

**TOWN OF SCARBOROUGH, MAINE**

**Comprehensive Annual Financial Report**

**June 30, 2004**



**TOWN OF SCARBOROUGH, MAINE**  
**Comprehensive Annual Financial Report**  
**Year ended June 30, 2004**

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# **INTRODUCTORY SECTION**





## *Town of Scarborough, Maine*

P.O. BOX 360 • SCARBOROUGH, MAINE 04070-0360

Jeffrey Messer, Council Chairman  
And Distinguished Members of the Town Council  
Scarborough, Maine

In accordance with the requirements of our Town Charter and state statutes and in recognition of the increased interest in public official's accountability to citizens, businesses and potential investors, we hereby issue the comprehensive annual financial report of the Town of Scarborough, Maine for the fiscal year ended June 30, 2004. The Town's Finance Department has prepared this report using the new reporting requirements as prescribed by the Governmental Accounting Standard's Board (GASB) Statement No. 34. Responsibility for both the accuracy of the data and the completeness and fairness of the information, including all disclosures, rests with the Town of Scarborough. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position of the Town of Scarborough. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information pertaining to this single audit, including a schedule of expenditures of federal awards, findings and questioned costs, recommendations and the independent auditor's report on the internal control and compliance with applicable laws and regulations, are reported in a separate document.

The comprehensive annual financial report is prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America. This report is presented in three sections: introductory, financial and statistical. The first section, introductory, is unaudited and includes the transmittal letter. The second section, financial, includes the management's discussion and analysis of the Town's financial activities, the basic financial statements and the combining and individual fund statements and schedules. The final section, statistical, includes selected financial and demographic information, generally presented on a multi-year basis.

### **TOWN'S ORGANIZATIONAL STRUCTURE AND SERVICES PROVIDED**

The Town of Scarborough is located on the southern coast of the State of Maine in the southeastern most section of the County of Cumberland, the State's most populous county. Scarborough is bordered by the Spurwink River and the Atlantic Ocean on its eastern side and is bordered by the communities of Westbrook, South Portland, Cape Elizabeth, Gorham, Buxton, Saco and Old Orchard Beach.

The Town was first settled in 1633 and was incorporated as the sixth town in the Province of Maine on July 14, 1658. The Town operates under a charter first adopted on October 7, 1969 and provides for a Town Council and Town Manager form of government. The legislative body consists of a seven-member town council and a seven-member school board has general authority for our public schools. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring both the Town Manager and the Town Assessor. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the government, and for appointing the administrators of the various departments.

The Town of Scarborough provides a full range of services, including public safety protection which incorporates the police, fire, rescue and emergency management services; sanitation and solid waste services; roads and highway maintenance and construction; vehicle maintenance; community services including recreation, parks, child care programs and grounds maintenance; human services and public assistance; education; planning and zoning and general administrative services.

Although legally separate entities, blended component units are, in substance, part of the Town's primary government operations. We have included the Scarborough Economic Development Corporation as part of the primary government's operations.

The Scarborough Public Library is a discretely presented component unit in a separate column in the government wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government.

Financial statements for the following entities are not included in this report as they are administered by boards that are legally separate from and independent of the Town Council and otherwise have not met the established criteria for inclusion in this report. A brief description, however, is incorporated in the notes to the financial statements:

- Portland Water District
- Scarborough Sanitary District
- Regional Waste Systems
- Biddeford Saco Water District

In accordance with the provisions of Article V of the Town Charter, the annual budget serves as the foundation for Scarborough's financial planning and control. The Town's budget year begins July 1 and ends June 30 of the following year. The Charter provides that the Town Manager submit a budget to the Town Council at least sixty days (60) prior to the beginning of each budget year. The budget is compiled from detailed information furnished by the school committee, administrative officers and boards designated by the Town Manager. The budget is reviewed and adopted by the Council with the potential for future amendment. The Council orders a public hearing with prior public notification. The Charter directs the Council to adopt their budget prior to the first day of the next budget year. If the Council fails to adopt the budget prior to July 1, the budgets presented by the Town Manager and the Board of Education automatically become the budget for the fiscal year.

The Town Charter requires the budget document include the following information:

- Prior year actual expenditures
- Current year budget
- Current year estimated expenditures
- New year Department requests
- New year Manager request
- Increase (Decrease) of budgets shown as both a Percentage and a dollar amount
- Council approved budget

Department Administrators and the Board of Education may make transfers of appropriations within their departments. Transfers of appropriations between departments, however, require the approval of the Town Council.

## **ECONOMIC CONDITION AND FUTURE OUTLOOK**

**Local Economy.** The Town of Scarborough is primarily a suburban residential community that currently enjoys a favorable economic environment and local indicators point to continued stability and growth. There are currently 980 businesses located within Scarborough. As well as being home to two excellent major medical research facilities, the Town of Scarborough continues to attract high tech and biotech industry. A major redevelopment of



an 88,000 square foot underutilized structure was completed and will house two biotech companies. Additionally, the Town of Scarborough is an active participant in the development of private industrial and commercial facilities. The Town of Scarborough has a varied manufacturing, industrial and commercial base that adds to the relative stability of the unemployment rate.

The Maine Department of Labor provides unemployment data for various regions of the state. While data is not provided specifically for the Town of Scarborough, we are included in the information for the Portland Metropolitan Statistical Area (PMSA). The unemployment rate for the PMSA decreased 0.1 % during 2004 and remains below state levels as of the month of June for the last three years:

	<u>PMSA</u>	<u>Statewide</u>
2001	2.4%	4.0%
2002	2.9%	4.3%
2003	2.7%	4.4%
2004	2.6%	4.0%

The business community, in Scarborough, is diverse and is located primarily in distinct areas of the Town. U.S. Route One, one of three major routes through the community, is primarily a commercial business district serving the daily needs of the community's residents. It is a mix of retail, amusement, and small professional offices. Payne Road, a continuation of the Maine Mall Road, is home to many larger, big box type retailers and serves a more regional clientele. Industrial development is largely contained in the Scarborough Industrial Park and the Pleasant Hill Road Area.

The Town of Scarborough is also bisected north to south by Interstate 95 and is serviced by Exit 42 as well as Interstate 295 and the aforementioned U. S. Route One giving Scarborough an enviable location advantage. Scarborough is located ten minutes from downtown Portland, five minutes to the Portland International Jetport, and less than two hours from Boston. Access to the new Downeaster train service to Boston is located to both the north and south of Scarborough.

As mentioned earlier, the Town of Scarborough is primarily a suburban, residential community. It is one of the fastest growing residential centers in the State of Maine. This growth has necessitated Scarborough's need to develop a strong and stable commercial base to help meet the ever-growing demands of its residents. To foster that development, the Town of Scarborough created a private non-profit Corporation in 1986 to encourage new business and retain and grow existing businesses and assist the community in its long term economic development planning.

One of the economic initiatives in this fiscal year includes the continuing development of the infrastructure in the Haigis Parkway/Exit 42 Development Area. This will open approximately 1,000 acres for private high-end industrial and commercial development. This continues the trend in Scarborough to use public resources more effectively by partnering with the private sector to develop commercial and industrial sites. This is evidenced by partnership between the Town and the Enterprise Business Park. This privately developed park will ultimately contain 35 lots. Three buildings are currently occupied. The Enterprise Business Park will be built in four stages; stage one is nearly completed.

**Comprehensive Plan.** The Town Council adopted the Town's current Comprehensive Plan in June of 1994. Since that time, the Town has continued its planning process with a number of studies. Among those studies is the Growth and Services Report, the Haigis Parkway Study and the development of a Comprehensive Growth Strategy.

The Comprehensive Growth Strategy included the adoption of a Residential Growth Control Ordinance, which allows growth to proceed at about 135 residential units per year. This will help ensure that we do not overtax our infrastructure.

The first step in the new Comprehensive Plan was the development of a visioning process for the Town. This included seven neighborhood meetings as well as five meetings with various interest groups (schools, environmental, non-profit organizations, economic development and historical). The development of visioning included mailings to all households in Scarborough. The visioning process provided insight to the Comprehensive Plan Committee as to the direction, needs and desires of Scarborough residents. In the fall of 2004, the process to update the Comprehensive Plan will begin. The update of the subdivision ordinance and other development guidelines were completed and adopted.

## **Major Initiatives**

**For the year.** The construction of the Haigis Parkway/Exit 42 infrastructure is nearing completion. It is envisioned that this area will become the pre-eminent commercial location in the State of Maine. Scarborough is now in the planning stages for the construction of a US Post Office, a Mercedes Dealership, a Lowes and Super Walmart. The Town Council, Planning Board, Planning Staff and the Scarborough Development Corporation have worked diligently to develop Ordinances to ensure high level of development that is both environmentally sound and aesthetic pleasing. They are also looking into updating the Site Plan Ordinance and Shoreland Zoning as well as implementing a local Wetland Ordinance.

**For the future.** The infrastructure development of the Haigis Parkway/Exit 42 (formerly Exit 6) area has begun and is nearing completion. It is expected that development interest will continue to grow in this area. Funding and construction of the Haigis Parkway infrastructure will help to strengthen Scarborough's economic base over the next two decades.

In 2004, the Scarborough Town Council awarded the Scarborough Economic Development Corporation and additional \$30,000 to develop a national marketing campaign to promote the Exit 42 (formerly Exit 6)/Haigis Parkway area and the Town of Scarborough. This campaign will create a new name, logo, printed material, web site and trade show materials.

The Enterprise Business Park project has received final approval for the full build-out condition, both locally and with the State. Phase One of the Enterprise Business Park was approved and has been substantially completed. The Enterprise Business Park, a private business park, developed in partnership with the Town of Scarborough is filling up with the completion of a forth building and a commitment for a fifth building. Permitting for Phase Two, Three and Four are progressing. This park will ultimately house some thirty buildings.

A subcommittee of the Planning Board had designed guideline recommendations on beautifying and revitalizing the U.S. Route One corridor. The design guidelines have been adopted.

Acquisition and preservation of open space and environmentally sensitive areas are high priorities for the citizens of Scarborough as determined from the visioning process. In 2002, the citizen approved a \$1.5 million bond for open space preservation and an additional \$2.5 million in 2003.

As noted earlier, Scarborough continues to be a focal point for the development of small biotech start-up companies. A major biotech firm, Binax, has committed to moving its facilities from Portland to Scarborough. This development coupled with the continuing expansion of the Maine Medical Research Institute and the Foundation for Blood Research will undoubtedly spin off smaller ventures while hopefully attracting more established firms to the area.

**Long Term Financial Planning.** Scarborough has a five year Capital Improvement Plan. We use this plan, not only to make decisions regarding equipment replacement, building, land and infrastructure improvements and purchases, but also for open space purchases and improvements.

Scarborough has seen an ever-increasing popularity in skateboarding, scooter and rollerblading. The Town is continuing the construction of the skateboard park that began last year. This skateboard park is being incorporated into the Community Park in the Oak Hill section of the community. The Community Park is located

at the site of an old drive-in on U.S. Route One. In addition to the skateboard park, the construction of a multi-purpose playing field, nature trails and park have begun.

The Eastern Trail Management District has been awarded a grant to allow for future development of the trail system across the Scarborough Marsh and Black Point Road. This grant will provide access for a north to south corridor for safe recreational biking and walking. A new bridge will be installed in the Summer of 2004, spanning the Dunstan River on the Scarborough Marsh, to help further the future growth the Eastern Trail corridor.

The Town is one of twenty-one (21) communities that own and operate Regional Waste Systems, which was established in 1974 to dispose of the participating community's trash. As a result of changes in the economics of trash to energy, and a reduction in commercial waste, the annual assessment and tipping fee have increased steadily in the past several years. With the other member communities, the Town of Scarborough is exploring ways to reduce annual operating costs and debt service payments and to improve plant utilization.

As the Town's population continues to grow, existing school buildings, already at or near capacity, are being stretched to the point that effective instruction for all students is becoming increasingly difficult to guarantee. Additional information can be found in the Required Supplementary Information section of the financial statements.

The citizens of Scarborough approved a \$28.6 million dollar high school expansion project. This project is expected to be completed in late 2005. Scarborough High School's new and improved physical facility will not merely provide a larger place for more students, but, guided by well-documented research, solid data, and successful best practices, the school will be able to offer new, exciting programs that will supplement an already strong, traditional secondary curricula. Distance learning, teaming, and collaboration beyond the classroom, increased program individualization, creative use of time, technology as both a means and an end - these instructional approaches and more will be possible upon completion of the high school construction project. Scarborough High School will truly possess the potential to become an institution of the 21st Century.

Scarborough Middle School for grades six through eight, reached its physical capacity of 600 when the building opened its doors in September 1996. By 2001, as enrollment approached 800, eight modular classrooms were needed. Future enrollment of the middle school population is projected to be above 900. Proposed development projects will likely push this figure even higher.

Similarly, the Wentworth Intermediate School, constructed in 1964 and expanded in 1975, is not conducive to currently accepted best practices in intermediate education. Additionally, building mechanicals (heating, lighting) and security concerns are outdated.

A facilities plan for both the middle school and the intermediate school is in progress. This plan will include the request for construction funding from the Maine Department of Education, construction of additional modular classrooms, and referendum questions submitted to the voters for the middle school renovation in the future. Anticipated completion of the renovation of these two schools would be August 2007 for the middle school and August 2008 for the intermediate school.

The Scarborough School system currently has three K-2 schools. As continued home construction and subdivisions are proposed and built, it may be necessary to build a fourth K-2 school.

## **FINANCIAL INFORMATION**

**Assessed Valuation and Collections.** An indicator of our strong local economy is reflected in the growth of the Town's assessed value of real and personal property. The taxable valuation of Scarborough has more than doubled since 1990. For the 2004 tax year, the valuation was \$2,062,987,200 compared to the 1990 valuation of \$995,448,900. For the past seven (7) years, residential and commercial construction have increased on an average of three (3%) to four (4%) percent per year.

Below is a list of unpaid property taxes for the last four years:

\$928,271 in 2001,  
\$770,312 in 2002,  
\$431,168 in 2003,  
\$440,255 in 2004.

The Town had implemented two ways to improve property tax collections. The Scarborough Town Council had adopted a policy on collection of prior year unpaid tax acquired property. These factors, combined with interest rates being the lowest in years, have contributed to Scarborough's successful rate of collections. Collections for the 2004 tax year exceeded 99% of the current year's tax levy.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, U.S. Government obligations and repurchase agreements. The average yield on all investments was approximately 1.16%.

Total investment income during the year amounted to \$355,494.

**Risk Management.** The Town of Scarborough continues to manage all aspects of its risk management program aggressively. The Human Resource Department is responsible for all employment, workers' compensation and ADA related issues. As claims arise, the staff identifies situations, which may cause injury or illness to employees and work to resolve safety issues and health concerns.

The Administrative Assistant to the Town Manager is responsible for the property and casualty, police professional and general liability claims. The Town's risk pool insurance provider, as a part of their insurance service, provides safety training to the Town along with loss prevention analysis on a regular basis.

## **OTHER INFORMATION**

**Independent Audit.** The Town Charter requires an annual financial audit by independent certified public accountants appointed by the Town Council. The firm of Runyon, Kersteen, and Ouellette was selected to perform the annual audit for the Scarborough Town Council for the fiscal year 2004. This audit is designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-133. The independent auditor's report is presented as the first component of the financial section of this report.

**Acknowledgements.** The preparation of the comprehensive annual financial report was made possible by the dedicated service of each member of the Finance Department. Appreciation is also extended to the Department Administrators and to Ronald W. Owens, the Town Manager for his unfailing support for the work of the Accounting staff. Additionally, I would like to acknowledge the efforts of the accounting firm of Runyon, Kersteen, and Ouellette. Finally, I would like to extend my appreciation to the Scarborough Town Council for their complete support for maintaining the highest standards of professionalism in the management of the Town's finances.

Respectfully Submitted,

Ruth D. Porter  
Finance Director

# **FINANCIAL SECTION**



## Independent Auditor's Report

Town Council  
Town of Scarborough, Maine

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Scarborough, Maine's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of June 30, 2004, 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 Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scarborough, Maine's basic financial statements. The combining statements and individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2004 on our consideration of the Town of Scarborough, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Rungon Kersteen Ouellette*

November 15, 2004  
South Portland, Maine



## Town of Scarborough

### Management Discussion and Analysis

As management of the Town of Scarborough, we are presenting a narrative overview and analysis of the Town's financial activities during the fiscal year ended June 30, 2004. For the fiscal year ending June 30, 2004, the Town of Scarborough has prepared the financial statements based on the guidelines provided in Governmental Accounting Standards Board (GASB) Statement No. 34. Please consider this information in conjunction with the transmittal letter at the front of this report and the Town's basic financial statements following this section. All dollar amounts are expressed in thousands of dollars unless otherwise indicated.

#### FINANCIAL HIGHLIGHTS

- The assets of the Town of Scarborough exceeded liabilities at the close of the 2004 fiscal year by \$35,730 (net assets).
- The Town's total net assets increased by \$2,826.
- As of June 30, 2004, the Town's governmental funds reported combined fund balances of \$30,443, a decrease of \$2,009 compared with the prior year. Of the approximately \$29,609 reported as unreserved fund balance, \$5,010 are special revenue funds authorized for specific projects, \$18,611 are for major capital construction projects and \$68 is for maintenance of the Town's cemeteries. The remaining amount of \$5,919 is available for the discrete purposes for which these funds are collected.
- As of June 30, 2004, unreserved and undesignated fund balance for the general fund was \$4,694, or 9.2% of total general fund expenditures and transfers. The Town of Scarborough's Fund Balance policy calls for 8.33% of the total operating budget or \$4,219.
- The Town of Scarborough's total debt increased by \$8,193 from the prior year. Total debt retired was \$6,435. Total debt issued was \$14,628 in general obligation bonds.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Scarborough's basic financial statements. The Town of Scarborough's basic financial statements comprise three components; 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** Government-wide financial statements are designed to provide readers with a broad overview of Town finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all Town of Scarborough's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Scarborough is improving or deteriorating.

The statement of activities presents information showing how Scarborough's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of the Town of Scarborough that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Scarborough include general government, public service, public safety, public works (highways, streets, and solid waste disposal), capital improvements, education and county tax. The Town currently has no business-type activities.

The government-wide financial statements include not only the Town of Scarborough (known as the *primary government*), but also the legally separate public library for which the Town of Scarborough is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the Town of Scarborough itself. The Scarborough Economic Development Corporation, although also legally separate, functions for all practical purposes as a department of the Town of Scarborough, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 25-26 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Scarborough, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds in the Town of Scarborough are divided into two categories, governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financial decisions. Both the governmental fund balance sheet (Statement 3) and the governmental fund statement of revenues, expenditures, and changes in fund balances (Statements 4 and 5) provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Scarborough maintains 6 individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, General Town Improvements, and the General School Improvements all of which are considered to be major funds. Data from the remaining 3 funds (Special Revenue, Capital Projects, and Permanent) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental funds financial statements can be found on pages 27-32 of this report.

**Capital Projects Funds.** The Capital Projects Fund was established to account for resources obtained and expended for the acquisition and improvement of major capital facilities and land improvements and purchases. The Town of Scarborough's individual capital projects funds were established for the following purposes:

- The Municipal Building Fund was established to account for grants, awards, and money appropriated by the Town Council for a study, development, and the related tax increment financing district for the construction of a Town Center facility.
- The General Town Improvements Account was established to account for grants, awards, and money appropriated by the Town Council or approved by voter referendum for major municipal capital projects.
- The General School Improvements Account was established to account for grants, awards and money appropriated by the Town Council or approved by voter referendum for major school capital projects.

The Municipal Building Fund is not considered a major fund and is provided in the form of combining statements elsewhere in this report.

The capital projects fund financial statements can be found on pages 71-72 of this report.

**Permanent Funds.** Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town of Scarborough's programs, that is, for the benefit of the government or its citizenry. Permanent funds are established by the Town of Scarborough for the following purposes:

- Scarborough Memorial Cemetery Perpetual Care
- Dunstan Cemetery Perpetual Care
- Mary A. Tucker Perpetual Care

The Permanent Funds are not considered major funds and the fund data for these funds is provided in the form of combining statements elsewhere in this report.

The permanent fund financial statements can be found on pages 75-76 of this report.

**Fiduciary funds.** *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town of Scarborough's own programs.

The Town of Scarborough reports on both the private-purpose trust fund and the agency fund. Private-purpose trust funds are used to report all of the Scarborough School Department's scholarship programs. Student Activity Funds are recorded as Agency funds and are used to account for funds raised by and on behalf of the various student groups organized within the Scarborough School Department.

The basic fiduciary fund financial statements can be found on pages 79-80 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 to 50.

**Other Information.** The combining statements referred to earlier in conjunction with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 53 to 80 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the second year the Town has implemented GASB Statement No. 34. As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Town of Scarborough, assets exceeded liabilities by \$35,730 as of June 30, 2004.

### Town of Scarborough's Net Assets

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 36,704	38,047
Capital assets	<u>69,849</u>	<u>61,930</u>
Total assets	<u>106,553</u>	<u>99,977</u>
Long term liabilities outstanding	\$ 57,664	55,486
Other liabilities	<u>13,159</u>	<u>6,371</u>
Total liabilities	\$ <u>70,823</u>	<u>61,857</u>
Net assets		
Invested in capital assets, net of related debt	\$ 6,689	6,893
Restricted	123	21,040
Unrestricted	<u>28,918</u>	<u>10,187</u>
Total Net Assets	\$ <u>35,730</u>	<u>38,120</u>

Approximately 18.72% of the Town of Scarborough's net assets reflect its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt, still outstanding that is used to acquire those assets. The Town of Scarborough uses these capital assets to provide services to the citizens; consequently, these assets are *not* available for future spending. Although the Town of Scarborough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

Less than 1% of the Town of Scarborough's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$28,918) may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Town of Scarborough is able to report positive balances for its net assets.

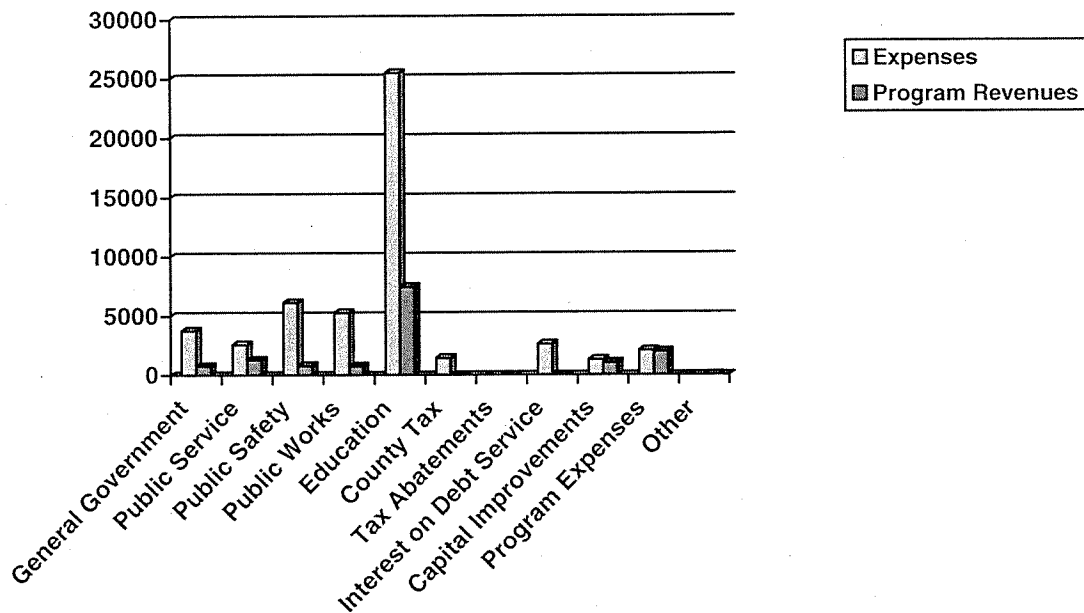
**GOVERNMENTAL ACTIVITIES.** All of the decrease pertaining to the Town of Scarborough's net assets of \$2,826 is due to the governmental activities of the Town. Key components of this decrease are shown below:

**Town of Scarborough's Changes in Net Assets**

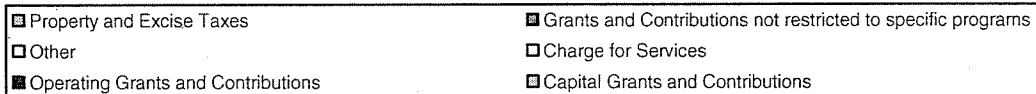
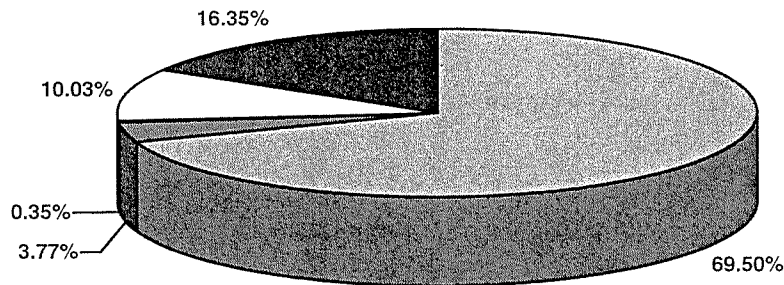
**Governmental Activities**

	<u>2004</u>	<u>2003</u>
Revenues:		
Program Revenues:		
Charge for services	\$ 5,363	2,728
Operating grants and contributions	8,744	6,992
Capital grants and contributions	-	312
General Revenues:		
Property and excise taxes, levied for general purposes	37,182	34,472
Grants and contributions not restricted to specific programs	2,015	4,342
Unrestricted investment earnings	105	209
Other	80	2,324
Temporarily restricted net assets released from restriction	-	-
Total revenues and transfers	\$ 53,490	51,379
Expenses:		
General government	3,772	3,360
Public Services	2,597	2,701
Public Safety	6,127	5,552
Public Works	5,266	5,175
Education	25,442	23,464
County Tax	1,442	1,306
Tax abatements	-	148
Interest on Debt Service	2,610	895
Capital Improvements	1,303	2,261
Program and Other Expenditures	<u>2,105</u>	<u>2,556</u>
Total Expenses	50,664	47,668
Increase (decrease) in net assets	2,826	3,711
Net Assets Beginning, as restated	<u>32,904</u>	<u>34,409</u>
Net Assets Ending June 30, 2004	\$ 35,730	38,120

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



## FINANCIAL ANALYSIS OF THE TOWN'S FUNDING

As noted earlier, the Town of Scarborough uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The general government functions are contained in the General, Special Revenue, Capital Project and Permanent Funds. The focus of the Town's *governmental funds* is to provide information on near term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Scarborough's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2004, the Town of Scarborough's governmental funds reported combined ending fund balances of \$30,443, a decrease of \$2,009 in comparison with the prior year.

General Fund	\$ 6,629
Special Revenue Funds	5,035
Capital Project Funds	18,611
Permanent Funds	<u>168</u>
Total	\$30,443

As noted earlier, governmental funds reported combined fund balances of \$30,443 a decrease of \$2,009 compared with the prior year. Of the approximately \$29,610 reported as unreserved fund balance, \$5,010 are special revenue funds authorized for specific projects, \$18,611 are for major capital construction projects and \$68 is for maintenance of the town's cemeteries. The remaining amount of \$5,919 is available for the discrete purposes for which these funds are collected.

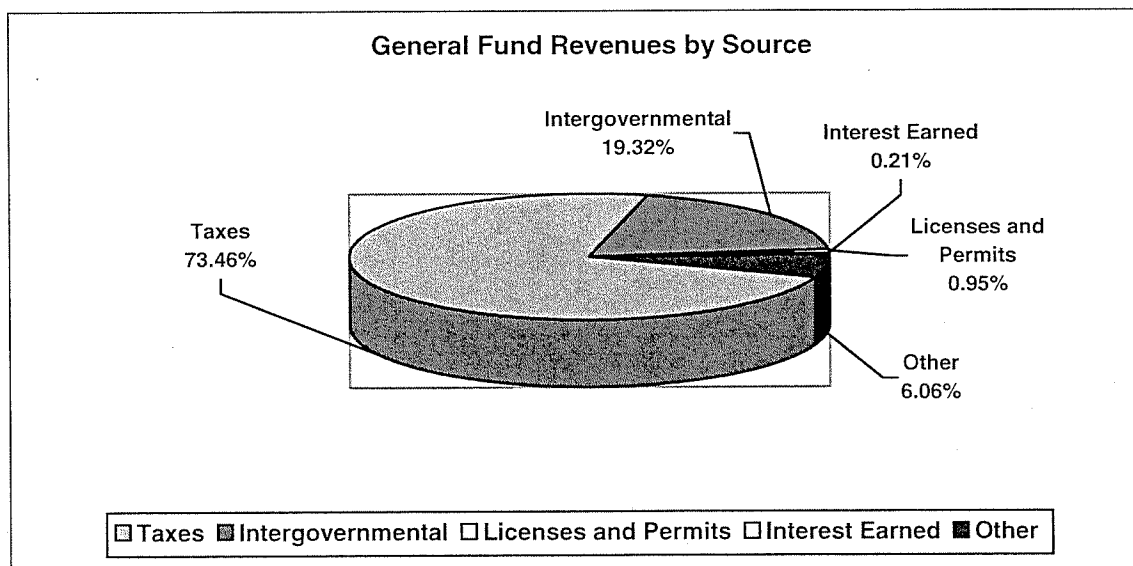
The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed:

- 1) To generate income to pay for the perpetual care of the municipal cemeteries (\$100)  
and,
- 2) For a variety of other restricted purposes (\$23).

### General Fund Highlights

The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2004, unreserved fund balance in the General Fund was \$5,919 while total fund balance reached \$6,629. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11.58% of total fund expenditures, while total fund balance represents 12.96% of the same amount. Thus, the year-end fund balance is in compliance with the Town's policy of maintaining a minimum fund balance of (8.3%) of the total operating budget for the General Fund.

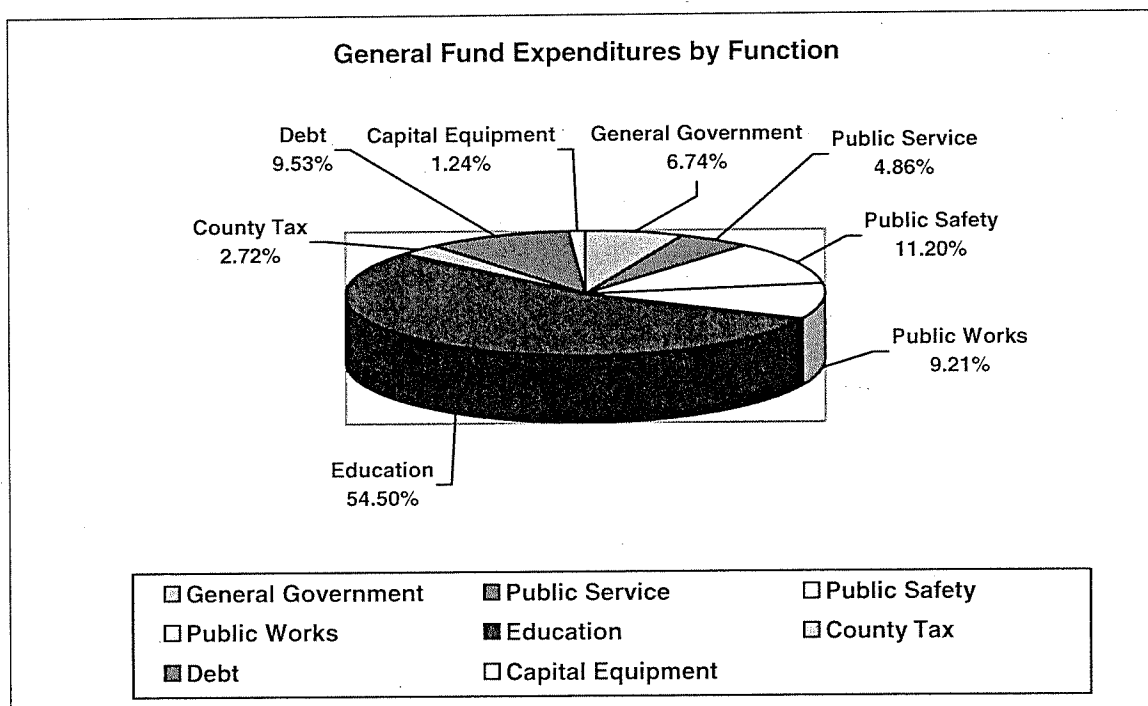
Current fiscal year revenues by source for the General Fund are as follows:



Property Tax revenues increased \$2,632 from 2003 to 2004.

A comparison of the actual revenues to estimated revenues can be found on page 30 of the financial statements.

Current fiscal year expenditures by function for the General Fund are as follows:



General government expenditures increased \$143. Some of the key factors in this increase are:

- County Tax increased 10%
- Solid Waste increased 1.39%
- Health Insurance costs decreased 30%
- Education decreased 2%
- Debt Service costs increased 58%

### Capital Projects Fund Highlights

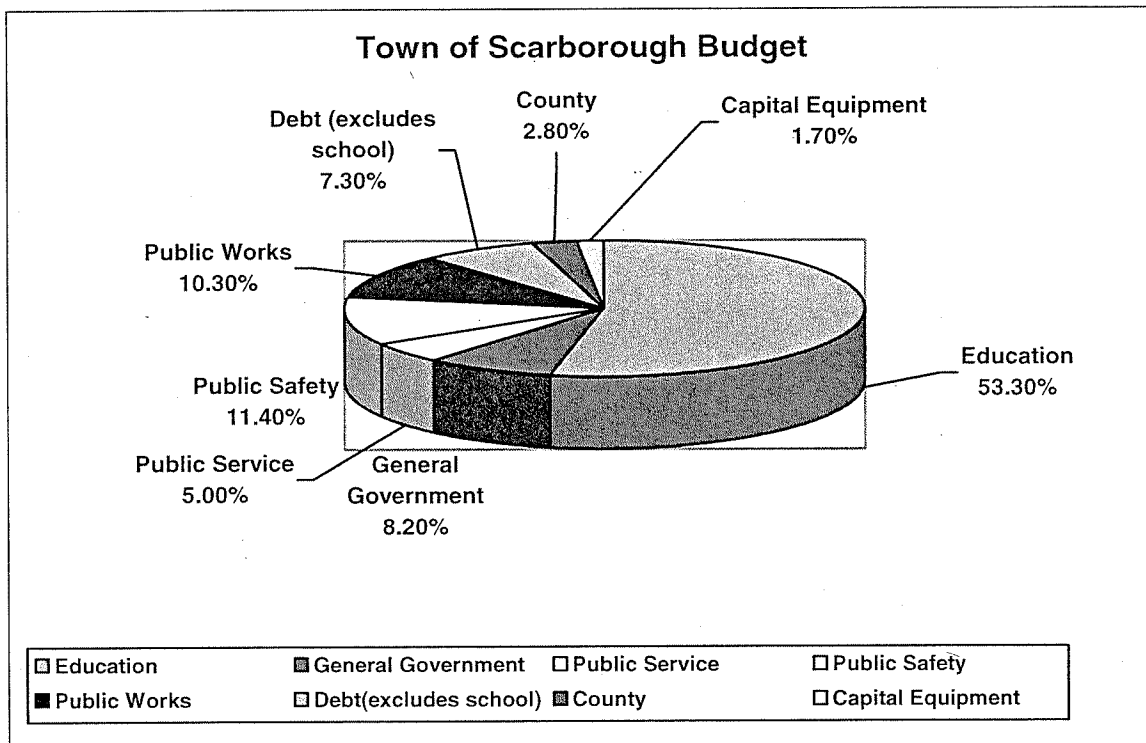
During this fiscal year, the Town of Scarborough's fund balances for Capital Projects decreased from \$20,288 in 2003 to \$18,611 in 2004.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget for the Town's General Fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments) plus any supplementary appropriations that may occur during the fiscal year. In fiscal year 2003-2004, a total of \$1,225 has been set aside for prior year encumbrances and commitments. Differences between the original budget and the final amended budget were relatively minor and did not include any change in total appropriations in the general fund. Excluding the \$1,225 prior year encumbrance and commitment appropriation, the original General Fund budget for fiscal year 2003-2004 was \$51,340.



Below is the allocation of the Town of Scarborough's budget by department:



## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** The Town's investment in capital assets for its governmental fund, as of June 30, 2004, amounts to \$69,849 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, and roads. The total increase in the Town's investment in capital assets for the current fiscal year was 13%.

### Town of Scarborough's Capital Assets (net of depreciation)

#### Governmental Activities as of June 30, 2004

Land	\$ 3,685
Buildings	33,210
Vehicles	3,610
Equipment & Furniture	1,007
Infrastructure	13,441
Construction in Progress	<u>14,896</u>
<b>Total</b>	<b>\$ <u>69,849</u></b>

The Town's infrastructure assets are recorded at historical or estimated historical costs in the government-wide financial statements as required by GASB Statement No. 34.

Additional information on the Town of Scarborough's capital assets can be found in Notes to the Basic Financial Statements on pages 40 – 41 of this report.

**Long-term Debt.** As of June 30, 2004, the Town had long-term bonds outstanding of \$62,952 compared to \$54,759 in the prior year. All of this debt is backed by the full faith and credit of the Town of Scarborough.

Town of Scarborough  
Outstanding Debt  
General Obligation Bonds

	<u>2003</u>	<u>2004</u>
Municipal	\$ 24,556	16,684
Education	28,205	34,829
Sewer	<u>1,998</u>	<u>11,439</u>
Total Debt	\$ 54,759	62,952

Moody's Investors Service has affirmed a bond rating of "Aa3" and an "AA- (Stable)" rating was assigned from Standard and Poor's (S&P) to the Town of Scarborough, Maine's debt. This follows Moody's prior upgrade, in its 2002 assignment of "AA3" that was from the previous "A1" level first assigned in 1975. S&P's "AA- (Stable)" is an "initial" rating for the Town of Scarborough.

These ratings reflect: "Strong growth in the Town's tax base, favorable wealth levels, ample financial margins and a slightly above-average debt profile". Moody's expects the Town's affluent tax base to continue to grow at a strong pace, given recent trends and room for continued development, citing evidence of the opportunities for development within the Town. Moody' believes the Town of Scarborough will continue to maintain satisfactory financial operations, supported by increasing reserves.

**Note: Definitions of above ratings**

**Moody's definition of "AA" ratings:** Assigned for issues judged to be of high quality by all standards and, together with "AAA", comprise what are generally known as "high grade" bonds.

**S&P's definition "AA" ratings:** indicates a very strong capacity to pay interest and repay principal and differs from the highest rated issues ("AAA") only in a small degree.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

In adopting the budget for the ensuing fiscal year, the Town of Scarborough's officials considered may factors in making judgments and estimates about the finances of the upcoming year. A primary objective is to continue to provide level services to the citizens in the Town of Scarborough while keeping any increase in the property tax rate to no more than 5 percent.

The Town of Scarborough continually monitors trends and emerging policies from the State of Maine with a prudent eye to any potential impact to our local economy. In addition, both management and elected officials are involved and serve on committees that pro-actively follow state legislative policies and by working closely with the local representatives in the State's Capitol.

Additionally, the Town of Scarborough recognizes the importance of maintaining an appropriate level of undesignated fund balance. As stated earlier, the Town Council has adopted a fund balance policy. Once the fund balance level is achieved, the intent is to dedicate any excess balances towards major capital improvements and purchases.

The Town of Scarborough, in cooperation with its School Department, has worked to develop a five year capital budget plan to manage and plan for the long-term capital needs of our community. Additionally, the Town also works collaboratively, not only within the Town's departments, but also with several neighboring communities and agencies to improve mutual operations and efficiencies and to reduce expenses where possible.

#### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Scarborough's finances for everyone interested in Scarborough's finances. Questions concerning any of the information provided in this report or the requests for additional financial information should be addressed to the Office of the Finance Director, Town of Scarborough, Maine P.O. Box 360, Scarborough, Maine 04070-0360.



## **COMBINED FINANCIAL STATEMENTS - OVERVIEW (BASIC FINANCIAL STATEMENTS)**

These financial statements provide an overview of the financial position of all funds and of the operating results by fund types. They also serve as an introduction to the more detailed exhibits that follow. The notes to the basic financial statements are an integral part of the basic financial statements.



**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Net Assets**  
**June 30, 2004**

	Governmental Activities	Component Unit
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,157,107	114,858
Investments	21,453,773	421,474
Receivables:		
Accounts	537,081	-
Intergovernmental	59,224	-
Taxes receivable	75,740	-
Tax liens	364,515	-
Notes	18,995	-
Tax acquired property	7,231	-
Inventory	29,797	2,141
Prepaid items	-	4,481
Construction in progress	14,896,375	-
Capital assets, net	54,953,045	941,117
<b>Total assets</b>	<b>106,552,883</b>	<b>1,484,071</b>
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	3,174,195	7,800
Accrued payroll and other related liabilities	2,374,350	10,614
Compensated absences payable	1,137,469	12,848
Taxes collected in advance	36,187	-
Accrued interest	490,844	-
Noncurrent liabilities:		
Due within one year	5,946,201	-
Due in more than one year	57,664,040	-
<b>Total liabilities</b>	<b>70,823,286</b>	<b>31,262</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	6,688,813	941,117
Restricted for:		
Nonexpendable trust principal	123,259	-
Other purposes	-	796,925
Unrestricted	28,917,525	(285,233)
<b>Total net assets</b>	<b>\$ 35,729,597</b>	<b>1,452,809</b>

*See accompanying notes to basic financial statements.*

**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2004**

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets	
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government	Component unit
					Governmental activities	Public Library
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 3,771,755	769,036	-	-	(3,002,719)	-
Public services	2,597,446	1,287,013	2,657	-	(1,307,776)	-
Public safety	6,126,871	534,474	276,254	-	(5,316,143)	-
Public works	5,265,795	482,492	264,169	-	(4,519,134)	-
Education	25,442,122	248,560	7,197,957	-	(17,995,605)	-
County tax	1,441,610	-	-	-	(1,441,610)	-
Interest on debt service	2,610,564	-	-	-	(2,610,564)	-
Capital maintenance expenses	1,303,457	1,051,591	-	-	(251,866)	-
Program expenses	2,004,675	979,669	1,003,461	-	(21,545)	-
Other	99,991	10,115	-	-	(89,876)	-
Total governmental activities	50,664,286	5,362,950	8,744,498	-	(36,556,838)	-
Total primary government	\$ 50,664,286	5,362,950	8,744,498	-	(36,556,838)	-
<b>Component unit:</b>						
Scarborough Public Library	\$ 725,421	659,345	-	-	-	(66,076)
General revenues:						
Property taxes, levied for general purposes				\$ 32,861,926		-
Excise taxes				4,170,216		-
Payments in lieu of taxes				77,148		-
Interest and costs on taxes				72,420		-
Grants and contributions not restricted to specific programs:						
Homestead exemption				341,272		-
Other State aid				315,470		-
State Revenue Sharing				1,358,586		-
Unrestricted investment earnings				105,034		13,055
Other				80,339		12,682
Total general revenues				39,382,411		25,737
Change in net assets					2,825,573	(40,339)
Net assets - beginning, as restated					32,904,024	1,493,148
Net assets - ending					\$ 35,729,597	1,452,809

*See accompanying notes to basic financial statements.*



## TOWN OF SCARBOROUGH, MAINE

Balance Sheet  
Governmental Funds  
June 30, 2004

	General	General Town Improvements	General School Improvements	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 6,885,074	5,016,492	1,835,069	420,472	14,157,107
Investments	2,692,139	2,244,794	11,243,883	5,272,957	21,453,773
Receivables:					
Accounts	535,740	-	-	1,341	537,081
Intergovernmental	52,814	-	-	6,410	59,224
Taxes receivable	75,740	-	-	-	75,740
Tax liens	364,515	-	-	-	364,515
Notes	-	-	-	18,995	18,995
Interfund loans receivable	1,438,719	27,707	-	1,300,026	2,766,452
Tax acquired property	7,231	-	-	-	7,231
Inventory	-	-	-	29,797	29,797
<b>Total assets</b>	<b>\$ 12,051,972</b>	<b>7,288,993</b>	<b>13,078,952</b>	<b>7,049,998</b>	<b>39,469,915</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	809,838	517,995	449,955	363,685	2,141,473
Accrued payroll	2,274,593	-	-	456	2,275,049
Compensated absences payable	375,384	-	-	-	375,384
Interfund loans payable	1,526,628	85,000	106,883	1,047,941	2,766,452
Taxes collected in advance	36,187	-	-	-	36,187
Deferred tax revenue	400,000	-	-	-	400,000
Performance bond deposits	-	-	-	1,032,722	1,032,722
<b>Total liabilities</b>	<b>5,422,630</b>	<b>602,995</b>	<b>556,838</b>	<b>2,444,804</b>	<b>9,027,267</b>
<b>Fund balances:</b>					
Reserved	710,484	-	-	123,259	833,743
Unreserved, reported in:					
General fund - undesignated	4,693,564	-	-	-	4,693,564
General fund - designated	1,225,294	-	-	-	1,225,294
Special revenue funds	-	-	-	5,010,944	5,010,944
Capital projects funds	-	6,685,998	12,522,114	(597,552)	18,610,560
Permanent funds	-	-	-	68,543	68,543
<b>Total fund balances</b>	<b>6,629,342</b>	<b>6,685,998</b>	<b>12,522,114</b>	<b>4,605,194</b>	<b>30,442,648</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,051,972</b>	<b>7,288,993</b>	<b>13,078,952</b>	<b>7,049,998</b>	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					69,849,420
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.					400,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.					
Bonds payable					(62,952,163)
Capital leases					(208,444)
Accrued interest					(490,844)
Landfill liability					(449,634)
IUUAL liability					(99,301)
Accrued compensated absences					(762,085)
<b>Net assets of governmental activities</b>					<b>\$ 35,729,597</b>

*See accompanying notes to basic financial statements.*

**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2004**

	General	General Town Improvements	General School Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 37,104,562	86,100	-	-	37,190,662
Licenses and permits	480,440	-	-	-	480,440
Intergovernmental	9,756,365	18,000	-	1,049,027	10,823,392
Interest earned	105,034	111,983	107,753	23,525	348,295
Donations	-	-	-	120,301	120,301
Sale of lots	-	-	-	19,095	19,095
Assessments and impact fees	-	-	-	406,401	406,401
Other	3,062,901	43,599	-	994,773	4,101,273
Total revenues	50,509,302	259,682	107,753	2,613,122	53,489,859
Expenditures:					
Current:					
General government	3,568,303	-	-	-	3,568,303
Public services	2,572,389	-	-	-	2,572,389
Public safety	5,933,594	-	-	-	5,933,594
Public works	4,877,211	-	-	-	4,877,211
Education	28,862,018	-	-	-	28,862,018
County tax	1,441,610	-	-	-	1,441,610
Debt service	5,046,242	-	-	-	5,046,242
Capital improvements	653,352	7,876,576	7,149,262	140,674	15,819,864
Program expenditures	-	-	-	2,004,675	2,004,675
Other	-	-	-	1,391	1,391
Total expenditures	52,954,719	7,876,576	7,149,262	2,146,740	70,127,297
Excess (deficiency) of revenues over (under) expenditures	(2,445,417)	(7,616,894)	(7,041,509)	466,382	(16,637,438)
Other financing sources (uses):					
Operating transfers - in	1,304,889	15,950	-	793,731	2,114,570
Operating transfers - out	(755,514)	(15,950)	(106,883)	(1,236,223)	(2,114,570)
General obligation bonds	1,562,000	3,869,000	9,197,000	-	14,628,000
Total other financing sources (uses)	2,111,375	3,869,000	9,090,117	(442,492)	14,628,000
Net change in fund balances	(334,042)	(3,747,894)	2,048,608	23,890	(2,009,438)
Fund balances, beginning of year	6,963,384	10,433,892	10,473,506	4,581,304	32,452,086
Fund balances, end of year	\$ 6,629,342	6,685,998	12,522,114	4,605,194	30,442,648

*See accompanying notes to basic financial statements.*

**TOWN OF SCARBOROUGH, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2004**

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Net change in fund balances - total governmental funds (from Statement 4)	\$	(2,009,438)
---	----	-------------

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlays	\$ 14,417,807
Depreciation Expense	1,282,457

13,135,350

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

-

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(176,182)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

68,778

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds (\$14,628,000) exceeded repayments (\$6,435,065).

(8,192,935)

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Change in net assets of governmental activities (see Statement 2)	\$	2,825,573
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*See accompanying notes to basic financial statements.*

**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the year ended June 30, 2004**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 36,815,070	36,815,070	37,104,562	289,492
Licenses and permits	397,595	397,595	480,440	82,845
Intergovernmental	7,580,537	7,580,537	7,256,497	(324,040)
Interest earned	120,000	120,000	105,034	(14,966)
Unclassified	3,221,163	3,221,163	3,062,901	(158,262)
Total revenues	48,134,365	48,134,365	48,009,434	(124,931)
Expenditures:				
Current:				
General government	4,174,815	4,174,815	3,568,303	606,512
Public services	2,550,346	2,550,346	2,572,389	(22,043)
Public safety	5,866,469	5,866,469	5,933,594	(67,125)
Public works	5,274,252	5,274,252	4,877,211	397,041
Education	27,358,715	27,358,715	26,280,409	1,078,306
County tax	1,441,610	1,441,610	1,441,610	-
Debt service	3,775,731	3,775,731	5,046,242	(1,270,511)
Capital improvements	898,185	898,185	653,352	244,833
Total expenditures	51,340,123	51,340,123	50,373,110	967,013
Deficiency of revenues under expenditures	(3,205,758)	(3,205,758)	(2,363,676)	842,082
Other financing sources (uses):				
Operating transfers - in	1,648,006	1,648,006	1,304,889	(343,117)
Operating transfers - out	(755,514)	(755,514)	(755,514)	-
Utilization of surplus	2,272,291	2,272,291	-	(2,272,291)
Overlay	(121,025)	(121,025)	-	121,025
General obligation bonds	162,000	162,000	1,562,000	1,400,000
Total other financing sources (uses)	3,205,758	3,205,758	2,111,375	(1,094,383)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(252,301)	(252,301)
Reconciliation to GAAP:				
Change in accrued salaries			(81,741)	
Fund balance, beginning of year			6,963,384	
Fund balance, end of year	\$		6,629,342	

*See accompanying notes to basic financial statements.*

**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2004**

	Private-purpose Trust Funds (Scholarships)	Agency Funds	Totals
<b>ASSETS</b>			
Cash	\$ -	143,210	143,210
Investments	225,247	-	225,247
Accounts receivable	1,000	-	1,000
Interfund loans receivable	525	-	525
<b>Total assets</b>	<b>226,772</b>	<b>143,210</b>	<b>369,982</b>
<b>LIABILITIES</b>			
Accounts payable	9,150	-	9,150
Due to student groups	-	143,210	143,210
<b>Total liabilities</b>	<b>9,150</b>	<b>143,210</b>	<b>152,360</b>
<b>NET ASSETS</b>			
Held in trust	\$ 217,622	-	217,622

*See accompanying notes to basic financial statements.*

**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the year ended June 30, 2004**

	<b>Private-purpose Trust Funds (Scholarships)</b>
Additions:	
Donations	\$ 1,525
Interest and dividends	1,125
Total additions	2,650
Deductions:	
School scholarships	6,950
Other	-
Total deductions	6,950
Change in net assets	(4,300)
Net assets, beginning of year	221,922
Net assets, end of year	\$ 217,622

*See accompanying notes to basic financial statements.*

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the Town of Scarborough 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. Reporting Entity**

The Town of Scarborough was incorporated in 1658 and operates under a Council-Manager form of government adopted by charter in 1969.

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States of America. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based on application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Scarborough Economic Development Corporation (SEDCO) encourages and assists the development of business in the Town of Scarborough. All of the financial activity of SEDCO has been reported with the Town's general fund.

Scarborough Public Library promotes and maintains library facilities in and for the Town of Scarborough. The Scarborough Public Library has been included as part of these financial statements, using the discrete presentation method.

Both of the above had positive responses to the reporting entity inclusion criteria set forth by accounting principles generally accepted in the United States of America.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The General School Improvements Fund accounts for certain school capital improvements.

The General Town Improvements Fund accounts for certain town capital improvements.



**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**D. Assets, Liabilities, and Equity**

**Cash and Investments** - Cash and cash equivalents are considered to be cash on hand, demand deposits and time deposits. Investments are stated at fair value.

**Interfund Loans Receivable/Payable** - Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans or as interfund advances (i.e. the noncurrent portion of interfund loans).

**Inventory** - Inventory consists of the School Lunch Program food and supplies and is recorded at a lower of cost or market basis on a first-in, first-out basis. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the asset's estimated useful lives ranging from 3 to 60 years.

**Compensated Absences** - Under terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service and is accrued ratably over the year. In the fund financial statements, accumulated vacation and vested sick leave, which are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund from which they will be paid. All accumulated leave not expected to be liquidated with expendable available financial resources is reported in the government-wide financial statements. In some cases, employees are entitled to payment for unused vacation and a percentage of sick leave upon termination or retirement.

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**Long-term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Long-term debt is recognized as a liability of a governmental fund when due. In the fund financial statements, for other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

**Interfund Transactions** - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as operating transfers.

**Use of Estimates** - Preparation of the Town'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.

**Comparative Data/Reclassifications** - Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**A. Budgetary Information**

A budget is adopted on a basis consistent with generally accepted accounting principles (GAAP), except as described in the notes, for the General Fund and certain capital projects. The level of control (level at which expenditures may not exceed budget) is the Department. At year end, department administrators request to carry forward certain unexpended accounts with the Town Manager's approval, otherwise unexpended budgetary accounts lapse at the close of the fiscal year. Once adopted, the budget can only be amended by the Town Council.

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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The revised budget presented for the General Fund in the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - General Fund (Statement 6) includes various adjustments as follows:

	Revenues and other <u>sources</u>	Expenditures and other <u>uses</u>
2003-2004 budget as amended	\$ 54,016,413	54,016,413
Budgetary adjustments:		
Supplemental adjustments - grants	18,284	18,284
Capital Improvement Projects - Capital Projects Fund	(2,403,326)	(2,403,326)
School Lunch Program - Special Revenue Fund	(957,000)	(957,000)
2003 designated carryforwards	1,542,291	1,542,291
<b>Total adjusted budget</b>	<b>\$ 52,216,662</b>	<b>52,216,662</b>

**B. Excess of Expenditures over Appropriations**

The overexpenditure of the Public Service Department was the result of child care overspent but under collected.

The Public Safety overexpenditure is due to an error in the budgeting process.

The Debt Service overexpenditure is due to the refunding of the Town's 1992 bond issue.

The General Government overexpenditure is due to Planning and Town Clerk overtime. Additionally, worker's compensation costs were higher than estimated causing the Risk Management to be overspent.

The Risk Management overexpenditure is due to the payout of sick time totaling \$25,216 for employees who left in good standing.

**C. Deficit Fund Balance**

At June 30, 2004, the following special revenue and capital projects funds had deficit fund balances:

The Recreational Development Fund (a special revenue fund) had a deficit of \$112,495. It is expected that the deficit will be adequately funded in future years through development and user fees.

The Hunnewell House (a special revenue fund) had a deficit of \$437. It is expected that this deficit will be adequately funded in future years through additional contributions.

The Municipal Building Fund (a capital project fund) had a deficit of \$597,552. This deficit is expected to be adequately funded in future years with TIF revenues.

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**DEPOSITS AND INVESTMENTS**

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The Town's 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 with maturities planned to coincide with the Town's cash needs during the year.

**A. Deposits**

The Town's deposits are categorized as follows to give an indication of the level of custodial risk assumed by the Town at year end: Category 1 includes deposits covered by federal depository insurance or by collateral held by the Town or by the Town's agent in the Town's name; category 2 includes uninsured deposits covered by collateral held by the pledging financial institution's trust department or agent in the Town's name; category 3 includes uninsured and uncollateralized deposits.

At June 30, 2004, cash and cash equivalents consisted of:

	Carrying amount	Bank balance	<u>Category</u>		
			<u>1</u>	<u>2</u>	<u>3</u>
<u>Cash and cash equivalents:</u>					
Petty cash	\$ 1,858	-	-	-	-
Checking	7,361,744	7,858,699	397,116	7,067,587	393,995
Savings/money market	6,936,713	6,936,713	390,121	4,080,082	2,466,510
<b>Totals</b>	<b>\$ 14,300,315</b>	<b>14,795,412</b>	<b>787,237</b>	<b>11,147,669</b>	<b>2,860,505</b>

The carrying amount of deposits for the Scarborough Public Library, a discretely presented component unit, was \$114,858 and the bank balance was \$118,562, all of which was covered by federal depository insurance.

**B. Investments**

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certain corporate stocks and bonds and mutual funds. Generally, the Town invests such excess funds in repurchase agreements and obligations of the U.S. Treasury and U.S. agencies.

Investments are classified into three categories. Category 1 includes investments which are insured or registered or for which the securities are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investments held by the financial institution's trust department or agent in the Town's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent but not in the Town's name.

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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At June 30, 2004, investments consisted of the following:

	Carrying amounts	1	Category 2	3
<u>Investments:</u>				
FHLN	\$ 2,700,018	100,000	2,600,018	-
Repurchase	9,309,748	-	9,309,748	-
Mutual funds (1)	9,669,256			
<b>Total investments</b>	<b>\$ 21,679,022</b>	<b>100,000</b>	<b>11,909,766</b>	<b>-</b>

(1) Mutual funds are not required to be categorized in any of the three above categories because they are not evidenced by securities that exist in physical or book entry form.

At June 30, 2004, the Scarborough Public Library's investment balance was as follows:

	Carrying amounts	1	Category 2	3
<u>Investments:</u>				
Federal Home Loan Bank and Index Trust	\$421,474	425,277	4,006	-

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**PROPERTY TAX**

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Property taxes for the current year were committed on August 28, 2003, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. These taxes were due in two installments, 50% on October 15, 2003 and 50% on March 15, 2004. Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after these respective due dates. Assessed values are periodically established by the Town's Assessor at 100% of the assumed market value as of June 30, 2004 and the Town's value was 92.8% of the 2004 State valuation of \$2,158,300,000.

The Town is permitted by the laws of the State of Maine to levy up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$121,024 for the year ended June 30, 2004.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remain unpaid.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**PROPERTY TAX, CONTINUED**

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The following summarizes the June 30 levy:

	<u>2004</u>	<u>2003</u>
Assessed value	\$ 2,002,987,200	1,930,576,300
Tax rate (per \$1,000)	16.46	15.70
Commitment	32,969,169	30,310,048
Supplemental taxes assessed	-	37,967
	32,969,169	30,348,015
Less - collections and abatements	32,747,993	30,103,820
<b>Receivable at June 30</b>	<b>221,176</b>	<b>244,195</b>
Consisting of:		
Taxes	14,605	38,797
Liens	206,571	205,398
<b>Receivable at June 30</b>	<b>\$ 221,176</b>	<b>244,195</b>
Collection rate	99.33%	99.20%

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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. A summary of the Town's legal debt margin is as follows:

	June 30, 2004 outstanding <u>bonds</u>	Percent of 2004 State assessed value of <u>\$2,158,300,000</u>	<u>Amount</u>	<u>Margin</u>
For school purposes	\$34,829,103	10.0%	215,830,000	181,000,897
For storm or sanitary sewer	11,439,000	7.5%	161,872,500	150,433,500
For municipal airport, water and special district purposes	-	3.0%	64,749,000	64,749,000
For all other purposes	16,684,060	7.5%	161,872,500	145,188,440
<b>Total</b>	<b>\$62,952,163</b>	15%	323,745,000	

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**CAPITAL ASSETS**

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Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance June 30, <u>2003</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2004</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,723,700	60,000	98,600	3,685,100
Construction in progress	2,526,932	12,369,443	-	14,896,375
<u>Total capital assets, not being depreciated</u>	<u>6,250,632</u>	<u>12,429,443</u>	<u>98,600</u>	<u>18,581,475</u>
Capital assets, being depreciated:				
Buildings	39,321,595	-	-	39,321,595
Vehicles	6,556,218	1,559,100	306,913	7,808,405
Equipment and furniture	2,236,916	527,864	246,030	2,518,750
Infrastructure	18,871,601	-	-	18,871,601
<u>Total capital assets being depreciated</u>	<u>66,986,330</u>	<u>2,086,964</u>	<u>552,943</u>	<u>68,520,351</u>
Less accumulated depreciation for:				
Buildings	5,668,179	443,686	-	6,111,865
Vehicles	4,036,334	468,908	306,913	4,198,329
Equipment and furniture	1,621,225	136,873	246,030	1,512,068
Infrastructure	5,197,154	232,990	-	5,430,144
<u>Total accumulated depreciation</u>	<u>16,522,892</u>	<u>1,282,457</u>	<u>552,943</u>	<u>17,252,406</u>
<u>Total capital assets being depreciated, net</u>	<u>50,463,438</u>	<u>804,507</u>	<u>-</u>	<u>51,267,945</u>
 <u><b>Governmental activities capital assets, net</b></u>	 <u><b>\$ 56,714,070</b></u>	 <u><b>13,233,950</b></u>	 <u><b>98,600</b></u>	 <u><b>69,849,420</b></u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 194,164
Public services	10,658
Public safety	171,418
Public works, including depreciation of general infrastructure assets	393,684
Education	512,533
 <u><b>Total depreciation expense – governmental activities</b></u>	 <u><b>\$ 1,282,457</b></u>

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**CAPITAL ASSETS, CONTINUED**

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Capital assets at June 30, 2003 have been restated by \$5,215,527 as a result of recording certain assets which were previously omitted from the fixed asset totals and deleting certain assets that fall below the Town's capitalization threshold of \$5,000. The School Department recently completed a full inventory of vehicles, equipment and furniture. These detailed listings were used to replace amounts that were previously carried in total for these capital asset categories. Accumulated depreciation was adjusted accordingly. This resulted in much of the reduction in previously reported capital asset totals. Additionally, there was a change in the method of depreciating certain assets. Beginning net assets on the Statement of Activities has been restated accordingly. The following summarizes the restatement of capital assets and beginning net assets:

	<u>2003 capital assets</u>	<u>2003 net assets</u>
As previously reported	\$ 61,929,597	38,119,551
Adjustment	(5,215,527)	(5,215,527)
<b><u>As restated</u></b>	<b><u>\$ 56,714,070</u></b>	<b><u>32,904,024</u></b>

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**RISK MANAGEMENT**

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The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters, for which the Town either carries commercial insurance, participates in a public entity pool, or is effectively self-insured. Currently, the municipal departments participate in several public entity and self-insured pools sponsored by the Maine Municipal Association. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchases, the Town is not aware of any material actual or potential claims liabilities which should be recorded at June 30, 2004.

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**INTERFUND BALANCES**

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Individual interfund receivables and payables at June 30, 2004, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
<u>General Fund</u>	<u>\$ 1,438,719</u>	<u>1,526,628</u>
Special Revenue Funds:		
Ferry Beach	-	54,320
Recreational development	-	201,995
Unemployment compensation	3,741	-
Sewer expansion	991,247	-
Industrial Park	9,279	-
Payne Road improvements	-	18,924
Payne Road impact fees	73,981	-
Police asset forfeiture	5,211	-
Fire Dept equipment	376	-
Hunnewell House	-	440
School development impact fees	112,000	-
Friends of the Scarborough Marsh	10,000	-
Computer replacement fund	-	11,695
Performance bonds	-	162,883
Rescue equipment	84,643	-
Total Special Revenue Funds	<u>1,290,478</u>	<u>450,257</u>

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**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**INTERFUND BALANCES, CONTINUED**

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	<u>Interfund receivables</u>	<u>Interfund payables</u>
Capital Project Funds:		
Municipal building fund	\$ -	597,552
General School improvements	-	106,883
General Town improvements	27,707	85,000
Total Capital Project Funds	27,707	789,435
Permanent Funds:		
Scarborough Memorial Cemetery	9,548	-
Dunstan Perpetual Care	-	132
Total Trust Funds	9,548	132
<b>Total all funds</b>	<b>\$ 2,766,452</b>	<b>2,766,452</b>

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2004, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$54,759,228	14,628,000	6,435,066	62,952,163	5,879,730
Capital leases	277,222	-	68,778	208,444	66,471
Landfill post-closure care costs	449,634	-	-	449,634	-
<b>Governmental activity</b>					
<b>long-term liabilities</b>	<b>\$55,486,084</b>	<b>14,628,000</b>	<b>6,503,844</b>	<b>63,610,241</b>	<b>5,946,201</b>

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As of June 30, 2004, the Town had authorized, but unissued debt totaling \$11,424,850.

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**BONDS PAYABLE**

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Bonds payable at June 30, 2004 is comprised of the following:

	<u>Percentage applicable to</u>			<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
<u>General Obligation Notes and Bonds</u>	<u>Town</u>	<u>School</u>	<u>Sewer</u>			
1987 Capital improvements	-	-	100.00%	Varies	2008	\$500,000
1988 Capital improvements	16.80%	-	83.20%	Varies	2009	1,375,000
1989 Capital improvements	100.00%	-	-	Varies	2009	550,000
1990 Capital improvements	-	100.00%	-	Varies	2011	2,305,000
1992 Capital improvements	-	100.00%	-	Varies	Refunded	-
1993 Capital improvements	100.00%	-	-	Varies	2012	225,000
1994 Capital improvements	6.23%	93.77%	-	Varies	2015	2,730,000
1995 Capital improvements	100.00%	-	-	6.00%	2006	24,163
1995 Capital improvements	4.29%	95.71%	-	Varies	2016	3,260,000

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**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

**BONDS PAYABLE, CONTINUED**

General Obligation Notes and Bonds	Percentage applicable to			Interest rate	Final maturity date	Balance end of year
	Town	School	Sewer			
1997 Capital improvements	88.73%	11.27%	-	Varies	2017	\$ 1,715,000
1998 Capital improvements	76.62%	23.38%	-	Varies	2008	385,000
1999 Capital improvements	93.28%	6.72%	-	Varies	2019	2,690,000
2000 Capital improvements	70.40%	29.60%	-	Varies	2020	2,635,000
2001 Capital improvements	47.91%	52.09%	-	Varies	2021	3,110,000
2002 Capital improvements	48.63%	51.37%	-	Varies	2022	2,570,000
2003 Capital improvements	13.25%	49.74%	37.01%	Varies	2032	24,250,000
2004 Capital improvements	21.95%	72.44%	5.61%	Varies	2034	14,628,000
<b>Total</b>						<b>\$ 62,952,163</b>

The annual requirements to amortize all debt outstanding as of June 30, 2004, are as follows:

Year ending June 30,	Principal	Interest	Total
2005	\$ 5,879,730	2,633,535	8,513,265
2006	5,592,433	2,346,590	7,939,023
2007	5,180,000	2,129,474	7,309,474
2008	4,305,000	1,931,474	6,236,474
2009	3,750,000	1,757,828	5,507,828
2010-2014	12,565,000	6,966,029	19,531,029
2015-2019	8,255,000	4,712,631	12,967,631
2020-2024	8,360,000	2,837,618	11,197,618
2025-2029	4,320,000	1,553,347	5,873,347
2030-2034	4,745,000	488,262	5,233,262
<b>Totals</b>	<b>\$62,952,163</b>	<b>27,356,788</b>	<b>90,308,951</b>

**STATE REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES**

The State of Maine currently reimburses the Town for a portion of financing costs of school buildings. Continuation of such reimbursements is dependent upon continued appropriations by the state Legislature.

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**CAPITAL LEASES**

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The Town of Scarborough has entered into various lease agreements as lessee for various equipment and copiers. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception.

The following is an analysis of equipment leased under the capital lease as of June 30, 2004:

Municipal building - copier  
School - various copiers

The following is a schedule of future minimum lease payments under the capital lease and the present value of the minimum lease payment at June 30, 2004:

2005	\$ 76,678
2006	76,679
2007	76,679
Total minimum lease payments	230,036
Less: amount representing interest	(21,592)
<b>Present value of future minimum</b>	
<b>lease payments</b>	<b>\$ 208,444</b>

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**DESIGNATED FUND BALANCES**

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At June 30, 2004, portions of the General Fund fund balance were designated to future periods as follows:

	<u>2004</u>
General Fund:	
Public works asphalt paving	\$ 17,910
Public works administration employee training	1,381
Public works part time pay	5,726
Public works operations employee training	2,190
Public works vehicle maintenance employee training	980
Public works fuel	9,222
Fire Department – equipment safety upgrade	6,878
Fire Department – municipal holding tank	19,464
Fire Department – pumper truck North Scarborough	225,000
Fire Department – safety accountability system	54,397
Comprehensive Plan	32,921
Conservation Commission	325
Land Board	500
Marine Resources Office – Inventory management	2,020
Municipal building improvements	3,727
Skateboard park grant	(78,245)
State Revenue Sharing	9,015
Summer recreation	69,320
Cable TV programming	29,014
Town-wide computer purchases	51,462
Reserve for accrued sick pay	762,087
<b>Total General Fund designated fund balance</b>	<b>\$ 1,225,294</b>

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**RESERVED FUND EQUITY**

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At June 30, 2004, the Special Revenue fund equity for the School Lunch Program included a reserve for inventory on hand at June 30, 2004 of \$12,559. Also, at June 30, 2004, the Special Revenue fund equity was reserved in the Industrial Park Fund to reflect the noncurrent portion of notes receivable amounting to \$10,985. As of June 30, 2004, the General Fund fund balance was reserved in the amount of \$710,484, reflecting the non-current portion of the interfund loan receivable from the Municipal Building Fund in the amount of \$597,552, the Hunnewell House Fund deficit of \$437 and the Recreation Development Fund amount of \$112,495. At June 30, 2004, Permanent fund equity included a reserve for principal of \$99,715.

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**SCHOOL OPERATIONS UNDESIGNATED DEFICIT/BUDGETARY VS. GAAP BASIS**

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At June 30, 2004, School operations (General Fund and Adult Education) reported a fund balance of \$468,684 on a GAAP basis and a fund balance of \$2,536,721 on a budgetary basis, the difference resulting from the accrual of earned but unpaid summer salaries. The School Department's policy is to budget for teacher salaries when paid rather than when the obligation is incurred. Additionally, as required by accounting principles generally accepted in the United States of America (GAAP), the School Department has recorded a revenue and expenditure for Maine State Retirement contributions made by the State of Maine on behalf of the Scarborough 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. An intergovernmental revenue of \$2,499,868 and an education expenditure of \$2,499,868 have been included in the General Fund on Statement 2 and Statement 4 (GAAP basis) and have not been reported on Statement 6 (budgetary basis). There is no effect on the fund balance at the end of the year.

The following reconciles the GAAP vs. budgetary basis fund balances:

	<u>GAAP basis</u>	<u>Summer salary accrual</u>	<u>On- behalf payments</u>	<u>Budgetary basis</u>
Balance, June 30, 2003	\$ 214,783	1,986,296	-	2,201,079
Revenues and other sources	28,905,919	-	(2,499,868)	26,406,051
Transfer from Town fund balance	210,000	-	-	210,000
Expenditures and other uses	(28,862,018)	81,741	2,499,868	(26,280,409)
<b>Balance June 30, 2004</b>	<b>\$ 468,684</b>	<b>2,068,037</b>	<b>-</b>	<b>2,536,721</b>

The GAAP basis fund balance of \$468,684 is comprised of the following components:

General fund - undesignated	\$ 402,071
<u>Adult Education</u>	<u>66,613</u>
<b>Total</b>	<b>\$ 468,684</b>

The School Department has been designating a portion of budgetary fund balance to fund accrued summer salaries. It expects to fund a portion of future fund balances until the accrual is fully funded. As of June 30, 2004, \$1,700,000 of budgetary fund balance has been designated to fund summer salary obligations.

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES**

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**Overlapping Debt**

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2004, the Town's State valuation of \$2,158,300,000 was 8.2% of the County's State valuation of \$26,458,600,000. The Town's share is 8.2% or \$1,189,330 of Cumberland County's \$14,580,000 long-term debt outstanding as of June 30, 2004.

The Town is also served by the Portland Water District. At June 30, 2004, the Town's share of self-supporting bonded water debt is 12.0984% or \$3,147,407 of total debt of \$26,015,000.

**Contingencies**

Regional Waste Systems, Inc. ("RWS"), a Maine Corporation with 21 participating municipalities ("Member Municipalities"), including the Town of Scarborough, has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of RWS, payable from and secured by a pledge of RWS revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision, or a pledge of the full faith and credit of any political subdivision of the State of Maine. RWS has no taxing power. Notwithstanding the foregoing, pursuant to the Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to RWS for processing to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will be at least equal to the required debt service on the bonds. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. At June 30, 2004, outstanding "Incinerator Debt" of RWS totaled \$56,725,000 of which the Town of Scarborough's share, based on estimated tonnage to be delivered, amounted to 7.92% or \$4,495,177.

The Town has also entered into an agreement with Regional Waste Systems, Inc. as one of the 21 RWS Member Municipalities along with an additional six Participating Municipalities, to establish a Material Recycling Facility ("MRF") at RWS' demolition debris and recycling facility in Gorham. It is anticipated that the Town's share of debt incurred for this project will also be paid through service charges and user fees over the life of the project. At June 30, 2004, the Town's share is 6.3% or \$384,930 of RWS' outstanding MRF debt of \$6,110,000.

RWS operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$18,125,241 at June 30, 2003, the most recent date available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 7.74%, or \$1,462,532.

**Total Debt and Contingencies**

Governmental Unit	As of June 30, 2004			
	Direct debt	Overlapping debt	Contingent debt	Total debt
Town of Scarborough	\$ 62,952,163	-	-	62,952,163
Cumberland County	-	1,189,330	-	1,189,330
Portland Water District - water debt	-	3,147,407	-	3,147,407
Regional Waste Systems:				
Resource recovery system	-	-	4,495,177	4,495,177
Material recovery facility	-	-	384,930	384,930
Landfill closure/postclosure costs	-	-	1,462,532	1,462,532
<b>Totals</b>	<b>\$ 62,952,163</b>	<b>4,336,737</b>	<b>6,342,639</b>	<b>73,631,539</b>

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED**

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**Arbitrage**

Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. The Town has had several issues for which a rebate calculation is or has been required. As of June 30, 2004, substantially all such calculations have been performed.

**Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed 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 Town expects such amounts, if any, to be immaterial.

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**LANDFILL CLOSURE AND POSTCLOSURE COSTS**

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Under existing State law, Maine communities had until December 31, 1995 to close existing landfills under a state approved plan and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town is operating a demolition debris landfill and has submitted a plan to the State for closure. The estimated total current cost of landfill closure, \$449,634, is based on the amount that would be paid if equipment, facilities, and services required to close and maintain the Town's landfill were acquired as of June 30, 2004. Additionally, annual monitoring and maintenance costs are estimated to be \$4,050 per year. The total closure and postclosure care costs of \$449,634 have been accrued in the statement of activities. Presently, the State of Maine is providing partial funding for certain closure costs, however, future funding is based on availability of funds. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

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

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**Description of the Plan** - The Town 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.

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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

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**Funding Policy** - Plan members are required to contribute 6.5% of their annual covered salary and the Town 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, although the remaining balance of \$113,677 will be paid off in twelve years. The current rate is 2.8% of annual covered payroll for School employees participating in the District Plan, 2.8% for Town employees and 4.0% for Police. The contribution rates of plan members and the Town are established and may be amended by the Maine State Retirement Board of Trustees. The Town's contributions to the Maine State Retirement System Consolidated Plan for the year ended June 30, 2004 were \$44,221 including IUUAL payments of \$14,376.

**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 \$2,499,868 (17.62%) for the fiscal year 2004. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statement 2 and Statement 4).

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**DEFINED CONTRIBUTION PENSION PLAN**

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**Defined Contribution Pension Plan** - The Town contributes to the International City Manager's Association (ICMA) Money Purchase Plan, which is a defined contribution pension plan administered by the ICMA.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. All municipal employees of the Town have the option of participating in the plan or the Maine State Retirement System. Contributions made by the employer vest upon completion of three years of service. An employee who leaves the employment of the Town is entitled to all contributions and earned income in his account at that time. Each employee must contribute a minimum of 6% of his or her gross earnings to the pension plan, while the Town is required to contribute an amount equal to 6% of the employee's gross earnings.

**TOWN OF SCARBOROUGH, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**DEFINED CONTRIBUTION PENSION PLAN, CONTINUED**

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During the year, the Town's required and actual contributions amounted to \$354,763, which was 6% of its current year covered payroll. The covered payroll amounted to \$5,912,717, while the Town's total payroll was \$7,916,421.

Employee's required contributions amounted to \$354,763, which was 6% of the Town's current year covered payroll.

No pension provision changes occurred during the year that affected the required contributions to be made by the Town or its employees.

The I.C.M.A. Money Purchase Plan held no securities of the Town or other related parties during the year or as of the close of the fiscal year.

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**DEFERRED COMPENSATION PLAN**

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The Town of Scarborough offers all its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years.

The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, were removed from the Town's financial statements.

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**TAX INCREMENT FINANCING DISTRICTS**

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The Town has established two Tax Increment Financing Districts under the terms of applicable State laws. The districts have been established to finance certain development programs located in the Town. The expenditures from these development programs will be recouped in future years via an incremental tax levied upon the Town's so-called "captured assessed value". The tax increment will be held in the form of a sinking fund which will be used expressly for the repayment of principal and interest on any indebtedness created to fund the expenditures of the development programs.

The status of the various Tax Increment Financing Districts is summarized below:

Scarborough Town Center Development District:

Original assessed value based on April 1, 1985 valuation	\$ 6,915,300
Maximum authorized captured value	6,900,000
Amount captured as of June 30, 2004	6,900,000

Scarborough Eight Corners Development District:

Original assessed value based on April 1, 1986 valuation	4,522,700
Maximum authorized captured value	39,000,000
Amount captured as of June 30, 2004	39,000,000



## **GENERAL FUND**

The General Fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. Most governmental services are provided by the General Fund including general government, public services, public safety, public works, education, intergovernmental, debt service, and capital improvements (that are not financed through other funds).



**TOWN OF SCARBOROUGH, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2004 and 2003**

	2004	2003
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,885,074	9,194,945
Investments	2,692,139	907,364
Receivables:		
Taxes receivable	75,740	71,205
Tax liens	364,515	359,964
Accounts receivable	535,740	414,811
Due from State of Maine	52,814	26,087
Interfund loans receivable	1,438,719	1,172,604
Tax acquired property	7,231	7,231
<b>Total assets</b>	<b>\$ 12,051,972</b>	<b>12,154,211</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and payroll withholdings	809,838	666,405
Accrued wages	2,274,593	2,187,754
Accrued vacation and sick leave	375,384	341,810
Interfund loans payable	1,526,628	1,575,276
Taxes collected in advance	36,187	19,582
Deferred tax revenues	400,000	400,000
<b>Total liabilities</b>	<b>5,422,630</b>	<b>5,190,827</b>
Fund balance:		
Reserved	710,484	751,842
Unreserved:		
Designated - Town	1,225,294	1,542,291
Undesignated - Education	468,684	214,783
Undesignated - Town	4,224,880	4,454,468
<b>Total fund balance</b>	<b>6,629,342</b>	<b>6,963,384</b>
<b>Total liabilities and fund balance</b>	<b>\$ 12,051,972</b>	<b>12,154,211</b>

**TOWN OF SCARBOROUGH, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis)**  
**Year ended June 30, 2004**  
**(with comparative actual amounts for the year ended June 30, 2003)**

		2004				
	2003 carryforward	Budget	Total Available	Actual	Variance positive (negative)	2003 Actual
Revenues:						
Taxes:						
Property taxes	\$ -	32,883,070	32,883,070	32,861,926	(21,144)	30,230,099
Change in deferred property tax revenue	-	-	-	-	-	317,000
Excise taxes	-	3,870,000	3,870,000	4,170,216	300,216	3,855,564
Interest and costs on taxes	-	62,000	62,000	72,420	10,420	178,986
Total taxes	-	36,815,070	36,815,070	37,104,562	289,492	34,581,649
Licenses and permits:						
Plumbing fees	-	22,000	22,000	22,169	169	24,600
Town Clerk fees	-	63,995	63,995	89,014	25,019	71,538
Building permits	-	215,000	215,000	236,511	21,511	218,406
Electrical permits	-	20,000	20,000	21,966	1,966	18,550
Zoning Board of Appeals	-	6,000	6,000	7,900	1,900	7,379
License plate fees	-	58,600	58,600	66,430	7,830	68,320
Subdivision fees	-	12,000	12,000	36,450	24,450	19,800
Total licenses and permits	-	397,595	397,595	480,440	82,845	428,593
Intergovernmental:						
Education state subsidies	-	4,636,228	4,636,228	4,669,174	32,946	5,352,036
FEMA Fire Act	-	-	-	170,000	170,000	-
Homeland Security	-	17,784	17,784	17,784	-	-
State Revenue Sharing	(20,429)	1,370,000	1,349,571	1,358,586	9,015	1,347,996
Homestead exemption	-	339,002	339,002	341,272	2,270	453,515
URIP (D.O.T. block grant)	-	200,000	200,000	240,980	40,980	265,384
Federal FEMA reimbursement	-	-	-	23,189	23,189	-
Adult education State subsidies	-	28,000	28,000	28,915	915	28,354
General assistance reimbursement	-	11,500	11,500	2,657	(8,843)	3,563
COPS Fast Grant	-	-	-	-	-	24,861
Federal HIDTA revenues	-	130,000	130,000	88,470	(41,530)	8,747
Other Federal and State revenues	-	868,452	868,452	315,470	(552,982)	137,764
Total intergovernmental	(20,429)	7,600,966	7,580,537	7,256,497	(324,040)	7,622,220
Interest earned	-	120,000	120,000	105,034	(14,966)	123,995
Unclassified:						
School Department	-	135,600	135,600	235,047	99,447	190,229
Adult education	-	19,500	19,500	13,513	(5,987)	11,679
Community services	-	1,091,869	1,091,869	1,173,913	82,044	1,159,340
Police court time	-	30,000	30,000	22,477	(7,523)	29,307
Beaches	-	113,000	113,000	113,100	100	90,572
Snow plowing service	-	-	-	4,100	4,100	-
Alarm repair reimbursements	-	-	-	7,750	7,750	-
Insurance reimbursements	-	6,500	6,500	23,908	17,408	56,328
Parking violations	-	11,000	11,000	13,765	2,765	10,678
Special police	-	100,000	100,000	106,722	6,722	82,559
Inspection/review fees	-	76,500	76,500	61,510	(14,990)	98,427
Rescue donations	-	330,000	330,000	330,000	-	330,000
Regional Waste payment in lieu of taxes	-	71,450	71,450	77,148	5,698	71,450
Rental income	-	30,198	30,198	44,659	14,461	35,473
Sale of Town-owned property	-	232,071	232,071	64,279	(167,792)	27,899
Rental of portable classrooms	-	61,000	61,000	-	(61,000)	65,855
Legal/engineering salary reimbursement	-	283,294	283,294	243,937	(39,357)	497,845
Vehicle fuel reimbursement	-	207,677	207,677	202,943	(4,734)	-
Vehicle maintenance reimbursement	-	353,325	353,325	243,791	(109,534)	-
Miscellaneous	-	68,179	68,179	80,339	12,160	278,869
Total unclassified	-	3,221,163	3,221,163	3,062,901	(158,262)	3,036,510
Total revenues	(20,429)	48,154,794	48,134,365	48,009,434	(124,931)	45,792,967

**TOWN OF SCARBOROUGH, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis), Continued**

		2004					
		2003		Total		Variance	2003
		carryforward	Budget	available	Actual	positive (negative)	Actual
Expenditures:							
Current:							
General government:							
Town Council	\$	-	11,573	11,573	11,572	1	10,967
Administration		-	221,475	221,475	224,525	(3,050)	214,387
Town Clerk		-	142,761	142,761	166,612	(23,851)	157,467
Planning		26,008	613,468	639,476	649,805	(10,329)	653,197
Assessing department		-	205,178	205,178	203,286	1,892	199,209
Human resources		1,275	168,898	170,173	169,013	1,160	-
Personnel benefits		696,435	29,000	725,435	41,427	684,008	59,087
Computer systems management		-	464,517	464,517	457,308	7,209	437,306
Municipal building		-	248,152	248,152	234,793	13,359	203,520
General government		-	64,745	64,745	67,170	(2,425)	74,049
Finance		-	737,504	737,504	706,178	31,326	681,915
Legal		-	69,000	69,000	105,115	(36,115)	136,641
Risk management		-	368,915	368,915	447,532	(78,617)	338,261
Public information		-	9,600	9,600	1,847	7,753	15,364
Engineering		-	38,000	38,000	22,119	15,881	129,030
Grants management		-	-	-	3,298	(3,298)	6,407
Outside agencies		-	58,311	58,311	56,703	1,608	78,511
Total general government		723,718	3,451,097	4,174,815	3,568,303	606,512	3,395,318
Public services:							
Library		-	606,395	606,395	606,395	-	570,100
Public health and welfare		-	23,500	23,500	6,040	17,460	164,297
Enterprise Park tax rebate		-	-	-	29,136	(29,136)	6,246
Economic Development Corporation		-	175,301	175,301	174,258	1,043	164,871
Land acquisition		-	-	-	-	-	91,453
Community services		125,217	1,619,933	1,745,150	1,756,560	(11,410)	1,656,799
Total public services		125,217	2,425,129	2,550,346	2,572,389	(22,043)	2,653,766
Public safety:							
Fire Department		-	1,295,039	1,295,039	1,388,724	(93,685)	1,097,272
Police Department		87,206	3,471,518	3,558,724	3,583,635	(24,911)	3,294,568
Civil Emergency Preparedness		-	34,605	34,605	32,504	2,101	24,996
Marine resources		-	69,461	69,461	62,128	7,333	66,113
Rescue protection		-	908,640	908,640	866,603	42,037	792,093
Total public safety		87,206	5,779,263	5,866,469	5,933,594	(67,125)	5,275,042
Public works:							
Public Works Department		17,482	2,168,100	2,185,582	1,889,019	296,563	2,073,513
Vehicle maintenance		-	1,234,377	1,234,377	1,217,135	17,242	976,297
Water charges		-	167,972	167,972	153,230	14,742	158,837
Street lighting		-	138,400	138,400	131,859	6,541	133,161
Traffic signals		-	109,963	109,963	89,677	20,286	89,423
Cemetery care		-	25,055	25,055	22,246	2,809	19,822
Memorials		-	8,475	8,475	6,000	2,475	9,626
Shade trees		-	14,250	14,250	22,970	(8,720)	5,491
Engineering services		-	20,000	20,000	12,123	7,877	14,496
Solid waste program		-	1,370,178	1,370,178	1,332,952	37,226	1,315,987
Total public works		17,482	5,256,770	5,274,252	4,877,211	397,041	4,796,653
Education:							
Regular high school (9-12)		-	4,007,835	4,007,835	3,976,401	31,434	3,610,976
Regular middle school (6-8)		-	3,169,791	3,169,791	3,108,798	60,993	2,906,594
Regular elementary school (3-5)		-	3,115,180	3,115,180	3,021,894	93,286	2,880,643
Regular elementary school (K-2)		-	2,914,609	2,914,609	2,846,226	68,383	2,747,679
Special services		-	4,583,871	4,583,871	4,086,336	497,535	3,564,973
Transportation		-	1,161,954	1,161,954	1,160,370	1,584	857,491
Maintenance		-	1,657,443	1,657,443	1,673,667	(16,224)	1,527,404
Central office		-	693,884	693,884	607,693	86,191	631,454
Debt service		-	3,963,001	3,963,001	3,853,190	109,811	3,500,195
System-wide		-	1,679,091	1,679,091	1,576,593	102,498	1,594,435
Computer systems management		-	298,547	298,547	288,880	9,667	268,132
Adult education		-	113,509	113,509	80,361	33,148	81,368
Total education		-	27,358,715	27,358,715	26,280,409	1,078,306	24,171,344

**TOWN OF SCARBOROUGH, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis), Continued**

	2003 carryforward	2004			Variance positive (negative)	2003 Actual
		Budget	Total available	Actual		
Expenditures, continued:						
Current, continued:						
County tax	\$ -	1,441,610	1,441,610	1,441,610	-	1,306,425
Tax abatements	-	-	-	-	-	148,018
Debt service (excluding education):						
Principal	-	2,462,204	2,462,204	3,812,154	(1,349,950)	2,345,909
Interest	-	1,313,527	1,313,527	1,234,088	79,439	846,103
Total debt service	-	3,775,731	3,775,731	5,046,242	(1,270,511)	3,192,012
Capital Improvements	568,239	329,946	898,185	653,352	244,833	1,209,004
Total expenditures	1,521,862	49,818,261	51,340,123	50,373,110	967,013	46,147,582
Excess (deficiency) of revenues over (under) expenditures	(1,542,291)	(1,663,467)	(3,205,758)	(2,363,676)	842,082	(354,615)
Other financing sources (uses):						
Operating transfers - in	-	1,648,006	1,648,006	1,304,889	(343,117)	640,584
Operating transfers - out	-	(755,514)	(755,514)	(755,514)	-	(897,846)
General obligation bonds	-	162,000	162,000	1,562,000	1,400,000	1,210,085
Utilization of prior year surplus and carryforward balance	1,542,291	730,000	2,272,291	-	(2,272,291)	-
Overlay	-	(121,025)	(121,025)	-	121,025	-
Total other financing sources (uses)	1,542,291	1,663,467	3,205,758	2,111,375	(1,094,383)	952,823
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	(252,301)	(252,301)	598,208
Reconciliation to GAAP:						
Change in accrued salaries				(81,741)		(187,837)
Fund balances, beginning of year				6,963,384		6,553,013
<b>Fund balances, end of year</b>				<b>\$ 6,629,342</b>		<b>6,963,384</b>

## **OTHER GOVERNMENTAL FUNDS**





**TOWN OF SCARBOROUGH, MAINE**  
**Combining Balance Sheet**  
**All Other Governmental Funds**  
**June 30, 2004**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash	\$ 420,472	-	-	420,472
Investments	5,114,115	-	158,842	5,272,957
Accounts receivable	1,341	-	-	1,341
Notes receivable	18,995	-	-	18,995
Due from State of Maine	6,410	-	-	6,410
Interfund loans	1,290,478	-	9,548	1,300,026
Inventory	29,797	-	-	29,797
<b>Total assets</b>	<b>\$ 6,881,608</b>	<b>-</b>	<b>168,390</b>	<b>7,049,998</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Performance bonds	1,032,722	-	-	1,032,722
Accounts payable	363,685	-	-	363,685
Accrued wages	456	-	-	456
Interfund loans	450,257	597,552	132	1,047,941
<b>Total liabilities</b>	<b>1,847,120</b>	<b>597,552</b>	<b>132</b>	<b>2,444,804</b>
Fund balances (deficit):				
Reserved for:				
Noncurrent notes receivable	10,985	-	-	10,985
Inventory	12,559	-	-	12,559
Principal	-	-	99,715	99,715
Unreserved, undesignated	5,010,944	(597,552)	68,543	4,481,935
<b>Total fund balance (deficit)</b>	<b>5,034,488</b>	<b>(597,552)</b>	<b>168,258</b>	<b>4,605,194</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,881,608</b>	<b>-</b>	<b>168,390</b>	<b>7,049,998</b>

**TOWN OF SCARBOROUGH, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Other Governmental Funds**  
**For the year ended June 30, 2004**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,049,027	-	-	1,049,027
Contributions	120,301	-	-	120,301
Assessments and impact fees	406,401	-	-	406,401
Sale of lots	9,548	-	9,547	19,095
Other revenue	994,773	-	-	994,773
Interest revenue	22,957	-	568	23,525
Total revenues	2,603,007	-	10,115	2,613,122
Expenditures:				
Current:				
Capital expenditures	140,674	-	-	140,674
Program expenditures	2,004,675	-	-	2,004,675
Other	1,259	-	132	1,391
Total expenditures	2,146,608	-	132	2,146,740
Excess of revenues over expenditures	456,399	-	9,983	466,382
Other financing sources (uses):				
Transfer from other funds	680,157	113,574	-	793,731
Transfer to other funds	(1,154,473)	(81,750)	-	(1,236,223)
Total other financing sources (uses)	(474,316)	31,824	-	(442,492)
Excess of revenues and other financing sources over expenditures and other financing uses	(17,917)	31,824	9,983	23,890
Fund balances (deficit), beginning of year	5,052,405	(629,376)	158,275	4,581,304
Fund balances (deficit), end of year	\$ 5,034,488	(597,552)	168,258	4,605,194

# **NONMAJOR SPECIAL REVENUE FUNDS**

Special revenue funds account for specific resources, the expenditure of which are restricted by law or administrative action for particular purposes.

Special revenue funds are established for the following purposes:

## **Unemployment Compensation**

The Unemployment Compensation fund represents money set aside to be expended for unemployment compensation coverage (reimbursed to the State of Maine, Department of Manpower Affairs) for all municipal and school employees.

## **Ferry Beach**

To account for all fees collected from the sale of resident and non-resident parking stickers, and day-to-day parking fees. Fees from combination passes are split evenly between Pine Point Beach and Ferry Beach funds. The monies are used for the maintenance of the beach parking area.

## **Recreation Development**

To account for contributions from the developers of sub-divisions for the development of recreation facilities.

## **Sewer Expansion**

The purpose of this fund is to collect user and impact fees as well as tax increment financing district revenues to fund the related debt service.

## **Hurd Park (Formerly Pine Point Beach)**

To account for all fees collected from the sale of resident and non-resident parking stickers, and day-to-day parking fees. Funds from combination passes are split evenly between the Pine Point Beach fund and the Ferry Beach fund. The funds are used for the maintenance of the beach parking area.

## **Scarborough Memorial Improvement**

To account for 50% of the funds accumulated by the sale of lots in the Scarborough Memorial Cemetery. These funds are used to maintain the grounds of the Cemetery.

## **Dunstan Cemetery Improvement**

To account for funds accumulated by the sale of lots in the Dunstan Cemetery. These funds are used to maintain the grounds.

## **Industrial Park**

To account for the sale of property lots in the Scarborough Industrial Park.

## **Prouts Landing Conservation**

To account for monies spent in the upkeep of a 62 acre parcel of land given to the Town by the Linwood Companies/Prout's Landing. This land is to remain in its natural state and is not for recreational purposes.

## **Performance Bonds**

To account for funds temporarily held by the Town until work is completed by developers. If the work is not completed, these funds are retained by the Town and the town completes the required work.

## **Payne Road Improvements**

To account for all fees collected in connection with the improvement of Payne Road.

# NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

## Road Impact Fees

To account for fees collected in connection with the Town's road impact ordinance.

## Police Asset Forfeiture

To account for funds awarded to the Scarborough Police Department for drug related convictions. These funds are to be used for law enforcement purposes only. (Pursuant to Title 15 M.R.S.A. Section 5824(3)).

## Hunnewell House

To account for monies spent in the upkeep of the plot of land on the corner of the Black Point and Winnocks Neck roads, which was purchased by the Town on May 2, 1973. The Hunnewell House (built in 1638) was set on the plot and is used as a Town Park. Donations and appropriations are also accounted for in this fund.

## Rescue Equipment

To account for fees collected in connection with the Town's Rescue billing program. These funds are used for the purpose of acquiring and maintaining rescue equipment.

## Fire Department

This fund accounts for various grant awards and donations. These funds are to be used for the purchase of fire equipment.

## School Development Impact Fees

The purpose of this fund is to account for all "Impact Fees" that are collected pursuant to the *Development Impact Fee Ordinance* adopted by the Town Council. The Ordinance requires the Town Treasurer to maintain all of these fees in a separate impact fee account and that the account is segregated from the Town's general revenues. The Ordinance requires the Town treasurer to deposit impact fees collected pursuant to this Ordinance in special non-lapsing accounts dedicated for funding of the improvements for which the fee is collected. Impact fees collected by the Town under this ordinance may be used only for financing facility improvements which the Town Council has determined are made necessary by new development.

## Friends of the Scarborough Marsh

The purpose of this fund is to conserve, protect, restore and enhance the Scarborough Marsh watershed. In an agreement with the Scarborough Planning Board and the Friends of the Scarborough Marsh, \$10,000 was donated to the Town and dedicated for Water Quality Improvement Projects. Use of the funds will require approval, by majority vote, of the Board of Directors of Friends of the Scarborough Marsh and by the Town Manager. Approved June 29, 2004.

## Pleasant Hill Area Drainage

This fund accounts for funds that have been received to improve the drainage in the Pleasant Hill area of the Town of Scarborough.

## School Categorical Programs

This fund accounts for various federal, states, and other programs administrated by the School Department.

## School Lunch Program

This fund accounts for revenues and expenditures for the School Lunch program.

## Computer Replacement Fund

This fund is used for the replacement of municipal computers.

TOWN OF SCARBOROUGH, MAINE  
Non-major Special Revenue Funds  
Combining Balance Sheet  
June 30, 2004

	Unemploy- ment Compen- sation	Ferry Beach	Recrea- tional Develop- ment	Sewer Expansion	Hurd Park	Scarborough Memorial Improve- ment	Dunstan Cemetery Improve- ment	Industrial Park	Prouts Landing Conserva- tion	Perform- ance Bonds	Payne Road Improvements
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	-	89,500	-	-	-	-	-	-	25,715	-
Investments	160,155	181,662	-	-	189,125	67,270	1,080	744,612	20,842	1,169,890	180,549
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	18,995	-	-	-
Due from State of Maine	-	-	-	-	-	-	-	-	-	-	-
Interfund loans receivable	3,741	-	-	991,247	-	-	-	9,279	-	-	-
Inventory	-	-	-	-	7,690	9,548	-	-	-	-	-
<b>Total assets</b>	<b>\$ 163,896</b>	<b>181,662</b>	<b>89,500</b>	<b>991,247</b>	<b>196,815</b>	<b>76,818</b>	<b>1,080</b>	<b>772,886</b>	<b>20,842</b>	<b>1,195,605</b>	<b>180,549</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Performance bond deposits	-	-	-	-	-	-	-	-	-	1,032,722	-
Accounts payable	-	-	-	-	-	-	-	-	-	-	-
Accrued wages	-	-	-	-	-	-	-	-	-	-	-
Interfund loans payable	-	54,320	201,995	-	-	-	-	-	-	162,883	18,924
<b>Total liabilities</b>	<b>-</b>	<b>54,320</b>	<b>201,995</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,195,605</b>	<b>18,924</b>
<b>Fund balances:</b>											
Reserved	-	-	-	-	-	-	-	10,985	-	-	-
Unreserved:											
Undesignated	163,896	127,342	(112,495)	991,247	196,815	76,818	1,080	761,901	20,842	-	161,625
<b>Total fund balances (deficit)</b>	<b>163,896</b>	<b>127,342</b>	<b>(112,495)</b>	<b>991,247</b>	<b>196,815</b>	<b>76,818</b>	<b>1,080</b>	<b>772,886</b>	<b>20,842</b>	<b>-</b>	<b>161,625</b>
<b>Total liabilities and fund balances</b>	<b>\$ 163,896</b>	<b>181,662</b>	<b>89,500</b>	<b>991,247</b>	<b>196,815</b>	<b>76,818</b>	<b>1,080</b>	<b>772,886</b>	<b>20,842</b>	<b>1,195,605</b>	<b>180,549</b>

Payne Road Impact Fees	Police Asset Forfeiture	Hunnewell House	Rescue Equipment	Fire Department	School Development Impact Fees	Friends of the Scarborough Marsh	Pleasant Hill Area Drainage	School Categorical Programs	School Lunch Program	Computer Replacement Fund	Totals
250,505	-	-	-	-	-	-	17,849	8,474	28,429	-	420,472
1,380,346	2,390	3	124,671	2,760	613,255	-	-	193,775	-	81,730	5,114,115
-	-	-	-	-	-	-	-	1,341	-	-	1,341
-	-	-	-	-	-	-	-	-	-	-	18,995
-	-	-	-	-	-	-	-	-	6,410	-	6,410
73,981	5,211	-	84,643	376	112,000	10,000	-	-	-	-	1,290,478
-	-	-	-	-	-	-	-	-	12,559	-	29,797
<b>1,704,832</b>	<b>7,601</b>	<b>3</b>	<b>209,314</b>	<b>3,136</b>	<b>725,255</b>	<b>10,000</b>	<b>17,849</b>	<b>203,590</b>	<b>47,398</b>	<b>81,730</b>	<b>6,881,608</b>
-	-	-	-	-	-	-	-	-	-	-	1,032,722
250,504	-	-	-	-	-	-	-	72,459	40,482	240	363,685
-	-	-	-	-	-	-	-	-	456	-	456
-	-	440	-	-	-	-	-	-	-	11,695	450,257
250,504	-	440	-	-	-	-	-	72,459	40,938	11,935	1,847,120
-	-	-	-	-	-	-	-	-	12,559	-	23,544
1,454,328	7,601	(437)	209,314	3,136	725,255	10,000	17,849	131,131	(6,099)	69,795	5,010,944
1,454,328	7,601	(437)	209,314	3,136	725,255	10,000	17,849	131,131	6,460	69,795	5,034,488
<b>1,704,832</b>	<b>7,601</b>	<b>3</b>	<b>209,314</b>	<b>3,136</b>	<b>725,255</b>	<b>10,000</b>	<b>17,849</b>	<b>203,590</b>	<b>47,398</b>	<b>81,730</b>	<b>6,881,608</b>

TOWN OF SCARBOROUGH, MAINE  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year ended June 30, 2004

	Unemploy- ment Compen- sation	Ferry Beach	Recrea- tional Develop- ment	Sewer Expansion	Hurd Park	Scarborough Memorial Improve- ment	Dunstan Cemetery Improve- ment	Industrial Park	Prouts Landing Conserva- tion	Perform- ance Bonds	Payne Road Improvements
Revenues:											
Intergovernmental	\$ -	-	-	-	-	-	-	-	-	-	-
Interest earned	896	1,450	-	-	967	380	6	6,091	118	-	1,032
Contributions	5,000	-	-	-	7,689	-	-	-	-	-	-
Sale of Lots	-	-	-	-	-	9,548	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Assessments and impact fees	-	-	28,750	28,470	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>5,896</b>	<b>1,450</b>	<b>28,750</b>	<b>28,470</b>	<b>8,656</b>	<b>9,928</b>	<b>6</b>	<b>6,091</b>	<b>118</b>	<b>-</b>	<b>1,032</b>
Expenditures:											
Construction and acquisitions	-	54,320	-	-	-	-	-	-	-	-	18,924
Benefits paid	1,259	-	-	-	-	-	-	-	-	-	-
Program expenditures	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,259</b>	<b>54,320</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,924</b>
Excess (deficiency) of revenues over (under) expenditures	4,637	(52,870)	28,750	28,470	8,656	9,928	6	6,091	118	-	(17,892)
Other financing sources (uses):											
Operating transfers - in	-	-	-	641,940	-	-	-	-	-	-	-
Operating transfers - out	-	-	(19,821)	(933,235)	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(19,821)</b>	<b>(291,295)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,637	(52,870)	8,929	(262,825)	8,656	9,928	6	6,091	118	-	(17,892)
Fund balances (deficit), beginning of year	159,259	180,212	(121,424)	1,254,072	188,159	66,890	1,074	766,795	20,724	-	179,517
<b>Fund balances (deficit), end of year</b>	<b>\$ 163,896</b>	<b>127,342</b>	<b>(112,495)</b>	<b>991,247</b>	<b>196,815</b>	<b>76,818</b>	<b>1,080</b>	<b>772,886</b>	<b>20,842</b>	<b>-</b>	<b>161,625</b>

Payne Road Impact Fees	Police Asset Forfeiture	Hunnewell House	Rescue Equipment	Fire Department	School Development Impact Fees	Friends of the Scarborough Marsh	Pleasant Hill Area Drainage	School Categorical Programs	School Lunch Program	Computer Replacement Fund	Totals
-	45,566	-	-	-	-	-	-	836,063	167,398	-	1,049,027
7,795	102	2	730	15	2,779	-	-	-	-	594	22,957
-	-	603	84,643	12,366	-	10,000	-	-	-	-	120,301
-	-	-	-	-	-	-	-	-	-	-	9,548
-	-	-	-	-	-	-	21,000	141,571	832,202	-	994,773
73,981	-	-	-	-	275,200	-	-	-	-	-	406,401
81,776	45,668	605	85,373	12,381	277,979	10,000	21,000	977,634	999,600	594	2,603,007
-	40,355	-	-	11,989	-	-	3,151	-	-	11,935	140,674
-	-	-	-	-	-	-	-	-	-	-	1,259
-	-	-	-	-	-	-	-	932,229	1,072,446	-	2,004,675
-	-	-	-	-	-	-	-	-	-	-	-
-	40,355	-	-	11,989	-	-	3,151	932,229	1,072,446	11,935	2,146,608
81,776	5,313	605	85,373	392	277,979	10,000	17,849	45,405	(72,846)	(11,341)	456,399
38,217	-	-	-	-	-	-	-	-	-	-	680,157
(38,217)	-	-	-	-	(163,200)	-	-	-	-	-	(1,154,473)
-	-	-	-	-	(163,200)	-	-	-	-	-	(474,316)
81,776	5,313	605	85,373	392	114,779	10,000	17,849	45,405	(72,846)	(11,341)	(17,917)
1,372,552	2,288	(1,042)	123,941	2,744	610,476	-	-	85,726	79,306	81,136	5,052,405
1,454,328	7,601	(437)	209,314	3,136	725,255	10,000	17,849	131,131	6,460	69,795	5,034,488



**TOWN OF SCARBOROUGH, MAINE**  
**School Categorical Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2004**

	Fund balances beginning of year	Revenues Grants	Other	Program expenditures	Fund balances end of year
Federal education grant programs:					
NCLB/Title IA	\$ 9,755	141,469	-	149,322	1,902
NCLB/Title IIA	(2,571)	71,796	-	49,613	19,612
NCLB/Title IID	-	4,596	-	3,742	854
NCLB/Title IVA	4,526	12,955	-	9,748	7,733
NCLB/Title VA	-	19,113	-	15,215	3,898
Refugee Resettlement	2,321	1,920	-	-	4,241
Local Entitlement	38,032	481,135	-	463,718	55,449
Title II (Eisenhower Math and Science)	4,108	-	-	-	4,108
Goals 2000	48	-	-	-	48
Total federal education grant programs	56,219	732,984	-	691,358	97,845
Other State grant programs:					
State Agency Clients	(1,328)	71,109	-	69,780	1
Professional Development Grant	9,684	31,970	-	28,084	13,570
Total other state grant programs	8,356	103,079	-	97,864	13,571
Co-curricular programs:					
Red Storm Football	(2,385)	-	22,972	20,335	252
Ice Hockey	79	-	10,000	9,129	950
HS Girls Ice Hockey	(82)	-	8,500	7,833	585
HS Lacrosse	3,386	-	7,803	8,480	2,709
MS Lacrosse	(1,745)	-	6,700	6,847	(1,892)
Gym Dandies	34	-	23,642	23,411	265
Varsity Track	(158)	-	-	(158)	-
MS Baseball	93	-	-	1,225	(1,132)
Freshman Baseball	(92)	-	-	-	(92)
Softball Expansion	1,221	-	-	-	1,221
High/Middle school swim	2,749	-	4,000	5,838	911
Field Hockey	1	-	11,451	11,452	-
Arts & Humanities	(207)	-	3,660	3,453	-
SEEC Project	1,133	-	-	1,133	-
Foreign Language Club	(59)	-	-	-	(59)
HS Volleyball	-	-	4,850	3,383	1,467
HS Wrestling	44	-	11,150	8,258	2,936
Maine Nutrition Program	500	-	-	-	500
Community Services transportation	-	-	21,424	21,424	-
Community Foundation Grant	98	-	-	-	98
Band	(259)	-	-	(259)	-
Scarborough Learning	(16,823)	-	50	3,485	(20,258)
MS Health Grant	(388)	-	-	-	(388)
Learning Center Math	44	-	-	-	44
Total co-curricular programs	(12,816)	-	136,202	135,269	(11,883)
Other special programs:					
Wellness Activities	(72)	-	3,079	2,923	84
Winslow Homer Auditorium	6,937	-	2,290	4,815	4,412
Beacon Learning Center	27,102	-	-	-	27,102
Total other special programs	33,967	-	5,369	7,738	31,598
Total school categorical programs	\$ 85,726	836,063	141,571	932,229	131,131



## **NONMAJOR CAPITAL PROJECT FUNDS**

Capital projects funds are established to account for resources obtained and expended for the acquisition of major capital facilities and projects.

The Town's individual capital project funds were established for the following purposes:

### **Municipal Building Fund**

To account for grants, awards, and money appropriated by the Town Council for a study, development, and the related tax increment financing district for the construction of new Town center improvements.



**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Capital Project Fund**  
**Balance Sheet**  
**June 30, 2004**

		<b>Municipal Building Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$	-
Interfund loans receivable		-
<b>Total assets</b>	<b>\$</b>	<b>-</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Interfund loans payable		597,552
<b>Total liabilities</b>		<b>597,552</b>
Fund balance:		
Unreserved:		
Designated		-
Undesignated		(597,552)
<b>Total fund deficit</b>		<b>(597,552)</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>-</b>

**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Capital Project Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2004**

	<b>Municipal Building Fund</b>
Revenues:	
Interest earned	\$ -
Intergovernmental	-
Other	-
Total revenues	-
Expenditures:	
Construction and professional services	-
Total expenditures	-
Excess (deficiency) of revenues over (under) expenditures	-
Other financing sources (uses):	
Operating transfers - in	113,574
Operating transfers - out	(81,750)
Proceeds of general obligation bonds	-
Total other financing sources (uses)	31,824
Excess of revenues and other financing sources over expenditures and other financing uses	31,824
Fund deficit, beginning of year	(629,376)
<b>Fund deficit, end of year</b>	<b>\$ (597,552)</b>

## **NONMAJOR PERMANENT FUNDS**

Permanent funds are established to account for assets held by the Town in a fiduciary capacity as trustee. These funds are legally restricted to the extent that only the earnings, not principal, may be used for purposes that support the reporting government's programs.

Permanent funds are established by the Town for the following purposes:

### **Scarborough Memorial Cemetery**

This fund accounts for funds received for the perpetual care of various lots in the Scarborough Memorial Cemetery. The money from the sale of lots is split between this trust and the Scarborough Memorial Improvement Fund (a Special Revenue Fund).

### **Dunstan Perpetual Care**

This fund was established in 1893 at an annual Town Meeting. It was approved that unexpended income be allotted as necessary by the selectmen for the upkeep of the cemetery.

### **Mary A. Tucker Fund**

Mary A. Tucker donated \$500 through a provision in her will to be used under the direction of the Town Council for the perpetual care of the lots of James W., Emma E., Clara, Sadie, and Mary A. Tucker. All lots are located in the Dunstan Cemetery.





**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Balance Sheet**  
**June 30, 2004**

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
<b>ASSETS</b>				
Investments	\$ 131,099	24,957	2,786	158,842
Interfund loans receivable	9,548	-	-	9,548
<b>Total assets</b>	<b>\$ 140,647</b>	<b>24,957</b>	<b>2,786</b>	<b>168,390</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund loans payable	-	132	-	132
<b>Total liabilities</b>	<b>-</b>	<b>132</b>	<b>-</b>	<b>132</b>
Fund balances:				
Principal	85,848	13,367	500	99,715
Unexpended income	54,799	11,458	2,286	68,543
<b>Total fund balances</b>	<b>140,647</b>	<b>24,825</b>	<b>2,786</b>	<b>168,258</b>
<b>Total liabilities and fund balances</b>	<b>\$ 140,647</b>	<b>24,957</b>	<b>2,786</b>	<b>168,390</b>

**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2004**

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues:				
Interest and dividends	\$ 434	132	2	568
Sale of lots/perpetual care deposits	9,547	-	-	9,547
Total revenues	9,981	132	2	10,115
Expenditures:				
Earnings retained by General Fund	-	132	-	132
Other	-	-	-	-
Scholarships awarded	-	-	-	-
Total expenditures	-	132	-	132
Excess of revenues over expenditures	9,981	-	2	9,983
Fund balances, beginning of year	130,666	24,825	2,784	158,275
Fund balances, end of year	\$ 140,647	24,825	2,786	168,258

## **PRIVATE-PURPOSE TRUST FUNDS**

### **Shirley Grover Fund**

A scholarship to students graduating from Scarborough High School, who have demonstrated good school/community citizenship, and received honor roll grades for at least two years.

### **Mary Campbell Peterson Fund**

This scholarship fund was established as the result of funds bequeathed to the School Department. Each year interest earned by the fund will be used to award scholarships to deserving students. The criteria are that the student should be an average student who may have overcome some adversity.

### **Edith Warga Art Scholarship**

This scholarship began in 1990 as a 10-year program by Edith Warga. Each year a student who was pursuing a career in Art was awarded a \$1,000 scholarship. Following her demise, her husband, James Warga, agreed to continue the original program, and then in September 1998, donated \$100,000 to the School Department in order to continue the program. The amount awarded annually will not exceed the interest earned by the fund. A committee will award the scholarship to one or more students that meet the criteria, which continues the original intent.

### **Packy McFarland Scholarship Fund**

This athletic scholarship was established to provide a yearly \$200 scholarship to a senior boy and girl planning to continue their education, as selected by the School's coaches.

### **Roy Nelson Scholarship Fund**

A scholarship fund established to provide a \$300 scholarship to a senior who plans to attend a post-secondary technical or vocational school. The fund was established in memory of Roy Nelsen, who was the transportation supervisor and School Department employee for over 30 years.

### **Evelyn J. Chaddon Memorial Scholarship Fund**

A scholarship fund established to provide a yearly \$100 scholarship to a senior planning to continue his or her education in teaching.

### **S. Dwight Howard Memorial Scholarship Fund**

A scholarship fund established to provide a yearly \$150 scholarship to a senior planning to continue his or her education, major consideration being given to those considering math, art, or the field of audio-visual aids.

## **PRIVATE-PURPOSE TRUST FUNDS, CONTINUED**

### **Bertha Libby-Lary Scholarship Fund**

A scholarship fund established to provide a yearly \$250 scholarship to a senior planning to continue his or her education.

### **Academic Decathlon Scholarship Fund**

A scholarship fund established to provide scholarships to students planning to continue their education.

### **Kathy Pearson Scholarship Fund**

A scholarship fund established to provide a scholarship in memoriam of Kathy Pearson to any student planning to continue his or her education.

### **Daniel Tranchemontagne Scholarship Fund**

A scholarship fund established to provide scholarships to a graduating high school wrestler continuing his or her education. The scholarship will be paid out each year as funds are available and can come from both principal and interest.

TOWN OF SCARBOROUGH, MAINE  
Trust Funds - Private-purpose  
Combining Statement of Fiduciary Net Assets  
June 30, 2004

	Shirley Grover Fund	Mary Campbell Peterson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
<b>ASSETS</b>												
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Investments	\$ 1,373	93,169	104,008	2,824	1,096	-	263	3,249	12,745	2,586	3,934	225,247
Accounts receivable	-	-	-	450	75	1,000	-	-	-	-	-	1,525
<b>Total assets</b>	<b>\$ 1,373</b>	<b>93,169</b>	<b>104,008</b>	<b>3,274</b>	<b>1,171</b>	<b>1,000</b>	<b>263</b>	<b>3,249</b>	<b>12,745</b>	<b>2,586</b>	<b>3,934</b>	<b>226,772</b>
<b>LIABILITIES AND NET ASSETS</b>												
<b>Liabilities:</b>												
Accounts payable	-	2,000	4,000	-	300	-	200	-	1,750	650	250	9,150
<b>Total liabilities</b>	<b>-</b>	<b>2,000</b>	<b>4,000</b>	<b>-</b>	<b>300</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>1,750</b>	<b>650</b>	<b>250</b>	<b>9,150</b>
<b>Net assets:</b>												
Principal	1,240	87,680	100,000	-	-	-	500	2,026	3,500	-	3,810	198,756
Undesignated	133	3,489	8	3,274	871	1,000	(437)	1,223	7,495	1,936	(126)	18,866
<b>Total net assets</b>	<b>1,373</b>	<b>91,169</b>	<b>100,008</b>	<b>3,274</b>	<b>871</b>	<b>1,000</b>	<b>63</b>	<b>3,249</b>	<b>10,995</b>	<b>1,936</b>	<b>3,684</b>	<b>217,622</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,373</b>	<b>93,169</b>	<b>104,008</b>	<b>3,274</b>	<b>1,171</b>	<b>1,000</b>	<b>263</b>	<b>3,249</b>	<b>12,745</b>	<b>2,586</b>	<b>3,934</b>	<b>226,772</b>

TOWN OF SCARBOROUGH, MAINE  
Trust Funds - Private-purpose  
Combining Statement of Changes in Fiduciary Net Assets  
Year ended June 30, 2004

	Shirley Grover Fund	Mary Campbell Peterson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
Additions												
Donations	\$ -	-	-	450	75	1,000	-	-	-	-	-	1,525
Interest and dividends	7	493	541	15	6	-	1	12	19	15	16	1,125
Total additions	7	493	541	465	81	1,000	1	12	19	15	16	2,650
Deductions:												
School scholarships	-	2,000	4,000	-	300	-	-	-	-	650	-	6,950
Total deductions	-	2,000	4,000	-	300	-	-	-	-	650	-	6,950
Changes in net assets	7	(1,507)	(3,459)	465	(219)	1,000	1	12	19	(635)	16	(4,300)
Net assets, beginning of year	1,366	92,676	103,467	2,809	1,090	-	62	3,237	10,976	2,571	3,668	221,922
Net assets, end of year	\$ 1,373	91,169	100,008	3,274	871	1,000	63	3,249	10,995	1,936	3,684	217,622

## **CAPITAL ASSETS**





**TOWN OF SCARBOROUGH, MAINE**  
**Capital Assets Used in the Operation of Governmental Funds - By Source**  
**June 30, 2004**

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General fixed assets:

Land and land improvements	\$ 3,685,100
Buildings	39,321,595
Equipment and furniture	2,539,877
Vehicles	7,787,278
Infrastructure	18,871,601
Construction in progress	14,896,375

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<b>Total governmental fund capital assets</b>	<b>\$ 87,101,826</b>
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Investments in general fixed assets by source:

General Fund	72,205,451
Capital Project Funds	14,896,375

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<b>Total governmental fund capital assets</b>	<b>\$ 87,101,826</b>
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**TOWN OF SCARBOROUGH, MAINE**  
**Schedule of General Fixed Assets - By Function and Activity**  
**Year ended June 30, 2004**

Function and Activity	Land and improvements	Buildings	Equipment and furniture	Vehicles	Infrastructure	Construction in Progress	Total
General government	\$ 3,644,174	13,245,032	1,053,144	90,803	-	8,024,287	26,057,440
Education	40,926	26,076,563	577,613	1,877,302	-	6,872,088	35,444,492
Public safety	-	-	529,925	3,103,650	-	-	3,633,575
Public works	-	-	281,170	2,637,328	18,871,601	-	21,790,099
Public service	-	-	98,025	78,195	-	-	176,220
<b>Total general fixed assets</b>	<b>\$ 3,685,100</b>	<b>39,321,595</b>	<b>2,539,877</b>	<b>7,787,278</b>	<b>18,871,601</b>	<b>14,896,375</b>	<b>87,101,826</b>

## Exhibit G-3

**Schedule of Changes in General Fixed Assets - By Function and Activity**  
**For the year ended June 30, 2004**

Function and Activity	Balance 2003	Additions	Deletions	Balance 2004
General government	\$ 20,362,071	6,002,948	307,579	26,057,440
Education	28,639,295	6,805,197	-	35,444,492
Public safety	3,283,888	652,489	302,802	3,633,575
Public works	21,462,906	368,355	41,162	21,790,099
Public service	176,220			176,220
<b>Totals</b>	<b>\$ 73,924,380</b>	<b>13,828,989</b>	<b>651,543</b>	<b>87,101,826</b>

## **GENERAL LONG-TERM DEBT**



TOWN OF SCARBOROUGH, MAINE  
Statement of Changes in Long-term Debt  
Year ended June 30, 2004

	Interest rate	Final maturity date		Annual principal payments	Balance beginning of year	Current Year		Balance end of year
General Obligation Bonds								
1987 Capital Improvements	Varies	2008	\$	125,000 to 2008	625,000	-	125,000	500,000
1988 Capital Improvements	Varies	2009		275,000 to 2009	1,650,000	-	275,000	1,375,000
1989 Capital Improvements	Varies	2009		120,000 in 2005 110,000 to 2008 100,000 in 2009	675,000	-	125,000	550,000
1990 Capital Improvements	Varies	2011		335,000 to 2007 325,000 to 2010	2,640,000	-	335,000	2,305,000
1992 Capital Improvements	Varies	2013		150,000 to 2013	1,500,000	-	1,500,000	
1993 Capital Improvements	Varies	2013		25,000 to 2013	250,000	-	25,000	225,000
1994 Capital Improvements	Varies	2015		430,000 to 2005 230,000 to 2015	3,160,000	-	430,000	2,730,000
1995 Capital Improvements	6.00%	2006		11,729.43 in 2005 12,433.22 in 2006	35,228	-	11,066	24,163
1995 Capital Improvements	Varies	2016		305,000 to 2006 265,000 to 2016	3,565,000	-	305,000	3,260,000
1997 Capital Improvements	Varies	2017		205,000 to 2007 110,000 to 2017	1,920,000	-	205,000	1,715,000
1998 Capital Improvements	Varies	2008		100,000 to 2007 85,000 in 2008	485,000	-	100,000	385,000
1999 Capital Improvements	Varies	2019		400,000 to 2007 395,000 to 2009 70,000 to 2019	3,450,000	-	760,000	2,690,000
2000 Capital Improvements	Varies	2020		445,000 in 2005 210,000 to 2008 205,000 to 2010 155,000 to 2020	3,100,000	-	465,000	2,635,000
2001 Capital Improvements	Varies	2021		535,000 in 2005 510,000 in 2006 190,000 in 2007 180,000 to 2011 120,000 in 2012 115,000 to 2021	3,675,000	-	565,000	3,110,000
2002 Capital Improvements	2.000% 2.375%	2007		875,000 in 2005 850,000 in 2006				
2003 Capital Improvements	2.700% Varies	2033		845,000 in 2007 870,000 in 2005 1,070,000 in 2006 890,000 in 2007 995,000 in 2008 655,000 in 2009 685,000 in 2010 750,000 in 2011 840,000 in 2012 925,000 in 2013 595,000 in 2014 685,000 in 2015 780,000 in 2016 885,000 in 2017 1,005,000 in 2018 1,135,000 in 2019 1,280,000 in 2020 1,435,000 in 2021 1,610,000 in 2022 1,800,000 in 2023 430,000 in 2024 450,000 in 2025 475,000 in 2026 495,000 in 2027 520,000 in 2028 545,000 in 2029 570,000 in 2030 595,000 in 2031 625,000 in 2032 655,000 in 2033	3,450,000	-	880,000	2,570,000
2004 Capital Improvements	2.250%	2034		823,000 in 2005 830,000 in 2006 975,000 to 2008 985,000 in 2009 665,000 in 2010 680,000 to 2012 690,000 in 2013 555,000 in 2014 215,000 in 2015 225,000 in 2016 235,000 in 2017 245,000 in 2018 255,000 in 2019 265,000 in 2020 280,000 in 2021 290,000 in 2022 305,000 in 2023 320,000 in 2024 335,000 in 2025 350,000 in 2026 365,000 in 2027 385,000 in 2028 400,000 in 2029 420,000 in 2030 440,000 in 2031 460,000 in 2032 480,000 in 2033 500,000 in 2034	24,579,000		329,000	24,250,000
						14,628,000		14,628,000
Total bonds					54,759,228	14,628,000	6,435,066	62,952,163
Total long-term debt				\$	54,759,228	14,628,000	6,435,066	62,952,163



# **STATISTICAL SECTION**

## **STATISTICAL INFORMATION**

The following statistical tables are provided to give a historical perspective and to assist in assessing the current financial status of the Town. The tables do not provide full financial information for prior years and are provided for supplementary analysis purposes only.



Table 1

**TOWN OF SCARBOROUGH, MAINE**  
**General Government Revenues by Source**  
**Last Ten Fiscal Years**

<b>Fiscal year</b>		<b>Taxes</b>	<b>Licenses and permits</b>	<b>Inter- governmental</b>	<b>Interest earned</b>	<b>Other</b>	<b>Totals</b>
June 30, 1995	\$	20,314,942	209,042	3,641,941	198,371	1,142,289	25,506,585
June 30, 1996		21,988,467	330,247	6,196,886	188,183	1,296,911	30,000,694
June 30, 1997		23,257,699	389,857	6,183,673	236,414	1,352,059	31,419,702
June 30, 1998		25,014,790	385,785	5,073,040	265,505	1,563,478	32,302,598
June 30, 1999		25,259,846	419,077	6,235,662	190,085	1,784,894	33,889,564
June 30, 2000		27,560,090	652,955	7,238,524	260,053	1,957,249	37,668,871
June 30, 2001		29,311,032	432,830	8,090,015	301,979	2,058,516	40,194,372
June 30, 2002		32,380,000	412,845	7,522,528	157,722	2,375,769	42,848,864
June 30, 2003		34,581,649	428,593	7,622,220	123,995	3,036,510	45,792,967
June 30, 2004		37,104,562	480,440	7,256,497	105,034	3,062,901	48,009,434

Table 1-A

**TOWN OF SCARBOROUGH, MAINE**  
**General Governmental Tax Revenues by Source**  
**Last Ten Fiscal Years**

<b>Fiscal year</b>		<b>Property tax</b>	<b>Vehicle excise tax</b>	<b>Boat excise tax</b>	<b>Total</b>
June 30, 1995	\$	17,518,309	1,944,316	22,522	19,485,147
June 30, 1996		19,662,642	2,167,432	20,792	21,850,866
June 30, 1997		20,752,185	2,434,170	21,825	23,208,180
June 30, 1998		21,890,693	2,657,994	22,054	24,570,741
June 30, 1999		22,201,429	2,928,992	27,172	25,157,593
June 30, 2000		24,145,214	3,269,221	25,912	27,440,347
June 30, 2001		25,777,523	3,411,769	19,574	29,208,866
June 30, 2002		28,611,220	3,637,309	26,535	32,275,064
June 30, 2003		32,861,926	3,828,589	26,975	36,717,490
June 30, 2004		32,861,926	4,143,239	26,977	37,032,142

Table 2

**TOWN OF SCARBOROUGH, MAINE**  
**General Government Expenditures by Function**  
**Last Ten Fiscal Years**

Fiscal year	General government	Public service	Public safety	Public works	Education	County tax	Debt service	Other	Capital expenditures	Totals
June 30, 1995	\$ 2,713,163	1,417,874	2,554,308	2,311,365	12,842,825	685,640	2,343,918	57,902	120,345	25,047,340
June 30, 1996*	1,963,532	1,913,150	3,180,950	3,118,819	15,412,995	862,405	2,587,597	64,551	-	29,103,999
June 30, 1997	2,220,691	1,668,095	3,395,258	3,017,375	16,930,998	881,666	2,329,561	93,452	-	30,537,096
June 30, 1998	2,357,794	1,960,284	3,551,556	3,318,028	16,297,842	899,690	2,468,135	92,262	-	30,945,591
June 30, 1999	2,538,025	1,995,691	3,850,207	3,641,534	17,402,975	901,674	2,451,785	47,247	-	32,829,138
June 30, 2000	2,755,848	2,304,933	4,270,802	3,584,832	19,138,441	841,774	2,818,666	50,974	-	35,766,270
June 30, 2001	2,923,128	2,503,686	4,464,600	4,103,021	20,720,868	933,364	3,046,310	56,665	-	38,751,642
June 30, 2002**	3,041,249	2,325,304	4,705,436	4,108,009	22,687,932	1,061,578	3,039,920	102,550	1,233,457	42,305,435
June 30, 2003	3,425,194	2,653,341	5,275,042	4,767,202	24,171,344	1,306,425	3,192,012	148,018	1,209,004	46,147,582
June 30, 2004	3,568,303	2,572,389	5,933,594	4,877,211	26,280,409	1,441,610	5,046,242	-	653,352	50,373,110

\* Effective June 30, 1996, the Town has classified certain personnel benefits to the individual departments. Previous to that time, these costs were reported in general government.

\*\* Effective June 30, 2002, the Town has accounted for capital expenditures in the general fund. Prior to that, these expenditures were reported in a budgeted capital project fund.

Table 3

**TOWN OF SCARBOROUGH, MAINE**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal year</b>	<b>Property tax levy (1)</b>	<b>Collected in fiscal year (2)</b>	<b>Percent collected</b>
June 30, 1995	\$ 18,252,782	17,518,309	95.98%
June 30, 1996	19,662,643	18,996,745	96.61%
June 30, 1997	20,753,098	20,114,112	96.92%
June 30, 1998	21,888,873	21,381,876	97.68%
June 30, 1999	22,202,538	21,745,877	97.94%
June 30, 2000	24,185,214	23,716,155	98.06%
June 30, 2001	25,765,523	25,339,458	98.35%
June 30, 2002	28,450,220	28,120,508	98.84%
June 30, 2003	30,348,015	30,103,820	99.20%
June 30, 2004	32,969,169	32,747,946	99.33%

(1) Includes supplemental taxes

(2) Includes abated taxes

Table 4

**TOWN OF SCARBOROUGH, MAINE**  
**Assessed Valuations and Tax Levies**  
**Last Ten Fiscal Years**

<b>Fiscal year</b>		<b>Real estate valuation</b>	<b>Personal property valuation</b>	<b>Total assessed valuation</b>	<b>Tax rate</b>	<b>Tax levy</b>
June 30, 1995	\$	1,024,105,500	46,529,500	1,070,635,000	17.00	18,200,795
June 30, 1996		1,046,396,300	50,288,700	1,096,685,000	17.90	19,630,662
June 30, 1997		1,083,312,500	55,651,900	1,138,964,400	18.20	20,729,152
June 30, 1998		1,125,959,800	60,195,500	1,186,155,300	18.40	21,825,258
June 30, 1999		1,138,292,400	67,851,500	1,206,143,900	18.40	22,193,048
June 30, 2000		1,180,279,400	79,050,700	1,259,330,100	19.20	24,179,138
June 30, 2001		1,230,378,400	83,305,800	1,313,684,200	19.60	25,748,210
June 30, 2002		1,764,041,300	94,303,500	1,858,344,800	15.30	28,432,675
June 30, 2003		1,831,117,100	99,459,200	1,930,576,300	15.70	30,310,048
June 30, 2004		1,903,869,500	99,117,700	2,002,987,200	16.46	32,969,169

Table 5

**TOWN OF SCARBOROUGH, MAINE**  
**Assessed and Estimated Actual Value of Property**  
**Last Ten Fiscal Years**

Fiscal year	Real Property		Personal Property		Total		Ratio of total assessed value to total estimated actual value
	Assessed value	Estimated actual value	Assessed value	Estimated actual value	Assessed value	Estimated actual value	
June 30, 1995	\$ 1,024,105,500	1,024,105,500	46,529,500	46,529,500	1,070,635,000	1,070,635,000	100.00%
June 30, 1996	1,046,396,300	1,046,396,300	50,288,700	50,288,700	1,096,685,000	1,096,685,000	100.00%
June 30, 1997	1,083,312,500	1,083,312,500	55,651,900	55,651,900	1,138,964,400	1,138,964,400	100.00%
June 30, 1998	1,125,959,800	1,125,959,800	60,195,500	60,195,500	1,186,155,300	1,186,155,300	100.00%
June 30, 1999	1,138,292,400	1,138,292,400	67,851,500	67,851,500	1,206,143,900	1,206,143,900	100.00%
June 30, 2000	1,180,279,400	1,180,279,400	79,050,700	79,050,700	1,259,330,100	1,259,330,100	100.00%
June 30, 2001	1,230,378,400	1,230,378,400	83,305,800	83,305,800	1,313,684,200	1,313,684,200	100.00%
June 30, 2002	1,764,041,300	1,764,041,300	94,303,500	94,303,500	1,858,344,800	1,858,344,800	100.00%
June 30, 2003	1,831,117,100	1,831,117,100	99,459,200	99,459,200	1,930,576,300	1,930,576,300	100.00%
June 30, 2004	1,903,869,500	1,903,869,500	99,117,700	99,117,700	2,002,987,200	2,002,987,200	100.00%

Table 6

**TOWN OF SCARBOROUGH, MAINE**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

<b>Fiscal year</b>	<b>Town</b>	<b>School</b>	<b>Community services</b>	<b>County tax</b>	<b>Tax Increment Financing District</b>	<b>Overlay</b>	<b>(1) State Revenue Sharing</b>	<b>Total property tax rates by year</b>
June 30, 1995	\$ 6.406	9.567	0.285	0.640	0.387	0.385	(0.671)	17.00
June 30, 1996	7.082	9.701	0.405	0.786	0.398	0.260	(0.729)	17.90
June 30, 1997	7.116	10.009	0.338	0.774	0.390	0.319	(0.746)	18.20
June 30, 1998	6.919	10.333	0.346	0.758	0.642	0.160	(0.759)	18.40
June 30, 1999	6.826	11.107	0.349	0.748	0.702	0.103	(1.435)	18.40
June 30, 2000	7.169	11.640	0.356	0.668	0.701	0.141	(1.476)	19.20
June 30, 2001	7.250	12.168	0.327	0.710	0.686	0.104	(1.646)	19.60
June 30, 2002	5.507	9.393	0.231	0.571	0.378	0.210	(0.991)	15.30
June 30, 2003	5.487	9.848	0.224	0.677	0.373	0.051	(0.960)	15.70
June 30, 2004	5.554	10.410	0.191	0.720	0.364	0.041	(0.820)	16.46

(1) The State of Maine State Revenue Sharing is to be used solely to reduce each municipalities property tax.

Table 7

**TOWN OF SCARBOROUGH, MAINE**  
**Principal Taxpayers**  
**June 30, 2004**

<b>Taxpayer</b>	<b>Type of Business</b>		<b>2004 Assessed valuation</b>	<b>Amount of tax</b>	<b>Percentage of total assessed valuation</b>
Maine Life Care	Senior Housing	\$	46,308,800	762,243	2.31%
Hannaford Brothers	Office/Supermarket Chain		27,443,700	451,723	1.37%
Wal-Mart / Sam's Club	Wholesale Club Chain/retail		20,896,700	343,960	1.04%
Gavin Ruotolo	Commercial Leases/Retail		10,744,400	176,853	0.54%
Maine Historic Hotels	Hotel/Restaurant		9,863,000	162,345	0.49%
ERP	Apartment Houses		8,886,400	146,270	0.44%
Central Maine Power	Electric Transmission		8,430,700	138,769	0.42%
Shaw's Supermarket	Supermarket/Truck Terminal		7,561,800	124,467	0.38%
Darvic Marine Corp	Harness Racing/Off Track Betting		7,144,400	117,597	0.36%
CNL Hospitality Partners	Hotel		6,746,500	111,047	0.34%
<b>Total</b>		<b>\$</b>	<b>154,026,400</b>	<b>2,535,274</b>	<b>7.69%</b>



Table 8

**TOWN OF SCARBOROUGH, MAINE**  
**Ten Largest Employers**  
**June 30, 2004**

Name	Nature of Business	Approximate Number Employed
Town of Scarborough	Municipal and Schools	1,384
Hannaford Brothers	Supermarket Chain, Corporate Office	882
Wal-Mart	Retail Department Store	294
Maine Medical Center	Medical	180
Shaw's	Supermarket/Trucking Terminal	150
R.C. Moore Trucking	Trucking	150
Sam's Wholesale Club	Wholesale Department Store	123
Konica Quality Photo	Photo Processing and Supply	108
Rich Tool & Die	Metals Fabrication	90
RTS Packaging	Packaging Materials	85

Table 9

**TOWN OF SCARBOROUGH, MAINE**  
**Ratio of Annual Debt Service Expenditures**  
**for General Obligation Bonded Debt**  
**to Total General Fund Expenditures**  
**Last Ten Fiscal Years**

<b>Fiscal year</b>		<b>Principal</b>	<b>Interest</b>	<b>Total debt service</b>	<b>Total General Fund expenditures</b>	<b>Ratio of debt service to General Fund expenditures</b>
June 30, 1995	\$	2,643,700	1,624,206	4,267,906	26,131,032	16.33%
June 30, 1996		3,018,700	1,766,998	4,785,698	29,854,641	16.03%
June 30, 1997		2,772,359	1,889,824	4,662,183	30,051,375	15.51%
June 30, 1998		3,192,801	1,990,809	5,183,610	30,945,591	16.75%
June 30, 1999		3,203,269	1,927,058	5,130,327	32,829,138	15.63%
June 30, 2000		3,781,765	1,905,017	5,686,782	35,766,270	15.90%
June 30, 2001		4,204,291	1,857,874	6,062,165	38,751,642	15.64%
June 30, 2002		4,691,848	1,895,150	6,586,998	42,305,435	15.57%
June 30, 2003		4,915,439	1,634,029	6,549,468	46,463,233	14.10%
June 30, 2004		6,435,066	2,357,996	8,793,061	50,373,110	17.46%