014,781	39,014,781	37,668,523	1,346,258	35,587,272
Excess (deficiency) of revenues over (under) expenditures	(3,000,000)	(3,000,000)	(852,795)	2,147,205	1,524,401
Other financing sources (uses)					
Transfers out	-	(1,341,500)	(1,341,500)	-	(641,607)
Use of fund balance	3,000,000	4,341,500	-	(4,341,500)	-
Total other financing sources (uses)	3,000,000	3,000,000	(1,341,500)	(4,341,500)	(641,607)
Net change in fund balance - budgetary basis	-	-	(2,194,295)	(2,194,295)	882,794
Reconciliation to GAAP					
Change in/addition of benefits to accrued teacher summer salaries			(39,475)		19,646
Net change in fund balance - GAAP basis			(2,233,770)		902,440
Fund balance - beginning			11,686,751		10,784,311
Fund balance - ending		\$	9,452,981		11,686,751

Regional School Unit No. 22

Combining balance sheet

Nonmajor governmental funds

June 30, 2025

	Special revenue funds	Capital project funds	Permanent fund	Total nonmajor governmental funds
Assets				
Cash and cash equivalents	\$ -	1,983,467	7,530	1,990,997
Investments	-	-	588,949	588,949
Accounts receivable	15,484	-	-	15,484
Intergovernmental receivables	467,701	704,407	-	1,172,108
Due from other funds	1,164,138	-	-	1,164,138
Inventory and prepaids	37,623	-	-	37,623
Total assets	\$ 1,684,946	2,687,874	596,479	4,969,299
Liabilities				
Accounts payable	115,316	272,839	-	388,155
Accrued wages and benefits	13,752	-	-	13,752
Due to other funds	286,285	636,615	18,696	941,596
Total liabilities	415,353	909,454	18,696	1,343,503
Fund balances				
Nonspendable	34,823	-	342,500	377,323
Restricted	738,835	-	235,283	974,118
Committed	497,718	1,778,420	-	2,276,138
Unassigned	(1,783)	-	-	(1,783)
Total fund balances	1,269,593	1,778,420	577,783	3,625,796
Total liabilities and fund balances	\$ 1,684,946	2,687,874	596,479	4,969,299

Regional School Unit No. 22

Combining statement of revenues, expenditures, and changes in fund balances

Nonmajor governmental funds

For the year ended June 30, 2025

		Special revenue funds	Capital project funds	Permanent fund	Total nonmajor governmental funds
Revenues					
Local assessments	\$	41,343	-	-	41,343
Intergovernmental		3,264,329	-	-	3,264,329
Charges for services		144,259	-	-	144,259
Fees and fundraisers		277,861	-	-	277,861
Interest and investment income		1,229	4,368	51,049	56,646
Miscellaneous		6,844	-	-	6,844
Total revenues		3,735,865	4,368	51,049	3,791,282
Expenditures					
Current:					
Regular instruction		491,573	-	-	491,573
Special education		729,310	-	-	729,310
Other instruction		21,078	-	-	21,078
Student and staff support		188,522	-	11,620	200,142
Adult education		70,714	-	-	70,714
Relief funding		180,517	-	-	180,517
Food service		1,782,687	-	-	1,782,687
Student activities		232,121	-	-	232,121
Debt service		-	301,889	-	301,889
Capital outlay		-	1,671,270	-	1,671,270
Total expenditures		3,696,522	1,973,159	11,620	5,681,301
Excess (deficiency) of revenues over (under) expenditures		39,343	(1,968,791)	39,429	(1,890,019)
Other financing sources (uses)					
Transfers in		-	1,341,500	-	1,341,500
Notes issued		-	1,006,296	-	1,006,296
Total other financing sources (uses)		-	2,347,796	-	2,347,796
Net change in fund balances		39,343	379,005	39,429	457,777
Fund balances - beginning, restated		1,230,250	1,399,415	538,354	3,168,019
Fund balances - ending	\$	1,269,593	1,778,420	577,783	3,625,796

Regional School Unit No. 22

Combining balance sheet

Special revenue funds

June 30, 2025

		Adult education	Grant and other funds	School lunch	Student activities	Total special revenue funds
Assets						
Accounts receivable	\$	-	15,484	-	-	15,484
Intergovernmental receivables		7,983	392,495	67,223	-	467,701
Due from other funds		10,699	-	675,330	478,109	1,164,138
Inventory and prepaids		-	2,800	34,823	-	37,623
Total assets	\$	18,682	410,779	777,376	478,109	1,684,946
Liabilities						
Accounts payable		19,998	36,085	54,863	4,370	115,316
Accrued wages and benefits		467	5,204	8,081	-	13,752
Due to other funds		-	286,285	-	-	286,285
Total liabilities		20,465	327,574	62,944	4,370	415,353
Fund balances						
Nonspendable		-	-	34,823	-	34,823
Restricted		-	59,226	679,609	-	738,835
Committed		-	23,979	-	473,739	497,718
Unassigned		(1,783)	-	-	-	(1,783)
Total fund balances		(1,783)	83,205	714,432	473,739	1,269,593
Total liabilities and fund balances	\$	18,682	410,779	777,376	478,109	1,684,946

Regional School Unit No. 22

Combining statement of revenues, expenditures, and changes in fund balances

Special revenue funds

For the year ended June 30, 2025

		Adult education	Grant and other funds	School lunch	Student activities	Total special revenue funds
Revenues						
Local assessments	\$	41,343	-	-	-	41,343
Intergovernmental		25,541	1,666,957	1,571,831	-	3,264,329
Charges for services		-	27,785	116,474	-	144,259
Fees and fundraisers		-	-	-	277,861	277,861
Interest and investment income		-	1,229	-	-	1,229
Miscellaneous		-	537	6,307	-	6,844
Total revenues		66,884	1,696,508	1,694,612	277,861	3,735,865
Expenditures						
Current:						
Regular instruction		-	491,573	-	-	491,573
Special education		-	729,310	-	-	729,310
Other instruction		-	21,078	-	-	21,078
Student and staff support		-	188,522	-	-	188,522
Adult education		63,354	7,360	-	-	70,714
Relief funding		-	180,517	-	-	180,517
Food service		-	75,391	1,707,296	-	1,782,687
Student activities		-	-	-	232,121	232,121
Total expenditures		63,354	1,693,751	1,707,296	232,121	3,696,522
Net change in fund balances		3,530	2,757	(12,684)	45,740	39,343
Fund balances - beginning, restated		(5,313)	80,448	727,116	427,999	1,230,250
Fund balances - ending	\$	(1,783)	83,205	714,432	473,739	1,269,593

Regional School Unit No. 22

Combining statement of revenues, expenditures, and changes in fund balances

Grant and other funds

For the year ended June 30, 2025

	Beginning fund balance	Revenues	Expenditures	Ending fund balance
Adult education enrichment	\$ 14,881	1,416	7,360	8,937
Penobscot job training program	5,509	-	-	5,509
Signage	21,806	-	-	21,806
MEEA grants	3,000	-	-	3,000
National board certification	475	-	475	-
Maine arts	7,008	8,485	8,487	7,006
Dental	453	-	-	453
Proficiency grant	4,357	-	4,357	-
Momentum grant	391	-	-	391
Continuity of service	(37)	37	-	-
Teaching with tech	-	54,228	54,228	-
Title IA	-	453,771	453,771	-
Title IV student support	-	15,219	15,219	-
Local entitlement	(574)	729,884	729,310	-
ESSER III	2,542	176,458	179,000	-
ARP Homeless	(622)	2,139	1,517	-
Teens to Trails	1,500	-	-	1,500
ARP Literacy grant	-	10,500	10,500	-
Title V rural low income	-	22,945	22,945	-
Title IIA	-	117,937	117,937	-
HMI grant	-	75,391	75,391	-
Performing arts center	8,972	27,598	12,591	23,979
Wellness grant	4,296	500	663	4,133
Laura Wood fund	6,491	-	-	6,491
\$	80,448	1,696,508	1,693,751	83,205

Regional School Unit No. 22

Combining statement of revenues, expenditures, and changes in fund balances

Student activity funds

For the year ended June 30, 2025

	Beginning fund balance	Revenues	Expenditures	Ending fund balance
Hampden Academy	\$ 196,844	98,324	80,239	214,929
Alternative education	712	-	-	712
Hampden Academy athletics	74,034	122,500	100,978	95,556
Trails project	(97)	-	-	(97)
McGraw School	21,237	2,434	1,471	22,200
Special Olympics	75	-	-	75
Leroy Smith School	60,411	5,755	3,624	62,542
Weatherbee School	7,466	1,940	6,342	3,064
Wagner School	22,289	24,013	17,062	29,240
Reeds Brook School	36,429	22,895	22,405	36,919
Fundraising	8,599	-	-	8,599
\$	427,999	277,861	232,121	473,739

Regional School Unit No. 22

Combining statement of revenues, expenditures, and changes in fund balances

Capital project funds

For the year ended June 30, 2025

	Beginning fund balance	Revenues	Expenditures	Other financing sources (uses)		Ending fund balance
				Notes issued	Transfers in (out)	
New HA Bronco construction	\$ 1,500	-	-	-	-	1,500
Technology	405,025	271	318,943	-	200,000	286,353
Fuel stabilization	200,000	325	-	-	-	200,325
Energy reserve	-	74	-	-	50,000	50,074
Special education reserve	-	149	-	-	100,000	100,149
Field maintenance	668,761	1,591	19,115	-	280,000	931,237
Capital maintenance	152,313	1,958	657,117	-	711,500	208,654
SRRF - Reeds Brook	52,463	-	52,463	-	-	-
SRRF - Weatherbee	(80,775)	-	925,521	1,006,296	-	-
Lease purchase fund	128	-	-	-	-	128
	\$ 1,399,415	4,368	1,973,159	1,006,296	1,341,500	1,778,420