Town of Scarborough
School Department

Financial Report

June 30, 2014

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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 each major fund and the remaining 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, 2014, 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, 2014, 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 each major fund and the aggregate remaining 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, 2014, 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 opinion is 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 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.

Macpage LLC

South Portland, Maine
December 23, 2014

Balance Sheet
Governmental Funds

June 30, 2014

	General Fund	Wentworth School Construction	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Total Governmental Funds
Assets					
Due from Town	$ 5,046,573	$ 8,415,867	$ 3,919	$ 281,593	$ 13,747,952
Intergovernmental receivables	115,928		322,194		438,122
Inventory			13,756		13,756
Total Assets	$ 5,162,501	$ 8,415,867	$ 339,869	$ 281,593	$ 14,199,830
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 462,542	$ 1,860,525	$ 44,923	$ 36,693	$ 2,404,683
Retainage payable		154,091			154,091
Accrued payroll	3,172,491				3,172,491
Accrued withholdings	93,195				93,195
Accrued compensated absences	46,587				46,587
Accrued vacation	78,897				78,897
Unearned revenue			3,396		3,396
Total Liabilities	3,853,712	2,014,616	48,319	36,693	5,953,340
Fund Balances					
Fund balances					
Nonspendable					
Inventory			13,756		13,756
Restricted					
Capital project funds		6,401,251		244,900	6,646,151
Special revenue funds			277,794		277,794
Assigned					
Carryover	800,000				800,000
Unassigned					
General fund	508,789				508,789
Total Fund Balances	1,308,789	6,401,251	291,550	244,900	8,246,490
Total Liabilities and Fund Balances	$ 5,162,501	$ 8,415,867	$ 339,869	$ 281,593	$ 14,199,830

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, 2014

	General Fund	Wentworth School Construction	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Total
Revenues					
Local allocation	$ 34,455,448			$ 143,600	$ 34,599,048
State subsidy	3,707,358				3,707,358
State debt service subsidy	534,046				534,046
State subsidy - adult education	68,771				68,771
State agency clients	199,797				199,797
Medicaid revenue	44,419				44,419
On-behalf payments - pension contribution	3,111,000				3,111,000
Adult education	155,483				155,483
Student extra-curricular fees	138,095				138,095
Miscellaneous	126,425			3,600	130,025
Intergovernmental revenue			$1,356,347		1,356,347
Federal donated commodities received			25,247		25,247
Sale of meals			930,219		930,219
Interest income		$ 50,785		5,590	56,375
Total Revenues	42,540,842	50,785	2,311,813	152,790	45,056,230
Expenditures					
Regular instruction	16,853,776				16,853,776
Special education	6,607,184				6,607,184
Career and technical education	301,740				301,740
Other instruction	925,721				925,721
Student and staff support	3,082,465				3,082,465
System administration	890,605				890,605
School administration	1,540,175				1,540,175
Transportation	1,516,716				1,516,716
Facilities maintenance	3,262,742				3,262,742
Debt service and other commitments	4,150,113				4,150,113
All other expenditures	2,150				2,150
Adult education	170,853				170,853
On-behalf payments - pension contribution	3,111,000				3,111,000
Grant expenditures			888,119		888,119
School lunch expenditures			1,476,023		1,476,023
Federal donated commodities used			27,570		27,570
Capital outlay		16,215,729		1,625,551	17,841,280
Total Expenditures	42,415,240	16,215,729	2,391,712	1,625,551	62,648,232
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	125,602	(16,164,944)	(79,899)	(1,472,761)	(17,592,002)
Other Financing Sources (Uses):					
Transfers (to) from other funds	(265,909)		279,596	(13,687)	
Capital lease proceeds	249,109				249,109
Bond proceeds		1,969,815		1,331,045	3,300,860
Total Other Financing Sources (Uses)	(16,800)	1,969,815	279,596	1,317,358	3,549,969
Net Change in Fund Balances	108,802	(14,195,129)	199,697	(155,403)	(14,042,033)
Fund Balances					
Beginning of Year	1,199,987	20,596,380	91,853	400,303	22,288,523
End of Year	$ 1,308,789	$ 6,401,251	$ 291,550	$ 244,900	$ 8,246,490

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, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local allocation	$ 34,455,448	$ 34,455,448	$ 34,455,448	
State subsidy	4,259,291	4,259,291	4,241,404	$ (17,887)
State agency clients	50,000	50,000	199,797	149,797
Student activities fees	150,000	150,000	138,095	(11,905)
Miscellaneous	211,086	211,086	170,844	(40,242)
Adult education	148,691	148,691	224,254	75,563
Total Revenues	39,274,516	39,274,516	39,429,842	155,326
Expenditures				
Regular instruction	16,689,301	16,717,039	16,628,100	88,939
Special education	6,627,916	6,637,027	6,607,184	29,843
Career and technical education	292,446	301,740	301,740	
Other instruction	882,976	921,481	925,721	(4,240)
Student and staff support	3,193,238	3,136,246	3,082,465	53,781
System administration	843,549	886,320	890,605	(4,285)
School administration	1,543,918	1,543,918	1,540,175	3,743
Transportation	1,508,496	1,509,588	1,516,716	(7,128)
Facilities maintenance	3,508,872	3,437,353	3,262,742	174,611
Debt service and other commitments	4,150,113	4,150,113	4,150,113	
All other	85,000	85,000	77,150	7,850
Adult education	148,691	148,691	170,853	(22,162)
Total Expenditures	39,474,516	39,474,516	39,153,564	320,952
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Uses	(200,000)	(200,000)	276,278	476,278
Other Financing Uses				
Transfers to other funds			(190,909)	(190,909)
Excess (Deficiency) of Revenues Over Expenditures	(200,000)	(200,000)	85,369	285,369
Beginning Fund Balance Utilized	200,000	200,000	1,270,007	1,070,007
Fund Balance, End of Year	$ -	$ -	1,355,376	$ 1,355,376
Less Current Portion of Accrued Compensated Absences			46,587	
Fund Balance per Fund Financial Statement			$ 1,308,789	

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

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2014

	Private-Purpose Trusts	Agency Funds
Assets		
Cash and cash equivalents		$ 230,477
Investments	$ 234,141	
Total Assets	234,141	230,477
Liabilities		
Due to student groups		230,477
Total Liabilities		$ 230,477
Net Position		
Held in trust for other purposes	$ 234,141	

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, 2014

	Private-Purpose Trusts
Additions	
Interest income	$ 683
Total Additions	683
Deductions	
Scholarship distributions	5,750
Total Deductions	5,750
Change in Net Position	(5,067)
Net Position, Beginning of Year	239,208
Net Position, End of Year	$ 234,141

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

Notes to Financial Statements

June 30, 2014

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.

Wentworth School Construction

The Wentworth School Construction capital projects fund is used to account for bond proceeds restricted for the construction of and the expenditures for the new Wentworth Intermediate School in Scarborough, Maine.

Notes to Financial Statements

June 30, 2014

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, 2014

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 the current portion of compensated absences which is excluded from expenditures on the budgetary basis of accounting and except for on-behalf payments and capital lease proceeds and expenditures which are both 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, 2014

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 statue 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 $850,519 has been recorded in the government-wide financial statements of the Town of Scarborough, Maine and $46,587, the portion that is currently due to employees of the School Department as of June 30, 2014, 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, 2014

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, 2014 are as follows:

Year Ending	Bonds Payable		Capital Lease Obligations		Totals	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 2,200,516	$ 2,405,432	$ 48,473	$ 5,133	$ 2,248,989	$ 2,410,565
2016	2,679,956	2,330,546	50,126	3,480	2,730,082	2,334,026
2017	2,986,170	2,242,249	51,836	1,770	3,038,006	2,244,019
2018	2,913,422	2,144,178			2,913,422	2,144,178
2019	2,846,109	2,045,811			2,846,109	2,045,811
2020 – 2024	13,307,900	8,697,644			13,307,900	8,697,644
2025 – 2029	13,223,500	6,166,413			13,223,500	6,166,413
2030 – 2034	13,265,000	3,564,669			13,265,000	3,564,669
2035 – 2039	6,730,000	1,493,819			6,730,000	1,493,819
2040 – 2043	4,315,000	292,800			4,315,000	292,800
Total	$64,467,573	$31,383,561	$ 150,435	$ 10,383	$64,618,008	$31,393,944

Notes to Financial Statements

June 30, 2014

NOTE 4 – EMPLOYEE RETIREMENT SYSTEMS

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 $3,111,000 (15.36%) for the fiscal year 2014. 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 15.83% of their compensation. This amounted to approximately $64,000 during the fiscal year 2014. 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, 2014, the amount of this contribution was approximately $547,000.

Consolidated Retirement Pension Plan

Description of the Plan

School Department custodians, school lunch personnel and other non-teacher personnel participate in the Maine Public Employees Retirement System Consolidated Plan, 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, 2014

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, 2014 was approximately $79,000.

NOTE 5 – 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, 2014. 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 6 – 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 total estimated costs of the construction are $35,767,071. The costs of construction that had been incurred as of the year ended June 30, 2014 were approximately $32,209,000. The construction was substantially completed and was in service by September 2014. There are additional components of the construction that remain to be completed by January 2015.

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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, 2014, and our report thereon dated December 23, 2014, 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 23, 2014

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

Year Ended June 30, 2014

	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	$148,450	$ 59,525	$ 8,525	$618,966	$ 10,883		$ 278,689					$ 1,125,038
State education grants						$ 32,215	15,088					47,303
Local funds							930,218	$ 23,536	$ 150,000	$ 27,037	$ 8,681	1,139,472
Total Revenues	148,450	59,525	8,525	618,966	10,883	32,215	1,223,995	23,536	150,000	27,037	8,681	2,311,813
Expenditures	148,450	58,776	8,525	618,966	10,883	2,750	1,503,591	20,389	10,329	885	8,168	2,391,712
Transfers In							279,596					279,596
Net Change in Fund Balance		749				29,465		3,147	139,671	26,152	513	199,697
Fund Balance, Beginning of Year								11,853	80,000			91,853
Fund Balance, End of Year	$ -	$ 749	$ -	$ -	$ -	$ 29,465	$ -	$ 15,000	$ 219,671	$ 26,152	$ 513	$ 291,550

See independent auditors' report on additional information.

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

Year Ended June 30, 2014

	2007-2008 Projects	2009-2010 Projects	2010-2011 Projects	2011-2012 Projects	2012-2013 Projects	2013-2014 Projects	Totals
Revenues							
Local contribution						$ 143,600	$ 143,600
Interest		$ 12	$ 3			5,575	5,590
Other			3,600				3,600
Total Revenues		12	3,603			149,175	152,790
Expenditures							
Purchased services	$ 31,135	86,857	48,576	$ 15,750	$ 173,276	1,269,957	1,625,551
Revenues Under Expenditures Before Other Financing Sources (Uses)	(31,135)	(86,845)	(44,973)	(15,750)	(173,276)	(1,120,782)	(1,472,761)
Other Financing Sources (Uses):							
Bond proceeds						1,331,045	1,331,045
Transfers (to) from other funds		(11,446)	(200)	(117)	(48,697)	46,773	(13,687)
Total Other Financing Sources (Uses)		(11,446)	(200)	(117)	(48,697)	1,377,818	1,317,358
Net Change in Fund Balance	(31,135)	(98,291)	(45,173)	(15,867)	(221,973)	257,036	(155,403)
Fund Balance (Deficit), Beginning of Year	38,408	101,964	35,704	15,867	242,083	(33,723)	400,303
Fund Balance, End of Year	$ 7,273	$ 3,673	$ (9,469)	$ -	$ 20,110	$ 223,313	$ 244,900

See independent auditors' report on additional information.

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

Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
Private-Purpose Trust Funds:				
Shirley Grover Fund	$ 989	$ 3		$ 992
Mary Campbell Peterson Fund	94,937	270	$ 2,000	93,207
Edith Warga Art Scholarship	104,534	298	2,000	102,832
Packy McFarland Scholarship	177			177
Roy Nelson Scholarship	12	1		13
Daniel Tranchemontagne Scholarship	1,080	3		1,083
Virginia Jackson Scholarship	18,952	55	1,500	17,507
Evelyn Chaddon Scholarship	308	1		309
S. Dwight Howard Scholarship	2,538	7		2,545
Bertha Libby-Lary Scholarship	11,547	33	250	11,330
Kathy Pearson Scholarship	2,920	8		2,928
Academic Decathlon Scholarship	1,214	4		1,218
Total Private-Purpose Trust Funds	$ 239,208	$ 683	$ 5,750	$ 234,141

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2014

SUMMARY

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Scarborough High School	$ 87,523	$ 423,663	$ 381,074	$ 130,112
Scarborough Middle School	49,975	143,355	138,794	54,536
Wentworth Intermediate School	23,493	102,626	97,755	28,364
Eight Corners School	10,652	8,468	9,218	9,902
Blue Point School	6,910	9,911	13,769	3,052
Pleasant Hill School	6,095	17,628	19,212	4,511
Total Student Activity Funds	$ 184,648	$ 705,651	$ 659,822	$ 230,477

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2014

SCARBOROUGH HIGH SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Academic Decathlon	$ 1,119	$ 14,981	$ 15,154	$ 946
Alternative Education	(150)	298	63	85
Art Club	843		843	
Athletics	5,947	73,946	50,613	29,280
Athletics Concession	3,618	25,912	29,289	241
Auditorium	5	50		55
Band	19			19
Books	492		492	
Boy's Tennis	68	325	84	309
Chorus	1,926	37,812	35,364	4,374
Civil Rights Team	1,528	1,345	601	2,272
Class of 2011	2,000		2,000	
Class of 2012	(3)	31	27	1
Class of 2013	418	6,233	6,651	
Class of 2014	(3,660)	13,060	9,400	
Class of 2015	398	19,915	10,181	10,132
Class of 2016		1,495	1,149	346
Class of 2017		383		383
Class of 2018		569		569
ECOS	2,472	1,418	1,240	2,650
Field Hockey	68		68	
Foreign Language	3		3	
Friends of Rachel	631		631	
GATES	6		6	
General Account	(4,433)	121,095	112,585	4,077
Girls' Tennis	360		360	
Golf Boosters	703	2,137	1,150	1,690
Guidance	7,409	35,743	32,934	10,218
GSA	245			245
Key Club	(111)	7,627	5,670	1,846
Latin	(424)	424		
Library	1,118	164	81	1,201
Lisa Ruhman Grant	95			95
Model UN	922	3,990	3,610	1,302
Natural Helpers	271	1,500	1,500	271
NHS	803	450	1,231	22
Oak Hill Players	12,027	11,117	17,833	5,311
One Act Play	334	2,396	2,143	587
Outing Club	411		411	
Project AWARE	250			250
Project G.R.A.C.E.		200	197	3
Balance Carried Forward	$ 37,728	$ 384,616	$ 343,564	$ 78,780

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

Year Ended June 30, 2014

SCARBOROUGH HIGH SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Balance Carried Forward	$ 37,728	$ 384,616	$ 343,564	$ 78,780
Rachel's Challenge	294		294	
Robert Mitchell Fund	249		249	
Rock Gym Field Trip	30		30	
SAAF Fund	2,725	515	1,139	2,101
Scholarship	3,291	3,551	3,500	3,342
School Store	1,173	4,757	3,876	2,054
Softball	612		612	
Speech and Debate	(250)	250		
Stand Up to Cancer	1,794		1,794	
Steven Delano Memorial Fund	800		500	300
Storm for a Cure (was Pink Ribbon Club)	155	1,346	1,253	248
Student Art	189			189
Student Council	116	1,116	705	527
Study Center	32,388	5,140	1,111	36,417
Sunshine Fund	100	522	616	6
Video Productions		325		325
Yearbook	6,129	21,525	21,831	5,823
	$ 87,523	$ 423,663	$ 381,074	$ 130,112

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2014

SCARBOROUGH MIDDLE SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Abnaki	$ 3,844	$ 9,267	$ 11,051	$ 2,060
Algonquin	1,997	6,283	6,174	2,106
Allied Arts	1,102		386	716
Bike-a-thon		6,619	6,494	125
Box Tops/Soup Labels	694	1,293	1,329	658
Builder's Club	307	1,390	874	823
Civil Rights	363		129	234
Coca Cola	510	1,937	382	2,065
Cultural Week	109		109	
Donations		250	228	22
Drama Club	2,056	2,319	772	3,603
Environmental	72		72	
Expeditionary Learning	500	398	898	
General Fund	640	6,618	7,218	40
Health II	317	1,414	1,496	235
Laptop	541	29,845	12,435	17,951
Library	1,279	3,459	3,773	965
Literary Magazine	1,416		719	697
Lost Books	135	95		230
Maine Cancer Foundation		2,070	2,070	
Math DVDs	48		48	
Math Forum	1,061		159	902
Math Team		400	151	249
Music	1,493	500	1,908	85
Operation Cupid	273	482	575	180
Passamaquoddy	2,335	10,961	12,597	699
Penobscot	5,874	9,433	15,133	174
Pepsi Cola	208	368	516	60
Project G.R.A.C.E.	189	100	56	233
Quebec	117			117
Read-a-thon	(15)	17,741	17,726	
School Store	651	295	504	442
Schools That Shine	1,000	1,000		2,000
SMS Garden	621			621
Sokokis	3,378	11,707	14,235	850
STEM	216			216
Student Advocacy	575			575
Student Council	2,087	5,480	4,425	3,142
Sunshine Fund	178	655	801	32
T-Shirts		689	689	
TEAMS	397	25	331	91
WSMS News	86		75	11
Yearbook	13,321	10,262	12,256	11,327
	$ 49,975	$ 143,355	$ 138,794	$ 54,536

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2014

WENTWORTH INTERMEDIATE SCHOOL

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Balance
Andrea Wedge Tree Memorial	$ 150		$ 150	
Becky's Garden	785			$ 785
Celebration	59		59	
Clynk Grade 3	1,929		1,929	
Clynk Grade 4	3,702	$ 889	4,591	
Clynk Grade 5	3,345	366	3,711	
Coffee Fundraiser	136			136
East Wing	150		150	
Enrichment/Storytelling		500		500
Field Trips	(5,492)	29,915	23,516	907
Garden - Stuart	1,520	1,723	657	2,586
General	9,604	37,203	36,634	10,173
Haiti - Art Fundraiser	5		5	
LEGO Robotics	2,000		1,328	672
Library	2,219	9,513	7,110	4,622
Mosaic Project	1		1	
Music	(46)	722	676	
North Wing	528		528	
Pepsi	556	10	566	
Project G.R.A.C.E.	297		297	
PTO		94		94
Special Olympics	108		108	
Sunshine Fund	90	1,117	979	228
WIS T-shirts	2,127	3,104	5,231	
Yearbooks	(280)	9,809	9,529	
Unassigned Credit		7,661		7,661
	$ 23,493	$ 102,626	$ 97,755	$ 28,364

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2014

EIGHT CORNERS SCHOOL

Beginning Balance	$ 10,652
Receipts:	
5-2-1-0	
Donations	220
Field Trips	300
EC Garden	300
Library	1,363
Miscellaneous	1,893
Office Supplies	195
PTA Donations	1,160
Staff Development	50
Staff Enrichment	687
Student Enrichment	1,277
Sunshine Fund	92
Yearbook/Lifetouch	931
Total Receipts	8,468
Disbursements:	
5-2-1-0	113
Donations	31
Field Trips	127
EC Garden	265
Instr Supplies	281
Library	812
Miscellaneous	2,853
Office Supplies	257
Staff Enrichment	1,235
Student Enrichment	2,135
Sunshine Fund	379
Yearbook/Lifetouch	730
Total Disbursements	9,218
Ending Balance	$ 9,902

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2014

BLUE POINT SCHOOL

Beginning Balance	$ 6,910
Receipts:	
5-2-1-0	100
BP Garden	343
General	6,825
Library	2,075
Yearbook	568
Total Receipts	9,911
Disbursements:	
5-2-1-0	100
BP Garden	872
General	8,464
Library	2,535
PTA Technology	1,230
Yearbook	568
Total Disbursements	13,769
Ending Balance	$ 3,052

Statement of Cash Receipts and Cash Disbursements - Student Activity Funds

Year Ended June 30, 2014

PLEASANT HILL

Beginning Balance	$ 6,095
Receipts:	
5-2-1-0	139
Clynk Bottle Drives	235
Field Trips	1,287
General	10,926
Library	2,078
Project G.R.A.C.E.	100
PTA	1,680
Staff Development	261
Wellness	410
Yearbooks	512
Total Receipts	17,628
Disbursements:	
5-2-1-0	119
Field Trips	476
General	9,094
Library	1,913
Project G.R.A.C.E.	89
PTA	4,122
PTA Technology	1,950
T-shirts	410
Wellness	146
Yearbooks	893
Total Disbursements	19,212
Ending Balance	$ 4,511