

Federal Compliance Audit

Maine School Administrative District No. 63

June 30, 2024



Proven Expertise & Integrity

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

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JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Maine School Administrative District No. 63
Holden, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Maine School Administrative District No. 63, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Maine School Administrative District No. 63'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 the Maine School Administrative District No. 63 as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 the Maine School Administrative District No. 63 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Maine School Administrative District No. 63's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Maine School Administrative District No. 63'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 doubt about the Maine School Administrative District No. 63's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 6 through 13 and 64 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Maine School Administrative District No. 63's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is

presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information also comprises the reconciliation of audit adjustments to annual financial data submitted to the Maine Education Financial System. This additional information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we concluded that an unrecorded material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2025, on our consideration of the Maine School Administrative District No. 63's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Maine School Administrative District No. 63's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Maine School Administrative District No. 63's internal control over financial reporting and compliance.

Other Reporting Required by Maine Revised Statutes

In accordance with Maine Revised Statutes, we have also issued our report dated July 18, 2025, on our consideration of the Maine School Administrative District No. 63's budgetary controls that are in place, the accuracy of the annual financial report that was submitted to the Maine Department of Education and the Maine School Administrative District No. 63's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, § 6051. The purpose of that report is to describe the scope of our testing over the Maine School Administrative District No. 63's other information, as described above and provide an opinion on the Maine School Administrative District No. 63's internal control and compliance with the provisions of the Maine Finance Act as noted under MRSA Title 20A, § 6051 and not to provide an opinion on the effectiveness of Kittery School Department's internal control over financial reporting. That report is an integral part of an audit performed in accordance with Maine Revised Statutes in considering the Maine School Administrative District No. 63's internal control and compliance over the applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, § 6051.

RHR Smith & Company

Buxton, Maine
July 18, 2025

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

(UNAUDITED)

The following management's discussion and analysis of the Maine School Administrative District No. 63's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the School District's financial statements.

Financial Statement Overview

The School District's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the School District's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the School District's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have one column for the School District's activity. The type of activity presented for the School District is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the District's basic services are reported in governmental activities, which include regular instruction, special education, instructional support, facilities maintenance, transportation, system administration, school administration, other instruction, other expenditures, food service and grant programs.

Fund Financial Statements

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

Governmental funds: All of the basic services provided by the School District are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the School District's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the School District.

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

The School District presents five columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The School District's major governmental funds are the general fund, food service fund, local entitlement fund and the capital projects fund (moved to nonmajor funds). All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the School District legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Changes in Net OPEB Liability - MEABT Plan, Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan, Schedule of Proportionate Share of the Net OPEB Liability - SET Plan, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds, capital asset schedules and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the School District's governmental activities. The School District's total net position increased by \$1,225,543 from \$7,146,431 to \$8,371,974.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased to a balance of \$1,209,987 at the end of this year.

Table 1
Maine School Administrative District No. 63
Net Position
June 30,

	2024	2023 (Restated)
Assets:		
Current Assets	\$ 4,024,545	\$ 4,419,614
Noncurrent Assets - Capital Assets	7,952,009	6,837,566
Total Assets	<u>11,976,554</u>	<u>11,257,180</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	242,777	280,882
Deferred Outflows Related to OPEB	62,386	103,914
Total Deferred Outflows of Resources	<u>305,163</u>	<u>384,796</u>
Liabilities:		
Current Liabilities	1,153,669	1,377,440
Noncurrent Liabilities	2,176,697	2,395,925
Total Liabilities	<u>3,330,366</u>	<u>3,773,365</u>
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	58,772	90,685
Deferred Inflows Related to OPEB	520,605	631,495
Total Deferred Inflows of Resources	<u>579,377</u>	<u>722,180</u>
Net Position:		
Net Investment in Capital Assets	6,920,328	5,678,214
Restricted	241,659	206,758
Unrestricted	1,209,987	1,261,459
Total Net Position	<u>\$ 8,371,974</u>	<u>\$ 7,146,431</u>

Table 2
Maine School Administrative District No. 63
Change in Net Position
For the Years Ended June 30,

	2024	2023
Revenues		
<i>Program revenues:</i>		
Operating grants and contributions	\$ 2,429,389	\$ 963,186
<i>General revenues:</i>		
Local support from towns	5,992,203	5,648,408
Grants and contributions not restricted to specific programs	4,784,879	5,376,463
Charges for services	4,541	8,875
Interest income	23,681	20,358
Other revenue	37,245	167,817
Total Revenues	<u>13,271,938</u>	<u>12,185,107</u>
Expenses		
Regular instruction	4,658,842	5,913,527
Special education	2,054,230	1,417,627
Instructional support	556,812	579,161
Facilities maintenance	916,396	718,441
Transportation	615,862	742,911
System administration	472,755	429,807
School administration	489,201	447,049
Other instruction	63,201	66,067
Other expenditures	12,686	-
State of Maine on-behalf payments	1,173,754	650,937
Food service	297,842	296,610
Grant programs	733,833	839,661
Interest expense	981	2,280
Total Expenses	<u>12,046,395</u>	<u>12,104,078</u>
Change in Net Position	<u>1,225,543</u>	<u>81,029</u>
Net Position - July 1, As Previously Reported	7,307,128	7,226,099
Net Position Correction	<u>(160,697)</u>	<u>-</u>
Net Position - July 1, As Restated	<u>7,146,431</u>	<u>7,226,099</u>
Net Position - June 30	<u>\$ 8,371,974</u>	<u>\$ 7,307,128</u>

Revenues and Expenses

Revenues for governmental activities increased by 8.92%, while expenses decreased by 0.48%. Revenues increased in all categories with the exception of grants and contributions not restricted to specific programs, charges for services and other revenue. The largest decrease in expenses was in regular instruction.

Financial Analysis of the District's Fund Statements

Governmental funds: The financial reporting focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the School District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Maine School Administrative District No. 63
Fund Balances - Governmental Funds
June 30,

	<u>2024</u>	<u>2023 (Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General fund:			
Committed	\$ 860,000	\$ 860,000	\$ -
Unassigned	1,808,080	1,862,423	(54,343)
Food service fund:			
Nonspendable	7,894	11,901	(4,007)
Restricted	145,351	139,420	5,931
Local entitlement fund:			
Unassigned (deficit)	(182,148)	(179,923)	(2,225)
Total Major Funds	<u>\$ 2,639,177</u>	<u>\$ 2,693,821</u>	<u>\$ (54,644)</u>
Nonmajor Funds:			
Special revenue funds:			
Restricted	\$ 96,308	\$ 67,338	\$ 28,970
Unassigned (deficit)	(103,319)	(102,162)	(1,157)
Capital Project funds:			
Committed	441,365	612,179	(170,814)
Total Nonmajor Funds	<u>\$ 434,354</u>	<u>\$ 577,355</u>	<u>\$ (143,001)</u>

The changes to total fund balances for the general fund, food service fund, local entitlement fund and all aggregate remaining fund information occurred due to the regular activity of operations.

Budgetary Highlights

There was no difference between the original and final budget of the general fund.

The general fund actual revenues exceeded budgeted amounts by \$36,789. All revenue categories were within or in excess of budgeted amounts with the exception of intergovernmental - other revenues, transportation and other revenues.

The general fund actual expenditures were under budgeted amounts by \$768,868. All expenditure categories were within or under budgeted amounts except for special education, school administration and transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2024, the net book value of capital assets recorded by the School District increased by \$1,114,443 from the prior year. The increase was a result of capital additions of \$1,579,478 less current year depreciation expense of \$465,035.

Table 4
Maine School Administrative District No. 63
Capital Assets (Net of Depreciation)
June 30,

	2024	2023 (Restated)
Land	\$ 53,627	\$ 53,627
Construction in progress	791,754	1,499,314
Buildings and improvements	6,185,184	4,228,106
Land improvements	99,078	121,115
Equipment	365,584	365,159
Vehicles	456,782	570,245
Total	<u>\$ 7,952,009</u>	<u>\$ 6,837,566</u>

Debt

At June 30, 2024, the School District had \$1,031,681 in bonds payable and notes from direct borrowings payable outstanding versus \$1,230,903 last year. For more detailed information refer to Note 6 of Notes to Financial Statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District Business Manager at 202 Kidder Hill Road, Holden, Maine 04429.

STATEMENT A

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

STATEMENT OF NET POSITION
JUNE 30, 2024
(With Comparative Totals for June 30, 2023)

	Governmental Activities	
	2024	2023 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,267,786	\$ 3,375,594
Accounts receivable (net of allowance for uncollectibles)	3,000	1,681,849
Due from other governments	745,865	138,790
Inventory	7,894	12,074
Total current assets	<u>4,024,545</u>	<u>5,208,307</u>
Noncurrent assets:		
Capital assets:		
Land and other non-depreciable assets	845,381	1,313,826
Infrastructure, buildings and equipment, net of accumulated depreciation	<u>7,106,628</u>	<u>4,500,976</u>
Total noncurrent assets	<u>7,952,009</u>	<u>5,814,802</u>
TOTAL ASSETS	<u>11,976,554</u>	<u>11,023,109</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	242,777	276,713
Deferred outflows related to OPEB	<u>62,386</u>	<u>86,734</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>305,163</u>	<u>363,447</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 12,281,717</u>	<u>\$ 11,386,556</u>

STATEMENT A (CONTINUED)
MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

STATEMENT OF NET POSITION
JUNE 30, 2024
(With Comparative Totals for June 30, 2023)

	Governmental Activities	
	2024	2023 (Restated)
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 452,012	\$ 95,102
Accrued expenses	12,109	1,285
Accrued payroll	486,893	439,302
Current portion of long-term obligations	202,655	227,808
Total current liabilities	<u>1,153,669</u>	<u>763,497</u>
Noncurrent liabilities:		
Noncurrent portion of long-term obligations:		
Bonds payable	809,335	1,175,178
Notes from direct borrowings payable	19,691	67,772
Net pension liability	229,285	107,208
Net OPEB liability	<u>1,118,386</u>	<u>1,594,038</u>
Total noncurrent liabilities	<u>2,176,697</u>	<u>2,944,196</u>
TOTAL LIABILITIES	<u>3,330,366</u>	<u>3,707,693</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	58,772	206,109
Deferred inflows related to OPEB	<u>520,605</u>	<u>246,655</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>579,377</u>	<u>452,764</u>
NET POSITION		
Net investment in capital assets	6,920,328	5,661,440
Restricted	241,659	197,350
Unrestricted	<u>1,209,987</u>	<u>1,367,309</u>
TOTAL NET POSITION	<u>8,371,974</u>	<u>7,226,099</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 12,281,717</u>	<u>\$ 11,386,556</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT B

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	
					Governmental Activities	
					2024	2023
Governmental activities:						
Regular instruction	\$ 4,658,842	\$ -	\$ -	\$ -	\$ (4,658,842)	\$ (5,913,527)
Special education	2,054,230	-	227,354	-	(1,826,876)	(1,417,627)
Instructional support	556,812	-	-	-	(556,812)	(579,161)
Facilities maintenance	916,396	-	-	-	(916,396)	(718,441)
Transportation	615,862	-	-	-	(615,862)	(742,911)
System administration	472,755	-	-	-	(472,755)	(429,807)
School administration	489,201	-	-	-	(489,201)	(447,049)
Other instruction	63,201	-	-	-	(63,201)	(66,067)
Other expenditures	12,686	-	-	-	(12,686)	-
State of Maine on-behalf payments	1,173,754	-	1,173,754	-	-	-
Food service	297,842	4,541	297,266	-	3,965	24,514
Grant programs	733,833	-	731,015	-	(2,818)	(839,661)
Interest on long-term debt	981	-	-	-	(981)	(2,280)
Total governmental activities	<u>\$12,046,395</u>	<u>\$ 4,541</u>	<u>\$ 2,429,389</u>	<u>\$ -</u>	<u>(9,612,465)</u>	<u>(11,132,017)</u>

STATEMENT B (CONTINUED)
MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Governmental Activities	
	2024	2023
Changes in net position:		
Net (expense) revenue	<u>(9,612,465)</u>	<u>(11,132,017)</u>
General revenues:		
Local support from towns	5,992,203	5,648,408
Grants and contributions not restricted to specific programs	4,784,879	5,376,463
Interest income	23,681	20,358
Miscellaneous	37,245	167,817
Total general revenues	<u>10,838,008</u>	<u>11,213,046</u>
Change in net position	<u>1,225,543</u>	<u>81,029</u>
NET POSITION - JULY 1, AS PREVIOUSLY REPORTED	7,307,128	7,226,099
NET POSITION CORRECTIONS	<u>(160,697)</u>	<u>-</u>
NET POSITION - JULY 1, AS RESTATED	<u>7,146,431</u>	<u>7,226,099</u>
NET POSITION - JUNE 30	<u>\$ 8,371,974</u>	<u>\$ 7,307,128</u>

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

		Moved from Nonmajor Fund	Moved from Nonmajor Fund	Moved to Nonmajor Fund		Total Governmental Funds	
	General Fund	Food Service Fund	Local Entitlement Fund	Capital Projects Fund	Other Governmental Funds	2024	2023
ASSETS							
Cash and cash equivalents	\$ 2,819,201	\$ 354,910	\$ -	\$ -	\$ 93,675	\$ 3,267,786	\$ 3,451,952
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	3,000	3,000	448,052
Due from other governments	464,944	52,433	133,803	-	94,685	745,865	507,709
Inventory	-	7,894	-	-	-	7,894	11,901
Due from other funds	775,947	-	-	-	440,998	1,216,945	1,175,121
TOTAL ASSETS	<u>\$ 4,060,092</u>	<u>\$ 415,237</u>	<u>\$ 133,803</u>	<u>\$ -</u>	<u>\$ 632,358</u>	<u>\$ 5,241,490</u>	<u>\$ 5,594,735</u>
LIABILITIES							
Accounts payable	\$ 452,012	\$ -	\$ -	\$ -	\$ -	\$ 452,012	498,294
Accrued payroll	486,893	-	-	-	-	486,893	477,399
Accrued expenses	12,109	-	-	-	-	12,109	-
Due to other funds	440,998	261,992	315,951	-	198,004	1,216,945	1,175,121
TOTAL LIABILITIES	<u>1,392,012</u>	<u>261,992</u>	<u>315,951</u>	<u>-</u>	<u>198,004</u>	<u>2,167,959</u>	<u>2,150,814</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	7,894	-	-	-	7,894	11,901
Restricted	-	145,351	-	-	96,308	241,659	842,462
Committed	860,000	-	-	-	441,365	1,301,365	860,000
Assigned	-	-	-	-	-	-	-
Unassigned	1,808,080	-	(182,148)	-	(103,319)	1,522,613	1,729,558
TOTAL FUND BALANCES (DEFICITS)	<u>2,668,080</u>	<u>153,245</u>	<u>(182,148)</u>	<u>-</u>	<u>434,354</u>	<u>3,073,531</u>	<u>3,443,921</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 4,060,092</u>	<u>\$ 415,237</u>	<u>\$ 133,803</u>	<u>\$ -</u>	<u>\$ 632,358</u>	<u>\$ 5,241,490</u>	<u>\$ 5,594,735</u>

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION

JUNE 30, 2024

(With Comparative Totals for June 30, 2023)

	Total Governmental Funds	
	2024	2023
Total Fund Balances	\$ 3,073,531	\$ 3,271,176
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	7,952,009	6,837,566
Deferred outflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds	305,163	384,796
Long-term obligations shown below are not due and payable in the current period and therefore are not reported in the funds shown above:		
Bond payable	(986,232)	(1,163,130)
Notes from direct borrowing payable	(45,449)	(67,773)
Net pension liability	(229,285)	(267,596)
Net OPEB liability	(1,118,386)	(1,126,428)
Deferred inflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds	(579,377)	(722,180)
Net position of governmental activities	<u>\$ 8,371,974</u>	<u>\$ 7,146,431</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT E

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals for June 30, 2023)

	General Fund	Moved from Nonmajor Fund Food Service Fund	Moved from Nonmajor Fund Local Entitlement Fund	Moved to Nonmajor Fund Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	
						2024	2023
REVENUES							
Local support from Towns	\$ 5,992,203	\$ -	\$ -	\$ -	\$ -	\$ 5,992,203	\$ 5,648,408
Intergovernmental revenues	4,784,879	297,266	227,354	-	731,015	6,040,514	5,688,712
Charges for services	-	4,541	-	-	-	4,541	8,875
State of Maine on-behalf payments	465,018	-	-	-	-	465,018	464,800
Interest income	23,681	-	-	-	-	23,681	20,358
Other revenues	30,139	-	-	-	7,106	37,245	167,817
TOTAL REVENUES	11,295,920	301,807	227,354	-	738,121	12,563,202	11,998,970
EXPENDITURES							
Current:							
Regular instruction	5,631,831	-	-	-	-	5,631,831	5,539,318
Special education	1,824,651	-	229,579	-	-	2,054,230	1,417,627
Instructional support	556,812	-	-	-	-	556,812	579,161
Facilities maintenance	910,181	-	-	-	-	910,181	987,881
Transportation	621,048	-	-	-	-	621,048	704,628
System administration	472,755	-	-	-	-	472,755	429,807
School administration	489,201	-	-	-	-	489,201	447,049
Other instruction	63,201	-	-	-	-	63,201	66,067
Other expenditures	12,686	-	-	-	-	12,686	-
State of Maine on-behalf payments	465,018	-	-	-	-	465,018	464,800
Food service	-	299,883	-	-	-	299,883	290,757
Grant programs	-	-	-	-	733,833	733,833	839,661
Debt service:							
Principal	176,898	-	-	-	-	176,898	176,249
Interest	981	-	-	-	-	981	2,280
Capital outlay	-	-	-	-	272,289	272,289	1,282,382
TOTAL EXPENDITURES	11,225,263	299,883	229,579	-	1,006,122	12,760,847	13,227,667
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	70,657	1,924	(2,225)	-	(268,001)	(197,645)	(1,228,697)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	125,000	125,000	125,816
Transfers (out)	(125,000)	-	-	-	-	(125,000)	(125,816)
TOTAL OTHER FINANCING SOURCES (USES)	(125,000)	-	-	-	125,000	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(54,343)	1,924	(2,225)	-	(143,001)	(197,645)	(1,228,697)
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	2,871,643	-	-	612,179	(39,901)	3,443,921	4,672,618
FUND BALANCE CORRECTIONS	(149,220)	-	-	-	(23,525)	(172,745)	-
CHANGE WITHIN FINANCIAL REPORTING ENTITY	-	151,321	(179,923)	(612,179)	640,781	-	-
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	2,722,423	151,321	(179,923)	-	577,355	3,271,176	4,672,618
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,668,080	\$ 153,245	\$ (182,148)	\$ -	\$ 434,354	\$ 3,073,531	\$ 3,443,921

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds (Statement E)	\$ (197,645)
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,579,478
Depreciation expense	(465,035)
	<u>1,114,443</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	(38,105)
OPEB	(41,528)
	<u>(79,633)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	
	<u>(41,869)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>241,091</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
Pension	31,913
OPEB	110,890
	<u>142,803</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Net pension liability	38,311
Net OPEB liability	8,042
	<u>46,353</u>
Change in net position of governmental activities (Statement B)	<u>\$ 1,225,543</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT G

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2024

	<u>Private Purpose Trust Fund</u>
ASSETS	
Investments	\$ 7,098
TOTAL ASSETS	<u>\$ 7,098</u>
LIABILITIES	
Due to other governments	\$ 1,559
TOTAL LIABILITIES	<u>1,559</u>
NET POSITION	
Restricted	<u>5,539</u>
TOTAL NET POSITION	<u>5,539</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,098</u>

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Private Purpose Trust Fund
ADDITIONS:	
Interest	\$ 11
TOTAL ADDITIONS	<u>11</u>
DEDUCTIONS	
Other	<u>-</u>
TOTAL DEDUCTIONS	<u>-</u>
CHANGE IN NET POSITION	11
NET POSITION - JULY 1	<u>5,528</u>
NET POSITION - JUNE 30	<u><u>\$ 5,539</u></u>

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Maine School Administrative District No. 63 was incorporated under the laws of the State of Maine. The School District operates under a board of directors-superintendent form of government and provides the following services: regular instruction, special education, instructional support, facilities maintenance, transportation, system administration, school administration, other instruction, other expenditures, food service and grant programs.

The School District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The School District's combined financial statements include all accounts and all operations of the School District. We have determined that the School District has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2024, the following statement of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 100 "Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62". The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined that there was an impact to the financial statements due to this Statement.

Government-Wide and Fund Financial Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds).

Both the government-wide and fund financial statements categorize all primary activities as governmental.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The School District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the School District's functions (regular and secondary instruction, transportation, operations and maintenance, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (support from towns, certain intergovernmental revenues and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The School District does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the School District as an entity and the change in the School District's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the School District are reported in the 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the School District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the School District:

Major Funds

- a. The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Food Service Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The primary revenue source is intergovernmental revenues.
- c. The Local Entitlement Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The primary revenue source is intergovernmental revenues.

Nonmajor Fund

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

2. Fiduciary Funds:

- a. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support School District programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose trust). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The School District's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*,

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

payments made by the State of Maine to the Maine State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$ 10,830,902
Add: On-behalf payments	<u>465,018</u>
Total GAAP basis	<u><u>\$ 11,295,920</u></u>
Expenditures per budgetary basis	\$ 10,885,245
Add: On-behalf payments	<u>465,018</u>
Total GAAP basis	<u><u>\$ 11,350,263</u></u>

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the School District prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the School District was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the School District.

Deposits and Investments

The School District'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.

It is the School District's policy to value investments at fair value. None of the School District's investments are reported at amortized cost. The School District Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2024. Accounts receivable netted with allowances for uncollectible accounts were \$748,865 for the year ended June 30, 2024.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The special revenue fund inventory consists of school lunch supplies and food on hand at the end of the year.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical 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 is provided on the straight-line basis over the estimated useful lives.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

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

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, net pension liability and net OPEB liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the State Employee and Teacher (SET) Plan and additions to/deductions from the SET Plan's fiduciary net position have been determined on the same basis as they are reported by the SET Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Public Employees Retirement System (MPERS), which determined the School District's fiduciary net position as a multi-employer cost sharing defined benefit plan based on information provided solely by MPERS to complete the actuarial report. Additions to/deductions from the MPERS OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Education Association Benefits Trust (MEABT), which determined the School District's fiduciary net position as a single employer defined benefit plan based on information provided solely by MEABT to complete the actuarial report. Additions to/deductions from the MEABT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MEABT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

School District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

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

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the School District. The inhabitants of the School District through School District meetings are the highest level of decision-making authority of the School District. Commitments may be established, modified or rescinded only through a School District meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by vote of the taxpayers and is expressed by the Board of Directors.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School District meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The School District currently has deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times 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. Deferred inflows related to pensions and deferred inflows related to OPEB qualify for reporting in this category. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The School District does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the School District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the School District consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all School District funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the School District will not be able to recover its deposits. The School District does not have a policy covering custodial credit risk for deposits. However, the School District maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2024, the School District's cash and cash equivalents balance amounting to \$3,267,786 was comprised of bank deposits of \$3,548,731. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the School District's cash and cash equivalents balance. Of these deposits, \$343,675 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk. Deposits of \$3,100,146 were collateralized with securities held by a financial institution in the School District's name. The remaining deposits of \$104,910 were uncollateralized and consequently were exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 448,570
Savings account	15
Repurchase agreements	3,100,146
	<u>\$ 3,548,731</u>

Investments:

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. The certificates of deposit held with local financial institutions for \$7,098 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2024, the School District's investments consisted of a certificate of deposit of \$7,098, which was fully insured by the federal depository insurance and consequently not exposed to custodial credit risk.

Credit risk - Statutes for the State of Maine authorize the School District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The School District does not have an investment policy on credit risk. Generally, the School District invests excess funds in cash management accounts and various insured certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2024 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General Fund	\$ 775,947	\$ 440,998
Food Service Fund	-	261,992
Local Entitlement Fund	-	315,951
Nonmajor Special Revenue Funds	13,868	198,004
Nonmajor Capital Projects Funds	427,130	-
	<u>\$ 1,216,945</u>	<u>\$ 1,216,945</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the School District. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2024 consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 125,000
Nonmajor Capital Projects Funds	125,000	-
	<u>\$ 125,000</u>	<u>\$ 125,000</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2024:

	Balance, 7/1/23	Additions	Disposals/ Transfers	Balance, 6/30/24
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 53,627	\$ -	\$ -	\$ 53,627
Construction in progress	1,499,314	-	(707,560)	791,754
	<u>1,552,941</u>	<u>-</u>	<u>(707,560)</u>	<u>845,381</u>
Depreciated assets:				
Buildings and improvements	7,938,914	2,252,474	-	10,191,388
Land improvements	425,763	-	-	425,763
Equipment	882,827	29,378	-	912,205
Vehicles	972,122	5,186	(19,469)	957,839
	<u>10,219,626</u>	<u>2,287,038</u>	<u>(19,469)</u>	<u>12,487,195</u>
Less: accumulated depreciation				
Buildings and improvements	(3,710,808)	(295,396)	-	(4,006,204)
Land improvements	(304,648)	(22,037)	-	(326,685)
Equipment	(517,668)	(28,953)	-	(546,621)
Vehicles	(401,877)	(118,649)	19,469	(501,057)
	<u>(4,935,001)</u>	<u>(465,035)</u>	<u>19,469</u>	<u>(5,380,567)</u>
Net capital assets	<u>\$ 6,837,566</u>	<u>\$ 1,822,003</u>	<u>\$ (707,560)</u>	<u>\$ 7,952,009</u>
<u>Current year depreciation</u>				
Maintenance				\$ 6,215
Instruction				452,087
Food Service				6,733
Total depreciation expense				<u>\$ 465,035</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2024:

	Balance, 7/1/23 (Restated)	Additions	Deletions	Balance, 6/30/24	Current Portion
Bonds payable	\$ 1,163,130	\$ -	\$ (176,898)	\$ 986,232	\$ 176,897
Notes from direct borrowings payable	67,773	41,869	(64,193)	45,449	25,758
	<u>\$ 1,230,903</u>	<u>\$ 41,869</u>	<u>\$ (241,091)</u>	<u>\$ 1,031,681</u>	<u>\$ 202,655</u>

A summary of the outstanding bonds payable is as follows:

\$200,000, 2019 General Obligation bond due in annual principal installments of \$40,000 through 2025. The fixed interest rates vary from 1.61% to 1.64% per annum.	\$ 40,000
\$2,673,250, 2020 School Revolving Renovation Fund Bond due in annual principal installments of \$136,897 through November 2030. Interest is stated at 0.00% per annum with principal forgiveness of	<u>946,232</u>
Total Bonds Payable	<u>\$ 986,232</u>

A summary of the outstanding notes from direct borrowings payable is as follows:

The District Leases copiers under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in July 2024 with a fixed interest rate of 4.559% per annum. Annual principal and interest payments are \$15,025.	\$ 14,357
The District Leases Chromebooks under a non-cancelable lease agreement. The term of the lease is for a three year period expiring in July 2024 with a fixed interest rate of 0.000% per annum. Annual principal payments are \$1,311.	1,311
The District Leases MacBooks under a non-cancelable lease agreement. The term of the lease is for a three year period expiring in August 2025. Annual payments range from \$2,574 to \$1,840.	3,327
The District Leases MacBooks under a non-cancelable lease agreement. The term of the lease is for a three year period expiring in July 2026. Annual payments are \$9,514.	<u>26,454</u>
Total Notes from Direct Borrowings Payable	<u>\$ 45,449</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds and notes from direct borrowings payable principal and interest requirements for the following fiscal years ended June 30:

	Bonds Payable		Notes from Direct Borrowings Payable		Total
	Principal	Interest	Principal	Interest	Debt Service
2025	\$ 176,897	\$ 328	\$ 25,758	\$ 1,933	\$ 204,916
2026	136,897	-	10,533	821	148,251
2027	136,897	-	9,158	357	146,412
2028	136,897	-	-	-	136,897
2029	136,897	-	-	-	136,897
2030-2034	261,747	-	-	-	261,747
	<u>\$ 986,232</u>	<u>\$ 328</u>	<u>\$ 45,449</u>	<u>\$ 3,111</u>	<u>\$ 1,035,120</u>

All bonds payable and notes from direct borrowings payable are direct obligations of the School District, for which its full faith and credit are pledged. The School District is not obligated for any special assessment debt.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2024 is as follows:

	Balance, 7/1/23	Additions	Deletions	Balance, 6/30/24	Current Portion
Net pension liability	\$ 267,596	\$ 185,658	\$ (223,969)	\$ 229,285	\$ -
Net OPEB liability	1,126,428	65,111	(73,153)	1,118,386	-
	<u>\$ 1,394,024</u>	<u>\$ 250,769</u>	<u>\$ (297,122)</u>	<u>\$ 1,347,671</u>	<u>\$ -</u>

Please see Notes 14 and 18 for detailed information on each of the other long-term obligations.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the School District at June 30, 2024:

Invested in capital assets	\$ 13,332,576
Accumulated depreciation	(5,380,567)
Outstanding capital related debt	<u>(1,031,681)</u>
	<u>\$ 6,920,328</u>

NOTE 9 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

The School District has the following restricted net position and fund balances at June 30, 2024:

Food Service Fund	\$ 145,351
Nonmajor Special Revenue Funds:	
Waves outdoor ed	869
CRF I	43
ESSERF/CARES Act III	2,319
MLTI state reimbursement	3,328
King library grant	5,603
Anthem wellness grant	500
Civil education grant	200
Cole foundation grant	3,000
Student activities	79,440
Outdoor ed mini grant	950
Literacy summer grant	56
	<u>\$ 241,659</u>

NOTE 10 - NONSPENDABLE FUND BALANCE

The School District has the following nonspendable fund balance at June 30, 2024:

Food Service Fund:	
Inventory	<u>\$ 7,894</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 - COMMITTED FUND BALANCE

The School District has the following committed fund balance at June 30, 2024:

General Fund:	
FY 2025 Budget	\$ 860,000
Capital Projects Funds	<u>441,365</u>
	<u>\$ 1,301,365</u>

NOTE 12 - DEFICIT FUND BALANCES

The School District has the following deficit fund balances at June 30, 2024:

Local entitlement fund	\$ 182,148
Nonmajor Special Revenue Funds (Schedule D):	
Title IA	8,394
ESSERF CARES Act	1,050
Title IIA	6,673
ESSERF CARES Act II	910
Adult Ed	12
ARP Local Entitlement	31,928
ESSERF/CARES	1,781
REAP	15,805
IMLS Library Grant	383
Title IV Student Support and Enrichment	2,851
Local Entitlement Preschool	5,726
Summer Grant	16,222
ARP GEER	<u>11,584</u>
	<u>\$ 285,467</u>

NOTE 13 - EXPENDITURES OVER APPROPRIATION

The School District had the following overspent appropriations at June 30, 2024:

Special education (Article 3)	\$ 85,797
School administration (Article 8)	3,369
Transfers to other funds	<u>125,000</u>
	<u>\$ 214,166</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

All schoolteachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. 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. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. 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. As of June 30, 2023, there were 239 employers, including the State of Maine, participating in the plan.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. The School District's teachers are required to contribute 7.65% of their compensation to the retirement system. The School District's payroll for teachers covered by this program was approximately \$3,300,838 for the year ended June 30, 2024. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 14.51% of the School District's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$455,442 for the year ended June 30, 2024. Title 5 of the Maine Revised Statutes Annotated also requires the School District to contribute at an actuarially determined normal cost rate of 4.47%, which totaled \$156,302 for 2024. In addition, the School District is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 15.10% of compensation and totaled \$29,563 the year ended June 30, 2024.

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

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

School District's proportionate share of the net pension liability	\$	229,285
State's proportionate share of the net pension liability associated with the School District		<u>3,243,358</u>
Total	\$	<u><u>3,472,643</u></u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school units and the State actuarially determined. At June 30, 2023, the School District's proportion was 0.015113%, which was a decrease of 0.002908% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized total pension expense of \$699,702 and revenue of \$455,442 for support provided by the State of Maine. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,785	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	21,271
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,128	37,501
Contributions subsequent to the measurement date	185,864	-
Total	<u>\$ 242,777</u>	<u>\$ 58,772</u>

\$185,864 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	SET Plan
Plan year ended June 30:	
2024	\$ (4,687)
2025	(13,672)
2026	15,425
2027	1,076
2028	-
Thereafter	-

Actuarial Methods and Assumptions

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

Actuarial Cost Method

The Entry Age Normal cost funding method is used to determine costs. Under this cost 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 member is the product of the member's pay and 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, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility 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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Amortization

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements.

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

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2023 and 2022, compounded annually.

Salary Increases, Merit and Inflation - state employees, 3.26% - 9.43%; teachers, 2.80% - 13.03%

Mortality Rates - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Cost of Living Benefit Increases - 2.20% per annum for the year ended June 30, 2023.

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.00%	6.00%
US Government	7.50%	2.60%
Private equity	15.00%	7.60%
Real assets:		
Real estate	10.00%	5.20%
Infrastructure	10.00%	5.30%
Natural resources	5.00%	5.00%
Traditional credit	7.50%	3.20%
Alternative credit	5.00%	7.40%
Diversifiers	10.00%	5.00%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 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 pension plan's 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.

The following table shows how the collective net pension liability as of June 30, 2023 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>SET Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Employer's proportionate share of the net pension liability	\$ 450,829	\$ 229,285	\$ 44,863

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2023 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2023 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors is 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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2017 through 2023, this was three years for the SET Plan.

Differences between Expected and Actual Investment Earnings

Differences between projected and actual investment earnings are recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are 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. The actuarial assumptions used for the year ended June 30, 2023 valuation were based on the results of an actuarial experience study for the period of June 30, 2015 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the Actuarial Methods and Assumptions section for information relating to the use of assumptions.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are 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. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2023 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

NOTE 15 - DEFERRED COMPENSATION PLAN

Plan Description

The School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403. The plan, available to all Maine PERS members, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the School District's management that the School District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 - DEFERRED COMPENSATION PLAN (CONTINUED)

Funding Policy

Under the deferred compensation plan, the School District contributes 3.84% of the total payroll for covered employees. The annual contributions are tax deferred for federal and state taxes until the withdrawal date. The School District's contribution vests 100% with the employee when contributed. The School District's contributions to the plan for the year ended June 30, 2024 were \$114,740.

NOTE 16 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the School District carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by Cross Insurance.

Based on the coverage provided by the insurance purchased, the School District is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2024. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. As of June 30, 2023, there were 234 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. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)

information for the SET Plan. That report may be obtained online at www.mainebers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For Department's teachers, 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 as the total dollar amount of each year's annual required contribution. The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2024 was approximately \$9,576.

OPEB Liabilities and OPEB Expense

At June 30, 2024, the School District reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the School District. The total portion of the net OPEB liability that was associated with the School District were as follows:

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)

School District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the School District		<u>69,825</u>
Total	\$	<u><u>69,825</u></u>

For the year ended June 30, 2024, the School District recognized net OPEB expense of \$9,034 and revenue of \$9,576 for support provided by the State of Maine.

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

Plan Description

The State of Maine and School retirees contribute to the School District's OPEB Plan with the Maine Education Association Benefits Trust (MEABT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the State, the School District and/or the School District retirees. MEABT is a fully funded, self-insured trust which provides benefits to education organizations and acts as the agent to the School District concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MEABT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MEABT participants and are administered by a number of third-party administrators contracted by MEABT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MEABT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

statutes and regulations. The employee must have participated in a plan for the 12 months prior to retirement and have 10 years (under age 50) or 5 years (age 50 or above) of continuous active service and enrollment in the health plan to be eligible for this Plan. The retiree who terminates coverage may elect to re-enroll in coverage if they participated in the health plan for 12 months prior to terminating coverage, as long as re-enrollment occurs within 5 years from coverage termination and as long as the retiree is not past age 62. The retiree must have maintained continuous health insurance coverage during the break in coverage with MEABT to be eligible for re-enrollment and is only eligible for re-enrollment once.

Employees Covered by Benefit Terms

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

Active members	85
Retirees and spouses	35
Total	<u>120</u>

Cost Sharing Provisions/Contributions

Retirees are eligible for a State subsidy of 60% (effective November 1, 2023) and 55% (effective July 1, 2021) of the blended single premium for the retiree. The blended premium is determined by blending rates for active members and retired members, as determined by State law. The retiree pays 40% (November 1, 2023 and later) and 45% (July 1, 2021) 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). The Maine Education Association Benefits Trust is not responsible for the premium, but instead, the implicit rate subsidy. The implicit rate subsidy is the value of the cost of care minus the premiums charged. Since the premiums are based on the average active and pre-Medicare retirees, the retirees are implicitly paying less than the true cost of coverage, thus an implied subsidy. This is the basis of the liability throughout this report.

Employee/Retiree Premium Amounts

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

<u>Pre-Medicare</u>	<u>Employee</u>	<u>Employee/ Spouse</u>	<u>Employee/ Child(ren)</u>	<u>Family</u>
Choice Plus	\$898	\$2,025	\$1,590	\$2,465
Standard \$200 Ded	\$970	\$2,187	\$1,717	\$2,662
Standard \$500 Ded	\$854	\$1,924	\$1,511	\$2,341
Standard \$1,000 Ded	\$814	\$1,835	\$1,441	\$2,123
Medicare-Eligible Retirees	\$388	\$776	N/A	N/A

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the School District reported a liability of \$1,126,428 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date. The School District's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2024, the School District recognized OPEB revenue of \$77,404. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MEABT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 426,199
Changes of assumptions	33,921	94,406
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	28,465	-
Total	<u>\$ 62,386</u>	<u>\$ 520,605</u>

\$28,465 were reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MEABT</u>
Plan year ended June 30:	
2024	\$ (114,052)
2025	(103,356)
2026	(116,930)
2027	(74,010)
2028	(75,704)
Thereafter	(2,632)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2031. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.65% per annum for June 30, 2024 was based upon a measurement date of June 30, 2023. The sensitivity of total OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.65%	3.65%	4.65%
Total OPEB liability	\$ 1,303,210	\$ 1,118,386	\$ 969,204
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,303,210</u>	<u>\$ 1,118,386</u>	<u>\$ 969,204</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

technological developments. The sensitivity of total OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 952,043	\$ 1,118,386	\$ 1,327,423
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 952,043</u>	<u>\$ 1,118,386</u>	<u>\$ 1,327,423</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2023, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

Assumptions

The demographic actuarial assumptions are the Teacher assumptions that were used by the Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation at June 30, 2021 and are based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021.

The economic assumptions are based on GASB 75 paragraph 36. Since the Plan is not funded via a qualified trust, the discount rates are selected based on the 20-year tax-exempt bond buyer rates as of the measurement dates. The other economic assumptions, i.e., trend rates, were developed based on historical and future projections of long term health care rates:

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Discount Rate - 3.65% per annum for year-end 2024 reporting, 3.54% per annum for year-end 2023 reporting.

Trend Assumptions:

Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2023_1f. The following assumptions were applied in this model as below:

Trend Assumption Inputs

Variable	Rate
Rate of Inflation	2.70%
Rate of Growth in Real Income/GDP per capita 2032+	1.40%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.90%
Year for Limiting Cost Growth to GDP Growth	2042

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. Sample medical trends are listed in the table below.

Pre-Medicare - Initial trend of 7.95% applied in FYE 2023 and 4.00% grading over 19 years to 4.00% per annum.

Medicare - Initial trend of 0.0% applied in FYE 2023 and 5.62% applied in FYE 2024 grading over 18 years to 4.29% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2021 and based on the experience study covering the period from June 30, 2015 through June 30, 2020. The proposed assumptions were adopted by the Board of Trustees at their March 11, 2021 meeting. As of June 30, 2023, they are as follows:

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Retirement Rates - Rates vary for plans based on age and service

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims

Family Enrollment Composition - It is assumed that 80% is married with an eligible spouse.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method

Salaries - Salaries were not provided by the client. Assumed salaries are inferred using the Teachers Age/Service Salary scatter from the Maine State Teachers Retirement System's salary age/service scatter from the June 30, 2022 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Based on the dates of hire assumed above and the participant's actual age, pay was assigned using the salary age service scatter, unless otherwise supplied by the district group during its review of the active data.

Dates of Hire - Were not available from the client and were available from the State Retirement Agency. Dates of hire were inferred using the Maine State Retirement System's Age/Service scatter from the June 30, 2022 Maine Public Employees Retirement System State Employee and Teacher Retirement Program valuation. Those under 1 year of service, the date was assumed to be January 1, 2022 and all other groups were assumed to be hired on July 1 of each service midpoint.

Rate of Mortality:

Healthy Annuitants: Based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows:

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

- 98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80
- 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

Rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.

Healthy Employees: Based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

Disabled Annuitants: Based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model described in the healthy annuitant mortality.

Retiree Continuation Percentage:

Retirees who are currently in the Medicare Advantage Plan (Medicare participants) are assumed to remain in the Medicare Advantage Plan.

Retirees who are over the age of 65 and enrolled in a Pre-Medicare plan are assumed to never be eligible for Medicare and are assumed to remain enrolled in the Pre-Medicare plan.

Retirees who are currently under the age of 64 and enrolled in a Pre-Medicare plan are assumed to be eligible for Medicare and are assumed to remain in the Pre-Medicare Plan until age 64 and enroll in the Medicare Advantage Plan at age 65.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Spouses who are currently in a Pre-Medicare plan will follow the same assumptions as the retired member. Thus, if the member is never eligible for Medicare, the spouse is not either.

Significant actuarial assumptions employed by the actuary for claims and expense purposes are the based on the actual community rated premiums of the entire group. As of June 30, 2023, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through July 1, 2022 and projects through June 30, 2024 and associate enrollment in the various options offered. Annual administrative and claims adjudication expenses are assumed to be included in the annual premiums.

Medical Plan Election - Employees are assumed to continue in their current medical plan for their entire career. 50% of retirees are assumed to switch from the Choice Plan to the Standard Plan.

Medicare Eligibility - Assumed to be age 65, with the exception of retirees over age 65 who are not in the Medicare Advantage Plan are assumed to never be eligible for Medicare, all current actives with a hire date before March 31, 1986 are assumed to never be eligible for Medicare.

Changes in Total OPEB Liability

Changes in total OPEB liability are recognized in OPEB expense for the year ended June 30, 2023 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB 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. As of the beginning of the measurement period, this average was 7 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2023, the differences between expected and actual experience was (\$426,199).

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of the beginning of the measurement period, this average was 7 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2019. For the fiscal year ended June 30, 2022, there were no changes in assumptions.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found by contacting the School District's Business Manager at 202 Kidder Hill Road, Holden, Maine 04429.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

The School District and other various entities have jointly agreed to operate a vocational education school. The United Technologies Center (UTC) was established by State law and is governed by a nine-member board of which one member represents the School District. Complete financial statements for the UTC can be obtained from the United Technologies Center, 200 Hogan Road, Bangor, Maine 04401. The School District is assessed a fee for vocational education services provided to students in the School District. For the year ending June 30, 2024 the School District was assessed and paid \$0 for students and \$3,692 for Adult Education.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the School District's financial position.

The School District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2024 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

The School District receives subsidy funding payments through the State of Maine. The State subsidy payment amount is adjusted quarterly for the School District's share of MaineCare Seed, which is the required local share of MaineCare revenue that the State pays on behalf of the School and then recovers through the ED 279. Adjustments made by the State in the fiscal year of 2025 could include expenditures from the fiscal year of 2024 that would normally be accrued. The actual amount cannot be determined at this time however, it is the position of the Maine School Administrative District No. 63 that this practice is consistent with the formal recommendation of the Maine Department of Education to all Maine school units concerning this matter.

NOTE 21 - RESTATEMENT

During fiscal year 2024, the Town determined fund balance corrections for the general fund and nonmajor capital project fund balance were required, the long-term debt decreased by \$12,048 which impacted governmental activities net position, the transfer of the capital projects fund from major to nonmajor funds and the transfer of food service and local entitlement fund from nonmajor to major funds were also required which resulted in adjustments to and restatements of beginning net position and fund balance, as follows:

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 21 - RESTATEMENT (CONTINUED)

	6/30/23 As Previously Reported	Change from Nonmajor to Major Fund	Change from Major to Nonmajor Fund	Fund Balance Correction	Net Position Correction	6/30/23 As Restated
Government-Wide						
Governmental Activities	\$ 7,307,128	\$ -	\$ -	\$ (172,745)	\$ 12,048	\$ 7,146,431
Governmental Funds						
Major Funds:						
General Fund	\$ 2,871,643	\$ -	\$ -	\$ (149,220)	\$ -	\$ 2,722,423
Food Service Fund	-	151,321	-	-	-	151,321
Local Entitlement Fund	-	(179,923)	-	-	-	(179,923)
Capital Projects Fund	612,179	-	(612,179)	-	-	-
Other Governmental Funds	(39,901)	28,602	612,179	(23,525)	-	577,355
Total Governmental Funds	\$ 3,443,921	\$ -	\$ -	\$ (172,745)	\$ -	\$ 3,271,176

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Changes in Net OPEB Liability - MEABT Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan
- Schedule of Proportionate Share of the Net OPEB Liability - SET Plan
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 2,722,423	\$ 2,722,423	\$ 2,722,423	\$ -
Resources (Inflows):				
Local assessments:				
Holden	3,203,464	3,203,464	3,203,464	-
Eddington	1,927,322	1,927,322	1,927,322	-
Clifton	861,417	861,417	861,417	-
Intergovernmental revenues:				
State subsidy	4,646,010	4,646,010	4,750,470	104,460
State agency	15,000	15,000	15,781	781
Mainecare/Medicaid	-	-	18,628	18,628
Other revenues	5,000	5,000	-	(5,000)
Interest income	7,500	7,500	23,681	16,181
Transportation	103,400	103,400	16,125	(87,275)
Other revenues	25,000	25,000	14,014	(10,986)
Amounts Available for Appropriation	<u>13,516,536</u>	<u>13,516,536</u>	<u>13,553,325</u>	<u>36,789</u>
Charges to Appropriations (Outflows):				
Regular instruction (Article 2)	6,077,223	6,077,223	5,631,831	445,392
Special education (Article 3)	1,738,854	1,738,854	1,824,651	(85,797)
Instructional support (Article 4)	593,888	593,888	556,812	37,076
Facilities maintenance (Article 5)	1,156,598	1,156,598	910,181	246,417
Transportation (Article 6)	773,665	773,665	621,048	152,617
System administration (Article 7)	494,405	494,405	472,755	21,650
School administration (Article 8)	485,832	485,832	489,201	(3,369)
Other instruction (Article 9)	86,619	86,619	63,201	23,418
Other expenditures (Article 11)	68,500	68,500	12,686	55,814
Debt service	178,529	178,529	177,879	650
Transfer to other funds (Article 19)	-	-	125,000	(125,000)
Total Charges to Appropriations	<u>11,654,113</u>	<u>11,654,113</u>	<u>10,885,245</u>	<u>768,868</u>
Budgetary Fund Balance, June 30	<u>\$ 1,862,423</u>	<u>\$ 1,862,423</u>	<u>\$ 2,668,080</u>	<u>\$ 805,657</u>
Utilization of committed fund balance	<u>\$ 860,000</u>	<u>\$ 860,000</u>	<u>\$ -</u>	<u>\$ (860,000)</u>

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>SET Plan:</u>										
District's proportion of the net pension liability	0.02%	0.02%	0.01%	0.02%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%
District's proportionate share of the net pension liability	\$ 229,285	\$ 267,596	\$ 107,208	\$ 298,425	\$ 219,530	\$ 196,533	\$ 206,827	\$ 300,915	\$ 237,459	\$ 202,583
State's proportionate share of the net pension liability associated with the District	<u>\$ 3,243,358</u>	<u>\$ 3,122,205</u>	<u>\$ 2,011,283</u>	<u>\$ 3,651,558</u>	<u>\$ 3,281,393</u>	<u>\$ 3,090,891</u>	<u>\$ 3,324,930</u>	<u>\$ 3,980,034</u>	<u>\$ 3,426,715</u>	<u>\$ 2,828,174</u>
Total	<u>\$ 3,472,643</u>	<u>\$ 3,389,801</u>	<u>\$ 2,118,491</u>	<u>\$ 3,949,983</u>	<u>\$ 3,500,923</u>	<u>\$ 3,287,424</u>	<u>\$ 3,531,757</u>	<u>\$ 4,280,949</u>	<u>\$ 3,664,174</u>	<u>\$ 3,030,757</u>
District's covered payroll	\$ 3,402,202	\$ 3,846,740	\$ 3,392,701	\$ 3,133,850	\$ 3,048,609	\$ 2,815,204	\$ 2,940,693	\$ 2,847,433	\$ 3,087,169	\$ 3,199,876
District's proportionate share of the net pension liability as a percentage of its covered payroll	6.74%	6.96%	3.16%	9.52%	7.20%	6.98%	7.03%	10.57%	7.69%	6.33%
Plan fiduciary net position as a percentage of the total pension liability	86.03%	85.79%	90.90%	81.03%	84.52%	85.17%	80.78%	80.80%	81.20%	83.91%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>SET Plan:</u>										
Contractually required contribution	\$ 185,864	\$ 158,398	\$ 185,316	\$ 141,136	\$ 130,368	\$ 121,030	\$ 137,649	\$ 117,157	\$ 116,390	\$ 110,193
Contributions in relation to the contractually required contribution	<u>(185,864)</u>	<u>(158,398)</u>	<u>(185,316)</u>	<u>(141,136)</u>	<u>(130,368)</u>	<u>(121,030)</u>	<u>(137,649)</u>	<u>(117,157)</u>	<u>(116,390)</u>	<u>(110,193)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,496,618	\$ 3,402,202	\$ 3,846,740	\$ 3,392,701	\$ 3,133,850	\$ 3,048,609	\$ 2,815,204	\$ 2,940,693	\$ 2,847,433	\$ 3,087,169
Contributions as a percentage of covered payroll	5.32%	4.66%	4.82%	4.16%	4.16%	3.97%	4.89%	3.98%	4.09%	3.57%

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN
FOR THE YEAR ENDED JUNE 30, 2024

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/22 (Reporting June 30, 2023)	\$ 1,126,428	\$ -	\$ 1,126,428
Changes for the year:			
Service cost	25,300	-	25,300
Interest	39,811	-	39,811
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(18,424)	-	(18,424)
Contributions - employer	-	54,729	(54,729)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(54,729)	(54,729)	-
Administrative expense	-	-	-
Net changes	(8,042)	-	(8,042)
Balances at 6/30/23 (Reporting June 30, 2024)	<u>\$ 1,118,386</u>	<u>\$ -</u>	<u>\$ 1,118,386</u>

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
MEABT PLAN
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019
<u>Total OPEB liability</u>						
Service cost (BOY)	\$ 25,300	\$ 31,328	\$ 38,840	\$ 15,156	\$ 12,752	\$ 13,668
Interest (includes interest on service cost)	39,811	34,869	34,542	66,822	68,774	64,853
Changes of benefit terms	-	-	-	(108,099)	-	-
Differences between expected and actual experience	-	(474,991)	-	(202,812)	-	-
Changes of assumptions	(18,424)	(36,531)	11,867	(97,590)	94,984	(74,853)
Benefit payments, including refunds of member contributions	(54,729)	(22,285)	(30,535)	(55,919)	(37,843)	(36,535)
Net change in total OPEB liability	\$ (8,042)	\$ (467,610)	\$ 54,714	\$ (382,442)	\$ 138,667	\$ (32,867)
Total OPEB liability - beginning	\$ 1,126,428	\$ 1,594,038	\$ 1,539,324	\$ 1,921,766	\$ 1,783,099	\$ 1,815,966
Total OPEB liability - ending	\$ 1,118,386	\$ 1,126,428	\$ 1,594,038	\$ 1,539,324	\$ 1,921,766	\$ 1,783,099
<u>Plan fiduciary net position</u>						
Contributions - employer	54,729	22,285	30,535	55,919	37,843	36,535
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(54,729)	(22,285)	(30,535)	(55,919)	(37,843)	(36,535)
Administrative expense	-	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	<u>\$ 1,118,386</u>	<u>\$ 1,126,428</u>	<u>\$ 1,594,038</u>	<u>\$ 1,539,324</u>	<u>\$ 1,921,766</u>	<u>1,783,099</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 3,676,060	\$ 3,586,400	\$ 3,558,619	\$ 3,471,824	\$ 3,690,349	\$ 3,591,581
Net OPEB liability as a percentage of covered payroll	30.4%	31.4%	44.8%	44.3%	52.1%	49.6%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SET PLAN
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018
<u>SET Life Insurance:</u>							
Proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	69,825	80,136	42,762	81,259	80,389	80,440	60,257
Total	<u>\$ 69,825</u>	<u>\$ 80,136</u>	<u>\$ 42,762</u>	<u>\$ 81,259</u>	<u>\$ 80,389</u>	<u>\$ 80,440</u>	<u>\$ 60,257</u>
Covered payroll	\$ 3,402,202	\$ 3,846,740	\$ 3,392,701	\$ 3,133,850	\$ 3,048,609	\$ 2,815,204	\$2,940,693
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	56.97%	52.39%	62.90%	55.40%	49.51%	49.22%	48.04%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018
<u>SET Life Insurance:</u>							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,496,618	\$ 3,402,202	\$ 3,846,740	\$ 3,392,701	\$ 3,133,850	\$ 3,048,609	\$2,815,204
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>MEABT:</u>							
Employer contributions	\$ 54,729	\$ 22,285	\$ 30,535	\$ 55,919	\$ 37,843	\$ 36,535	
Benefit payments	(54,729)	(22,285)	(30,535)	(55,919)	(37,843)	(36,535)	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 3,676,060	\$ 3,586,400	\$ 3,558,619	\$ 3,471,824	\$ 3,690,349	\$ 3,591,581	
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

Changes of Assumptions

MEPERS SET Pension Plan:

There was a change to the annual salary increases, including inflation, to state employees, 3.26% - 9.43% per year from state employees, 2.75% - 11.48%.

MEPERS SET OPEB Plan:

There have been no changes in actuarial assumptions since the last measurement date.

MEABT Plan:

There was a change in the discount rate from 3.54% to 3.65% per GASB 75 discount rate selection.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Regular Instruction (Article 2) -				
Holbrook Regular Instruction	\$ 1,416,846	\$ 1,416,846	\$ 1,131,320	\$ 285,526
Eddington Regular Instruction	2,000	2,000	1,854	146
Holden Regular Instruction	658,490	658,490	606,641	51,849
District Wide Regular Instruction	7,608	7,608	2,518	5,090
Eddington K-2 Instruction	755,295	755,295	696,916	58,379
Holden K-2 Instruction	228,958	228,958	210,693	18,265
9-12 Tuition Other RSU's	1,651,441	1,651,441	1,481,450	169,991
9-12 Tuition Private Schools	1,204,147	1,204,147	1,369,661	(165,514)
Insured Value Factor	72,249	72,249	87,425	(15,176)
ELL	7,106	7,106	4,728	2,378
Gifted and Talented	73,083	73,083	38,625	34,458
	<u>6,077,223</u>	<u>6,077,223</u>	<u>5,631,831</u>	<u>445,392</u>
Special Education (Article 3) -				
Resource Room	823,309	823,309	936,408	(113,099)
Self Contained	519,537	519,537	557,150	(37,613)
Home Instruction	6,930	6,930	8,804	(1,874)
Administration	296,142	296,142	204,444	91,698
Speech	80,001	80,001	116,085	(36,084)
Summer Programming	12,935	12,935	1,760	11,175
	<u>1,738,854</u>	<u>1,738,854</u>	<u>1,824,651</u>	<u>(85,797)</u>

SCHEDULE A (CONTINUED)

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Instructional Support (Article 4) -				
Guidance	119,610	119,610	99,279	20,331
Nursing	92,441	92,441	88,133	4,308
Curriculum	75,348	75,348	63,578	11,770
Library	52,592	52,592	90,240	(37,648)
Technology	252,247	252,247	213,757	38,490
Academic Assessment	1,650	1,650	1,825	(175)
	<u>593,888</u>	<u>593,888</u>	<u>556,812</u>	<u>37,076</u>
Facilities Maintenance (Article 5) -				
Facilities	183,612	183,612	141,058	42,554
Manager	46,436	46,436	84,289	(37,853)
Custodial	682,100	682,100	589,460	92,640
Maintenance	244,450	244,450	95,374	149,076
	<u>1,156,598</u>	<u>1,156,598</u>	<u>910,181</u>	<u>246,417</u>
Transportation and Buses (Article 6) -				
Transportation	651,591	651,591	549,264	102,327
Transportation Manager	46,436	46,436	22,167	24,269
Special Education Transportation	75,638	75,638	49,617	26,021
	<u>773,665</u>	<u>773,665</u>	<u>621,048</u>	<u>152,617</u>

SCHEDULE A (CONTINUED)

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
System Administration (Article 7) -				
Board of Directors	45,992	45,992	49,069	(3,077)
Superintendent's Office	280,900	280,900	268,775	12,125
Business Administration	167,513	167,513	154,911	12,602
	<u>494,405</u>	<u>494,405</u>	<u>472,755</u>	<u>21,650</u>
School Administration (Article 8) -				
Holbrook Administration	169,341	169,341	176,466	(7,125)
Eddington Administration	121,767	121,767	123,745	(1,978)
Holden Administration	194,724	194,724	188,990	5,734
	<u>485,832</u>	<u>485,832</u>	<u>489,201</u>	<u>(3,369)</u>
Other Instruction (Article 9) -				
Co-Curricular	25,975	25,975	26,715	(740)
Extra-Curricular	60,644	60,644	36,486	24,158
	<u>86,619</u>	<u>86,619</u>	<u>63,201</u>	<u>23,418</u>
Other Expenditures (Article 11) -				
Contingency Fund	68,500	68,500	12,686	55,814
	<u>68,500</u>	<u>68,500</u>	<u>12,686</u>	<u>55,814</u>
Debt Service -				
Principal	177,548	177,548	176,898	650
Interest	981	981	981	-
	<u>178,529</u>	<u>178,529</u>	<u>177,879</u>	<u>650</u>
Transfers to other funds -				
Capital Reserve Fund	-	-	125,000	(125,000)
	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>(125,000)</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 11,654,113</u>	<u>\$ 11,654,113</u>	<u>\$ 10,885,245</u>	<u>\$ 768,218</u>

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 79,440	\$ 14,235	\$ 93,675
Accounts receivable (net of allowance for uncollectibles)	3,000	-	3,000
Due from other governments	94,685	-	94,685
Due from other funds	13,868	427,130	440,998
TOTAL ASSETS	<u>\$ 190,993</u>	<u>\$ 441,365</u>	<u>\$ 632,358</u>
LIABILITIES			
Due to other funds	\$ 198,004	\$ -	\$ 198,004
TOTAL LIABILITIES	<u>198,004</u>	<u>-</u>	<u>198,004</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	96,308	-	96,308
Committed	-	441,365	441,365
Assigned	-	-	-
Unassigned	(103,319)	-	(103,319)
TOTAL FUND BALANCES (DEFICITS)	<u>(7,011)</u>	<u>441,365</u>	<u>434,354</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 190,993</u>	<u>\$ 441,365</u>	<u>\$ 632,358</u>

See accompanying independent auditor's report and notes to financial statements.

SCHEDULE C

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 731,015	\$ -	\$ 731,015
Other revenue	7,106	-	7,106
TOTAL REVENUES	738,121	-	738,121
EXPENDITURES			
Instruction	685,156	-	685,156
Special education	11,633	-	11,633
Capital outlay	-	272,289	272,289
Other	37,044	-	37,044
TOTAL EXPENDITURES	733,833	272,289	1,006,122
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,288	(272,289)	(268,001)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	125,000	125,000
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	125,000	125,000
NET CHANGE IN FUND BALANCES	4,288	(147,289)	(143,001)
FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED	(39,901)	-	(39,901)
FUND BALANCE CORRECTION	-	(23,525)	(23,525)
CHANGE WITHIN FINANCIAL REPORTING ENTITY	28,602	612,179	640,781
FUND BALANCES - JULY 1, AS RESTATED	(11,299)	588,654	577,355
FUND BALANCES - JUNE 30	\$ (7,011)	\$ 441,365	\$ 434,354

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	<i>Moved to Major Fund</i>						
	Local		ESSERF	Waves			ESSERF/
	Entitlement	Title IA	CARES Act	Outdoor Ed	CRF I	Title IIA	CARES Act II
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other governments	-	63,756	-	-	-	3,900	21,017
Due from other funds	-	-	-	869	43	-	-
TOTAL ASSETS	\$ -	\$ 63,756	\$ -	\$ 869	\$ 43	\$ 3,900	\$ 21,017
LIABILITIES							
Due to other funds	\$ -	\$ 72,150	\$ 1,050	\$ -	\$ -	\$ 10,573	\$ 21,927
TOTAL LIABILITIES	-	72,150	1,050	-	-	10,573	21,927
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	869	43	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	(8,394)	(1,050)	-	-	(6,673)	(910)
TOTAL FUND BALANCES (DEFICITS)	-	(8,394)	(1,050)	869	43	(6,673)	(910)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 63,756	\$ -	\$ 869	\$ 43	\$ 3,900	\$ 21,017

SCHEDULE D (CONTINUED)

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	ESSERF/ CARES Act III	Adult Ed	ARP Local Entitlement	MLTI State Reimbursement	King Library Grant	Moved to Major Fund Food Service	ESSERF/ CARES	Anthem Wellness Grant	Civil Education Grant	Cole Foundation Grant
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	-	3,000
Due from other governments	-	-	-	-	-	-	-	-	-	-
Due from other funds	2,319	-	-	3,328	5,603	-	-	500	200	-
TOTAL ASSETS	<u>\$ 2,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,328</u>	<u>\$ 5,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 200</u>	<u>\$ 3,000</u>
LIABILITIES										
Due to other funds	\$ -	\$ 12	\$ 31,928	\$ -	\$ -	\$ -	\$ 1,781	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>12</u>	<u>31,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,781</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	2,319	-	-	3,328	5,603	-	-	500	200	3,000
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(12)	(31,928)	-	-	-	(1,781)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>2,319</u>	<u>(12)</u>	<u>(31,928)</u>	<u>3,328</u>	<u>5,603</u>	<u>-</u>	<u>(1,781)</u>	<u>500</u>	<u>200</u>	<u>3,000</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,328</u>	<u>\$ 5,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 200</u>	<u>\$ 3,000</u>

SCHEDULE D (CONTINUED)

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	ARP Local Entitlement Pre School	REAP	MLS Library Grant	Title IV Student Support and Enrichment	Local Entitlement Pre School	Student Activities	National Board Certification	Outdoor Ed Mini Grant	Literacy Summer Grant	ARP GEER	Total
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,440	\$ -	\$ -	\$ -	\$ -	\$ 79,440
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	-	-	3,000
Due from other governments	-	-	-	6,012	-	-	-	-	-	-	94,685
Due from other funds	-	-	-	-	-	-	950	56	-	-	13,868
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,012</u>	<u>\$ -</u>	<u>\$ 79,440</u>	<u>\$ 950</u>	<u>\$ 56</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,993</u>
LIABILITIES											
Due to other funds	-	\$ 15,805	\$ 383	\$ 8,863	\$ 5,726	\$ -	\$ -	\$ -	\$ 16,222	\$ 11,584	\$ 198,004
TOTAL LIABILITIES	<u>-</u>	<u>15,805</u>	<u>383</u>	<u>8,863</u>	<u>5,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,222</u>	<u>11,584</u>	<u>198,004</u>
FUND BALANCES (DEFICITS)											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	79,440	950	56	-	-	96,308
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(15,805)	(383)	(2,851)	(5,726)	-	-	-	(16,222)	(11,584)	(103,319)
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>(15,805)</u>	<u>(383)</u>	<u>(2,851)</u>	<u>(5,726)</u>	<u>79,440</u>	<u>950</u>	<u>56</u>	<u>(16,222)</u>	<u>(11,584)</u>	<u>(7,011)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,012</u>	<u>\$ -</u>	<u>\$ 79,440</u>	<u>\$ 950</u>	<u>\$ 56</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,993</u>

See accompanying independent auditor's report and notes to financial statements.

SCHEDULE E

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<i>Moved to Major Fund Local Entitlement</i>	Title IA	ESSERF CARES Act	Waves Outdoor Ed	CRF I	Title IIA	ESSERF/ CARES Act II
REVENUES							
Intergovernmental revenue	\$ -	\$ 197,560	\$ -	\$ -	\$ -	\$ 13,882	\$ 427,619
Other revenue	-	-	-	-	-	-	-
TOTAL REVENUES	-	197,560	-	-	-	13,882	427,619
EXPENDITURES							
Instruction	-	150,104	-	-	-	20,639	433,935
Special education	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	150,104	-	-	-	20,639	433,935
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	47,456	-	-	-	(6,757)	(6,316)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	47,456	-	-	-	(6,757)	(6,316)
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	(179,923)	(55,850)	(1,050)	869	43	84	5,406
CHANGE WITHIN FINANCIAL REPORTING ENTITY	179,923	-	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	-	(55,850)	(1,050)	869	43	84	5,406
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ (8,394)	\$ (1,050)	\$ 869	\$ 43	\$ (6,673)	\$ (910)

SCHEDULE E (CONTINUED)

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	ESSERF/ CARES Act III	Adult Ed	ARP Local Entitlement	MLTI State Reimbursement	King Library Grant	Moved to Major Fund Food Service	ESSERF/ CARES	Anthem Wellness Grant	Civil Education Grant	Cole Foundation Grant
REVENUES										
Intergovernmental revenue	\$ -	\$ 3,700	\$ 7,985	\$ 21,948	\$ -	\$ -	\$ 13,705	\$ -	\$ -	\$ 3,000
Other revenue	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	3,700	7,985	21,948	-	-	13,705	-	-	3,000
EXPENDITURES										
Instruction	-	-	-	-	-	-	13,705	-	357	-
Special education	-	-	9,109	-	-	-	-	-	-	-
Other	-	3,692	-	21,768	-	-	-	-	-	-
TOTAL EXPENDITURES	-	3,692	9,109	21,768	-	-	13,705	-	357	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	8	(1,124)	180	-	-	-	-	(357)	3,000
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	8	(1,124)	180	-	-	-	-	(357)	3,000
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	2,319	(20)	(30,804)	3,148	5,603	151,321	(1,781)	500	557	-
CHANGE WITHIN FINANCIAL REPORTING ENTITY	-	-	-	-	-	(151,321)	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	2,319	(20)	(30,804)	3,148	5,603	-	(1,781)	500	557	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,319	\$ (12)	\$ (31,928)	\$ 3,328	\$ 5,603	\$ -	\$ (1,781)	\$ 500	\$ 200	\$ 3,000

SCHEDULE E (CONTINUED)

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	ARP Local Entitlement Pre School	REAP	IMLS Library Grant	Title IV Student Support and Enrichment	Local Entitlement Pre School	Student Activities	National Board Certification	Outdoor Ed Mini Grant	Literacy Summer Grant	ARP GEER	Total
REVENUES											
Intergovernmental revenue	\$ -	\$ 28,886	\$ -	\$ 9,351	\$ 1,104	\$ -	\$ 950	\$ 1,325	\$ -	\$ -	\$ 731,015
Other revenue	-	-	-	-	-	7,106	-	-	-	-	7,106
TOTAL REVENUES	-	28,886	-	9,351	1,104	7,106	950	1,325	-	-	738,121
EXPENDITURES											
Instruction	-	40,752	-	8,173	-	-	-	1,269	16,222	-	685,156
Special education	-	-	-	-	2,524	-	-	-	-	-	11,633
Other	-	-	-	-	-	-	-	-	-	11,584	37,044
TOTAL EXPENDITURES	-	40,752	-	8,173	2,524	-	-	1,269	16,222	11,584	733,833
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	(11,866)	-	1,178	(1,420)	7,106	950	56	(16,222)	(11,584)	4,288
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(11,866)	-	1,178	(1,420)	7,106	950	56	(16,222)	(11,584)	4,288
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	-	(3,939)	(383)	(4,029)	(4,306)	72,334	-	-	-	-	(39,901)
CHANGE WITHIN FINANCIAL REPORTING ENTITY	-	-	-	-	-	-	-	-	-	-	28,602
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	-	(3,939)	(383)	(4,029)	(4,306)	72,334	-	-	-	-	(11,299)
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ (15,805)	\$ (383)	\$ (2,851)	\$ (5,726)	\$ 79,440	\$ 950	\$ 56	\$ (16,222)	\$ (11,584)	\$ (7,011)

See accompanying independent auditor's report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds. General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2024

	<i>Moved from Major Fund Capital Projects</i>	<i>Moved from Major Fund Capital Reserve</i>	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 14,235	\$ 14,235
Due from other funds	-	427,130	427,130
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 441,365</u>	<u>\$ 441,365</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	441,365	441,365
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>441,365</u>	<u>441,365</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 441,365</u>	<u>\$ 441,365</u>

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<i>Moved from Major Fund Capital Projects</i>	<i>Moved from Major Fund Capital Reserve</i>	Total
REVENUES			
Other	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-
EXPENDITURES			
Capital outlay	272,289	-	272,289
TOTAL EXPENDITURES	272,289	-	272,289
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(272,289)	-	(272,289)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	125,000	125,000
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	125,000	125,000
NET CHANGE IN FUND BALANCES	(272,289)	125,000	(147,289)
FUND BALANCES - JULY 1, AS PREVIOUSLY REPORTED	-	-	-
FUND BALANCE CORRECTION	(23,525)	-	(23,525)
CHANGE WITHIN FINANCIAL REPORTING ENTITY	295,814	316,365	612,179
FUND BALANCES - JULY 1, AS RESTATED	272,289	316,365	588,654
FUND BALANCES - JUNE 30	\$ -	\$ 441,365	\$ 441,365

See accompanying independent auditor's report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2024

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Total
Transportation	\$ -	\$ -	\$ 957,839	\$ 957,839
Maintenance	-	-	102,385	102,385
Instruction	845,381	10,617,151	709,138	12,171,670
Food Service	-	-	100,682	100,682
Total General Capital Assets	845,381	10,617,151	1,870,044	13,332,576
Less: Accumulated Depreciation	-	(4,332,889)	(1,047,678)	(5,380,567)
Net General Capital Assets	<u>\$ 845,381</u>	<u>\$ 6,284,262</u>	<u>\$ 822,366</u>	<u>\$ 7,952,009</u>

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2024

	General Capital Assets 7/1/23	Additions	Deletions	General Capital Assets 6/30/24
Transportation	\$ 972,122	\$ 5,186	\$ (19,469)	\$ 957,839
Maintenance	102,385	-	-	102,385
Instruction	10,606,152	1,565,518	-	12,171,670
Food Service	91,908	8,774	-	100,682
Total General Capital Assets	11,772,567	1,579,478	(19,469)	13,332,576
Less: Accumulated Depreciation	<u>(4,935,001)</u>	<u>(465,035)</u>	<u>19,469</u>	<u>(5,380,567)</u>
Net General Capital Assets	<u>\$ 6,837,566</u>	<u>\$ 1,114,443</u>	<u>\$ -</u>	<u>\$ 7,952,009</u>

See accompanying independent auditor's report and notes to financial statements.

Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with *Government Auditing Standards* and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal AL Number	Pass Through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture				
Passed through State of Maine - Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	013-06A-3014-05	\$ 25,295	\$ -
National School Lunch Program	10.555	013-06A-3020-05	175	-
National School Lunch Program	10.555	013-06A-3022-05	23,567	-
National School Lunch Program	10.555	013-06A-3024-05	50,960	-
National School Lunch Program	10.555	013-06A-6670-05	14,737	-
Subtotal Child Nutrition Cluster			<u>114,734</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>114,734</u>	<u>-</u>
U.S. Department of Education				
Passed through State of Maine - Department of Education:				
Title I Grants to Local Educational Agencies	84.010A	013-06A-3107-12	<u>150,104</u>	<u>-</u>
Special Education Cluster (IDEA)				
Special Education-Grants to States	84.027A	013-06A-3046-12	229,579	-
Special Education-Grants to States (ARP)	84.027X	025-06A-7170-12	9,109	-
Special Education-Preschool Grants	84.173A	013-06A-6247-12	<u>2,524</u>	<u>-</u>
Subtotal Special Education Cluster (IDEA)			<u>241,212</u>	<u>-</u>
Rural Education	84.358A	013-06A-3305-12	<u>40,752</u>	<u>-</u>
Student Support and Academic Enrichment Program	84.424A	013-06A-3345-12	20,639	-
Student Support and Academic Enrichment Program	84.424A	013-06A-3345-12	<u>8,173</u>	<u>-</u>
			<u>28,812</u>	<u>-</u>
Education Stabilization Fund	84.425D	025-06A-7072-12	13,705	-
Education Stabilization Fund	84.425U	013-06A-7041-12	11,584	-
Education Stabilization Fund	84.425D	013-06A-7071-12	433,935	-
Education Stabilization Fund	84.425U	013-06A-7006-12	<u>16,222</u>	<u>-</u>
			<u>475,446</u>	<u>-</u>
Total U.S. Department of Education			<u>936,326</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,051,060</u>	<u>\$ -</u>

See accompanying independent auditor's report and notes to financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Maine School Administrative District No. 63 under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Maine School Administrative District No. 63, it is not intended to and does not present the financial position, changes in net position or cash flows of the Maine School Administrative District No. 63.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Maine School Administrative District No. 63 has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Food Donation Program

The Maine School Administrative District No. 63 reports commodities consumed on the Schedule at the fair value [or entitlement value]. The Government allocated donated food commodities to the respective program(s) that benefitted from the use of those donated food commodities.



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

Board of Directors
Maine School Administrative District No. 63
Holden, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Maine School Administrative District No. 63 as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Maine School Administrative District No. 63's basic financial statements and have issued our report thereon dated July 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Maine School Administrative District No. 63's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Maine School Administrative District No. 63's internal control. Accordingly, we do not express an opinion on the effectiveness of the Maine School Administrative District No. 63's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Maine School Administrative District No. 63's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Maine School Administrative District No. 63 in a separate letter dated July 18, 2025.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
July 18, 2025



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

Board of Directors
Maine School Administrative District No. 63
Holden, Maine

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Maine School Administrative District No. 63's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Maine School Administrative District No. 63's major federal programs for the year ended June 30, 2024. The Maine School Administrative District No. 63's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Maine School Administrative District No. 63 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Maine School Administrative District No. 63 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Maine School Administrative District No. 63's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Maine School Administrative District No. 63's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on the Maine School Administrative District No. 63's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Maine School Administrative District No. 63's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Maine School Administrative District No. 63's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Maine School Administrative District No. 63's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Maine School Administrative District No. 63's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

RHR Smith & Company

Buxton, Maine
July 18, 2025

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Internal control over financial reporting:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified? ☐yes ☒no
- Noncompliance material to financial statements noted? ☐yes ☒no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified? ☐yes ☒no

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425D/84.425U	Education Stabilization Fund

Dollar threshold used to distinguish between type A and B: \$750,000

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

Section II - Financial Statement Findings

None

Section III - Findings and Questioned Costs for Federal Awards

None

State Compliance

State compliance includes financial information and reports that are presented for purposes of additional analysis as required by Title 20-A MRSA §6051 of the Maine Revised Statutes as amended. Such financial information and reports include:

- Independent Auditor's Report on State Requirements
- Reconciliation of Audit Adjustments to Annual Financial Data Submitted to the Maine Education Financial System



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON STATE REQUIREMENTS

Board of Directors
Maine School Administrative District No. 63
Holden, Maine

We have audited the financial statements of the Maine School Administrative District No. 63 for the year ended June 30, 2024 and have issued our report thereon dated July 18, 2025. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Maine School Administrative District No. 63's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Maine School Administrative District No. 63 complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Maine School Administrative District No. 63 was in noncompliance with or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Maine School Administrative District No. 63 and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the MEFS financial system maintained at the Maine Department of Education.

This report is intended solely for the information of the Board of Directors, management and the Maine Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Buxton, Maine
July 18, 2025

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MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL
DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund (1000)	Special Revenue Funds (2000) & (6000)	Capital Projects Funds (4000)	Total
June 30 Balance per MEFS	\$ 1,824,137	\$ 45,307	\$ 1,768,746	\$ 3,638,190
Fund balance	843,943	(81,221)	(1,327,381)	(564,659)
Audited GAAP Basis Fund Balance June 30	<u>\$ 2,668,080</u>	<u>\$ (35,914)</u>	<u>\$ 441,365</u>	<u>\$ 3,073,531</u>