

Audited Financial Statements
and Other Financial Information

**Maine School Administrative District
No. 63**

June 30, 2025



Proven Expertise & Integrity

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

CONTENTS

JUNE 30, 2025

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 5
MANAGEMENT'S DISCUSSION AND ANALYSIS	6 - 13

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT A - STATEMENT OF NET POSITION	14 - 15
STATEMENT B - STATEMENT OF ACTIVITIES	16 - 17

FUND FINANCIAL STATEMENTS

STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	18
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	19
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	20
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	21
STATEMENT G - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	22
STATEMENT H - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	23
NOTES TO FINANCIAL STATEMENTS	24 - 63

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	64
--	----

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	65
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	66
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS - PENSION	67
SCHEDULE 4 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN	68
SCHEDULE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - MEABT PLAN	69
SCHEDULE 6 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - SET PLAN	70
SCHEDULE 7 - SCHEDULE OF CONTRIBUTIONS - OPEB	71
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	72
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	73
SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	74 - 76
SCHEDULE B - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	77
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	78
SPECIAL REVENUE FUNDS DESCRIPTION	79
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	80 - 83
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	84 - 87
CAPITAL PROJECT FUNDS DESCRIPTION	88

SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS	89
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS	90
GENERAL CAPITAL ASSETS DESCRIPTION	91
SCHEDULE F - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	92
SCHEDULE G - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	93
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 <i>GOVERNMENT AUDITING STANDARDS</i>	94 - 95
<u>STATE COMPLIANCE</u>	
STATE COMPLIANCE DESCRIPTION	96
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	97
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	98
INDEPENDENT AUDITOR'S REPORT ON STATE REQUIREMENTS	99
RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM	100



Proven Expertise & Integrity

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, 2025 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, 2025 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 65 through 72 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. 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 and capital asset schedules 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 and the accompanying schedule of expenditures of federal awards presented for purposes of additional analysis as required by Title 20-A MRSA §6051, Sub-chapter 1(K) of the Maine Revised Statutes as amended. 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 Maine Revised Statutes

In accordance with Maine Revised Statutes, we have also issued our report dated September 2, 2026, 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 Maine Department of Education and the Maine School Administrative District No. 63'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2026, 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.

RHR Smith & Company

Buxton, Maine
September 2, 2026

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

(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, 2025. 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 reserve fund. 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 decreased by \$652,099 from \$8,251,547 to \$7,599,448.

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 \$679,028 at the end of this year.

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

	2025	2024 (Restated)
Assets:		
Current Assets	\$ 3,684,011	\$ 4,024,545
Noncurrent Assets - Capital Assets	7,408,233	7,831,582
Total Assets	<u>11,092,244</u>	<u>11,856,127</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	222,308	242,777
Deferred Outflows Related to OPEB	76,402	62,386
Total Deferred Outflows of Resources	<u>298,710</u>	<u>305,163</u>
Liabilities:		
Current Liabilities	1,128,627	1,153,669
Noncurrent Liabilities	2,158,219	2,176,697
Total Liabilities	<u>3,286,846</u>	<u>3,330,366</u>
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	68,794	58,772
Deferred Inflows Related to OPEB	435,866	520,605
Total Deferred Inflows of Resources	<u>504,660</u>	<u>579,377</u>
Net Position:		
Net Investment in Capital Assets	6,558,434	6,799,901
Restricted	361,986	241,659
Unrestricted	679,028	1,209,987
Total Net Position	<u><u>\$ 7,599,448</u></u>	<u><u>\$ 8,251,547</u></u>

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

	<u>2025</u>	<u>2024</u>
Revenues		
<i>Program revenues:</i>		
Operating grants and contributions	\$ 1,950,627	\$ 2,429,389
<i>General revenues:</i>		
Local support from towns	6,730,631	5,992,203
Grants and contributions not restricted to specific programs	4,452,772	4,784,879
Charges for services	2,659	4,541
Interest income	23,145	23,681
Other revenue	130,807	37,245
Total Revenues	<u>13,290,641</u>	<u>13,271,938</u>
Expenses		
Regular instruction	6,413,716	4,658,842
Special education	1,783,882	2,054,230
Instructional support	652,797	556,812
Facilities maintenance	1,574,143	916,396
Transportation	577,193	615,862
System administration	494,918	472,755
School administration	453,441	489,201
Other instruction	62,359	63,201
Other expenditures	-	12,686
State of Maine on-behalf payments	1,203,034	1,173,754
Food service	302,170	297,842
Grant programs	347,346	733,833
Interest expense	328	981
Total Expenses	<u>13,942,740</u>	<u>12,046,395</u>
Change in Net Position	<u>(652,099)</u>	<u>1,225,543</u>
Net Position - July 1, As Previously Reported	8,371,974	7,146,431
Net Position Correction	<u>(120,427)</u>	<u>-</u>
Net Position - July 1, As Restated	<u>8,251,547</u>	<u>7,146,431</u>
Net Position - June 30	<u>\$ 7,599,448</u>	<u>\$ 8,371,974</u>

Revenues and Expenses

Revenues for governmental activities increased by 0.14%, while expenses increased by 15.74%. Revenues increased in all categories with the exception of operating grants and contributions, grants and contributions not restricted to specific programs, charges for services and interest income. The largest increases in expenses were in regular instruction and facilities maintenance.

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>2025</u>	<u>2024</u> <u>(Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General fund:			
Committed	\$ 985,000	\$ 860,000	\$ 125,000
Unassigned	1,311,479	1,808,080	(496,601)
Food service fund:			
Nonspendable	10,412	7,894	2,518
Restricted	205,029	145,351	59,678
Local entitlement fund:			
Unassigned (deficit)	(284,140)	(182,148)	(101,992)
Capital reserve fund:			
Committed	591,365	441,365	150,000
Total Major Funds	<u>\$ 2,819,145</u>	<u>\$ 3,080,542</u>	<u>\$ (261,397)</u>
Nonmajor Funds:			
Special revenue funds:			
Restricted	\$ 156,957	\$ 96,308	\$ 60,649
Unassigned (deficit)	(130,484)	(103,319)	(27,165)
Capital Project funds:			
Unassigned (deficit)	(104,809)	-	(104,809)
Total Nonmajor Funds	<u>\$ (78,336)</u>	<u>\$ (7,011)</u>	<u>\$ (71,325)</u>

The changes to total fund balances for the general fund, food service fund, local entitlement fund, capital reserve 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 were under budgeted amounts by \$260,142. All revenue categories were at or under budgeted amounts with the exception of interest income.

The general fund actual expenditures were under budgeted amounts by \$1,013,451. All expenditure categories were under budgeted amounts.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2025, the net book value of capital assets recorded by the School District decreased by \$423,349 from the prior year. The decrease was a result of capital additions of \$31,750, less current year depreciation expense of \$455,099.

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

	2025	2024 (Restated)
Land	\$ 53,627	\$ 53,627
Construction in progress	-	671,327
Buildings and improvements	6,547,842	6,185,184
Land improvements	92,971	99,078
Equipment	352,434	365,584
Vehicles	361,359	456,782
Total	<u>\$ 7,408,233</u>	<u>\$ 7,831,582</u>

Debt

At June 30, 2025, the School District had \$849,799 in bonds payable and notes from direct borrowings payable outstanding versus \$1,031,681 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, 2025
(With Comparative Totals for June 30, 2024)

	Governmental Activities	
	2025	2024 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,374,519	\$ 3,267,786
Accounts receivable (net of allowance for uncollectibles)	-	3,000
Due from other governments	299,080	745,865
Inventory	10,412	7,894
Total current assets	<u>3,684,011</u>	<u>4,024,545</u>
Noncurrent assets:		
Capital assets:		
Land and other non-depreciable assets	53,627	845,381
Infrastructure, buildings and equipment, net of accumulated depreciation	<u>7,354,606</u>	<u>7,106,628</u>
Total noncurrent assets	<u>7,408,233</u>	<u>7,952,009</u>
TOTAL ASSETS	<u>11,092,244</u>	<u>11,976,554</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	222,308	242,777
Deferred outflows related to OPEB	<u>76,402</u>	<u>62,386</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>298,710</u>	<u>305,163</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 11,390,954</u>	<u>\$ 12,281,717</u>

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

STATEMENT OF NET POSITION
JUNE 30, 2025
(With Comparative Totals for June 30, 2024)

	Governmental Activities	
	2025	2024 (Restated)
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 580,237	\$ 452,012
Accrued expenses	5,505	12,109
Accrued payroll	357,460	486,893
Current portion of long-term obligations	185,425	202,655
Total current liabilities	<u>1,128,627</u>	<u>1,153,669</u>
Noncurrent liabilities:		
Noncurrent portion of long-term obligations:		
Bonds payable	674,159	809,335
Notes from direct borrowings payable	19,982	19,691
Accrued compensated absences	168,682	-
Net pension liability	171,002	229,285
Net OPEB liability	1,124,394	1,118,386
Total noncurrent liabilities	<u>2,158,219</u>	<u>2,176,697</u>
TOTAL LIABILITIES	<u>3,286,846</u>	<u>3,330,366</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	68,794	58,772
Deferred inflows related to OPEB	435,866	520,605
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>504,660</u>	<u>579,377</u>
NET POSITION		
Net investment in capital assets	6,558,434	6,920,328
Restricted	361,986	241,659
Unrestricted	679,028	1,209,987
TOTAL NET POSITION	<u>7,599,448</u>	<u>8,371,974</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 11,390,954</u>	<u>\$ 12,281,717</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, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

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	
					2025	2024
Governmental activities:						
Regular instruction	\$ 6,413,716	\$ -	\$ -	\$ -	\$ (6,413,716)	\$ (4,658,842)
Special education	1,783,882	-	119,104	-	(1,664,778)	(1,826,876)
Instructional support	652,797	-	-	-	(652,797)	(556,812)
Facilities maintenance	1,574,143	-	-	-	(1,574,143)	(916,396)
Transportation	577,193	-	-	-	(577,193)	(615,862)
System administration	494,918	-	-	-	(494,918)	(472,755)
School administration	453,441	-	-	-	(453,441)	(489,201)
Other instruction	62,359	-	-	-	(62,359)	(63,201)
Other expenditures	-	-	-	-	-	(12,686)
State of Maine on-behalf payments	1,203,034	-	1,203,034	-	-	-
Food service	302,170	2,659	354,974	-	55,463	3,965
Grant programs	347,346	-	273,515	-	(73,831)	(2,818)
Interest on long-term debt	328	-	-	-	(328)	(981)
Capital outlay	77,413	-	-	-	(77,413)	-
Total governmental activities	<u>\$ 13,942,740</u>	<u>\$ 2,659</u>	<u>\$ 1,950,627</u>	<u>\$ -</u>	<u>(11,989,454)</u>	<u>(9,612,465)</u>

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	Governmental Activities	
	2025	2024
Changes in net position:		
Net (expense) revenue	(11,989,454)	(9,612,465)
General revenues:		
Local support from towns	6,730,631	5,992,203
Grants and contributions not restricted to specific programs	4,452,772	4,784,879
Interest income	23,145	23,681
Miscellaneous	130,807	37,245
Total general revenues	11,337,355	10,838,008
Change in net position	(652,099)	1,225,543
NET POSITION - JULY 1, AS PREVIOUSLY REPORTED	8,371,974	7,146,431
NET POSITION CORRECTIONS	(120,427)	-
NET POSITION - JULY 1, AS RESTATED	8,251,547	7,146,431
NET POSITION - JUNE 30	\$ 7,599,448	\$ 8,371,974

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2025

(With Comparative Totals for June 30, 2024)

	General Fund	Food Service Fund	Local Entitlement Fund	Moved from Nonmajor Fund Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds	
						2025	2024
ASSETS							
Cash and cash equivalents	\$ 2,966,704	\$ 316,025	\$ -	\$ -	\$ 91,790	\$ 3,374,519	\$ 3,267,786
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	3,000
Due from other governments	264,227	9,072	-	-	25,781	299,080	745,865
Inventory	-	10,412	-	-	-	10,412	7,894
Due from other funds	665,282	-	-	591,365	69,130	1,325,777	1,216,945
TOTAL ASSETS	<u>\$ 3,896,213</u>	<u>\$ 335,509</u>	<u>\$ -</u>	<u>\$ 591,365</u>	<u>\$ 186,701</u>	<u>\$ 5,009,788</u>	<u>\$ 5,241,490</u>
LIABILITIES							
Accounts payable	\$ 576,274	\$ -	\$ -	\$ -	\$ 3,963	\$ 580,237	452,012
Accrued payroll	357,460	-	-	-	-	357,460	486,893
Accrued expenses	5,505	-	-	-	-	5,505	12,109
Due to other funds	660,495	120,068	284,140	-	261,074	1,325,777	1,216,945
TOTAL LIABILITIES	<u>1,599,734</u>	<u>120,068</u>	<u>284,140</u>	<u>-</u>	<u>265,037</u>	<u>2,268,979</u>	<u>2,167,959</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	10,412	-	-	-	10,412	7,894
Restricted	-	205,029	-	-	156,957	361,986	241,659
Committed	985,000	-	-	591,365	-	1,576,365	1,301,365
Assigned	-	-	-	-	-	-	-
Unassigned	1,311,479	-	(284,140)	-	(235,293)	792,046	1,522,613
TOTAL FUND BALANCES (DEFICITS)	<u>2,296,479</u>	<u>215,441</u>	<u>(284,140)</u>	<u>591,365</u>	<u>(78,336)</u>	<u>2,740,809</u>	<u>3,073,531</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 3,896,213</u>	<u>\$ 335,509</u>	<u>\$ -</u>	<u>\$ 591,365</u>	<u>\$ 186,701</u>	<u>\$ 5,009,788</u>	<u>\$ 5,241,490</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, 2025

(With Comparative Totals for June 30, 2024)

	Total Governmental Funds	
	2025	2024
Total Fund Balances	\$ 2,740,809	\$ 3,073,531
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	7,408,233	7,831,582
Deferred outflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds	298,710	305,163
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	(811,056)	(986,232)
Notes from direct borrowing payable	(38,743)	(45,449)
Accrued compensated absences	(198,449)	-
Net pension liability	(171,002)	(229,285)
Net OPEB liability	(1,124,394)	(1,118,386)
Deferred inflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the funds	(504,660)	(579,377)
Net position of governmental activities	<u>\$ 7,599,448</u>	<u>\$ 8,251,547</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, 2025
(With Comparative Totals for June 30, 2024)

	General Fund	Food Service Fund	Local Entitlement Fund	Moved from Nonmajor Fund Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds	
						2025	2024
REVENUES							
Local support from Towns	\$ 6,730,631	\$ -	\$ -	\$ -	\$ -	\$ 6,730,631	\$ 5,992,203
Intergovernmental revenues	4,452,772	354,974	119,104	-	273,515	5,200,365	6,040,514
Charges for services	-	2,659	-	-	-	2,659	4,541
State of Maine on-behalf payments	491,007	-	-	-	-	491,007	465,018
Interest income	23,145	-	-	-	-	23,145	23,681
Other revenues	23,492	-	-	-	107,315	130,807	37,245
TOTAL REVENUES	11,721,047	357,633	119,104	-	380,830	12,578,614	12,563,202
EXPENDITURES							
Current:							
Regular instruction	5,900,361	-	-	-	-	5,900,361	5,631,831
Special education	1,562,786	-	221,096	-	-	1,783,882	2,054,230
Instructional support	652,797	-	-	-	-	652,797	556,812
Facilities maintenance	1,567,928	-	-	-	-	1,567,928	910,181
Transportation	581,547	-	-	-	-	581,547	621,048
System administration	494,918	-	-	-	-	494,918	472,755
School administration	453,441	-	-	-	-	453,441	489,201
Other instruction	62,359	-	-	-	-	62,359	63,201
Other expenditures	-	-	-	-	-	-	12,686
State of Maine on-behalf payments	491,007	-	-	-	-	491,007	465,018
Food service	-	295,437	-	-	-	295,437	299,883
Grant programs	-	-	-	-	347,346	347,346	733,833
Debt service:							
Principal	174,523	-	-	-	-	174,523	176,898
Interest	981	-	-	-	-	981	981
Capital outlay	-	-	-	-	104,809	104,809	272,289
TOTAL EXPENDITURES	11,942,648	295,437	221,096	-	452,155	12,911,336	12,760,847
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(221,601)	62,196	(101,992)	-	(71,325)	(332,722)	(197,645)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	150,000	-	150,000	125,000
Transfers (out)	(150,000)	-	-	-	-	(150,000)	(125,000)
TOTAL OTHER FINANCING SOURCES (USES)	(150,000)	-	-	150,000	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(371,601)	62,196	(101,992)	150,000	(71,325)	(332,722)	(197,645)
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	2,668,080	153,245	(182,148)	-	434,354	3,073,531	3,271,176
CHANGE WITHIN FINANCIAL REPORTING ENTITY	-	-	-	441,365	(441,365)	-	-
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	2,668,080	153,245	(182,148)	441,365	(7,011)	3,073,531	3,271,176
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,296,479	\$ 215,441	\$ (284,140)	\$ 591,365	\$ (78,336)	\$ 2,740,809	\$ 3,073,531

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, 2025

Net change in fund balances - total governmental funds (Statement E)	\$ (332,722)
--	--------------

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	31,750
Depreciation expense	(455,099)
	(423,349)

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	(20,469)
OPEB	14,016
	(6,453)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position

	(25,557)
--	----------

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

	207,439
--	---------

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	(10,022)
OPEB	84,739
	74,717

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:

Accrued compensated absences	(198,449)
Net pension liability	58,283
Net OPEB liability	(6,008)
	(146,174)

Change in net position of governmental activities (Statement B)	\$ (652,099)
---	--------------

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, 2025

	<u>Private Purpose Trust Fund</u>
ASSETS	
Investments	\$ 7,109
TOTAL ASSETS	<u>\$ 7,109</u>
LIABILITIES	
Due to other governments	\$ 1,559
TOTAL LIABILITIES	<u>1,559</u>
NET POSITION	
Restricted	<u>5,550</u>
TOTAL NET POSITION	<u>5,550</u>
TOTAL LIABILITES AND NET POSITION	<u>\$ 7,109</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, 2025

	Private Purpose Trust Fund
ADDITIONS:	
Interest	\$ 11
TOTAL ADDITIONS	11
DEDUCTIONS	
Other	-
TOTAL DEDUCTIONS	-
CHANGE IN NET POSITION	11
NET POSITION - JULY 1	5,539
NET POSITION - JUNE 30	\$ 5,550

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 101 "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 102 "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. A disclosure should be made in the notes to financial statements if a government determines that those criteria for disclosures have been met for a concentration or constraint. Management has determined the impact of this Statement is not material to the financial statements.

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.

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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.
- d. Capital Reserve Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. The primary revenue sources are bond proceeds and interfund transfers.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Fund

- e. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- f. 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.

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Revenue Recognition

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

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt which has not matured are recognized when paid. Allocation of costs, such as depreciation, is not recognized in the governmental funds.

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*, 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	\$ 11,230,040
Add: On-behalf payments	491,007
Total GAAP basis	<u>\$ 11,721,047</u>
Expenditures per budgetary basis	\$ 11,601,641
Add: On-behalf payments	491,007
Total GAAP basis	<u>\$ 12,092,648</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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2025. Accounts receivable netted with allowances for uncollectible accounts were \$299,080 for the year ended June 30, 2025.

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 governmental-wide financial statements as "internal balances".

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 a bond 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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2025, the School District's cash and cash equivalents balance amounting to \$3,374,519 was comprised of bank deposits of \$3,404,363. 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, \$447,377 were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk. Deposits of \$2,947,040 were collateralized with securities held by a financial institution in the School District's name. The remaining deposits of \$9,946 were uncollateralized and consequently were exposed to custodial credit risk.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Checking accounts	\$ 457,308
Savings account	15
Repurchase agreements	2,947,040
	<u>\$ 3,404,363</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.

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 \$7,109 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, 2025, the School District's investments consisted of a certificate of deposit of \$7,109, 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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2025 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General Fund	\$ 610,672	\$ 605,885
Food Service Fund	-	120,068
Local Entitlement Fund	-	284,140
Capital Reserve Fund	591,365	-
Nonmajor Special Revenue Funds	14,520	101,655
Nonmajor Capital Projects Funds	-	104,809
	<u>\$ 1,216,557</u>	<u>\$ 1,216,557</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.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2025 consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 150,000
Capital Reserve Fund	150,000	-
	<u>\$ 150,000</u>	<u>\$ 150,000</u>

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2025:

	Balance, 7/1/24 (Restated)	Additions	Disposals/ Transfers	Balance, 6/30/25
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 53,627	\$ -	\$ -	\$ 53,627
Construction in progress	671,327	-	(671,327)	-
	<u>724,954</u>	<u>-</u>	<u>(671,327)</u>	<u>53,627</u>
Depreciated assets:				
Buildings and improvements	10,191,388	676,893	-	10,868,281
Land improvements	425,763	8,860	-	434,623
Equipment	912,205	17,324	-	929,529
Vehicles	957,839	-	(1,400)	956,439
	<u>12,487,195</u>	<u>703,077</u>	<u>(1,400)</u>	<u>13,188,872</u>
Less: accumulated depreciation				
Buildings and improvements	(4,006,204)	(314,235)	-	(4,320,439)
Land improvements	(326,685)	(14,967)	-	(341,652)
Equipment	(546,621)	(30,474)	-	(577,095)
Vehicles	(501,057)	(95,423)	1,400	(595,080)
	<u>(5,380,567)</u>	<u>(455,099)</u>	<u>1,400</u>	<u>(5,834,266)</u>
Net capital assets	<u>\$ 7,831,582</u>	<u>\$ 247,978</u>	<u>\$ (671,327)</u>	<u>\$ 7,408,233</u>
<u>Current year depreciation</u>				
Maintenance				\$ 6,215
Instruction				442,151
Food Service				6,733
Total depreciation expense				<u>\$ 455,099</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2025:

	Balance, 7/1/24	Additions	Deletions	Balance, 6/30/25	Current Portion
Bonds payable	\$ 986,232	\$ -	\$ (175,176)	\$ 811,056	\$ 136,897
Notes from direct borrowings payable	45,449	25,557	(32,263)	38,743	18,761
	<u>\$ 1,031,681</u>	<u>\$ 25,557</u>	<u>\$ (207,439)</u>	<u>\$ 849,799</u>	<u>\$ 155,658</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - LONG-TERM DEBT (CONTINUED)

A summary of the outstanding bond payable is as follows:

\$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 \$1,304,278.	<u>\$ 811,056</u>
Total Bond Payable	<u>\$ 811,056</u>

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

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. \$ 1,840

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. 19,029

The District Leases MacBooks under a non-cancelable lease agreement. The term of the lease is for a three year period expiring in August 2026. Annual payments are \$8,937. 17,874

Total Notes from Direct Borrowings Payable \$ 38,743

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 Debt Service
	Principal	Interest	Principal	Interest	
2026	\$ 136,897	\$ -	\$ 18,761	\$ 821	\$ 156,479
2027	136,897	-	19,982	1,186	158,065
2028	136,897	-	-	425	137,322
2029	136,897	-	-	-	136,897
2030	136,897	-	-	-	136,897
2031-2035	126,571	-	-	-	126,571
	<u>\$ 811,056</u>	<u>\$ -</u>	<u>\$ 38,743</u>	<u>\$ 2,432</u>	<u>\$ 852,231</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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, 2025 is as follows:

	Balance, 7/1/24	Additions	Deletions	Balance, 6/30/25	Current Portion
Accrued compensated absences	\$ -	\$ 198,449	\$ -	\$ 198,449	\$ 29,767
Net pension liability	229,285	158,156	(216,439)	171,002	-
Net OPEB liability	1,118,386	86,480	(80,472)	1,124,394	-
	<u>\$ 1,347,671</u>	<u>\$ 443,085</u>	<u>\$ (296,911)</u>	<u>\$ 1,493,845</u>	<u>\$ 29,767</u>

Please see Notes 8, 14 and 18 for detailed information on each of the other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The School District's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2025, the School District's liability for accrued compensated absences is \$198,449, which represents a net increase of \$198,449 from the prior year.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the School District at June 30, 2025:

Invested in capital assets	\$ 13,242,499
Accumulated depreciation	(5,834,266)
Outstanding capital related debt	(849,799)
	<u>\$ 6,558,434</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 10 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

The School District has the following restricted net position and fund balances at June 30, 2025:

Food Service Fund	\$ 205,029
Nonmajor Special Revenue Funds:	
Waves outdoor ed	2,369
CRF I	43
Title IIA	1,067
HBK playground renovation	8,500
Gloria Mackenzie foundation	45,000
ESSERF/CARES Act III	2,319
King library grant	5,603
Anthem wellness grant	1,000
Civil education grant	200
Cole foundation grant	500
Student activities	87,827
Outdoor ed mini grant	950
Literacy summer grant	1,579
	<u>\$ 361,986</u>

NOTE 11 - NONSPENDABLE FUND BALANCE

The School District has the following nonspendable fund balance at June 30, 2025:

Food Service Fund:	
Inventory	<u>\$ 10,412</u>

NOTE 12 - COMMITTED FUND BALANCES

The School District has the following committed fund balances at June 30, 2025:

General Fund:	
FY 2026 Budget	\$ 985,000
Capital Reserve Fund	591,365
Non-Major Capital Projects Fund (Schedule F)	(104,809)
	<u>\$ 1,471,556</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 - DEFICIT FUND BALANCES

The School District has the following deficit fund balances at June 30, 2025:

Transfers to other funds (Articles 19, 20)	\$ <u>-</u>
--	-------------

NOTE 14 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

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. 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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2024, there were 241 employers, including the State of Maine, participating in the plan.

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 \$3,359,502 for the year ended June 30, 2025. 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 \$481,417 for the year ended June 30, 2025. 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 \$157,627 for 2025. 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 \$28,321 the year ended June 30, 2025.

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

At June 30, 2025, 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:

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

School District's proportionate share of the net pension liability	\$	171,002
State's proportionate share of the net pension liability associated with the School District		<u>3,274,803</u>
Total	\$	<u>3,445,805</u>

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2024, the School District's proportion was 0.01246%, which was a decrease of 0.002652% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized total pension expense of \$706,486 and revenue of \$509,209 for support provided by the State of Maine. At June 30, 2025, 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	\$ 17,296	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	13,024
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,064	55,770
Contributions subsequent to the measurement date	<u>185,948</u>	<u>-</u>
Total	<u>\$ 222,308</u>	<u>\$ 68,794</u>

\$185,948 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SET Plan
Plan year ended June 30:	
2025	\$ (20,763)
2026	415
2027	(9,577)
2028	(2,508)
2029	-
Thereafter	-

Actuarial Methods and Assumptions

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2024 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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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, 2024 are as follows:

Investment Rate of Return - 6.50% per annum for the year ended June 30, 2024 and 2023, 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, 2024.

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, 2024 are summarized in the following table.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 14 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.00%	5.60%
US Government	7.50%	2.20%
Private equity	15.00%	7.20%
Real assets:		
Real estate	10.00%	5.80%
Infrastructure	10.00%	5.30%
Natural resources	5.00%	5.10%
Traditional credit	7.50%	2.70%
Alternative credit	5.00%	6.40%
Diversifiers	10.00%	4.80%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2024 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, 2024 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	\$ 353,808	\$ 171,002	\$ 14,685

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2024 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, 2024 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 2023 and 2022, this was three years for the State Employee portion of the SET Plan, four years for Teacher portion. For 2021 through 2017, 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, 2024 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, 2025

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' 2024 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, 2025

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, 2025 were \$144,377.

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, 2025. 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, 2024, there were 237 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays 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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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 (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, 2025 was approximately \$9,590.

OPEB Liabilities and OPEB Expense

At June 30, 2025, 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, 2025

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>47,136</u>
Total	<u>\$ 47,136</u>

For the year ended June 30, 2025, the School District recognized net OPEB expense of \$5,541 and revenue of \$9,590 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 criteria 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, 2025

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, 2025, the following employees were covered by the benefit terms:

Active members	75
Retirees and spouses	38
Total	<u>113</u>

Cost Sharing Provisions/Contributions

Retirees are eligible for a State subsidy of 60% (effective November 1, 2024) 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, 2024 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, 2025

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	\$1,060	\$2,388	\$1,875	\$2,907
Standard \$200 Ded	\$1,144	\$2,579	\$2,025	\$3,139
Standard \$500 Ded	\$1,007	\$2,269	\$1,782	\$2,761
Standard \$1,000 Ded	\$960	\$2,164	\$1,699	\$2,633
Medicare-Eligible Retirees	\$356	\$712	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, 2025, the School District reported a liability of \$1,124,394 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2024 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, 2025, the School District recognized OPEB revenue of \$92,747. At June 30, 2025, 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	\$ 15,620	\$ 329,370
Changes of assumptions	18,657	106,496
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	42,125	-
Total	<u>\$ 76,402</u>	<u>\$ 435,866</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

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

\$42,125 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MEABT
Plan year ended June 30:	
2025	\$ (108,183)
2026	(121,757)
2027	(78,837)
2028	(80,531)
2029	(7,459)
Thereafter	(4,822)

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, 2024. 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 3.93% per annum for June 30, 2025 was based upon a measurement date of June 30, 2024. The sensitivity of total OPEB liability to changes in discount rate are as follows:

	1% Decrease	Discount Rate	1% Increase
	2.93%	3.93%	4.93%
Total OPEB liability	\$ 1,298,502	\$ 1,124,394	\$ 983,328
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,298,502</u>	<u>\$ 1,124,394</u>	<u>\$ 983,328</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, 2025

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	\$ 977,679	\$ 1,124,394	\$ 1,306,513
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 977,679</u>	<u>\$ 1,124,394</u>	<u>\$ 1,306,513</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, 2024, 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, 2025

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

Discount Rate - 3.93% per annum for year-end 2025 reporting, 3.65% per annum for year-end 2024 reporting.

Trend Assumptions:

Health care trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2025_1b. The following assumptions were applied in this model as below:

Trend Assumption Inputs

Variable	Rate
Rate of Inflation	2.75%
Rate of Growth in Real Income/GDP per capita 2032+	1.70%
Extra Trend due to Taste/Technology 2032+	0.90%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	18.00%
Year for Limiting Cost Growth to GDP Growth	2045

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. Short-term trends reflect the known non-Medicare plan renewal for the year beginning July 1, 2025, and the guaranteed Medicare Advantage premium through December 31, 2025. We assumed an increase in the Medicare Advantage premium of 12.0% for January 1, 2026, to account for CMS-mandated changes that will affect the current guaranteed premium rate.

Pre-Medicare - Initial trend of 9.00% applied in FYE 2025 grading over 20 years to 4.50% per annum.

Medicare - Initial trend of 6.00% applied in FYE 2025 and 5.70% applied in FYE 2026 grading over 18 years to 4.50% 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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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, 2024, they are as follows:

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, 2023 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, 2024 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, 2024 and all other groups were assumed to be hired on July 1 of each service midpoint.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Rate of Mortality:

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

- 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.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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.

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, 2024, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through July 1, 2024 and projects through June 30, 2025 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 that 52.6% of retirees would elect the Choice plan, 40.6% elect the Standard \$200 plan, 3.1% elect the Standard \$500 plan and 3.7% elect the Standard \$1000 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, 2024 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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2024, the differences between expected and actual experience was (\$313,750).

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, 2024, 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, 2025 the School District was assessed and paid \$0 for students and \$3,740 for Adult Education.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025 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 2026 could include expenditures from the fiscal year of 2025 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 2025, the School District determined that a change within the financial reporting entity to classify the capital reserve fund from being presented as a nonmajor fund to being presented as a major fund was necessary. In addition, the School District determined an adjustment was required to reduce capital assets by \$120,427 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, 2025

NOTE 21 - RESTATEMENT (CONTINUED)

	6/30/24 As Previously Reported	Change from Nonmajor to Nonmajor Fund	Net Position Correction	6/30/24 As Restated
Government-Wide				
Governmental Activities	<u>\$ 8,371,974</u>	<u>\$ -</u>	<u>\$ (120,427)</u>	<u>\$ 8,251,547</u>
Governmental Funds				
Major Funds:				
General Fund	\$ 2,668,080	\$ -	\$ -	\$ 2,668,080
Food Service Fund	153,245	-	-	153,245
Local Entitlement Fund	(182,148)	-	-	(182,148)
Capital Reserve Fund	-	441,365	-	441,365
Other Governmental Funds	434,354	(441,365)	-	(7,011)
Total Governmental Funds	<u>\$ 3,073,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,073,531</u>

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, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 2,668,080	\$ 2,668,080	\$ 2,668,080	\$ -
Resources (Inflows):				
Local assessments:				
Holden	3,578,631	3,578,631	3,578,630	(1)
Eddington	2,180,807	2,180,807	2,180,807	-
Clifton	971,194	971,194	971,194	-
Intergovernmental revenues:				
State subsidy	4,457,650	4,457,650	4,451,957	(5,693)
State agency	25,000	25,000	-	(25,000)
Other revenues	10,000	10,000	815	(9,185)
Interest income	20,000	20,000	23,145	3,145
Transportation	15,900	15,900	842	(15,058)
Other revenues	31,000	31,000	22,650	(8,350)
Transfer from other funds	200,000	200,000	-	(200,000)
Amounts Available for Appropriation	<u>14,158,262</u>	<u>14,158,262</u>	<u>13,898,120</u>	<u>(260,142)</u>
Charges to Appropriations (Outflows):				
Regular instruction (Article 2)	6,121,128	6,121,128	5,900,361	220,767
Special education (Article 3)	1,971,666	1,971,666	1,562,786	408,880
Instructional support (Article 4)	675,475	675,475	652,797	22,678
Facilities maintenance (Article 5)	1,681,423	1,681,423	1,567,928	113,495
Transportation (Article 6)	647,142	647,142	581,547	65,595
System administration (Article 7)	534,287	534,287	494,918	39,369
School administration (Article 8)	518,505	518,505	453,441	65,064
Other instruction (Article 9)	87,056	87,056	62,359	24,697
Other expenditures (Article 11)	50,000	50,000	-	50,000
Debt service	178,500	178,500	175,504	2,996
Transfer to other funds (Articles 19, 20)	150,000	150,000	150,000	-
Total Charges to Appropriations	<u>12,615,182</u>	<u>12,615,182</u>	<u>11,601,641</u>	<u>1,013,541</u>
Budgetary Fund Balance, June 30	<u>\$ 1,543,080</u>	<u>\$ 1,543,080</u>	<u>\$ 2,296,479</u>	<u>\$ 753,399</u>
Utilization of committed fund balance	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>	<u>\$ -</u>	<u>\$ (1,125,000)</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*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
SET Plan:										
District's proportion of the net pension liability	0.01%	0.02%	0.02%	0.01%	0.02%	0.01%	0.01%	0.01%	0.02%	0.02%
District's proportionate share of the net pension liability	\$ 171,002	\$ 229,285	\$ 267,596	\$ 107,208	\$ 298,425	\$ 219,530	\$ 196,533	\$ 206,827	\$ 300,915	\$ 237,459
State's proportionate share of the net pension liability associated with the District	\$ 3,274,803	\$ 3,243,358	\$ 3,122,205	\$ 2,011,283	\$ 3,651,558	\$ 3,281,393	\$ 3,090,891	\$ 3,324,930	\$ 3,980,034	\$ 3,426,715
Total	\$ 3,445,805	\$ 3,472,643	\$ 3,389,801	\$ 2,118,491	\$ 3,949,983	\$ 3,500,923	\$ 3,287,424	\$ 3,531,757	\$ 4,280,949	\$ 3,664,174
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
District's proportionate share of the net pension liability as a percentage of its covered payroll	4.89%	6.74%	6.96%	3.16%	9.52%	7.20%	6.98%	7.03%	10.57%	7.69%
Plan fiduciary net position as a percentage of the total pension liability	87.59%	86.03%	85.79%	90.90%	81.03%	84.52%	85.17%	80.78%	80.80%	81.20%

* 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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
SET Plan:										
Contractually required contribution	\$ 185,948	\$ 185,864	\$ 158,398	\$ 185,316	\$ 141,136	\$ 130,368	\$ 121,030	\$ 137,649	\$ 117,157	\$ 116,390
Contributions in relation to the contractually required contribution	(185,948)	(185,864)	(158,398)	(185,316)	(141,136)	(130,368)	(121,030)	(137,649)	(117,157)	(116,390)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,548,943	\$ 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
Contributions as a percentage of covered payroll	5.24%	5.32%	4.66%	4.82%	4.16%	4.16%	3.97%	4.89%	3.98%	4.09%

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, 2025

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/23 (Reporting June 30, 2024)	\$ 1,118,386	\$ -	\$ 1,118,386
Changes for the year:			
Service cost	26,966	-	26,966
Interest	41,291	-	41,291
Changes of benefits	-	-	-
Differences between expected and actual experience	18,223	-	18,223
Changes of assumptions	(52,007)	-	(52,007)
Contributions - employer	-	28,465	(28,465)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(28,465)	(28,465)	-
Administrative expense	-	-	-
Net changes	6,008	-	6,008
Balances at 6/30/24 (Reporting June 30, 2025)	<u>\$ 1,124,394</u>	<u>\$ -</u>	<u>\$ 1,124,394</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*

	2025	2024	2023	2022	2021	2020	2019
<u>Total OPEB liability</u>							
Service cost (BOY)	\$ 26,966	\$ 25,300	\$ 31,328	\$ 38,840	\$ 15,156	\$ 12,752	\$ 13,668
Interest (includes interest on service cost)	41,291	39,811	34,869	34,542	66,822	68,774	64,853
Changes of benefit terms	-	-	-	-	(108,099)	-	-
Differences between expected and actual experience	18,223	-	(474,991)	-	(202,812)	-	-
Changes of assumptions	(52,007)	(18,424)	(36,531)	11,867	(97,590)	94,984	(74,853)
Benefit payments, including refunds of member contributions	(28,465)	(54,729)	(22,285)	(30,535)	(55,919)	(37,843)	(36,535)
Net change in total OPEB liability	\$ 6,008	\$ (8,042)	\$ (467,610)	\$ 54,714	\$ (382,442)	\$ 138,667	\$ (32,867)
Total OPEB liability - beginning	\$ 1,118,386	\$ 1,126,428	\$ 1,594,038	\$ 1,539,324	\$ 1,921,766	\$ 1,783,099	\$ 1,815,966
Total OPEB liability - ending	\$ 1,124,394	\$ 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	28,465	54,729	22,285	30,535	55,919	37,843	36,535
Contributions - member	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(28,465)	(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	\$ 1,124,394	\$ 1,118,386	\$ 1,126,428	\$ 1,594,038	\$ 1,539,324	\$ 1,921,766	\$ 1,783,099
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 3,351,079	\$ 3,694,014	\$ 3,586,400	\$ 3,558,619	\$ 3,471,824	\$ 3,690,349	\$ 3,591,581
Net OPEB liability as a percentage of covered payroll	33.6%	30.3%	31.4%	44.8%	44.3%	52.1%	49.6%

* The amounts presented 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*

	2025	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%	0.00%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	47,136	69,825	80,136	42,762	81,259	80,389	80,440	60,257
Total	<u>\$ 47,136</u>	<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	\$ 3,496,618	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	66.13%	56.97%	52.39%	62.90%	55.40%	49.51%	49.22%	48.04%

* The amounts presented 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*

	2025	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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,548,943	\$ 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%	0.00%
<u>MEABT:</u>								
Employer contributions	\$ 28,465	\$ 54,729	\$ 22,285	\$ 30,535	\$ 55,919	\$ 37,843	\$ 36,535	
Benefit payments	(28,465)	(54,729)	(22,285)	(30,535)	(55,919)	(37,843)	(36,535)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 3,351,079	\$ 3,694,014	\$ 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%	0.00%	

* The amounts presented 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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

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 3.65% to 3.93% per GASB 75 discount rate selection. There was also updated census, economic and health cost assumptions.

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, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Regular Instruction (Article 2) -				
Holbrook Regular Instruction	\$ 1,267,410	\$ 1,267,410	\$ 1,080,709	\$ 186,701
Eddington Regular Instruction	3,000	3,000	5,213	(2,213)
Holden Regular Instruction	674,691	674,691	602,862	71,829
District Wide Regular Instruction	7,611	7,611	1,513	6,098
Eddington K-2 Instruction	789,701	789,701	796,230	(6,529)
Holden K-2 Instruction	207,589	207,589	194,012	13,577
9-12 Tuition Other RSU's	1,502,079	1,502,079	1,580,151	(78,072)
9-12 Tuition Private Schools	1,505,840	1,505,840	1,511,378	(5,538)
Insured Value Factor	90,350	90,350	96,471	(6,121)
ELL	7,482	7,482	12,996	(5,514)
Gifted and Talented	65,375	65,375	18,826	46,549
	<u>6,121,128</u>	<u>6,121,128</u>	<u>5,900,361</u>	<u>220,767</u>
Special Education (Article 3) -				
Resource Room	892,341	892,341	583,302	309,039
Self Contained	705,131	705,131	656,204	48,927
Home Instruction	6,930	6,930	9,380	(2,450)
Administration	269,301	269,301	170,573	98,728
Speech	88,128	88,128	139,569	(51,441)
Summer Programming	9,835	9,835	3,758	6,077
	<u>1,971,666</u>	<u>1,971,666</u>	<u>1,562,786</u>	<u>408,880</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Instructional Support (Article 4) -				
Guidance	131,895	131,895	158,851	(26,956)
Nursing	96,645	96,645	88,245	8,400
Curriculum	113,128	113,128	107,111	6,017
Library	94,112	94,112	85,605	8,507
Technology	237,845	237,845	211,160	26,685
Academic Assessment	1,850	1,850	1,825	25
	<u>675,475</u>	<u>675,475</u>	<u>652,797</u>	<u>22,678</u>
Facilities Maintenance (Article 5) -				
Facilities	181,670	181,670	132,296	49,374
Manager	91,682	91,682	88,937	2,745
Custodial	720,372	720,372	683,296	37,076
Maintenance	687,699	687,699	663,399	24,300
	<u>1,681,423</u>	<u>1,681,423</u>	<u>1,567,928</u>	<u>113,495</u>
Transportation and Buses (Article 6) -				
Transportation	563,288	563,288	485,781	77,507
Transportation Manager	26,598	26,598	20,393	6,205
Special Education Transportation	57,256	57,256	75,373	(18,117)
	<u>647,142</u>	<u>647,142</u>	<u>581,547</u>	<u>65,595</u>

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
System Administration (Article 7) -				
Board of Directors	50,390	50,390	51,044	(654)
Superintendent's Office	301,820	301,820	272,678	29,142
Business Administration	182,077	182,077	171,196	10,881
	<u>534,287</u>	<u>534,287</u>	<u>494,918</u>	<u>39,369</u>
School Administration (Article 8) -				
Holbrook Administration	184,292	184,292	140,815	43,477
Eddington Administration	159,621	159,621	160,367	(746)
Holden Administration	174,592	174,592	152,259	22,333
	<u>518,505</u>	<u>518,505</u>	<u>453,441</u>	<u>65,064</u>
Other Instruction (Article 9) -				
Co-Curricular	22,745	22,745	20,092	2,653
Extra-Curricular	64,311	64,311	42,267	22,044
	<u>87,056</u>	<u>87,056</u>	<u>62,359</u>	<u>24,697</u>
Other Expenditures (Article 11) -				
Contingency Fund	50,000	50,000	-	50,000
	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Debt Service -				
Principal	177,519	177,519	174,523	2,996
Interest	981	981	981	-
	<u>178,500</u>	<u>178,500</u>	<u>175,504</u>	<u>2,996</u>
Transfers to other funds (Articles 19, 20)				
Capital Reserve Fund	150,000	150,000	150,000	-
	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 12,615,182</u>	<u>\$ 12,615,182</u>	<u>\$ 11,601,641</u>	<u>\$ 1,013,541</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, 2025

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 91,790	\$ -	\$ 91,790
Due from other governments	25,781	-	25,781
Due from other funds	69,130	-	69,130
TOTAL ASSETS	<u>\$ 186,701</u>	<u>\$ -</u>	<u>\$ 186,701</u>
LIABILITIES			
Accounts payable	\$ 3,963	\$ -	\$ 3,963
Due to other funds	156,265	104,809	261,074
TOTAL LIABILITIES	<u>160,228</u>	<u>104,809</u>	<u>265,037</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	156,957	-	156,957
Committed	-	-	-
Assigned	-	-	-
Unassigned	(130,484)	(104,809)	(235,293)
TOTAL FUND BALANCES (DEFICITS)	<u>26,473</u>	<u>(104,809)</u>	<u>(78,336)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 186,701</u>	<u>\$ -</u>	<u>\$ 186,701</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, 2025

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 273,515	\$ -	\$ 273,515
Other revenue	107,315	-	107,315
TOTAL REVENUES	<u>380,830</u>	<u>-</u>	<u>380,830</u>
EXPENDITURES			
Instruction	266,862	-	266,862
Special education	9,398	-	9,398
Capital outlay	-	104,809	104,809
Other	71,086	-	71,086
TOTAL EXPENDITURES	<u>347,346</u>	<u>104,809</u>	<u>452,155</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>33,484</u>	<u>(104,809)</u>	<u>(71,325)</u>
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	(7,011)	441,365	434,354
CHANGE WITHIN FINANCIAL REPORTING ENTITY	<u>-</u>	<u>(441,365)</u>	<u>(441,365)</u>
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	<u>(7,011)</u>	<u>-</u>	<u>(7,011)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 26,473</u>	<u>\$ (104,809)</u>	<u>\$ (78,336)</u>

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, 2025

	Title IA	ESSERF CARES Act	Waves Outdoor Ed	CRF I	Title IIA	ESSERF/ CARES Act II
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	25,329	-	-	-	-	-
Due from other funds	-	-	2,369	43	1,067	-
TOTAL ASSETS	\$ 25,329	\$ -	\$ 2,369	\$ 43	\$ 1,067	\$ -
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	64,313	1,050	-	-	-	910
TOTAL LIABILITIES	64,313	1,050	-	-	-	910
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	2,369	43	1,067	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	(38,984)	(1,050)	-	-	-	(910)
TOTAL FUND BALANCES (DEFICITS)	(38,984)	(1,050)	2,369	43	1,067	(910)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 25,329	\$ -	\$ 2,369	\$ 43	\$ 1,067	\$ -

SCHEDULE D (CONTINUED)

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

	HBK Playground Renovation	Gloria Mackenzie Foundation	Maine Care	McKinney Vento Homeless	ARP ESSER
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-
Due from other funds	8,500	45,000	-	-	-
TOTAL ASSETS	<u>\$ 8,500</u>	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	1,110	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,110</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	8,500	45,000	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(1,110)	-
TOTAL FUND BALANCES (DEFICITS)	<u>8,500</u>	<u>45,000</u>	<u>-</u>	<u>(1,110)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 8,500</u>	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MAINE SCHOOL ADMINISTRATIVE UNIT No. 63

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

	ESSERF/ CARES Act III	Adult Ed	ARP Local Entitlement	MLTI State Reimbursement	King Library Grant	ESSERF/ CARES	Anthem Wellness Grant	Civil Education Grant	Cole Foundation Grant
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	-	-	-
Due from other funds	2,319	-	-	-	5,603	-	1,000	200	500
TOTAL ASSETS	<u>\$ 2,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,603</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 200</u>	<u>\$ 500</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	109	31,928	16,790	-	1,781	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>109</u>	<u>31,928</u>	<u>16,790</u>	<u>-</u>	<u>1,781</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	2,319	-	-	-	5,603	-	1,000	200	500
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	(109)	(31,928)	(16,790)	-	(1,781)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>2,319</u>	<u>(109)</u>	<u>(31,928)</u>	<u>(16,790)</u>	<u>5,603</u>	<u>(1,781)</u>	<u>1,000</u>	<u>200</u>	<u>500</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,603</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 200</u>	<u>\$ 500</u>

SCHEDULE D (CONTINUED)

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

	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
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 91,790	\$ -	\$ -	\$ -	\$ -	\$ 91,790
Due from other governments	-	-	452	-	-	-	-	-	-	25,781
Due from other funds	-	-	-	-	-	950	1,579	-	-	14,520
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452</u>	<u>\$ -</u>	<u>\$ 91,790</u>	<u>\$ 950</u>	<u>\$ 1,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,091</u>
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,963	\$ -	\$ -	\$ -	\$ -	\$ 3,963
Due to other funds	10,676	383	11,659	9,809	-	-	-	5,747	-	101,655
TOTAL LIABILITIES	<u>10,676</u>	<u>383</u>	<u>11,659</u>	<u>9,809</u>	<u>3,963</u>	<u>-</u>	<u>-</u>	<u>5,747</u>	<u>-</u>	<u>105,618</u>
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	87,827	950	1,579	-	-	156,957
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(10,676)	(383)	(11,207)	(9,809)	-	-	-	(5,747)	-	(130,484)
TOTAL FUND BALANCES (DEFICITS)	<u>(10,676)</u>	<u>(383)</u>	<u>(11,207)</u>	<u>(9,809)</u>	<u>87,827</u>	<u>950</u>	<u>1,579</u>	<u>(5,747)</u>	<u>-</u>	<u>26,473</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452</u>	<u>\$ -</u>	<u>\$ 91,790</u>	<u>\$ 950</u>	<u>\$ 1,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,091</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 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Title IA	ESSERF CARES Act	Waves Outdoor Ed	CRF I	Title IIA	ESSERF/ CARES Act II
REVENUES						
Intergovernmental revenue	\$ 103,405	\$ -	\$ 1,500	\$ -	\$ 13,653	\$ 15,000
Other revenue	-	-	-	-	-	-
TOTAL REVENUES	<u>103,405</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>13,653</u>	<u>15,000</u>
EXPENDITURES						
Instruction	133,995	-	-	-	5,913	15,000
Special education	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>133,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,913</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(30,590)	-	1,500	-	7,740	-
FUND BALANCES (DEFICITS) - JULY 1	<u>(8,394)</u>	<u>(1,050)</u>	<u>869</u>	<u>43</u>	<u>(6,673)</u>	<u>(910)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (38,984)</u>	<u>\$ (1,050)</u>	<u>\$ 2,369</u>	<u>\$ 43</u>	<u>\$ 1,067</u>	<u>\$ (910)</u>

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, 2025

	HBK Playground Renovation	Gloria Mackenzie Foundation	Maine Care	McKinney Vento Homeless	ARP ESSER
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ 21,120	\$ -	\$ 6,989
Other revenue	8,500	45,000	-	-	-
TOTAL REVENUES	8,500	45,000	21,120	-	6,989
EXPENDITURES					
Instruction	-	-	21,120	1,110	-
Special education	-	-	-	-	-
Other	-	-	-	-	6,989
TOTAL EXPENDITURES	-	-	21,120	1,110	6,989
NET CHANGE IN FUND BALANCES (DEFICITS)	8,500	45,000	-	(1,110)	-
FUND BALANCES (DEFICITS) - JULY 1	-	-	-	-	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 8,500	\$ 45,000	\$ -	\$ (1,110)	\$ -

MAINE SCHOOL ADMINISTRATIVE UNIT No. 63

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	ESSERF/ CARES Act III	Adult Ed	ARP Local Entitlement	MLTI State Reimbursement	King Library Grant	ESSERF/ CARES	Anthem Wellness Grant	Civil Education Grant	Cole Foundation Grant
REVENUES									
Intergovernmental revenue	\$ -	\$ 3,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	-	-	-	-	-	-	500	-	-
TOTAL REVENUES	-	3,595	-	-	-	-	500	-	-
EXPENDITURES									
Instruction	-	3,692	-	20,118	-	-	-	-	-
Special education	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	2,500
TOTAL EXPENDITURES	-	3,692	-	20,118	-	-	-	-	2,500
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(97)	-	(20,118)	-	-	500	-	(2,500)
FUND BALANCES (DEFICITS) - JULY 1	2,319	(12)	(31,928)	3,328	5,603	(1,781)	500	200	3,000
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,319	\$ (109)	\$ (31,928)	\$ (16,790)	\$ 5,603	\$ (1,781)	\$ 1,000	\$ 200	\$ 500

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, 2025

	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	\$ 16,965	\$ -	\$ 1,495	\$ 5,315	\$ -	\$ -	\$ 2,289	\$ 53,936	\$ 28,253	\$ 273,515
Other revenue	-	-	-	-	53,315	-	-	-	-	107,315
TOTAL REVENUES	<u>16,965</u>	<u>-</u>	<u>1,495</u>	<u>5,315</u>	<u>53,315</u>	<u>-</u>	<u>2,289</u>	<u>53,936</u>	<u>28,253</u>	<u>380,830</u>
EXPENDITURES										
Instruction	11,836	-	9,851	-	-	-	766	43,461	-	266,862
Special education	-	-	-	9,398	-	-	-	-	-	9,398
Other	-	-	-	-	44,928	-	-	-	16,669	71,086
TOTAL EXPENDITURES	<u>11,836</u>	<u>-</u>	<u>9,851</u>	<u>9,398</u>	<u>44,928</u>	<u>-</u>	<u>766</u>	<u>43,461</u>	<u>16,669</u>	<u>347,346</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	5,129	-	(8,356)	(4,083)	8,387	-	1,523	10,475	11,584	33,484
FUND BALANCES (DEFICITS) - JULY 1	<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>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (10,676)</u>	<u>\$ (383)</u>	<u>\$ (11,207)</u>	<u>\$ (9,809)</u>	<u>\$ 87,827</u>	<u>\$ 950</u>	<u>\$ 1,579</u>	<u>\$ (5,747)</u>	<u>\$ -</u>	<u>\$ 26,473</u>

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, 2025

	Capital Projects	Moved to Major Fund Capital Reserve	Total
ASSETS			
Due from other funds	\$ -	\$ -	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Due to other funds	\$ 104,809	\$ -	\$ 104,809
TOTAL LIABILITIES	<u>104,809</u>	<u>-</u>	<u>104,809</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	(104,809)	-	(104,809)
TOTAL FUND BALANCES (DEFICITS)	<u>(104,809)</u>	<u>-</u>	<u>(104,809)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2025

	Capital Projects	Moved to Major Fund Capital Reserve	Total
REVENUES			
Other	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-
EXPENDITURES			
Capital outlay	104,809	-	104,809
TOTAL EXPENDITURES	104,809	-	104,809
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(104,809)	-	(104,809)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(104,809)	-	(104,809)
FUND BALANCES (DEFICITS) - JULY 1, AS PREVIOUSLY REPORTED	-	441,365	441,365
CHANGE WITHIN FINANCIAL REPORTING ENTITY	-	(441,365)	(441,365)
FUND BALANCES (DEFICITS) - JULY 1, AS RESTATED	-	-	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ (104,809)	\$ -	\$ (104,809)

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, 2025

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Total
Transportation	\$ -	\$ -	\$ 960,793	\$ 960,793
Maintenance	-	-	102,385	102,385
Instruction	53,627	11,302,904	722,108	12,078,639
Food Service	-	-	100,682	100,682
Total General Capital Assets	53,627	11,302,904	1,885,968	13,242,499
Less: Accumulated Depreciation	-	(4,662,091)	(1,172,175)	(5,834,266)
Net General Capital Assets	<u>\$ 53,627</u>	<u>\$ 6,640,813</u>	<u>\$ 713,793</u>	<u>\$ 7,408,233</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, 2025

	General Capital Assets 7/1/24 (Restated)	Additions	Deletions	General Capital Assets 6/30/25
Transportation	\$ 957,839	\$ 4,354	\$ (1,400)	\$ 960,793
Maintenance	102,385	-	-	102,385
Instruction	12,051,243	27,396	-	12,078,639
Food Service	100,682	-	-	100,682
Total General Capital Assets	13,212,149	31,750	(1,400)	13,242,499
Less: Accumulated Depreciation	(5,380,567)	(455,099)	1,400	(5,834,266)
Net General Capital Assets	<u>\$ 7,831,582</u>	<u>\$ (423,349)</u>	<u>\$ -</u>	<u>\$ 7,408,233</u>

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



Proven Expertise & Integrity

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, 2025 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 September 2, 2026.

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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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*.

Additionally, as part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we considered the School District's internal controls. We did this for the purpose of determining our auditing procedures but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting or compliance. We provided a separate letter reporting the results of our consideration of internal control to the management of the School District dated September 2, 2026.

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
September 2, 2026

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:

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 63

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

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	\$ 34,009	\$ -
National School Lunch Program	10.555	013-06A-3020-05	305	-
National School Lunch Program	10.555	013-06A-3024-05	101,399	-
Subtotal Child Nutrition Cluster			<u>135,713</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>135,713</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	013-05A-8113-24	9,747	-
Title I Grants to Local Educational Agencies	84.010A	013-05A-8113-25	124,248	-
			<u>133,995</u>	<u>-</u>
Special Education Cluster (IDEA)				
Special Education-Grants to States	84.027A	013-06A-3046-12	221,096	-
Special Education-Preschool Grants	84.173A	013-06A-6247-12	9,397	-
Subtotal Special Education Cluster (IDEA)			<u>230,493</u>	<u>-</u>
Rural Education	84.358A	013-06A-3305-12	11,836	-
Supporting Effective Instructions State Grants	84.367A	013-06A-3042-12	5,913	-
Student Support and Academic Enrichment Program	84.424A	013-06A-3345-12	9,851	-
Education Stabilization Fund	84.425D	025-06A-7072-12	6,989	-
Education Stabilization Fund	84.425U	013-06A-7041-12	43,462	-
Education Stabilization Fund	84.425D	013-06A-7071-12	15,000	-
Education Stabilization Fund	84.425U	013-06A-7006-12	16,669	-
			<u>82,120</u>	<u>-</u>
Total U.S. Department of Education			<u>474,208</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 609,921</u>	<u>\$ -</u>

Maine School Administrative District No. 63 is not required to have a federal 2 C.F.R. Part 200 Uniform Guidance Audit

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, 2025

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, 2025. 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.



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, 2025 and have issued our report thereon dated September 2, 2026. 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
September 2, 2026

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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, 2025

	General Fund (1000)	Special Revenue Funds (2000) & (6000)	Capital Projects Funds (4000)	Total
June 30 Balance per MEFS	\$ -	\$ -	\$ -	\$ -
Fund balance not reported	2,296,479	(42,226)	486,556	2,740,809
Audited GAAP Basis Fund Balance June 30	<u>\$ 2,296,479</u>	<u>\$ (42,226)</u>	<u>\$ 486,556</u>	<u>\$ 2,740,809</u>