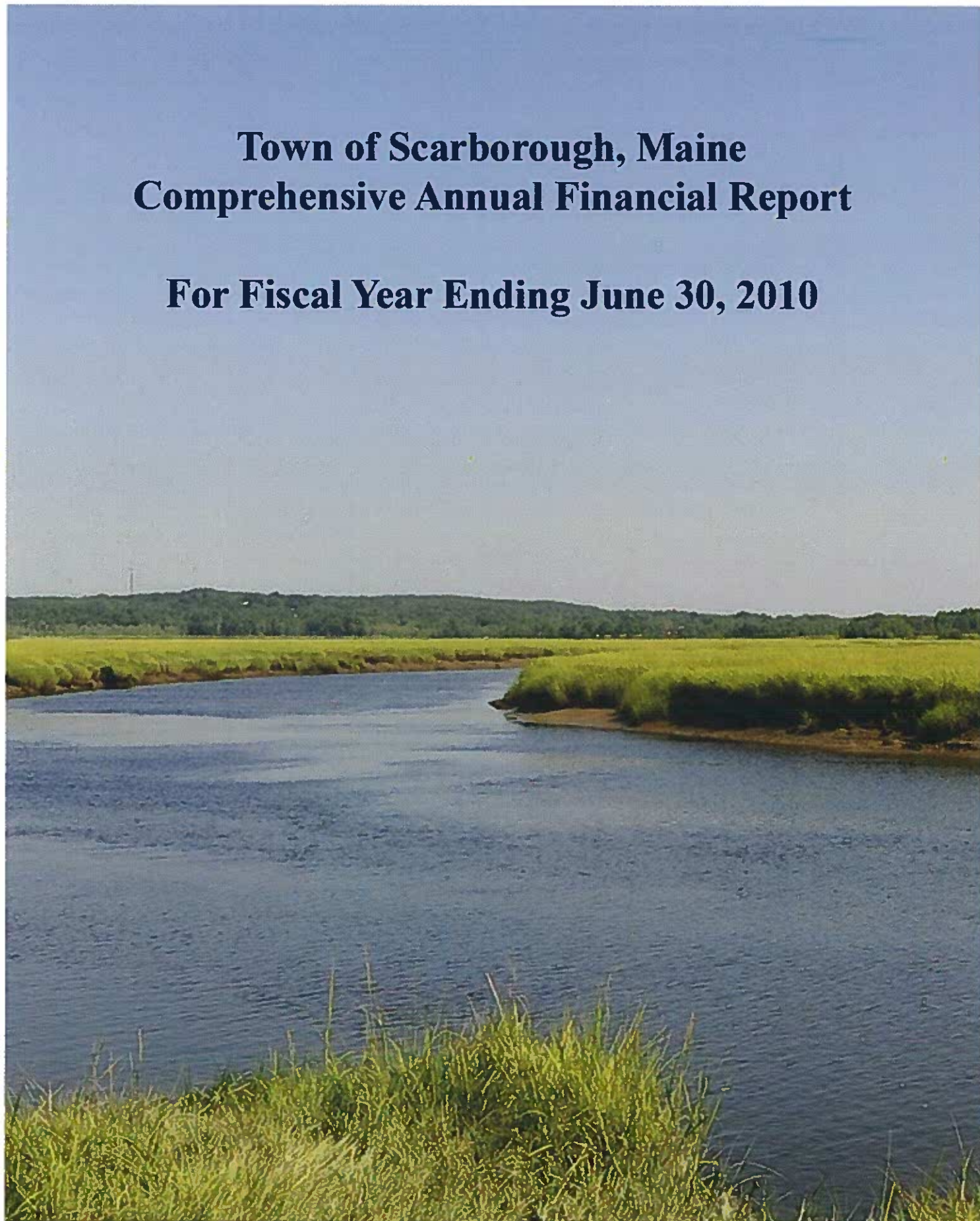


Town of Scarborough, Maine
Comprehensive Annual Financial Report
For Fiscal Year Ending June 30, 2010



Town of Scarborough, Maine Comprehensive Annual Financial Report

For Fiscal Year Ending June 30, 2010



**Prepared By:
Town of Scarborough
Finance Department**

TOWN OF SCARBOROUGH, MAINE
Comprehensive Annual Financial Report
Year ended June 30, 2010

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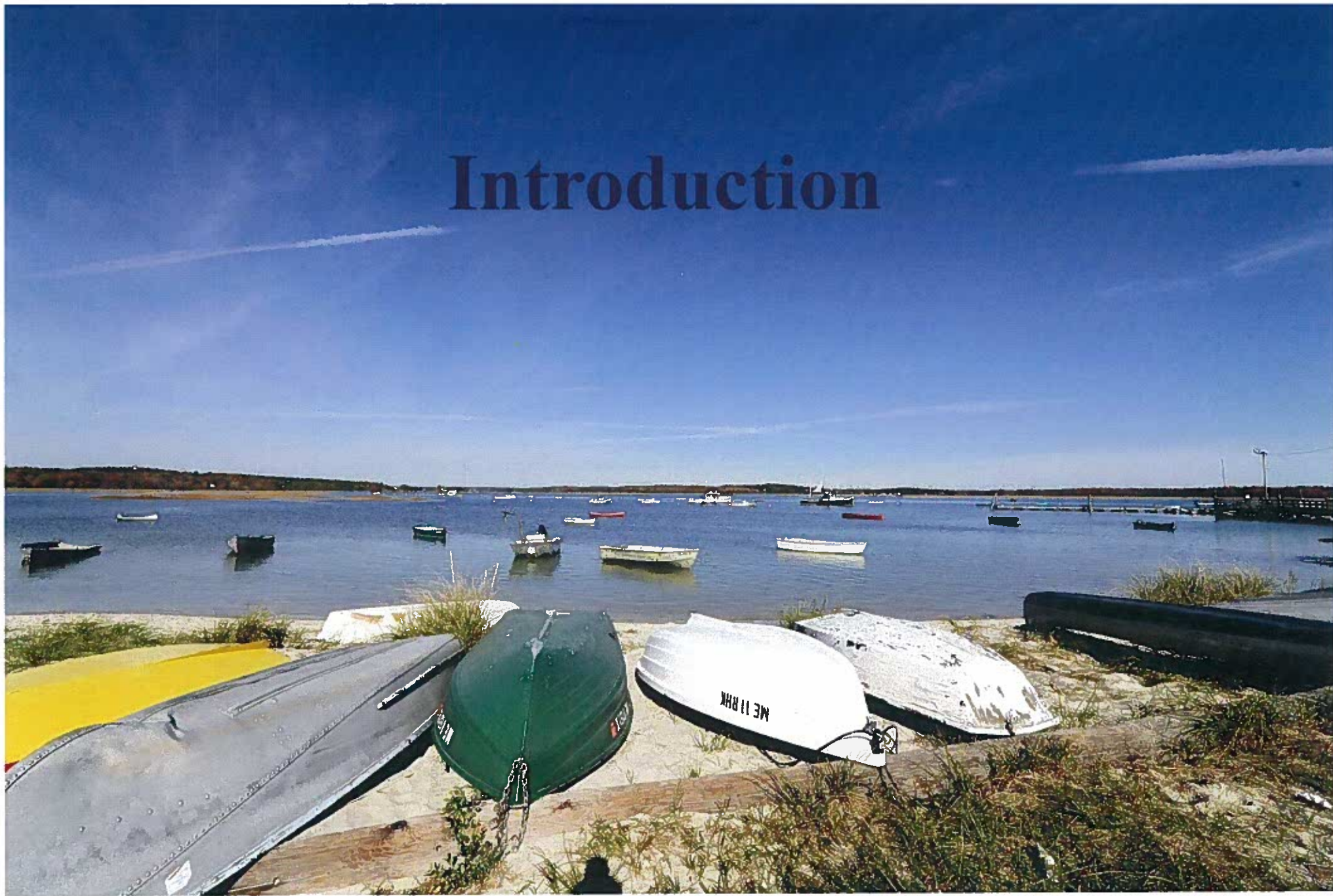
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Introduction





Town of Scarborough, Maine

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

December 29, 2010

Judith L. Roy, Council Chairwoman
and Distinguished Members of the Town Council
Scarborough, Maine

In accordance with the requirements of our Town Charter and state statutes, we hereby issue to the citizens of the Town of Scarborough and to all interested parties, the comprehensive annual financial report of the Town of Scarborough, Maine for the fiscal year ended June 30, 2010.

Responsibility for the accuracy, completeness and reliability of the financial information, including all disclosures, rests with the Town of Scarborough and its management. Management has established a framework of internal controls that afford us the knowledge and belief, that all of the data is accurate in all material respects and 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 are included.

Please take this opportunity to review the Management's Discussion and Analysis (MD&A) immediately following the independent auditors' report. The MD&A provides a narrative introduction, overview, and analysis of the Town's financial statements. The MD&A complements this letter of transmittal and we encourage readers to view it in conjunction with it.

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 this 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, first settled in 1633, 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. A seven-member school board has general authority for the public schools. The Town Council is responsible for passing ordinances, adopting the annual 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.

Although legally separate entities, we have two component units, Scarborough Economic Development Corporation and the Public Library.

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 Town of Scarborough and to differentiate their financial position and results of operations and cash flows from those of the Town.

The Scarborough Economic Development Corporation (SEDCO) assists both current and prospective businesses. SEDCO is a discretely presented component unit in a separate column in the government wide financial statements.

Financial statements for the following entities are not included in this report because the boards that administer them are separate from and independent of the Town Council. These entities have not met the established criteria for inclusion in this report; however, a brief description is incorporated in the notes to the financial statements:

Portland Water District
ecomaine (formerly Regional Waste)

Scarborough Sanitary District
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. The Finance Committee reviews the proposed budget and makes recommendations to the Town Council. With prior public notification, the Council orders a public hearing. If the Council does not adopt the annual budget prior to July 1, then the budgets presented by the Town Manager and the Board of Education becomes the budget for the fiscal year. 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. Once the Council approves the school's budget, the school budget is sent to the voters in a Budget Validation Referenda for final approval. This must happen within 14 days of the Town Council vote. If the voters do not approve the budget, it goes back to the School Board for revision, the Council has to approve it, and then it goes to the citizens. This process continues until the voters approve a budget.

In the event the voters do not approve the school's budget by July 1, the last budget approved by the Town Council becomes the school's budget until one is approved in a referendum.

ECONOMIC CONDITION AND FUTURE OUTLOOK

Maine Economy. The deepest national recession in decades may be technically over according to the National Bureau of Economic Research, but such a determination means little in the face of a near 10% national unemployment rate. Maine unemployment rates are lower than national rates, but the State is still struggling to add new jobs. During 2010, Maine's seasonally adjusted unemployment rate reached 7.4% compared to a national rate of 9.6%. Unemployment rates are slowly improving over the last year. A year ago, Maine's unemployment hit 8.1% compared to the national rate of 10.1%. There were 592,500 non-farm payroll jobs in October 2010, representing a loss of 400 jobs over this time last year. The good news is that this loss is far smaller than the job loss between October 2008 and October 2009, which topped 23,100 lost jobs. The labor force also dropped from 2009 to 2010 for this period, in part, due to discouraged workers who were no longer actively searching for jobs.

Hannaford Brothers is the state's largest employer, with their corporate headquarters located here in Scarborough. Wal-Mart, the Department of Defense, Maine Medical Center and Bath Iron Works round out the top five positions in Maine's list of the largest employers as of the second quarter of 2010.

Looking forward, the latest release from the Consensus Economic Forecasting Commission, which produces the state's economic forecast, projects an overall loss in Maine non-farm wage and salary employment in 2010 (-1.0% on an annual average year-over-year basis), followed by a recovery period starting in early 2011. The commission forecasts stronger growth between 2012 and 2014 before slowing down again in 2015. Even with job growth, unemployment is expected to remain high as discouraged workers who had left the labor force during the recession begin searching for jobs again.

Local Economy. Scarborough represents a bright spot in the state's economy. Scarborough is now the fourth largest community in Cumberland County, with only Portland, South Portland and Brunswick having more residents. Between 2000 and 2009, Scarborough added 2,269 new residents, more than any other community in Cumberland County. In fact, Scarborough added more new residents than any other community within the State of Maine during this period, accounting for 5.2% of the state's population growth.

Between January and October 2010, 52 single-family housing units received building permits in Scarborough, compared to only 38 permits for all of 2009. This level of permit activity in a down housing market indicates the continued desirability of the town when compared to other communities within the state. The US Census Bureau's American Community Survey Data estimates that the median family income in Scarborough is \$88,070, making Scarborough one of the more wealthy communities in Cumberland County, along with its fellow coastal suburban communities of Falmouth, Cumberland, Yarmouth and Cape Elizabeth. Scarborough's median family income is nearly \$20,000 more than the median family income for Cumberland County and more than \$30,000 over the State's median family income.

Just as Scarborough's population is growing, so is the town's economic base. Between 2000 and 2008, 42% of the job growth in Cumberland County took place in the town of Scarborough. During this period, nearly 4,000 jobs were added in Scarborough. For 2009, the number of jobs in Scarborough dropped slightly, going from 14,618 in 2008 to 14,354 in 2009. With new development occurring in 2010, Scarborough should regain the jobs lost in 2009.

Many of the new jobs are the result of Scarborough's growing high tech and biotech industry cluster, including major medical research facilities. Additionally, the Town of Scarborough is an active participant in the development of private industrial and commercial facilities. The town has a varied manufacturing, industrial and commercial base that adds to the relative stability of the unemployment rate, especially when compared to the state and national rate. The region currently has an unemployment rate of 5.5%.

The business community in Scarborough is diverse and is located primarily in distinct areas of the Town. U.S. Route One, one of the major routes through the community, is predominately a commercial business district serving the daily needs of Scarborough's residents. The Route One corridor is a mix of retail, business, and professional offices. Payne Road, a continuation of the Maine Mall Road, is home to many larger, big box type retailers and serves a regional clientele.

Industrial development is largely contained in the Scarborough Industrial Park, the Pleasant Hill Road area and off the Mussey Road area. A new business area is being developed along the corridor connecting Maine Turnpike Exit 42 and US Route One, known as the Haigis Parkway. Through the creation of a TIF district and local sewer assessments, the Town installed utilities along this stretch of roadway that bisects U.S. Route One and Payne Road and ends at the Maine Turnpike at Exit 42. Plans call for development of a high-end business park of approximately 330 acres over the next 15+ years. The first new development in this area opened in May 2008 and has continued to grow, albeit slowly, since then.

Interstate 95, also known as the Maine Turnpike, bisects the Town of Scarborough, north to south, and Scarborough has direct access to Interstate 95 at Exit 42. Interstate 295, Interstate 95, the aforementioned U. S. Route One and the Haigis Parkway give Scarborough an enviable location advantage. Additionally, 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 Downeaster train service to Boston is located just north and south of Scarborough.

Residential growth has necessitated Scarborough's need to develop a strong and stable commercial base to help meet the ever-growing demands of our residents. To foster that development, the Town of Scarborough created a private non-profit corporation, Scarborough Economic Development Corporation (SEDCO) in 1985 to encourage new business, to retain growth with existing businesses and to assist the community in its long-term economic development planning. SEDCO celebrated its 25th anniversary this year, continuing to serve the residents through business retention, assistance and recruitment programs.

Comprehensive Plan. Over the course of fiscal year 2010, one of the major ongoing initiatives of the Town has been the implementation of the 2006 Updated Comprehensive Plan. In this fiscal year, the Town focused on zoning amendments in the center of North Scarborough to allow for more mixed use, village-style developments. Another initiative was the update of the Regional Business District (B2) to provide for increased flexibility in these commercial areas so that more creative development approaches can be pursued. In addition to these commercial and mixed use-zoning updates, the Town also worked on changes to the rural and farming zone to provide for a wider range of agricultural type activities. In this particular zone (that makes up roughly half of the Town's area), additional uses and performance standards were established. This will allow for improved commercial and hobby-type farming as well as other uses to help diversify the use of rural properties in an effort to keep them open for farming, forestry and other rural activities.

Major Initiatives:

For the year. During fiscal year 2010 there were a range of commercial, residential and institutional building projects that occurred. Two of the most notable construction projects were redevelopment projects along Route One. Maine Health is in the process of redeveloping the former Orion Center buildings at 301 Route One to house medical office and laboratory space, while the Elevation Center is redeveloping the former Konica building at 71 Route One into a mix of medical and professional office space. These projects represent utilizing 158,000 sq. ft. and 60,000 sq. ft. of formerly vacant space, both of which will be major assets to the Route One commercial corridor and will further bolster Scarborough as a strong medical and research center. Another notable project was the reuse and update of another large building, the former Wal-Mart. This building at 451 Payne Road was acquired by Marden's and was refaced and programmed for their use. In addition to these larger facilities, some new mid-sized, non-residential developments occurred, the most notable of which are Creative Imaging's new building on Mussey Rd and the new Walgreen's Pharmacy on the corner of the Oak Hill intersection. Beyond these commercial projects, there were a range of residential developments, including new dwellings in Dunstan Crossing, Eastern Village, the Bittersweet Banks subdivision, the Timbersands subdivision, as well as a large quantity of additions, accessory living units and remodeling projects as property owners chose to make updates to their existing homes in this economy rather than purchase new ones.

The Town completed the Black Point Community Park, an area of open space encompassing a fifty-car gravel parking lot, a small storage building, and a community garden complete with an irrigation system. The landscaping around the Black Point Community Park was installed to provide proper buffering between the park and neighbors.

The Commercial Fishing Pier Project, after five years of planning and design of the final project, has obtained the necessary funding and permitting. We now have three sources of funding in place. One is from Maine Department of Transportation (MDOT), the second from the Land for Maine Future and the third is from the Town of Scarborough general obligation bonds. The bid process will be finalized in early September and the contract award is scheduled for early October. The estimated project completion date is spring 2011.

One of the highlights of the past year was the extraordinary cooperation that existed throughout the municipal and school departments to plan for and mitigate the threat of the H1N1 pandemic flu. By the beginning of the fiscal year, the department administrators and school department administration had already been working diligently on emergency plans to deal with what was expected to be a public health disaster. With the help of our Public Health Officer, Dr. Stephen Kirsch, the management team developed plans and organized community vaccination clinics with the help of the Visiting Nurse Home Health and Hospice Association. The fire department's emergency medical technicians (EMT) took special certification training classes to assist with the mass vaccination clinics. In the end, Scarborough hosted 11 different clinics and administered 5,720 vaccinations.

A few years ago there were some changes made to the Federal Emergency Management Agency Assistance to Firefighters Grant Program. These changes promoted grants that were designed to provide a benefit to multiple town and city fire departments by funding regional initiatives and projects that served a region or group of departments. Scarborough Fire has been an active participant in the Metro Fire Chief's Coalition, which is a group of fire chiefs from the communities that surround the City of Portland. The Chiefs meet on a regular basis to find common solutions to problems and work on regional projects that benefit all communities of the group. One of the projects this coalition took on was to apply for a variety of regional grants.

Scarborough was the host department for our most recent grant award for \$ 310,000 to construct a mobile training aid to teach the operation of sprinkler and fire alarm systems to over 1,100 members of the various fire departments. This grant allowed for the training trailer to be built and outfitted with four different, fully functioning, sprinkler systems connected to a working fire alarm system. Additionally, the grant provided funding for the design of the curriculum, production of the training materials and provide for firefighter training. The Fire Chief's Coalition completed this project for less than \$190,000, saving more than one third of the anticipated costs.

The Scarborough Police Department applied for and received a Bureau of Justice Assistance Recovery Grant to establish a crime data analyst program. The grant included two year funding for an employee and equipment for the program, with no local match. Since this position was filled, regional coordination with other crime analysts and the dissemination of information to police personnel has helped to improve access to intelligence information for law enforcement personnel throughout the state.

During this fiscal year, public safety grant awards combined with drug forfeiture monies allowed the police department to add and upgrade equipment that otherwise would have been funded, from property tax dollars in a future budget. In one such example, we were able to upgrade the light bars on our marked cruisers that were outdated and had become a maintenance issue. This upgrade came without any impact to the tax rate and we were able to purchase the equipment sooner.

During this past year, our K-9 service dog passed away. As word spread about the premature death, the police department received unsolicited donations from various police associations and anonymous businesses. This enabled the department to bring in a new K-9 service dog, Kona, who has had both obedience and law enforcement training.

For the future. In addition to the development, redevelopment and rezoning that occurred in 2010, a collection of residential and non-residential development projects were proposed and received development approvals by the various Town boards and Town Council.

Notable projects approved and ready to be developed are:

- Marden's project (mentioned above), a
- 22,000 sq. ft. addition to the Inverness Medical building at 10 Southgate Rd, a
- major expansion to America's Best Value Inn on Route One, an
- addition to Dead River Co.'s facility on Pleasant Hill Rd, and an
- expansion to Cornerstone Baptist Church.

The Town received its first request, by a sports team in 2010, for the use of the recently completed Black Point Community Park. The Scarborough Football Club will use the park's field three days a week for team practices. We anticipate that more teams will come forward in the future for active team play at this facility.

The Scarborough portion of the Eastern Trail, in its final stage of completion, must cross not only the Nonesuch River but also railroad tracks, a major town road and may travel through an endangered cottontail habitat. These challenges will potentially add a significant cost to the construction of this project. Scarborough has requested financial assistance from the Maine Department of Transportation (MDOT) to help fund this portion of the Eastern Trail.

The voters approved \$2.5 million for open space preservation in 2003, of which \$47,400 went toward the purchase of the Cora Gervais property, \$156,950 toward the purchase of the Whitten property and \$634,400 for the purchase of property at Higgins Beach. In November 2009, the voters also approved \$1 million to fund or purchase parks and conservation land.

With budgets ever shrinking, the Public Works Department has been exploring innovative ways to save money. One such initiative is to move to a vendor-based inventory system (VBI). The town has contracted with General Parts Corporation (GPC) to open and maintain a VBI distribution center on Public Works property. GPC will be a supplier of vehicle repair parts, office products, and custodial supplies. By contracting with this vendor, the town no longer manages nor has a major financial investment in its own parts inventory. Another advantage is the buying power of a large group such as GPC who has sales of \$12 billion dollars annually. This is Scarborough's first endeavor to establish a private/public partnership.

The fire department continued its proactive work identifying potential grant opportunities to augment the funding received through local property tax revenues. These efforts proved very successful again this year.

Long Term Financial Planning. Scarborough utilizes a five year Capital Improvement Plan. This plan encompasses a scheduled equipment replacement program; proposed building, land and infrastructure improvements; land acquisition for capital purposes and open space and existing farmland preservation. This plan is updated annually.

Public Works is working toward a program that requires consistent funding from year-to-year. Through our pavement management survey, we hope to level out our projected paving costs to between \$400,000 and \$450,000 annually. Along with this approach is a program of consistent vehicle replacement costs of \$375,000 to \$400,000 annually. The two programs will allow for a more consistent budget for Public Works.

Looking to the future, the Police Department continues to have two major challenges. The first challenge is with staffing. We are in the process of producing a multi-year public safety-staffing plan. This will allow the Town to fund a fourth patrol district. This district would encompass the Payne Road corridor that includes the Eight Corners area, Gallery Boulevard, Green Acres, and Haigis Parkway. The Payne Road corridor has seen tremendous growth over the past few years; has become one of the busiest areas of Scarborough; is expected to see significant additional growth in the next few years, and needs the attention of its own patrol.

The second major challenge for the police department is the current public safety facility. Constructed in 1987, the public safety building no longer meets the needs of a growing community. Scarborough has a need for an updated facility that includes the police, dispatch, fire and rescue services and that will encompass the new technologies that have evolved since 1987. To this end, we formed the Public Safety Building Committee (PSBC). This committee, comprised of members of the Town Council, Scarborough citizens and staff from the fire, police and planning departments, is charged with creating the specifications to identify the common areas and resources that can be shared to reduce costs. As the economy begins to improve, we continue to identify potential sites for the new facility.

FINANCIAL INFORMATION

Assessed Valuation and Collections. An indicator of our strong local economy is in the growth of the Town's assessed value of real and personal property. The Town of Scarborough increased its 2010 value by more than \$37 million from 2009. For the 2010 tax year, the valuation was \$3,524,771,600 compared to the 2009 valuation of \$3,487,005,500.

Below is a list of unpaid property taxes, for the last five years. The first column represents the original amount of unpaid taxes based on the assessment year and the second column represents the amount of remaining unpaid taxes as of the current fiscal year.

<u>As of June 30, 20xx</u>	<u>As of June 30, 2010</u>
\$297,237 in 2006	\$3,888
\$287,295 in 2007	\$21,914
\$398,204 in 2008	\$31,642
\$506,314 in 2009	\$213,396
\$455,080 in 2010	\$455,080

With the slowdown of the economy, the Town saw its share of reduced revenues. The areas that showed the most declines were:

State Revenue Sharing	received 85% of estimated revenues,
State Urban Rural Initiative	received 84% of estimated revenues,
Vehicle Excise Registration	received 91% of estimated revenues,
State General Education Subsidy	received 66% of estimated revenues.

Additionally, the school department received \$1,261,893 in ARRA funds to help offset the lost revenues from the State.

The town took steps, during the year, to reduce expenditures to offset these revenue losses.

Relevant Financial Policies. The Town of Scarborough recently updated its Fund Balance Policy as the first step to incorporate the new definitions as required by Governmental Accounting Standards Board Statement No. 54. The level of fund balance remains at 8.3% of the total operating budget.

The Town Council authorized the use of \$1,700,000 from school and town fund balances, for fiscal year 2010. Of this amount, the fund balance actually utilized was \$1,565,600. For 2011, the Town Council authorized \$1,150,000 for fiscal 2011 to help offset the loss of revenues.

In Fiscal 2010, the union and non-union employees agreed to a wage freeze. For the 2011 budget, the unions agreed to a 3% Cost of Living Adjustment (COLA) and the non-union staff will receive a 2% COLA.

The Finance Department is working with both the Town Manager and the Town of Scarborough Finance Committee on an investment policy for the Town. Once the Town Council adopts this policy, the Town will begin work on a debt management policy.

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 MacDonald Page & Co LLC was engaged to perform the annual audit for the Scarborough Town Council for fiscal year 2010. This audit is designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The independent auditors' report is presented as the first component of the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Scarborough for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This is the fifth-consecutive year that the Town of Scarborough has submitted and achieved this prestigious award. In order to receive the Certificate of Achievement award, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for this certificate.

Acknowledgements. I would like to extend my appreciation to the Scarborough Town Council and the Town Manager, Thomas J. Hall, for their full support in maintaining the highest standards of professionalism in the management of the Town's finances. I would like to acknowledge my gratitude for the information provided by all of the Department's staff, and especially to Jon Reed who donated his time and talent by providing the photographs depicted in this report. The preparation of the comprehensive annual financial report is possible due to the dedicated service of each member of the Scarborough Finance Department. Thank you for all that you have done for the Town of Scarborough. Furthermore, I would also like to acknowledge the firm of Macdonald Page & Co LLC for their efforts and guidance during the engagement.

Respectfully Submitted,

Ruth D. Porter
Finance Director

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Scarborough
Maine

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



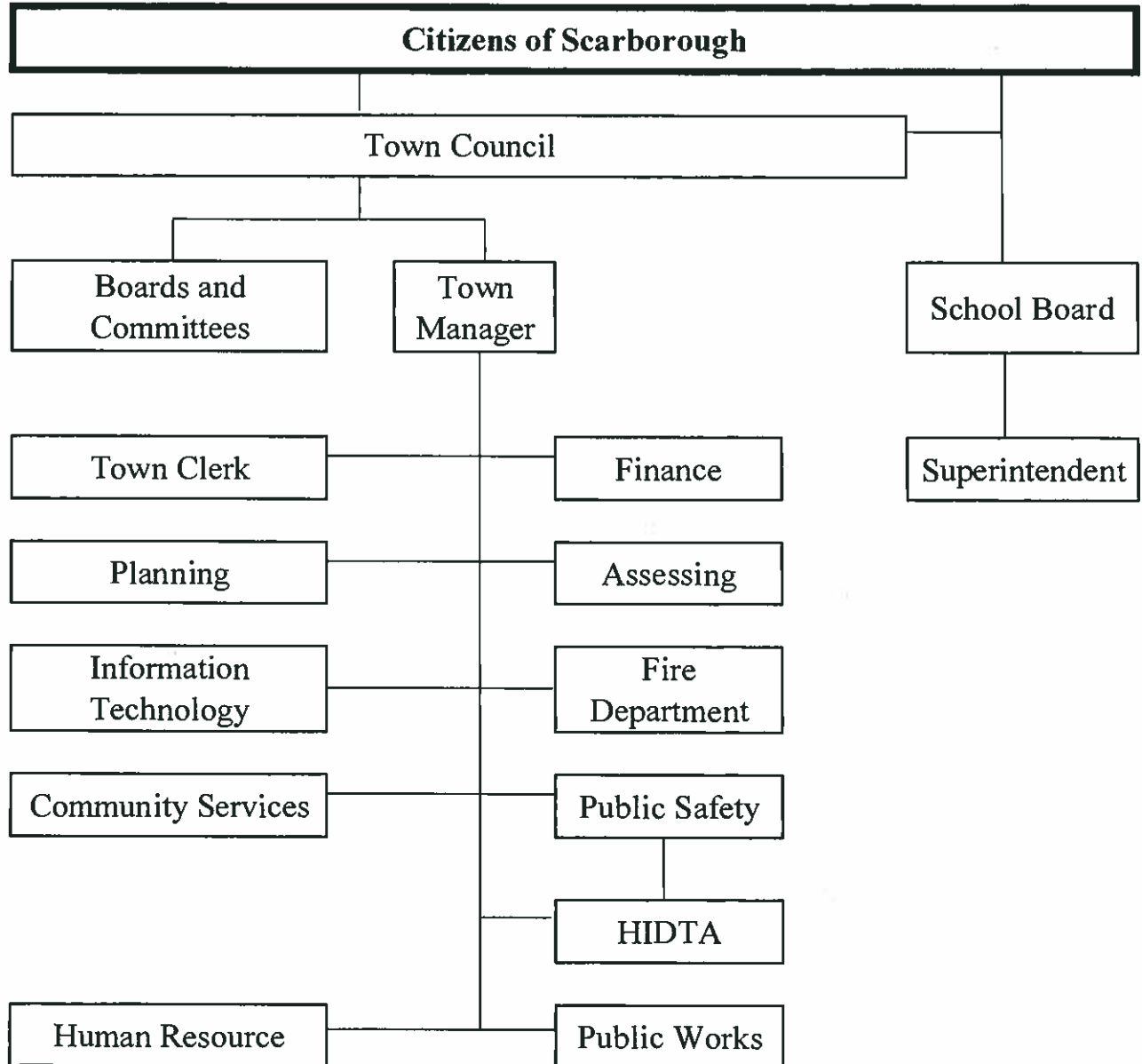
President

Executive Director

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Town of Scarborough, Maine

Organizational Chart



TOWN OF SCARBOROUGH

Principal Executive Officers

As of June 30, 2010

Elected Town Council

Carol S. Rancourt, Chairman

Ronald D. Ahlquist

Judith L. Roy

Karen D'Andrea

Michael J. Wood

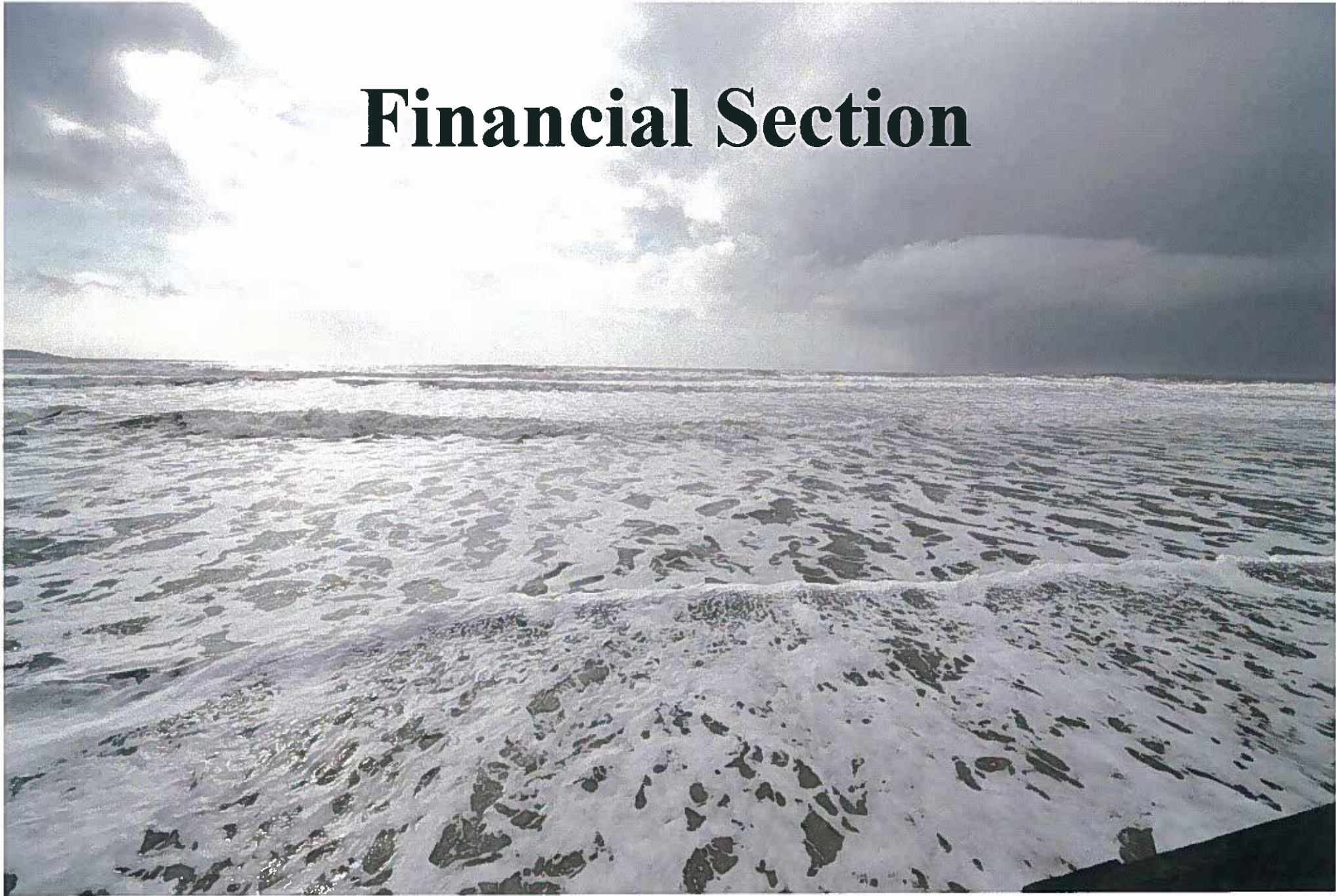
Richard J. Sullivan, Jr.

Vacant

Appointed Municipal Staff

Thomas J. Hall	Town Manager
Yolande P. Justice	Town Clerk/Registrar of Voter
Ruth D. Porter	Tax Collector/Finance Director /Treasurer
Paul G. Lesperance	Assessor
Brian A. Smith	Human Resource/General Assistance
Robert A. Moulton	Chief of Police
Michael E. Shaw	Director of Public Works
B. Michael Thurlow	Fire Chief
Daniel B. Bacon	Town Planner
Bruce W. Gullifer	Recreation Director
Edward F. Coyne/Michelle M. Lemelin	Information Systems
David A. Doyle	Superintendent of Schools

Financial Section



Independent Auditors' Report

Town Council
Town of Scarborough, Maine

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of and for the year ended June 30, 2010, which collectively comprise the Town'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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of June 30, 2010, and the respective changes in financial position 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2010 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The introductory section, combining statements and individual fund schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining statements and individual fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical tables 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.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Scarborough, Maine, as of and for the year ended June 30, 2009 (none of which is presented herein), and we expressed an unqualified opinion on those financial statements. In our opinion, the combining statements for the General Fund Balance Sheet, Exhibit A-1, and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance, Exhibit A-2, as of and for the year ended June 30, 2009 are fairly stated in all material respects, in relation to the basic financial statements from which it has been derived.

Macdonald Page & Co LLC

South Portland, Maine
December 29, 2010

A photograph of a wooden boardwalk or deck made of horizontal wooden planks. The boardwalk curves to the left in the distance. To the left of the boardwalk is a dark, low-lying shrubbery and a wooden railing. To the right is more shrubbery and a small, light-colored rectangular object, possibly a bench or a planter. In the background, there are some buildings and a clear sky. The text "MD&A" is overlaid in white, serif font in the lower center of the image.

MD&A

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis
June 30, 2010

As management of the Town of Scarborough, we are presenting our narrative overview and analysis of the Town's financial activities during the fiscal year ended June 30, 2010. 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

- For the governmental activities the assets of the Town of Scarborough exceeded liabilities at the close of the 2010 fiscal year by \$52,704 (net assets).
- The Town's total net assets increased \$4,152, from \$48,552 to \$52,704. This increase is the result of an increase in net assets of \$254 from current year operations. The increase in net assets is a result of controlling expenses in departments such as public works and education to be in line with reduced revenue during the year. Also, a prior period adjustment affected the reporting amount for beginning net assets, increasing the amount reported in the prior year of \$48,552 to \$52,450. New information became available that resulted in an increase in the carrying amount of donated streets and infrastructure.
- As of June 30, 2010, the Town's governmental funds reported combined fund balances of \$16,409, a decrease of \$1,580 compared with the prior year. Of the approximately \$10,921 reported as unreserved fund balance, \$4,175 are special revenue funds authorized for specific projects and \$1,990 are for major capital construction projects. The remaining amount of \$4,756 is available for the discrete purposes for which these funds are collected.
- As of June 30, 2010, unreserved undesignated fund balance for the general fund was \$3,286 or 4.85% of the total general fund expenditures of \$67,820. The Town of Scarborough's Fund Balance policy establishes a goal of 8.33% of the total operating budget, or \$5,649. The Town will work towards achieving this goal in subsequent fiscal years.
- Total debt increased by \$257 from the prior year. Total debt retired was \$7,525. Total debt issued was \$7,782 in general obligation bonds. This included \$1,780 of bonds refunded and re-issued.

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., earned but unused sick leave and uncollected taxes).

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Both of the government-wide financial statements (Statements 1 and 2) 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 (recreation, parks, library, economic development), public safety, public works (highways, streets and solid waste disposal) and education.

The government-wide financial statements include not only the Town of Scarborough (known as the *primary government*), but also the legally separate public library and Scarborough Economic Development Corporation for which the Town of Scarborough is financially accountable. Financial information for these component units are reported separately from the financial information presented for the Town of Scarborough itself. The government-wide financial statements can be found on pages 35-36 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 (Statement 4) provide a reconciliation (statement 5) to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Scarborough maintains 24 individual governmental 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, Performance Bonds, General Town Improvements and the Haigis Parkway all of which are considered major funds. Data from the remaining 20 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 in Exhibit C-1 through Exhibit E-2.

The basic governmental funds financial statements can be found on pages 37-38 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, 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.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

The Municipal Building Fund and General School Improvement Account are not considered major funds and are provided in the form of combining statements elsewhere in this report. The capital projects fund financial statements can be found on pages 89-90 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 Fund is not considered a major fund and the fund data for this fund is provided in the form of combining statements elsewhere in this report.

The permanent fund financial statements can be found on pages 93-94 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 97-99 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 43-64.

Other Information. The combining statements referred to earlier in conjunction with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 69-104 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$52,704 as of June 30, 2010.

By far the largest portion of the Town of Scarborough's net assets (90.3%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town of Scarborough uses these capital assets to provide services to our 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 these liabilities.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Town of Scarborough's Net Assets

Governmental Activities

	<u>2010</u>	<u>2009</u>
Assets:		
Current and other assets	\$ 21,180	\$ 22,343
Long term assets	2,736	2,894
Capital Assets not depreciated	10,248	8,219
Capital assets, net	<u>98,152</u>	<u>98,428</u>
Total Assets	<u>132,316</u>	<u>131,884</u>
Liabilities:		
Long term liabilities outstanding	66,097	65,919
Other liabilities	<u>13,515</u>	<u>13,514</u>
Total Liabilities	<u>79,612</u>	<u>79,433</u>
Net assets:		
Invested in capital assets, net of related debt	47,588	45,719
Restricted	2,199	1,289
Unrestricted	<u>2,917</u>	<u>5,442</u>
Total Net Assets	<u>\$ 52,704</u>	<u>\$ 52,450</u>

Four percent (4%) 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, in the amount of \$2,917, may be used to meet the Town of Scarborough's ongoing obligations to its citizens and creditors.

The decrease in unrestricted net assets is the result of the Town Council authorized use of unrestricted net assets to balance the budget in the economic downturn.

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

The Town of Scarborough saw an increase of \$910 in restricted net assets due to the increase in cash as a result of receiving bond proceeds for the various capital projects approved in fiscal 2010.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

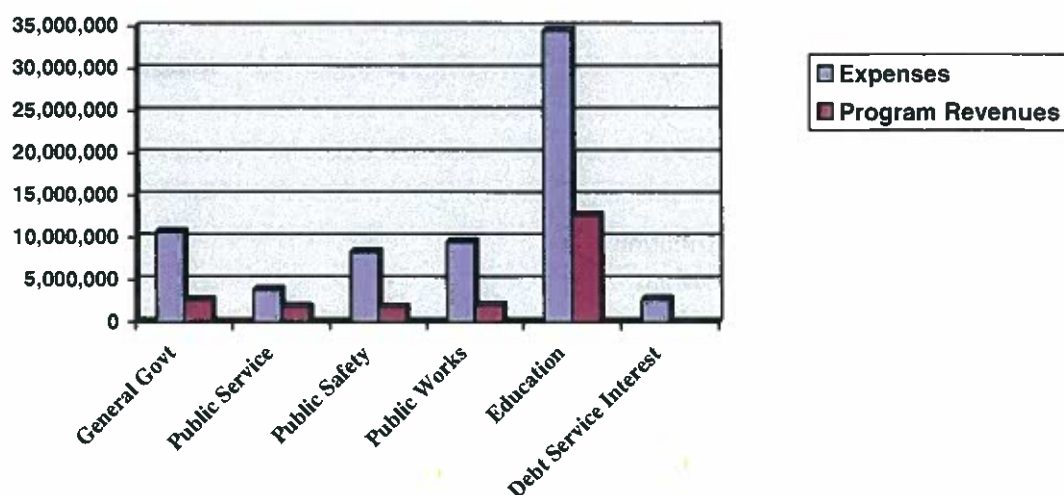
GOVERNMENTAL ACTIVITIES. All of the increase pertaining to the Town of Scarborough's net assets, of \$254, is due to the governmental activities of the Town. Key components of this increase are shown below:

Town of Scarborough's Changes in Net Assets

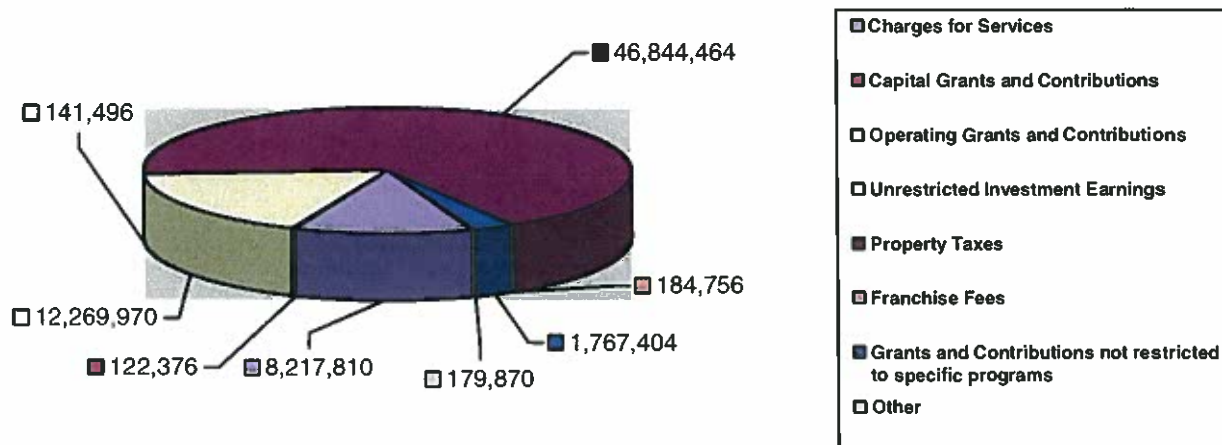
	<u>2010</u>	<u>2009</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 8,218	\$ 7,233
Operating grants and contributions	12,270	15,487
Capital grants and contributions	122	112
General Revenues:		
Property and excise taxes, levied for general purposes	46,845	46,445
Franchise Tax	185	176
Grants and contributions not restricted to specific programs	1,767	1,879
Loss from disposal of capital assets	-	(2,328)
Unrestricted investment earnings	141	138
Other	180	788
Total revenues	69,728	69,930
Expenses:		
General government	10,656	11,408
Public Services	3,832	3,742
Public Safety	8,266	7,813
Public Works	9,480	7,156
Education	34,546	34,364
Interest on Debt Service	2,694	2,827
Total expenses	69,474	67,310
 Increase in net assets	 254	 2,620
 Net assets beginning, restated	 52,450	 45,932
 Net assets ending	 \$ 52,704	 \$ 48,552

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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, 2010, the Town of Scarborough's governmental funds reported combined ending fund balances of \$16,409, a decrease of \$1,580 in comparison with the prior year's fund balances. This decrease, as mentioned earlier, is the planned use of fund balance to help offset the reduced revenues during this economic slowdown.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

The revenues generated for the Haigis Parkway will be used to pay the long-term debt service payments on the Haigis Parkway infrastructure construction.

Governmental Fund Balance Comparison

	<u>2010</u>	<u>2009</u>
General Fund	\$ 7,238	\$ 8,804
Haigis Parkway	918	1,399
General Town Improvements	2,142	998
Other Governmental Funds	6,111	6,788
Total	\$ 16,409	\$ 17,989

As noted earlier, governmental funds reported combined fund balances of \$16,409, a decrease of \$1,580 compared with the prior year fund balances of \$17,989. Of the \$10,921 reported as unreserved fund balance, \$4,175 are special revenue funds authorized for specific projects and \$1,990 are for major capital construction projects. The remaining amount of \$4,756 is available for general fund designated and undesignated purposes for which these funds are collected.

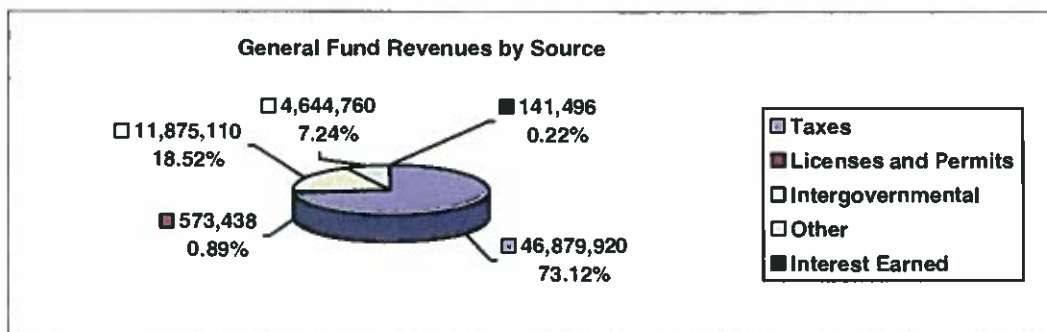
The remaining \$5,488 of fund balance is reserved to indicate that it is not available for new spending because it has already been committed towards the following:

\$2,482	Deficit Fund Balances in the Special Revenue and Capital Projects Funds
209	Perpetual Care of Municipal Cemeteries
35	Special Revenue Fund Encumbrances
2,736	Haigis Parkway non-current notes receivables
<u>26</u>	Food Service inventory
<u>\$5,488</u>	Total Governmental Fund Reserved Fund Balance

General Fund Highlights

The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2010, unreserved fund balance in the General Fund was \$4,756 compared to total fund balance of \$7,238. As a measure of the General Fund's liquidity, we believe it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 7.01% of total general fund expenditures, while total fund balance represents 10.67% of the same amount. This is the first year in which unreserved fund balance has fallen below the Town's policy of maintaining a minimum fund balance of 8.33% of the total operating budget for the General Fund.

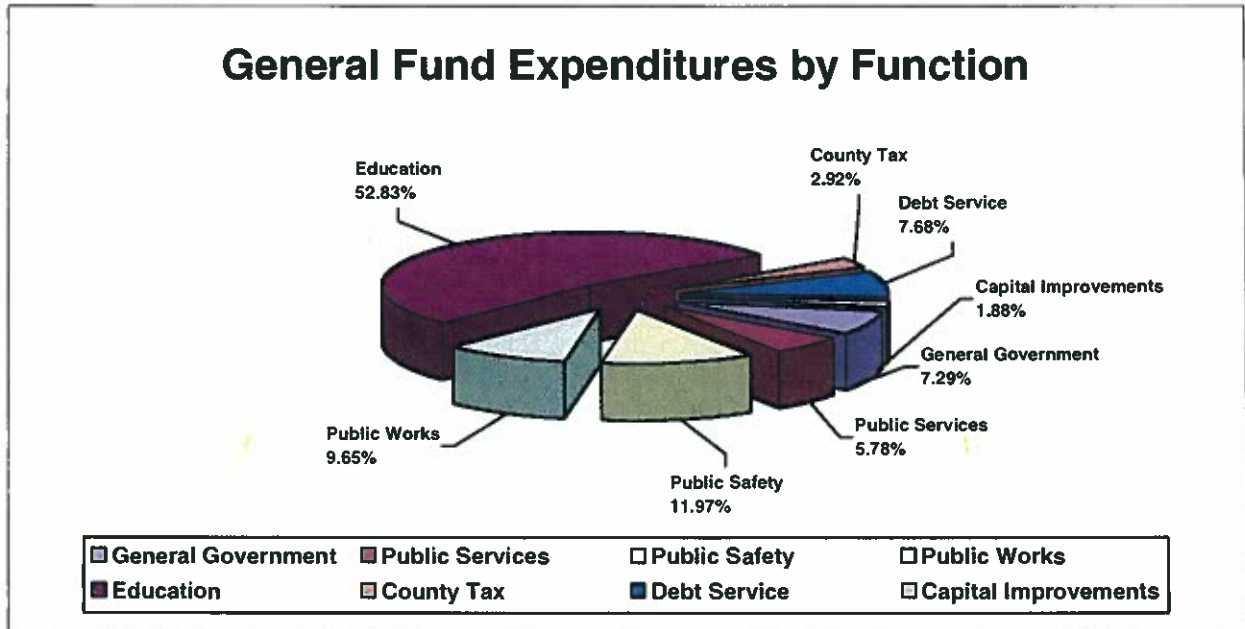
Current fiscal year revenues by source for the General Fund are as follows:



TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Property Tax revenues increased \$591 from 2009 to 2010 compared to the 2008 to 2009 increase of \$2,109. A comparison of the actual revenues to estimated revenues can be found on page 40 of the financial statements.

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



Total general fund expenditures increased \$109 or .17%. Some of the key factors in this increase are:

- Public Safety increased 4.35% due to the increase in public safety personnel.
- County Tax increased 3% to help offset the costs of Cumberland County.
- Capital Improvements decreased 11% mostly due to the reduction in appropriations and resulting expenditures from 2009 to 2010.

Capital Projects Fund Highlights

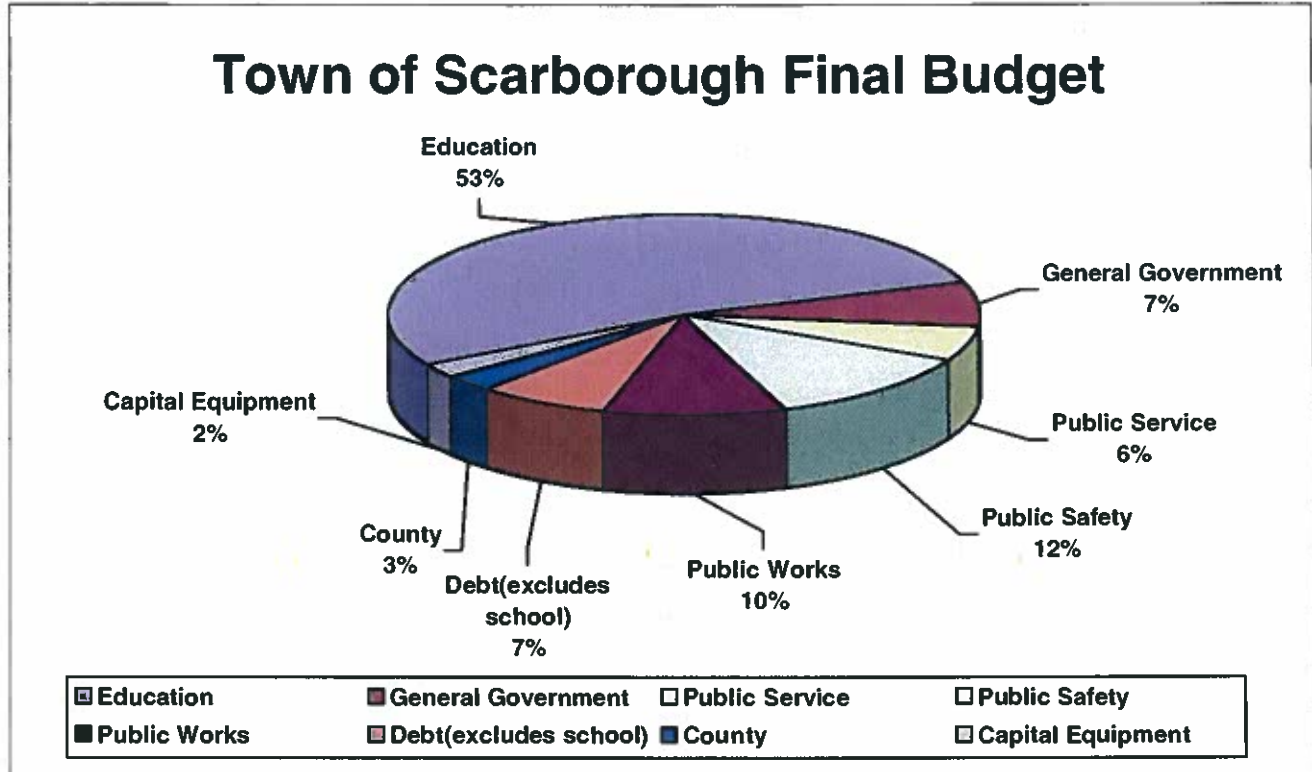
During this fiscal year, the Town of Scarborough's fund balances for Capital Projects increased from \$1,084 in 2009 to \$1,990 in 2010. This increase is due to the funding of various capital projects previously authorized by the Town Council. Expenditures decreased from \$7,936 in 2009 to \$4,493 in 2010 mostly due to the reduction in authorized capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget for the Town's General Fund represents the original budget and any previously appropriated funds set aside for honoring legally incurred obligations (prior year encumbrances and commitments) plus any supplementary appropriations that may occur during the fiscal year. In fiscal year 2010, a total of \$1,469 has been set aside for prior year encumbrances and commitments. The original operating budget and the final amended budget for fiscal year 2010 amounted to \$66,234 compared to \$65,898 for fiscal year 2009.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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



The budget for 2010 remained relatively level with 2009.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental fund, as of June 30, 2010, amounts to \$108,400 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, and roads. The total increase in the Town's investment in capital assets for the current fiscal year was 1.64%. This increase is due to the previously mentioned road and drainage improvement in several areas of the Town.

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

Governmental Activities

	<u>2010</u>	<u>2009*</u>
Land	\$ 5,771	\$ 4,712
Buildings	55,396	56,104
Vehicles	5,372	5,655
Equipment & Furniture	1,821	1,977
Infrastructure	35,563	34,692
Construction in Progress	4,477	3,507
Total	\$ 108,400	\$ 106,647

* Infrastructure includes the prior period adjustment of \$3,898.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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 page 51 of this report.

Long-term Debt. As of June 30, 2010, the Town had long-term bonds outstanding of \$68,042 compared to \$67,785 in the prior year. This debt is backed by the full faith and credit of the Town of Scarborough. Additional information relating to the Town's long-term debt can be found in the Notes to Financial Statements on pages 54-56 of this report.

	Outstanding Debt	
	General Obligation Bonds	
	2010	2009
Municipal	\$ 25,174	\$ 23,075
Education	33,997	35,630
Sewer	8,871	9,080
Total Debt	\$ 68,042	\$ 67,785

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. Moody's prior assignment of "A1", was first assigned in 1975, and was upgraded in 2002 to an assignment of "Aa3". S&P's "AA- (Stable)" was an "initial" rating for the Town of Scarborough in 2003. As of June 30, 2010, the Town's rating from both rating agencies remains stable.

These ratings reflect: "Stable local economy, supported by its geographic location in the greater Portland metropolitan statistical area (MSA); strong income levels, coupled with higher market value per capita ratios and moderate debt burden" as well as a "strong and stable property tax base, favorable wealth levels, satisfactory operations and a manageable debt position". Moody's expects the Town's affluent tax base to grow at a slower pace than in the past given the recent recession. The town is expected to have continued growth citing evidence of the opportunities for development within the Town. The town will also "realize new job growth as new medical offices and research facilities occupy 60,000 square feet of available space over the near term. Resident income levels comfortably exceed both state and national medians, and full value per capital is very strong".

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

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

In adopting the budget for the ensuing fiscal year, the Town of Scarborough's officials considered many 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 as well as to incorporate a modest cost of living adjustment (COLA) for the school and town staff who gave up their COLA in 2010. Department Administrators, recognizing the change in the current economy, did not initially include any new personnel in the 2011 budget.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

After the budget was adopted, the Fire Department was awarded a federal grant that allowed the funding of four new emt/firefighters.

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. For example, the Public Works department shares two employees with a neighboring community. One position works on geographic information systems (GIS) related concerns and the other is a recycling coordinator. Additionally, the Public Safety department is the regional 911-communication center or public safety answering point (PSAP) for Scarborough and two surrounding communities.

Below is a comparison of the 2010 budget with the 2011 budget. The following amounts exclude any carryforward amounts.

	2011	2010
Administration	\$ 1,951,252	\$ 1,794,295
Finance Department	1,104,437	1,203,386
Information Systems	707,381	748,460
Planning Department	849,081	852,511
Community Services	2,117,391	2,108,666
Library	807,629	797,761
Economic Development	235,732	239,162
General Assistance/Affordable Hsg	30,976	29,974
Fire/Rescue/EMA Department	3,333,214	3,308,416
Public Safety Department	4,721,769	4,531,886
Public Works Department	6,349,595	6,539,503
Debt Service	4,814,046	4,750,145
Capital Equipment	789,928	1,055,426
Total Municipal Operating	27,812,431	27,959,591
Education	35,084,868	35,199,614
County Tax	1,922,952	1,885,984
Total Operating Budget	37,007,820	37,085,598
School Special Revenues	1,130,866	-
School Food Services	1,513,065	1,470,184
Capital Improvement-Municipal	3,600,800	4,766,845
Capital Improvement-School	490,500	1,489,110
TIFs and Overlay	963,931	1,053,222
Total Budget	\$ 72,519,413	\$ 73,824,550

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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 of 8.33% is achieved, the intent is to dedicate any excess balances towards major capital improvements and purchases.

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, phone 207-730-4081 or e-mail rporte@ci.scarborough.me.us.

Basic Financial Statements



TOWN OF SCARBOROUGH, MAINE
Statement of Net Assets
June 30, 2010

June 30, 2010

	Governmental Activities	Component Units Public Library Economic Development	
ASSETS			
Cash and cash equivalents	\$ 4,820,163	105,385	36,543
Investments	14,713,860	457,220	-
Receivables:			
Accounts	641,410	-	-
Intergovernmental	154,194	-	4,591
Taxes receivable	166,781	-	-
Tax liens	651,207	-	-
Tax acquired property	7,231	-	-
Inventory	25,560	970	-
Prepaid items	-	15,921	-
Notes receivable	2,736,052	-	-
Capital assets, not being depreciated	10,247,955	-	-
Capital assets, net	98,151,721	773,463	4,404
Total assets	132,316,134	1,352,959	45,538
LIABILITIES			
Accounts payable and other current liabilities	3,217,867	12,507	620
Accrued payroll and other related liabilities	3,581,414	39,853	9,123
Taxes collected in advance	50,845	-	-
Accrued interest	383,227	-	-
Noncurrent liabilities:			
Due within one year	6,281,997	-	-
Due in more than one year	66,096,803	-	30,623
Total liabilities	79,612,153	52,360	40,366
NET ASSETS			
Invested in capital assets, net of related debt	47,588,145	773,463	4,404
Restricted for:			
Nonexpendable trust principal	125,528	454,919	-
Expendable trust - income portion	83,721	-	-
Capital projects	1,989,984	-	-
Unrestricted	2,916,603	72,217	768
Total net assets	\$ 52,703,981	1,300,599	5,172

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Activities
For the year ended June 30, 2010

For the year ended June 30, 2010

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	Component unit
					Governmental activities	Public Library	Economic Development
Primary government:							
Governmental activities:							
General government	\$ 10,656,413	1,986,246	469,637	122,376	(8,078,154)	-	-
Public services	3,831,908	1,719,617	3,022	-	(2,109,269)	-	-
Public safety	8,265,739	1,629,561	123,128	-	(6,513,050)	-	-
Public works	9,479,984	1,665,084	307,828	-	(7,507,072)	-	-
Education	34,546,380	1,217,302	11,366,355	-	(21,962,723)	-	-
Interest on debt service	2,693,682	-	-	-	(2,693,682)	-	-
Total governmental activities	69,474,106	8,217,810	12,269,970	122,376	(48,863,950)	-	-
Total primary government	\$ 69,474,106	8,217,810	12,269,970	122,376	(48,863,950)	-	-
Component unit:							
Scarborough Public Library	\$ 901,259	-	940,958	-	-	39,699	
Scarborough Economic Develop.	233,866	-	247,413	-	-		13,547
General revenues:							
Property taxes, levied for general purposes					\$ 42,738,876	-	-
Excise taxes					3,937,150	-	-
Payments in lieu of taxes					71,450	-	-
Interest and costs on taxes					96,988	-	-
Franchise Tax					184,756		
Grants and contributions not restricted to specific programs:							
Homestead exemption and business equipment exemption					493,586	-	-
Other State aid					153,686	-	-
State Revenue Sharing					1,120,132	-	-
Unrestricted investment earnings					141,496	-	-
Other					179,870	-	-
Total general revenues					49,117,990	-	-
Change in net assets					254,040	39,699	13,547
Net assets - beginning, restated					52,449,941	1,260,900	(8,375)
Net assets - ending					\$ 52,703,981	1,300,599	5,172

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Balance Sheet
Governmental Funds
June 30, 2010

	General	Performance Bonds	General Town Improvements	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,062,681	22,504	179,276	-	555,702	4,820,163
Investments	4,410,997	1,077,220	2,288,017	-	6,937,626	14,713,860
Receivables:						
Accounts	546,871	-	102,769	-	-	649,640
Intergovernmental	45,238	-	-	-	108,956	154,194
Taxes receivable	166,781	-	-	-	-	166,781
Tax liens	651,207	-	-	-	-	651,207
Interfund loans receivable	2,794,632	-	-	-	60,248	2,854,880
Tax acquired property	7,231	-	-	-	-	7,231
Inventory	-	-	-	-	25,560	25,560
Notes receivable	-	-	-	2,736,052	-	2,736,052
Total assets	\$ 12,685,638	1,099,724	2,570,062	2,736,052	7,688,092	26,779,568
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	1,158,183	-	427,799	-	540,241	2,126,223
Accrued payroll and other related liabilities	3,581,414	-	-	-	-	3,581,414
Accrued compensated absences	22,559	-	-	-	-	22,559
Interfund loans payable	-	-	-	1,817,795	1,037,235	2,855,030
Taxes collected in advance	50,845	-	-	-	-	50,845
Deferred tax revenue	634,571	-	-	-	-	634,571
Performance bond deposits	-	1,099,724	-	-	-	1,099,724
Total liabilities	5,447,572	1,099,724	427,799	1,817,795	1,577,476	10,370,366
Fund balances:						
Reserved	2,482,358	-	-	2,736,052	269,642	5,488,052
Unreserved, reported in:						
General fund - undesignated	3,286,399	-	-	-	-	3,286,399
General fund - designated	1,469,309	-	-	-	-	1,469,309
Special revenue funds (deficit)	-	-	-	(1,817,795)	5,993,253	4,175,458
Capital projects funds	-	-	2,142,263	-	(152,279)	1,989,984
Permanent funds	-	-	-	-	-	-
Total fund balances	7,238,066	-	2,142,263	918,257	6,110,616	16,409,202
Total liabilities and fund balance	\$ 12,685,638	1,099,724	2,570,062	2,736,052	7,688,092	

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.	108,399,676
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	634,571
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	(68,042,000)
Capital leases	(1,640,531)
Accrued interest	(383,227)
Landfill liability	(433,434)
Other postemployment benefits liability	(475,180)
Accrued compensated absences	(1,765,096)

Net assets of governmental activities **\$ 52,703,981**

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010

	General	Performance Bonds	General Town Improvements	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 46,879,920	-	-	-	-	46,879,920
Licenses and permits	573,438	-	-	-	-	573,438
Intergovernmental	11,875,110	-	107,355	-	2,123,702	14,106,167
Interest earned	141,496	-	36,267	56,538	7,278	241,579
Donations	-	-	-	-	86,271	86,271
Sale of lots	-	-	-	-	10,383	10,383
Assessments and impact fees	-	-	-	-	1,121,596	1,121,596
Other	4,644,760	-	368,948	-	1,617,234	6,630,942
Total revenues	64,114,724	-	512,570	56,538	4,966,464	69,650,296
Expenditures:						
Current:						
General government	4,701,884	-	70,080	-	-	4,771,964
Public services	3,730,927	-	75,213	-	-	3,806,140
Public safety	7,720,965	-	109,819	-	-	7,830,784
Public works	6,224,169	-	2,250,471	-	-	8,474,640
Education	37,337,662	-	-	-	-	37,337,662
County tax	1,885,984	-	-	-	-	1,885,984
Debt service	4,956,091	-	-	-	-	4,956,091
Capital improvements	1,262,059	-	637,855	-	2,235,961	4,135,875
Other	-	-	-	-	4,084,511	4,084,511
Total expenditures	67,819,741	-	3,143,438	-	6,320,472	77,283,651
Excess (deficiency) of revenues over (under) expenditures	(3,705,017)	-	(2,630,868)	56,538	(1,354,008)	(7,633,355)
Other financing sources (uses):						
Transfers in	1,551,027	12	99,845	48,788	283,030	1,982,702
Transfers out	(111,543)	(12)	(453,560)	(586,330)	(831,257)	(1,982,702)
Proceeds from capital leases	51,585	-	-	-	-	51,585
General obligation bonds	648,205	-	4,129,245	-	1,224,550	6,002,000
Total other financing sources (uses)	2,139,274	-	3,775,530	(537,542)	676,323	6,053,585
Net change in fund balances	(1,565,743)	-	1,144,662	(481,004)	(677,685)	(1,579,770)
Fund balances, beginning of year, restated	8,803,809	-	997,601	1,399,261	6,788,301	17,988,972
Fund balances, end of year	\$ 7,238,066	-	2,142,263	918,257	6,110,616	16,409,202

See accompanying notes to 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, 2010

Net change in fund balances - total governmental funds (from Statement 4)	\$	(1,579,770)
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	\$ 5,167,075	
Depreciation expense	(3,057,435)	
Net book value of dispositions	<u>(356,726)</u>	1,752,914
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		77,850
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:		
Accrued interest		56,593
Landfill		4,050
Compensated absences		(182,764)
Other postemployment benefits liability		(200,541)
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.		582,708
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 (\$6,002,000) exceeded repayments (\$5,745,000)		(257,000)
Change in net assets of governmental activities (see Statement 2)	\$	254,040

See accompanying notes to 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, 2010

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 47,284,994	47,284,994	46,879,920	(405,074)
Licenses and permits	522,920	522,920	573,438	50,518
Intergovernmental	9,932,412	9,932,412	8,622,110	(1,310,302)
Interest earned	100,000	100,000	141,496	41,496
Unclassified	4,557,973	4,557,973	4,644,760	86,787
Total revenues	62,398,299	62,398,299	60,861,724	(1,536,575)
Expenditures:				
Current:				
General government	4,686,891	4,686,891	4,701,884	(14,993)
Public services	3,726,297	3,726,297	3,730,927	(4,630)
Public safety	7,955,813	7,955,813	7,720,965	234,848
Public works	6,589,503	6,589,503	6,224,169	365,334
Education	35,199,614	35,199,614	34,084,528	1,115,086
County tax	1,885,984	1,885,984	1,885,984	-
Debt service	4,750,145	4,750,145	4,956,091	(205,946)
Capital improvements	1,440,029	1,440,029	1,210,474	229,555
Total expenditures	66,234,276	66,234,276	64,515,022	1,719,254
Deficiency of revenues over expenditures	(3,835,977)	(3,835,977)	(3,653,298)	182,679
Other financing sources (uses):				
Transfers in	1,186,785	1,186,785	1,551,027	364,242
Transfers out	(103,463)	(103,463)	(111,543)	(8,080)
Utilization of surplus	2,338,512	2,338,512	-	(2,338,512)
Overlay	(274,183)	(274,183)	-	274,183
General obligation bonds	688,326	688,326	648,205	(40,121)
Total other financing sources (uses)	3,835,977	3,835,977	2,087,689	(1,748,288)
Net change in fund balances - budgetary basis	-	-	(1,565,609)	(1,565,609)
Reconciliation to GAAP basis:				
Current portion of accrued compensated absences			(134)	
Net change in fund balances - GAAP basis			(1,565,743)	
Fund balance, beginning of year, restated			8,803,809	
Fund balance, end of year	\$		7,238,066	

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Private-purpose Trust Funds (Scholarships)	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 251,585	250,127
Investments	-	-
Interfund loans receivable	150	-
Total assets	251,735	250,127
LIABILITIES		
Interfund loans payable	-	-
Accounts payable	150	-
Due to student groups	-	250,127
Total liabilities	150	250,127
NET ASSETS		
Held in trust	\$ 251,585	-

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2010

	Private-purpose Trust Funds (Scholarships)
Additions:	
Donations	\$ -
Interest and dividends	112
Total additions	112
Deductions:	
School scholarships	4,200
Total deductions	4,200
Change in net assets	(4,088)
Net assets, beginning of year	255,673
Net assets, end of year	\$ 251,585

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Organizations that are legally separate, tax-exempt entities and meet *all* of the following criteria should be discretely presented as component units. The criteria used are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Additional 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 discretely presented potential component unit addressed in defining the government's reporting entity.

Scarborough Economic Development Corporation (SEDCO) encourages and assists with the development of business in the Town of Scarborough. The Town appoints a majority of SEDCO's board and provides SEDCO a majority of its revenues. All of the financial activity of SEDCO has been reported using the discrete presentation method. The town provided \$239,162 to SEDCO for the year ended June 30, 2010.

Scarborough Public Library (the Library) promotes and maintains library facilities in and for the Town of Scarborough. The Town provides the Library a majority of its revenues and the Library provides services directly to the citizens of the Town. The Library has been included as part of these financial statements, using the discrete presentation method. The Town provided \$797,761 to the Library for the year ended June 30, 2010.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Both of the above met the criteria for inclusion in the Town's financial statements based on the criteria set forth by accounting principles generally accepted in the United States of America. Financial statements for both entities can be obtained from the Town of Scarborough Finance Department, P.O. Box 360, Scarborough, Maine 04070-0360.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 Town Improvements Fund accounts for certain town capital improvements.

The Performance Bond Fund accounts 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.

The Haigis Parkway Assessments Fund accounts for assessment revenues to be used to offset debt payments for the Haigis Parkway project.

Additionally, the Town reports the following fund type:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following fund types:

Private-purpose Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. Private-purpose Trust funds use the economic resources measurement focus. The Town's private purpose trust funds are school department scholarship funds.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. The funds are used to account for assets that the Town holds for others in an agency capacity. The Town's agency funds are student activity funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in 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.

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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Accounts Receivable and Notes Receivable – Management has reviewed accounts receivable and notes receivable for collectibility and has determined that an allowance for uncollectible accounts is not necessary.

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 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 and infrastructure of the primary government are depreciated using the straight-line method over the asset's estimated useful lives as follows: buildings 25-60 years, vehicles 5-15 years, equipment and furniture 10 years and infrastructure 30 years. Capital assets not being depreciated consist of land which has an indefinite useful life and construction in progress which will be depreciated once the project has been completed and placed in service.

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 are accrued ratably over the year. In the fund financial statements, these amounts for accumulated vacation and vested sick leave are only recorded as a liability if they have matured, for example, as a result of paid time off or employee resignations and retirements as applicable. All accumulated leave is accrued when incurred in the government-wide financial statements.

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. The general fund typically pays all governmental activities long-term debt service requirements.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

Interfund Transactions – Interfund services provided and used 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.

E. Recent Accounting Pronouncements

Hierarchy of Generally Accepted Accounting Principles

In April 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles (GAAP) for State and Local Governments*. This statement incorporates the hierarchy of GAAP for state and local governments into the GASB's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The GASB is responsible for establishing GAAP for state and local governments, however, prior to GASB No. 55 the GAAP hierarchy was set forth in the American Institute of Certified Public Accountants' (AICPA) Statement on Auditing Standards (SAS) No. 69, *The Meaning of Present Fairly in Conformity with GAAP*, rather than in the authoritative literature of the GASB. The adoption of this statement did not have a material effect on the Town's financial position or results of operations.

Codification of Accounting and Financial Reporting Guidance

In April 2009, the GASB issued GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This statement incorporates into the GASB authoritative literature accounting and financial reporting guidance on related party transactions, going concern considerations and subsequent events previously only contained in AICPA Statements on Auditing Standards. The statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards. The adoption of this statement did not have a material effect on the Town's financial position or results of operations.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance

In March 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The new statement is effective for financial statement periods beginning after June 15, 2010. The Town is currently assessing the impact of this statement on its financial position and changes in financial position.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The general fund, and Town and School Department capital projects funds have legally adopted annual budgets. The general fund budget is adopted on a basis consistent with generally accepted accounting principles (GAAP), except for capital leases, on-behalf payments and the current portion of compensated absences. The level of control (level at which expenditures may not exceed budget) is the Department. At year end, department administrators may 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. The revised budget presented for the General Fund in the Statement of Revenues, Expenditures and Changes in Fund Balance - 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>
2009-2010 budget as adopted	\$65,973,411	\$65,973,411
Budgetary adjustments:		
Subsequent authorization	0	0
Prior year encumbrances and carryforwards	638,512	638,512
Total adjusted budget	\$ 66,611,923	\$ 66,611,923

B. Excess of Expenditures over Appropriations

The over-expenditure of the General Government function was the result of an early retirement program payout for health insurance and legal fees.

The over-expenditure of the Public Service department was fully offset by excess community services revenues in excess of budgeted revenues.

The Debt Service over-expenditure is the result of an unbudgeted principal and interest payment that was originally included in the bond refunding but then later excluded.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

C. Deficit Fund Balance

At June 30, 2010, the following special revenue and capital projects funds had deficit fund balances:

The Recreational Development Fund (a special revenue fund) had a deficit of \$59,083. It is expected that the deficit will be adequately funded in future years through development and user fees.

The Boat Launch Fund (a special revenue fund) had a deficit of \$44,641. It is expected that this deficit will be adequately funded in future years through additional contributions and revenues.

The School Lunch Program (a special revenue fund) had a deficit of \$8,082. It is expected that this deficit will be adequately funded future years through revenues or from the general fund.

The Municipal Building Fund (a capital project fund) had a deficit of \$492,634. This deficit is expected to be adequately funded in future years with TIF revenues.

The Haigis Parkway had a deficit of \$1,817,795. This deficit is expected to be adequately funded in future years through assessments and TIF revenues.

Included in the Town General Improvements are two projects with deficit balances. The first is the Scarborough Pine Point Pier Project. It is expected that this deficit will be adequately funded in future years through grant and bond revenues. The second is the 2011 Midlevel Road Rehabilitation. This deficit will be funded with bond revenues in the next year.

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a formal policy with respect to custodial credit risk. As of June 30, 2010, the Town reported deposits of \$5,070,290 with a bank balance of \$5,297,397. Of the Town's bank balances of \$5,297,377, none was exposed to custodial credit risk because it was covered by the F.D.I.C. or is secured by additional collateral pledged on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$4,820,163
Reported in fiduciary funds	250,127
Total deposits	\$5,070,290

At June 30, 2010, the Scarborough Public Library and Scarborough Economic Development's cash balances were \$105,385 and \$36,543 respectively, all of which was covered by F.D.I.C. insurance.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

DEPOSITS AND INVESTMENTS – CONTINUED

B. Investments

At June 30, 2010, the Town had the following investments and maturities:

	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Money markets and repurchase agreements	\$14,965,445	\$14,965,445	-	-
Total investments	\$14,965,445	\$14,965,445	-	-

Investments have been reported as follows:

Reported in governmental funds	\$14,713,860
Reported in fiduciary funds	251,585
Total investments	\$14,965,445

Interest Rate Risk: The Town does not have a policy related to interest rate risk.

Credit Risk: Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The Town does not have a formal policy related to credit risk.

Custodial Credit Risk-Town Investments: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a formal policy with respect to custodial credit risk. None of the Town's investments totaling \$14,965,445 were exposed to custodial credit risk. At June 30, 2010, the Scarborough Public Library's investment balance was \$457,220, none of which was exposed to custodial credit risk.

PROPERTY TAX

Property taxes for the current year were committed on August 11, 2009, 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, 2009 and 50% on March 15, 2010. Interest at the rate of 9% 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, 2010 and the Town's value was 102% of the 2010 State valuation of \$3,620,450,000.

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 \$274,183 for the year ended June 30, 2010.

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 Financial Statements – Continued

PROPERTY TAX – CONTINUED

The following summarizes the June 30, 2010 levy:

Town assessed value	\$ 3,524,771,600
Tax rate (per \$1,000)	<u>12.15</u>
Commitment	42,825,994
Supplemental taxes assessed	<u>51,995</u>
	42,877,989
Less - collections and abatements	<u>42,370,914</u>
Receivable at June 30	<u>507,075</u>

Consisting of:

Taxes	57,917
Liens	<u>449,158</u>
Receivable at June 30	<u>\$ 507,075</u>

Collection rate 98.82%

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2010</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,712,018	\$ 1,138,561	\$ 79,200	\$ 5,771,379
Construction in progress	<u>3,507,299</u>	<u>1,321,232</u>	<u>351,955</u>	<u>4,476,576</u>
Total capital assets, not being depreciated	8,219,317	2,459,793	431,155	10,247,955
Capital assets, being depreciated:				
Buildings	68,247,437	480,021	0	68,727,458
Vehicles	11,374,410	830,758	509,486	11,695,682
Equipment and furniture	4,945,455	237,251	0	5,182,706
Infrastructure	<u>41,777,022</u>	<u>1,511,207</u>	<u>0</u>	<u>43,288,229</u>
Total capital assets being depreciated	126,344,324	3,059,237	509,486	128,894,075
Less accumulated depreciation for:				
Buildings	12,143,130	1,187,970	0	13,331,100
Vehicles	5,719,468	836,195	231,960	6,323,703
Equipment and furniture	2,968,952	392,736	0	3,361,688
Infrastructure	<u>7,085,329</u>	<u>640,534</u>	<u>0</u>	<u>7,725,863</u>
Total accumulated depreciation	27,916,879	3,057,435	231,960	30,742,354
Total capital assets being depreciated, net	98,427,445	1,802	277,526	98,151,721
Governmental activities capital assets, net	<u>\$106,646,762</u>	<u>\$2,461,595</u>	<u>\$ 708,681</u>	<u>\$108,399,676</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

CAPITAL ASSETS – CONTINUED

The balances as of June 30, 2009 have been restated for the cost of infrastructure and accumulated depreciation for infrastructure as result of the prior period adjustments in the amounts of \$4,425,205 and \$527,690, respectively.

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

Governmental activities:

General government	\$ 325,860
Public services	25,768
Public safety	434,955
Public works, including depreciation of general infrastructure assets	1,009,394
Education	1,261,458

Total depreciation expense – governmental activities	\$ 3,057,435
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Capital assets for the Scarborough Public Library and Scarborough Economic Development Corporation discretely presented component unit are as follows:

	<u>Library</u>	<u>SEDCO</u>
Buildings	\$1,268,766	-
Equipment, artwork and software	520,820	\$23,024
Books	845,069	-
Total	2,634,655	23,024
Less accumulated depreciation	(1,861,192)	(18,620)
Property and equipment, net	\$773,463	\$4,404
Depreciation expense	\$97,504	\$1,027

INTERFUND BALANCES

Interfund balances result from the sharing of pooled cash and investments. Individual interfund receivables and payables at June 30, 2010, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$2,794,632	-
Haigis Parkway	-	1,817,795

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

INTERFUND BALANCES – CONTINUED

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Nonmajor Governmental Funds:		
Nonmajor Special Revenue Funds:		
Unemployment compensation	-	\$ 11,754
Hurd Park and Ferry Beach	\$ 44,124	-
Recreational development	-	59,083
Scarborough Memorial Cemetery	4,000	-
School Lunch	-	15,798
Boat Launch	-	44,641
Communication Tower	-	15,319
Route 1 Sawyer Road improvement	822	-
Economic Development Fund	-	158,207
Payne Road impact fees	-	137,739
Other impact fees	-	11,411
Police asset forfeiture	-	56,382
Hunnewell House	7,302	-
Rescue equipment	-	21,075
Departmental grants and programs	-	13,180
Total Nonmajor Special Revenue Funds	56,248	552,669
Nonmajor Capital Project Funds:		
Municipal building fund	-	492,634
Total Nonmajor Capital Project Funds	-	492,634
Nonmajor Permanent Funds:		
Scarborough Memorial Cemetery	4,000	-
Dunstan Perpetual Care	-	12
Total Permanent Funds	4,000	12
Total Other Governmental Funds	60,248	1,045,315
Private-purpose Trust Funds	150	-
Total all funds	\$2,855,030	\$2,855,030

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. The balances represent each fund's portion of the centralized checking account.

INTERFUND TRANSFERS

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$1,551,027	\$ 111,543
Performance Bonds	12	12
General Town Improvements	99,845	453,560
Haigis Parkway Assessments	48,788	586,330
Nonmajor Governmental Funds	283,030	831,257
Total	\$1,982,702	\$1,982,702

These operating transfers were budgeted transfers to fund certain activities.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$67,785,000	\$6,002,000	\$5,745,000	\$68,042,000	\$5,720,000
Capital leases	2,223,239	51,585	634,293	1,640,531	535,388
Compensated absences	1,604,758	205,322	22,425	1,787,655	22,559
Other postemployment Benefits liability	274,639	200,541	-	475,180	-
Landfill post-closure care costs	437,484	-	4,050	433,434	4,050
Governmental activity					
Long-term liabilities	\$72,325,120	\$6,459,448	\$6,405,768	\$72,378,800	\$6,281,997

As of June 30, 2010, the Town had authorized, but unissued debt totaling \$2,347,520. The General Fund typically pays all governmental activities long-term debt service requirements including accrued compensated absences.

Long-term liabilities for SEDCO as of June 30, 2010 consist of compensated absences in the amount of \$30,623.

BONDS PAYABLE

Bonds payable at June 30, 2010 is comprised of the following:

<u>General Obligation Notes and Bonds</u>	<u>Amount originally issued</u>	<u>Percentage applicable to</u>			<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
		<u>Town</u>	<u>School</u>	<u>Sewer</u>			
1990 Capital improvements	7,415,000	-	100.00%	-	Varies	2011	\$ 325,000
1993 Capital improvements	1,135,000	100.00%	-	-	Varies	2012	75,000
1994 Capital improvements	6,775,000	-	100.00%	-	Varies	2015	1,150,000
1995 Capital improvements	6,160,000	1.89%	98.11%	-	Varies	2016	1,590,000
1997 Capital improvements	4,230,000	100.00%	-	-	Varies	2017	770,000
2001 Capital improvements	4,932,000	60.30%	39.70%	-	Varies	2021	1,335,000
2003 Capital improvements	24,579,000	5.17%	50.11%	44.72%	Varies	2032	19,085,000
2004 Capital improvements	14,628,000	11.08%	85.33%	3.58%	Varies	2034	9,375,000
2005 Capital improvements	10,665,000	5.80%	94.20%	-	Varies	2034	8,455,000
2006 Capital improvements	7,014,000	85.55%	14.45%	-	Varies	2036	4,375,000
2007 Capital improvements	4,000,000	74.47%	25.53%	-	Varies	2022	2,350,000
2008 Capital improvements	8,513,000	75.68%	24.32%	-	Varies	2028	7,120,000
2009 Capital improvements	4,560,000	87.72%	12.28%	-	Varies	2029	4,255,000
2009 Capital improvements	1,780,000	80.34%	19.66%	-	2.00%	2020	1,780,000
2010 Capital improvements	6,002,000	82.21%	17.79%	-	Varies	2031	6,002,000
Total							\$ 68,042,000

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

BONDS PAYABLE – CONTINUED

The annual requirements to amortize all debt outstanding as of June 30, 2010 are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,720,000	\$ 2,584,375	\$ 8,304,375
2012	5,547,000	2,371,455	7,918,455
2013	5,350,000	2,178,145	7,528,145
2014	4,565,000	2,000,616	6,565,616
2015	4,325,000	1,837,031	6,162,031
2016-2020	16,555,000	7,138,540	23,693,540
2021-2025	11,985,000	4,244,277	16,229,277
2026-2030	7,935,000	2,257,764	10,192,764
2031-2035	6,060,000	586,228	6,646,228
<u>Totals</u>	<u>\$ 68,042,000</u>	<u>\$ 25,198,431</u>	<u>\$ 93,240,431</u>

STATUTORY DEBT LIMIT

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, 2010 outstanding <u>bonds</u>	Percent of 2010 State assessed value of \$ 3,620,450,000	<u>Amount</u>	<u>Margin</u>
For school purposes	\$ 33,996,549	10.00%	\$362,045,000	\$328,048,451
For storm or sanitary sewer	8,871,000	7.50%	271,533,750	262,662,750
For municipal airport, water and special district purposes	-	3.00%	108,613,500	108,613,500
For all other purposes	25,174,451	7.50%	271,533,750	246,359,299
<u>Total</u>	<u>\$ 68,042,000</u>	<u>15.00%</u>		

The statutory debt limit according to State law is 15% of the State assessed value, which amounts to \$543,067,500. The total debt margin based on this limit is \$475,025,500.

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 Financial Statements – Continued

CAPITAL LEASES

The Town of Scarborough has entered into various lease agreements as lessee for copiers, equipment, vehicles, building repairs and computer hardware and software. 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 amount of assets capitalized under capital leases is \$2,570,397.

The following is a schedule of future minimum lease payments under capital leases and the present value of the minimum lease payments at June 30, 2010:

2011	\$ 594,560
2012	458,573
2013	377,591
2014	116,485
2015	89,763
<u>2016-thereafter</u>	<u>158,845</u>
Total minimum lease payments	1,795,817
<u>Less: amount representing interest</u>	<u>155,286</u>
Present value of future minimum	
<u>lease payments</u>	<u>\$ 1,640,531</u>

OVERLAPPING DEBT AND OTHER CONTINGENCIES

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, 2010, the Town's State valuation of \$3,620,450,000 was 8.67% of the County's State valuation of \$41,772,500,000. The Town's share is 8.67% or \$326,976 of Cumberland County's \$3,772,625 long-term debt outstanding as of June 30, 2010.

The Town is also served by the Portland Water District. At June 30, 2010, the Town's share of self-supporting bonded water debt is 13.39% or \$4,209,735 of total debt of \$31,450,023.

Contingencies

ecomaine, formerly Regional Waste Systems, 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 ecomaine, payable from and secured by a pledge of ecomaine 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. ecomaine has no taxing power. Notwithstanding the foregoing, pursuant to the Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain amounts of the solid waste produced within each such participating municipality to ecomaine 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, 2010, outstanding "Incinerator Debt" of ecomaine totaled \$9,210,000 of which the Town of Scarborough's share, based on estimated tonnage to be delivered, amounted to 8.60% or \$792,242.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

OVERLAPPING DEBT AND OTHER CONTINGENCIES – CONTINUED

The Town has also entered into an agreement with ecomaine as one of the 21 ecomaine Member Municipalities along with an additional seven Participating Municipalities, to establish a Material Recycling Facility (“MRF”) at ecomaine’s 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, 2010, the Town’s share is 6.30% or \$124,740 of ecomaine’s outstanding MRF debt of \$1,980,000.

ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and post closure care costs approximate \$14,834,132 at June 30, 2009, the most recent date available. The Town’s proportionate share of these estimated landfill closure and post closure care costs is 8.54%, or \$1,266,276.

Total Debt and Contingencies

<u>Governmental Unit</u>	As of June 30, 2010			
	<u>Direct debt</u>	<u>Overlapping debt</u>	<u>Contingent debt</u>	<u>Total debt</u>
Town of Scarborough	\$ 69,682,531	-	-	\$69,682,531
Cumberland County	-	\$ 326,976	-	326,976
Portland Water District - water debt	-	4,209,735	-	4,209,735
ecomaine Waste Systems:				
Resource recovery system	-	-	\$792,242	792,242
Material recovery facility	-	-	124,740	124,740
Landfill closure/post closure costs	-	-	1,266,276	1,266,276
Totals	\$ 69,682,531	\$4,536,711	\$2,183,258	\$76,402,500

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, 2010, substantially all such calculations have been performed and the Town is in compliance with all arbitrage requirements.

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.

LANDFILL CLOSURE AND POSTCLOSURE COSTS

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 under a waiver granted by the State. The landfill is permitted to operate in its existing capacity until 2027. The estimated total current cost of landfill closure, \$433,434, 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, 2010. Additionally, annual monitoring and maintenance costs are estimated to be \$4,050 per year.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

LANDFILL CLOSURE AND POSTCLOSURE COSTS – CONTINUED

The total closure and post closure care costs of \$433,434 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 post closure care may be higher due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

RESERVED FUND EQUITY

At June 30, 2010, the Special Revenue fund balance for Haigis Parkway included a reserve for the non-current portion of the notes receivable in the amount of \$2,736,052. The School Lunch Program included a reserve for inventory on hand of \$25,560 and the Grants & Programs under Special Revenues included \$34,833 in encumbrances. Fund balance has been reserved in the permanent funds for nonexpendable principal of \$125,528 and expendable income of \$83,721. The total reserved fund balance for other governmental funds on Statement 3 was \$269,642. As of June 30, 2010, the General Fund balance was reserved in the amount of \$2,482,358, reflecting the non-current portion of the interfund loan receivable from the Municipal Building Fund in the amount of \$492,634, the Boat Launch Fund deficit of \$44,641, the Haigis Parkway deficit of \$1,817,795, the Commercial Pier Project deficit of \$45,825, the 2011 Mid Level Road Rehabilitation deficit of \$22,380 and the Recreation Development Fund amount of \$59,083.

DESIGNATED FUND BALANCES

At June 30, 2010, portions of the General Fund balance were designated to future periods as follows:

	<u>2010</u>
General Fund:	
State revenue sharing	\$ (147,710)
Comprehensive plan	26,935
Town Clerk – New Equipment	882
Town Clerk – Election storage trailer	4,866
Town Clerk – Voting booth purchase	1,046
Planning – Watershed map/management plan	43,000
Police Department - 2006 QED software	9,300
Police Department – Tamar Pre-emptive device	13,423
Police Department – Traffic light pre-emptive	1,221
Police Department – Motorola equipment	3,021
Fire Department – Municipal holding tank	11,375
Public Works – 2011 Backhoe	(102)
Public Works – 2011 Plow Truck	(114)
Library – Capital equipment improvements	98,809
Cable franchise fees	62,344
Summer recreation	30,000
Marine Resource Office – Inventory Management	5,565
Town-wide computer purchases	15,136
Encumbered purchase orders	176,665
Reserve for accrued sick pay	1,113,647
Total General Fund designated fund balance	<u>\$ 1,469,309</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM – CONSOLIDATED RETIREMENT PENSION PLAN

Description of the Plan - The Town contributes to the Maine Public Employees Retirement System Consolidated Plan formerly known as the Maine State Retirement System Consolidated Plan. The Consolidated Plan is a cost sharing multiple-employer retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine State Retirement, 46 State House Station, and Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the 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 Town had its separate, individual existing unfunded actuarial liability calculated which the Town fully funded in 2007. The current employer rate is 2.8% of annual covered payroll for School employees participating in the District Plan, 2.8% for Town employees, 6.5% for Police and Fire and Rescue. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employees Retirement Board of Trustees. The Town's contributions to the MPERS Consolidated Plan for the year ended June 30, 2010, 2009 and 2008 were \$158,635, \$124,178, and \$88,773 respectively and this is 100% of the amount required, which was paid by the Town.

Teacher Group - All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine State Retirement System, 46 State House Station, and 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 \$3,253,000 (17.78%) for the fiscal year 2010. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statement 2 and Statement 4).

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

DEFINED CONTRIBUTION PENSION PLAN

Defined Contribution Pension Plan - The Town, under a plan adopted and approved by the Town Council, contributes to the International City Manager's Association Retirement Corporation (ICMA-RC) Money Purchase Plan, a defined contribution pension plan administered by the ICMA-RC.

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 full time municipal employees of the Town have the option of participating in the plan or the Maine Public Employees 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/her account at that time. Each employee must contribute a minimum of 6% of his/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. The Town Manager has a separate plan that requires the Town to contribute 12% of the Manager's gross earnings and the Manager is not required to contribute.

During the year, the Town's required and actual contributions amounted to \$342,453, which was 6% of the participating employees and 12% of the Town Manager's current year covered payroll. The covered payroll amounted to \$5,593,583, while the Town's total payroll was \$10,719,862.

Employee's required contributions amounted to \$328,774, 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 ICMA 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.

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

During the year, the participating employees contributions amounted to \$408,417 and the Town contributions amounted to \$275,932. The Town contributes a match up to 4%.

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, are not reported in the Town's financial statements.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

OTHER POST EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) recently promulgated its Statement 45 which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Scarborough for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported in a manner similar to pension plans.

The Town is a member of the Maine Municipal Employees Health Trust, which is a cost-sharing multiple-employer plan. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in July 2009 which was applied to fiscal year ended June 30, 2010.

Plan Descriptions – In addition to providing pension benefits, the Town provides health care benefits for qualified retired employees. Eligibility to receive health care benefits at retirement is determined by the Health Trust standards. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

Funding Policy and Annual OPEB Cost – GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year. The unfunded actuarial accrued liability must be amortized over a period not to exceed thirty years.

The following table represents the OPEB costs for the year and the annual required contribution:

Normal Cost	\$113,905
Amortization of Unfunded	155,349
Interest	5,385
Annual Required Contribution	\$274,639

Funding Status and Funding Progress – The Town's OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2010 were as follows:

Annual required contribution	\$274,639
Interest on NET OPEB Obligation	9,589
Amortization adjustment to ARC	(13,863)
Annual OPEB Cost	270,365
Actual contribution	(69,824)
Increase in Net OPEB Obligation	200,541
Net OPEB obligation – beginning of year	274,639
Net OPEB Obligation – end of year	\$475,180

Percent contributed	14.7%
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TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

OTHER POST EMPLOYMENT BENEFITS – CONTINUED

Actuarial accrued liability	\$2,793,753
<u>Plan Assets</u>	<u>0</u>
Unfunded actuarial accrued liability	\$2,793,753
 Covered payroll	 6,776,068
 Unfunded actuarial accrued liability as a percentage of covered payroll	 41%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1-1-2009
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	30 years, open amortization period
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.00% - 9.60%

TAX INCREMENT FINANCING DISTRICTS

The Town has established four 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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

TAX INCREMENT FINANCING DISTRICTS – CONTINUED

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

Scarborough Town Center Development District:	
Original assessed value	\$ 6,915,000
Maximum authorized captured value	6,900,000
Amount captured as of June 30, 2010	4,500,000
Enterprise Business Park TIF:	
Original assessed value	544,800
Amount captured as of June 30, 2010	7,638,100
Haigis Parkway:	
Original assessed value	8,563,500
Amount captured as of June 30, 2010	3,274,000
New England Expedition CEA:	
	35,045,900
Bessey School Senior Housing CEA:	2,608,600

RISK MANAGEMENT

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, 2010. There have been no significant reductions in commercial insurance coverage from the prior year and no settlements have exceeded commercial insurance coverage in any of the past three years.

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2010:

	<u>Governmental Activities</u>
Capital assets	\$ 139,142,030
Accumulated depreciation	(30,742,354)
Bonds payable	(59,171,000)
Capital leases payable	(1,640,531)
<u>Total invested in capital assets net of related debt</u>	<u>\$47,588,145</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements – Continued

NET ASSETS – CONTINUED

The Town's Bonds payable is \$68,042,000 as stated in the footnote on page 54. For the purpose of determining net assets invested in capital assets net of related debt, bonds payable totaling \$8,871,000, have been excluded from this calculation because the Town transferred ownership of the capital assets to other entities.

PRIOR PERIOD ADJUSTMENT TO NET ASSETS

Restatements were made to beginning net assets and beginning fund balance as a result of new information becoming available relating to donated streets and infrastructure as follows:

Net Assets

Beginning of year as previously stated	\$48,552,425
Add: Adjustments to infrastructure	<u>3,897,516</u>
Beginning of year as restated	<u>\$52,449,941</u>

TOWN OF SCARBOROUGH, MAINE
Schedule of Funding Progress
Required Supplementary Information
June 30, 2010
(Unaudited)

Other Post-Employment Benefits

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) /c]
2010	01-01-2009	\$ -	\$2,793,753	\$2,793,753	0%	\$6,776,068	41%
2009	01-01-2009	\$ -	\$2,793,753	\$2,793,753	0%	\$6,208,803	45%

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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).

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TOWN OF SCARBOROUGH, MAINE
General Fund
Comparative Balance Sheets
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 4,062,681	4,691,357
Investments	4,410,997	4,803,188
Receivables:		
Taxes receivable	166,781	136,958
Tax liens	651,207	559,400
Accounts receivable	546,871	617,828
Intergovernmental	45,238	
Interfund loans receivable	2,794,632	3,152,886
Tax acquired property	7,231	7,231
Total assets	\$ 12,685,638	13,968,848
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other current liabilities	1,158,183	1,057,383
Accrued payroll and other related liabilities	3,581,414	3,459,260
Accrued compensated absence (current)	22,559	22,425
Taxes collected in advance	50,845	69,250
Deferred tax revenues	634,571	556,721
Total liabilities	5,447,572	5,165,039
Fund balance:		
Reserved	2,482,358	629,962
Unreserved:		
Designated - Town	1,469,309	1,818,318
Undesignated - Education	1,055,872	1,854,157
Undesignated - Town	2,230,527	4,501,372
Total fund balance	7,238,066	8,803,809
Total liabilities and fund balance	\$ 12,685,638	13,968,848

TOWN OF SCARBOROUGH, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2010
(with comparative totals for June 30, 2009)

		2010				
	2009 carryforward	Budget	Total Available	Actual	Variance positive (negative)	2009 Actual
Revenues:						
Taxes:						
Property taxes	\$ -	42,700,994	42,700,994	42,738,876	37,882	42,147,691
Change in deferred property tax revenue	-	-	-	(77,850)	(77,850)	(148,351)
Excise taxes	-	4,327,000	4,327,000	3,937,150	(389,850)	4,126,817
Cable franchise tax	-	178,000	178,000	184,756	6,756	175,981
Interest and costs on taxes	-	79,000	79,000	96,988	17,988	99,053
Total taxes	-	47,284,994	47,284,994	46,879,920	(405,074)	46,401,191
Licenses and permits:						
Plumbing fees	-	24,000	24,000	19,890	(4,110)	16,114
Fees and Permits	-	126,090	126,090	167,027	40,937	163,806
Building permits	-	275,000	275,000	261,224	(13,776)	211,108
Electrical permits	-	22,000	22,000	40,467	18,467	17,635
Zoning Board of Appeals	-	10,000	10,000	14,084	4,084	10,363
License plate fees	-	62,330	62,330	60,216	(2,114)	60,588
Subdivision fees	-	3,500	3,500	10,530	7,030	2,700
Total licenses and permits	-	522,920	522,920	573,438	50,518	482,314
Intergovernmental:						
Education state subsidies	-	7,043,070	7,043,070	5,913,102	(1,129,968)	7,069,802
FEMA reimbursement	-	-	-	-	-	108,584
State Revenue Sharing	-	1,350,352	1,350,352	1,120,132	(230,220)	1,358,911
Homestead exemption	-	352,995	352,995	352,995	-	339,355
Business equipment tax exemption	-	156,055	156,055	140,591	(15,464)	23,864
URIP (D.O.T. block grant)	-	365,000	365,000	307,828	(57,172)	340,584
ecomaine payment in lieu of taxes	-	77,148	77,148	71,450	(5,698)	71,450
Adult education State subsidies	-	22,520	22,520	16,468	(6,052)	23,444
General assistance reimbursement	-	12,672	12,672	3,022	(9,650)	8,264
Federal HIDTA revenues	-	120,000	120,000	123,128	3,128	135,960
Medicaid	-	100,000	100,000	175,057	75,057	204,192
Other Federal and State revenues - School	-	311,000	311,000	244,651	(66,349)	337,242
Other Federal and State revenues - Town	-	21,600	21,600	153,686	132,086	156,440
Total intergovernmental	-	9,932,412	9,932,412	8,622,110	(1,310,302)	10,178,092
Interest earned	-	100,000	100,000	141,496	41,496	137,533
Unclassified:						
School Department miscellaneous	-	88,481	88,481	158,705	70,224	115,640
Adult education	-	13,500	13,500	10,917	(2,583)	10,600
Community services	-	1,584,889	1,584,889	1,635,360	50,471	1,540,702
Police court time	-	3,000	3,000	1,898	(1,102)	5,022
Snow plowing service	-	8,000	8,000	10,767	2,767	16,975
Insurance reimbursements	-	22,000	22,000	97,641	75,641	60,902
Public Violations	-	43,000	43,000	54,067	11,067	64,924
Special duty police/fire	-	118,000	118,000	103,380	(14,620)	98,534
Inspection/review fees	-	73,100	73,100	117,696	44,596	163,098
Rescue donations	-	625,000	625,000	625,000	-	525,000
Rental income	-	38,315	38,315	38,315	-	45,203
Sale of Town-owned property	-	162,051	162,051	122,376	(39,675)	112,090
Salary reimbursement	-	714,085	714,085	794,328	80,243	543,388
Vehicle fuel reimbursement	-	495,673	495,673	391,149	(104,524)	415,024
Vehicle maintenance reimbursement	-	322,450	322,450	303,291	(19,159)	313,780
Lease revenue	-	138,000	138,000	47,677	(90,323)	632,079
Miscellaneous	-	108,429	108,429	132,193	23,764	156,316
Total unclassified	-	4,557,973	4,557,973	4,644,760	86,787	4,819,277
Total revenues	-	62,398,299	62,398,299	60,861,724	(1,536,575)	62,018,407

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

	2009 carryforward	2010				2009 Actual
		Budget	Total available	Actual	Variance positive (negative)	
Expenditures:						
Current:						
General government:						
Town Council	\$ -	11,573	11,573	11,573	-	11,573
Administration	-	224,408	224,408	222,052	2,356	225,866
Town Clerk	-	208,990	208,990	177,176	31,814	210,815
Human resources	-	202,639	202,639	185,482	17,157	184,563
Personnel benefits	58,735	90,000	148,735	250,722	(101,987)	180,952
Finance	13,886	384,210	398,096	372,928	25,168	375,695
Purchasing	-	142,792	142,792	140,251	2,541	123,325
Taxation/Treasury	-	434,584	434,584	412,571	22,013	454,112
Assessing	-	241,800	241,800	236,740	5,060	232,452
Management information systems	-	748,460	748,460	711,044	37,416	537,282
Planning	12,240	812,511	824,751	753,864	70,887	786,814
Municipal building	3,378	285,782	289,160	293,007	(3,847)	279,598
General government	-	57,673	57,673	66,972	(9,299)	67,158
Legal	-	84,000	84,000	136,727	(52,727)	151,874
Risk management	-	541,000	541,000	562,212	(21,212)	529,510
Public information	-	7,000	7,000	5,226	1,774	6,138
Engineering	-	47,500	47,500	99,617	(52,117)	102,000
Outside agencies	-	73,730	73,730	63,720	10,010	73,747
Total general government	88,239	4,598,652	4,686,891	4,701,884	(14,993)	4,533,475
Public services:						
Library	-	797,761	797,761	786,611	11,150	760,556
Public health and welfare	-	29,974	29,974	13,894	16,080	17,615
Tax Rebates (Credit Enhancement Agree)	-	550,575	550,575	550,575	-	515,174
Economic Development Corporation	-	239,162	239,162	235,306	3,856	238,454
Community services	159	2,108,666	2,108,825	2,144,541	(35,716)	2,171,742
Total public services	159	3,726,138	3,726,297	3,730,927	(4,630)	3,703,541
Public safety:						
Fire Department	1,115	1,797,137	1,798,252	1,650,208	148,044	1,722,489
Police Department	109,921	4,444,980	4,554,901	4,488,436	66,465	4,236,207
Emergency Management	-	34,621	34,621	33,357	1,264	33,030
Marine resources	4,325	86,906	91,231	76,687	14,544	87,030
Emergency Medical Services	150	1,476,658	1,476,808	1,472,277	4,531	1,320,572
Total public safety	115,511	7,840,302	7,955,813	7,720,965	234,848	7,399,328
Public works:						
Public Works Department	50,000	2,464,245	2,514,245	2,381,264	132,981	2,285,027
Vehicle maintenance	-	1,508,641	1,508,641	1,392,013	116,628	1,460,334
Water charges	-	174,100	174,100	182,405	(8,305)	179,307
Street lighting	-	159,500	159,500	158,577	923	160,784
Traffic signals	-	125,684	125,684	114,424	11,260	114,087
Cemetery care	-	19,025	19,025	26,346	(7,321)	18,240
Memorials	-	9,451	9,451	8,930	521	11,730
Shade trees	-	24,500	24,500	10,624	13,876	18,723
Engineering services	-	109,451	109,451	103,055	6,396	92,052
Solid waste program	-	1,944,906	1,944,906	1,846,531	98,375	1,919,128
Total public works	50,000	6,539,503	6,589,503	6,224,169	365,334	6,259,412
Education:						
Regular instruction	-	20,130,212	20,130,212	20,002,428	127,784	19,688,426
Improvement of instruction	-	523,612	523,612	482,199	41,413	516,570
Special services	-	2,569,361	2,569,361	2,473,838	95,523	2,439,531
General & special administration	-	313,810	313,810	294,977	18,833	276,546
Board of education	-	40,064	40,064	33,229	6,835	35,512
Office of the superintendent	-	402,204	402,204	379,594	22,610	427,345
Business administration	-	1,641,402	1,641,402	1,610,820	30,582	1,463,972
Transportation	-	1,535,910	1,535,910	1,418,468	117,442	1,459,906
Operation and maintenance of plant	-	3,865,159	3,865,159	3,215,499	649,660	3,462,425
Debt service	-	4,177,880	4,177,880	4,173,476	4,404	4,475,430
Total education	-	35,199,614	35,199,614	34,084,528	1,115,086	34,245,663

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

	2010					
	2009 carryforward	Budget	Total available	Actual	Variance positive (negative)	2009 Actual
Expenditures, continued:						
Current, continued:						
County tax	\$ -	1,885,984	1,885,984	1,885,984	-	1,836,509
Debt service (excluding education):						
Principal	-	2,924,449	2,924,449	3,044,449	(120,000)	3,203,500
Interest and other costs	-	1,825,696	1,825,696	1,911,642	(85,946)	1,866,561
Total debt service	-	4,750,145	4,750,145	4,956,091	(205,946)	5,070,061
Capital improvements	384,603	1,055,426	1,440,029	1,210,474	229,555	1,358,211
Total expenditures	638,512	65,595,764	66,234,276	64,515,022	1,719,254	64,406,200
Excess (deficiency) of revenues over (under) expenditures	(638,512)	(3,197,465)	(3,835,977)	(3,653,298)	182,679	(2,387,793)
Other financing sources (uses):						
Transfers in	-	1,186,785	1,186,785	1,551,027	364,242	2,570,284
Transfers out	-	(103,463)	(103,463)	(111,543)	(8,080)	(395,967)
General obligation bonds	-	688,326	688,326	648,205	(40,121)	-
Overlay	-	(274,183)	(274,183)	-	274,183	-
Total other financing sources (uses)	-	1,497,465	1,497,465	2,087,689	590,224	2,174,317
Net change in fund balances - budgetary basis	(638,512)	(1,700,000)	(2,338,512)	(1,565,609)	772,903	(213,476)
Utilization of prior year surplus and carrying balances	638,512	1,700,000	2,338,512		(2,338,512)	-
Total Utilization of Fund Balance and Carry forwards	-	-	-	(1,565,609)	(1,565,609)	(213,476)
Reconciliation to GAAP basis:						
Current portion of accrued compensated absences				(134)		42,793
Fund balances, beginning of year restated				8,803,809		8,974,492
Fund balances, end of year				7,238,066		8,803,809

OTHER GOVERNMENTAL FUNDS

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TOWN OF SCARBOROUGH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 268,628	287,074	-	555,702
Investments	6,400,508	331,857	205,261	6,937,626
Intergovernmental receivable	108,956	-	-	108,956
Due from State of Maine	-	-	-	-
Interfund loans	56,248	-	4,000	60,248
Inventory	25,560	-	-	25,560
Notes receivable	-	-	-	-
Total assets	\$ 6,859,900	618,931	209,261	7,688,092
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	261,665	278,576	-	540,241
Interfund loans	544,589	492,634	12	1,037,235
Total liabilities	806,254	771,210	12	1,577,476
Fund balances (deficit):				
Reserved for:				
Inventory	25,560	-	-	25,560
Nonexpendable trust principal	-	-	125,528	125,528
Expendable trust - income portion	-	-	83,721	83,721
Encumbrance	34,833	-	-	34,833
Unreserved, undesignated	5,993,253	(152,279)	-	5,840,974
Total fund balances (deficit)	6,053,646	(152,279)	209,249	6,110,616
Total liabilities and fund balances	\$ 6,859,900	618,931	209,261	7,688,092

TOWN OF SCARBOROUGH, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 2,074,142	49,560	-	2,123,702
Contributions	86,271	-	-	86,271
Assessments and impact fees	1,121,596	-	-	1,121,596
Sale of lots	6,383	-	4,000	10,383
Other revenue	1,617,234	-	-	1,617,234
Interest revenue	3,627	3,582	69	7,278
Total revenues	4,909,253	53,142	4,069	4,966,464
Expenditures:				
Current:				
Capital expenditures	886,213	1,349,748	-	2,235,961
Other	4,084,499	-	12	4,084,511
Total expenditures	4,970,712	1,349,748	12	6,320,472
Excess of revenues over (under) expenditures	(61,459)	(1,296,606)	4,057	(1,354,008)
Other financing sources (uses):				
Transfers in	40,248	242,782	-	283,030
Transfers out	(578,500)	(252,757)	-	(831,257)
General Obligation Bonds	156,950	1,067,600	-	1,224,550
Total other financing sources (uses)	(381,302)	1,057,625	-	676,323
Net change in fund balances	(442,761)	(238,981)	4,057	(677,685)
Fund balances, beginning of year	6,496,407	86,702	205,192	6,788,301
Fund balances, end of year (deficit)	\$ 6,053,646	(152,279)	209,249	6,110,616

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.

Hurd Park and Ferry Beach

To account for all fees collected from the sale of resident and non-resident parking stickers, and day-to-day parking fees at Ferry Beach and Hurd Park at Pine Point Beach. The funds are used for the maintenance and improvement of the beach parking areas.

Recreational Development

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

New England Expedition Credit Enhancement Agreement

This is a credit enhancement agreement set up between the Town and NE Expedition. A Credit Enhancement Agreement or contract between the municipality and the Company is a mechanism to assist the development project by using all, or a percentage of, the tax revenues generated by the new investment to pay certain authorized project costs with payments made directly to the company. The credit enhancement agreement is for a ten year period not to exceed \$8,250,000.

Boat Launch Facility

To account for all resident and non-resident fees collected from the use of the boat launch facility. The funds are to be used for the improvement of the boat launch facility at Pine Point.

Cemetery 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.

Route 1 Sawyer Road Improvements

To account for bond funds to improve the intersection of Route One and Sawyer Road in connection with the Orion Center project.

Economic Development Fund (Formerly the Industrial Park)

The Town Council in November 2008, order no. 08-150, established a permanent, non-lapsing account for economic and business development within Scarborough.

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.

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

Bessey Commons

This is a credit enhancement agreement between the Town and Bessey Commons. A credit enhancement agreement or contract between the municipality and a company is a mechanism to assist the development project, by using all, or a percentage of the revenues generated by the new investment to pay certain authorized project costs with payments made directly to the company.

Payne Road Improvements

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

Payne Road Impact Fees

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

Other 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. Included in this impact fees are:

School Development Impact Fee to help fund the improvements to the Scarborough High School.

Dunstan Corner Impact Fee is a growth management fee created by ordinance, to mitigate traffic impacts in this location from new development. The collected fee will be applied to the design and construction of identified future highway improvements in the defined area.

Oak Hill Traffic Impact Fee is a growth management fee by policy to mitigate traffic impacts in this location from new development in Town. The fee will be applied to the design and construction of future highway improvements in the defined area.

Haigis Parkway Mitigation Fee is a growth management fee by policy to mitigate traffic impacts in this location from new development. The fee will be applied to the design and construction of future highway improvements in the defined area.

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.

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

Fire Department

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

Departmental Grants and Programs

To account for various federal and state grants and non-budget programs.

Friends of the Scarborough Marsh

The Friends of the Scarborough Marsh is a coalition of private citizens dedicated 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 the Friends of the Scarborough Marsh and by the Town Manager. Approved, June 29, 2004.

Pleasant Hill Area Drainage

This fund accounts for monies 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.

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2010

	Unemploy- ment Compen- sation	Hurd Park and Ferry Beach	Recrea- tional Develop- ment	New England Expedition Credit Agreement	Boat Launch Facility	Cemetery Improve- ment	Rte 1 Sawyer Road Improve	Economic Development Fund	Prouts Landing Conserva- tion	Bessey Commons	Payne Road Improvements
ASSETS											
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-	-
Investments	187,766	405,203	-	42,718	-	23,516	84,574	366,119	24,531	8	69,770
Intergovernmental receivable	-	-	-	-	-	-	-	-	-	-	-
Due from State of Maine	-	-	-	-	-	-	-	-	-	-	-
Interfund loans receivable	-	44,124	-	-	-	4,000	822	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 187,766	449,327	-	42,718	-	27,516	85,396	366,119	24,531	8	69,770
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	-	-	-	-	-	-	-	-	-	-	-
Interfund loans payable	11,754	-	59,083	-	44,641	-	-	158,207	-	-	-
Total liabilities	11,754	-	59,083	-	44,641	-	-	158,207	-	-	-
Fund balances:											
Reserved	-	-	-	-	-	-	-	-	-	-	-
Unreserved:											
Undesignated	176,012	449,327	(59,083)	42,718	(44,641)	27,516	85,396	207,912	24,531	8	69,770
Total fund balances (deficit)	176,012	449,327	(59,083)	42,718	(44,641)	27,516	85,396	207,912	24,531	8	69,770
Total liabilities and fund balances	\$ 187,766	449,327	-	42,718	-	27,516	85,396	366,119	24,531	8	69,770

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds, Continued
Combining Balance Sheet
June 30, 2010

Payne Road Impact Fees	Other Impact Fees	Police Asset Forfeiture	Hunnewell House	Rescue Equipment	Fire Department	Departmental Grants & Programs	Friends of the Scarborough Marsh	Pleasant Hill Area Drainage	School Categorical Programs	School Lunch Program	Computer Replacement Fund	Totals
213,509	-	-	-	-	-	2,580	-	16,655	35,884	-	-	268,628
2,169,954	557,321	220,553	1,790	368,141	16,622	1,861,922	-	-	-	-	-	6,400,508
-	-	-	-	-	-	15,753	-	-	76,183	17,020	-	108,956
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	7,302	-	-	-	-	-	-	-	-	56,248
-	-	-	-	-	-	-	-	-	-	25,560	-	25,560
-	-	-	-	-	-	-	-	-	-	-	-	-
2,383,463	557,321	220,553	9,092	368,141	16,622	1,880,255	-	16,655	112,067	42,580	-	6,859,900
198,272	-	-	-	-	-	14,426	-	-	22,185	26,782	-	261,665
137,739	11,411	56,382	-	21,075	-	28,499	-	-	-	15,798	-	544,589
336,011	11,411	56,382	-	21,075	-	42,925	-	-	22,185	42,580	-	806,254
-	-	-	-	-	-	34,833	-	-	-	25,560	-	60,393
2,047,452	545,910	164,171	9,092	347,066	16,622	1,802,497	-	16,655	89,882	(25,560)	-	5,993,253
2,047,452	545,910	164,171	9,092	347,066	16,622	1,837,330	-	16,655	89,882	-	-	6,053,646
2,383,463	557,321	220,553	9,092	368,141	16,622	1,880,255	-	16,655	112,067	42,580	-	6,859,900

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010

	Unemploy- ment Compen- sation	Hurd Park and Ferry Beach	Recrea- tional Develop- ment	New England Expedition Credit Agreement	Boat Launch Facility	Cemetery Improve- ment	Rte 1 Sawyer Road Improve	Economic Development Fund	Prouts Landing Conserva- tion	Bessey Commons	Payne Road Improvements
Revenues:											
Intergovernmental	\$ -	-	-	-	-	-	-	-	-	-	-
Interest earned	102	228	-	-	-	28	46	204	13	-	38
Contributions	2,000	79,950	-	-	916	-	-	-	-	-	-
Sale of Lots/Land/Equip	-	-	-	-	-	4,000	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Assessments and impact fees	-	-	8,000	425,808	-	-	-	-	-	31,964	-
Total revenues	2,102	80,178	8,000	425,808	916	4,028	46	204	13	31,964	38
Expenditures:											
Construction and acquisitions	-	36,826	-	-	-	-	-	-	-	-	-
Benefits paid	14,299	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	425,820	-	-	-	-	-	31,964	-
Total expenditures	14,299	36,826	-	425,820	-	-	-	-	-	31,964	-
Excess (deficiency) of revenues over (under) expenditures	(12,197)	43,352	8,000	(12)	916	4,028	46	204	13	-	38
Other financing sources (uses):											
Transfers in	-	-	8,000	-	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(8,000)	-	-	(19,025)	-	(180,000)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(19,025)	-	(180,000)	-	-	-
Net change in fund balances	(12,197)	43,352	8,000	(12)	916	(14,997)	46	(179,796)	13	-	38
Fund balances (deficit), beginning of year	188,209	405,975	(67,083)	42,730	(45,557)	42,513	85,350	387,708	24,518	8	69,732
Fund balances (deficit), end of year	\$ 176,012	449,327	(59,083)	42,718	(44,641)	27,516	85,396	207,912	24,531	8	69,770

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
For the year ended June 30, 2010

Payne Road Impact Fees	Other Impact Fees	Police Asset Forfeiture	Hunnewell House	Rescue Equipment	Fire Department	Departmental Grants & Programs	Friends of the Scarborough Marsh	Pleasant Hill Area Drainage	School Categorical Programs	School Lunch Program	Computer Replacement Fund	Totals
-	-	65,521	-	-	-	244,544	-	-	1,439,174	324,903	-	2,074,142
1,174	316	106	1	273	8	1,063	-	-	-	-	27	3,627
-	-	-	-	-	3,405	-	-	-	-	-	-	86,271
-	-	-	-	2,383	-	-	-	-	-	-	-	6,383
18,729	323,633	-	3,162	-	-	224,030	-	-	-	1,047,680	-	1,617,234
-	-	-	-	655,824	-	-	-	-	-	-	-	1,121,596
19,903	323,949	65,627	3,163	658,480	3,413	469,637	-	-	1,439,174	1,372,583	27	4,909,253
122,597	-	62,058	-	-	1,266	662,681	785	-	-	-	-	886,213
-	-	-	-	-	-	-	-	-	-	-	-	14,299
-	-	-	-	747,893	-	-	-	-	1,456,588	1,407,935	-	4,070,200
122,597	-	62,058	-	747,893	1,266	662,681	785	-	1,456,588	1,407,935	-	4,970,712
(102,694)	323,949	3,569	3,163	(89,413)	2,147	(193,044)	(785)	-	(17,414)	(35,352)	27	(61,459)
-	-	-	-	-	-	1,829	-	-	-	30,419	-	40,248
-	-	-	-	-	-	156,950	-	-	-	-	-	156,950
-	(225,680)	-	-	(84,126)	-	(1,965)	-	-	-	-	(59,704)	(578,500)
-	(225,680)	-	-	(84,126)	-	156,814	-	-	-	30,419	(59,704)	(381,302)
(102,694)	98,269	3,569	3,163	(173,539)	2,147	(36,230)	(785)	-	(17,414)	(4,933)	(59,677)	(442,761)
2,150,146	447,641	160,602	5,929	520,605	14,475	1,873,560	785	16,655	107,296	4,933	59,677	6,496,407
2,047,452	545,910	164,171	9,092	347,066	16,622	1,837,330	-	16,655	89,882	-	-	6,053,646

TOWN OF SCARBOROUGH, MAINE
School Categorical Funds - Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010

	Fund balances beginning of year	Revenues		Program expenditures	Fund balances end of year
		Grants	Other		
Federal education grant programs:					
NCLB/Title IA	\$ 3,215	173,446	-	171,755	4,906
ARRA Title IA		46,475		44,827	1,648
NCLB/Title IIA	25,774	76,183	-	101,957	-
NCLB/Title IID	1,152	7,405	-	7,564	993
ARRA NCLB/Title IID		4,842		4,621	221
NCLB/Title IVA	295	4,758	-	3,795	1,258
NCLB/Title VA	3,177	-	-	3,176	1
Refugee Resettlement	14,008	-	-	1,871	12,137
Local Entitlement	41,659	683,645	-	718,023	7,281
ARRA Local Entitlement		418,192		366,963	51,229
Preschool handicapped	9,723	11,395	-	19,493	1,625
ARRA Preschool handicapped		5,653		5,363	290
Total federal education grant programs	99,003	1,431,994	-	1,449,408	81,589
Other State grant programs:					
Professional Development Grant	8,293	-	-	-	8,293
Total other state grant programs	8,293	-	-	-	8,293
Total school categorical programs	\$ 107,296	1,431,994	-	1,449,408	89,882

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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:

General School Improvements

To account for money appropriated by the Town Council for capital improvements to school facilities and grounds.

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.

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Fund
Balance Sheet
June 30, 2010

		General School Improvements	Municipal Building Fund	Totals
ASSETS				
Cash and cash equivalents	\$	287,074		287,074
Investments		331,857	-	331,857
Total assets	\$	618,931	-	618,931
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable		278,576	-	278,576
Interfund loans payable		-	492,634	492,634
Total liabilities		278,576	492,634	771,210
Fund balance (deficit):				
Unreserved:				
Undesignated		340,355	(492,634)	(152,279)
Total fund deficit		340,355	(492,634)	(152,279)
Total liabilities and fund balance	\$	618,931	-	618,931

TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2010

	General School Improvements	Municipal Building Fund	Totals
Revenues:			
Intergovernmental	\$ 49,560	-	49,560
Interest earned	3,582	-	3,582
Total revenues	53,142	-	53,142
Expenditures:			
Capital Improvements	1,349,748	-	1,349,748
Total expenditures	1,349,748	-	1,349,748
Excess (deficiency) of revenues over (under) expenditures	(1,296,606)	-	(1,296,606)
Other financing sources (uses):			
Transfers in	188,107	54,675	242,782
Transfers out	(222,770)	(29,987)	(252,757)
Proceeds of general obligation bonds	1,067,600	-	1,067,600
Total other financing sources (uses)	1,032,937	24,688	1,057,625
Net change in fund balances	(263,669)	24,688	(238,981)
Fund deficit, beginning of year	604,024	(517,322)	86,702
Fund deficit, end of year	\$ 340,355	(492,634)	(152,279)

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.

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2010

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
ASSETS				
Investments	\$ 177,552	24,837	2,872	205,261
Interfund loans receivable	4,000	-	-	4,000
Total assets	\$ 181,552	24,837	2,872	209,261
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	-	12	-	12
Total liabilities	-	12	-	12
Fund balances:				
Principal	111,661	13,367	500	125,528
Unexpended income	69,891	11,458	2,372	83,721
Total fund balances	181,552	24,825	2,872	209,249
Total liabilities and fund balances	\$ 181,552	24,837	2,872	209,261

TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues:				
Interest and dividends	\$ 57	12	-	69
Sale of lots/perpetual care deposits	4,000	-	-	4,000
Total revenues	4,057	12	-	4,069
Expenditures:				
Earnings retained by General Fund	-	12	-	12
Other	-	-	-	-
Total expenditures	-	12	-	12
Net change in fund balances	4,057	-	-	4,057
Fund balances, beginning of year	177,495	24,825	2,872	205,192
Fund balances, end of year	\$ 181,552	24,825	2,872	209,249

PRIVATE-PURPOSE TRUST FUNDS

Shirley Grover Fund

This scholarship fund was established to provide 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.

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.

Virginia Jackson Scholarship Fund

A scholarship fund established to provide scholarships to a Scarborough High School senior continuing his or her education. This fund was established in memory of Virginia Jackson and established by her family.

PRIVATE-PURPOSE TRUST FUNDS, CONTINUED

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.

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.

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Fiduciary Net Assets
June 30, 2010

	Shirley Grover Fund	Mary Campbell Peterson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson 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
ASSETS													
Cash and cash equivalents	1,585	96,701	106,787	2,572	12	1,076	22,641	308	2,984	11,792	1,212	3,915	251,585
Investments	\$ -	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	150	-	-	-	150
Total assets	\$ 1,585	96,701	106,787	2,572	12	1,076	22,641	308	3,134	11,792	1,212	3,915	251,735
LIABILITIES AND NET ASSETS													
Liabilities:													
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-	150	-	-	-	150
Total liabilities	-	-	-	-	-	-	-	-	150	-	-	-	150
Net assets:													
Principal	1,240	87,680	100,000	-	-	-	-	500	2,026	3,500	-	3,810	198,756
Undesignated	345	9,021	6,787	2,572	12	1,076	22,641	(192)	958	8,292	1,212	105	52,829
Total net assets	1,585	96,701	106,787	2,572	12	1,076	22,641	308	2,984	11,792	1,212	3,915	251,585
Total liabilities and net assets	\$ 1,585	96,701	106,787	2,572	12	1,076	22,641	308	3,134	11,792	1,212	3,915	251,735

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2010

	Shirley Grover Fund	Mary Campbell Pederson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson 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	\$ -	-	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends	-	45	47	2	-	-	13	-	1	2	1	1	112
Total additions	-	45	47	2	-	-	13	-	1	2	1	1	112
Deductions:													
School scholarships	-	1,000	-	800	-	-	1,500	-	150	250	-	500	4,200
Total deductions	-	1,000	-	800	-	-	1,500	-	150	250	-	500	4,200
Changes in net assets	-	(955)	47	(798)	-	-	(1,487)	-	(149)	(248)	1	(499)	(4,088)
Net assets, beginning of year	1,585	97,656	106,740	3,370	12	1,076	24,128	308	3,133	12,040	1,211	4,414	255,673
Net assets, end of year	\$ 1,585	96,701	106,787	2,572	12	1,076	22,641	308	2,984	11,792	1,212	3,915	251,585

TOWN OF SCARBOROUGH, MAINE
Agency Funds
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2010

	Balance			Balance
	July 1, 2009	Additions	Deletions	June 30, 2010
STUDENT ACTIVITIES:				
ASSETS				
Cash	\$ 220,051	521,378	491,302	250,127
LIABILITIES				
Payable to student groups	\$ 220,051	521,378	491,302	250,127

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General Long-Term Debt



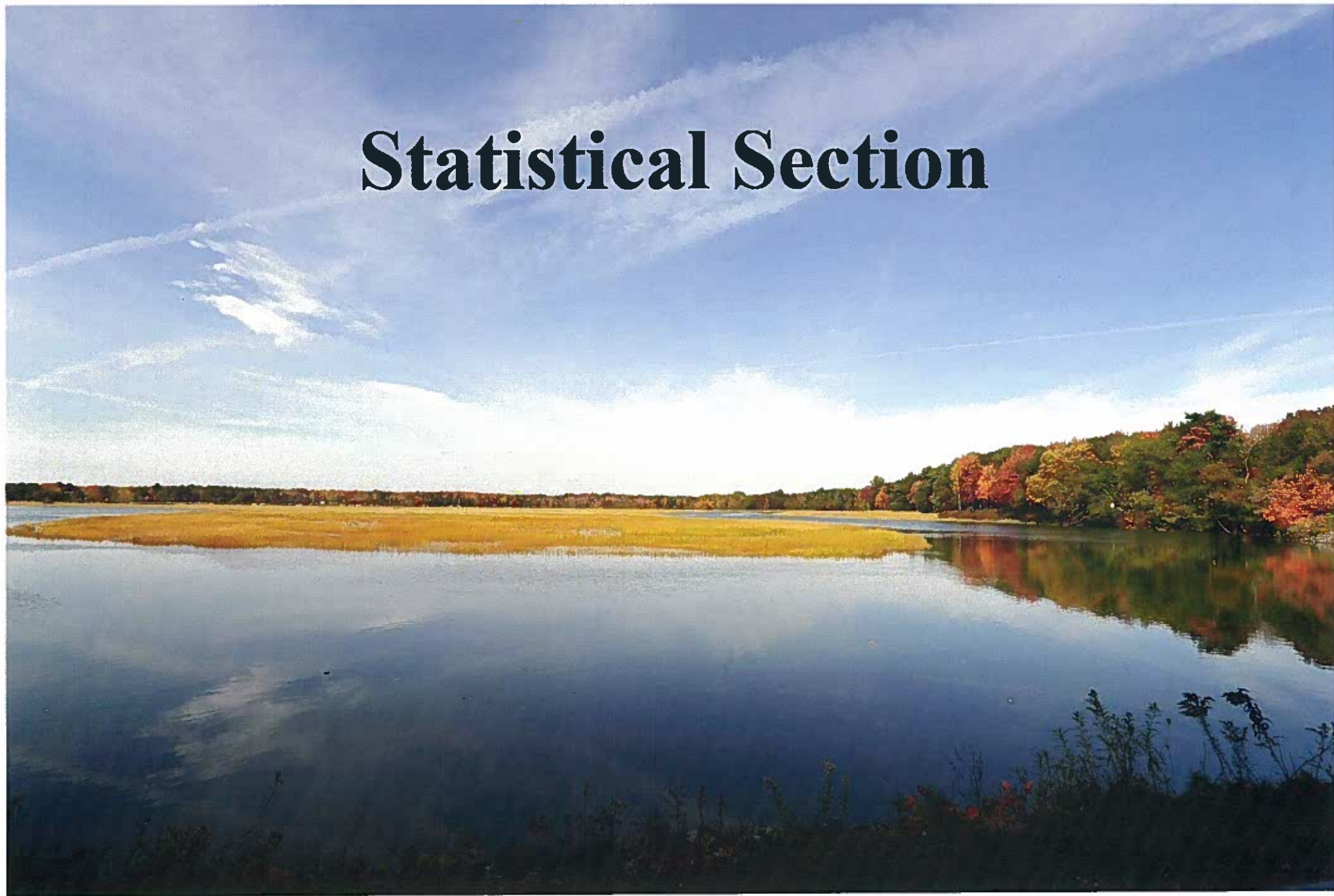
TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-term Debt
For the year ended June 30, 2010

	Interest rate	Final maturity date	Annual principal payments	Balance beginning of year	Current Year		Balance end of year
					Issued	Retired	
<u>General Obligation Bonds</u>							
1990 Capital Improvements	7.10%	2011	325,000 to 2011	650,000		325,000	325,000
1993 Capital Improvements	5.70%	2013	25,000 to 2013	100,000		25,000	75,000
1994 Capital Improvements	5.90%	2015	230,000 to 2015	1,380,000		230,000	1,150,000
1995 Capital Improvements	4.90%	2016	265,000 to 2016	1,855,000		265,000	1,590,000
1997 Capital Improvements	5.30%	2017	110,000 to 2017	880,000		110,000	770,000
1999 Capital Improvements	4.40%	2019	395,000 to 2009				
	Refunded		70,000 to 2019	700,000		700,000	-
2000 Capital Improvements	5.25%	2020	205,000 to 2010				
	Refunded		115,000 to 2020	1,355,000		1,355,000	-
2001 Capital Improvements	4.00%	2021	180,000 to 2011				
	4.20%		120,000 in 2012				
	Varies		115,000 to 2021	1,515,000		180,000	1,335,000
2003 Capital Improvements	3.50%	2033	685,000 in 2010				
	3.50%		750,000 in 2011				
	4.25%		840,000 in 2012				
	4.25%		925,000 in 2013				
	4.25%		595,000 in 2014				
	4.25%		685,000 in 2015				
	4.25%		780,000 in 2016				
	4.25%		885,000 in 2017				
	4.25%		1,005,000 in 2018				
	4.25%		1,135,000 in 2019				
	4.25%		1,280,000 in 2020				
	4.25%		1,435,000 in 2021				
	4.30%		1,610,000 in 2022				
	4.40%		1,800,000 in 2023				
	4.40%		430,000 in 2024				
	4.50%		450,000 in 2025				
	4.50%		475,000 in 2026				
	4.50%		495,000 in 2027				
	4.50%		520,000 in 2028				
	4.50%		545,000 in 2029				
	4.50%		570,000 in 2030				
	4.50%		595,000 in 2031				
	4.50%		625,000 in 2032				
	4.50%		655,000 in 2033	19,770,000		685,000	19,085,000
2004 Capital Improvements	2.50%	2034	665,000 in 2010				
	varies		680,000 to 2012				
	3.125%		690,000 in 2013				
	3.25%		555,000 in 2014				
	3.50%		215,000 in 2015				
	3.50%		225,000 in 2016				
	3.75%		235,000 in 2017				
	3.75%		245,000 in 2018				
	4.00%		255,000 in 2019				
	4.00%		265,000 in 2020				
	4.00%		280,000 in 2021				
	4.00%		290,000 in 2022				
	4.125%		305,000 in 2023				
	4.25%		320,000 in 2024				
	4.25%		335,000 in 2025				
	4.30%		350,000 in 2026				
	4.30%		365,000 in 2027				
	4.375%		385,000 in 2028				
	4.40%		400,000 in 2029				
	4.40%		420,000 in 2030				
	4.40%		440,000 in 2031				
	4.40%		460,000 in 2032				
	4.40%		480,000 in 2033				
	4.40%		500,000 in 2034	10,040,000	-	665,000	9,375,000

TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-term Debt, Continued

	Interest rate	Final maturity date		Annual principal payments	Balance beginning of year	Current Year		Balance end of year
						Issued	Retired	
<u>General Obligation Bonds</u>								
2005 Capital Improvements	3.50%	2034	\$	525,000 in 2010				
	3.50%			385,000 in 2011				
	3.75%			390,000 in 2012				
	3.75%			395,000 in 2013				
	4.00%			305,000 in 2014				
	4.00%			315,000 in 2015				
	4.00%			250,000 in 2016				
	4.00%			230,000 in 2017				
	4.00%			240,000 in 2018				
	4.00%			250,000 in 2019				
	4.10%			260,000 in 2020				
	4.20%			270,000 in 2021				
	4.25%			280,000 in 2022				
	4.25%			290,000 in 2023				
	4.30%			300,000 in 2024				
	4.50%			315,000 in 2025				
	4.50%			325,000 in 2026				
	4.50%			340,000 in 2027				
	4.50%			355,000 in 2028				
	4.60%			370,000 in 2029				
	4.60%			385,000 in 2030				
	5.00%			405,000 in 2031				
	5.00%			420,000 in 2032				
	5.00%			440,000 in 2033				
	5.00%			460,000 in 2034				
5.00%	480,000 in 2035			8,980,000	-	525,000	8,455,000	
2006 Capital Improvements	4.00%	2021		805,000 in 2010				
	4.00%		835,000 in 2011					
	4.00%		480,000 in 2012					
	4.00%		510,000 in 2013					
	4.00%		515,000 in 2014					
	4.00%		530,000 in 2015					
	4.00%		505,000 in 2016					
	4.00%		185,000 in 2017					
	4.00%		190,000 in 2018					
	4.00%		195,000 in 2019					
	4.05%		210,000 in 2020					
	4.10%		220,000 in 2021		5,180,000		805,000	4,375,000
	4.00%		2023		550,000 to 2012			
			225,000 to 2017					
			25,000 to 2022	2,900,000	-	550,000	2,350,000	
2008 Capital Improvements	3.00%	2028		800,000 to 2011				
			790,000 to 2013					
			595,000 in 2014					
			580,000 in 2015					
			570,000 to 2017					
			575,000 in 2018					
			185,000 to 2028	7,920,000	-	800,000	7,120,000	
2009 Capital Improvements	4.50%	2029		305,000 in 2010				
			400,000 to 2015					
			315,000 to 2016					
			310,000 to 2019					
			100,000 in 2029		4,560,000	-	305,000	4,255,000
2009 Bond Refunding	2.00%	2020		185,000 to 2019				
			115,000 in 2020			1,780,000		1,780,000
2010 Capital Improvements	2.00%	2031		482,000 in 2012				
			485,000 in 2013					
			470,000 to 2016					
			345,000 to 2020					
			280,000 to 2026					
			100,000 to 2031			6,002,000		6,002,000
Total bonds					67,785,000	7,782,000	7,525,000	68,042,000
Total long-term debt			\$		67,785,000	7,782,000	7,525,000	68,042,000

Statistical Section



STATISTICAL SECTION

This part of the Town of Scarborough's comprehensive annual report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents

Table

Financial Trends <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	1-5
Revenue Capacity <i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	6-11
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	12-14A
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	15-17
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the government provides and the activities it performs.</i>	18-21

Note: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Table 1

TOWN OF SCARBOROUGH, MAINE
Net Assets by Component
Last Eight Fiscal Years (1)
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:								
Invested in capital assets, net of related debt	\$ 6,893	\$ 6,689	\$ 29,885	\$ 36,323	\$ 44,077	\$ 35,652	\$ 41,821	\$ 47,588
Restricted	21,040	19,332	7,629	4,210	3,053	5,111	1,289	2,199
Unrestricted	10,187	9,709	9,874	13,952	8,971	5,179	5,442	2,917
Total governmental activities net assets	\$ 38,120	\$ 35,730	\$ 47,388	\$ 54,485	\$ 56,101	\$ 45,942	\$ 48,552	\$ 52,704

(1) Fiscal Year 2003 was the initial year of implementation of GASB Statement No. 34.

Comment: Not All data for Fiscal Years 2001 and 2002 available.

Table 2

TOWN OF SCARBOROUGH, MAINE

Changes in Net Assets

Last Eight Fiscal Years (1)

(accrual basis of accounting)

(amounts expressed in thousands)

	(Amounts expressed in thousands)								
	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	
Revenues:									
Program revenues:									
Charges for services									
General government	\$ 203	\$ 1,554	\$ 1,727	\$ 2,314	\$ 1,632	\$ 1,621	\$ 1,178		1,986
Public services	1,143	1,297	1,386	1,425	1,506	1,590	1,585		1,720
Public safety	481	677	1,490	1,374	1,667	1,649	1,761		1,630
Public works	531	491	605	655	1,755	2,024	1,515		1,665
Education	202	1,344	1,280	1,256	1,198	1,211	1,195		1,217
Interest on debt services	168	-	-	-	-	-	-		-
Operating grants and activities	6,992	8,744	9,297	10,706	11,403	12,374	15,487		12,270
Capital grants and contributions	312	-	-	4,681	(559)	113	112		122
General revenues:									
Property and excise taxes, levies for general purposes	34,472	37,182	40,075	41,406	42,772	44,691	46,621		47,029
Grants and contributions not restricted to specific programs	6,667	2,096	1,952	2,062	1,931	3,835	339		1,947
Unrestricted investment earnings	209	105	159	261	404	344	137		142
Total revenues	51,380	- 53,490	57,971	66,140	63,709	69,452	69,930		69,728
Expenses:									
General government	9,902	8,622	9,996	8,783	12,641	12,740	11,409		10,656
Public services	2,701	2,597	2,658	2,871	3,092	3,133	3,742		3,832
Public safety	5,552	6,127	6,153	6,552	7,080	7,425	7,813		8,266
Public works	5,175	5,266	5,882	6,276	6,425	7,494	7,156		9,480
Education	23,444	25,442	28,695	33,491	31,531	32,951	34,363		34,546
Interest on debt service	895	2,610	1,168	1,069	1,142	2,737	2,827		2,694
Total expenses	47,669	- 50,664	54,552	59,042	61,911	66,480	67,310		69,474
Net (expense)/revenue:	3,711	2,826	3,419	7,098	1,798	2,972	2,620		254
Change in Net Assets	\$ 3,711	\$ 2,826	\$ 3,419	\$ 7,098	\$ 1,798	\$ 2,972	\$ 2,620		254

(1) Fiscal Year 2003 was the initial year of implementation of GASB Statement No. 34.

Comment: Not All data for Fiscal Years 2001 and 2002 available.

Table 3

TOWN OF SCARBOROUGH, MAINE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008*	2009	2010
General Fund										
Reserved	\$ 889	\$ 800	\$ 752	\$ 710	\$ 697	\$ 771	\$ 674	\$ 618	\$ 630	\$ 2,482 ¹
Unreserved	3,669	5,753	6,211	5,919	7,063	7,455	8,019	8,357	8,174	4,756
Total general fund	\$ 4,558	\$ 6,553	\$ 6,963	\$ 6,629	\$ 7,760	\$ 8,226	\$ 8,693	\$ 8,975	\$ 8,804	\$ 7,238
All Other Governmental Funds										
Reserved	753	140	132	123	117	125	127	3,047	3,062	3,006
Unreserved, reported in:										
Special revenue funds	3,756	4,288	5,010	5,011	4,403	8,180	7,523	4,589	5,039	4,175
Capital projects funds	864	239	20,278	18,611	6,963	4,085	2,926	4,912	1,084	1,990
Permanent funds	54	67	68	69	70	73	78			
Total all other governmental funds	\$ 5,427	\$ 4,734	\$ 25,488	\$ 23,814	\$ 11,553	\$ 12,463	\$ 10,654	\$ 12,548	\$ 9,185	\$ 9,171

* Beginning with 2008, the unexpended income portion of fund balance in the permanent funds was classified as reserved.

¹ The increase in reserved fund balance is due to reserving the Haigis Parkway deficit fund balance in the General Fund.

Table 4

TOWN OF SCARBOROUGH, MAINE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Years Ending									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 29,311	\$ 32,380	\$ 34,582	\$ 37,191	\$ 40,066	\$ 41,377	\$ 42,712	\$ 44,581	\$ 46,401	\$ 46,880
Licenses and permits	433	413	429	480	567	611	753	818	482	573
Intergovernmental	11,006	11,212	11,600	10,823	11,219	12,604	13,204	14,042	17,357	14,106
Interest earned	533	272	209	348	442	644	805	684	324	242
Other	3,266	3,640	4,877	4,648	5,677	10,921	6,247	9,288	7,545	7,849
Total revenues	44,549	47,917	51,697	53,490	57,971	66,157	63,721	69,413	72,109	69,650
Expenditures										
General government	2,923	3,041	3,425	3,568	3,727	4,340	4,401	4,483	4,534	4,772
Public services	2,504	2,325	2,653	2,572	2,643	2,849	3,070	3,103	3,704	3,806
Public safety	4,465	4,706	5,275	5,934	5,962	6,180	6,642	6,986	7,399	7,831
Public works	4,103	4,108	4,767	4,877	5,370	5,702	5,846	6,765	6,259	8,475
Education (Excludes School Debt)	19,885	21,639	23,446	25,009	26,647	28,064	29,194	31,695	33,077	33,164
Education Debt (Prin & Int)	3,016	3,452	3,434	3,853	4,272	4,728	4,458	4,419	4,475	4,174
County tax	933	1,062	1,307	1,442	1,520	1,584	1,615	1,735	1,837	1,886
Debt service (Principal-Town Only)	2,171	2,206	2,423	3,918	3,176	2,957	3,219	3,232	3,204	3,044
Debt service (Interest-Town Only)	875	834	769	1,128	1,128	1,108	1,177	1,488	1,867	1,911
Capital Outlays	4,256	4,643	4,908	15,820	23,374	11,467	7,999	9,305	11,243	4,136
Other	1,857	2,612	2,704	2,003	2,323	2,816	2,641	3,188	3,415	4,085
Total expenditures	46,988	50,628	55,111	70,124	80,142	71,795	70,262	76,399	81,014	77,284
Excess (deficiency) of revenues over (under) expenditures	(2,439)	(2,711)	(3,414)	(16,634)	(22,171)	(5,638)	(6,541)	(6,986)	(8,905)	(7,634)
Other financing sources (uses)										
Transfers in	2,040	2,402	1,538	2,115	2,923	2,780	2,794	3,695	3,453	1,975
Transfers out	(2,040)	(2,402)	(1,538)	(2,115)	(2,923)	(2,780)	(2,794)	(3,695)	(3,453)	(1,975)
Capital Lease proceeds	-	-	-	-	-	-	1,200	1,010	820	52
General obligation bonds and capital leases	4,932	4,000	24,579	14,628	10,665	7,014	4,000	8,513	4,560	6,002
Total other financing sources (uses)	4,932	4,000	24,579	14,628	10,665	7,014	5,200	9,523	5,380	6,054
Net change in fund balances	\$ 2,493	\$ 1,289	\$ 21,165	\$ (2,006)	\$ (11,506)	\$ 1,376	\$ (1,341)	2,537	(3,525)	(1,580)
Debt Service as a percentage of non-capital expenditures	14.19%	14.12%	13.20%	16.39%	7.58%	6.74%	7.06%	7.03%	7.27%	6.77%

Capital Outlay amounts available from 2003 on with the implementation of GASB 34.

Table 5

TOWN OF SCARBOROUGH, MAINE
General Governmental Expenditures by Function - Budgetary Basis
Last Ten Fiscal Years
(amounts expressed in thousands)

Years ended	General government	Public service	Public safety	Public works	Education	County tax	Debt service	Other	Capital expenditures	Total
2001	2,923	2,504	4,465	4,103	20,721	933	3,046	57	-	38,752
2002**	3,041	2,325	4,706	4,108	22,688	1,062	3,040	102	1,234	42,306
2003	3,425	2,653	5,275	4,767	24,172	1,307	3,192	148	1,209	46,148
2004	3,568	2,572	5,934	4,877	26,281	1,442	5,046	-	653	50,373
2005	3,727	2,643	5,962	5,370	28,288	1,520	4,304	-	1,120	52,934
2006	4,340	2,849	6,180	5,702	30,348	1,584	4,065	280	835	56,183
2007	4,401	3,070	6,642	5,846	31,101	1,615	4,396	-	1,419	58,490
2008	4,483	3,103	6,986	6,765	32,865	1,735	4,721	-	2,666	63,324
2009	4,533	3,704	7,399	6,259	34,246	1,837	5,070	-	1,358	64,406
2010	4,702	3,731	7,721	6,224	34,085	1,886	4,956	-	1,210	64,515

Note: The Table above includes only those expenditures and transfers recorded in the General Fund.

** Effective June 30, 2002, the Town is accounting for Capital Equipment expenditures in the General Fund. Prior to that, these expenditures were reported in a budgeted capital project fund.

Table 6

TOWN OF SCARBOROUGH, MAINE
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollar amounts expressed in thousands)

Fiscal Year	Property tax	Interest and Costs on taxes	Vehicle Excise tax	Boat Excise tax	Franchise tax fees	Total
2001	\$ 25,778	\$ 102	\$ 3,412	\$ 19	\$ 114	\$ 29,425
2002	28,611	105	3,637	27	134	32,514
2003	30,547	179	3,828	27	127	34,708
2004	32,862	72	4,143	27	125	37,229
2005	35,549	58	4,228	26	143	40,004
2006	36,700	61	4,409	29	146	41,345
2007	38,034	80	4,416	26	156	42,712
2008	40,000	90	4,291	27	173	44,581
2009	42,000	99	4,100	27	176	46,402
2010	42,661	97	3,909	28	185	46,880

Table 7

TOWN OF SCARBOROUGH, MAINE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Real property	Personal property	Totals		Direct Tax Rate	Ratio of total assessed value to total estimated actual value
	Assessed property	Assessed property	Assessed property	Estimated actual value		
2001	\$ 1,230,378	\$ 83,306	\$ 1,313,684	\$ 1,313,684	19.60	100%
2002	1,764,041	94,304	1,858,345	1,858,345	15.30	100%
2003	1,831,117	99,459	1,930,576	1,930,576	15.70	100%
2004	1,903,869	99,118	2,002,987	2,002,987	16.46	100%
2005	1,951,952	105,637	2,057,589	2,057,589	17.34	100%
2006	3,143,853	112,989	3,256,842	3,256,842	11.30	100%
2007	3,207,720	109,778	3,317,498	3,317,498	11.48	100%
2008	3,272,789	124,442	3,397,231	3,397,231	11.80	100%
2009	3,365,227	121,779	3,487,005	3,487,006	12.15	100%
2010	3,399,998	124,774	3,524,772	3,524,772	12.15	100%

Source: Town of Scarborough Assessor's Office.

Table 8

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

Fiscal Year	Town	School	Community Services	County Tax	Tax Increment Financing District	Overlay	State Revenue Sharing (1)	Total Property Tax Rates by Year
2001	7.250	12.168	0.327	0.710	0.686	0.106	(1.649)	19.60
2002	5.507	9.393	0.231	0.571	0.378	0.210	(0.991)	15.30
2003	5.487	9.871	0.201	0.677	0.373	0.051	(0.960)	15.70
2004	5.501	10.522	0.133	0.720	0.377	0.060	(0.853)	16.46
2005	5.535	11.332	0.110	0.739	0.387	0.036	(0.798)	17.34
2006	3.618	7.366	0.065	0.486	0.181	0.113	(0.529)	11.30
2007	3.835	7.392	0.077	0.487	0.192	0.031	(0.533)	11.48
2008	3.802	7.643	0.112	0.511	0.206	0.029	(0.504)	11.80
2009	3.980	7.754	0.117	0.529	0.246	0.021	(0.494)	12.15
2010	4.142	7.595	0.098	0.535	0.186	0.078	(0.483)	12.15

1 State Revenue Sharing for the State of Maine is to be used solely to reduce each municipalities property taxes.

Table 9

TOWN OF SCARBOROUGH, MAINE

Principal Property Taxpayers

Current Year and Ten Years Ago

(amounts expressed in thousands)

2000				2010			
<u>Taxpayer</u>	Taxable		Percentage of Total Taxable Assessed	<u>Taxpayer</u>	Taxable		Percentage of Total Taxable Assessed
	<u>Value</u>	<u>Rank</u>			<u>Value</u>	<u>Rank</u>	
Wal-Mart	\$ 16,944,600	1	1.35%	Maine Life Care Retirement Community	\$ 61,155,000	1	1.74%
James McBrady	15,470,900	2	1.23%	Wal-Mart	40,489,500	2	1.15%
Hannaford Brothers	15,159,700	3	1.20%	New England Expedition	35,132,100	3	1.00%
Gavin Ruotolo	9,489,200	4	0.75%	Hannaford Brothers	23,902,400	4	0.68%
Rich Tool and Die	7,710,000	5	0.61%	MMC Realty Maine Health	22,162,800	5	0.63%
Konica Quality Photo	7,532,500	6	0.60%	Scarborough Gallery	22,019,000	6	0.62%
Shaw's Supermarket	7,184,100	7	0.57%	Gavin Ruotolo	18,598,300	7	0.53%
Central Maine Power	7,020,800	8	0.56%	Central Maine Power	15,070,700	8	0.43%
ERP Operating L.P.	5,991,700	9	0.48%	Shaw's Supermarket	14,296,400	9	0.41%
Maine Historic Hotels	5,563,500	10	0.44%	RRE Foxcroft/Coach Lantern	13,253,400	10	0.38%
Total Principal Taxpayers	<u>98,067,000</u>		<u>7.79%</u>		<u>266,079,600</u>		<u>7.55%</u>
 Total Assessed Value:	 <u>\$ 1,259,330,100</u>				 <u>\$ 3,524,771,600</u>		

Source: Town of Scarborough, Maine Assessor

Table 10

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collections Within Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 25,765,523	\$ 25,339,458	98.3%	\$ 425,085	\$ 25,764,543	100.0%
2002	28,450,220	28,120,508	98.8%	326,384	28,446,892	100.0%
2003	30,348,015	30,103,820	99.2%	239,221	30,343,041	100.0%
2004	32,969,169	32,747,993	99.3%	217,922	32,965,915	100.0%
2005	35,735,569	35,422,791	99.1%	311,220	35,734,011	100.0%
2006	36,824,648	36,527,411	99.2%	293,349	36,820,760	100.0%
2007	38,139,961	37,852,666	99.2%	265,381	38,118,047	99.9%
2008	40,183,201	39,784,997	99.0%	366,562	40,151,559	99.9%
2009	42,397,139	41,890,825	98.8%	292,918	42,183,743	99.5%
2010	42,825,994	42,370,914	98.9%	-	42,370,914	98.9%

Source: Town of Scarborough Tax Collector's Office

Table 11

TOWN OF SCARBOROUGH, MAINE
Assessed Valuations and Tax Levies
Last Ten Fiscal Years
(dollar amounts expressed in thousands)

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate	Tax Levy
2001	\$ 1,230,378	\$ 83,306	\$ 1,313,684	\$ 19.60	\$ 25,748
2002	1,764,013	94,303	1,858,316	15.30	28,433
2003	1,831,117	99,459	1,930,576	15.70	30,310
2004	1,903,869	99,118	2,002,987	16.46	32,969
2005	1,951,952	105,637	2,057,589	17.34	35,679
2006	3,143,853	112,989	3,256,842	11.30	36,802
2007	3,207,720	109,778	3,317,498	11.48	38,085
2008	3,272,789	124,442	3,397,231	11.80	40,087
2009	3,365,227	121,779	3,487,005	12.15	42,367
2010	3,399,998	124,774	3,524,772	12.15	42,826

Source: Town of Scarborough Assessor's Office

Table 12

TOWN OF SCARBOROUGH, MAINE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Population*	Ratio of debt service to personal income	Debt Per Capita
2001	\$ 35,787,515	\$ 1,313,684,200	2.72%	16,970	11.82%	2,109
2002	35,095,667	1,858,344,800	1.89%	16,970	11.59%	2,068
2003	54,759,228	1,930,576,300	2.84%	16,970	12.26%	3,227
2004	62,952,163	2,002,987,200	3.14%	16,970	14.09%	3,710
2005	67,737,433	2,057,589,000	3.29%	18,812	13.68%	3,601
2006	68,844,000	3,256,841,900	2.11%	18,812	13.90%	3,660
2007	66,845,000	3,317,497,800	2.01%	18,812	13.50%	3,553
2008	69,328,000	3,397,230,200	2.04%	18,812	13.95%	3,685
2009	67,785,000	3,487,005,500	1.94%	18,812	13.52%	3,603
2010	68,042,000	3,524,771,600	1.93%	19,239	13.44%	3,537

Table 12A

TOWN OF SCARBOROUGH, MAINE
Ratios of Capital Leases Outstanding
Last Ten Fiscal Years

Fiscal Year	Capital Leases	Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Population*	Ratio of debt service to personal income	Debt Per Capita
2001	271,790	\$ 1,313,684,200	0.02%	16,970	0.09%	16
2002	331,372	1,858,344,800	0.02%	16,970	0.11%	20
2003	277,222	1,930,576,300	0.01%	16,970	0.06%	16
2004	208,444	2,002,987,200	0.01%	16,970	0.05%	12
2005	141,974	2,057,589,000	0.01%	18,812	0.03%	8
2006	72,541	3,256,841,900	0.00%	18,812	0.01%	4
2007	1,370,408	3,317,497,800	0.04%	18,812	0.28%	73
2008	2,025,032	3,397,230,200	0.06%	18,812	0.41%	108
2009	2,223,239	3,487,005,500	0.06%	18,812	0.44%	118
2010	1,640,531	3,524,771,600	0.05%	19,239	0.32%	85

Note: Details regarding the Town's outstanding debt can be found in the notes to financial statements.

See the Demographic and Economic Statistics on table 15 for personal income and population data.

* Source: U.S. Department of Commerce Bureau of the Census

Table 13

TOWN OF SCARBOROUGH, MAINE
Ratio of Annual Debt Service Expenditures
for General Obligation Bonded Debt
to Total General Governmental Expenditures
Last Ten Fiscal Years
(dollar amounts expressed in thousands)

Fiscal year	Principal	Interest	Total debt service	Total general fund expenditures	Ratio of debt service to general fund expenditures
2001	\$ 4,204	\$ 1,858	\$ 6,062	\$ 38,752	15.64%
2002	4,692	1,895	6,587	42,305	15.57%
2003	4,915	1,634	6,549	46,463	14.10%
2004	6,435	2,358	8,793	50,373	17.46%
2005	5,880	2,634	8,514	52,934	16.08%
2006	5,907	2,846	8,753	56,185	15.58%
2007	5,999	2,821	8,820	58,489	15.08%
2008	6,030	2,739	8,769	63,323	13.85%
2009	6,103	2,826	8,929	64,406	13.86%
2010	5,745	2,694	8,439	64,515	13.08%

Note: details regarding the town's outstanding debt can be found in the notes to the financial statements.

Table 14

TOWN OF SCARBOROUGH, MAINE
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 206,243	\$ 235,755	\$ 279,720	\$ 323,745	\$ 380,820	\$ 430,980	\$ 488,370	\$ 529,673	\$ 534,488	\$ 543,068
Total net debt applicable to limit	35,788	35,096	54,759	62,952	67,737	68,844	66,845	69,328	67,785	68,042
Legal debt margin	170,455	200,659	224,961	260,793	313,083	362,136	421,525	460,345	466,703	475,026
Total net debt applicable to the limit as a percentage of debt limit	17.35%	14.89%	19.58%	19.44%	17.79%	15.97%	13.69%	13.09%	12.68%	12.53%

Note: Under state finance law, the Town of Scarborough's outstanding general obligation debt should not exceed 15 percent of total assessed property value.

By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Table 14A

TOWN OF SCARBOROUGH, MAINE
Direct, Overlapping and Contingent Debt
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Town of Scarborough	35,788	35,096	54,759	62,952	67,738	68,844	66,845	71,353	70,008	69,683
Cumberland County	1,507	1,526	1,329	1,189	1,055	883	685	535	481	327
Portland Water District	3,934	3,625	3,435	3,148	2,846	2,665	2,557	3,486	4,099	4,210
ecomaine Waste Systems:										
Resource recovery system	5,140	4,787	4,904	4,495	4,062	3,573	3,016	2,393	1,601	792
Material recovery facility	444	417	418	385	352	317	278	231	182	125
Landfill closure/postclosure	1,127	1,312	1,369	1,463	1,581	1,682	1,697	1,956	1,242	1,266
Totals	47,940	46,763	66,214	73,632	77,634	77,964	75,078	79,954	77,613	76,403

Source: Town of Scarborough Finance Department, Cumberland County, Portland Water District and ecomaine.

Table 15

TOWN OF SCARBOROUGH, MAINE
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (a)	Median Age (a)	School Enrollment (c)	Unemployment Rate (d)
2001	16,970	302,897,530	17,849	35.20	3,037	1.80%
2002	16,970	302,897,530	17,849	35.20	3,137	2.00%
2003	16,970	446,667,370	26,321	38.80	3,210	2.20%
2004	16,970	446,667,370	26,321	38.80	3,234	2.90%
2005	18,812	495,150,652	26,321	38.80	3,308	3.00%
2006	18,812	495,150,652	26,321	38.80	3,324	3.00%
2007	18,812	495,150,652	26,321	38.80	3,361	3.40%
2008	18,880	496,940,480	26,321	38.80	3,347	4.00%
2009	19,054	501,520,334	26,321	38.80	3,343	5.40%
2010	19,239	506,389,719	26,321	38.80	3,363	5.60%

(a) For years 2001 through 2009, 2000 Census, U.S. Department of Commerce, Bureau of Census.

(b) Personal income equals per capita income times the population.

(c) State of Maine Department of Education Census data.

(d) State of Maine Department of Labor, Division of Economic Analysis and Research.

Table 16

TOWN OF SCARBOROUGH, MAINE
Principal Employers
Current Year and Ten Years Ago

2000			2010			Percentage of total Town Employment
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employer</u>	<u>Employees *</u>	<u>Rank</u>	
Town of Scarborough	802	1	Town of Scarborough	1,417	1	10.18%
Hannaford Brothers	790	2	Hannaford Brothers	1,109	2	7.97%
Konica Quality Photo	350	3	US Postal Service	635	3	4.56%
Wal-Mart	243	4	NorDX	286	4	2.05%
UNUM	189	5	Wal-Mart	275	5	1.98%
Shaw's Supermarket	143	6	Cabela's	270	6	1.94%
Sam's Wholesale Club	125	7	Shaw's	250	7	1.80%
Rich Tool & Die Co.	125	8	Piper Shores	192	8	1.38%
Gabriel Electronics, Inc	120	9	Sam's Wholesale Club	186	9	1.34%
RTS Packaging	105	10	Johnson & Jordan	167	10	1.20%

* Source: Scarborough Economic Development Corporation (SEDCO)

2010 Total Town Employment Estimate: 13,923 (Source: ME Dept of Labor, Center for Workforce and Information)

Table 17

TOWN OF SCARBOROUGH, MAINE
Unemployment Data
Last Ten Fiscal Years

Fiscal Year ending June 30,	Portland Metropolitan Statistical Area (PMSA)*	State of Maine
2001	2.7%	3.5%
2002	3.3%	4.2%
2003	3.7%	4.9%
2004	3.4%	4.3%
2005	3.6%	4.6%
2006	3.5%	4.4%
2007	3.4%	4.2%
2008	4.0%	5.0%
2009	6.8%	8.1%
2010	6.5%	7.7%

* The Maine Department of Labor provides unemployment data for various regions of the State of Maine. While data is not specifically provided for the Town of Scarborough, we included in the region known as the Portland Metropolitan Statistical Area (PMSA).

Data can be found at: www.state.me.us/labor/lmis/laus.html

Table 18

**Operating Indicators by Function
Last Ten Fiscal Years**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function:										
General Govt:										
Town Clerk										
Certified Copies	1,063	1,565	1,750	1,462	1,185	1,462	1,187	2,098	4,887	4,988
Licenses & Permits	3,724	4,045	3,937	2,524	360	296	365	432	436	440
Passports Applications					379	548	882	792	586	665
Tax Office										
Beach Passes	2,512	1,999	2,282	2,714	1,886	2,003	2,192	3,436	3,487	2,358
Licenses & Permits					1,847	1,643	1,298	1,166	1,168	991
Tax Bills Issued										9,389
Excise Registrations										25,570
Planning:										
Permits	1,728	1,688	1,576	1,649	1,501	1,561	1,438	1,346	1,091	558
Certificates of Occupancy	287	302	309	321	340	353	242	207	204	222
Public Safety:										
Police:										
Physical arrests	429	587	634	401	332	822	719	817	1,152	619
Traffic violations	2,263	2,637	2,455	1,976	1,077	1,337	975	792	741	1,404
Fire:										
Number of calls answered	1,894	2,035	2,200	2,251	2,450	2,356	2,300	1,303	1,615	1,598
Number of Inspections	392	388	455	445	472	642	884	1,825	3,351	3,537
Rescue:										
Number of calls answered	1,796	1,962	2,159	2,407	2,506	2,247	2,673	2,069	2,088	1,946
Public Works:										
Street resurfacing (miles)	3.37	3.71	4.19	1.94	5.26	6.03	7.32	3.90	6.31	8.62
Pot holes repaired (qty used in tons)	22	19	30	43	82	71	61	42	35	24
No. times plows dispatched	51	42	20	19	24	53	15	33	27	24

Source: Town of Scarborough various departments

Comment: Tax office data for tax bills issued and excise registrations are not available prior to 2010

Table 19

TOWN OF SCARBOROUGH, MAINE
Capital Asset Statistics by Function
Last Two Fiscal Years

	<u>2009</u>	<u>2010</u>
Function:		
General Govt:		
Planning Vehicles	4	4
Technology Vehicles	3	3
Public Service:		
Community Services		
Vehicles	5	5
Parks	4	4
Public Safety:		
Police:		
Vehicles	8	8
Facilities	1	1
Fire:		
Vehicles	10	10
Facilities	6	6
Rescue:		
Vehicles	3	3
Public Works:		
Streets (miles)	111.40	117.28
Traffic Signals	35	37
Generators	10	10

Source: Town of Scarborough various departments

Comment: Data not available for all years

Table 20

TOWN OF SCARBOROUGH, MAINE
Town Government Employees by Function
Last Eight Fiscal Years

		Fiscal Year									
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Govt:											
	Full time			34	35	35	35	37	37	39	35
	Pt Time			47	52	36	58	19	59	53	72
Public Services:											
	Full time			13	13	13	14	14	15	15	17
	Pt Time			106	89	77	99	103	130	159	134
Public Safety:											
Police											
	Full time			46	46	47	48	51	52	52	50
	Pt Time			37	35	28	33	27	27	34	35
Fire											
	Full time			4	4	4	4	4	4	4	4
	Pt Time			177	155	159	144	152	167	164	158
Rescue											
	Full time			9	9	9	9	12	12	12	16
	Pt Time			14	21	16	18	15	14	15	-
Public Works:											
	Full time	30	31	31	32	32	32	33	36	35	31
	Pt Time	-	-	2	1	3	2	2	3	3	4
Education:											
	Full Time			671	754	724	766	733	750	761	503
	Pt Time										268
Total:		30	31	1,191	1,246	1,183	1,262	1,202	1,306	1,346	1,327

Source: Town of Scarborough

Comment: Not All data for Fiscal Years 2000 through 2002 is available. School part time employee data available for 2010 only.

Table 21

TOWN OF SCARBOROUGH, MAINE
Department Listings by Division, Department and Function

Department Listings by Division, Department and Function							
Division	Department	Function	i	Division	Department	Function	
General Government:	Legislative	Town Council	i	Public Works	Public Works:	Road/Highway Maintenance	
	Administration:	Executive	i		Vehicle Maintenance		
		Town Clerk	i		Traffic Signals		
		Elections	i		Engineering/GIS		
		Human Resources	i		Solid Waste		
		Legal	i		Water Charges		
		Municipal Insurance	i		Street Lighting		
		Municipal Building	i		Cemetery Care		
		Public Information	i		memorials		
		Outside Agency Requests	i		Shade trees		
		Finance:	Accounting		i	Education:	Primary
	Tax/Treasury		i		Elementary		
	Purchasing		i		Secondary		
	Assessing	i	Instruction Improvement				
		Planning:	Planning		i		Food Services
			Engineering		i		Special Services
	Code Enforcement		i		General and Special Administration		
	Information System	Zoning and Planning Board	i		Board of Education		
			i		Office of the Superintendent		
	Public Service:	Community Service	Recreation		i		Business Administration
			Youth Programs		i	Transportation	
			Senior's Programs		i	Operations and Maintenance of Plant	
			Parks		i	Debt Service	
			Child Care		i		
			Beach Care		i		
			Grounds Maintenance		i		
			Sports Complex	i			
			Local Access Cable TV	i			
			Welfare/Health Assist.	i			
		Public Assistance		i			
		Economic Development		i			
		Library		i			
				i			
		Public Safety:	Fire:	Fire Suppression	i		
Fire Prevention				i			
Rescue				i			
Emergency Preparedness				i			
Police:	Patrol		i				
	Dispatch		i				
	Marine Resources		i				
	Animal Control		i				

Source: Town of Scarborough