

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

Saco School Board and Management
City of Saco, Maine

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saco, Maine as of and for the year ended June 30, 2017, and related notes to the financial statements, which collectively comprise the City of Saco, Maine's basic financial statements. We issued our report thereon dated January 22, 2018, which contained unmodified opinions on those financial statements.

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

In connection with that audit, we:

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

The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*:

- The School Department did have several individual cost centers with actual expenditures in excess of budgeted amounts, and exceeded its authority to expend funds as provided by the total budget summary article.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying *Schedule of Reconciliation of the NEO Financial System with Audited Financial Statements* is presented for purposes of additional analysis as required by regulation of the Maine Department of Education and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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



January 22, 2018
South Portland, Maine

City of Saco - School Department
Schedule of Reconciliation of the NEO Financial System with Audited Financial Statements
For the year ended June 30, 2017

| | General | Other Grants and Special Revenues | Adult Education | School Lunch Fund | Capital Project MS Heating System Replacement |
|---|---------------|---|--------------------|-------------------------|---|
| Revenues and transfers: | | | | | |
| Per NEO | \$ 33,929,585 | 1,391,043 | 114,803 | 683,127 | - |
| Adjustments: | | | | | |
| None | - | - | - | - | - |
| Adjusted NEO balance | 33,929,585 | 1,391,043 | 114,803 | 683,127 | - |
| Per School Department fund financial statements (Statement 3 and Exhibit A-2) | 33,929,583 | 1,391,133 | 114,802 | 683,126 | - |
| Immaterial variance | \$ 2 | (90) | 1 | 1 | - |
| Expenditures and transfers: | | | | | |
| Per NEO | \$ 35,310,546 | 1,279,766 | 114,804 | 669,727 | 76,327 |
| Adjustments: | | | | | |
| None | - | - | - | - | - |
| Adjusted NEO balance | 35,310,546 | 1,279,766 | 114,804 | 669,727 | 76,327 |
| Per School Department fund financial statements (Statement 3 and Exhibit A-2) | 35,310,268 | 1,279,765 | 114,802 | 669,726 | 76,327 |
| Immaterial variance | \$ 278 | 1 | - | 1 | (0) |
| Note: This schedule excludes agency and trust funds, which were also excluded from the NEO data submitted to the State Department of Education. | | | | | |
| Revenues | 11,829,475 | 1,375,083 | - | 683,126 | - |
| Transfers in | 22,100,108 | 16,050 | 114,802 | - | - |
| Total revenues | 33,929,583 | 1,391,133 | 114,802 | 683,126 | - |
| Expenditures | 35,308,259 | 1,265,724 | 114,802 | 669,726 | 76,327 |
| Transfers out | 2,009 | 14,041 | - | - | - |
| Total expenditures | 35,310,268 | 1,279,765 | 114,802 | 669,726 | 76,327 |
| Net transfers in (out) | 22,098,099 | 2,009 | 114,802 | - | - |