

**EXHIBIT 8-A**

**Saco Financial Report**

**CITY OF SACO SCHOOL DEPARTMENT**

**Financial Report**

**June 30, 2007**

**CITY OF SACO SCHOOL DEPARTMENT**  
**Annual Financial Report**  
**Year ended June 30, 2007**

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Runyon  
Kersteen  
Ouellette



Certified Public Accountants and Business Consultants

## Independent Auditor's Report

Saco School Board  
City of Saco School Department  
Saco, Maine

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the City of Saco School Department as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the City of Saco School Department's management. 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 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

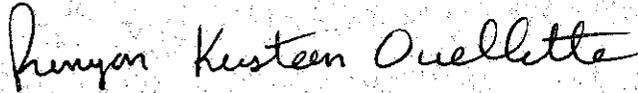
As described in the notes, the financial statements present only the School Department Governmental Funds and Fiduciary Funds and are not intended to present fairly the financial position and changes in financial position for the City of Saco, Maine in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the funds of the City of Saco School Department as of June 30, 2007, and the respective changes in financial position and the budgetary comparison for the School Department General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2007 on our consideration of the City of Saco, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* and should be considered in assessing the results of our audit.

Saco School Board  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements of the City of Saco School Department. The additional information included in Exhibits A-1 through B-2 and Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the fund financial statements of the City of Saco School Department. Such information has been subjected to the auditing procedures applied in the audit of the fund financial statements and, in our opinion, is fairly presented in all material respects in relation to the fund financial statements taken as a whole.



November 20, 2007  
South Portland, Maine

**CITY OF SACO SCHOOL DEPARTMENT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2007**  
(with comparative totals for the year ended June 30, 2006)

	General	Other Nonmajor Governmental Funds	Totals	
			Governmental Funds 2007	2006
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	124,751	124,751	109,413
Due from the City of Saco	1,227,778	357,535	1,585,313	1,337,985
Interfund receivables	207,897	94	207,991	-
Accounts receivable	331,714	95,059	426,773	552,771
Prepaid items	410,177	2,859	413,036	452,952
Inventories	-	1,913	1,913	1,381
<b>Total assets</b>	<b>\$ 2,177,566</b>	<b>582,211</b>	<b>2,759,777</b>	<b>2,454,502</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and other accrued liabilities	245,939	36,893	282,832	419,130
Accrued wages	1,069,371	41,811	1,111,182	1,044,444
Interfund payables	94	207,897	207,991	-
Due to the City of Saco	-	350	350	42,851
<b>Total liabilities</b>	<b>1,315,404</b>	<b>286,951</b>	<b>1,602,355</b>	<b>1,506,425</b>
<b>Fund balances:</b>				
<b>Reserved:</b>				
Inventory	-	1,913	1,913	1,381
<b>Unreserved:</b>				
Designated	429,634	-	429,634	294,645
<b>Undesignated, reported in:</b>				
General fund	432,528	-	432,528	429,634
Special revenue fund	-	293,347	293,347	222,417
<b>Total fund balances</b>	<b>862,162</b>	<b>295,260</b>	<b>1,157,422</b>	<b>948,077</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,177,566</b>	<b>582,211</b>	<b>2,759,777</b>	<b>2,454,502</b>

*See accompanying notes to financial statements.*

**CITY OF SACO SCHOOL DEPARTMENT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2007**  
**(with comparative totals for the year ended June 30, 2006)**

	General	Other Nonmajor Governmental Funds	Totals Governmental Funds	
			2007	2006
<b>Revenues:</b>				
Taxes (City assessment)	\$ 14,065,854	-	14,065,854	13,508,865
Charges for services	755,272	322,021	1,077,293	806,945
Intergovernmental	10,487,849	1,555,475	12,043,324	11,304,274
Intergovernmental on-behalf payments	1,706,698	-	1,706,698	1,575,420
Miscellaneous	69,584	61,008	130,592	415,148
<b>Total revenues</b>	<b>27,085,257</b>	<b>1,938,504</b>	<b>29,023,761</b>	<b>27,610,652</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instructions	19,064,752	-	19,064,752	18,051,322
Student support services	823,610	-	823,610	751,936
General administration	625,387	-	625,387	508,039
School administration	804,694	-	804,694	808,203
Operation and maintenance of plant	2,010,797	-	2,010,797	2,024,052
Building maintenance/feasibility	129,429	-	129,429	86,146
Student transportation	834,016	-	834,016	669,110
School lunch	-	578,110	578,110	619,488
Program expenditures	-	1,288,932	1,288,932	1,260,677
Maine State Retirement on-behalf payments	1,706,698	-	1,706,698	1,575,420
Debt service	947,991	-	947,991	975,881
<b>Total expenditures</b>	<b>26,947,374</b>	<b>1,867,042</b>	<b>28,814,416</b>	<b>27,330,274</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>137,883</b>	<b>71,462</b>	<b>209,345</b>	<b>280,378</b>
<b>Net change in fund balances</b>	<b>137,883</b>	<b>71,462</b>	<b>209,345</b>	<b>280,378</b>
<b>Fund balances, beginning of year</b>	<b>724,279</b>	<b>223,798</b>	<b>948,077</b>	<b>667,699</b>
<b>Fund balances, end of year</b>	<b>\$ 862,162</b>	<b>295,260</b>	<b>1,157,422</b>	<b>948,077</b>

*See accompanying notes to financial statements.*

**CITY OF SACO SCHOOL DEPARTMENT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the year ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
City assessment (includes adult education)	\$ 14,065,854	14,065,854	14,065,854	-
Charges for services	758,127	758,127	755,272	(2,855)
Intergovernmental	10,384,392	10,384,392	10,487,849	103,457
Miscellaneous	1,000	1,000	69,584	68,584
Total revenues	25,209,373	25,209,373	25,378,559	169,186
<b>Expenditures - by functions:</b>				
Instructions	19,304,160	19,305,860	19,119,224	186,636
Student support services	862,722	862,722	821,313	41,409
General administration	540,092	540,092	628,384	(88,292)
School administration	832,321	830,821	805,595	25,226
Operation and maintenance of plant	2,000,826	2,000,626	2,010,797	(10,171)
Building maintenance/feasibility	100,000	100,000	131,506	(31,506)
Student transportation	915,906	915,906	835,564	80,342
Debt service	947,991	947,991	947,991	-
Total expenditures - by functions	25,504,018	25,504,018	25,300,374	203,644
Excess (deficiency) of revenues over (under) expenditures:	(294,645)	(294,645)	78,185	372,830
<b>Other financing sources (uses):</b>				
Budgeted use of surplus	294,645	294,645	-	(294,645)
Total other financing sources (uses)	294,645	294,645	-	(294,645)
Net change in fund balance - budgetary basis	-	-	78,185	78,185
<b>Reconciliation to GAAP basis:</b>				
Increase in accrued teacher summer salaries			59,698	
Fund balance, beginning of year			724,279	
<b>Fund balance, end of year</b>			<b>\$ 862,162</b>	

*See accompanying notes to financial statements.*

**CITY OF SACO SCHOOL DEPARTMENT**  
**Notes to Financial Statements**

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**THE REPORTING ENTITY**

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The City of Saco School Department operates as a department of the City of Saco, Maine; the basic financial statements of which have been issued in a separate report dated November 20, 2007 for the year ended June 30, 2007.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the City of Saco School Department conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

**A. Basis of Presentation**

The accounts of the City of Saco School Department are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is operated and accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. The various funds are grouped by type in the fund financial statements. The School Department uses the following fund categories and fund types:

**Fund Financial Statements**

Fund financial statements report detailed information about the School. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**GOVERNMENTAL FUNDS**

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

**Revenue Recognition**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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 one year of fiscal year-end.

**CITY OF SACO SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Nonexchange transactions, in which the School Department receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year 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. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**Expenditure Recognition**

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt which has not matured is recognized when paid. Allocation of costs, such as depreciation, is not recognized in the governmental funds.

**B. Budget**

The revenues and expenditures of the General Fund and the Adult Education Program are controlled by a formal integrated budgetary accounting system. Historically, the budget has been prepared on a modified accrual basis of accounting, except that teachers' summer payroll is budgeted on a cash basis. For financial reporting the Saco School Department records the full liability for teachers' summer pay.

**C. Investments**

Investments are stated at fair value.

**D. Inventories**

School Lunch inventories are valued at the lower of cost (first-in, first-out basis) or market. Inventories include the value of U.S. Department of Agriculture commodities donated to the School Lunch Program. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of their respective funds. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates the assets are unavailable for appropriation even though they are a component of reported assets.

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**DEPOSITS AND INVESTMENTS**

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The School Department's deposits and investments are invested through the City of Saco, Maine at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk. The funds are invested in liquid investments planned to coincide with its cash needs during the year. The School Department's deposits and investments represent a portion of the City balances. The categorization as to the level of risk of all the City deposits and investments can be found in the City of Saco, Maine's basic financial statements.

**CITY OF SACO SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

**BUDGETARY VS. GAAP BASIS OF ACCOUNTING**

The Saco School Department currently accounts and budgets for teachers' summer salaries on the cash basis. Since the teachers have provided all the required services under their contracts as of June 30, 2007, accounting principles generally accepted in the United States of America require that the cost associated with those services be recorded during that period. By accruing the teachers' summer salaries at June 30, 2007, the effect on the general fund balance is an increase of approximately \$59,698 as reported in the general fund on exhibit A-1.

Also, as required by accounting principles generally accepted in the United States of America (GAAP), the School has reported a revenue and expenditure for Maine State Retirement contributions in the amount of \$1,706,698 made by the State of Maine on behalf of the School Department. Since the amount has not been budgeted, there is a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America. The amount has been included as an intergovernmental revenue and expenditure in the General Fund on Statement 2. There is no effect on the fund balance at the end of the year.

**LONG-TERM DEBT**

Long-term debt has been included in the City's basic financial statements in the governmental activities.

The following is a summary of long-term debt transactions of the School Department for the year ended June 30, 2007:

<u>General long-term debt</u>	
Long-term debt payable at July 1, 2006	\$ 6,610,874
<u>Principal additions</u>	<u>                    -</u>
Debt retired	650,979
<b><u>Long-term debt payable at June 30, 2007</u></b>	<b><u>\$ 5,959,895</u></b>

Long-term debt payable at June 30, 2007, is comprised of the following:

General Obligation Bonds of 2002; variable interest rate from 3.25% to 5.0%; maturity date: January 1, 2022; annual series payment: \$300,000 through 2010 and \$295,000 thereafter; authorized and issued \$5,940,000.	\$ 4,440,000
State Revolving Loan of 2002; no interest; maturity date: October 1, 2011; annual series payment: \$115,979; authorized and issued \$1,159,789.	579,895 (1)
General Obligation Bonds of 1990; interest rate of 7.4%; maturity date: September 1, 2010; annual series payment: \$235,000; authorized and issued \$4,700,000.	940,000
<b><u>Total long-term debt</u></b>	<b><u>\$ 5,959,895</u></b>

(1) The original amount of this note was for \$2,456,690, of which \$1,296,901 has been forgiven by the State. The School Department's outstanding portion at June 30, 2007 was \$579,895.

**CITY OF SACO SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**LONG-TERM DEBT, CONTINUED**

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The annual requirement to amortize School Department debt outstanding as of June 30, 2007, is as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 650,979	267,122	918,101
2009	650,979	237,733	888,712
2010	650,979	207,925	858,904
2011	645,979	177,700	823,679
2012	410,979	156,203	567,182
2013-2017	1,475,000	580,560	2,055,560
2018-2022	1,475,000	221,250	1,696,250
<b><u>Totals</u></b>	<b><u>\$ 5,959,895</u></b>	<b><u>1,848,493</u></b>	<b><u>7,808,388</u></b>

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**OBLIGATIONS UNDER CAPITAL LEASES**

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Obligations for capital leases have been included in the City's basic financial statements in the intergovernmental activities.

Capital lease obligations for the School Department at June 30, 2007, are comprised of the following:

<b>Modular Classroom;</b> interest rate 3.679%; maturity date: July 15, 2009	\$ 35,795
<b>Powerschool System;</b> interest rate 5.96%; maturity date: July 1, 2007	19,213
<b>Apple Computers;</b> interest rate 4.49%; maturity date: June 26, 2010	170,606
<b>Copiers;</b> interest rate 3.450%; Maturity date: August 1, 2009	86,386
<b>Modular Building;</b> interest rate 3.65%; maturity date: July 15, 2009	1,276,323
<b><u>Total</u></b>	<b><u>\$ 1,588,323</u></b>

**CITY OF SACO SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**OBLIGATIONS UNDER CAPITAL LEASES, CONTINUED**

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The annual requirement to amortize the capital lease obligations outstanding as of June 30, 2007 is as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 523,167	44,798	567,965
2009	522,800	26,327	549,127
2010	542,356	4,204	546,560
<b>Totals</b>	<b>\$ 1,588,323</b>	<b>75,329</b>	<b>1,663,652</b>

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**STATE REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES**

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The State of Maine currently reimburses the City of Saco School Department for a portion of financing costs of school buildings and school bus purchases. Continuation of such reimbursements is dependent upon continued appropriations by the State Legislature.

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**STATUTORY DEBT LIMIT**

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In accordance with Maine law, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. One of these limits is for School purposes and amounts to 10%. At June 30, 2007, the School Department was in compliance with these limitations.

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**CONTINGENT LIABILITIES**

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**Grant Funds**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowance claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

**Litigation**

The Department is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the Department has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the Department.

**CITY OF SACO SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**UNEMPLOYMENT COMPENSATION FUND**

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The Department is self-insured for unemployment compensation, thereby retaining the full liability of these risks. Unemployment compensation fund consists of a reserve account held with the Maine Municipal Association. Contributions during the year are invested and held temporarily to administer unemployment benefits for the School, if any. As of the date of this report, there are no unpaid claims outstanding, nor is the Department aware of any potential claims which have been incurred yet remain unreported and which should be recorded at June 30, 2007.

**MAINE STATE RETIREMENT SYSTEM (MSRS) - CONSOLIDATED RETIREMENT PENSION PLAN**

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**Description of the Plan** - The School contributes to the Maine State Retirement System Consolidated Plan, a cost sharing multiple-employer retirement system established by the Maine State legislature. The Maine State Retirement System provides 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 State legislature. The Maine State 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 State Retirement, 46 State House Station, Augusta, Maine, 04333-0046 or by calling 1-800-451-9800.

**Funding Policy** - Plan members are required to contribute 6.5% of their annual covered salary and the School is required to contribute an actuarially determined rate. These rates are designed to accumulate sufficient assets to pay benefits, when due. Normal cost employer contributions are calculated using the entry age normal actuarial cost method. Additionally, upon entering the Consolidated Retirement Plan, the School had its separate, individual existing unfunded actuarial liability calculated. The School will pay this initial unpooled unfunded liability on a scheduled basis, in addition to making the normal contribution to the plan. The (IUUAL) is being amortized over nineteen years. The current rate is 1.5% of annual covered payroll for School employees participating in the District Plan. The contribution rates of plan members and the School are established and may be amended by the Maine State Retirement Board of Trustees.

**Teacher Group** - All school teachers, plus other qualified educators, participate in the Maine State 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 State Retirement System provides 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 State legislature. The Maine State 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, Maine 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 \$1,706,698 (19.14%) for the fiscal year 2007. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statement 2). There is no contribution required by the School except for federally funded teachers, for which the School contributed 19.14% of their compensation. This cost is charged to the applicable grant and amounted to \$60,404 (19.14%) for the year ended June 30, 2007.

**CITY OF SACO SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**DESIGNATED FUND BALANCE**

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At June 30, 2007 and 2006, portions of the General Fund unreserved fund balance were designated by the School Department as follows:

	<u>2007</u>	<u>2006</u>
Reappropriated to subsequent year budget	\$ 429,634	294,645
<b><u>Total designated</u></b>	<b><u>\$ 429,634</u></b>	<b><u>294,645</u></b>

At June 30, 2007 and 2006, a portion of the School Lunch fund balance has been reserved for inventory in the amount of \$1,913 and \$1,381, respectively.

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**DEFICIT FUND BALANCE**

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At June 30, 2007, the following special revenue fund had a deficit fund balance:

School lunch program	\$ 13,477
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This deficit will be funded with local assessments and future program revenues.

## **GENERAL FUND**

The General Fund accounts for all revenues and expenditures of the School which are not accounted for in other funds. Most governmental services are provided by the General Fund including administrative services.

**CITY OF SACO SCHOOL DEPARTMENT**  
**Comparative Balance Sheets - General Fund**  
**June 30, 2007 and 2006**

	2007	2006
<b>ASSETS</b>		
Due from the City of Saco	\$ 1,227,778	1,243,261
Interfund receivables	207,897	-
Accounts receivable	331,714	381,432
Prepaid items	410,177	444,523
<b>Total assets</b>	<b>\$ 2,177,566</b>	<b>2,069,216</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and other accrued liabilities	245,939	345,264
Interfund payables	94	-
Accrued wages	1,069,371	999,673
<b>Total liabilities</b>	<b>1,315,404</b>	<b>1,344,937</b>
Fund balance:		
Designated	429,634	294,645
Undesignated	432,528	429,634
<b>Total fund balance</b>	<b>862,162</b>	<b>724,279</b>
<b>Total liabilities and fund balance</b>	<b>\$ 2,177,566</b>	<b>2,069,216</b>

**CITY OF SACO SCHOOL DEPARTMENT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the year ended June 30, 2007**

	<b>Budget</b>	<b>Actual</b>	<b>Variance with final budget positive (negative)</b>
<b>Revenues:</b>			
City assessment (includes adult education of \$86,680)	\$ 14,065,854	14,065,854	-
<b>Charges for services:</b>			
Tuition	758,127	755,272	(2,855)
Total charges for services	758,127	755,272	(2,855)
<b>State shared revenues:</b>			
General purpose aid	9,809,192	9,810,413	1,221
State agency clients	90,000	112,945	22,945
Adult basic education	35,200	37,230	2,030
Medicaid income (net of expenditures)	450,000	527,261	77,261
Total state shared revenues	10,384,392	10,487,849	103,457
<b>Miscellaneous:</b>			
Other	1,000	69,584	68,584
Total revenues	25,209,373	25,378,559	169,186
<b>Expenditures - by functions:</b>			
<b>Instructions:</b>			
Elementary	7,498,123	7,514,363	(16,240)
Secondary (Thornton Academy)	7,618,215	7,628,215	(10,000)
Special education	4,067,642	3,852,736	214,906
Adult education	121,880	123,910	(2,030)
Total instructions	19,305,860	19,119,224	186,636

**CITY OF SACO SCHOOL DEPARTMENT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Budgetary Basis**  
**General Fund, Continued**

	Budget	Actual	Variance with final budget positive (negative)
Expenditures - by functions, continued:			
System-wide:			
Student support services	\$ 862,722	821,313	41,409
General administration	540,092	628,384	(88,292)
School administration	830,821	805,595	25,226
Operation and maintenance of plant	2,000,626	2,010,797	(10,171)
Building maintenance/feasibility	100,000	131,506	(31,506)
Student transportation	915,906	835,564	80,342
Total system-wide	5,250,167	5,233,159	17,008
Debt service	947,991	947,991	-
Total expenditures - by functions	25,504,018	25,300,374	203,644
Excess (deficiency) of revenues over (under) expenditures	(294,645)	78,185	372,830
Other financing sources (uses):			
Budgeted use of surplus	294,645	-	(294,645)
Total other financial sources (uses)	294,645	-	(294,645)
Net change in fund balance - budgetary basis	-	78,185	78,185
Reconciliation to GAAP basis:			
Increase in accrued summer wages		59,698	
Fund balance, beginning of year		724,279	
<b>Fund balance, end of year</b>	<b>\$</b>	<b>862,162</b>	

## **NONMAJOR GOVERNMENTAL - SPECIAL REVENUE FUNDS**

Special Revenue Funds account for specific resources, the expenditure of which is restricted by law or administrative action for particular purposes.

**CITY OF SACO SCHOOL DEPARTMENT**  
**Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue**  
**June 30, 2007**  
 (with comparative totals for the year ended June 30, 2006)

	Title IA	Title IIA	Ed Tech Title IID	Title III	Schools Title IV	Title V	Entitlement PL94-142	Preschool Grant	Unemployment Compensation	PAL Grant	Stand-Up Grant	Drug Free		
<b>ASSETS</b>														
Cash and cash equivalents									119,532					
Due from the City of Saco	30,119	3,726		2,685	1,270	2,126	67,798		1	4,509	49			
Interfund receivables														
Accounts receivable		4,017					42,899	1,946						
Prepaid Expenses					929		1,601							
Inventory														
<b>Total assets</b>	<b>\$ 30,119</b>	<b>7,743</b>	<b>-</b>	<b>2,685</b>	<b>2,199</b>	<b>2,126</b>	<b>112,298</b>	<b>1,946</b>	<b>119,533</b>	<b>4,509</b>	<b>49</b>			

**LIABILITIES AND FUND BALANCES (DEFICITS)**

<b>Liabilities:</b>														
Accounts payable and other accrued liabilities	3,715			1,593	802	88	15,638	1,578						
Due to the City of Saco								350						
Interfund payables														
Accrued wages	21,358	7,743					12,143							
<b>Total liabilities</b>	<b>25,073</b>	<b>7,743</b>	<b>-</b>	<b>1,593</b>	<b>802</b>	<b>88</b>	<b>27,781</b>	<b>1,928</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficits):</b>														
Reserved for inventory														
Undesignated fund balances (deficits)	5,046			1,092	1,397	2,038	84,517	18	119,533	4,509	49			
<b>Total fund balances (deficits)</b>	<b>5,046</b>	<b>-</b>	<b>-</b>	<b>1,092</b>	<b>1,397</b>	<b>2,038</b>	<b>84,517</b>	<b>18</b>	<b>119,533</b>	<b>4,509</b>	<b>49</b>			
<b>Total liabilities and fund balances</b>	<b>\$ 30,119</b>	<b>7,743</b>	<b>-</b>	<b>2,685</b>	<b>2,199</b>	<b>2,126</b>	<b>112,298</b>	<b>1,946</b>	<b>119,533</b>	<b>4,509</b>	<b>49</b>			

**CITY OF SACO SCHOOL DEPARTMENT**  
**Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue, Continued**

	Professional Development Grant	State Agency Client Grant	Maine Southern Alliance 2020 Grant	Barbara Bush Grant	Galen Cole Family Foundation	Medicaid	Laptop Insurance	School Lunch Program	Totals	
									2007	2006
<b>ASSETS</b>										
Cash								5,219	124,751	109,413
Due from the City of Saco	2,089	9,598	23,750	3,000	-	2,869	18,962	184,984	357,535	94,724
Interfund receivables								94		
Accounts receivable	1,053	32,345		2,000				10,799	95,059	171,339
Prepaid expenses	250	79							2,859	8,429
Inventory								1,913	1,913	1,381
<b>Total assets</b>	<b>\$ 3,392</b>	<b>42,022</b>	<b>23,750</b>	<b>5,000</b>	<b>-</b>	<b>2,869</b>	<b>18,962</b>	<b>203,009</b>	<b>582,211</b>	<b>385,286</b>

**LIABILITIES AND FUND BALANCES (DEFICITS)**

Liabilities:										
Accounts payable		936				2,374	1,652	8,517	36,893	73,866
Due to the City of Saco									350	42,851
Interfund payables								207,897	207,897	
Accrued wages						495		72	41,811	44,771
<b>Total liabilities</b>	<b>-</b>	<b>936</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,869</b>	<b>1,652</b>	<b>216,486</b>	<b>286,951</b>	<b>161,488</b>

Fund balances (deficits):

Reserved for inventory								1,913	1,913	1,381
Undesignated fund balances (deficits)	3,392	41,086	23,750	5,000			17,310	(15,390)	293,347	222,417
<b>Total fund balances (deficits)</b>	<b>3,392</b>	<b>41,086</b>	<b>23,750</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>17,310</b>	<b>(13,477)</b>	<b>295,260</b>	<b>223,798</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,392</b>	<b>42,022</b>	<b>23,750</b>	<b>5,000</b>	<b>-</b>	<b>2,869</b>	<b>18,962</b>	<b>203,009</b>	<b>582,211</b>	<b>385,286</b>

**CITY OF SACO SCHOOL DEPARTMENT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Nonmajor Governmental Funds - Special Revenue**

For the year ended June 30, 2007  
(with comparative totals for the year ended June 30, 2006)

	Ed Tech		Drug Free Schools		Title V	Entitlement PL94-142 Grant	Preschool Grant	Unemployment Compensation	PAL Grant	Stand-Up Grant
	Title IIA	Title IID	Title III	Title IV						
<b>Revenues:</b>										
Charges for services	-	-	-	-	-	-	-	-	-	-
Intergovernmental	273,254	3,759	3,600	6,164	11,640	621,012	9,731	-	-	-
Other	-	-	-	-	-	-	-	44,711	-	-
<b>Total revenues</b>	<b>273,254</b>	<b>3,759</b>	<b>3,600</b>	<b>6,164</b>	<b>11,640</b>	<b>621,012</b>	<b>9,731</b>	<b>44,711</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>										
Program expenditures	273,168	3,759	2,968	7,819	15,657	634,428	19,339	22,161	2,959	-
<b>Total expenditures</b>	<b>273,168</b>	<b>3,759</b>	<b>2,968</b>	<b>7,819</b>	<b>15,657</b>	<b>634,428</b>	<b>19,339</b>	<b>22,161</b>	<b>2,959</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	86	(464)	632	(1,655)	(4,017)	(13,416)	(9,608)	22,550	(2,959)	-
Other financing sources:										
Transfers in (out)	-	(146)	-	(3,214)	3,360	-	-	-	-	-
<b>Fund balances (deficit), beginning of year</b>	<b>4,960</b>	<b>146</b>	<b>460</b>	<b>6,266</b>	<b>2,695</b>	<b>97,933</b>	<b>9,626</b>	<b>96,983</b>	<b>7,468</b>	<b>49</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 5,046</b>	<b>-</b>	<b>1,092</b>	<b>1,397</b>	<b>2,038</b>	<b>84,517</b>	<b>18</b>	<b>119,533</b>	<b>4,509</b>	<b>49</b>

**CITY OF SACO SCHOOL DEPARTMENT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Nonmajor Governmental Funds - Special Revenue, Continued**

	Professional Development Grant	State Agency Client Grant	Maine Southern Alliance 2020 Grant	Barbara Bush Grant	Galen Cole		Laptop Insurance	School Lunch Program	Totals	
					Family Foundation	Medicaid			2007	2006
Revenues:										
Charges for services								322,021	322,021	354,523
Intergovernmental	17,374	134,166	23,750	-	-	-	-	269,439	1,555,475	1,470,150
Miscellaneous	-	-	-	5,000	7,000	-	4,297	-	61,008	41,941
Total revenues	17,374	134,166	23,750	5,000	7,000	-	4,297	591,460	1,938,504	1,866,614
Expenditures:										
Program expenditures	20,572	94,293	-	-	7,000	-	2,759	578,110	1,867,042	1,880,165
Total expenditures	20,572	94,293	-	-	7,000	-	2,759	578,110	1,867,042	1,880,165
Excess (deficiency) of revenues over (under) expenditures	(3,198)	39,873	23,750	5,000	-	-	1,538	13,350	71,462	(13,551)
Other financing sources:										
Transfers in (out)										
Fund balances (deficit), beginning of year	6,590	1,213	-	-	-	-	15,772	(26,827)	223,798	237,349
Fund balances (deficit), end of year	3,392	41,086	23,750	5,000	-	-	17,310	(13,477)	295,260	223,798

## **AGENCY FUND**

Agency Fund is used to account for the activity in the Middle School and Young School Student Activity Funds.

**CITY OF SACO SCHOOL DEPARTMENT**  
**Saco Middle School Student Activity Funds**  
**Statement of Cash Receipts, Disbursements and**  
**Changes in Cash Balances**  
**For the year ended June 30, 2007**

	Beginning Balance 7/1/2006	Receipts	Disbursements	Ending Balance 6/30/2007
Principals Account	\$ 11,871	12,920	2,061	22,730
Augusta Field Trip	197	584	-	781
Athletic Director's Account	2,182	-	1,087	1,095
Bookstore/School Store Account	700	-	-	700
Boston Field Trip	2,392	16,661	10,337	8,716
Civil Rights Team Account	730	113	10	833
Grade 8 - Blue	2,670	(68)	771	1,831
Grade 8 - Gold	3,853	1,975	1,536	4,292
Grade 8 - End of Year	1,676	1,455	775	2,356
Grade 8 - Clear	-	(109)	60	(169)
Grade 8 - books (lost-damaged)	1,881	135	-	2,016
Grade 7 - Blue	3,688	4,638	6,319	2,007
Grade 7 - Gold	316	2,942	2,463	795
Grade 7 - books (lost-damaged)	878	-	-	878
Grade 7 - Clear	997	1,357	1,642	712
Grade 6 - Blue	2,186	10	1,761	435
Grade 6 - Gold	1,316	1,626	3,928	(986)
Grade 6 - Clear	2,033	752	1,986	799
Grade 6 - books (lost-damaged)	1,071	18	-	1,089
Contingent Account	8,117	5,042	3,701	9,458
Drama Club Account	480	341	795	26
Ecology Club	1,336	1,165	1,132	1,369
Promotion Awards Account	-	280	280	-
Higgins Armory Museum	149	-	-	149
Family and Consumer Science Account	613	-	-	613
Library Account	997	6,225	9,156	(1,934)
Lorraine G. Riley Poetry	74	100	25	149
Miscellaneous/Sunshine Fund	(105)	1,218	1,251	(138)
Band Activities	4,119	12,113	16,777	(545)
Physical Education	5,971	2,036	687	7,320
School Newspaper	43	-	-	43
Special Ed	4,701	-	-	4,701
Student Council	1,584	2,337	2,360	1,561
Washington DC Account	576	-	-	576
Cabin Fever Day	2,340	11,790	11,506	2,624
Yearbook Account	9,444	13,106	10,145	12,405
P. Huff Fund Trans.	828	-	-	828
Maine Coalition	1,020	-	83	937
Sam's Club Teacher of the year	500	-	-	500
SAT Team	397	-	-	397
Art Club	824	-	84	740
Unified Arts Team	243	-	-	243
Teacher of the Year (Pribish)	1	-	-	1
<b>Cash</b>	<b>\$ 84,889</b>	<b>100,762</b>	<b>92,718</b>	<b>92,933</b>

**CITY OF SACO SCHOOL DEPARTMENT**  
**Young School Student Activity Funds**  
**Statement of Cash Receipts, Disbursements and**  
**Changes in Cash Balances**  
**For the year ended June 30, 2007**

		<b>Beginning</b>			<b>Ending</b>
		<b>Balance</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance</b>
		<b>7/1/06</b>			<b>6/30/07</b>
General	\$	3,244	935	1,138	3,041
RIF		2,714	2,145	2,189	2,670
Coca Cola		323	636	920	39
Altrusa Fund		79	-	-	79
State Farm Grant		234	-	206	28
Backpacks		13	-	-	13
Weston Pierson Fund		200	-	195	5
Library Fund		359	186	475	70
Library Restoration		26,684	-	868	25,816
Responsive School Team		-	500	-	500
5210 Fitness Program		-	1,146	1,146	-
<b>Cash</b>	<b>\$</b>	<b>33,850</b>	<b>5,548</b>	<b>7,137</b>	<b>32,261</b>

# **EXHIBIT 8-B**

## **Dayton Financial Report**

**Town of Dayton School Department**

**Financial Report**

**June 30, 2007**

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# macdonaldpage & COLLC

Certified Public Accountants and Management Advisors

## Independent Auditors' Report

Board of Directors  
Town of Dayton School Department  
Dayton, Maine

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Town of Dayton School Department as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of Town of Dayton School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the Town of Dayton School Department are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of each major fund and the aggregate remaining fund information of the Town of Dayton that is attributable to the transactions of the Town of Dayton School Department. They do not purport to, and do not, present fairly the financial position of the Town of Dayton as of June 30, 2007, the changes in its financial position or its cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 Dayton School Department, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Town of Dayton School Department has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be part of, the basic financial statements.

*Macdonald Page & Co LLC*

South Portland, Maine  
February 22, 2008

## Balance Sheet Governmental Funds

June 30, 2007

	General	Special Revenues	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 120,790		\$ 120,790
Due from Town	449,740	\$ 57,054	506,794
Intergovernmental receivable	11,248		11,248
Accounts receivable	38,323	6,449	44,772
Prepaid items	592	11,069	11,661
Due from other funds	17,725		17,725
<b>Total Assets</b>	<b>\$ 638,418</b>	<b>\$ 74,572</b>	<b>\$ 712,990</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$ 25,911	\$ 9,438	\$ 35,349
Accrued wages	129,714		129,714
Accrued interest	8,367		8,367
Due to Town		62	62
Due to other governments	157,170	50,805	207,975
<b>Total Liabilities</b>	<b>321,162</b>	<b>60,305</b>	<b>381,467</b>
<b>Fund Balance</b>			
Reserved - Unemployment Compensation Fund		11,069	11,069
Designated for carryover	116,257		116,257
Unreserved - undesignated	200,999	3,198	204,197
<b>Total Fund Balance</b>	<b>317,256</b>	<b>14,267</b>	<b>331,523</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 638,418</b>	<b>\$ 74,572</b>	<b>\$ 712,990</b>

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

Year Ended June 30, 2007

	General	Special Revenues	Total Governmental Funds
<b>Revenues</b>			
Local sources	\$ 2,054,871		\$ 2,054,871
State sources	1,965,050	\$ 14,239	1,979,289
Federal sources		62,298	62,298
Other sources	6,366	2,294	8,660
On-behalf payments	173,565		173,565
<b>Total Revenues</b>	4,199,852	78,831	4,278,683
<b>Expenditures</b>	3,912,465	82,560	3,995,025
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	287,387	(3,729)	283,658
<b>Fund Balance, Beginning of Year</b>	29,869	17,996	47,865
<b>Fund Balance, End of Year</b>	317,256	\$ 14,267	\$ 331,523
<b>Reconciliation to Budgetary Basis Fund Basis</b>			
Accrued wages	129,714		
<b>Fund Balance, Budgetary Basis, End of Year</b>	\$ 446,970		

## Statement of Net Assets Enterprise Fund

June 30, 2007

	School Lunch
<b>ASSETS</b>	
Cash	\$ 9,565
Intergovernmental receivable - State of Maine	730
Accounts receivable - other	500
Inventory	<u>4,104</u>
<b>Total Assets</b>	<u>\$ 14,899</u>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>Liabilities</b>	
Accounts payable	\$ 714
Accrued wages	2,463
Due to other funds	<u>17,725</u>
<b>Total Liabilities</b>	<u>20,902</u>
 <b>Net Assets (Deficit)</b>	
Unrestricted	<u>(6,003)</u>
<b>Total Net Assets (Deficit)</b>	<u>(6,003)</u>
 <b>Total Liabilities and Net Assets</b>	 <u>\$ 14,899</u>

## Statement of Revenues, Expenditures and Changes in Net Assets Enterprise Fund

Year Ended June 30, 2007

	School Lunch
<b>Operating Revenues</b>	
Children's meals	\$ 24,610
Adults' meals and miscellaneous	739
A la carte - milk sales	1,016
<b>Total Operating Revenues</b>	26,365
<b>Operating Expenses</b>	
Food and dairy	12,712
U.S.D.A. Commodities used	3,461
Cost of labor	25,382
All other	2,257
<b>Total Operating Expenses</b>	43,812
<b>Operating Loss</b>	(17,447)
<b>Nonoperating Revenues</b>	
U.S.D.A. Commodities	3,158
Interest income	61
State subsidy	400
Federal subsidy	12,228
Donation	1,000
<b>Total Nonoperating Revenues</b>	16,847
<b>Net Loss</b>	(600)
<b>Net Assets (Deficit), Beginning of Year</b>	(5,403)
<b>Net Assets (Deficit), End of Year</b>	\$ (6,003)

## Statement of Cash Flows Enterprise Fund

Year Ended June 30, 2007

	School Lunch
<b>Cash flows from operating activities</b>	
Receipts from meal sales	\$ 26,084
Payments to suppliers	(13,811)
Payments to employees	(25,233)
<b>Net cash used in operating activities</b>	<u>(12,960)</u>
<b>Cash flows from non-capital financing activities</b>	
Federal and state subsidy	13,607
Donation	1,000
<b>Net cash provided by non-capital financing activities</b>	<u>14,607</u>
<b>Cash flows from investing activities</b>	
Interest income	61
<b>Net cash provided by investing activities</b>	<u>61</u>
<b>Net increase in cash and cash equivalents</b>	1,709
<b>Cash and cash equivalents at beginning of year</b>	<u>7,856</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 9,565</u>
<b>Reconciliation of operating income (loss) to net cash used in operating activities</b>	
Operating loss	\$ (17,447)
Adjustments not affecting cash:	
U.S.D.A. commodities used	3,461
Change in assets and liabilities (increase) decrease:	
Accounts receivable - other	(281)
Inventory	(614)
Accounts payable	539
Due to other funds	1,233
Accrued wages	149
Total adjustments	<u>1,026</u>
<b>Net cash used in operating activities</b>	<u>\$ (12,960)</u>

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

Year Ended June 30, 2007

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Municipal appropriations	\$ 2,054,871	\$ 2,054,871	
State education subsidy	1,906,912	1,965,050	\$ 58,138
Miscellaneous		6,367	6,367
<b>Total Revenues</b>	<b>3,961,783</b>	<b>4,026,288</b>	<b>64,505</b>
<b>Expenditures</b>			
Elementary instruction	1,466,913	1,361,713	105,200
Secondary tuition	1,056,379	1,056,379	
Special education	660,875	546,373	114,502
Student and staff support	81,688	79,628	2,060
School administration	82,112	71,281	10,831
Administration	128,555	136,153	(7,598)
Operation and maintenance of plant	311,147	325,284	(14,137)
Student transportation	211,727	156,377	55,350
<b>Total Expenditures</b>	<b>3,999,396</b>	<b>3,733,188</b>	<b>266,208</b>
<b>Excess (Deficiency) of Revenues Over Expenditures, Budget Basis</b>	<b>(37,613)</b>	<b>293,100</b>	<b>330,713</b>
<b>Other Financing Sources</b>			
Appropriated fund balance	37,613		(37,613)
<b>Excess of Revenues and Other Financing Sources Over Expenditures, Budget Basis</b>		<b>293,100</b>	<b>293,100</b>
<b>Fund Balance, Beginning of Year</b>		<b>153,870</b>	<b>153,870</b>
<b>Fund Balance, End of Year</b>	<b>\$ -</b>	<b>\$ 446,970</b>	<b>\$ 446,970</b>
<b>Reconciliation of Excess of Revenues and Other Financing Sources Over Expenditures, Budget Basis to Generally Accepted Accounting Principles:</b>			
<b>Excess of Revenues and Other Financing     Sources Over Expenditures, Budget Basis</b>		<b>\$ 293,100</b>	
<b>Accruals, Beginning of Year</b>			
Accrued salaries		124,001	
<b>Accruals, End of Year</b>			
Accrued salaries		(129,714)	
<b>Excess of Revenues and Other Financing     Sources Over Expenditures, GAAP Basis</b>		<b>\$ 287,387</b>	

## Notes to Financial Statements

June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Dayton School Department (the Department) provides elementary education for the children living in the Town of Dayton, Maine. The Department is a department of the Town of Dayton. The Department is part of School Union No. 7, comprised of the Town of Dayton and the City of Saco. The Town issues all bonded debt and has legal title to all fixed assets. Therefore, debt and fixed assets related to the Department are not included in these financial statements.

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, and the Financial Accounting Standards Board (when applicable). The Department has elected to consistently not follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989 as permitted under Governmental Accounting Standards Board Statement No. 20. The more significant of the Department's accounting policies are described below:

#### Reporting Entity

In evaluating the Department as a reporting entity, management has addressed all potential component units for which the Department may or may not be financially accountable and, as such, be includable within the Department's fund financial statements. In accordance with GASB Statement #14, the Department is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Department. Additionally, the Department is required to consider other organizations for which the nature and significance of their relationship with the Department are such that exclusion would cause the reporting entity's fund financial statements to be misleading or incomplete. Based on the application of these criteria, there are no other entities that should be included as part of these fund financial statements.

#### Basis of Presentation

The financial statements report detailed information about the 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 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 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, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Special Revenue Fund

The Special Revenue Fund is used to account for federal, state and other financed programs (other than food service reimbursements) where unused balances may be required to be returned to the grantor at the close of specified project periods, if necessary, and project accounting is employed to maintain integrity for the various sources of funds. Revenues in the Special Revenue Fund are legally restricted to expenditure for specified purposes.

#### Proprietary Fund

The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Department:

The Enterprise Fund, an unbudgeted fund, is used to account for the operations of the school lunch program. Revenues for the school lunch program include federal and state funds restricted for use in the school lunch program.

#### 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.

The enterprise fund is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in revenues, expenses, and changes in net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The statement of cash flows reflects how the Department finances and meets the cash flow needs of its enterprise fund.

#### 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; the enterprise fund uses the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue and the presentation of expenses versus expenditures.

#### Revenues – Exchange and Nonexchange 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 Department, available means expected to be received within sixty days of fiscal year-end.

## Notes to Financial Statements

June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Revenues – Exchange and Nonexchange Transactions - Continued

Nonexchange transactions, in which the 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 Department must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Department on a reimbursement basis.

#### Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. 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 Data

The voters of the Town of Dayton annually adopt the budget for the general fund of the Department. Budgetary control is legally maintained at the level at which the budget is approved. Appropriations lapse at the end of each fiscal year. The governmental fund budget is maintained on the modified accrual basis of accounting, except for summer salaries, which are budgeted on the cash basis of accounting, and on-behalf payments which are excluded from both revenues and expenditures on the budgetary basis of accounting.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

#### Inventories

School lunch inventories in the enterprise fund consist of food, supplies and donated commodities. Food and supplies are valued at the lower of cost (on a first-in, first-out basis) or market. The cost of inventories is recorded as an expense when consumed rather than when purchased.

#### Operating and Non-Operating Revenues and Operating Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the enterprise fund. For the Department, these revenues are sales for food service. Non-operating revenues are those revenues that are not generated directly from the primary activities of the enterprise fund, such as federal and state grants and interest income. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the enterprise fund.

## Notes to Financial Statements

June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### 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.

#### Compensated Absences

Teachers in the School Department do not earn vacation time but do accrue sick time at the rate of 15 days per year and may accumulate up to 160 days. Upon retirement, and with 20 or more consecutive years of service, teachers will be paid for 50% of their accumulated, unused sick days or up to 30 days of any accumulated sick time. Upon reaching retirement age, i.e., 55-70 years of age, any retiring teacher who has taught in the Dayton Public School System for his/her final 25 consecutive years will receive \$1,000; 20 consecutive years will receive \$750; and 15 consecutive years will receive \$500. Total compensated absences, as of June 30, 2007, to be paid in future years is approximately \$30,000.

#### Encumbrances

Encumbrances for goods and services are documented by purchase orders or contracts. Appropriations lapse at June 30 and encumbrances outstanding at the time are canceled.

#### Fund Balance Designation

The portion of the unreserved general fund balance designated for carryover represents the amount committed to the June 30, 2007 budget.

### NOTE 2 - ACCOUNTABILITY

The following enterprise fund has a deficit fund balance at June 30, 2007:

School Lunch	\$ 6,003
--------------	----------

The deficits are typically covered by the general fund or a future increase in meal costs. The accumulated fund deficit at June 30, 2007 will be funded by the general fund in fiscal year 2008.

### NOTE 3 - CASH AND CASH EQUIVALENTS

#### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned to them. The Department does not have a deposit policy for custodial credit risk. As of June 30, 2007, \$176,145 of the Department's bank balance of \$236,817 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$176,145
--------------------------------	-----------

The Department's investment policies are governed by Maine Statutes, generally 30-A M.R.S.A. §5706-5715.

## Notes to Financial Statements

June 30, 2007

### NOTE 4 - DUE TO/FROM OTHER FUNDS

Amounts due to/from other funds are a result of the timing of receipt of money and expenditure of money between the various funds; the balances at June 30, 2007 are as follows:

Major Funds		
General Fund	\$ 17,725	\$ 17,725
School Lunch		
	<u>\$ 17,725</u>	<u>\$ 17,725</u>

### NOTE 5 – LEASES

Each of the following leases are capital leases that are obligated to be paid by the Department; however, legal ownership of the related assets is with the Town of Dayton.

The Department has a lease for a modular classroom which ends July 15, 2009 at an annual rental payment of \$80,023. Total lease expense for the year ended June 30, 2007 was \$80,023.

The Department has a lease for a bus. The lease ends on July 15, 2008 and has an annual rental payment of \$14,746. The total lease expense for the year ended June 30, 2007 was \$14,746.

Future minimum lease payments are as follows:

2008	\$ 92,082
2009	91,981
2010	77,130
	<u>\$ 261,193</u>

### NOTE 6 - PENSION PLAN

The majority of the Department's employees are members of the Maine State Retirement System, a cost-sharing multiple-employer public employee retirement system that acts as a common investment and administrative agent for public entities in the State of Maine. Participating teachers contribute 7.65% of earnable compensation to the plan, which provides retirement, disability and death benefits. The State of Maine contributes the remaining amount necessary to fund the system not contributed by members. Federally funded wages were \$11,219 and the amount contributed was \$2,147 during the year ended June 30, 2007. Teachers are eligible for normal retirement upon attaining age 60 and early retirement after completing 25 or more years of creditable service. Membership is a condition of employment for state employees and teachers and is optional for elected and appointed officials. The School Department is not required to make contributions for participants except for wages under Federal Programs.

The State of Maine makes a contribution to the Maine State Retirement System Teachers Fund for the teachers of the Department. The actual payment, which is made by the State, is determined by an actuary for the entire teachers' fund. The Maine State Retirement System estimates the payments made on behalf of the Department to approximate 19.14% of the qualified teachers' salaries. For the year ended June 30, 2007, the amount of on-behalf payments was \$173,565 and has been recorded as a revenue and expenditure in the general fund.

## Notes to Financial Statements

June 30, 2007

### NOTE 7 - CONTINGENCIES

#### Insurance

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Department contracts with an insurance company for coverage of the above mentioned exposures. Settled claims have not exceeded commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

The Department participates in a public entity risk pool sponsored by the Maine School Management Association (MSMA) for workers' compensation coverage. The public entity risk pool purchases insurance for participants and processes any claims. The public entity risk pool does not share in the risk of loss. The Department is responsible for payment of its own claims. The Department is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2007.

#### Grants

The 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 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 Department, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

The Dayton State Agency Client Grant received an additional \$50,805 in payments that were not owed the program due to the lack of qualifying students. The State was notified, but continued to remit funding to the town. This funding will be returned to the State upon completion of the annual audit.

# macdonaldpage & CO LLC

Certified Public Accountants and Management Advisors

## Independent Auditors' Report on Additional Information

Board of Directors  
Town of Dayton School Department  
Dayton, Maine

Our report on our audit of the financial statements of the Town of Dayton School Department, a department of the Town of Dayton, as of and for the year ended June 30, 2007, appears on page 1. That audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The accompanying schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Macdonald Page & Co LLC*

South Portland, Maine  
February 22, 2008

**Budgetance Sheet  
Special Revenue Fund**

September 30, 2007

	Title IA	Title IIA	Title IID	Title IV	Title V	Reap Grant	Dental Grant	Professional Development Grant	State Agency Client Grant	Medicaid	Unemployment Compensation Fund	Winter Kids	Total
ETS													
Due from Town		\$ 3,378	\$ 163		\$ 620	\$ 6,449		\$ 1,482	\$ 50,805	\$ 449		\$ 157	\$ 57,054
Accounts receivable													6,449
Repaid items											\$ 11,069		11,069
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 3,378</b>	<b>\$ 163</b>	<b>\$ -</b>	<b>\$ 620</b>	<b>\$ 6,449</b>	<b>\$ -</b>	<b>\$ 1,482</b>	<b>\$ 50,805</b>	<b>\$ 449</b>	<b>\$ -</b>	<b>\$ 157</b>	<b>\$ 74,572</b>
<b>LIABILITIES AND FUND BALANCE</b>													
Liabilities													
Accounts payable					\$ 620	\$ 4,831				\$ 449			\$ 9,438
Accrued wages													
Due to Town													62
Due to other governments									\$ 50,805				50,805
Total Liabilities					620	4,831			50,805	449			60,305
Fund Balance													
Reserved - unemployment compensation											\$ 11,069		11,069
Indesignated						1,556		\$ 1,482				\$ 157	3,198
Total Fund Balance						1,556		1,482			11,069	157	14,267
<b>Total Liabilities and Fund Balance</b>	<b>\$ -</b>	<b>\$ 3,378</b>	<b>\$ 163</b>	<b>\$ -</b>	<b>\$ 620</b>	<b>\$ 6,449</b>	<b>\$ -</b>	<b>\$ 1,482</b>	<b>\$ 50,805</b>	<b>\$ 449</b>	<b>\$ -</b>	<b>\$ 157</b>	<b>\$ 74,572</b>

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Special Revenue Fund**

Ended June 30, 2007

	Title IA	Title IIA	Title IID	Title IV	Title V	Reap Grant	Dental Grant	Professional Development Grant	State Agency Client Grant	Medicaid	Unemployment Compensation Fund	Winter Kids	Total
Revenues	\$ 10,129	\$ 8,535	\$ 163	\$ 620	\$ 289	\$ 42,562		\$ 1,625	\$ 8,727	\$ 3,887	\$ 2,294		\$ 62,298
Expenditures	6,261	4,868	160	620	289	41,006	\$ 32	58	6,760	3,887	1,560		17,889
Professional services	3,868	938			620			107	3,888				8,752
Purchased professional service		2,919							3,439				3,439
Other 500's		459			289	41,006	\$ 32	400		3,887	1,560		42,186
Supplies		1,041											6,488
Other costs of education													
Other use of funds													
Expenditures	10,129	10,225	160	620	909	41,006	32	565	14,087	3,887	1,560		82,560
Operating Income (Loss)		(1,690)	3	620	(620)	1,556	(32)	1,060	(5,360)		734		(3,729)
Other Financing Sources (Uses)													
Transfer to other funds				(620)	620								
Operating Fund Balance		1,690					32	422	5,360		10,335	\$ 157	17,996
Operating Fund Balance	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ 1,556	\$ -	\$ 1,482	\$ -	\$ -	\$ 11,069	\$ 157	\$ 14,267

**EXHIBIT 8-C**

**Old Orchard Beach  
Financial Report**

TOWN OF OLD ORCHARD BEACH  
School Department  
FINANCIAL

CERTIFIED PUBLIC ACCOUNTANTS

AND BUSINESS CONSULTANTS

Overlette

Runyon  
Kersteen  
11/11/11

**TOWN OF OLD ORCHARD BEACH  
SCHOOL DEPARTMENT**

**Financial Statements**

**June 30, 2007**

**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Annual Financial Report**  
**Year ended June 30, 2007**

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**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Annual Financial Report**  
**Year ended June 30, 2007**

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Certified Public Accountants and Business Consultants

## Independent Auditor's Report

School Board

Town of Old Orchard Beach School Department:

We have audited the accompanying fund financial statements of each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach School Department as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the School Department's management. 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 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

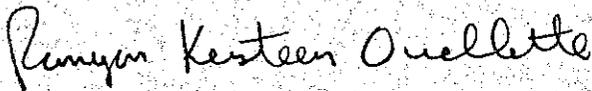
As described in the notes, the financial statements present only the School Department governmental and fiduciary funds and are not intended to present fairly the respective financial position and changes in financial position of the Town of Old Orchard Beach in conformity with accounting principles generally accepted in the United States of America. The Old Orchard Beach School Department is a department of the Town of Old Orchard Beach and is not considered a separate legal entity. The School Department financial statements do not include the entity-wide Statement of Net Assets, Statement of Activities, or the Management's Discussion and Analysis as required by accounting principles generally accepted in the United States of America.

Also described in the notes, the School Department has only partially recorded teachers' summer salaries. Accounting principles generally accepted in the United States of America require that the cost of teachers' summer salaries be recorded in totality at June 30, 2007. The amount of the unrecorded liability was \$259,217.

In our opinion, except for the effect on the fund financial statements of the omission described in the preceding paragraph, the fund financial statements referred to above present fairly, in all material respects, the respective financial position of the Town of Old Orchard Beach School Department as of June 30, 2007, and the respective changes in financial position and budgetary comparison for the School general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 25, 2007, on our consideration of the Town of Old Orchard Beach, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming opinions on the fund financial statements taken as a whole. The additional information included in Statements A-1 through A-2 and Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Old Orchard Beach School Department. Such information has been subjected to the auditing procedures applied in the audit of the fund financial statements and, in our opinion, is fairly presented in all material respects in relation to the fund financial statements taken as a whole.



October 25, 2007  
South Portland, Maine

## TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT

Balance Sheet  
 Governmental Funds  
 June 30, 2007

	General Fund	School Categorical Programs	Nonmajor Governmental Funds	Totals Governmental Funds
<b>ASSETS</b>				
Cash	\$ -	13,029	47,979	61,008
Receivables:				
Due from Town of Old Orchard Beach	829,167	68,478	36,231	933,876
Due from other governments	-	36,049	7,972	44,021
Other accounts receivable	-	-	-	-
Inventory	-	-	4,213	4,213
<b>Total assets</b>	<b>\$ 829,167</b>	<b>117,556</b>	<b>96,395</b>	<b>1,043,118</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	75,125	8,039	-	83,164
Accrued wages and benefits payable	396,367	35,727	14,309	446,403
Due to Town of Old Orchard Beach	-	-	-	-
<b>Total liabilities</b>	<b>471,492</b>	<b>43,766</b>	<b>14,309</b>	<b>529,567</b>
<b>Fund balance:</b>				
<b>Reserved:</b>				
Inventory	-	-	4,213	4,213
Encumbrances	34,490	-	4,314	38,804
<b>Unreserved, reported in:</b>				
<b>General Fund:</b>				
Designated	170,000	-	-	170,000
Undesignated	153,185	-	-	153,185
Special Revenue Fund	-	73,790	73,559	147,349
<b>Total fund balance</b>	<b>357,675</b>	<b>73,790</b>	<b>82,086</b>	<b>513,551</b>
<b>Total liabilities and fund balance</b>	<b>\$ 829,167</b>	<b>117,556</b>	<b>96,395</b>	<b>1,043,118</b>

*See accompanying notes to financial statements.*

**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended June 30, 2007**

	General Fund	School Categorical Programs	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Local appropriation	\$ 7,949,161	-	173,360	8,122,521
Intergovernmental revenue	1,067,684	704,968	278,833	2,051,485
Intergovernmental on-behalf payments	1,047,838	-	-	1,047,838
Charges for services	7,618	-	110,709	118,327
Other	110,267	28,793	198,313	337,373
Total revenues	10,182,568	733,761	761,215	11,677,544
Expenditures:				
Current:				
Administration	552,069	-	-	552,069
Elementary education	2,844,165	-	-	2,844,165
Secondary education	1,755,188	-	-	1,755,188
Special education	1,257,280	-	-	1,257,280
Adult education	-	-	396,154	396,154
District-wide services	2,798,446	-	-	2,798,446
Food services	-	-	331,260	331,260
Education program expenditures	-	899,608	-	899,608
Maine State Retirement on-behalf payments	1,047,838	-	-	1,047,838
Total expenditures	10,254,986	899,608	727,414	11,882,008
Net change in fund balances	(72,418)	(165,847)	33,801	(204,464)
Fund balances, beginning of year	430,093	239,637	48,285	718,015
<b>Fund balances, end of year</b>	<b>\$ 357,675</b>	<b>73,790</b>	<b>82,086</b>	<b>513,551</b>

*See accompanying notes to financial statements.*

**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Statement of Revenues and Expenditures - Budget and Actual - Budgetary Basis**  
**General Fund**  
**Year ended June 30, 2007**

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
<b>Revenues:</b>				
Town appropriation	\$ 7,949,161	7,949,161	7,949,161	-
<b>Intergovernmental revenue:</b>				
State education subsidy	1,088,684	1,088,684	1,067,684	(21,000)
Total intergovernmental revenue	1,088,684	1,088,684	1,067,684	(21,000)
<b>Charges for services:</b>				
Tuitions	30,000	30,000	7,618	(22,382)
Total charges for services	30,000	30,000	7,618	(22,382)
<b>Other revenues:</b>				
Miscellaneous	73,000	73,000	110,267	37,267
Total other revenues	73,000	73,000	110,267	37,267
<b>Other financing sources:</b>				
Budgeted utilization of surplus	75,000	75,000	-	(75,000)
Total revenues and other financing sources	9,215,845	9,215,845	9,134,730	(81,115)
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Administration:</b>				
Office of Superintendent	292,442	292,442	299,304	(6,862)
Attendance	3,000	3,000	98	2,902
Technology program	140,684	140,684	140,846	(162)
Curriculum development	100,567	100,567	101,237	(670)
Total administration	536,693	536,693	541,485	(4,792)
<b>Elementary education:</b>				
Jameson School	998,036	998,036	1,056,238	(58,202)
Loranger Middle School	1,755,197	1,755,197	1,755,181	16
Total elementary education	2,753,233	2,753,233	2,811,419	(58,186)

**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Statement of Revenues and Expenditures - Budget and Actual - Budgetary Basis, Continued**  
**General Fund**

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
Expenditures, continued:				
Current, continued:				
Secondary education:				
Old Orchard Beach High School	\$ 1,793,709	1,793,709	1,733,402	60,307
Total secondary education	1,793,709	1,793,709	1,733,402	60,307
Special education:				
Special education	1,288,883	1,288,883	1,256,537	32,346
Total special education	1,288,883	1,288,883	1,256,537	32,346
District-wide services:				
Health services	108,576	108,576	108,271	305
Operation/maintenance	808,698	808,698	902,129	(93,431)
Other fixed charges	1,712,669	1,712,669	1,589,368	123,301
Pupil transportation	213,384	213,384	167,304	46,080
Total district-wide services	2,843,327	2,843,327	2,767,072	76,255
Total expenditures	9,215,845	9,215,845	9,109,915	105,930
Net change in fund balance	\$ -	-	24,815	24,815

*See accompanying notes to financial statements.*

**OLD ORCHARD BEACH SCHOOL DEPARTMENT**

**Statement of Fiduciary Net Assets**

**Fiduciary Funds**

**June 30, 2007**

		<b>Private- purpose Trust</b>	<b>Agency Funds Student Activities</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$	-	128,395
Investments		569,151	-
Total assets		569,151	128,395
<b>LIABILITIES</b>			
Amounts held for student groups		-	128,395
Total liabilities		-	128,395
<b>NET ASSETS</b>			
Held in trust	\$	569,151	-

*See accompanying notes to financial statements.*

**OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year ended June 30, 2007**

		<b>Private- purpose Trust</b>
<b>ADDITIONS</b>		
Contributions	\$	10,503
Investment Income		166,352
Total additions		176,855
<b>DEDUCTIONS</b>		
Scholarships		76,700
Total deductions		76,700
Change in net assets		100,155
Net assets, beginning of year		468,996
Net assets, end of year	\$	569,151

*See accompanying notes to financial statements.*

**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Notes to Financial Statements**

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**THE REPORTING ENTITY**

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The Town of Old Orchard Beach School Department operates as a department of the Town of Old Orchard Beach, Maine, the financial statements of which are issued in a separate report.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the School Department conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies:

**A. Basis of Presentation**

The School Department's fund financial statements consist of fund financial statements which provide a more detailed level of financial information.

During the year, the School Department segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School Department at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

**B. Fund Accounting**

The School Department uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and fiduciary.

**Governmental Funds:**

Governmental funds are those through which most governmental functions typically 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 must 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.

**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The following are the School Department's major governmental funds:

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

**School Categorical Programs** - This is a special revenue fund which accounts for the activity of the grant programs.

The School Department also reports the following nonmajor governmental funds:

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Special Revenue Funds are grouped in the fund financial statements into two categories as follows:

**School Lunch Program** - Transactions related to resources obtained and used in providing children's lunches are accounted for in the food services program.

**Adult Education Program** - Transactions related to resources obtained and used for in the adult education programs.

**Fiduciary and Agency Fund Types:**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension-trust funds, investment-trust funds, private-purpose trust funds and agency funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School Department has a number of private-purpose trust funds. Additionally, the School Department has a number of agency funds for those student activity programs which have student participation in the activity and have students involved in the management of the program.

**C. 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 generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

**D. 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. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue as necessary, and in the presentation of expenses versus expenditures.

**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**1. 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 accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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 sixty days of fiscal year-end.

Nonexchange transactions, in which the School Department receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year 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. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**2. Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**3. Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed by the Department. Encumbrances have been shown as a reservation of fund balances at year end.

**Interfund Transactions** - During the course of normal operations, the Department has several transactions between funds including expenditures and transfers of resources to provide services. These transactions are reported as transfers. Transactions between funds which represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans receivable or payable.

**Inventories** - Food services inventories are valued at the lower of cost (first-in, first-out basis) or market, and are offset with a reserve for inventories. Inventories include the value of the U. S. Department of Agriculture commodities donated to the Food Services Program.

**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**Compensated Absences** - Under terms of union contracts and personnel administration policies, employees are granted vacation and sick leave in varying amounts. Accrued vacation and sick leave are accrued when incurred in the governmental-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The full liability is reported in the governmental activities column of the government-wide statement of net assets in the Town of Old Orchard Beach, Maine's basic financial statements, but are not reported in the fund financial statements

**Use of Estimates** - Preparation of the Department's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**Capital Assets** - Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets in the Town of Old Orchard Beach, Maine's basic financial statements but are not reported in the fund financial statements.

**Accrued Liabilities and Long-term Obligations** - All payables, accrued liabilities and long-term obligations are reported in the Town's government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. The capital leases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

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**CASH DEPOSITS AND INVESTMENTS**

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The School Departments' policy is to invest all available funds at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk. The funds are invested in liquid investments planned to coincide with its cash needs during the year.

**A. Deposits**

At year end, the carrying amount of the Department's deposits was \$189,403 and the bank balance was \$182,009, all of which was covered by Federal Depository Insurance.

**B. Investments**

Maine statutes authorize the School Department to invest in obligations of the U. S. Treasury and U. S. agencies, repurchase agreements and certain corporate stocks and bonds. Generally, the Department invests the excess funds of its trust funds and certain special revenue funds in stocks and money market accounts through an investment company. At June 30, 2007, the School Department investments consisted of stocks and mutual funds with a carrying amount (fair value) of \$569,151. Classification as to credit risk is included in the Town of Old Orchard Beach's basic financial statements.

**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

**CASH DEPOSITS AND INVESTMENTS, CONTINUED**

At June 30, 2007, the School Department reported the following investments none of which have set maturities:

	<u>Fair value</u>
Cash/money funds	\$ 57,286
Equities/stocks	291,439
<u>Mutual funds</u>	<u>220,426</u>
<b><u>Total investments</u></b>	<b><u>\$ 569,151</u></b>

Investments have been reported as follows:

<u>Reported in fiduciary funds (Statement 4)</u>	<u>\$ 569,151</u>
<b><u>Total deposits</u></b>	<b><u>\$ 569,151</u></b>

**BUDGETARY VS GAAP BASIS OF ACCOUNTING**

Revenues and expenditures as reported in the Statement of Revenues and Expenditures--Budget and Actual--General Fund (Statement 3) are reported on the basis budgeted by the School. For budgetary purposes, encumbrances are considered expended in the year they are encumbered whereas for GAAP purposes (Statement 2) encumbrances are not considered expended until the expenditure is actually incurred. The following is a reconciliation of the Statement of Revenues and Expenditures--Budget and Actual--General Fund (Statement 3) to the Statement of Revenues and Expenditures for the General Fund (Statement 2) which is presented on the basis of generally accepted accounting principles (GAAP basis).

Change in fund balance--budgetary basis (Statement 3)	\$ 24,815
Rounding difference	2
Less encumbrances reported as expenditures for budgetary purposes--June 30, 2006	(131,725)
<u>Add encumbrances reported as expenditures for budgetary purposes--June 30, 2007</u>	<u>34,490</u>
<b>Change in fund balance in accordance with</b>	
<b><u>accounting principles generally accepted in the United States of America (Statement 2)</u></b>	<b><u>\$ (72,418)</u></b>

As required by generally accepted accounting principles (GAAP), the School Department has recorded a revenue and an expenditure for Maine State Retirement contributions made by the State of Maine on behalf of the School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$1,047,838. These amounts have been included as an intergovernmental revenue and as an education expenditure in the General Fund on Statement 2 (GAAP basis). There is no effect on the fund balance at the end of the year.

Additionally, the School Department has designated part of its fiscal year June 30, 2007 fund balance as follows:

Special education tuitions	\$150,000
Recertification	10,000
<u>Unemployment</u>	<u>10,000</u>
<b><u>Total</u></b>	<b><u>\$ 170,000</u></b>

TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT  
Notes to Financial Statements, Continued

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MAINE STATE RETIREMENT SYSTEM (MSRS)

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**Teacher Group** - All school teachers, plus other qualified educators, participate in the Maine State 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 State Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Maine Statutes establishes and amends benefit provisions. The Maine State 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, Maine 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 \$1,047,838 (19.14%) of the covered payroll of \$5,474,597 for the fiscal year 2007. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis financial statements (Statement 2). There is no contribution required by the School except for federally funded teachers, for which the School contributed 19.14% of their compensation. This cost is charged to the applicable grant.

CONTINGENCIES

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The School Department participates in a number of federally assisted grant programs. Although the programs have been audited in compliance with the Single Audit Act of 1984 as part of the Town of Old Orchard Beach's Single Audit, these programs are subject to financial and compliance audits or reviews by the grantors or their representatives. Accordingly, the School Departments' compliance with applicable grant requirements will be established at some future date. The amount, if any, of the expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School Department expects such amounts, if any, to be immaterial.

SCHOOL ADMINISTRATIVE REORGANIZATION

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On June 6, 2007 the Maine House and Senate enacted the two-year state budget including the school administrative reorganization legislation "School Administrative Reorganization" ("SAR") as Public Law 2007, Chapter 240. The law sets forth state policy to ensure that schools are organized as units in order to provide equitable educational opportunities, rigorous academic programs, uniformity in delivering programs, a greater uniformity in tax rates, more efficient and effective use of limited resources, preservation of school choice and maximum opportunity to deliver services in an efficient manner. All school units and municipal school units (collectively School Administrative Units or "SAU") are directed to work with other units to reorganize into larger, more efficient units; or where expansion of the unit would be impractical or inconsistent with state policy, reorganize their own administrative structures to reduce costs. The legislative intent of the law is to create a maximum of 80 school units or the number of units appropriate to achieve administrative efficiencies.

The law requires existing SAUs to file a "Notice of Intent" with the Commissioner by August 31, 2007. The Notice of Intent must elect either to engage in planning and negotiating with other SAUs for the purpose of developing a reorganization plan to form a regional school unit ("RSU"), or the intent to submit an alternative plan to achieve efficiencies. The Notice of Intent is subject to approval by the Commissioner of Education (the "Commissioner"), including approval of the election to file an alternative plan. SAUs are then required to submit a reorganization plan, or, if a SAU is exempted by the members of the general public, develop the reorganization plans. Reorganization plans approved by the Department of Education ("DOE") are submitted to the voters in the proposed RSU. If the reorganization plan is approved by the voters, elections will then be held for seats on the RSU school board.

**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Notes to Financial Statements, Continued**

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**SCHOOL ADMINISTRATIVE REORGANIZATION, CONTINUED**

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All reorganization plans are subject to voter approval. A SAU whose plan is approved by the Commissioner in December 2007 must hold a referendum on the plan on or before January 15, 2008. A SAU whose plan is received or revised after December 15, 2007 and approved by the Commissioner in December 2007 but has exercised due diligence and acted in good faith in developing a reorganization plan, must hold a referendum of the plan on June 10, 2008. The DOE will fund the cost of a referendum held on or before January 15, 2008.

SAU's, not otherwise exempt, that fail to approve a reorganization plan by November 4, 2008 and to implement that plan by July 1, 2009 will face financial penalties, starting on July 1, 2009. Penalties for SAUs that do not form appropriate RSUs by the beginning of FY 2010 include:

- A 50% reduction in minimum subsidy (the special education minimum);
- A 50% reduction in system administration costs includable for purposes of the funding model;
- Less favorable consideration in approval and funding for school construction;
- Loss of eligibility for transition adjustments; and
- The percentage of state subsidy will not increase to the highest level as called for in the four-year "ramp-up" of state funding for education (i.e., GPA will be consistent with a statewide average contribution of 53.86% instead of the 55% overall state share).

The school department has submitted a plan to the State which includes consolidating with the Saco School Department which currently provides K-12 education to students from Saco, Dayton, and Arundel.

**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2007**

	<u>Special Revenue Funds</u>			<u>Totals</u>
	<u>School Lunch Program</u>	<u>Adult Education Programs</u>		
<b>ASSETS</b>				
Cash	\$ 41,098	6,881		47,979
Accounts receivable	-	-		-
Due from other governments	7,972	-		7,972
Due from Town of Old Orchard Beach	-	36,231		36,231
Inventory	4,213	-		4,213
<b>Total assets</b>	<b>\$ 53,283</b>	<b>43,112</b>		<b>96,395</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accrued wages and benefits payable	-	14,309		14,309
Due to Town of Old Orchard Beach	-	-		-
<b>Total liabilities</b>	<b>-</b>	<b>14,309</b>		<b>14,309</b>
<b>Fund balances:</b>				
<b>Reserved:</b>				
Encumbrances	-	4,314		4,314
Inventory	4,213	-		4,213
Unreserved, undesignated	49,070	24,489		73,559
<b>Total fund balances</b>	<b>53,283</b>	<b>28,803</b>		<b>82,086</b>
<b>Total liabilities and fund balances</b>	<b>\$ 53,283</b>	<b>43,112</b>		<b>96,395</b>

**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2007**

	Special Revenue Funds		Totals
	School Lunch Program	Adult Education Programs	
<b>Revenues:</b>			
Town of Old Orchard Beach appropriation	\$ -	86,680	86,680
City of Saco appropriation	-	86,680	86,680
Federal education grants	-	25,037	25,037
State education grants	-	87,960	87,960
Food and milk subsidy	151,878	-	151,878
Contributed commodities	13,958	-	13,958
Charges for meals	110,709	-	110,709
Other	66,035	132,278	198,313
Total revenues	342,580	418,635	761,215
<b>Expenditures:</b>			
<b>Current:</b>			
School lunch - food	155,597	-	155,597
School lunch - payroll and benefits	164,636	-	164,636
School lunch - other	11,027	-	11,027
Adult Education expenditures	-	396,154	396,154
Total expenditures	331,260	396,154	727,414
Net change in fund balance	11,320	22,481	33,801
Fund balances, beginning of year	41,963	6,322	48,285
<b>Fund balances, end of year</b>	<b>\$ 53,283</b>	<b>28,803</b>	<b>82,086</b>

**TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT**  
**Nonmajor Special Revenue Funds - School Categorical Programs and Other School Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2007**

	Balances beginning of year	Revenues	Expenditures	Balances end of year
Federal school categoricals:				
Title IA*	\$ 7,608	217,474	217,591	7,491
Title VI - Innovative*	3,056	24,271	24,040	3,287
Title II Teacher Quality*	13,397	68,963	84,708	(2,348)
Local Entitlement*	16,295	231,080	240,810	6,565
Local Entitlement - Preschool*	876	2,747	(198)	3,821
Medicaid*	175,812	47,557	178,245	45,124
Total federal school categoricals	217,044	592,092	745,196	63,940
Other school categoricals:				
AIDS Education*	500	-	518	(18)
Character Education*	894	-	894	-
Dental Health*	146	1,045	812	379
Health Grant*	1,000	-	-	1,000
Professional Development*	568	9,030	3,197	6,401
Tobacco*	1,299	70,949	74,189	(1,941)
Technology Grant*	2,206	3,000	5,234	(28)
Title IID - Ed Techs*	5,662	2,914	8,576	-
School Counseling*	1,050	-	2,583	(1,533)
OSA Grant*	(118)	9,478	9,165	195
MELMAC*	(3,972)	4,000	7,662	(7,634)
AYP-Reimbursed*	-	5,680	5,680	-
AYP Math*	-	6,780	6,780	-
Total other school categoricals	9,235	112,876	125,290	(3,179)
Other school funds:				
Drug Free - Local	-	5,727	5,727	-
Central Office	(3,044)	11,485	10,490	(2,049)
Special Olympics	672	2	-	674
Community Fund	8,017	14	4,423	3,608
Computer Account	91	6,346	6,594	(157)
LMS Athletics	2,810	7	-	2,817
Family and Consumer Science	620	-	328	292
PAL Grant	2,298	5	960	1,343
Parking Fund	1,894	5,207	600	6,501
Total other school funds	13,358	28,793	29,122	13,029
<b>Total</b>	<b>\$ 239,637</b>	<b>733,761</b>	<b>899,608</b>	<b>73,790</b>

\* These funds are maintained at the Town Treasurers' office, all others flow through the school activity checking account maintained by the school business office except for the Family and Consumer Science which is maintained by the school business office in a separate account.

## TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT

Private-purpose Trust Funds

## Combining Statement of Revenues, Expenditures and Changes in Net Assets

Year ended June 30, 2007

	Net Assets beginning of year			Unrealized Contributions and			Net Assets end of year			
	Principal	Unexpended income	Total	Investment income	gains and (losses)	other receipts	Expenditures	Principal	Unexpended income	Total
Alumni Scholarship	\$ 6,903	37,749	44,652	3,484	4,503	371	2,371	6,903	43,736	50,639
Angelosante Scholarship	15,000	13,555	28,555	3,787	3,289	2,052	3,448	15,000	19,235	34,235
Ola Brownrigg Scholarship	6,664	3,624	10,288	946	703	-	400	6,664	4,873	11,537
Brandy Butterfield	5,255	12,623	17,878	1,370	1,527	221	54	5,255	15,687	20,942
Centennial Scholarship	2,899	(1,830)	1,069	64	160	20	20	2,899	(1,606)	1,293
Melanie Cook Scholarship	7,228	(197)	7,031	722	524	-	400	7,228	649	7,877
E. Emerson Cummings	1,780	1,526	3,306	178	522	126	227	1,780	2,125	3,905
Charles A. Greer Scholarship	64,868	2,415	67,283	5,892	9,058	784	3,783	65,652	13,582	79,234
George C. Grover Golf	1,426	188	1,614	243	64	141	293	1,426	343	1,769
David Jordan	6,145	1,537	7,682	7,592	35	1,977	7,837	6,145	3,304	9,449
W. Warren Harmon Kiwanis Scholarship	30,180	(1,163)	29,017	4,596	12,894	85	2,800	30,180	13,612	43,792
Gilbert C. "Sonny" McBay Scholarship	3,916	5,513	9,429	5,417	(772)	702	5,000	3,916	5,860	9,776
Harold E. & Shirley M. Mullen Scholarship	9,903	8,773	18,676	1,346	3,764	-	500	9,903	13,383	23,286
William & Robert Murphy Scholarship	6,210	2,235	8,445	2,397	1,164	30	2,200	6,210	3,626	9,836
Agnes Murphy / Paula Mixer Scholarship	15,000	(364)	14,636	957	1,960	-	500	15,000	2,053	17,053
Ralph Perreault Scholarship	62,691	59,466	122,157	37,603	27,239	4,664	38,088	62,691	90,884	153,575
Susan Powers Memorial Scholarship	1,009	4,808	5,817	3,448	660	(3,041)	400	1,009	5,475	6,484
Robert H. Phillips Scholarship	1,113	3,239	4,352	299	181	94	120	1,113	3,693	4,806
Sandy Seagull Scholarship	20,250	2,541	22,791	6,515	1,800	2,095	6,272	20,250	6,679	26,929
Margorie Saucier / Kerry Scholarship	4,500	4,836	9,336	809	267	182	982	4,500	5,112	9,612
Gladys Tarbox Scholarship	1,980	15,824	17,804	1,413	4,980	-	300	1,980	21,917	23,897
Jay Barner	1,504	(298)	1,206	99	13	-	100	1,504	(286)	1,218
John Trull Scholarship	2,085	3,296	5,381	372	484	-	300	2,085	3,852	5,937
100F Scholarship fund (Atlantic Lodge #74)	10,000	591	10,591	777	1,007	-	305	10,000	2,070	12,070
<b>Totals</b>	<b>\$ 288,509</b>	<b>180,487</b>	<b>468,996</b>	<b>90,326</b>	<b>76,026</b>	<b>10,503</b>	<b>76,700</b>	<b>289,293</b>	<b>279,858</b>	<b>569,151</b>

## TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT

## Agency Funds

## Schedule of Student Activity Funds

Year ended June 30, 2007

	Balances beginning of year	Revenues	Expenditures	Balances end of year
High School:				
Scholarship Drive	\$ 37	1,605	1,625	17
Girls Soccer	609	28	-	637
Melanie C.	1	-	-	1
Sue Powers Scholarship	1	-	-	1
Alumni Scholarship	927	5,663	-	6,590
Ola Brownrigg Scholarship	2	273	-	275
Trull Scholarship	-	170	-	170
Class of 2001	647	25	131	541
Class of 2004	-	1,000	-	1,000
Class of 2005	-	5,917	4,055	1,862
Class of 2006	-	240	-	240
Class of 2007	5,244	4,600	6,163	3,681
Class of 2008	3,278	7,516	5,191	5,603
Class of 2009	2,540	2,829	2,461	2,908
Operation Seagull Pride	3,197	14,745	13,686	4,256
Football Memories	1,481	67	-	1,548
Playoff	-	1,272	663	609
Jazz Choir	23	1	-	24
Chorus	2	2,853	1,904	951
Athletic Fields	4,208	185	1,500	2,893
Retirement	317	889	154	1,052
Hockey	1,078	49	-	1,127
Saco and Biddeford Savings	-	2,034	-	2,034
Chas. Greer Sch.	370	1,252	-	1,622
PSAT	1,247	325	574	998
Boys Soccer	66	3	-	69
Band Show	-	7,826	5,744	2,082
Alzheimers Project	157	7	-	164
Civil Rgt. Tm.	306	14	-	320
Dance Class	128	1,992	1,772	348
OOB Brass	-	250	-	250
Athletics	6,304	17,973	13,964	10,313
Special Programs	14	1	-	15
Student Activities	931	1,782	2,994	(281)
Transcript	329	45	-	374
Students-on-Stage	3	-	-	3
Student Activity Fee	1,618	358	1,322	654
Golf	2	476	402	76
National Honor Society	2,463	618	576	2,505
Peer Helpers	2,508	3,029	1,837	3,700
Drama	1,053	711	660	1,104
Student Council	1,634	1,784	1,209	2,209
Interact	213	520	153	580
Yearbook	2,369	6,972	6,107	3,234
Shirt sale - football	390	18	-	408
Band Club	176	8,181	7,771	586
Indoor Track	648	29	-	677
Class Night/Project Graduation	3,880	10,974	6,348	8,506
Girls Tennis	250	11	-	261
Gate	4,386	5,689	6,240	3,835
Technology	572	43	90	525

## TOWN OF OLD ORCHARD BEACH SCHOOL DEPARTMENT

## Agency Funds

## Schedule of Student Activity Funds, Continued

	Balances beginning of year	Revenues	Expenditures	Balances end of year
High School, continued:				
Foreign Language	\$ 3	1	-	4
Family & Consumer Science	63	521	-	584
Vending Machines	388	3,005	3,047	346
Co-Op	42	-	42	-
Book/Library	1,492	127	181	1,438
Graphic Arts	912	1,003	1,819	96
Band Fees	-	1,959	1,800	159
Cheerleaders	139	3,091	2,984	246
Recycle	136	6	-	142
Administration	318	812	261	869
OOB Players	542	24	-	566
Softball	2,441	1,684	545	3,580
Alternative Education	1	-	-	1
Outdoor Track	244	101	255	90
HS Scholarship	9	500	507	2
Math Club	376	365	220	521
Baseball	42	18,887	17,945	984
Sunshine Club	204	397	551	50
Art Department	135	6	-	141
Girls Basketball	5,863	3,156	3,358	5,661
Weight Room	699	30	50	679
Boys Basketball	1,138	4,989	5,630	497
Lost Books	459	308	-	767
Field Hockey	785	2,291	2,063	1,013
New York	16	4,300	4,315	1
Football	407	5,761	5,935	233
International Club	26	2,073	60	2,039
<b>Total High School</b>	<b>72,489</b>	<b>178,241</b>	<b>146,864</b>	<b>103,866</b>
Loranger Middle School:				
Athletic Extra - Curricular	257	6,203	6,631	(171)
Athletic Fund	287	610	150	747
Building Account	10,240	10,207	19,684	763
Books/Portfolio	840	81	-	921
Camp Kieve Fund	113	6,790	5,924	979
Class Fund Grade 4	756	1,719	395	2,080
Class Fund Grade 5	62	1,986	879	1,169
Class Funds Grade 6	143	1,232	1,000	375
Class Fund Grade 7 & 8	948	1,851	959	1,840
Chorus	104	6,555	4,434	2,225
Coco-Cola Account	719	3,086	3,087	718
Family Consumer Science	683	1,760	1,643	800
Jean & Hat Fund	124	761	884	1
C.A.T.C.H Account	94	2,211	1,457	848
Library Account	752	599	738	613
Music Extra - Curricular	8	1,050	966	92
Music Fund	1,749	21,753	20,180	3,322
Student Council	224	244	-	468
Yearbook Fund	-	2,875	2,875	-
<b>Total Loranger School</b>	<b>18,103</b>	<b>71,573</b>	<b>71,886</b>	<b>17,790</b>
Jameson School:				
Activity Funds	3,278	17,512	14,051	6,739
<b>Total Jameson School</b>	<b>3,278</b>	<b>17,512</b>	<b>14,051</b>	<b>6,739</b>
<b>Total</b>	<b>\$ 93,870</b>	<b>267,326</b>	<b>232,801</b>	<b>128,395</b>

Saco Board of Education  
Letter of Intent  
Board Meeting Minutes  
August 28, 2007  
6:52 – 7:10 P.M.

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Board Member Attendance:

Michael Lafortune  
Beth Johnston  
Lorraine Whelan  
Dave Galli  
Shirley Jones  
Mayor Mark Johnston

Public Attendance:

Ron Morton

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A meeting of the Saco Board of Education was held Monday, August 28, 2007 at Saco/Dayton Superintendent's office.

Agenda:

August 31st Letter of Intent.

*Motion by Dave Galli, seconded by Lorraine Whelan to support recommended Letter of Intent.*

Discussion around Letter of Intent. Superintendent Lafortune passed out State form and recommended language addition.

Action:

Board voted unanimously to support superintendent's recommended Letter of Intent. Vote was 4 to 0.

Next Meeting: September 11, 2007, 7:00 pm at Saco City Hall

Minutes prepared by:

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Lynn Ouellette, Transcriber

Respectfully submitted by:

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Michael Lafortune, Superintendent

Minutes prepared by:

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Lynn Ouellette, Transcriber

Respectfully submitted by:

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Michael Lafortune, Superintendent

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