

**Joint Committee on Education and Cultural Affairs,
Appropriations Committee, and Governor's Office**



A public magnet high school for marine science,
technology, transportation, and engineering

Annual Monitoring Report 2020-2021



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Overview

School's Mission	Our mission is to provide a theme-based high school education focused on Maine's maritime connection, with an emphasis on leadership, work ethic, and the transferable skills associated with careers involving the ocean.
School's Vision	Our vision is for Maine Ocean School to provide an ocean-related, theme-based education designed to actively engage and challenge its students. Graduates will be valued for their strong work ethic, knowledge, experience, and leadership capabilities. Maine Ocean School will stay on the leading edge of innovative technologies and teaching strategies, and help support learning in our communities

School Information

School Name	Maine Ocean School
Address	24 Mortland Rd. Searsport ME, 04974

Board of Trustees

Chair	Dr. Gayle Zydlewski (UMS Chancellor's Designee)
Vice Chair	Captain Eric Jergenson
Board Member & Treasurer	Almon Rivers
Board Member	Dan Chuhta (Education Commissioner's Designee)
Board Member	Carla Scocchi
Board Member	Captain Mike Flanagan
Board Member	Christine Boone
Board Member	Stacey Keefer
Board Member	Melissa Landon
Board Member	Kristina Braga (RSU 20's Designee)
Board Member	Andrew Doak (teacher representative)
Board Member	David Noah Hall IV (student representative)
Clerk	Kylie Bragdon (Executive Director)

Executive Director	Kylie Bragdon, Ed.D.
Humanities Teacher	Andrew Doak
Science Teacher	Megan Begley-Irish

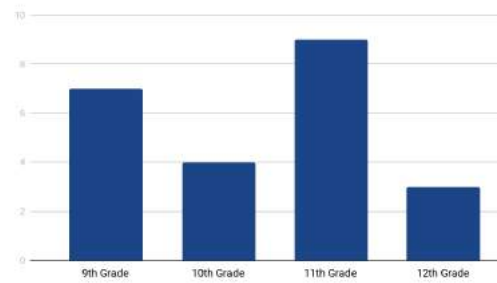
Year Opened	2018
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Years in Operation	3
Number of Sending Districts	12
Grades Served	9 - 12
2020-2021 Enrollment	23*

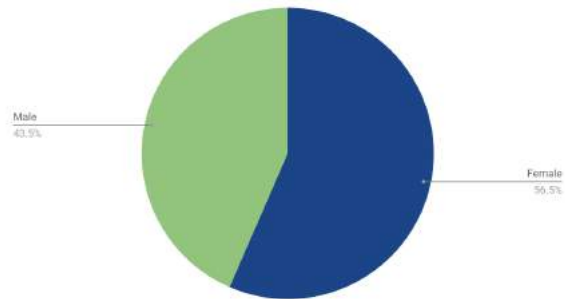
*As of October 1, 2020, certified enrollment data

Section 1: Demographics

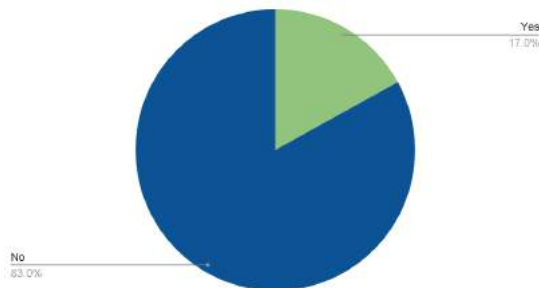
Enrollment



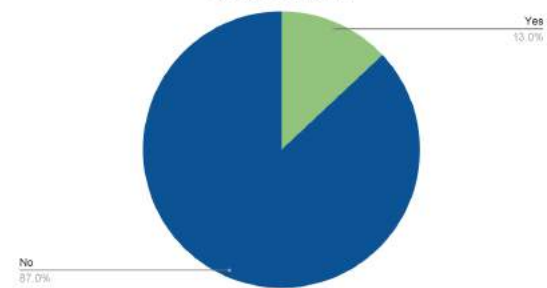
Gender Breakdown



Economically Disadvantaged



Special Education



Section 2: Benchmarks and Methods of Assessing Academic Achievement

During the 2020-2021 academic year, Maine Ocean School utilized the NWEA standardized test to assess students' achievement in mathematics, English language Arts, and Science. The test was administered three times during the academic year, allowing staff to closely monitor student progress and make necessary instructional accommodations. In addition to supporting instructional decision making, the NWEA provided valuable information regarding the strengths of our school program. More specifically, nearly 70% percent of students demonstrated measurable growth in science and mathematics with some obtaining nearly 30 points of improvement on their RIT scores. We associate these improvements to our curricular focus on Science, Technology, Engineering, and mathematics topics.

In the current academic year, Maine Ocean School is also employing the NWEA to assess student achievement. Benchmark assessments related to the professional tracks of marine science, engineering, transportation, and management are being aligned to the Maine Learning Results and applied in 2021/2022. We intend on also incorporating industry-specific standards to these assessments, to demonstrate

students' preparedness for future employment and/or post-secondary learning in these content areas.

Section 3: Student academic proficiency (LD2020 Reporting Section A)

Measure	Target	Results	Met/ Did Not Meet/ Partially Met
Determine the benchmark for the percentage of students that score in the low-grade level range on the NWEA ELA reading assessment.	80% of students will complete the NWEA ELA reading assessment during the fall and spring testing sessions.	<i>80% of students completed the fall and spring test sessions.</i>	Met
Determine the benchmark for the percentage of students that score in the low-grade level range on the NWEA ELA language assessment.	80% of students will complete the NWEA ELA language assessment during the fall and spring testing sessions.	70% of students completed the fall and spring test sessions.	Partially Met
Determine the benchmark for the percentage of students that score in the low-grade level range on the NWEA science assessment.	80% of students will complete the NWEA science assessment during the fall and spring testing sessions.	80% of students completed the fall and spring test sessions.	Met
Determine the benchmark for the percentage of students that score	80% of students will complete the NWEA mathematics	67% of students completed the beginning and end of semester	Partially Met

in the low-grade level range on the NWEA mathematics assessment.	assessment during the beginning and end of semester testing sessions.	testing sessions.	
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Section 4: Student academic growth (LD2020 Reporting Section B)

Measure	Target	Results	Met/ Did Not Meet/ Partially Met
Students will show progress in their learning through growth in their NWEA scores in ELA reading from fall to spring testing sessions.	Students will improve their NWEA RIT scores from fall to spring of each school year.	42.8 % of students improved their NWEA RIT scores from fall to spring.	Partially Met
Students will show progress in their learning through growth in their NWEA scores in ELA language from fall to spring testing sessions.	Students will improve their NWEA RIT scores from fall to spring of each school year.	37.5% of students improved their NWEA RIT scores.	Partially Met
Students will show progress in their learning through growth in their NWEA scores in science from fall to spring testing sessions.	Students will improve their NWEA RIT scores from fall to spring of each school year.	73.3 % of students improved their NWEA RIT scores..	Partially Met
Students will show progress in their learning through	Students will improve their NWEA RIT scores	68.75% of students improved their NWEA RIT scores.	Partially Met

growth in their NWEA scores in mathematics from beginning to end of semester test sessions.	from beginning to end of semester test sessions.		
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Discussion

Maine Ocean School administered the NWEA Growth Assessment three times throughout the 2020-2021 academic year.

Section 5: Achievement Gaps in Proficiency and Growth between major student subgroups (LD2020 Reporting Section C)

Measure	Target	Results	Met/ Did Not Meet/ Partially Met
Achievement gaps in growth between major subgroups on the NWEA.	The school will analyze student data to determine if gaps exist between major subgroups (gender, special education, ethnic and racial minorities)	There was no evidence to suggest gaps in growth between major subgroups.	Met

Section 6: Attendance (LD2020 Reporting Section D)

Measure	Target	Results	Met/ Did Not Meet/ Partially Met
Average Daily Attendance Rate	The school will have an average daily attendance rate of 90% or higher.	The average daily attendance rate for the entire student body through Quarter 4 was 84%.	Partially Met

*Attendance values obtained from the NEO system.

Section 7: Recurrent enrollment from year to year (LD2020 Reporting Section E)

Measure	Target	Results	Met/ Did Not Meet/ Partially Met
Student re-enrollment from one year to next	90% of students enrolled on last day of school indicate intent to return the following year	100% of students from 2019-2020 re-enrolled in the fall of 2020.	Met
Continuous enrollment of students for multiple years	50% of students will maintain continuous enrollment for multiple years	100% of returning students maintained continuous enrollment for multiple years.	Met

Discussion

As of June 14th, 2021, 88% of students expressed their commitment to re-enroll at Maine Ocean school from the 2021-2022 school year.

Class of 22: 75% of students have been at Maine Ocean School for 2+ years

Class of 23: 50% of students have been at Maine Ocean School for 2+ years

Class of 24: 0% of students have been at Maine Ocean School for 2+ years

Section 8: Postsecondary readiness (LD2020 Reporting Section F)

Measure	Target	Results	Met/ Did Not Meet/ Partially Met
Graduation Rate	100%	100%	Met

Discussion

Maine Ocean School's 4-year graduation rate was 100%. In addition, 66% of graduates intended to enroll at post-secondary institutions in the fall of 2021. Students had selected the University of Southern Maine, and the University of Maine Orono for their next academic experiences.

Section 9: Benchmarks and Methods of Assessing Progress in Professional Development

The Maine Ocean School staff implemented the Maine DOE Teacher Performance Evaluation and Professional Growth (T-PEPG) Model. As prescribed by the program, the first year of implementation began with staff training. During this process the team became more familiar with the T-PEPG structure, goal setting, how to collect evidence, and the feedback process. The group then worked collaboratively to establish and implement a multidisciplinary project that incorporated specific Student Learning Objectives. Through the implementation of that project we were able to observe instructional strategies, and provide feedback to enhance our skill sets collectively. During the 2021-2022 academic year, Maine Ocean School will build upon these experiences to collect more specific evidence to guide teacher development.

Arguably one of the greatest strengths of our professional team is our willingness to support each other. Daily we are present for each other's lessons, observing new teaching practices, and providing feedback on ways to improve our practices. This level of mutual support and collaboration allows us to better meet the needs of our students and the goals of the organization.

Section 10: Financial Performance and Stability (LD2020 Reporting Section G)

Summary Finances for 2020-2021 Academic Year

(Submitted quarterly reports and the 2018-2019 Audit can be found in the Appendices.)

	Adopted Budget	Reported period (7/1-6/30)	Percent unspent
Personnel	\$244,529.00	\$226,759.82	7.26%
Instruction	\$39,000	\$12,158.48	68.82%
Facilities	\$10,000	\$3,688.09	63.11%
Office Expenses	\$17,500	\$20,084.69	(14.76)%
BOT/FDN Expenses	\$15,000	\$3,554.78	76.30%
CRF Expenses	0	\$17,240.27	0%
Total	\$326,029.00	\$283,486.13	86.95%

	Q1 (7/1-9/30)	Q2 (10/1-12/31)	Q3 (1/1-3/31)	Q4 (4/1-6/30)
Personnel	\$51,832.28	\$61,130.09	\$52,633.54	\$61,163.91
Instruction	\$2,086.82	\$4,993.70	\$918.75	\$4,159.21
Facilities	\$485.91	\$638.08	\$1,565.02	\$999.08
Office Expenses	\$2682.03	\$1,352.17	\$11,967.00	\$4,083.49
BOT/FDN Expenses	\$0	\$800.00	\$2,654.78	\$305.49
CRF Expenses	\$9,125.07	\$8,026.71	\$88.49	\$0
Total	\$66,212.11	\$79,595.53	\$67,172.80	\$70,711.18

Note that Maine Ocean School received \$132,316.00 in state funds, administered using the Charter School formula. In addition, the Maine Ocean School Foundation 501(c)3 provided \$105,355.00 to the operational expenses of the school during the 2020-2021 fiscal year. Since 2018 the Maine Ocean School Foundation has contributed approximately \$239,000 to the school's operational expenses.

Section 11: Governance Board Performance and Stewardship (LD2020 Reporting Section H)

Measure	Target	Results	Met/ Did Not Meet/ Partially Met
Public accountability, transparent, responsive and legally compliant board operations	The Governing Board will hold a minimum of 4 open public meetings per school year.	Requirements met	Met

Discussion

In accordance with Chapter 312-A, subsection 8234 the Maine Ocean School Board of Trustees has 17 voting members and 2 non-voting members. During the

2020-2021 academic year, the Board of Trustees operated until June with 8 voting members and 2 non-voting members. In June, Governor Mills completed the appointment of three voting members to the Board of Trustees which were confirmed by the Education and Cultural Affairs Committee in June. The newly appointed members were long-standing volunteers with the Maine Ocean School, and were recommended by the existing Board of Trustees. To ensure the Trustees seats are fully appointed, the Board has begun recruiting potential applicants for the vacant seats. New Board members were on-boarded in July 2021.

The Board has 5 standing committees: Executive Committee, Finance and Facilities Committee, Governance Committee, Programs Committee and Workforce and Community Development Committee.

Section 12 : Parent & Community Engagement (LD2020 Reporting Section I)

Measure	Target	Results	Met/ Did Not Meet/ Partially Met
Educational Partnerships in the Community	100% of students will experience real-world engagement a minimum of 5 times during the year.	100% of students participated in a minimum of 5 community-partner discussions related to maritime careers.	Met

Section 13: Recruitment & Admissions

During the 2020-2021 academic year, Maine Ocean School initiated a diverse series of campaigns to increase enrollment. Beginning in December 2020, the Maine Ocean School staff initiated correspondence with 8th grade teachers and guidance counselors. Approximately 60 information packets were distributed, containing information regarding current course offerings, hands-on opportunities, and the admissions process. An additional 15 packets were sent in early February to ocean-themed educational institutions, such as aquariums and maritime museums, with similar information. Maine Ocean School also participated in a series of open houses and school choice presentations to attract students in the surrounding community. The Maine Ocean School staff, students, and board hosted similar virtual

open houses, which were recorded and shared on our website. Finally, the schools secured radio and online ads through MPR to further contribute to our recruitment efforts.

Despite the efforts of the school staff, students, and Board the pending "sunset clause" posed significant challenges in the recruitment of new students. The unknown future of Maine Ocean School negatively impacted parents' decisions to enroll. It is reasonable for parents to be unwilling to invest their own and their child's time in a high school that would potentially close the following year. Below includes information regarding the admissions and enrollment for 2021-2022.

Applied	Accepted	Enrolled
7	4 (57%)	7

2021-2022 Student Enrollment			
Freshmen	Sophomore	Junior	Senior
2	4	4	6

MAINE SCHOOL FOR MARINE SCIENCE, TECHNOLOGY

TRANSPORTATION AND ENGINEERING

D/B/A MAINE OCEAN SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2020

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To the Board of Trustees of

Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund and the aggregate remaining fund information of the Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School, as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity 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 page 18 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 regarding 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.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require 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.

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements which collectively comprise the Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School's basic financial statements. The accompanying supplementary information on pages 19 and 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June XX, 2021 on our consideration of the Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School's internal control over financial reporting and on our tests of 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 the Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School'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 Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School's internal control over financial reporting and compliance.

Other Reporting Required by the Maine School Finance Act

In accordance with the Maine School Finance Act, we have also issued our report dated June XX, 2021 on our consideration of the Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School' compliance with the requirements of the Maine School Finance Act. The purpose of that report is solely to describe the scope of our testing of compliance with the Maine School Finance Act.

Chester M. Kearney

Presque Isle, Maine
June XX, 2021

MAINE SCHOOL OF FOR MARINE SCIENCE, TECHNOLOGY, TRANSPORTATION
AND ENGINEERING d/b/a MAINE OCEAN SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
Current Assets	
Cash and cash equivalents	\$ 2,358
Accounts receivable (net of allowance for doubtful accounts)	4,131
Total current assets	6,489
Total assets	6,489
Current Liabilities	
Accounts payable	3,944
Total current liabilities	3,944
Total liabilities	3,944
Net Position	
Unrestricted	2,545
Total net position	\$ 2,545

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**MAINE SCHOOL FOR MARINE SCIENCE, TECHNOLOGY, TRANSPORTATION
AND ENGINEERING d/b/a MAINE OCEAN SCHOOL**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities				
Regular education	124,112	-	14,906	(109,206)
Student and staff support	212	-	-	(212)
System administration	89,879	-	89,879	-
School administration	48,519	-	45,873	(2,646)
Facilities and maintenance	4,146	-	-	(4,146)
Transportation and bussing	1,652	-	-	(1,652)
On-behalf payments-State of Maine	13,125	-	13,125	-
	<u>\$ 281,645</u>	<u>\$ -</u>	<u>\$ 163,783</u>	<u>\$ (117,862)</u>
Total governmental activities	<u>\$ 281,645</u>	<u>\$ -</u>	<u>\$ 163,783</u>	<u>\$ (117,862)</u>
General revenues:				
State subsidy				109,206
Other				2,965
Total general revenues				<u>112,171</u>
Change in net position				(5,691)
NET POSITION - JULY 1, 2019				<u>8,236</u>
NET POSITION - JUNE 30, 2020				<u>\$ 2,545</u>

See accompanying notes to basic financial statement

MAINE SCHOOL FOR MARINE SCIENCE, TECHNOLOGY, TRANSPORTATION

AND ENGINEERING d/b/a MAINE OCEAN SCHOOL

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2020

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 2,358
Accounts receivable	4,131
	<u>6,489</u>
Total assets	<u>\$ 6,489</u>
Liabilities	
Accounts payable	\$ 3,944
Total Liabilities	<u>3,944</u>
FUND BALANCES	
Unassigned	<u>2,545</u>
Total fund balances	<u>2,545</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,489</u>

See accompanying notes to basic financial statements

MAINE SCHOOL FOR MARINE SCIENCE, TECHNOLOGY, TRANSPORTATION
AND ENGINEERING d/b/a MAINE OCEAN SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2020

Total fund balance, governmental funds	<u>\$ 6,489</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 6,489</u></u>

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See accompanying notes to basic financial statements

MAINE SCHOOL FOR MARINE SCIENCE, TECHNOLOGY, TRANSPORTATION

AND ENGINEERING d/b/a MAINE OCEAN SCHOOL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>
REVENUES	
Intergovernmental - State assistance	\$ 109,206
On-behalf payments-State of Maine-Pension	12,754
On-behalf payments-State of Maine-Group life insurance	371
Contributions and fundraising	150,658
Other	2,965
Total revenues	<u>275,954</u>
EXPENDITURES	
Current	
Regular education	124,112
Student and staff support	212
System administration	89,879
School administration	48,519
Facilities and maintenance	4,146
Transportation and bussing	1,652
On-behalf payments-State of Maine-Pension	12,754
On-behalf payments-State of Maine-Group life insurance	371
Total expenditures	<u>281,645</u>
Excess of revenues under expenditures	<u>(5,691)</u>
Net change in fund balances	<u>(5,691)</u>
FUND BALANCES - JULY 1, 2019	<u>8,236</u>
FUND BALANCES - JUNE 30, 2020	<u>\$ 2,545</u>

See accompanying notes to basic financial statements

MAINE SCHOOL FOR MARINE SCIENCE, TECHNOLOGY, TRANSPORTATION

AND ENGINEERING d/b/a MAINE OCEAN SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds: \$ (5,691)

Change in net position of governmental activities \$ (5,691)

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See accompanying notes to basic financial statements

MAINE SCHOOL FOR MARINE SCIENCE, TECHNOLOGY, TRANSPORTATION AND
ENGINEERING D/B/A MAINE OCEAN SCHOOL

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School is a magnet school offering special instruction and programs not available elsewhere. The School entered into an agreement with Regional School Unit 20 for purposes of sharing administrative cost and services.

The accounting and reporting policies of the Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and the Financial Accounting Standards Board, when applicable. The more significant accounting policies of the Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School are described below.

Financial Reporting Entity

In evaluating the Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School as a reporting entity, management has addressed all potential component units for which the Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School may be financially accountable and, as such, should be included within the Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School's financial statements. The majority of the governing board members have been appointed by the Governor and are confirmed by the Joint Standing Committee on Education and Cultural Affairs of the legislature. Additionally, the Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School is required to consider other organizations for which the nature and significance of their relationship with the Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School are such that exclusion would cause the reporting entity's financial statements to be misleading. Based on the application of these criteria, there are no entities that should be included as part of these financial statements.

Government-Wide Statements

The statement of net position and the statement of activities display information about the School as a whole. These statements include the financial activities of the School as a whole, except the fiduciary activities. These statements distinguish between the governmental and business-type activities of the School. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external users. The Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School has no fiduciary or business-type activities.

MAINE SCHOOL FOR MARINE SCIENCE, TECHNOLOGY, TRANSPORTATION AND
ENGINEERING D/B/A MAINE OCEAN SCHOOL

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

In the government-wide Statement of Net Position the governmental activities are presented on a consolidated basis and are reported on the full accrual, economic resource basis, which recognizes all the long-term assets and receivables as well as long-term debt and obligations. The School's net position is reported in three parts – investment in capital assets net of related debt, restricted net assets and unrestricted net assets.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The School does not allocate indirect expenses to functions in the statement of activities. The Statement of Activities reduces gross expenses, including depreciation, by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or School. Operating grants include operating-specific and discretionary grants. The School had no capital grants for the year ended June 30, 2020. Revenues that are not classified as program revenues, including state subsidies, are presented as general revenues.

The net costs by School are normally covered by general revenues. The government-wide focus is on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities.

The Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School segregates transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. The governmental statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column, when applicable.

Fund Financial Statements

Fund financial statements provide information about the School's funds including its fiduciary fund. Each individual fund is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures. Separate statements for each fund category – governmental, proprietary, if any, and fiduciary, if any, are presented.

Governmental-fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, only current assets and current liabilities generally are included on the balance sheet. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt are reported as other financing sources. This approach differs from the manner in which the government-wide statements are prepared. For this reason a reconciliation is presented with brief explanations to identify the differences between the two sets of financial statements.

MAINE SCHOOL FOR MARINE SCIENCE, TECHNOLOGY, TRANSPORTATION AND
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NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

The emphasis in fund financial statements is on the major funds in the governmental or business-type activities' categories. Non-major funds by category are summarized into a single column. GASB #34 sets forth minimum criteria based on the size of the funds for the determination of major funds. School management may also choose to designate additional funds as major funds based on other criteria. The non-major funds are combined in one column in the fund financial statements.

The following funds are reported as major funds by the School:

Governmental Funds

The general fund is the primary operating fund of the Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School and always classified as a major fund. This fund is used to account for all financial resources not accounted for in other funds.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities, whether current or non-current, are included on the statement of net position and the operating statements present increases, revenues, and decreases, expenses, in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition of governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due. The revenues susceptible to accrual are assessments and intergovernmental revenues. All other governmental fund revenues are recognized when received.

MAINE SCHOOL FOR MARINE SCIENCE, TECHNOLOGY, TRANSPORTATION AND
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NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Budgets and Budgetary Accounting

The Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School's general fund operating budget is adopted by the Board of Trustees and approved by Board of Trustees vote.

Payments made by the State of Maine to the Maine Public Employees Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund in accordance with generally accepted accounting principles.

Appropriations for the general fund lapse at the end of the fiscal year.

Financial Statement Amounts

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Government-wide Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The remaining net position is reported as unrestricted. For expenditures that qualify for either classification, amounts will be first spent from restricted net position then from unrestricted net position.

Governmental Fund Balances

GASB Statement No. 54, establishes a fund balance hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. In the fund financial statements, fund balance is reported as follows:

- Non-spendable-Items that are either not in spendable form or legally or contractually required to remain intact. The School does not report any non-spendable fund balance.

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NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

- Restricted fund balance-Resources that have constraints imposed by either creditors, grantors, contributors or laws and regulations of other governments; or amounts that have very stringent conditions imposed by external parties or law.
- Unrestricted fund balance-Has 3 components:
 - Committed fund balance-Amounts with internally imposed restrictions mandated by the government's highest level of decision-making authority which require action from that authority to be redeployed. In the case of the School, this authority lies with the Board of Trustees.
 - Assigned fund balance-Amounts that are constrained by the government's intent that they will be used for specific purposes. Decision making authority with respect to these amounts lies with the Board of Trustees but is not reserved to the highest-level authority. The School has assigned the fund balance related to the summer camp program.
 - Undesignated fund balance-This is the residual balance of the general fund which represents the remaining fund balance after allocation to the other fund balance categories. It reflects resources that are available for further appropriation and expenditure for general governmental purposes.

For expenditures that qualify for multiple categories, amounts will be first spent from restricted fund balance, followed by committed fund balance, then assigned fund balance, and finally unassigned fund balance.

Cash and Temporary Investments

Available cash is deposited in interest bearing accounts to as great a degree as possible. These residual investments are classified for reporting purposes as cash and temporary investments. Earnings from these investments are reported by the applicable funds. Deposits with a maturity of three months or less are included in cash and temporary investments for financial reporting purposes.

(2) CASH AND TEMPORARY INVESTMENTS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Unit's deposits may not be returned to it. The Unit does not have a deposit policy for custodial credit risk. As of June 30, 2020, the Unit reported deposits of \$9,500 with bank balances. Of the School's total bank balance of \$15,694, \$0 was exposed to custodial credit risk.

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NOTES TO FINANCIAL STATEMENTS (cont'd.)

(3) ACCOUNTS RECEIVABLE

Accounts receivable is reported net of the allowance for doubtful accounts. The School monitors individual accounts receivable and charges delinquent balances to the allowance for doubtful accounts when the following criteria are met:

- Account is over 120 days past due
- No attempt has been made by the student/customer to make payment arrangements
- No response has been given to the School's collection attempts

As none of the School's accounts receivable as of June 30, 2020 meet the above criteria the allowance for doubtful accounts as of June 30, 2020 is \$0.

Accounts receivable consists primarily of amounts due from students for lunch charges.

(4) INSURANCE AND PARTICIPATION IN PUBLIC ENTITY RISK POOLS

The Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School is exposed to various risks of losses related to torts, theft, damage, and destruction of assets, injuries to employees, and natural disasters. The Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School maintains various commercial insurance policies to mitigate these risks to an acceptable level and to limit the Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School's exposure to losses.

The Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School is also a member of the Maine School Management Association - Unemployment Compensation Trust Fund ("MSMA"). MSMA was created to formulate, develop and administer a program of modified self-funding for MSMA's membership, obtain lower costs for unemployment compensation coverage and develop a comprehensive loss control program. The Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a Maine Ocean School contributes to MSMA based on the first \$12,000 of wages for unemployment compensation. Each member has its reserve, which is determined by the actuary. If the reserve is higher than is determined by the actuary, excess contributions are returned to the member. The annual rate set by MSMA's actuary is based on the member's reserve or is responsible for its own excess of claims over reserve.

(5) DEFINED BENEFIT PENSION PLAN

Maine Public Employees Retirement System

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's State Employee and Teacher (SET) Plan. The SET plan is a cost-sharing multiple employer defined benefit plan with a special funding situation, established by the Maine State legislature. The State of Maine is a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Eligible employers (districts) are defined in Maine statute.

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NOTES TO FINANCIAL STATEMENTS (cont'd.)

(5) DEFINED BENEFIT PENSION PLAN (cont'd.)

The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PLDs Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333 or by calling (800) 451-9800.

SET Plan

Plan Description - The SET plan is a cost sharing plan with a special funding situation established by the Maine State Legislature. MainePERS provides the retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the Maine State Legislature.

Benefits provided - The plan provides defined retirement benefits based on the members' average final compensation and service credit earned as of retirement. Employees covered under this plan become vested after five years of service. For SET plan members, normal retirement age is 60, 62 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal retirement age at retirement. MainePERS also provides disability and death benefits which are established by contract with the PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.4%.

Description of Funding Policy - Member contribution rates are defined by law or by the System's Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

Participants are required, by state statute, to contribute 7.65% of their compensation to the retirement system. For employees compensated through federal pass-through grants, the School contributes amounts determined by the State of Maine. The State of Maine Department of Education (DOE) is required to contribute toward the UAL of the plan and pay a percentage of payroll towards the administrative costs for non-federally funded teachers, which amounted to 14.954% in FY 19/20 (increasing to 14.96% in FY 20/21). The Maine School for Marine Science, Technology, Transportation, and Engineering d/b/a to contribute 4.16% of compensation to cover the normal costs for non-federally funded employees.

The contributions for the year ended June 30, 2020 were as follows:

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NOTES TO FINANCIAL STATEMENTS (cont'd.)

(5) DEFINED BENEFIT PENSION PLAN (cont'd.)

	<u>Covered Payroll</u>	<u>Contribution Percentage</u>	<u>Contribution Amount</u>
Employee contributions	\$90,926	7.65%	\$6,956
Employer contributions for normal costs of non-federally funded employees	90,926	4.16%	3,783
State DOE contribution for non-federally funded employees	85,288	14.954%	12,754

On June 20, 2020 the School's proportionate share of MainePers net pension liability was \$0.

(6) OTHER POST-EMPLOYMENT BENEFITS

The School participates in the MainePERS retiree group life insurance program. As of the program's June 30, 2020 measurement date, the School's proportionate share of the OPEB liability was \$3,308. 100% of this liability is allocated to the State of Maine.

(7) CONCENTRATIONS

State funding

The School received approximately 40% of its operating revenue from state funding for the year ended June 30, 2020. The ability to continue its operations is dependent on continued appropriations from the State.

(8) SUBSEQUENT EVENTS

Management has evaluated subsequent events occurring through June XX, 2021, the date the financial statements were available to be issued.

(9) TAXES

As a governmental entity, the School is not subject to Federal and State income taxes, accordingly it is not necessary to consider the effects of any uncertain tax positions.

The School is subject to Federal and State payrolls and is required to file the appropriate tax returns. Management believes that all required returns have been properly filed as of June 30, 2020. No examinations have been conducted by the Federal or State taxing authorities and no correspondence has been received from these authorities.

(10) COVID-19

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple businesses. To date management has noted no negative impact of the pandemic on operations, however, management continues to monitor the situation as restrictions begin to ease. The final related financial impact on the School's operations, both in the current period and long-term, cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

MAINE SCHOOL FOR MARINE SCIENCE, TECHNOLOGY, TRANSPORTATION

AND ENGINEERING d/b/a MAINE OCEAN SCHOOL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable / (Unfavorable)</u>
Resources (Inflows)				
Intergovernmental - State assistance	\$ 109,206	\$ 109,206	\$ 109,206	\$ -
On-behalf payments-State of Maine	-	-	12,754	12,754
Contributions and fundraising	229,296	229,296	150,658	(78,638)
Other	-	-	2,965	2,965
Amounts available for appropriation	<u>338,502</u>	<u>338,502</u>	<u>275,583</u>	<u>(62,919)</u>
Expenditures (Outflows)				
Regular education	145,320	145,320	124,112	21,208
Student and staff support	7,444	7,444	212	7,232
System administration	108,022	108,022	89,879	18,143
School administration	66,516	66,516	48,519	17,997
Facilities and maintenance	11,200	11,200	4,146	7,054
Transportation and bussing	-	-	1,652	(1,652)
On-behalf payments-State of Maine	-	-	12,754	(12,754)
Total expenditures	<u>338,502</u>	<u>338,502</u>	<u>281,274</u>	<u>57,228</u>
Net increase in fund balances	<u>-</u>	<u>-</u>	<u>(5,691)</u>	<u>(5,691)</u>
BUDGETARY FUND BALANCE - JULY 1, 2019			<u>8,236</u>	
BUDGETARY FUND BALANCE - JUNE 30, 2020			<u>\$ 2,545</u>	

SUPPLEMENTARY INFORMATION

DRAFT

MAINE SCHOOL FOR MARINE SCIENCE, TECHNOLOGY, TRANSPORTATION

AND ENGINEERING d/b/a MAINE OCEAN SCHOOL

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

<i>Federal Grantor</i> Pass through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Award Amount	Revenues	Expenditures
<i>U.S. Department of Education</i>					
None				-	-
<i>Total U.S. Department of Education</i>				-	-
Total expenditures of federal awards				\$ -	\$ -

DRAFT

MAINE SCHOOL FOR MARINE SCIENCE, TECHNOLOGY, TRANSPORTATION

AND ENGINEERING d/b/a MAINE OCEAN SCHOOL

SCHEDULE OF RECONCILIATION OF FUND BALANCES PER MEDMS REPORTS TO
FUND BALANCES PER FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

	General Fund (1000)	Special Revenue Funds (2900)	Enterprise Funds (6000)	Totals
Balances per MEFS reports	\$ 2,545	N/A	N/A	\$ 2,545
Revenue adjustments				
Expenditure adjustments				
Other adjustments Rounding				
Audited GAAP Basis Fund Balance	<u>\$ 2,545</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 2,545</u>

DRAFT

ADDITIONAL REPORTS

DRAFT

To the Board of Trustees of the
Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine
Ocean School

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the 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, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School' basic financial statements and have issued our report thereon June XX, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School's internal control. Accordingly, we do not express an opinion on the effectiveness of Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School's internal control.

A *deficiency in internal control* exists when the design of or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the financial statements. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Chester M. Kearney

Presque Isle, Maine
June XX, 2021

To the Board of Trustees of the

Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE REQUIREMENTS OF THE MAINE SCHOOL FINANCE ACT

We have audited the financial statements of the Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School, as of and for the year ended June 30, 2020, and have issued our report thereon dated June XX, 2021.

The management of the Maine School for Marine Science, Technology, Transportation and Engineering d/b/a Maine Ocean School 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 School.

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

1. A determination of whether or not the School has complied with budget content requirements pursuant to section 15693.
2. A determination of whether or not the School has complied with transfer limitations between budget cost centers pursuant to section 1485.
3. A determination of whether or not the School has exceeded its authority to expend funds.
4. A determination as to whether or not the annual financial data submitted to the School is correct.
5. A determination of whether or not the School was in compliance with applicable provisions of the Essential Programs and Services Funding Act.

The results of our tests indicate that, for the items tested, the School, 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 School was not in compliance with Maine laws or regulations.

Chester M. Kearney

Presque Isle, Maine
June XX, 2021