

# Town of Scarborough Maine



## Comprehensive Annual Financial Report

For Fiscal Year Ending:

June 30, 2017

# **Town of Scarborough Maine**

## **Comprehensive Annual Financial Report**



Prepared by:  
Town of Scarborough  
Finance Department

For Fiscal Year Ending: June 30, 2017

**TOWN OF SCARBOROUGH, MAINE**  
**Comprehensive Annual Financial Report**  
**Year ended June 30, 2017**

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# Town of Scarborough Maine Comprehensive Annual Financial Report



## Introduction

*Small Business of 2017—Mutt Paws Academy*

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## *Town of Scarborough, Maine*

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

January 30, 2018

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, 2017.

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 auditors' report. The MD&A provides a narrative introduction, overview, and analysis of the Town's financial statements. The MD&A complements this letter of transmittal and we encourage readers to view the MD&A in conjunction with the letter of transmittal.

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, 2016. This is the twelfth-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 this current comprehensive annual report continues to meet the Certificate of Achievement Program 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 Cape Elizabeth, South Portland, Old Orchard Beach, Saco, Buxton, Gorham and Westbrook.

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, the Town of Scarborough has 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 it is 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 blended component unit of the Town that appoints its own board members. Most of the funding for SEDCO is provided by the Town of Scarborough. Additionally, SEDCO issues its own separate financial statements.

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

Portland Water District  
ecomaine (formerly Regional Waste)

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 budget then goes to the voters for approval. This must happen within 14 days of the Town Council vote. If the voters do not approve the budget, it goes back to the School Board for revision, the Council has to approve it, and then it goes back 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 State of Maine continues to plod along in this post recessionary period. According to the Maine Development Foundation's Measures of Growth 2017, Maine's Gross Domestic Product (GDP) growth between 2010 and 2015 was flat – 0.3 percent. New England's overall GDP growth for the same period was 4.1 percent. National GDP grew 10 percent in the same period. The Measures of Growth report pointed to deteriorating infrastructure as a hindrance to Maine's economic growth, with road maintenance underfunded by nearly \$159 million annually.

Statewide unemployment is the lowest in 40 years with a three percent (3%) unemployment rate. Although a low unemployment rate is good for job seekers, it can be a hurdle to companies looking to expand. The ability to find talent in the market place is critical to attracting and retaining Maine employers.

One bright spot on the economic front is Maine's international sales, which increased by five percent (5%) from 2015 to 2016. During this same time period, US exports declined. Total exports reached \$2.9 billion and shipped to 175 markets. Seafood exports were up twenty-seven percent (27%), to \$565 million. Forest products were Maine's largest export with sales of \$626 million.

**Local Economy.** Scarborough's economic base remains strong and diversified. Last year, businesses added 664 new jobs in Scarborough and 2,123 jobs over the last 10 years. We are Maine's seventh largest community in terms of total wage and salary jobs. In 2016, Scarborough's total job count reached 15,500. When self-employed workers and contract workers are included, the estimated job total is over 17,500.

Health Care continues to be the dominant industry cluster in Scarborough – with 21% of total "wage and salary" jobs falling into this classification. This sector is fueled by major players in the health care market including Maine Health, which has both its research institute and its financial center located in the Town of Scarborough. A new player in the Scarborough market is Martin's Point Health Care, which opened a brand-new 18,000 sq. foot medical facility in January 2017. The building also hosts some community space, beginning a productive relationship between the Town and the company.

Alere, a bioscience company located in the Scarborough Industrial Park, continues to expand both in space and in total employment. The company added nearly 100 jobs over the last few years. Alere was acquired by Abbott in 2017, however, all indications suggest that the business will continue to thrive here in Scarborough.

The Life Sciences cluster, including Maine Health and Alere/Abbott, holds great potential for Scarborough and the Portland region. The Town of Scarborough follows this cluster closely and is actively marketing to this sector (locally, nationally and internationally) in cooperation with the City of Portland and the Maine International Trade Center.

Sun Life Financial, new to Scarborough in 2015, continues to settle in to their new home on Ashely Road. In FY 2017, Sun Life is working toward its expected 200 employee goal in the disability insurance sector.

The Delhaize/Ahold merger is complete and there does not appear to be any significant changes in the number of employees at the Hannaford corporate headquarters here in Scarborough. As in any merger of this kind, it is important to keep informed and connected to the company, to be on top of any new developments. While changes can happen at any point in a major corporation, the Town has cultivated strong lines of communication with company leaders.

Retail sales increased by 13.2% in 2016, hitting a total of \$580 million in sales. While retail sales were growing overall, the opening of Scarborough Gallery's newest batch of retail businesses, including HomeGoods, Marshall's and Bob's Discount, certainly contributed to the increase in sales. Within the retail space, SEDCO staff continue to monitor the Bass Pro Shop's takeover of Cabela's. Thus far, no major changes to the Scarborough facility are foreseen.

In 2016, the US Census Bureau's estimate of Scarborough's population topped 20,000 for the first time. Scarborough continues to compete favorably in the residential market as well as the job market. New residents are attracted to the natural beauty of our coastal community with access to beaches, the Eastern Trail, and significant holdings of preserved lands through the Scarborough Land Trust. The quality of Scarborough schools is also a major attraction to families.

Housing sales of existing units continue to be extremely active, driving up the median sales price of homes. The July 2017 median sales price of a single-family home in Scarborough hit \$405,000. While Scarborough is primarily a single-family home market, the town has not been exempt from pressures in the regional rental market. With regional vacancy rates for available rental housing falling to all-time lows, and rental rates soaring to new highs, pressure to build new rental housing has yielded several proposals for multi-family units in Scarborough. The largest of the projects is Gateway Commons on Haigis Parkway with just under 300 new luxury rental units.

While there is much to celebrate on the economic front in Scarborough, one major local and regional issue threatens to curb business expansion – lack of available talent. The unemployment rate in Scarborough is under three percent (3%). The unemployment rate in the regional market is not much higher – right at 3%. All sizes and types of businesses are struggling on the recruiting front. Easing the housing crunch by adding to the rental market can contribute to the solution. The State's new program to allow individuals and companies to deduct student debt is another valuable tool. The attractiveness of the Portland area to the "Millennials" is yet another part of the solution. This labor shortage will be the significant economic development issue for the foreseeable future.

Beyond 2017, Scarborough Downs or the “Crossroads” zoning district has the potential to play a significant role in the region’s economy. The future of nearly 500 acres in the center of Scarborough and next to the Maine Mall area is yet to be determined. The property is again under contract, and the Town of Scarborough, along with SEDCO will be working with the new owners to build a long-term plan for the property.

## **Major Initiatives:**

**For the year.** Over the course of fiscal year 2017, 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. Overall development activity is brisk with 739 building permits; 78 new single-family home starts; and close to \$60 million worth of new construction occurring in FY 2017.

Scarborough has been focused on taking steps to address the Town’s two “urban impaired” streams, Red Brook and Phillips Brook. Within the Red Brook watershed, the Planning staff has worked to create public/private partnerships to secure EPA grant funding. This funding allowed Scarborough to implement the replacement of a major culvert that acted as a barrier for aquatic life. It also allowed for a retro-fit design of an outdated detention pond and provided outreach and education materials to all resident in the upper reaches of the Red Brook watershed. Within the Phillips Brook, the Planning Department researched, collected, and analyzed data associated with the impairment that included public outreach as well as public feedback on issues within the watershed.

During FY 2017 the Planning staff successfully participated in federal Canopy Grant projects. Along the Route One corridor a grant was completed and closed out this fiscal year and a Pine Point Road grant was received and implemented during this fiscal year. Other initiatives included coordinating closely with our partners in the Public Works Department to design and implement Pine Point Road Complete Streets improvement and to conduct Master Planning efforts for the Pine Point area. Coordinated efforts have also been directed towards the Gorham Road Improvement Project.

The Town Council funded a new Sustainability Coordinator position in the FY17 budget. The Sustainability Coordinator started work November 2016.

The Scarborough Information Technology Department (IT) is a shared services model facilitating and maintaining the technology needs of both the Town and School Departments. In addition to end-user technology, the IT Department also manages a complex infrastructure of fiber and wireless networks as well as the telecommunication system. Between the School and Town, the IT staff maintains applications both internally hosted and cloud based, as well as the Town and School department public web sites and intranet and a variety of other social media outlets.

IT progress highlights for the FY17 include:

Hardware: Successfully deployed 1:1 technology at the K-2 including device purchases, configuration, distribution, training and technical integration. Reconfigured IT department and reviewed building camera connectivity and video accessibility.

Software: Deployed Windows 10 district-wide, implementation of new HR online performance evaluation system, facilitated online MEA testing, implementation of SeeClickFix for Public Work's vehicle maintenance work orders from other towns, began implementation for Scarborough FixIT, continued scope of work for migrating municipal staff to cloud-based email resources, migrating school staff from Huddle to GSuite, deployment of Citrix solution for Old Orchard Beach Dispatch IMC connectivity, facilitated Google pilot with departments and completed transition to System Center for software deployments.

Drafted Disaster Recovery Plan, upgraded core switch with (2) 10GB interface cards to eliminate single-point-of-failure and increase redundancy, speed and reliability, and replaced wireless infrastructure at the Middle School.

The Community Services Department is continually working to meet the growing requests for increased services. Through coordination and communication, Community Services schedules all municipal and school indoor and outdoor facilities. This allows the Town to be as efficient as possible and ensures a smooth transition between hundreds of groups and thousands of users. This task also allows the department to maximize programming, plan maintenance accordingly, and protects the condition of all our resources (athletic fields, trails, and parks). In addition to typical recreational services after/before school child care, summer camps, athletic leagues, 55+ programs and trips, special events, summer concerts, and winter activities, Community Services staff handles the management of the town's trail system, the three municipal beaches (Pine Point Beach, Higgins Beach, and Ferry Beach), parking lots and the municipal boat launches. Responsibilities that accompany beach management are water testing through Maine Healthy Beaches and the town's piping plover monitoring program. Another responsibility of the Community Services Department is the maintenance of Town Hall, including the Tri-Gen system, a natural gas-fired generator for the municipal building. Community Services also oversee Scarborough's community television station and cable access channels, from which all government meetings, selected school athletic events, and public service announcements are aired. Community Service staff manages U.S. Passport applications for the U.S. State Department.

Over the past year, Scarborough School students have engaged in hundreds of student-directed community service opportunities. On any given day you could walk into one of our schools and clearly see evidence of various philanthropic projects such as raising money to fight cancer, collecting change on Halloween to donate to UNICEF, or collecting food and clothing for shelters and families who are struggling to make ends meet. Hundreds of our students are formally involved in service clubs such as Interact, Key Club, Seeds of Peace, Builders Club, and many more. Several of our athletic teams advocate for issues that they are passionate about such as dedicating gate revenue to the Travis Mills Foundation, fundraising to support the Wounded Warriors Project, volunteering at the Root Cellar, and participating in the Coaches Against Cancer Program to name a few.

The School and Business Partnership is co-led by the Director of Curriculum and Assessment and Scarborough Economic Development Corporation (SEDCO) Executive Director. This group has been very active and strategic as they work to solidify the mission, vision, and infrastructure in order to coordinate and cultivate our school and business partnerships. These partnerships are designed to expand student learning opportunities, career exploration, internships, and experiential learning in the classroom and beyond.



This year the Scarborough Education Foundation (SEF) provided over \$30,000 in innovation grant funds directly to our classroom teachers. This partnership continues to serve a critical role in ensuring that our teachers have opportunities to think beyond the limitations of our school budget as they implement new and innovative practices and resources into their instruction.

During this past fiscal year the Fire Department received funding for two full-time firefighter/EMT positions to continue progress on their staffing plan. In addition to those new positions, two more individuals were hired to replace personnel that resigned and retired. Additional funding was authorized to hire a new full time Captain's position.

Much of this fiscal year was spent working on a feasibility study for a new public safety building project. In November of 2016 the Town Council formed an Ad-Hoc Committee and hired a consultant to assist the committee with several deliverables including a space needs assessment, site selection process, schematic design, and probable cost analysis.

This year, the public safety department and our community came together to help keep our neighbors warm by hosting the 5<sup>th</sup> annual, drive-through fund raising event to benefit Project G.R.A.C.E.'s (Granting Resources and Assistance through Community Effort) fuel assistance project. Due to the generosity of our community as well as some challenge donations from business owners and benefactors, the event raised enough to provide the equivalent of 100 gallons of fuel oil, propane, K1, or wood to 65 residents who needed help during the long, cold winter.

The Fire Department received grants from FEMA's Homeland Security Grant Program (HSGP) for upgrades and maintenance of the regional command van as well as funding for mass casualty/active shooter training and exercises. The Department was successful in obtaining a grant for a personal flotation device (PFD) loaner station that was housed at the Co-op boat launch. Boaters that do not have sufficient PFDs can borrow one for the day to make sure all souls on board are protected. A generous donation was also received from the Prout's Neck Association for residential stove hood suppression devices that will be used in a community risk reduction pilot program in multi-tenant residential occupancies where a high number of cooking fires occurred. A new human patient simulator was funded through a 2016 regional FEMA Assistance to Firefighters grant. Scarborough Fire hosted the grant on behalf of the Metro Fire Chiefs' which includes the departments of Scarborough, Portland, South Portland, Cape Elizabeth, Falmouth, Gorham, Westbrook, Cumberland, and Windham. This very advanced, computer controlled, training aid has been a tremendous tool to teach advanced skills and interventions to EMS providers in our area in a safe and controlled learning environment.

On October 1, 2015, the police department initiated Operation Hope. It is an innovative program providing compassionate assistance to those experiencing Substance Use Disorder. This reporting period saw us celebrate the successful placement of a total of 262 individuals into substance use treatment programs. The vast majority of those individuals did not have insurance or money to pay for transportation costs to the many facilities all over the country that accept them. This program uses zero tax dollars and is supported entirely through grants and donations. The Police Department partnered with Project G.R.A.C.E., a very well respected Scarborough non-profit organization that serves as a fiduciary for the program.

The Public Works Department looked for more savings and efficiency within the department. Cityworks, an asset management and record keeping software, has given the Town expanded use of a robust GIS program developed by Public Works over the last 10 years. The Department now has the capability of more expanded inspection and record keeping functionality out in the field. This mobility provides direct access to the program as field work is processed, therefore, records are updated continuously. The new software programs benefit the citizens and the municipality as a whole and also has the Department taking inventory of existing programs and services with the goal of refining how they are done. This year Public Works responded to requests for service from residents, various town departments, outside municipalities, and other general public. While there was an increase of 300 work orders over last year, the number of excavating permits almost tripled indicating more activity for the Scarborough economy.

Scarborough Public Works Department entered into discussions with other municipalities to provide services for the maintenance and repair of their fire and rescue fleets. In FY17 three towns, Old Orchard Beach, Hollis and Wells negotiated vehicle maintenance contracts with Public Works for vehicle repair and services. These contracts provide revenue for the department while providing cost effective repair and maintenance for the outside municipalities. With vehicles becoming more complicated every year, up-to-date training and diagnostic equipment is critical to effective vehicle maintenance. These contracts allow the Town to spread the investment of necessary training and equipment amongst the municipalities saving the department money while allowing better maintenance on the Scarborough fleet which is and always will be our primary responsibility. A total of 27 pieces of equipment from these towns have been added to Scarborough's existing service list of over 200 vehicles.

Accounting for 7.8% of the total Public Works budget, recycling and solid waste is reviewed to determine ways to reduce costs while maintaining levels of service. With guidance from the Scarborough Energy Committee's "Final Report on Reducing Municipal Solid Waste" (MSW) focus was directed to food waste recovery and diversion. On May 1, 2016 three centralized organic waste drop-off sites were created at Walmart, The Maine Veterans Home and Pine Tree Waste. 2017 was the first full year statistics were generated on centralized organic waste collection.

**For the Future.** 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 FY17, the committee continued this tireless effort. At the end of the fiscal year the committee began transiting from implementation to updating the 2006 Comprehensive Plan.

In FY18, the Town will move forward with the LED Streetlight conversion for all municipally-held streetlight fixtures. The Town will save over 50% in streetlight utility costs with the LED conversion.

Scarborough School instructional practices will continue to shift and grow as the Town faces the challenges of a proficiency-based, student-centered teaching and learning system, and institute a new start time policy for the district in 2017-18. The School Department continues to partner with Town Leaders to expand communication and outreach to the public on topics such as budget development and long-range strategic planning, as well as building collaborative health and wellness support systems that will benefit the entire community.

Community Services Department has excelled in creating working partnerships within Scarborough to offer a high level of services. Throughout the upcoming year, Community Service's goal is to evaluate programs, services, and facilities through a self-evaluation process with staff and partners. This process will help to acknowledge areas of strength and identify areas of need. With the continued development of new relationships, the department will be able to offer increased services to meet growing needs, such as increased participation in the 55+ programs, greater demands on field spaces, and increased requests for indoor meeting space.

The Public Safety Building Project Ad-Hoc Committee completed their work and presented the Town Council with a final report in July of 2017. The Council acknowledged that it is the right time to build a new public safety facility that will carry us into the future. The committee report recommended placing a referendum question on the November 2017 ballot to seek voter approval, which the voters have since approved. With this voter approval, the Town is moving forward with the detailed design and cost estimates for the new combined fire/police/EMS public safety building on municipally owned land next to the Municipal Building.



*Artist rendering of the proposed new joint public safety building located west of Town Hall*

The Fire Department community risk reduction team is focusing on our residential sprinkler initiative, youth fire safety collaborative, emergency management planning, and seeking grants for fire prevention activities and supplies. The community outreach team is charged with public outreach by keeping a flow of safety and prevention messages fresh on our social media outlets, continuing home safety visits and smoke/carbon monoxide alarm safety program along with a new initiative to install residential hood suppression systems in multi-unit residential occupancies.

The fire inspection team continues to refine and improve Scarborough's very effective commercial life safety inspection program where Fire staff visit every business in town at least annually. This team also works to train fire personnel in how to conduct those inspections as well as documenting known hazards and pre-planning responses to key facilities. Finally, working on tools to better track proactive fire prevention efforts and to gauge the effectiveness of these programs is ongoing.

## **Long Term Financial Planning**

Scarborough utilizes a five year Capital Improvement Plan. This plan encompasses a scheduled equipment replacement program that includes: proposed building construction/improvements, land and infrastructure improvements land acquisition for capital purposes, open space and existing farmland preservation. The plan is updated annually.

The ‘Pine Point Master Planning Project,’ a comprehensive planning process for roadway design in the Pine Point Area, began in the fall of 2016. The approach is a “complete street design” for East Grand Ave. that will review multi-modal use options, landscaping, and drainage. Public outreach and input will be crucial to this plan. One public meeting was held in November to start the process with another held in July of 2017.

Scarborough’s annual “Pavement Management Study” gives the Town the ability to project road rehabilitation costs well into the future. \$20,000 is added annually to capital funding 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.

A new four year Subsurface Drainage Assessment Project has been added to on-going capital projects. Costs are scheduled to remain the same each year over the four year period and would include:

1. Creating a condition assessment on approximately 70 miles of stormwater drainage pipe in Scarborough. The inspection will catalog the condition of the pipe and determine the likelihood of failure.
2. The risk assessment – create the consequence of failure matrix. The goal will be a complete report and inventory that will help make informed decisions on future capital improvement projects.

In an effort to reach the State goal of a 50% recycling rate and to reduce municipal waste costs, Scarborough conducted a curbside food waste collection pilot. Based on the recommendations of a municipal solid waste study conducted by the Scarborough Energy Committee, the Town of Scarborough conducted a four month curbside food waste recycling pilot program in the Pleasant Hill neighborhood. The data gathered during the length of the pilot will help to inform future food waste diversion efforts in Scarborough. The pilot program ran from May 2017 to September 2017 and consisted of weekly curbside collection of food waste for 258 households in the Pleasant Hill neighborhood while alternating municipal solid waste (MSW) and recycling pickup. During the pilot period, 64.66 tons of materials were collected with approximately 16% coming from the food waste portion. While data indicates that Scarborough residents are interested in food waste diversion efforts, alternating MSW and recycling pickup proved to be a challenge in the pilot neighborhood. Moving forward in fiscal year 2018, Scarborough Public Works will continue efforts to increase town-wide recycling rates.



## **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 2017 value by \$30,814,400 from 2016. For the 2017 tax year, the valuation was \$3,776,362,500 compared to the 2016 valuation of \$3,745,548,100.

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.

| <b><u>As of June 30, 20xx</u></b> | <b><u>As of June 30, 2017</u></b> |
|-----------------------------------|-----------------------------------|
| \$641,719 in 2013                 | \$ 23,465                         |
| \$749,380 in 2014                 | \$ 20,891                         |
| \$555,384 in 2015                 | \$ 29,080                         |
| \$686,766 in 2016                 | \$235,698                         |
| \$517,690 in 2017                 | \$517,690                         |

For 2017, the Town Council authorized \$425,000 from the School's fund balance to assist with their funding needs and \$1,253 from the Adult Education fund balance. Additionally, the Town Council authorized \$328,380 from the Town's fund balance pursuant to the Town's Fund Balance Policy, prior to being amended, which allows for the use of Fund Balance for capital needs when the fund balance exceeds ten percent (10%). As with the prior year, these funds were not utilized.

As noted last year, in November 2016, the Town's fund balance policy was amended. The former policy established a fund balance policy goal of 8.33% of *unrestricted* fund balance, with any excess above 10% available for capital needs. The Town Council approved Fund Balance Policy goal is to maintain the level of unassigned fund balance equal to 10.0% of Scarborough's Operating Budget for the prior fiscal year and to not fall below 8.33% (or 1/12) of Scarborough's Operating Budget. Once the Town achieves an unassigned fund balance equal to 10.0% of Scarborough's Operating Budget, any excess above 12% must be assigned by any combination to one of the following:

- a) Retained in nonspendable and restricted accounts that offset unfunded liabilities, and /or
- b) Retained in assigned accounts that may be used in future budget cycles as a property tax rate stabilization; available for use during a catastrophic event, and/or
- c) Funding future capital expenditures and/or projects, and/or
- d) The retirement of debt, and/or
- e) A taxpayer refund.

In the event that the balance drops below the established minimum level, the Town Council will develop a plan to replenish the fund balance to the established minimum level within two years.

## **OTHER INFORMATION**

**Awards.** Police Chief, Robert Moulton accepted the Greater Portland Council of Government's Presidents Award and the Maine Behavioral Healthcare's Heroes with a Heart Award from the Trauma Intervention Program (TIP) for the Town of Scarborough's Operation Hope program. The Scarborough Police Department was the first agency in Maine to recognize the extent of the substance abuse crisis, and worked to develop a program to help those in need. This program has been emulated by other agencies and helped start a state-wide dialogue which has now spread to our congressional delegation in Washington D.C. The Police Department's Operation HOPE program has been widely recognized and has been the recipient of several awards. The Program has been held up as a model for other agencies with speaking engagements at a number of places, including the White House.

**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 2017. This audit is designed to meet the requirements of Government Auditing Standards and the Uniform Guidance.

### **Acknowledgements.**

As the requirements for financial accounting and reporting continue to increase, the skills necessary to prepare this report also increase. As such, the preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Revenue and Accounting staff. Special thanks to Gina Clukey, Deputy Finance Director and Lisa Saulle, Deputy Tax Collector/Treasurer for their dedication and loyalty, and countless hours contributed in preparation of this report. I wish to thank all of Scarborough's departments for their assistance in providing the necessary data to prepare this report. Credit is also due to the Town Manager, the Town Council and the Finance Committee for their full support in maintaining the highest standards of professionalism for the management of the Town of Scarborough's finances. Finally, I would like to acknowledge the firm of Macpage, LLC for their efforts and guidance during this 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**

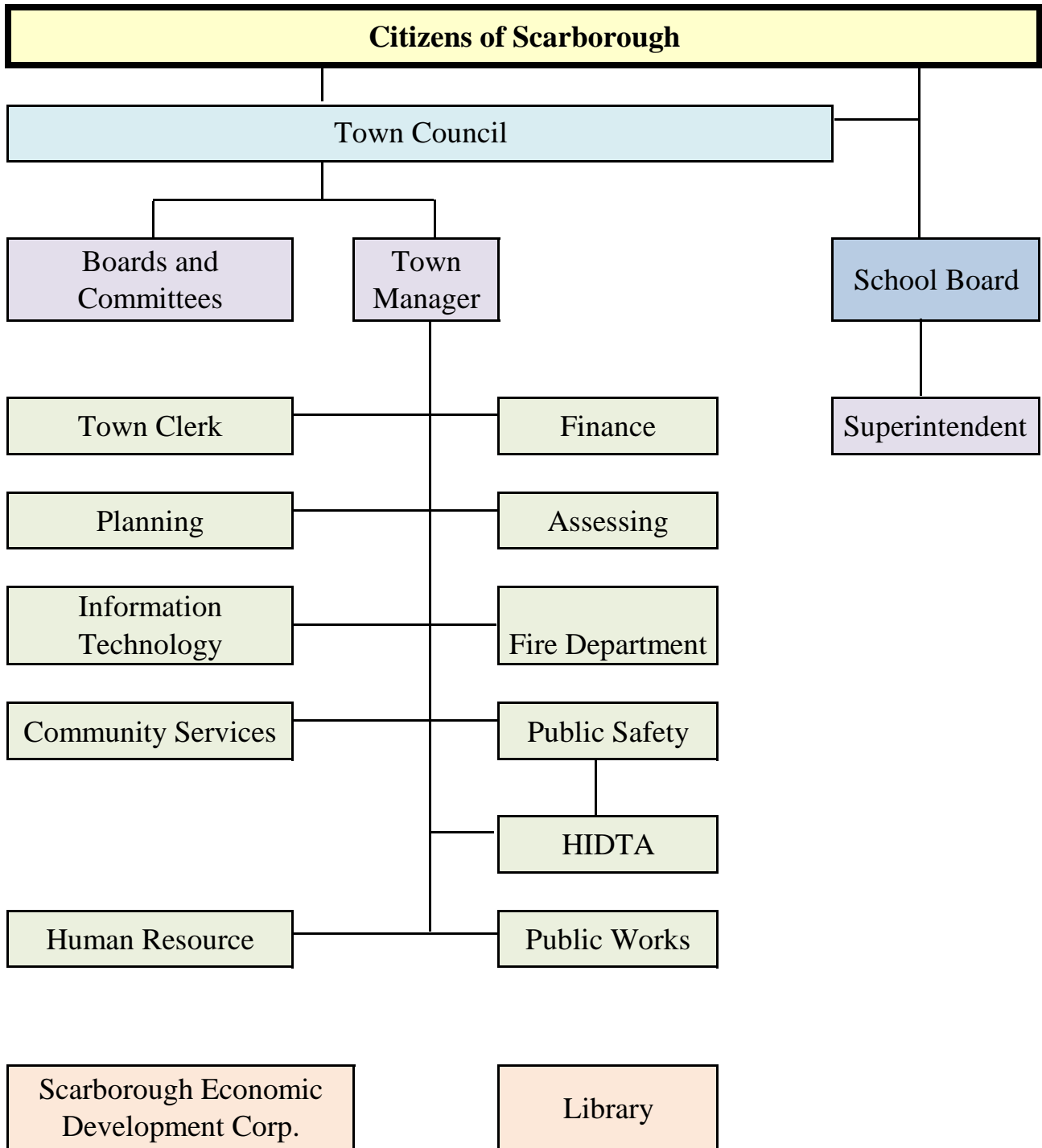
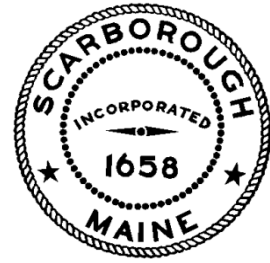
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# Town of Scarborough, Maine

## Organizational Chart





## Principal Executive Officers 2016-2017

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> |
|---|---------------------------------|---------------------------------|---------------------|
| <b>Councilors</b>   |                                 |                                 |                     |
|   | Shawn Babine, Council Chair     | Elected - 3 Year Term           | 11/2017             |
|   | Christopher Caiazzo             | Elected – 3 Year Term           | 11/2018             |
|   | William Donovan,                | Elected - 3 Year Term           | 11/2019             |
|   | Kathleen Foley                  | Elected - 3 Year Term           | 11/2019             |
|   | Peter Hayes                     | Elected - 3 Year Term           | 11/2017             |
|   | William Rowan                   | Elected – 3 Year Term           | 11/2018             |
|   | Katherine St. Clair, Vice Chair | Elected – 3 Year Term           | 11/2017             |
| <b>Municipal Employees:</b>                                     |                                 |                                 |                     |
| Town Mgr.   | Thomas J. Hall                  | Appointed - 3 Year Term         | 12/31/2018          |
| Asst Town Manager   | Larissa Crockett                | Appointed/Indefinite            | N/A                 |
| Town Clerk/Registrar of Voters                                  | Yolande P. Justice              | Appointed/Indefinite            | N/A                 |
| Tax Collector/Finance Director<br>and Treasurer                 | Ruth D. Porter                  | Appointed/Indefinite            | N/A                 |
| Assessor  | Susan Russo, Interim            | Appointed – Till Filled         | N/A                 |
| 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  | Jay Chace                       | Appointed/Indefinite            | N/A                 |
| Senior Planner  | Vacant                          | Appointed/Indefinite            | N/A                 |
| Recreation Director   | Todd Souza                      | Appointed/Indefinite            | N/A                 |
| Human Resource/General Ass't.                                   | Jaclyn Mandrake                 | Appointed/Indefinite            | N/A                 |
| Community Development Director                                  | Karen Martin                    | Appointed/Indefinite            | N/A                 |
| <b>School Board:</b>  |                                 |                                 |                     |
| Members, Board of Education                                     | Kelly Murphy, Chair             | Elected - 3 Year Term           | 11/2017             |
|   | Donna Beeley                    | Elected - 3 Year Term           | 11/2018             |
|   | Cari Lyford                     | Elected - 3 Year Term           | 11/2019             |
|   | Mary Starr                      | Elected – 3 Year Term           | 11/2018             |
|   | Christine Massengill            | Elected – 3 Year Term           | 11/2017             |
|   | Jacqueline Perry                | Elected - 3 Year Term           | 11/2018             |
|   | Jodi Shea                       | Elected - 3 Year Term           | 11/2019             |
| Superintendent of Schools                                       | Julie Kukenberger               | Appointed/Indefinite            | N/A                 |
| Assistant Superintendent of<br>Schools/Adult Education Director | Jo Ann Sizemore                 | Appointed/Indefinite            | N/A                 |
| Business Office Manager   | Kate Bolton                     | Appointed/Indefinite            | N/A                 |
| School Lunch Director   | Peter Esposito                  | Appointed/Indefinite            | N/A                 |
| Federal Project Administrators:                                 | Monique Culbertson              |                                 |                     |
|   | Kate Bolton                     |                                 |                     |

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# Town of Scarborough Maine

## Comprehensive Annual Financial Report



## Financial Section

For Fiscal Year Ending:  
June 30, 2017

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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 unit, 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, 2017, 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 unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of and for the year ended June 30, 2017 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.

## **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 25 – 37, the Schedule of Funding Progress on page 79, the Schedule of Proportionate Share of the Net Pension Liability on page 80, and the Schedule of Contributions on page 81, 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 – 12, supplementary statements and schedules on pages 85 – 118, and statistical tables on pages 123 – 145, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary statements and schedules, and the blank pages which are interdispersed, 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.

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.



To the Town Council  
Town of Scarborough, Maine

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, 2016, 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, 2016 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, 2016 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, 2016 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 January 30, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Scarborough's 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  
January 30, 2018



Accessible  
Approachable  
Accountable

To the Town Council  
Town of Scarborough  
Scarborough, Maine

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Scarborough (the Town) for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you, dated May 11, 2017. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Scarborough are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, two new accounting policy were adopted by the Town: The provision of Government Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosure* and GASB Statement No. 80, *Blending Requirements for Certain Component Units*. Other than this, the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by Town of Scarborough during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town's financial statements were:

Management's estimate of the on-behalf payments is based on the percentage rate of contributions from the Maine State Retirement System, which is based on eligible wages. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued compensated absences is based on the prior service performed and the contracts with the employees. We evaluated the key factors and assumptions used to develop the accrued compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation expense allocated to functions and programs is based on the estimate of the use of assets within each function and program. We evaluated the key factors and assumptions used to develop the depreciation expense allocated to functions and programs in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and other post-employment benefits liability were based on actuarial valuations. We evaluated the key factors and assumptions used to develop the net pension liability and post-employment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

### **Macpage LLC**

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225 Cedar Hill Street, Suite 200, Marlborough, MA 01752 | 800-339-5701 | 207-774-7835 fax

[macpage.com](http://macpage.com)



Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were:

We consider the disclosure of the net pension liability and other post-employment benefits liability in Notes to Financial Statements to be sensitive and significant to the financial statements for the user of the financial statements to understand the potential liability related to benefits provided to current retirees and future retirees.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties Encountered in Performing the Audit***

We encountered no difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements as a whole.

***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter, dated January 30, 2018.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



**Other Matters**

We applied certain limited procedures to Management's Discussion and Analysis, the Schedule of Funding Progress, the Schedule of Proportionate Share of Net Pension Liability, and the Schedule of Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Comparative Balance Sheets – General Fund; Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Budgetary Basis – General Fund; Combining Balance Sheet – Nonmajor Governmental Funds; Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds; Combining Balance Sheet – Nonmajor Special Revenue Funds; Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds; Combining Statement of Revenues, Revenues, Expenditures and Changes in Fund Balances – School Categorical Funds – Nonmajor Special Revenue Funds; Balance Sheet – Nonmajor Capital Project Funds; Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds; Combining Balance Sheet – Nonmajor Permanent Funds; Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds; Combining Statement of Fiduciary Net Position – Private-Purpose Trust Funds; Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds; Statement of Changes in Assets and Liabilities – Agency Funds; Statement of Changes in General Long-Term Debt, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and statistical tables, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this information and we do not express an opinion or provide any assurance on it.

**Restriction on Use**

This information is intended solely for the information and use of the Town Council of the Town of Scarborough and the management of the Town and is not intended to be, and should not be, used by anyone other than these specified parties.

*Macpage LLC*

South Portland, Maine  
January 30, 2018



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Town Council  
Town of Scarborough  
Scarborough, Maine

In planning and performing our audit of the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough (the Town) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Town of Scarborough's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, during our audit we became aware of the following matter which is an opportunity for strengthening internal controls and operating efficiency. The following summarizes our comment and suggestion concerning this matter. This letter does not affect our report, dated January 30, 2018, on the financial statements of the Town.

#### **Consider Updating Policy and Procedure Documents**

As part of our audit procedures, we reviewed the most recent copy of policies and procedures in place. We identified that certain of the policies and procedures have not been updated in several years. We recommend that the Town review the following policies and procedures, update the documents as considered necessary, and document the review, approval and date of such review to provide evidence that the policies and procedures have been recently reviewed and updated:

- The investment policy adopted March 21, 2012 indicates that it should be reviewed by the Finance Director, Town Manager and the Finance Committee at least every three years.
- The Administrative Code was last amended April 4, 2012.
- The purchasing policy was last amended September 17, 2003.

#### **Macpage LLC**

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[macpage.com](http://macpage.com)



### **Management's Response**

In FY17, the Town's Finance Committee began a review of the Fund Balance, Capital, Debt and Investment Policies. The intent is to combine these four policies into one financial fiscal policy that will be adopted by the end of fiscal 2018.

The Administrative Code is reviewed periodically by the Town Manager and Town Council. The last major review of the Administrative Code was in 2012. Amendments are brought forward as needed. Most changes between 2008 and 2012 relate to creating/dissolving boards and committees.

The Finance Department has a draft Purchasing Policy from May 2015. We will work to finalize this policy in fiscal 2018. It is the Finance Department's goal to review the financial policies with the intent of updating one per year.

We will review the status of the comment during our next audit engagement. We already have discussed the comment with various Town personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation.

The Town's response to our comments and suggestions has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the Town Council, management, and others within the Town and is not intended to be and should not be used by anyone other than these specified parties.

*Macpage LLC*

South Portland, Maine  
January 30, 2018



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# Town of Scarborough Maine

## Comprehensive Annual Financial Report



## Management Discussion & Analysis

*Legacy Business of 2017—  
Highland Avenue Greenhouse & Farm Market*

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**TOWN OF SCARBOROUGH, MAINE**  
**Management Discussion and Analysis**  
**June 30, 2017**

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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, 2017. 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**

The assets of the Town of Scarborough exceeded its liabilities at the close of this most recent fiscal year by \$63,091,819 (net position). Of this amount, \$2,500,239 represents a deficit unrestricted net position, a modest deficit increase of \$295,979 over the prior year.

- The Town's total net position increased \$639,306. This represents a 1.0% increase over last year's net position.
- As of June 30, 2017, the Town's governmental funds reported combined fund balances of \$19,371,072 a decrease of \$2,822,654 compared with the prior year. Approximately 46.08% of this amount or \$8,926,138 is available for spending at the Town's discretion (*assigned and unassigned fund balance*).
- Total nonspendable fund balance decreased by \$10,731 from \$222,951 to \$212,220. Restricted fund balance decreased by \$3,424,039 from \$8,010,776 to \$4,586,737. Total committed fund balance increased by \$391,428 from \$5,254,549 to \$5,645,977. Assigned fund balance increased by \$1,211,820 from \$2,566,708 to \$3,778,528. Finally, the unassigned fund balance for the governmental funds decreased by \$991,132 from \$6,138,742 to \$5,147,610.
- With respect to fund balances in the governmental funds, of the \$14,572,115 reported as committed (authorized by town council), assigned (authorized by town manager) and unassigned fund balance, \$3,499,720 are special revenue funds authorized for specific purposes and the remaining amount of \$11,072,395 is available for the discrete purposes for which these funds are collected.

The Town of Scarborough amended its Fund Balance Policy November 2, 2016 and established an unassigned fund balance goal of 10.00% of the prior years' operating budget. The Operating Budget for fiscal 2016 totaled \$77,616,047. As of June 30, 2017, unassigned fund balance for the general fund was \$6,893,626 or 8.88% of the prior years' operating budget. The prior fund balance policy authorized the use of *unrestricted* fund balance above 10% for capital purposes, from which the Town authorized the use of \$526,635 of fund balance for capital purposes.

The amended fund balance policy goes on to state that the level of fund balance is not to fall below 8.33% of the operating budget. Once the Town achieves an unassigned fund balance equal to 10.0% of Scarborough's Operating Budget, and any excess above 12% will be allocated toward any combination of the following:

- a) Retained in nonspendable and restricted accounts that offset unfunded liabilities, and/or
- b) Retained in assigned accounts that may be used in future budget cycles as a property tax rate stabilization; available for use during a catastrophic event, and/or
- c) Funding future capital expenditures and/or projects, and/or the
- d) Retirement of debt, and/or
- e) A taxpayer refund.

General obligation bonds decreased by a net of \$4,290,000 from the prior year. General obligation bonds retired was \$7,045,000. General obligation bonds issued was \$2,755,000.

**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.

## TOWN OF SCARBOROUGH, MAINE

### Management Discussion and Analysis, Continued

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

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 between the four 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. The reported net position changes show 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 for which the Town of Scarborough is financially accountable. Financial information is reported separately from the financial information presented for the Town of Scarborough itself. The government-wide financial statements can be found on pages 41 – 42 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. The Town of Scarborough divides funds 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 21 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 and the Haigis Parkway both of which are considered major funds. Data from the remaining 19 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 43 – 44 of this report.

**TOWN OF SCARBOROUGH, MAINE**  
**Management Discussion and Analysis, Continued**

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**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 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 General Town Improvement and General School Improvement accounts are not major funds and are provided in the form of combining statements elsewhere in this report. The non-major capital projects fund financial statements are found on pages 103 - 104 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. The Town of Scarborough established Permanent funds 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 107 - 108 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 111 - 113 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 49 – 78.

**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 85 - 118 of this report.

## **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 \$63,091,819 as of June 30, 2017.



**TOWN OF SCARBOROUGH, MAINE**  
**Management Discussion and Analysis, Continued**

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By far, the largest portion of the Town of Scarborough's Net Position (97.81%) 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 Scarborough 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>2017</u>          | <u>2016</u>          | <u>2015</u>          |
|--|----------------------|----------------------|----------------------|
| Assets:                                  |                      |                      |                      |
| Current and other assets                 | \$ 27,645,090        | \$ 29,664,647        | \$ 28,224,238        |
| Long term assets                         | 1,221,755            | 1,228,365            | 1,457,623            |
| Capital Assets                           | <u>147,299,824</u>   | <u>147,643,039</u>   | <u>148,281,938</u>   |
| Total Assets                             | <u>176,166,669</u>   | <u>178,536,051</u>   | <u>177,963,799</u>   |
| <br>Total deferred outflows of resources | <u>7,998,466</u>     | <u>6,290,616</u>     | <u>4,280,858</u>     |
| Total Deferred outflows                  | <u>7,998,466</u>     | <u>6,290,616</u>     | <u>4,280,858</u>     |
| <br>Liabilities:                         |                      |                      |                      |
| Long term liabilities outstanding        | 109,909,475          | 111,374,028          | 111,086,443          |
| Other liabilities                        | <u>9,157,976</u>     | <u>8,304,738</u>     | <u>8,661,369</u>     |
| Total Liabilities                        | <u>119,067,451</u>   | <u>119,678,766</u>   | <u>119,747,812</u>   |
| <br>Total deferred inflows of resources  | <u>2,005,865</u>     | <u>2,695,388</u>     | <u>2,708,102</u>     |
| Total Deferred inflows                   | <u>2,005,865</u>     | <u>2,695,388</u>     | <u>2,708,102</u>     |
| <br>Net assets:                          |                      |                      |                      |
| Net investment in capital assets         | 61,708,817           | 59,088,465           | 57,103,811           |
| Restricted                               | 3,883,241            | 5,568,308            | 4,048,177            |
| Unrestricted ( 2016 restated)            | <u>(2,500,239)</u>   | <u>(2,204,260)</u>   | <u>(1,363,245)</u>   |
| Total Net Position                       | <u>\$ 63,091,819</u> | <u>\$ 62,452,513</u> | <u>\$ 59,788,743</u> |

\$3,883,241 (6.15%) 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 of (\$2,500,239) is the result of the new GASB pension standards.

**TOWN OF SCARBOROUGH, MAINE**  
**Management Discussion and Analysis, Continued**

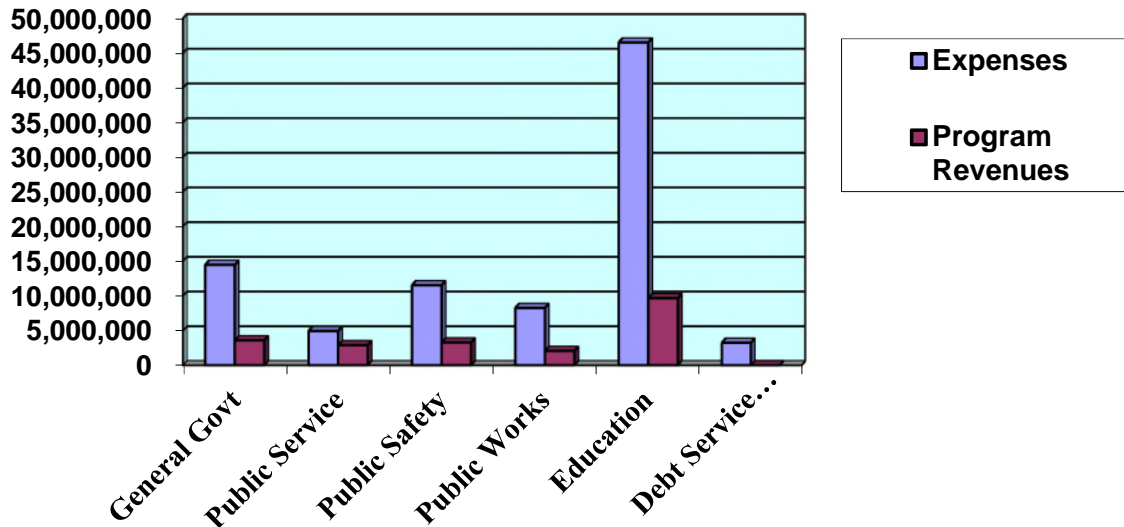
**GOVERNMENTAL ACTIVITIES.** The increase pertaining to the Town of Scarborough's net position of \$639,306 is due to the governmental activities of the Town. The Town of Scarborough's tax revenues increased by \$2,092,491. Actual vehicle excise tax collections increased by \$277,530 from the prior year. Increase in taxes is due in part to the favorable increase in the overall assessed valuation of the Town of \$30,814,400, up from \$3,745,548,100 to \$3,776,362,500. The increase in the town's property value allows the Town of Scarborough to receive more in property taxes without excessive increases in the tax rate.

Key components of this net position increase are shown below.

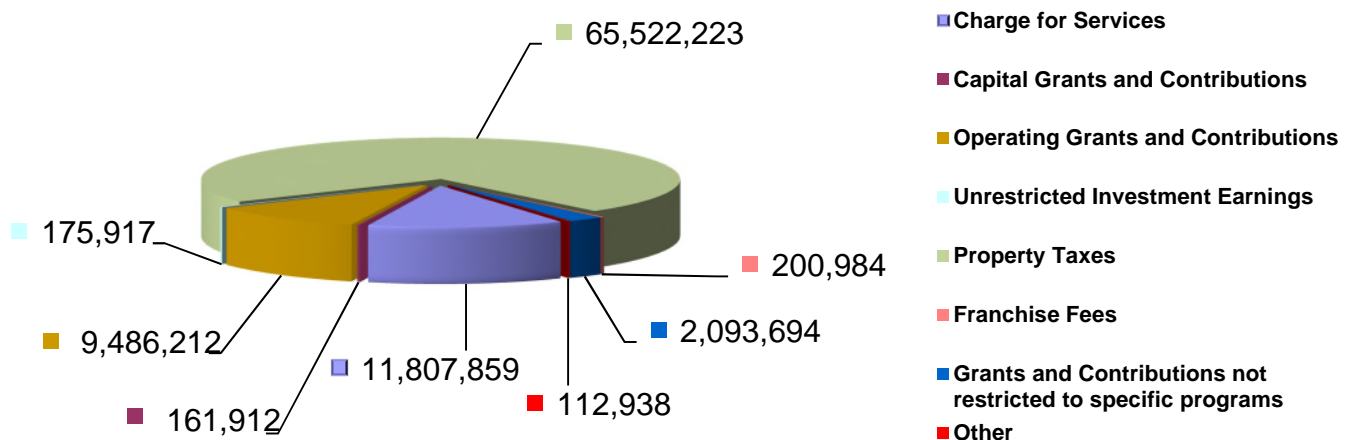
**Town of Scarborough's Changes in Net Position**

|  | <b>2017</b>          | <b>2016</b>          |
|--|----------------------|----------------------|
| Revenues:  |                      |                      |
| Program Revenues:  |                      |                      |
| Charge for services  | \$ 11,807,859        | \$ 11,540,243        |
| Operating grants and contributions                           | 9,486,212            | 8,150,991            |
| Capital grants and contributions                             | 161,912              | 149,582              |
| General Revenues:  |                      |                      |
| Property and excise taxes, levied for general purposes       | 65,522,223           | 63,338,471           |
| Franchise Tax  | 200,984              | 190,592              |
| Grants and contributions not restricted to specific programs | 2,093,694            | 1,710,880            |
| Unrestricted investment earnings                             | 175,917              | 84,783               |
| Other  | 112,938              | 86,117               |
| Total revenues   | 89,561,739           | 85,251,659           |
| Expenses:  |                      |                      |
| General government   | 14,526,261           | 12,728,572           |
| Public Services  | 4,923,303            | 4,733,734            |
| Public Safety  | 11,496,900           | 10,922,234           |
| Public Works   | 8,245,900            | 8,048,143            |
| Education  | 46,499,772           | 42,774,764           |
| Interest on Debt Service                                     | 3,230,297            | 3,435,228            |
| Total expenses   | 88,922,433           | 82,642,675           |
| Increase in net position                                     | 639,306              | 2,608,984            |
| Net position beginning (as restated)                         | 62,452,513           | 59,843,529           |
| <b>Net position ending</b>                                   | <b>\$ 63,091,819</b> | <b>\$ 62,452,513</b> |

### 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 the Town'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**

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At June 30, 2017, the Town of Scarborough's governmental funds reported combined fund balances of \$19,371,072. This is a decrease of \$2,822,654 in comparison with the prior year. Approximately 26.57% of total fund balance or \$5,147,610 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 (\$212,220), 2) restricted for particular purposes (\$4,586,737), 3) committed for particular purposes (\$5,645,977) or 4) assigned for a particular purpose (\$3,778,528).

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 and development in the Haigis TIF district increases.

**Governmental Fund Balance Comparison**

|                          | <u>2017</u>          | <u>2016</u>         |
|--------------------------|----------------------|---------------------|
| General Fund             | \$ 14,284,788        | \$ 14,174,977       |
| Haigis Parkway           | (1,736,553)          | (1,514,495)         |
| Other Governmental Funds | 6,822,837            | 9,533,244           |
| <b>Total</b>             | <b>\$ 19,371,072</b> | <b>\$22,193,726</b> |

As noted earlier, governmental funds reported combined fund balances of \$19,371,072, a decrease of \$2,822,654 compared with the prior year fund balances of \$22,193,726, as restated. Of the \$14,572,115 reported as unrestricted fund balance (total of committed, assigned and unassigned), \$3,499,720 are for special revenue fund projects authorized for specific purposes. \$11,072,395 is available for general fund committed and assigned purposes for which these funds are collected.

The remaining \$4,798,957 of fund balance is restricted to indicate that it is not available for new spending because it has already been allocated for the following:

|                     |  |
|---------------------|--|
| \$ 2,958,307        | Deficit Fund Balances in Special Revenue Funds                   |
| 640,475             | Town Capital Projects  |
| 644,926             | Town Grants  |
| 253,888             | Perpetual Care of Municipal Cemeteries                           |
| 252,709             | Education Funding  |
| 48,652              | Food Service and Fuel Inventory                                  |
| <u>\$ 4,798,957</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 \$3,192,422 from \$3,844,118 in 2016 to \$651,696 in 2017. Expenditures decreased \$370,067 from \$4,872,684 in 2016 to \$4,502,617 in 2017. These decreases in fund balance and expenditures are due to various projects nearing completion.

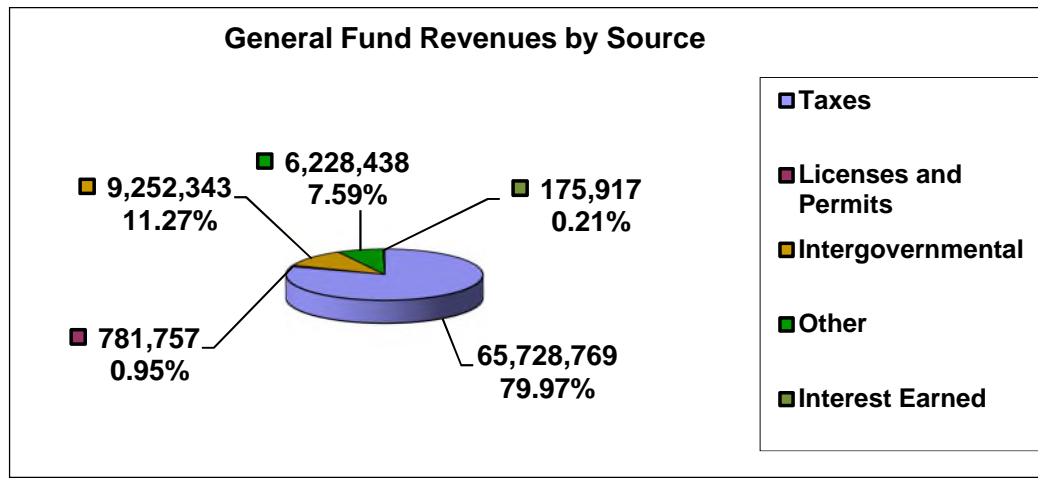
**TOWN OF SCARBOROUGH, MAINE**  
**Management Discussion and Analysis, Continued**

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**General Fund Highlights**

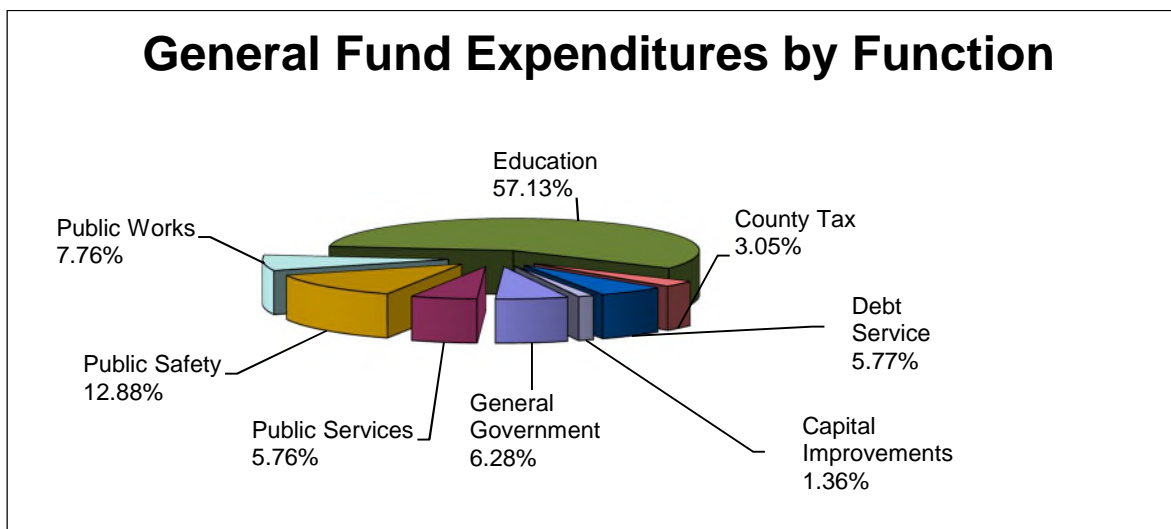
The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2017, total fund balance was \$14,284,788 reflecting an increase of \$109,811 compared to the prior year. Unassigned fund balance in the General Fund was \$6,893,626 compared to total fund balance of \$14,284,788. 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 8.18% of total general fund expenditures while total fund balance represents 16.95% of that same amount.

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



Property Tax revenues increased \$1,827,714 from 2016 to 2017 compared to the 2015 to 2016 increase of \$2,070,872. A comparison of the actual revenues to estimated revenues can be found on page 46 of the financial statements.

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



Actual revenues exceeded estimates by \$669,816 while expenditures came in under budget by \$1,561,981.

**TOWN OF SCARBOROUGH, MAINE**  
**Management Discussion and Analysis, Continued**

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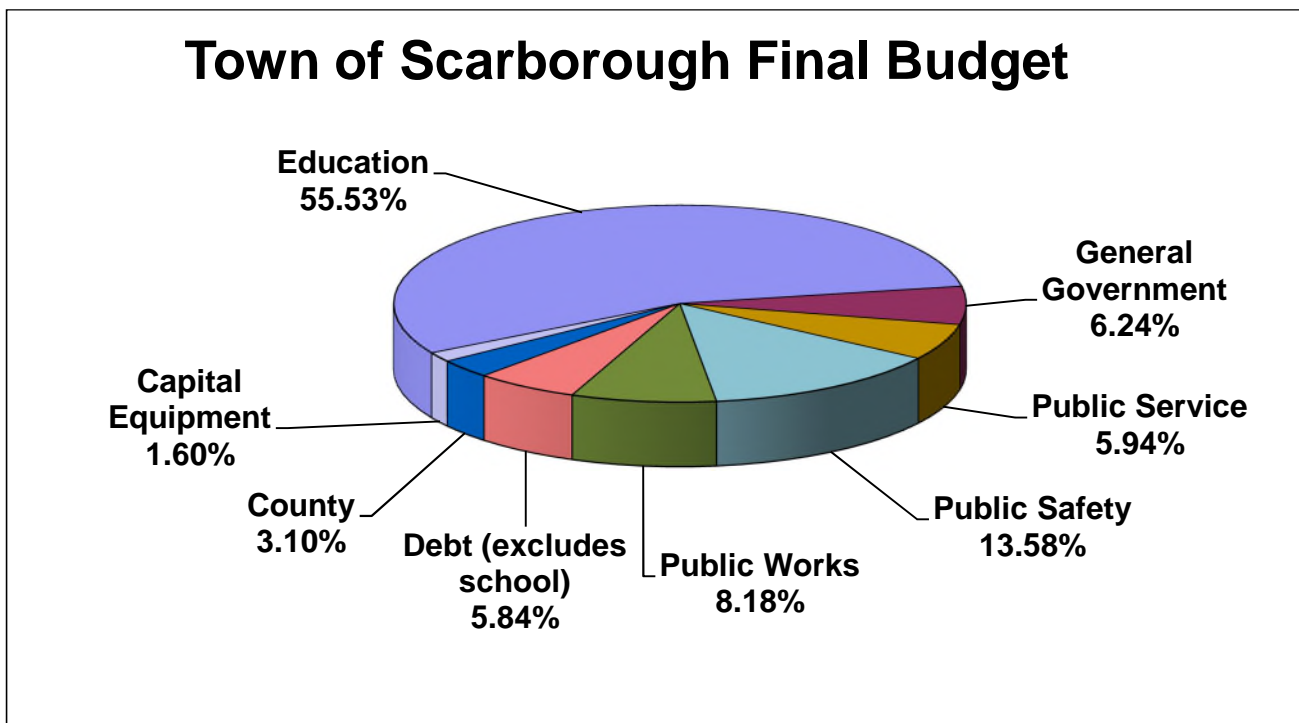
Total general fund expenditures increased \$5,228,390 or 6.87% compared to the prior year. The factors for this increase are:

- General Government increased 8.82% due to the hiring of an Assistant Town Manager, municipal insurance increases and benefit payouts due to long time staff retiring,
- Public Safety increased 7.11% due to the increase in fire personnel,
- Education increased 9.57% as a result of union contractual obligations and increase in debt interest payments,
- County Tax increased 3.03% to help offset the costs of Cumberland County, and
- Capital Equipment purchases increased 10.66% mostly due to the replacement of vehicles.

**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 2017, a total of \$1,676,064 was set aside for the Town for prior year encumbrances and commitments and \$2,101,464 for the School Department was set aside for carryforward to the 2018 budget. The final operating budget for fiscal year 2017 amounted to \$82,862,330 compared to \$78,854,360 for fiscal year 2016.

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





**TOWN OF SCARBOROUGH, MAINE**  
**Management Discussion and Analysis, Continued**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The Town's investment in capital assets for its governmental fund, as of June 30, 2017, amounts to \$147,299,824 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was -.23%.

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><b>2017</b></u>    | <u><b>2016</b></u>    |
|--------------------------|-----------------------|-----------------------|
| Land                     | \$ 7,159,182          | \$ 7,159,182          |
| Buildings                | 81,752,474            | 83,428,950            |
| Vehicles                 | 6,306,675             | 6,087,936             |
| Equipment & Furniture    | 2,151,848             | 1,707,321             |
| Infrastructure           | 46,796,119            | 46,838,939            |
| Construction in Progress | 3,133,526             | 2,420,932             |
| <b>Total</b>             | <b>\$ 147,299,824</b> | <b>\$ 147,643,260</b> |

The Town's infrastructure assets are recorded at historical or estimated historical costs in the government-wide financial statements as required by GASB Statement No. 34. Major capital asset events during the fiscal year ending June 30, 2017 related mostly to various road improvements and rehabilitation, major building improvements and the continued development of the Eastern Trail project.

Additional information on the Town of Scarborough's capital assets can be found in Notes to the Basic Financial Statements on page 59 of this report.

**Long-term Debt.** As of June 30, 2017, the Town had long-term bonds outstanding of \$91,630,000 compared to \$95,920,000 in the prior year resulting in a 4.47% decrease. This debt is backed by the full faith and credit of the Town of Scarborough.

During fiscal year ending June 30, 2017, the Town of Scarborough issued \$2,755,000 in bonds. This bond issue financed projects that included vehicle and equipment purchases, building improvements and road rehabilitation and construction. During the year \$7,045,000 in principal debt was paid.

Additional information relating to the Town's long-term debt can be found in the Notes to Financial Statements on pages 61 - 64 of this report.

**TOWN OF SCARBOROUGH, MAINE**  
**Management Discussion and Analysis, Continued**

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**Outstanding Debt**  
**General Obligation Bonds**

|                   | <u>2017</u>                 | <u>2016</u>                 | <u>2015</u>                 |
|-------------------|-----------------------------|-----------------------------|-----------------------------|
| Municipal         | \$ 24,455,792               | \$ 26,219,153               | \$ 27,519,496               |
| Education         | 59,389,208                  | 61,763,700                  | 63,043,357                  |
| Sewer             | 7,785,000                   | 7,937,147                   | 7,937,147                   |
| <b>Total Debt</b> | <b><u>\$ 91,630,000</u></b> | <b><u>\$ 95,920,000</u></b> | <b><u>\$ 98,500,000</u></b> |

Moody's Investors Service reviewed and assigned a rating of "Aa3" to the Town of Scarborough, Maine, (the Town) 2017 General Obligation (GO) Bonds. Moody's has affirmed the Aa3 rating on all of the Town's outstanding GO debt per its rating report dated May 17, 2017. Moody's Aa3 rating "reflects the Town's moderately sized tax base with above average wealth levels, improving financial position with satisfactory reserves, and manageable debt and pension liabilities." Moody's detailed rating considerations are as follows:

- **Economy and Tax Base.** Scarborough has a 'moderately growing tax base with above average income.' With Scarborough's favorable location in Cumberland County, Moody's believes the Town's diverse tax base will continue to grow and which provides convenient commuter and commercial access to employment and economic centers. The Town's equalized state value went down only slightly during the recession and values have continued to increase for the past four years.
- **Financial Operations and Reserves.** Moody's views Scarborough's overall financial position as stable with satisfactory reserves. The town remains in compliance with its recently updated formal policy.
- **Debt and Pensions.** Moody's sees Scarborough's debt burden remaining elevated if it continues to finance its capital improvement plan but also acknowledges the Town's commitment to increasing pay as you go financing. The Town fully funds its required contributions for pension plans. Moody views the Town's OPEB total liability as "manageable."
- **Management and Governance.** The Town management team employs "conservative budgeting and financial management" as shown in an improving reserve levels, compliance with formal fund balance policy and long term planning for capital improvements.

Standard and Poor's Rating Services (S&P) has affirmed the Town of Scarborough bond rating of "AA+" on the Town's existing GO debt. Additionally, S&P has assigned its "AA+" rating and stable outlook to the Town's series 2017 GO bonds per its rating report dated May 22, 2017. The stable outlook reflects the Town's very strong economy and liquidity. Given the Town's historical fiscal performance, S&P does not expect to change the rating within the two-year outlook period. S&P's rating reflects their judgment of the Town's:

- **Strong Budgetary Performance.** "The Town had operating surpluses of 3.1% of expenditures in the General Fund and 2.0% across all governmental funds. General fund operating results of the Town have been stable over the last three years."
- **Very Strong Economy.** The Town, a primarily residential community, has direct access to Maine's major arteries (Interstates 95, 295 and US Rt. One) connecting it to larger employment centers through Cumberland County. In addition, Scarborough has a sizable employment base that consists of smaller commercial and industrial businesses.
- **Strong Management.** S&P views the Town's management as strong with "good" financial policies and practices under S&P's Financial Management Assessment methodology.
- **Strong Budgetary Flexibility.** Scarborough's budget flexibility is viewed as strong due to an available fund balance in fiscal 2016 of 11% of operating expenditures. "The Town has consistently maintained this strong flexibility over the last three years and is expected to end fiscal 2017 with another increase." In addition, the Town has updated its formal reserve policy, which now targets its unassigned fund balance to be maintained at 10% of the budget.

**TOWN OF SCARBOROUGH, MAINE**  
**Management Discussion and Analysis, Continued**

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- Very Strong Liquidity. The Town's total government available cash at 20.4% of total governmental fund expenditures and 3.5x governmental debt service, and 'has strong access to eternal liquidity if necessary.'
- Strong Debt and Contingent Liability Profile. Scarborough's debt service carrying charges at 5.8% of expenditures and net direct debt that is 114.1% of total governmental fund revenue. 'Overall net debt is at 2.9% of market value, which S&P views as a positive credit factor.'
- Strong institutional framework. 'The score for institutional framework for Maine municipalities is strong.'

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 2018 were to have:

### *OUTCOMES:*

- Enhance financial management practices.
- Increase communications on the budget process.
- Manage the annual budget to a reasonable and sustainable level.
- Improve data availability used to inform decision-making.

### *ACTIONS:*

- Develop and execute a Communications Plan and standardize the practices.
- Approve a Town wide budget that keeps the tax rate increase to less than or around 3%.
- Approve standardized metrics, dashboards and benchmarks by December 31, 2017.

This budget reflects a \$1,438,996 loss of General Purpose Aid to Education (GPA). This is a 40.1% decrease from FY2017 and a 69.6% decrease since FY2009. This annual GPA volatility is over since Scarborough is now considered a minimal receiver community thereby receiving the minimum GPA allowed by the State.

In cooperation with the Scarborough School Department, the Town of Scarborough has worked to develop a five-year capital budget plan to manage and plan for the long term capital needs of our community.

The Town of Scarborough continues to look for ways to improve the budget process and budget document. For the fiscal 2018 budget, an "At a Glance" infographic summary of each department was added to the budget document to complement each department's organizational information. The Town of Scarborough 2018 Budget Document can be found at <http://www.scarboroughmaine.org/Town Government/Budget>.

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

|      |  |
|------|--|
| 2018 | \$3,785,488,342, an increase of \$9,125,842 over 2017,                               |
| 2017 | \$3,776,362,500, an increase of \$30,814,400 over 2016,                              |
| 2016 | \$3,745,548,100, an increase of \$45,058,400 over 2015,                              |
| 2015 | \$3,700,489,700, an increase of \$40,184,000 over the 2014 value of \$3,660,305,700. |

The 2018 property tax rate of \$16.49 is 3.58% higher than the 2017 tax rate of \$15.92. Maine municipalities have taxing authority for property taxes alone. Only, the State of Maine can assess sales and income taxes.

**TOWN OF SCARBOROUGH, MAINE**  
**Management Discussion and Analysis, Continued**

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The Town of Scarborough recognizes the importance of maintaining an appropriate level of fund balance. Below is a listing of the approved use of fund balance since 2014.

Per the Town of Scarborough's Fund Balance policy, as amended, funds in excess of 12% may be used toward property tax stabilization or for capital needs. For fiscal 2018, the school anticipates using fund balance for operational needs and repayment of debt.

|      |              |      |            |
|------|--------------|------|------------|
| 2018 | \$ 2,100,000 | 2015 | \$ 800,000 |
| 2017 | \$ 952,888   | 2014 | \$ 200,000 |
| 2016 | \$ 425,000   |      |            |

As stated earlier, the Town Council amended the fund balance policy. Once the fund balance level of 12% is achieved, the intent is to dedicate any excess balances towards major capital improvements or property tax stabilization.

Below is a comparison of the 2016, 2017 and 2018 budgets (excluding carry forwards).

|                                  | <b>2018</b>          | <b>2017</b>          | <b>2016</b>          |
|----------------------------------|----------------------|----------------------|----------------------|
| Administration                   | \$ 2,238,284         | \$ 2,020,725         | \$ 1,775,296         |
| Finance Department               | 1,030,572            | 955,618              | 992,910              |
| Information Systems              | 1,207,438            | 1,188,613            | 1,163,646            |
| Planning Department              | 976,741              | 953,915              | 918,035              |
| Community Services               | 2,729,722            | 2,748,857            | 2,656,296            |
| Library                          | 1,130,246            | 1,099,898            | 1,022,538            |
| Economic Development             | 234,773              | 224,694              | 215,180              |
| General Assistance               | 30,211               | 29,656               | 29,156               |
| Fire/Rescue/EMA Department       | 5,043,056            | 4,856,621            | 4,246,296            |
| Public Safety Department         | 6,415,138            | 6,282,325            | 5,861,456            |
| Public Works Department          | 6,762,140            | 6,755,141            | 6,718,059            |
| Debt Service                     | 4,817,198            | 4,840,496            | 4,906,499            |
| Capital Equipment                | 1,040,617            | 1,148,470            | 892,030              |
| <b>Total Municipal Operating</b> | <b>33,656,136</b>    | <b>33,105,029</b>    | <b>31,397,397</b>    |
| Education                        | 47,307,869           | 46,037,872           | 43,725,308           |
| County Tax                       | 2,709,666            | 2,568,852            | 2,493,342            |
| <b>Total Operating Budget</b>    | <b>83,673,671</b>    | <b>81,711,753</b>    | <b>77,616,047</b>    |
| School Food Services             | 1,521,802            | 1,471,066            | 1,495,568            |
| Capital Improvement-Municipal    | 3,838,750            | 2,113,632            | 2,657,750            |
| Capital Improvement-School       | 1,396,200            | 1,380,830            | 1,297,451            |
| TIFs and Overlay                 | 987,054              | 1,081,403            | 1,448,286            |
| <b>Total Budget</b>              | <b>\$ 91,417,477</b> | <b>\$ 87,758,684</b> | <b>\$ 84,515,102</b> |

**REQUEST FOR INFORMATION**

For all those with and interest in the Town of Scarborough, this financial report is designed to provide a general overview of the Town of Scarborough's finances. 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 [reporter@scarboroughmaine.org](mailto:reporter@scarboroughmaine.org).

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# Town of Scarborough Maine Comprehensive Annual Financial Report



## Basic Financial Statements

*Project of the Year 2017: New Build – Martin's Point Health Care*



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**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Net Position**  
**June 30, 2017**

|  | Governmental<br>Activities | Component<br>Unit Public<br>Library |
|--|----------------------------|-------------------------------------|
| <b>ASSETS</b>                                  |                            |                                     |
| Cash and cash equivalents                      | \$ 18,166,134              | 153,434                             |
| Investments                                    | 7,232,008                  | 599,878                             |
| Receivables:                                   |                            |                                     |
| Accounts, net                                  | 920,033                    | 1,952                               |
| Intergovernmental                              | 334,537                    | -                                   |
| Taxes receivable                               | 157,657                    | -                                   |
| Tax liens                                      | 778,838                    | -                                   |
| Tax acquired property                          | 7,231                      | -                                   |
| Inventory                                      | 48,652                     | 1,230                               |
| Notes receivable                               | 1,221,755                  | -                                   |
| Capital assets, not being depreciated          | 10,292,708                 | -                                   |
| Capital assets, net                            | 137,007,116                | 767,235                             |
| Total Assets                                   | 176,166,669                | 1,523,729                           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>          |                            |                                     |
| Deferred charge on refunding                   | 2,197,594                  | -                                   |
| Deferred pension items                         | 5,800,872                  | -                                   |
| Total deferred outflows of resources           | 7,998,466                  | -                                   |
| <b>LIABILITIES</b>                             |                            |                                     |
| Accounts payable and other current liabilities | 3,842,825                  | 12,573                              |
| Accrued payroll and other related liabilities  | 4,709,522                  | 50,025                              |
| Unearned revenues                              | 58,208                     | -                                   |
| Accrued interest                               | 547,421                    | -                                   |
| Noncurrent liabilities:                        |                            |                                     |
| Due within one year                            | 7,273,179                  | -                                   |
| Due in more than one year                      | 102,636,296                | -                                   |
| Total Liabilities                              | 119,067,451                | 62,598                              |
| <b>DEFERRED INFLOWS OF RESOURCES - PENSION</b> | 2,005,865                  | -                                   |
| <b>NET POSITION</b>                            |                            |                                     |
| Net investment in capital assets               | 61,708,817                 | 767,235                             |
| Restricted for:                                |                            |                                     |
| Nonexpendable trust principal                  | 163,568                    | 106,784                             |
| Expendable trust - income portion              | 90,320                     | -                                   |
| Town grants and projects                       | 1,285,401                  | -                                   |
| Education                                      | 2,343,952                  | -                                   |
| Unrestricted                                   | (2,500,239)                | 587,112                             |
| Total Net Position                             | \$ 63,091,819              | 1,461,131                           |

*See accompanying notes to financial statements.*

**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Activities**  
**For the year ended June 30, 2017**

| Functions/programs  | Expenses             | Program revenues     |                                    |                                  | Net (expense) revenue and changes in net assets |                  |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|------------------|
|   |                      | Charges for services | Operating grants and contributions | Capital grants and contributions | Primary government                              | Component unit   |
|   |                      |                      |                                    |                                  | Governmental activities                         | Public Library   |
| <b>Primary government:</b>                                    |                      |                      |                                    |                                  |   |                  |
| Governmental activities:                                      |                      |                      |                                    |                                  |   |                  |
| General government  | \$ 14,526,261        | 2,821,305            | 601,439                            | 161,912                          | (10,941,605)                                    | -                |
| Public services   | 4,923,303            | 2,883,349            | 10,952                             | -                                | (2,029,002)                                     | -                |
| Public safety   | 11,496,900           | 3,094,403            | 182,434                            | -                                | (8,220,063)                                     | -                |
| Public works  | 8,245,900            | 1,740,432            | 317,212                            | -                                | (6,188,256)                                     | -                |
| Education   | 46,499,772           | 1,268,370            | 8,374,175                          | -                                | (36,857,227)                                    | -                |
| Interest on debt service                                      | 3,230,297            | -                    | -                                  | -                                | (3,230,297)                                     | -                |
| Total governmental activities                                 | 88,922,433           | 11,807,859           | 9,486,212                          | 161,912                          | (67,466,450)                                    | -                |
| <b>Total primary government</b>                               | <b>\$ 88,922,433</b> | <b>11,807,859</b>    | <b>9,486,212</b>                   | <b>161,912</b>                   | <b>(67,466,450)</b>                             | <b>-</b>         |
| <b>Component unit:</b>  |                      |                      |                                    |                                  |   |                  |
| Scarborough Public Library                                    | \$ 1,277,692         | -                    | 1,250,197                          | -                                | -   | (27,495)         |
| General revenues:   |                      |                      |                                    |                                  |   |                  |
| Property taxes, levied for general purposes                   |                      |                      |                                    | \$ 59,446,339                    |   | -                |
| Excise taxes  |                      |                      |                                    | 5,902,844                        |   | -                |
| Payments in lieu of taxes                                     |                      |                      |                                    | 71,450                           |   | -                |
| Interest and costs on taxes                                   |                      |                      |                                    | 101,590                          |   | -                |
| Franchise Tax   |                      |                      |                                    | 200,984                          |   | -                |
| Grants and contributions not restricted to specific programs: |                      |                      |                                    |                                  |   |                  |
| Homestead exemption and business equipment exemption          |                      |                      |                                    | 1,098,137                        |   | -                |
| Other State aid   |                      |                      |                                    | 198,254                          |   | -                |
| State Revenue Sharing   |                      |                      |                                    | 797,303                          |   | -                |
| Unrestricted investment earnings                              |                      |                      |                                    | 175,917                          |   | -                |
| Other   |                      |                      |                                    | 112,938                          |   | -                |
| Total general revenues  |                      |                      |                                    | 68,105,756                       |   | -                |
| Change in net position  |                      |                      |                                    |                                  | 639,306   | (27,495)         |
| Net position - beginning, (as restated - primary government)  |                      |                      |                                    |                                  | 62,452,513                                      | 1,488,626        |
| <b>Net position - ending</b>                                  |                      |                      |                                    |                                  | <b>\$ 63,091,819</b>                            | <b>1,461,131</b> |

*See accompanying notes to financial statements.*

## TOWN OF SCARBOROUGH, MAINE

Balance Sheet  
Governmental Funds  
June 30, 2017

|   | General              | Haigis<br>Parkway<br>Assessments | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|----------------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>   |                      |                                  |                                |                                |
| Cash and cash equivalents   | \$ 17,372,662        |                                  | 793,472                        | 18,166,134                     |
| Investments   | 645,900              |                                  | 6,586,108                      | 7,232,008                      |
| Receivables:  |                      |                                  |                                |                                |
| Accounts, net   | 800,919              |                                  | 119,114                        | 920,033                        |
| Intergovernmental   | 199,023              |                                  | 135,514                        | 334,537                        |
| Taxes receivable  | 157,657              |                                  | -                              | 157,657                        |
| Tax liens   | 778,838              |                                  | -                              | 778,838                        |
| Interfund loans receivable  | 2,666,910            |                                  | 554,429                        | 3,221,339                      |
| Tax acquired property   | 7,231                |                                  | -                              | 7,231                          |
| Inventory   | 12,598               |                                  | 36,054                         | 48,652                         |
| Notes receivable  | -                    | 1,221,755                        | -                              | 1,221,755                      |
| <b>Total assets</b>   | <b>\$ 22,641,738</b> | <b>1,221,755</b>                 | <b>8,224,691</b>               | <b>32,088,184</b>              |
| <b>LIABILITIES AND FUND BALANCES</b>  |                      |                                  |                                |                                |
| Liabilities:  |                      |                                  |                                |                                |
| Accounts payable and other current liabilities  | 2,704,002            |                                  | 1,138,823                      | 3,842,825                      |
| Accrued payroll and other related liabilities   | 4,709,522            |                                  | -                              | 4,709,522                      |
| Accrued compensated absences  | 99,129               |                                  | -                              | 99,129                         |
| Interfund loans payable   | -                    | 2,958,308                        | 263,031                        | 3,221,339                      |
| Unearned revenues   | 58,208               | -                                | -                              | 58,208                         |
| <b>Total liabilities</b>  | <b>7,570,861</b>     | <b>2,958,308</b>                 | <b>1,401,854</b>               | <b>11,931,023</b>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                      |                                  |                                |                                |
| Unavailable revenue-property taxes  | 786,089              |                                  | -                              | 786,089                        |
| <b>Total deferred inflows of resources</b>  | <b>786,089</b>       | <b>-</b>                         | <b>-</b>                       | <b>786,089</b>                 |
| Fund balances:  |                      |                                  |                                |                                |
| Nonspendable Permanent Fund Principal   |                      |                                  | 163,568                        | 163,568                        |
| Nonspendable Inventory  | 12,598               |                                  | 36,054                         | 48,652                         |
| Restricted for Town   | 2,958,307            |                                  | 1,375,721                      | 4,334,028                      |
| Restricted for Education  | 241,488              |                                  | 11,221                         | 252,709                        |
| Committed - General Fund  | 400,241              |                                  | -                              | 400,241                        |
| Committed - Education   | -                    |                                  | 403,525                        | 403,525                        |
| Committed - Special Revenues  | -                    |                                  | 4,842,211                      | 4,842,211                      |
| Assigned - General Fund   | 1,676,064            |                                  | -                              | 1,676,064                      |
| Assigned - Education  | 2,102,464            |                                  | -                              | 2,102,464                      |
| Unassigned Town   | 6,893,626            | (1,736,553)                      | (9,463)                        | 5,147,610                      |
| <b>Total fund balances</b>  | <b>14,284,788</b>    | <b>(1,736,553)</b>               | <b>6,822,837</b>               | <b>19,371,072</b>              |
| <b>Total liabilities, deferred inflows of resources and fund balances</b>   | <b>\$ 22,641,738</b> | <b>1,221,755</b>                 | <b>8,224,691</b>               |                                |
| 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.   |                      |                                  |                                | 147,299,824                    |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.  |                      |                                  |                                | 786,089                        |
| Deferred charge on refunding is not a financial resource and, therefore, is not reported in the funds   |                      |                                  |                                | 2,197,594                      |
| Long-term liabilities, including related deferred inflows and outflows, are not due and payable in the current period and therefore, are not reported in the funds. |                      |                                  |                                |                                |
| Bonds payable, including issuance premiums  |                      |                                  |                                | (96,679,838)                   |
| Accrued interest  |                      |                                  |                                | (547,421)                      |
| Landfill liability  |                      |                                  |                                | (405,084)                      |
| Other postemployment benefits liability   |                      |                                  |                                | (1,899,707)                    |
| Net pension liability with related deferred inflows and outflows of resources   |                      |                                  |                                | (4,695,080)                    |
| Accrued compensated absences  |                      |                                  |                                | (2,335,630)                    |
| <b>Net position of governmental activities</b>  |                      |                                  |                                | <b>\$ 63,091,819</b>           |

**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2017**

|   | General              | Haigis<br>Parkway<br>Assessments | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|----------------------------------|--------------------------------|--------------------------------|
| Revenues:   |                      |                                  |                                |                                |
| Taxes   | \$ 65,728,769        | -                                | 220,500                        | 65,949,269                     |
| Licenses and permits  | 781,757              | -                                | -                              | 781,757                        |
| Intergovernmental   | 9,252,343            | -                                | 1,701,311                      | 10,953,654                     |
| Interest earned   | 175,917              | 2,284                            | 248,289                        | 426,490                        |
| Donations   | -                    | -                                | 673,858                        | 673,858                        |
| Sale of lots  | -                    | -                                | 8,390                          | 8,390                          |
| Assessments and impact fees   | -                    | -                                | 2,573,583                      | 2,573,583                      |
| Other   | 6,228,438            | -                                | 1,708,312                      | 7,936,750                      |
| Total revenues  | 82,167,224           | 2,284                            | 7,134,243                      | 89,303,751                     |
| Expenditures:   |                      |                                  |                                |                                |
| Current:  |                      |                                  |                                |                                |
| General government  | 5,290,189            | -                                | -                              | 5,290,189                      |
| Public services   | 4,852,147            | -                                | -                              | 4,852,147                      |
| Public safety   | 10,845,773           | -                                | -                              | 10,845,773                     |
| Public works  | 6,529,061            | -                                | -                              | 6,529,061                      |
| Education   | 48,091,286           | -                                | 2,705,670                      | 50,796,956                     |
| County tax  | 2,568,852            | -                                | -                              | 2,568,852                      |
| Debt service  | 4,857,655            | -                                | -                              | 4,857,655                      |
| Capital improvements  | 1,148,329            | -                                | 5,352,334                      | 6,500,663                      |
| Other   | 173,207              | 34                               | 2,466,868                      | 2,640,109                      |
| Total expenditures  | 84,356,499           | 34                               | 10,524,872                     | 94,881,405                     |
| Excess (deficiency) of revenues over expenditures                                       | (2,189,275)          | 2,250                            | (3,390,629)                    | (5,577,654)                    |
| Other financing sources (uses):   |                      |                                  |                                |                                |
| Transfers in  | 2,498,932            | 145,692                          | 563,077                        | 3,207,701                      |
| Transfers out   | (774,116)            | (370,000)                        | (2,063,585)                    | (3,207,701)                    |
| General obligation bonds  | 574,270              | -                                | 2,180,730                      | 2,755,000                      |
| Total other financing sources (uses)  | 2,299,086            | (224,308)                        | 680,222                        | 2,755,000                      |
| Net change in fund balances   | 109,811              | (222,058)                        | (2,710,407)                    | (2,822,654)                    |
| Fund balances (deficit), beginning of year,<br>(as restated - other governmental funds) | 14,174,977           | (1,514,495)                      | 9,533,244                      | 22,193,726                     |
| <b>Fund balances (deficit), end of year</b>   | <b>\$ 14,284,788</b> | <b>(1,736,553)</b>               | <b>6,822,837</b>               | <b>19,371,072</b>              |

*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, 2017**

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) | \$ | (2,822,654) |
|--|----|-------------|

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                | \$4,414,634 | (343,215) |
| Depreciation expense           | (4,477,091) |           |
| Net book value of dispositions | (280,758)   |           |

|  |          |
|--|----------|
| Revenues in the statement of activities that do not provide<br>current financial resources are not reported as revenues in<br>the funds. | (77,011) |
|--|----------|

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  | 19,938    |
| Landfill  | 4,050     |
| Compensated absences  | (101,176) |
| Other postemployment benefits liability                               | (144,292) |
| Net pension liability with deferred outflows and inflows of resources | (509,384) |

|   |         |
|---|---------|
| Repayment of capital lease principal is an expenditure in the<br>governmental funds, but the repayment reduces long-term<br>liabilities in the statement of net assets. | 199,715 |
|---|---------|

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 | \$ (2,755,000) |           |
| General obligation bond payments | 7,045,000      |           |
| Amortization of bond premiums    | 265,650        |           |
| Amortization of deferred charge  | ( 142,315)     | 4,413,335 |

|  |           |                |
|--|-----------|----------------|
| <b>Change in net position of governmental activities (see Statement 2)</b> | <b>\$</b> | <b>639,306</b> |
|--|-----------|----------------|

*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, 2017**

|   | Budgeted amounts |             | Actual            | Variance with<br>final budget<br>positive<br>(negative) |
|---|------------------|-------------|-------------------|---|
|   | Original         | Final       |                   |   |
| Revenues:   |                  |             |                   |   |
| Taxes   | \$ 65,336,909    | 65,336,909  | 65,728,769        | 391,860   |
| Licenses and permits                                      | 727,805          | 727,805     | 781,757           | 53,952  |
| Intergovernmental   | 6,373,204        | 6,373,204   | 6,322,343         | (50,861)  |
| Interest earned   | 15,000           | 15,000      | 175,917           | 160,917   |
| Unclassified  | 6,114,490        | 6,114,490   | 6,228,438         | 113,948   |
| Total revenues  | 78,567,408       | 78,567,408  | 79,237,224        | 669,816   |
| Expenditures:   |                  |             |                   |   |
| Current:  |                  |             |                   |   |
| General government  | 5,166,619        | 5,166,619   | 5,337,246         | (170,627)   |
| Public services   | 4,923,293        | 4,923,293   | 4,852,147         | 71,146  |
| Public safety   | 11,252,354       | 11,252,354  | 10,845,773        | 406,581   |
| Public works  | 6,774,857        | 6,774,857   | 6,529,061         | 245,796   |
| Education   | 46,013,985       | 46,013,985  | 45,161,286        | 852,699   |
| County tax  | 2,568,852        | 2,568,852   | 2,568,852         | -   |
| Debt service  | 4,840,496        | 4,840,496   | 4,857,655         | (17,159)  |
| Capital improvements                                      | 1,321,874        | 1,321,874   | 1,148,329         | 173,545   |
| Total expenditures  | 82,862,330       | 82,862,330  | 81,300,349        | 1,561,981   |
| Excess (deficiency) of revenues over expenditures         | (4,294,922)      | (4,294,922) | (2,063,125)       | 2,231,797   |
| Other financing sources (uses):                           |                  |             |                   |   |
| Transfers in  | 2,524,007        | 2,524,007   | 2,498,932         | (25,075)  |
| Transfers out   | (170,692)        | (170,692)   | (774,116)         | (603,424)   |
| Utilization of surplus                                    | 1,588,314        | 1,588,314   | -                 | (1,588,314)   |
| General obligation bonds                                  | 526,500          | 526,500     | 574,270           | 47,770  |
| Refunding bond issued                                     | -                | -           | -                 | -   |
| Premium received on refunded bonds                        | -                | -           | -                 | -   |
| Premium received on issued bonds                          | -                | -           | -                 | -   |
| Payment to refunding bond escrow agent                    | -                | -           | -                 | -   |
| Overlay   | (173,207)        | (173,207)   | (173,207)         | -   |
| Total other financing sources (uses)                      | 4,294,922        | 4,294,922   | 2,125,879         | (2,169,043)   |
| Net change in fund balances - budgetary basis             |                  |             | 62,754            | 62,754  |
| Reconciliation to GAAP basis:                             |                  |             |                   |   |
| Change in current portion of accrued compensated absences |                  |             | 47,057            |   |
| Net change in fund balances - GAAP basis                  |                  |             | 109,811           |   |
| Fund balance, beginning of year                           |                  |             | 14,174,977        |   |
| <b>Fund balance, end of year</b>                          | <b>\$</b>        |             | <b>14,284,788</b> |   |

*See accompanying notes to financial statements.*

**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

|                           |    | <b>Private-purpose<br/>Trust<br/>Funds<br/>(Scholarships)</b> | <b>Agency<br/>Funds</b> |
|---------------------------|----|---|-------------------------|
| <b>ASSETS</b>             |    |   |                         |
| Cash and cash equivalents | \$ | -   | 333,153                 |
| Investments               |    | 225,428   | -                       |
| <b>Total assets</b>       |    | <b>225,428</b>  | <b>333,153</b>          |
| <b>LIABILITIES</b>        |    |   |                         |
| Due to student groups     |    | -   | 333,153                 |
| <b>Total liabilities</b>  |    | <b>-</b>  | <b>333,153</b>          |
| <b>NET POSITION</b>       |    |   |                         |
| Held in trust             | \$ | <b>225,428</b>  | <b>-</b>                |

*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, 2017**

|                                  | <b>Private-purpose<br/>Trust<br/>Funds<br/>(Scholarships)</b> |
|----------------------------------|---|
| Additions:                       |   |
| Donations                        | \$ 150  |
| Interest and dividends           | 1,039   |
| Total additions                  | 1,189   |
| Deductions:                      |   |
| School scholarships              | 5,900   |
| Total deductions                 | 5,900   |
| Change in net position           | (4,711)   |
| Net position, beginning of year  | 230,139   |
| <b>Net position, end of year</b> | <b>\$ 225,428</b>   |

*See accompanying notes to financial statements.*

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the Town of Scarborough conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 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 blended presentation method. The Town provided \$220,133, or 96.7% of total revenues, to SEDCO for the year ended June 30, 2017.

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 \$1,099,898, or 91.1% of total revenues, to the Library for the year ended June 30, 2017.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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 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 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.

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



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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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.

**Fair Value Measurements** - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Town uses various methods, including market, income and cost approaches. Based on these approaches, the Town often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Town is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the Town performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

**Accounts Receivable and Notes Receivable** – Management has reviewed accounts receivable and notes receivable for collectability and has determined that an allowance for uncollectible accounts is not necessary with the exception of rescue billing receivables.

**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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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. When applicable, donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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, 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.

**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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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 in the statement of net position. 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 and it is from 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.
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. Any funds set aside as Assigned Fund Balance must be reported to the Town Council. The Town Manager has authorized carry forward balances to be used to offset 2018 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. The General Fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, when fund balance is negative, the negative amount is reported as unassigned.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**Minimum Fund Balance Policy** – The Town’s fund balance policy sets a goal for unassigned fund balance equal to 10.0% of Scarborough’s Operating Budget for the prior fiscal year and to not fall below 8.33% (or 1/12) of Scarborough’s Operating Budget.

Once the Town achieves an unassigned fund balance equal to 10.0% of Scarborough’s Operating Budget, any excess above 12% must be assigned by any combination to one of the following:

- a. Retained in nonspendable and restricted accounts that offset unfunded liabilities, and/or
- b. Retained in assigned accounts that may be used in future budget cycles as a property tax stabilization; available for use during a catastrophic event, and/or
- c. Funding future capital expenditures and/or projects, and/or
- d. The retirement of debt, and/or
- e. A taxpayer refund.

In the event that the balance drops below the established minimum level, the Town Council will develop a plan to replenish the fund balance to the established minimum level within two years.

**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, 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.

**E. Recently Adopted Accounting Pronouncements**

In August 2015, the GASB issued GASB Statement No. 77, *Tax Abatement Disclosure*. This pronouncement established reporting standards for disclosure of information about the nature and magnitude of tax abatements. The new statement is effective for periods beginning after December 15, 2016 and was adopted by the Town as of June 30, 2017. The adoption of this statement is disclosed on page 77.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**F. Recent Accounting Pronouncements**

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plan Other Than Pension Plans (OPEB)*. This statement improves accounting and financial reporting for OPEB. This statement replaces GASB Statement No. 45 and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense. The new statement is effective for periods beginning after June 15, 2017.

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**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<br>and other<br><u>sources</u> | Expenditures<br>and other<br><u>uses</u> |
|--|---|--|
| 2016-2017 budget as adopted                | \$82,772,156                            | \$82,772,156                             |
| Budgetary adjustments:                     |   |  |
| Subsequent authorization                   | -                                       | -  |
| Prior year encumbrances and carry forwards | 434,073                                 | 434,073                                  |
| <b>Total adjusted budget</b>               | <b>\$ 83,206,229</b>                    | <b>\$ 83,206,229</b>                     |

**B. Deficit Fund Balance**

At June 30, 2017, the following special revenue and capital projects funds had deficit fund balances:

The Haigis Parkway Assessments Fund had a deficit of \$1,736,553. 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**

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**DEPOSITS AND INVESTMENTS**

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**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, 2017, the Town reported deposits of \$18,499,287 with a bank balance of \$18,720,029. Of the Town's bank balances of \$18,720,029, \$152,688 was exposed to custodial credit risk because it was not covered by the F.D.I.C. or was not 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 | \$18,166,134        |
| Reported in fiduciary funds    | 333,153             |
| <b>Total deposits</b>          | <b>\$18,499,287</b> |

At June 30, 2017, the Scarborough Public Library's cash balances was \$153,434, all of which was covered by F.D.I.C. insurance.

**B. Investments**

At June 30, 2017, the Town had the following investments and maturities:

|  | <u>Fair<br/>value</u> | <u>Less than<br/>1 year</u> | <u>1-5 years</u> | <u>More than<br/>5 years</u> |
|--|-----------------------|-----------------------------|------------------|------------------------------|
| Money markets and repurchase<br>agreements | \$7,457,436           | \$7,457,436                 | -                | -                            |
| <b>Total investments</b>                   | <b>\$7,457,436</b>    | <b>\$7,457,436</b>          | -                | -                            |

Investments have been reported as follows:

|                                |                    |
|--------------------------------|--------------------|
| Reported in governmental funds | \$7,232,008        |
| Reported in fiduciary funds    | 225,428            |
| <b>Total investments</b>       | <b>\$7,457,436</b> |

For fair value measurement purposes all investments are categorized as Level 1, there are no investments categorized as Level 2 or Level 3.

*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**

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**PROPERTY TAX**

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Property taxes for the current year were committed on August 19, 2016, 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 17, 2016 and 50% on March 15, 2017. 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, 2017 and the Town's value was 94% of the 2017 State valuation of \$3,899,350,000.

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 \$173,207 for the year ended June 30, 2017.

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, 2017 levy:

|                                       |                   |
|---------------------------------------|-------------------|
| Assessed value                        | \$ 3,776,362,500  |
| Tax rate (per \$1,000)                | 15.92             |
| Commitment                            | 60,119,691        |
| <br>Supplemental taxes assessed       | <br>11,618        |
|                                       | 60,131,309        |
| <br>Less - collections and abatements | <br>59,613,619    |
| <b>Receivable at June 30</b>          | <b>517,690</b>    |
| <br>Consisting of:                    |                   |
| Taxes                                 | \$ 26,527         |
| Liens                                 | 491,163           |
| <b>Receivable at June 30</b>          | <b>\$ 517,690</b> |
| <br>Collection rate                   | <br>99.14%        |

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

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**CAPITAL ASSETS**

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Capital asset activity for the year ending June 30, 2017 was as follows:

|  | Balance<br>June 30, 2016 | Increases        | Decreases        | Balance<br>June 30, 2017 |
|--|--------------------------|------------------|------------------|--------------------------|
| <b>Governmental activities:</b>                    |                          |                  |                  |                          |
| Capital assets, not being depreciated:             |                          |                  |                  |                          |
| Land   | \$ 7,159,182             | \$ -             | \$ -             | \$ 7,159,182             |
| Deposit Equipment                                  | -                        | -                | -                | -                        |
| Construction in progress                           | 2,420,932                | 908,496          | 195,902          | 3,133,526                |
| <b>Total capital assets, not being depreciated</b> | <b>9,580,114</b>         | <b>908,496</b>   | <b>195,902</b>   | <b>10,292,708</b>        |
| Capital assets, being depreciated:                 |                          |                  |                  |                          |
| Buildings  | 103,093,298              | 98,816           | -                | 103,192,114              |
| Vehicles   | 14,252,751               | 1,802,802        | 1,227,546        | 14,828,007               |
| Equipment and furniture                            | 6,579,762                | 854,686          | 125,566          | 7,308,882                |
| Infrastructure                                     | 59,292,751               | 945,515          | 3,891            | 60,234,375               |
| <b>Total capital assets being depreciated</b>      | <b>183,218,561</b>       | <b>3,701,819</b> | <b>1,357,003</b> | <b>185,563,377</b>       |
| Less accumulated depreciation for:                 |                          |                  |                  |                          |
| Buildings  | 19,664,348               | 1,775,292        | -                | 21,439,640               |
| Vehicles   | 8,164,815                | 1,327,727        | 971,210          | 8,521,332                |
| Equipment and furniture                            | 4,872,441                | 389,080          | 104,487          | 5,157,034                |
| Infrastructure                                     | 12,453,811               | 984,991          | 547              | 13,438,255               |
| <b>Total accumulated depreciation</b>              | <b>45,155,415</b>        | <b>4,477,091</b> | <b>1,076,245</b> | <b>48,556,261</b>        |
| <b>Total capital assets being depreciated, net</b> | <b>138,063,146</b>       | <b>(775,272)</b> | <b>280,758</b>   | <b>137,007,116</b>       |
| <b>Governmental activities capital assets, net</b> | <b>\$147,643,260</b>     | <b>\$133,224</b> | <b>\$476,660</b> | <b>\$147,299,824</b>     |

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

|   |                     |
|---|---------------------|
| Governmental activities:  |                     |
| General government  | \$ 375,502          |
| Public services   | 64,550              |
| Public safety   | 537,116             |
| Public works, including depreciation of general infrastructure assets | 1,666,915           |
| Education   | 1,833,008           |
| <b>Total depreciation expense – governmental activities</b>           | <b>\$ 4,477,091</b> |

Capital assets for the Scarborough Public Library discretely presented component unit are as follows:

|                                    | <u>Library</u>    |
|------------------------------------|-------------------|
| Buildings                          | \$1,670,741       |
| Furniture and fixtures             | 713,958           |
| Books                              | 900,902           |
| Total                              | 3,285,601         |
| Less accumulated depreciation      | (2,518,366)       |
| <b>Property and equipment, net</b> | <b>\$ 767,235</b> |
| <b>Depreciation expense</b>        | <b>\$ 139,664</b> |

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

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**INTERFUND BALANCES**

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Interfund balances result from the sharing of pooled cash and investments. Individual interfund loans receivables and loans payables at June 30, 2017, were as follows:

|                                      | <u>Interfund<br/>receivables</u> | <u>Interfund<br/>payables</u> |
|--------------------------------------|----------------------------------|-------------------------------|
| General Fund                         | \$2,666,910                      | -                             |
| Haigis Parkway                       | -                                | \$2,958,308                   |
| Nonmajor Governmental Funds:         |                                  |                               |
| Nonmajor Special Revenue Funds:      |                                  |                               |
| Fire Dept Equipment                  | 850                              | -                             |
| Recreational development             | 69,560                           |                               |
| Payne Road Impact Fees               | 3,390                            | -                             |
| Other Impact Fees                    | 13,732                           | 34,024                        |
| Rescue equipment                     | 416,523                          | 89,418                        |
| Departmental grants and programs     |                                  | 134,160                       |
| Total Nonmajor Special Revenue Funds | 504,055                          | 257,602                       |
| Nonmajor Capital Project Funds:      |                                  |                               |
| Oak Hill Intersection Improvements   | 34,024                           |                               |
| IT K-2 Tech Refresh                  | -                                | 4,885                         |
| Total Nonmajor Capital Project Funds | 34,024                           | 4,885                         |
| Nonmajor Permanent Funds             |                                  |                               |
| Scarborough Memorial Cemetery        | 16,350                           | -                             |
| Dunstan Perpetual Care               | -                                | 544                           |
| Total Permanent Funds                | 16,350                           | 544                           |
| Total Other Governmental Funds       | 554,429                          | 263,031                       |
| Private-purpose Trust Funds          | -                                | -                             |
| <b>Total all funds</b>               | <b>\$3,221,339</b>               | <b>\$3,221,339</b>            |

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. At June 30, 2017, the balances represent how much was due to or from the General Fund.

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

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**INTERFUND TRANSFERS**

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|                             | <u>Transfers in</u>       | <u>Transfers out</u>      |
|-----------------------------|---------------------------|---------------------------|
| General Fund                | \$2,498,932               | \$ 774,116                |
| Haigis Parkway Assessments  | 145,692                   | 370,000                   |
| Nonmajor Governmental Funds | 563,077                   | 2,063,585                 |
| <b>Total</b>                | <b><u>\$3,207,701</u></b> | <b><u>\$3,207,701</u></b> |

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.

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2017, was as follows:

|                                  | <u>Beginning<br/>balance</u> | <u>Additions</u>          | <u>Reductions</u>         | <u>Ending<br/>balance</u>   | <u>Due within<br/>one year</u> |
|----------------------------------|------------------------------|---------------------------|---------------------------|-----------------------------|--------------------------------|
| <b>Governmental activities:</b>  |                              |                           |                           |                             |                                |
| General obligation bonds         | \$95,920,000                 | \$2,755,000               | \$7,045,000               | \$91,630,000                | \$7,170,000                    |
| Premium                          | 5,315,488                    | -                         | 265,650                   | 5,049,838                   |                                |
| Capital leases                   | 199,715                      | -                         | 199,715                   | -                           | -                              |
| Compensated absences             | 2,333,261                    | 200,305                   | 98,807                    | 2,434,759                   | 99,129                         |
| Other postemployment             |                              |                           |                           |                             |                                |
| Benefits liability               | 1,755,415                    | 144,292                   | -                         | 1,899,707                   |                                |
| Net pension liability            | 5,441,015                    | 3,049,072                 | -                         | 8,490,087                   |                                |
| Landfill post-closure care costs | 409,134                      | -                         | 4,050                     | 405,084                     | 4,050                          |
| <b>Governmental activity</b>     |                              |                           |                           |                             |                                |
| <b>Long-term liabilities</b>     | <b><u>\$111,374,028</u></b>  | <b><u>\$6,148,669</u></b> | <b><u>\$7,613,222</u></b> | <b><u>\$109,909,475</u></b> | <b><u>\$7,273,179</u></b>      |

As of June 30, 2017, the Town had authorized, but unissued debt totaling \$2,872,482. 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**

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**BONDS PAYABLE**

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Bonds payable at June 30, 2017 is comprised of the following:

| General Obligation<br>Notes and Bonds | Amount<br>originally<br>issued | <u>Percentage applicable to</u> |               |              | Interest<br>rate | Final<br>maturity<br>date | Balance<br>end of<br>year |
|---------------------------------------|--------------------------------|---------------------------------|---------------|--------------|------------------|---------------------------|---------------------------|
|                                       |                                | <u>Town</u>                     | <u>School</u> | <u>Sewer</u> |                  |                           |                           |
| 2008 Capital improvements             | 8,513,000                      | 74.10%                          | 25.90%        | -            | Varies           | 2028                      | \$ 575,000                |
| 2009 Capital improvements             | 4,560,000                      | 96.77%                          | 3.23%         | -            | Varies           | 2029                      | 620,000                   |
| 2009 Capital improvements             | 1,780,000                      | 78.35%                          | 21.65%        | -            | 2.00%            | 2020                      | 485,000                   |
| 2010 Capital improvements             | 6,002,000                      | 88.27%                          | 11.73%        | -            | 2.00%            | 2031                      | 3,280,000                 |
| 2011 Capital improvements             | 5,600,000                      | 91.37%                          | 8.63%         | -            | Varies           | 2031                      | 2,550,000                 |
| 2012 Capital improvements             | 46,545,000                     | 4.36%                           | 76.94%        | 18.70%       | Varies           | 2042                      | 41,625,000                |
| 2013 Capital improvements             | 25,685,000                     | 7.79%                           | 92.21%        | -            | Varies           | 2043                      | 23,280,000                |
| 2014 Capital improvements             | 6,505,000                      | 50.59%                          | 49.41%        | -            | Varies           | 2034                      | 4,495,000                 |
| 2015 Capital improvements             | 6,085,000                      | 88.03%                          | 11.97%        | -            | Varies           | 2035                      | 5,090,000                 |
| 2016 Capital improvements             | 7,540,000                      | 84.25%                          | 15.75%        | -            | Varies           | 2036                      | 6,875,000                 |
| 2017 Capital improvements             | 2,755,000                      | 59.84%                          | 40.16%        | -            | Varies           | 2037                      | 2,755,000                 |
| <b>Total</b>                          |                                |                                 |               |              |                  |                           | <b>\$91,630,000</b>       |

The annual requirements to amortize all debt outstanding as of June 30, 2017 are as follows:

| <u>Year ending<br/>June 30,</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|---------------------------------|----------------------|---------------------|----------------------|
| 2018                            | \$ 7,170,000         | \$ 3,227,906        | \$ 10,397,906        |
| 2019                            | 7,310,000            | 3,010,688           | 10,320,688           |
| 2020                            | 6,695,000            | 2,778,806           | 9,473,806            |
| 2021                            | 6,740,000            | 2,526,781           | 9,266,781            |
| 2022                            | 6,250,000            | 2,298,200           | 8,548,200            |
| 2023-2027                       | 22,725,000           | 8,771,528           | 31,496,528           |
| 2028-2032                       | 17,590,000           | 5,037,338           | 22,627,338           |
| 2033-2037                       | 10,335,000           | 2,226,863           | 12,561,863           |
| 2038-2042                       | 6,250,000            | 713,988             | 6,963,988            |
| 2043                            | 565,000              | 10,594              | 575,594              |
| <b>Totals</b>                   | <b>\$ 91,630,000</b> | <b>\$30,602,692</b> | <b>\$122,232,692</b> |

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

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**STATUTORY DEBT LIMIT**

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In accordance with Maine law, no municipality shall incur debt for specified purposes in excess of certain percentages of State valuation of such municipality. A summary of the Town's legal debt margin is as follows:

|  | June 30, 2017<br>Outstanding<br>Bonds | Percent of 2017<br>State assessed value<br>of \$ 3,899,350,000 | Amount        | Margin        |
|--|---------------------------------------|--|---------------|---------------|
| For school purposes  | \$ 59,389,208                         | 10.00%   | \$389,935,000 | \$330,545,792 |
| For storm or<br>sanitary sewer                                   | 7,785,000                             | 7.50%  | 292,451,250   | 284,666,250   |
| For municipal airport,<br>water and special<br>district purposes | -                                     | 3.00%  | 116,980,500   | 116,980,500   |
| For all other purposes   | 24,455,792                            | 7.50%  | 292,451,250   | 267,995,458   |
| <b>Total</b>   | <b>\$ 91,630,000</b>                  |  |               |               |

The statutory debt limit according to State law is 15% of the State assessed value, which amounts to \$584,902,500. The total debt margin based on this limit is \$493,272,500.

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**STATE REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES**

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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.

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES**

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**Overlapping Debt**

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2017, the Town's State valuation of \$3,899,350,000 was 9.25% of the County's State valuation of \$42,139,850,000. The Town's share is 9.25% or \$3,463,994 of Cumberland County's \$37,435,000 long-term debt outstanding as of June 30, 2017.

The Town is also served by the Portland Water District. At June 30, 2017, the Town's share of self-supporting bonded water debt is 13.91% or \$6,395,828 of total debt of \$45,980,073.

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

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED**

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**Contingencies**

ecomaine, formerly Regional Waste Systems, a Maine Corporation with 21 participating municipalities (“Member Municipalities”), including the Town of Scarborough, operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$14,564,514 at June 30, 2017, the most recent data available. The Town’s proportionate share of these estimated landfill closure and postclosure care costs is 9.05%, or \$1,318,225.

**Total Debt and Contingencies**

| Governmental<br><u>Unit</u>                 | As of June 30, 2017   |                            |                           |                      |
|---|-----------------------|----------------------------|---------------------------|----------------------|
|   | Direct<br><u>debt</u> | Overlapping<br><u>debt</u> | Contingent<br><u>debt</u> | Total<br><u>debt</u> |
| Town of Scarborough                         | \$ 91,630,000         | -                          | -                         | \$ 91,630,000        |
| Cumberland County                           | -                     | \$ 3,463,994               | -                         | 3,463,994            |
| Portland Water District - water debt        | -                     | 6,395,828                  | -                         | 6,395,828            |
| ecomaine landfill closure/postclosure costs | -                     | -                          | \$1,318,228               | 1,318,228            |
| <b>Totals</b>                               | <b>\$ 91,630,000</b>  | <b>\$9,859,822</b>         | <b>\$1,318,228</b>        | <b>\$102,808,050</b> |

**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, 2017, 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 ongoing litigation relating to tax abatement appeals, a ruling was made in May 2017 which required the Town to abate \$381,289 of taxes to the taxpayers, together with interest of \$81,946, which was paid by the Town in October 2017. This total amount of \$463,235 has been accrued in the financial statements as of June 30, 2017. Additionally, there currently is an additional appeal pending before the Superior Court in which the taxpayers are requesting an unspecified additional abatement, which could bring the total abatement to approximately \$1,600,000, before interest. On December 1, 2017 the Superior Court remanded the appeal to the Board of Assessment Review (BAR). The Court instructed the BAR to consider a recalculation of the abatements, which would appear to represent a maximum exposure to the Town of approximately \$800,000. Mediation has been scheduled for March 6, 2018 and an April 24, 2018 BAR meeting has been set for the hearings on this remand. Any additional potential financial exposure is expected to be covered by the Overlay appropriated annually, property tax abatements and available fund balance.

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

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**LANDFILL CLOSURE AND POSTCLOSURE COSTS**

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Under existing State law, Maine communities had until December 31, 1995 to close existing landfills under a state approved plan and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town is operating a demolition debris landfill under a waiver granted by the State. The landfill is permitted to operate in its existing capacity until 2027. As of June 30, 2017, approximately 20% of the landfill's total capacity has been used. The estimated total current cost of landfill closure, \$405,084 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, 2017. Additionally, annual monitoring and maintenance costs are estimated to be \$4,050 per year.

The total closure and postclosure care costs of \$405,084 have been accrued in the statement of activities for the year ended June 30, 2017. Presently, the State of Maine is providing partial funding for certain closure costs; however, future funding is based on availability of funds. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

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**FUND BALANCE CHANGES**

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For the period ending June 30, 2017, the General Fund includes four programs that previously were reported in the financial statements as Special Revenue Funds. This change, which was initially made June 30, 2011, is the result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Activity of these four 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, 2016</u> | <u>June 30, 2017</u> |
|---------------------------|----------------------|----------------------|
| Unemployment Compensation | \$ 162,907           | \$ 169,163           |
| Hurd Park and Ferry Beach | 321,144              | 212,508              |
| Hunnewell House           | <u>18,712</u>        | <u>18,570</u>        |
| Total reclassification    | <u>\$ 502,763</u>    | <u>\$ 400,241</u>    |



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

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**FUND BALANCE CHANGES, CONTINUED**

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The following is a schedule of fund balance classifications for the governmental funds as June 30, 2017:

|  | General Fund        | Haigis<br>Parkway<br>Assess | Nonmajor<br>Governmental |
|--|---------------------|-----------------------------|--------------------------|
| <b>Fund Balances:</b>                    |                     |                             |                          |
| Nonspendable-Permanent Funds             | \$ -                | \$ -                        | \$ 163,568               |
| Nonspendable-Inventory                   | 12,598              | -                           | 36,054                   |
|  | <u>12,598</u>       | <u>-</u>                    | <u>199,622</u>           |
| Restricted                               |                     |                             |                          |
| Permanent Fund Interest                  |                     | -                           | 90,320                   |
| Deficits in Other Funds (Haigis Parkway) | 2,958,307           | -                           | -                        |
| Credit Enhancement Agreements            | -                   | -                           | 43,118                   |
| Eastern Trail Alliance (Close the Gap)   | -                   | -                           | 326,419                  |
| Grants and Donations                     | -                   | -                           | 119,595                  |
| Fire Department Equipment                | -                   | -                           | 38,629                   |
| Police Asset Forfeiture                  | -                   | -                           | 117,165                  |
| Town Improvements                        | -                   | -                           | 640,475                  |
| Education                                | 241,488             | -                           | 11,221                   |
|  | <u>3,199,795</u>    | <u>-</u>                    | <u>1,386,942</u>         |
| Committed                                |                     |                             |                          |
| Unemp. Comp/Beach Reserve/Hunnewell      | 400,241             | -                           |                          |
| Impact Fees/Reserves                     | -                   | -                           | 4,842,211                |
| Education                                | -                   | -                           | 403,525                  |
|  | <u>400,241</u>      | <u>-</u>                    | <u>5,245,736</u>         |
| Assigned                                 |                     |                             |                          |
| Carryforward Balances/Encumbrances       | 1,676,064           | -                           |                          |
| Education                                | 2,102,464           | -                           |                          |
|  | <u>3,778,528</u>    | <u>-</u>                    | <u>-</u>                 |
| Unassigned                               | 6,893,626           | (1,736,553)                 | (9,463)                  |
| Total Fund Balances                      | <u>\$14,284,788</u> | <u>\$(1,736,553)</u>        | <u>\$6,822,837</u>       |

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

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**ASSIGNED FUND BALANCES**

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At June 30, 2017, portions of the General Fund balance were assigned to future periods as follows:

|   | <u>2017</u>                |
|---|----------------------------|
| General Fund:   |                            |
| State Revenue Sharing                                   | \$ (18,009)                |
| Assistant Town Manager – Employee Training              | 1,575                      |
| Human Resource – Employee Assistance Program            | 1,361                      |
| Human Resource – Employee Training                      | 647                        |
| Finance – Training                                      | 4,905                      |
| Planning Initiatives (former Comprehensive Plan)        | 24,312                     |
| Planning – Sale of Equipment                            | 5,100                      |
| CS Municipal Building – Building Repairs & Maint.       | 12,307                     |
| CS Municipal Building – Equipment Maintenance           | 7,209                      |
| CS Municipal Building – Operational Supplies            | 5,046                      |
| CS Oak Hill Professional Building – Maintenance/Repairs | 1,960                      |
| Cable Franchise Fees                                    | 25,420                     |
| Summer Recreation                                       | 62,198                     |
| SEDCO Marketing   | 1,600                      |
| Marine Resource Office – Inventory Management           | 11,181                     |
| Town-Wide Computer Purchases                            | 3,861                      |
| MIS – Core Switch Upgrade                               | 15,402                     |
| MIS – New Vehicle                                       | 976                        |
| Planning Department – New Vehicles                      | 2,230                      |
| Fire Department – Municipal Holding Tank                | 5,323                      |
| Fire Department – New Fire Pumper Truck                 | 149                        |
| Police Department – OOB Equipment Setup                 | 2,452                      |
| Public Works – HVAC Improvements/Replacement            | 82,000                     |
| Encumbered purchase orders                              | 155,558                    |
| Fund Balance Appropriated for 2017 Adult Education      | 2,464                      |
| Fund Balance Appropriated for the 2017 Education Budget | 2,100,000                  |
| Reserve for Accrued Sick Pay                            | 1,261,301                  |
| <b>Total General Fund Assigned Fund Balance</b>         | <b><u>\$ 3,778,528</u></b> |

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN**

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**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 236 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 283 participating employers.

Employee membership data related to the Plans, as of June 30, 2016 was as follows:

|   | Teachers       | PLD           |
|---|----------------|---------------|
| Current participants: Vested and non-vested   | 39,942         | 11,019        |
| Terminated participants: Vested               | 7,783          | 2,221         |
| Terminated participants: Inactive due refunds | 37,656         | 6,849         |
| Retirees and beneficiaries receiving benefits | 34,181         | 8,847         |
|   | <u>119,562</u> | <u>28,936</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, 2017, the Town's total payroll for all employees was \$42,386,412. Total covered payroll was \$23,568,099 for the Teacher Plan and \$7,305,860 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**

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

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**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 10.02% 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, 2017, was 3.36% percent of annual teacher payroll, plus 10.02% 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, 2017 were \$838,381.

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 8.0%, police employees contribute 9.5% 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 employer's contribution, other than Police and Fire/Rescue, required rate for the year ended June 30, 2017, was 9.6% of annual payroll. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2017 was 12.2% or 15.7%, 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, 2017 were \$815,586.

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

**Teacher Plan**

At June 30, 2017, 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                              | \$ 624,320           |
| State's proportionate share of the net pension liability associated<br>with the Town of Scarborough School Department | <u>33,161,075</u>    |
| Total   | <u>\$ 33,785,395</u> |

The net pension liability was measured as of June 30, 2016, 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, 2016, the School Department's proportion was 0.035 percent, which was a decrease of 0.007 percent from its proportion measured as of June 30, 2015.

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

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

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For the year ended June 30, 2017, the School Department recognized pension expense of \$957,181 and revenue of \$2,216,000 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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual results  | \$ 12,074                            | \$ 1,179                            |
| Changes of assumptions   |                                      | 16,034                              |
| Net difference between projected and actual earnings on Plan investments                             | 199,359                              | 81,688                              |
| Changes in proportion and differences between contributions and proportionate share of contributions | 33,801                               | 61,311                              |
| Contributions subsequent to the measurement date   | 838,381                              |                                     |
| Total  | <u>\$ 1,083,615</u>                  | <u>\$ 160,212</u>                   |

The \$838,381 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, 2017. 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, |                  |
|-----------------------|------------------|
| 2018                  | \$ 14,881        |
| 2019                  | (16,919)         |
| 2020                  | 56,150           |
| 2021                  | 30,910           |
| Total                 | <u>\$ 85,022</u> |

**PLD Plan**

At June 30, 2017, the Town and the Town School Department reported a liability of \$7,865,767 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the Town and the Town School Department's proportion was 1.48%, which was a decrease of 0.05% from its proportion measured as of June 30, 2015.

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

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

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For the year ended June 30, 2017, the Town and the Town School Department recognized pension expense of \$1,355,195. At June 30, 2017, 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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual results  | \$ 95,352                            | \$ 505,916                          |
| Changes of assumptions   | 843,230                              |                                     |
| Net difference between projected and actual earnings on Plan investments                             | 2,906,659                            | 1,209,712                           |
| Changes in proportion and differences between contributions and proportionate share of contributions | 56,430                               | 130,025                             |
| Contributions subsequent to the measurement date   | 815,586                              |                                     |
| Total  | <u>\$ 4,717,257</u>                  | <u>\$ 1,845,653</u>                 |

The \$815,586 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, 2017. 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, |                     |
|-----------------------|---------------------|
| 2018                  | \$ 392,825          |
| 2019                  | 280,935             |
| 2020                  | 928,915             |
| 2021                  | 453,343             |
| Total                 | <u>\$ 2,056,018</u> |

**Actuarial Assumptions**

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | Teachers Plan 2.20% and PLD Plan 2.20%, per annum                        |
| Salary increases          | Teachers Plan 2.75%-14.5% and PLD Plan 2.75%-9.0%, per year              |
| Investment rate of return | Teachers Plan 6.875% and PLD Plan 6.875%, per annum, compounded annually |

Mortality rates were based on the RP-2014 Total Dataset Health Annuitant Mortality Table for Males or Females, as appropriate.

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

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

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The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 to June 30, 2015.

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<br>Allocation<br>% | Long-term<br>Expected<br>Real Rate of<br>Return |
|-------------------|---------------------------|---|
| Fixed income      | 25%                       | 2.9 %   |
| U.S. equities     | 20%                       | 5.7 %   |
| Non-U.S. equities | 20%                       | 5.5 %   |
| Real estate       | 10%                       | 5.2 %   |
| Infrastructure    | 10%                       | 5.3 %   |
| Private equity    | 10%                       | 7.6 %   |
| Hard Assets       | 5%                        | 5.0 %   |
| Total             | <u>100%</u>               |   |

**Discount Rate**

The discount rate used to measure the total pension liability was 6.875% for the Teacher Plan and 6.875% 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**

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

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**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 6.875% 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 (5.875%) or 1-percentage-point higher (7.875%) than the current rate:

|                       | <b>Discount<br/>rate</b> | <b>Town<br/>School<br/>Department's<br/>proportionate<br/>share of net<br/>pension liability</b> |
|-----------------------|--------------------------|--|
| 1% decrease           | 5.875%                   | \$ 999,696   |
| Current discount rate | 6.875%                   | \$ 624,320   |
| 1% increase           | 7.875%                   | \$ 311,448   |

**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:

|                       | <b>Discount<br/>rate</b> | <b>Town and<br/>School<br/>Department's<br/>proportionate<br/>share of net<br/>pension liability</b> |
|-----------------------|--------------------------|--|
| 1% decrease           | 5.875%                   | \$ 13,055,756  |
| Current discount rate | 6.875%                   | \$ 7,865,767   |
| 1% increase           | 7.875%                   | \$ 2,979,577   |

**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**

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

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**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 10.02% of the qualified teachers' salaries, plus an additional 2.66% for health insurance. For the year ended June 30, 2017, the total amount of on-behalf payments was approximately \$2,930,000 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 \$3,265,000.

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**DEFINED CONTRIBUTION PENSION PLAN**

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**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, into the ICMA Money Purchase Plan, 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 \$329,124 which was 6% of the participating employees and 17% of the Town Manager's current year covered payroll. The covered payroll amounted to \$5,206,508 while the Town's total payroll was \$14,246,202.

Employee's required contributions amounted to \$303,266 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**

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**DEFINED CONTRIBUTION PENSION PLAN, CONTINUED**

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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 \$518,797 and the Town contributions amounted to \$271,361. The Town contributes a match up to 4%. The covered payroll amounted to \$6,565,267.

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.

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**OTHER POST EMPLOYMENT BENEFITS**

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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, 2017 for fiscal year ending June 30, 2017.

**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. As a result of the basic nature of insurance, an implicit rate subsidy is generated as a result of one risk group subsidizing another to arrive a blended premium. Therefore, current employees who are young and healthy subsidize the older retirees. 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**

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**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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

|                              |           |
|------------------------------|-----------|
| Normal Cost                  | \$91,817  |
| Amortization of Unfunded     | 164,456   |
| Interest                     | 5,075     |
| Annual Required Contribution | \$261,348 |

**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, 2017 were as follows:

|  |                           |
|--|---------------------------|
| Annual required contribution             | \$261,348                 |
| Interest on NET OPEB Obligation          | 70,217                    |
| Amortization adjustment to ARC           | <u>(101,516)</u>          |
| Annual OPEB Cost                         | 230,049                   |
| Actual contribution                      | <u>(85,757)</u>           |
| Increase in Net OPEB Obligation          | 144,292                   |
| Net OPEB obligation – beginning of year  | 1,755,415                 |
| <b>Net OPEB Obligation – end of year</b> | <b><u>\$1,899,707</u></b> |

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> |
|--------------------------|-------------|-------------------------|-------------------|
| 2017                     | \$230,049   | 37%                     | \$1,899,707       |
| 2016                     | 249,213     | 20%                     | 1,755,415         |
| 2015                     | 249,213     | 18%                     | 1,556,926         |

The funded status of the plan as of June 30, 2017 was as follows:

|   |              |
|---|--------------|
| Actuarial accrued liability   | \$2,957,536  |
| Plan Assets   | <u>0</u>     |
| Unfunded actuarial accrued liability                                    | \$2,957,536  |
| Covered payroll   | \$10,607,967 |
| Unfunded actuarial accrued liability as a percentage of covered payroll | 27.9%        |

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**

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**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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**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      | January 1, 2017   |
| Actuarial Cost Method         | Entry Age Normal  |
| Amortization Method           | Level Dollar Open |
| Remaining Amortization Period | 30 Years          |

|                            |       |
|----------------------------|-------|
| Actuarial Assumptions:     |       |
| Discount Rate              | 4.00% |
| Projected Salary Increases | 2.75% |
| Healthcare Inflation Rate  | 4.00% |

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**TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS**

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The Town entered into property tax abatement agreements (credit enhancement agreements) with local businesses under Municipal Tax Increment Financing Districts approved by the State of Maine Department of Economic and Community Development. Under the agreements, the Town may grant reimbursement limited to incremental taxes from the new actual increased assessed value projected at 100 percent of the increase. The agreements may be granted to businesses located within the Town that is providing economic development.

For the fiscal year ended June 30, 2017, the City abated property taxes totaling \$732,197 under the program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

A 100 percent property tax abatement to the Gateway Shoppes formerly owned by New England Expedition that is a significant employer in the City. The abatement is to assist the employer to retain employees and to expand the business. The abatement amounted to \$560,769.

A 100 percent property tax abatement to the Enterprise Business Park formerly owned by Commercial Place, LLC that is a significant employer in the City. The abatement is to assist the employer to retain employees and to expand the business. The abatement amounted to \$106,199.

All the remaining businesses abatements in the aggregate totaled \$65,229.

The Town also has an agreement for the Haigis Parkway district with total tax captured of \$145,658 which none is currently abated and the funds are utilized for Town's parkway as an investment site.

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

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**RISK MANAGEMENT**

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The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters, for which the Town either carries commercial insurance, participates in a public entity pool, or is effectively self-insured. Currently, the municipal departments participate in several public entity and self-insured pools sponsored by the Maine Municipal Association. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claims liabilities which should be recorded at June 30, 2017. 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.

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**NET POSITION**

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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 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, 2017:

|  | Governmental<br>Activities |
|--|----------------------------|
| Capital assets                                 | \$ 195,856,085             |
| Accumulated depreciation                       | (48,556,261)               |
| Bonds payable                                  | (83,845,000)               |
| Premium liabilities net of amortization        | (5,049,838)                |
| Deferred charge on refunding                   | 2,197,594                  |
| Unspent bond proceeds                          | 1,106,237                  |
| <b><u>Net investment in capital assets</u></b> | <b><u>\$61,708,817</u></b> |

The Town's Bonds payable is \$91,630,000 as stated in the footnote on page 62. For the purpose of determining net investment in capital assets, bonds payable totaling \$7,785,000, have been excluded from this calculation because the Town transferred ownership of the capital assets to other entities.

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**PRIOR PERIOD ADJUSTMENT TO NET POSITION AND FUND BALANCE**

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Beginning net position of governmental activities and beginning fund balance of Nonmajor Special Revenue Funds has been restated by increasing net position/fund balance for \$54,785 related to the Scarborough Economic Development Corporation that was reclassified from previously being reported as a discrete component unit to a blended component unit. This reclassification was made as a result of the implementation of GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which clarified the presentation requirements.

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**COMMITMENTS**

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Construction in progress of \$3,133,526 as of June 30, 2017 consists of road improvements, Eastern Trail improvements, and public works fuel station replacement. These projects are expected to be completed during the fiscal year ending June 30, 2018. The additional estimated costs to complete these projects are approximately \$2,872,482.

**TOWN OF SCARBOROUGH, MAINE**  
**Schedule of Funding Progress**  
**Required Supplementary Information**  
**June 30, 2017**  
**(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] |
|-------------|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|--|
| 2017        | 01-01-2017               | \$ -                          | \$2,957,536                                     | \$2,957,536               | 0%                 | \$10,607,967        | 27%  |
| 2016        | 01-01-2014               | \$ -                          | \$2,728,097                                     | \$2,728,097               | 0%                 | \$10,324,055        | 26%  |
| 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%  |

\*Additional years will be displayed to meet the ten year disclosure requirement when the information becomes available.

**TOWN OF SCARBOROUGH, MAINE**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Required Supplementary Information**  
**June 30, 2017**  
**(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 |
|-------------|--------------------------|--|---|--|-----------------------------|--------------------------|--|--|
| 2017        | 06-30-2016               | 0.035%                                       | \$624,320   | \$33,161,075   | \$33,785,395                | \$23,568,099             | 2.65%  | 76.21%   |
| 2016        | 06-30-2015               | 0.042%                                       | \$565,672   | \$24,964,846   | \$25,530,518                | \$22,450,059             | 2.52%  | 81.18%   |
| 2015        | 06-30-2014               | 0.035%                                       | \$378,299   | \$19,539,727   | \$19,918,026                | \$21,706,258             | 1.74%  | 84.04%   |

\*Additional years will be displayed to meet the ten year disclosure requirement when the information becomes available.

**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 |
|-------------|--------------------------|---|--|--------------------------|---|--|
| 2017        | 06-30-2016               | 1.48%                                   | \$7,865,767                                      | \$7,305,860              | 75.65 %   | 81.61%   |
| 2016        | 06-30-2015               | 1.53%                                   | \$4,875,343                                      | \$6,444,728              | 107.66 %  | 88.27%   |
| 2015        | 06-30-2014               | 1.50%                                   | \$2,310,255                                      | \$6,287,712              | 36.74 %   | 94.10%   |

\*Additional years will be displayed to meet the ten year disclosure requirement when the information becomes available.

**TOWN OF SCARBOROUGH, MAINE**  
**Schedule of Contributions**  
**Required Supplementary Information**  
**June 30, 2017**  
**(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 |
|-------------|--------------------------|-------------------------------------|---|----------------------------------|--------------------------|---|
| 2017        | 06-30-2016               | \$838,381                           | \$838,381   | \$0                              | \$23,568,099             | 3.56%   |
| 2016        | 06-30-2015               | \$649,178                           | \$649,178   | \$0                              | \$22,450,059             | 2.89%   |
| 2015        | 06-30-2014               | \$626,859                           | \$626,859   | \$0                              | \$21,706,258             | 2.88%   |

\*Additional years will be displayed to meet the ten year disclosure requirement when the information becomes available.

**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 |
|-------------|--------------------------|-------------------------------------|---|----------------------------------|--------------------------|---|
| 2017        | 06-30-2016               | \$815,586                           | \$815,586   | \$0                              | \$7,305,860              | 11.16%  |
| 2016        | 06-30-2015               | \$694,798                           | \$694,798   | \$0                              | \$6,444,728              | 10.78%  |
| 2015        | 06-30-2014               | \$624,901                           | \$624,901   | \$0                              | \$6,287,712              | 9.94%   |

\*Additional years will be displayed to meet the ten year disclosure requirement when the information becomes available.



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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, 2017 and 2016**

|  | 2017                 | 2016              |
|--|----------------------|-------------------|
| <b>ASSETS</b>  |                      |                   |
| Cash and cash equivalents  | \$ 17,372,662        | 16,634,125        |
| Investments  | 645,900              | 751,414           |
| Receivables:   |                      |                   |
| Taxes receivable   | 157,657              | 188,545           |
| Tax liens  | 778,838              | 866,101           |
| Accounts receivable , net  | 800,919              | 778,066           |
| Intergovernmental  | 199,023              | 170,666           |
| Inventory  | 12,598               | 31,301            |
| Interfund loans receivable   | 2,666,910            | 2,570,631         |
| Tax acquired property  | 7,231                | 7,231             |
| <b>Total assets</b>  | <b>\$ 22,641,738</b> | <b>21,998,080</b> |
| <b>LIABILITIES AND FUND BALANCE</b>                                      |                      |                   |
| Liabilities:   |                      |                   |
| Accounts payable and other current liabilities                           | 2,704,002            | 2,044,181         |
| Accrued payroll and other related liabilities                            | 4,709,522            | 4,774,805         |
| Accrued compensated absence (current)                                    | 99,129               | 98,807            |
| Unearned revenues  | 58,208               | 42,210            |
| <b>Total liabilities</b>   | <b>7,570,861</b>     | <b>6,960,003</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                      |                   |
| Unavailable revenue-property taxes                                       | 786,089              | 863,100           |
| <b>Total deferred inflows of resources</b>                               | <b>\$ 786,089</b>    | <b>863,100</b>    |
| <b>Fund balance:</b>   |                      |                   |
| Nonspendable inventory   | 12,598               | 31,301            |
| Restricted - Town  | 2,958,307            | 2,742,860         |
| Restricted - Education   | 241,488              | 2,223,786         |
| Committed - Town   | 400,241              | 502,763           |
| Assigned - Town  | 1,676,064            | 2,140,455         |
| Assigned - School  | 2,102,464            | 426,253           |
| Unassigned - Town  | 6,893,626            | 6,107,559         |
| <b>Total fund balance</b>  | <b>14,284,788</b>    | <b>14,174,977</b> |
| <b>Total liabilities, deferred inflows of resources and fund balance</b> | <b>\$ 22,641,738</b> | <b>21,998,080</b> |

**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, 2017**  
**(with comparative totals for June 30, 2016)**

|   |                      |            | 2017       |                    | Variance<br>positive<br>(negative) | 2016<br>Actual |
|---|----------------------|------------|------------|--------------------|------------------------------------|----------------|
|   |                      |            | Budget     | Total<br>Available |                                    |                |
|   | 2016<br>carryforward |            |            |                    |                                    |                |
| Revenues:                                 |                      |            |            |                    |                                    |                |
| Taxes:                                    |                      |            |            |                    |                                    |                |
| Property taxes                            | \$ -                 | 59,824,192 | 59,824,192 | 59,446,340         | (377,852)                          | 57,527,365     |
| Change in deferred property tax revenue   | -                    | -          | -          | 77,011             | 77,011                             | (56,621)       |
| Excise taxes                              | -                    | 5,227,000  | 5,227,000  | 5,902,844          | 675,844                            | 5,626,533      |
| Cable franchise tax                       | -                    | 191,317    | 191,317    | 200,984            | 9,667                              | 190,592        |
| Interest and costs on taxes               | -                    | 94,400     | 94,400     | 101,590            | 7,190                              | 113,124        |
| Total taxes                               | -                    | 65,336,909 | 65,336,909 | 65,728,769         | 391,860                            | 63,400,993     |
| Licenses and permits:                     |                      |            |            |                    |                                    |                |
| Plumbing fees                             | -                    | 41,000     | 41,000     | 38,880             | (2,120)                            | 47,605         |
| Fees and Permits                          | -                    | 154,280    | 154,280    | 174,198            | 19,918                             | 173,976        |
| Building permits                          | -                    | 385,000    | 385,000    | 396,157            | 11,157                             | 447,687        |
| Electrical permits                        | -                    | 57,000     | 57,000     | 52,880             | (4,120)                            | 66,792         |
| Zoning Board of Appeals                   | -                    | 7,000      | 7,000      | 9,275              | 2,275                              | 6,325          |
| License plate fees                        | -                    | 58,525     | 58,525     | 60,811             | 2,286                              | 60,322         |
| Subdivision fees                          | -                    | 25,000     | 25,000     | 49,556             | 24,556                             | 13,921         |
| Total licenses and permits                | -                    | 727,805    | 727,805    | 781,757            | 53,952                             | 816,628        |
| Intergovernmental:                        |                      |            |            |                    |                                    |                |
| Education state subsidies                 | -                    | 3,589,147  | 3,589,147  | 3,499,284          | (89,863)                           | 4,601,471      |
| FEMA reimbursement                        | -                    | -          | -          | -                  | -                                  | -              |
| Federal HIDTA revenues                    | -                    | 150,000    | 150,000    | 182,434            | 32,434                             | 159,132        |
| State Revenue Sharing                     | -                    | 786,994    | 786,994    | 797,303            | 10,309                             | 838,395        |
| Homestead exemption                       | -                    | 544,388    | 544,388    | 544,388            | -                                  | 354,367        |
| Business equipment tax exemption          | -                    | 553,421    | 553,421    | 553,749            | 328                                | 333,868        |
| LRAP (Local Road Assistance Program)      | -                    | 325,668    | 325,668    | 317,212            | (8,456)                            | 325,668        |
| ecomaine payment in lieu of taxes         | -                    | 71,450     | 71,450     | 71,450             | -                                  | 71,450         |
| General assistance reimbursement          | -                    | 1,500      | 1,500      | 10,952             | 9,452                              | 6,386          |
| Adult education State subsidies           | -                    | 25,000     | 25,000     | 29,306             | 4,306                              | 21,244         |
| Medicaid                                  | -                    | 45,000     | 45,000     | 334                | (44,666)                           | 16,716         |
| Other Federal and State revenues - School | -                    | 165,000    | 165,000    | 117,677            | (47,323)                           | 143,394        |
| Other Federal and State revenues - Town   | -                    | 115,636    | 115,636    | 198,254            | 82,618                             | 184,250        |
| Total intergovernmental                   | -                    | 6,373,204  | 6,373,204  | 6,322,343          | (50,861)                           | 7,056,341      |
| Interest earned                           | -                    | 15,000     | 15,000     | 175,917            | 160,917                            | 84,783         |
| Unclassified:                             |                      |            |            |                    |                                    |                |
| School Department miscellaneous           | -                    | 311,000    | 311,000    | 284,539            | (26,461)                           | 301,333        |
| Adult education                           | -                    | 58,253     | 58,253     | 52,061             | (6,192)                            | 45,727         |
| Community services                        | -                    | 2,041,814  | 2,041,814  | 2,027,238          | (14,576)                           | 1,901,257      |
| Insurance reimbursements                  | -                    | 33,000     | 33,000     | 64,523             | 31,523                             | 125,210        |
| Public Violations                         | -                    | 65,550     | 65,550     | 81,819             | 16,269                             | 65,190         |
| Special duty police/fire                  | -                    | 77,000     | 77,000     | 111,003            | 34,003                             | 95,601         |
| Inspection/review fees                    | -                    | 84,800     | 84,800     | 146,651            | 61,851                             | 97,331         |
| Rescue donations                          | -                    | 800,000    | 800,000    | 800,000            | -                                  | 747,500        |
| Rental income                             | -                    | 58,237     | 58,237     | 60,200             | 1,963                              | 56,856         |
| Sale of Town-owned property               | -                    | 102,000    | 102,000    | 161,912            | 59,912                             | 149,582        |
| Salary reimbursement                      | -                    | 1,508,145  | 1,508,145  | 1,439,678          | (68,467)                           | 1,331,447      |
| Vehicle fuel reimbursement                | -                    | 380,491    | 380,491    | 329,592            | (50,899)                           | 440,812        |
| Vehicle maintenance reimbursement         | -                    | 527,600    | 527,600    | 556,284            | 28,684                             | 577,680        |
| Lease revenue                             | -                    | -          | -          | -                  | -                                  | -              |
| Miscellaneous                             | -                    | 66,600     | 66,600     | 112,938            | 46,338                             | 86,117         |
| Total unclassified                        | -                    | 6,114,490  | 6,114,490  | 6,228,438          | 113,948                            | 6,021,643      |
| Total revenues                            | -                    | 78,567,408 | 78,567,408 | 79,237,224         | 669,816                            | 77,380,388     |

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

|  |                      | 2017       |                    |            |                                    |                |
|--|----------------------|------------|--------------------|------------|------------------------------------|----------------|
|  | 2016<br>carryforward | Budget     | Total<br>available | Actual     | Variance<br>positive<br>(negative) | 2016<br>Actual |
| Expenditures:                          |                      |            |                    |            |                                    |                |
| Current:                               |                      |            |                    |            |                                    |                |
| General government:                    |                      |            |                    |            |                                    |                |
| Town Council                           | \$ -                 | 11,573     | 11,573             | 11,573     | -                                  | 11,573         |
| Administration                         | 487                  | 457,839    | 458,326            | 441,171    | 17,155                             | 266,782        |
| Town Clerk                             | 1,500                | 193,957    | 195,457            | 193,546    | 1,911                              | 184,492        |
| Human resources                        | 72                   | 291,064    | 291,136            | 280,324    | 10,812                             | 278,483        |
| Personnel benefits                     | -                    | 241,915    | 241,915            | 453,937    | (212,022)                          | 265,292        |
| Finance                                | 5,002                | 370,535    | 375,537            | 366,734    | 8,803                              | 336,933        |
| Purchasing                             | -                    | -          | -                  | -          | -                                  | 65,341         |
| Taxation/Treasury                      | 2,711                | 365,678    | 368,389            | 346,979    | 21,410                             | 351,061        |
| Assessing                              | 286                  | 219,405    | 219,691            | 209,134    | 10,557                             | 206,256        |
| Management information systems         | 33,329               | 1,188,613  | 1,221,942          | 1,136,440  | 85,502                             | 1,127,537      |
| Planning                               | 1,161                | 953,915    | 955,076            | 919,589    | 35,487                             | 968,306        |
| General government                     | -                    | 102,119    | 102,119            | 105,362    | (3,243)                            | 111,704        |
| Legal                                  | -                    | 105,000    | 105,000            | 179,958    | (74,958)                           | 85,177         |
| Risk management                        | -                    | 593,458    | 593,458            | 673,309    | (79,851)                           | 600,393        |
| Public information                     | 3,200                | 3,300      | 6,500              | 6,690      | (190)                              | -              |
| Outside agencies                       | -                    | 20,500     | 20,500             | 12,500     | 8,000                              | 45,376         |
| Total general government               | 47,748               | 5,118,871  | 5,166,619          | 5,337,246  | (170,627)                          | 4,904,706      |
| Public services:                       |                      |            |                    |            |                                    |                |
| Library                                | -                    | 1,099,898  | 1,099,898          | 1,099,898  | -                                  | 1,022,538      |
| Public health and welfare              | -                    | 29,656     | 29,656             | 31,682     | (2,026)                            | 26,398         |
| Tax Rebates (Credit Enhancement Agree) | -                    | 762,504    | 762,504            | 732,288    | 30,216                             | 715,000        |
| Economic Development Corporation       | 2,000                | 224,694    | 226,694            | 220,133    | 6,561                              | 214,490        |
| Community services                     | 55,684               | 2,748,857  | 2,804,541          | 2,768,146  | 36,395                             | 2,711,870      |
| Total public services                  | 57,684               | 4,865,609  | 4,923,293          | 4,852,147  | 71,146                             | 4,690,296      |
| Public safety:                         |                      |            |                    |            |                                    |                |
| Fire Department                        | 36,289               | 3,038,530  | 3,074,819          | 2,914,591  | 160,228                            | 2,426,219      |
| Emergency Management                   | 7,008                | 38,941     | 45,949             | 41,794     | 4,155                              | 37,205         |
| Emergency Medical Services             | 11,288               | 1,779,150  | 1,790,438          | 1,859,427  | (68,989)                           | 1,937,044      |
| Marine resources                       | 9,581                | 95,888     | 105,469            | 78,390     | 27,079                             | 94,173         |
| Police Department                      | 70,242               | 6,165,437  | 6,235,679          | 5,951,571  | 284,108                            | 5,631,302      |
| Total public safety                    | 134,408              | 11,117,946 | 11,252,354         | 10,845,773 | 406,581                            | 10,125,943     |
| Public works:                          |                      |            |                    |            |                                    |                |
| Public Works Department                | 19,716               | 3,079,441  | 3,099,157          | 2,934,766  | 164,391                            | 3,024,849      |
| GIS/Engineering services               | -                    | 114,488    | 114,488            | 99,841     | 14,647                             | 110,875        |
| Vehicle maintenance                    | -                    | 1,714,519  | 1,714,519          | 1,635,444  | 79,075                             | 1,701,268      |
| Water charges                          | -                    | 217,450    | 217,450            | 217,529    | (79)                               | 209,770        |
| Street lighting                        | -                    | 186,000    | 186,000            | 188,598    | (2,598)                            | 183,816        |
| Traffic signals                        | -                    | 112,585    | 112,585            | 93,291     | 19,294                             | 105,239        |
| Cemetery care                          | -                    | 18,700     | 18,700             | 17,116     | 1,584                              | 17,128         |
| Memorials                              | -                    | 8,007      | 8,007              | 8,013      | (6)                                | 8,046          |
| Shade trees                            | -                    | 6,000      | 6,000              | 1,685      | 4,315                              | 3,675          |
| Solid waste program                    | -                    | 1,297,951  | 1,297,951          | 1,332,778  | (34,827)                           | 1,312,943      |
| Total public works                     | 19,716               | 6,755,141  | 6,774,857          | 6,529,061  | 245,796                            | 6,677,609      |
| Education:                             |                      |            |                    |            |                                    |                |
| Adult education                        | -                    | 182,805    | 182,805            | 187,523    | (4,718)                            | 178,868        |
| Regular instruction                    | -                    | 26,854,833 | 26,854,833         | 26,456,084 | 398,749                            | 25,050,826     |
| Improvement of instruction             | -                    | 993,479    | 993,479            | 926,246    | 67,233                             | 852,059        |
| Special services                       | 1,113                | 3,894,497  | 3,895,610          | 3,846,403  | 49,207                             | 3,542,388      |
| General & special administration       | -                    | 232,239    | 232,239            | 235,012    | (2,773)                            | 220,590        |
| Board of education                     | -                    | 33,323     | 33,323             | 28,956     | 4,367                              | 31,370         |
| Office of the superintendent           | -                    | 666,197    | 666,197            | 670,300    | (4,103)                            | 653,975        |
| Business administration                | -                    | 2,017,409  | 2,017,409          | 2,013,051  | 4,358                              | 1,896,014      |
| Transportation                         | -                    | 1,547,918  | 1,547,918          | 1,484,812  | 63,106                             | 1,466,792      |
| Operation and maintenance of plant     | -                    | 3,828,539  | 3,828,539          | 3,552,268  | 276,271                            | 3,585,282      |
| Debt service                           | -                    | 5,761,633  | 5,761,633          | 5,760,631  | 1,002                              | 3,740,323      |
| Total education                        | 1,113                | 46,012,872 | 46,013,985         | 45,161,286 | 852,699                            | 41,218,487     |

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

|   | 2017                 |             |                    |                   | Variance<br>positive<br>(negative) | 2016<br>Actual    |
|---|----------------------|-------------|--------------------|-------------------|------------------------------------|-------------------|
|   | 2016<br>carryforward | Budget      | Total<br>available | Actual            |                                    |                   |
| Expenditures, continued:                                  |                      |             |                    |                   |                                    |                   |
| Current, continued:                                       |                      |             |                    |                   |                                    |                   |
| County tax  | \$ -                 | 2,568,852   | 2,568,852          | 2,568,852         | -                                  | 2,493,342         |
| Debt service (excluding education):                       |                      |             |                    |                   |                                    |                   |
| Principal   | -                    | 3,574,667   | 3,574,667          | 3,574,135         | 532                                | 3,556,499         |
| Interest and other costs                                  | -                    | 1,265,829   | 1,265,829          | 1,283,520         | (17,691)                           | 1,367,399         |
| Total debt service  | -                    | 4,840,496   | 4,840,496          | 4,857,655         | (17,159)                           | 4,923,898         |
| Capital improvements                                      | 173,404              | 1,148,470   | 1,321,874          | 1,148,329         | 173,545                            | 1,037,678         |
| Total expenditures  | 434,073              | 82,428,257  | 82,862,330         | 81,300,349        | 1,561,981                          | 76,071,959        |
| Excess (deficiency) of revenues over expenditures         | (434,073)            | (3,860,849) | (4,294,922)        | (2,063,125)       | 2,231,797                          | 1,308,429         |
| Other financing sources (uses):                           |                      |             |                    |                   |                                    |                   |
| Transfers in  | -                    | 2,524,007   | 2,524,007          | 2,498,932         | (25,075)                           | 876,717           |
| Transfers out   | -                    | (170,692)   | (170,692)          | (774,116)         | (603,424)                          | (295,839)         |
| General obligation bonds                                  | -                    | 526,500     | 526,500            | 574,270           | 47,770                             | 596,556           |
| Refunding bond issued                                     | -                    | -           | -                  | -                 | -                                  | 3,785,000         |
| Premium received on refunded bonds, net of issuance costs | -                    | -           | -                  | -                 | -                                  | 187,329           |
| Premium received on issued bonds, net of issuance costs   | -                    | -           | -                  | -                 | -                                  | 33,183            |
| Payment to refunding bond escrow agent                    | -                    | -           | -                  | -                 | -                                  | (3,972,329)       |
| Overlay   | -                    | (173,207)   | (173,207)          | (173,207)         | -                                  | -                 |
| Total other financing sources (uses)                      | -                    | 2,706,608   | 2,706,608          | 2,125,879         | (580,729)                          | 1,210,617         |
| Net change in fund balances - budgetary basis             | (434,073)            | (1,154,241) | (1,588,314)        | 62,754            | 1,651,068                          | 2,519,046         |
| Utilization of prior year surplus and carrying balances   | 434,073              | 1,154,241   | 1,588,314          | -                 | (1,588,314)                        | -                 |
| Total Utilization of Fund Balance and Carry forwards      | -                    | -           | -                  | 62,754            | 62,754                             | 2,519,046         |
| Reconciliation to GAAP basis:                             |                      |             |                    |                   |                                    |                   |
| Change in current portion of accrued compensated absences |                      |             |                    | 47,057            |                                    | (46,647)          |
| Fund balances, beginning of year                          |                      |             |                    | 14,174,977        |                                    | 11,702,578        |
| <b>Fund balances, end of year</b>                         |                      |             |                    | <b>14,284,788</b> |                                    | <b>14,174,977</b> |

**TOWN OF SCARBOROUGH, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2017**

|  | <b>Special<br/>Revenue<br/>Funds</b> | <b>Capital<br/>Project<br/>Funds</b> | <b>Permanent<br/>Funds</b> | <b>Total Other<br/>Governmental<br/>Funds</b> |
|--|--------------------------------------|--------------------------------------|----------------------------|---|
| <b>ASSETS</b>                              |                                      |                                      |                            |   |
| Cash and cash equivalents                  | \$ 636,419                           | 157,053                              | -                          | 793,472                                       |
| Investments                                | 5,228,171                            | 1,119,855                            | 238,082                    | 6,586,108                                     |
| Intergovernmental receivable               | 135,514                              | -                                    | -                          | 135,514                                       |
| Accounts receivable                        | 119,114                              | -                                    | -                          | 119,114                                       |
| Interfund loans                            | 504,055                              | 34,024                               | 16,350                     | 554,429                                       |
| Inventory                                  | 36,054                               | -                                    | -                          | 36,054  |
| Notes receivable                           | -                                    | -                                    | -                          | -   |
| <b>Total assets</b>                        | <b>\$ 6,659,327</b>                  | <b>1,310,932</b>                     | <b>254,432</b>             | <b>8,224,691</b>                              |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                      |                                      |                            |   |
| Liabilities:                               |                                      |                                      |                            |   |
| Accounts payable                           | 484,472                              | 654,351                              | -                          | 1,138,823                                     |
| Interfund loans                            | 257,602                              | 4,885                                | 544                        | 263,031                                       |
| Performance bond deposits                  | -                                    | -                                    | -                          | -   |
| <b>Total liabilities</b>                   | <b>742,074</b>                       | <b>659,236</b>                       | <b>544</b>                 | <b>1,401,854</b>                              |
| Fund balances (deficit):                   |                                      |                                      |                            |   |
| Nonspendable trust principal               | -                                    | -                                    | 163,568                    | 163,568                                       |
| Nonspendable inventory                     | 36,054                               | -                                    | -                          | 36,054  |
| Restricted for Town                        | 644,926                              | 640,475                              | 90,320                     | 1,375,721                                     |
| Restricted for Education                   | -                                    | 11,221                               | -                          | 11,221  |
| Committed for Town                         | 4,842,211                            | -                                    | -                          | 4,842,211                                     |
| Committed for Education                    | 403,525                              | -                                    | -                          | 403,525                                       |
| Unassigned for Town                        | (9,463)                              | -                                    | -                          | (9,463)                                       |
| <b>Total fund balances (deficit)</b>       | <b>5,917,253</b>                     | <b>651,696</b>                       | <b>253,888</b>             | <b>6,822,837</b>                              |
| <b>Total liabilities and fund balances</b> | <b>\$ 6,659,327</b>                  | <b>1,310,932</b>                     | <b>254,432</b>             | <b>8,224,691</b>                              |



**TOWN OF SCARBOROUGH, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2017**

|  | <b>Special<br/>Revenue<br/>Funds</b> | <b>Capital<br/>Projects<br/>Funds</b> | <b>Permanent<br/>Funds</b> | <b>Total Other<br/>Governmental<br/>Funds</b> |
|--|--------------------------------------|---------------------------------------|----------------------------|---|
| Revenues:  |                                      |                                       |                            |   |
| Intergovernmental                                    | \$ 1,701,311                         | -                                     | -                          | 1,701,311                                     |
| Contributions  | 673,858                              | -                                     | -                          | 673,858                                       |
| Taxes  | -                                    | 220,500                               | -                          | 220,500                                       |
| Assessments and impact fees                          | 2,573,583                            | -                                     | -                          | 2,573,583                                     |
| Sale of lots   | -                                    | -                                     | 8,390                      | 8,390   |
| Other revenue  | 1,667,288                            | 41,024                                | -                          | 1,708,312                                     |
| Interest revenue                                     | 25,119                               | 222,085                               | 1,085                      | 248,289                                       |
| Total revenues                                       | 6,641,159                            | 483,609                               | 9,475                      | 7,134,243                                     |
| Expenditures:  |                                      |                                       |                            |   |
| Current:   |                                      |                                       |                            |   |
| Capital expenditures                                 | 849,717                              | 4,502,617                             | -                          | 5,352,334                                     |
| Education  | 2,705,670                            | -                                     | -                          | 2,705,670                                     |
| Other  | 2,466,575                            | -                                     | 293                        | 2,466,868                                     |
| Total expenditures                                   | 6,021,962                            | 4,502,617                             | 293                        | 10,524,872                                    |
| Excess (deficiency) of revenues<br>over expenditures | 619,197                              | (4,019,008)                           | 9,182                      | (3,390,629)                                   |
| Other financing sources (uses):                      |                                      |                                       |                            |   |
| Transfers in   | 301,151                              | 261,926                               | -                          | 563,077                                       |
| Transfers out  | (447,515)                            | (1,616,070)                           | -                          | (2,063,585)                                   |
| General Obligation Bonds                             | -                                    | 2,180,730                             | -                          | 2,180,730                                     |
| Total other financing sources (uses)                 | (146,364)                            | 826,586                               | -                          | 680,222                                       |
| Net change in fund balances                          | 472,833                              | (3,192,422)                           | 9,182                      | (2,710,407)                                   |
| Fund balances, beginning of year, as restated        | 5,444,420                            | 3,844,118                             | 244,706                    | 9,533,244                                     |
| <b>Fund balances, end of year</b>                    | <b>\$ 5,917,253</b>                  | <b>651,696</b>                        | <b>253,888</b>             | <b>6,822,837</b>                              |

## **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.

### **Scarborough Economic Development Corporation (SEDCO)**

Scarborough Economic Development Corporation assists both current and prospective business. SEDCO supports the economic and business development to improve the quality of life in Scarborough by expanding the town's tax and employment base. The SEDCO board appoints the members of its own board however, the Town provides most of their funding.

### **Eastern Trail Alliance**

Close the Gap - The Town of Scarborough, the Eastern Trail Alliance and other partners are working to complete the final 1.6 mile gap in the Eastern Trail that currently exists between Scarborough and South Portland. Federal, State and Local monies are all planned to help fund this project, but additional private contributions will be needed to make this a reality.

### **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/Prouts 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, 2017

|  |           | Recrea-<br>tional<br>Develop-<br>ment | Credit<br>Enhancement<br>Agreements | Scarborough<br>Economic<br>Development<br>Corporation | Eastern<br>Trail Alliance<br>Close<br>the Gap | Prouts<br>Landing<br>Conserva-<br>tion | Payne<br>Road<br>Improvements | Payne<br>Road<br>Impact<br>Fees |
|--|-----------|---------------------------------------|-------------------------------------|---|---|--|-------------------------------|---------------------------------|
| <b>ASSETS</b>                                  |           |                                       |                                     |   |   |  |                               |                                 |
| Cash and cash equivalents                      | \$        | -                                     | -                                   | 50,347  | -   | -                                      | -                             | 272,475                         |
| Investments                                    |           | -                                     | 43,118                              | -   | 300,569                                       | 25,382                                 | 72,189                        | 1,930,102                       |
| Intergovernmental receivable                   |           | -                                     | -                                   | 2,690   | -   | -                                      | -                             | -                               |
| Due from State of Maine                        |           | -                                     | -                                   | -   | -   | -                                      | -                             | -                               |
| Accounts receivable                            |           | -                                     | -                                   | -   | 25,850  | -                                      | -                             | 698                             |
| Interfund loans receivable                     |           | 69,560                                | -                                   | -   | -   | -                                      | -                             | 3,390                           |
| Inventory                                      |           | -                                     | -                                   | 8,508   | -   | -                                      | -                             | -                               |
| Notes receivable                               |           | -                                     | -                                   | -   | -   | -                                      | -                             | -                               |
| <b>Total assets</b>                            | <b>\$</b> | <b>69,560</b>                         | <b>43,118</b>                       | <b>61,545</b>   | <b>326,419</b>                                | <b>25,382</b>                          | <b>72,189</b>                 | <b>2,206,665</b>                |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>       |           |                                       |                                     |   |   |  |                               |                                 |
| Liabilities:                                   |           |                                       |                                     |   |   |  |                               |                                 |
| Accounts payable                               |           | -                                     | -                                   | 7,409   | -   | -                                      | -                             | 275,597                         |
| Interfund loans payable                        |           | -                                     | -                                   | -   | -   | -                                      | -                             | -                               |
| Performance bond deposits                      |           | -                                     | -                                   | -   | -   | -                                      | -                             | -                               |
| <b>Total liabilities</b>                       |           | <b>-</b>                              | <b>-</b>                            | <b>7,409</b>  | <b>-</b>                                      | <b>-</b>                               | <b>-</b>                      | <b>275,597</b>                  |
| Fund balances:                                 |           |                                       |                                     |   |   |  |                               |                                 |
| Nonspendable                                   |           | -                                     | -                                   | 8,508   | -   | -                                      | -                             | -                               |
| Restricted                                     |           | -                                     | 43,118                              | -   | 326,419                                       | -                                      | -                             | -                               |
| Committed                                      |           | 69,560                                | -                                   | -   | -   | 25,382                                 | 72,189                        | 1,931,068                       |
| Unassigned                                     |           | -                                     | -                                   | 45,628  | -   | -                                      | -                             | -                               |
| <b>Total fund balances (deficit)</b>           |           | <b>69,560</b>                         | <b>43,118</b>                       | <b>54,136</b>   | <b>326,419</b>                                | <b>25,382</b>                          | <b>72,189</b>                 | <b>1,931,068</b>                |
| <b>Total liabilities<br/>and fund balances</b> | <b>\$</b> | <b>69,560</b>                         | <b>43,118</b>                       | <b>61,545</b>   | <b>326,419</b>                                | <b>25,382</b>                          | <b>72,189</b>                 | <b>2,206,665</b>                |

|  | Other<br>Impact<br>Fees | Police<br>Asset<br>Forfeiture | Rescue<br>Equipment | Fire<br>Department | Departmental<br>Grants &<br>Programs | School<br>Categorical<br>Programs | School<br>Lunch<br>Program | Totals           |
|--|-------------------------|-------------------------------|---------------------|--------------------|--------------------------------------|-----------------------------------|----------------------------|------------------|
| <b>ASSETS</b>                                  |                         |                               |                     |                    |                                      |                                   |                            |                  |
| Cash and cash equivalents                      | -                       | -                             | -                   | -                  | 9,237                                | 304,360                           | -                          | 636,419          |
| Investments                                    | 1,171,268               | 117,165                       | 373,074             | 37,779             | 1,157,525                            | -                                 | -                          | 5,228,171        |
| Intergovernmental receivable                   | -                       | -                             | -                   | -                  | -                                    | 132,824                           | -                          | 135,514          |
| Accounts receivable                            | -                       | -                             | 58,028              | -                  | 9,930                                | 4,266                             | 20,342                     | 119,114          |
| Interfund loans receivable                     | 13,733                  | -                             | 416,522             | 850                | -                                    | -                                 | -                          | 504,055          |
| Inventory                                      | -                       | -                             | -                   | -                  | -                                    | -                                 | 27,546                     | 36,054           |
| Notes receivable                               | -                       | -                             | -                   | -                  | -                                    | -                                 | -                          | -                |
| Total Assets                                   | <b>1,185,001</b>        | <b>117,165</b>                | <b>847,624</b>      | <b>38,629</b>      | <b>1,176,692</b>                     | <b>441,450</b>                    | <b>47,888</b>              | <b>6,659,327</b> |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>       |                         |                               |                     |                    |                                      |                                   |                            |                  |
| Liabilities:                                   |                         |                               |                     |                    |                                      |                                   |                            |                  |
| Accounts payable                               | -                       | -                             | 70,218              | -                  | 17,890                               | 37,925                            | 75,433                     | 484,472          |
| Interfund loans payable                        | 34,024                  | -                             | 89,418              | -                  | 134,160                              | -                                 | -                          | 257,602          |
| Performance bond deposits                      | -                       | -                             | -                   | -                  | -                                    | -                                 | -                          | -                |
| Total Liabilities                              | 34,024                  | -                             | 159,636             | -                  | 152,050                              | 37,925                            | 75,433                     | 742,074          |
| Fund balances:                                 |                         |                               |                     |                    |                                      |                                   |                            |                  |
| Nonspendable                                   |                         |                               |                     |                    |                                      |                                   | 27,546                     | 36,054           |
| Restricted                                     | -                       | 117,165                       | -                   | 38,629             | 119,595                              | -                                 | -                          | 644,926          |
| Committed                                      | 1,150,977               | -                             | 687,988             | -                  | 905,047                              | 403,525                           | -                          | 5,245,736        |
| Unassigned                                     | -                       | -                             | -                   | -                  | -                                    | -                                 | (55,091)                   | (9,463)          |
| Total fund balances (deficit)                  | 1,150,977               | 117,165                       | 687,988             | 38,629             | 1,024,642                            | <b>403,525</b>                    | (27,545)                   | 5,917,253        |
| <b>Total liabilities<br/>and fund balances</b> | <b>1,185,001</b>        | <b>117,165</b>                | <b>847,624</b>      | <b>38,629</b>      | <b>1,176,692</b>                     | <b>441,450</b>                    | <b>47,888</b>              | <b>6,659,327</b> |

**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2017**

|  | <b>Recrea-<br/>tional<br/>Develop-<br/>ment</b> | <b>Credit<br/>Enhancement<br/>Agreements</b> | <b>Scarborough<br/>Economic<br/>Development<br/>Corporation</b> | <b>Eastern<br/>Trail Alliance<br/>Close<br/>the Gap</b> | <b>Prouts<br/>Landing<br/>Conserva-<br/>tion</b> | <b>Payne<br/>Road<br/>Improvements</b> | <b>Payne<br/>Road<br/>Impact<br/>Fees</b> |
|--|---|--|---|---|--|--|---|
| Revenues:  |   |  |   |   |  |  |   |
| Intergovernmental                                    | \$ -  | -  | -   | -   | -  | -                                      | -   |
| Interest earned                                      | -   | 124  | -   | 585   | 115  | 329                                    | 11,236                                    |
| Contributions  | -   | -  | 227,614   | 325,834   | -  | -                                      | -   |
| Sale of Lots/Land/Equip                              | -   | -  | -   | -   | -  | -                                      | -   |
| Other  | -   | -  | -   | -   | -  | -                                      | 17,156                                    |
| Assessments and impact fees                          | 17,750  | 626,089                                      | -   | -   | -  | -                                      | -   |
| <b>Total revenues</b>                                | <b>17,750</b>                                   | <b>626,213</b>                               | <b>227,614</b>  | <b>326,419</b>  | <b>115</b>                                       | <b>329</b>                             | <b>28,392</b>                             |
| Expenditures:  |   |  |   |   |  |  |   |
| Construction and acquisitions                        | -   | -  | -   | -   | -  | -                                      | (3,700)                                   |
| Education  | -   | -  | -   | -   | -  | -                                      | -   |
| Benefits paid  | -   | -  | -   | -   | -  | -                                      | -   |
| Other  | -   | 626,089                                      | 228,263   | -   | -  | -                                      | -   |
| <b>Total expenditures</b>                            | <b>-</b>  | <b>626,089</b>                               | <b>228,263</b>  | <b>-</b>  | <b>-</b>   | <b>-</b>                               | <b>(3,700)</b>                            |
| Excess (deficiency) of revenues<br>over expenditures | 17,750  | 124  | (649)   | 326,419   | 115  | 329                                    | 32,092                                    |
| Other financing sources (uses):                      |   |  |   |   |  |  |   |
| Transfers in   | -   | -  | -   | -   | -  | -                                      | -   |
| Bond Proceeds  | -   | -  | -   | -   | -  | -                                      | -   |
| Transfers out  | -   | -  | -   | -   | -  | -                                      | -   |
| <b>Total other financing<br/>sources (uses)</b>      | <b>-</b>  | <b>-</b>                                     | <b>-</b>  | <b>-</b>  | <b>-</b>   | <b>-</b>                               | <b>-</b>                                  |
| Net change in fund balances                          | 17,750  | 124  | (649)   | 326,419   | 115  | 329                                    | 32,092                                    |
| Fund balances (deficit), beginning of year           | 51,810  | 42,994                                       | 54,785  | -   | 25,267   | 71,860                                 | 1,898,976                                 |
| <b>Fund balances (deficit), end of year</b>          | <b>\$ 69,560</b>                                | <b>43,118</b>                                | <b>54,136</b>   | <b>326,419</b>  | <b>25,382</b>                                    | <b>72,189</b>                          | <b>1,931,068</b>                          |



|  | Other<br>Impact<br>Fees | Police<br>Asset<br>Forfeiture | Rescue<br>Equipment | Fire<br>Department | Departmental<br>Grants &<br>Programs | School<br>Categorical<br>Programs | School<br>Lunch<br>Program | Totals           |
|--|-------------------------|-------------------------------|---------------------|--------------------|--------------------------------------|-----------------------------------|----------------------------|------------------|
| Revenues:  |                         |                               |                     |                    |                                      |                                   |                            |                  |
| Intergovernmental                                    | -                       | 19,667                        | -                   | -                  | 335,975                              | 1,112,411                         | 233,258                    | 1,701,311        |
| Interest earned                                      | 5,642                   | 602                           | 1,245               | 167                | 5,074                                | -                                 | -                          | 25,119           |
| Contributions  | -                       | -                             | -                   | 3,505              | -                                    | 116,905                           | -                          | 673,858          |
| Sale of Lots/Land/Equip                              | -                       | -                             | -                   | -                  | -                                    | -                                 | -                          | -                |
| Other  | 457,972                 | -                             | -                   | -                  | 260,390                              | -                                 | 931,770                    | 1,667,288        |
| Assessments and impact fees                          | -                       | -                             | 1,929,744           | -                  | -                                    | -                                 | -                          | 2,573,583        |
| Total revenues                                       | 463,614                 | 20,269                        | 1,930,989           | 3,672              | 601,439                              | 1,229,316                         | 1,165,028                  | 6,641,159        |
| Expenditures:  |                         |                               |                     |                    |                                      |                                   |                            |                  |
| Construction and acquisitions                        | 191,559                 | 9,095                         | -                   | -                  | 652,763                              | -                                 | -                          | 849,717          |
| Education  | -                       | -                             | -                   | -                  | -                                    | 1,211,946                         | 1,493,724                  | 2,705,670        |
| Benefits paid  | -                       | -                             | -                   | -                  | -                                    | -                                 | -                          | -                |
| Other  | -                       | -                             | 1,612,223           | -                  | -                                    | -                                 | -                          | 2,466,575        |
| Total expenditures                                   | 191,559                 | 9,095                         | 1,612,223           | -                  | 652,763                              | 1,211,946                         | 1,493,724                  | 6,021,962        |
| Excess (deficiency) of revenues<br>over expenditures | 272,055                 | 11,174                        | 318,766             | 3,672              | (51,324)                             | 17,370                            | (328,696)                  | 619,197          |
| Other financing sources (uses):                      |                         |                               |                     |                    |                                      |                                   |                            |                  |
| Transfers in   | -                       | -                             | -                   | -                  | -                                    | -                                 | 301,151                    | 301,151          |
| Bond Proceeds  | -                       | -                             | -                   | -                  | -                                    | -                                 | -                          | -                |
| Transfers out  | (325,097)               | (33,000)                      | (89,418)            | -                  | -                                    | -                                 | -                          | (447,515)        |
| Total other financing<br>sources (uses)              | (325,097)               | (33,000)                      | (89,418)            | -                  | -                                    | -                                 | 301,151                    | (146,364)        |
| Net change in fund balances                          | (53,042)                | (21,826)                      | 229,348             | 3,672              | (51,324)                             | 17,370                            | (27,545)                   | 472,833          |
| Fund balances (deficit), beginning of year           | 1,204,019               | 138,991                       | 458,640             | 34,957             | 1,075,966                            | 386,155                           | -                          | 5,444,420        |
| <b>Fund balances (deficit), end of year</b>          | <b>1,150,977</b>        | <b>117,165</b>                | <b>687,988</b>      | <b>38,629</b>      | <b>1,024,642</b>                     | <b>403,525</b>                    | <b>(27,545)</b>            | <b>5,917,253</b> |

**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, 2017**

|  | <b>Fund<br/>balances<br/>beginning<br/>of year</b> | <b>Revenues</b>  |                | <b>Program<br/>expenditures</b> | <b>Fund<br/>balances<br/>end<br/>of year</b> |
|--|--|------------------|----------------|---------------------------------|--|
|  |  | <b>Grants</b>    | <b>Other</b>   |                                 |  |
| Federal education grant programs:        |  |                  |                |                                 |  |
| NCLB/Title IA                            | \$ -   | 165,825          | -              | 165,825                         | -  |
| NCLB/Title IIA                           | 1,872  | 71,464           | -              | 72,587                          | 749  |
| NCLB/Title VA                            | -  | -                | -              | -                               | -  |
| Local Entitlement                        | (106)  | 814,291          | -              | 814,150                         | 35   |
| Preschool handicapped                    | -  | 7,496            | -              | 7,531                           | (35)   |
| Total federal education grant programs   | 1,766  | 1,059,076        | -              | 1,060,093                       | 749  |
| Other State grant programs:              |  |                  |                |                                 |  |
| PEPG Grant                               | 2,235  | -                | 1,500          | -                               | 3,735  |
| Scarborough Education Foundation         | 16,079   | -                | 33,040         | 24,649                          | 24,470                                       |
| Finberg Trust                            | 194,129  | -                | -              | 10,000                          | 184,129                                      |
| Other Donations                          | 7,291  | -                | 13,487         | 2,253                           | 18,525                                       |
| Proficiency Based Graduation             | 70,910   | -                | 36,298         | 99,325                          | 7,883  |
| Technology Maintenance Fees              | 92,893   | -                | 70,380         | 5,339                           | 157,934                                      |
| School Nutrition Special Programs        | -  | -                | 7,435          | 2,080                           | 5,355  |
| CC Admin Certification                   | 852  | -                | 8,100          | 8,207                           | 745  |
| Total other state grant programs         | 384,389  | -                | 170,240        | 151,853                         | 402,776                                      |
| <b>Total school categorical programs</b> | <b>\$ 386,155</b>                                  | <b>1,059,076</b> | <b>170,240</b> | <b>1,211,946</b>                | <b>403,525</b>                               |

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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.

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**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Capital Project Fund**  
**Balance Sheet**  
**June 30, 2017**

|   | <b>General<br/>School<br/>Improvements</b> | <b>General<br/>Town<br/>Improvements</b> | <b>Totals</b>    |
|---|--|--|------------------|
| <b>ASSETS</b>                                 |  |  |                  |
| Cash and cash equivalents                     | \$ -                                       | 157,053                                  | 157,053          |
| Investments                                   | 286,604                                    | 833,251                                  | 1,119,855        |
| Accounts Receivable                           | -  | -  | -                |
| Interfund loans receivable                    | -  | 34,024                                   | 34,024           |
| <b>Total assets</b>                           | <b>\$ 286,604</b>                          | <b>1,024,328</b>                         | <b>1,310,932</b> |
| <b>LIABILITIES AND<br/>FUND BALANCE</b>       |  |  |                  |
| Liabilities:                                  |  |  |                  |
| Accounts Payable                              | 270,498                                    | 383,853                                  | 654,351          |
| Interfund loans payable                       | 4,885                                      | -  | 4,885            |
| <b>Total liabilities</b>                      | <b>275,383</b>                             | <b>383,853</b>                           | <b>659,236</b>   |
| Fund balance (deficit):                       |  |  |                  |
| Restricted                                    | 11,221                                     | 640,475                                  | 651,696          |
| Unassigned                                    | -  | -  | -                |
| <b>Total fund balance (deficit)</b>           | <b>11,221</b>                              | <b>640,475</b>                           | <b>651,696</b>   |
| <b>Total liabilities<br/>and fund balance</b> | <b>\$ 286,604</b>                          | <b>1,024,328</b>                         | <b>1,310,932</b> |

**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Capital Project Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2017**

|  | General<br>School<br>Improvements | General<br>Town<br>Improvements | Totals         |
|--|-----------------------------------|---------------------------------|----------------|
| Revenues:  |                                   |                                 |                |
| Intergovernmental                                    | \$ -                              | -                               | -              |
| Taxes  | 56,000                            | 164,500                         | 220,500        |
| Interest earned                                      | 89,791                            | 132,294                         | 222,085        |
| Other  | -                                 | 41,024                          | 41,024         |
| Total revenues                                       | 145,791                           | 337,818                         | 483,609        |
| Expenditures:  |                                   |                                 |                |
| Capital Improvements                                 | 1,573,203                         | 2,929,414                       | 4,502,617      |
| Total expenditures                                   | 1,573,203                         | 2,929,414                       | 4,502,617      |
| Excess (deficiency) of revenues<br>over expenditures | (1,427,412)                       | (2,591,596)                     | (4,019,008)    |
| Other financing sources (uses):                      |                                   |                                 |                |
| Transfers in   | 195,502                           | 66,424                          | 261,926        |
| Transfers out  | (1,391,110)                       | (224,960)                       | (1,616,070)    |
| Proceeds of general obligation bonds                 | 1,106,876                         | 1,073,854                       | 2,180,730      |
| Total other financing<br>sources (uses)              | (88,732)                          | 915,318                         | 826,586        |
| Net change in fund balances                          | (1,516,144)                       | (1,676,278)                     | (3,192,422)    |
| Fund balances (deficit), beginning of year           | 1,527,365                         | 2,316,753                       | 3,844,118      |
| <b>Fund balances (deficit), end of year</b>          | <b>\$ 11,221</b>                  | <b>640,475</b>                  | <b>651,696</b> |

## **NONMAJOR PERMANENT FUNDS**

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

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

### **Scarborough Memorial Cemetery**

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

### **Dunstan Perpetual Care**

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

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

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



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**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Balance Sheet**  
**June 30, 2017**

|  | <b>Scarborough<br/>Memorial<br/>Cemetery</b> | <b>Dunstan<br/>Perpetual<br/>Care</b> | <b>Mary A.<br/>Tucker<br/>Fund</b> | <b>Totals</b>  |
|--|--|---------------------------------------|------------------------------------|----------------|
| <b>ASSETS</b>                              |  |                                       |                                    |                |
| Investments                                | \$ 209,783                                   | 25,335                                | 2,964                              | 238,082        |
| Interfund loans receivable                 | 16,350                                       | -                                     | -                                  | 16,350         |
| <b>Total assets</b>                        | <b>\$ 226,133</b>                            | <b>25,335</b>                         | <b>2,964</b>                       | <b>254,432</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |  |                                       |                                    |                |
| Liabilities:                               |  |                                       |                                    |                |
| Interfund loans payable                    | -  | 544                                   | -                                  | 544            |
| <b>Total liabilities</b>                   | <b>-</b>                                     | <b>544</b>                            | <b>-</b>                           | <b>544</b>     |
| Fund balances:                             |  |                                       |                                    |                |
| Nonspendable Principal                     | 149,701                                      | 13,367                                | 500                                | 163,568        |
| Restricted Expendable Income               | 76,432                                       | 11,424                                | 2,464                              | 90,320         |
| <b>Total fund balances</b>                 | <b>226,133</b>                               | <b>24,791</b>                         | <b>2,964</b>                       | <b>253,888</b> |
| <b>Total liabilities and fund balances</b> | <b>\$ 226,133</b>                            | <b>25,335</b>                         | <b>2,964</b>                       | <b>254,432</b> |

**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2017**

|                                      | <b>Scarborough<br/>Memorial<br/>Cemetery</b> | <b>Dunstan<br/>Perpetual<br/>Care</b> | <b>Mary A.<br/>Tucker<br/>Fund</b> | <b>Totals</b>  |
|--------------------------------------|--|---------------------------------------|------------------------------------|----------------|
| Revenues:                            |  |                                       |                                    |                |
| Interest and dividends               | \$ 956                                       | 116                                   | 13                                 | 1,085          |
| Sale of lots/perpetual care deposits | 8,390  | -                                     | -                                  | 8,390          |
| Total revenues                       | 9,346  | 116                                   | 13                                 | 9,475          |
| Expenditures:                        |  |                                       |                                    |                |
| Earnings retained by General Fund    | -  | 293                                   | -                                  | 293            |
| Other                                | -  | -                                     | -                                  | -              |
| Total expenditures                   | -  | 293                                   | -                                  | 293            |
| Net change in fund balances          | 9,346  | (177)                                 | 13                                 | 9,182          |
| Fund balances, beginning of year     | 216,787                                      | 24,968                                | 2,951                              | 244,706        |
| <b>Fund balances, end of year</b>    | <b>\$ 226,133</b>                            | <b>24,791</b>                         | <b>2,964</b>                       | <b>253,888</b> |

## **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, 2017**

|   | Shirley<br>Grover<br>Fund | Mary<br>Campbell<br>Peterson<br>Fund | Edith<br>Warga<br>Art<br>Scholarship | Packy<br>McFarland<br>Scholarship<br>Fund | Roy<br>Nelson<br>Scholarship<br>Fund | Daniel<br>Tranchemontagne<br>Scholarship<br>Fund | Virginia<br>Jackson<br>Scholarship<br>Fund | Evelyn J.<br>Chaddon Mem.<br>Scholarship<br>Fund | S. Dwight<br>Howard Mem.<br>Scholarship<br>Fund | Bertha<br>Libby-Lary<br>Scholarship<br>Fund | Academic<br>Decathlon<br>Scholarship<br>Fund | Class of<br>1976<br>Scholarship<br>Fund | Kathy<br>Pearson<br>Scholarship<br>Fund | Totals         |
|---|---------------------------|--------------------------------------|--------------------------------------|---|--------------------------------------|--|--|--|---|---|--|---|---|----------------|
| <b>ASSETS</b>                             |                           |                                      |                                      |   |                                      |  |  |  |   |   |  |   |   |                |
| Cash and cash equivalents                 | -                         | -                                    | -                                    | -   | -                                    | -  | -  | -  | -   | -   | -  | -                                       | -                                       | -              |
| Investments                               | \$ 1,021                  | 92,327                               | 99,200                               | 183                                       | 12                                   | 1,114  | 13,474                                     | 318  | 2,469   | 10,894                                      | 1,253  | 150                                     | 3,013                                   | 225,428        |
| Interfund loans                           | -                         | -                                    | -                                    | -   | -                                    | -  | -  | -  | -   | -   | -  | -                                       | -                                       | -              |
| Accounts receivable                       | -                         | -                                    | -                                    | -   | -                                    | -  | -  | -  | -   | -   | -  | -                                       | -                                       | -              |
| <b>Total assets</b>                       | <b>\$ 1,021</b>           | <b>92,327</b>                        | <b>99,200</b>                        | <b>183</b>                                | <b>12</b>                            | <b>1,114</b>                                     | <b>13,474</b>                              | <b>318</b>                                       | <b>2,469</b>                                    | <b>10,894</b>                               | <b>1,253</b>                                 | <b>150</b>                              | <b>3,013</b>                            | <b>225,428</b> |
| <b>LIABILITIES AND NET ASSETS</b>         |                           |                                      |                                      |   |                                      |  |  |  |   |   |  |   |   |                |
| Liabilities:                              |                           |                                      |                                      |   |                                      |  |  |  |   |   |  |   |   |                |
| Interfund loans                           | -                         | -                                    | -                                    | -   | -                                    | -  | -  | -  | -   | -   | -  | -                                       | -                                       | -              |
| Accounts payable                          | -                         | -                                    | -                                    | -   | -                                    | -  | -  | -  | -   | -   | -  | -                                       | -                                       | -              |
| <b>Total liabilities</b>                  | <b>-</b>                  | <b>-</b>                             | <b>-</b>                             | <b>-</b>                                  | <b>-</b>                             | <b>-</b>   | <b>-</b>                                   | <b>-</b>   | <b>-</b>  | <b>-</b>                                    | <b>-</b>                                     | <b>-</b>                                | <b>-</b>                                | <b>-</b>       |
| Net position:                             |                           |                                      |                                      |   |                                      |  |  |  |   |   |  |   |   |                |
| Nonspendable Principal                    | 1,240                     | 87,680                               | 100,000                              | -   | -                                    | -  | -  | 500  | 2,026   | 3,500                                       | -  | -                                       | 3,810                                   | 198,756        |
| Restricted Interest                       | (219)                     | 4,647                                | (800)                                | 183                                       | 12                                   | 1,114  | 13,474                                     | (182)  | 443   | 7,394                                       | 1,253  | 150                                     | (797)                                   | 26,672         |
| <b>Total net position</b>                 | <b>1,021</b>              | <b>92,327</b>                        | <b>99,200</b>                        | <b>183</b>                                | <b>12</b>                            | <b>1,114</b>                                     | <b>13,474</b>                              | <b>318</b>                                       | <b>2,469</b>                                    | <b>10,894</b>                               | <b>1,253</b>                                 | <b>150</b>                              | <b>3,013</b>                            | <b>225,428</b> |
| <b>Total liabilities and net position</b> | <b>\$ 1,021</b>           | <b>92,327</b>                        | <b>99,200</b>                        | <b>183</b>                                | <b>12</b>                            | <b>1,114</b>                                     | <b>13,474</b>                              | <b>318</b>                                       | <b>2,469</b>                                    | <b>10,894</b>                               | <b>1,253</b>                                 | <b>150</b>                              | <b>3,013</b>                            | <b>225,428</b> |

**TOWN OF SCARBOROUGH, MAINE**  
**Private-purpose Trust Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the year ended June 30, 2017**

|                                 | Shirley<br>Grover<br>Fund | Mary<br>Campbell<br>Pederson<br>Fund | Edith<br>Warga<br>Art<br>Scholarship | Packy<br>McFarland<br>Scholarship<br>Fund | Roy<br>Nelson<br>Scholarship<br>Fund | Daniel<br>Tranchemontagne<br>Scholarship<br>Fund | Virginia<br>Jackson<br>Scholarship<br>Fund | Evelyn J.<br>Chaddon Mem.<br>Scholarship<br>Fund | S. Dwight<br>Howard Mem.<br>Scholarship<br>Fund | Bertha<br>Libby-Lary<br>Scholarship<br>Fund | Academic<br>Decathlon<br>Scholarship<br>Fund | Class of<br>1976<br>Scholarship<br>Fund | Kathy<br>Pearson<br>Scholarship<br>Fund | Totals  |
|---------------------------------|---------------------------|--------------------------------------|--------------------------------------|---|--------------------------------------|--|--|--|---|---|--|---|---|---------|
| Additions                       |                           |                                      |                                      |   |                                      |  |  |  |   |   |  |   |   |         |
| Donations                       | \$ -                      | -                                    | -                                    | -   | -                                    | -  | -  | -  | -   | -   | -  | 150                                     | -                                       | 150     |
| Interest and dividends          | 5                         | 423                                  | 455                                  | 1   | -                                    | 5  | 67   | 1  | 12  | 50  | 6  | -                                       | 14                                      | 1,039   |
| Total additions                 | 5                         | 423                                  | 455                                  | 1   | -                                    | 5  | 67   | 1  | 12  | 50  | 6  | 150                                     | 14                                      | 1,189   |
| Deductions:                     |                           |                                      |                                      |   |                                      |  |  |  |   |   |  |   |   |         |
| School scholarships             | -                         | 1,500                                | 2,500                                | -   | -                                    | -  | 1,500                                      | -  | 150   | 250   | -  | -                                       | -                                       | 5,900   |
| Total deductions                | -                         | 1,500                                | 2,500                                | -   | -                                    | -  | 1,500                                      | -  | 150   | 250   | -  | -                                       | -                                       | 5,900   |
| Changes in net assets           | 5                         | (1,077)                              | (2,045)                              | 1   | -                                    | 5  | (1,433)                                    | 1  | (138)   | (200)                                       | 6  | 150                                     | 14                                      | (4,711) |
| Net position, beginning of year | 1,016                     | 93,404                               | 101,245                              | 182                                       | 12                                   | 1,109  | 14,907                                     | 317  | 2,607   | 11,094                                      | 1,247  | -                                       | 2,999                                   | 230,139 |
| Net position, end of year       | \$ 1,021                  | 92,327                               | 99,200                               | 183                                       | 12                                   | 1,114  | 13,474                                     | 318  | 2,469   | 10,894                                      | 1,253  | 150                                     | 3,013                                   | 225,428 |

**TOWN OF SCARBOROUGH, MAINE**  
**Agency Funds**  
**Statement of Changes in Assets and Liabilities**  
**For the year ended June 30, 2017**

|                            | Balance      |           |           | Balance       |
|----------------------------|--------------|-----------|-----------|---------------|
|                            | July 1, 2016 | Additions | Deletions | June 30, 2017 |
| <b>STUDENT ACTIVITIES:</b> |              |           |           |               |
| <b>ASSETS</b>              |              |           |           |               |
| Cash                       | \$ 287,186   | 524,773   | 478,806   | 333,153       |
| <b>LIABILITIES</b>         |              |           |           |               |
| Payable to student groups  | \$ 287,186   | 524,773   | 478,806   | 333,153       |



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# Town of Scarborough Maine

## Comprehensive Annual Financial Report



## General Long Term Debt

*Proposed New Public Safety Building*

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**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Changes in Long-term Debt**  
**For the year ended June 30, 2017**

|                                 | Interest<br>rate | Final<br>maturity<br>date | Annual<br>principal<br>payments | Balance<br>beginning<br>of year | Current Year |           | Balance<br>end<br>of year |
|---------------------------------|------------------|---------------------------|---------------------------------|---------------------------------|--------------|-----------|---------------------------|
|                                 |                  |                           |                                 |                                 | Issued       | Retired   |                           |
| <u>General Obligation Bonds</u> |                  |                           |                                 |                                 |              |           |                           |
| 1997 Capital Improvements       | 5.60%            | 2017                      | 110,000 to 2017                 | 110,000                         |              | 110,000   | -                         |
| 2006 Capital Improvements       | 4.00%            |                           | 185,000 in 2017                 | 185,000                         | -            | 185,000   | -                         |
| 2007 Capital Improvements       | 4.00%            | 2023                      | 225,000 to 2017                 | 225,000                         | -            | 225,000   | -                         |
| 2008 Capital Improvements       | 3.25%            | 2028                      | 570,000 to 2017                 |                                 |              |           |                           |
|                                 | 3.35%            |                           | 575,000 in 2018                 | 1,145,000                       | -            | 570,000   | 575,000                   |
| 2009 Capital Improvements       | Varies           | 2029                      | 310,000 to 2019                 | 930,000                         | -            | 310,000   | 620,000                   |
| 2009 Bond Refunding             | 3.00%            | 2020                      | 185,000 to 2019                 |                                 |              |           |                           |
|                                 | 3.00%            |                           | 115,000 in 2020                 | 670,000                         | -            | 185,000   | 485,000                   |
| 2010 Capital Improvements       | Varies           | 2031                      | 345,000 to 2021                 |                                 |              |           |                           |
|                                 | Varies           |                           | 280,000 to 2026                 |                                 |              |           |                           |
|                                 | 4.00%            |                           | 100,000 to 2031                 | 3,625,000                       | -            | 345,000   | 3,280,000                 |
| 2011 Capital Improvements       | 2.00%            | 2031                      | 360,000 to 2018                 |                                 |              |           |                           |
|                                 | Varies           |                           | 355,000 to 2021                 |                                 |              |           |                           |
|                                 | Varies           |                           | 115,000 to 2026                 |                                 |              |           |                           |
|                                 | Varies           |                           | 110,000 to 2031                 | 2,910,000                       | -            | 360,000   | 2,550,000                 |
| 2012 Capital Improvements       | 4.00%            | 2042                      | 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               |                                 |              |           |                           |
|                                 | Varies           |                           | 685,000 to 2042                 | 43,315,000                      | -            | 1,690,000 | 41,625,000                |
| 2013 Capital Improvements       | 3.00%            | 2043                      | \$ 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               |                                 |              |           |                           |
|                                 | Varies           |                           | 565,000 to 2043                 | 24,425,000                      | -            | 1,145,000 | 23,280,000                |

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

|                                 | Interest<br>rate | Final<br>maturity<br>date | Annual<br>principal<br>payments | Balance<br>beginning<br>of year | Current Year |           | Balance<br>end<br>of year |
|---------------------------------|------------------|---------------------------|---------------------------------|---------------------------------|--------------|-----------|---------------------------|
|                                 |                  |                           |                                 |                                 |              |           |                           |
| <u>General Obligation Bonds</u> |                  |                           |                                 |                                 |              |           |                           |
| 2014 Capital Improvements       | 2.00%            | 2034                      | 760,000 in 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                 |                                 |              |           |                           |
| 2015 Capital Improvements       | 4.00%            | 2035                      | 50,000 to 2034                  | 5,255,000                       | -            | 760,000   | 4,495,000                 |
|                                 | 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                 |                                 |              |           |                           |
| 2016 Capital Improvements       | 3.00%            | 2036                      | 245,000 in 2030                 |                                 |              |           |                           |
|                                 | 3.00%            |                           | 165,000 in 2031                 |                                 |              |           |                           |
|                                 | 3.00%            |                           | 160,000 to 2034                 |                                 |              |           |                           |
|                                 | 3.00%            |                           | 150,000 in 2035                 | 5,585,000                       | -            | 495,000   | 5,090,000                 |
|                                 | 2.00%            |                           | 665,000 in 2017                 |                                 |              |           |                           |
|                                 | 2.00%            |                           | 860,000 in 2018                 |                                 |              |           |                           |
|                                 | 2.00%            |                           | 1,035,000 in 2019               |                                 |              |           |                           |
| 2017 Capital Improvements       | 2.00%            | 2037                      | 785,000 in 2020                 |                                 |              |           |                           |
|                                 | 2.00%            |                           | 780,000 in 2021                 |                                 |              |           |                           |
|                                 | 2.00%            |                           | 465,000 in 2022                 |                                 |              |           |                           |
|                                 | 2.00%            |                           | 435,000 in 2023                 |                                 |              |           |                           |
|                                 | 2.50%            |                           | 430,000 in 2024                 |                                 |              |           |                           |
|                                 | 3.00%            |                           | 395,000 to 2026                 |                                 |              |           |                           |
|                                 | 3.00%            |                           | 340,000 in 2027                 |                                 |              |           |                           |
|                                 | 4.00%            | 2037                      | 335,000 in 2028                 |                                 |              |           |                           |
|                                 | 4.00%            |                           | 165,000 in 2029                 |                                 |              |           |                           |
|                                 | 3.00%            |                           | 65,000 to 2036                  | 7,540,000                       | -            | 665,000   | 6,875,000                 |
|                                 | Varies           |                           | 360,000 to 2021                 |                                 |              |           |                           |
|                                 | 5.00%            |                           | 295,000 in 2022                 |                                 |              |           |                           |
|                                 | 5.00%            |                           | 190,000 in 2023                 |                                 |              |           |                           |
|                                 | 5.00%            |                           | 185,000 to 2027                 |                                 |              |           |                           |
|                                 | 3.00%            |                           | 55,000 to 2032                  |                                 |              |           |                           |
|                                 | 3.00%            |                           | 35,000 to 2037                  | -                               | 2,755,000    | -         | 2,755,000                 |
| Total bonds                     |                  |                           |                                 | 95,920,000                      | 2,755,000    | 7,045,000 | 91,630,000                |
| Total long-term debt            |                  | \$                        |                                 | 95,920,000                      | 2,755,000    | 7,045,000 | 91,630,000                |



# Town of Scarborough Maine Comprehensive Annual Financial Report



## Statistical Section

*Project of the Year 2017: Renovation – The Holy Donut*

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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.

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### Table

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| Financial Trends<br><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<br><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<br><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<br><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  |
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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)**

|   | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities:</b>                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets                  | \$ 35,652,357        | \$ 41,821,008        | \$ 47,588,145        | \$ 53,031,962        | \$ 54,339,258        | \$ 49,823,697        | \$ 53,887,278        | \$ 57,103,811        | \$ 59,088,465        | \$ 61,708,817        |
| Restricted  | 5,111,460            | 1,289,495            | 2,199,233            | 1,642,063            | 1,111,295            | 3,555,142            | 4,049,315            | 3,373,177            | 5,568,308            | 3,883,241            |
| Unrestricted                                      | 5,178,473            | 5,441,922            | 2,916,603            | (702,917)            | 2,127,242            | 6,347,111            | 3,907,583            | (688,245)            | (2,259,046)          | (2,500,239)          |
| <b>Total governmental activities net position</b> | <b>\$ 45,942,290</b> | <b>\$ 48,552,425</b> | <b>\$ 52,703,981</b> | <b>\$ 53,971,108</b> | <b>\$ 57,577,795</b> | <b>\$ 59,725,950</b> | <b>\$ 61,844,176</b> | <b>\$ 59,788,743</b> | <b>\$ 62,397,727</b> | <b>\$ 63,091,819</b> |

Notes:

1) Total Net Position as restated for the fiscal years ended June 30, 2014 and forward. 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         |                     |                   |                     |                     |                     |                     |                     |                     |                   |
|--|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
|  | 2008                | 2009                | 2010              | 2011                | 2012                | 2013                | 2014                | 2015                | 2016                | 2017              |
| <b>Revenues:</b>   |                     |                     |                   |                     |                     |                     |                     |                     |                     |                   |
| <b>Program revenues:</b>                                     |                     |                     |                   |                     |                     |                     |                     |                     |                     |                   |
| Charges for services   |                     |                     |                   |                     |                     |                     |                     |                     |                     |                   |
| General government   | \$ 1,620,897        | \$ 1,177,707        | \$ 1,986,246      | \$ 1,851,983        | \$ 1,386,497        | \$ 1,525,062        | \$ 1,868,477        | \$ 3,170,678        | \$ 3,257,876        | \$ 2,821,305      |
| Public services  | 1,589,909           | 1,584,529           | 1,719,617         | 1,680,722           | 1,791,859           | 2,363,475           | 2,481,387           | 2,531,113           | 2,510,082           | 2,883,349         |
| Public safety  | 1,648,995           | 1,760,683           | 1,629,561         | 1,632,627           | 2,069,487           | 2,449,062           | 2,156,498           | 2,731,150           | 2,780,266           | 3,094,403         |
| Public works   | 2,023,638           | 1,515,042           | 1,665,084         | 1,542,707           | 1,843,317           | 1,405,040           | 1,590,382           | 1,692,802           | 1,635,542           | 1,740,432         |
| Education  | 1,211,208           | 1,195,167           | 1,217,302         | 1,252,673           | 1,248,055           | 1,191,085           | 1,282,369           | 1,299,774           | 1,356,477           | 1,268,370         |
| Interest on debt services                                    | -                   | -                   | -                 | -                   | -                   | -                   | -                   | -                   | -                   | -                 |
| Operating grants and activities                              | 12,374,645          | 15,486,627          | 12,269,970        | 11,719,082          | 11,093,321          | 9,912,515           | 9,983,992           | 8,586,603           | 8,150,991           | 9,486,212         |
| Capital grants and contributions                             | 112,751             | 112,090             | 122,376           | 170,480             | 174,652             | 97,351              | 159,089             | 54,304              | 149,582             | 161,912           |
| <b>General revenues:</b>                                     |                     |                     |                   |                     |                     |                     |                     |                     |                     |                   |
| Property and excise taxes, levies for general purposes       | 44,691,242          | 46,620,992          | 47,029,220        | 49,050,813          | 50,571,377          | 54,442,643          | 58,838,156          | 60,877,879          | 63,529,063          | 65,631,946        |
| Grants and contributions not restricted to specific programs | 3,834,629           | 339,302             | 1,947,274         | 1,904,938           | 2,473,014           | 2,656,313           | 1,352,303           | 1,908,036           | 1,796,997           | 2,206,632         |
| Unrestricted investment earnings                             | 344,371             | 137,533             | 141,496           | 42,024              | 66,255              | 42,573              | 108,862             | 390,260             | 84,783              | 175,917           |
| <b>Total revenues</b>  | <b>69,452,285</b>   | <b>69,929,672</b>   | <b>69,728,146</b> | <b>70,848,049</b>   | <b>72,717,834</b>   | <b>76,085,119</b>   | <b>79,821,515</b>   | <b>83,242,599</b>   | <b>85,251,659</b>   | <b>89,470,478</b> |
| <b>Expenses:</b>   |                     |                     |                   |                     |                     |                     |                     |                     |                     |                   |
| General government   | 12,739,673          | 11,408,399          | 10,656,413        | 12,022,846          | 11,537,424          | 11,413,745          | 11,346,043          | 14,077,217          | 12,728,572          | 14,435,000        |
| Public services  | 3,133,250           | 3,742,174           | 3,831,908         | 5,041,659           | 3,868,072           | 3,851,672           | 4,188,079           | 4,658,690           | 4,733,734           | 4,923,303         |
| Public safety  | 7,424,751           | 7,812,611           | 8,265,739         | 7,331,259           | 8,691,510           | 8,555,020           | 9,362,899           | 9,716,227           | 10,922,234          | 11,496,900        |
| Public works   | 7,493,947           | 7,156,188           | 9,479,984         | 7,245,892           | 7,805,045           | 7,874,408           | 7,617,844           | 7,713,975           | 8,048,143           | 8,245,900         |
| Education  | 32,951,412          | 34,363,377          | 34,546,380        | 35,275,130          | 34,346,445          | 39,167,124          | 41,772,944          | 41,617,985          | 42,774,764          | 46,499,772        |
| Interest on debt service                                     | 2,737,229           | 2,826,821           | 2,693,682         | 2,664,136           | 2,862,650           | 3,074,995           | 3,415,482           | 3,418,748           | 3,435,228           | 3,230,297         |
| <b>Total expenses</b>  | <b>66,480,262</b>   | <b>67,309,570</b>   | <b>69,474,106</b> | <b>69,580,922</b>   | <b>69,111,146</b>   | <b>73,936,964</b>   | <b>77,703,291</b>   | <b>81,202,842</b>   | <b>82,642,675</b>   | <b>88,831,172</b> |
| <b>Net (expense)/revenue:</b>                                | 2,972,023           | 2,620,102           | 254,040           | 1,267,127           | 3,606,688           | 2,148,155           | 2,118,224           | 2,039,757           | 2,608,984           | 639,306           |
| <b>Change in Net Position</b>                                | <b>\$ 2,972,023</b> | <b>\$ 2,620,102</b> | <b>\$ 254,040</b> | <b>\$ 1,267,127</b> | <b>\$ 3,606,688</b> | <b>\$ 2,148,155</b> | <b>\$ 2,118,224</b> | <b>\$ 2,039,757</b> | <b>\$ 2,608,984</b> | <b>\$ 639,306</b> |

Table 3

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

|  | 2008*            | 2009            | 2010 <sup>1</sup> | 2011 <sup>2</sup> | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             |
|--|------------------|-----------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>General Fund</b>                            |                  |                 |                   |                   |                  |                  |                  |                  |                  |                  |
| Reserved                                       | \$ 618           | \$ 630          | \$ -              | \$ -              | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Nonspendable Inventory                         |                  |                 |                   |                   | 34               | 34               | 48               | 43               | 31               | 13               |
| Restricted for Town                            |                  |                 | 2,482             | 2,685             | 2,993            | 3,861            | 2,838            | 2,898            | 2,743            | 2,958            |
| Restricted for Education                       |                  |                 | 1,056             | 496               | 440              | 977              | 509              | 540              | 2,224            | 242              |
| Committed - General Fund                       |                  |                 | 634               | 630 <sup>3</sup>  | 688 <sup>3</sup> | 374 <sup>3</sup> | 452 <sup>3</sup> | 519 <sup>3</sup> | 503 <sup>3</sup> | 400              |
| Assigned - General Fund                        |                  |                 | 1,469             | 2,223             | 1,606            | 1,825            | 1,584            | 2,305            | 2,140            | 1,676            |
| Assigned - Education                           |                  |                 |                   | -                 | 200              | 200              | 800              | 425              | 426              | 2,102            |
| Unassigned - General Fund                      |                  |                 | 2,231             | 955               | 2,093            | 1,787            | 3,377            | 4,973            | 6,108            | 6,894            |
| Unreserved                                     | 8,357            | 8,174           | -                 | -                 |                  |                  |                  |                  |                  |                  |
| <b>Total general fund</b>                      | <b>\$ 8,975</b>  | <b>\$ 8,804</b> | <b>\$ 7,872</b>   | <b>\$ 6,989</b>   | <b>\$ 8,054</b>  | <b>\$ 9,058</b>  | <b>\$ 9,608</b>  | <b>\$ 11,703</b> | <b>\$ 14,175</b> | <b>\$ 14,285</b> |
| <b>All Other Governmental Funds</b>            |                  |                 |                   |                   |                  |                  |                  |                  |                  |                  |
| Nonspendable Permanent Fund Principal          |                  |                 | 125               | 126               | 129              | 132              | 135              | 147              | 155              | 164              |
| Nonspendable Inventory Special Revenues        |                  |                 | 26                | 21                | 27               | 27               | 14               | 26               | 36               | 36               |
| Restricted Special Revenues                    |                  |                 | 1,621             | 852               | 473              | 463              | 651              | 624              | 637              | 645              |
| Restricted Capital Projects                    |                  |                 | 2,483             | 1,941             | 20,027           | 22,904           | 9,495            | 5,409            | 2,317            | 651              |
| Restricted Permanent Fund Interest             |                  |                 | 84                | 84                | 84               | 84               | 85               | 86               | 90               | 90               |
| Committed - Special Revenues                   |                  |                 | 4,820             | 4,292             | 4,309            | 4,362            | 4,446            | 4,439            | 4,752            | 5,246            |
| Unassigned - Special Revenues                  |                  |                 | (129)             | (115)             | (262)            | (683)            | (1,083)          | (1,365)          | (1,550)          | (1,746)          |
| Unassigned - Capital Projects                  |                  |                 | (493)             | (434)             | (378)            | (308)            | (206)            | (567)            | 1,527            | -                |
| Reserved                                       | 3,047            | 3,062           | -                 | -                 |                  |                  |                  |                  |                  |                  |
| Unreserved, reported in:                       |                  |                 |                   |                   |                  |                  |                  |                  |                  |                  |
| Special revenue funds                          | 4,589            | 5,039           | -                 | -                 |                  |                  |                  |                  |                  |                  |
| Capital projects funds                         | 4,912            | 1,084           | -                 | -                 |                  |                  |                  |                  |                  |                  |
| Permanent funds                                |                  |                 |                   |                   |                  |                  |                  |                  |                  |                  |
| <b>Total all other governmental funds</b>      | <b>\$ 12,548</b> | <b>\$ 9,185</b> | <b>\$ 8,537</b>   | <b>\$ 6,767</b>   | <b>\$ 24,409</b> | <b>\$ 26,981</b> | <b>\$ 13,537</b> | <b>\$ 8,799</b>  | <b>\$ 7,964</b>  | <b>\$ 5,086</b>  |
| <b>Total Governmental Funds Fund Balances:</b> |                  |                 | <b>\$ 16,409</b>  | <b>\$ 13,756</b>  | <b>\$ 32,463</b> | <b>\$ 36,039</b> | <b>\$ 23,145</b> | <b>\$ 20,502</b> | <b>\$ 22,139</b> | <b>\$ 19,371</b> |

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

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

<sup>2</sup> Fiscal Year 2011 is the initial year of implementation of GASB Statement No. 54.

<sup>3</sup> Re-allocated Special Revenues to General Fund for 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)**

|   | 2008            | 2009           | 2010           | 2011           | 2012          | 2013         | 2014            | 2015           | 2016         | 2017           |
|---|-----------------|----------------|----------------|----------------|---------------|--------------|-----------------|----------------|--------------|----------------|
| <b>Revenues</b>   |                 |                |                |                |               |              |                 |                |              |                |
| Taxes   | \$ 44,581       | \$ 46,401      | \$ 46,880      | \$ 48,957      | \$ 50,428     | \$ 54,393    | \$ 58,826       | \$ 61,154      | \$ 63,719    | \$ 65,858      |
| Licenses and permits  | 818             | 482            | 573            | 480            | 494           | 554          | 662             | 756            | 817          | 782            |
| Intergovernmental   | 14,042          | 17,357         | 14,106         | 13,701         | 13,136        | 12,024       | 10,976          | 12,879         | 11,672       | 10,954         |
| Interest earned   | 684             | 324            | 242            | 125            | 153           | 178          | 230             | 449            | 199          | 426            |
| Other   | 9,288           | 7,545          | 7,849          | 7,549          | 8,420         | 8,883        | 8,966           | 10,376         | 10,418       | 11,193         |
| Total revenues  | 69,413          | 72,109         | 69,650         | 70,812         | 72,631        | 76,032       | 79,660          | 85,614         | 86,825       | 89,213         |
| <b>Expenditures</b>   |                 |                |                |                |               |              |                 |                |              |                |
| General government  | 4,483           | 4,615          | 4,742          | 6,144          | 4,403         | 4,957        | 5,201           | 4,829          | 4,951        | 5,932          |
| Public services   | 3,103           | 4,033          | 3,766          | 4,831          | 3,841         | 3,931        | 4,146           | 4,612          | 4,690        | 4,922          |
| Public safety   | 6,986           | 7,735          | 7,355          | 7,318          | 8,242         | 8,578        | 8,879           | 9,344          | 10,297       | 11,116         |
| Public works  | 6,765           | 6,532          | 8,027          | 5,353          | 4,598         | 7,398        | 6,503           | 6,506          | 7,233        | 7,128          |
| Education (Excludes School Debt)                                    | 31,695          | 33,105         | 33,127         | 33,364         | 33,220        | 37,295       | 40,149          | 45,614         | 43,681       | 45,541         |
| Education Debt (Prin & Int)   | 4,419           | 4,475          | 4,174          | 4,142          | 3,758         | 3,653        | 4,150           | 4,606          | 5,119        | 5,761          |
| County tax  | 1,735           | 1,837          | 1,886          | 1,923          | 1,976         | 2,075        | 2,194           | 2,355          | 2,493        | 2,569          |
| Debt service (Principal-Town Only) (1)                              | 3,232           | 3,204          | 3,044          | 2,961          | 5,417         | 4,942        | 3,353           | 3,506          | 3,760        | 3,800          |
| Debt service (Interest-Town Only)                                   | 1,488           | 1,867          | 1,911          | 1,810          | 1,151         | 1,109        | 1,118           | 1,100          | 1,164        | 1,058          |
| Capital Outlay  | 9,305           | 10,196         | 5,167          | 6,037          | 6,347         | 16,988       | 21,840          | 9,942          | 3,626        | 4,415          |
| Other   | 3,188           | 3,415          | 4,085          | 4,014          | 4,948         | 1,817        | 1,775           | 1,928          | 2,054        | 2,548          |
| Total expenditures  | 76,399          | 81,014         | 77,284         | 77,897         | 77,901        | 92,743       | 99,308          | 94,342         | 89,068       | 94,790         |
| Excess (deficiency) of revenues over<br>(under) expenditures        | (6,986)         | (8,905)        | (7,634)        | (7,085)        | (5,270)       | (16,711)     | (19,648)        | (8,728)        | (2,243)      | (5,577)        |
| <b>Other financing sources (uses)</b>                               |                 |                |                |                |               |              |                 |                |              |                |
| Transfers in  | 3,695           | 3,453          | 1,982          | 1,477          | 2,061         | 1,845        | 1,371           | 1,071          | 1,410        | 3,208          |
| Transfers out   | (3,695)         | (3,453)        | (1,982)        | (1,477)        | (2,061)       | (1,845)      | (1,371)         | (1,071)        | (1,410)      | (3,208)        |
| Capital Lease proceeds  | 1,010           | 820            | 52             | -              | -             | 365          | 249             | -              | -            | -              |
| Refunding bond issued   | -               | -              | -              | 1,155          | 24,605        | 7,065        | -               | -              | 3,785        | -              |
| Payment to refunding bond escrow agent                              | -               | -              | -              | (1,155)        | (27,125)      | (7,347)      | -               | -              | (3,972)      | -              |
| Premium received on refunded debt                                   | -               | -              | -              | (12)           | 2,642         | 322          | -               | -              | 187          | -              |
| Premium received on issued debt                                     | -               | -              | -              | -              | 1,913         | 1,263        | -               | -              | 85           | -              |
| General obligation bonds and capital leases                         | 8,513           | 4,560          | 6,002          | 4,445          | 21,940        | 18,620       | 6,505           | 6,085          | 3,755        | 2,755          |
| Total other financing sources (uses)                                | 9,523           | 5,380          | 6,054          | 4,433          | 23,975        | 20,288       | 6,754           | 6,085          | 3,840        | 2,755          |
| <b>Net change in fund balances</b>                                  | <b>\$ 2,537</b> | <b>(3,525)</b> | <b>(1,580)</b> | <b>(2,652)</b> | <b>18,705</b> | <b>3,577</b> | <b>(12,894)</b> | <b>(2,643)</b> | <b>1,597</b> | <b>(2,822)</b> |
| <b>Debt Service as a percentage<br/>of non-capital expenditures</b> | <b>7.03%</b>    | <b>7.16%</b>   | <b>6.87%</b>   | <b>6.64%</b>   | <b>9.18%</b>  | <b>7.99%</b> | <b>5.77%</b>    | <b>5.46%</b>   | <b>5.76%</b> | <b>5.38%</b>   |

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**

| <b>Years ended</b> | <b>General government</b> | <b>Public service</b> | <b>Public safety</b> | <b>Public works</b> | <b>Education</b> | <b>County tax</b> | <b>Debt service</b> | <b>Capital expenditures</b> | <b>Total</b> |
|--------------------|---------------------------|-----------------------|----------------------|---------------------|------------------|-------------------|---------------------|-----------------------------|--------------|
| 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   |
| 2016               | 4,904,706                 | 4,690,296             | 10,125,943           | 6,677,609           | 41,218,487       | 2,493,342         | 4,923,898           | 1,037,678                   | 76,071,959   |
| 2017               | 5,337,246                 | 4,852,147             | 10,845,773           | 6,529,061           | 45,161,286       | 2,568,852         | 4,857,655           | 1,148,329                   | 81,300,349   |

*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)**

| <b>Fiscal<br/>Year</b> | <b>Property<br/>tax</b> | <b>Interest and<br/>Costs on taxes</b> | <b>Vehicle Excise<br/>tax</b> | <b>Boat Excise<br/>tax</b> | <b>Franchise<br/>tax fees</b> | <b>Total</b> |
|------------------------|-------------------------|--|-------------------------------|----------------------------|-------------------------------|--------------|
| 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   |
| 2016                   | 57,470,744              | 113,124                                | 5,596,389                     | 30,144                     | 190,592                       | 63,400,993   |
| 2017                   | 59,432,090              | 101,590                                | 5,873,919                     | 28,925                     | 200,984                       | 65,637,508   |

Table 7

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

| <b>Fiscal<br/>Year</b> | <b>Real property</b>         | <b>Personal property</b>     | <b>Totals</b>                |                                       | <b>Direct<br/>Tax<br/>Rate</b> | <b>Ratio of total<br/>assessed value to<br/>total estimated<br/>actual value</b> |
|------------------------|------------------------------|------------------------------|------------------------------|---------------------------------------|--------------------------------|--|
|                        | <b>Assessed<br/>property</b> | <b>Assessed<br/>property</b> | <b>Assessed<br/>property</b> | <b>Estimated<br/>actual<br/>value</b> |                                |  |
| 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%   |
| 2016                   | 3,637,366,300                | 108,181,800                  | 3,745,548,100                | 3,745,548,100                         | 15.49                          | 100%   |
| 2017                   | 3,667,678,200                | 108,684,300                  | 3,776,362,500                | 3,776,362,500                         | 15.92                          | 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**

| <b>Fiscal<br/>Year</b> | <b>Town</b> | <b>School</b> | <b>County Tax</b> | <b>Tax Increment<br/>Financing<br/>District</b> | <b>Overlay</b> | <b>State<br/>Revenue<br/>Sharing <sup>(1)</sup></b> | <b>Total<br/>Property Tax<br/>Rates by Year</b> |
|------------------------|-------------|---------------|-------------------|---|----------------|---|---|
| 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   |
| 2016                   | 4.597       | 10.144        | 0.666             | 0.254   | 0.132          | (0.303)   | 15.49   |
| 2017                   | 4.743       | 10.563        | 0.680             | 0.240   | 0.046          | (0.353)   | 15.92   |

<sup>1</sup> 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)**

| <b>2008</b>                   |                                |                    |                             | <b>2017</b>                   |                                |                    |                             |
|-------------------------------|--------------------------------|--------------------|-----------------------------|-------------------------------|--------------------------------|--------------------|-----------------------------|
| <u><b>Taxpayer</b></u>        | <u><b>Taxable</b></u>          | <u><b>Rank</b></u> | <u><b>Percentage of</b></u> | <u><b>Taxpayer</b></u>        | <u><b>Taxable</b></u>          | <u><b>Rank</b></u> | <u><b>Percentage of</b></u> |
|                               | <u><b>Assessed</b></u>         |                    | <u><b>Total Taxable</b></u> |                               | <u><b>Assessed</b></u>         |                    | <u><b>Total Taxable</b></u> |
|                               | <u><b>Value</b></u>            |                    | <u><b>Assessed</b></u>      |                               | <u><b>Value</b></u>            |                    | <u><b>Assessed</b></u>      |
|                               |                                |                    | <u><b>Value</b></u>         |                               |                                |                    | <u><b>Value</b></u>         |
| Maine Life Care Retirement \$ | 61,147,700                     | 1                  | 1.80%                       | Maine Life Care Retirement \$ | 64,488,200                     | 1                  | 1.71%                       |
| Hannaford Brothers            | 34,147,400                     | 2                  | 1.01%                       | Wal-Mart/Sam's Club           | 37,301,800                     | 2                  | 0.99%                       |
| Wal-Mart/Sam's Club           | 29,455,600                     | 3                  | 0.87%                       | Central Maine Power           | 31,955,300                     | 3                  | 0.85%                       |
| Shaw's Supermarket            | 18,593,200                     | 4                  | 0.55%                       | New England Expedition        | 30,303,600                     | 4                  | 0.80%                       |
| RPI Partners, LLC             | 16,939,300                     | 5                  | 0.50%                       | Hannaford Brothers            | 23,533,700                     | 5                  | 0.62%                       |
| Gavin Ruotolo                 | 16,096,000                     | 6                  | 0.47%                       | Scarborough Gallery           | 20,401,000                     | 6                  | 0.54%                       |
| MMC Realty Maine Health       | 16,074,000                     | 7                  | 0.47%                       | Gavin Ruotolo                 | 18,948,900                     | 7                  | 0.50%                       |
| Scarborough Gallery           | 15,025,600                     | 8                  | 0.44%                       | MMC Realty Maine Health       | 17,015,200                     | 8                  | 0.45%                       |
| ERP Operating LP              | 11,922,700                     | 9                  | 0.35%                       | RRE Foxcroft/Coach Lantern    | 13,126,900                     | 9                  | 0.35%                       |
| Davric Maine Corp             | 10,047,500                     | 10                 | 0.30%                       | Waterstone Scarborough LLC    | 12,592,200                     | 10                 | 0.33%                       |
| Total Principal Taxpayers     | <u>229,449,000</u>             |                    | <u>6.75%</u>                |                               | <u>269,666,800</u>             |                    | <u>7.13%</u>                |
| <b>Total Assessed Value:</b>  | <u><u>\$ 3,397,230,200</u></u> |                    |                             |                               | <u><u>\$ 3,776,362,500</u></u> |                    |                             |

Source: Town of Scarborough, Maine Assessor

Table 10

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

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>Total Tax<br/>Levy for<br/>Fiscal Year</b> | <b>Collections Within Year of Levy</b> |                               | <b>Collections in<br/>Subsequent<br/>Years</b> | <b>Total Collections<br/>to Date</b> |                               |
|--|---|--|-------------------------------|--|--------------------------------------|-------------------------------|
|  |   | <b>Amount</b>                          | <b>Percentage<br/>of Levy</b> |  | <b>Amount</b>                        | <b>Percentage<br/>of Levy</b> |
| 2008                                     | 40,183,201                                    | 39,784,997                             | 99.0%                         | 387,631  | 40,172,628                           | 99.97%                        |
| 2009                                     | 42,397,139                                    | 41,890,825                             | 98.8%                         | 495,967  | 42,386,792                           | 99.98%                        |
| 2010                                     | 42,877,989                                    | 42,370,914                             | 98.8%                         | 488,503  | 42,859,417                           | 99.96%                        |
| 2011                                     | 44,928,747                                    | 44,325,013                             | 98.7%                         | 588,155  | 44,913,168                           | 99.97%                        |
| 2012                                     | 46,684,211                                    | 46,102,831                             | 98.8%                         | 565,722  | 46,668,553                           | 99.97%                        |
| 2013                                     | 50,125,493                                    | 49,483,773                             | 98.7%                         | 618,255  | 50,102,028                           | 99.95%                        |
| 2014                                     | 54,062,720                                    | 53,305,613                             | 98.6%                         | 736,216  | 54,041,829                           | 99.96%                        |
| 2015                                     | 55,877,372                                    | 55,321,988                             | 99.0%                         | 526,304  | 55,848,292                           | 99.95%                        |
| 2016                                     | 58,018,545                                    | 57,331,779                             | 98.8%                         | 451,068  | 57,782,847                           | 99.59%                        |
| 2017                                     | 60,119,691                                    | 59,602,001                             | 99.1%                         | -  | 59,602,001                           | 99.14%                        |

Source: Town of Scarborough Tax Collector's Office

**Table 11**

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

| <b>Fiscal<br/>Year</b> | <b>Real Estate<br/>Valuation</b> | <b>Personal Property<br/>Valuation</b> | <b>Total Assessed<br/>Valuation</b> | <b>Tax Rate</b> | <b>Tax Levy</b> |
|------------------------|----------------------------------|--|-------------------------------------|-----------------|-----------------|
| 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           | 42,397,139      |
| 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      |
| 2016                   | 3,637,366,300                    | 108,181,800                            | 3,745,548,100                       | 15.49           | 58,018,545      |
| 2017                   | 3,667,678,200                    | 108,684,300                            | 3,776,362,500                       | 15.92           | 60,119,691      |

Source: Town of Scarborough Assessor's Office

Table 12

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

| <b>Fiscal<br/>Year</b> | <b>General<br/>Obligation<br/>Bonds</b> | <b>Other<br/>Bond<br/>Adjustments</b> | <b>Capital<br/>Leases</b> | <b>Total<br/>Outstanding<br/>Debt</b> | <b>Population*</b> | <b>Percentage<br/>of personal<br/>income</b> | <b>Debt<br/>Per<br/>Capita</b> |
|------------------------|---|---------------------------------------|---------------------------|---------------------------------------|--------------------|--|--------------------------------|
| 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                          |
| 2016                   | 95,920,000                              | 5,315,488                             | 199,715                   | 101,435,203                           | 19,691             | 12.10%                                       | 5,151                          |
| 2017                   | 91,630,000                              | 5,049,838                             | -                         | 96,679,838                            | 20,023             | 11.40%                                       | 4,828                          |

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 Debt**  
**Last Ten Fiscal Years**

| <b>Fiscal Year</b> | <b>General Obligation Bonds</b> | <b>Other Bond Adjustments</b> | <b>Total</b> | <b>Assessed Value</b> | <b>Percentage of Estimated Actual Taxable Value of Property</b> | <b>Population*</b> | <b>Percentage of personal income</b> | <b>Debt Per Capita</b> |
|--------------------|---------------------------------|-------------------------------|--------------|-----------------------|---|--------------------|--------------------------------------|------------------------|
| 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                  |
| 2016               | 95,920,000                      | 5,315,488                     | 101,235,488  | 3,745,548,100         | 2.56%   | 19,691             | 12.10%                               | 4,871                  |
| 2017               | 91,630,000                      | 5,049,838                     | 96,679,838   | 3,776,362,500         | 2.43%   | 20,023             | 11.40%                               | 4,576                  |

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**

| <b>Fiscal<br/>year</b> | <b>Principal</b> | <b>Interest</b> | <b>Total<br/>debt<br/>service</b> | <b>Total<br/>general<br/>fund<br/>expenditures</b> | <b>Ratio of<br/>debt service to<br/>general fund<br/>expenditures</b> |
|------------------------|------------------|-----------------|-----------------------------------|--|---|
| 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%  |
| 2016                   | 6,320,000        | 2,139,692       | 8,459,692                         | 76,071,959   | 11.12%  |
| 2017                   | 7,045,000        | 3,348,228       | 10,393,228                        | 81,300,349   | 12.78%  |

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>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Debt limit  | \$ 529,673  | \$ 534,488  | \$ 543,068  | \$ 534,623  | \$ 533,513  | \$ 522,375  | \$ 536,918  | \$ 451,595  | \$ 568,793  | \$ 584,903  |
| Total net debt applicable to limit                                      | 69,328      | 67,785      | 68,042      | 66,767      | 84,679      | 101,895     | 103,369     | 103,734     | 95,920      | 91,630      |
| Legal debt margin   | 460,345     | 466,703     | 475,026     | 467,856     | 448,834     | 420,480     | 433,549     | 347,861     | 472,873     | 493,273     |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 13.09%      | 12.68%      | 12.53%      | 12.49%      | 15.87%      | 19.51%      | 19.25%      | 22.97%      | 16.86%      | 15.67%      |

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>2008</u>   | <u>2009</u>   | <u>2010</u>   | <u>2011</u>   | <u>2012</u>   | <u>2013</u>    | <u>2014</u>    | <u>2015</u>    | <u>2016</u>    | <u>2017</u>    |
|---|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Town of Scarborough:                        |               |               |               |               |               |                |                |                |                |                |
| General Obligation Bonds                    | 69,328        | 67,785        | 68,042        | 66,767        | 82,250        | 96,180         | 97,895         | 98,500         | 95,920         | 91,630         |
| Capital Leases                              | 2,025         | 2,223         | 1,641         | 1,105         | 687           | 623            | 598            | 396            | 200            | -              |
| <b>Total Direct Debt</b>                    | <b>71,353</b> | <b>70,008</b> | <b>69,683</b> | <b>67,872</b> | <b>82,937</b> | <b>96,803</b>  | <b>98,493</b>  | <b>98,896</b>  | <b>96,120</b>  | <b>91,630</b>  |
| Cumberland County                           | 535           | 481           | 327           | 126           | 3,352         | 3,254          | 3,458          | 3,457          | 3,321          | 3,464          |
| Portland Water District                     | 3,486         | 4,099         | 4,210         | 3,845         | 3,933         | 3,483          | 5,994          | 6,454          | 6,654          | 6,396          |
| <b>Total Overlapping Debt</b>               | <b>4,021</b>  | <b>4,580</b>  | <b>4,537</b>  | <b>3,971</b>  | <b>7,285</b>  | <b>6,737</b>   | <b>9,452</b>   | <b>9,911</b>   | <b>9,975</b>   | <b>9,860</b>   |
| ecomaine Waste Systems:                     |               |               |               |               |               |                |                |                |                |                |
| Resource recovery system                    | 2,393         | 1,601         | 792           | 231           | -             | -              | -              | -              | -              | -              |
| Material recovery facility                  | 231           | 182           | 125           | 120           | -             | -              | -              | -              | -              | -              |
| Landfill closure/postclosure                | 1,956         | 1,242         | 1,266         | 1,302         | 1,371         | 1,405          | 1,436          | 1,467          | 1,504          | 1,318          |
| <b>Total Contingent Debt</b>                | <b>4,580</b>  | <b>3,025</b>  | <b>2,183</b>  | <b>1,653</b>  | <b>1,371</b>  | <b>1,405</b>   | <b>1,436</b>   | <b>1,467</b>   | <b>1,504</b>   | <b>1,318</b>   |
| <b>Total Direct, Overlapping/Contingent</b> | <b>79,954</b> | <b>77,613</b> | <b>76,403</b> | <b>73,496</b> | <b>91,593</b> | <b>104,945</b> | <b>109,381</b> | <b>110,274</b> | <b>107,599</b> | <b>102,808</b> |

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**

| <b>Fiscal<br/>Year</b> | <b>Population (a)</b> | <b>Personal<br/>Income (b)</b> | <b>Per Capita<br/>Personal<br/>Income (a)</b> | <b>Median<br/>Age (a)</b> | <b>School<br/>Enrollment (c)</b> | <b>Unemployment<br/>Rate (d)</b> |
|------------------------|-----------------------|--------------------------------|---|---------------------------|----------------------------------|----------------------------------|
| 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%                            |
| 2016                   | 19,691                | 792,936,879                    | 40,269  | 45                        | 3,014                            | 2.90%                            |
| 2017                   | 20,023                | 803,703,197                    | 40,139  | 45                        | 2,966                            | 2.80%                            |

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

American Community Survey (ACS) 2015 1-Year Population Estimates

2016 Represents the Latest Available Estimate (July 2015)

Per Capita Income is Based on Latest ACS 5-Year Estimates 2011-2015

(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 2016 data

Table 16

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

| <b>2008</b>            |                         |                    | <b>2017</b>            |                           |                    | <b>Percentage<br/>of total Town<br/>Employment</b> |
|------------------------|-------------------------|--------------------|------------------------|---------------------------|--------------------|--|
| <b><u>Employer</u></b> | <b><u>Employees</u></b> | <b><u>Rank</u></b> | <b><u>Employer</u></b> | <b><u>Employees *</u></b> | <b><u>Rank</u></b> |  |
| Town of Scarborough    | 1,346                   | 1                  | Town of Scarborough    | 1,300                     | 1                  | <b>8.4%</b>  |
| Hannaford Brothers     | 1,169                   | 2                  | Hannaford Brothers     | 1,050                     | 2                  | <b>6.8%</b>  |
| US Postal Service      | 632                     | 3                  | US Postal Service      | 500                       | 3                  | <b>3.2%</b>  |
| Cabela's               | 292                     | 4                  | Maine Medical Center   | 390                       | 4                  | <b>2.5%</b>  |
| NorDX                  | 256                     | 5                  | Wal-Mart               | 350                       | 5                  | <b>2.3%</b>  |
| Johnson & Jordan       | 250                     | 6                  | Alere                  | 290                       | 6                  | <b>1.9%</b>  |
| Wal-Mart               | 223                     | 7                  | Cabela's               | 250                       | 7                  | <b>1.6%</b>  |
| Sam's Wholesale Club   | 173                     | 8                  | NorDX                  | 220                       | 8                  | <b>1.4%</b>  |
| Piper Shores           | 150                     | 9                  | Piper Shores           | 210                       | 9                  | <b>1.4%</b>  |
| Scarborough Downs      | 150                     | 10                 | Sam's Wholesale Club   | 190                       | 10                 | <b>1.2%</b>  |

\* Source: Scarborough Economic Development Corporation (SEDCO)

Total Payroll Employment: 15,469 in 2016, (Source: ME Dept of Labor, Annual 2016 Covered Employment - all industries)

Does not include Self Employed

Table 17

**TOWN OF SCARBOROUGH, MAINE**  
**Unemployment Data**  
**Last Ten Fiscal Years**

| <b>Fiscal<br/>Year<br/>ending<br/>June 30,</b> | <b>Portland<br/>Metropolitan<br/>Statistical<br/>Area (PMSA)*</b> | <b>State of<br/>Maine</b> | <b>Town of<br/>Scarborough</b> |
|--|---|---------------------------|--------------------------------|
| 2008   | 4.1%  | 5.0%                      | 3.5%                           |
| 2009   | 6.8%  | 8.1%                      | 5.8%                           |
| 2010   | 6.7%  | 7.9%                      | 5.7%                           |
| 2011   | 6.4%  | 7.7%                      | 5.5%                           |
| 2012   | 6.1%  | 7.3%                      | 5.2%                           |
| 2013   | 5.4%  | 6.4%                      | 4.7%                           |
| 2014   | 4.4%  | 5.3%                      | 3.7%                           |
| 2015   | 3.4%  | 4.2%                      | 3.1%                           |
| 2016   | 3.0%  | 3.7%                      | 2.9%                           |
| 2017   | 3.0%  | 3.6%                      | 2.8%                           |

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 |       |        |        |        |        |        |        |        |        |
|---------------------------------------|-------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                       | 2008        | 2009  | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
| General Govt:                         |             |       |        |        |        |        |        |        |        |        |
| Town Clerk                            |             |       |        |        |        |        |        |        |        |        |
| Certified Copies                      | 2,098       | 4,887 | 4,988  | 5,820  | 5,068  | 4,624  | 5,596  | 5,577  | 5,962  | 5,762  |
| Licenses                              | 432         | 436   | 440    | 545    | 585    | 572    | 861    | 839    | 735    | 821    |
| Permits                               |             |       |        | 919    | 905    | 889    | 930    | 1,065  | 1,047  | 1,134  |
| Beach Passes                          | 3,436       | 3,487 | 2,358  | 2,443  | 2,701  | 2,934  | 2,763  | 2,665  | 2,496  | 4,775  |
| Community Services                    |             |       |        |        |        |        |        |        |        |        |
| Passports Applications                | 792         | 586   | 665    | 534    | -      | 459    | 641    | 643    | 665    | 695    |
| Tax Office                            |             |       |        |        |        |        |        |        |        |        |
| Licenses &Permits                     | 1,166       | 1,168 | 991    | 817    | 782    | 791    | 670    | 662    | 697    | 702    |
| Tax Bill Issued                       |             |       | 9,389  | 9,809  | 9,516  | 9,594  | 9,623  | 9,623  | 9,796  | 9,897  |
| Excise Registrations                  |             |       | 25,570 | 25,384 | 25,637 | 30,477 | 29,566 | 27,728 | 29,604 | 29,892 |
| Planning:                             |             |       |        |        |        |        |        |        |        |        |
| Permits                               | 1,346       | 1,091 | 558    | 554    | 553    | 621    | 609    | 651    | 774    | 785    |
| Certificates of Occupancy             | 207         | 204   | 222    | 176    | 173    | 174    | 217    | 198    | 262    | 267    |
| Public Safety:                        |             |       |        |        |        |        |        |        |        |        |
| Police:                               |             |       |        |        |        |        |        |        |        |        |
| Physical arrests                      | 817         | 1,152 | 619    | 989    | 1,026  | 898    | 826    | 895    | 697    | 521    |
| Traffic violations                    | 792         | 741   | 1,404  | 819    | 1,069  | 1,126  | 1,007  | 977    | 1,333  | 1,433  |
| Fire:                                 |             |       |        |        |        |        |        |        |        |        |
| Number of calls answered              | 1,303       | 1,615 | 1,598  | 1,718  | 1,733  | 1,610  | 1,744  | 1,832  | 1,720  | 2,381  |
| Number of Inspections                 | 1,825       | 3,351 | 3,537  | 3,394  | 3,583  | 3,455  | 3,378  | 3,192  | 2,529  | 3,078  |
| Rescue:                               |             |       |        |        |        |        |        |        |        |        |
| Number of calls answered              | 2,069       | 2,088 | 1,946  | 2,125  | 2,141  | 2,116  | 1,950  | 2,359  | 3,029  | 2,900  |
| Public Works:                         |             |       |        |        |        |        |        |        |        |        |
| Street resurfacing (miles)            | 3.90        | 6.31  | 8.62   | 6.37   | 6.45   | 3.62   | 5.31   | 5.90   | 4.18   | 5.15   |
| Pot holes repaired (qty used in tons) | 42          | 35    | 24     | 24     | 24     | 13     | 29     | 12     | 4      | 48     |
| No. times plows dispatched            | 33          | 27    | 24     | 26     | 30     | 60     | 35     | 28     | 19     | 21     |

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 Nine Fiscal Years**

| Function:                  | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| General Govt:              |        |        |        |        |        |        |        |        |        |
| Planning Vehicles          | 4      | 4      | 5      | 4      | 4      | 4      | 4      | 4      | 3      |
| Technology Vehicles        | 3      | 3      | 3      | 3      | 3      | 4      | 4      | 4      | 3      |
| Public Service:            |        |        |        |        |        |        |        |        |        |
| Community Services         |        |        |        |        |        |        |        |        |        |
| Vehicles                   | 5      | 5      | 5      | 5      | 6      | 7      | 7      | 8      | 8      |
| Parks                      | 4      | 4      | 4      | 5      | 6      | 6      | 6      | 6      | 6      |
| Public Safety:             |        |        |        |        |        |        |        |        |        |
| Police:                    |        |        |        |        |        |        |        |        |        |
| Vehicles - Patrol Cars     | 8      | 8      | 8      | 12     | 12     | 12     | 12     | 12     | 12     |
| Facilities                 | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Fire:                      |        |        |        |        |        |        |        |        |        |
| Vehicles - Response Trucks | 10     | 10     | 10     | 11     | 12     | 12     | 12     | 12     | 12     |
| Marine                     | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Facilities                 | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      |
| Rescue:                    |        |        |        |        |        |        |        |        |        |
| Vehicles - Response Trucks | 3      | 3      | 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 | 175.44 | 176.80 |
| Traffic Signals            | 35     | 35     | 35     | 35     | 37     | 37     | 43     | 43     | 43     |
| Generators                 | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 11     | 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>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---------------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government: |           |             |             |             |             |             |             |             |             |             |             |
|                     | Full time | 37          | 39          | 35          | 37          | 35          | 34          | 32          | 35          | 36          | 37          |
|                     | Part Time | 59          | 53          | 72          | 55          | 57          | 61          | 52          | 64          | 14          | 50          |
| Public Services:    |           |             |             |             |             |             |             |             |             |             |             |
|                     | Full time | 15          | 15          | 17          | 23          | 15          | 15          | 15          | 15          | 15          | 17          |
|                     | Part Time | 130         | 159         | 134         | 146         | 148         | 160         | 139         | 125         | 123         | 156         |
| Public Safety:      |           |             |             |             |             |             |             |             |             |             |             |
| Police              |           |             |             |             |             |             |             |             |             |             |             |
|                     | Full time | 52          | 52          | 50          | 52          | 53          | 55          | 53          | 53          | 55          | 67          |
|                     | Part Time | 27          | 34          | 35          | 38          | 28          | 30          | 33          | 28          | 36          | 39          |
| Fire                |           |             |             |             |             |             |             |             |             |             |             |
|                     | Full time | 4           | 4           | 4           | 5           | 5           | 5           | 8           | 8           | 8           | 9           |
|                     | Part Time | 167         | 164         | 148         | 150         | 153         | 151         | 150         | 160         | 169         | 146         |
| Rescue              |           |             |             |             |             |             |             |             |             |             |             |
|                     | Full time | 12          | 12          | 16          | 20          | 20          | 20          | 21          | 23          | 24          | 24          |
|                     | Part Time | 14          | 15          | 10          | 11          | 11          | 10          | 0           | 0           | 0           | 0           |
| Public Works:       |           |             |             |             |             |             |             |             |             |             |             |
|                     | Full time | 36          | 35          | 31          | 31          | 31          | 31          | 31          | 32          | 32          | 36          |
|                     | Part Time | 3           | 3           | 4           | 1           | 1           | 3           | 1           | 1           | 2           | 5           |
| Education:          |           |             |             |             |             |             |             |             |             |             |             |
|                     | Full time | 750         | 761         | 503         | 460         | 452         | 449         | 443         | 494         | 462         | 507         |
|                     | Part Time |             |             | 268         | 262         | 302         | 296         | 246         | 327         | 323         | 274         |
| Total:              |           | 1306        | 1346        | 1327        | 1291        | 1311        | 1320        | 1224        | 1365        | 1299        | 1367        |

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                         |
|------------------------------------|-------------------|---------------------------|----------------------|---------------|----------------------------------|
| <b>General Government:</b>         | Legislative       | Town Council              | <b>Public Works:</b> | Public Works: | Road/Highway Maintenance         |
|                                    | Administration:   | Executive                 |                      |               | Vehicle Maintenance              |
|                                    |                   | Purchasing                |                      |               | Traffic Signals                  |
|                                    |                   | Town Clerk                |                      |               | Engineering/GIS                  |
|                                    |                   | Elections                 |                      |               | Solid Waste                      |
|                                    |                   | Human Resources           |                      |               | Water Charges                    |
|                                    |                   | Legal                     |                      |               | Street Lighting                  |
|                                    |                   | Municipal Insurance       |                      |               | Cemetery Care                    |
|                                    |                   | Public Information        |                      |               | Memorials                        |
|                                    |                   | Outside Agency Requests   |                      |               | Shade Trees                      |
|                                    | Finance:          | Accounting                | <b>Education:</b>    |               | Primary                          |
|                                    |                   | Tax/Treasury              |                      |               | Elementary                       |
|                                    | Planning:         | Assessing                 |                      |               | Secondary                        |
|                                    |                   | Planning                  |                      |               | Instruction Improvement          |
|                                    |                   | Engineering               |                      |               | Food Services                    |
|                                    |                   | Code Enforcement          |                      |               | Special Services                 |
|                                    |                   | Zoning & Planning Boards  |                      |               | General & Special Administration |
|                                    | Information Syst. |                           |                      |               | Board of Education               |
| <b>Public Service:</b>             | 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           |                           |                      |               |                                  |
| <b>Public Safety:</b>              | Fire:             | Fire Suppression          |                      |               |                                  |
|                                    |                   | Fire Prevention           |                      |               |                                  |
|                                    |                   | Rescue                    |                      |               |                                  |
|                                    |                   | Emergency Preparedness    |                      |               |                                  |
|                                    | Police:           | Patrol                    |                      |               |                                  |
|                                    |                   | Dispatch                  |                      |               |                                  |
|                                    |                   | Marine Resources          |                      |               |                                  |
|                                    |                   | Animal Control            |                      |               |                                  |
| <b>Source: Town of Scarborough</b> |                   |                           |                      |               |                                  |