

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**

**Financial Statements**

**For the Year Ended June 30, 2021**

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

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## Independent Auditor's Report

School Board  
Town of Cape Elizabeth School Department  
Town of Town of Cape Elizabeth, Maine

### **Report on the Financial Statements**

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Town of Cape Elizabeth School Department 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Town of Cape Elizabeth School Department as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the School General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in the notes to the financial statements, in 2021, the Town of Cape Elizabeth adopted new accounting guidance, GASBS No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***Emphasis of Matter***

As discussed in the notes to the financial statements, the financial statements of the Town of Cape Elizabeth School Department are intended to present the financial position and the changes in financial position of only that portion of each major fund, and the aggregate remaining fund information of the Town of Cape Elizabeth, Maine that is attributable to the transactions of the Town of Cape Elizabeth School Department. They do not purport to, and do not present fairly the financial position of the Town of Cape Elizabeth, 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 of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022 on our consideration of the Town of Cape Elizabeth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Town of Cape Elizabeth, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cape Elizabeth, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remya Kristen Ouellette". The signature is written in a cursive, flowing style.

January 28, 2022  
South Portland, Maine

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Amounts held by Town	\$ 4,700,278	-	4,700,278
Cash and cash equivalents	-	203,416	203,416
Accounts receivable	510	-	510
Due from other governments	-	348,360	348,360
Prepaid expenditures	41,463	-	41,463
Inventory	-	25,128	25,128
Interfund loans receivable	734,430	25,000	759,430
<b>Total assets</b>	<b>5,476,681</b>	<b>601,904</b>	<b>6,078,585</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	169,740	17,575	187,315
Accrued wages and benefits	2,787,542	5,489	2,793,031
Unearned revenues	-	42,613	42,613
Interfund loans payable	-	759,430	759,430
<b>Total liabilities</b>	<b>2,957,282</b>	<b>825,107</b>	<b>3,782,389</b>
Fund balances:			
Nonspendable	41,463	-	41,463
Restricted	-	219,856	219,856
Committed	-	117,324	117,324
Assigned	740,000	-	740,000
Unassigned	1,737,936	(560,383)	1,177,553
<b>Total fund balances (deficits)</b>	<b>2,519,399</b>	<b>(223,203)</b>	<b>2,296,196</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,476,681</b>	<b>601,904</b>	<b>6,078,585</b>

*See accompanying notes to financial statements.*

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2021**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Local assessments	\$ 26,271,063	-	26,271,063
Intergovernmental	4,464,227	2,903,226	7,367,453
Charges for services	40,275	32,912	73,187
Local grants and contributions	-	166,743	166,743
Other revenues	94,667	61,830	156,497
Total revenues	30,870,232	3,164,711	34,034,943
Expenditures:			
Current:			
Regular instruction	13,565,041	-	13,565,041
Special education instruction	3,499,888	-	3,499,888
Other instruction	713,563	-	713,563
Student and staff support	2,781,137	-	2,781,137
System administration	813,281	-	813,281
School administration	1,268,414	-	1,268,414
Transportation	723,321	-	723,321
Facilities maintenance	3,217,343	-	3,217,343
MEPERS on-behalf payments	2,727,942	-	2,727,942
School lunch	-	703,823	703,823
Other program expenditures	-	2,902,347	2,902,347
Capital outlay	-	155,629	155,629
Debt service	454,800	-	454,800
Total expenditures	29,764,730	3,761,799	33,526,529
Excess (deficiency) of revenues over (under) expenditures	1,105,502	(597,088)	508,414
Other financing sources (uses):			
Proceeds from note payable	-	79,930	79,930
Proceeds from financed purchases	-	100,379	100,379
Transfers from Town	-	10,000	10,000
Transfer to Town	-	(274,915)	(274,915)
Interfund transfers	(127,500)	127,500	-
Total other financing sources (uses)	(127,500)	42,894	(84,606)
Net change in fund balances	978,002	(554,194)	423,808
Fund balances, beginning of year, restated	1,541,397	330,991	1,872,388
<b>Fund balances (deficits), end of year</b>	<b>\$ 2,519,399</b>	<b>(223,203)</b>	<b>2,296,196</b>

*See accompanying notes to financial statements.*

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budget and Actual - Budgetary Basis**  
**General Fund**

**For the year ended June 30, 2021**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with budget positive (negative)</b>
Revenues:				
Local assessments	\$ 26,271,063	26,271,063	26,271,063	-
Intergovernmental	1,748,449	1,748,449	1,736,285	(12,164)
Charges for services	66,000	66,000	40,275	(25,725)
Other revenue	4,500	4,500	94,667	90,167
<b>Total revenues</b>	<b>28,090,012</b>	<b>28,090,012</b>	<b>28,142,290</b>	<b>52,278</b>
Expenditures:				
Current:				
Regular instruction	13,637,620	13,637,620	13,565,041	72,579
Special education instruction	3,830,113	3,830,113	3,499,888	330,225
Other instruction	993,516	993,516	713,563	279,953
Student and staff support	3,186,968	3,186,968	2,781,137	405,831
System administration	815,328	815,328	813,281	2,047
School administration	1,275,047	1,275,047	1,268,414	6,633
Transportation	891,624	891,624	723,321	168,303
Facilities maintenance	3,284,496	3,284,496	3,217,343	67,153
Debt service	454,800	454,800	454,800	-
<b>Total expenditures</b>	<b>28,369,512</b>	<b>28,369,512</b>	<b>27,036,788</b>	<b>1,332,724</b>
Excess (deficiency) of revenues over (under) expenditures	(279,500)	(279,500)	1,105,502	1,385,002
Other financing sources (uses):				
Utilization of fund balance	400,000	400,000	-	(400,000)
Transfers out	(120,500)	(120,500)	(127,500)	(7,000)
<b>Total other financing sources (uses)</b>	<b>279,500</b>	<b>279,500</b>	<b>(127,500)</b>	<b>(407,000)</b>
Net change in fund balance	-	-	978,002	978,002
Fund balance, beginning of year			1,541,397	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>2,519,399</b>	

*See accompanying notes to financial statements.*



**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

		Private-purpose Trust Funds Scholarship Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$	97,176
<b>Total assets</b>		<b>97,176</b>
<b>LIABILITIES</b>		
Accounts payable		-
<b>Total liabilities</b>		<b>-</b>
<b>NET POSITION</b>		
Held in trust	\$	<b>97,176</b>

*See accompanying notes to financial statements.*

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2021**

		Private-purpose Trust Funds
		Scholarship Funds
Additions:		
Donations	\$	9,950
Interest income		829
Total additions		10,779
Deductions:		
Scholarships and other		13,450
Total deductions		13,450
Change in net position		(2,671)
Net position, beginning of year		99,847
<b>Net position, end of year</b>	<b>\$</b>	<b>97,176</b>

*See accompanying notes to financial statements.*

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Notes to Financial Statements**

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**THE REPORTING ENTITY**

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The Town of Cape Elizabeth School Department operates as a department of the Town of Cape Elizabeth, Maine, the financial statements of which have been issued in a separate report dated January 28, 2022 for the year ended June 30, 2021.

The accompanying fund 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 of Cape Elizabeth, Maine in conformity with accounting principles generally accepted in the United States of America. Certain disclosures relevant to both the Town of Cape Elizabeth, Maine and the Town of Cape Elizabeth School Department are omitted herein and have been disclosed in the Town's basic financial statements. Additionally, all capital assets and long-term liabilities are reflected only in the Town of Cape Elizabeth, Maine's basic financial statements. This would include debt entered into by the Town for the benefit of the School Department, any financed purchases currently outstanding, the net pension liability and related deferred inflows and outflows of resources, and other post-employment benefit liabilities.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of Town of Cape Elizabeth School Department conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies:

**A. Basis of Presentation**

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

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

**B. Fund Accounting**

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

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**Governmental Funds:**

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

The following is the School Department's major governmental fund:

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

**Fiduciary Fund:**

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 custodial funds. The School Department's private-purpose trust funds account for amounts donated for student scholarships.

**C. Measurement Focus**

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

The private-purpose trust funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

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

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**1. Revenues - Exchange and Non-exchange Transactions:**

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

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

**2. Expenses/Expenditures:**

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

**Cash and Investments** - Cash and cash equivalents are considered to be cash on hand, demand deposits and time deposits.

**Interfund Transactions** - During the course of normal operations, the School Department has several transactions between funds including expenditures and transfers of resources to provide services. These transactions are reported as transfers. Transactions between funds which represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans receivable or payable.

**Inventory** - Food services inventory is valued at cost on the first-in, first-out basis. Inventory includes the value of the U. S. Department of Agriculture commodities donated to the Food Services Program.

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**Capital Assets** - Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position in the Town of Cape Elizabeth, Maine's basic financial statements but are not reported in the fund financial statements.

**Compensated Absences** - Under the terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. All vacation and sick time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Accrued Liabilities and Long-term Obligations** - All payables, accrued liabilities, and long-term obligations are reported in the Town's government-wide financial statements. In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. The financed purchases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**Fund Equity** - Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the School Department is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the School Department imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the School Department's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

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

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

**Use of Estimates** - Preparation of the School Department's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

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**BUDGETARY VS GAAP BASIS OF ACCOUNTING**

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As required by generally accepted accounting principles (GAAP), the School Department has recorded a revenue and an expenditure for Maine Public Employees Retirement contributions made by the State of Maine on-behalf of the School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under accounting principles generally accepted in the United States of America of \$2,727,942 on Statement 2. These amounts have been included as an intergovernmental revenue and as a retirement expenditure in the General Fund on Statement 2 (GAAP basis). There is no effect on the fund balance at the end of the year.

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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The School Department prepares a budget based on the 11 budget categories required by the Maine Department of Education. The budget goes to a public referendum and is passed either in part or in whole; and those parts that do not pass are resubmitted to public vote. Once all categories of the School Department budget pass the public vote, it is adopted by School Board vote and incorporated in the Town's budget. Hearings are held to obtain public comments on the Town's budget. The budget is legally enacted by a council order for the total Town and the total School appropriation.

As of June 30, 2021, the following funds had deficit fund balances:

School lunch	\$ 488,553
School capital projects	21,418
Grants and other programs:	
Local entitlement	7,624
Preschool	13
ESSERF #3	35,683
MLTI grant	5,640
C.E. education foundation	1,452

These deficits will be funded by future revenues or transfers from the general fund.

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**CASH DEPOSITS**

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*Custodial Credit Risk-Town Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the School Department's deposits may not be returned to it. The School Department does have a deposit policy for custodial credit risk that requires that the FDIC insure the deposit of funds in institutions. Any funds deposited above the \$250,000 insurance limit must be collateralized by the financial institution, or the excess funds be placed with other financial institutions. As of June 30, 2021, none of the School Department's cash balances were exposed to custodial risk as all balances were covered by FDIC.

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**INTERFUND BALANCES**

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As of June 30, 2021, the balances of interfund loans receivables, payables, and transfers were as follows:

	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in (out)</u>
<b>General Fund</b>	<b>\$ 734,430</b>	<b>-</b>	<b>(127,500)</b>
<b>Nonmajor governmental funds:</b>			
<b>Special revenue funds:</b>			
Grants and other programs	-	238,467	7,000
School lunch	-	499,545	105,500
<b>Capital project funds:</b>			
School capital projects	-	21,418	-
Turf field	25,000	-	15,000
<b>Total nonmajor governmental funds</b>	<b>25,000</b>	<b>759,430</b>	<b>127,500</b>
<b>Totals</b>	<b>\$ 759,430</b>	<b>759,430</b>	<b>-</b>

In addition to the above transfers, the School Department had transfers between the Town's funds and the School Department.

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**RISK MANAGEMENT**

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The School Department is exposed to various risks of loss related to tort, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the School Department either carries commercial insurance, or participates in public entity risk pools. Currently, the School Department participates in a public entity risk pool sponsored by the Maine School Management Association.

Based on the coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the School Department is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2021.



**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**FUND BALANCE**

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As of June 30, 2021, fund balance components consisted of the following:

	<u>General Fund</u>	<u>Nonmajor Funds</u>
Nonspendable:		
Prepaid expenditures	\$ 41,463	-
Restricted:		
Grants and other programs	-	16,440
Student activities	-	203,416
Committed:		
Grants and other programs	-	92,324
Turf field capital project	-	25,000
Assigned:		
Subsequent year's budget	740,000	-
Unassigned:		
School department general fund	1,737,936	-
Grants and other programs	-	(50,412)
School lunch	-	(488,553)
School capital projects	-	(21,418)
<b>Totals</b>	<b>\$ 2,519,399</b>	<b>(223,203)</b>

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**PRIOR PERIOD ADJUSTMENTS AND NEW PRONOUNCEMENT**

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For the fiscal year ended June 30, 2021, the Town has elected to implement Statement No. 84 of the Government Accounting Standards Board – *Fiduciary Activities*. As a result of implementing GASB Statement No. 84, the School Unit has restated beginning net position of the governmental activities and beginning fund balance in the nonmajor governmental funds to account for certain activities that were previously reported as fiduciary funds. Net position and fund balance were increased as of July 1, 2020 by \$227,444 related to student activity funds.

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2021**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Amounts held by Town	\$ 4,700,278	4,390,874
Accounts receivable	510	21,332
Prepaid expenditures	41,463	-
Interfund loan receivable	734,430	-
<b>Total assets</b>	<b>5,476,681</b>	<b>4,412,206</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	169,740	77,493
Accrued wages and benefits	2,787,542	2,760,357
Interfund loan payables	-	32,959
<b>Total liabilities</b>	<b>2,957,282</b>	<b>2,870,809</b>
Fund balance:		
Nonspendable	41,463	-
Assigned for subsequent budget	740,000	400,000
Unassigned	1,737,936	1,141,397
<b>Total fund balance</b>	<b>2,519,399</b>	<b>1,541,397</b>
<b>Total liabilities and fund balance</b>	<b>\$ 5,476,681</b>	<b>4,412,206</b>

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis**  
**For the year ended June 30, 2021**

	2021		Variance positive (negative)	2020 Actual
	Adjusted budget	Actual		
Revenues:				
Local assessment	\$ 26,271,063	26,271,063	-	25,091,933
Intergovernmental revenue:				
State education subsidy	1,734,364	1,731,960	(2,404)	1,773,718
State agency clients	6,000	-	(6,000)	3,916
Other state funds	8,085	4,325	(3,760)	9,357
Total intergovernmental revenue	1,748,449	1,736,285	(12,164)	1,786,991
Charges for services:				
Activity fees	64,000	39,730	(24,270)	57,875
Rental income	2,000	545	(1,455)	-
Total charges for services	66,000	40,275	(25,725)	57,875
Other:				
Miscellaneous	4,500	94,667	90,167	19,190
Total other	4,500	94,667	90,167	19,190
Total revenues	28,090,012	28,142,290	52,278	26,955,989

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual -Budgetary Basis, Continued**

	2021			2020 Actual
	Adjusted budget	Actual	Variance positive (negative)	
Expenditures:				
Current:				
Regular instruction	\$ 13,637,620	13,565,041	72,579	12,572,241
Special education instruction	3,830,113	3,499,888	330,225	3,393,677
Other instruction	993,516	713,563	279,953	788,120
Student and staff support	3,186,968	2,781,137	405,831	2,684,162
System administration	815,328	813,281	2,047	720,984
School administration	1,275,047	1,268,414	6,633	1,168,189
Transportation	891,624	723,321	168,303	738,959
Facilities maintenance	3,284,496	3,217,343	67,153	3,030,652
Other	-	-	-	5,843
Debt service	454,800	454,800	-	470,200
Total expenditures	28,369,512	27,036,788	1,332,724	25,573,027
Excess (deficiency) of revenues over (under) expenditures	(279,500)	1,105,502	1,385,002	1,382,962
Other financing sources (uses):				
Utilization of fund balance	400,000	-	(400,000)	-
Transfer to Athletic Equipment Replacement	-	(7,000)	-	-
Transfer to Turf Field Fund (budgeted in facilities maintenance)	(15,000)	(15,000)	-	(10,000)
Transfer to School Lunch Fund (budgeted in other)	(105,500)	(105,500)	-	(64,538)
Total other financing sources (uses)	279,500	(127,500)	(400,000)	(74,538)
Net change in fund balance - budgetary basis	-	978,002	985,002	1,308,424
Reconciliation to GAAP basis:				
Less: prior year encumbrances		-		(5,841)
Net change in fund balance - GAAP basis		978,002		1,302,583
Fund balance, beginning of year - GAAP basis		1,541,397		238,814
<b>Fund balance, end of year - GAAP basis</b>	<b>\$</b>	<b>2,519,399</b>		<b>1,541,397</b>

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2021**

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Grants and Other Programs	Student Activities	School Lunch	School Capital Projects	Turf Field	
ASSETS						
Cash and cash equivalents	\$ -	203,416	-	-	-	203,416
Due from other governments	317,255	-	31,105	-	-	348,360
Inventory	-	-	25,128	-	-	25,128
Interfund loans receivable	-	-	-	-	25,000	25,000
Total assets	317,255	203,416	56,233	-	25,000	601,904
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	14,947	-	2,628	-	-	17,575
Accrued wages and benefits	5,489	-	-	-	-	5,489
Unearned revenues	-	-	42,613	-	-	42,613
Interfund loans payable	238,467	-	499,545	21,418	-	759,430
Total liabilities	258,903	-	544,786	21,418	-	825,107
Fund balances (deficits):						
Restricted	16,440	203,416	-	-	-	219,856
Committed	92,324	-	-	-	25,000	117,324
Unassigned	(50,412)	-	(488,553)	(21,418)	-	(560,383)
Total fund balances (deficits)	58,352	203,416	(488,553)	(21,418)	25,000	(223,203)
Total liabilities and fund balances	\$ 317,255	203,416	56,233	-	25,000	601,904

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2021**

	<b>Special Revenue Funds</b>			<b>Capital Project Funds</b>		<b>Total</b>
	<b>Grants and Other Programs</b>	<b>Student Activities</b>	<b>School Lunch</b>	<b>School Capital Projects</b>	<b>Turf Field</b>	<b>Nonmajor Government Funds</b>
Revenues:						
Intergovernmental	\$ 2,643,281	-	259,945	-	-	2,903,226
Charges for services	4,406	-	28,506	-	-	32,912
Local grants and contributions	6,240	155,003	5,500	-	-	166,743
Other revenue	-	-	61,830	-	-	61,830
Total revenues	2,653,927	155,003	355,781	-	-	3,164,711
Expenditures:						
Current:						
School lunch	-	-	703,823	-	-	703,823
Other programs	2,723,316	179,031	-	-	-	2,902,347
Capital outlay	-	-	-	155,629	-	155,629
Total expenditures	2,723,316	179,031	703,823	155,629	-	3,761,799
Excess (deficiency) of revenues over (under) expenditures	(69,389)	(24,028)	(348,042)	(155,629)	-	(597,088)
Other financing sources (uses):						
Proceeds from note payable	-	-	-	79,930	-	79,930
Proceeds from financed purchases	-	-	-	100,379	-	100,379
Transfer from Town	-	-	-	-	10,000	10,000
Transfers in	7,000	-	105,500	-	15,000	127,500
Transfer to Town	-	-	-	-	(274,915)	(274,915)
Total other financing sources (uses)	7,000	-	105,500	180,309	(249,915)	42,894
Net change in fund balances	(62,389)	(24,028)	(242,542)	24,680	(249,915)	(554,194)
Fund balances (deficit), beginning of year, restated	120,741	227,444	(246,011)	(46,098)	274,915	330,991
<b>Fund balances (deficit), end of year</b>	<b>\$ 58,352</b>	<b>203,416</b>	<b>(488,553)</b>	<b>(21,418)</b>	<b>25,000</b>	<b>(223,203)</b>

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Special Revenue Funds - Grants and Other Programs**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2021**

		<b>Balances (deficits) beginning of year</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Transfers</b>	<b>Balances (deficits) end of year</b>
<b>State and Federal Programs:</b>						
Title IA disadvantaged	\$	3,656	29,773	29,773	-	3,656
Title IIA supporting effective education		4,340	32,569	32,569	-	4,340
Local entitlement		(290)	202,694	210,028	-	(7,624)
Preschool		-	1,286	1,299	-	(13)
ESSERF #3		-	-	35,683	-	(35,683)
ESSERF #2		-	95,510	95,510	-	-
ESSERF #1		-	23,099	23,099	-	-
Coronavirus relief funds #1		-	1,052,760	1,052,760	-	-
Coronavirus relief funds #2		-	1,148,299	1,148,299	-	-
Coronavirus relief funds - day program		-	57,291	57,291	-	-
MLTI grant		5,968	-	11,608	-	(5,640)
<b>Total state and federal programs</b>		<b>13,674</b>	<b>2,643,281</b>	<b>2,697,919</b>	<b>-</b>	<b>(40,964)</b>
<b>Other programs:</b>						
Athletic equipment replacement		16,800	-	-	7,000	23,800
C.E. education foundation		2,408	4,537	8,397	-	(1,452)
Cape olympians		1,467	-	-	-	1,467
Dale Huff grant		500	-	-	-	500
Easement funds		2,274	-	-	-	2,274
Ecomaine art		165	-	-	-	165
Flow through grant		(110)	203	-	-	93
H1N1 grant		4,887	-	4,887	-	-
HS greenhouse fund		1,590	-	-	-	1,590
Computer maintenance		22,092	4,406	10,506	-	15,992
MS agriculture in classroom		1,095	-	-	-	1,095
Outdoor learning grant		-	1,500	1,500	-	-
MSPA maker space		481	-	-	-	481
School gate receipts - athletics		47,531	-	-	-	47,531
Special ed workshop		3,704	-	107	-	3,597
Turf field rental		1,404	-	-	-	1,404
Wellness grant		779	-	-	-	779
<b>Total other programs</b>		<b>107,067</b>	<b>10,646</b>	<b>25,397</b>	<b>7,000</b>	<b>99,316</b>
<b>Total</b>	<b>\$</b>	<b>120,741</b>	<b>2,653,927</b>	<b>2,723,316</b>	<b>7,000</b>	<b>58,352</b>