RSU 5 Durham • Freeport • Pownal

FINANCIAL REPORT

JUNE 30, 2025

Independently Audited By

ROYER
Advisors & Accountants

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INDEPENDENT AUDITOR'S REPORT

School Board of Directors
Regional School Unit No. 5
Freeport, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 5 (RSU #5), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise RSU #5's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of RSU #5, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 RSU #5 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RSU #5's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RSU #5'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 RSU #5'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, the budgetary comparison schedule, the pension and other post-employment benefit schedules on pages 4 - 11 and 45 – 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

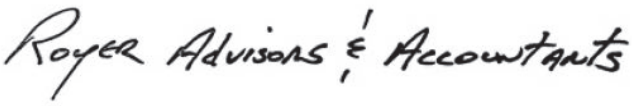
Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Regional School Unit No. 5's basic financial statements. Schedules 8 through 15 are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

Schedules 8 through 15 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 8 through 15 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2026, on our consideration of Regional School Unit No. 5'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 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 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. 5's internal control over financial reporting and compliance.



Royer Advisors and Accountants
Certified Public Accountants
Falmouth, Maine
April 2, 2026

Durham • Freeport • Pownal

Regional School Unit No. 5
17 West Street
Freeport, ME 04032

Management's Discussion and Analysis Required Supplementary Information

Year Ended June 30, 2025

Our discussion and analysis of Regional School Unit No. 5's (the RSU) financial condition provides a narrative overview and analysis of the RSU's financial activities for the fiscal year ending June 30, 2025. It is the belief of management that all the information contained herein is accurate in all material respects and reflects fairly the financial position and operations of the RSU. This management's discussion and analysis is designed to offer further explanation of the information contained herein. We encourage readers to consider the information that we have furnished in the RSU's basic financial statements that follow this section.

The management discussion and analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion Analysis for State and Local Governments (currently GASB Codification Section 2200). Certain comparative information between the current year and the prior year is included in the MD&A.

FINANCIAL HIGHLIGHTS

Financial highlights for the past year include the following:

Assets of the RSU exceeding its liabilities by $30,855,949.
Capital assets of the RSU, net of depreciation, totaling $37,681,283.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE STATEMENTS

Government-wide statements are designed to provide readers with a broad overview of the RSU's finances, in a manner similar to a private-sector company.

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

The *statement of activities* presents information showing how the RSU'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 event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, accrued salaries).

Additionally, to assess the RSU's overall health, one needs to consider additional non-financial factors such as the condition of school buildings and other facilities.

Both of the government-wide financial statements distinguish functions of the RSU that are principally supported by the local assessments from other functions that are intended to recover a significant portion of their costs through user fees and charges.

In the government-wide financial statements, the RSU's activities are reported in one category:

Governmental activities: Most of the RSU's basic services are included here, such as regular and special education, transportation, and administration. Local assessments, local non-tax revenues, and state revenues finance most of these activities.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The RSU uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The RSU's funds can be divided into two categories: government funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the governmental-wide statements, governmental fund financial statements focus on the *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 evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the RSU'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.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the RSU. Fiduciary funds are not reflected in the governmental-wide financial statement because the resources of those funds are not available to support the RSU's own programs.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. As can be seen in the following table, RSU assets exceeded liabilities by $30,855,949 for the fiscal year ended June 30, 2025.

Table 1
Statement of Net Position

	Governmental Activities	
	2025	2024
Current and other assets	$ 14,463,657	$ 14,258,591
Capital assets	37,681,283	38,806,871
Total assets	52,144,940	53,065,462
Deferred outflows of resources	1,794,928	1,979,438
Current and long-term liabilities	22,634,129	24,526,761
Deferred inflows of resources	449,790	276,197
Net position		
Investment in capital assets	24,814,612	24,214,980
Restricted	1,908,031	1,762,501
Unrestricted	4,133,306	4,264,461
Total net position	$ 30,855,949	$ 30,241,942

Most of the RSU's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is a combination of restricted and unrestricted amounts. Restricted balances are amounts set aside by management to finance future purchases or capital projects planned by the RSU.

The chart below provides a graphic depiction of the distribution of the 2025 net book value of fixed assets (capital assets, net of depreciation) by asset class.

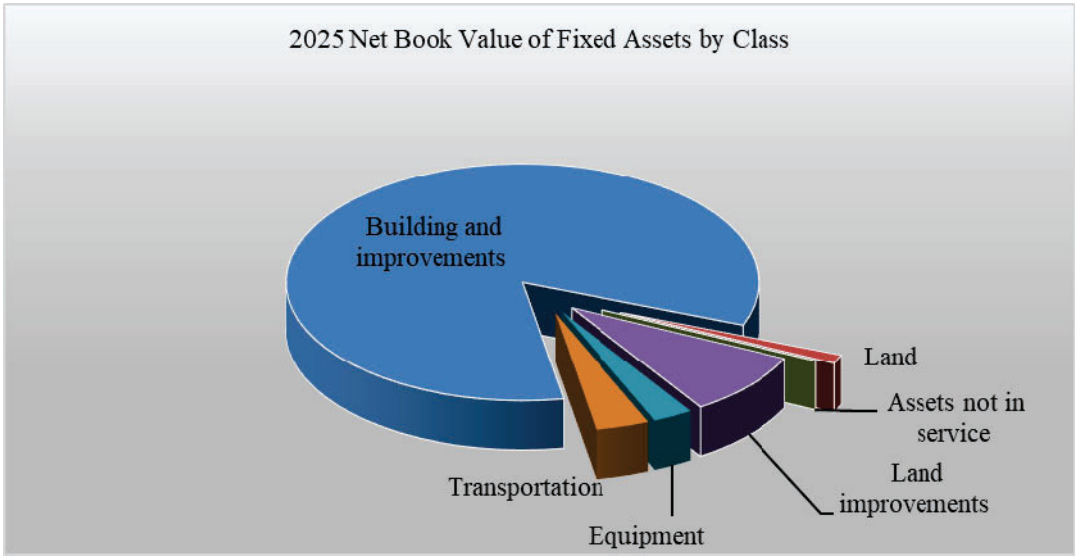


Chart A – Net Book Value of Fixed Asset Classes

Table 2 presents a summary of the RSU's changes in net position for the fiscal year ended June 30, 2025.

Table 2
Changes in Net Position

	Governmental Activities	
	2025	2024
Revenues		
Program revenues:		
Charges for services	$ 1,762,543	$ 1,696,504
Operating grants and contributions	6,412,496	5,463,962
General revenues:		
Town assessments	32,772,984	30,486,336
Subsidies	7,553,100	7,590,606
Interest earned	511,152	450,618
Miscellaneous	150,702	139,989
Total revenues	49,162,977	45,828,015
Expenses		
Student and staff support	4,560,278	3,987,749
School administration	2,286,114	2,049,867
Facilities maintenance	5,125,689	5,227,117
Career and technical education	289,668	272,017
Regular instruction	18,729,188	17,307,347
Other instruction	1,028,053	949,813
System administration	1,231,363	1,088,782
Transportation services	1,768,894	1,675,252
Debt service	111,288	134,801
Special education services	6,352,728	5,757,339
Adult education	93,029	166,128
Community education	1,146,334	967,982
Program expenditures	2,098,268	2,011,617
Loss on disposal of assets	14,222	-
On-behalf payments	3,713,854	2,382,582
Total expenses	48,548,970	43,978,393
Increase in Net Position	$ 614,007	$ 1,849,622

Table 3 shows the total cost of each of the RSU's major functional activities.

Table 3
Fiscal Year ended June 30, 2025
Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services
Function/Program:		
Instruction and support	$ 30,959,915	$ (29,658,981)
Transportation	1,768,894	(1,761,903)
Facilities maintenance	5,125,689	(5,125,689)
Administration	3,517,477	(3,517,477)
Debt service	111,288	(111,288)
Capital Improvement and Fuel Expenses	-	-
Other	7,051,485	(184,371)
Total governmental activities	$ 48,534,748	$ (40,359,709)

General Fund Revenues Budget to Actual Summary

	Budget	Actual	Variance
Revenues:			
Town assessments	$ 32,772,984	$ 32,772,984	$ -
Intergovernmental	7,616,055	7,650,932	34,877
Adult Education Fees	-	10	10
Other	367,484	565,450	197,966
	$ 40,756,523	$ 40,989,376	$ 232,853

The following chart depicts program revenues by source.

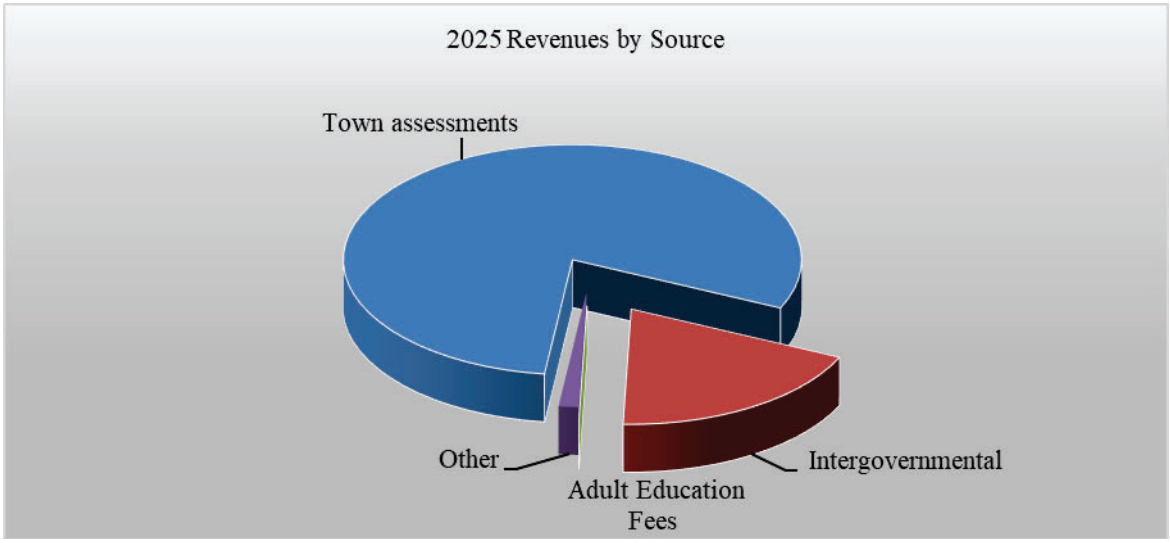


Chart B – Revenues by Source

Other revenues variance is due to higher than expected interest rates resulting in actual interest revenues being higher than anticipated.

General Fund Expenditures Budget to Actual Summary

	Budget	Actual	Variance
Expenditures:			
Student and staff support	$ 4,382,733	$ 4,311,314	$ 71,419
School administration	2,348,210	2,292,262	55,948
Facilities maintenance	5,139,408	4,754,470	384,938
Career and technical education	289,668	289,668	-
Regular instruction	18,209,306	18,094,877	114,429
Other instruction	1,035,092	1,026,011	9,081
System administration	1,186,930	1,186,446	484
Transportation services	1,742,208	1,723,078	19,130
Debt service	1,111,064	1,111,064	-
Special education services	5,870,507	5,614,191	256,316
Adult education	220,276	93,029	127,247
	$ 41,535,402	$ 40,496,410	$ 1,038,992

Chart C graphically depicts expenditures by function.

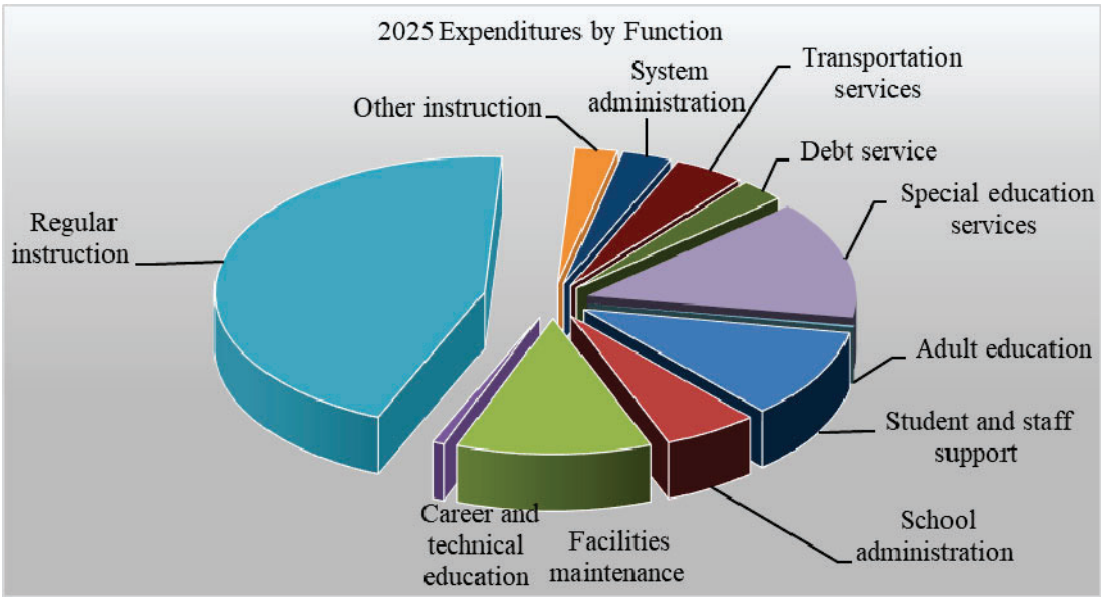


Chart C – Expenditures by Function

Facilities Maintenance savings: Staffing shortages in custodial positions district wide and proposed capital projects being put on hold as a precaution for a potential failing septic system at Pownal Elementary School lead to significant savings in facilities and maintenance for 2024-2025. The Septic System was replaced in the Summer of 2025 utilizing Capital Project Reserve funds after the end of the 2024-2025 fiscal year.

FINANCIAL ANALYSIS OF THE RSU'S FUNDS

As of June 30, 2025, the RSU's governmental funds balance totaled $10,638,831.

As noted earlier, the RSU uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial performance of the RSU as a whole is reflected in its governmental funds.

Governmental funds: The focus of the RSU's governmental funds is to provide information on near-term inflows, outflows, and balances available for spending. Governmental funds report the differences between their assets and liabilities as fund balances. Reserved amounts reflect that which is not available to be spent while undesignated amounts reflect amounts that are.

Budgetary highlights: The RSU holds an annual district budget meeting in May of each year for purposes of voting on the budget as recommended by the Board of Directors for the upcoming school year.

CAPITAL ASSETS

As of June 30, 2025, the RSU had $37,681,283 invested in a broad range of capital assets, including land, buildings, furniture and equipment.

Table 4
Governmental Activities Capital Assets
(Net of Depreciation)

	2025	2024
Land	$ 447,285	$ 447,285
Assets not in service	7,281	650,405
Land improvements	3,293,508	3,515,428
Building and building improvements	31,522,493	32,069,856
Equipment and vehicles	2,410,716	2,123,897
	$ 37,681,283	$ 38,806,871

DEBT ADMINISTRATION

At the end of the year RSU had a total of $12,456,510 of general obligation long-term debt, and deferred bond premiums of $278,048. In addition, the capital lease purchase obligations for a school bus totaled $132,113 and the lease liabilities obligations were $0.

The following is a summary of long-term debt transactions, capital lease, and lease liabilities obligations of the RSU for the year ended June 30, 2025.

Table 5
General Long-term Debt and Lease Obligations

	General Long-term Debt and Lease Obligations	
	2025	2024
Debt payable at July 1	$ 14,785,422	$ 16,665,182
Debt additions	135,270	132,750
Debt retired	(2,054,021)	(2,012,510)
Debt payable at June 30	$ 12,866,671	$ 14,785,422

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the 2022–2023 and 2023–2024 school years, RSU5 experienced a significant increase in student enrollment due to the temporary placement of asylum seekers at several locations within district boundaries. As these families secured permanent housing—largely outside the district—RSU5 experienced a decrease in student enrollment for the 2024–2025 school year. Enrollment is anticipated to remain relatively flat for the 2025–2026 school year.

Administration, staff, and the Board worked collaboratively and creatively to develop a responsible operating budget for the 2025–2026 school year. Approval of the $44,455,929 budget occurred at the Budget Validation Referendum held on June 10, 2025. This represents an increase of $2,843,469 over the previous year's budget. The increase is largely attributable to negotiated salary and benefit cost increases, which account for 82.3% of the total operating budget. This investment reflects RSU5's commitment to retaining and attracting high-quality staff.

The 2025–2026 budget includes staffing reductions of two (2) teachers at Morse Street School, one (1) teacher at Durham Community School, two (2) 0.5 FTE teachers and three (3) regular education technicians at Freeport High School, and one (1) regular education technician at Mast Landing School. In addition, the district elected not to fund the mechanic position and made reductions to supplies, books, furniture, and equipment lines as needed. These reductions were partially offset by two staffing additions: one (1) teacher at Mast Landing School to address class size, and one (1) RTI-B education technician at Durham Community School.

Local tax assessments for the approved 2025–2026 budget are as follows: Durham – $7,092,739; Freeport – $24,376,552; and Pownal – $4,131,509.

Due to uncertainty surrounding the availability of federal grant funding at the time of budget development, RSU5 continued its support of previously established Article Reserve Accounts during the 2024–2025 school year. The district utilized $914,317 of undesignated fund balance to increase funding for Article 1 (Regular Instruction Reserve) and Article 2 (Special Education Reserve) to ensure continuity of services. RSU5 also reaffirmed its commitment to the Capital Reserve, Tennis Court Reserve, and Track & Field Reserve accounts by allocating $1,595,059 of undesignated fund balance.

During the 2025–2026 budget process, RSU5 implemented Phase One of a four-phase Infrastructure and Energy Reduction Project (Energy Audit) to address facility and infrastructure repairs and improvements. Phase One focuses primarily on energy efficiencies, including boiler replacement at Freeport High School; building automation upgrades at Freeport High School and Freeport Middle School; exterior weatherization at Durham Community School and Freeport High School; gym ceiling tile replacement at Pownal Elementary School; and district-wide lighting upgrades, door replacements, and fire panel upgrades. Future phases will be presented annually for approval.

In addition to the Energy Audit initiatives, RSU5 approved Life Safety projects addressing district-wide door access systems, camera replacements and additions, and phone and paging system replacements and upgrades. Funding for these projects is supported through a combination of annual capital project appropriations within the local budget and the previously established Capital Reserve Fund.

RSU5 also adopted a Vehicle and Grounds Equipment Replacement Plan designed to gradually increase annual appropriations over the next several years to address an aging fleet. Planned replacements for the 2025–2026 school year include two (2) school buses, one (1) pickup truck, two (2) mower/tractors, one (1) utility vehicle (Gator), and the addition of two (2) minivans for student transportation.

Finally, following the retirement of Jean Skorapa after three years of service as RSU5 Superintendent, Thomas (Tom) Gray assumed the role of Superintendent for the 2025–2026 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the RSU's finances and demonstrate the District's accountability for the money it receives. If you have questions about any of the information provided in this report or wish to request additional financial information, please contact RSU No. 5 Business Office at 17 West Street, Freeport, ME 04032.

BASIC FINANCIAL STATEMENTS

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

	Governmental Activities
ASSETS:	
Cash/investments	$ 13,866,356
Cash held by third party	48,737
Accounts receivable	528,675
Inventories	19,889
Capital assets:	
Land	447,285
Assets not in service	7,281
Other capital assets, net of depreciation	37,226,717
Total capital assets	37,681,283
TOTAL ASSETS	52,144,940
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows for pensions	1,183,602
Deferred outflows for other post-employment benefits	611,326
Total deferred outflows of resources	1,794,928
LIABILITIES:	
Accounts payable	189,935
Accrued salaries and benefits	3,631,858
Due to fiduciary funds	3,033
Current portion of long-term debt and leases, (including current portion of bond premiums of $48,410)	1,810,717
Total current liabilities	5,635,543
Long-term liabilities	
Compensated absences payable	286,319
Accrued interest	43,985
Long-term debt and leases, (including long-term portion of bond premiums of $229,638)	11,055,954
Net pension liability	337,361
Net other post-employment benefits liability	5,274,967
Total non-current liabilities	16,998,586
TOTAL LIABILITIES	22,634,129
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows for pensions	204,351
Deferred inflows for other post-employment benefits	245,439
Total deferred inflows of resources	449,790
NET POSITION:	
Net investment in capital assets	24,814,612
Restricted	1,908,031
Unrestricted	4,133,306
TOTAL NET POSITION	$ 30,855,949

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
FUNCTIONS				
Primary government				
Governmental activities				
Student and staff support	$ 4,560,278	32,626	$ 128,623	$ (4,399,029)
School administration	2,286,114	-	-	(2,286,114)
Facilities maintenance	5,125,689	-	-	(5,125,689)
Career and technical education	289,668	-	-	(289,668)
Regular instruction	18,729,188	78,509	445,887	(18,204,792)
Other instruction	1,028,053	-	5,540	(1,022,513)
System administration	1,231,363	-	-	(1,231,363)
Transportation services	1,768,894	-	6,991	(1,761,903)
Debt service	111,288	-	-	(111,288)
Special education services	6,352,728	-	609,749	(5,742,979)
Adult education	93,029	10	44,553	(48,466)
Community education	1,146,334	1,083,748	23,527	(39,059)
Program expenditures	2,098,268	567,650	1,433,772	(96,846)
MainePERS on-behalf payments	3,713,854	-	3,713,854	-
Total governmental activities	48,534,748	1,762,543	6,412,496	(40,359,709)
TOTAL PRIMARY GOVERNMENT	$ 48,534,748	$ 1,762,543	$ 6,412,496	

General revenues and special items:	
Taxes:	
Local assessments - K - 12	32,660,984
Local assessments - adult education	112,000
State allocation	7,553,100
Investment earnings	511,152
Loss on disposal of assets	(14,222)
Miscellaneous	150,702
	40,973,716
Change in net position	614,007
Beginning Net Position	30,241,942
Ending Net Position	$ 30,855,949

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	School Nutrition Fund	Community Education	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash/investments	$ 9,540,189	$ 2,638,704	$ 1,336,823	$ 350,640	$ 13,866,356
Cash held by third party	48,737	-	-	-	48,737
Accounts receivable	78,882	82,550	-	367,243	528,675
Due from other funds	3,041,550	-	4,147	509,704	3,555,401
Inventories	-	19,889	-	-	19,889
TOTAL ASSETS	$ 12,709,358	$ 2,741,143	$ 1,340,970	$ 1,227,587	$ 18,019,058
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	$ 137,853	$ 23,097	$ 5,668	$ 23,317	$ 189,935
Accrued salaries and benefits	3,577,532	9,241	23,533	21,552	3,631,858
Due to other funds	506,640	1,671,514	1,047,257	333,023	3,558,434
Total liabilities	4,222,025	1,703,852	1,076,458	377,892	7,380,227
Fund balances:					
Nonspendable	-	-	-	19,889	19,889
Restricted for:					
Special revenues	-	1,037,291	264,512	586,338	1,888,141
Committed for:					
Capital improvements and other expenditures	1,685,892	-	-	245,000	1,930,892
Assigned for:					
Use of fund balance	3,577,376	-	-	-	3,577,376
Adult Education	113,366	-	-	-	113,366
Unassigned (deficit)	3,110,699	-	-	(1,532)	3,109,167
Total fund balances	8,487,333	1,037,291	264,512	849,695	10,638,831
TOTAL LIABILITIES AND FUND BALANCES:	$ 12,709,358	$ 2,741,143	$ 1,340,970	$ 1,227,587	$ 18,019,058

The reconciliation of the ending fund balances of governmental funds to the net position in the statement of net position is presented on a separate schedule on the next page.

REGIONAL SCHOOL UNIT NO. 5
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

Net change in fund balances - total governmental funds (from Statement 3)		$ 10,638,831
Amounts reported for governmental activities in the Statement of Net Position (Statement 1) are different because (see Note 2 of Notes to the Required Supplementary Information, also):		
Capital assets and right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.		37,681,283
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	$ (12,456,510)	
Bond premiums	(278,048)	
Financed purchases payable	(132,113)	
Compensated absences payable	(286,319)	
Accrued interest	(43,985)	(13,196,975)
Adjustments related to pensions		
Unamortized deferred outflows of resources - pensions	1,183,602	
Unamortized deferred outflows of resources - other post-retirement benefits	611,326	
Unamortized deferred inflows of resources - pensions	(204,351)	
Unamortized deferred inflows of resources - other post-retirement benefits	(245,439)	
Net pension liability	(337,361)	
Net other post-retirement benefits liability	(5,274,967)	(4,267,190)
Net position of governmental activities (see Statement 1)		$ 30,855,949

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	School Nutrition Fund	Community Education	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Local assessments	$ 32,772,984	$ -	$ -	$ -	$ 32,772,984
Intergovernmental	7,650,931	1,416,876	-	1,191,389	10,259,196
Charges for services	10	167,817	1,131,243	11,990	1,311,060
Interest earned	410,978	-	-	-	410,978
Intergovernmental on-behalf payments	3,713,854	-	-	-	3,713,854
Miscellaneous	154,472	-	-	544,201	698,673
Total revenues	44,703,229	1,584,693	1,131,243	1,747,580	49,166,745
EXPENDITURES:					
Student and staff support	4,352,046	-	-	174,576	4,526,622
School administration	2,292,262	-	-	-	2,292,262
Facilities maintenance	4,754,470	-	-	-	4,754,470
Career and technical education	289,668	-	-	-	289,668
Regular instruction	18,164,040	-	-	469,383	18,633,423
Other instruction	1,026,011	-	-	857	1,026,868
System administration	1,210,672	-	-	-	1,210,672
Transportation services	1,858,348	-	-	6,992	1,865,340
Debt service	1,111,064	-	-	-	1,111,064
Special education services	5,728,627	-	-	609,749	6,338,376
Adult education	93,029	-	-	-	93,029
Program expenditures	75,225	1,583,080	1,146,335	512,349	3,316,989
Maine state retirement on-behalf payments	3,713,854	-	-	-	3,713,854
Total expenditures	44,669,316	1,583,080	1,146,335	1,773,906	49,172,637
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	33,913	1,613	(15,092)	(26,326)	(5,892)
OTHER FINANCING SOURCES (USES):					
Capital Lease Proceeds	135,270	-	-	-	135,270
Transfers in (out)	(185,334)	185,334	25,686	(25,686)	-
Total other financing sources (uses)	(50,064)	185,334	25,686	(25,686)	135,270
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(16,151)	186,947	10,594	(52,012)	129,378
BEGINNING FUND BALANCES, as previously presented	8,538,484	850,344	-	1,120,625	10,509,453
Transfer of fund balance	(35,000)	-	-	35,000	-
Change within financial reporting entity (nonmajor to major fund)	-	-	253,918	(253,918)	-
BEGINNING FUND BALANCES, restated	8,503,484	850,344	253,918	901,707	10,509,453
ENDING FUND BALANCES	$ 8,487,333	$ 1,037,291	$ 264,512	$ 849,695	$ 10,638,831

The reconciliation of the net change in fund balances of governmental funds to the change in net position in the statement of activities is presented on a separate schedule on the next page.

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds (from Statement 5)		$ 129,378
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because (see Note 2 in Notes to the Required Supplementary Information, also):		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital and right-to-use asset additions in the current period:		
Capital additions	$ 636,256	
Depreciation	(1,747,622)	
Right-to-use asset acquisition	-	
Loss on disposal of property	(14,222)	
Amortization of right-to-use assets	(219,389)	(1,344,977)
Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds in the current period:		
Long-term debt repayment	1,675,302	
Financed purchases proceeds	(135,270)	
Financed purchases repayments	129,501	
Lease liabilities repayments	193,531	1,863,064
Certain expenses reported in the Statement of Activities, such as accrued compensated absences, do not use current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in accrued compensated absences	(20,768)	
Change in deferred bond premiums	55,687	
Change in accrued interest	4,473	
Net adjustment related to pension benefits	63,152	
Net adjustment related to other post-employment benefits	(136,002)	(33,458)
Change in net position of governmental activities (see Statement 2)		$ 614,007

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2025

	Private Purpose Trust	Custodial Funds
ASSETS:		
Cash/investments	$ 11,142	$ -
Due from other funds	-	3,033
TOTAL ASSETS	11,142	3,033
LIABILITIES:		
Due to other groups	-	-
NET POSITION:		
Held in trust for other purposes	$ 11,142	$ 3,033

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Private-Purpose Trust	Custodial Funds
ADDITIONS:		
Donations received	$ 137,517	$ -
DEDUCTIONS:		
Miscellaneous Expenses	3,220,000	-
CHANGE IN NET POSITION	(3,082,483)	-
BEGINNING NET POSITION	3,093,625	3,033
ENDING NET POSITION	$ 11,142	$ 3,033

The Accompanying Notes are an Integral Part of these Statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

Regional School Unit No. 5 (RSU #5) is a Quasi-Municipal Corporation having received its Certificate of Organization on July 1, 2009, pursuant to Title 20-A and Chapter 103 of the Maine Revised Statutes, as amended. The Regional School's territory includes the Towns of Freeport, Durham, and Pownal, Maine. It provides the educational needs for grades pre-kindergarten through 12 for the residents of these communities. RSU #5 has an eleven-member Board of Directors, of which six are residents of Freeport, three from Durham, and two from Pownal.

The accounting policies and financial statements of RSU #5 are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to governmental entities, as prescribed by the Government Accounting Standards Board (GASB). The following is a summary of RSU #5's significant policies.

Basis of Presentation

RSU #5's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The government-wide financial statements, comprised of the Statement of Net Position and the Statement of Activities, report information on all the non-fiduciary activities of RSU #5. Generally, the effect of interfund activity has been removed from these statements. Governmental activities are primarily supported by taxes and intergovernmental revenues.

The Statement of Net Position presents the financial condition of the governmental activities of RSU #5 as of the end of the fiscal year. It reports governmental activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities points out the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and direct expenses identifies the extent to which each program is self-financing or draws from the general revenues of RSU #5. The Statement of Activities reports the gross and net costs of RSU #5's governmental activities. It reduces gross expenses (including depreciation) by related program revenues - charges for services and operating grants and contributions, if any. The net expenses are covered by general revenues.

Fund Financial Statements

The financial transactions of RSU#5 are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures, and transfers in and out. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements. Interfund eliminations have not been made in the aggregate on this data.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

RSU #5 uses two categories of funds: governmental funds and fiduciary funds.

The governmental fund sub-types used by RSU #5 are general, special revenue, or capital projects, based upon the following guidelines.

The *General Fund* is the operating fund of RSU #5 and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds are used to account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The fiduciary fund sub-types used by RSU #5 are Private-Purpose Trust and Custodial Funds. These funds are not incorporated into the government-wide statements.

Trust funds are used to account for assets received by RSU #5 and held in a trustee capacity. *Custodial funds* are generally used to account for assets that the government holds on behalf of others as their agent. They are custodial in nature (assets equal liabilities).

Fund financial statements report detailed information about RSU #5. Since the focus is on major funds rather than reporting funds by type, each major fund is presented in a separate column. GASB sets forth minimum criteria (percentages of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Nonmajor funds are aggregated and presented in the "Other Governmental Funds" column in the fund financial statements. Fiduciary funds are reported by fund type.

RSU #5's major funds are the General Fund, School Nutrition Program, and Community Education Programs.

Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flow takes place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been met.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized (recorded) in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current fiscal period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within 60 days after the end of the fiscal year. Revenue sources susceptible to accrual include intergovernmental revenues and investment earnings. Special grant program revenues are recognized in accordance with the terms of the grants, generally at the time program funds are expended. Expenditures are recognized when the corresponding liabilities are incurred, except for principal and interest on general long-term debt, which are recognized when due, and compensated absences, which are recognized when paid to the employees. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Fiduciary funds are reported using the economic resources measurement focus.

Cash and Investments

RSU #5's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Deposits can only be made in financial institutions insured by the FDIC. RSU #5's policy authorizes investments in obligations of the U. S. Treasury and U. S. Agencies, repurchase agreements, certain certificates of deposit, and certain money market funds. RSU #5 invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return. Investments are reported at fair value except for money market investments that have a remaining maturity at the time of purchase of one year or less stated at amortized cost.

Cash Held by Third Parties

Cash held by third parties includes amounts held in trust for RSU #5 by the Maine School Management Association's (MSMA) Unemployment Compensation Trust Fund (UCTF).

Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business. Governmental fund type receivables consist primarily of amounts due from the state or federal governments. These intergovernmental receivables are generally collected within 90 days after the end of the fiscal year and are considered collectible. As such, no allowance for doubtful accounts is recorded.

Inventories

School lunch inventories consist of government donated commodities, which are valued at estimated fair market value, and purchased food and supplies, valued at the lower of cost (first-in, first-out basis) or net realizable value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant and equipment, are defined by RSU #5 as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. These assets are reported in the governmental column in the government-wide financial statements. Such assets are reported at cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets, other than land, is provided on the straight-line basis over their estimated useful lives. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Straight-line depreciation is used based on the following estimated useful lives:

Land Improvements	11 to 30 years
Buildings and Building Improvements	6 to 50 years
Furniture and Equipment	3 to 20 years
Vehicles	8 to 15 years

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

Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the combined balance sheet of the governmental funds and fiduciary funds. Generally, the effect of interfund activity has been removed from the government-wide statements.

Operating transfers are used to move unrestricted resources from various funds to finance programs that RSU #5 must account for in other funds in accordance with budgetary authorizations.

Leases

RSU #5 routinely engages in lease agreements to meet operational needs. RSU #5's lease agreements generally relate to technology. For short-term leases with a maximum possible term of 12 months or less at commencement, RSU #5 recognizes periodic expense based on the provisions of the lease agreement. For all other agreements where RSU #5 is the lessee, at the commencement of a lease, RSU #5 initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The intangible right-to-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to-use lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Intangible right-to-use lease assets, reported similar to other assets, and lease liabilities, reported similar to long-term debt, are included in the statement of net position. RSU #5 monitor changes in circumstances that would require a remeasurement of its lease and will remeasure the intangible right-to-use lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds based on the percentage of each year's interest expense to the total interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. RSU #5 has deferred outflows of resources of $1,183,602 related to a pension obligation as of June 30, 2025, and $611,326 related to an other post-employment benefits obligation.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. RSU #5 has deferred inflows of resources of $204,351 related to a pension obligation as of June 30, 2025, and $245,439 related to an other post-employment benefits liability.

Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the MainePERS State Employee and Teacher Plan (the Plan), the Participating Local District Plan (PLD), and additions to/deductions from the Plan and PLD's fiduciary net position have been determined on the same basis as they are reported by the Plan and the PLD. For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the MainePERS Group Life Insurance (GLI) Plan (the OPEB-GLI Plan) and the Maine Education Association Benefits Trust (MEABT) Post-retirement Benefit Plan (OPEB-Health), and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the OPEB Plans.

For these purposes, the Pension Plan and the OPEB Plans recognize additions when earned and measurable, and deductions when due and payable in accordance with the terms of the statutes. In addition, an estimate is made for group life insurance death benefits incurred before year end but not reported to the OPEB Plan until after year end. Investments of the plans are measured at fair value.

Due to timing differences between audited information about the plans becoming available from MainePERS and the statutorily required deadlines for audited financial statements for the RSU, the RSU uses measurement dates from the plans' account balances and activities that are 12 months prior to the date of the Statement of Net Position. Appropriate adjustments are made to the Statement of Net Position and Statement of Activity to reflect these divergent measurement dates. The use of the different measurement date is allowed under GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund Equity Classifications

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

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

Capital assets	$58,309,182
Accumulated depreciation	(20,627,899)
Bonds, notes, and leases payable	(12,588,623)
Accrued bond premiums	(278,048)
Net investment in capital assets	$24,814,612

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

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

Fund Balance

In the fund financial statements, governmental fund balance is presented in five possible categories that comprise a hierarchy based on the extent to which RSU#5 is bound to honor constraints on the specific purposes for which those funds can be spent. The categories are as follows:

Nonspendable - includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. RSU #5 classifies inventory per Statement 3, for the school lunch program under this category.

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

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

Assigned - reflects the amounts constrained by the RSU #5's "intent" to be used for specific purposes, but are neither restricted nor committed. The School Board has the authority to assign amounts to be used for specific purposes.

Unassigned - represents amounts that are available for any purpose.

RSU #5 has no formal revenue spending policy for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Pursuant to the terms of the contract agreements, employees can accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee retirement.

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the bank's failure, RSU #5 will not be able to recover the value of its deposits and investments that are in the possession of an outside party.

Deposits

RSU #5 does not have a deposit policy for custodial credit risk. As of June 30, 2025, RSU #5 reported deposits of $13,877,498 with a bank balance of $14,616,180. Of RSU #5's bank balances, $1,605,059 was covered by FDIC insurance and $13,011,121 was exposed to custodial credit risk. Of the balance exposed to custodial credit risk, $14,000,000 was collateralized by government securities held by the pledging bank, but not in RSU#5's name. RSU #5 had no uncollateralized and uninsured cash at year end.

Cash Held by Third Parties

RSU #5 owns assets held by Maine School Management Association. These amounts are invested by the custodians in money market accounts or similar very low risk investment vehicles that invest in US government obligations. Management believes the custodial credit risk of these assets to be low. As of June 30, 2025, the carrying value of amounts held by the MSMA Unemployment Compensation Trust Fund was $48,737. Carrying value approximates fair value. None of the underlying securities are in RSU #5's name.

NOTE 3: INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Individual interfund receivables and payable balances at June 30, 2025 were as follows:

	Interfund Receivables	Interfund Payables
General fund	$ 3,041,550	$ 506,638
School nutrition fund	-	1,671,514
Community education	4,147	1,047,257
Nonmajor governmental funds	509,704	333,025
Custodial funds	3,033	-
	$ 3,558,434	$ 3,558,434

NOTE 3: INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. The balances represent each fund's portion of the centralized account.

Transfers

Interfund transfers for the year ended June 30, 2025 consisted of the following:

	Transfers In	Transfers Out
General fund	$ -	$ 185,334
School Nutrition Fund	185,334	-
	$ 185,334	$ 185,334

Operating transfers are used to move unrestricted resources from various funds to finance programs that the District must account for in other funds in accordance with budgetary authorizations.

NOTE 4: CAPITAL ASSETS

Capital asset activity during the fiscal year was:

	Balance 6/30/2024	Additions/ Transfers	Disposals	Balance 6/30/2025
Capital assets not being depreciated				
Land	$ 447,285	$ -	$ -	$ 447,285
Assets not in service	650,405	(643,124)	-	7,281
Capital assets being depreciated				
Land improvements	5,144,370	34,345	-	5,178,715
Buildings and improvements	45,955,632	622,136	-	46,577,768
Transportation	2,873,670	354,878	(111,572)	3,116,976
Equipment	2,746,136	268,021	(33,000)	2,981,157
Total capital assets being depreciated	56,719,808	1,279,380	(144,572)	57,854,616
Total capital assets	57,817,498	636,256	(144,572)	58,309,182
Less: Accumulated depreciation				
Land improvements	1,628,942	256,265	-	1,885,207
Buildings and improvements	13,885,776	1,169,499	-	15,055,275
Transportation	1,672,096	168,363	(110,000)	1,730,459
Equipment	1,823,813	153,495	(20,350)	1,956,958
Total accumulated depreciation	19,010,627	1,747,622	(130,350)	20,627,899
Capital assets, net	$ 38,806,871	$ (1,111,366)	$ (14,222)	$ 37,681,283

NOTE 4: CAPITAL ASSETS (Continued)

The following table shows the intangible right-to-use activity for the year.

	Balance 6/30/2024	Additions	Retirements	Balance 6/30/2025
Intangible right-to-use lease assets				
Equipment	$ 850,998	$ -	$ (850,998)	$ -
Accumulated amortization:				
Equipment	631,609	219,389	(850,998)	-
Intangible right-to-use assets, net	$ 219,389	$ (219,389)	$ -	$ -

Depreciation and amortization was charged to functions as follows:

Operations and maintenance	$ 1,475,846
Transportation	168,319
School lunch	15,104
Instructions	68,404
Student and Staff Support	219,389
Administration	19,949
Total depreciation and amortization	$ 1,967,011

Included in the capital assets above are capital assets that were obtained with financing. They are as follows:

	Cost	Accumulated Depreciation
Transportation	$ 268,020	$ 23,170

NOTE 5: CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term liability activity of RSU #5 for the year ended June 30, 2025:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds and notes payable					
General obligation bonds	$ 14,131,812	$ -	$ (1,675,302)	$ 12,456,510	$ 1,675,302
Bond premiums	333,735	-	(55,687)	278,048	48,410
Financed purchases payable	126,344	135,270	(129,501)	132,113	87,005
Lease liabilities	193,531	-	(193,531)	-	-
Total bonds and notes payable	14,785,422	135,270	(2,054,021)	12,866,671	1,810,717
Compensated absences	265,551	-	20,768	286,319	-
	$ 15,050,973	$ 135,270	$ (2,033,253)	$ 13,152,990	$ 1,810,717

NOTE 6: LONG-TERM DEBT AND LEASE OBLIGATIONS

Long-Term Debt Obligations

General long-term debt payable consists of the following:

Maine Municipal Bond Bank 2009 Durham New Building; maturing on 11/1/2029; annual principal payments of $108,835; various interest rates from 2.075% to 5.575%; authorized and issued $2,176,696.	$ 544,175
Maine Municipal Bond Bank 2009 Series C Durham Elementary New Building; maturing on 8/27/2029; annual principal payments of $886,467; various interest rates from 2.075% to 5.575%; authorized and issued $17,729,348.	4,432,335
US Bank 2015 General Obligation Bond-Freeport High School Renovation Project; maturing on November 1, 2035; annual principal payments of $680,000; various interest rates between 2.50% and 5.00%; authorized $14,638,009 and issued $13,638,000.	7,480,000
	$ 12,456,510

The annual requirement to amortize debt outstanding as of June 30, 2025 is as follows:

Year Ending June 30	Principal	Interest	Total
2026	$ 1,675,302	$ 313,125	$ 1,988,427
2027	1,675,302	271,775	1,947,077
2028	1,675,302	231,735	1,907,037
2029	1,675,302	185,844	1,861,146
2030	1,675,302	137,700	1,813,002
2031-2035	3,400,000	377,400	3,777,400
2036-2040	680,000	11,050	691,050
	$ 12,456,510	$ 1,528,629	$ 13,985,139

Interest expense on long-term debt and financed purchases obligations was $377,426 for the year.

Under a provision of state law, the State of Maine reimburses RSU #5 for a portion of the financing costs of various approved school construction projects. RSU #5's State aid subsidy is dependent upon continued annual appropriation by the State legislature. State aid for annual principal and interest payments for various school debt obligations were received for the year ended June 30, 2025.

NOTE 6: LONG-TERM DEBT AND LEASE OBLIGATIONS (Continued)

Long-Term Debt Obligations (Continued)

Financed Purchases Obligations

RSU #5 leases two school buses under agreements that are classified as a financed purchase obligation. The annual requirement to pay the financed purchase obligation as of June 30, 2025 is as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 87,005	$ 7,244	$ 94,249
2027	45,108	2,503	47,611
Total financed purchase obligation	$ 132,113	$ 9,747	$ 141,860

Lease Liabilities Obligations

RSU #5 leases computers under agreements that are classified as lease liabilities obligations. The final payment of $193,531 was made during FY2025.

Total lease liabilities expense for the year ending June 30, 2025 was $223,499.

NOTE 7: CONTINGENT LIABILITIES

Grant Funds

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although RSU #5 expects such amounts, if any, to be immaterial.

Litigation

RSU #5 is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, RSU #5 has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of RSU #5.

NOTE 8: OTHER DISCLOSURES

Risk Management
RSU #5 is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; and natural disasters for which RSU #5 either carries commercial insurance, or participates in a public entity risk pool. Currently, RSU #5 participates in several public entity risk pools sponsored by the Maine School Management Association. Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, RSU #5 is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2025. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past three fiscal years. The amount of unpaid claims was $0 at June 30, 2025.

NOTE 9: DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

The MainePERS State Employee and Teacher Plan (the Plan) is a multiple-employer cost sharing plan with a special funding situation. As of June 30, 2024 there were 241 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members.

The Participating Local District (PLD) Plan is a multiple-employer cost sharing plan. Eligible employers (districts) are defined in Maine statute. As of June 30, 2024 there were 336 employers in the plan.

Each plan is administered by the Maine Public Employees Retirement System (MainePERS)

Pension Benefits

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

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

Member and Employer Contributions

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

Financial Reporting

MainePERS issues annual financial reports for the Plans which can be found at:

http://www.mainepers.org/Publications/Publications.htm#Annual Reports

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

The net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions were measured at June 30, 2024, the latest measurement date available, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These amounts are reported on the RSU's financial statements as of June 30, 2025. The RSU's deferred outflows of resources related to pensions balance, as of the measurement date, was increased by contributions to pensions made in the current fiscal year. These amounts were adjusted accordingly as reductions to expenses in the Statement of Activities.

At June 30, 2025, the RSU reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the RSU. The amount recognized by the RSU as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the RSU were as follows:

RSU #5's proportionate share of the net pension liability	$ 224,942
State's proportionate share of the net pension liability associated with RSU #5	19,239,746
Total	$ 19,464,688

The RSU's proportion of the net pension liability was based on a projection of the RSU's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2024, for the SET plan, the RSU's proportion was 0.016393%, which was a decrease of 0.011614% from its proportion measured as of June 30, 2023. At June 30, 2024, for the PLD plan, the District's proportion was 0.028087%, which was an increase of 0.001517% from its proportion measured as of June 30, 2023.

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2025, the RSU recognized total pension expense of $4,636,547 and revenue of $3,713,854 for support provided by the State related to the SET plan, resulting in a net pension expense of $922,693. At June 30, 2025, the RSU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan		PLD Plan		Net of Both Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiance	$ 22,752	$ -	$ 33,366	$ -	$ 56,118	$ -
Change of assumptions	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	17,132	-	11,689	-	28,821
Changes in proportion and differences between employer contributions and proportionate share of contributions	79,384	175,530	3,461	-	82,845	175,530
RSU #5's contributions subsequent to the measurement date	1,044,639	-	-	-	1,044,639	-
Total	$ 1,146,775	$ 192,662	$ 36,827	$ 11,689	$ 1,183,602	$ 204,351

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan.

RSU contributions to the Plan subsequent to the measurement date, totaling $1,044,639, are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SET Plan	PLD Plan	Total
Fiscal year 2026	$ (9,170)	$ 111	$ (9,059)
Fiscal year 2027	(34,102)	28,851	(5,251)
Fiscal year 2028	(43,955)	(1,558)	(45,513)
Fiscal year 2029	(3,299)	(2,266)	(5,565)
Total	$ (90,526)	$ 25,138	$ (65,388)

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial Methods and Assumptions

The collective total pension liability for the Plans was determined by an actuarial valuation as of June 30, 2024 and 2023, using the following methods and assumptions applied to all periods included in the measurement.

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affects the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The IUAL of the SET Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses, and changes are amortized over twenty-year periods beginning on the date as of which they occur.

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes, as of June 30, 2024, and June 30, 2023, are as follows:

Investment Rate of Return - For both Plans, 6.50% per annum, compounded annually for 2024 and 2023.

Inflation Rate - For both Plans, 2.75% (2024 and 2023)

Salary Increases, Merit and Inflation - For the SET Plan for 2024 and 2023, Teachers, 2.80% to 13.03%; all participants in the PLD Plan for 2024 and 2023, 2.75% to 11.48%

Cost of Living Benefit Increases - 2.20% for the SET Plan (2024 and 2023); For the PLD Consolidated Plan, 1.91% (2024 and 2023)

Mortality Rates – For the SET Plan, based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model. For the PLD Plan, based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

The long-term expected rate of return on pension plan assets 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 arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Public equities	30.0%	5.6%
US Government	10.0%	2.2%
Private equity	12.5%	7.2%
Real assets:		
Real estate	10.0%	5.8%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.1%
Traditional credit	5.0%	2.7%
Alternative credit	10.0%	6.4%
Diversifiers	7.5%	4.8%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2024 and 2023 for each of the plans. 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.

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

Sensitivity of the RSU's Proportionate Share of the Net Pension Liability to Changes in the Discount Rates

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
SET Plan:			
RSU #5's proportionate share of the net pension liability	$ 471,990	$ 224,942	$ 19,317
PLD Plan			
Net pension (asset) liability	280,894	112,419	(26,386)
Total	$ 752,884	$ 337,361	$ (7,069)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MainePERS financial report.

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS PLAN

General Information about the GLI OPEB Plan

GLI OPEB Plan Description

The RSU participates in the Group Life Insurance Plan for Retired State Employees and Teachers administered by MainePERS. It is a multiple-employer cost-sharing plan with a special funding situation. As of June 30, 2025, there were 237 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public-school teachers in the plan.

GLI OPEB Plan Benefits

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

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

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)

GLI OPEB Plan Funding Policy

Premium rates are those determined by MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. The premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State of Maine as the total dollar amount of each year's annual required contribution.

GLI OPEB Plan Financial Reporting

MainePERS issues annual financial reports for the Group Life Insurance Plan which can be found online at:

http://www.mainepers.org/Publications/Publications.htm#Annual Reports

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

GLI OPEB Plan

The net OPEB liability, deferred inflows of resources and deferred outflows of resources related to OPEB were measured at June 30, 2024, the latest measurement date available, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These amounts are reported on the RSU's financial statements as of June 30, 2025.

The RSU currently has no proportionate share of the collective net OPEB liability. Therefore, at June 30, 2025, the RSU reported a liability of $0 for its proportionate share of the net OPEB liability. The State's proportionate share of the net OPEB liability associated with the RSU was $209,601. Likewise, for the year ended June 30, 2025, the RSU recognized no OPEB expense (related to the MainePERS GLI OPEB Plan).

OPEB Plan Reporting

GLI OPEB Plan

Normally, additional disclosures about actuarial methods and assumptions as well as required supplementary information relating to the RSU's proportionate share of the collective net OPEB liability and a schedule of the RSU's contributions to the OPEB Plan would be presented. However, due to the RSU having no liability nor contributions to the plan, these disclosures and schedules would provide no useful information and, thus, have been omitted.

Detailed information about the OPEB plan is available in the separately issued MainePERS financial report.

General Information about the Health Insurance OPEB Plan

Health Insurance OPEB Plan Description

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

NOTE 10 OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)

General Information about the Health Insurance OPEB Plan

Health Insurance OPEB Plan Benefits

MEABT provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 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) 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.

At June 30, 2024, the following were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	23
Inactive employee entitled to but not yet receiving benefit payments	-
Active employees	297
Total	320

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

Health Insurance OPEB Plan

The RSU's total OPEB liability of $5,274,967 was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Balance at June 30, 2023	$ 5,387,892
Changes for the year:	
Service Cost	85,070
Interest	195,690
Changes of benefit terms	-
Differences between expected and actual experience	(91,709)
Changes in assumptions or other inputs	(76,783)
Benefit payments	(225,193)
Net changes	(112,925)
Balance at June 30, 2024	$ 5,274,967

Change in assumptions reflects a change in the discount rate from 3.65% to 3.93%.

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS PLANS (Continued)

Health Insurance OPEB Plan (Continued)

For the year ended June 30, 2025, the RSU recognized a reduction of OPEB expense of $136,003. At June 30, 2025, the RSU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 286,222	$ 119,673
Changes in Assumptions and other inputs	117,682	125,766
RSU #5's contribution subsequent to measurement date	207,422	-
Total	$ 611,326	$ 245,439

RSU #5's contribution to the Plan subsequent to the measurement date, totaling $207,422, are reported as deferred outflows of resources related to OPEB and will be recognized in OPEB expense in the next fiscal year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2026	$ 93,379
2027	54,005
2028	45,712
2029	40,268
2030	(32,779)
Thereafter	(42,120)
	$ 158,465

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75% - 13.03% per year
Discount rate	3.93% per annum
Healthcare cost trend rates - Pre-Medicare	Initial trend of 9% applied in FY2025 grading over 20 years to 4.5%
Healthcare cost trend rates - Medicare	Initial trend of 6.0% applied in FYE 2025, 5.7% applied in 2026, 6.1% applied in FYE 2027 grading over 18 years to 4.5% per annum
Retirees' share of the benefit related costs	40% of the blended premium rate with a State subsidy for the remaining 60% of the blended premium rate

Mortality rates were based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS PLANS (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

Discount Rate

The rate used to measure the total OPEB liability was 3.93% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon the Bond Buyer 20-Bond GO Index. 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.

Sensitivity of the Total Health OPEB Liability to Changes in the Discount Rate

The following presents the RSU's total Health OPEB liability calculated using the discount rate of 3.93%, as well as what the RSU's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.93%) or 1 percentage-point higher (4.93%) than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	$ 6,055,206	$ 5,274,967	$ 4,641,598

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the RSU's total OPEB liability calculated using the healthcare cost trend rates, as well as what the RSU's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 4,596,385	$ 5,274,967	$ 6,123,734

NOTE 11: COMPONENTS OF FUND BALANCE

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

	Nonspendable	Restricted	Committed	Assigned	Unassigned
General Fund:					
Capital reserve	$ -	$ -	$ 899,949	$ -	$ -
Fuel reserve	-	-	100,000	-	-
Tennis court reserve	-	-	150,000	-	-
Regular instruction reserve	-	-	120,837	-	-
Special education reserve	-	-	335,564	-	-
Student & staff support reserve	-	-	6,768	-	-
Administration reserve	-	-	12,774	-	-
Transportation reserve	-	-	60,000	-	-
Use of fund balance	-	-	-	2,434,376	-
Unassigned	-	-	-	-	4,253,701
Adult Education	-	-	-	113,366	-
Other governmental funds:					
Special revenues					
Getting to proficiency grant	-	11,337	-	-	-
OCFS child care provider	-	25,558	-	-	-
Special Olympics programming	-	4,683	-	-	-
Student aspirations	-	33,371	-	-	-
Donations	-	40,762	-	-	-
Local grants	-	2,750	-	-	-
Erate	-	39,971	-	-	-
Track and field activity	-	-	-	-	(1,532)
Laptop protection	-	36,075	-	-	-
SAMSHA	-	101	-	-	-
Mentoring	-	10,497	-	-	-
Dollars for scholars	-	3,669	-	-	-
Performing arts center	-	52,837	-	-	-
School Nutrition	19,889	1,017,402	-	-	-
Community education	-	264,512	-	-	-
Odyssey of the mind	-	1,499	-	-	-
Freeport High School Activity Funds	-	191,384	-	-	-
Freeport Middle School Activity Funds	-	65,918	-	-	-
Durham Community School Activity Funds	-	48,964	-	-	-
Pownal Elementary School Activity Funds	-	10,427	-	-	-
Mast Landing School Activity Funds	-	21,040	-	-	-
Morse Street School Activity Funds	-	5,384	-	-	-
Capital projects					
Tri-town track & field project	-	-	245,000	-	-
Total	$ 19,889	$ 1,888,141	$ 1,930,892	$ 2,547,742	$ 4,252,169

NOTE 12: DEFICIT FUND BALANCE

RSU #5's Special Revenue Track and Field Activity Fund is carrying forward a fund deficit as of June 30, 2025. The Special Revenue Tri-Town Track & Field Project's deficit fund balance will be funded by donations to be received in future years.

NOTE 13: PURPOSE OF STUDENT ACTIVITY FUNDS

The purpose of the Student Activity Funds is to maintain accountability of the various extracurricular activities for the students of Regional School Unit No. 5.

NOTE 14: TRANSFER OF FUND BALANCE

During the FY2025 Annual Budget Meeting, the voters authorized the School Board to transfer a sum of $35,000 from RSU #5's General Fund's Unassigned Fund Balance to the Track and Field Reserve Fund. That transfer is reported as a Transfer of Fund Balance on Statement 5.

NOTE 15: NONMAJOR FUND TO MAJOR FUND

GASB sets forth minimum criteria (percentages of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Community Education Fund is reported as a major fund this year and as a nonmajor fund in the prior year. GASB Standard No. 100 changes the presentation of Statement 5 and Schedule 9 as follows.

	Reporting Units Affected by Restatements of Beginning Balances		
	Funds		
	General Fund	Community Education Fund	Nonmajor Governmental
Beginning Fund Balances, as previously reported	$ 8,538,484	$ -	$ 1,120,625
Transfer of funds	(35,000)	-	35,000
Change from nonmajor to major	-	253,918	(253,918)
Beginning Fund Balances, as restated	$ 8,503,484	$ 253,918	$ 901,707

NOTE 16: SUBSEQUENT EVENTS

During August and September 2025, RSU #5 entered into multiple lease-purchase agreements with MCB Leasing, LLC. These agreements carry interest rates ranging from 5.12% to 5.24% over a three-year term, and include financing of $282,000 for the acquisition of two school buses, a pickup truck and two vans for $136,797, and $50,440 for grounds maintenance equipment.

In April 2025, the School Board approved a resolution authorizing lease financing for a $3.4 million Energy Conservation Project at RSU schools. Subsequently, in July 2025, lease-purchase financing totaling $3,013,249 was secured at an interest rate of 4.35% over a seventeen-year term.

In preparing these financial statements, RSU #5 has evaluated events and transactions for potential recognition or disclosure through April 2, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

REGIONAL SCHOOL UNIT NO. 5
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Town assessments (includes adult education of $112,000)	$ 32,772,984	$ 32,772,984	$ 32,772,984	$ -
State shared revenues:				
General	7,472,992	7,472,992	7,478,992	6,000
Child development services	79,000	79,000	74,108	(4,892)
State agency client	20,000	20,000	53,279	33,279
Adult education subsidy	44,063	44,063	44,553	490
	7,616,055	7,616,055	7,650,932	34,877
Charges for Services				
Adult education fees	-	-	10	10
Other:				
Interest earnings	209,000	209,000	410,978	201,978
Miscellaneous	158,484	158,484	154,472	(4,012)
	367,484	367,484	565,450	197,966
TOTAL REVENUES	40,756,523	40,756,523	40,989,376	232,853
EXPENDITURES-BY FUNCTIONS:				
Student and staff support	4,371,246	4,382,733	4,311,314	71,419
School administration	2,342,210	2,348,210	2,292,262	55,948
Facilities maintenance	5,139,408	5,139,408	4,754,470	384,938
Career and technical education	289,668	289,668	289,668	-
Regular instruction	18,390,052	18,209,306	18,094,877	114,429
Other instruction	1,034,849	1,035,092	1,026,011	9,081
System administration	1,179,440	1,186,930	1,186,446	484
Transportation services	1,586,682	1,742,208	1,723,078	19,130
Debt service	1,111,064	1,111,064	1,111,064	-
Special education services	5,870,507	5,870,507	5,614,191	256,316
Other outlays:				
Adult education	220,276	220,276	93,029	127,247
TOTAL EXPENDITURES-BY FUNCTIONS	41,535,402	41,535,402	40,496,410	1,038,992
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(778,879)	(778,879)	492,966	1,271,845

REGIONAL SCHOOL UNIT NO. 5
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (778,879)	$ (778,879)	$ 492,966	$ 1,271,845
OTHER FINANCING SOURCES (USES):				
Transfer out to school lunch program	(185,334)	(185,334)	(185,334)	-
TOTAL OTHER FINANCING SOURCES (USES)	(185,334)	(185,334)	(185,334)	-
BUDGETARY SURPLUS (DEFICIT)	$ (964,213)	$ (964,213)	$ 307,632	$ 1,271,845
COMPONENTS OF THE SCHOOL'S BUDGETARY SURPLUS (DEFICIT)				
Restricted				
Adult Education	$ (64,213)	$ (64,213)	$ 63,534	
Committed				
Tennis Court	40,000	40,000	40,000	
Assigned				
Use of fund balance	(940,000)	(940,000)	1,334,276	
Unassigned	-	-	(1,130,178)	
	$ (964,213)	$ (964,213)	$ 307,632	

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

MAINEPERS STATE EMPLOYEE AND TEACHER PLAN

EMPLOYER ID: TS005

For the Last Ten Years *

Fiscal Year Ended June 30	RSU #5's proportion of the net pension liability	RSU #5's proportionate share of the net pension liability	State's proportionate share of the net pension liability associated with RSU #5	Total	RSU #5's covered-employee payroll	RSU #5's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.016393%	$ 224,942	$ 19,239,746	$ 19,464,688	$ 19,649,766	1.14%	87.59%
2024	0.028007%	424,905	18,519,367	18,944,272	19,366,737	2.19%	86.03%
2023	0.032746%	486,249	17,597,290	18,083,539	17,551,066	2.77%	85.79%
2022	0.010485%	88,685	10,828,518	10,917,203	17,421,702	0.51%	90.90%
2021	0.005272%	86,069	20,529,597	20,615,666	16,363,572	0.53%	81.03%
2020	0.015724%	230,494	17,703,769	17,934,263	15,636,488	1.47%	82.73%
2019	0.012491%	168,559	16,140,965	16,309,524	14,884,696	1.13%	82.90%
2018	0.009599%	139,429	16,878,129	17,017,558	14,884,696	0.94%	80.78%
2017	0.008086%	142,835	17,934,263	18,077,098	13,846,467	1.03%	76.21%
2016	0.009593%	129,517	14,471,579	14,601,096	12,399,394	1.04%	81.18%

* Date headers reflect the reporting fiscal year, but measurement dates are twleve months prior.

REGIONAL SCHOOL UNIT NO. 5
SCHEDULE OF THE DISTRICT'S EMPLOYER CONTRIBUTIONS
MAINEPERS STATE EMPLOYEE AND TEACHER PLAN
EMPLOYER ID: TS005
For the Last Ten Fiscal Years *

Fiscal Year Ended June 30	Contractually required contributions	RSU #5's contributions in relation to the contractually required contributions	RSU #5's contribution deficiency (excess)	RSU #5's covered-employee payroll	RSU #5's contributions as a percentage of its covered-employee payroll
2025	$ 1,015,758	$ 1,015,758	$ -	$ 21,431,165	4.74%
2024	938,775	938,775	-	19,649,766	4.78%
2023	828,078	828,078	-	19,366,737	4.28%
2022	754,891	754,891	-	17,551,066	4.30%
2021	783,118	783,118	-	17,421,702	4.50%
2020	714,513	714,513	-	16,363,572	4.37%
2019	655,671	655,671	-	15,636,488	4.19%
2018	590,922	590,922	-	14,884,696	3.97%
2017	488,206	488,206	-	14,161,782	3.45%
2016	477,559	477,559	-	13,846,467	3.45%

* Date headers reflect both the reporting fiscal year and the measurement date.

REGIONAL SCHOOL UNIT NO. 5

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MAINEPERS PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN
EMPLOYER ID: P0325
For the Last Ten Fiscal Years *

Fiscal Year Ended June 30	RSU #5's proportion of the net pension liability	RSU #5's proportionate share of the net pension (asset) liability	RSU #5's covered-employee payroll	RSU #5's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.028087%	$ 112,419	$ 266,500	42.18%	91.06%
2024	0.026570%	84,784	240,962	35.19%	92.34%
2023	0.026257%	69,800	211,146	33.06%	93.26%
2022	0.016883%	(5,426)	114,364	-4.74%	100.86%
2021	0.013043%	51,822	84,249	61.51%	88.35%
2020	0.011300%	34,537	69,124	49.96%	90.62%
2019	0.009047%	24,760	52,313	47.33%	91.14%
2018	0.009263%	37,930	49,975	75.90%	86.43%
2017	0.010962%	58,244	57,802	100.76%	81.61%
2016	0.011198%	35,724	58,682	60.88%	88.27%

* Date headers reflect the reporting fiscal year, but measurement dates are twleve months prior.

REGIONAL SCHOOL UNIT NO. 5
SCHEDULE OF THE DISTRICT'S EMPLOYER CONTRIBUTIONS
MAINEPERS PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN
EMPLOYER ID: P0325
For the Last Ten Years *

Fiscal Year Ended June 30	Contractually required contributions	RSU #5's contributions in relation to the contractually required contributions	RSU #5's contribution deficiency (excess)	RSU #5's covered-employee payroll	RSU #5's contributions as a percentage of its covered-employee payroll
2025	$ 27,488	$ 27,488	$ -	$ 278,381	9.87%
2024	27,050	27,050	-	266,500	10.15%
2023	20,482	20,482	-	240,962	8.50%
2022	21,748	21,748	-	211,146	10.30%
2021	11,551	11,551	-	114,364	10.10%
2020	8,425	8,425	-	84,249	10.00%
2019	6,912	6,912	-	69,124	10.00%
2018	5,022	5,022	-	52,313	9.60%
2017	4,748	4,748	-	49,975	9.50%
2016	5,144	5,144	-	57,802	8.90%

* Date headers reflect both the reporting fiscal year and the measurement date.

REGIONAL SCHOOL UNIT NO. 5
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MAINEPERS GROUP LIFE INSURANCE OPEB PLAN
EMPLOYER ID: TS005
For the Last Eight Years *

Fiscal Year Ended June 30	RSU #5's proportion of the net OPEB liability	RSU #5's proportionate share of the net OPEB liability	State's proportionate share of the net OPEB liability associated with RSU #5	Total	RSU #5's covered-employee payroll	RSU #5's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	0.00%	$ -	$ 209,601	$ 209,601	$ 19,649,766	0.00%	66.13%
2024	0.00%	-	319,457	319,457	19,366,737	0.00%	56.97%
2023	0.00%	-	354,701	354,701	17,551,066	0.00%	52.39%
2022	0.00%	-	187,000	187,000	17,421,702	0.00%	62.90%
2021	0.00%	-	405,962	405,962	16,363,572	0.00%	55.40%
2020	0.00%	-	368,007	368,007	15,636,488	0.00%	49.22%
2019	0.00%	-	345,781	345,781	14,884,696	0.00%	48.04%
2018	0.00%	-	314,667	314,667	14,884,696	0.00%	47.29%

* Date headers reflect the reporting fiscal year, but measurement dates are twelve months prior.

This schedule is intended to show information for ten years.
The data presented is attributable to those years since the District's
first year of GASB 75 implementation; the fiscal year ended June 30, 2018.
The schedule will be updated annually as new information becomes available.

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
SCHEDULE OF CHANGES IN THE THE DISTRICT'S TOTAL HEALTH PLAN
OPEB LIABILITY AND RELATED RATIOS
MAINE EDUCATION ASSOCIATION BENEFITS TRUST HEALTH INSURANCE OPEB PLAN
For the Six Years *

		2025	2024	2023	2022	2021
A	Service cost	$ 85,070	$ 86,008	$ 101,429	$ 102,052	$ 60,413
B	Interest	195,690	190,883	105,088	105,228	177,829
C	Benefit term changes	-	-	-	-	(487,902)
D	Experience differences	(91,709)	-	500,890	-	(138,003)
E	Assumption changes	(76,783)	(82,013)	10,462	38,067	196,049
F	Benefit payments	(225,193)	(224,342)	(127,817)	(154,024)	(184,078)
G	Net change	(112,925)	(29,464)	590,052	91,323	(375,692)
H	Beginning liability	5,387,892	5,417,356	4,827,304	4,735,981	5,111,673
I	Ending liability	$ 5,274,967	$ 5,387,892	$ 5,417,356	$ 4,827,304	$ 4,735,981
J	Covered payroll	$12,789,771	$12,969,476	$12,653,147	$12,990,573	$12,673,729
K	Payroll percentage	41.2%	41.5%	42.8%	37.2%	37.4%

		2020
A	Service cost	$ 51,685
B	Interest	183,097
C	Benefit term changes	-
D	Experience differences	-
E	Assumption changes	275,638
F	Benefit payments	(155,027)
G	Net change	355,393
H	Beginning liability	4,756,280
I	Ending liability	$ 5,111,673
J	Covered payroll	$13,663,820
K	Payroll percentage	37.4%

* Date headers reflect the reporting fiscal year, but measurement dates are twleve months prior.

A Service cost related to the District
B Interest, which includes interest on service cost
C Changes in the Plan's benefit terms
D Differences between expected and actual experience
E Changes of assumptions
F Benefit payments, including refunds of member contributions
G Net change in total OPEB liability (sum of A through F)
H Total OPEB liability at the beginning of the fiscal year.
I Total OPEB liability at the end of the fiscal year.
J Covered-employee payroll
K Total OPEB liability as a percentage of covered-employee payroll.

This schedule is intended to show information for ten years.
The data presented is attributable to those years since the District's
first year of GASB 75 implementation; the fiscal year ended June 30, 2019.
The schedule will be updated annually as new information becomes available.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Accounting

Budgets are adopted for the general fund only. Formal budgetary integration is employed as a management control device during the year for the general fund. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. A comparison of budget to actual is presented in these financial statements.

NOTE 2: RECONCILIATION OF BUDGETARY VS. FUND FINANCIAL STATEMENTS

As required by generally accepted accounting principles (GAAP), RSU #5 has reported a revenue and expenditure for Maine State Retirement contributions in the amount of $3,713,854 made by the State of Maine on behalf of RSU #5. Since the amount has not been budgeted, there is a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America. The amount has been included as an intergovernmental revenue and expenditure in the General Fund on Statement 5. There is no effect on the fund balance at the end of the year.

Capital lease proceeds and expenditures of $135,270 have been reported on the GAAP statements but not on the budgetary basis statements. There is no effect on the fund balance at the end of the year.

Reserve purchases have been reported on the GAAP statements but not on the budgetary basis schedules. The GAAP basis fund balance decreased by $323,782.

Explanation of the Differences between General Fund Budgetary Comparison Schedule Revenues and Expenditures (Schedule 1) and General Fund GAAP Revenues and Expenditures (Statement 5) are as follows:

Revenues	
Total Revenues as reported on Budgetary Comparison Schedule Budget and Actual- Budgetary Basis (Schedule 1)	$ 40,989,377
Differences-budget to GAAP	
On behalf payments for Maine State Retirement Contributions made by the State of Maine	3,713,854
Total Revenues as reported on Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds (Statement 5)	$ 44,703,231
Expenditures	
Total Expenditures as reported on Budgetary Comparison Schedule Budget and Actual- Budgetary Basis (Schedule 1)	$ 40,496,410
Differences-budget to GAAP	
Capital lease purchases	135,270
Reserve purchases	323,782
On behalf payments for Maine State Retirement Contributions made by the State of Maine	3,713,854
Total Expenditures as reported on Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds (Statement 5)	$ 44,669,316

NOTE 2: RECONCILIATION OF BUDGETARY VS. FUND FINANCIAL STATEMENTS (Continued)

Other Financing Sources (Uses)	
Total Other Financing Sources (Uses) as reported on Budgetary Comparison Schedule - Budget and Actual- Budgetary Basis (Schedule 1)	$ (185,334)
Differences-budget to GAAP	
Capital Lease Proceeds	135,270
Total Other Financing Sources (Uses) as reported on Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Statement 5)	$ (50,064)

NOTE 3: BUDGETED USE OF SURPLUS

For the year ended June 30, 2025, RSU #5 budgeted a deficit of $964,213 and planned to use the General Fund and the Adult Education's fund balance to cover the deficit. Actual revenues and expenditures, however, resulted in excess revenues of $307,633 which is a savings of $1,271,846.

NOTE 4: ORIGINAL AND FINAL BUDGET DIFFERENCES

The budget line transfers were from Regular Instruction ($180,746) to Student and Staff Support of $11,487, School Administration of $6,000, Other Instruction of $243, System Administration of $7,490, and Transportation of $155,526.

OTHER SUPPLEMENTARY INFORMATION

REGIONAL SCHOOL UNIT NO. 5
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	ASSETS				
	Cash/ Investments	Due from Other Funds	Accounts Receivable	Inventories	**Total Assets**
Special Revenue Funds					
Title 1A disadvantaged	$ -	$ -	$ 54,829	$ -	$ 54,829
Title 1A reallocated	-	-	331	-	331
IDEA local entitlement grant	-	-	273,938	-	273,938
Preschool	-	-	20,933	-	20,933
Preventing student homelessness	-	-	6,992	-	6,992
Getting to proficiency	-	11,337	-	-	11,337
MLTI grant	-	-	-	-	-
Supporting effective instruction state grants	-	-	8,550	-	8,551
OCFS Child Care Provider	-	32,368	-	-	32,368
ESSER #3	-	-	-	-	-
Adult education family and literacy act	-	-	1,558	-	1,558
ARP Learning Loss	-	-	-	-	-
Title III English Language	-	-	112	-	112
Special olympics programming	-	4,683	-	-	4,683
Student aspirations	4,810	28,561	-	-	33,371
Donations	-	40,762	-	-	40,762
Local Grants	-	2,750	-	-	2,750
Erate	-	39,971	-	-	39,971
Track & field Activity	-	-	-	-	-
Laptop protection	-	36,105	-	-	36,105
SAMSHA	-	101	-	-	101
Mentoring	-	10,497	-	-	10,497
Dollars for scholars	-	3,669	-	-	3,669
Performing arts center	-	52,837	-	-	52,837
Adult Education enrichment	-	262	-	-	262
Odyssey of the Mind	1,499	-	-	-	1,499
Freeport High School Activity Funds	191,480	-	-	-	191,480
Freeport Middle School Activity Funds	67,820	-	-	-	67,820
Durham Community School Activity Funds	48,164	800	-	-	48,964
Pownal Elementary School Activity Funds	10,443	-	-	-	10,443
Mast Landing School Activity Funds	21,040	-	-	-	21,040
Morse Street School Activity Funds	5,384	-	-	-	5,384
Total Special Revenues	350,640	264,703	367,243	-	982,587
Capital Project Funds					
Tri-town track & field project	-	245,000	-	-	245,000
Total Capital Projects	-	245,000	-	-	245,000
Total non-major governmental funds	$ 350,640	$ 509,703	$ 367,243	$ -	$ 1,227,587

REGIONAL SCHOOL UNIT NO. 5
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	LIABILITIES AND FUND BALANCE				
	Accounts Payable	Accrued Salaries	Due to Other Funds	Fund Balance (Deficit)	**Total Liabilities and Fund Balance**
Special Revenue Funds					
Title 1A disadvantaged	$ -	$ 21,290	$ 33,539	$ -	$ 54,829
Title 1A reallocated	-	-	331	-	331
IDEA local entitlement grant	15,010	-	258,928	-	273,938
Preschool	-	-	20,933	-	20,933
Preventing student homelessness	-	-	6,992	-	6,992
Getting to proficiency	-	-	-	11,337	11,337
MLTI grant	-	-	-	-	-
Supporting effective instruction state grants	-	-	8,551	-	8,551
OCFS Child Care Provider	6,810	-	-	25,558	32,368
ESSER #3	-	-	-	-	-
Adult education family and literacy act	-	-	1,558	-	1,558
ARP Learning Loss	-	-	-	-	-
Title III English Language	-	-	112	-	112
Special olympics programming	-	-	-	4,683	4,683
Student aspirations	-	-	-	33,371	33,371
Donations	-	-	-	40,762	40,762
Local Grants	-	-	-	2,750	2,750
Erate	-	-	-	39,971	39,971
Track & field Activity	-	-	1,532	(1,532)	-
Laptop protection	30	-	-	36,075	36,105
SAMSHA	-	-	-	101	101
Mentoring	-	-	-	10,497	10,497
Dollars for scholars	-	-	-	3,669	3,669
Performing arts center	-	-	-	52,837	52,837
Adult Education enrichment	-	262	-	-	262
Odyssey of the Mind	-	-	-	1,499	1,499
Freeport High School Activity Funds	96	-	-	191,384	191,480
Freeport Middle School Activity Funds	1,355	-	547	65,918	67,820
Durham Community School Activity Funds	-	-	-	48,964	48,964
Pownal Elementary School Activity Funds	16	-	-	10,427	10,443
Mast Landing School Activity Funds	-	-	-	21,040	21,040
Morse Street School Activity Funds	-	-	-	5,384	5,384
Total Special Revenues	23,317	21,552	333,023	604,695	982,587
Capital Project Funds					
Tri-town track & field project	-	-	-	245,000	245,000
Total Capital Projects	-	-	-	245,000	245,000
Total non-major governmental funds	$ 23,317	$ 21,552	$ 333,023	$ 849,695	$ 1,227,587

REGIONAL SCHOOL UNIT NO. 5
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Fund Balances Beginning of Year	Program Revenues		Transfers In (Out)	Program Expenditures	Fund Balances End of Year (Deficit)
		Intergovern-mental	Other			
Special Revenue Funds						
Title 1A disadvantaged	$ -	$ 238,626	$ -	$ -	$ 238,626	$ -
Title 1A reallocated	-	331	-	-	331	-
IDEA local entitlement grant	-	579,107	-	-	579,107	-
Preschool	-	30,643	-	-	30,643	-
Preventing student homelessness	-	6,992	-	-	6,992	-
Getting to proficiency	11,337	-	-	-	-	11,337
MLTI grant	-	128,623	-	-	128,623	-
Supporting effective instruction state grants	-	94,590	-	-	94,590	-
OCFS Child Care Provider	73,477	-	-	-	47,919	25,558
ESSER #3	-	76,123	-	-	76,123	-
Adult education family and literacy act	-	4,000	-	-	4,000	-
ARP Learning Loss	-	23,500	-	-	23,500	-
Title III English Language	-	8,856	-	-	8,856	-
Special Olympics programming	-	-	5,540	-	857	4,683
Student aspirations	35,258	-	113	-	2,000	33,371
Donations	40,012	-	3,750	-	3,000	40,762
Local grants	17,750	-	-	-	15,000	2,750
Erate	39,971	-	-	-	-	39,971
Track and field Activity	(1,532)	-	-	-	-	(1,532)
Laptop protection	49,402	-	32,626	-	45,953	36,075
SAMSHA	101	-	-	-	-	101
Mentoring	10,497	-	-	-	-	10,497
Dollars for scholars	3,669	-	-	-	-	3,669
Performing arts center	34,965	-	25,228	-	7,356	52,837
Community Education	253,918	-	-	-	-	253,918
Adult Education enrichment	-	-	79,839	(25,686)	54,153	-
Odyssey of the Mind	499	-	10,890	-	9,890	1,499
Freeport High School Activity Funds	189,854	-	197,064	-	195,534	191,384
Freeport Middle School Activity Funds	69,581	-	106,938	-	110,601	65,918
Durham Community School Activity Funds	50,851	-	22,419	-	24,306	48,964
Pownal Elementary School Activity Funds	9,180	-	3,566	-	2,319	10,427
Mast Landing School Activity Funds	17,039	-	15,653	-	11,652	21,040
Morse Street School Activity Funds	4,796	-	52,563	-	51,975	5,384
Total Special Revenues	910,625	1,191,391	556,189	(25,686)	1,773,906	858,613
Capital Project Funds						
Tri-town track & field project	210,000	-	-	35,000	-	245,000
Subtotal non-major governmental funds	1,120,625	1,191,391	556,189	9,314	1,773,906	1,103,613
Change within financial reporting entity (nonmajor to major fund)	(253,918)	-	-	-	-	(253,918)
Total non-major governmental funds	$ 866,707	$ 1,191,391	$ 556,189	$ 9,314	$ 1,773,906	$ 849,695

REGIONAL SCHOOL UNIT NO. 5
FREEPORT HIGH SCHOOL STUDENT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2025

	Balance 6/30/2024	Receipts	Disbursements	Balance 6/30/2025
Art Club	$ 650	$ 1,808	$ 921	$ 1,537
Athletics	3,203	30,939	29,677	4,465
Band	649	-	339	310
Boost	12,490	600	3,709	9,381
Bradley Fellowship	884	-	-	884
Bridges	26	500	320	206
Ceramics	591	-	-	591
Chorus	470	267	-	737
Class 2020	9,386	-	-	9,386
Class 2021	1,994	-	-	1,994
Class 2022	9,620	-	-	9,620
Class 2023	12,538	-	-	12,538
Class 2024	3,794	-	500	3,294
Class 2025	10,810	18,438	24,105	5,143
Class 2026	4,413	14,924	8,564	10,774
Class 2027	2,066	2,044	156	3,954
Class 2028	-	894	-	894
Clynk	3,102	-	66	3,036
Drama/Musical	37,007	12,547	2,818	46,736
Endeavor	2,107	1,500	1,152	2,455
Environment Club(EARTH)	34	500	-	534
FPaD Education Foundation	1,399	-	-	1,399
GEMS	290	500	175	615
GTSA	392	500	-	892
Gulf of Maine	-	5,000	1,078	3,922
Homecoming	21,603	4,156	17,320	8,439
JMG	2,090	5,282	5,760	1,612
KyleCares	1,026	1,042	1,353	715
Latin Club	250	4,295	2,407	2,138
Library	570	-	267	303
Math Team	20	500	71	449
Melmac Scholarship	1,000	2,000	2,000	1,000
Model UN	2,210	6,460	7,285	1,385
National Honor Society	462	386	279	570
Subtotal	147,146	115,083	110,321	151,908

REGIONAL SCHOOL UNIT NO. 5
FREEPORT HIGH SCHOOL STUDENT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2025

	Balance 6/30/2024	Receipts	Disbursements	Balance 6/30/2025
One Act Plays	$ 778	$ -	$ -	$ 778
Outing Club	(250)	500	302	(52)
Photography	1,608	-	-	1,608
Principal's Contingency	13,193	23,414	17,015	19,593
Scholarships	9,471	20,460	26,670	3,261
Senior Projects	663	1,100	1,280	483
Staff Wellness Initiative	337	3,000	225	3,112
Stem Lab	3,071	2,881	4,304	1,648
Student Council	3,766	20	1,967	1,819
Student Services	3,351	28,787	28,105	4,033
Sunshine Fund	15	830	120	725
Videography	86	-	-	86
Yearbook	6,618	988	5,222	2,384
Sub-total	42,707	81,980	85,211	39,476
Grand Total	$ 189,853	$ 197,063	$ 195,532	$ 191,384

REGIONAL SCHOOL UNIT NO. 5
FREEPORT MIDDLE SCHOOL STUDENT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2025

	Balance 6/30/2024	Receipts	Disbursements	Balance 6/30/2025
Acadia Grant Revenue	$ 3,085	$ 4,662	$ 6,987	$ 760
Athletics	957	-	133	824
Band-Students	173	-	-	173
Bradley Grant	2,971	-	53	2,918
Class 2027	409	-	-	409
Class 2025	378	-	-	378
Coffee Fund	778	123	-	901
Drama	6,871	28,822	31,149	4,544
Fab Friday	1,303	7,330	7,737	896
Favreau-Technology	1,688	-	-	1,688
Field Hockey	2,180	1,283	977	2,486
Field Trip	1,900	1,605	619	2,886
FLS & Choices	528	-	-	528
Fpad	1,276	-	-	1,276
Gardening Club	235	-	-	235
GT	913	-	-	913
Guidance	273	-	-	273
Interact Club	297	-	-	297
JMG	266	-	-	266
Kieve	3,737	-	-	3,737
Library	1,147	36	339	844
Magazine Drive	17,121	4,970	5,232	16,859
MLTI Program	336	-	-	336
OM-DI	2,194	-	-	2,194
Postage	1,164	1,042	1,020	1,186
Project Adventure	124	-	-	124
Puffin Fund	5,970	1,250	-	7,220
Robotics Grant	222	-	16	206
Scholarship Fund	2,593	200	180	2,613
School Activity	3,997	9,427	11,818	1,606
Science Club	1,050	500	-	1,550
Space Camp	1,048	45,432	44,546	1,934
Sports Boosters	(508)	-	-	(508)
Student Sunshine Fund	940	-	134	806
Sunshine Fund	27	256	118	165
Touch Tank	103	-	-	103
Travel Club	398	-	-	398
Yearbook	1,437	893	436	1,894
	$ 69,581	$ 107,831	$ 111,494	$ 65,918

REGIONAL SCHOOL UNIT NO. 5
DURHAM COMMUNITY SCHOOL STUDENT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2025

	Balance 6/30/2024	Receipts	Disbursements	Balance 6/30/2025
Care Team	$ 3,015	$ 1,893	$ 1,902	$ 3,006
Dance	7,727	-	-	7,727
Drama	1,113	-	-	1,113
Exxon Mobil	22	-	-	22
Fieldwork	1,216	-	-	1,216
Garden	756	160	44	872
Grade 8	922	-	-	922
Jobs For Me Grads	1,864	-	-	1,864
Library	3,355	-	-	3,355
Math	119	-	-	119
Music	2,471	872	978	2,365
Outing Club	1,273	2,306	2,281	1,298
Pta/Field Work Sup	368	620	620	368
Reimbursement	3,670	3,230	3,416	3,484
School Activity	4,873	5,037	2,679	7,231
Sports Gate	690	-	-	690
Student Council	749	-	-	749
Telecommunications	25	-	-	25
Trips	16,095	7,877	12,385	11,587
Yearbook	526	424	-	950
	$ 50,850	$ 22,419	$ 24,305	$ 48,964

REGIONAL SCHOOL UNIT NO. 5
POWNAL ELEMENTARY SCHOOL ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2025

	Balance 6/30/2024	Receipts	Disbursements	Balance 6/30/2025
5th Grade Class	$ 505	$ -	$ -	$ 505
Boston Trip	1,125	1,152	1,912	365
Care Team	544	-	-	544
General	3,776	902	296	4,382
Library	173	-	-	173
Nurse Grant	(11)	-	-	(11)
Outdoor Learning	-	300	-	300
Power Engineer Grant	116	-	111	5
Playground	2,622	1,212	-	3,834
Sunshine Account	400	-	-	400
Wellness	(70)	-	-	(70)
	$ 9,180	$ 3,566	$ 2,319	$ 10,427

REGIONAL SCHOOL UNIT NO. 5
MAST LANDING SCHOOL ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2025

	Balance 6/30/2024	Receipts	Disbursements	Balance 6/30/2025
4th Grade Class	$ 1,975	$ 7,462	$ 4,615	$ 4,822
5th Grade Class	1,403	5,915	5,847	1,471
Drama	3,686	971	841	3,816
Guidance	59	-	-	59
Library	1,205	-	-	1,205
Music/Art	1,015	-	-	1,015
Office	7,552	1,305	349	8,508
Wellness	144	-	-	144
	$ 17,039	$ 15,653	$ 11,652	$ 21,040

REGIONAL SCHOOL UNIT NO. 5
MORSE STREET SCHOOL ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2025

	Balance 6/30/2024	Receipts	Disbursements	Balance 6/30/2025
Student Fund	$ 3,591	$ 1,389	$ 857	$ 4,123
Wellness Office Fund	1,168	51,175	51,119	1,224
Playground Donation	37	-	-	37
	$ 4,796	$ 52,564	$ 51,976	$ 5,384