

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**

**Financial Statements**

**For the Year Ended June 30, 2018**

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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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, 2018, 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, 2018, 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 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, 2018, 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 December 21, 2018 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.



December 21, 2018  
South Portland, Maine

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Amounts held by Town	\$ 2,757,517	-	2,757,517
Accounts receivable	907	19,493	20,400
Due from other governments	-	150,416	150,416
Inventory	-	22,594	22,594
Interfund loans receivable	-	263,908	263,908
<b>Total assets</b>	<b>\$ 2,758,424</b>	<b>456,411</b>	<b>3,214,835</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	27,010	5,960	32,970
Accrued wages and benefits	2,150,426	38,292	2,188,718
Unearned revenues	-	21,809	21,809
Interfund loans payable	238,930	24,978	263,908
<b>Total liabilities</b>	<b>2,416,366</b>	<b>91,039</b>	<b>2,507,405</b>
Fund balances:			
Restricted	-	130,457	130,457
Committed	-	234,915	234,915
Assigned	342,058	-	342,058
<b>Total fund balances</b>	<b>342,058</b>	<b>365,372</b>	<b>707,430</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,758,424</b>	<b>456,411</b>	<b>3,214,835</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, 2018**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Local assessments	\$ 21,546,803	-	21,546,803
Intergovernmental	4,079,701	667,498	4,747,199
Charges for services	77,238	585,004	662,242
Other revenues	14,316	37,089	51,405
Total revenues	25,718,058	1,289,591	27,007,649
Expenditures:			
Current:			
Regular instruction	11,812,049	51,162	11,863,211
Special education instruction	3,214,795	456,532	3,671,327
Career and technical education	72,656	-	72,656
Other instruction	860,717	18,126	878,843
Student and staff support	2,558,942	67,490	2,626,432
System administration	788,925	-	788,925
School administration	1,375,377	-	1,375,377
Transportation	674,611	-	674,611
Facilities maintenance	3,019,411	-	3,019,411
MEPERS on-behalf payments	1,854,029	-	1,854,029
School lunch	-	810,588	810,588
Other program expenditures	2,689	28,003	30,692
Capital outlay	-	86,250	86,250
Debt service	503,900	-	503,900
Total expenditures	26,738,101	1,518,151	28,256,252
Deficiency of revenues under expenditures	(1,020,043)	(228,560)	(1,248,603)
Other financing sources (uses):			
Transfer from Town	296,138	10,000	306,138
Interfund transfers	(183,466)	183,466	-
Total other financing sources	112,672	193,466	306,138
Net change in fund balances	(907,371)	(35,094)	(942,465)
Fund balances, beginning of year	1,249,429	400,466	1,649,895
<b>Fund balances, end of year</b>	<b>\$ 342,058</b>	<b>365,372</b>	<b>707,430</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, 2018**

	Original Budget	Final Budget	Actual	Variance with budget positive (negative)
Revenues:				
Local assessments	\$ 21,866,356	21,546,803	21,546,803	-
Intergovernmental	1,833,740	2,153,293	2,225,672	72,379
Charges for services	65,425	65,425	77,238	11,813
Other revenue	13,000	13,000	14,316	1,316
Total revenues	23,778,521	23,778,521	23,864,029	85,508
Expenditures:				
Current:				
Regular instruction	11,929,721	11,775,113	11,775,113	-
Special education instruction	3,138,332	3,194,073	3,221,596	(27,523)
Career and technical education	72,659	72,656	72,656	-
Other instruction	851,514	871,017	871,017	-
Student and staff support	2,600,502	2,488,024	2,488,024	-
System administration	759,123	782,619	782,619	-
School administration	1,149,925	1,377,575	1,377,575	-
Transportation	750,772	713,233	678,188	35,045
Facilities maintenance	3,050,457	3,028,888	3,028,888	-
Other	3,869	3,676	2,689	987
Debt service	503,900	503,900	503,900	-
Total expenditures	24,810,774	24,810,774	24,802,265	8,509
Deficiency of revenues under expenditures	(1,032,253)	(1,032,253)	(938,236)	94,017
Other financing sources (uses):				
Use of fund balance	800,000	800,000	-	(800,000)
Transfer from Town	300,492	300,492	296,138	(4,354)
Transfers out	(68,239)	(68,239)	(183,466)	(115,227)
Total other financing sources	1,032,253	1,032,253	112,672	(919,581)
Net change in fund balance - budgetary basis	-	-	(825,564)	(825,564)
Reconciliation to GAAP basis:				
Change in encumbrances			(81,807)	
Net change in fund balance - GAAP basis			(907,371)	
Fund balance, beginning of year			1,249,429	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>342,058</b>	

*See accompanying notes to financial statements.*



**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	Private-purpose Trust Funds	Agency Funds
	Scholarship Funds	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 69,756	215,548
<b>Total assets</b>	<b>69,756</b>	<b>215,548</b>
<b>LIABILITIES</b>		
Due from general fund	225	-
Funds held on-behalf of student groups	-	215,548
<b>Total liabilities</b>	<b>225</b>	<b>215,548</b>
<b>NET POSITION</b>		
Held in trust	\$ 69,531	-

*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, 2018**

		Private-purpose Trust Funds <hr/> Scholarship Funds
Additions:		
Donations	\$	165
Interest income		409
Total additions		574
Deductions:		
Scholarships and other		2,890
Total deductions		2,890
Change in net position		(2,316)
Net position, beginning of year		71,847
<b>Net position, end of year</b>	<b>\$</b>	<b>69,531</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 December 21, 2018 for the year ended June 30, 2018.

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 capital leases 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 and Agency Fund Types:**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension-trust funds, investment-trust funds, private-purpose trust funds and agency funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School Department's agency fund accounts for those student activity programs that have student participation in the activity and have students involved in the management of the program. 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.

**Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds during the year.

**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 the lower of cost (first-in, first-out basis) or market. 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 capital leases 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 \$1,854,029 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.

In addition, the School Department uses encumbrances, which are not recognized as expenditures under generally accepted accounting principles but are recognized as expenditures on a budgetary basis. The net effect of current year and prior year encumbrances is shown as a GAAP adjustment on Exhibit A-2 and Statement 3.

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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.

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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.

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

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**INTERFUND BALANCES**

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As of June 30, 2018, 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>	\$ -	238,930	(183,466)
Nonmajor governmental funds:			
Special revenue funds:			
School lunch	-	24,978	173,466
Federal, state and local programs	22,153	-	-
Capital project funds:			
School bonded projects	6,840	-	-
Turf field	234,915	-	10,000
<b>Total nonmajor governmental funds</b>	263,908	24,978	183,466
<b>Totals</b>	<b>\$ 263,908</b>	<b>263,908</b>	<b>-</b>

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**FUND BALANCE**

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As of June 30, 2018, fund balance components consisted of the following:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>General Fund</b>			
Subsequent budget	\$ -	-	342,058*
Other governmental funds:			
Special revenue funds:			
Federal, state and local programs	123,617	-	-
Capital project funds:			
School bonded projects	6,840	-	-
Turf field	-	234,915	-
<b>Totals</b>	<b>\$ 130,457</b>	<b>234,915</b>	<b>342,058</b>

\*The School Department budgeted \$400,000 to be used in the subsequent year's budget. However, as the School Department only had \$342,058 in unassigned fund balance, the entire amount of available fund balance has been shown as assigned for the subsequent budget.



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

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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, 2018.

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2018**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Amounts held by Town	\$ 2,757,517	3,503,882
Accounts receivable	907	-
<b>Total assets</b>	<b>\$ 2,758,424</b>	<b>3,503,882</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	27,010	4,870
Accrued wages and benefits	2,150,426	2,070,612
Interfund loan payables	238,930	178,971
<b>Total liabilities</b>	<b>2,416,366</b>	<b>2,254,453</b>
Fund balance:		
Assigned for subsequent budget	342,058	800,000
Unassigned	-	449,429
<b>Total fund balance</b>	<b>342,058</b>	<b>1,249,429</b>
<b>Total liabilities and fund balance</b>	<b>\$ 2,758,424</b>	<b>3,503,882</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, 2018**

	2018			2017 Actual
	Adjusted budget	Actual	Variance positive (negative)	
Revenues:				
Local assessment	\$ 21,546,803	21,546,803	-	20,854,274
Intergovernmental revenue:				
State education subsidy	2,146,293	2,212,669	66,376	2,673,547
State agency clients	7,000	4,003	(2,997)	6,203
Other state funds	-	9,000	9,000	9,000
Total intergovernmental revenue	2,153,293	2,225,672	72,379	2,688,750
Charges for services:				
Activity fees	63,425	71,508	8,083	64,770
Rental income	2,000	4,695	2,695	4,684
Tuition	-	1,035	1,035	-
Total charges for services	65,425	77,238	11,813	69,454
Other:				
Miscellaneous	13,000	11,217	(1,783)	12,799
Sale of assets	-	3,099	3,099	2,760
Total other	13,000	14,316	1,316	15,559
Total revenues	23,778,521	23,864,029	85,508	23,628,037

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

	2018		Variance positive (negative)	2017 Actual
	Adjusted budget	Actual		
Expenditures:				
Current:				
Regular instruction	\$ 11,775,113	11,775,113	-	11,279,872
Special education instruction	3,194,073	3,221,596	(27,523)	3,211,809
Career and technical education	72,656	72,656	-	54,660
Other instruction	871,017	871,017	-	843,639
Student and staff support	2,488,024	2,488,024	-	2,385,139
System administration	782,619	782,619	-	756,264
School administration	1,377,575	1,377,575	-	1,139,730
Transportation	713,233	678,188	35,045	710,985
Facilities maintenance	3,028,888	3,028,888	-	3,162,832
Other	3,676	2,689	987	2,839
Debt service	503,900	503,900	-	522,000
Total expenditures	24,810,774	24,802,265	8,509	24,069,769
Deficiency of revenues under expenditures	(1,032,253)	(938,236)	94,017	(441,732)
Other financing sources (uses):				
Budgeted use of surplus	800,000	-	(800,000)	-
Transfer from Town	300,492	296,138	(4,354)	283,110
Transfer to Turf Field Fund (budgeted in facilities maintenance)	(10,000)	(10,000)	-	(10,000)
Transfer to School Lunch Fund (budgeted in other)	(58,239)	(173,466)	(115,227)	(87,359)
Total other financing sources	1,032,253	112,672	(919,581)	185,751
Net change in fund balance - budgetary basis	-	(825,564)	(825,564)	(255,981)
Fund balance, beginning of year - budgetary basis		955,086		1,211,067
<b>Fund balance, end of year - budgetary basis</b>	<b>\$</b>	<b>129,522</b>		<b>955,086</b>
Reconciliation to GAAP basis:				
Less: prior year encumbrances		(294,343)		(277,582)
Add: current year encumbrances		212,536		294,343
Net change in fund balance - GAAP basis		(907,371)		(239,220)
Fund balance, beginning of year - GAAP basis		1,249,429		1,488,649
<b>Fund balance, end of year - GAAP basis</b>	<b>\$</b>	<b>342,058</b>		<b>1,249,429</b>

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2018**

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	School Lunch	Federal, State and Local Programs	School Bonded Projects	Turf Field	
<b>ASSETS</b>					
Accounts receivable	\$ 19,493	-	-	-	19,493
Due from other governments	4,700	145,716	-	-	150,416
Inventory	22,594	-	-	-	22,594
Interfund loans receivable	-	22,153	6,840	234,915	263,908
<b>Total assets</b>	<b>\$ 46,787</b>	<b>167,869</b>	<b>6,840</b>	<b>234,915</b>	<b>456,411</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	-	5,960	-	-	5,960
Accrued wages and benefits	-	38,292	-	-	38,292
Unearned revenues	21,809	-	-	-	21,809
Interfund loans payable	24,978	-	-	-	24,978
<b>Total liabilities</b>	<b>46,787</b>	<b>44,252</b>	<b>-</b>	<b>-</b>	<b>91,039</b>
Fund balances:					
Restricted	-	123,617	6,840	-	130,457
Committed	-	-	-	234,915	234,915
<b>Total fund balances</b>	<b>-</b>	<b>123,617</b>	<b>6,840</b>	<b>234,915</b>	<b>365,372</b>
<b>Total liabilities and fund balances</b>	<b>\$ 46,787</b>	<b>167,869</b>	<b>6,840</b>	<b>234,915</b>	<b>456,411</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, 2018**

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Government Funds
	School Lunch	Federal, State and Local Programs	School Bonded Projects	Turf Field	
Revenues:					
Intergovernmental	\$ 104,135	563,363	-	-	667,498
Charges for services	532,987	52,017	-	-	585,004
Other revenue	-	37,089	-	-	37,089
<b>Total revenues</b>	<b>637,122</b>	<b>652,469</b>	<b>-</b>	<b>-</b>	<b>1,289,591</b>
Expenditures:					
Current:					
Regular instruction	-	51,162	-	-	51,162
Special education	-	456,532	-	-	456,532
Other instruction	-	18,126	-	-	18,126
Student and staff support	-	67,490	-	-	67,490
School lunch	810,588	-	-	-	810,588
Other programs	-	28,003	-	-	28,003
Capital outlay	-	-	86,250	-	86,250
<b>Total expenditures</b>	<b>810,588</b>	<b>621,313</b>	<b>86,250</b>	<b>-</b>	<b>1,518,151</b>
Excess (deficiency) of revenues over (under) expenditures	(173,466)	31,156	(86,250)	-	(228,560)
Other financing sources:					
Transfer from Town	-	-	-	10,000	10,000
Transfers in	173,466	-	-	10,000	183,466
<b>Total other financing sources</b>	<b>173,466</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>193,466</b>
Net change in fund balances	-	31,156	(86,250)	20,000	(35,094)
Fund balances, beginning of year	-	92,461	93,090	214,915	400,466
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>123,617</b>	<b>6,840</b>	<b>234,915</b>	<b>365,372</b>

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Special Revenue Funds - Federal, State and Local Programs**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2018**

	Balances beginning of year	Revenues	Expenditures	Balances end of year
State and Federal Programs:				
Title IA disadvantaged	\$ 53	48,185	48,185	53
Title IIA supporting effective education	-	45,476	45,476	-
Local entitlement	30	456,502	456,532	-
MLTI grant	-	13,200	-	13,200
Transition grant	45,038	-	2,977	42,061
<b>Total state and federal programs</b>	<b>45,121</b>	<b>563,363</b>	<b>553,170</b>	<b>55,314</b>
Other programs:				
Authorfest	97	-	-	97
Athletic equipment replacement	2,222	12,778	-	15,000
C.E. education foundation	3,699	22,869	23,179	3,389
Cape coalition	830	-	-	830
Cape olympians	348	430	430	348
Easement funds	2,274	-	-	2,274
Escapade program	629	-	-	629
H1N1 grant	4,887	-	-	4,887
HS greenhouse fund	-	511	-	511
iPad maintenance	3,957	26,363	22,014	8,306
Kate Libby fund	210	-	-	210
PC office donation	2,933	-	-	2,933
PCPA donations	3,375	-	3,375	-
School gate receipts - athletics	16,303	19,518	14,541	21,280
School gate receipts - drama	189	5,927	3,585	2,531
Special ed workshop	3,704	-	-	3,704
Turf field rental	826	209	1,019	16
Wellness grant	857	501	-	1,358
<b>Total other programs</b>	<b>47,340</b>	<b>89,106</b>	<b>68,143</b>	<b>68,303</b>
<b>Total</b>	<b>\$ 92,461</b>	<b>652,469</b>	<b>621,313</b>	<b>123,617</b>

**TOWN OF CAPE ELIZABETH SCHOOL DEPARTMENT**  
**Agency Funds**  
**Combining Statement of Changes in Balances**  
**For the Year Ended June 30, 2018**

	Balances beginning of year	Additions	Deductions	Balances end of year
Activity funds:				
High School Student Activities	\$ 181,333	251,808	261,400	171,741
Middle School Student Activities	40,585	67,109	74,045	33,649
Pond Cove Elementary Student Activities	10,867	9,465	10,174	10,158
<b>Total</b>	<b>\$ 232,785</b>	<b>328,382</b>	<b>345,619</b>	<b>215,548</b>