

**Town of Scarborough
School Department**

Financial Report

June 30, 2020

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Independent Auditor's Report

Board of Education
Town of Scarborough School Department
Scarborough, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the remaining fund information of the Town of Scarborough School Department (the School Department), a department of the Town of Scarborough, Maine, as of and for the year ended June 30, 2020, 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; 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 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 the major fund and the remaining non-major fund information of the School Department, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 1, the financial statements of the School Department are intended to present the financial position, the changes in financial position of only that portion of the major fund and the remaining fund information of the Town of Scarborough, Maine that is attributable to the transactions of the School Department. They do not purport to, and do not present fairly, the financial position of the Town of Scarborough, Maine as of June 30, 2020 or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 22, 2021, on our consideration of the School Department'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 School Department'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 School Department's internal control over financial reporting and compliance.

Wiggy LLP

South Portland, Maine
March 22, 2021

Balance Sheet Governmental Funds

June 30, 2020

	General Fund	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Total Governmental Funds
Assets				
Due from the Town	\$ 6,731,801		\$ 342,007	\$ 7,073,808
Intergovernmental receivables	64,251	\$ 521,624		585,875
Inventory		55,865		55,865
Total Assets	<u>\$ 6,796,052</u>	<u>\$ 577,489</u>	<u>\$ 342,007</u>	<u>\$ 7,715,548</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to the Town		\$ 40,029		\$ 40,029
Accounts payable	\$ 647,386	30,738	\$ 47,841	725,965
Accrued payroll	4,598,086	62,163		4,660,249
Accrued compensated absences	83,167			83,167
Accrued vacation	118,826			118,826
Total Liabilities	<u>5,447,465</u>	<u>132,930</u>	<u>47,841</u>	<u>5,628,236</u>
Fund Balances				
Fund balances				
Nonspendable				
Inventory		55,865		55,865
Restricted				
Special revenue funds		388,694		388,694
Capital project funds			294,166	294,166
Assigned				
Carryover	700,000			700,000
Unassigned				
General fund	648,587			648,587
Total Fund Balances	<u>1,348,587</u>	<u>444,559</u>	<u>294,166</u>	<u>2,087,312</u>
Total Liabilities and Fund Balances	<u>\$ 6,796,052</u>	<u>\$ 577,489</u>	<u>\$ 342,007</u>	<u>\$ 7,715,548</u>

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2020

	General Fund	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Total
Revenues				
Local allocation	\$ 47,184,461	\$ 200,000	\$ 629,735	\$ 48,014,196
State subsidy	3,273,967			3,273,967
State subsidy - adult education	43,021			43,021
State agency clients	62,204			62,204
On-behalf payments - State of Maine pension contribution	4,680,000			4,680,000
On-behalf payments - other postemployment benefit contribution	449,000			449,000
Adult education	128,311			128,311
Student extra-curricular fees	78,326			78,326
Miscellaneous	241,295		225	241,520
Intergovernmental revenue		1,213,963		1,213,963
Federal donated commodities received		60,533		60,533
Sale of meals		808,096		808,096
Total Revenues	<u>56,140,585</u>	<u>2,282,592</u>	<u>629,960</u>	<u>59,053,137</u>
Expenditures				
Regular instruction	21,123,482			21,123,482
Special education	9,063,812			9,063,812
Other instruction	1,131,869			1,131,869
Student and staff support	4,950,730			4,950,730
System administration	1,227,099			1,227,099
School administration	1,716,014			1,716,014
Transportation	1,474,320			1,474,320
Facilities maintenance	3,688,311			3,688,311
Debt service and other commitments	5,253,605			5,253,605
Adult education	175,076			175,076
On-behalf payments - State of Maine pension contribution	4,680,000			4,680,000
On-behalf payments - other postemployment benefit contribution	449,000			449,000
Grant expenditures		1,044,790		1,044,790
School lunch expenditures		1,622,827		1,622,827
Federal donated commodities used		59,478		59,478
Capital outlay			3,018,881	3,018,881
Total Expenditures	<u>54,933,318</u>	<u>2,727,095</u>	<u>3,018,881</u>	<u>60,679,294</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>1,207,267</u>	<u>(444,503)</u>	<u>(2,388,921)</u>	<u>(1,626,157)</u>
Other Financing Sources (Uses):				
Transfers (to) from other funds	(411,103)	441,960	(30,857)	
Issuance of bonds			2,931,385	2,931,385
Total Other Financing Sources (Uses)	<u>(411,103)</u>	<u>441,960</u>	<u>2,900,528</u>	<u>2,931,385</u>
Net Change in Fund Balances	796,164	(2,543)	511,607	1,305,228
Fund Balances				
Beginning of Year	<u>552,423</u>	<u>447,102</u>	<u>(217,441)</u>	<u>782,084</u>
End of Year	<u>\$ 1,348,587</u>	<u>\$ 444,559</u>	<u>\$ 294,166</u>	<u>\$ 2,087,312</u>

See independent auditor's report.
The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual - General Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local allocation	\$ 47,184,461	\$ 47,184,461	\$ 47,184,461	
State subsidy	3,366,032	3,366,032	3,273,967	\$ (92,065)
MLTI state reimbursement	131,000	131,000	131,000	
State agency clients	101,000	101,000	62,204	(38,796)
Student activities fees	140,000	140,000	78,326	(61,674)
Miscellaneous	154,500	154,500	110,295	(44,205)
Adult education	202,311	202,311	171,332	(30,979)
Total Revenues	<u>51,279,304</u>	<u>51,279,304</u>	<u>51,011,585</u>	<u>(267,719)</u>
Expenditures				
Regular instruction	21,692,186	21,731,739	21,123,482	608,257
Special education	9,350,922	9,350,922	9,063,812	287,110
Other instruction	1,300,438	1,300,438	1,131,869	168,569
Student and staff support	5,241,321	5,241,321	4,950,730	290,591
System administration	1,235,470	1,235,470	1,227,099	8,371
School administration	1,802,185	1,762,632	1,716,014	46,618
Transportation	1,547,982	1,547,982	1,474,320	73,662
Facilities maintenance	4,012,376	4,012,376	3,688,311	324,065
Debt service and other commitments	5,244,113	5,244,113	5,253,605	(9,492)
Adult education	202,311	202,311	175,076	27,235
Total Expenditures	<u>51,629,304</u>	<u>51,629,304</u>	<u>49,804,318</u>	<u>1,824,986</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources	(350,000)	(350,000)	1,207,267	1,557,267
Other Financing Sources				
Transfers from other funds			(411,103)	(411,103)
Excess (Deficiency) of Revenues Over Expenditures	(350,000)	(350,000)	796,164	1,146,164
Beginning Fund Balance Utilized	<u>350,000</u>	<u>350,000</u>	<u>552,423</u>	<u>202,423</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,348,587</u>	<u>\$ 1,348,587</u>

See independent auditor's report.
The accompanying notes are an integral part of these financial statements.

Statement of Fiduciary Net Position Fiduciary Funds

June 30, 2020

	Private- Purpose Trusts	Agency Funds
Assets		
Cash and cash equivalents		\$ 754,637
Investments	\$ 224,521	
Total Assets	<u>224,521</u>	<u>754,637</u>
Liabilities		
Accounts payable	2,000	
Due to student groups		754,637
Total Liabilities	<u>2,000</u>	<u>\$ 754,637</u>
Net Position		
Held in trust for other purposes	<u>\$ 222,521</u>	

See independent auditor's report.
The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position Fiduciary Funds

Year Ended June 30, 2020

	Private- Purpose Trusts
Additions	
Interest income and contributions	\$ 6,080
Total Additions	<u>6,080</u>
Deductions	
Scholarship distributions	<u>6,500</u>
Total Deductions	<u>6,500</u>
Change in Net Position	(420)
Net Position, Beginning of Year	<u>222,941</u>
Net Position, End of Year	<u><u>\$ 222,521</u></u>

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Scarborough School Department (the School Department) provides elementary and secondary education for the children living in Scarborough, Maine.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (standards and interpretations), constitute GAAP for governmental units. GAAP also includes guidance from the American Institute of Certified Public Accountants in the publication entitled State and Local Governments. The more significant of the School Department's accounting policies are described below.

Reporting Entity

The School Department operates as a department of the Town of Scarborough, Maine (the Town), the financial statements of which have been issued in a separate report.

The accompanying financial statements present only the School Department's operations and are not intended to present fairly the financial position and results of operations of the Town in conformity with accounting principles generally accepted in the United States. Certain disclosures relevant to both the School Department are omitted herein and have been disclosed in the Town's financial statements.

Basis of Presentation

The financial statements report detailed information about the School Department. The focus of governmental financial statements is on major funds rather than reporting funds by type. The major fund is required to be presented in a separate column.

Governmental Funds

Governmental funds are those through which most governmental functions of the School Department 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 may not 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. The School Department is reporting all funds using the major fund format.

General Fund

The general fund is used to account for all financial resources, except those required to be accounted for in another fund. This is a budgeted fund, and any fund balances are considered as resources available for use.

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects requiring separate accounting because of legal or regulatory provisions or administrative action).

Capital Project Funds

Capital project funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities. Such resources are derived principally from the proceeds of general obligation bond issues.

Fiduciary Funds

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. Trust funds are used to account for assets held by the School Department under a trust agreement for individuals, private organizations, or other governments and are not available to support the School Department's own programs. The School Department's only trust fund is a private purpose trust fund which accounts for nonexpendable trusts established for the benefit of the School Department and its students. Agency funds are custodial in nature (assets equal liabilities) and do not involve any measurement of results of operations. The School Department agency fund accounts for various student-managed activities and scholarship funds for the benefit of the School Department's students.

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 are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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.

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 modified accrual basis in the year in which the resources are measurable and become available. Available means 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 60 days of fiscal year-end.

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenues – Exchange and Non-Exchange Transactions – Continued

Non-exchange transactions, in which the School Department receives value without directly giving equal value in return, include local assessments, state allocations, on-behalf payments, grants and donations. On the modified accrual basis, revenue from these sources must be available before it can be recognized and is recognized in the period 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.

Expenditures

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures). Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Accounting

The School Department utilizes a formal budgetary accounting system to control revenues and expenditures accounted for in the General Fund. The budget is established in accordance with the various laws that govern the School Department's operations. The budget is presented on the modified accrual basis of accounting, except for on-behalf payments, which is excluded from both revenues and expenditures on the budgetary basis of accounting.

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

- Early in the second half of the previous fiscal year, the School Department prepares a budget for the current fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the residents of the Town is then called for the purpose of adopting both the proposed Town and School Department's budgets after public notice of the meeting has been given.
- Prior to July 1 the budget is adopted.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance since they do not constitute expenditures or liabilities and will be re-appropriated and honored during the subsequent year. Encumbrances are not treated as expenditures under the budgetary basis.

All unexpended and unencumbered appropriations lapse at year-end unless specific approval is granted to carry forward such amounts.

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventories

School lunch inventories are valued at the lower of cost (first in-first out basis) or market. The cost of inventories is recorded as an expense when consumed, rather than when purchased. Inventories include the value of U.S. Department of Agriculture commodities donated to the School Lunch Program.

Capital Assets

Capital assets of the School Department are recorded on the entity-wide financial statements of the Town.

Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “due from/to other funds.” Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

Transfers

Transfers are used to move revenues from the fund that a statute or budget requires them to collect to the fund that a statute or budget requires them to expend and to also move unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Compensated Absences

Compensated absences are earned in varying amounts by employees of the School Department. The total long-term liability of \$1,479,450 has been recorded in the government-wide financial statements of the Town and the portion that is currently due to employees of the School Department as of June 30, 2020, is \$191,263, which is also included in the fund financial statements.

Fund Balances

In the governmental fund financial statements, fund balance is reported in five classifications.

- **Nonspendable** Amounts that are not in spendable form, such as inventories and prepaid items or are legally or contractually required to be maintained intact.
- **Restricted** Resources with constraints placed on the use of resources 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 government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balances – Continued

- **Assigned** Resources neither restricted nor committed for which a government has a stated intended use as established by the School Board or a body or official to which the School Board has delegated the authority to assign amounts for specific purposes.
- **Unassigned** Resources which cannot be properly classified in one of the other four categories. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The School Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by the School Board through adoption of the budget as intended for a specific purpose. A fund balance assignment is further indicated in the budget document as an assignment of the fund (such as for fund balance carryover).

The School Department's spending policy for programs with multiple revenue sources is to consider restricted funds to be spent first, then spent out of committed funds, assigned funds, and unassigned funds.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the School Department has reported all capital assets in the Town's Government-Wide Statement of Net Position.

NOTE 3 – LONG-TERM DEBT

In accordance with GASB Statement No. 34, the School Department has reported all long-term debt in the Town's Government-Wide Statement of Net Position. The School Department has certain bonds payable and one capital lease for copier equipment. Total annual debt service requirements as of June 30, 2020 are, as follows:

Year Ending June 30,	Bonds Payable	
	Principal	Interest
2021	\$ 3,303,026	\$ 2,063,878
2022	3,600,523	1,936,853
2023	3,265,229	1,824,813
2024	3,646,775	1,698,287
2025	3,194,526	1,559,806
2026 – 2030	15,094,087	5,868,219
2031 – 2035	12,594,971	3,085,219
2036 – 2040	6,313,281	1,222,504
2041 – 2045	3,065,000	150,144
Total	<u>\$54,077,418</u>	<u>\$19,409,723</u>

Notes to Financial Statements

June 30, 2020

NOTE 4 – EMPLOYEE RETIREMENT SYSTEMS

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – and amendment of GASB Statement No 27*, was implemented by the Town and the associated liability has been reported in the Town's government-wide financial statements.

Maine Public Employees Retirement – Teachers Group

Description of Plan

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State Legislature. 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 Maine State Legislature establishes and amends benefit provisions. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the teacher's group.

That report may be obtained by writing to Maine State Retirement System, 46 State House Station, Augusta, ME 04333-0046 or by calling 1-800-451-9800.

Funding Policy

Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to approximately \$4,680,000 (17.89%) for the fiscal year 2020. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (page 4). The School contributes for federally funded teachers 14.95% of their compensation. This amounted to approximately \$63,000 during the fiscal year 2020. This cost is charged to the applicable grant.

The School Department also makes a contribution to the Maine Public Employees Retirement System Teachers Fund for the teachers of the School Department. The payment is determined by an actuary and is approximately 4.16% of the qualified teachers' salaries for the entire teachers' fund. For the year ended June 30, 2020, the amount of this contribution was approximately \$1,088,000.

Consolidated Retirement Pension Plan

Description of the Plan

School Department custodians, school lunch personnel and other non-teacher personnel can elect to participate in the Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State Legislature. 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 Maine State Legislature establishes and amends benefit provisions. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or by calling 1-800-451-9800.

Notes to Financial Statements

June 30, 2020

NOTE 4 – EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Consolidated Retirement Pension Plan – Continued

Funding Policy

The contribution rates of plan members and the School Department and the Town are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The School Department's contribution to the Maine Public Employees Retirement System Consolidated Plan for the year ended June 30, 2020 was approximately \$212,000.

Retiree Group Life Insurance Plan

Description of the Plan

Teaching-certified employees of the School Unit are provided with postemployment benefits other than pensions (OPEB) through the State Employee and Teacher Plan – Retiree Group Life Insurance (SET Plan) and certain non-teaching employees are provided with OPEB through the Participating Local District Consolidated Plan – Retiree Group Life Insurance (PLD Plan), both plans are a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The Maine Public Employees Retirement System provides basic group life insurance benefits, during retirement, to retirees who participated in the Plans prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or by calling 1-800-451-9800.

Funding Policy

The State of Maine contributes on behalf of the School Department's retired employees participating in the plan for the retiree's life insurance coverage. Using the census data for the measurement period ended June 30, 2019 the estimated on-behalf OPEB subsidy for year ended June 30, 2020 was approximately \$93,000. The amount has been recorded as a revenue and expenditure in the general fund in the statement of revenues, expenditures and changes in fund balances - governmental funds.

Retiree Group Health Insurance Plan

Description of the Plan

The School Department is a participant in the MEA Benefits Trust (MEABT). MEABT was established by the Maine Education Association on April 10, 1993, as an employee welfare benefit plan. The MEABT is administered by Trustees, in accordance with its terms for the exclusive benefit of Plan participants and beneficiaries. The principal asset of the MEABT is a group insurance contract, currently held with Anthem Blue Cross and Blue Shield of Maine, which provides medical, hospital, surgical, prescription coverage and related health benefits to individuals of the School Department, including active educators, retired and disabled educators and related personnel and their dependents. The School Department's participation in the MEABT plan is considered its own post-retirement benefit plan, based on its own census data or participants in the trust. The MEABT does not issue a separate financial report for its OPEB. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Notes to Financial Statements

June 30, 2020

NOTE 4 – EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Retiree Group Health Insurance Plan – Continued

Funding Policy

The State of Maine contributes on behalf of the School Department's retired teachers participating in the plan an amount equal to 45% of the blended single premium for the retiree's healthcare coverage. Using the census data for the measurement period ended June 30, 2019 the estimated on-behalf OPEB subsidy for year ended June 30, 2020 was approximately \$356,000. The amount has been recorded as a revenue and expenditure in the general fund in the statement of revenues, expenditures and changes in fund balances - governmental funds.

NOTE 5 – CONTINGENCIES

Grants

The School Department 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 Department has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the School Department, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Insurance

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 carries commercial insurance.

Based on the coverage provided by the commercial insurance purchased, the School Department is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2020. There have been no significant reductions in commercial insurance coverage from the prior year and no settlements have exceeded commercial insurance coverage in any of the past three years.

Independent Auditor's Report on Additional Information

Board of Education
Town of Scarborough School Department
Scarborough, Maine

We have audited the financial statements of the Town of Scarborough School Department as of and for the year ended June 30, 2020, and our report thereon, dated March 22, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedules on pages 17 through 28 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



South Portland, Maine
March 22, 2021

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Special Revenue Funds

Year Ended June 30, 2020

	Title IA	Title IIA	Title IVA	Local Entitlement	Local Entitlement Preschool	Proficiency- Based Grad Grant (State)	PEPG Grant (State)	School Nutrition	School Nutrition Special Programs	Scarborough Education Foundation	Fineberg Trust	Local Grants and Donations	Laptops	Admin Recertification (Fiscal agent)	Totals
Revenues															
Federal education grants	\$ 111,107	\$ 67,431	\$ 6,513	\$ 681,742	\$ 8,037			\$ 238,752							\$ 1,113,582
State education grants								12,447							12,447
Charges for services and other								1,008,096	\$ 24,573	\$ 35,741		\$ 11,996	\$ 67,557	\$ 8,600	1,156,563
Total Revenues	<u>111,107</u>	<u>67,431</u>	<u>6,513</u>	<u>681,742</u>	<u>8,037</u>			<u>1,259,295</u>	<u>24,573</u>	<u>35,741</u>		<u>11,996</u>	<u>67,557</u>	<u>8,600</u>	<u>2,282,592</u>
Expenditures															
	<u>111,107</u>	<u>67,431</u>	<u>6,513</u>	<u>654,382</u>	<u>8,037</u>			<u>1,682,305</u>	<u>23,203</u>	<u>9,153</u>	<u>750</u>	<u>4,335</u>	<u>151,121</u>	<u>8,758</u>	<u>2,727,095</u>
Revenues Over (Under) Expenditures Before Other Financing Sources				<u>27,360</u>				<u>(423,010)</u>	<u>1,370</u>	<u>26,588</u>	<u>(750)</u>	<u>7,661</u>	<u>(83,564)</u>	<u>(158)</u>	<u>(444,503)</u>
Other Financing Sources															
Transfers from other funds								441,960							441,960
Total Other Financing Sources								<u>441,960</u>							<u>441,960</u>
Net Change in Fund Balance				<u>27,360</u>				<u>18,950</u>	<u>1,370</u>	<u>26,588</u>	<u>(750)</u>	<u>7,661</u>	<u>(83,564)</u>	<u>(158)</u>	<u>(2,543)</u>
Fund Balance, Beginning of Year				<u>(27,360)</u>		<u>\$ 3,083</u>	<u>\$ 588</u>	<u>2,642</u>	<u>6,389</u>	<u>2,171</u>	<u>137,493</u>	<u>22,631</u>	<u>298,982</u>	<u>483</u>	<u>447,102</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,083</u>	<u>\$ 588</u>	<u>\$ 21,592</u>	<u>\$ 7,759</u>	<u>\$ 28,759</u>	<u>\$ 136,743</u>	<u>\$ 30,292</u>	<u>\$ 215,418</u>	<u>\$ 325</u>	<u>\$ 444,559</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Capital Projects Funds

Year Ended June 30, 2020

	General School Improvements
Revenues	
Taxes	\$ 175,130
Interest earned	225
Other	454,605
Total Revenues	<u>629,960</u>
Expenditures	
Capital improvements	<u>3,018,881</u>
	<u>3,018,881</u>
Revenues Under Expenditures Before Other Financing Sources (Uses)	<u>(2,388,921)</u>
Other Financing Sources (Uses):	
Issuance of debtor bonds	2,931,385
Transfers (to) from other funds	<u>(30,857)</u>
Total Other Financing Sources (Uses)	<u>2,900,528</u>
Net Change in Fund Balance	511,607
Fund Balance (Deficit), Beginning of Year	<u>(217,441)</u>
Fund Balance (Deficit), End of Year	<u>\$ 294,166</u>

Schedule of Changes in Fiduciary Net Position Private-Purpose Trust Funds

Year Ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
Private-Purpose Trust Funds:				
Shirley Grover Fund	\$ 1,055	\$ 29		\$ 1,084
Mary Campbell Pederson Fund	93,423	2,577	\$ 1,000	95,000
Edith Warga Art Scholarship	97,476	2,681	4,000	96,157
Packy McFarland Scholarship	190	5		195
Roy Nelson Scholarship	12			12
Daniel Tranchemontagne Scholarship	1,152	32		1,184
Virginia Jackson Scholarship	10,884	286	1,500	9,670
Evelyn Chaddon Scholarship	329	9		338
S. Dwight Howard Scholarship	2,397	63		2,460
Bertha Libby-Lary Scholarship	11,254	274		11,528
Kathy Pearson Scholarship	3,113	79		3,192
Academic Decathlon Scholarship	1,295	35		1,330
Class of 1976 Scholarship Fund	361	10		371
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Private-Purpose Trust Funds	<u>\$ 222,941</u>	<u>\$ 6,080</u>	<u>\$ 6,500</u>	<u>\$ 222,521</u>

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2020

SUMMARY

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Scarborough High School	\$ 553,826	\$ 582,769	\$ 482,966	\$ 653,629
Scarborough Middle School	52,790	61,997	64,967	49,820
Wentworth Intermediate School	32,309	21,511	22,618	31,202
Eight Corners School	6,313	1,644	1,413	6,544
Blue Point School	5,260	886	405	5,741
Pleasant Hill School	8,308	928	1,535	7,701
Total Student Activity Funds	<u>\$ 658,806</u>	<u>\$ 669,735</u>	<u>\$ 573,904</u>	<u>\$ 754,637</u>

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2020

SCARBOROUGH HIGH SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Academic Decathlon	\$ 298	\$ 2,132	\$ 50	\$ 2,380
Alternative Education	183		125	58
Athletics	32,766	61,080	39,129	54,717
Athletics Concession	368	23,353	22,599	1,122
Athletics - Track & Field	2,500			2,500
Auditorium	484			484
Buddy System	198	500		698
Chorus	9,473	1,022	508	9,987
Civil Rights Team	569		113	456
Class of 2018	290			290
Class of 2019	5,683		5,683	(0)
Class of 2020	18,822		2,612	16,210
Class of 2021	2,055	6,359	1,379	7,035
Class of 2022	1,334	300		1,634
Class of 2023		1,742		1,742
ECOS	422	1,342	141	1,623
GSA	776			776
General Account	1,022	3,231	4,091	162
Grant Committee	5,885		1,700	4,185
Guidance	11,691	51,685	48,982	14,394
Instructional Coach		200	79	121
Investment Income	3,552	12,811	1,753	14,610
Key Club	3,248	5,900	5,426	3,722
Laptop Fees	1,665	19,450	19,525	1,590
Library	1,743		107	1,636
Mindfulness Project	44			44
Model UN	4,917	473	1,565	3,825
NHS	91	540		631
Natural Helpers	461			461
Oak Hill Players	25,049	45,731	24,793	45,987
One Act Play	2,735	5,698	3,376	5,057
Pride Committee	500		500	-
Project G.R.A.C.E.	63			63
Robotics Club		2,488	1,055	1,433
SAAF Fund	641	500	338	803
Scholarship	11,996	9,550	3,500	18,046
School Store	3,960	6,991	5,409	5,542
Seeds of Peace	1,319			1,319
Shakespeare	809	30	400	439
SHS Band Boosters		1,680	424	1,256
SHS Baseball Boosters	11,346	6,180	9,126	8,400
SHS Basketball Boosters	51,907	68,156	49,743	70,320
SHS Boys Ice Hockey Boosters	27,926	54,052	45,741	36,237
SHS Boys Lacrosse Boosters	20,464	7,596	11,697	16,363
SHS Boys Tennis Boosters	1,707	330		2,037
SHS Cheering Boosters	13,599	8,269	13,677	8,191

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds - Continued

Year Ended June 30, 2020

SCARBOROUGH HIGH SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
SHS Cheering Invitational	6,180	14,116	11,833	8,463
SHS Field Hockey Boosters	7,145	12,327	11,333	8,139
SHS Football Boosters	16,440	27,714	28,492	15,662
SHS Girls Ice Hockey Boosters	27,049	15,888	11,433	31,504
SHS Girls Lacrosse Boosters	24,441	6,446	4,831	26,056
SHS Girls Tennis Boosters	974	231		1,205
SHS Golf Boosters	367	352	150	569
SHS Ski Team Boosters	15,353			15,353
SHS Soccer Boosters	12,732	22,512	24,308	10,936
SHS Softball Boosters	9,970	10,180	9,981	10,169
SHS Swim Team Boosters	57,091	22,828	21,733	58,186
SHS Track & XC Boosters	11,058	18,793	12,242	17,609
SHS Volleyball Boosters	14,372	10,315	15,696	8,991
SHS Wrestling Boosters	2,459	2,037	3,163	1,333
Steven Delano Memorial Fund		300	300	-
Storm for a Cure	652			652
Student Council	1,376	387	531	1,232
Study Center	55,924	6,120	781	61,263
Sunshine Fund	30	627	262	395
Video Productions	146			146
World Language		279	279	-
Yearbook	6,526	1,946	272	8,200
Unassigned Retained Earnings	(1,020)			(1,020)
	<u>\$ 553,826</u>	<u>\$ 582,769</u>	<u>\$ 482,966</u>	<u>\$ 653,629</u>

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2020

SCARBOROUGH MIDDLE SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
8th Grade Celebration	\$ 352	\$ -	\$ -	\$ 352
Athletics	846		544	302
Band & Music	85			85
Box Tops/Soup Labels	340	200		540
Builder's Club	988	508	652	844
Class of 2023	2,610		2,609	1
Class of 2024	2,309	10,207	4,906	7,610
Class of 2025	4,955	3,974	1,250	7,679
Class of 2026		9,036	5,120	3,916
Clynk 6th Grade	792	75	159	708
Clynk 7th Grade	249			249
Clynk 8th Grade	951	297		1,248
Encore	73			73
General Fund	894	4,571	5,327	138
Grants & Donations	2,052		370	1,682
Health II	319		102	217
Laptops	908	9,370	9,482	796
Library	5,600	5,181	3,797	6,984
Lost Books	240	94		334
Math Team	200		36	164
Operation Cupid	179	692	528	343
Pepsi Cola	357	172	529	0
Project G.R.A.C.E.	202			202
Read-a-thon	72	13,112	13,174	10
School Store	1,772	429	1,131	1,070
Student Advocacy	381			381
Student Council	1,003	815	706	1,112
Sunshine Fund	1	1,484	1,137	348
Theater Team	13,664		10,191	3,473
Wellness	1,944	1,500	1,300	2,144
Yearbook	8,452	280	1,917	6,815
	<u>\$ 52,790</u>	<u>\$ 61,997</u>	<u>\$ 64,967</u>	<u>\$ 49,820</u>

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2020

WENTWORTH INTERMEDIATE SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Clynk Schoolwide	\$ -	\$ 626	\$ 626	\$ -
3rd Grade Field Trip	870	5		875
4th Grade Field Trip		2,630	2,630	-
5th Grade Field Trip		264	264	-
Garden - Stuart	7,025	2,777	2,400	7,402
General	13,602	363	2,005	11,960
Laptops	210	3,760	3,460	510
Library	4,060	7,488	7,698	3,850
Music		855	834	21
Sunshine Fund	233	705	592	346
Wentworth K-Kids	198	281		479
Wolf Den School Store	1,530	558	1,195	893
Yearbooks	898	1,199	914	1,183
Unassigned Credit	3,683			3,683
	<u>\$ 32,309</u>	<u>\$ 21,511</u>	<u>\$ 22,618</u>	<u>\$ 31,202</u>

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2020

EIGHT CORNERS SCHOOL

Beginning Balance	<u>\$ 6,313</u>
Receipts:	
Library	69
Miscellaneous	261
Student Enrichment	1,014
Sunshine Fund	300
Total Receipts	<u>1,644</u>
Disbursements:	
Instructional Supplies	52
Library	21
Miscellaneous	1,259
Sunshine Fund	81
Total Disbursements	<u>1,413</u>
Ending Balance	<u><u>\$ 6,544</u></u>

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2020

BLUE POINT SCHOOL

Beginning Balance	<u>\$ 5,260</u>
Receipts:	
General	874
Library	12
Total Receipts	<u>886</u>
Disbursements:	
General	405
Total Disbursements	<u>405</u>
Ending Balance	<u><u>\$ 5,741</u></u>

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2020

PLEASANT HILL

Beginning Balance	<u>\$ 8,308</u>
Receipts:	
Clynk Bottle Drives	641
General	250
Library	37
Total Receipts	<u>928</u>
Disbursements:	
General	1,403
Library	84
Wellness	48
Total Disbursements	<u>1,535</u>
Ending Balance	<u><u>\$ 7,701</u></u>

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor Number	Federal Expenditures
U.S. Department of Education			
<u>Pass-Through State of Maine Department of Education</u>			
Title I Grants to Local Educational Agencies	84.010	013-3107	\$ 111,107
Special Education Cluster			
Special Education - Grants to States	84.027	013-3046	654,382
Special Education - Preschool Grants	84.173	013-6247	8,037
Total Special Education Cluster			<u>662,419</u>
Improving Teacher Quality State Grants	84.367	013-3042	67,431
Student Support and Academic Enrichment Program	84.424	013-3345	<u>6,513</u>
Total U.S. Department of Education			<u>847,470</u>
U.S. Department of Agriculture			
<u>Pass-Through State of Maine Department of Education</u>			
Child Nutrition Cluster			
National School Lunch Program	10.555	013-3022	31,741
National School Lunch Program	10.555	013-3125	6,943
National School Lunch Program	10.555	013-3024	59,559
National School Lunch Program	10.555	013-3018	283
COVID19 - National School Lunch Program	10.555	013-7008	10,532
COVID19 - National School Lunch Program	10.555	013-7009	26,338
School Breakfast Program	10.556	013-3014	14,165
Total Child Nutrition Cluster			<u>149,561</u>
Food Distribution Cluster			
Commodity Supplemental Food Program	10.565	13-6134	<u>59,478</u>
Total Food Distribution Cluster			<u>59,478</u>
Summer Food Service Program for Children	10.559	013-3016	<u>2,745</u>
Total U.S. Department of Agriculture			<u>211,784</u>
Total Expenditures of Federal Awards			<u>\$ 1,059,254</u>