

TOWN OF HOPE SCHOOL DEPARTMENT
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JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

Town of Hope School Committee
Hope School Department
School Union #69
Hope, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Hope School Department, a department of the Town of Hope, as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the governmental activities, business-type activities, and each major fund of the Town of Hope School Department as of June 30, 2021, and the respective changes in financial position and where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on Exhibit C be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hope School Department's basic financial statements. The individual nonmajor fund financial statements and schedules A-1 and B-1 through B-5, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Reconciliation of Audit Adjustments to Maine Education Financial System is presented for purposes of additional analysis as required by Maine Department of Education, and is also not a required part of the basic financial statements.

The fund financial statements and the Schedule of Expenditures of Federal Awards and the Reconciliation of Audit Adjustments to Maine Education Financial System 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 fund financial statements and the Schedule of Expenditures of Federal Awards and the Reconciliation of Audit Adjustments to Maine Education Financial System are fairly stated in all material respects in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note A, the financial statements of the Town of Hope School Department are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of governmental activities, the business-type activities, and each major fund of the Town of Hope 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 Town of Hope as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows 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.

Bath, Maine

June 22, 2022

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INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH STATE STATUTE REQUIREMENTS

Town of Hope School Committee
Hope School Department
School Union #69
Hope, Maine

We have audited the general purpose financial statements of the Town of Hope School Department as of and for the year ended June 30, 2021, and have issued our report thereon dated June 22, 2022.

The management of the Town of Hope School Department is responsible for the School's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the School's compliance with laws and regulations, noncompliance with which could have a material effect on the financial statements of the Town of Hope School Department.

Title 20-A Sec. 6051 requires certain written assurances with respect to school audits. Our audit of compliance with the laws and regulations consisted of, at a minimum, the following:

1. A determination of whether or not the School has complied with budget content requirements pursuant to section 15693, subsection 1 and cost center summary budget format requirement pursuant to sections 1305-C, 1485, 1701-C and 2307.
2. A determination of whether or not the School has exceeded its authority to expend funds.
3. A determination of whether or not the annual financial data submitted to the department is correct.
4. A determination of whether or not the School was in compliance with applicable provisions of the Essential Programs and Services Funding Act pursuant to chapter 606-B, §15671.
5. A determination of whether or not the School complied with the applicable provisions of the unexpended balance requirements established under section 15004.
6. A determination of whether or not the School has complied with section 15675, section 2, and section 15690-A.

The results of our tests indicate that, for the items tested, the Town of Hope School Department complied with those provisions of Maine laws and regulations. Nothing came to our attention that caused us to believe that, for the items not tested, the Town of Hope School Department was not in compliance with Maine laws and regulations.

Bath, Maine

June 22, 2022

TOWN OF HOPE SCHOOL DEPARTMENT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	GENERAL FUND	PRE-K FUND	OTHER GOVERNMENTAL FUNDS	TOTALS (MEMORANDUM ONLY)
ASSETS:				
Accounts Receivable	\$ -	\$ -	\$ 129,059	\$ 129,059
Equity with Town Treasurer	760,231	13,753	(52,227)	721,757
Total Assets	\$ 760,231	\$ 13,753	\$ 76,832	\$ 850,816
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 88,108	\$ -	\$ -	\$ 88,108
Accrued Salaries	208,085	13,753	8,902	230,740
Unearned revenue	-	-	6,538	6,538
Due To Other Funds	4,429	-	-	4,429
Facilities Reserve	18,732	-	-	18,732
Special Education Reserve	3,100	-	-	3,100
Total Liabilities	\$ 322,454	\$ 13,753	\$ 15,440	\$ 351,647
Fund Balance:				
Restricted	\$ -	\$ -	\$ 61,392	\$ 61,392
Assigned	80,000	-	-	80,000
Unassigned	357,777	-	-	357,777
Total Fund Balance	\$ 437,777	\$ -	\$ 61,392	\$ 499,169
Total Liabilities and Fund Balance	\$ 760,231	\$ 13,753	\$ 76,832	\$ 850,816

TOWN OF HOPE SCHOOL DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND	PRE-K FUND	OTHER GOVERNMENTAL FUNDS	TOTALS (MEMORANDUM ONLY)
REVENUES:				
Local Allocation	\$ 1,896,401	\$ 142,121	\$ -	\$ 2,038,522
Intergovernmental Revenue	1,014,079	-	606,842	1,620,921
Miscellaneous Revenue	4,446	-	-	4,446
Maine State Retirement on Behalf Payments (Note C)	243,385	-	-	243,385
Total Revenues	<u>\$ 3,158,311</u>	<u>\$ 142,121</u>	<u>\$ 606,842</u>	<u>\$ 3,907,274</u>
EXPENDITURES:				
REGULAR INSTRUCTION	\$ 1,116,276	\$ -	\$ -	\$ 1,116,276
SPECIAL EDUCATION PROGRAM:				
Instruction	630,007	-	-	630,007
Office	45,670	-	-	45,670
OTHER INSTRUCTION:				
Co-Curricular Activities	4,620	-	-	4,620
Co-Curricular Athletics	-	-	-	-
SUPPORT STAFF:				
Guidance	61,784	-	-	61,784
Library	68,497	-	-	68,497
Technology	87,960	-	-	87,960
Sub Coordinator	1,046	-	-	1,046
Instructional Staff Training	3,241	-	-	3,241
Nurse	28,353	-	-	28,353
Student Assessment	2,870	-	-	2,870
SYSTEM ADMINISTRATION:				
School Committee	13,832	-	-	13,832
Office of the Superintendent	98,036	-	-	98,036
SCHOOL ADMINISTRATION				
SCHOOL ADMINISTRATION	187,944	-	-	187,944
TRANSPORTATION	149,771	-	-	149,771
FACILITIES MAINTENANCE	266,965	-	-	266,965
PROGRAM EXPENDITURES	-	142,121	606,536	748,657
MAINE STATE RETIREMENT ON BEHALF PAYMENTS				
MAINE STATE RETIREMENT ON BEHALF PAYMENTS	243,385	-	-	243,385
Total Expenditures	<u>\$ 3,010,257</u>	<u>\$ 142,121</u>	<u>\$ 606,536</u>	<u>\$ 3,758,914</u>
Excess of Revenues Over (Under) Expenditures	\$ 148,054	\$ -	\$ 306	\$ 148,360
Fund Balance, July 1, 2020	154,944	134,779	61,086	350,809
Transfer In	134,779	-	-	134,779
Transfer Out	-	(134,779)	-	(134,779)
Fund Balance, June 30, 2021	<u>\$ 437,777</u>	<u>\$ -</u>	<u>\$ 61,392</u>	<u>\$ 499,169</u>

TOWN OF HOPE SCHOOL DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Local Allocation	\$ 1,896,401	\$ 1,896,401	\$ 1,896,401	\$ -
Intergovernmental Revenue	967,254	967,254	1,014,079	46,825
Miscellaneous Revenue	-	-	4,446	4,446
Maine State Retirement on Behalf Payments (Note C)	-	-	243,385	243,385
Total Revenues	<u>\$ 2,863,655</u>	<u>\$ 2,863,655</u>	<u>\$ 3,158,311</u>	<u>\$ 294,656</u>
EXPENDITURES:				
REGULAR INSTRUCTION	\$ 1,205,282	\$ 1,205,282	\$ 1,116,276	\$ 89,006
SPECIAL EDUCATION PROGRAM:				
Instruction	609,652	609,652	630,007	(20,355)
Office	48,435	48,435	45,670	2,765
OTHER INSTRUCTION:				
Co-Curricular Activities	11,058	11,058	4,620	6,438
Co-Curricular Athletics	16,789	16,789	-	16,789
SUPPORT STAFF:				
Guidance	69,831	69,831	61,784	8,047
Library	70,100	70,100	68,497	1,603
Technology	91,642	91,642	87,960	3,682
Sub Coordinator	1,245	1,245	1,046	199
Instructional Staff Training	7,914	7,914	3,241	4,673
Nurse	26,176	26,176	28,353	(2,177)
Student Assessment	2,815	2,815	2,870	(55)
SYSTEM ADMINISTRATION:				
School Committee	13,515	13,515	13,832	(317)
Office of the Superintendent	102,692	102,692	98,036	4,656
SCHOOL ADMINISTRATION	194,120	194,120	187,944	6,176
TRANSPORTATION	142,110	142,110	149,771	(7,661)
FACILITIES MAINTENANCE	256,212	256,212	266,965	(10,753)
MAINE STATE RETIREMENT ON BEHALF PAYMENTS	-	-	243,385	(243,385)
Total Expenditures	<u>\$ 2,869,588</u>	<u>\$ 2,869,588</u>	<u>\$ 3,010,257</u>	<u>\$ (140,669)</u>
Excess of Revenues Over (Under) Expenditures	\$ (5,933)	\$ (5,933)	\$ 148,054	\$ 153,987
Transfers In	-	-	134,779	134,779
Fund Balance, July 1, 2020	5,933	5,933	154,944	149,011
Fund Balance, June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437,777</u>	<u>\$ 437,777</u>

TOWN OF HOPE SCHOOL DEPARTMENT
STATEMENT OF FIDUCIARY NET POSITION
STUDENT ACTIVITY ACCOUNTS
JUNE 30, 2021

AGENCY

ASSETS:		
Cash	\$	19,845
Total Assets	<u>\$</u>	<u>19,845</u>
LIABILITIES:		
Accounts Payable	\$	-
NET POSITION:		
Amounts Restricted for Other Groups		19,845
Total Liabilities and Net Position	<u>\$</u>	<u>19,845</u>

STATEMENT OF NET POSITION - PROPRIETARY FUND
SCHOOL LUNCH PROGRAM
JUNE 30, 2021

ASSETS:		
Accounts Receivable	\$	33,251
Inventory		2,494
Due From Other Funds		4,429
Total Assets	<u>\$</u>	<u>40,174</u>
LIABILITIES:		
Unearned revenues	\$	447
Accounts Payable		120
Accrued Wages		1,061
Total Liabilities	<u>\$</u>	<u>1,628</u>
NET POSITION		38,546
Total Liabilities and Net Position	<u>\$</u>	<u>40,174</u>

TOWN OF HOPE SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Town of Hope School Department conform to generally accepted accounting principles as applicable to governmental units.

1. Financial Reporting Entity

The Town of Hope School Department is a department of the Town of Hope, Maine, the basic financial statements of which have been issued in a separate report dated June 22, 2022 for the year ended June 30, 2021.

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

MRSA Title 20-A Section 15003 requires the Town of Hope School Department to report on a July 1 to June 30 fiscal year.

2. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. Basis of Presentation

The accounts of the Town of Hope School Department are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The various funds are grouped by type in the financial statements.

Governmental Funds

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

Special Revenue Funds - Special revenue funds are used to account for the revenues derived from specific sources (i.e. federal and state grants) and to facilitate the management of financial resources internally "designated" for specific purposes.

Capital Project Fund - Capital project funds are used to fund major improvements to the school buildings. Hope School Department no longer has a Capital Projects Fund.

TOWN OF HOPE SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

3. Basis of Presentation (Cont'd)

Fiduciary Fund

Custodial Funds - Custodial funds are used to account for assets held by the Town of Hope School Department in an agency capacity. The amounts are not available to support the Hope School Department.

Proprietary Fund

The Proprietary Fund is the fund used to account for all the financial resources relating to the School Nutrition Program.

4. Basis of Accounting

The modified accrual basis of accounting is followed by the general, special revenue, and agency funds. The modified accrual basis of accounting is defined as the basis of accounting under which expenditures are recorded as incurred and revenues are recorded when received in cash except for material and/or available revenues which are accrued to reflect properly the assessments levied and the revenues earned.

5. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

6. Financial Statement Amounts

In accordance with GASB Statement No. 54, the school department employs terminology and classifications for fund balance items as follows:

Restricted fund balances are amounts that can be used only for specific purposes because of legislation or restrictions imposed by donors. The fund balance of the Special Revenue Fund is classified as restricted.

Committed fund balances are amounts that can be used only for specific purposes because of a formal action taken by town government.

Assigned fund balances are resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balances are all amounts in the General Fund that are not assigned to another category. Only the General Fund can have an unassigned fund balance.

TOWN OF HOPE SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

7. Accounts Receivable

Accounts Receivable is stated at gross value. At June 30, 2021 it was determined there were no uncollectible accounts receivable and the allowance for uncollectible accounts was zero.

8. Inventory

Inventory consists of school lunch food and supplies, and is recorded at cost on the first-in, first-out basis.

9. Implementation of New Accounting Standards

- a. Statement No. 90, "Majority Equity Interests", an amendment of GASB Statements No. 14 and No. 61. Effective for the fiscal year ending June 30, 2021. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Management has determined that the impact of this statement is not material to the financial statements.

10. Future Accounting Pronouncements

- a. Statement No 87, "Leases" effective for the fiscal year ending June 30, 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments; financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments; leasing activities. Management has determined that the impact of this statement is not material to the financial statements.
- b. Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", effective for the fiscal year ending June 30, 2022. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Management has determined that the impact of this statement is not material to the financial statements.

TOWN OF HOPE SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

10. Future Accounting Pronouncements (Cont'd)

- c. Statement No. 91, "Conduit Debt Obligations" is effective for the fiscal year ending June 30, 2022. The objective of the statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required disclosures. Management has determined that this statement is not applicable.
- d. Statement No. 93, "Replacement of Interbank Offered Rates" is effective for the fiscal year ending June 30, 2022. The objective of this statement is to improve guidance regarding the governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Management has determined that this statement is not applicable.
- e. Statement No. 94, "Public Private Partnerships" is effective for the fiscal year ending June 30, 2023. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Management has determined that this statement is not applicable.
- f. Statement No. 96, "Subscription-Based Information Technology Arrangements" is effective for the fiscal year ending June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined that this statement is not applicable.
- g. Statement No. 97, "Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" is effective for the fiscal year ending June 30, 2022. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 Plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. Management has determined that this statement is not applicable.

TOWN OF HOPE SCHOOL DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

11. Subsequent Event

As of June 22, 2022, management has reviewed events after June 30, 2021 and there were no material subsequent events requiring disclosure.

NOTE B - GENERAL FUND BUDGET:

The Town of Hope School Department operates on a gross budget. All revenues are estimated. The unexpended balance is carried forward each year as required by MRSAs Title 20-A, Section 15004.

At the annual town meeting, held in June, the townspeople vote on various articles on which amounts for appropriation have been recommended by the school committee and/or the budget committees.

NOTE C - DEFINED BENEFIT PENSION PLAN:

Public school teachers contribute to the Maine Public Employees Retirement System ("System"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for public school teachers, state employees (except members of the judiciary and legislature who are covered under the Judicial and Legislative Retirement Systems) and political subdivisions. The System also provides retirement, death, disability, and health insurance benefits. These benefit provisions and all other requirements are established by state statute. The MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the teachers group. This report may be obtained by calling 1-800-451-9800.

Teachers are required to contribute 7.65% of their annual salary to the System. The Town of Hope School Department is required to pay 4.16% of teachers' payroll which is reflected in expenses on the Statement of Revenues and Expenditures. The only exception is the additional contribution required for federally funded teachers for which the School contributes 14.96% of their compensation and is charged to the grant. This cost amounted to \$65,272 for the year ended June 30, 2021. The State of Maine contributes the remaining amounts necessary to fund the System, using the actuarial basis specified by statute. The covered payroll for teachers is approximately \$1,569,048. As required by Accounting Standards, the amount paid on behalf of the School Department by the State of Maine has been recorded as revenue and an expenditure, which amounted to approximately \$243,385.

NOTE D - EXPENDITURES IN EXCESS OF APPROPRIATIONS:

Expenditures exceeded appropriations in the following categories during the year ending June 30, 2021:

BUDGET CATEGORY	APPROPRIATION	EXPENDITURES	VARIANCE
Special Education	\$ 658,087	\$ 675,677	\$ 17,590
Transportation	\$ 142,110	\$ 149,771	\$ 7,661
Facilities Maintenance	\$ 256,212	\$ 266,965	\$ 10,753
MainePERS on Behalf Payments	\$ -0-	\$ 243,385	\$ 243,385

Maine State Retirement on Behalf Payments are not budgeted and are offset by corresponding revenue amounts. Total budgetary authority was under-expended by \$102,716.

TOWN OF HOPE SCHOOL DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE E - RISK MANAGEMENT:

The School Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All significant losses are covered by commercial insurance. There has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE F - DONATED COMMODITIES:

The School Lunch Program received food with a value of \$4,475 from the U.S. Department of Agriculture during the year. This amount has been reflected in revenues and food expense.

NOTE G - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

FUND	INTERFUND RECEIVABLES	INTERFUND PAYABLES	TRANSFERS
General	\$ -0-	\$ 4,429	\$ 134,779
Special Revenue	-0-	-0-	-0-
Pre-K	-0-	-0-	(134,779)
Proprietary	4,429	-0-	-0-
Total	<u>\$ 4,429</u>	<u>\$ 4,429</u>	<u>\$ -0-</u>

TOWN OF HOPE SCHOOL DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE LISTING	PASS THROUGH GRANTOR NUMBER	FUND BALANCE JULY 1, 2020	REVENUES	EXPENDITURES	FUND BALANCE JUNE 30, 2021
U.S. DEPARTMENT OF AGRICULTURE:						
Passed Through State Department of Education:						
School Nutrition Cluster:						
Donated Commodities (Note F)	10.559	N/A	\$ -	\$ 4,475	\$ 4,475	\$ -
School Lunch Summer Program	10.559	13.3016/13.3018	-	78,166	78,166	-
Total School Nutrition Cluster			<u>\$ -</u>	<u>\$ 82,641</u>	<u>\$ 82,641</u>	<u>\$ -</u>
Fresh Fruits and Veggies	10.582	13.3028	\$ -	\$ 8,180	\$ 8,180	\$ -
Subtotal U.S. Department of Agriculture			<u>\$ -</u>	<u>\$ 90,821</u>	<u>\$ 90,821</u>	<u>\$ -</u>
U.S. DEPARTMENT OF THE TREASURY						
Passed Through State Department of Education:						
COVID - Coronavirus Relief Fund #1	21.019	22.7010	\$ -	\$ 233,839	\$ 233,839	\$ -
COVID - Coronavirus Relief Fund #2	21.019	22.7015	-	247,521	247,521	-
Subtotal U.S. Department of the Treasury			<u>\$ -</u>	<u>\$ 481,360</u>	<u>\$ 481,360</u>	<u>\$ -</u>
U.S. DEPARTMENT OF EDUCATION:						
Passed Through State Department of Education:						
Special Education Cluster:						
IDEA Special Education - Grant to States (IDEA Part B)	84.027	13.3046	\$ (117)	\$ 44,387	\$ 44,270	\$ -
Preschool	84.173	13.6247	-	285	285	-
Total Special Education Cluster			<u>\$ (117)</u>	<u>\$ 44,672</u>	<u>\$ 44,555</u>	<u>\$ -</u>
COVID - Elementary and Secondary School Emergency Relief Fund #1	84.425D	13.7006	\$ -	\$ 20,906	\$ 20,906	\$ -
COVID - Elementary and Secondary School Emergency Relief Fund #2	84.425D	13.7010	-	36,100	36,100	-
Subtotal ESSER			<u>\$ -</u>	<u>\$ 57,006</u>	<u>\$ 57,006</u>	<u>\$ -</u>
Title I - Basic Disadvantaged Program	84.010	13.3107	\$ 1,772	\$ 10,359	\$ 10,359	\$ 1,772
Rural Education Achievement Program	84.358	N/A	1,170	5,596	5,407	1,359
Title IIA - Supporting Effective Instruction	84.367	13.3042	-	3,548	3,548	-
Student Support and Academic Enrichment - Title IVA	84.424	13.3345	-	1,287	1,287	-
Rural and Low Income - Title V			-	3,014	3,014	-
Subtotal U.S. Department of Education			<u>\$ 2,825</u>	<u>\$ 125,482</u>	<u>\$ 125,176</u>	<u>\$ 3,131</u>
Total			<u>\$ 2,825</u>	<u>\$ 697,663</u>	<u>\$ 697,357</u>	<u>\$ 3,131</u>

TOWN OF HOPE SCHOOL DEPARTMENT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of Town of Hope School Department's Schedule of Expenditures of Federal Awards conforms to generally accepted accounting principles as applicable to governmental units. The modified accrual basis of accounting is followed. This method of accounting is defined as the basis of accounting under which expenditures are recorded as incurred, and revenues are recorded when received in cash except for material and/or available revenues which are accrued to reflect properly the assessments levied and the revenues earned.

NOTE 2 - DONATED COMMODITIES:

Non-monetary assistance is reported in the schedule at the fair market value of the commodities consumed.

NOTE 3 - INDIRECT COST RATE:

The Town of Hope School Department has elected not to use the 10% de minimus indirect cost rate allowed under uniform guidance.

TOWN OF HOPE SCHOOL DEPARTMENT
 SCHEDULE OF ACTIVITY - FIDUCIARY FUND TYPE - AGENCY - STUDENT ACTIVITY FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	NET POSITION 7/1/2020	REVENUES	EXPENDITURES	NET POSITION 6/30/2021
CHECKING:				
Class of 2021	\$ -	\$ 9,128.82	\$ (8,611.13)	\$ 517.69
Class of 2022		235.56		235.56
Camp Kieve Fund	(576.80)	576.80		
Cheer Fund	371.10	345.00	(311.11)	404.99
Essentials Team	55.65			55.65
Fundraising	3,457.92	2,538.88	(3,992.91)	2,003.89
Guidance	473.52		(44.94)	428.58
Laptop Insurance	4,285.26	1,680.00	(576.80)	5,388.46
Library	1,238.89	21.95	(744.83)	516.01
Math & Science	220.31	500.00	(477.70)	242.61
Laptop Fund	660.43			660.43
Middle School Athletics Fund	26.20			26.20
French	25.00			25.00
Music	1,260.75			1,260.75
Integrated Studies 6+8	7.42			7.42
Replacement Fund	100.00			100.00
Scholarship Fund	1,379.05			1,379.05
Seeds of Hope	425.74			425.74
Student Council	314.98		(39.05)	275.93
Petty Cash		5,487.84	(5,812.43)	(324.59)
Yearbook	475.83	554.00	(13.00)	1,016.83
Pre-K	1,203.75	727.00	(941.74)	989.01
0th Grade	35.97		(27.99)	7.98
1st Grade	643.19	1,500.00	(1,625.12)	518.07
3rd Grade	34.30			34.30
4th Grade	85.24			85.24
5th Grade	13.17			13.17
7th Grade	(76.00)			(76.00)
8th Grade	187.64			187.64
Helpekin Camp Scholarship	2,000.00			2,000.00
Camp Kieve Scholarship	666.01			666.01
Lunch Fund	25.00			25.00
Adv Math	148.00			148.00
Middle Level Fund	600.00			600.00
Total Checking	<u>\$ 19,767.52</u>	<u>\$ 23,295.85</u>	<u>\$ (23,218.75)</u>	<u>\$ 19,844.62</u>

TOWN OF HOPE SCHOOL DEPARTMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>EXCESS OF</u>	<u>FUND BALANCE</u>	
	<u>FEDERAL AND</u> <u>STATE GRANTS</u>	<u>PROGRAM</u> <u>EXPENDITURES</u>	<u>OVER (UNDER)</u> <u>EXPENDITURES</u>	<u>JULY 1, 2020</u>	<u>JUNE 30, 2021</u>
REAP Small Rural School Achievement	\$ 5,596	\$ 5,407	\$ 189	\$ 1,169	\$ 1,358
Coronavirus Relief Fund #1	233,839	233,839	-	-	-
Coronavirus Relief Fund #2	247,521	247,521	-	-	-
Local Entitlement	44,387	44,270	117	(117)	-
Preschool	285	285	-	-	-
Elementary and Secondary School Emergency Relief Fund #1	20,906	20,906	-	-	-
Elementary and Secondary School Emergency Relief Fund #2	36,100	36,100	-	-	-
Title IA	10,359	10,359	-	1,772	1,772
Title IIA - Teacher Quality	3,548	3,548	-	-	-
Title IVA - Student Support and Academic Enrichment	1,287	1,287	-	-	-
Title V - Rural and Low Income	3,014	3,014	-	-	-
PEPG Grant	-	-	-	1,113	1,113
Bracher Memorial Donations	-	-	-	942	942
Donor Foundation	-	-	-	54,752	54,752
King Grant	-	-	-	1,455	1,455
Total	<u>\$ 606,842</u>	<u>\$ 606,536</u>	<u>\$ 306</u>	<u>\$ 61,086</u>	<u>\$ 61,392</u>

TOWN OF HOPE SCHOOL DEPARTMENT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN FUND NET POSITION - PROPRIETARY FUND TYPE
ENTERPRISE - SCHOOL LUNCH PROGRAM
FOR THE YEAR ENDED JUNE 30, 2021

REVENUES:

Sales	\$	337
Subsidy		87,451
Other revenues		9,000
Donated Commodities		<u>4,475</u>

Total Revenues		\$	<u>101,263</u>
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EXPENSES:

Food and Supplies	\$	41,410
Labor		39,268
Other		<u>1,956</u>

Total Expenses		<u>82,634</u>
Net Gain	\$	<u>18,629</u>
Net Position, July 1, 2020		<u>19,917</u>
Net Position, June 30, 2021	\$	<u><u>38,546</u></u>

TOWN OF HOPE SCHOOL DEPARTMENT
 STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 ENTERPRISE - SCHOOL LUNCH PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Received from Customers	\$	785
Received from the State and Other Organizations		73,900
Payments to Suppliers for Goods and Services		(40,464)
Payments to Employees		(38,207)
Net Amount Transferred to/from Town		3,986
Net Cash Provided by (Used in) Operating Activities	\$	-

TOWN OF HOPE SCHOOL DEPARTMENT
 RECONCILIATION OF THE AUDIT ADJUSTMENTS TO MAINE EDUCATION FINANCIAL SYSTEMS (MEFS)
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>UNDESIGNATED</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>ENTERPRISE FUND</u>	<u>PRE-K FUND</u>	<u>TOTAL</u>
June 30 Balance as per Maine Education Financial System	\$ 437,777	\$ 61,392	\$ 38,546	\$ -	\$ 537,715
Beginning Balance Adjustment					
REVENUE ADJUSTMENT					
EXPENDITURE ADJUSTMENT					
June 30 Audited GAAP Basis Fund Balance	<u>\$ 437,777</u>	<u>\$ 61,392</u>	<u>\$ 38,546</u>	<u>\$ -</u>	<u>\$ 537,715</u>