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City of Westbrook, Maine School Department

Financial Report

Year Ended June 30, 2023



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Independent Auditor's Report

School Committee
Westbrook School Department
Westbrook, Maine

Opinions

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information of Westbrook School Department (the "School Department"), a department of the City of Westbrook, Maine, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School Department's basic 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 School Department, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 School Department 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of the School Department are intended to present the financial position, the changes in financial position of only that portion of each major fund and the aggregate remaining fund information of the City of Westbrook, Maine that is attributable to the transactions of the School Department. They do not purport to, and do not, present fairly the financial position of the City of Westbrook, Maine as of June 30, 2023, or the changes in its financial position for the year then ended in conformity with GAAP. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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; 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.

School Committee
Westbrook School Department

Auditor's Responsibility 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 opinion. 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 GAAS 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 School Department'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 School Department'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.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis (MD&A) that GAAP requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

School Committee
Westbrook School Department

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated **DATE**, on our consideration of the School Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Department's internal control over financial reporting and compliance.

Wipfli LLP

South Portland, Maine
DATE

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Westbrook School Department

Balance Sheet Governmental Funds

June 30, 2023

| | General Fund | Spring Harbor | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Cash | \$ 17,611 | | \$ 691,794 | \$ 709,405 |
| Intergovernmental receivables | | | 1,960,342 | 1,960,342 |
| Due from other funds | 2,962,504 | | 615,911 | 3,578,415 |
| Due from City | 2,664,427 | | 737,967 | 3,402,394 |
| Prepaid items | 14,766 | | | 14,766 |
| Inventory | | | 42,392 | 42,392 |
| Total Assets | <u>\$ 5,659,308</u> | <u>\$ -</u> | <u>\$ 4,048,406</u> | <u>\$ 9,707,714</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 180,301 | \$ 89,628 | \$ 40,664 | \$ 310,593 |
| Due to other funds | | 742,447 | 2,835,968 | 3,578,415 |
| Accrued payroll | 2,684,980 | | 487,093 | 3,172,073 |
| Accrued expenses | 451,823 | | | 451,823 |
| Deferred revenue | | | 84,815 | 84,815 |
| Accrued compensated absences | 171,139 | | | 171,139 |
| Book overdraft | 1,167,174 | | | 1,167,174 |
| Total Liabilities | <u>4,655,417</u> | <u>832,075</u> | <u>3,448,540</u> | <u>8,936,032</u> |
| Fund Balances | | | | |
| Fund balances | | | | |
| Nonspendable | | | | |
| Inventory | | | 42,392 | 42,392 |
| Prepaid items | 14,766 | | | 14,766 |
| Restricted | | | | |
| Capital project funds | | | 533,148 | 533,148 |
| Special revenue funds - grants | | | 1,935,290 | 1,935,290 |
| Assigned | | | | |
| Carryforward | 650,000 | | | 650,000 |
| Unassigned (Deficit) | | | | |
| General fund | 339,125 | | | 339,125 |
| Special revenue funds | | (832,075) | (1,910,964) | (2,743,039) |
| Total Fund Balances | <u>1,003,891</u> | <u>(832,075)</u> | <u>599,866</u> | <u>771,682</u> |
| Total Liabilities and Fund Balances | <u>\$ 5,659,308</u> | <u>\$ -</u> | <u>\$ 4,048,406</u> | <u>\$ 9,707,714</u> |

See independent auditor's report.

The accompanying notes are an integral part of these financial statements.

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Westbrook School Department

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

Year Ended June 30, 2023

| | General Fund | Spring Harbor | Other Governmental Funds | Total |
|---|---------------------|---------------------|--------------------------|--------------------|
| Revenues | | | | |
| Local allocation | \$ 23,459,878 | | | \$ 23,459,878 |
| State subsidy | 20,036,058 | | | 20,036,058 |
| Miscellaneous | 238,447 | | | 238,447 |
| On-behalf payments - State of Maine Pension | 3,642,000 | | | 3,642,000 |
| Intergovernmental revenue | | \$ 191,747 | \$ 10,087,832 | 10,279,579 |
| Donated commodities received | | | 97,371 | 97,371 |
| Sale of meals | | | 135,371 | 135,371 |
| Total Revenues | <u>47,376,383</u> | <u>191,747</u> | <u>10,320,574</u> | <u>57,888,704</u> |
| Expenditures | | | | |
| Regular instruction | 16,210,577 | | | 16,210,577 |
| Special education | 6,615,007 | | | 6,615,007 |
| Career and technical education | 2,772,603 | | | 2,772,603 |
| Other instruction | 697,601 | | | 697,601 |
| Student and staff support | 3,250,537 | | | 3,250,537 |
| System administration | 2,262,510 | | | 2,262,510 |
| School administration | 2,097,220 | | | 2,097,220 |
| Transportation and buses | 1,755,679 | | | 1,755,679 |
| Facilities maintenance | 3,817,191 | | | 3,817,191 |
| Debt service and other commitments | 4,225,768 | | | 4,225,768 |
| On-behalf payments - State of Maine Pension | 3,642,000 | | | 3,642,000 |
| Grant expenditures and school lunch program | | 1,081,215 | 10,729,999 | 11,811,214 |
| Donated commodities used | | | 99,796 | 99,796 |
| Capital outlay | | | 1,575,577 | 1,575,577 |
| Total Expenditures | <u>47,346,693</u> | <u>1,081,215</u> | <u>12,405,372</u> | <u>60,833,280</u> |
| Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources | <u>29,690</u> | <u>(889,468)</u> | <u>(2,084,798)</u> | <u>(2,944,576)</u> |
| Other Financing Sources: | | | | |
| Issuance of bonds that were forgiven | | | 294,420 | 294,420 |
| Proceeds from issuance of bonds | | | 1,106,029 | 1,106,029 |
| Proceeds from capital lease | 207,350 | | | 207,350 |
| Total Other Financing Sources | <u>207,350</u> | <u>-</u> | <u>1,400,449</u> | <u>1,607,799</u> |
| Net Change in Fund Balances | 237,040 | (889,468) | (684,349) | (1,336,777) |
| Fund Balances | | | | |
| Beginning of Year (Deficit) | <u>766,851</u> | <u>57,393</u> | <u>1,284,215</u> | <u>2,108,459</u> |
| End of Year | <u>\$ 1,003,891</u> | <u>\$ (832,075)</u> | <u>\$ 599,866</u> | <u>\$ 771,682</u> |

See independent auditor's report.

The accompanying notes are an integral part of these financial statements.

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Westbrook School Department

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual - General Fund

Year Ended June 30, 2023

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|--------------------|-------------------|---------------------|------------------------------------|
| Revenues | | | | |
| Local allocation | \$ 23,459,878 | \$ 23,459,878 | \$ 23,459,878 | |
| State subsidy | 19,976,326 | 19,976,326 | 20,036,058 | \$ 59,732 |
| Miscellaneous | 101,000 | 101,000 | 238,447 | 137,447 |
| Total Revenues | <u>43,537,204</u> | <u>43,537,204</u> | <u>43,734,383</u> | <u>197,179</u> |
| Expenditures | | | | |
| Regular instruction | 16,691,697 | 16,691,697 | 16,003,227 | 688,470 |
| Special education | 6,240,041 | 6,240,041 | 6,615,007 | (374,966) |
| Career and technical education | 2,710,863 | 2,710,863 | 2,772,603 | (61,740) |
| Other instruction | 813,584 | 813,584 | 697,601 | 115,983 |
| Student and staff support | 3,369,891 | 3,369,891 | 3,250,537 | 119,354 |
| System administration | 2,048,554 | 2,048,554 | 2,262,510 | (213,956) |
| School administration | 1,907,096 | 1,907,096 | 2,097,220 | (190,124) |
| Transportation and buses | 1,884,061 | 1,884,061 | 1,755,679 | 128,382 |
| Facilities maintenance | 3,686,239 | 3,686,239 | 3,817,191 | (130,952) |
| Debt service and other commitments | 4,185,178 | 4,185,178 | 4,225,768 | (40,590) |
| Total Expenditures | <u>43,537,204</u> | <u>43,537,204</u> | <u>43,497,343</u> | <u>39,861</u> |
| Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources | - | - | 237,040 | 237,040 |
| Beginning Budgetary Fund Balance Utilized | - | - | 766,851 | 766,851 |
| Budgetary Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,003,891</u> | <u>\$ 1,003,891</u> |

See independent auditor's report.

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Westbrook School Department (the School Department) provides elementary and secondary education for the children living in Westbrook, Maine.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (standards and interpretations), constitute GAAP for governmental units. GAAP also includes guidance from the American Institute of Certified Public Accountants in the publication entitled State and Local Governments. The more significant of the School Department's accounting policies are described below.

Reporting Entity

The School Department operates as a department of the City of Westbrook, Maine (the City), the financial statements of which have been issued in a separate report.

The accompanying financial statements present only the School Department's operations and are not intended to present fairly the financial position and results of operations of the City of Westbrook, Maine in conformity with accounting principles generally accepted in the United States of America. Certain disclosures relevant to both the City and the School Department are omitted herein and have been disclosed in the City's financial statements.

Basis of Presentation

The financial statements report detailed information about the School Department. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Governmental Funds

Governmental funds are those through which most governmental functions of the School Department are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The School Department is reporting all funds using the major fund format.

General Fund

The general fund is used to account for all financial resources, except those required to be accounted for in another fund. This is a budgeted fund, and any fund balances are considered as resources available for use.

Spring Harbor

This fund is used to account for the proceeds and associated costs of the Spring Harbor program, which provides additional educational resources to patients of Spring Harbor Hospital. The Spring Harbor revenues include state grants and local funds.

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Reserve

These funds of the School Department are reserved to be used for eligible capital project as authorized by the Westbrook City council.

Other Governmental Funds

The other governmental funds of the School Department account for other grants and other resources, such as special revenue funds (including the school lunch program), whose uses are restricted or committed to a particular purpose.

Measurement Focus

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis in the year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School Department, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School Department receives value without directly giving equal value in return, include local assessments, state allocations, on-behalf payments, grants and donations. On the modified accrual basis, revenue from these sources must be available before it can be recognized and is recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School Department must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School Department on a reimbursement basis.

Expenditures

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures). Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Budgetary Accounting

The School Department utilizes a formal budgetary accounting system to control revenues and expenditures accounted for in the General Fund. The budget is established in accordance with the various laws that govern the School Department's operations. The budget is presented on the modified accrual basis of accounting, except for the current portion of compensated absences, which is excluded from expenditures on the budgetary basis of accounting, and except for on-behalf payments and proceeds and expenditures related to capital leases, which are excluded from both revenues and expenditures on the budgetary basis of accounting.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

- Early in the second half of the previous fiscal year, the School Department prepares a budget for the current fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the residents of the City of Westbrook is then called for the purpose of adopting both the proposed City and School Department's budgets after public notice of the meeting has been given.
- Prior to July 1 the budget is adopted.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are reported as an assignment of fund balance since they do not constitute expenditures or liabilities and will be re-appropriated and honored during the subsequent year. Encumbrances are treated as expenditures under the budgetary basis.

All unexpended and unencumbered appropriations lapse at year-end, unless specific approval is granted to carry forward such amounts.

Inventories

School lunch inventories are valued at the lower of cost (first in-first out basis) or market. The cost of inventories is recorded as an expense when consumed, rather than when purchased. Inventories include the value of U.S. Department of Agriculture commodities donated to the School Lunch Program.

Capital Assets

Capital assets of the School Department are recorded on the entity-wide financial statements of the City of Westbrook, Maine.

Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from/to other funds." Interfund balances within governmental activities are eliminated on the government-wide statement of net position at the City level.

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Transfers

Transfers are used to move revenues from the fund that a statute or budget requires them to collect to the fund that a statute or budget requires them to expend and to also move unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Compensated Absences

Compensated absences are earned in varying amounts by employees of the School Department. The estimated total compensated absences for the school department are \$524,929 as of June 30, 2023. The portion that is currently due to employees of the School Department in the amount of \$171,139, as of June 30, 2023, is included in these fund financial statements. The long-term portion of the liability due to employees of the school department in the amount of \$353,790 has been recorded in the government-wide financial statements of the City of Westbrook, Maine.

Fund Balances

In the governmental fund financial statements, fund balance is reported in five classifications.

- **Nonspendable** Amounts that are not in spendable form, such as inventories and prepaid items or are legally or contractually required to be maintained intact.
- **Restricted** Resources with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.
- **Assigned** Resources neither restricted nor committed for which a government has a stated intended use as established by the School Committee or a body or official to which the School Committee has delegated the authority to assign amounts for specific purposes.
- **Unassigned** Resources which cannot be properly classified in one of the other four categories. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The School Committee establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by the School Committee through adoption of the budget as intended for a specific purpose. A fund balance assignment is further indicated in the budget document as an assignment of the fund (such as for fund balance carryover).

The School Department's spending policy for programs with multiple revenue sources is to consider restricted funds to be spent first, then spent out of committed funds, assigned funds, and unassigned funds.

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

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 not have a deposit policy for custodial credit risk. As of June 30, 2023, the School Department reported overdrawn balance of \$457,769, with a bank balance of \$808,776. As of June 30, 2023, \$199,822 of the School Department's bank balances were exposed to custodial credit risk.

NOTE 3 – ACCOUNTABILITY

The following special revenue funds have deficit fund balances:

| | |
|----------------------------------|----------------------------|
| Title I Disadvantaged | \$ 244,060 |
| IDEA Local Entitlement | 43,173 |
| IDEA ARP | 11,269 |
| ARP Local Entitlement | 3,449 |
| Title III | 19,910 |
| Title IV | 52,538 |
| 21 st Century | 54,505 |
| Carl Perkins | 10,016 |
| Supporting Effective Instruction | 5,286 |
| ESSER Fund 1 | 15,817 |
| ESSER Fund 2 | 34,783 |
| ESSER Fund III ARP | 1,119,569 |
| ARP HCY I | 780 |
| ARP HCY II | 1,646 |
| Preschool Handicapped | 39,302 |
| Maine laptop initiative | 17,907 |
| McKinney Vento | 2,566 |
| CTE Industry Standards | 27,638 |
| CTE Industry Supply | 4,715 |
| CTE Early College Grant | 53,028 |
| Refugee Resettlement | 19,871 |
| STOP Grant | 23,492 |
| Subtotal - Grants | <u>\$ 1,805,320</u> |
| Medicaid | 105,644 |
| Spring Harbor | 832,075 |
| Total | <u><u>\$ 2,743,039</u></u> |

The deficits related to the federal grants, totaling \$1,805,320, are mostly a result of timing, because of summer salaries that have been incurred but cannot be billed until paid, except for ESSER for which there is ongoing reconciliation and communication with the State.

Notes to Financial Statements

June 30, 2023

NOTE 3 – ACCOUNTABILITY - CONTINUED

The Spring Harbor deficit is a result of a billing delay, which was caught up subsequent to year-end. The Medicaid deficit, totaling \$105,644, is expected to be covered by transfers from other funds, additional future revenue, and/or curtailment of future expenditures being charged to these funds.

NOTE 4 – DUE TO/FROM OTHER FUNDS AND TRANSFERS

Amounts due to/from other funds at June 30, 2023 are, as follows:

| | Due from Other Funds | Due to Other Funds |
|-----------------------------|-------------------------|-----------------------|
| Major Funds | | |
| General Fund | \$ 2,962,504 | |
| Spring Harbor | | \$ 742,447 |
| Nonmajor Governmental Funds | 615,911 | 2,835,968 |
| Totals | \$ 3,578,415 | \$ 3,578,415 |

There were no operating transfers during the current year.

NOTE 5 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the School Department has reported all capital assets in the City's Government-Wide Statement of Net Position.

NOTE 6 – LONG-TERM DEBT

In accordance with GASB Statement No. 34, the School Department has reported all long-term debt in the City's Government-Wide Statement of Net Position. The School Department has certain bonds payable. Total annual debt service requirements as of June 30, 2023 are, as follows:

| Year ending June 30, | Principal | Interest | Total Debt Service |
|----------------------|---------------|--------------|-----------------------|
| 2024 | \$ 2,888,312 | \$ 1,214,658 | \$ 4,102,970 |
| 2025 | 2,908,231 | 1,093,095 | 4,001,326 |
| 2026 | 2,735,231 | 1,044,885 | 3,780,116 |
| 2027 | 2,365,231 | 779,655 | 3,144,886 |
| 2028 | 2,355,231 | 643,685 | 2,998,916 |
| 2029 - 2033 | 7,930,086 | 2,216,141 | 10,146,227 |
| 2034 - 2038 | 5,361,140 | 1,308,760 | 6,669,900 |
| 2039 - 2043 | 5,126,667 | 492,761 | 5,619,428 |
| 2044 | 21,000 | 505 | 21,505 |
| Totals | \$ 31,691,129 | \$ 8,794,143 | \$ 40,485,272 |

Notes to Financial Statements

June 30, 2023

NOTE 7 – FINANCE LEASES

In accordance with GASB Statement No. 34, the School Department has recorded all finance leases in the City's Government-Wide Statement of Net Position. The School Department has finance leases payable for buses, other vehicles and modular classrooms. The future minimum lease obligations as of June 30, 2023 are, as follows:

| Year ending June 30, | | |
|----------------------|------------------------------|-------------------|
| | 2024 | \$ 105,990 |
| | 2025 | 80,612 |
| | 2026 | 61,834 |
| | 2027 | 45,181 |
| | Total lease obligations | <u>293,617</u> |
| Less: | Amount representing interest | <u>(21,935)</u> |
| | Principal | <u>\$ 271,682</u> |

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS

Maine Public Employees Retirement – Teachers Group

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – and amendment of GASB Statement No. 27*, was implemented by the City and the associated liability has been reported in the City's government-wide financial statements.

Description of Plan

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group (the Plan). The Plan is a cost-sharing plan with a special funding situation, established by the Maine State Legislature. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Maine State Legislature establishes and amends benefit provisions. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the teacher's group.

That report may be obtained by writing to Maine State Retirement System, 46 State House Station, Augusta, ME 04333-0046 or by calling 1-800-451-9800.

Funding Policy

Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution, which amounts to approximately \$3,642,000 (17.61%) for the fiscal year 2023. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (page 4). There is a contribution required for federally funded teachers, for which the School contributed 14.29% of their compensation. This amounted to approximately \$354,000 during the fiscal year 2023. This cost is charged to the applicable grant.

The School Department also makes a contribution to the Plan for the teachers of the School Department. The payment is determined by an actuary and is approximately 3.84% of the qualified teachers' salaries for the entire teachers' fund. For the year ended June 30, 2023, the amount of this contribution was approximately \$950,000.

Notes to Financial Statements

June 30, 2023

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Consolidated Retirement Pension Plan

Description of the Plan

School Department custodians, school lunch personnel and other non-teacher personnel participate in the Maine Public Employees Retirement System Consolidated Plan (the Plan), a cost sharing multiple-employer public employee retirement system established by the Maine State Legislature. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Maine State Legislature establishes and amends benefit provisions. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or by calling 1-800-451-9800.

Funding Policy

The contribution rates of plan members and the School Department and the City are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The School Department's contribution to the Maine Public Employees Retirement System Consolidated Plan for the year ended June 30, 2023 was approximately \$159,000.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Grants

The School Department participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the School Department has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the School Department, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Insurance

The School Department is exposed to various risks of loss related to tort, theft of, damage to and destruction of assets, errors, and omissions, and natural disasters for which the School Department carries commercial insurance. Based on the coverage provided by the commercial insurance purchased, the School Department is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2023. There have been no significant reductions in commercial insurance coverage from the prior year and no settlements have exceeded commercial insurance coverage in any of the past three years.

NOTE 10 – Schedule of Federal Expenditures

The Schedule of Federal Expenditures is presented in the City's Single Audit Report. Please refer to page 20 for the School Department's grants.

WIPFLI

Independent Auditor's Report on Additional Information

School Committee
Westbrook School Department
Westbrook, Maine

We have audited the financial statements of the Westbrook School Department (the School Department) as of and for the year ended June 30, 2023, and our report thereon, dated **DATE**, which expressed an unmodified opinion on those financial statements, appears on pages 1 through 3. Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The accompanying schedules, on pages 16 through 20, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Wipfli LLP

South Portland, Maine
DATE

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Westbrook School Department

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

Year Ended June 30, 2023

| | IDEA Local Entitlement | IDEA ARP | ARP Local Entitlement | Title I Disadvantaged | Title III | Medicaid | Title IV | Food Service | 21st Century | Supporting Effective Instruction | Carl Perkins | Maine Laptop Initiative Repairs | Subtotal |
|--|------------------------------|--------------------|-----------------------------|--------------------------|--------------------|---------------------|--------------------|-------------------|--------------------|--|--------------------|--|---------------------|
| Revenues | | | | | | | | | | | | | |
| Federal grants | \$ 655,073 | | \$ 81,799 | \$ 1,701,256 | \$ 24,153 | | \$ 125,845 | \$ 1,938,729 | \$ 138,439 | \$ 138,797 | \$169,386 | | \$ 4,973,477 |
| State grants | | | | | | \$ 85,634 | | 19,202 | | | | \$ 17,340 | 122,176 |
| Local grants | | | | | | | | | | | | | - |
| Student activities | | | | | | | | | | | | | - |
| Charges for services and other | | | | | | | | 135,371 | | | | | 135,371 |
| Total Revenues | <u>655,073</u> | | <u>81,799</u> | <u>1,701,256</u> | <u>24,153</u> | <u>85,634</u> | <u>125,845</u> | <u>2,093,302</u> | <u>138,439</u> | <u>138,797</u> | <u>169,386</u> | <u>17,340</u> | <u>5,231,024</u> |
| Expenditures | <u>657,025</u> | <u>11,269</u> | <u>85,248</u> | <u>1,764,416</u> | <u>45,364</u> | | <u>169,821</u> | <u>1,873,029</u> | <u>175,219</u> | <u>144,311</u> | <u>179,402</u> | <u>3,184</u> | <u>5,108,288</u> |
| Transfers In (Out) | | | | | | | | - | | | | | |
| Excess (Deficiency) of Revenues Over Expenditures | (1,952) | (11,269) | (3,449) | (63,160) | (21,211) | 85,634 | (43,976) | 220,273 | (36,780) | (5,514) | (10,016) | 14,156 | 122,736 |
| Fund Balances (Deficit) | | | | | | | | | | | | | |
| Beginning of year | (41,221) | - | - | (180,900) | 1,301 | (191,278) | (8,562) | 144,215 | (17,725) | 228 | - | (32,063) | (326,005) |
| End of year | <u>\$ (43,173)</u> | <u>\$ (11,269)</u> | <u>\$ (3,449)</u> | <u>\$ (244,060)</u> | <u>\$ (19,910)</u> | <u>\$ (105,644)</u> | <u>\$ (52,538)</u> | <u>\$ 364,488</u> | <u>\$ (54,505)</u> | <u>\$ (5,286)</u> | <u>\$ (10,016)</u> | <u>\$ (17,907)</u> | <u>\$ (203,269)</u> |

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Westbrook School Department

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

Year Ended June 30, 2023

| | ESSER Fund I | ESSER Fund II | ESSER Fund III ARP | Learning Management System | ARP HCY I | ARP HCY II | Governors Emergency Education Relief | Adult Education MCCS | Adult Education | Performing Arts | Subtotal |
|--|--------------------|--------------------|-----------------------|----------------------------|-----------------|-------------------|--------------------------------------|----------------------|------------------|-------------------|---------------------|
| Revenues | | | | | | | | | | | |
| Federal grants | \$ 88,922 | \$ 726,141 | \$ 2,272,854 | \$ 340,988 | \$ 45 | \$ 47,908 | \$ 96,995 | | | | \$ 3,573,853 |
| State grants | | | | | | | | \$ 16,093 | \$ 71,911 | | 88,004 |
| Local grants | | | | | | | | | | | - |
| Student activities | | | | | | | | | | | - |
| Charges for services and other | | | | | | | | | 166,176 | \$ 163,061 | 329,237 |
| Total Revenues | <u>88,922</u> | <u>726,141</u> | <u>2,272,854</u> | <u>340,988</u> | <u>45</u> | <u>47,908</u> | <u>96,995</u> | <u>16,093</u> | <u>238,087</u> | <u>163,061</u> | <u>3,991,094</u> |
| Expenditures | <u>96,244</u> | <u>698,453</u> | <u>3,196,383</u> | <u>38,646</u> | <u>825</u> | <u>49,554</u> | <u>96,795</u> | | <u>362,586</u> | <u>116,799</u> | <u>4,656,285</u> |
| Transfers In (Out) | | | | | | | | | | | |
| Excess (Deficiency) of Revenues Over Expenditures | (7,322) | 27,688 | (923,529) | 302,342 | (780) | (1,646) | 200 | 16,093 | (124,499) | 46,262 | (665,191) |
| Fund Balances (Deficit) | | | | | | | | | | | |
| Beginning of year | (8,495) | (62,471) | (196,040) | - | - | - | - | - | 136,738 | 113,957 | (16,311) |
| End of year | <u>\$ (15,817)</u> | <u>\$ (34,783)</u> | <u>\$ (1,119,569)</u> | <u>\$ 302,342</u> | <u>\$ (780)</u> | <u>\$ (1,646)</u> | <u>\$ 200</u> | <u>\$ 16,093</u> | <u>\$ 12,239</u> | <u>\$ 160,219</u> | <u>\$ (681,502)</u> |

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Westbrook School Department

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

Year Ended June 30, 2023

| | Perkins Leadership | Preschool Handicapped | McKinney Vento | Drug Free Communities | CTE Industry Standards | CTE Industry Supply | Refugee Resettlement | Miscellaneous Grants | STOP Grant | CTE Early College Grant | Student Activity Funds | Scholarship Funds | Totals |
|--|-----------------------|--------------------------|-------------------|--------------------------|------------------------------|---------------------------|-------------------------|-------------------------|--------------------|----------------------------------|------------------------------|----------------------|-------------------|
| Revenues | | | | | | | | | | | | | |
| Federal grants | | 10,233 | 40,240 | 220,053 | 50,016 | 55,278 | 8,705 | 30,462 | 36,504 | | | | \$ 43,925,841 |
| State grants | 20,940 | | | | | | | 183,292 | | | | | 366,876 |
| Local grants | | | | | | | | | | | | | 183,292 |
| Student activities | | | | | | | | | | | \$ 340,821 | \$ 101,912 | 442,733 |
| Charges for services and other | | | | | | | | | | | | | 464,608 |
| Total Revenues | <u>20,940</u> | <u>10,233</u> | <u>40,240</u> | <u>220,053</u> | <u>50,016</u> | <u>55,278</u> | <u>8,705</u> | <u>213,754</u> | <u>36,504</u> | | <u>340,821</u> | <u>101,912</u> | <u>45,383,350</u> |
| Expenditures | <u>20,940</u> | <u>10,233</u> | <u>40,378</u> | <u>150,429</u> | <u>77,654</u> | <u>59,993</u> | <u>28,576</u> | <u>158,208</u> | <u>47,426</u> | <u>50,504</u> | <u>319,842</u> | <u>101,039</u> | <u>10,829,795</u> |
| Transfers In (Out) | | | | | | | | | | | | | - |
| Excess (Deficiency) of Revenues Over Expenditures | | | (138) | 69,624 | (27,638) | (4,715) | (19,871) | 55,546 | (10,922) | (50,504) | 20,979 | 873 | (509,221) |
| Fund Balances (Deficit) | | | | | | | | | | | | | |
| Beginning of year | \$ - | \$ (39,302) | \$ (2,428) | \$ (51,938) | \$ - | \$ - | \$ - | \$ 357,849 | \$ (12,570) | \$ (2,524) | \$ 278,999 | \$ 390,169 | 575,939 |
| End of Year | <u>\$ -</u> | <u>\$ (39,302)</u> | <u>\$ (2,566)</u> | <u>\$ 17,686</u> | <u>\$ (27,638)</u> | <u>\$ (4,715)</u> | <u>\$ (19,871)</u> | <u>\$ 413,395</u> | <u>\$ (23,492)</u> | <u>\$ (53,028)</u> | <u>\$ 299,978</u> | <u>\$ 391,042</u> | <u>\$ 66,718</u> |

See accompanying independent auditor's report on additional information.

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Westbrook School Department

Schedule of Revenues, Expenditures and Changes in Fund Balances Capital Project Funds

Year Ended June 30, 2023

| | SRRF #1 Projects | SRRF #2 Projects | WMS Projects | Bonded Projects | Total Capital Projects Fund |
|--|---------------------|---------------------|-------------------|--------------------|--------------------------------|
| Revenues | \$ - | \$ - | \$ - | \$ - | \$ - |
| Expenditures | <u>570,249</u> | <u>85,200</u> | <u>348,480</u> | <u>571,648</u> | <u>1,575,577</u> |
| Deficiency of Revenues Over Expenditures Before Other Financing Sources | (570,249) | (85,200) | (348,480) | (571,648) | (1,575,577) |
| Other Financing Sources | | | | | |
| Issuance of bonds that were forgiven | 294,420 | | | | 294,420 |
| Proceeds from issuance of bonds | <u>275,829</u> | <u>85,200</u> | <u>-</u> | <u>745,000</u> | <u>1,106,029</u> |
| Total Other Financing Sources (Uses) | 570,249 | 85,200 | - | 745,000 | 1,400,449 |
| Excess (Deficiency) of Revenues Over Expenditures | - | - | (348,480) | 173,352 | (175,128) |
| Fund Balance - Beginning of Year | <u>-</u> | <u>-</u> | <u>708,276</u> | <u>-</u> | <u>708,276</u> |
| Fund Balance - End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 359,796</u> | <u>\$ 173,352</u> | <u>\$ 533,148</u> |

Westbrook School Department

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

| Federal Grantor/Pass-Through Grantor/Program Title | Federal AL Number | Pass-Through Grantor Number | Federal Expenditures |
|---|-------------------------|--------------------------------|-------------------------|
| U.S Department of Education | | | |
| <u>Pass-Through State Department of Education</u> | | | |
| Title I, Part A Cluster | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 013-3107 | \$ 1,727,324 |
| Title I Grants to Local Educational Agencies | 84.011A | 013-3106 | 37,092 |
| Total Title I, Part A Cluster | | | <u>1,764,416</u> |
| Special Education Cluster (IDEA) | | | |
| Special Education - Grants to States | 84.027 | 013-3046 | 657,025 |
| Special Education - Grants to States | 84.027 | n/a | 11,269 |
| COVID-19 - Individuals With Disabilities Education Act | 84.027x | 025-7170 | 85,248 |
| Special Education - Preschool Grants | 84.173 | 013-6247 | 5,779 |
| COVID-19 - Individuals With Disabilities Education Act | 84.173x | 025-7171 | 4,454 |
| Total Special Education Cluster (IDEA) | | | <u>763,775</u> |
| Twenty-First Century Community Learning Centers | 84.287 | 013-3356 | 175,219 |
| Career and Technical Education - Basic Grants to States | 84.048 | 013-3030 | 179,402 |
| | | | <u>179,402</u> |
| Education for Homeless Children and Youth | 84.196 | 013-3170 | 40,378 |
| English Language Acquisition State Grants | 84.365 | 013-3115 | 45,364 |
| Student Support and Academic Enrichment Program | 84.424 | 013-3345 | 169,821 |
| Supporting Effective Instruction State Grants | 84.369A | 013-3042 | 144,311 |
| COVID19 - Elementary and Secondary School Emergency Relief Fund 1 | 84.425D | 013-7006 | 96,244 |
| COVID19 - Elementary and Secondary School Emergency Relief Fund 2 | 84.425D | 013-7041 | 698,453 |
| COVID19 - Elementary and Secondary School Emergency Relief Fund | 84.425 | 025-7072 | 5,850 |
| COVID19 - Elementary and Secondary School Emergency Relief Fund | 84.425 | 013-7042 | 96,795 |
| COVID19 - Elementary and Secondary School Emergency Relief Fund | 84.425 | 013-7042 | 38,446 |
| COVID19 - Elementary and Secondary School Emergency Relief Fund | 84.425 | 013-7004 | 200 |
| COVID19 - Elementary and Secondary School Emergency Relief Fund | 84.425W | 025-3161 | 50,379 |
| COVID19 - American Resue Plan - Elementary and Secondary School Emergency Relief Fund | 84.425U | 025-7071 | 3,196,383 |
| Total Elementary and Secondary School Emergency Relief Fund | | | <u>4,182,750</u> |
| Total U.S. Department of Education | | | <u>7,465,436</u> |
| U.S. Department of Agriculture | | | |
| <u>Pass-Through State Department of Education</u> | | | |
| Child Nutrition Cluster | | | |
| School Breakfast Program | 10.553 | 013-3014 | 336,592 |
| National School Lunch Program | 10.555 | 013-3022 | 219,095 |
| National School Lunch Program | 10.555 | 013-3024 | 635,824 |
| National School Lunch Program | 10.555 | 013-6670 | 69,721 |
| National School Lunch Program | 10.555 | 013-6184 | 3,140 |
| COVID19 - Summer Food Service Program | 10.559 | 013-3016 | 36,622 |
| COVID19 - Summer Food Service Program | 10.559 | 013-3018 | 3,766 |
| Fresh Fruits and Vegetables | 10.582 | 013-3028 | 82,533 |
| Total Child Nutrition Cluster | | | <u>1,304,760</u> |
| Food Distribution Cluster | | | |
| Commodity Supplemental Food Program | 10.565 | 013-6134 | 99,796 |
| Total Food Distribution Cluster | | | <u>99,796</u> |
| Child and Adult Care Food Program | 10.558 | 013-6658 | 59,527 |
| Child and Adult Care Food Program | 10.558 | 013-6661 | 4,398 |
| Total Child and Adult Care Food Program | | | <u>63,925</u> |
| Total U.S. Department of Agriculture | | | <u>1,468,481</u> |
| U.S. Department of Health and Human Services | | | |
| <u>Direct Program</u> | | | |
| Drug-Free Communities Support Program Grants | 93.276 | N/A | 150,429 |
| <u>Pass-Through State of Maine Department of Health and Human Services</u> | | | |
| Substance Abuse and Mental Health Services Projects | 93.243 | N/A | 47,426 |
| <u>Pass-Through State Department of Education</u> | | | |
| Refugee and Entrant Assistance - Discretionary Grants | 93.576 | 013-3120 | 28,576 |
| Total U.S. Department of Health and Human Services | | | <u>226,431</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 9,160,348</u> |