

TOWN OF SCARBOROUGH MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR
FISCAL YEAR
ENDING
06/30/2015**

TOWN OF SCARBOROUGH MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT



PREPARED BY:

TOWN OF SCARBOROUGH
FINANCE DEPARTMENT

TOWN OF SCARBOROUGH, MAINE
Comprehensive Annual Financial Report
Year ended June 30, 2015

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TOWN OF SCARBOROUGH MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTION

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Town of Scarborough, Maine

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

February 26, 2016

William Donovan, Council Chairperson
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, 2015.

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.

The comprehensive annual financial report is prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America. Please take this opportunity to review Management's Discussion and Analysis (MD&A) immediately following the independent auditor's 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 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, 2014. This is the tenth-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.

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 Scarborough 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 Library's Board of Trustees appoints its own board members, however, the Town provides the majority of the Library's funding.

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. The SEDCO board appoints its own members, however, most of the funding is provided by the Town.

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, at least 60 days prior to the beginning of each fiscal year. 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 voters must approve a Budget Validation Referenda to approve the school's budget. 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 school 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 the school referendum is approved.

ECONOMIC CONDITION AND FUTURE OUTLOOK

Maine Economy. The decline in heating oil prices benefitted residents and businesses alike in 2015. With oil prices lower than in the past three years, consumer sentiment and small business optimism increased. While optimism is up, Maine is still demographically challenged as the oldest state in the nation (ranked by median age).

In the good news category, single family home sales in Maine increased by 8.6% from January 2014 to January 2015. Single-family building permits also increased. Maine's foreclosure rate is declining, although it is still above the U.S. rate, as it has been for the previous 10 quarters.

Labor conditions improve as the unemployment rate dropped to the lowest rate in nearly seven years. The Maine Department of Labor estimates that payroll jobs increased by 2,700. Interestingly, the labor force declined by 7,000 people, far more than the number of jobs created. This gap is partly due to the thousands of "Baby Boomers" leaving the workforce for retirement.

As for challenges, Maine has the highest share of people in their 60's and the second highest share in their 50's in the nation. For the next two decades, thousands of baby boomers will be retiring. Not surprisingly, Maine has the lowest share of people in the under-age-25 category. According to the Maine Department of Labor, the size of the labor force reached a plateau in 2005 and by 2013, the labor force began to decline. Unless Maine can attract people of working ages to the state, employment growth will be limited.

According, to the latest forecast by the Consensus Economic Forecasting Commission (April 1, 2015), the 2019 job forecast for Maine is nearly the same as the 2007 pre-recession peak at 617,600 jobs.

Local Economy. Scarborough remains one of Maine's leading communities for growth in both jobs and residents. As of 2014, Scarborough is the ninth largest community in the state in terms of population and the seventh largest community in terms of jobs.

Scarborough added 621 new residents in the last four years according to the US Census estimates of local population for 2014. Since 2010, Scarborough posted the second highest increase in net new residents within the state, with only the Town of Gorham adding more in this same period. Fueled by new housing starts, the current population of the Scarborough is now 19,524. Scarborough is now larger than the Saco and Augusta.

The popularity of Scarborough as a place to live fueled the residential construction industry. In the four years covering 2010-2014, Scarborough permitted 320 new residential units. In 2014, the average construction cost of a new unit was \$302,956.

The unemployment rate for Scarborough in 2014, the most recent data available, was more than two points lower than the state as a whole (3.9% versus 6.2%). While Scarborough unemployment rates were not yet available for 2015, the Cumberland County August 2015 rate was 2.9%.

In 2014, Scarborough's job-count totaled 14,564 payroll jobs. If you look at total jobs, which includes contract workers and self-employed, the job-count jumps to 16,182. Over the past 10 years, Scarborough added over 1,500 payroll jobs.

Health Care represents the largest economic sector within Scarborough – representing just over 17% of the jobs. Maine Health, a major player in the health care market, is fueling this economic sector, which has both its research institute and its financial center located here in Scarborough.

Growth in this sector has excellent prospects. The industry as a whole has a bright outlook. In 2016, Martin's Point Health Care is expected to build a new facility on site of the former Scarborough Commons office complex. This complex was destroyed by fire in September 2014.

Other new investments this year include Bellavita, an assisted living facility with 82 units and Salt Pump Climbing Co., a 10,000 square foot new facility on Haigis Parkway. More than 100,000 square feet of new retail space is scheduled to open by January 2016 in Scarborough Gallery, across from Lowe's Home Improvement. The space is nearing completion as of October 2015, and some stores may open as early as November.

Perhaps the most significant announcement for 2015 came in February when Canadian-based Sun Life Financial announced their intentions of opening a new disability insurance center in Scarborough. The company leased 40,000 square feet on Ashley Drive, the former headquarters of Cole Haan. As of September, the company is active in the new location with approximately 70 new employees. The company anticipates ramping up to 200 employees in the near future. This company chose the Portland region and Scarborough specifically, after a national search for a new location. Sun Life was drawn to the region because of the area's talent base in the industry.

Redevelopment projects also played a significant role in Scarborough's economic landscape in 2015. The former Dunstan School building is now the home of On the Vine Marketplace. Working within the walls of the existing structure, the renovations to the building took place over the summer of 2015 and the company opened its doors in September.

In Pine Point, Ready Seafood took over the building formerly occupied by the Nestling Duck and created a state of the art facility for storing lobster. Another company, Mainely Tubs, took over the former Mill Store on Payne Road. With a significant investment in renovations, Mainely Tubs was able to bring together their retail and product warehousing to one location. The new facility allows them significantly more floor space for retail.

The outlook for 2016 includes the completion of the retail space at Scarborough Gallery, the approval and start of the Martin's Point Health Care facility, and continued increases in staffing for Sun Life Financial.

Beyond 2016, the Scarborough Downs or "Crossroads" zoning district has the potential to play a significant role in the region's economy. The future of some 300+ acres in the center of Scarborough and next to the Maine Mall area is yet to be determined.

Sources: SEDCO Survey of Major Employers, Maine Department of Labor, "Report of the Consensus Economic Forecasting Commission, April 1, 2015.

Comprehensive Plan. One of the key tasks of the Long Range Planning Committee (LRPC) is to facilitate the implementation and execution of the Town's Comprehensive Plan. During fiscal year 2015, the committee continued this tireless effort. Below are the Key Initiatives and Accomplishments for 2015:

- ***Streamlined Development Review by acquiring "Municipal Capacity"*** – The town was recognized for our comprehensive land use ordinances and review process. Once the State approved this ordinance, the Town is authorized to review larger projects without additional approvals and reviews by the Maine Department of Environmental Protection (MDEP).
- ***Developed a new Ordinance for Wireless Towers and Facilities*** – Assisted the Ordinance Committee and Town Council in creating and adopting contemporary and comprehensive zoning for wireless towers and facilities.
- ***Historic Preservation and Affordable Housing Efforts*** – Two primary Town Council goals this year were preserving historic properties and creating more opportunities for affordable housing. Given this, the Planning staff worked closely with the Council's Committees to create a local list of historic properties, zoning and code incentives for historic preservation and additional zoning tools for affordable housing, including an affordable housing in-lieu of fee.
- ***Revitalization Plan for Dunstan Corner*** – The Dunstan area of Scarborough is poised to become a vital mixed-use center. To this end, SEDCO and the Planning Department worked closely to facilitate a revitalization strategy to help enable this area to continue to develop positively.
- ***Stormwater and Watershed Improvements*** – The Planning and Public Work's departments, worked together to expand stormwater management requirements as well as implement improvements within impaired watersheds. These efforts include getting Maine DEP funding for restoration projects along the Red Brook stream corridor and planning for enhancements of both Phillips and Mill Brooks.
- ***Bicycle and Pedestrian Plans and Improvements*** – Working with Scarborough's Transportation Committee, the Eastern Trail Management District and the Bicycle Coalition of Maine, the Planning department has been working on a wide range of bicycle and pedestrian projects in Town. These initiatives include acquiring construction funding for a 0.8-mile extension of the Eastern Trail; implementing a new signalized crosswalk with landscaped islands at Gorham Road and Hannaford Drive; and planning for pedestrian and safety improvements at and around the Oak Hill intersection.

In addition to these initiatives, the Planning and Engineering Divisions manage the Site Plan and Subdivision review process, which included some significant development projects in 2015. Most notably:

- *Leighton Farms Residential Subdivision – 97 Single-Family Lots*
- *Habitat for Humanity Subdivision – 13 Lot Single-Family Lots*
- *Sawgrass Residential Subdivision – 24 Single-Family Lots*
- *Piper Shores Retirement Community Expansion – 30 Assisted Living Units*
- *Burnham Village Expansion – 32 Multi-Family Units*
- *Griffin Road Elderly Housing – 36 Elderly Housing Units*
- *Waterstone Retail Development at Scarborough Gallery – 115,000 SF Building*
- *Expansion of Prime Mercedes Benz Dealership*

Major Initiatives:

For the year. Over the course of fiscal year 2015, the volume and pace of construction activity continued its upward trend as the local residential real estate market strengthened and interest in commercial and non-residential development expanded. The Zoning and Code Enforcement Division focused on a range of initiatives aimed at continuing to be responsive and customer-friendly, while ensuring compliance with our building, zoning and life-safety codes.

Key Initiatives and Accomplishments for FY 2015:

Planning:

- *Webpage and Content* – Improving customer service and access to forms, permits and regulations by expanding our webpage and content so customers can access more information remotely.
- *Using Mobile Technology to Improve Efficiency* – Expanding Code Officer's use of tablet technology so that they have mobile access to plans, files and permits to increase efficiency in their field work and reduce trips back to the office.
- *Focus on Erosion Control and Best Management Practices* – As development activity has increased in the past year and as more development is proposed near wetlands and other natural resources, our staff have increasingly focused on monitoring erosion control and environmental best practices to ensure construction activities do not impact our natural resources.
- *Convert to an All-Electric Inspection Vehicle* – The Planning Department is the first department to purchase an all-electric Nissan Leaf. This new vehicle was a fiscally responsible purchase since we were able to obtain a grant for a portion of the purchase. This vehicle has been a great success in terms of both cost and environmental stewardship.

School:

A highlight of the 2014-15 fiscal year was the opening of the new Wentworth School, a state-of-the-art educational facility designed and built to replace the deteriorating 53-year-old Wentworth Intermediate School. Opening ceremonies were a joyful celebration of advanced opportunities for teaching and learning, with grateful acknowledgement of the community's support for this locally funded project.

Over 800 students and staff made the transition, and have set to work incorporating advanced technology and collaborative workspaces into their curriculum.

The Wentworth School construction project was notable for its smooth progress and timely completion. Project financial statements are almost complete, with only a small balance owed to the contractor pending final site work. The project was budgeted by the Wentworth Building Committee at over \$3 million less than the amount approved by Scarborough citizens at referendum, and finished an additional \$300,000 under budget.

The Scarborough community has embraced this new school building and is already in use well beyond the school day. Some examples: the Town of Scarborough's Community Services childcare program; Gym Dandies Children's Circus; school concerts and performances; town-wide Community Dialogue; a gathering place for seniors.

Fire:

This past fiscal year, an accomplishment the Fire Department is most proud of is the successful graduation of six of our paramedics from a yearlong Community Paramedic advanced Certification program. This initiative was funded through a \$225,090 regional Metro Fire Chiefs' federal grant that covered 90% of the cost of tuition and overtime costs. We are now working with various stakeholders to develop a pilot program to help proactively serve the community with targeted home-based healthcare initiatives to help save unnecessary hospital admissions, reduce costs, and provide more access to healthcare.

Police:

In February 2015, the Scarborough Public Safety Communications Center took over responsibilities for providing both dispatch and 911 service to the citizens of the Town of Old Orchard Beach, Maine under a mutually beneficial contractual agreement. In order to cover the additional call volume three new public safety dispatchers were hired.

In this fiscal year, the Police Department decided to standardize its fleet. The Ford Police Interceptor SUV was chosen as the main vehicle for a number of reasons. The 3.7 liter V-6 engine utilized in the vehicle makes it almost as fuel efficient as all of the sedans that currently offered as police packages. It has the advantage of all-wheel drive and the clearance of the SUV for winter operation and allows better access to more remote areas. The interior volume allows more room for people and equipment. The height and size also makes it easier for officers to enter and exit the vehicle throughout their shifts. The town has found maintenance costs to be reasonable for the Ford police options, and cost and ease of initial set-up has been the best with the Ford SUV.

The Police Department continues to make valuable use of social media. In addition to our already existing presence on Facebook and Twitter, we also collaborated with Nextdoor. Nextdoor is a private social media network that members of Scarborough can sign up for, free of charge. It allows users to communicate with their neighbors and community, but also stay informed with posts and alerts from the police department. Unlike Facebook and Twitter, citizens only see the alerts for the neighborhood in which they reside. Every member must verify their address and use their real name. However, members can choose what information they wish to share. Currently, over 700 Scarborough residents use Nextdoor, and we hope to see that number grow.

Over the course of this fiscal year, our presence on social media has been responsible for solving a number of crimes that may otherwise have gone unsolved. We are also able to keep citizens up to date on important information pertinent to our community.

Public Works:

The fiscal year ending June 30, 2015 provided its own unique challenges and opportunities to the staff of the Public Works Department. The administrative team this year responded to 1,440 requests for service from residents and outside entities. For the past fourteen years, the public works staff used a public works software package called CitiTech to track these calls and the work performed. We embarked on a major project to replace CitiTech with a different program named Cityworks. This software change allowed our staff to more fully use our robust Geographic Information System (GIS) program, developed over the last eight years.

Another factor in the change was the added mobility that Cityworks offers in comparison to the old software. The change allows for expanded inspection and record keeping functionality, out in the field, than ever before. The advantage to this is that work will be real-time and will require less post-processing. Data that is more accurate is another benefit because the person completing the work or inspection will be entering it directly into the system.

Public Works Vehicle Maintenance Division participates in an automotive technician internship program with Southern Maine Community College. Over the past three years, we have hosted a student with the goal of introducing him/her to the opportunities available in a municipal career. We were fortunate enough to be able offer a position to one of these students allowing our staffing to grow from six to seven employees.

For the Future.

The School Board has established a long-range facilities planning committee. In 2014-15, the team commissioned an extensive and detailed district-wide facilities report from Harriman Associates. A number of scenarios for future school facilities management and investment were developed based on this report and are under consideration. The team has also commissioned an updated town demographics analysis from Planning Decisions to support more accurate enrollment projections. This work continues into fiscal 2015-16.

The energy efficient project that is furthering the Town of Scarborough's green efforts is the Tri-Generational natural gas-fired generator for the municipal building. We are now 98 percent complete and Tri-Gen is providing the heating and electrical needs of the Municipal building. Anticipated completion date is February 2016.

The first phase of the "Pleasant Hill Drainage and Road Reconstruction Project" is completed. This two-year project will consist of rebuilding the road from Highland Avenue to Route One.

With an average daily trip count of ten thousand vehicles per day, this segment of road is ready for reconstruction. A Municipal Partnership Agreement with the Maine Department of Transportation (MDOT) provides partial funding for this work. The next major project will be on the southern side of Scarborough on East Grand Avenue. The reconstruction of East Grand Avenue is scheduled in the five-year plan. It is the Town of Scarborough's hope that we will once again be successful in securing Municipal Partnership Agreement funding through the MDOT for this project. The timing is favorable as MDOT plans to replace the railroad bridge on Pine Point Road starting in the fall of 2015.

The Portland Area Comprehensive Transportation System (PACTS) and the MDOT gave approval for approximately \$2.7 million in funding for Scarborough to complete the remaining segments of the Eastern Trail project, which include two bridges and trail improvements from Pleasant Hill Road to South Portland. Fund raising efforts are continuing for the remaining balance of \$900,000 of needed funding. Now that the preliminary designs are complete, the next step is the permitting process.

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. The plan is updated annually.

Scarborough's annual "Pavement Management Study" gives the Town the ability to project our level of road rehabilitation costs well into the future. We continue to add \$20,000 per year to capital funding that is geared toward mid-level road maintenance and rehabilitation. This program will keep roads at a minimal level of wear over a longer period. The funds, along with other annual capital project funding, provides the resources to keep the roads in Scarborough in better than average condition for the long term.

Mindful of Town-wide focus on debt service levels, the School Board will coordinate with the Town Council to manage large-scale investments with a broader perspective. To facilitate this, the School developed its first five-year capital improvement budget. This capital budget will provide the tools to determine the improvements to facilities, transportation and technology.

FINANCIAL INFORMATION

Assessed Valuation and Collections.

An indicator of Scarborough's strong local economy is in the growth of the Town's assessed value of real and personal property. The Town of Scarborough increased its 2015 value by \$40,182,500 from 2014. For the 2015 tax year, the valuation was \$3,700,488,200 compared to the 2014 valuation of \$3,660,305,700.

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, 2015</u>
\$603,735 in 2011	\$21,223
\$581,380 in 2012	\$20,131
\$641,719 in 2013	\$41,015
\$749,380 in 2014	\$227,314
\$555,384 in 2015	\$555,384

The Town Council authorized the use of \$200,000 from school fund balance, for fiscal year 2013. Of this amount, the fund balance actually utilized was \$0. Similarly, for 2014, the Town Council authorized \$200,000 from the School's fund balance to help offset the loss of education state revenues, which again, the town did not actually utilize. For 2015, the Town Council authorized \$800,000 from the School's fund balance to assist with their 2015 funding needs and once again, these funds were not utilized.

The Town of Scarborough's management is committed to properly safeguarding, managing and accounting for the Town's assets by implementing internal controls with policies and procedures at all levels. The Town's written policies and procedures clearly state which individual positions have the authority to authorize and/or access each different type of transaction. We have a structured segregation of specific duties in place and employees are educated on understanding the purpose and importance of internal controls. All of the asset and liability transactions are recorded into the Town's accounting system. This accounting system includes control features such as system generated sequential numbering, segregated approval requirements, email workflow notifications and audit trails. The Town of Scarborough's electronic banking system requires multiple approvals and the use of security tokens to authorize electronic transfers. Hardcopy records are accessible only to authorized personnel. No one person has sole access to any one process. Management routinely reviews and reconciles the Town's accounts and follows up on all indications of potential errors or irregularities. The Town of Scarborough's Information Technology Department oversees the computer hardware and software. This technology is housed in an environmentally secured computer room and the information is backed-up every night off site.

OTHER INFORMATION

Awards. The Fire Department received a Best Practices Award from the Maine Fire Protection Services Commission. This award was in recognition of the town's new combination Fire Inspector/Code Enforcement Officer position that the Fire and Planning Departments share. The Fire Commission looks for programs or initiatives that can be replicated successfully by other departments across the state.

The Fire and Police Departments were honored to receive a Psychologically Healthy Workplace Award from the Maine Chapter of the American Psychological Association (APA).

Independent Audit. The Town Charter requires an annual financial audit by independent certified public accountants appointed by the Town Council. The firm of Macpage LLC was engaged to perform the annual audit for the Scarborough Town Council for fiscal year 2015. This audit is designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133.

Acknowledgements. I would like to thank the Town Manager and the Town Council for their unfailing support in maintaining the highest standards of professionalism for the management of the Town's finances. Thank you for interest and support. In addition, I would like express my appreciation to the department administrators for their contributions to this report. The preparation of this report would not have been possible without the efficient and dedicated services of the Finance department staff. Each member of the finance department has our sincere and grateful appreciation for their contributions in the preparation of this report. Finally, I would like to acknowledge the firm of MacPage LLC for their efforts and guidance during the engagement.

Respectfully Submitted,

Ruth D. Porter
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Scarborough
Maine**

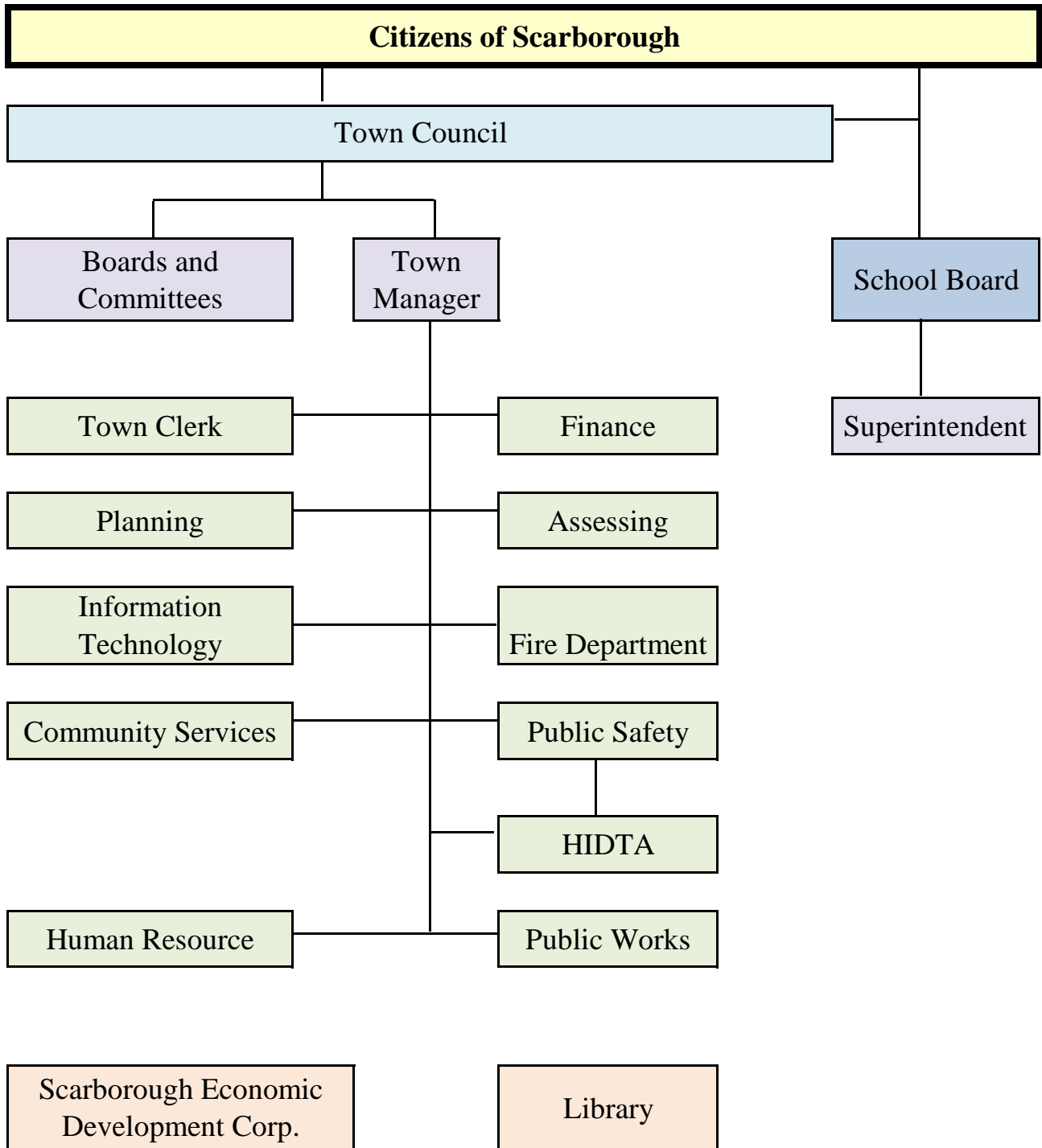
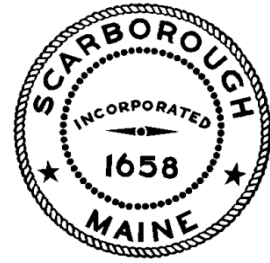
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Town of Scarborough, Maine

Organizational Chart



Principal Executive Officers 2014-2015

The following table sets forth the principal executive officers of the Town of Scarborough.

<u>OFFICE</u>	<u>NAME</u>	<u>MANNER OF SELECTION/TERM</u>	<u>TERM EXPIRES</u>
Councilors	Jessica Holbrook, Council Chair	Elected - 3 Year Term	11/18/2015
	Shawn Babine	Elected - 3 Year Term	11/15/2017
	Edward Blaise	Elected - 3 Year Term	11/18/2015
	Jean-Marie Caterina	Elected - 3 Year Term	11/16/2016
	William Donovan	Elected - 3 Year Term	11/16/2016
	Peter Hayes	Elected - 3 Year Term	11/15/2017
	Katherine St. Clair	Elected – 3 Year Term	11/15/2017

Municipal Employees:

Town Mgr.	Thomas J. Hall	Appointed - 3 Year Term	12/31/2018
Town Clerk/Registrar of Voters	Yolande P. Justice	Appointed/Indefinite	N/A
Tax Collector/Finance Director and Treasurer	Ruth D. Porter	Appointed/Indefinite	N/A
Assessor	Matthew Sturgis	Appointed – 1 Year Term	06/30/2016
Chief of Police	Robert Moulton	Appointed/Indefinite	N/A
Code Enforcement Officer	Brian Longstaff	Appointed/Indefinite	N/A
Director of Public Works	Michael Shaw	Appointed/Indefinite	N/A
Fire Chief	B. Michael Thurlow	Appointed/Indefinite	N/A
Town Planner	Dan Bacon	Appointed/Indefinite	N/A
Senior Planner	Jay Chace	Appointed/Indefinite	N/A
Recreation Director	Bruce Gullifer	Appointed/Indefinite	N/A
Human Resource/General Ass't.	Jaclyn Mandrake	Appointed/Indefinite	N/A
Community Development Director	Karen Martin	Appointed/Indefinite	N/A

School Board:

Members, Board of Education	Donna Beeley, Board Chair	Elected - 3 Year Term	11/18/2015
	Christopher Caiazzo	Elected - 3 Year Term	11/18/2015
	Vacant	Elected - 3 Year Term	11/16/2016
	Christine Massengill	Elected – 3 Year Term	11/15/2017
	Kelly Noonan Murphy	Elected - 3 Year Term	11/15/2017
	Jacqueline Perry	Elected - 3 Year Term	11/18/2015
	Jodi Shea	Elected - 3 Year Term	11/16/2015
Superintendent of Schools	Dr. George Entwistle, III	Appointed/Indefinite	N/A
Assistant Superintendent of Schools/Adult Education Director	Jo Ann Sizemore	Appointed/Indefinite	N/A
Business Office Manager	Kate Bolton	Appointed/Indefinite	N/A
School Lunch Director	Judy Campbell	Appointed/Indefinite	N/A
Federal Project Administrators:	Monique Culbertson		
	Kate Bolton		

TOWN OF SCARBOROUGH MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

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Independent Auditors' Report

Town Council
Town of Scarborough, Maine

Report on the Financial Statements

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 (the Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Scarborough Public Library, a component unit of the Town of Scarborough, Maine, which is presented as a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Scarborough Public Library, is based solely on the report of the other auditors. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the Town Council
Town of Scarborough, Maine

Opinions

In our opinion, based on our audit and the report of other auditors, 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 and for the year ended June 30, 2015 and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in the Notes to the financial statements, the Town of Scarborough, Maine adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 23 – 35, the Schedule of Funding Progress on page 77, the Schedule of Proportionate Share of the Net Pension Liability on page 78, and the Schedule of Contributions on page 79, 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 an 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scarborough, Maine's financial statements. The introductory section on pages 1 – 11, supplementary statements and schedules on pages 83 – 116, and statistical tables on pages 121 – 143, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary statements and 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Town Council
Town of Scarborough, Maine

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 do not express an opinion or provide any assurance on it.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Town of Scarborough, Maine's basic financial statements for the year ended June 30, 2014, which are not presented with the accompanying statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Scarborough, Maine. The financial statements of the Scarborough Public Library, a component unit of the Town, were audited by other auditors. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scarborough, Maine's basic financial statements as a whole. 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, related to the June 30, 2014 financial statements 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 related directly to the underlying accounting and other records used to prepare the June 30, 2014 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the June 30, 2014 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, are fairly stated in all material respects, in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2016, on our consideration of 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Scarborough, Maine's internal control over financial reporting and compliance.

Macpage LLC

South Portland, Maine
February 26, 2016

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TOWN OF SCARBOROUGH MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT



MANAGEMENT'S DISCUSSION AND ANALYSIS

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TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis
June 30, 2015

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, 2015. 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.

FINANCIAL HIGHLIGHTS

Due to the implementation of GASB 68, *Accounting and Reporting for Pensions*, and GASB 71, an amendment of GASB 68, beginning net position was restated from \$61,844,176 to \$57,709,831, a decrease of \$4,134,345.

The assets of the Town of Scarborough exceeded its liabilities at the close of this most recent fiscal year by \$59,749,588 (net position). Of this amount, (\$1,363,245) represents a deficit unrestricted net position, the result of GASB 68 and 71.

- The Town's total net position increased \$2,039,757. This represents a 3.5% increase over last year's restated net position.
- As of June 30, 2015, the Town's governmental funds reported combined fund balances of \$20,502,252, a decrease of \$2,642,871 compared with the prior year. Approximately 28.15% of this amount, or \$5,771,537, is available for spending at the Town's discretion (*assigned and unassigned fund balance*).
- Total nonspendable fund balance increased by \$19,487 from \$196,385 to \$215,872. Restricted fund balance decreased by \$4,021,767 from \$13,578,584 to \$9,556,817. Total committed fund balance increased by \$59,879 from \$4,898,147 to \$4,958,026. Assigned fund balance increased by \$344,989 from \$2,384,384 to \$2,729,373. Finally, the unassigned fund balance for the governmental funds increased by \$954,541 from \$2,087,623 to \$3,042,164.
- With respect to fund balances in the governmental funds, of the \$10,729,563 reported as committed (authorized by town council), assigned (authorized by town manager) and unassigned fund balance, \$3,074,441 are special revenue funds authorized for specific projects and the remaining amount of \$7,655,122 is available for the discrete purposes for which these funds are collected.
- The Town of Scarborough's Fund Balance Policy establishes an unrestricted fund balance goal of 8.33% of the total operating expenditures. Unrestricted Fund Balance includes the total of the general fund committed, assigned and unassigned fund balances. As of June 30, 2015, unrestricted fund balance for the general fund was \$8,221,705, or 10.51% of the total general fund expenditures of \$78,260,347. The fund balance policy goes on to state that "any excess above 10% will be assigned for capital needs or for property tax stabilization of the Town."
- Total debt increased by \$605,000 from the prior year. Total debt retired was \$5,480,000. Total debt issued was \$6,085,000 in general obligation bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The purpose of this discussion and analysis is 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, designed to provide readers with a broad overview of Town finances, is presented in a manner similar to a private-sector business.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

The statement of net position presents information on all Town of Scarborough's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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).

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, and economic development), public safety, public works (highways, streets, 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 39 – 40 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is 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 20 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, Wentworth Intermediate Construction and the Haigis Parkway all of which are considered major funds. Data from the remaining 16 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 41 – 42 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.
- The Wentworth School Construction Account was established to account for funds approved by voter referendum to replace the existing school building.

The Municipal Building Fund, General Town Improvement and General School Improvement accounts are not considered major funds and are provided in the form of combining statements elsewhere in this report. The Wentworth School Construction Project is considered a major fund and shows as a separate fund on Statements 3 and 4 of the basic financial statements. As of June 30, 2015, the Town borrowed \$35,784,815, excluding any bond premium, towards this project not to exceed \$39,077,594 by voter referendum. The Town will not need to borrow the remaining funds for the Wentworth project. The non-major capital projects fund financial statements are found on pages 101-102 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 105-106 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 accounting used for fiduciary funds is much like that used for proprietary funds.

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 109-111 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-76.

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 83-116 of this report.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of the Town's financial position. In the case of the Town of Scarborough, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$59,749,588 as of June 30, 2015.

By far, the largest portion of the Town of Scarborough's Net Position (95.57%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets. 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. Below is a summary of the Town of Scarborough's Net Position for the current year and the prior two years.

Town of Scarborough's Net Position
Governmental Activities

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets:			
Current and other assets	\$ 28,185,083	\$ 31,424,076	\$ 44,406,380
Long term assets	1,457,623	1,590,789	1,821,073
Capital Assets	<u>148,281,938</u>	<u>143,599,908</u>	<u>126,890,790</u>
Total Assets	<u>177,924,644</u>	<u>176,614,773</u>	<u>173,118,243</u>
 Total deferred outflows of resources	 <u>4,280,858</u>	 <u>3,538,902</u>	 <u>2,544,244</u>
Total Deferred outflows	<u>4,280,858</u>	<u>3,538,902</u>	<u>2,544,244</u>
 Liabilities:			
Long term liabilities outstanding	111,086,443	113,051,637	100,973,990
Other liabilities	<u>8,661,369</u>	<u>9,392,207</u>	<u>14,962,547</u>
Total Liabilities	<u>119,747,812</u>	<u>122,443,844</u>	<u>115,936,537</u>
 Total deferred inflows of resources	 <u>2,708,102</u>	 <u>-</u>	 <u>-</u>
Total Deferred inflows	<u>2,708,102</u>	<u>-</u>	<u>-</u>
 Net assets:			
Net investment in capital assets	57,103,811	53,887,278	49,823,697
Restricted	4,009,022	4,049,315	3,555,142
Unrestricted	<u>(1,363,245)</u>	<u>(226,762)</u>	<u>6,347,111</u>
Total Net Position	<u><u>\$ 59,749,588</u></u>	<u><u>\$ 57,709,831</u></u>	<u><u>\$ 59,725,950</u></u>

\$4,009,022 (6.71%) of the Town of Scarborough's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of unrestricted net position, for (\$1,363,245), as stated earlier, is the result of the new GASB pension standards.

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 position.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

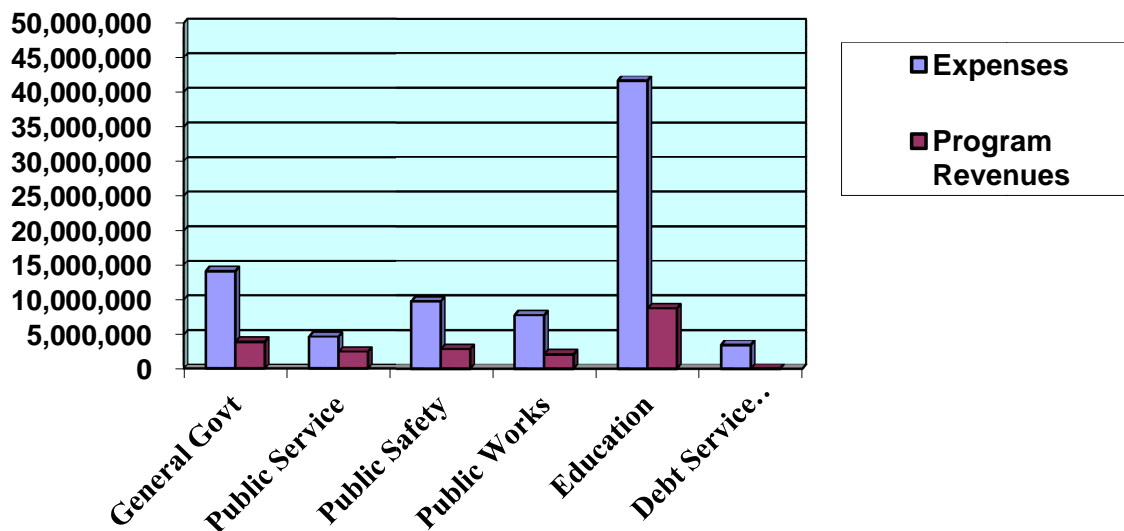
GOVERNMENTAL ACTIVITIES. The increase pertaining to the Town of Scarborough's net position of \$2,039,757 is due to the governmental activities of the Town. The Town of Scarborough's non-tax revenues increased by \$1,381,458 and tax revenues increased by \$2,039,626. Increase in taxes is due in part to an increase in the overall assessed valuation of \$40,182,500 from \$3,660,305,700 to \$3,700,488,200. Additionally, vehicle excise tax collections increased by \$405,667 from the prior year. The Town of Scarborough property taxes increased as the Town continues to improve the quality of education for our students. Public Safety expenditures increased as the Town of Scarborough contracted with the neighboring community of Old Orchard Beach Maine to provide Dispatch services to that community. Intergovernmental revenues also increased as a result. Finally, the Fire Department staffing plan continues to be implemented.

Key components of this increase are shown below.

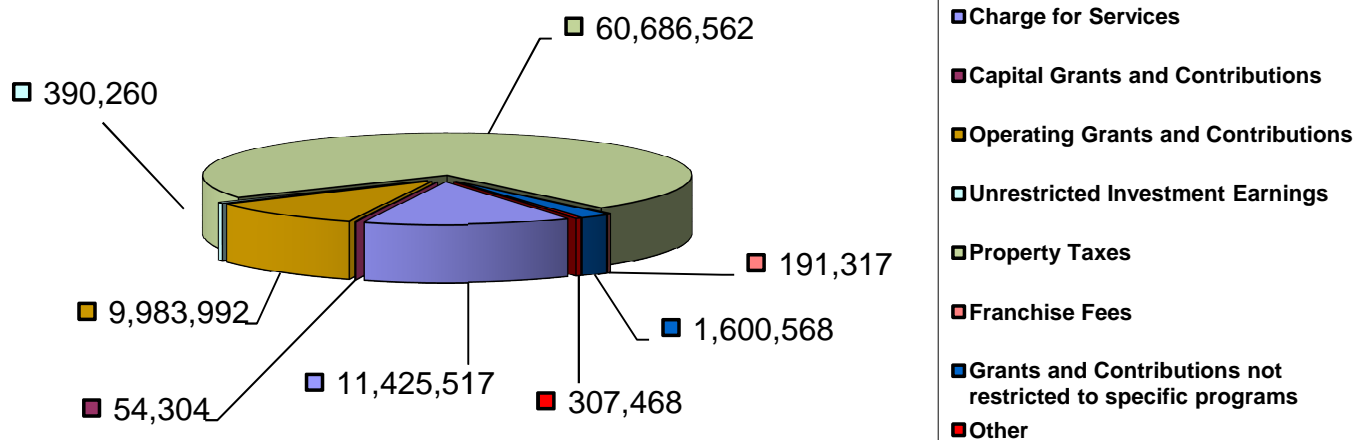
Town of Scarborough's Changes in Net Position

	2015	2014
Revenues:		
Program Revenues:		
Charge for services	\$ 11,425,517	\$ 9,379,113
Operating grants and contributions	8,586,603	9,983,992
Capital grants and contributions	54,304	159,089
General Revenues:		
Property and excise taxes, levied for general purposes	60,686,562	58,646,936
Franchise Tax	191,317	191,220
Grants and contributions not restricted to specific programs	1,600,568	1,274,768
Unrestricted investment earnings	390,260	108,862
Other	307,468	77,535
Total revenues	83,242,599	79,821,515
Expenses:		
General government	14,077,217	11,346,043
Public Services	4,658,690	4,188,079
Public Safety	9,716,227	9,362,899
Public Works	7,713,975	7,617,844
Education	41,617,985	41,772,944
Interest on Debt Service	3,418,748	3,415,482
Total expenses	81,202,842	77,703,291
Increase in net position	2,039,757	2,118,224
Net position beginning (as restated)	57,709,831	55,591,607
Net position ending	\$ 59,749,588	\$ 57,709,831

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 of Scarborough'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, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use by the Town Council of the Town of Scarborough.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

At June 30, 2015, the Town of Scarborough's governmental funds reported combined fund balances of \$20,502,252. This is a decrease of \$2,642,871 in comparison with the prior year. Approximately 14.84% of this amount, or \$3,042,164, constitutes *unassigned fund* balance that is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed or assigned*. This indicates that it is 1) not in spendable form (\$215,872), 2) restricted for particular purposes (\$9,556,817), 3) committed for particular purposes (\$4,958,026), or 4) assigned for a particular purpose (\$2,729,373).

The revenues generated for the Haigis Parkway from 15-year special sewer assessment payments and tax increment financing revenues will be used to pay the long-term debt service payments on the Haigis Parkway infrastructure construction. The deficit fund balance is anticipated to grow until the special assessments are paid over time.

Governmental Fund Balance Comparison

	<u>2015</u>	<u>2014</u>
General Fund	\$ 11,702,578	\$ 9,608,488
Wentworth School Construction	2,954,194	6,401,250
Haigis Parkway	(1,289,688)	(1,029,143)
Other Governmental Funds	7,135,168	8,164,528
Total	\$ 20,502,252	\$ 23,145,123

As noted earlier, governmental funds reported combined fund balances of \$20,502,252, a decrease of \$2,642,871, compared with the prior year fund balances of \$23,145,123. Of the \$10,729,563 reported as unrestricted fund balance (total of committed, assigned and unassigned), \$3,074,441 are for special revenue fund projects authorized for specific purposes. The capital projects fund has a deficit of (\$566,583) to be funded in future periods from TIF revenues. \$8,221,705 is available for general fund committed and assigned purposes for which these funds are collected.

The remaining \$9,772,689 of fund balance is restricted to indicate that it is not available for new spending because it has already been allocated for the following:

\$ 2,898,090	Deficit Fund Balances in Special Revenues and Capital Projects Funds
2,454,384	Town Capital Projects
356,023	Town Grants
233,364	Perpetual Care of Municipal Cemeteries
3,762,174	Education Funding - including Wentworth School - major fund
68,654	Food Service and Fuel Inventory
<u>\$ 9,772,689</u>	Total Governmental Fund Nonspendable and Restricted Fund Balance

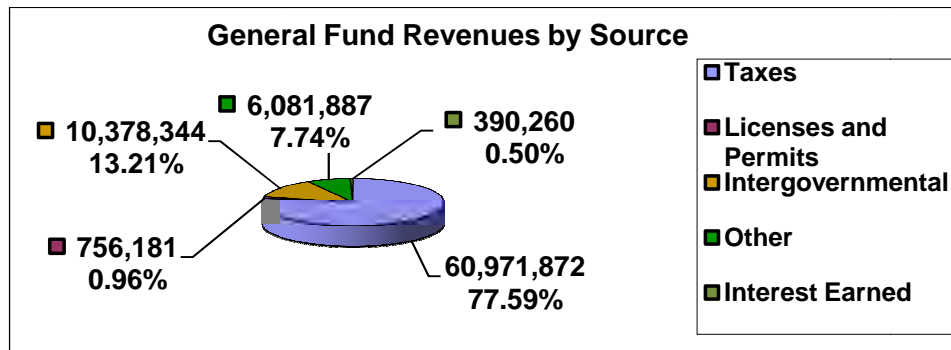
Capital Projects Fund Highlights

During this fiscal year, the Town of Scarborough's fund balances for Capital Projects decreased \$4,446,509 from \$9,288,504 in 2014 to \$4,841,995 in 2015. Expenditures decreased \$9,447,643, from \$19,825,055 in 2014 to \$10,377,412 in 2015. These decreases in fund balance and expenditures are due to the completion of the Wentworth School Construction Project.

General Fund Highlights

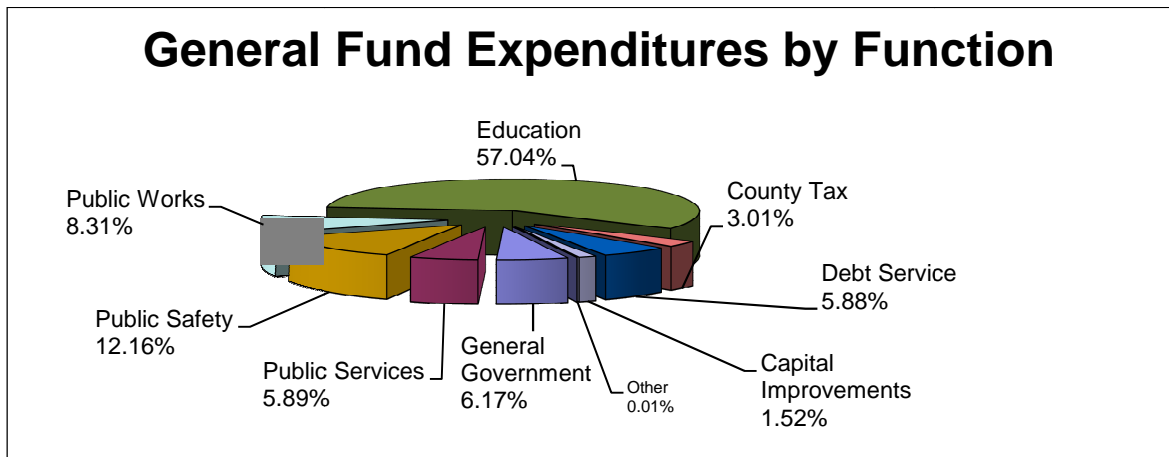
The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2015, total fund balance was \$11,702,578 reflecting an increase of \$2,094,090 compared to the prior year. Unassigned fund balance in the General Fund was \$4,973,289, compared to total fund balance of \$11,702,578. As a measure of the General Fund's liquidity, we believe it is useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balances represent 6.35% of total general fund expenditures while total fund balance represents 14.95% of that same amount.

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



Property Tax revenues increased \$1,630,608 from 2014 to 2015, compared to the 2013 to 2014 increase of \$3,998,307. A comparison of the actual revenues to estimated revenues can be found on page 44 of the financial statements.

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



Actual revenues modestly exceeded estimates by \$1,834,589 while expenditures came in under budget by \$1,488,573.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

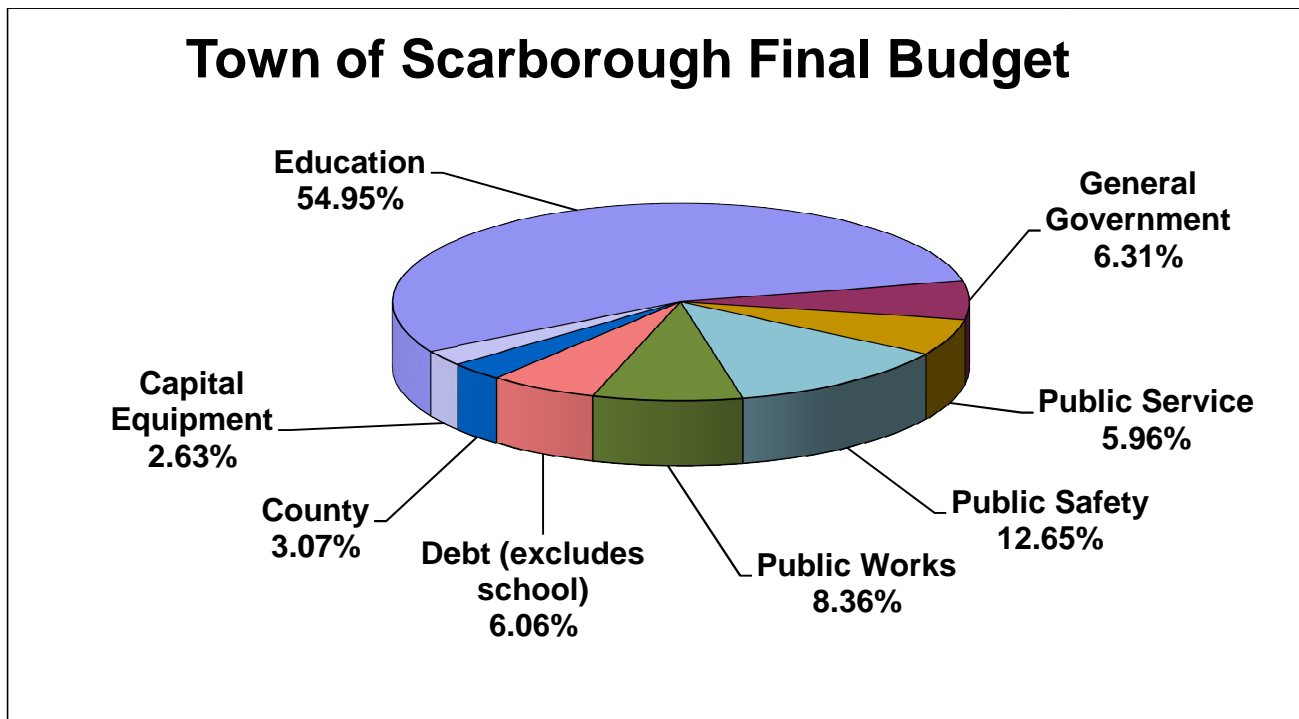
Total general fund expenditures increased \$3,635,029, or 5.09% compared to the prior year. The factors for this increase are:

- General Government decreased 4.54% because re-allocation of the municipal building expenditures to Public Service category,
- Public Service increased 11.23% due to community services programs, library funding increases and the shift of the municipal building to public service from General Government,
- Public Safety increased 7.15% due to the increase in fire and police personnel and providing dispatch services to a neighboring community,
- Public Works increased .06% mostly due to the reduced solid waste tipping fees and assessments,
- Education increased 6.19% to offset increased costs for contractual personnel and program restorations,
- County Tax increased 7.37% to help offset the costs of Cumberland County,
- Town Debt (excludes school debt) increased 3.01% due to the new bond issue and
- Capital Improvements increased 4.04%. These capital expenditures will vary year to year depending on the type of capital improvement scheduled and approved by the Town Council.

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 2015, a total of \$2,304,373 was set aside for prior year encumbrances and commitments. There were no budget amendments in fiscal 2015. The final operating budget for fiscal year 2015 amounted to \$76,600,395 compared to \$71,864,551 for fiscal year 2014.

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



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental fund, as of June 30, 2015, amounts to \$148,281,938 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was 3.26%. This modest increase is the result of new purchases.

The following is a breakdown of the Town of Scarborough's capital assets (net of depreciation):

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

Governmental Activities

	<u>2015</u>	<u>2014</u>
Land	\$ 7,159,182	\$ 6,386,622
Buildings	84,185,636	51,255,940
Vehicles	6,238,859	5,721,347
Equipment & Furniture	1,540,984	1,510,306
Infrastructure	45,915,861	45,429,087
Construction in Progress	3,241,416	33,296,606
Total	<u>\$ 148,281,938</u>	<u>\$ 143,599,908</u>

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. Major capital asset events during the fiscal year ended June 30, 2015 related mostly to the improvements to the roads and culverts and to the completion of new Wentworth School.

Additional information on the Town of Scarborough's capital assets can be found in Notes to the Basic Financial Statements on page 56 of this report.

Long-term Debt. As of June 30, 2015, the Town had long-term bonds outstanding of \$98,500,000, compared to \$97,895,000 in the prior year, resulting in a .62% increase. This debt is backed by the full faith and credit of the Town of Scarborough.

During fiscal year ended June 30, 2015, the Town of Scarborough issued \$6,085,000 in bonds. This bond issue was all new money for various capital projects, the largest of which was for the purchase of Benjamin Farms for land conservation and recreation for \$2,000,000.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Additional information relating to the Town's long-term debt can be found in the Notes to Financial Statements on pages 58 – 59 of this report.

Outstanding Debt General Obligation Bonds			
	2015	2014	2013
Municipal	\$ 27,519,496	\$ 25,490,280	\$ 25,312,482
Education	63,043,357	64,467,573	62,846,518
Sewer	7,937,147	7,937,147	8,021,000
Total Debt	\$ 98,500,000	\$ 97,895,000	\$ 96,180,000

Moody's Investors Service has given the Town of Scarborough a bond rating of "Aa3" and affirmed the Aa3 rating on all of the town's outstanding debt. Per Moody's Investors Service rating report dated April 17, 2015, "The Aa3 rating reflects the town's stable tax base with favorable wealth levels, satisfactory financial position, and above average debt burden." Additionally, Moody sights the Town's stable tax base with favorable wealth levels, improved financial position with adequate reserves and manageable pension and OPEB liabilities as strengths. Some challenges cited by Moody's is moderate revenue raising ability due to State of Maine Statutes, outstanding General Fund subsidy due to tax increment financing (TIF) district debt and the Town's continued reliance on fund balance appropriation to balance school budgets.

Standard and Poor's Rating Services (S&P) has assigned its "AA" long-term rating to the Town of Scarborough, Maine's series 2015 general obligation (GO) bonds and affirmed its AA long-term rating and underlying rating on the town's existing GO debt. S&P's rating reflects their opinion of the Town's:

- Very strong economy, which benefits from participation in the broad and diverse economy of Portland, Maine;
- Strong budgetary performance, with slight general fund deficits and operating surpluses in total governmental funds;
- Adequate budgetary flexibility, with available reserves above 5% of general fund expenditures for the three most recent audited years;
- Very strong liquidity, providing very strong cash levels to cover both debt service and expenditures;
- Strong management conditions, with formalized practices and a consistent ability to maintain budgets;
- Weak debt and contingent liabilities profile driven mainly by the town's high net direct debt as a percentage of revenues; and
- Strong institutional framework.

Additional information on both of these bond ratings can be found on the Town of Scarborough's website at: <http://www.scarboroughmaine.org/departments/finance/accounting> under the heading **Bond Ratings Documents**.

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 Capitol.

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. The Town Council's budget goals for fiscal year 2016 were to:

1. Maintain Essential Services,
2. Avoid Layoffs,
3. Re-Develop Staffing Plans,
4. Level Services vs. New Initiatives,
5. Recognize Fiscal Constraints,
6. Consider Non Property Tax Revenues
7. Maximize Value
8. Trade-Off Conversations
9. Stability in Tax Rate and
10. Capital/Long-term Planning.

Non-property tax revenues continue their downward spiral as the State continues to reduce its commitments to Maine communities to share both the State's income and sales tax revenues. Maine Municipalities only have taxing authority on property taxes. The State of Maine is the only governing body that can assess the sales and income taxes.

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.

The 2016 Town of Scarborough budget is provided in a new format to provide additional information and a deeper understanding regarding the organization and functions of each department. The 2016 proposed budget included funding for nine new municipal positions, of which only two were funded as follows:

Purchasing Agent;
Budget Analyst;
Community Service, Planning and Public Work's shared position to become one full time position;
Two Police Officers and
Four new paramedic positions (two paramedic positions were funded).

The assessed valuation for the past three years are as follows:

2016	\$3,745,548,100, an increase of \$45,059,900 over 2015,
2015	\$3,700,488,200, an increase of \$40,182,500 over 2014
2014	\$3,660,305,700, an increase of \$28,630,400 over the 2013 value of \$3,631,675,300.

The 2016 property tax rate of \$15.49 is 2.58% higher than the 2015 tax rate of \$15.10.

During the past economic downturn, the Town of Scarborough appropriated portions of its unassigned fund balance to help offset the impact of the recession. Below is a listing of the approved use of unassigned fund balance since 2013. Since 2012, fund balance appropriations have been appropriated to help offset the costs association with the Scarborough Education Budget. While the Town of Scarborough has appropriated a portion of its unassigned fund balance each year, since 2012, revenues exceeded expenditures and, therefore, the use fund balance was not needed.

2013	\$ 200,000
2014	\$ 200,000
2015	\$ 800,000
2016	\$ 675,000

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

The Town of Scarborough recognizes the importance of maintaining an appropriate level of fund balance. As stated earlier, the Town Council has adopted a fund balance policy. Once the fund balance level of 10% is achieved, the intent is to dedicate any excess balances towards major capital improvements or property tax stabilization.

Below is a comparison of the 2014, 2015 and 2016 budgets (excluding carryforwards, and including capital budgets).

	2016	2015	2014
Administration	\$ 1,808,421	\$ 2,028,958	\$ 1,953,976
Finance Department	992,910	1,028,033	1,013,837
Information Systems	1,163,646	1,120,568	942,328
Planning Department	918,035	917,045	907,118
Community Services	2,656,296	2,309,723	2,246,928
Library	1,022,538	953,583	891,884
Economic Development	215,180	205,257	224,182
General Assistance/Affordable Hsg	29,156	27,883	27,611
Fire/Rescue/EMA Department	4,213,171	4,130,131	3,904,485
Public Safety Department	5,861,456	5,578,998	5,254,329
Public Works Department	6,718,059	6,359,496	6,294,820
Debt Service	4,906,499	4,641,657	4,508,353
Capital Equipment	892,030	1,879,364	923,700
Total Municipal Operating	31,397,397	31,180,696	29,093,551
Education	43,725,308	42,165,315	39,474,516
County Tax	2,493,342	2,355,415	2,193,813
Total Operating Budget	46,218,650	44,520,730	41,668,329
School Food Services	1,495,568	1,485,180	1,415,040
Capital Improvement-Municipal	2,657,750	2,240,460	2,683,426
Capital Improvement-School	1,297,451	1,786,153	1,705,425
TIFs and Overlay	1,448,286	1,233,880	1,223,908
Total Budget	\$ 84,515,102	\$ 82,447,099	\$ 77,789,679

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Scarborough's finances for all those with an interest in the Town of Scarborough. Questions concerning any of the information provided in this report or 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.

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TOWN OF SCARBOROUGH MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT



BASIC FINANCIAL STATEMENTS

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TOWN OF SCARBOROUGH, MAINE
Statement of Net Position
June 30, 2015

	Governmental Activities	Component Units Public Library	Economic Development
ASSETS			
Cash and cash equivalents	\$ 14,270,294	64,885	37,069
Investments	10,836,851	620,052	-
Receivables:			
Accounts	1,880,289	-	-
Intergovernmental	165,139	-	24,129
Taxes receivable	148,389	-	-
Tax liens	808,236	-	-
Tax acquired property	7,231	-	-
Inventory	68,654	1,566	-
Prepaid items	-	214	-
Notes receivable	1,457,623	-	-
Capital assets, not being depreciated	10,914,395	-	-
Capital assets, net	137,367,543	936,604	11,049
Total Assets	177,924,644	1,623,321	72,247
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	2,293,124	-	-
Deferred pension items	1,987,734		
Total deferred outflows of resources	4,280,858	-	-
LIABILITIES			
Accounts payable and other current liabilities	3,519,630	12,794	13,002
Accrued payroll and other related liabilities	4,499,022	34,953	3,478
Unearned revenues	49,428	-	-
Accrued interest	593,289	-	-
Noncurrent liabilities:			
Due within one year	6,785,808	-	-
Due in more than one year	104,300,635	-	-
Total Liabilities	119,747,812	47,747	16,480
DEFERRED INFLOWS OF RESOURCES - PENSION		2,708,102	
NET POSITION			
Net investment in capital assets	57,103,811	936,604	11,049
Restricted for:			-
Nonexpendable trust principal	147,218	102,249	-
Expendable trust - income portion	86,146	-	
Town grants and projects	2,810,407		
Education	965,251	-	-
Unrestricted	(1,363,245)	536,721	44,718
Total Net Position	\$ 59,749,588	1,575,574	55,767

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Activities
For the year ended June 30, 2015

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	Component	Component
					government	unit	unit
					Governmental activities	Public Library	Economic Development
Primary government:							
Governmental activities:							
General government	\$ 14,077,217	3,170,678	658,261	54,304	(10,193,974)	-	-
Public services	4,658,690	2,531,113	4,658	-	(2,122,919)	-	-
Public safety	9,716,227	2,731,150	116,002	-	(6,869,075)	-	-
Public works	7,713,975	1,692,802	383,813	-	(5,637,360)	-	-
Education	41,617,985	1,299,774	7,423,869	-	(32,894,342)	-	-
Interest on debt service	3,418,748	-	-	-	(3,418,748)	-	-
Total governmental activities	81,202,842	11,425,517	8,586,603	54,304	(61,136,418)	-	-
Total primary government	\$ 81,202,842	11,425,517	8,586,603	54,304	(61,136,418)	-	-
Component units:							
Scarborough Public Library	\$ 1,199,733	-	1,163,491	-	-	(36,242)	
Scarborough Economic Develop.	237,923	-	238,893	-	-		970
General revenues:							
Property taxes, levied for general purposes				\$ 55,456,493	-	-	
Excise taxes				5,053,559	-	-	
Payments in lieu of taxes				71,450	-	-	
Interest and costs on taxes				105,060	-	-	
Franchise Tax				191,317			
Grants and contributions not restricted to specific programs:							
Homestead exemption and business equipment exemption				662,099	-	-	
Other State aid				167,418	-	-	
State Revenue Sharing				771,051	-	-	
Unrestricted investment earnings				390,260	-	-	
Other				307,468	-	-	
Total general revenues				63,176,175	-	-	
Change in net position							
				2,039,757	(36,242)		970
Net position - beginning, as restated							
				57,709,831	1,611,816		54,797
Net position - ending							
				\$ 59,749,588	1,575,574		55,767

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Balance Sheet
Governmental Funds
June 30, 2015

	General	Performance Bonds	Wentworth School Construction	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 12,015,992	69,414	1,711,478	-	473,410	14,270,294
Investments	1,962,632	239,455	1,258,126	-	7,376,638	10,836,851
Receivables:						
Accounts	1,249,773	-	-	-	630,516	1,880,289
Intergovernmental	48,527	-	-	-	116,612	165,139
Taxes receivable	148,389	-	-	-	-	148,389
Tax liens	808,236	-	-	-	-	808,236
Interfund loans receivable	3,077,866	-	-	-	430,324	3,508,190
Tax acquired property	7,231	-	-	-	-	7,231
Inventory	42,532	-	-	-	26,122	68,654
Notes receivable	-	-	-	1,457,623	-	1,457,623
Total assets	\$ 19,361,178	308,869	2,969,604	1,457,623	9,053,622	33,150,896
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	2,037,776	-	15,410	-	1,157,575	3,210,761
Accrued payroll and other related liabilities	4,499,022	-	-	-	-	4,499,022
Accrued compensated absences	265,895	-	-	-	-	265,895
Interfund loans payable	-	-	-	2,747,311	760,879	3,508,190
Unearned revenues	49,428	-	-	-	-	49,428
Performance bond deposits	-	308,869	-	-	-	308,869
Total liabilities	6,852,121	308,869	15,410	2,747,311	1,918,454	11,842,165
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	806,479	-	-	-	-	806,479
Total deferred inflows of resources	806,479	-	-	-	-	806,479
Fund balances:						
Nonspendable Permanent Fund Principal					147,218	147,218
Nonspendable Inventory	42,532				26,122	68,654
Restricted for Town	2,898,090	-		-	2,896,553	5,794,643
Restricted for Education	540,251		2,954,194	-	267,729	3,762,174
Committed - General Fund	519,043	-	-	-	-	519,043
Committed - Education	-	-	-	-	9,123	9,123
Committed - Special Revenues	-	-	-	-	4,429,860	4,429,860
Assigned - General Fund	2,304,373	-	-	-	-	2,304,373
Assigned - Education	425,000	-	-	-	-	425,000
Unassigned Town	4,973,289	-	-	(1,289,688)	(641,437)	3,042,164
Total fund balances	11,702,578	-	2,954,194	(1,289,688)	7,135,168	20,502,252
Total liabilities, deferred inflows of resources and fund balances	\$ 19,361,178	308,869	2,969,604	1,457,623	9,053,622	
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						148,281,938
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						806,479
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, including issuance premiums						(103,733,906)
Deferred charge on refunding						2,293,124
Capital leases						(395,578)
Accrued interest						(593,289)
Landfill liability						(413,184)
Other postemployment benefits liability						(1,556,926)
Net pension liability with related deferred inflows and outflows of resources						(3,408,922)
Accrued compensated absences						(2,032,400)
Net position of governmental activities						\$ 59,749,588

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, 2015

	General	Performance Bonds	Wentworth School Construction	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 60,971,872	-	-	-	182,500	61,154,372
Licenses and permits	756,181	-	-	-	-	756,181
Intergovernmental	10,378,344	-	-	-	2,500,890	12,879,234
Interest earned	390,260	-	817	12,758	45,125	448,960
Donations	-	-	-	-	45,956	45,956
Sale of lots	-	-	-	-	11,440	11,440
Assessments and impact fees	-	-	-	-	2,163,775	2,163,775
Other	6,081,887	-	126,447	-	1,945,790	8,154,124
Total revenues	78,578,544	-	127,264	12,758	6,895,476	85,614,042
Expenditures:						
Current:						
General government	4,829,444	-	-	-	-	4,829,444
Public services	4,612,240	-	-	-	-	4,612,240
Public safety	9,514,108	-	-	-	-	9,514,108
Public works	6,506,439	-	-	-	-	6,506,439
Education	44,638,078	-	3,574,320	-	2,505,043	50,717,441
County tax	2,355,415	-	-	-	-	2,355,415
Debt service	4,605,500	-	-	-	-	4,605,500
Capital improvements	1,192,358	-	-	-	8,081,114	9,273,472
Other	6,765	-	-	-	1,921,089	1,927,854
Total expenditures	78,260,347	-	3,574,320	-	12,507,246	94,341,913
Excess (deficiency) of revenues over expenditures	318,197	-	(3,447,056)	12,758	(5,611,770)	(8,727,871)
Other financing sources (uses):						
Transfers in	594,836	-	-	96,697	379,956	1,071,489
Transfers out	(320,823)	-	-	(370,000)	(380,666)	(1,071,489)
General obligation bonds	1,501,880	-	-	-	4,583,120	6,085,000
Total other financing sources (uses)	1,775,893	-	-	(273,303)	4,582,410	6,085,000
Net change in fund balances	2,094,090	-	(3,447,056)	(260,545)	(1,029,360)	(2,642,871)
Fund balances, beginning of year	9,608,488	-	6,401,250	(1,029,143)	8,164,528	23,145,123
Fund balances (deficit), end of year	\$ 11,702,578	-	2,954,194	(1,289,688)	7,135,168	20,502,252

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, 2015

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

Net change in fund balances - total governmental funds (Statement 4)	\$	(2,642,871)
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Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of these assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Capital outlays	\$9,941,609	4,682,030
Depreciation expense	(3,866,087)	
Net book value of dispositions	(1,393,492)	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(165,443)
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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	(3,987)
Landfill	4,050
Compensated absences	(67,602)
Other postemployment benefits liability	(203,529)
Net pension liability with deferred outflows and inflows of resources	725,423

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.	201,666
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The issuance of long term debt (e.g., bonds, leases) provides current financial
resources to governmental funds, while the repayments of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds
report the effect of issuance costs, premiums, discounts, and similar items when
debt is first issued, whereas these amounts are deferred and amortized in the statement
of activities. This amount is the net effect of these differences in the treatment of
long-term debt and related items.

General obligation bond proceeds	\$ (6,085,000)	
General obligation bond payments	5,480,000	
Amortization of Bond Premiums	240,580	
Amortization of Deferred Charge	(125,560)	(489,980)

Change in net position of governmental activities (see Statement 2)	\$	2,039,757
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See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
General Fund
For the year ended June 30, 2015

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 60,232,027	60,232,027	60,971,872	739,845
Licenses and permits	668,915	668,915	756,181	87,266
Intergovernmental	7,047,193	7,047,193	7,156,344	109,151
Interest earned	15,000	15,000	390,260	375,260
Unclassified	5,558,820	5,558,820	6,081,887	523,067
Total revenues	73,521,955	73,521,955	75,356,544	1,834,589
Expenditures:				
Current:				
General government	4,837,061	4,837,061	4,829,444	7,617
Public services	4,568,510	4,568,510	4,612,240	(43,730)
Public safety	9,688,555	9,688,555	9,514,108	174,447
Public works	6,400,539	6,400,539	6,506,439	(105,900)
Education	42,090,315	42,090,315	41,496,318	593,997
County tax	2,355,415	2,355,415	2,355,415	-
Debt service	4,641,657	4,641,657	4,605,500	36,157
Capital improvements	2,018,343	2,018,343	1,192,358	825,985
Total expenditures	76,600,395	76,600,395	75,111,822	1,488,573
Excess (deficiency) of revenues over expenditures	(3,078,440)	(3,078,440)	244,722	3,323,162
Other financing sources (uses):				
Transfers in	697,827	697,827	594,836	(102,991)
Transfers out	(275,887)	(275,887)	(320,823)	(44,936)
Utilization of surplus	1,373,593	1,373,593	-	(1,373,593)
General obligation bonds	1,611,000	1,611,000	1,501,880	(109,120)
Overlay	(328,093)	(328,093)	(6,765)	321,328
Total other financing sources (uses)	3,078,440	3,078,440	1,769,128	(1,309,312)
Net change in fund balances - budgetary basis			2,013,850	2,013,850
Reconciliation to GAAP basis:				
Change in current portion of accrued compensated absences			80,240	
Net change in fund balances - GAAP basis			2,094,090	
Fund balance, beginning of year			9,608,488	
Fund balance, end of year	\$		11,702,578	

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Private-purpose Trust Funds (Scholarships)	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	280,486
Investments	230,762	-
Accounts receivable	-	-
Interfund loans receivable	-	-
Total assets	230,762	280,486
LIABILITIES		
Interfund loans payable	-	-
Accounts payable	-	-
Due to student groups	-	280,486
Total liabilities	-	280,486
NET POSITION		
Held in trust	\$ 230,762	-

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2015

	Private-purpose Trust Funds (Scholarships)
Additions:	
Donations	\$ -
Interest and dividends	1,871
Total additions	1,871
Deductions:	
School scholarships	5,250
Total deductions	5,250
Change in net position	(3,379)
Net position, beginning of year	234,141
Net position, end of year	\$ 230,762

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 SEDCO board appoints the majority of their board and the Town council affirms their appointment. Additionally, the Town provides SEDCO with a majority of its revenues. All of the financial activity of SEDCO has been reported using the discrete presentation method. The Town provided \$224,652, or 94% of total revenues, to SEDCO for the year ended June 30, 2015.

Scarborough Public Library (the Library) promotes and maintains library facilities in and for the Town of Scarborough. While the Town does not appoint the Library's board, the Town provides the Library with a majority of its funding and the Library provides services directly to the citizens of the Town. The Town owns the land in which the Library operates and may provide for capital improvements and other support services to the Library. The Town believes that the financial statements would be incomplete without the inclusion of the Library as a discretely presented component unit. The Town provided \$953,583, or 82% of total revenues, to the Library for the year ended June 30, 2015.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Both SEDCO and the Library had positive responses to the reporting entity inclusion criteria set forth by accounting principles, generally accepted in the United States of America. Financial statements for both entities may be obtained by contacting the following offices.

Scarborough Economic Development Corporation
360 US Route One Willowdale Place, Suite 203
PO Box 550
Scarborough, ME 04070-0550

Scarborough Public Library
48 Gorham Road
Scarborough, ME 04074

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town. The effect of interfund reimbursements 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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The Town reports the following major governmental funds:

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

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. Although this fund does not meet the criteria of a major fund, the Town has elected to report it as a major fund in the governmental fund financial statements.

The Wentworth School Construction Fund, approved through a referendum vote by the voters of the Town of Scarborough on November 8, 2011, allows the town to borrow approximately \$39 million to reconstruct Wentworth Intermediate School. The construction contract for the new school was signed in October 2012 and was completed in the fall of 2014.

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 contributions made on behalf of the School Department for student scholarships. 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.

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.

The Town does not utilize internal service funds. As a general rule, the effect of other interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

D. Assets, Liabilities, and Equity

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

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 to be used for resale and is recorded at the lower of cost or market on a first-in, first-out basis. Additionally, the town records its fuel on hand as of the end of the fiscal year as inventory. 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 5-25 years, equipment and furniture 10-15 years and infrastructure 30 -75 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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 Position. 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.

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.

Deferred outflows/inflows of resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has two items that qualify for reporting in this category. One item is deferred outflows related to the pension liability as is more fully disclosed in the pension footnote and the other item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. It is the deferred inflows related to the pension liability as is more fully disclosed in the pension footnote. Also, the government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Fund Balances – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

1. For Nonspendable fund balance: (1) Assets that will never convert to cash; (2) assets that will not convert to cash soon enough to affect the current period and (3) resources that must be maintained intact pursuant to legal or contractual requirements. Included in this category are the principal balances that pertain to the permanent funds for the Dunstan and Scarborough Memorial Cemeteries and for the cemetery plot for Mary Tucker.
2. For Restricted fund balance: The portion of fund balance that reflects resources that are subject to externally enforceable legal requirements typically imposed by parties altogether outside the town. Included in this category are the fund balances for the school department restricted by State Statute and Tax Increment Finance District fund balances.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

3. For Committed fund balance: The portion of fund balance that represents resources whose use is constrained by limitations imposed by the Town Council, by passing an ordinance prior to the end of the fiscal year, as the highest governing body of the Town of Scarborough and can only be removed by the Town Council in the same manner. For example, Impact Fees were approved by the Town Council and can only be removed by the Town Council.
4. For Assigned fund balance: The portion of fund balance that reflects the Town's intended use of resources established either at the highest governing body or an official designated for this purpose. The Town Council has by resolution authorized the Town Manager to assign fund balance. The Town Manager has authorized carry forward balances to be used to offset 2016 expenditures. This also includes encumbrances.
5. For Unassigned fund balance: The portion of fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance.

Minimum Fund Balance Policy – The Town's fund balance policy sets a goal for unrestricted fund balance, defined as the total of committed, assigned and unassigned in the general fund shall be equal to 8.3% of the operating budget. Any excess above 10% will be set aside for capital improvements or property tax stabilization.

Net Position Flow Assumption – Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions – Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements as flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Recently Adopted Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement improves accounting and financial reporting by state and local governments for pensions. The new statement is effective for periods beginning after June 15, 2014. The adoption of this statement is disclosed in the notes to the financial statements.

In November 2013, the GASB issued GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of GASB Statement No. 68 related to contributions made to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The new statement is effective for periods beginning after June 15, 2014. The adoption of this statement is disclosed in the notes to the financial statements.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The general fund has a legally adopted annual budget. 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>
2014-2015 budget as adopted	\$76,600,395	\$76,600,395
Budgetary adjustments:		
Subsequent authorization	-	-
Prior year encumbrances and carryforwards	403,593	403,593
Total adjusted budget	\$ 77,003,988	\$ 77,003,988

B. Deficit Fund Balance

At June 30, 2015, the following special revenue and capital projects funds had deficit fund balances:

Boat Launch Fund (a special revenue fund) had a deficit of \$48,732. It is expected that this deficit will be adequately funded in future years through additional contributions and revenues.

The Municipal Building Fund (a capital project fund) had a deficit of \$102,047. This deficit is expected to be adequately funded in future years with TIF revenues.

The Haigis Parkway Assessments Fund had a deficit of \$1,289,688. This deficit is expected to grow initially and then be adequately funded in future years with TIF revenues and assessment payments.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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, 2015, the Town reported deposits of \$14,550,780 with a bank balance of \$14,482,280. Of the Town's bank balances of \$14,482,280, 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	\$14,270,294
Reported in fiduciary funds	280,486
Total deposits	\$14,550,780

At June 30, 2015, the Scarborough Public Library and Scarborough Economic Development's cash balances were \$64,885 and \$37,069 respectively, all of which was covered by F.D.I.C. insurance.

B. Investments

At June 30, 2015, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years	More than 5 years
Money markets and repurchase agreements	\$11,067,613	\$11,067,613	-	-
Total investments	\$11,067,613	\$11,067,613	--	-

Investments have been reported as follows:

Reported in governmental funds	\$10,836,851
Reported in fiduciary funds	230,762
Total investments	\$11,067,613

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 failure of the counterparty the Town will not be able to recover the value of its investments. The Town does not have an investment policy for custodial credit risk. None of the Town's investments are subject to custodial credit risk.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

PROPERTY TAX

Property taxes for the current year were committed on August 21, 2014, 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, 2014 and 50% on March 16, 2015. Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after these respective due dates. Assessed values are periodically established by the Town's Assessor at 100% of the assumed market value as of June 30, 2015 and the Town's value was 100% of the 2015 State valuation of \$3,667,300,000.

The Town is permitted by the laws of the State of Maine to levy up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$328,093 for the year ended June 30, 2015.

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 receivable 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 inflow of resources.

The following summarizes the June 30, 2015 levy:

Assessed value	\$ 3,700,488,200
Tax rate (per \$1,000)	15.10
Commitment	55,877,372
Supplemental taxes assessed	4,650
	55,882,022
Less - collections and abatements	55,326,638
Receivable at June 30	555,384
Consisting of:	
Taxes	\$ 26,004
Liens	529,380
Receivable at June 30	\$ 555,384
Collection rate	99.01%

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2015 was as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,386,622	\$ 3,104,760	\$ 2,332,200	\$ 7,159,182
Deposit Equipment	-	513,797	-	513,797
Construction in progress	33,296,606	6,046,644	36,101,834	3,241,416
Total capital assets, not being depreciated	39,683,228	9,665,201	38,434,034	10,914,395
Capital assets, being depreciated:				
Buildings	69,048,291	35,908,276	2,856,105	102,100,462
Vehicles	13,433,131	1,032,497	414,066	14,051,562
Equipment and furniture	5,841,692	394,013	82,756	6,152,949
Infrastructure	56,100,486	1,375,656	23,110	57,453,032
Total capital assets being depreciated	144,423,600	38,710,442	3,376,037	179,758,005
Less accumulated depreciation for:				
Buildings	17,792,350	1,722,119	1,599,643	17,914,826
Vehicles	7,711,784	916,688	301,972	8,326,500
Equipment and furniture	4,331,385	357,336	76,756	4,611,965
Infrastructure	10,671,399	869,944	4,172	11,537,171
Total accumulated depreciation	40,506,918	3,866,087	1,982,543	42,390,462
Total capital assets being depreciated, net	103,916,682	34,844,355	1,393,494	137,367,543
Governmental activities capital assets, net	\$143,599,910	\$44,509,556	\$39,827,528	\$148,281,938

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

Governmental activities:	
General government	\$ 315,033
Public services	46,450
Public safety	520,267
Public works, including depreciation of general infrastructure assets	1,235,795
Education	1,748,542
Total depreciation expense – governmental activities	\$ 3,866,087

Capital assets for the Scarborough Public Library and Scarborough Economic Development Corporation discretely presented component unit are as follows:

	Library	SEDCO
Buildings	\$1,670,741	-
Furniture and fixtures	706,412	\$39,842
Books	906,820	-
Total	3,283,973	39,842
Less accumulated depreciation	(2,347,369)	(28,793)
Property and equipment, net	\$ 936,604	\$11,049
Depreciation expense	\$ 137,060	\$ 2,538

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

INTERFUND BALANCES

Interfund balances result from the sharing of pooled cash and investments. Individual interfund loans receivables and loans payables at June 30, 2015, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$3,077,866	-
Haigis Parkway	-	\$2,747,311
Nonmajor Governmental Funds:		
Nonmajor Special Revenue Funds:		
Recreational development	22,060	
Impact Fees	116,798	314,376
Boat Launch	-	48,732
Sawyer Road improvement		66,679
Police asset forfeiture	-	40,441
Payne Road impact fees	2,277	-
Rescue equipment	32,125	-
Departmental grants and programs		188,332
Total Nonmajor Special Revenue Funds	173,260	658,560
Nonmajor Capital Project Funds:		
Higgins Beach Bath House	7,039	
Athletic Field Building Improvements	50,284	
Oak Hill Intersection Improvements	29,237	
Pine Point Eastern Trail	1,879	
Tri-Gen Project from Sawyer Rd Project	157,185	
Municipal building fund	-	102,047
Total Nonmajor Capital Project Funds	245,624	102,047
Nonmajor Permanent Funds:		
Scarborough Memorial Cemetery	11,440	-
Dunstan Perpetual Care	-	272
Total Permanent Funds	11,440	272
Total Other Governmental Funds	430,324	760,879
Private-purpose Trust Funds	-	-
Total all funds	\$3,508,190	\$3,508,190

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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

INTERFUND TRANSFERS

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$594,836	\$ 320,823
Haigis Parkway Assessments	96,697	370,000
Nonmajor Governmental Funds	379,956	380,666
Total	<u>\$1,071,489</u>	<u>\$1,071,489</u>

Interfund transfers are used to move unrestricted resources to finance various programs that the Town must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. The most significant transfers include annual transfers from the education general fund to the school lunch program to fund the annual deficit from operations, transfers from other impact fees fund and rescue fund to cover capital outlay, transfer from Haigis Parkway fund to cover a portion of debt service, and transfer from departmental grants and programs fund to cover related expenditures incurred in the general fund.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2015, 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	\$97,895,000	\$6,085,000	\$5,480,000	\$98,500,000	\$6,320,000
Premium	5,474,487		240,580	5,233,907	
Capital leases	597,244	-	201,666	395,578	195,863
Compensated absences	2,059,713	333,497	94,915	2,298,295	265,895
Other postemployment					
Benefits liability	1,353,397	203,529		1,556,926	
Net pension liability	5,254,563		2,566,009	2,688,554	
Landfill post-closure care costs	417,233	-	4,050	413,183	4,050
Governmental activity					
Long-term liabilities	<u>\$113,051,637</u>	<u>\$6,622,026</u>	<u>\$8,587,220</u>	<u>\$111,086,443</u>	<u>\$6,785,808</u>

As of June 30, 2015, the Town had authorized, but unissued debt totaling \$2,696,730. The General Fund typically pays all governmental activities long-term debt service requirements including accrued compensated absences.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

BONDS PAYABLE

Bonds payable at June 30, 2015 is comprised of the following:

General Obligation Notes and Bonds	Amount originally issued	Percentage applicable to			Interest rate	Final maturity date	Balance end of year
		Town	School	Sewer			
1994 Capital improvements	6,775,000	-	-	-	Varies	2015	\$ -
1995 Capital improvements	6,160,000	1.89%	98.11%	-	Varies	2016	265,000
1997 Capital improvements	4,230,000	100.00%	-	-	Varies	2017	220,000
2004 Capital improvements	14,628,000	-	100.00%	-	Varies	2016	-
2005 Capital improvements	10,665,000	4.00%	96.00%	-	Varies	2034	250,000
2006 Capital improvements	7,014,000	95.02%	4.98%	-	Varies	2036	1,505,000
2007 Capital improvements	4,000,000	93.04%	6.96%	-	Varies	2022	575,000
2008 Capital improvements	8,513,000	87.47%	12.53%	-	Varies	2028	3,565,000
2009 Capital improvements	4,560,000	97.78%	2.22%	-	Varies	2029	2,255,000
2009 Capital improvements	1,780,000	79.53%	20.47%	-	2.00%	2020	855,000
2010 Capital improvements	6,002,000	86.01%	13.99%	-	2.00%	2031	4,095,000
2011 Capital improvements	5,600,000	86.32%	13.68%	-	Varies	2031	3,435,000
2012 Capital improvements	46,545,000	5.42%	76.71%	17.66%	Varies	2042	44,380,000
2013 Capital improvements	25,685,000	8.56%	91.44%	-	Varies	2043	25,000,000
2014 Capital improvements	6,505,000	49.55%	50.45%	-	Varies	2034	6,015,000
2015 Capital improvements	6,085,000	87.24%	12.76%	-	Varies	2035	6,085,000
Total							\$98,500,000

The annual requirements to amortize all debt outstanding as of June 30, 2015 are as follows:

Year ending June 30,	Principal	Interest	Total
2016	\$ 6,320,000	\$ 3,518,805	\$ 9,838,805
2017	6,380,000	3,326,419	9,706,419
2018	6,525,000	3,115,446	9,640,446
2019	6,320,000	2,897,828	9,217,828
2020	6,080,000	2,675,776	8,755,776
2021-2025	25,555,000	10,225,133	35,780,133
2026-2030	18,240,000	6,249,591	24,489,591
2031-2035	13,765,000	3,153,825	16,918,825
2036-2040	6,250,000	1,219,213	7,469,213
2041-2043	3,065,000	150,144	3,215,144
Totals	\$ 98,500,000	\$36,532,180	\$135,032,180

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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, 2015 outstanding bonds	Percent of 2015 State assessed value of \$ 3,667,300,000	<u>Amount</u>	<u>Margin</u>
For school purposes	\$ 63,043,357	10.00%	\$366,730,000	\$303,686,643
For storm or sanitary sewer	7,937,147	7.50%	275,047,500	267,110,353
For municipal airport, water and special district purposes	-	3.00%	110,019,000	110,019,000
For all other purposes	27,519,496	7.50%	275,047,500	247,528,004
Total	\$ 98,500,000			

The statutory debt limit according to State law is 15% of the State assessed value, which amounts to \$550,095,000. The total debt margin based on this limit is \$451,595,000.

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.

CAPITAL LEASES

The Town of Scarborough has entered into various lease agreements as lessee for copiers, equipment, vehicles, building improvements 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 \$1,645,305.

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, 2015:

2016	\$ 208,353
2017	206,028
2018-thereafter	-
Total minimum lease payments	414,381
Less: amount representing interest	18,803
Present value of future minimum lease payments	\$ 395,578

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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, 2015, the Town's State valuation of \$3,667,300,000 was 9.31% of the County's State valuation of \$39,379,600,000. The Town's share is 9.31% or \$3,457,336 of Cumberland County's \$37,125,000 long-term debt outstanding as of June 30, 2015.

The Town is also served by the Portland Water District. At June 30, 2015, the Town's share of self-supporting bonded water debt is 14.1226% or \$6,453,864 of total debt of \$45,698,839.

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 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, 2012, outstanding "Incinerator Debt" of ecomaine totaled \$2,660,000 all of which was paid on July 1, 2012 thereby reducing the Scarborough's proportionate share to zero.

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, 2012, outstanding MRF debt totaled \$1,990,000 of which \$1,405,000 was paid on July 1, 2012 with the balance of \$585,000 paid on August 1, 2012, thereby reducing Scarborough's proportionate share to zero. ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$16,451,511 at June 30, 2015, the most recent data available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 8.92%, or \$1,467,476.

Total Debt and Contingencies

Governmental Unit	As of June 30, 2015			
	Direct debt	Overlapping debt	Contingent debt	Total debt
Town of Scarborough	\$ 98,500,000	-	-	\$ 98,500,000
Cumberland County	-	\$ 3,457,336	-	3,457,336
Portland Water District - water debt	-	6,453,864	-	6,453,864
ecomaine Waste Systems:				
Landfill closure/postclosure costs	-	-	\$1,467,476	1,467,476
Totals	\$ 98,500,000	\$2,911,200	\$1,467,476	\$109,878,676

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

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, 2015, substantially all such calculations have been performed and the Town is in compliance with all known 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.

Litigation

There are various claims and suits pending against the Town which arise in the normal course of the Town's activities. In the opinion of the Town's management, the ultimate disposition of these various claims and suits will not materially affect the financial condition of the Town. With respect to litigation relating to tax abatement appeals, any potential financial exposure is expected to be covered by the Overlay appropriated annually.

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. As of June 30, 2015, approximately 20% of the landfill's total capacity has been used. The estimated total current cost of landfill closure, \$413,183, 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, 2015. Additionally, annual monitoring and maintenance costs are estimated to be \$4,050 per year.

The total closure and postclosure care costs of \$413,183 have been accrued in the statement of activities for the year ended June 30, 2015. Presently, the State of Maine is providing partial funding for certain closure costs; however, future funding is based on availability of funds. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

FUND BALANCE CHANGES

For the period ending June 30, 2015, the General Fund includes three programs that previously were reported as Special Revenue Funds. This change is the result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Activity of these three programs are currently presented in Exhibits A-1, A-2 and A-2 Cont. Additionally, the fund balances reclassified from Special Revenue Funds to the General Fund are all presented as Committed Fund balance in the General Fund as follows:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Unemployment Compensation	\$ 143,607	\$ 155,190
Hurd Park and Ferry Beach	292,760	347,881
Hunnewell House	<u>15,784</u>	<u>15,972</u>
Total reclassification	<u>\$ 452,151</u>	<u>\$ 519,043</u>

The following is a schedule of fund balance classifications for the governmental funds as June 30, 2015:

	<u>General Fund</u>	<u>Wentworth Construction</u>	<u>Haigis Parkway Assess</u>	<u>Nonmajor Governmental</u>
Fund Balances:				
Nonspendable-Permanent Funds	\$ -	\$ -	-	\$ 147,218
Nonspendable-Inventory	<u>42,532</u>	-	-	<u>26,122</u>
	<u>42,532</u>	-	-	<u>173,340</u>
Restricted				
Permanent Fund Interest	-	-	-	86,146
Deficits in Other Funds	1,440,467	-	-	-
Haigis Parkway Note Receivable	1,457,623	-	-	-
Credit Enhancement Agreements	-	-	-	42,990
Grants and Donations	-	-	-	154,750
Fire Department Equipment	-	-	-	24,696
Police Asset Forfeiture	-	-	-	133,587
Town Improvements	-	-	-	2,454,384
Education	<u>540,251</u>	<u>2,954,194</u>	-	<u>267,729</u>
	<u>3,483,341</u>	<u>2,954,194</u>	-	<u>3,164,282</u>
Committed				
Unemp. Comp/Beach Reserve/Hunnewell	519,043	-	-	-
Impact Fees/Reserves	-	-	-	4,429,860
Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,123</u>
	<u>519,043</u>	-	-	<u>4,438,983</u>
Assigned				
Carryforward Balances/Encumbrances	2,304,373	-	-	-
Education	<u>425,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,729,373</u>	-	-	-
Unassigned	<u>4,973,289</u>	-	(1,289,688)	(641,437)
Total Fund Balances	<u>\$11,702,578</u>	<u>\$2,954,194</u>	<u>(\$1,289,688)</u>	<u>\$7,135,168</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

ASSIGNED FUND BALANCES

At June 30, 2015, portions of the General Fund balance were assigned to future periods as follows:

	<u>2015</u>
General Fund:	
State Revenue Sharing	\$ (85,793)
Administration – Salary Adjustments	8,280
Human Resource – Overtime	1,500
Human Resource – Employee Recognition	2,500
Human Resource – Recruitment	400
Finance – Accounting Training	1,577
Finance – Collections Training	8,000
Finance – Collections Postage	3,000
Assessing Department – Training	630
Assessing Department – Printing	3,000
Assessing Department – Supplies	486
Information Systems – Employee Training	4,900
Information Systems – Software Maintenance	6,893
Planning Initiatives (former Comprehensive Plan)	2,990
CS Municipal Building – Building Repairs & Maint.	21,600
CS Municipal Building – Tri-Gen Maintenance	8,607
CS Municipal Building – Equipment Maintenance	3,500
CS Municipal Building – Operational Supplies	5,100
CS Municipal Building – Rebate Revenues	4,920
Cable Franchise Fees	21,264
Child Care	20,000
Summer Recreation	27,367
Fire Department – Misc Expenditures	2,637
Fire Department – Daytime Fire Fighter Pay	13,000
Police Department – New Vehicles	70,990
Marine Resource Office – Inventory Management	8,057
Town-Wide Computer Purchases	6,766
Community Services – 2016 Tow Behind Mower	(14,050)
Fire Department – 2015 Defibrillators	7,269
Fire Department – Municipal Holding Tank	8,837
Fire Department – New Fire Pumper Truck	23,834
Police Department – OOB Equipment Setup	57,245
Public Works – Traffic Camera – Oak Hill	400
Encumbered purchase orders	409,462
2015 Bond Premium	319,254
Fund Balance Appropriated for the 2015 Education Budget	425,000
Reserve for Accrued Sick Pay	1,319,951
Total General Fund assigned fund balance	<u>\$ 2,729,373</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN

Plan Descriptions

The Town contributes to the Maine Public Employees Retirement System, as part of the State Employee and Teacher Plan (the Teacher Plan) and also the Participating Local District Consolidated Plan (the PLD plan) or (the Plans) which are cost sharing multiple employer defined benefit pension plans. The Plans were established as the administrator of a public employee retirement system under the Laws of the State of Maine. Within the Town of Scarborough, the School Department's teaching certified employees plus other qualified educators, are eligible to participate in the Teacher Plan. The Teacher Plan covers 229 participating employers. The Town's Police, Fire/Rescue and certain other Town employees and the Town's school custodians, school lunch personnel, and other non-teacher personnel including, some educational technicians (Ed Techs), central office employees, and secretarial employees have the option to participate in the PLD Plan. The PLD Plan covers 286 participating employers.

Employee membership data related to the Plans, as of June 30, 2014 was as follows:

	Teachers	PLD
Current participants: Vested and non-vested	39,910	10,848
Terminated participants: Vested	7,571	2,071
Retirees and beneficiaries receiving benefits	<u>32,611</u>	<u>8,333</u>
	<u>80,092</u>	<u>21,252</u>

Benefit terms are established by Maine statute. In the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the Plan and periodically makes recommendations. The Plans' retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for Teacher Plan members is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD Plan members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The Plans also provides disability and death benefits which are established by statute for State employee members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the Plan's Board of Trustees and is currently 5%.

For the year ended June 30, 2015, the Town's total payroll for all employees was \$38,201,491. Total covered payroll was \$21,706,258 for the Teacher Plan and \$6,287,712 for the PLD Plan. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN, CONTINUED

Contributions

The contribution requirements of the Teacher Plan members are defined by law or the Plan's Board. Teacher Plan members of the Town of Scarborough's school department are required to contribute 7.65% of covered compensation to the Teacher Plan. The Town of Scarborough's school department employee's contributions are deducted from the employee's wages or salary and remitted by the Town of Scarborough's school department to the Teacher Plan on a monthly basis. The State is statutorily required to contribute 13.03% of annual Teacher wages, excluding wages covered by grants, which pays for the unfunded liability for the teachers. Employer contribution rates are determined through actuarial valuations. The School Department's required contribution rate for the year ended June 30, 2015, was 2.65% percent of annual teacher payroll, plus 13.03% for grant funded wages, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year (normal cost contributions). The Scarborough School Department's contributions to the Teacher Plan for the year ended June 30, 2015 were \$626,859.

The contribution requirements of the PLD Plan members are defined by law or the Plan's Board. Employees of the Town of Scarborough and school department are required to contribute 7.0% of covered compensation to the PLD Plan. The contributions are deducted from the employee's wages or salary and remitted by the Town of Scarborough to the Plan on a monthly basis. Employer contribution rates are determined through actuarial valuations. The Town of Scarborough's school and town employees, other than Police and Fire/Rescue, required contribution rate for the year ended June 30, 2015, was 7.8% percent of annual payroll. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2015 was 13.4%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town of Scarborough's contributions to the Plan for the year ended June 30, 2015 were \$624,901.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Teacher Plan

At June 30, 2015, the Town of Scarborough School Department reported a liability for its proportionate share of the net pension liability that reflected a reduction of State pension support provided to the Town of Scarborough School Department. The amount recognized by the Town of Scarborough School Department as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town of Scarborough School Department was as follows:

Town of Scarborough School Department's proportionate share of the net pension liability	\$ 378,299
State's proportionate share of the net pension liability associated with the Town of Scarborough School Department	19,539,727
Total	<u>\$ 19,918,026</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town of Scarborough School Department's proportion of the net pension liability was based on a projection of the School Department's long-term share of contributions relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2014, the School Department's proportion was 0.035 percent, which was a decrease of 0.008 from its proportion measured as of June 30, 2013.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN, CONTINUED

For the year ended June 30, 2015, the School Department recognized pension expense of \$157,674 and revenue of \$2,702,952 for support provided by the State. In addition, the School Unit reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results		\$ 1,892
Changes of assumptions	\$ 26,053	
Net difference between projected and actual earnings on Plan investments		161,888
Changes in proportion and differences between contributions and proportionate share of contributions	357,055	90,685
Contributions subsequent to the measurement date	626,859	
Total	<u>\$ 1,009,967</u>	<u>\$ 254,465</u>

The \$626,859 of deferred outflows of resources resulting from the School Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan year ending June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense) as follows:

Years ending June 30,	
2016	\$ 104,794
2017	104,793
2018	(40,472)
2019	(40,472)
Total	<u>\$(128,643)</u>

PLD Plan

At June 30, 2015, the Town and the Town School Department reported a liability of \$2,310,255 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town and the Town School Department's proportion of the net pension liability was based on a projection of the Town and the Town School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the Town and the Town School Department's proportion was 1.50%, which was a decrease of 0.02% from its proportion measured as of June 30, 2013.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN, CONTINUED

For the year ended June 30, 2015, the Town and the Town School Department recognized pension expense of \$382,816. At June 30, 2015, the Town and the Town School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 290,099	
Changes of assumptions	0	
Net difference between projected and actual earnings on Plan investments		\$ 2,453,637
Changes in proportion and differences between contributions and proportionate share of contributions	49,614	
Contributions subsequent to the measurement date	624,901	
Total	<u>\$ 964,614</u>	<u>\$ 2,453,637</u>

The \$624,901 of deferred outflows of resources resulting from the Town and Town School Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan year ending June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense) as follows:

Years ending June 30,	
2016	\$ (500,171)
2017	(500,171)
2018	(500,172)
2019	(613,410)
Total	<u>\$(2,113,924)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Teachers Plan 2.55% and PLD Plan 3.12%, per annum
Salary increases	Teachers Plan 3.5%-13.5% and PLD Plan 3.5%-9.5%, per year
Investment rate of return	Teachers Plan 7.125% and PLD Plan 7.25%, per annum, compounded annually

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN, CONTINUED

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period of July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation %	Long-term Expected Real Rate of Return
Fixed income	25%	0.0 %
U.S. equities	20%	2.5 %
Non-U.S. equities	20%	5.5 %
Real estate	10%	3.7 %
Infrastructure	10%	4.0 %
Private equity	10%	7.6 %
Hard Assets	5%	4.8 %
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.125% for the Teacher Plan and 7.25% for the PLD Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN, CONTINUED

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Teacher Plan

The following presents the Town of Scarborough School Department's proportionate share of the net pension liability calculated using the discount rate of 7.125% percent, as well as what the School Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.125%) or 1-percentage-point higher (8.125%) than the current rate:

	Discount rate	Town School Department's proportionate share of net pension liability
1% decrease	6.125%	\$ 724,599
Current discount rate	7.125%	\$ 378,299
1% increase	8.125%	\$ 88,525

PLD Plan

The following presents the Town and the School Department's proportionate share of the net pension liability calculated using the discount rate of 7.25% percent, as well as what the Town and the School Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	Discount rate	Town and School Department's proportionate share of net pension liability
1% decrease	6.25%	\$ 7,207,314
Current discount rate	7.25%	\$ 2,310,255
1% increase	8.25%	\$ (1,783,078)

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Maine Public Employees Retirement System financial report.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN, CONTINUED

On-Behalf Payments

The State of Maine makes a contribution to the Maine Public Employees Retirement System Teachers Fund for the teachers of the Town of Scarborough's School Department. The actual payment, which is made by the State, is determined by an actuary for the entire teachers' fund. The Maine Public Employees Retirement System estimates the payment made on-behalf of the Town of Scarborough's School Department to approximate 13.03% of the qualified teachers' salaries, plus an additional 2.16% for health insurance. For the year ended June 30, 2015, the total amount of on-behalf payments was approximately \$3,222,000 and was recognized in the fund financial statements. The amount of on-behalf payments recognized in the government wide financial statements for pension expense was approximately \$1,016,000.

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 either the ICMA Money Purchase 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 17% 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 \$305,907 which was 6% of the participating employees and 17% of the Town Manager's current year covered payroll. The covered payroll amounted to \$4,842,156, while the Town's total payroll was \$12,355,347.

Employee's required contributions amounted to \$282,083, 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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

DEFINED CONTRIBUTION PENSION PLAN, CONTINUED

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 employee's contributions amounted to \$407,593 and the Town contributions amounted to \$258,368. The Town contributes a match up to 4%. The covered payroll amounted to \$6,266,359.

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.

OTHER POST EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) 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 an agent 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 January 1, 2014 for fiscal year ending June 30, 2014.

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. A copy of the financial report and the required supplementary information for the Health Trust may be obtained from the Maine Employees Municipal Health Trust, 60 Community Drive, Augusta, Maine 04333.

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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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

Normal Cost	\$116,338
Amortization of Unfunded	151,698
Interest	5,308
Annual Required Contribution	\$273,344

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 ended June 30, 2015 were as follows:

Annual required contribution	\$273,344
Interest on NET OPEB Obligation	54,136
Amortization adjustment to ARC	<u>(78,267)</u>
Annual OPEB Cost	249,213
Actual contribution	<u>(45,684)</u>
Increase in Net OPEB Obligation	203,529
Net OPEB obligation – beginning of year	1,353,397
Net OPEB Obligation – end of year	<u>\$1,556,926</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Cost</u>	<u>Cost Contributed</u>	<u>Obligation</u>
2015	\$ 249,213	16%	\$ 1,556,926
2014	252,818	20%	1,353,397
2013	254,097	10%	1,151,199

The funded status of the plan as of June 30, 2015 was as follows:

Actuarial accrued liability	\$2,728,097
Plan Assets	<u>0</u>
Unfunded actuarial accrued liability	\$2,728,097
Covered payroll	\$9,967,491
Unfunded actuarial accrued liability as a percentage of covered payroll	27%

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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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	1-1-2014
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	30 years, open amortization period
Actuarial assumptions:	
Discount Rate	4.00%
Projected salary increases	3.00%
Healthcare inflation rate	4.60%

TAX INCREMENT FINANCING DISTRICTS

The Town has established two, Tax Increment Financing Districts (TIF) under the terms of applicable State laws. The TIF districts have been established to finance certain development programs located in the Town. The expenditures from these development programs will be recouped in future years via an incremental tax levied upon the Town's so-called "captured assessed value". The tax increment will be held in the form of a sinking fund which will be used expressly for the repayment of principal and interest on any indebtedness created to fund the expenditures of the development programs. The Scarborough Town Center Development District was amended in March 2012 to extend the number of years this TIF district to 2016.

Additionally, under the terms of applicable State laws, the town established four, Credit Enhancement Agreements (CEA). Credit Enhancement Agreements permit the "captured" property tax dollars to be channeled directly to the business doing the development. The money must be used for the project as approved by the Town.

The status of the various Tax Increment Financing Districts and Credit Enhancement Agreements are 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, 2015	6,900,000
Haigis Parkway TIF:	
Original assessed value	8,563,500
Amount captured as of June 30, 2015	7,541,300
Enterprise Business Park CEA:	
	7,727,300
New England Expedition CEA:	35,201,100
Bessey School Senior Housing CEA:	2,630,800
Foundation Center LLC CEA:	1,472,200

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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 purchased, the Town is not aware of any material actual or potential claims liabilities which should be recorded at June 30, 2015. 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 POSITION

Net Position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets, 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 Positions 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 investment in capital assets, was calculated as follows at June 30, 2015:

	Governmental <u>Activities</u>
Capital assets	\$ 190,672,402
Accumulated depreciation	(42,390,464)
Bonds payable	(90,563,000)
Premium liabilities net of amortization	(5,233,906)
Deferred charge on refunding	2,293,124
Capital leases payable	(395,578)
Unspent bond proceeds	2,721,233
<u>Net investment in capital assets</u>	<u>\$57,103,811</u>

The Town's Bonds payable is \$98,500,000 as stated in the footnote on page **59**. For the purpose of determining net investment in capital assets, bonds payable totaling \$7,937,147, have been excluded from this calculation because the Town transferred ownership of the capital assets to other entities.

PRIOR PERIOD ADJUSTMENT TO NET POSITION

Beginning net position was adjusted as a result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, during the year ended June 30, 2015. Beginning net position was reduced by \$4,134,345 as a result of implementation of this new standard.

Beginning of year, as previously stated	\$61,844,176
Less: GASB No. 68 and GASB No. 71	<u>(4,134,345)</u>
Beginning of year as restated	<u>\$57,709,831</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

COMMITMENTS

Construction in progress of \$3,241,416 as of June 30, 2015 consists of athletic field improvements, road improvements, Eastern Trail improvements, and major fire station repairs. These projects are expected to be completed during the fiscal year ending June 30, 2016. The additional estimated costs to complete these projects is approximately \$1,800,000.

TOWN OF SCARBOROUGH, MAINE
Schedule of Funding Progress
Required Supplementary Information
June 30, 2015
(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]
2015	01-01-2014	\$ -	\$2,728,097	\$2,728,097	0%	\$9,967,491	27%
2014	01-01-2014	\$ -	\$2,728,097	\$2,728,097	0%	\$9,298,561	29%
2013	01-01-2011	\$ -	\$3,023,581	\$3,023,581	0%	\$8,974,368	33%
2012	01-01-2011	\$ -	\$3,023,581	\$3,023,581	0%	\$7,864,585	38%
2011	01-01-2011	\$ -	\$3,023,581	\$3,023,581	0%	\$7,485,589	40%
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%

TOWN OF SCARBOROUGH, MAINE
Schedule of Proportionate Share of the Net Pension Liability
Required Supplementary Information
June 30, 2015
(Unaudited)

Maine Public Employees Retirement System

Teacher Plan

Fiscal Year	Actuarial Valuation Date	Town Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Covered Employee Payroll	Town Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	06-30-2014	0.035%	\$378,299	\$19,539,727	\$19,918,026	\$21,706,258	1.74%	84.04%

PLD Plan

Fiscal Year	Actuarial Valuation Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	06-30-2014	1.50%	\$2,310,255	\$6,287,712	36.74	94.10%

TOWN OF SCARBOROUGH, MAINE
Schedule of Contributions
Required Supplementary Information
June 30, 2015
(Unaudited)

Teachers Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	06-30-2015	\$626,859	\$626,859	\$0	\$21,706,258	2.88%

PLD Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	06-30-2015	\$624,901	\$624,901	\$0	\$6,287,712	9.94%

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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, 2015 and 2014

		2015	2014
ASSETS			
Cash and cash equivalents	\$	12,015,992	10,878,727
Investments		1,962,632	376,822
Receivables:			
Taxes receivable		148,389	143,405
Tax liens		808,236	983,581
Accounts receivable		1,249,773	735,264
Intergovernmental		48,527	198,794
Inventory		42,532	47,851
Interfund loans receivable		3,077,866	3,132,347
Tax acquired property		7,231	7,231
Total assets	\$	19,361,178	16,504,022
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable and other current liabilities		2,037,776	1,680,911
Accrued payroll and other related liabilities		4,499,022	4,114,853
Accrued compensated absence (current)		265,895	94,915
Unearned revenues		49,428	32,933
Total liabilities		6,852,121	5,923,612
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes		806,479	971,922
Total deferred inflows of resources	\$	806,479	971,922
Fund balance:			
Nonspendable inventory		42,532	47,851
Restricted - Town		2,898,090	2,838,565
Restricted - Education		540,251	508,790
Committed - Town		519,043	452,151
Assigned - Town		2,304,373	1,584,384
Assigned - School		425,000	800,000
Unassigned - Town		4,973,289	3,376,747
Total fund balance		11,702,578	9,608,488
Total liabilities, deferred inflows of resources and fund balance	\$	19,361,178	16,504,022

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, 2015
(with comparative totals for June 30, 2014)

			2015		Variance positive (negative)	2014 Actual
			Budget	Total Available		
	2014 carryforward					
Revenues:						
Taxes:						
Property taxes	\$ -	55,524,971	55,524,971	55,456,493	(68,478)	53,825,885
Change in deferred property tax revenue	-	-	-	165,443	165,443	(161,068)
Excise taxes	-	4,416,000	4,416,000	5,053,559	637,559	4,651,211
Cable franchise tax	-	196,956	196,956	191,317	(5,639)	191,220
Interest and costs on taxes	-	94,100	94,100	105,060	10,960	98,390
Total taxes	-	60,232,027	60,232,027	60,971,872	739,845	58,605,638
Licenses and permits:						
Plumbing fees	-	35,000	35,000	28,935	(6,065)	30,603
Fees and Permits	-	142,730	142,730	169,052	26,322	158,363
Building permits	-	355,000	355,000	400,719	45,719	292,646
Electrical permits	-	46,000	46,000	44,102	(1,898)	47,814
Zoning Board of Appeals	-	9,000	9,000	5,000	(4,000)	5,825
License plate fees	-	58,685	58,685	58,989	304	59,408
Subdivision fees	-	22,500	22,500	49,384	26,884	66,894
Total licenses and permits	-	668,915	668,915	756,181	87,266	661,553
Intergovernmental:						
Education state subsidies	-	4,778,384	4,778,384	4,747,923	(30,461)	4,241,404
FEMA reimbursement	-	-	-	62,621	62,621	-
Federal HIDTA revenues	-	120,000	120,000	116,002	(3,998)	122,230
State Revenue Sharing	-	736,158	736,158	771,051	34,893	791,820
Homestead exemption	-	346,020	346,020	346,020	-	83,001
Business equipment tax exemption	-	315,769	315,769	316,079	310	268,811
LRAP (Local Road Assistance Program)	-	315,000	315,000	321,192	6,192	350,248
ecomaine payment in lieu of taxes	-	71,450	71,450	71,450	-	71,450
General assistance reimbursement	-	1,500	1,500	4,658	3,158	1,600
Adult education State subsidies	-	36,000	36,000	30,954	(5,046)	35,798
Medicaid	-	25,000	25,000	42,551	17,551	44,418
Other Federal and State revenues - School	-	150,000	150,000	158,425	8,425	202,817
Other Federal and State revenues - Town	-	151,912	151,912	167,418	15,506	131,136
Total intergovernmental	-	7,047,193	7,047,193	7,156,344	109,151	6,344,733
Interest earned	-	15,000	15,000	390,260	375,260	108,862
Unclassified:						
School Department miscellaneous	-	322,586	322,586	290,023	(32,563)	297,491
Adult education	-	41,000	41,000	38,956	(2,044)	54,772
Community services	-	1,779,039	1,779,039	1,937,447	158,408	1,901,883
Insurance reimbursements	-	33,000	33,000	115,260	82,260	94,531
Public Violations	-	53,500	53,500	79,502	26,002	72,450
Special duty police/fire	-	77,000	77,000	89,161	12,161	78,793
Inspection/review fees	-	77,300	77,300	184,560	107,260	100,350
Rescue donations	-	747,500	747,500	747,500	-	747,500
Rental income	-	49,514	49,514	49,514	-	48,212
Sale of Town-owned property	-	59,000	59,000	54,304	(4,696)	159,089
Salary reimbursement	-	1,023,421	1,023,421	1,111,439	88,018	822,429
Vehicle fuel reimbursement	-	544,573	544,573	556,107	11,534	554,144
Vehicle maintenance reimbursement	-	476,750	476,750	520,646	43,896	555,194
Lease revenue	-	94,330	94,330	-	(94,330)	-
Miscellaneous	-	180,307	180,307	307,468	127,161	77,535
Total unclassified	-	5,558,820	5,558,820	6,081,887	523,067	5,564,373
Total revenues	-	73,521,955	73,521,955	75,356,544	1,834,589	71,285,159

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

		2015					
		2014		Total		Variance	2014
		carryforward	Budget	available	Actual	positive (negative)	Actual
Expenditures:							
Current:							
General government:							
Town Council	\$	-	11,573	11,573	11,778	(205)	12,486
Administration		-	248,477	248,477	257,553	(9,076)	235,584
Town Clerk		-	182,761	182,761	171,705	11,056	170,975
Human resources		3,974	271,036	275,010	269,064	5,946	264,491
Personnel benefits		-	200,852	200,852	268,330	(67,478)	266,674
Finance		3,015	351,309	354,324	337,934	16,390	341,317
Purchasing		295	66,477	66,772	63,191	3,581	61,755
Taxation/Treasury		5,000	341,711	346,711	320,731	25,980	319,351
Assessing		2,476	268,536	271,012	217,156	53,856	254,099
Management information systems		16,691	1,120,568	1,137,259	1,091,837	45,422	922,716
Planning		15,089	874,545	889,634	778,433	111,201	836,067
General government		-	97,563	97,563	111,499	(13,936)	109,002
Legal		-	80,000	80,000	182,205	(102,205)	239,347
Risk management		-	563,913	563,913	558,132	5,781	600,572
Public information		-	3,200	3,200	2,370	830	2,285
Engineering		-	48,000	48,000	127,898	(79,898)	86,222
Outside agencies		-	60,000	60,000	59,628	372	59,999
Total general government		46,540	4,790,521	4,837,061	4,829,444	7,617	4,782,942
Public services:							
Library		-	953,583	953,583	953,583	-	891,884
Public health and welfare		-	27,883	27,883	24,433	3,450	22,885
Tax Rebates (Credit Enhancement Agree)		-	704,900	704,900	704,900	-	685,314
Economic Development Corporation		24,629	205,257	229,886	224,652	5,234	178,873
Community services		38,452	2,613,806	2,652,258	2,704,672	(52,414)	2,643,841
Total public services		63,081	4,505,429	4,568,510	4,612,240	(43,730)	4,422,797
Public safety:							
Fire Department		21,613	2,387,414	2,409,027	2,401,232	7,795	2,244,833
Emergency Management		2,231	37,378	39,609	34,722	4,887	35,976
Emergency Medical Services		12,251	1,705,339	1,717,590	1,667,333	50,257	1,505,537
Marine resources		7,077	95,671	102,748	91,296	11,452	89,189
Police Department		70,778	5,348,803	5,419,581	5,319,525	100,056	5,003,487
Total public safety		113,950	9,574,605	9,688,555	9,514,108	174,447	8,879,022
Public works:							
Public Works Department		40,043	2,718,763	2,758,806	2,809,508	(50,702)	2,556,279
Vehicle maintenance		1,000	1,701,696	1,702,696	1,769,195	(66,499)	1,786,398
Water charges		-	205,920	205,920	203,612	2,308	191,919
Street lighting		-	144,500	144,500	183,719	(39,219)	169,534
Traffic signals		-	107,100	107,100	94,332	12,768	99,615
Cemetery care		-	17,700	17,700	20,907	(3,207)	17,130
Memorials		-	7,977	7,977	7,994	(17)	7,875
Shade trees		-	8,000	8,000	3,245	4,755	3,232
GIS/Engineering services		-	107,312	107,312	86,001	21,311	75,090
Solid waste program		-	1,340,528	1,340,528	1,327,926	12,602	1,595,546
Total public works		41,043	6,359,496	6,400,539	6,506,439	(105,900)	6,502,618
Education:							
Adult education		-	174,691	174,691	164,920	9,771	170,853
Regular instruction		-	24,694,385	24,694,385	24,598,533	95,852	23,462,817
Improvement of instruction		-	923,835	923,835	884,752	39,083	831,395
Special services		-	3,355,307	3,355,307	3,292,229	63,078	2,951,150
General & special administration		-	216,590	216,590	209,422	7,168	221,631
Board of education		-	35,010	35,010	31,682	3,328	30,102
Office of the superintendent		-	654,796	654,796	651,128	3,668	621,907
Business administration		-	1,873,218	1,873,218	1,868,638	4,580	1,783,513
Transportation		-	1,666,040	1,666,040	1,586,199	79,841	1,606,252
Operation and maintenance of plant		-	3,719,951	3,719,951	3,602,868	117,083	3,248,830
Debt service		-	4,776,492	4,776,492	4,605,947	170,545	4,150,113
Total education		-	42,090,315	42,090,315	41,496,318	593,997	39,078,563

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

	2015					2014 Actual
	2014 carryforward	Budget	Total available	Actual	Variance positive (negative)	
Expenditures, continued:						
Current, continued:						
County tax	\$ -	2,355,415	2,355,415	2,355,415	-	2,193,813
Debt service (excluding education):						
Principal	-	3,279,484	3,279,484	3,279,484	-	3,110,196
Interest and other costs	-	1,362,173	1,362,173	1,326,016	36,157	1,360,754
Total debt service	-	4,641,657	4,641,657	4,605,500	36,157	4,470,950
Capital improvements	138,979	1,879,364	2,018,343	1,192,358	825,985	1,146,088
Total expenditures	403,593	76,196,802	76,600,395	75,111,822	1,488,573	71,476,793
Excess (deficiency) of revenues over expenditures	(403,593)	(2,674,847)	(3,078,440)	244,722	3,323,162	(191,634)
Other financing sources (uses):						
Transfers in	-	697,827	697,827	594,836	(102,991)	561,290
Transfers out	-	(275,887)	(275,887)	(320,823)	(44,936)	(315,652)
General obligation bonds	-	1,611,000	1,611,000	1,501,880	(109,120)	471,424
Overlay	-	(328,093)	(328,093)	(6,765)	321,328	-
Total other financing sources (uses)	-	1,704,847	1,704,847	1,769,128	64,281	717,062
Net change in fund balances - budgetary basis	(403,593)	(970,000)	(1,373,593)	2,013,850	3,387,443	525,428
Utilization of prior year surplus and carrying balances	403,593	970,000	1,373,593	-	(1,373,593)	-
Total Utilization of Fund Balance and Carry forwards	-	-	-	2,013,850	2,013,850	525,428
Reconciliation to GAAP basis:						
Current portion of accrued compensated absences				80,240		25,414
Fund balances, beginning of year				9,608,488		9,057,646
Fund balances, end of year				11,702,578		9,608,488

TOWN OF SCARBOROUGH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 473,410	-	-	473,410
Investments	5,115,727	2,038,715	222,196	7,376,638
Intergovernmental receivable	116,612	-	-	116,612
Accounts receivable	130,516	500,000	-	630,516
Interfund loans	173,260	245,624	11,440	430,324
Inventory	26,122	-	-	26,122
Notes receivable	-	-	-	-
Total assets	\$ 6,035,647	2,784,339	233,636	9,053,622
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	363,084	794,491	-	1,157,575
Interfund loans	658,560	102,047	272	760,879
Total liabilities	1,021,644	896,538	272	1,918,454
Fund balances (deficit):				
Nonspendable trust principal	-	-	147,218	147,218
Nonspendable inventory	26,122	-	-	26,122
Restricted for Town	356,023	2,454,384	86,146	2,896,553
Restricted for Education	267,729	-	-	267,729
Committed for Town	4,429,860	-	-	4,429,860
Committed for Education	9,123	-	-	9,123
Unassigned for Town	(74,854)	(566,583)	-	(641,437)
Total fund balances (deficit)	5,014,003	1,887,801	233,364	7,135,168
Total liabilities and fund balances	\$ 6,035,647	2,784,339	233,636	9,053,622

TOWN OF SCARBOROUGH, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,784,490	716,400	-	2,500,890
Contributions	45,956	-	-	45,956
Taxes		182,500		182,500
Assessments and impact fees	2,163,775	-	-	2,163,775
Sale of lots	-	-	11,440	11,440
Other revenue	1,694,119	251,671	-	1,945,790
Interest revenue	41,315	2,043	1,767	45,125
Total revenues	5,729,655	1,152,614	13,207	6,895,476
Expenditures:				
Current:				
Capital expenditures	1,278,022	6,803,092	-	8,081,114
Education	2,505,043	-	-	2,505,043
Other	1,920,888	-	201	1,921,089
Total expenditures	5,703,953	6,803,092	201	12,507,246
Excess (deficiency) of revenues over expenditures	25,702	(5,650,478)	13,006	(5,611,770)
Other financing sources (uses):				
Transfers in	271,943	108,013	-	379,956
Transfers out	(340,558)	(40,108)	-	(380,666)
General Obligation Bonds	-	4,583,120	-	4,583,120
Total other financing sources (uses)	(68,615)	4,651,025	-	4,582,410
Net change in fund balances	(42,913)	(999,453)	13,006	(1,029,360)
Fund balances, beginning of year	5,056,916	2,887,254	220,358	8,164,528
Fund balances, end of year	\$ 5,014,003	1,887,801	233,364	7,135,168

OTHER GOVERNMENTAL FUNDS.

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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:

Recreational Development

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

Credit Enhancement Agreements

This is credit enhancements agreement set up between the Town and certain taxpayers. A Credit Enhancement Agreement or contract between the municipality and 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.

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.

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. This project was closed in F/Y 2015.

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.

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 for road and intersection improvements planned for the road system along Payne Road, Route 114, Spring Street and Mussey Road. This ordinance was adopted October 17, 1990.

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

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 revenue non-lapsing accounts dedicated for funding 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 necessary by new development. Included in this impact fees are:

School Development Impact Fee to help fund the improvements to the school facilities in Scarborough.

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 as adopted August 15, 2006.

Oak Hill Traffic Mitigation 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)).

Rescue Equipment

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

Fire Department

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

Departmental Grants and Programs

To account for various federal and state grants and non-budget programs administered by the Town and its Department Administrators.

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.

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2015

		Recrea- tional Develop- ment	Credit Enhancement Agreements	Boat Launch Facility	Rte 1 Sawyer Road Improve	Prouts Landing Conserva- tion	Payne Road Improvements	Payne Road Impact Fees
ASSETS								
Cash and cash equivalents	\$	-	-	-	-	-	-	260,717
Investments		-	42,990	-	66,679	24,873	70,741	2,006,311
Intergovernmental receivable		-	-	-	-	-	-	-
Due from State of Maine		-	-	-	-	-	-	-
Accounts receivable		-	-	-	-	-	-	672
Interfund loans receivable		22,060	-	-	-	-	-	2,277
Inventory		-	-	-	-	-	-	-
Notes receivable		-	-	-	-	-	-	-
Total assets	\$	22,060	42,990	-	66,679	24,873	70,741	2,269,977
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		-	-	-	-	-	-	260,717
Interfund loans payable		-	-	48,732	66,679	-	-	-
Total liabilities		-	-	48,732	66,679	-	-	260,717
Fund balances:								
Nonspendable							-	-
Restricted		-	42,990	-	-	-	-	-
Committed		22,060	-	-	-	24,873	70,741	2,009,260
Unassigned		-	-	(48,732)	-	-	-	-
Total fund balances (deficit)		22,060	42,990	(48,732)	-	24,873	70,741	2,009,260
Total liabilities and fund balances	\$	22,060	42,990	-	66,679	24,873	70,741	2,269,977

Exhibit C-1, Continued

Other Impact Fees	Police Asset Forfeiture	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Lunch Program	Totals
-	-	-	-	50,857	161,836	-	473,410
1,436,702	174,028	155,198	24,696	1,113,509	-	-	5,115,727
-	-	-	-	-	116,612	-	116,612
-	-	32,185	-	59,381	19,287	18,991	130,516
116,798	-	32,125	-	-	-	-	173,260
-	-	-	-	-	-	26,122	26,122
-	-	-	-	-	-	-	-
1,553,500	174,028	219,508	24,696	1,223,747	297,735	45,113	6,035,647
							(361,903)
-	-	28,537	-	7,834	20,883	45,113	363,084
314,376	40,441	-	-	188,332	-	-	658,560
314,376	40,441	28,537	-	196,166	20,883	45,113	1,021,644
							26,122
-	133,587		24,696	154,750	267,729		623,752
1,239,124		190,971	-	872,831	9,123	-	4,438,983
							(26,122)
1,239,124	133,587	190,971	24,696	1,027,581	276,852	-	5,014,003
1,553,500	174,028	219,508	24,696	1,223,747	297,735	45,113	6,035,647

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

	Recrea- tional Develop- ment	Credit Enhancement Agreements	Boat Launch Facility	Rte 1 Sawyer Road Improve	Prouts Landing Conserva- tion	Payne Road Improvements	Payne Road Impact Fees
Revenues:							
Intergovernmental	\$ -	-	-	-	-	-	-
Interest earned	-	(34)	-	533	199	565	16,877
Contributions	-	-	-	-	-	-	-
Sale of Lots/Land/Equip	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	54,427
Assessments and impact fees	15,655	593,700	-	-	-	-	-
Total revenues	15,655	593,666	-	533	199	565	71,304
Expenditures:							
Construction and acquisitions	-	-	8,744	65,972	-	-	156,711
Education	-	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-	-
Other	-	593,700	-	-	-	-	-
Total expenditures	-	593,700	8,744	65,972	-	-	156,711
Excess (deficiency) of revenues over expenditures	15,655	(34)	(8,744)	(65,439)	199	565	(85,407)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-
Transfers out	-	-	-	(707)	-	-	-
Total other financing sources (uses)	-	-	-	(707)	-	-	-
Net change in fund balances	15,655	(34)	(8,744)	(66,146)	199	565	(85,407)
Fund balances (deficit), beginning of year	6,405	43,024	(39,988)	66,146	24,674	70,176	2,094,667
Fund balances (deficit), end of year	\$ 22,060	42,990	(48,732)	-	24,873	70,741	2,009,260

	Other Impact Fees	Police Asset Forfeiture	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Lunch Program	Totals
Revenues:								
Intergovernmental	-	110,549	-	-	416,375	986,205	271,361	1,784,490
Interest earned	11,101	1,427	912	250	9,485	-	-	41,315
Contributions	-	-	-	2,770	-	43,186	-	45,956
Sale of Lots/Land/Equip	-	-	-	-	-	-	-	-
Other	476,397	-	-	-	192,500	8,100	962,695	1,694,119
Assessments and impact fees	-	-	1,514,519	-	39,901	-	-	2,163,775
Total revenues	487,498	111,976	1,515,431	3,020	658,261	1,037,491	1,234,056	5,729,655
Expenditures:								
Construction and acquisitions	21,662	99,736	-	18,050	907,147	-	-	1,278,022
Education	-	-	-	-	-	1,052,189	1,452,854	2,505,043
Benefits paid	-	-	-	-	-	-	-	-
Other	-	-	1,327,188	-	-	-	-	1,920,888
Total expenditures	21,662	99,736	1,327,188	18,050	907,147	1,052,189	1,452,854	5,703,953
Excess (deficiency) of revenues over expenditures	465,836	12,240	188,243	(15,030)	(248,886)	(14,698)	(218,798)	25,702
Other financing sources (uses):								
Transfers in	-	-	-	-	53,145	-	218,798	271,943
Bond Proceeds	-	-	-	-	-	-	-	-
Transfers out	(290,516)	(40,000)	-	-	(9,335)	-	-	(340,558)
Total other financing sources (uses)	(290,516)	(40,000)	-	-	43,810	-	218,798	(68,615)
Net change in fund balances	175,320	(27,760)	188,243	(15,030)	(205,076)	(14,698)	-	(42,913)
Fund balances (deficit), beginning of year	1,063,804	161,347	2,728	39,726	1,232,657	291,550	-	5,056,916
Fund balances (deficit), end of year	1,239,124	133,587	190,971	24,696	1,027,581	276,852	-	5,014,003

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, 2015

	Fund balances beginning of year	Revenues		Program expenditures	Fund balances end of year
		Grants	Other		
Federal education grant programs:					
NCLB/Title IA	\$ -	195,151	-	195,151	-
NCLB/Title IIA	749	60,743	-	61,492	-
Title III	-	3,819	-	3,819	-
NCLB/Title VA	-	-	-	-	-
Local Entitlement	-	690,603	-	690,603	-
Preschool handicapped	-	2,601	-	2,601	-
Education Jobs Fund	-	-	-	-	-
Scarborough Education Foundation	15,000	14,810	-	17,393	12,417
Finberg Trust	219,671	-	-	15,542	204,129
WW Brick Sales & Other Donations	26,152	-	28,376	45,901	8,627
Proficiency Based Graduation	29,465	-	33,288	11,598	51,155
CC Admin Certification	513	-	8,100	8,089	524
Total federal education grant programs	291,550	967,727	69,764	1,052,189	276,852
Other State grant programs:					
Professional Development Grant	-	-	-	-	-
Total other state grant programs	-	-	-	-	-
Total school categorical programs	\$ 291,550	967,727	69,764	1,052,189	276,852

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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.

General Town Improvements

To account for money appropriated by the Town Council for capital improvements to town buildings and infrastructure.

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, 2015

		General School Improvements	General Town Improvements	Municipal Building Fund	Totals
ASSETS					
Cash and cash equivalents	\$	-	-		-
Investments		145,356	1,893,359		2,038,715
Accounts Receivable		-	500,000		500,000
Interfund loans receivable		-	245,624	-	245,624
Total assets	\$	145,356	2,638,983	-	2,784,339
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable		609,892	184,599	-	794,491
Interfund loans payable		-	-	102,047	102,047
Total liabilities		609,892	184,599	102,047	896,538
Fund balance (deficit):					
Restricted		-	2,454,384	-	2,454,384
Unassigned		(464,536)	-	(102,047)	(566,583)
Total fund balance (deficit)		(464,536)	2,454,384	(102,047)	1,887,801
Total liabilities and fund balance	\$	145,356	2,638,983	-	2,784,339

TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2015

	General School Improvements	General Town Improvements	Municipal Building Fund	Totals
Revenues:				
Intergovernmental	\$ -	716,400	-	716,400
Taxes	155,000	27,500	-	182,500
Interest earned	370	1,673	-	2,043
Other	-	251,671	-	251,671
Total revenues	155,370	997,244	-	1,152,614
Expenditures:				
Capital Improvements	1,637,294	5,165,798	-	6,803,092
Total expenditures	1,637,294	5,165,798	-	6,803,092
Excess (deficiency) of revenues over expenditures	(1,481,924)	(4,168,554)	-	(5,650,478)
Other financing sources (uses):				
Transfers in	8	3,815	104,190	108,013
Transfers out	(3,819)	(36,289)	-	(40,108)
Proceeds of general obligation bonds	776,300	3,806,820	-	4,583,120
Total other financing sources (uses)	772,489	3,774,346	104,190	4,651,025
Net change in fund balances	(709,435)	(394,208)	104,190	(999,453)
Fund balances (deficit), beginning of year	244,899	2,848,592	(206,237)	2,887,254
Fund balances (deficit), end of year	\$ (464,536)	2,454,384	(102,047)	1,887,801

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, 2015

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
ASSETS				
Investments	\$ 194,194	25,097	2,905	222,196
Interfund loans receivable	11,440	-	-	11,440
Total assets	\$ 205,634	25,097	2,905	233,636
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	-	272	-	272
Total liabilities	-	272	-	272
Fund balances:				
Nonspendable Principal	133,351	13,367	500	147,218
Restricted Expendable Income	72,283	11,458	2,405	86,146
Total fund balances	205,634	24,825	2,905	233,364
Total liabilities and fund balances	\$ 205,634	25,097	2,905	233,636

TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues:				
Interest and dividends	\$ 1,542	201	24	1,767
Sale of lots/perpetual care deposits	11,440	-	-	11,440
Total revenues	12,982	201	24	13,207
Expenditures:				
Earnings retained by General Fund	-	201	-	201
Other	-	-	-	-
Total expenditures	-	201	-	201
Net change in fund balances	12,982	-	24	13,006
Fund balances, beginning of year	192,652	24,825	2,881	220,358
Fund balances, end of year	\$ 205,634	24,825	2,905	233,364

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 Position
June 30, 2015

	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	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	\$ 1,000	91,950	102,153	179	12	1,092	16,148	312	2,566	11,170	1,228	2,952	230,762
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,000	91,950	102,153	179	12	1,092	16,148	312	2,566	11,170	1,228	2,952	230,762
LIABILITIES AND NET ASSETS													
Liabilities:													
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Net position:													
Nonspendable Principal	1,240	87,680	100,000	-	-	-	-	500	2,026	3,500	-	3,810	198,756
Restricted Interest	(240)	4,270	2,153	179	12	1,092	16,148	(188)	540	7,670	1,228	(858)	32,006
Total net position	1,000	91,950	102,153	179	12	1,092	16,148	312	2,566	11,170	1,228	2,952	230,762
Total liabilities and net position	\$ 1,000	91,950	102,153	179	12	1,092	16,148	312	2,566	11,170	1,228	2,952	230,762

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2015

	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	8	742	821	1	-	10	141	3	20	90	11	24	1,871
Total additions	8	742	821	1	-	10	141	3	20	90	11	24	1,871
Deductions:													
School scholarships	-	2,000	1,500	-	-	-	1,500	-	-	250	-	-	5,250
Total deductions	-	2,000	1,500	-	-	-	1,500	-	-	250	-	-	5,250
Changes in net assets	8	(1,258)	(679)	1	-	10	(1,359)	3	20	(160)	11	24	(3,379)
Net position, beginning of year	992	93,208	102,832	178	12	1,082	17,507	309	2,546	11,330	1,217	2,928	234,141
Net position, end of year	\$ 1,000	91,950	102,153	179	12	1,092	16,148	312	2,566	11,170	1,228	2,952	230,762

TOWN OF SCARBOROUGH, MAINE
Agency Funds
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
STUDENT ACTIVITIES:				
ASSETS				
Cash	\$ 230,478	476,156	426,148	280,486
LIABILITIES				
Payable to student groups	\$ 230,478	476,156	426,148	280,486

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TOWN OF SCARBOROUGH MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT



GENERAL LONG TERM DEBT

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TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-term Debt
For the year ended June 30, 2015

	Interest rate	Final maturity date		Annual principal payments	Balance beginning of year	Current Year		Balance end of year
<u>General Obligation Bonds</u>								
1994 Capital Improvements	6.20%	2015	\$	230,000 to 2015	230,000		230,000	-
1995 Capital Improvements	5.00%	2016		265,000 to 2016	530,000		265,000	265,000
1997 Capital Improvements	5.60%	2017		110,000 to 2017	330,000		110,000	220,000
2004 Capital Improvements	4.40%	2015		215,000 in 2015	215,000	-	215,000	-
2005 Capital Improvements	4.00%			315,000 in 2015				
	4.00%			250,000 in 2016	565,000		315,000	250,000
2006 Capital Improvements	4.00%	2016		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	2,035,000	-	530,000	1,505,000
2007 Capital Improvements	4.00%	2023		225,000 to 2017				
	4.00%			25,000 to 2022	800,000	-	225,000	575,000
2008 Capital Improvements	3.25%	2028		580,000 in 2015				
	3.25%			570,000 to 2017				
	3.35%			575,000 in 2018				
	Varies			185,000 to 2028	4,145,000	-	580,000	3,565,000
2009 Capital Improvements	2.13%	2029		400,000 in 2015				
	2.25%			315,000 in 2016				
	Varies			310,000 to 2019				
	3.00%			110,000 in 2020				
	Varies			100,000 to 2029	2,655,000	-	400,000	2,255,000
2009 Bond Refunding	3.00%	2020		185,000 to 2019				
	3.00%			115,000 in 2020	1,040,000	-	185,000	855,000
2010 Capital Improvements	2.50%	2031		470,000 to 2016				
	Varies			345,000 to 2021				
	Varies			280,000 to 2026				
	4.00%			100,000 to 2031	4,565,000	-	470,000	4,095,000
2011 Capital Improvements	2.00%	2031		540,000 to 2015				
	2.00%			525,000 in 2016				
	2.00%			360,000 to 2018				
	Varies			355,000 to 2021				
	Varies			115,000 to 2026				
	Varies			110,000 to 2031	3,975,000	-	540,000	3,435,000

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	
General Obligation Bonds							
2012 Capital Improvements	3.00%	2042	\$ 575,000 in 2015				
	3.00%		1,065,000 in 2016				
	4.00%		1,690,000 in 2017				
	4.00%		2,400,000 in 2018				
	4.00%		2,825,000 in 2019				
	4.00%		3,210,000 in 2020				
	5.00%		3,475,000 in 2021				
	3.00%		3,685,000 in 2022				
	3.00%		3,520,000 in 2023				
	4.00%		2,170,000 in 2024				
	4.00%		1,870,000 in 2025				
	4.00%		1,585,000 in 2026				
	4.00%		1,335,000 in 2027				
	4.00%		1,310,000 in 2028				
	4.00%		1,330,000 in 2029				
	4.00%		1,355,000 in 2030				
	4.00%		1,775,000 in 2031				
	4.00%		1,815,000 in 2032				
	4.00%		1,800,000 in 2033				
	2013 Capital Improvements		Varies	2043	685,000 to 2042	44,955,000.00	-
2.00%		350,000 in 2015					
2.00%		575,000 in 2016					
3.00%		1,145,000 in 2017					
3.00%		915,000 in 2018					
3.00%		765,000 in 2019					
4.00%		770,000 in 2020					
Varies		765,000 to 2023					
5.00%		715,000 in 2024					
4.00%		720,000 in 2025					
5.00%		1,045,000 in 2026					
5.00%		1,430,000 in 2027					
3.00%		1,465,000 in 2028					
4.00%		1,405,000 in 2029					
3.25%		1,435,000 in 2030					
3.25%		1,065,000 in 2031					
3.25%		1,075,000 in 2032					
4.00%		1,090,000 in 2033					
4.00%		1,525,000 in 2034					
4.00%		1,045,000 in 2035					
2014 Capital Improvements	Varies	2034	565,000 to 2043	25,350,000.00	-	350,000	25,000,000
	2.00%		490,000 in 2015				
	2.00%		760,000 to 2017				
	2.00%		735,000 in 2018				
	2.00%		700,000 in 2019				
	2.00%		325,000 to 2021				
	2.00%		310,000 in 2022				
	3.00%		300,000 to 2024				
	3.00%		250,000 to 2029				
	4.00%		50,000 to 2034	6,505,000.00	-	490,000	6,015,000
2015 Capital Improvements	2.00%	2035	500,000 in 2016				
	3.00%		495,000 in 2017				
	4.00%		485,000 in 2018				
	4.00%		430,000 to 2020				
	Varies		335,000 to 2023				
	4.00%		320,000 to 2025				
	Varies		265,000 to 2029				
	3.00%		245,000 in 2030				
	3.00%		165,000 in 2031				
	3.00%		160,000 to 2034				
3.00%	150,000 in 2035			6,085,000		6,085,000	
Total bonds				97,895,000	6,085,000	5,480,000	98,500,000
Total long-term debt			\$	97,895,000	6,085,000	5,480,000	98,500,000

TOWN OF SCARBOROUGH MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT



STATISTICAL SECTION

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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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

		2006	2007	2008	2009	2010	2011	2012	2013	2014 (1)	2015
Governmental activities:											
Net investment in capital assets	\$	36,322,875	\$ 44,077,001	\$ 35,652,357	\$ 41,821,008	\$ 47,588,145	\$ 53,031,962	\$ 54,339,258	\$ 49,823,697	\$ 53,887,278	\$ 57,103,811
Restricted		4,210,087	3,053,818	5,111,460	1,289,495	2,199,233	1,642,063	1,111,295	3,555,142	4,049,315	4,009,022
Unrestricted		13,952,097	8,971,362	5,178,473	5,441,922	2,916,603	(702,917)	2,127,242	6,347,111	(226,762)	(1,363,245)
Total governmental activities net position	\$	54,485,059	\$ 56,102,181	\$ 45,942,290	\$ 48,552,425	\$ 52,703,981	\$ 53,971,108	\$ 57,577,795	\$ 59,725,950	\$ 57,709,831	\$ 59,749,588

Notes:

(1) Total Net Position as restated for the fiscal year ended June 30, 2014. The Restatement resulted from implementation of GASB Statement No. 68.

Table 2

TOWN OF SCARBOROUGH, MAINE
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Program revenues:										
Charges for services										
General government	\$ 2,314,440	\$ 1,631,751	\$ 1,620,897	\$ 1,177,707	\$ 1,986,246	\$ 1,851,983	\$ 1,386,497	\$ 1,525,062	\$ 1,868,477	\$ 3,170,678
Public services	1,424,780	1,506,211	1,589,909	1,584,529	1,719,617	1,680,722	1,791,859	2,363,475	2,481,387	2,531,113
Public safety	1,374,106	1,667,291	1,648,995	1,760,683	1,629,561	1,632,627	2,069,487	2,449,062	2,156,498	2,731,150
Public works	655,416	1,754,971	2,023,638	1,515,042	1,665,084	1,542,707	1,843,317	1,405,040	1,590,382	1,692,802
Education	1,255,770	1,198,104	1,211,208	1,195,167	1,217,302	1,252,673	1,248,055	1,191,085	1,282,369	1,299,774
Interest on debt services	-	-	-	-	-	-	-	-	-	-
Operating grants and activities	10,705,583	11,402,628	12,374,645	15,486,627	12,269,970	11,719,082	11,093,321	9,912,515	9,983,992	8,586,603
Capital grants and contributions	4,680,951	(559,458)	112,751	112,090	122,376	170,480	174,652	97,351	159,089	54,304
General revenues:										
Property and excise taxes, levies for general purposes	41,406,244	42,771,603	44,691,242	46,620,992	47,029,220	49,050,813	50,571,377	54,442,643	58,838,156	60,877,879
Grants and contributions not restricted to specific programs	2,061,431	1,931,165	3,834,629	339,302	1,947,274	1,904,938	2,473,014	2,656,313	1,352,303	1,908,036
Unrestricted investment earnings	260,661	404,622	344,371	137,533	141,496	42,024	66,255	42,573	108,862	390,260
Total revenues	66,139,382	63,708,888	69,452,285	69,929,672	69,728,146	70,848,049	72,717,834	76,085,119	79,821,515	83,242,599
Expenses:										
General government	8,783,621	12,640,776	12,739,673	11,408,399	10,656,413	12,022,846	11,537,424	11,413,745	11,346,043	14,077,217
Public services	2,871,026	3,091,670	3,133,250	3,742,174	3,831,908	5,041,659	3,868,072	3,851,672	4,188,079	4,658,690
Public safety	6,552,131	7,080,161	7,424,751	7,812,611	8,265,739	7,331,259	8,691,510	8,555,020	9,362,899	9,716,227
Public works	6,276,324	6,425,408	7,493,947	7,156,188	9,479,984	7,245,892	7,805,045	7,874,408	7,617,844	7,713,975
Education	33,491,029	31,531,309	32,951,412	34,363,377	34,546,380	35,275,130	34,346,445	39,167,124	41,772,944	41,617,985
Interest on debt service	1,068,767	1,141,343	2,737,229	2,826,821	2,693,682	2,664,136	2,862,650	3,074,995	3,415,482	3,418,748
Total expenses	59,042,898	61,910,667	66,480,262	67,309,570	69,474,106	69,580,922	69,111,146	73,936,964	77,703,291	81,202,842
Net (expense)/revenue:	7,096,484	1,798,221	2,972,023	2,620,102	254,040	1,267,127	3,606,688	2,148,155	2,118,224	2,039,757
Change in Net Position	\$ 7,096,484	\$ 1,798,221	\$ 2,972,023	\$ 2,620,102	\$ 254,040	\$ 1,267,127	\$ 3,606,688	\$ 2,148,155	\$ 2,118,224	\$ 2,039,757

Table 3

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

	2006	2007	2008*	2009	2010 ¹	2011 ²	2012	2013	2014	2015
General Fund										
Reserved	\$ 771	\$ 674	\$ 618	\$ 630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable Inventory						34	34	48	43	
Restricted for Town					2,482	2,685	2,993	3,861	2,838	2,898
Restricted for Education					1,056	496	440	977	509	540
Committed - General Fund					634	630 ³	688 ³	374 ³	452 ³	519
Assigned - General Fund					1,469	2,223	1,606	1,825	1,584	2,305
Assigned - Education						-	200	200	800	425
Unassigned - General Fund					2,231	955	2,093	1,787	3,377	4,973
Unreserved	7,455	8,019	8,357	8,174	-	-				
Total general fund	\$ 8,226	\$ 8,693	\$ 8,975	\$ 8,804	\$ 7,872	\$ 6,989	\$ 8,054	\$ 9,058	\$ 9,608	\$ 11,703
All Other Governmental Funds										
Nonspendable Permanent Fund Principal					125	126	129	132	135	147
Nonspendable Inventory					26	21	27	27	14	26
Restricted Special Revenues					1,621	852	473	463	651	624
Restricted Capital Projects					2,483	1,941	20,027	22,904	9,495	5,409
Restricted Permanent Fund Interest					84	84	84	84	85	86
Committed - Special Revenues					4,820	4,292	4,309	4,362	4,446	4,439
Unassigned - Special Revenues					(129)	(115)	(262)	(683)	(1,083)	(1,365)
Unassigned - Capital Projects					(493)	(434)	(378)	(308)	(206)	(567)
Reserved	125	127	3,047	3,062	-	-				
Unreserved, reported in:										
Special revenue funds	8,180	7,523	4,589	5,039	-	-				
Capital projects funds	4,085	2,926	4,912	1,084	-	-				
Permanent funds	73	78								
Total all other governmental funds	\$ 12,463	\$ 10,654	\$ 12,548	\$ 9,185	\$ 8,537	\$ 6,767	\$ 24,409	\$ 26,981	\$ 13,537	\$ 8,799
Total Governmental Funds Fund Balances:	\$ 16,409	\$ 13,756	\$ 32,463	\$ 36,039	\$ 23,145	\$ 20,502				

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

¹ Recalculated Fiscal Year 2010 fund balances to show comparison of GASB Statement No. 54 to 2011.

² Fiscal Year 2011 is the initial year of implementation of GASB Statement No. 54.

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 41,377	\$ 42,712	\$ 44,581	\$ 46,401	\$ 46,880	\$ 48,957	\$ 50,428	\$ 54,393	\$ 58,826	\$ 61,154
Licenses and permits	611	753	818	482	573	480	494	554	662	756
Intergovernmental	12,604	13,204	14,042	17,357	14,106	13,701	13,136	12,024	10,976	12,879
Interest earned	644	805	684	324	242	125	153	178	230	449
Other	10,921	6,247	9,288	7,545	7,849	7,549	8,420	8,883	8,966	10,376
Total revenues	66,157	63,721	69,413	72,109	69,650	70,812	72,631	76,032	79,660	85,614
Expenditures										
General government	4,340	4,401	4,483	4,615	4,742	6,144	4,403	4,957	5,201	4,829
Public services	2,849	3,070	3,103	4,033	3,766	4,831	3,841	3,931	4,146	4,612
Public safety	6,180	6,642	6,986	7,735	7,355	7,318	8,242	8,578	8,879	9,344
Public works	5,702	5,846	6,765	6,532	8,027	5,353	4,598	7,398	6,503	6,506
Education (Excludes School Debt)	28,064	29,194	31,695	33,105	33,127	33,364	33,220	37,295	40,149	45,614
Education Debt (Prin & Int)	4,728	4,458	4,419	4,475	4,174	4,142	3,758	3,653	4,150	4,606
County tax	1,584	1,615	1,735	1,837	1,886	1,923	1,976	2,075	2,194	2,355
Debt service (Principal-Town Only) ⁽¹⁾	2,957	3,219	3,232	3,204	3,044	2,961	5,417	4,942	3,353	3,506
Debt service (Interest-Town Only)	1,108	1,177	1,488	1,867	1,911	1,810	1,151	1,109	1,118	1,100
Capital Outlay	11,467	7,999	9,305	10,196	5,167	6,037	6,347	16,988	21,840	9,942
Other	2,816	2,641	3,188	3,415	4,085	4,014	4,948	1,817	1,775	1,928
Total expenditures	71,795	70,262	76,399	81,014	77,284	77,897	77,901	92,743	99,308	94,342
Excess (deficiency) of revenues over (under) expenditures	(5,638)	(6,541)	(6,986)	(8,905)	(7,634)	(7,085)	(5,270)	(16,711)	(19,648)	(8,728)
Other financing sources (uses)										
Transfers in	2,780	2,794	3,695	3,453	1,982	1,477	2,061	1,845	1,371	1,071
Transfers out	(2,780)	(2,794)	(3,695)	(3,453)	(1,982)	(1,477)	(2,061)	(1,845)	(1,371)	(1,071)
Capital Lease proceeds	-	1,200	1,010	820	52	-	-	365	249	-
Refunding bond issued	-	-	-	-	-	1,155	24,605	7,065	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	(1,155)	(27,125)	(7,347)	-	-
Premium paid on refunded debt	-	-	-	-	-	(12)	2,642	322	-	-
Premium paid on issued debt	-	-	-	-	-	-	1,913	1,263	-	-
General obligation bonds and capital leases	7,014	4,000	8,513	4,560	6,002	4,445	21,940	18,620	6,505	6,085
Total other financing sources (uses)	7,014	5,200	9,523	5,380	6,054	4,433	23,975	20,288	6,754	6,085
Net change in fund balances	\$ 1,376	(1,341)	2,537	(3,525)	(1,580)	(2,652)	18,705	3,577	(12,894)	(2,643)
Debt Service as a percentage of non-capital expenditures	6.74%	7.06%	7.03%	7.16%	6.87%	6.64%	9.18%	7.99%	5.77%	5.46%

Notes:

(1) The calculation of debt Service as a percentage of non-capital expenditures excludes school debt.

Table 5

TOWN OF SCARBOROUGH, MAINE
General Fund Governmental Expenditures by Function - Budgetary Basis
Last Ten Fiscal Years

Years ended	General government	Public service	Public safety	Public works	Education	County tax	Debt service	Capital expenditures	Total
2006	4,340,348	2,849,393	6,179,751	5,702,033	30,348,883	1,584,344	4,065,377	1,114,864	56,184,993
2007	4,400,675	3,070,038	6,641,973	5,846,056	31,100,666	1,614,651	4,396,007	1,419,445	58,489,511
2008	4,482,678	3,102,548	6,986,430	6,765,228	32,865,105	1,735,302	4,720,620	2,665,445	63,323,356
2009	4,533,475	3,703,541	7,399,328	6,259,412	34,245,663	1,836,509	5,070,061	1,358,211	64,406,200
2010	4,701,884	3,730,927	7,720,965	6,224,169	34,084,528	1,885,984	4,956,091	1,210,474	64,515,022
2011	4,677,260	3,787,489	7,967,270	6,040,273	34,588,320	1,922,952	4,782,598	833,353	64,599,515
2012	4,401,899	3,841,168	8,241,916	6,598,823	34,018,975	1,975,585	5,416,558	924,372	65,419,296
2013	4,591,897	3,931,386	8,577,811	6,681,399	36,110,973	2,075,183	4,942,403	1,257,490	68,168,542
2014	5,059,198	4,146,541	8,879,022	6,502,618	39,078,563	2,193,813	4,470,950	1,146,088	71,476,793
2015	4,829,444	4,612,240	9,514,108	6,506,439	41,496,318	2,355,415	4,605,500	1,192,358	75,111,822

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

Table 6

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

Fiscal Year	Property tax	Interest and Costs on taxes	Vehicle Excise tax	Boat Excise tax	Franchise tax fees	Total
2006	36,682,277	61,243	4,409,955	28,379	144,809	41,326,663
2007	38,021,985	79,599	4,415,817	26,754	155,998	42,700,153
2008	40,038,475	90,105	4,291,697	26,723	172,545	44,619,545
2009	41,999,340	99,053	4,099,738	27,079	175,980	46,401,190
2010	42,661,026	96,988	3,909,332	27,818	184,756	46,879,920
2011	44,662,371	103,811	3,955,357	26,095	195,247	48,942,881
2012	46,132,181	87,811	3,965,932	29,331	198,132	50,413,387
2013	49,774,317	93,691	4,222,208	32,945	194,771	54,317,932
2014	53,664,817	98,390	4,620,362	30,849	191,220	58,605,638
2015	55,621,936	105,060	5,026,029	27,530	191,317	60,971,872

Table 7

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

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		
2006	3,143,853,300	112,988,600	3,256,841,900	3,256,841,900	11.30	100%
2007	3,207,720,100	109,777,700	3,317,497,800	3,317,497,800	11.48	100%
2008	3,272,788,500	124,441,700	3,397,230,200	3,397,230,200	11.80	100%
2009	3,365,226,600	121,778,900	3,487,005,500	3,487,005,500	12.15	100%
2010	3,399,998,300	124,773,300	3,524,771,600	3,524,771,600	12.15	100%
2011	3,433,857,700	122,694,200	3,556,551,900	3,556,551,900	12.63	100%
2012	3,455,067,200	116,129,100	3,571,196,300	3,571,196,300	13.03	100%
2013	3,511,580,900	120,094,400	3,631,675,300	3,631,675,300	13.80	100%
2014	3,544,777,800	115,527,900	3,660,305,700	3,660,305,700	14.77	100%
2015	3,587,500,600	112,987,600	3,700,488,200	3,700,488,200	15.10	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	County Tax	Tax Increment Financing District	Overlay	State Revenue Sharing ⁽¹⁾	Total Property Tax Rates by Year
2006	3.682	7.366	0.486	0.181	0.113	(0.529)	11.30
2007	3.912	7.392	0.487	0.192	0.031	(0.533)	11.48
2008	3.915	7.643	0.511	0.206	0.029	(0.504)	11.80
2009	4.096	7.754	0.527	0.245	0.021	(0.492)	12.15
2010	4.240	7.595	0.535	0.186	0.078	(0.483)	12.15
2011	4.353	7.894	0.541	0.203	0.028	(0.390)	12.63
2012	4.432	8.166	0.553	0.211	0.059	(0.391)	13.03
2013	4.452	8.849	0.571	0.220	0.100	(0.392)	13.80
2014	4.663	9.479	0.599	0.240	0.095	(0.306)	14.77
2015	4.649	9.774	0.637	0.245	0.089	(0.292)	15.10

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)

2006				2015			
<u>Taxpayer</u>	<u>Taxable</u>	<u>Rank</u>	<u>Percentage of</u>	<u>Taxpayer</u>	<u>Taxable</u>	<u>Rank</u>	<u>Percentage of</u>
	<u>Assessed</u>		<u>Total Taxable</u>		<u>Assessed</u>		<u>Total Taxable</u>
	<u>Value</u>		<u>Assessed</u>		<u>Value</u>		<u>Assessed</u>
Maine Life Care Retirement \$	61,629,500	1	1.89%	Maine Life Care Retirement \$	64,297,800	1	1.74%
Hannaford Brothers	30,414,300	2	0.93%	Wal-Mart/Sam's Club	37,927,000	2	1.02%
Wal-Mart/Sam's Club	26,416,900	3	0.81%	New England Expedition	35,201,100	3	0.95%
Black Point Inn	16,406,400	4	0.50%	Central Maine Power	25,831,400	4	0.70%
MMC Realty Maine Health	14,471,500	5	0.44%	Hannaford Brothers	24,601,200	5	0.66%
Gavin Ruotolo	12,641,500	6	0.39%	Scarborough Gallery	20,049,800	6	0.54%
ERP Operating L.P.	11,922,600	7	0.37%	MMC Realty Maine Health	19,850,100	7	0.54%
Shaw's Supermarket	9,458,900	8	0.29%	Gavin Ruotolo	18,941,000	8	0.51%
Davric Maine Corp	9,447,500	9	0.29%	RRE Foxcroft/Coach Lantern	13,247,600	9	0.36%
Central Maine Power	8,622,800	10	0.26%	Shaw's Supermarket	12,630,600	10	0.34%
Total Principal Taxpayers	<u>201,431,900</u>		<u>6.18%</u>		<u>272,577,600</u>		<u>7.36%</u>
Total Assessed Value:	<u><u>\$ 3,256,841,900</u></u>				<u><u>\$ 3,700,488,200</u></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
2006	36,824,648	36,527,411	99.2%	294,720	36,822,131	100.0%
2007	38,139,961	37,852,666	99.2%	282,843	38,135,509	100.0%
2008	40,183,201	39,784,997	99.0%	385,955	40,170,952	100.0%
2009	42,397,139	41,890,825	98.8%	485,915	42,376,740	100.0%
2010	42,877,989	42,370,914	98.8%	488,004	42,858,918	100.0%
2011	44,928,747	44,325,013	98.7%	582,511	44,907,524	100.0%
2012	46,684,211	46,102,831	98.8%	561,249	46,664,080	100.0%
2013	50,125,493	49,483,773	98.7%	600,705	50,084,478	99.9%
2014	54,062,720	53,305,613	98.6%	529,793	53,835,406	99.6%
2015	55,877,372	55,321,988	99.0%	-	55,321,988	99.0%

Source: Town of Scarborough Tax Collector's Office

Table 11

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

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate	Tax Levy
2006	3,143,853,300	112,988,600	3,256,841,900	11.30	36,824,648
2007	3,207,720,100	109,777,700	3,317,497,800	11.48	38,139,961
2008	3,272,788,500	124,441,700	3,397,230,200	11.80	40,183,201
2009	3,365,226,600	121,778,900	3,487,005,500	12.15	42,397,708
2010	3,399,998,300	124,773,300	3,524,771,600	12.15	42,877,989
2011	3,433,857,700	122,694,200	3,556,551,900	12.63	44,928,747
2012	3,455,067,200	116,129,100	3,571,196,300	13.03	46,684,211
2013	3,511,580,900	120,094,400	3,631,675,300	13.80	50,125,493
2014	3,544,777,800	115,527,900	3,660,305,700	14.77	54,062,720
2015	3,587,500,600	112,987,600	3,700,488,200	15.10	55,877,372

Source: Town of Scarborough Assessor's Office

Table 12

TOWN OF SCARBOROUGH, MAINE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Other Bond Adjustments	Capital Leases	Total Outstanding Debt	Population*	Percentage of personal income	Debt Per Capita
2006	68,844,000		72,541	68,916,541	18,812	13.90%	3,663
2007	66,845,000		1,370,408	68,215,408	18,812	13.50%	3,626
2008	69,328,000		2,025,032	71,353,032	18,812	13.95%	3,793
2009	67,785,000		2,223,239	70,008,239	18,812	13.52%	3,721
2010	68,042,000		1,640,531	69,682,531	19,239	13.44%	3,622
2011	66,767,000		1,105,143	67,872,143	18,919	9.30%	3,588
2012	82,250,000	2,428,572	687,335	85,365,907	18,786	10.80%	4,544
2013	96,180,000	5,715,066	622,334	102,517,400	18,941	12.41%	5,412
2014	97,895,000	5,474,486	597,722	103,967,208	19,343	12.37%	5,375
2015	98,500,000	5,233,907	395,578	104,129,485	19,524	12.68%	5,333

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

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

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

Table 12A

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

Fiscal Year	General Obligation Bonds	Other Bond Adjustments	Total	Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Population*	Percentage of personal income	Debt Per Capita
2006	68,844,000		68,844,000	3,256,841,900	2.11%	18,812	13.90%	3,660
2007	66,845,000		66,845,000	3,317,497,800	2.01%	18,812	13.50%	3,553
2008	69,328,000		69,328,000	3,397,230,200	2.04%	18,812	13.95%	3,685
2009	67,785,000		67,785,000	3,487,005,500	1.94%	18,812	13.52%	3,603
2010	68,042,000		68,042,000	3,524,771,600	1.93%	19,239	13.44%	3,537
2011	66,767,000		66,767,000	3,556,551,900	1.88%	18,919	9.30%	3,529
2012	82,250,000	2,428,572	84,678,572	3,571,196,300	2.30%	18,786	10.80%	4,378
2013	96,180,000	5,715,066	101,895,066	3,631,675,300	2.65%	18,941	12.41%	5,078
2014	97,895,000	5,474,486	103,369,486	3,660,305,700	2.67%	19,343	12.37%	5,061
2015	98,500,000	5,233,907	103,733,907	3,700,488,200	2.66%	19,524	12.68%	5,045

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

See the Demographic and Economic Statistics on schedule 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

Fiscal year	Principal	Interest	Total debt service	Total general fund expenditures	Ratio of debt service to general fund expenditures
2006	5,907,434	2,846,370	8,753,804	56,184,993	15.58%
2007	5,999,000	2,820,923	8,819,923	58,489,511	15.08%
2008	6,030,000	2,738,869	8,768,869	63,323,356	13.85%
2009	6,103,000	2,750,561	8,853,561	64,406,200	13.75%
2010	5,745,000	2,653,085	8,398,085	64,515,022	13.02%
2011	5,720,000	2,584,375	8,304,375	64,599,515	12.86%
2012	5,972,000	2,432,682	8,404,682	65,419,296	12.85%
2013	5,135,000	2,815,370	7,950,370	68,168,542	11.66%
2014	4,790,000	3,588,569	8,378,569	71,476,793	11.72%
2015	5,480,000	3,505,753	8,985,753	75,111,822	11.96%

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)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 430,980	\$ 488,370	\$ 529,673	\$ 534,488	\$ 543,068	\$ 534,623	\$ 533,513	\$ 522,375	\$ 536,918	\$ 451,595
Total net debt applicable to limit	68,844	66,845	69,328	67,785	68,042	66,767	84,679	101,895	103,369	103,734
Legal debt margin	362,136	421,525	460,345	466,703	475,026	467,856	448,834	420,480	433,549	347,861
Total net debt applicable to the limit as a percentage of debt limit	15.97%	13.69%	13.09%	12.68%	12.53%	12.49%	15.87%	19.51%	19.25%	22.97%

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)

<u>Fiscal Year</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Town of Scarborough:										
General Obligation Bonds	66,844	66,845	69,328	67,785	68,042	66,767	82,250	96,180	97,895	98,500
Other Bond Adjustments							2,429	5,715	5,474	5,234
Capital Leases	-	-	2,025	2,223	1,641	1,105	687	623	598	396
Total Direct Debt	66,844	66,845	71,353	70,008	69,683	67,872	85,366	102,518	103,967	104,130
Cumberland County	883	685	535	481	327	126	3,352	3,254	3,458	3,457
Portland Water District	2,665	2,557	3,486	4,099	4,210	3,845	3,933	3,483	5,994	6,454
Total Overlapping Debt	3,548	3,242	4,021	4,580	4,537	3,971	7,285	6,737	9,452	9,911
ecomaine Waste Systems:										
Resource recovery system	3,573	3,016	2,393	1,601	792	231	-	-	-	-
Material recovery facility	317	278	231	182	125	120	-	-	-	-
Landfill closure/postclosure	1,682	1,697	1,956	1,242	1,266	1,302	1,371	1,405	1,436	1,467
Total Contingent Debt	5,572	4,991	4,580	3,025	2,183	1,653	1,371	1,405	1,436	1,467
Total Direct, Overlapping/Contingent	75,964	75,078	79,954	77,613	76,403	73,496	94,022	110,660	114,855	115,508

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

Note: Overlapping debt is calculated from the total outstanding debt of the government, multiplied by the Town's percentage share.

Calculations for the Overlapping and Contingent Debt are provided by the Cumberland County Treasurer's Office, the Portland Water District and ecomaine.

Please see additional information in the Notes to the Financial Statements

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)
2006	18,812	495,150,652	26,321	39	3,324	3.00%
2007	18,812	495,150,652	26,321	39	3,361	2.90%
2008	18,880	496,940,480	26,321	39	3,347	3.30%
2009	19,054	501,520,334	26,321	39	3,343	5.60%
2010	19,239	506,389,719	26,321	39	3,363	5.40%
2011	18,919	718,146,321	37,959	44	3,269	5.40%
2012	18,786	761,359,008	40,528	44	3,205	5.00%
2013	18,941	775,103,302	40,922	45	3,157	5.00%
2014	19,343	791,554,246	40,922	45	3,112	3.50%
2015	19,524	776,703,768	39,782	45	3,117	3.30%

(a) U.S. Department of Commerce, Bureau of Census.

American Community Survey (ACS) 2014 1-Year Population Estimates

2015 Represents the Latest Available Estimate (July 2014)

Per Capita Income is B based on Latest ACS 5-Year Estimates 2009-2013

(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,
unemployment based on June 2012 data

Table 16

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

2006			2015			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	1,365	1	Town of Scarborough	1,367	1	9.4%
Hannaford Brothers	1,157	2	Hannaford Brothers	1,052	2	7.2%
NorDX	262	3	US Postal Service	589	3	4.0%
Wal-Mart	249	4	Maine Medical Center	389	4	2.7%
Shaw's Supermarket	183	5	Wal-Mart	349	5	2.4%
RC Moore Trucking	150	6	Cabela's	250	6	1.7%
Sam's Wholesale Club	146	7	NorDX	216	7	1.5%
Rich Tool & Die Co.	111	8	Piper Shores	209	8	1.4%
Inverness Medical Innovatio	109	9	Alere	200	9	1.4%
RTS Packaging	98	10	Sam's Wholesale Club	188	10	1.3%

* Source: Scarborough Economic Development Corporation (SEDCO)

Total Payroll Employment: 14,564 in 2014, the latest data available. (Excludes Self Employed)

Employment includes, Full, part time and some seasonal

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	Town of Scarborough
2006	3.5%	4.6%	3.2%
2007	3.5%	4.5%	3.0%
2008	4.1%	5.0%	3.5%
2009	6.9%	8.2%	5.9%
2010	6.6%	7.8%	5.6%
2011	6.3%	7.6%	5.7%
2012	5.9%	7.1%	5.0%
2013	5.5%	6.6%	4.8%
2014	4.1%	5.1%	3.5%
2015	3.7%	4.6%	3.3%

Data Source: The Maine Department of Labor

Scarborough is within the Portland-South Portland-Biddeford Metropolitan Statistical Area (PMSA).

Data is for June of each year.

Table 18

TOWN OF SCARBOROUGH, MAINE
Operating Indicators by Function
Last Ten Fiscal Years

Function:	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Govt:										
Town Clerk										
Certified Copies	1,462	1,187	2,098	4,887	4,988	5,820	5,068	4,624	5,596	5,577
Licenses	296	365	432	436	440	545	585	572	861	839
Permits						919	905	889	930	1,065
Passports Applications	548	882	792	586	665	534	-	-	-	-
Tax Office										
Beach Passes	2,003	2,192	3,436	3,487	2,358	2,443	2,701	2,934	2,763	2,665
Licenses & Permits	1,643	1,298	1,166	1,168	991	817	782	791	670	662
Tax Bill Issued					9,389	9,809	9,516	9,594	9,623	9,623
Excise Registrations					25,570	25,384	25,637	30,477	29,566	27,728
Planning:										
Permits	1,561	1,438	1,346	1,091	558	554	553	621	609	651
Certificates of Occupancy	353	242	207	204	222	176	173	174	217	198
Public Safety:										
Police:										
Physical arrests	822	719	817	1,152	619	989	1,026	898	826	895
Traffic violations	1,337	975	792	741	1,404	819	1,069	1,126	1,007	977
Fire:										
Number of calls answered	1,275	1,228	1,303	1,615	1,598	1,718	1,733	1,610	1,744	1,832
Number of Inspections	642	884	1,825	3,351	3,537	3,394	3,583	3,455	3,378	3,192
Rescue:										
Number of calls answered	1,787	2,055	2,069	2,088	1,946	2,125	2,141	2,116	1,950	2,359
Public Works:										
Street resurfacing (miles)	6.03	7.32	3.90	6.31	8.62	6.37	6.45	3.62	5.31	5.90
Pot holes repaired (qty used in tons)	71	61	42	35	24	24	24	13	29	12
No. times plows dispatched	53	15	33	27	24	26	30	60	35	28

Source: Town of Scarborough various departments

Note:

FY2012 Scarborough Public Library Processed Passport Applications

Table 19

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function:							
General Govt:							
Planning Vehicles	4	4	5	4	4	4	4
Technology Vehicles	3	3	3	3	3	4	4
Public Service:							
Community Services							
Vehicles	5	5	5	5	6	7	7
Parks	4	4	4	5	6	6	6
Public Safety:							
Police:							
Vehicles - Patrol Cars	8	8	8	12	12	12	12
Facilities	1	1	1	1	1	1	1
Fire:							
Vehicles - Response Trucks	10	10	10	11	12	12	12
Marine	2	2	2	2	2	2	2
Facilities	6	6	6	6	6	6	6
Rescue:							
Vehicles - Response Trucks	3	3	3	3	3	3	3
Public Works:							
Streets (miles)	111.40	117.28	121.92	175.56	174.20	174.92	175.44
Traffic Signals	35	35	35	35	37	37	43
Generators	10	10	10	10	10	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 Ten Fiscal Years

		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government:											
	Full time	35	37	37	39	35	37	35	34	32	35
	Part Time	58	19	59	53	72	55	57	61	52	64
Public Services:											
	Full time	14	14	15	15	17	23	15	15	15	15
	Part Time	99	103	130	159	134	146	148	160	139	125
Public Safety:											
Police											
	Full time	48	51	52	52	50	52	53	55	53	53
	Part Time	33	27	27	34	35	38	28	30	33	28
Fire											
	Full time	4	4	4	4	4	5	5	5	8	8
	Part Time	144	152	167	164	148	150	153	151	150	160
Rescue											
	Full time	9	12	12	12	16	20	20	20	21	23
	Part Time	18	15	14	15	10	11	11	10	0	0
Public Works:											
	Full time	32	33	36	35	31	31	31	31	31	32
	Part Time	2	2	3	3	4	1	1	3	1	1
Education:											
	Full time	766	733	750	761	503	460	452	449	443	494
	Part Time					268	262	302	296	246	327
Total:		1262	1202	1306	1346	1327	1291	1311	1320	1224	1365

Source: Town of Scarborough

Comments: School part time employee data available from 2010.
As of 2014, Fire/Rescue Part Time are all cross trained.

Table 21

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

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