

**TOWN OF CAPE ELIZABETH, MAINE SCHOOL DEPARTMENT**

**Financial Statements**

**For the Year Ended June 30, 2022**

**TOWN OF CAPE ELIZABETH, MAINE SCHOOL DEPARTMENT  
FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022**

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## Independent Auditor's Report

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Town of Cape Elizabeth, Maine School Department as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

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, Maine School Department as of June 30, 2022, 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.

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

As discussed in the notes to the financial statements, the financial statements of the Town of Cape Elizabeth, Maine 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, Maine 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, 2022, 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.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Cape Elizabeth, Maine and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of X, State Y's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Cape Elizabeth, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Cape Elizabeth, Maine's ability to continue as a going concern for a reasonable period of time.

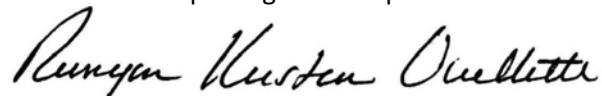
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cape Elizabeth, Maine's basic financial statements. The accompanying combining and individual fund financial statements, 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 of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards 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 March 31, 2023 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.



March 31, 2023  
South Portland, Maine

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Amounts held by Town	\$ 4,697,103	-	4,697,103
Cash and cash equivalents	-	204,623	204,623
Accounts receivable	43,416	-	43,416
Due from other governments	-	609,670	609,670
Prepaid expenditures	48,229	-	48,229
Inventory	-	28,094	28,094
Interfund loans receivable	937,655	50,000	987,655
<b>Total assets</b>	<b>5,726,403</b>	<b>892,387</b>	<b>6,618,790</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	304,563	5,660	310,223
Accrued wages and benefits	2,525,696	6,943	2,532,639
Unearned revenues	-	28,582	28,582
Interfund loans payable	-	987,655	987,655
Total liabilities	2,830,259	1,028,840	3,859,099
Fund balances:			
Nonspendable	48,229	28,094	76,323
Restricted	-	341,795	341,795
Committed	-	51,516	51,516
Assigned	750,000	-	750,000
Unassigned	2,097,915	(557,858)	1,540,057
Total fund balances (deficits)	2,896,144	(136,453)	2,759,691
<b>Total liabilities and fund balances</b>	<b>\$ 5,726,403</b>	<b>892,387</b>	<b>6,618,790</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, 2022**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Local assessments	\$ 26,865,731	-	26,865,731
Intergovernmental	5,414,464	1,484,533	6,898,997
Charges for services	65,183	264,190	329,373
Local grants and contributions	-	459,436	459,436
Other revenues	17,910	-	17,910
Total revenues	32,363,288	2,208,159	34,571,447
Expenditures:			
Current:			
Regular instruction	14,164,425	-	14,164,425
Special education instruction	3,919,242	-	3,919,242
Other instruction	887,715	-	887,715
Student and staff support	2,831,235	-	2,831,235
System administration	867,515	-	867,515
School administration	1,195,611	-	1,195,611
Transportation	869,962	-	869,962
Facilities maintenance	3,504,687	-	3,504,687
MEPERS on-behalf payments	2,798,496	-	2,798,496
School lunch	-	986,249	986,249
Other program expenditures	-	1,172,193	1,172,193
Capital outlay	-	776,598	776,598
Debt service	439,400	-	439,400
Total expenditures	31,478,288	2,935,040	34,413,328
Excess (deficiency) of revenues over (under) expenditures	885,000	(726,881)	158,119
Other financing sources (uses):			
Proceeds from note payable	-	295,376	295,376
Transfers from Town	-	10,000	10,000
Interfund transfers	(508,255)	508,255	-
Total other financing sources (uses)	(508,255)	813,631	305,376
Net change in fund balances	376,745	86,750	463,495
Fund balances (deficits), beginning of year	2,519,399	(223,203)	2,296,196
<b>Fund balances (deficits), end of year</b>	<b>\$ 2,896,144</b>	<b>(136,453)</b>	<b>2,759,691</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, 2022**

	Original Budget	Final Budget	Actual	Variance with budget positive (negative)
Revenues:				
Local assessments	\$ 27,298,408	27,298,408	26,865,731	(432,677)
Intergovernmental	1,748,189	1,748,189	2,615,968	867,779
Charges for services	66,000	66,000	65,183	(817)
Other revenue	4,500	4,500	17,910	13,410
Total revenues	29,117,097	29,117,097	29,564,792	447,695
Expenditures:				
Current:				
Regular instruction	14,517,576	14,517,576	14,164,425	353,151
Special education instruction	4,100,464	4,100,464	3,919,242	181,222
Other instruction	1,005,972	1,005,972	887,715	118,257
Student and staff support	2,993,992	2,993,992	2,831,235	162,757
System administration	868,002	868,002	867,515	487
School administration	1,285,666	1,285,666	1,195,611	90,055
Transportation	863,620	863,620	869,962	(6,342)
Facilities maintenance	3,521,150	3,521,150	3,504,687	16,463
Debt service	439,400	439,400	439,400	-
Total expenditures	29,595,842	29,595,842	28,679,792	916,050
Excess (deficiency) of revenues over (under) expenditures	(478,745)	(478,745)	885,000	1,363,745
Other financing sources (uses):				
Utilization of fund balance	740,000	740,000	-	(740,000)
Transfers out	(261,255)	(261,255)	(508,255)	(247,000)
Total other financing sources (uses)	478,745	478,745	(508,255)	(987,000)
Net change in fund balance	-	-	376,745	376,745
Fund balance, beginning of year			2,519,399	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>2,896,144</b>	

*See accompanying notes to financial statements.*



**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

		Private-purpose Trust Funds <hr/> Scholarship Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$	91,380
<b>Total assets</b>		<b>91,380</b>
<b>LIABILITIES</b>		
Accounts payable		-
<b>Total liabilities</b>		<b>-</b>
<b>NET POSITION</b>		
Held in trust	\$	<b>91,380</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, 2022**

		Private-purpose Trust Funds <hr/> Scholarship Funds
Additions:		
Donations	\$	5,491
Interest income		363
Total additions		5,854
Deductions:		
Scholarships and other		11,650
Total deductions		11,650
Change in net position		(5,796)
Net position, beginning of year		97,176
<b>Net position, end of year</b>	<b>\$</b>	<b>91,380</b>

*See accompanying notes to financial statements.*

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

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**THE REPORTING ENTITY**

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The Town of Cape Elizabeth, Maine 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 March 31, 2023 for the year ended June 30, 2022.

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, Maine 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, Maine 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, MAINE 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, MAINE 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, MAINE 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, MAINE 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 VERSUS 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 \$2,798,496 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, 2022, the following budget categories were over spent:

Transportation	\$ 6,342
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As of June 30, 2022, the following funds had deficit fund balances:

School capital projects	\$ 502,640
Grants and other programs:	
Title IIA Supporting Effective Inst.	4,116
Local entitlement	7,978
Preschool	13
ESSERF #3	35,683
MLTI grant	5,640
C.E. education foundation	1,452
Flow through grant	336

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

**TOWN OF CAPE ELIZABETH, MAINE 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, 2022, 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, 2022, 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>
General Fund	\$ 937,655	-	(508,255)
Nonmajor governmental funds:			
Special revenue funds:			
Grants and other programs	-	432,907	-
School lunch	-	52,108	493,255
Capital project funds:			
School capital projects	-	502,640	-
Turf field	50,000	-	15,000
Total nonmajor governmental funds	50,000	987,655	508,255
<b>Totals</b>	<b>\$987,655</b>	<b>987,655</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, 2022.



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

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**FUND BALANCE**

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As of June 30, 2022, fund balance components consisted of the following:

	<u>General Fund</u>	<u>Nonmajor Funds</u>
Nonspendable:		
Prepaid expenditures	\$48,229	-
Inventory	-	28,094
Restricted:		
Grants and other programs	-	134,076
Student activities	-	204,623
School lunch	-	3,096
Committed:		
Grants and other programs	-	1,516
Turf field capital project	-	50,000
Assigned:		
Subsequent year's budget	750,000	-
Unassigned:		
School department general fund	2,097,915	-
Grants and other programs	-	(55,218)
School capital projects	-	(502,640)
<b>Totals</b>	<b>\$2,896,144</b>	<b>(136,453)</b>

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**SUBSEQUENT EVENTS**

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On September 1, 2022, the Town issued a loan through the Maine Municipal Bond Bank's School Renovation Revolving Fund of \$812,757.

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2022**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Amounts held by Town	\$ 4,697,103	4,700,278
Accounts receivable	43,416	510
Prepaid expenditures	48,229	41,463
Interfund loan receivable	937,655	734,430
<b>Total assets</b>	<b>5,726,403</b>	<b>5,476,681</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	304,563	169,740
Accrued wages and benefits	2,525,696	2,787,542
<b>Total liabilities</b>	<b>2,830,259</b>	<b>2,957,282</b>
Fund balance:		
Nonspendable	48,229	41,463
Assigned for subsequent budget	750,000	740,000
Unassigned	2,097,915	1,737,936
<b>Total fund balance</b>	<b>2,896,144</b>	<b>2,519,399</b>
<b>Total liabilities and fund balance</b>	<b>\$ 5,726,403</b>	<b>5,476,681</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, 2022**

	2022			2021 Actual
	Adjusted budget	Actual	Variance positive (negative)	
Revenues:				
Local assessment	\$ 27,298,408	26,865,731	(432,677)	26,271,063
Intergovernmental revenue:				
State education subsidy	1,740,104	2,608,293	868,189	1,731,960
Other state funds	8,085	7,675	(410)	4,325
Total intergovernmental revenue	1,748,189	2,615,968	867,779	1,736,285
Charges for services:				
Activity fees	64,000	65,183	1,183	39,730
Rental income	2,000	-	(2,000)	545
Total charges for services	66,000	65,183	(817)	40,275
Other:				
Miscellaneous	4,500	17,910	13,410	94,667
Total other	4,500	17,910	13,410	94,667
Total revenues	29,117,097	29,564,792	447,695	28,142,290

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

	2022		Variance positive (negative)	2021 Actual
	Adjusted budget	Actual		
Expenditures:				
Current:				
Regular instruction	\$ 14,517,576	14,164,425	353,151	13,565,041
Special education instruction	4,100,464	3,919,242	181,222	3,499,888
Other instruction	1,005,972	887,715	118,257	713,563
Student and staff support	2,993,992	2,831,235	162,757	2,781,137
System administration	868,002	867,515	487	813,281
School administration	1,285,666	1,195,611	90,055	1,268,414
Transportation	863,620	869,962	(6,342)	723,321
Facilities maintenance	3,521,150	3,504,687	16,463	3,217,343
Debt service	439,400	439,400	-	454,800
Total expenditures	29,595,842	28,679,792	916,050	27,036,788
Excess (deficiency) of revenues over (under) expenditures	(478,745)	885,000	1,363,745	1,105,502
Other financing sources (uses):				
Utilization of fund balance	740,000	-	(740,000)	-
Transfer to Athletic Equipment Replacement	-	-	-	(7,000)
Transfer to Turf Field Fund (budgeted in facilities maintenance)	(15,000)	(15,000)	-	(15,000)
Transfer to School Lunch Fund (budgeted in other)	(246,255)	(493,255)	(247,000)	(105,500)
Total other financing sources (uses)	478,745	(508,255)	(987,000)	(127,500)
Net change in fund balance	-	376,745	376,745	978,002
Fund balance, beginning of year		2,519,399		1,541,397
<b>Fund balance, end of year</b>	<b>\$</b>	<b>2,896,144</b>		<b>2,519,399</b>

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2022**

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Grants and Other Programs	Student Activities	School Lunch	School Capital Projects	Turf Field	
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	204,623	-	-	-	204,623
Due from other governments	525,884	-	83,786	-	-	609,670
Inventory	-	-	28,094	-	-	28,094
Interfund loans receivable	-	-	-	-	50,000	50,000
<b>Total assets</b>	<b>525,884</b>	<b>204,623</b>	<b>111,880</b>	<b>-</b>	<b>50,000</b>	<b>892,387</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	5,660	-	-	-	-	5,660
Accrued wages and benefits	6,943	-	-	-	-	6,943
Unearned revenues	-	-	28,582	-	-	28,582
Interfund loans payable	432,907	-	52,108	502,640	-	987,655
<b>Total liabilities</b>	<b>445,510</b>	<b>-</b>	<b>80,690</b>	<b>502,640</b>	<b>-</b>	<b>1,028,840</b>
Fund balances (deficits):						
Nonspendable	-	-	28,094	-	-	28,094
Restricted	134,076	204,623	3,096	-	-	341,795
Committed	1,516	-	-	-	50,000	51,516
Unassigned	(55,218)	-	-	(502,640)	-	(557,858)
<b>Total fund balances (deficits)</b>	<b>80,374</b>	<b>204,623</b>	<b>31,190</b>	<b>(502,640)</b>	<b>50,000</b>	<b>(136,453)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 525,884</b>	<b>204,623</b>	<b>111,880</b>	<b>-</b>	<b>50,000</b>	<b>892,387</b>

**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, 2022**

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Government Funds
	Grants and Other Programs	Student Activities	School Lunch	School Capital Projects	Turf Field	
Revenues:						
Intergovernmental	\$ 732,586	-	751,947	-	-	1,484,533
Charges for services	3,500	-	260,690	-	-	264,190
Local grants and contributions	126,567	332,769	100	-	-	459,436
<b>Total revenues</b>	<b>862,653</b>	<b>332,769</b>	<b>1,012,737</b>	<b>-</b>	<b>-</b>	<b>2,208,159</b>
Expenditures:						
Current:						
School lunch	-	-	986,249	-	-	986,249
Other programs	840,631	331,562	-	-	-	1,172,193
Capital outlay	-	-	-	776,598	-	776,598
<b>Total expenditures</b>	<b>840,631</b>	<b>331,562</b>	<b>986,249</b>	<b>776,598</b>	<b>-</b>	<b>2,935,040</b>
Excess (deficiency) of revenues over (under) expenditures	22,022	1,207	26,488	(776,598)	-	(726,881)
Other financing sources (uses):						
Proceeds from note payable	-	-	-	295,376	-	295,376
Transfer from Town	-	-	-	-	10,000	10,000
Transfers in	-	-	493,255	-	15,000	508,255
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>493,255</b>	<b>295,376</b>	<b>25,000</b>	<b>813,631</b>
<b>Net change in fund balances</b>	<b>22,022</b>	<b>1,207</b>	<b>519,743</b>	<b>(481,222)</b>	<b>25,000</b>	<b>86,750</b>
Fund balances (deficit), beginning of year	58,352	203,416	(488,553)	(21,418)	25,000	(223,203)
<b>Fund balances (deficit), end of year</b>	<b>\$ 80,374</b>	<b>204,623</b>	<b>31,190</b>	<b>(502,640)</b>	<b>50,000</b>	<b>(136,453)</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, 2022**

	Balances (deficits) beginning of year	Revenues	Expenditures	Balances (deficits) end of year
State and Federal Programs:				
Title IA disadvantaged	\$ 3,656	31,965	32,059	3,562
Title IIA supporting effective education	4,340	33,234	41,690	(4,116)
Local entitlement	(7,624)	354,300	354,654	(7,978)
Preschool	(13)	-	-	(13)
ESSERF #3	(35,683)	179,977	179,977	(35,683)
MLTI grant	(5,640)	133,110	133,110	(5,640)
<b>Total state and federal programs</b>	<b>(40,964)</b>	<b>732,586</b>	<b>741,490</b>	<b>(49,868)</b>
Other programs:				
9650 HS greenhouse fund	1,590	-	-	1,590
9651 Ecomaine art	165	-	-	165
9652 Deborah Rhode CEHS speech	-	22,366	14,131	8,235
9710 MSPA maker space	1,095	-	-	1,095
9840 Athletic equipment replacement	23,800	-	20,324	3,476
9850 Turf field rental	1,404	270	-	1,674
9955 Computer maintenance	15,992	1,523	4,498	13,017
9965 Easement funds	2,274	-	-	2,274
9971 C.E. education foundation	(1,452)	51,351	51,351	(1,452)
9974 Special ed workshop	3,597	-	1,139	2,458
9976 Cape olympians	1,467	-	-	1,467
9980 School gate receipts - athletics	47,531	-	2,600	44,931
2084 Kate Libby fund	-	57	-	57
9981 Dale Huff grant	500	-	-	500
9983 Let's go grant	-	1,000	1,000	-
9984 Zimpritch symposium	-	3,500	2,622	878
9985 Donations	-	50,000	1,047	48,953
9986 Wellness grant	779	-	-	779
9990 Flow through grant	93	-	429	(336)
9991 MS agriculture in classroom	481	-	-	481
<b>Total other programs</b>	<b>99,316</b>	<b>130,067</b>	<b>99,141</b>	<b>130,242</b>
<b>Total</b>	<b>\$ 58,352</b>	<b>862,653</b>	<b>840,631</b>	<b>80,374</b>