

**Town of Scarborough
School Department**

Financial Report

June 30, 2015

CONTENTS

Independent Auditors' Report	1
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual – General Fund	5
Statement of Fiduciary Net Position – Fiduciary Funds	6
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	7
Notes to Financial Statements	8
Independent Auditor's Report on Additional Information	15
Schedule of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds	16
Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-major Capital Projects Funds	17
Schedule of Changes in Fiduciary Net Position – Private-Purpose Trust Funds	18
Statement of Cash Receipts and Cash Disbursements – Student Activity Funds	19



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Independent Auditors' Report

Board of Education
Town of Scarborough School Department
Scarborough, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the remaining non-major fund information of the Town of Scarborough School Department (the School Department), a department of the Town of Scarborough, Maine, as of and for the year ended June 30, 2015, 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.

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town of Scarborough School Department, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Town of Scarborough School Department are intended to present the financial position, the changes in financial position of only that portion of the major fund and the remaining non-major fund information of the Town of Scarborough, Maine that is attributable to the transactions of the School Department. They do not purport to, and do not, present fairly the financial position of the Town of Scarborough, Maine as of June 30, 2015, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Macpage LLC

South Portland, Maine
December 15, 2015

**Balance Sheet
Governmental Funds**

June 30, 2015

	General Fund	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Total Governmental Funds
Assets				
Due from the Town	\$ 5,347,989	\$ 153,715	\$ 3,129,805	\$ 8,631,509
Intergovernmental receivables	69,492	154,888		224,380
Inventory		26,122		26,122
Total Assets	<u>\$ 5,417,481</u>	<u>\$ 334,725</u>	<u>\$ 3,129,805</u>	<u>\$ 8,882,011</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 608,012	\$ 56,500	\$ 640,148	\$ 1,304,660
Accrued payroll	3,450,744			3,450,744
Accrued withholdings	47,752			47,752
Accrued compensated absences	251,220			251,220
Accrued vacation	94,503			94,503
Unearned revenue		1,374		1,374
Total Liabilities	<u>4,452,231</u>	<u>57,874</u>	<u>640,148</u>	<u>5,150,253</u>
Fund Balances				
Fund balances				
Nonspendable				
Inventory		26,122		26,122
Restricted				
Capital project funds			2,489,657	2,489,657
Special revenue funds		250,729		250,729
Assigned				
Carryover	800,000			800,000
Unassigned				
General fund	165,250			165,250
Total Fund Balances	<u>965,250</u>	<u>276,851</u>	<u>2,489,657</u>	<u>3,731,758</u>
Total Liabilities and Fund Balances	<u>\$ 5,417,481</u>	<u>\$ 334,725</u>	<u>\$ 3,129,805</u>	<u>\$ 8,882,011</u>

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

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

Year Ended June 30, 2015

	General Fund	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Total
Revenues				
Local allocation	\$ 35,914,654		\$ 155,000	\$ 36,069,654
State subsidy	4,240,699			4,240,699
State debt service subsidy	507,224			507,224
State subsidy - adult education	24,954			24,954
State agency clients	158,425			158,425
Medicaid revenue	42,551			42,551
On-behalf payments - pension contribution	3,222,000			3,222,000
Adult education	142,147			142,147
Student extra-curricular fees	119,451			119,451
Miscellaneous	171,072		126,447	297,519
Intergovernmental revenue		\$1,308,851		1,308,851
Federal donated commodities received		25,690		25,690
Sale of meals		962,695		962,695
Interest income			1,186	1,186
Total Revenues	<u>44,543,177</u>	<u>2,297,236</u>	<u>282,633</u>	<u>47,123,046</u>
Expenditures				
Regular instruction	17,499,665			17,499,665
Special education	6,478,920			6,478,920
Career and technical education	344,167			344,167
Other instruction	888,451			888,451
Student and staff support	3,810,183			3,810,183
System administration	960,150			960,150
School administration	1,576,252			1,576,252
Transportation	1,508,858			1,508,858
Facilities maintenance	3,612,218			3,612,218
Debt service and other commitments	4,605,947			4,605,947
Adult education	164,920			164,920
On-behalf payments - pension contribution	3,222,000			3,222,000
Grant expenditures		1,052,189		1,052,189
School lunch expenditures		1,452,854		1,452,854
Federal donated commodities used		25,690		25,690
Capital outlay			5,211,614	5,211,614
Total Expenditures	<u>44,671,731</u>	<u>2,530,733</u>	<u>5,211,614</u>	<u>52,414,078</u>
Deficiency of Revenues Over Expenditures Before Other Financing Sources (Uses)				
	<u>(128,554)</u>	<u>(233,497)</u>	<u>(4,928,981)</u>	<u>(5,291,032)</u>
Other Financing Sources (Uses):				
Transfers (to) from other funds	(214,986)	218,798	(3,812)	
Bond proceeds			776,300	776,300
Total Other Financing Sources (Uses)	<u>(214,986)</u>	<u>218,798</u>	<u>772,488</u>	<u>776,300</u>
Net Change in Fund Balances				
	(343,540)	(14,699)	(4,156,493)	(4,514,732)
Fund Balances				
Beginning of Year	<u>1,308,790</u>	<u>291,550</u>	<u>6,646,150</u>	<u>8,246,490</u>
End of Year	<u>\$ 965,250</u>	<u>\$ 276,851</u>	<u>\$ 2,489,657</u>	<u>\$ 3,731,758</u>

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local allocation	\$ 35,914,654	\$ 35,914,654	\$ 35,914,654	
State subsidy	4,778,384	4,778,384	4,747,923	\$ (30,461)
State agency clients	150,000	150,000	158,425	8,425
Student activities fees	157,500	157,500	119,451	(38,049)
Miscellaneous	190,086	190,086	213,623	23,537
Adult education	174,691	174,691	167,101	(7,590)
Total Revenues	<u>41,365,315</u>	<u>41,365,315</u>	<u>41,321,177</u>	<u>(44,138)</u>
Expenditures				
Regular instruction	17,581,653	17,600,153	17,546,252	53,901
Special education	6,524,981	6,508,981	6,478,920	30,061
Career and technical education	338,947	338,947	344,167	(5,220)
Other instruction	888,255	901,255	888,451	12,804
Student and staff support	3,908,556	3,913,056	3,810,183	102,873
System administration	976,157	976,157	960,150	16,007
School administration	1,584,617	1,584,617	1,576,252	8,365
Transportation	1,601,815	1,581,815	1,508,858	72,957
Facilities maintenance	3,734,151	3,734,151	3,612,218	121,933
Debt service and other commitments	4,776,492	4,776,492	4,605,947	170,545
All other	75,000	75,000	75,000	
Adult education	174,691	174,691	164,920	9,771
Total Expenditures	<u>42,165,315</u>	<u>42,165,315</u>	<u>41,571,318</u>	<u>593,997</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Uses	(800,000)	(800,000)	(250,141)	549,859
Other Financing Uses				
Transfers to other funds			(139,986)	(139,986)
Excess (Deficiency) of Revenues Over Expenditures	(800,000)	(800,000)	(390,127)	409,873
Beginning Fund Balance Utilized	<u>800,000</u>	<u>800,000</u>	<u>1,355,377</u>	<u>555,377</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>965,250</u>	<u>\$ 965,250</u>

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

Statement of Fiduciary Net Position Fiduciary Funds

June 30, 2015

	Private- Purpose Trusts	Agency Funds
Assets		
Cash and cash equivalents		\$ 280,486
Investments	\$ 230,763	
Total Assets	<u>230,763</u>	<u>280,486</u>
Liabilities		
Due to student groups		280,486
Total Liabilities		<u>\$ 280,486</u>
Net Position		
Held in trust for other purposes	<u>\$ 230,763</u>	

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position Fiduciary Funds

Year Ended June 30, 2015

	Private- Purpose Trusts
Additions	
Interest income	\$ 1,871
Total Additions	<u>1,871</u>
Deductions	
Scholarship distributions	<u>5,250</u>
Total Deductions	<u>5,250</u>
Change in Net Position	(3,379)
Net Position, Beginning of Year	<u>234,141</u>
Net Position, End of Year	<u><u>\$ 230,762</u></u>

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

Basis of Presentation

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

Governmental Funds

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

General Fund

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

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects requiring separate accounting because of legal or regulatory provisions or administrative action).

Capital Project Funds

Capital project funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities. Such resources are derived principally from the proceeds of general obligation bond issues.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School Department under a trust agreement for individuals, private organizations, or other governments and are not available to support the School Department's own programs. The School Department's only trust fund is a private purpose trust fund which accounts for nonexpendable trusts established for the benefit of the School Department and its students. Agency funds are custodial in nature (assets equal liabilities) and do not involve any measurement of results of operations. The School Department agency fund accounts for various student-managed activities and scholarship funds for the benefit of the School Department's students.

Measurement Focus

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

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

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

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenues – Exchange and Non-Exchange Transactions – Continued

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

Expenditures

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

Budgetary Accounting

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

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

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

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

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

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventories

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

Capital Assets

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

Interfund Assets/Liabilities

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

Transfers

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

Compensated Absences

Compensated absences are earned in varying amounts by employees of the School Department. The total long-term liability of \$978,344 has been recorded in the government-wide financial statements of the Town of Scarborough, Maine and the portion that is currently due to employees of the School Department as of June 30, 2015, is \$251,220, which is also included in the fund financial statements.

Fund Balances

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

- **Nonspendable** Amounts that are not in spendable form, such as inventories and prepaid items or are legally or contractually required to be maintained intact.
- **Restricted** Resources with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balances – Continued

- **Assigned** Resources neither restricted nor committed for which a government has a stated intended use as established by the School Board or a body or official to which the School Board has delegated the authority to assign amounts for specific purposes.
- **Unassigned** Resources which cannot be properly classified in one of the other four categories. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

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

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

Estimates

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

NOTE 2 – CAPITAL ASSETS

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

NOTE 3 – LONG-TERM DEBT

In accordance with GASB Statement No. 34, the School Department has reported all long-term debt in the Town's Government-Wide Statement of Net Position. The School Department has two capital leases for copier equipment and also has certain bonds payable. Total annual debt service requirements as of June 30, 2015 are as follows:

Year Ending June 30,	Bonds Payable		Capital Lease Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 2,763,501	\$ 2,354,936	\$ 50,126	\$ 3,480	\$ 2,813,627	\$ 2,358,416
2017	3,069,715	2,264,551	51,836	1,770	3,121,551	2,266,321
2018	2,996,967	2,163,555			2,996,967	2,163,555
2019	2,929,654	2,061,846			2,929,654	2,061,846
2020	2,763,445	1,957,321			2,763,445	1,957,321
2021 – 2025	13,404,800	8,235,910			13,404,800	8,235,910
2026 – 2030	13,485,275	5,642,984			13,485,275	5,642,984
2031 – 2035	12,315,000	3,063,419			12,315,000	3,063,419
2036 – 2040	6,250,000	1,219,213			6,250,000	1,219,213
2041 – 2043	3,065,000	150,144			3,065,000	150,144
Total	<u>\$63,043,357</u>	<u>\$29,113,879</u>	<u>\$101,962</u>	<u>\$ 5,250</u>	<u>\$63,145,319</u>	<u>\$29,119,129</u>

Notes to Financial Statements

June 30, 2015

NOTE 4 – EMPLOYEE RETIREMENT SYSTEMS

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

Maine Public Employees Retirement – Teachers Group

Description of Plan

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

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

Funding Policy

Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to approximately \$3,222,000 (15.66%) for the fiscal year 2015. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (page 4). The School contributes for federally funded teachers 15.66% of their compensation. This amounted to approximately \$83,000 during the fiscal year 2015. This cost is charged to the applicable grant.

The School Department also makes a contribution to the Maine Public Employees Retirement System Teachers Fund for the teachers of the School Department. The payment is determined by an actuary and is approximately 2.65% of the qualified teachers' salaries for the entire teachers' fund. For the year ended June 30, 2015, the amount of this contribution was approximately \$575,000.

Consolidated Retirement Pension Plan

Description of the Plan

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

Notes to Financial Statements

June 30, 2015

NOTE 4 – EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Consolidated Retirement Pension Plan – Continued

Funding Policy

The contribution rates of plan members and the School Department and the Town are established and may be amended by the Maine Public Employees Retirement System Board of Trustees. The School Department's contribution to the Maine Public Employees Retirement System Consolidated Plan for the year ended June 30, 2015 was approximately \$123,000.

NOTE 5 – DEFICIT FUND BALANCE

The 2015-2016 projects fund in the capital projects fund has a deficit fund balance of \$734,882 as of June 30, 2015. The deficit will be covered by bond proceeds to be issued during the fiscal year ending June 30, 2016.

NOTE 6 – CONTINGENCIES

Grants

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

Insurance

The School Department is exposed to various risks of loss related to tort, theft of, damage to and destruction of assets, errors, and omissions, and natural disasters for which the School Department carries commercial insurance.

Based on the coverage provided by the commercial insurance purchased, the School Department is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2015. There have been no significant reductions in commercial insurance coverage from the prior year and no settlements have exceeded commercial insurance coverage in any of the past three years.

NOTE 7 – NEW SCHOOL CONSTRUCTION

On September 19, 2012, the School Department contracted with Arthur C. Dudley Contractor/Builder, Inc. to complete the reconstruction of Wentworth Intermediate School. The construction was completed and opened to students and staff in September of 2014. The total costs of the construction was \$35,455,743. The remaining \$250,000 of unused, bonded funds will be used for debt service payments in fiscal year 2016; any remaining balance will also be applied toward future debt payments on the project.



Accessible
Approachable
Accountable

Independent Auditors' Report on Additional Information

Board of Education
Town of Scarborough School Department
Scarborough, Maine

We have audited the financial statements of the Town of Scarborough School Department as of and for the year ended June 30, 2015, and our report thereon dated December 15, 2015, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The accompanying schedules on pages 16 through 26 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Macpage LLC

South Portland, Maine
December 15, 2015

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

Year Ended June 30, 2015

	Title IA	Title IIA	Title III	Local Entitlement	Local Entitlement Preschool	Proficiency-Based Grad Grant (State)	School Nutrition	Scarborough Education Foundation	Fineberg Trust	Local Grants and Donations	Admin Recertification (Fiscal agent)	Totals
Revenues												
Federal education grants	\$ 195,151	\$ 60,743	\$ 3,819	\$ 690,603	\$ 2,601		\$ 282,049					\$ 1,234,966
State education grants						\$ 33,287	15,002					48,289
Local funds							962,695	\$ 14,810	\$ -	\$ 28,376	\$ 8,100	1,013,981
Total Revenues	<u>195,151</u>	<u>60,743</u>	<u>3,819</u>	<u>690,603</u>	<u>2,601</u>	<u>33,287</u>	<u>1,259,746</u>	<u>14,810</u>	<u>-</u>	<u>28,376</u>	<u>8,100</u>	<u>2,297,236</u>
Expenditures	<u>195,151</u>	<u>61,492</u>	<u>3,819</u>	<u>690,603</u>	<u>2,601</u>	<u>11,598</u>	<u>1,478,544</u>	<u>17,393</u>	<u>15,542</u>	<u>45,901</u>	<u>8,089</u>	<u>2,530,733</u>
Revenues Over (Under) Expenditures Before Other Financing Sources		<u>(749)</u>				<u>21,689</u>	<u>(218,798)</u>	<u>(2,583)</u>	<u>(15,542)</u>	<u>(17,525)</u>	<u>11</u>	<u>(233,497)</u>
Transfers In							<u>218,798</u>					<u>218,798</u>
Net Change in Fund Balance		<u>(749)</u>				<u>21,689</u>		<u>(2,583)</u>	<u>(15,542)</u>	<u>(17,525)</u>	<u>11</u>	<u>(14,699)</u>
Fund Balance, Beginning of Year		<u>749</u>				<u>29,465</u>		<u>15,000</u>	<u>219,671</u>	<u>26,152</u>	<u>513</u>	<u>291,550</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,154</u>	<u>\$ -</u>	<u>\$ 12,417</u>	<u>\$ 204,129</u>	<u>\$ 8,627</u>	<u>\$ 524</u>	<u>\$ 276,851</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Capital Projects Funds

Year Ended June 30, 2015

	2007-2008 Projects	2009-2010 Projects	2010-2011 Projects	2012-2013 Projects	2013-2014 Projects	2014-2015 Projects	2015-2016 Projects	Wentworth School Construction	Totals
Revenues									
Local contribution						\$155,000			\$ 155,000
Interest			\$ 5	\$ 2	332	31		\$ 816	1,186
Other								126,447	126,447
Total Revenues			<u>5</u>	<u>2</u>	<u>332</u>	<u>155,031</u>		<u>127,263</u>	<u>282,633</u>
Expenditures									
Purchased services	\$ 6,260	3,579	9,037	\$ 42,075	280,473	560,988	734,882	3,574,320	5,211,614
Revenues Under Expenditures Before Other Financing Sources (Uses)	<u>(6,260)</u>	<u>(3,579)</u>	<u>(9,032)</u>	<u>(42,073)</u>	<u>(280,141)</u>	<u>(405,957)</u>	<u>(734,882)</u>	<u>(3,447,057)</u>	<u>(4,928,981)</u>
Other Financing Sources (Uses):									
Bond proceeds			32,000	25,000	229,000	490,300			776,300
Transfers (to) from other funds		(94)			(1,876)	(1,842)			(3,812)
Total Other Financing Sources (Uses)		<u>(94)</u>	<u>32,000</u>	<u>25,000</u>	<u>227,124</u>	<u>488,458</u>			<u>772,488</u>
Net Change in Fund Balance	(6,260)	(3,673)	22,968	(17,073)	(53,017)	82,501	(734,882)	(3,447,057)	(4,156,493)
Fund Balance (Deficit), Beginning of Year	<u>7,273</u>	<u>3,673</u>	<u>(9,471)</u>	<u>20,110</u>	<u>223,314</u>			<u>6,401,251</u>	<u>6,646,150</u>
Fund Balance, End of Year	<u>\$ 1,013</u>	<u></u>	<u>\$ 13,497</u>	<u>\$ 3,037</u>	<u>\$ 170,297</u>	<u>\$ 82,501</u>	<u>\$ (734,882)</u>	<u>\$ 2,954,194</u>	<u>\$ 2,489,657</u>

Schedule of Changes in Fiduciary Net Position Private-Purpose Trust Funds

Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
Private-Purpose Trust Funds:				
Shirley Grover Fund	\$ 992	\$ 8		\$ 1,000
Mary Campbell Peterson Fund	93,207	743	\$ 2,000	91,950
Edith Warga Art Scholarship	102,832	822	1,500	102,154
Packy McFarland Scholarship	177	1		178
Roy Nelson Scholarship	13	0		13
Daniel Tranchemontagne Scholarship	1,083	9		1,092
Virginia Jackson Scholarship	17,507	141	1,500	16,148
Evelyn Chaddon Scholarship	309	2		311
S. Dwight Howard Scholarship	2,545	21		2,566
Bertha Libby-Lary Scholarship	11,330	90	250	11,170
Kathy Pearson Scholarship	2,928	24		2,952
Academic Decathlon Scholarship	1,218	10		1,228
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Private-Purpose Trust Funds	<u>\$ 234,141</u>	<u>\$ 1,871</u>	<u>\$ 5,250</u>	<u>\$ 230,762</u>

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2015

SUMMARY

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Scarborough High School	\$ 130,112	\$ 257,435	\$ 240,566	\$ 146,981
Scarborough Middle School	54,537	133,942	110,530	77,949
Wentworth Intermediate School	28,364	57,727	49,868	36,223
Eight Corners School	9,902	9,102	9,867	9,137
Blue Point School	3,052	9,470	6,260	6,262
Pleasant Hill School	4,511	8,480	9,057	3,934
Total Student Activity Funds	<u>\$ 230,478</u>	<u>\$ 476,156</u>	<u>\$ 426,148</u>	<u>\$ 280,486</u>

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2015

SCARBOROUGH HIGH SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Academic Decathlon	\$ 946	\$ 3,869	\$ 4,232	\$ 583
Alternative Education	85	1,256	1,256	85
Athletics	29,280	53,241	55,452	27,069
Athletics Concession	241	28,727	28,865	103
Auditorium	55	90	105	40
Band	19	-	19	-
Boy's Tennis	309	486	110	685
Chorus	4,374	33,224	33,880	3,718
Civil Rights Team	2,272	-	550	1,722
Class of 2015	10,133	3,772	12,356	1,549
Class of 2016	346	22,268	11,354	11,260
Class of 2017	383	-	-	383
Class of 2018	569	957	325	1,201
ECOS	2,650	1,217	1,035	2,832
General Account	4,077	3,428	6,800	705
Golf Boosters	1,690	202	211	1,681
Guidance	10,218	38,850	35,774	13,294
GSA	245	-	-	245
Key Club	1,846	8,151	7,754	2,243
Library	1,201	272	35	1,438
Lisa Ruhman Grant	95	-	95	-
Model UN	1,302	3,230	3,469	1,063
Natural Helpers	271	-	-	271
NHS	22	1,264	385	901
Oak Hill Players	5,311	21,984	8,026	19,269
One Act Play	587	1,756	1,733	610
Project AWARE	250	-	-	250
Project G.R.A.C.E.	3	1,020	920	103
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance Carried Forward	\$ 78,780	\$ 229,264	\$ 214,741	\$ 93,303

Scarborough School Department Student Activity Funds Statement of Cash Receipts and Cash Disbursements - Continued

Year Ended June 30, 2015

SCARBOROUGH HIGH SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Balance Carried Forward	\$ 78,780	\$ 229,264	\$ 214,741	\$ 93,303
SAAF Fund	2,101		425	1,676
Scholarship	3,342	4,051	2,500	4,893
School Store	2,054	2,531	3,219	1,366
Steven Delano Memorial Fund	300			300
Storm for a Cure (was Pink Ribbon Club)	248	2,299	2,157	390
Student Art	189			189
Student Council	527	179	626	80
Study Center	36,417	5,370	649	41,138
Sunshine Fund	6	540	540	6
Video Productions	325	425	208	542
Yearbook	5,823	12,776	15,501	3,098
	\$ 130,112	\$ 257,435	\$ 240,566	\$ 146,981

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2015

SCARBOROUGH MIDDLE SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Abenaki	\$ 2,061		\$ 2,061	
Algonquin	2,106		2,105	1
Allied Arts	716		139	577
Athletics		150	150	
Bike-a-thon	125	5,343	5,468	
Box Tops/Soup Labels	658	1,066	1,472	252
Builder's Club	823	943	738	1,028
Civil Rights	234			234
Class of 2019		19,239	18,816	423
Class of 2020		17,870	11,177	6,693
Class of 2021		12,526	7,260	5,266
Coca Cola	2,065	50	46	2,069
Donations	22	670	598	94
Drama Club	3,603	1,111	951	3,763
General Fund	40	5,391	4,090	1,341
Health II	235	845	881	199
Laptop	17,951	17,193	1,574	33,570
Library	965	4,759	2,978	2,746
Literary Magazine	697		525	172
Lost Books	230	217		447
Maine Cancer Foundation		3,025	2,950	75
Math Forum	902			902
Math Team	249		32	217
Music	85			85
Operation Cupid	180	921	986	115
Passamaquoddy	699		699	
Penobscot	174		174	
Pepsi Cola	60	455	404	111
Project G.R.A.C.E.	233		31	202
Quebec	117		117	
Read-a-thon		26,692	26,692	
School Store	442	652	532	562
Schools That Shine	2,000	1,139		3,139
SMS Garden	621			621
Sokokis	850		850	
STEM	216			216
Student Advocacy	575			575
Student Council	3,142	4,708	5,674	2,176
Sunshine Fund	32	493	525	
TEAMS	91		91	
Wellness		952	46	906
WSMS News	11		11	
Yearbook	11,327	7,532	9,687	9,172
	<u>\$ 54,537</u>	<u>\$ 133,942</u>	<u>\$ 110,530</u>	<u>\$ 77,949</u>

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2015

WENTWORTH INTERMEDIATE SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Becky's Garden	785			\$ 785
Clynk Schoolwide		3,048	1,073	1,975
Coffee Fundraiser	136		136	
Enrichment/Storytelling	500		500	
Field Trips	907	13,891	12,493	2,305
Garden - Stuart	2,586	3,978	3,218	3,346
General	10,173	14,248	11,611	12,810
Laptop Maintenance		5,585		5,585
LEGO Robotics	672		672	
Library	4,622	9,757	9,023	5,356
Music		955	955	
PTO	94			94
Sunshine Fund	228	671	615	284
Target		296	296	
UNICEF		177	177	
Yearbooks		5,121	5,121	
Unassigned Credit	7,661		3,978	3,683
	<u>\$ 28,364</u>	<u>\$ 57,727</u>	<u>\$ 49,868</u>	<u>\$ 36,223</u>

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2015

EIGHT CORNERS SCHOOL

Beginning Balance	<u>\$ 9,902</u>
Receipts:	
Donations	124
Library	1,136
Miscellaneous	3,280
Staff Enrichment	699
Student Enrichment	792
Sunshine Fund	117
Yearbook/Lifetouch	<u>2,954</u>
Total Receipts	<u>9,102</u>
Disbursements:	
Instr Supplies	214
Library	637
Miscellaneous	4,135
Office Supplies	221
Staff Enrichment	886
Student Enrichment	809
Sunshine Fund	235
Yearbook/Lifetouch	<u>2,730</u>
Total Disbursements	<u>9,867</u>
Ending Balance	<u><u>\$ 9,137</u></u>

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2015

BLUE POINT SCHOOL

Beginning Balance	<u>\$ 3,052</u>
Receipts:	
General	5,921
Library	2,321
PTA Technology	500
Yearbook	728
Total Receipts	<u>9,470</u>
Disbursements:	
General	4,435
Library	1,825
Total Disbursements	<u>6,260</u>
Ending Balance	<u>\$ 6,262</u>

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2015

PLEASANT HILL

Beginning Balance	<u>\$ 4,511</u>
Receipts:	
Clynk Bottle Drives	386
Field Trips	550
General	5,428
Library	2,116
Total Receipts	<u>8,480</u>
Disbursements:	
Clynk Bottle Drives	470
Field Trips	550
General	6,174
Library	1,668
Project G.R.A.C.E.	53
Wellness	142
Total Disbursements	<u>9,057</u>
 Ending Balance	 <u><u>\$ 3,934</u></u>