

**CITY OF SOUTH PORTLAND
SCHOOL DEPARTMENT**

Annual Financial Report

For the Year Ended June 30, 2019

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Annual Financial Report
For the Year Ended June 30, 2019

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Independent Auditor's Report

Board of Education
School Department
City of South Portland, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the South Portland School Department as of and for the year ended June 30, 2019, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the South Portland School Department, as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in the notes to the financial statements, the financial statements of the South Portland School Department, are intended to present the financial position, and the changes in financial position, of only that portion of each major fund, and the aggregate remaining fund information of the City of South Portland, Maine that is attributable to the transactions of the South Portland School Department. They do not purport to, and do not present fairly the financial position of the City of South Portland, Maine as of June 30, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Portland School Department's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019, on our consideration of the City of South Portland, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of South Portland, Maine'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 City of South Portland, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Raymond Hudson Ouellette". The signature is written in a cursive style with a large initial 'R'.

December 27, 2019
South Portland, Maine

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Balance Sheet
Governmental Funds
June 30, 2019

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	184,702	-	184,702
Due from City	7,330,271	-	-	7,330,271
Due from other governments	156,511	-	676,176	832,687
Accounts receivable	37,215	-	2,367	39,582
Interfund loans receivable	258,592	-	252,855	511,447
Inventory	-	-	35,622	35,622
Total assets	\$ 7,782,589	184,702	967,020	8,934,311
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,255,959	34,972	61,768	1,352,699
Accrued liabilities	-	-	6,408	6,408
Interfund loans payable	-	216,094	327,726	543,820
Accrued teachers' summer salaries	4,503,894	-	250,838	4,754,732
Total liabilities	5,759,853	251,066	646,740	6,657,659
Fund balances (deficits):				
Nonspendable - inventory	-	-	35,622	35,622
Restricted	-	137,535	327,684	465,219
Committed	-	290,270	-	290,270
Assigned - subsequent budget	250,000	-	-	250,000
Assigned - reserves	1,354,275	-	-	1,354,275
Assigned - encumbrances	48	-	-	48
Unassigned	418,413	(494,169)	(43,026)	(118,782)
Total fund balances (deficits)	2,022,736	(66,364)	320,280	2,276,652
Total liabilities and fund balances	\$ 7,782,589	184,702	967,020	8,934,311

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2019

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local assessment	\$ 42,937,426	-	25,000	42,962,426
Charges for services	124,996	-	659,174	784,170
Intergovernmental	10,036,137	-	2,825,505	12,861,642
Interest earned	19,268	7,740	-	27,008
Other	211,648	7,749	43,180	262,577
Total revenues	53,329,475	15,489	3,552,859	56,897,823
Expenditures:				
Current:				
Education	48,911,214	-	-	48,911,214
Adult education	-	-	56,541	56,541
Program expenditures	-	-	2,178,633	2,178,633
Food service	-	-	1,885,962	1,885,962
Debt service	4,509,412	-	-	4,509,412
Capital outlay	-	1,061,963	-	1,061,963
Total expenditures	53,420,626	1,061,963	4,121,136	58,603,725
Excess (deficiency) of revenues over (under) expenditures	(91,151)	(1,046,474)	(568,277)	(1,705,902)
Other financing sources (uses):				
Issuance of debt	-	448,897	-	448,897
Transfer in (out)	(224,861)	-	476,800	251,939
Total other financing sources (uses)	(224,861)	448,897	476,800	700,836
Net change in fund balances	(316,012)	(597,577)	(91,477)	(1,005,066)
Fund balances, beginning of year	2,338,748	531,213	411,757	3,281,718
Fund balances (deficits), end of year	\$ 2,022,736	(66,364)	320,280	2,276,652

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
For the year ended June 30, 2019
(with comparative actual amounts for the year ended June 30, 2018)

	2019			Variance positive (negative)	2018 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Local assessment	\$ 42,937,426	42,937,426	42,937,426	-	41,018,550
State education subsidy	6,165,597	6,165,597	6,123,432	(42,165)	6,988,219
State agency client	45,000	45,000	25,115	(19,885)	61,208
MaineCare	25,000	25,000	50,288	25,288	17,732
Charges for services	125,000	125,000	124,996	(4)	126,000
Other	108,840	108,840	94,046	(14,794)	98,820
Total revenues	49,406,863	49,406,863	49,355,303	(51,560)	48,310,529
Expenditures:					
Current:					
Brown Elementary	2,026,463	2,026,463	1,996,888	29,575	1,939,312
Dyer Elementary	1,560,721	1,560,721	1,582,092	(21,371)	1,488,544
Kaler Elementary	1,636,894	1,636,894	1,627,992	8,902	1,525,928
Skillin Elementary	2,733,941	2,733,941	2,802,407	(68,466)	2,613,584
Small Elementary	2,033,967	1,926,667	1,864,813	61,854	1,992,929
Mahoney Middle School	2,666,063	2,666,063	2,607,768	58,295	2,484,701
Memorial Middle School	3,128,303	3,128,303	3,108,864	19,439	2,953,140
South Portland High School	6,799,035	6,799,035	6,611,160	187,875	6,849,639
K-12 instrumental music	113,902	113,902	95,764	18,138	114,349
6-12 athletics	938,317	938,317	890,513	47,804	823,921
Special education	9,604,373	9,546,373	9,421,300	125,073	9,042,194
Health	465,889	465,889	475,542	(9,653)	429,087
Board of Education	273,825	222,125	216,179	5,946	182,539
Superintendent of Schools	509,833	509,833	472,333	37,500	405,859
Assistant Superintendent	2,252,850	2,252,850	2,139,808	113,042	2,118,563
Curriculum	533,550	533,550	505,032	28,518	443,477
Technology	759,530	777,530	796,213	(18,683)	816,291
Business office	881,648	881,648	911,006	(29,358)	895,077
Operations/maintenance	4,374,361	4,374,361	4,324,999	49,362	4,271,801
Transportation	2,049,022	2,248,022	2,270,085	(22,063)	2,171,274
Debt service:					
Principal	3,351,662	3,351,662	3,351,662	-	3,428,408
Interest	1,157,750	1,157,750	1,157,750	-	1,134,035
Total expenditures	49,851,899	49,851,899	49,230,170	621,729	48,124,652
Excess (deficiency) of revenues over (under) expenditures	(445,036)	(445,036)	125,133	570,169	185,877
Other financing sources (uses):					
Transfers in	415,036	415,036	415,036	-	359,449
Transfers out	(470,000)	(470,000)	(540,000)	(70,000)	(530,000)
Budgeted use of surplus	500,000	500,000	-	(500,000)	-
Total other financing sources (uses)	445,036	445,036	(124,964)	(570,000)	(170,551)
Net change in fund balance - budgetary basis	-	-	169	169	15,326
Reconciliation to GAAP basis:					
Change in encumbrances			48		(4,181)
Change in unbudgeted teacher summer benefits			(37,692)		(74,240)
Change in reserves			(278,537)		(261,049)
Net change in fund balance - GAAP basis			(316,012)		(324,144)
Fund balance, beginning of year			2,338,748		2,662,892
Fund balance, end of year	\$		2,022,736		2,338,748

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

		Private- purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$	16,202	128,741
Investments		2,118,336	-
Interfund loans receivable		32,373	-
Total assets		2,166,911	128,741
LIABILITIES			
Accounts payable		1,000	-
Due to others		-	128,741
Total liabilities		1,000	128,741
NET POSITION			
Held in trust	\$	2,165,911	-

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2019

		Private- purpose Trust Funds
Additions:		
Donations	\$	123,654
Investment earnings:		
Interest		32,497
Unrealized gain (loss)		86,005
Total additions		242,156
Deductions:		
Scholarships and other		133,788
Total deductions		133,788
Change in net position		108,368
Net position, beginning of year		2,057,543
Net position, end of year	\$	2,165,911

See accompanying notes to basic financial statements.

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Notes to Basic Financial Statements

THE REPORTING ENTITY

The City of South Portland School Department operates as a department of the City of South Portland, Maine, the basic financial statements of which have been issued in a separate report dated December 27, 2019 for the year ended June 30, 2019.

The accompanying fund financial statements present only the South Portland School Department's operations and are not intended to present fairly the financial position and results of operations of the City of South Portland, Maine in conformity with accounting principles generally accepted in the United States of America. Certain disclosures relevant to both the City of South Portland, Maine and the South Portland School Department are omitted herein and have been disclosed in the City's basic financial statements. Additionally, all capital assets and long-term debt, including the net pension liability, are recorded only in the City of South Portland, Maine's basic financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the South Portland School Department conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

A. Basis of Presentation

The School Department's fund financial statements consist of statements which provide a more detailed level of financial information.

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

B. Fund Accounting

The School Department uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and fiduciary.

Governmental Funds:

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

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The following are the School Department's major governmental funds:

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

Capital Projects Fund - Accounts for the resources accumulated and payments made for the acquisition and construction of major capital facilities.

Fiduciary and Agency Fund Types:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension-trust funds, investment-trust funds, private-purpose trust funds and agency funds. Private-purpose trust funds are accounted for and reported using the accrual basis of accounting. Agency funds are generally used to account for assets that the government holds on behalf of others as their agent. The School Department's agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

C. Measurement Focus

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

D. Basis of Accounting

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

1. Revenues - Exchange and Non-exchange Transactions:

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

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

2. Expenses/Expenditures:

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

- E. Budgetary Accounting** - Budgets are adopted for the School General Fund only, and are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP) except as described in the Budgetary Accounting footnote. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year.
- F. Inventory** - Inventory consists of school lunch food and supplies and is recorded at cost on the first-in, first-out basis.
- G. Fund Equity** - Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the School Department is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:
- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
 - *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
 - *Committed* – resources which are subject to limitations the School Department imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
 - *Assigned* – resources that are constrained by the School Department’s intent to be used for specific purposes, but are neither restricted nor committed.
 - *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The City Council and Board of Education have the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, the City Council, Board of Education, or a body or official delegated by the City Council or Board of Education may assign unspent budgeted amounts to specific purposes in the General Fund at year end based on Department requests.

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

BUDGETARY ACCOUNTING

Through June 30, 2019, the School Department did not budget for expenditures on an accrual basis as required by U.S. generally accepted accounting principles (GAAP). The following is a reconciliation of the GAAP and budgetary fund balances for the School General Fund.

Fund balance - June 30, 2019 - GAAP basis	\$ 2,022,736
Add: accrued teacher benefits	832,597
Less: reserves	<u>(1,354,275)</u>
Fund balance, June 30, 2019 - budgetary basis	<u>\$ 1,501,058</u>

Additionally, as required by U.S. generally accepted accounting principles (GAAP), the School Department has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the South Portland School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$3,837,302. These amounts have been included as an intergovernmental revenue and an education expenditure in the General Fund on Statement 2 (GAAP basis). There is no effect on the fund balance at the end of the year.

LONG-TERM DEBT

The following is a summary of bond transactions of the School Department for the year ended June 30, 2019:

Bonds payable at June 30, 2018	\$ 36,579,069
Principal payments	<u>(3,111,511)</u>
Bonds payable at June 30, 2019	<u>\$ 33,467,558</u>

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

Bonds payable at June 30, 2019 are comprised of the following:

	<u>Date of issue</u>	<u>Original amount issued</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance June 30, 2019</u>
Governmental activities:					
2010 H.S. & M.S. Renovations	1/26/2010	\$ 4,613,000	11/1/2020	2.00-4.00%	230,000
2011 Elementary Refunding	10/26/2011	8,905,000	7/15/2023	2.00-4.375%	3,270,000
2012 High School	5/30/2012	30,000,000	7/15/2032	2.00-4.00%	7,500,000
2013 GOB High School SRRF	12/1/2013	664,450	12/1/2023	0%	232,558
2014 GOB High School Project	4/10/2014	8,850,000	4/15/2034	2.25-3.25%	6,625,000
<u>2017 H.S. 2010 and 2012 Refund</u>	<u>9/13/2017</u>	<u>15,700,000</u>	<u>7/15/2029</u>	<u>2.375-4.00%</u>	<u>15,610,000</u>
<u>Total governmental activities</u>					<u>\$ 33,467,558</u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2019 are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,166,512	1,040,469	4,206,981
2021	3,141,512	949,469	4,090,981
2022	3,131,512	854,544	3,986,056
2023	2,526,511	772,231	3,298,742
2024	2,476,511	690,369	3,166,880
2025-2029	10,610,000	2,233,556	12,843,556
<u>2030-2034</u>	<u>8,415,000</u>	<u>575,953</u>	<u>8,990,953</u>
<u>Total</u>	<u>\$ 33,467,558</u>	<u>7,116,591</u>	<u>40,584,149</u>

Long-term liabilities have been reported in the City of South Portland, Maine's entity-wide financial statements.

CAPITAL LEASES

The School Department has entered into agreements as lessee for financing energy savings contracting and technology equipment. These lease agreements qualify as capital leases for accounting purposes. The leases have been recorded as a liability in the government-wide financial statements of the City of South Portland, Maine at the present value of the future minimum lease payments.

The following is a summary of capital lease transactions of the School Department for the year ended June 30, 2019:

Capital leases payable at June 30, 2018	\$ 1,653,654
Proceeds from leases	448,897
<u>Principal payments</u>	<u>(547,160)</u>
<u>Capital leases payable at June 30, 2019</u>	<u>\$ 1,555,391</u>

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Notes to Basic Financial Statements, Continued

CAPITAL LEASES, CONTINUED

The following is a schedule of the future minimum lease payments under capital leases, and the present value of net minimum lease payments at June 30, 2019:

	<u>Governmental Funds</u>
2020	\$ 589,723
2021	539,385
2022	295,594
<u>2023</u>	<u>204,387</u>
Total minimum lease payments	1,629,089
Less: amount representing interest	(73,698)
<u>Present value of future minimum lease payments</u>	<u>\$ 1,555,391</u>

RISK MANAGEMENT

The School Department is exposed to various risks of loss related to tort, theft of, damage to and destruction of assets, errors, and omissions, and natural disasters for which the School Department either carries commercial insurance or participates in public entity risk pools. Currently, the School Department participates in a public entity risk pool sponsored by the Maine School Management Association. Based on the coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the School Department is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2019.

FUND BALANCES

As of June 30, 2019, fund balance components consisted of the following:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Inventory	\$ -	-	35,622	35,622
<u>Total nonspendable</u>	<u>-</u>	<u>-</u>	<u>35,622</u>	<u>35,622</u>
Restricted:				
School lunch program	-	-	49,315	49,315
Adult education	-	-	5,868	5,868
Grants and other programs	-	-	272,501	272,501
Capital projects	-	137,535	-	137,535
<u>Total restricted</u>	<u>-</u>	<u>137,535</u>	<u>327,684</u>	<u>465,219</u>

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Notes to Basic Financial Statements, Continued

FUND BALANCES, CONTINUED

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Committed:				
Capital projects	\$ -	290,270	-	290,270
Total committed	-	290,270	-	290,270
Assigned:				
Subsequent budget	250,000	-	-	250,000
Encumbrances	48	-	-	48
Reserves	1,354,275	-	-	1,354,275
Total assigned	1,604,323	-	-	1,604,323
Unassigned	418,413	(494,169)	(43,026)	(118,782)
Total fund balance	\$ 2,022,736	(66,364)	320,280	2,276,652

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Reserves - General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2019

		Fund balance beginning of year	Revenues		Expenditures	Other financing sources (uses)	Fund balance end of year
			Other	Investment earnings		Transfers	
0202	School reserve funds:						
91848	School consolidation	\$ 296,026	-	5,475	-	-	301,501
91849	School tech upgrade	273,122	50,551	5,021	24,083	(49,897)	254,714
91850	Unemployment - School	55,386	-	1,016	1,115	-	55,287
91855	School bus	93,570	-	1,730	-	-	95,300
91858	School elementary	19,511	-	-	4,138	-	15,373
91869	Self-insurance - School	10,008	-	-	655	-	9,353
91870	Musical program	93,661	-	-	14,751	-	78,910
91872	Maintenance	428,523	-	5,442	173,650	50,000	310,315
91873	Adult education	4,147	-	-	-	-	4,147
91874	Student educational support	24,350	30,622	-	22,665	-	32,307
91876	Laptop repair	69,062	36,429	-	33,803	(50,000)	21,688
91879	Special education	200,000	-	-	-	(50,000)	150,000
0456	School facility	65,446	-	584	40,650	-	25,380
Total reserves		\$ 1,632,812	117,602	19,268	315,510	(99,897)	1,354,275

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Capital Projects
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2019

	Fund balance (deficit)	Revenues			Expenditures	Other financing sources (uses) Issuance of debt	Fund balance (deficit) end of year
		beginning of year	Investment earnings	Other			
0303 Middle School Project	\$ (153,967)	-	-	340,202	-	(494,169)	
0301 School FY 02 projects	108,361	1,316	-	67,343	-	42,334	
0303 SPHS construction/renovation	38,131	341	7,749	38,428	-	7,793	
0400 School FY 03 projects	37,557	649	-	21,340	-	16,866	
0401 School FY 04 projects	145,204	2,305	-	27,325	-	120,184	
0402 School FY 01 projects	61,261	472	-	45,172	-	16,561	
0403 School FY 05 projects	64,371	1,211	-	-	-	65,582	
0404 School FY 07 projects	2,334	-	-	-	-	2,334	
0455 School FY 08 projects	26,409	-	-	-	-	26,409	
0405 School FY 10 projects	201,552	1,446	-	73,256	-	129,742	
0406 School FY 19 projects	-	-	-	448,897	448,897	-	
Total capital projects	\$ 531,213	7,740	7,749	1,061,963	448,897	(66,364)	

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	School Grant Funds	Adult Education	School Lunch Fund	
ASSETS				
Due from other governments	\$ 631,222	-	44,954	676,176
Accounts receivable	2,367	-	-	2,367
Interfund loans receivable	218,079	9,736	25,040	252,855
Inventory	-	-	35,622	35,622
Total assets	\$ 851,668	9,736	105,616	967,020
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	43,629	489	17,650	61,768
Accrued liabilities	-	3,379	3,029	6,408
Interfund loans payable	327,726	-	-	327,726
Accrued teachers' summer salaries	250,838	-	-	250,838
Total liabilities	622,193	3,868	20,679	646,740
Fund balances:				
Nonspendable - Inventory	-	-	35,622	35,622
Restricted	272,501	5,868	49,315	327,684
Unassigned	(43,026)	-	-	(43,026)
Total fund balances	229,475	5,868	84,937	320,280
Total liabilities and fund balances	\$ 851,668	9,736	105,616	967,020

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Nonmajor Special Revenues Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2019

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	School Grant Funds	Adult Education	School Lunch Fund	
Revenues:				
Local assessment	\$ -	25,000	-	25,000
Intergovernmental	2,035,280	10,305	779,920	2,825,505
Charges for services	53,714	-	605,460	659,174
Other	43,180	-	-	43,180
Total revenues	2,132,174	35,305	1,385,380	3,552,859
Expenditures:				
Current:				
Adult education	20,994	35,547	-	56,541
Program expenditures	2,178,633	-	-	2,178,633
Food service	-	-	1,885,962	1,885,962
Total expenditures	2,199,627	35,547	1,885,962	4,121,136
Excess (deficiency) of revenues over (under) expenditures	(67,453)	(242)	(500,582)	(568,277)
Other financing sources (uses):				
Transfers in (out)	6,800	-	470,000	476,800
Total other financing sources (uses)	6,800	-	470,000	476,800
Net change in fund balances	(60,653)	(242)	(30,582)	(91,477)
Fund balances, beginning of year	290,128	6,110	115,519	411,757
Fund balances, end of year	\$ 229,475	5,868	84,937	320,280

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
School Grant Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2019

		Fund balance (deficit) beginning of year	Revenues	Expenditures	Transfers	Fund balance (deficit) end of year
Federal Grants:						
0230	Title IA - Disadvantaged	\$ -	745,909	745,909	-	-
0240	Title IV -Every Student Succeeds Act	-	34,813	34,813	-	-
0247	Local Entitlement	-	1,035,676	1,035,676	-	-
0251	Preschool Grant	-	14,555	14,555	-	-
0264	Title V	348	-	-	-	348
0268	Title III - Language Acquisition	-	20,215	20,215	-	-
0270	Title IIA - Supporting Effective Instruction	14,087	143,789	143,789	-	14,087
0275	Elementary School Program	500	-	-	-	500
0295	Adult Basic Education	-	18,030	18,030	-	-
Total federal grants		14,935	2,012,987	2,012,987	-	14,935
State Grants:						
0216	MMSA Cooperating School	2,704	-	-	-	2,704
0221	Health & Wellness Grants:					
	Health & Wellness	420	-	-	-	420
	Dental Study	3,427	-	-	-	3,427
	Action for Healthy Kids	10	-	-	-	10
	Integrated Youth Health Survey	300	-	-	-	300
	Adult Ed College Transitions	-	6,293	6,293	-	-
0223	State Proficiency Grant	3,762	16,000	16,000	-	3,762
0224	Partners in Arts & Learning	735	-	-	-	735
0225	Reading Recovery	1,248	-	-	-	1,248
0226	Learning Results	(405)	-	-	-	(405)
0228	Art Department Grant	2,000	-	-	-	2,000
0229	State Agency Clients	17,082	-	-	-	17,082
0284	E-Rate	(5,593)	-	-	-	(5,593)
Total state grants		25,690	22,293	22,293	-	25,690
Local Grants and Other Special Funds:						
0200	SPHS Auditorium:					
	SPHS Auditorium	37,663	18,640	25,543	-	30,760
	Elaine Wolfson Memorial	1,158	-	-	-	1,158
0201	Local SPHS:					
	High School Musical	6,164	27,739	28,110	-	5,793
	High School Aspirations	7,465	7,500	2,004	-	12,961
	SPHS Friends	6,816	-	-	-	6,816
	SPHS Class of 1940	100	-	-	-	100
	Readiness Partnership	178	-	-	-	178
	Sustainability Committee	(87)	-	-	-	(87)
	Vicious Cycle	1,783	-	-	-	1,783
	Substance Abuse Prevention	1,235	-	-	-	1,235
0203	Primary Books	4,810	-	-	-	4,810

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
School Grant Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2019

	Fund balance (deficit) beginning of year	Revenues	Expenditures	Transfers	Fund balance (deficit) end of year
Local Grants and Other Special Funds, Continued:					
0204	Local Grants:				
	Memorial Tech Grant Koelker	(1,237)	-	-	(1,237)
	National Semiconductor (Morneault)	174	-	-	174
	National Semiconductor (Brown)	(3,683)	-	-	(3,683)
	National Semiconductor (Stem Grant)	76	-	-	76
	Texas Instruments (Stem Grant)	35,125	-	12,295	22,830
	Innovative Idea (Thurlow)	1,558	-	-	1,558
	Summer Music (Memorial)	1,554	1,645	1,696	1,503
	Kids Consortium Memorial	477	-	-	477
	Memorial Friends	4,619	-	223	4,396
	Great Bay Foundation Kaler	600	-	156	444
	Targer Kaler Professional Dev. Grant	750	-	-	750
	Girls Leadership Initiative	31	-	-	31
	Donations	5,213	5,000	-	10,213
	Transition Books	1,414	-	-	1,414
	School Nutrition Donations	2,208	5,900	1,333	6,775
	Project Based Learning	900	-	-	900
	MEA Wellness Program	627	-	-	627
	Unum/Skillin/Mem Stem Reg	-	2,500	1,262	1,238
0205	Local Boosters:				
	Baseball Boosters	500	-	-	500
	Lacrosse Club Boys	1,891	-	-	1,891
	Lacrosse Club Girls	1,886	-	-	1,886
	MSSPA Playoffs	10,663	681	-	11,344
	SPHS Athletic Shed	5,000	-	-	5,000
	Johnson Athletic	7,584	-	5,408	2,176
	Athletic Sponsorship Program	13,000	900	9,100	4,800
	Pape Chevrolet Truck Raffle	4,328	-	-	4,328
0206	Southern Maine (LCA) Project	137	-	-	137
0207	Dyer Friends	(154)	2,000	1,084	762
0208	Staff Computer Training	(476)	-	-	(476)
0209	Future Builders/Summer School	(23,908)	6,994	6,006	(22,920)
0211	Robotics	18,183	2,235	29,043	(8,625)
0212	21st Century Donations	51,909	-	22,325	29,584
0213	Quest	7,551	-	-	7,551
0214	Skillin Local:				
	Skillin Playground	655	-	-	655
	Friends Skillin Library	(168)	3,392	3,044	180
	Skillin Natural Science	1,045	-	92	953
	Skillin Friends	45	-	-	45
	Skillin Winterkids Games	-	3,000	2,212	788
	Skillin Donations	-	275	-	275
0215	Gates Teacher Leader Grant	1,500	-	-	1,500
0217	Art Donations	857	-	-	857
0218	Small Friends	209	5,000	3,328	1,881
0219	Local Friends Grants:				
	Brown Friends	670	-	-	670
	Mary F Marsh Book	5,651	-	-	5,651
	Mahoney Friends	2,325	-	-	2,325
	Kaler Friends	2,243	-	-	2,243
	Donations	365	-	-	365
0222	Special Education Access Channel	9,207	-	7,119	6,800
0227	Teamwork for Kids - Fallon	1,000	-	-	1,000
0615	Adult Ed Enrichment	8,114	3,493	2,964	8,643
	Total local grants and other special funds	249,503	96,894	164,347	6,800
	Total	\$ 290,128	2,132,174	2,199,627	6,800
					229,475

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Private-purpose Trust Funds
Combining Schedule of Changes in Fiduciary Net Position
For the year ended June 30, 2019

	Net position (deficit) beginning of year	Additions			Deductions	Net position (deficit) end of year
		Donations/ other	Interest income	Realized and unrealized gain (loss)		
Private-purpose trusts:						
0801 Dora Small Trust	\$ 9,576	-	163	414	49	10,104
0803 Lewis Trust (School)	1,336,284	-	20,740	58,055	79,467	1,335,612
0804 Alley Scholarship	9,054	-	141	403	553	9,045
0805 Davidson Scholarship	4,011	-	62	178	224	4,027
0806 Elliot Scholarship	5,861	-	92	263	435	5,781
0807 Friese Scholarship	4,136	-	66	190	526	3,866
0808 Harvie Scholarship	3,148	-	59	145	1,218	2,134
0809 Naylor Scholarship	5	-	-	-	-	5
0810 Norwood Scholarship	68,933	-	12	(5)	1,500	67,440
0811 Reynolds Scholarship	77	-	1	3	-	81
0812 Robinson Scholarship	32	-	1	1	-	34
0813 Schwartz Scholarship	838	-	13	36	4	883
0814 Smart Scholarship	11,171	-	161	483	1,565	10,250
0815 Super Runion Scholarship	6,847	-	106	303	340	6,916
0816 Wiggin Scholarship	7,090	-	111	316	442	7,075
0817 Paul Fiore Scholarship	6,440	-	97	278	36	6,779
0818 John Millington Scholarship	11,300	-	198	512	1,064	10,946
0819 Stu Brown Scholarship	81	-	2	-	-	83
0820 William Linskey Memorial	7,681	-	128	355	1,048	7,116
0821 SPSHS Recycle Club Scholarship	1	-	-	-	-	1
0822 Governor's Restaurant Scholarship	3	-	-	-	-	3
0823 Book Trust	1,289	-	52	22	300	1,063
0824 Eagles Association Scholarship	1	-	-	-	-	1
0825 Sherrie Libby Scholarship	8,536	-	137	379	449	8,603
0826 Gustaf W Johnson Scholarship	514,778	-	7,767	22,310	33,422	511,433
0827 A Varanelli Scholarship	(241)	-	(18)	(11)	3	(273)
0828 Downing Trust	198	-	-	-	-	198
0829 Robert Graff Scholarship	2,852	-	72	136	512	2,548
0830 Rosella Loveitt Trust	1,466	-	35	68	206	1,363
0831 Deveboise Scholarship	15,595	-	301	405	2,000	14,301
0832 T J Michaud	336	-	5	-	341	-
0833 Walker Scholarship	3,465	840	31	74	2,005	2,405
0835 Ralph Baxter Scholarship	1,345	-	1	27	1	1,372
0836 Scholars	-	122,814	1,700	-	6,000	118,514
7506 Eleanor Hatch Trust	15,354	-	261	665	78	16,202
Total private-purpose trusts	\$ 2,057,543	123,654	32,497	86,005	133,788	2,165,911

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Agency Funds
High School Club and Activity Funds
Schedule of Cash Receipts, Disbursements, and Changes in Cash Balances
For the year ended June 30, 2019

	Balances (deficits) beginning of year	Cash receipts	Cash disbursements	Transfers	Balances (deficits) end of year
American sign language	\$ 454	-	-	-	454
Amnesty Club	549	-	-	-	549
Beekeepers Club	257	790	787	750	1,010
Class of 2018	2,454	-	-	(2,454)	-
Class of 2019	6,205	17,133	20,541	-	2,797
Class of 2020	3,130	5,674	1,450	-	7,354
Class of 2021	2,122	1,345	547	-	2,921
Class of 2022	-	311	-	-	311
Class of 2023	-	88	-	-	88
Cow Club	267	-	-	-	267
Drama	258	736	796	750	948
Dream Factory	4	-	-	-	4
Sustainability Courtyard Foods	7,749 82	2,800 -	9,208 -	1,954 -	3,295 82
French Club	1,007	42	196	(500)	353
Gay/Straight Alliance	149	-	-	-	149
Graduation	5,570	5,911	704	(75)	10,702
Headlight	366	5,514	2,900	-	2,980
House of Representatives	347	-	-	-	347
Interact	1,408	325	477	-	1,256
JMG11-12	1,639	-	154	-	1,485
JMG9-10	1,358	-	430	-	928
Latin Club	330	100	65	-	365
Library	2,497	36	265	-	2,268
Maker Meetup	1,701	-	695	-	1,006
Model UN	100	-	-	-	100
Music instrumental	663	2,555	2,294	-	924
Music vocal	787	5,720	4,786	106	1,827
National Honor Society	4,091	2,284	1,676	(1,500)	3,199
Recycling riots	1,453	-	846	-	607
Reunions	11,023	-	1,416	500	10,107
Scholarships	4,374	10,880	11,230	-	4,024
School account	9,048	3,812	5,913	500	7,447
School store	1,967	6,314	5,201	-	3,080
Spanish Club	716	632	845	-	503
SP Speech Debate	2,729	-	7	-	2,722
SP Outing Club	1,461	1,000	1,173	-	1,288
SP Ultimate Club	1,235	2,040	3,104	-	171
Sunshine fund	189	-	40	-	149
Career Funds	438	-	-	-	438
Teachers	335	-	-	-	335
Teens with a Voice	391	150	350	-	191
Transcript/Testing	(3,210)	22,183	21,389	75	(2,341)
Tri-M	595	-	306	-	289
Varsity Club	18,276	19,502	13,975	-	23,803
Wash	393	1,055	834	-	614
Wellness	176	500	-	-	676
Worthy causes fund	1,580	-	-	(106)	1,474
Totals	\$ 98,713	119,431	114,600	-	103,544

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Agency Funds
Memorial Middle School Activity Funds
Schedule of Cash Receipts, Disbursements, and Changes in Cash Balances
For the year ended June 30, 2019

		Balances (deficits) beginning of year	Cash receipts	Cash disbursements	Transfers	Balances (deficits) end of year
General	\$	(330)	5,037	4,417	750	1,040
Grade 8		393	5,974	5,698	-	669
Grade 7		(193)	3,438	3,713	537	69
Grade 6		731	1,094	1,051	-	774
Yearbook		244	1,516	2,031	300	29
Student Council		28	174	214	12	-
Library		479	-	17	-	462
Culture Club		199	350	277	-	272
Drama		1,270	189	878	-	581
Chorus		398	-	-	-	398
Band		189	1,241	633	158	955
Outing Club		800	7,269	6,267	-	1,802
JMG		1,597	981	2,241	-	337
Civil rights		561	-	-	-	561
B-ball/sports		861	-	-	-	861
Camp Kieve		8,106	10,638	25,940	8,510	1,314
Paypal		186	9,899	-	(9,917)	168
Savings		859	-	-	(350)	509
Totals	\$	16,378	47,800	53,377	-	10,801

CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT
Agency Funds
Mahoney Middle School Activity Funds
Schedule of Cash Receipts, Disbursements, and Changes in Cash Balances
For the year ended June 30, 2019

	Balances beginning of year	Cash receipts	Cash disbursements	Balances end of year
6th Grade	\$ 239	881	483	637
7th Grade	1,123	648	702	1,069
8th Grade	1,210	2,497	3,010	697
8th Grade Social	515	770	1,285	-
Band fund	144	156	125	175
Band instrument rental	385	300	105	580
Chorus	753	-	-	753
Civil rights	640	30	113	557
General	1,655	3,056	2,771	1,940
Laptops	1,329	142	804	667
Library fund	472	626	229	869
Kindness	-	350	-	350
Ski club	852	10,695	11,429	118
Gott only	399	23	-	422
REACH	1,834	1,829	2,817	846
Recycling	27	602	102	527
Related arts	272	228	228	272
Drama	951	770	792	929
Student Council	655	797	393	1,059
Thornfeldt	5	712	433	284
Yearbook	1,258	3,910	3,523	1,645
Totals	\$ 14,718	29,022	29,344	14,396