



**TOWN OF SCARBOROUGH, MAINE**

**INDEPENDENT AUDITORS' REPORTS REQUIRED BY TITLE 2 U.S. CODE OF  
FEDERAL REGULATIONS PART 200, UNIFORM ADMINISTRATIVE  
REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL  
AWARDS (UNIFORM GUIDANCE) AND GOVERNMENT AUDITING STANDARDS**

**FOR THE YEAR ENDED JUNE 30, 2025**

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**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Town Council of  
**Town of Scarborough, Maine**

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Scarborough, Maine (the "Entity"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements, and have issued our report thereon dated December 17, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

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

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

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Entity's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of This Report***

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

***CBIZ CPAs P.C.***

Providence, RI  
December 17, 2025

**Independent Auditors' Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance**

To the Honorable Members of the Town Council of  
**Town of Scarborough, Maine**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Town of Scarborough, Maine's (the "Entity") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Entity's major federal programs for the year ended June 30, 2025. The Entity's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Entity complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the Entity and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Entity's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Entity's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Entity's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Entity's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Entity's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

#### ***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Scarborough, Maine as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Town of Scarborough, Maine's basic financial statements. We issued our report thereon dated December 17, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole

*CBIZ CPAs P.C.*

Providence, RI  
February 23, 2026 except for the schedule of expenditures  
of federal awards, for which the date is December 17, 2025

**TOWN OF SCARBOROUGH, MAINE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures Incurred</u>
<b><i>U.S. Department of Education</i></b>				
Passed through the State of Maine Department of Education:				
Title I Grants to Local Education Agencies	84.010A	013-3107	\$ --	\$ 170,172
Special Education Cluster:				
Special Education - Grants to States	84.027A	013-3046	--	865,369
Special Education - Preschool Grants	84.173A	013-6247	--	13,192
<b><i>Total Special Education Cluster</i></b>			--	878,561
Elementary and Secondary School Emergency Relief Fund:				
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	025-7071	--	22,983
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	025-7073	--	40,983
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	025-7082	--	17,309
<b><i>Total Elementary and Secondary School Emergency Relief Fund</i></b>			--	81,275
English Language Acquisition Grant	84.365A	013-3115	--	11,592
Supporting Effective Instruction State Grants	84.367A	013-3042	--	9,480
<b><i>Total U.S. Department of Education</i></b>			--	1,151,080
<b><i>U.S. Department of Agriculture</i></b>				
Passed through the State of Maine Department of Education:				
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559	013-3016	--	4,792
School Breakfast Program	10.553	013-3014	--	89,092
National School Lunch Program	10.555	013-3022	--	278,024
<b><i>Total Child Nutrition Cluster</i></b>			--	371,908
Food Distribution Cluster:				
Commodity Supplemental Food Program	10.565	013-6134	--	174,368
<b><i>Total Food Distribution Cluster</i></b>			--	174,368
Other Programs:				
Local Foods for Schools Cooperative Agreement	10.185	013-6671	--	3,373
<b><i>Total U.S. Department of Agriculture</i></b>			--	549,649
<b><i>U.S. Department of Treasury</i></b>				
Direct Program				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	--	316,586
Passed through the Maine Department of Environmental Protection				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	--	2,700
<b><i>Total U.S. Department of Treasury</i></b>			--	319,286

*See notes to schedule of expenditures of federal awards.*

**TOWN OF SCARBOROUGH, MAINE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures Incurred
<b><i>U.S. Department of Justice</i></b>				
Passed through Drug Enforcement Agency Equitable Sharing Program	16.922	N/A	\$ --	\$ 35,259
Direct Program				
Bullet Proof Vests	16.607	N/A	--	4,127
Comprehensive Opioid, Stimulant, and Substance Abuse Site-based Program	16.838	N/A	--	92,401
<b><i>Total U.S. Department of Justice</i></b>			<u>--</u>	<u>131,787</u>
<b><i>U.S. Department of Transportation</i></b>				
Passed through the State of Maine Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	N/A	--	44,242
<b><i>Total Highway Safety Cluster</i></b>			<u>--</u>	<u>44,242</u>
Passed through the State of Maine Department of Transportation Highway Planning and Construction	20.205	CSN 33838	--	36,333
Highway Planning and Construction	20.205	CSN 35946	--	98,577
<b><i>Total U.S. Department of Transportation</i></b>			<u>--</u>	<u>179,152</u>
<b><i>U.S. Department of Health and Human Services</i></b>				
Passed through the State of Maine Department of Education Preschool Development Grant	93.434	013-1819	--	160,292
<b><i>Total U.S. Department of Health and Human Services</i></b>			<u>--</u>	<u>160,292</u>
<b><i>U.S. Department of Homeland Security</i></b>				
Passed through Federal Emergency Management Agency Homeland Security Grant Program	97.067	N/A	--	2,758
Assistance to Firefighters Grant	97.044	N/A	--	10,673
Hazard Mitigation Grant- Federal Disaster Declaration	97.039	N/A	--	920,624
<b><i>Total U.S. Department of Homeland Security</i></b>			<u>--</u>	<u>934,055</u>
<b><i>Executive Office of the President</i></b>				
Passed through Office of National Drug Control Policy High Intensity Drug Trafficking Area Grant Program	95.001	N/A	4,859,145	5,114,126
<b><i>Total Executive Office of the President</i></b>			<u>4,859,145</u>	<u>5,114,126</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<u>\$ 4,859,145</u>	<u>\$ 8,539,427</u>

*See notes to schedule of expenditures of federal awards.*

**TOWN OF SCARBOROUGH, MAINE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of the Town of Scarborough, Maine under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Town of Scarborough, Maine, it is not intended to and does not present the financial position, changes in net position/fund balance, or cash flows of the Town of Scarborough.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 – SCHOOL LUNCH COMMODITIES**

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the cost of commodities provided to the School Lunch Program. The total federal share of these commodities and donations was \$174,368 for the year ended June 30, 2025. The amounts have been included in the schedule of expenditures of federal awards under Assistance Listing Number 10.565.

**NOTE 4 – INDIRECT COST RATE**

Town of Scarborough, Maine has elected not to use the 10-percent de Minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

**TOWN OF SCARBOROUGH, MAINE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP:

*Unmodified Opinions*

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency(ies) identified not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None Reported

Non-compliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal control over major federal award programs:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency(ies) identified not considered to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

Type of auditors’ report issued on compliance for major federal award programs:

*Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes   X   No

Identification of Major Federal Programs:

Assistance Listing Number

Name of Federal Program or Cluster

84.027/84.173

Special Education Cluster

95.001

High Intensity Drug Trafficking Area Grant Program

97.039

Hazard Mitigation Grant - Federal Disaster Declaration

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low risk auditee? \_\_\_\_\_ Yes   X   No

**TOWN OF SCARBOROUGH, MAINE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**CURRENT YEAR FINDINGS:**

None reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**CURRENT YEAR FINDINGS:**

None reported.

**TOWN OF SCARBOROUGH, MAINE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**PRIOR YEAR FINDINGS:**

None reported

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**PRIOR YEAR FINDINGS:**

None reported