

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
MAINE STATE STATUTE REQUIREMENTS

Board of Education  
South Portland School Department  
South Portland, Maine

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Portland, Maine as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of South Portland, Maine's basic financial statements. We issued our report thereon dated April 5, 2024, which contained unmodified opinions on those financial statements.

As part of obtaining reasonable assurance about whether the City of South Portland, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

In connection with that audit, we:

1. Considered whether the South Portland School Department has complied with budget content requirements of section 15693.
2. Considered whether the South Portland School Department has complied with transfer limitations between budget cost centers pursuant to section 1485.
3. Considered whether the South Portland School Department has exceeded its authority to expend funds.
4. Considered whether the South Portland School Department has complied with the applicable provisions of the unexpended balances requirements established under section 15004.
5. Reviewed the annual financial data submitted to the Maine Department of Education and reconciled it to the audited financial statement totals (see attached *Schedule of Reconciliation of the NEO Financial System with Audited Financial Statements*).
6. Considered whether the South Portland School Department was in compliance with applicable provisions of the Essential Programs and Services Funding Act.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. Other known matters of noncompliance relating to the above listed items (items #1 - #6) are as follows:

- The School Department did not vote to make budgetary transfers up to 5% as allowed by section 1485 and, as a result, had individual cost centers with actual expenditures in excess of budgeted amounts. However, in total, the School Department did not exceed its authority to expend funds.
- The School Department did not upload revenue and expenditures for all funds. There were several reserve, school lunch, grant, and capital project funds omitted from the data submitted to the State.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying *Schedule of Reconciliation of the NEO Financial System with Audited Financial Statements* is presented for purposes of additional analysis as required by regulation of the Maine Department of Education and is 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and regulations of the Maine Department of Education in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.



April 5, 2024  
South Portland, Maine

**CITY OF SOUTH PORTLAND SCHOOL DEPARTMENT**  
**Schedule of Reconciliation of NEO Financial System with Audited Financial Statements**  
**For the Year Ended June 30, 2023**

	General	Reserves	Adult Education	School Lunch	School Grants	Capital Projects
<b>Revenues and other financing sources:</b>						
Per NEO	\$ 58,280,556	-	37,579	-	1,417,967	364,284
Adjustments:						
Audit adjustment to recognize grants in proper period	13,986	-	-	-	-	-
Adjustment to reconcile grant revenues to expenditures	-	-	-	-	(19,754)	-
Donated food service commodities	-	-	-	148,710	-	-
Fund activity not uploaded	-	216	-	2,942,408	4,217,636	1,517
Adjusted NEO balance	58,294,542	216	37,579	3,091,118	5,615,849	365,801
Per City of South Portland, Maine's financial statements (Exhibit B, Exhibit C, Exhibit E, Exhibit G-2)						
	58,294,542	216	37,579	3,091,118	5,615,849	365,801
<b>Variance</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures and other financing uses:</b>						
Per NEO	\$ 59,677,305	-	40,360	-	1,449,258	29,133,170
Adjustments:						
Audit adjustment to transfers	485,000	-	-	-	-	-
Audit adjustments to reconcile grants	13,475	-	-	-	(30,623)	-
Audit entry to reverse capital project payables	-	-	-	-	-	(402,302)
Current year change in encumbrances	(128,990)	-	-	-	-	-
Donated food service commodities	-	-	-	148,710	-	-
Accounts excluded from NEO upload	(38,120)	-	-	-	(19,696)	-
Client adjustments after NEO upload	82,712	-	-	-	-	-
Fund activity not uploaded	-	1,791,531	-	2,564,070	4,041,348	16,778
Adjusted NEO balance	60,091,381	1,791,531	40,360	2,712,780	5,440,287	28,747,646
Per City of South Portland, Maine's financial statements (Exhibit B, Exhibit C, Exhibit E, Exhibit G-2)						
	60,093,801	1,791,531	40,360	2,712,780	5,440,287	28,747,646
<b>Variance</b>	<b>\$ (2,420)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation between financial statements and NEO report:</b>						
Revenues	\$ 57,973,746	216	37,579	2,538,611	5,592,725	365,801
Issuance of debt	-	-	-	-	-	-
Transfers in	320,796	-	-	552,507	23,124	-
Total revenues	58,294,542	216	37,579	3,091,118	5,615,849	365,801
Expenditures	58,142,755	409,315	40,360	2,712,780	5,440,287	28,747,646
Transfers out	1,951,046	1,382,216	-	-	-	-
Total expenditures	60,093,801	1,791,531	40,360	2,712,780	5,440,287	28,747,646
Net transfers in (out)	(1,630,250)	(1,382,216)	-	552,507	23,124	-

*See accompanying auditor's report.*

*Note: This schedule excludes student activity and trust funds, which were also excluded from the NEO data submitted to the State Department of Education.*