

Town of Scarborough School Department

Financial Report

June 30, 2021



WIPFLI

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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, 2021, 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, 2021, 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, 2021 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 31, 2022, 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.

Wipfli LLP

South Portland, Maine
March 31, 2022

Balance Sheet

Governmental Funds

June 30, 2021

	General Fund	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Total Governmental Funds
Assets				
Due from the Town	\$ 9,009,721	\$ 162,010		\$ 9,171,731
Intergovernmental receivables	38,336	892,795		931,131
Inventory		46,401		46,401
Total Assets	<u>9,048,057</u>	<u>1,101,206</u>		<u>10,149,263</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to the Town			\$ 511,864	\$ 511,864
Accounts payable	\$ 776,596	154,164		930,760
Accrued payroll	4,978,970			4,978,970
Accrued compensated absences	73,119			73,119
Accrued vacation	139,753			139,753
Total Liabilities	<u>5,968,438</u>	<u>154,164</u>	<u>511,864</u>	<u>6,634,466</u>
Fund Balances				
Fund balances				
Nonspendable				
Inventory		46,401		46,401
Restricted				
Special revenue funds		900,641		900,641
Assigned				
Carryover	1,030,000			1,030,000
Unassigned				
General fund	2,049,619			2,049,619
Capital project funds			(511,864)	(511,864)
Total Fund Balances	<u>3,079,619</u>	<u>947,042</u>	<u>(511,864)</u>	<u>3,514,797</u>
Total Liabilities and Fund Balances	<u>\$ 9,048,057</u>	<u>\$ 1,101,206</u>	<u>\$ -</u>	<u>\$ 10,149,263</u>

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

Year Ended June 30, 2021

	General Fund	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Total
Revenues				
Local allocation	\$ 48,195,356	\$ 200,000	\$ 419,015	\$ 48,814,371
State subsidy	4,032,960			4,032,960
State subsidy - adult education	38,179			38,179
State agency clients	18,405			18,405
On-behalf payments - State of Maine pension contribution	4,745,000			4,745,000
On-behalf payments - other postemployment benefit contribution	469,000			469,000
Adult education	127,620			127,620
Student extra-curricular fees	63,003			63,003
Miscellaneous	68,045		320	68,365
Intergovernmental revenue		6,543,684		6,543,684
Federal donated commodities received		53,365		53,365
Sale of meals		18,322		18,322
Total Revenues	<u>57,757,568</u>	<u>6,815,371</u>	<u>419,335</u>	<u>64,992,274</u>
Expenditures				
Regular instruction	21,816,035			21,816,035
Special education	9,249,892			9,249,892
Other instruction	1,015,367			1,015,367
Student and staff support	4,960,413			4,960,413
System administration	1,218,362			1,218,362
School administration	1,765,151			1,765,151
Transportation	1,346,362			1,346,362
Facilities maintenance	3,881,233			3,881,233
Debt service and other commitments	5,144,471			5,144,471
Adult education	123,617			123,617
On-behalf payments - State of Maine pension contribution	4,745,000			4,745,000
On-behalf payments - other postemployment benefit contribution	469,000			469,000
Grant expenditures		5,885,975		5,885,975
School lunch expenditures		1,429,965		1,429,965
Federal donated commodities used		44,911		44,911
Capital outlay			1,223,672	1,223,672
Total Expenditures	<u>55,734,903</u>	<u>7,360,851</u>	<u>1,223,672</u>	<u>64,319,426</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>2,022,665</u>	<u>(545,480)</u>	<u>(804,337)</u>	<u>672,848</u>
Other Financing Sources (Uses):				
Transfers (to) from other funds	(291,633)	293,326	(1,693)	-
Total Other Financing Sources (Uses)	<u>(291,633)</u>	<u>293,326</u>	<u>(1,693)</u>	<u>-</u>
Net Change in Fund Balances	1,731,032	(252,154)	(806,030)	672,848
Fund Balances				
Beginning of Year - Restated	1,348,587	1,199,196	294,166	2,841,949
End of Year	<u>\$ 3,079,619</u>	<u>\$ 947,042</u>	<u>\$ (511,864)</u>	<u>\$ 3,514,797</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, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local allocation	\$ 48,195,356	\$ 48,195,356	\$ 48,195,356	
State subsidy	4,035,887	4,035,887	4,032,960	\$ (2,927)
State agency clients	80,000	80,000	18,405	(61,595)
Student activities fees	140,000	140,000	63,003	(76,997)
Miscellaneous	160,000	160,000	68,045	(91,955)
Adult education	194,558	194,558	165,799	(28,759)
Total Revenues	<u>52,805,801</u>	<u>52,805,801</u>	<u>52,543,568</u>	<u>(262,233)</u>
Expenditures				
Regular instruction	22,297,537	22,310,811	21,816,035	494,776
Special education	10,197,515	10,192,033	9,249,892	942,141
Other instruction	1,309,290	1,309,290	1,015,367	293,923
Student and staff support	5,265,905	5,258,113	4,960,413	297,700
System administration	1,288,363	1,288,363	1,218,362	70,001
School administration	1,795,733	1,795,733	1,765,151	30,582
Transportation	1,676,294	1,682,774	1,346,362	336,412
Facilities maintenance	4,170,868	4,164,388	3,881,233	283,155
Debt service and other commitments	5,309,738	5,309,738	5,144,471	165,267
Adult education	194,558	194,558	123,617	70,941
Total Expenditures	<u>53,505,801</u>	<u>53,505,801</u>	<u>50,520,903</u>	<u>2,984,898</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources	(700,000)	(700,000)	2,022,665	2,722,665
Other Financing Sources				
Transfers from other funds			(291,633)	(291,633)
Excess (Deficiency) of Revenues Over Expenditures	(700,000)	(700,000)	1,731,032	2,431,032
Beginning Fund Balance Utilized	<u>700,000</u>	<u>700,000</u>	<u>1,348,587</u>	<u>648,587</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,079,619</u>	<u>\$ 3,079,619</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, 2021

	Private- Purpose Trusts
Assets	
Cash and cash equivalents	
Investments	\$ 217,976
Total Assets	<u>217,976</u>
Liabilities	
Accounts payable	500
Total Liabilities	<u>500</u>
Net Position	
Held in trust for other purposes	<u>\$ 217,476</u>

Statement of Changes in Fiduciary Net Position Fiduciary Funds

Year Ended June 30, 2021

	Private- Purpose Trusts
Additions	
Interest income and contributions	\$ 1,502
Total Additions	<u>1,502</u>
Deductions	
Scholarship distributions	<u>6,547</u>
Total Deductions	<u>6,547</u>
Change in Net Position	(5,045)
Net Position, Beginning of Year	<u>222,521</u>
Net Position, End of Year	<u><u>\$ 217,476</u></u>

Notes to Financial Statements

June 30, 2021

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, 2021

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.

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, 2021

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, 2021

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 \$1,635,479 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, 2021, is \$212,872, 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, 2021

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.

Recently Adopted Accounting Pronouncement

GASB Statement No. 84, Fiduciary Activities establishes standards of accounting and financial reporting for fiduciary activities. It was determined that the District's Student Activity funds did not meet the criteria to be reported as a fiduciary activity. Therefore, the District reclassified Student Activity funds totaling \$754,637 previously reported in an Agency fund and increased the beginning assets and fund balance in the District's donation/student activity fund and the beginning assets and net position in governmental activities by the above amount as a result of implementing GASB Statement No. 84.

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, 2021 are, as follows:

Notes to Financial Statements

June 30, 2021

NOTE 3 – LONG-TERM DEBT – CONTINUED

Year Ending June 30,	Bonds Payable	
	Principal	Interest
2022	\$ 3,600,166	\$ 1,873,235
2023	3,264,872	1,751,379
2024	3,603,906	1,619,410
2025	3,135,390	1,483,068
2026	3,089,325	1,354,728
2027 – 2031	14,434,053	4,978,065
2032 – 2036	10,921,921	1,925,842
2037 – 2041	5,887,723	655,468
2042 – 2043	1,660,000	39,176
Total	<u>\$49,597,356</u>	<u>\$15,680,371</u>

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 \$4,745,000 (17.79%) for the fiscal year 2021. 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 14.96% of their compensation. This amounted to approximately \$148,000 during the fiscal year 2021. 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, 2021, the amount of this contribution was approximately \$1,151,000.

Notes to Financial Statements

June 30, 2021

NOTE 4 – EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

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.

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, 2021 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, 2020 the estimated on-behalf OPEB subsidy for year ended June 30, 2021 was approximately \$112,000. 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.

Notes to Financial Statements

June 30, 2021

NOTE 4 – EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

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.

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, 2020 the estimated on-behalf OPEB subsidy for year ended June 30, 2021 was approximately \$357,000. 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, 2021. 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.

Notes to Financial Statements

June 30, 2021

NOTE 6 – FUND BALANCE

Restatement of Beginning Fund Balance

Beginning fund balance was adjusted as a result of implementation of GASB Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Beginning fund balance was increased by \$754,637, as a result of the implementation of this new accounting standard.

Fund balance at July 1, 2020 was restated, as follows:

	Other Governmental Funds
Fund balance, as previously reported	\$ 444,559
GASB No. 84	754,637
Fund balance, as restated	<u>\$ 1,199,196</u>

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, 2021, and our report thereon, dated March 31, 2022, 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 18 through 30 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.

Wipfli LLP

South Portland, Maine
March 31, 2022

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

Year Ended June 30, 2021

	ESSER I	CRF 1	CRF Adult Ed	CRF Daycare	CRF 2	ESSER III	Title IA	Title IIA	Title IVA	Local Entitlement	Local Entitlement Preschool	Subtotal
Revenues												
Federal education grants	\$ 47,829	\$ 2,120,346	\$ 8,575	\$ 59,160	\$ 2,216,442		\$ 111,930	\$ 61,407	\$ 20,147	\$ 555,559	\$ 9,567	\$ 5,210,962
State education grants												
Charges for services and other												
Total Revenues	47,829	2,120,346	8,575	59,160	2,216,442		111,930	61,407	20,147	555,559	9,567	5,210,962
Expenditures												
	47,829	2,120,670	8,575	59,160	2,216,442	\$ 24,260	111,930	61,407	20,147	607,704	9,567	5,287,691
Revenues Over (Under) Expenditures Before Other Financing Sources		(324)				(24,260)	-	-		(52,145)		(76,729)
Other Financing Sources												
Transfers from other funds												
Total Other Financing Sources												
Net Change in Fund Balance		(324)				(24,260)				(52,145)		(76,729)
Fund Balance, Beginning of Year - Restated												
Fund Balance, End of Year	\$ -	\$ (324)	\$ -	\$ -	\$ -	\$ (24,260)	\$ -	\$ -	\$ -	\$ (52,145)	\$ -	\$ (76,729)

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

Year Ended June 30, 2021

Revenues	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)	Student Activity Funds	Totals
Federal education grants			\$ 940,388							\$	\$ 6,151,350
State education grants			10,714								10,714
Charges for services and other			218,322	\$ 26,209	\$ 7,105		\$ 11,713		\$ 8,500	\$ 381,458	653,307
Total Revenues			<u>1,169,424</u>	<u>26,209</u>	<u>7,105</u>		<u>11,713</u>		<u>8,500</u>	<u>381,458</u>	<u>6,815,371</u>
Expenditures			<u>1,474,876</u>	<u>27,082</u>	<u>10,309</u>		<u>11,674</u>	<u>\$ 151,081</u>	<u>8,581</u>	<u>389,557</u>	<u>7,360,851</u>
Revenues Over (Under) Expenditures Before Other Financing Sources			<u>(305,452)</u>	<u>(873)</u>	<u>(3,204)</u>		<u>39</u>	<u>(151,081)</u>	<u>(81)</u>	<u>(8,099)</u>	<u>(545,480)</u>
Other Financing Sources											
Transfers from other funds			293,326								293,326
Total Other Financing Sources			<u>293,326</u>								<u>293,326</u>
Net Change in Fund Balance			<u>(12,126)</u>	<u>(873)</u>	<u>(3,204)</u>		<u>39</u>	<u>(151,081)</u>	<u>(81)</u>	<u>(8,099)</u>	<u>(252,154)</u>
Fund Balance, Beginning of Year - Restated	\$ 3,083	\$ 588	21,592	7,759	28,759	\$ 136,743	30,292	215,418	325	754,637	1,199,196
Fund Balance, End of Year	<u>\$ 3,083</u>	<u>\$ 588</u>	<u>\$ 9,466</u>	<u>\$ 6,886</u>	<u>\$ 25,555</u>	<u>\$ 136,743</u>	<u>\$ 30,331</u>	<u>\$ 64,337</u>	<u>\$ 244</u>	<u>\$ 746,538</u>	<u>\$ 947,042</u>

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

Year Ended June 30, 2021

	General School Improvements
Revenues	
Taxes	\$ 419,015
Interest earned	320
Total Revenues	<u>419,335</u>
Expenditures	
Capital improvements	1,223,672
Other	-
	<u>1,223,672</u>
Revenues Under Expenditures Before Other Financing Uses	(804,337)
Other Financing Uses:	
Transfers to other funds	(1,693)
Total Other Financing Uses	<u>(1,693)</u>
Net Change in Fund Balance	(806,030)
Fund Balance (Deficit), Beginning of Year	<u>294,166</u>
Fund Balance (Deficit), End of Year	<u>\$ (511,864)</u>

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

Year Ended June 30, 2021

	Beginning Balance	Additions	Deductions	Ending Balance
Private-Purpose Trust Funds:				
Shirley Grover Fund	\$ 1,084	\$ 7	\$ 9	\$ 1,082
Mary Campbell Pederson Fund	95,000	641	1,359	94,282
Edith Warga Art Scholarship	96,157	649	3,400	93,406
Packy McFarland Scholarship	195	1	1	195
Roy Nelson Scholarship	12	-	-	12
Daniel Tranchemontagne Scholarship	1,184	9	11	1,182
Virginia Jackson Scholarship	9,670	65	1,592	8,143
Evelyn Chaddon Scholarship	338	2	3	337
S. Dwight Howard Scholarship	2,460	16	22	2,454
Bertha Libby-Lary Scholarship	11,528	78	105	11,501
Kathy Pearson Scholarship	3,192	22	29	3,185
Academic Decathlon Scholarship	1,330	9	12	1,327
Class of 1976 Scholarship Fund	371	3	4	370
Total Private-Purpose Trust Funds	\$ 222,521	\$ 1,502	\$ 6,547	\$ 217,476

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Student Activity Funds

Year Ended June 30, 2021

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Scarborough High School	\$ 653,629	\$ 340,136	\$ 335,724	\$ 658,041
Scarborough Middle School	49,820	11,849	21,301	40,368
Wentworth Intermediate School	31,202	15,273	21,883	24,592
Eight Corners School	6,544	2,958	1,760	7,742
Blue Point School	5,741	3,509	2,185	7,065
Pleasant Hill School	<u>7,701</u>	<u>7,733</u>	<u>6,704</u>	<u>8,730</u>
Total Student Activity Funds	<u>\$ 754,637</u>	<u>\$ 381,458</u>	<u>\$ 389,557</u>	<u>\$ 746,538</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Student Activity Funds

Year Ended June 30, 2021

SCARBOROUGH HIGH SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Academic Decathlon	\$ 2,380	\$ -	\$ 224	\$ 2,156
Alternative Education	58			58
Art Club		400	226	174
Athletics	54,717	6,418	23,585	37,550
Athletics Concession	1,122	350		1,472
Athletics - Track & Field	2,500			2,500
Auditorium	484			484
Buddy System	698		245	453
Chorus	9,987	100	127	9,960
Civil Rights Team	456	5,980	6,138	298
Class of 2018	290		290	-
Class of 2020	16,210	3,431	15,959	3,682
Class of 2021	7,035	1,000	6,501	1,534
Class of 2022	1,634	3,610		5,244
Class of 2023	1,742	130	30	1,842
Class of 2024		6,582		6,582
Class of 2025		1,000		1,000
ECOS	1,623	100	126	1,597
Gay Straight Alliance	776			776
General Account	162	52,988	52,269	881
Grant Committee	4,185		500	3,685
Guidance	14,394	51,014	46,744	18,664
Hannaford Helps		7,375		7,375
Instructional Coach	121		48	73
Investment Income/bank fees	14,610	2,650	24	17,236
Key Club	3,722	3,044	1,657	5,109
Laptop Fees	1,590	140		1,730
Library	1,636	20	119	1,537
Mindfulness Project	44			44
Model UN	3,825		576	3,249
National Honor Society (NHS)	631	1,020	1,325	326
Natural Helpers	461			461
Oak Hill Players	45,987	6,926	3,884	49,029
One Act Play	5,057	100	552	4,605
Parents - Class of 2021		2,076	2,065	11
Project G.R.A.C.E.	63			63
Robotics Club	1,433	872		2,305
SAAF Fund	803	814	280	1,337
Scholarships	18,046	29,856	6,000	41,902
School Store	5,542	1,100	3,231	3,411
Seeds of Peace	1,319			1,319
Shakespeare	439		423	16

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Student Activity Funds - Continued

Year Ended June 30, 2021

SCARBOROUGH HIGH SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
SHS Band Boosters	1,256	860	732	1,384
SHS Baseball Boosters	8,400	15,754	13,067	11,087
SHS Basketball Boosters	70,320	13,584	11,529	72,375
SHS Boys Ice Hockey Boosters	36,237	3,527	9,087	30,677
SHS Boys Lacrosse Boosters	16,363	22,638	22,352	16,649
SHS Boys Tennis Boosters	2,037		468	1,569
SHS Cheering Boosters	8,191	9,900	6,465	11,626
SHS Cheering Invitational	8,463		3,005	5,458
SHS Field Hockey Boosters	8,139	1,584	4,411	5,312
SHS Football Boosters	15,662	11,336	12,787	14,211
SHS Girls Ice Hockey Boosters	31,504		8,416	23,088
SHS Girls Lacrosse Boosters	26,056	8,665	14,710	20,011
SHS Girls Tennis Boosters	1,205	3,797	3,830	1,172
SHS Golf Boosters	569			569
SHS Ski Team Boosters	15,353			15,353
SHS Soccer Boosters	10,936	13,350	17,810	6,476
SHS Softball Boosters	10,169	7,217	7,072	10,314
SHS Swim Team Boosters	58,186	120	2,852	55,454
SHS Track & XC Boosters	17,609	16,831	15,613	18,827
SHS Unified Sports Boosters		2,000	63	1,937
SHS Volleyball Boosters	8,991	3,713	3,010	9,694
SHS Wrestling Boosters	1,333	1,870	1,400	1,803
Storm for a Cure	652		300	352
Student Council	1,232		625	607
Study Center	61,263	6,159		67,422
Sunshine Fund	395			395
Video Productions	146			146
World Language		1		1
Yearbook	8,200	8,134	2,972	13,362
Unassigned Retained Earnings	(1,020)			(1,020)
	<u>\$ 653,629</u>	<u>\$ 340,136</u>	<u>\$ 335,724</u>	<u>\$ 658,041</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Student Activity Funds

Year Ended June 30, 2021

SCARBOROUGH MIDDLE SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
8th Grade Celebration	\$ 352	\$ -	\$ -	\$ 352
Athletics	302	560		862
Band & Music	85			85
Box Tops/Soup Labels	540	96		636
Builder's Club	844			844
Class of 2024	7,610		7,610	-
Class of 2025	7,679		3,861	3,818
Class of 2026	3,916	1,200	1,392	3,724
Class of 2027		1,000	1,000	-
Clynk 6th Grade	708			708
Clynk 7th Grade	249		1	248
Clynk 8th Grade	1,248	99		1,347
Encore	73			73
General Fund	138	4,804	3,069	1,873
Grants & Donations	1,682	200	1,882	-
Health II	217		111	106
Laptops	796		1	795
Library	6,984		570	6,414
Lost Books	334	56	32	358
Math Team	164			164
Operation Cupid	343			343
Project G.R.A.C.E.	202			202
Read-a-thon	10			10
School Store	1,070			1,070
Student Advocacy	381		199	182
Student Council	1,112		489	623
Sunshine Fund	348	605	715	238
Theater Team	3,473	705	251	3,927
Wellness	2,144			2,144
Yearbook	6,816	2,524	118	9,222
	<u>\$ 49,820</u>	<u>\$ 11,849</u>	<u>\$ 21,301</u>	<u>\$ 40,368</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance Student Activity Funds

Year Ended June 30, 2021

WENTWORTH INTERMEDIATE SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Change for Change	\$ -	\$ 1,677	\$ 1,677	\$ -
Clynk Schoolwide		59		59
COVID Donations		1,000		1,000
3rd Grade Field Trip	875			875
4th Grade Field Trip		2,100		2,100
Garden - Stuart	7,402	3,264	8,773	1,893
General	11,960	3,128	5,848	9,240
Laptops	510			510
Library	3,850	53	194	3,709
Music	21			21
Sunshine Fund	346	737	595	488
Wentworth K-Kids	479	130	460	149
Wolf Den School Store	893			893
Yearbooks	1,183	3,125	4,336	(28)
Unassigned Credit	3,683			3,683
	<u>\$31,202</u>	<u>\$ 15,273</u>	<u>\$ 21,883</u>	<u>\$ 24,592</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Student Activity Funds

Year Ended June 30, 2021

EIGHT CORNERS SCHOOL

Beginning Balance	<u>\$ 6,544</u>
Receipts:	
Donations	370
Library	9
Miscellaneous	2,394
Sunshine Fund	185
Total Receipts	<u>2,958</u>
Disbursements:	
Library	35
Miscellaneous	1,540
Sunshine Fund	185
Total Disbursements	<u>1,760</u>
Ending Balance	<u><u>\$ 7,742</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Student Activity Funds

Year Ended June 30, 2021

BLUE POINT SCHOOL

Beginning Balance	<u>\$ 5,741</u>
Receipts:	
General	3,445
Library	<u>64</u>
Total Receipts	<u>3,509</u>
Disbursements:	
General	1,245
PTA	450
Yearbook	<u>490</u>
Total Disbursements	<u>2,185</u>
Ending Balance	<u><u>\$ 7,065</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Student Activity Funds

Year Ended June 30, 2021

PLEASANT HILL SCHOOL

Beginning Balance	\$	7,701
Receipts:		
Clynk Bottle Drives		1,022
General		4,926
Library		151
Student Support		350
Wellness		1,284
Total Receipts		7,733
Disbursements:		
Clynk Bottle Drives		2,917
General		2,258
Library		999
Wellness		530
Total Disbursements		6,704
Ending Balance	\$	8,730

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

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	\$ 111,930
Special Education Cluster			
Special Education - Grants to States	84.027	013-3046	607,704
Special Education - Preschool Grants	84.173	013-6247	9,567
Total Special Education Cluster			617,271
Elementary and Secondary School Emergency Relief Fund			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	47,829
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	24,260
Total Elementary and Secondary School Emergency Relief Fund			72,089
Improving Teacher Quality State Grants	84.367	013-3042	61,407
Student Support and Academic Enrichment Program	84.424	013-3345	20,147
Total U.S. Department of Education			882,844
U.S. Department of Agriculture			
<u>Pass-Through State of Maine Department of Education</u>			
Child Nutrition Cluster			
COVID-19 Summer Food Service Program for Children	10.559	013-3018	62,520
COVID-19 Summer Food Service Program for Children	10.559	013-3016	606,901
Total Child Nutrition Cluster			669,421
Food Distribution Cluster			
Commodity Supplemental Food Program	10.565	13-6134	44,911
Total Food Distribution Cluster			44,911
Total U.S. Department of Agriculture			714,332
U.S. Department of the Treasury			
<u>Pass-Through State of Maine Department of Education</u>			
COVID-19 - Coronavirus Relief Fund	21.019	022-7010	2,120,670
COVID-19 - Coronavirus Relief Fund	21.019	022-7011	8,575
COVID-19 - Coronavirus Relief Fund	21.019	022-7015	2,216,442
COVID-19 - Coronavirus Relief Fund	21.019	N/A	59,160
Total U.S. Department of the Treasury			4,404,847
Total Expenditures of Federal Awards			\$ 6,002,023