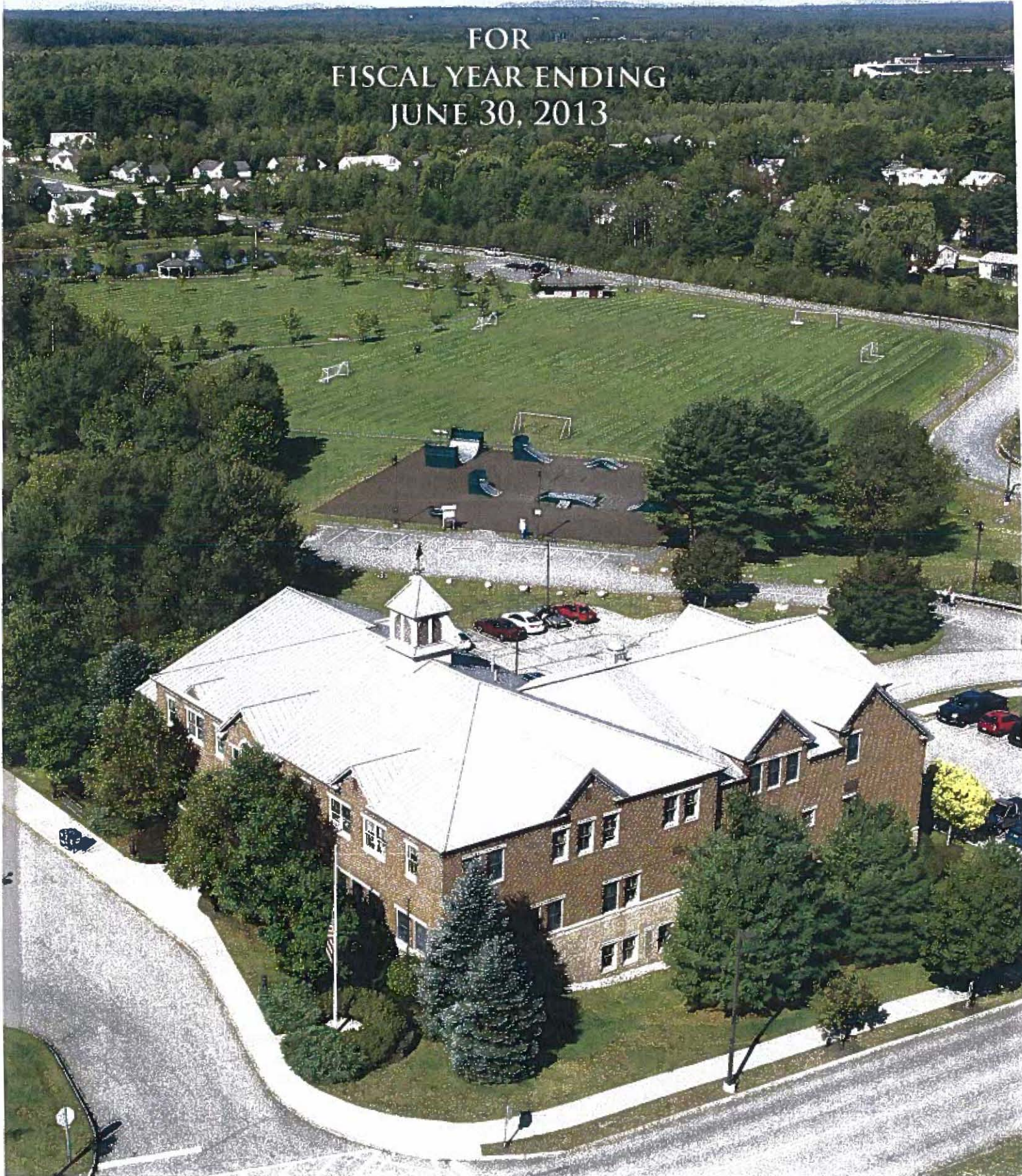


# TOWN OF SCARBOROUGH MAINE COMPREHENSIVE ANNUAL FINANCIAL REPORT

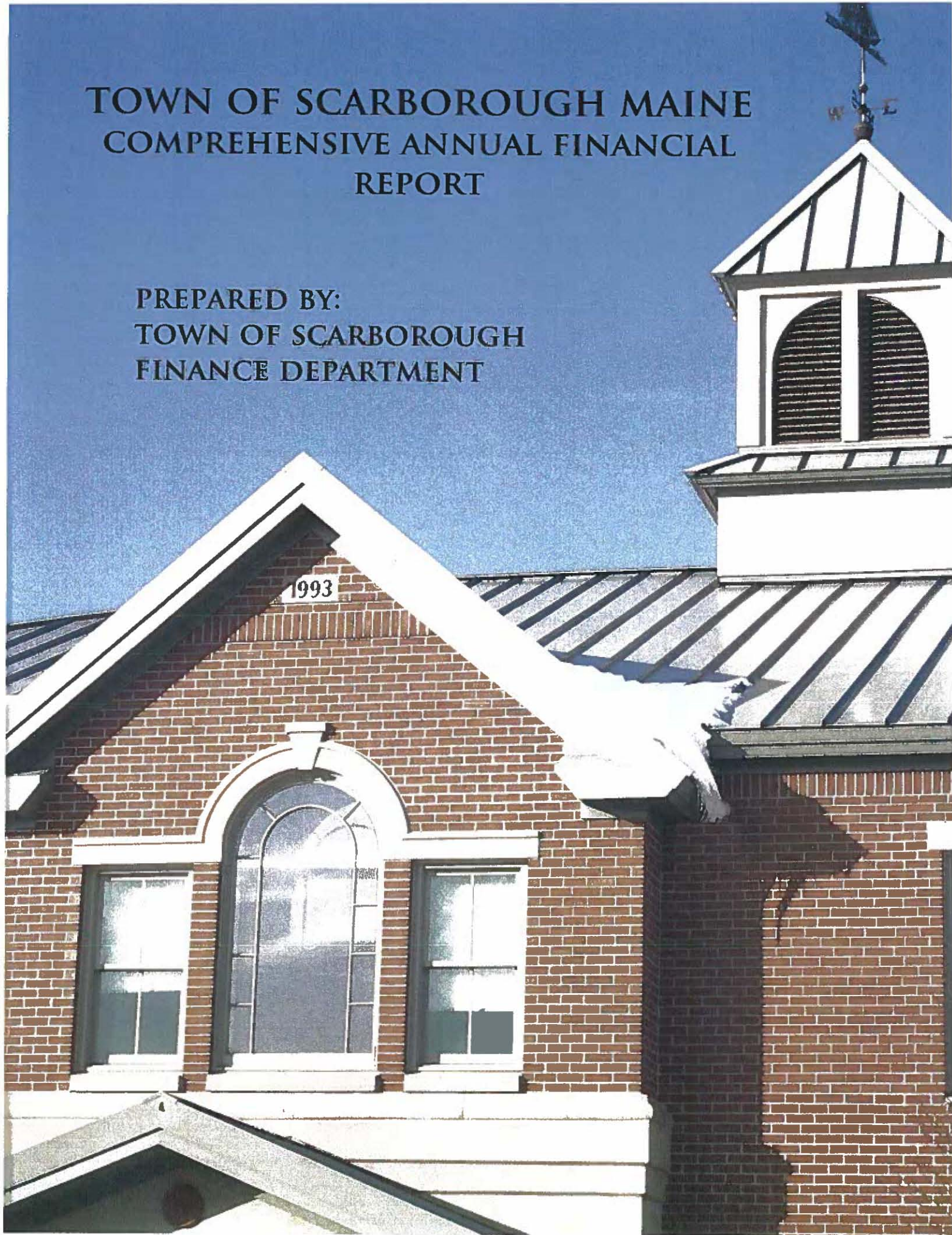
FOR  
FISCAL YEAR ENDING  
JUNE 30, 2013





# TOWN OF SCARBOROUGH MAINE COMPREHENSIVE ANNUAL FINANCIAL REPORT

PREPARED BY:  
TOWN OF SCARBOROUGH  
FINANCE DEPARTMENT





**TOWN OF SCARBOROUGH, MAINE**  
**Comprehensive Annual Financial Report**  
**Year ended June 30, 2013**

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**Table of Contents**

	<u>Statement</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal		1-10
Certificate of Achievement for Excellence in Financial Reporting		11
Organizational Chart		13
List of Elected and Appointed Officials		14
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		17-19
Management's Discussion and Analysis		23-35
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	39
Statement of Activities	2	40
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	41
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4	42
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	43
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	6	44
Statement of Fiduciary Net position – Fiduciary Funds	7	45
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	8	46
Notes to Basic Financial Statements		47-70
Required Supplementary Information		
Schedule of Funding Progress		71
	<u>Exhibit</u>	
Combining and Individual Fund Statements and Schedules:		
General Fund:		
Comparative Balance Sheets	A-1	75
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis	A-2	76-78
Nonmajor Governmental Funds:		
Combining Balance Sheet	B-1	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	82
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C-1	87-88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	89-90



**TOWN OF SCARBOROUGH, MAINE**  
**Comprehensive Annual Financial Report**  
**Year ended June 30, 2013**

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**Table of Contents, continued**

	<u>Exhibit</u>	<u>Page</u>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –		
School Categorical Funds	C-3	91
Nonmajor Capital Project Funds:		
Balance Sheet	D-1	95
Statement of Revenues, Expenditures and Changes in Fund Balance	D-2	96
Nonmajor Permanent Funds:		
Combining Balance Sheet	E-1	99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-2	100
Private-purpose Trust Funds:		
Combining Statement of Fiduciary Net position	F-1	103
Combining Statement of Changes in Fiduciary Net Position	F-2	104
Agency Funds:		
Statement of Changes in Assets and Liabilities	F-3	105
General Long-term Debt:		
Statement of Changes in General Long-term Debt	G	109-110

Table

**STATISTICAL SECTION**

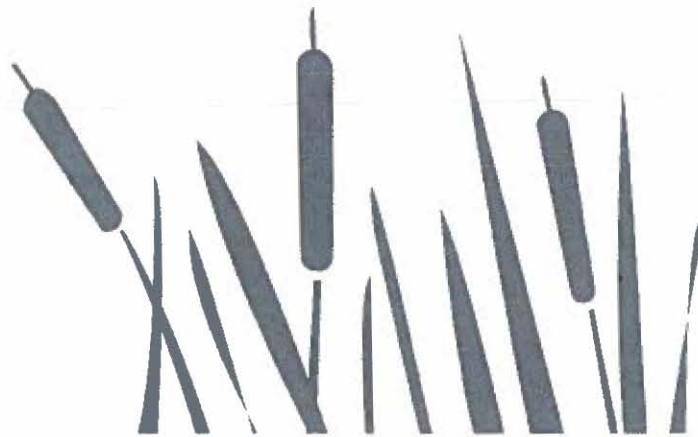
**Statistical Information:**

Net Position by Component - Last Ten Fiscal Years	1	115
Changes in Net Position - Last Ten Fiscal Years	2	116
Fund Balances of Governmental Funds - Last Ten Fiscal Years	3	117
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	4	118
General Governmental Expenditures by Function – Last Ten Fiscal Years	5	119
General Government Tax Revenue by Source - Last Ten Fiscal Years	6	120
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	7	121
Property Tax Rates Direct and Overlapping Governments – Last Ten Fiscal Years	8	122
Principal Property Taxpayers – Current Year and Ten Years Ago	9	123
Property Tax Levies and Collections – Last Ten Fiscal Years	10	124
Assessed Valuations and Tax Levies – Last Ten Fiscal Years	11	125
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	12	126
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures - Last Ten Fiscal Years	13	127
Legal Debt Margin Information – Last Ten Fiscal Years	14	128
Direct, Overlapping and Contingent Debt – Last Ten Fiscal Years	14A	129
Demographic and Economic Statistics – Last Ten Fiscal Years	15	130
Principal Employers – Current Year and Ten Years Ago	16	131
Unemployment Data – Last Ten Fiscal Years	17	132
Operating Indicators by Function – Last Ten Fiscal Years	18	133
Capital Asset Statistics by Function – Last Five Fiscal Years	19	134
Town Government Employees by Function Last Ten Fiscal Years	20	135
Departmental Listings by Division, Department and Function	21	136



INTRODUCTION

SCARBOROUGH  
MAINE







## *Town of Scarborough, Maine*

February 27, 2014

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

Richard J Sullivan Jr, 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, 2013.

Responsibility for the accuracy, completeness and reliability of the financial information, including all disclosures, rests with the Town of Scarborough and its management. Management has established a framework of internal controls that afford us the knowledge and belief, that all of the data is accurate in all material respects and reported in a manner that presents fairly the financial position of the Town of Scarborough. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities are included.

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

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

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

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

The Town, first settled in 1633, was incorporated as the sixth town in the Province of Maine on July 14, 1658. The Town operates under a charter first adopted on October 7, 1969 and provides for a Town Council and Town Manager form of government. The legislative body consists of a seven-member town council. A seven-member school board has general authority for the public



schools. The Town Council is responsible for passing ordinances, adopting the annual budget, appointing committees and hiring both the Town Manager and the Town Assessor. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the government, and for appointing the administrators of the various departments.

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

The Scarborough Public Library is a discretely presented component unit in a separate column in the government wide financial statements to emphasize that they are legally separate from the Town of Scarborough and to differentiate their financial position and results of operations and cash flows from those of the Town. The Library's Board of Trustees appoints its own board members, however, the Town provides the majority of the Library's funding.

The Scarborough Economic Development Corporation (SEDCO) assists both current and prospective businesses. SEDCO is a discretely presented component unit in a separate column in the government wide financial statements. The SEDCO board appoints its own members, however, most of the funding is provided by the Town.

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

Portland Water District  
ecomaine (formerly Regional Waste)

Scarborough Sanitary District  
Biddeford Saco Water District

In accordance with the provisions of Article V of the Town Charter, the annual budget serves as the foundation for Scarborough's financial planning and control. The Town's budget year begins July 1 and ends June 30 of the following year. The Charter provides that the Town Manager submit a budget, to the Town Council, at least 60 days prior to the beginning of each fiscal year. The Finance Committee reviews the proposed budget and makes recommendations to the Town Council. With prior public notification, the Council orders a public hearing. If the Council does not adopt the annual budget prior to July 1, then the budgets presented by the Town Manager and the Board of Education becomes the budget for the fiscal year. Department Administrators and the Board of Education may make transfers of appropriations within their departments. Transfers of appropriations between departments, however, require the approval of the Town Council. Once the Council approves the school's budget, the school budget is sent to the voters in a Budget Validation Referenda for final approval. This must happen within 14 days of the Town Council vote. If the voters do not approve the budget, it goes back to the School Board for revision, the Council has to approve it, and then it goes to the citizens. This process continues until the voters approve a budget.

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



## **ECONOMIC CONDITION AND FUTURE OUTLOOK**

**Maine Economy.** Maine's economy continues to struggle, having gained only 8,000 of the 28,000 jobs lost during the Great Recession. According to the New England Economic Partnership (NEEP), Maine's job growth will continue at the painfully slow rate of 0.7% per quarter through 2017, resulting in 617,000 jobs – still below the pre-recession threshold of 620,000 jobs. While the rate of growth will be slow, it will be positive. As a whole, the state will add approximately 1,000 jobs annually between 2013 and 2017.

Recovery from the Great Recession is somewhat impeded by Maine's demographics. Maine ranks as the oldest state in the nation, when comparing the median age of its population. The state must find ways to attract in-migration to infuse the labor force with the talent necessary to attract and keep the growth industries of the next decade.

Industries responsible for growth within the state include professional and business services as well the hospitality sectors. The Portland region is responsible for much of the new growth. Three new hotels are under construction within the City of Portland, while business services and bioscience continue to grow throughout the southern Maine region.

Although job growth in the state is tentative, the housing market shows signs of recovery. The existing home market is improving, with growth in the median price returning to prerecession levels. Permits for new homes are also increasing, due in part to the seasonal and second home markets. After falling nearly 60% from the 2006 peak, new home construction permits are also on the rise. NEEP forecasts that new home permitting will reach 4,500 to 5,000 per year. This level of permitting is still 20% below the 2006 peak, but it is a clear improvement.

**Local Economy.** The Portland region and, in particular, Scarborough once again have a much different economic profile and outlook than the state. While the area was not immune to the Great Recession, recovery is on a much faster track than the state as a whole.

Scarborough exceeded its pre-recession peak employment in 2012, and in 2013, exceeded that level by 290 employees. The town added 162 jobs last year, of which, 107 were in manufacturing. Between 2011 and 2013, the town added 777 jobs.

In terms of diversity, three sectors dominate Scarborough's job market: health care (18%), retail trade (17%) and manufacturing (12%). Of the new jobs added in manufacturing, 95 of them were in pharmaceutical and medicine manufacturing. The average earnings for a job in this sector was \$137,776.

A Scarborough medicine-manufacturing business added 80 new jobs in the fall as they staffed up to produce this year's flu testing kits. The company added employees and invested in site improvements at their Scarborough Industrial Park location. A bioscience firm, moved to Scarborough this summer. While they took over existing space, they brought some 40 employees to town, with the expectation that they will be near 50 employees by the end of the year. The Maine Department of Motor Vehicles moved a new branch office to the shopping area, The Gateway Shoppes, bringing new customers to the retailers on Expedition Drive. Scarborough in



the second half of 2013 has also had a bank and two insurance companies opened branches. The Town's largest taxpayer, Piper Shores, completed an \$8 million renovation on their common facilities early in 2013. They have also added 17 new staff members. A 15,000 square foot electronics distribution center opened their doors in April of this year, bringing investment and new employees to the region. They are the first post-recession major investment in the Haigis Parkway corridor.

From an image perspective, Scarborough made national press when Google designated the town as Maine's Digital Capital for 2013. Likewise, two national television shows, filmed episodes in Scarborough this fall. "Born to Explore" and "Trip Flip", both featured Maine's beaches and followed local lobster harvesters. All of these will enhance Scarborough's image across the United States.

**Comprehensive Plan.** During the 2013 fiscal year, the Long Range Planning Committee (LRPC) worked on a range of initiatives relating to the implementation of the Town's Comprehensive Plan; requests for zoning amendments by property owners; and efforts on watershed and storm water planning, all with an eye toward continuing to help Scarborough manage growth and development in a proactive way.

In fiscal year 2013, transportation planning was also a focus in the Oak Hill area with an emphasis on making our town center more pedestrian friendly. To this end, the Town Council established a new Transportation Committee with a directive to examine the Oak Hill corridor. Using the 2011 Oak Hill Pedestrian Study as their guide, the committee and staff worked on initiatives to improve the environment for pedestrians, including:

- planning for a new sidewalk along Black Point Road from Oak Hill to the Eastern Road;
- a signalized crosswalk at the Eastern Trail crossing of Black Point Road; and
- improved pedestrian crossings on Route One.

These efforts have resulted in concept designs and funding approvals by the Town Council.

More specifically the LRPC worked with the property owners near the vicinity of Holmes Road and Beech Ridge Speedway, on new light industrial zoning to provide an additional area in Scarborough for industrial uses, given that the existing industrial parks no longer have available space to expand. Zoning changes, approved by the Town Council, were structured to require buffering and protection to the adjacent residential homes and rural lands.

Also in fiscal year 2013, the LRPC finalized a zoning update for the Pine Point area designed to ensure that the Pine Point section of Scarborough, maintains its historical context as a traditional mixed-use beach community. Small business, marine related potential coupled with year-round and seasonal residences are all part of the life in the Pine Point area that this zoning is designed to facilitate. This zoning, with input from the area property owners, was approved by the Town Council in September of 2012.

Throughout the year, the committee also worked closely with Scarborough Downs and surrounding property owners on zoning adjustments in that area. This was an effort to provide



this significant parcel of 450 acres with greater zoning flexibility for future commercial, residential and mixed-use development and open space conservation, but with expectations for thoughtful master planning as development occurs. The location and size of these properties are likely to draw increased development interest, so the LRPC has felt it critical to establish the proper zoning in advance.

### **Major Initiatives:**

**For the year.** Fiscal year 2013 was a year of transition and transformation for the Code Enforcement office of the Planning Department. In February 2013, the Town's long-time Chief Code Enforcement Officer, Dave Gryskwicz, retired after more than 22 years of service to the Town of Scarborough. His knowledge and history of the zoning and building codes, as well as the helpful assistance he consistently provided to our customers, will definitely be missed. Scarborough experienced significant growth and development during his tenure with the Town of Scarborough and he played a key role in guiding and administering the zoning, permitting, and building inspections.

Development activity in the Town of Scarborough is increasing with more building construction, inspections, and construction oversight. Residential construction occurred at a brisker pace than in the recent past. Similarly, commercial and other non-residential building activity continues to expand over the course of this fiscal year. Further, the construction on the Town's new Wentworth intermediate school made significant progress. On the review and permitting side, Planning Staff coordinated and reviewed development plans and staffed seventeen Planning Board meetings. The Planning Board and staff reviewed a range of residential and non-residential development projects and issued final approvals for eight major projects. Given the location of many of these development projects in and around Oak Hill, this added investment in Oak Hill continues to reinforce this area as Scarborough's primary town and civic center.

The Fire Department continues its proactive work identifying potential grant opportunities to augment the funding we receive through local property tax revenues. During the past fiscal year, the department was awarded a regional fire prevention grant through the Federal Emergency Management Agency (FEMA) for \$286,368. This grant is a partnership with the Scarborough and Falmouth Fire Departments, the Southern Maine Community College, the Maine Center for Deafness, and the State Fire Marshal's Office to purchase and install smoke and carbon monoxide detectors free of charge in our resident's homes. One of our target audiences for this grant is the hard of hearing, which is why the Maine Center for Deafness joined the effort. The department was able to purchase specialized tactile alerting devices like strobe lights and bed shakers that interface with the smoke detectors to notify those residents that are deaf or hard of hearing. The detectors and other supplies have arrived and our firefighters are scheduling home visits to conduct safety surveys, provide in-home fire safety education, and install free detectors and long-life batteries that are good for 10 years.

The Fire Department received a total of \$57,201.68 during this past fiscal year in Emergency Management Performance Grant funding which represents 50% of the eligible expenses incurred through our Emergency Management Agency (EMA) program. Part of that funding included the town's emergency response and preparedness for Hurricane Sandy. That storm impacted Scarborough but didn't trigger a disaster declaration resulting in FEMA public assistance.



The EMA's primary duties are preparing for disasters and keeping the town's Emergency Operations Plan up to date and accurate. Following the recent school incidents in Sandy Hook, CT. and elsewhere, there was a renewed priority to revisit those plans. The school department and several key municipal departments worked throughout the year with a broad committee of stakeholders to explore ways to minimize our risk for similar types of incidents, and be better prepared to respond in the unlikely event that it becomes necessary. The citizens and parents of Scarborough's students should rest assured that our school facilities have solid plans to deal with these types of incidents.

Twenty-five years ago, Scarborough and three other communities started a unique intern program with the Southern Maine Community College (SMCC). Students who enrolled in the fire science associates degree program at SMCC could apply to this program and live in the fire stations instead of a dorm room. The program has been mutually beneficial because it provides a cadre of trained firefighters to assist with our staffing needs while providing a real-life practical experience for the college students. Scarborough currently has thirteen students in the program living at five of our six stations. Over the years, more than two hundred students graduated from our program, many of which have become career members in several departments including Boston and New York City.

The Police Department created a Special Enforcement Unit. Utilizing two officers, hired with funds from a federal grant and an officer whose assignment to the Maine Violent Offenders Task Force came to an end, the department was able to assign these three seasoned officers to work with the Special Enforcement Sergeant to deal with topical issues. These officers will work flexible hours in both uniformed and non-uniformed attire based upon the particular needs of the community. Since this unit will require a full time supervisor to coordinate these efforts, we have promoted an additional Sergeant.

During the last fiscal year, Scarborough Police Department dealt with the criminal misuse of technology on an ever-increasing basis.

The investment in technologies that the Police Department made and equipment in our patrol vehicles is credited with saving the lives of three individuals. The number one priority of the Town of Scarborough Police Department's Mission being the protection of life, it is rewarding that our officers have been able to save lives by utilizing the training and equipment that has been provided by our community.

Putting technology to its best use, the Police Department developed a Cold Case Facebook Page to ask for the public's assistance in finding justice in two unsolved homicide cases. Although homicide cases come under the jurisdiction of the Maine State Police, the members of the Scarborough Police Department are diligent about assisting in whatever way possible to bring closure to these two cases. Our Cold Case Files facebook page was developed in order to tap into the valuable resources within the community. Investigations are much like puzzles. Each small piece in itself may appear to be trivial but when placed with other pieces of information it can lead an investigator in the right direction. Often people see or hear things that they do not believe to be important. The observation they made then becomes very relevant when combined with other facts of the case. The Scarborough Police Department is the first department in the state to initiate a cold case facebook page. The Maine State Police and the Attorney General's office, both of whom supported the project, have indicated that they have received very valuable



information as a result of this effort. The Scarborough Police Department remains committed to solving these two crimes.

In 2013, Public Works spent \$448,000 on paving projects. While liquid asphalt prices have leveled, the cost of pavement remains high at \$67.00 - \$70.00 per ton. Of the \$448,000 spent, \$395,000 funded full paving projects. Ten roads received overlay treatments of varying thickness based on their condition and amount of daily traffic. A total of 7.47 miles of road was completed. The remaining \$53,000 was spent for paving related to other projects such as culvert replacement, spot surface repair and other new structure installation.

The vehicle maintenance division of public works is responsible for the upkeep of the town-wide fleet of equipment. Safety in the workplace has always been a priority and when it comes to town/school vehicles, our safety standards reflect the same. We co-ordinate the inspection and testing of town vehicles to ensure they meet Federal and State regulations. Therefore, residents can feel confident that any vehicle used to transport their children or provide a town service is in safe condition.

A town-wide GIS update was initiated during the year. The GIS system updated is a resource used by most town departments. Some of the services provided are: 1) Assessing and parcel updates. 2) 911 Street mapping. 3) Asset tracking. 4) Data analysis. 5) Preparation in presentation pieces. GIS services are made available to staff and residents alike.

The Town's departments, continue to focus on transportation planning and improvements. Over the course of the year, the Town of Scarborough Planning and Public Work's departments coordinated closely with the Maine Department of Transportation (DOT) on the construction of the Dunstan Corner intersection improvements, which included relocating Payne Road's intersection with Route One to provide much needed separation and capacity between this intersection and the Broadturn and Pine Point Road intersection. This project also included improvements to all the major approaches to Route One in this section of town. The new sidewalks, crosswalks and signalization will improve the environment and safety for pedestrians and motorists traveling in the Dunstan area of the Town of Scarborough. This significant transportation improvement project was the result of a multi-year study and design effort that will position the Dunstan area to emerge as a more vibrant neighborhood center with an improved capacity for new private investment.

#### **For the future.**

In coordination with the Scarborough Transportation Committee, the Town of Scarborough also applied to the Maine DOT for funding under the "safe routes to school" program and was successful in receiving funding for new sidewalks along Gorham Road between the school campus and Sawyer Road. With the Town's efforts on Black Point Road; Maine DOT funding for Gorham Road; and pedestrian improvements being implemented by private development in and around the Oak Hill area, significant progress will be made in making this area a more attractive, walkable place for area residents, businesses and visitors.



The Fire Department has had an apparatus replacement program in place since the 1940s. This program was designed to help the town keep up with timely replacement of major apparatus at the end of their service life before safety concerns or costly repairs become issues. Ladder trucks and pumper vehicles are on a 25-year replacement schedule and this year, the Ladder Truck 2 has been in service for 25 years. During the November election, the voters approved a referendum authorizing \$900,000.00 in bonds to fund the replacement of this important piece of equipment. The new Ladder 2 truck is under construction and scheduled to be delivered in 2014.

New investment in Scarborough is the envy of the region. Driving through the Route One Corridor shows a significant development in the Oak Hill area is apparent. A bank, Starbucks and an 82-bed assisted living facility are all underway. McDonalds was rebuilt from the ground up. The owner of a successful Mexican restaurant will be redeveloping the old Cumberland Farms building on Route One in the Oak Hill area. Additionally, development projects approved but not started include a 16,000 square foot office building and Phase II of the Bessey Square mixed use complex, both in Oak Hill. A 4,500 square foot wellness center was approved just south of Oak Hill. A new service station and restaurant pad are approved for the Payne Road/Haigis Parkway area.

The Town of Scarborough continues the use and experimentation of magnesium chloride as a replacement for road salt on a major portion of our roads. Implementing this plan in 2013 resulted in using less salt, less sand, and reduced labor costs during spring clean-up. We were fortunate that cost savings and an increased level of service occurred simultaneously. Overall savings amounted to \$13,500.00.

The BenjaminWentworth Intermediate School, for grades three through five, with an enrollment of 703, has numerous building security and mechanical (heating, lighting) issues and is not conducive to currently accepted best practices in intermediate education. After a failed referendum in 2006, the citizens approved the construction of a new intermediate school in November 2011. Construction started in the fall 2012 and full occupancy is expected in the fall 2014.

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

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



## **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 2013 value by \$60,479,000 from 2012. For the 2012 tax year, the valuation was \$3,571,196,300 compared to the 2013 valuation of \$3,631,675,000.

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, 2013</u></b>
\$506,314 in 2009	\$21,784
\$507,075 in 2010	\$21,611
\$603,735 in 2011	\$26,233
\$581,380 in 2012	\$212,162
\$641,719 in 2013	\$641,719

The Town Council authorized the use of \$600,000 from school and town fund balances, for fiscal year 2012. Of this amount, the fund balance actually utilized was \$0. For 2013, the Town Council authorized \$200,000 from the School's fund balance to help offset the loss of education state revenues, which again, the Town did not actually utilize. For 2014, the Town Council again is budgeting \$200,000 from the School's fund balance to assist with their funding needs.

## **OTHER INFORMATION**

**Independent Audit.** The Town Charter requires an annual financial audit by independent certified public accountants appointed by the Town Council. The firm of Macpage LLC was engaged to perform the annual audit for the Scarborough Town Council for fiscal year 2013. This audit is designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The independent auditor's report is presented as the first component of the financial section of this report.

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Scarborough for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This is the eighth-consecutive year that the Town of Scarborough has submitted and achieved this prestigious award. In order to receive the Certificate of Achievement award, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



**Acknowledgements.** I would like to thank the Town Council and Town Manager, Thomas Hall for the support that they give to both the town departments and to the community. I also need to give special thanks to all of the other department heads and Karen Martin of Scarborough Economic Development Corporation (SEDCO) with whom we work every day.

Additionally, I would like to recognize the following former employees:

Harvey Rosenfeld, SEDCO Director – 24 years of service,  
Paul Lesperance, Assessor – 29 years of service,  
Wendy Frazier, Deputy Tax Collector – 25 years of service and  
David Gryskwicz, Chief Code Enforcement Officer – 22 years of service.

These employees, have all worked for the Town of Scarborough, have recently retired or moved to other job venues. I would like to thank them for all their efforts over the years helping to improve the working environment and for their service to the citizens of the Town of Scarborough.

Finally, I would like to take this opportunity to thank all of the department's full and part time employees, volunteers, and supporters for all of the time, hard work and dedication that you all invest in our community to ensure that it remains a wonderful place to live and work.

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, 2012**

**Executive Director/CEO**

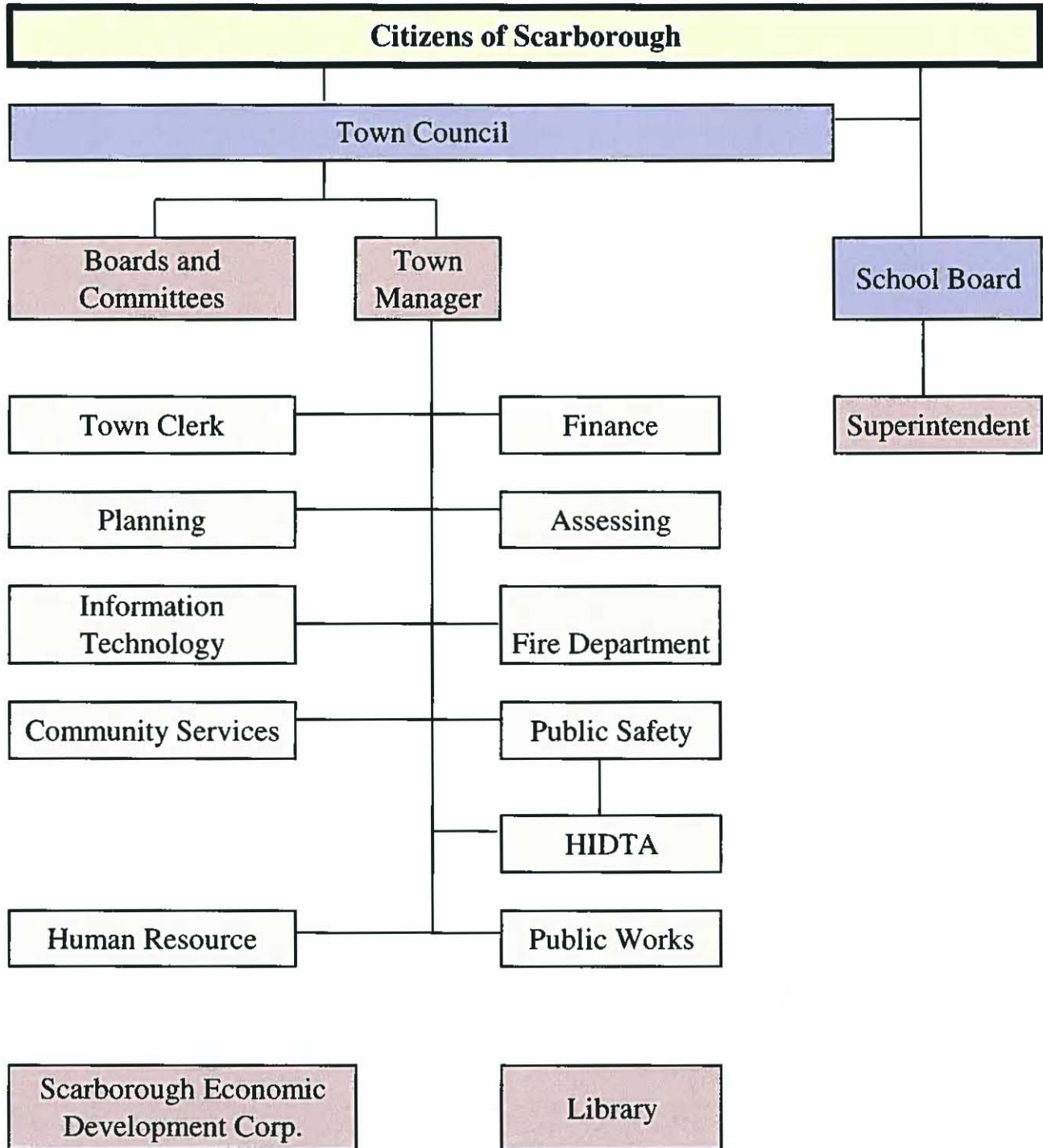


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# Town of Scarborough, Maine

## Organizational Chart



## Principal Executive Officers 2012-2013

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

<u>OFFICE</u>	<u>NAME</u>	<u>MANNER OF SELECTION/TERM</u>	<u>TERM EXPIRES</u>
Councilors	Ronald D. Ahlquist, Chairperson	Elected - 3 Year Term	11/21/2013
	James E. Benedict	Elected - 3 Year Term	11/19/2014
	Judith L. Roy	Elected - 3 Year Term	11/21/2013
	Jessica L. Holbrook	Elected - 3 Year Term	11/18/2015
	Edward NMI Blaise, III	Elected - 3 Year Term	11/18/2015
	Richard J. Sullivan, Jr.	Elected - 1 Year Term	11/19/2014
	Katherine A. St. Clair	Elected - 3 Year Term	11/19/2014
<b>Municipal Employees:</b>			
Town Manager	Thomas J. Hall	Appointed – 3 Year Term	12/31/2014
Town Clerk/Registrar of Voters	Yolande P. Justice	Appointed/Indefinite	N/A
Tax Collector/Finance Director and Treasurer	Ruth D. Porter	Appointed/Indefinite	N/A
Assessor	William H. Healey	Appointed/Indefinite	N/A
Chief of Police	Robert A. Moulton	Appointed/Indefinite	N/A
Zoning Administrator	Brian E. Longstaff	Appointed/Indefinite	N/A
Director of Public Works	Michael E. Shaw	Appointed/Indefinite	N/A
Fire Chief	B. Michael Thurlow	Appointed/Indefinite	N/A
Town Planner	Daniel B. Bacon	Appointed/Indefinite	N/A
Assistant Town Planner	Robert Jay Chace	Appointed/Indefinite	N/A
Recreation Director	Bruce W. Gullifer	Appointed/Indefinite	N/A
Human Resource/General Ass't.	Jaclyn Mandrake	Appointed/Indefinite	N/A
Community Development Director	Karen D. Martin	Appointed/Indefinite	N/A
<b>School Board:</b>			
Members, Board of Education	Christine A. Massengill, Chair	Elected -3 Year Term	11 - 2014
	John B. Cole	Elected - 3 Year Term	11 - 2013
	Aymie Hardesty	Elected - 3 Year Term	11 - 2013
	Christopher J. Caiazzo	Elected – 3 year Term	11 - 2015
	Kelly Noonan Murphy	Elected - 3 Year Term	11 - 2014
	Jacqueline A. Perry	Elected - 3 Year Term	11 - 2015
	Donna L. Beeley	Elected - 3 Year Term	11 - 2014
Superintendent of Schools	Dr. George Entwistle, III	Appointed/Indefinite	N/A
Assistant Superintendent of Schools/Adult Education Director	Jo Ann Sizemore	Appointed/Indefinite	N/A
Business Office Manager	Kate Bolton	Appointed/Indefinite	N/A
School Lunch Director	Judy Campbell	Appointed/Indefinite	N/A
Federal Project Administrators:	Monique Culbertson/ Kate Bolton	Appointed/Indefinite	N/A



# FINANCIAL SECTION





## Independent Auditors' Report

Town Council  
Town of Scarborough, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine (the Town), as of and for the year ended June 30, 2013, 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.

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## Macpage LLC

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## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of and for the year ended June 30, 2013 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 23 – 35, and Schedule of funding Progress on page 61, 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 – 10, supplementary statements and schedules on pages 75 – 110, and statistical tables on pages 115 – 136, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary statements and schedules are the responsibility of management and was derived from and relates 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.

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, 2012, 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, 2012 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, 2012 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, 2012 combining statements for the General Fund Balance Sheet, Exhibit A-1, and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance, Exhibit A-2, are fairly stated in all material respects, in relation to the basic financial statements from which they have been derived.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2014, on our consideration of Town of Scarborough, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Scarborough, Maine's internal control over financial reporting and compliance.

*Maerpage LLC*

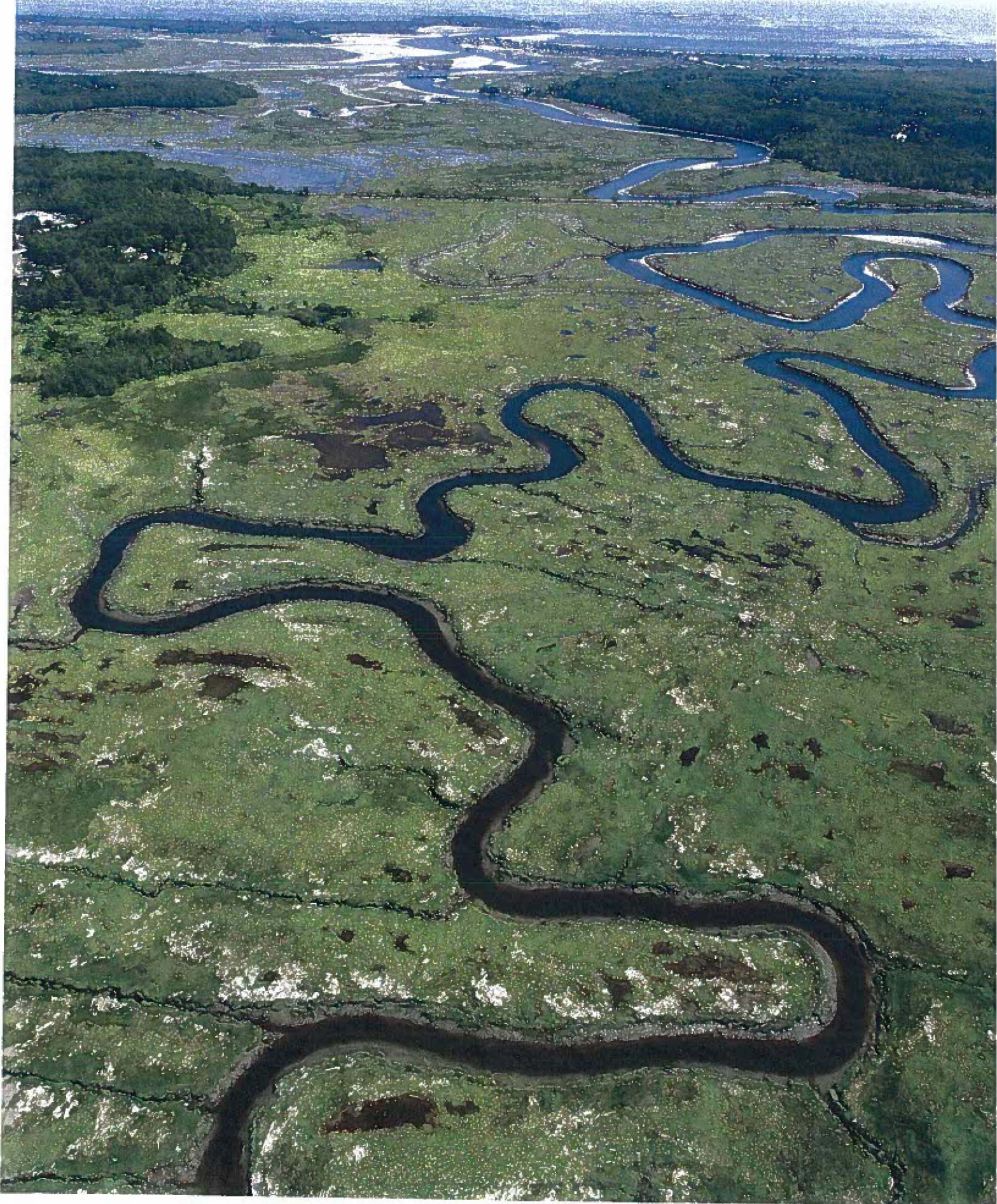
South Portland, Maine  
February 27, 2014



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# MD&A





**TOWN OF SCARBOROUGH, MAINE**  
**Management Discussion and Analysis**  
**June 30, 2013**

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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, 2013. 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 \$59,725,950 (net position). Of this amount, \$6,347,111 represents unrestricted net position, which is available to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$2,148,155. This represents a 3.7% increase over last year's net position.
- As of June 30, 2013, the Town's governmental funds reported combined fund balances of \$36,039,292 an increase of \$3,576,625 compared with the prior year. Approximately 7.83% of this amount or \$2,820,562 is available for spending at the Town's discretion (*assigned and unassigned fund balance*).
- Total nonspendable fund balance increased by \$3,430 from \$189,885 to \$193,315. Restricted fund balance increased by \$4,272,452 from \$24,016,310 to \$28,288,762. Total committed fund balance decreased by \$260,023 from \$4,996,676 to \$4,736,653. Assigned fund balance increased by \$219,024 from \$1,805,896 to \$2,024,920. Finally, the unassigned fund balance for the governmental funds decreased by \$658,258 from \$1,453,900 to \$795,642.
- With respect to fund balances in the governmental funds, of the \$7,557,215 reported as committed (authorized by town council), assigned (authorized by town manager) and unassigned fund balance, \$4,281,025 are special revenue funds authorized for specific projects and (\$308,150) is for various municipal projects. The remaining amount of \$3,584,340 is available for the discrete purposes for which these funds are collected.
- The Town of Scarborough's Fund Balance Policy establishes an unrestricted fund balance goal of 8.33% of the total operating expenditures. Unrestricted Fund Balance includes the total of the general fund committed, assigned and unassigned fund balances. As of June 30, 2013, unrestricted fund balance for the general fund was \$4,185,453 or 5.83% of the total general fund expenditures of \$71,767,051. The Town continues to work towards achieving the 8.33% goal in future fiscal years.
- Total debt increased by \$13,930,000 from the prior year. Total debt retired was \$11,755,000. Total debt issued was \$25,685,000 in general obligation bonds. This included \$6,620,000 of bonds advanced refunded.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements.** Government-wide financial statements, designed to provide readers with a broad overview of Town finances, 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, liabilities and deferred inflows/outflows of resources, with the difference between the three 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.



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

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

Both of the government-wide financial statements (Statements 1 and 2) distinguish functions of the Town of Scarborough that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Scarborough include general government, public service (recreation, parks, library, and economic development), public safety, public works (highways, streets, solid waste disposal) and education.

The government-wide financial statements include not only the Town of Scarborough (known as the *primary government*), but also the legally separate Public Library and Scarborough Economic Development Corporation for which the Town of Scarborough is financially accountable. Financial information for these component units are reported separately from the financial information presented for the Town of Scarborough itself. The government-wide financial statements can be found on pages 39 – 40 of this report.

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

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

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

The Town of Scarborough maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Performance Bonds, Wentworth Intermediate Construction and the Haigis Parkway all of which are considered major funds. Data from the remaining 16 funds (Special Revenue, Capital Projects, and Permanent) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in Exhibit C-1 through Exhibit E-2.

The basic governmental funds financial statements can be found on pages 41 – 42 of this report.



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

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

The Municipal Building Fund, General Town Improvement and General School Improvement accounts are not considered major funds and are provided in the form of combining statements elsewhere in this report. The Wentworth School Construction Project is considered major fund and shows as a separate fund on Statements 3 and 4 of the basic financial statements. As of June 30, 2013, the Town borrowed \$36,077,000, excluding the bond premium, towards this project not to exceed \$39,077,594. The Town may borrow the remaining funds if needed. The non-major capital projects fund financial statements are found on pages 99 – 100 of this report.

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

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

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

The permanent fund financial statements can be found on pages 99 – 100 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 103 - 105 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47 – 70.

**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 75 – 110 of this report.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position over time, may serve as a useful indicator of the Town's financial position. In the case of the Town of Scarborough, assets and deferred outflows of resources exceeded liabilities by \$59,725,950 as of June 30, 2013.

By far the largest portion of the Town of Scarborough's Net Position (83.42%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets. The Town of Scarborough uses these capital assets to provide services to our citizens; consequently, these assets are not available for future spending. Although the Town of Scarborough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Below is a summary of the Town of Scarborough's Net Position for the current year and the prior two years.

**Town of Scarborough's Net Position**  
**Governmental Activities**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assets:			
Current and other assets	\$ 44,406,380	\$ 38,231,976	19,020,393
Long term assets	1,821,073	2,351,534	2,545,939
Capital Assets	<u>126,890,790</u>	<u>113,358,707</u>	<u>110,729,418</u>
Total Assets	<u>173,118,243</u>	<u>153,942,217</u>	<u>132,295,750</u>
 Total deferred outflows of resources	 <u>2,544,244</u>	 <u>1,942,469</u>	 <u>-</u>
Total Deferred outflows	<u>2,544,244</u>	<u>1,942,469</u>	<u>-</u>
 Liabilities:			
Long term liabilities outstanding	100,973,990	84,996,464	64,415,337
Other liabilities	<u>14,962,547</u>	<u>13,310,427</u>	<u>13,909,305</u>
Total Liabilities	<u>115,936,537</u>	<u>98,306,891</u>	<u>78,324,642</u>
 Net assets:			
Net investment in capital assets	49,823,697	54,339,258	53,031,962
Restricted	3,555,142	1,111,295	1,642,063
Unrestricted	<u>6,347,111</u>	<u>2,127,242</u>	<u>(702,917)</u>
Total Net Position	<u>\$ 59,725,950</u>	<u>\$ 57,577,795</u>	<u>\$ 53,971,108</u>

\$3,555,142 (5.95%) of the Town of Scarborough's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted Net Position, for \$6,347,111, may be used to meet the Town of Scarborough's ongoing obligations to its citizens and creditors.

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



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

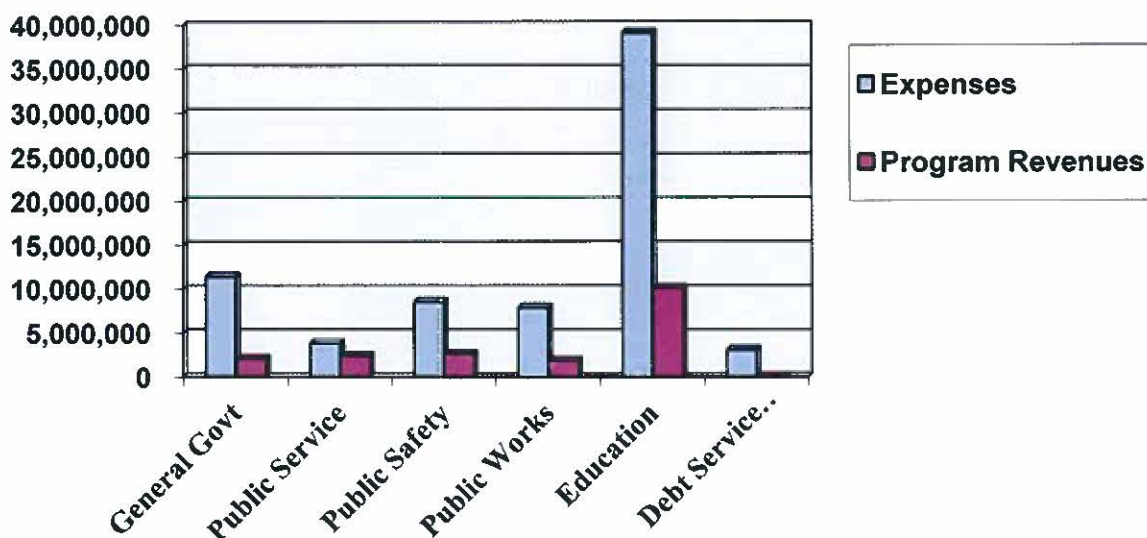
**GOVERNMENTAL ACTIVITIES.** The increase pertaining to the Town of Scarborough's net position of \$2,148,155 is due to the governmental activities of the Town. While the Town of Scarborough's non-tax revenues decreased by \$507,342, tax revenues increased by \$3,874,627. Increase in taxes is due in part to an increase in the overall assessed valuation of \$60,479,000 from \$3,571,196,300 to \$3,631,675,300. Additionally, both vehicle and boat excise tax collections increased.

Key components of this increase are shown below.

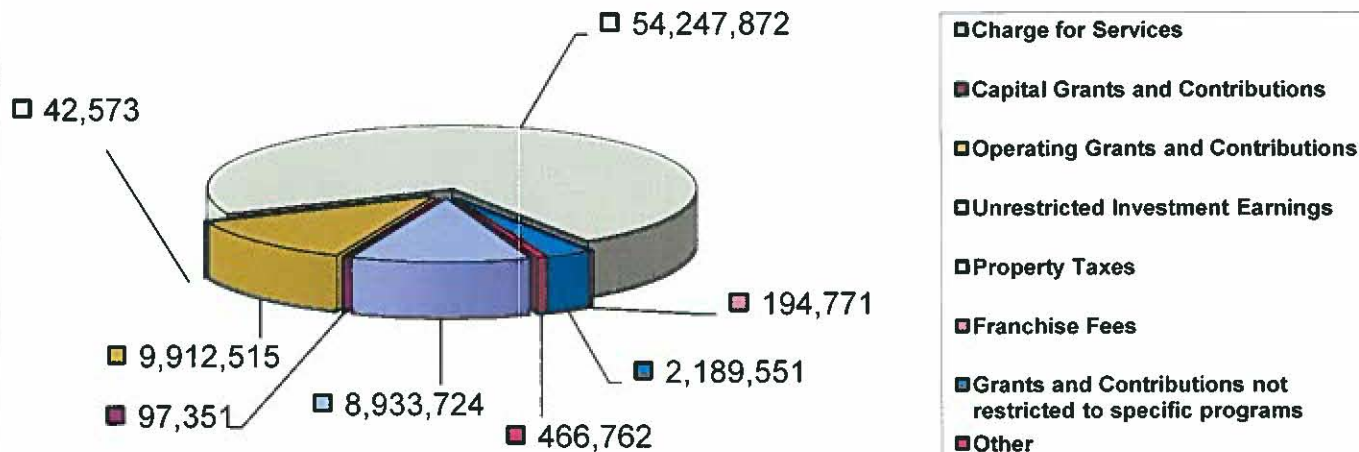
**Town of Scarborough's Changes in Net Position**

	<u>2013</u>	<u>2012</u>
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charge for services	\$ 8,933,724	\$ 8,339,215
Operating grants and contributions	9,912,515	11,093,321
Capital grants and contributions	97,351	174,652
<b>General Revenues:</b>		
Property and excise taxes, levied for general purposes	54,247,872	50,373,245
Franchise Tax	194,771	198,132
Grants and contributions not restricted to specific programs	2,189,551	2,125,222
Unrestricted investment earnings	42,573	66,255
Other	466,762	347,792
Total revenues	76,085,119	72,717,834
<b>Expenses:</b>		
General government	11,413,745	11,537,425
Public Services	3,851,672	3,868,072
Public Safety	8,555,020	8,691,510
Public Works	7,874,408	7,805,045
Education	39,167,124	34,346,445
Interest on Debt Service	3,074,995	2,862,650
Total expenses	73,936,964	69,111,147
 Increase in net position	 2,148,155	 3,606,687
Net position beginning	57,577,795	53,971,108
<b>Net position ending</b>	<b>\$ 59,725,950</b>	<b>\$ 57,577,795</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 a government's net resources available for discretionary use by the Town Council of the Town of Scarborough.



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

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At June 30, 2013, the Town of Scarborough's governmental funds reported combined fund balances of \$36,039,292. This is an increase of \$3,576,625 in comparison with the prior year. Approximately 2.2% of this amount \$795,642 constitutes *unassigned fund* balance which 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 (\$193,315), 2) restricted for particular purposes (\$28,288,762), 3) committed for particular purposes (\$4,736,653) or 4) assigned for a particular purpose (\$2,024,920).

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

**Governmental Fund Balance Comparison**

	<u>2013</u>	<u>2012</u>
General Fund	\$ 9,057,646	\$ 8,054,033
Wentworth School Construction	20,596,380	18,343,824
Haigis Parkway	(601,113)	(151,599)
Other Governmental Funds	6,986,379	6,216,409
<b>Total</b>	<b>\$ 36,039,292</b>	<b>\$ 32,462,667</b>

As noted earlier, governmental funds reported combined fund balances of \$36,039,292, an increase of \$3,576,625 compared with the prior year fund balances of \$32,462,667. Of the \$7,557,215 reported as unrestricted fund balance (total of committed, assigned and unassigned), \$3,679,912 are for special revenue fund projects authorized for specific purposes. The capital projects fund has a deficit of (\$308,150) to be funded in future periods from TIF revenues. \$4,185,453 is available for general fund committed and assigned purposes for which these funds are collected.

The remaining \$28,482,077 of fund balance is restricted to indicate that it is not available for new spending because it has already been allocated for the following:

\$ 3,861,453	Deficit Fund Balances in Special Revenues and Capital Projects Funds
1,907,108	Town Capital Projects
370,880	Town Grants
216,391	Perpetual Care of Municipal Cemeteries
22,065,288	Education Funding - including Wentworth School - major fund
60,957	Food Service and Fuel Inventory
<u>\$ 28,482,077</u>	<b>Total Governmental Fund Restricted Fund Balance</b>

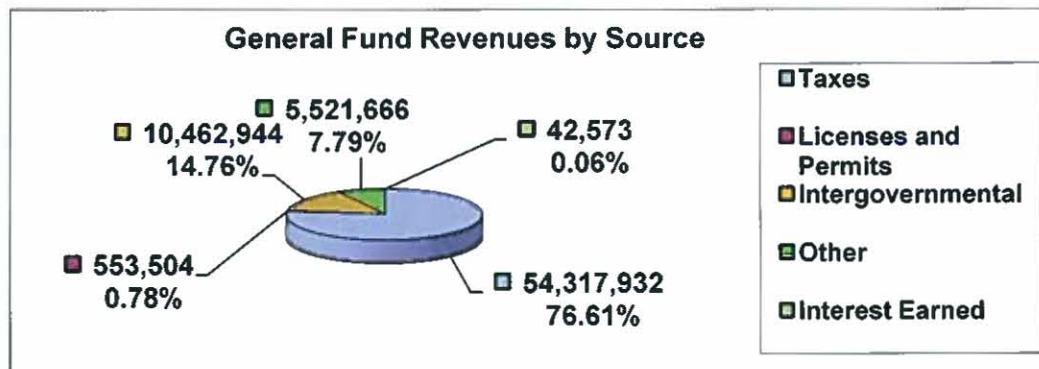
**Capital Projects Fund Highlights**

During this fiscal year, the Town of Scarborough's fund balances for Capital Projects increased \$2,946,689 from \$19,648,949 in 2012 to \$22,595,638 in 2013. Expenditures increased \$12,099,239, from \$4,120,021 in 2012 to \$16,219,260 in 2013. These increases in fund balance and expenditures are due to additional bond proceeds and continuing construction activity on the Wentworth School Construction Project. This project is scheduled for completion in the fall of 2014.

### General Fund Highlights

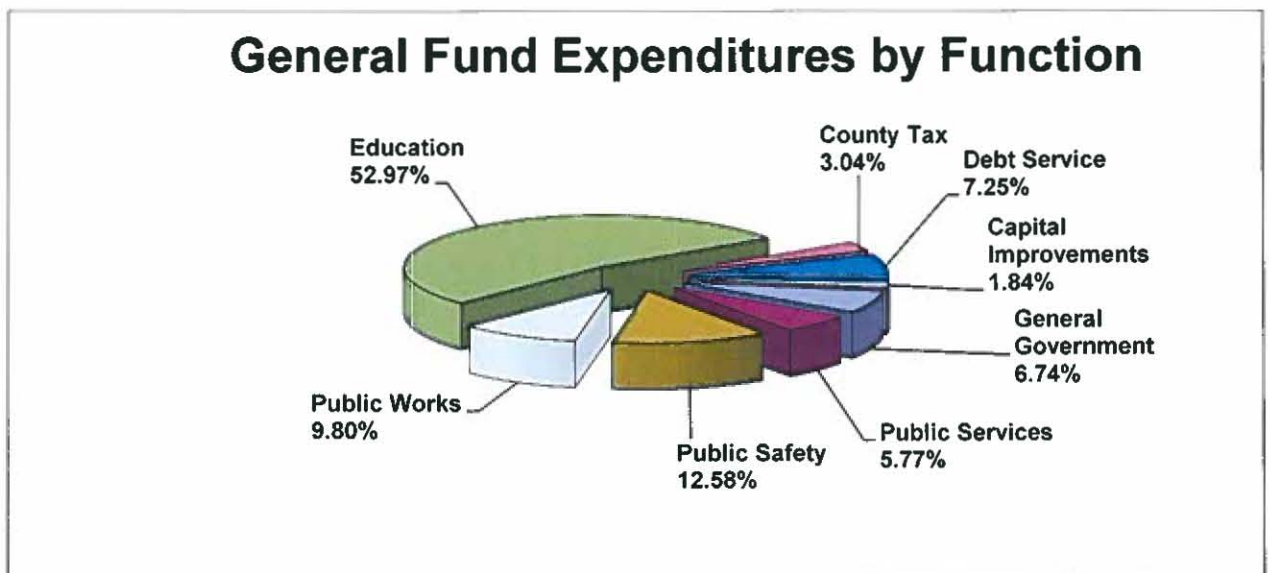
The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2013, total fund balance was \$9,057,646 reflecting an increase of \$1,003,613 compared to the prior year. Unassigned fund balance in the General Fund was \$1,786,533 compared to total fund balance of \$9,057,646. 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 2.49% of total general fund expenditures while total fund balance represents 12.62% of that same amount.

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



Property Tax revenues increased \$3,608,857 from 2012 to 2013 compared to the 2011 to 2012 increase of \$1,519,868. A comparison of the actual revenues to estimated revenues can be found on page 44 of the financial statements.

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



Actual revenues modestly exceeded estimates by \$756,145 while expenditures came in under budget by \$1,481,351.



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

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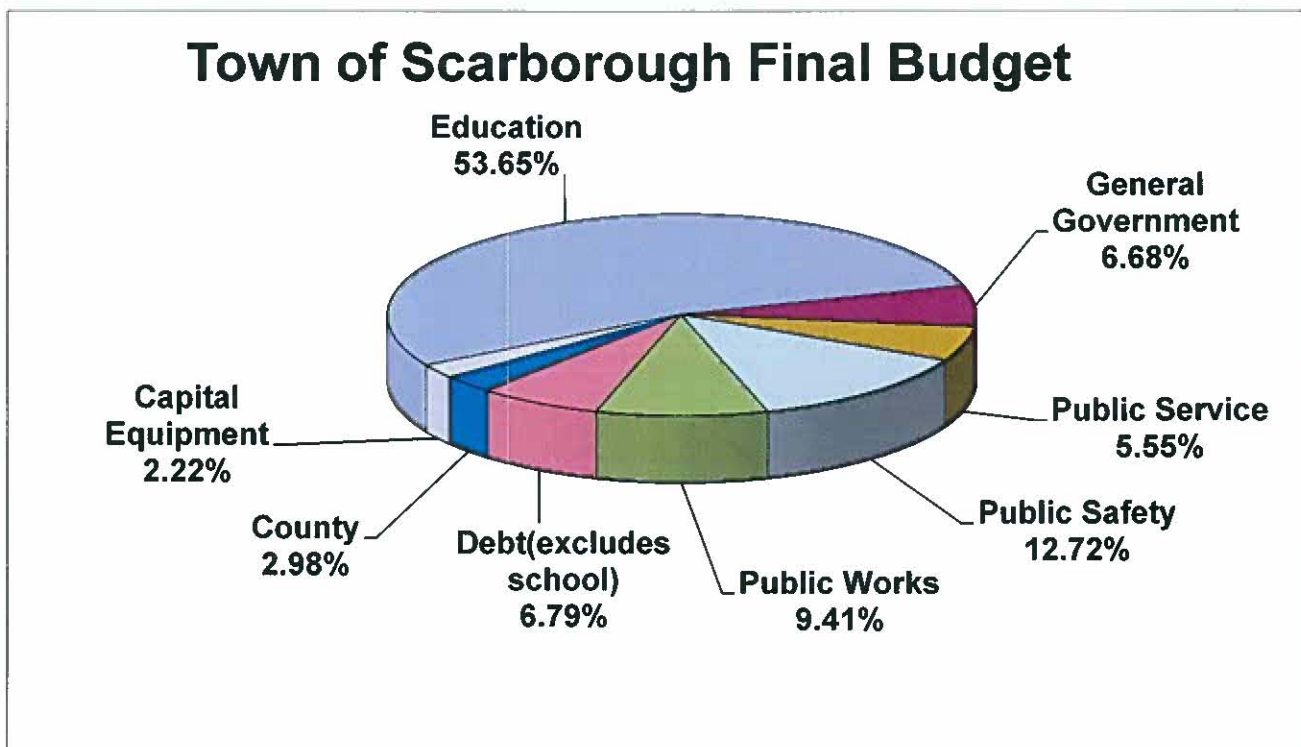
Total general fund expenditures increased \$2,749,246 or 4.20% compared to the prior year. The factors for this increase are:

- General Government increased 4.32% because of hiring new technology staff,
- Public Service increased 2.35% due to the child care program increase in customers and an increase in general assistance,
- Public Safety increased 4.08% due to the increase in fire and police personnel,
- Public Works increased 1.25%,
- Education increased 6.15% to offset increased costs for contractual personnel and benefit costs,
- County Tax increased 5.04% to help offset the costs of Cumberland County,
- Town Debt (excludes school debt) decreased 8.75% and
- Capital Improvements increased 36.04%. These capital expenditures will vary year to year depending on the type of capital improvement scheduled and approved by the Town Council.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final budget for the Town's General Fund represents the original budget and any previously appropriated funds set aside for honoring legally incurred obligations (prior year encumbrances and commitments) plus any supplementary appropriations that may occur during the fiscal year. In fiscal year 2013, a total of \$1,824,920 was set aside for prior year encumbrances and commitments. There were no budget amendments in fiscal 2013. The final operating budget for fiscal year 2013 amounted to \$69,649,893 compared to \$66,048,824 for fiscal year 2012. Most of this increase was the result of the Town Council approving an increase in the education budget.

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



## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The Town's investment in capital assets for its governmental fund, as of June 30, 2013, amounts to \$126,104,292 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was 11.247%. This increase is construction in progress on the Wentworth School construction project.

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>2013</u>	<u>2012</u>
Land	\$ 6,386,622	\$ 6,321,343
Buildings	51,862,825	53,028,226
Vehicles	5,559,483	5,182,281
Equipment & Furniture	1,647,901	1,561,895
Infrastructure	43,605,593	44,084,775
Construction in Progress	17,828,366	3,180,189
<b>Total</b>	<b>\$ <u>126,890,790</u></b>	<b>\$ <u>113,358,707</u></b>

The Town's infrastructure assets are recorded at historical or estimated historical costs in the government-wide financial statements as required by GASB Statement No. 34. Major capital asset events during the fiscal year ending June 30, 2013 related mostly to the improvements to the roads and culverts.

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

**Long-term Debt.** As of June 30, 2013, the Town had long-term bonds outstanding of \$96,180,000 compared to \$82,250,000 in the prior year resulting in a 16.94% increase. This debt is backed by the full faith and credit of the Town of Scarborough.

During fiscal year ending June 30, 2013, the Town of Scarborough issued \$25,685,000 in bonds. Included in this bond issue was \$18,620,000 of new money for various capital projects, the largest of which is the Wentworth School Construction Project for \$15,275,000.

Also, as part of this bond issue, we advance refunded all of the 2004 bonds remaining (\$3,920,000) except the principal payment due November 1, 2014 for \$215,000. Additionally, we continued the partial advance refunding on our outstanding 2005 bonds (\$2,945,000).

Of the \$1,620,703, original issue premium, \$139,156.25 was used to pay the underwriter's discount; \$125,000 in issuance costs and \$7,347,334.68 was paid to the escrow agent. The premiums and deferred charge on refunding have been capitalized on the statement of net assets and are being amortized over the life of the bonds.



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

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**Underwriting.**

The Bonds were purchased by the Underwriter. The Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a price of \$27,166,547, which purchase price reflects an Underwriter's discount, from the initial offering prices of the Bonds, in the amount of \$139,156 and a premium in the amount of \$1,620,703. The contract relating to purchasing the Bonds provides that the Underwriter will purchase all of the Bonds, if any Bonds are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contract. The initial public offering prices of the Bonds may change, from time to time by the Underwriter. The Town has been advised by the Underwriter that (i) it presently intends to make a market in the Bonds, (ii) it is not, however, obligated to do so, (iii) any market making may be discontinued at any time and (iv) there can be no assurance that an active public market for the Bonds will develop. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriter) and others at prices lower than the public offering prices stated on the cover page thereof. [Source: OFFICIAL STATEMENT DATED MARCH 22, 2013, page 15]

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

	<b>Outstanding Debt</b>		
	<b>General Obligation Bonds</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Municipal	\$ 25,312,482	\$ 25,944,118	\$ 26,117,843
Education	62,846,518	48,200,882	32,037,157
Sewer	8,021,000	8,105,000	8,612,000
<b>Total Debt</b>	<b>\$ 96,180,000</b>	<b>\$ 82,250,000</b>	<b>\$ 66,767,000</b>

Moody's Investors Service has given the Town of Scarborough a bond rating of "Aa3" and affirmed the Aa3 rating on all of the town's outstanding debt. Per Moody's Investors Service rating report dated March 15, 2013, "The Aa3 rating reflects the town's satisfactory financial position, stable tax base with favorable wealth levels and an above average debt burden with slow amortization. Additionally, Moody sights the Town's stable tax base with above average wealth levels as a strength and recognizes these challenges (maintaining sufficient reserve levels, reducing the General Fund subsidy of tax increment financing (TIF) district debt and addressing rising expenditures including education with limited revenue raising ability).

Standard and Poor's Rating Services (S&P) has assigned an "AA" long-term rating to the Town of Scarborough, Maine's series 2013 general obligation (GO) bonds and affirmed its AA long-term rating and underlying rating (SPUR) on the town's existing GO debt. S&P's rating reflects their opinion of the Town's:

- Stable local economy, supported by its geographic location in the greater Portland metropolitan statistical area (MSA);
- Very strong income levels, coupled;
- With high market value per capita ratios;
- Still good financial position despite the recent use of reserves to cover revenue shortfalls; and
- Moderate debt burden.

## **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 2014 were to:

1. maintain essential services,
2. maintain infrastructure,
3. maximize non-property tax revenues and
4. limit expenditure increases to 3%.

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

The Town of Scarborough, in cooperation with its school department, has worked to develop a five-year capital budget plan to manage and plan for the long term capital needs of our community.

The 2014 Town of Scarborough budget includes funding for four paramedic fire fighter positions to start January 2014. Additionally, the assessed valuation for 2014 was \$3,660,305,700 compared to 2013 assessed value of \$3,631,675,300 for an increase of \$28,630,400.

The 2014 property tax rate of \$14.77 is 7.03% higher than the 2013 tax rate of \$13.80

The Town's assessed valuation increased from \$3,631,675,300 in 2013 to \$3,660,305,700 in 2014.

During the past economic downturn, the Town of Scarborough appropriated portions of its unassigned fund balance to help offset the impact of the recession. Below is a listing of the approved use of unassigned fund balance since 2008. For fiscal years 2013 and 2014, the Town of Scarborough appropriated \$200,000 to help offset the costs associated with the education budget.

2008	\$ 550,000
2009	\$ 799,770
2010	\$1,700,000
2011	\$1,150,000
2012	\$ 600,000
2013	\$ 200,000
2014	\$ 200,000

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



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

Below is a comparison of the 2012, 2013 and 2014 budgets (excluding carryforwards).

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Administration	\$ 1,953,976	\$ 2,002,568	\$ 2,051,195
Finance Department	1,013,837	988,051	1,013,337
Information Systems	942,328	790,865	694,061
Planning Department	907,118	792,249	784,199
Community Services	2,246,928	2,162,670	2,146,873
Library	891,884	834,313	795,835
Economic Development	224,182	177,620	233,979
General Assistance/Affordable Hsg	27,611	22,373	22,160
Fire/Rescue/EMA Department	3,904,485	3,736,655	3,619,050
Public Safety Department	5,254,329	5,071,609	4,882,337
Public Works Department	6,294,820	6,477,260	6,397,756
Debt Service	4,508,353	4,732,060	4,909,870
Capital Equipment	923,700	1,406,500	909,450
<b>Total Municipal Operating</b>	<b>29,093,551</b>	<b>29,194,793</b>	<b>28,460,102</b>
Education	39,474,516	37,420,562	35,652,462
County Tax	2,193,813	2,075,183	1,975,585
<b>Total Operating Budget</b>	<b>41,668,329</b>	<b>39,495,745</b>	<b>37,628,047</b>
School Special Revenues	-	-	741,478
School Food Services	1,415,040	1,445,586	1,455,273
Capital Improvement-Municipal	2,683,426	1,821,605	1,909,750
Capital Improvement-School	1,705,425	650,000	185,250
TIFs and Overlay	1,223,908	1,159,998	963,007
<b>Total Budget</b>	<b>\$ 77,789,679</b>	<b>\$ 73,767,727</b>	<b>\$ 71,342,907</b>

## REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Scarborough's finances for all those with an interest in the Town of Scarborough'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 [rporte@ci.scarborough.me](mailto:rporte@ci.scarborough.me).

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# BASIC FINANCIAL STATEMENTS



SCARBOROUGH DOWNS



**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Governmental Activities</b>	<b>Component Units Public Library</b>	<b>Economic Development</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,532,850	90,917	39,037
Investments	29,201,684	589,004	-
Receivables:			
Accounts	1,212,314	-	-
Intergovernmental	415,873	-	15,452
Taxes receivable	137,001	-	-
Tax liens	844,343	-	-
Tax acquired property	7,231	-	-
Inventory	55,084	1,019	-
Prepaid items	-	6,634	-
Notes receivable	1,821,073	-	-
Capital assets, not being depreciated	25,001,488	-	-
Capital assets, net	101,889,302	1,006,787	12,007
<b>Total Assets</b>	<b>173,118,243</b>	<b>1,694,361</b>	<b>66,496</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	2,544,244	-	-
<b>Total deferred outflows of resources</b>	<b>2,544,244</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	5,289,078	24,298	170
Accrued payroll and other related liabilities	3,922,340	31,059	2,534
Taxes collected in advance	45,560	-	-
Accrued interest	615,664	-	-
Noncurrent liabilities:			
Due within one year	5,089,905	-	-
Due in more than one year	100,973,990	-	-
<b>Total Liabilities</b>	<b>115,936,537</b>	<b>55,357</b>	<b>2,704</b>
<b>NET POSITION</b>			
Net investment in capital assets	49,823,697	1,006,787	12,007
Restricted for:			-
Nonexpendable trust principal	132,358	88,349	-
Expendable trust - income portion	84,033	-	-
Town grants and projects	2,362,021	-	-
Education	976,730	-	-
Unrestricted	6,347,111	543,868	51,785
<b>Total Net Position</b>	<b>\$ 59,725,950</b>	<b>1,639,004</b>	<b>63,792</b>

*See accompanying notes to financial statements.*



**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Activities**  
**For the year ended June 30, 2013**

		Program revenues			Net (expense) revenue and changes in net assets		
Functions/programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government	Component unit	Component unit
					Governmental activities	Public Library	Economic Development
<b>Primary government:</b>							
Governmental activities							
General government	\$ 11,413,745	1,525,062	451,649	97,351	(9,339,683)	-	-
Public services	3,851,672	2,363,475	805	-	(1,487,392)	-	-
Public safety	8,555,020	2,449,062	124,752	-	(5,981,206)	-	-
Public works	7,874,408	1,405,040	416,482	-	(6,052,886)	-	-
Education	39,167,124	1,191,085	8,918,827	-	(29,057,212)	-	-
Interest on debt service	3,074,995	-	-	-	(3,074,995)	-	-
Total governmental activities	73,936,964	8,933,724	9,912,515	97,351	(54,993,374)	-	-
<b>Total primary government</b>	<b>\$ 73,936,964</b>	<b>8,933,724</b>	<b>9,912,515</b>	<b>97,351</b>	<b>(54,993,374)</b>	<b>-</b>	<b>-</b>
<b>Component units:</b>							
Scarborough Public Library	\$ 1,078,900	-	1,048,294	-	-	(30,606)	-
Scarborough Economic Develop.	171,167	-	176,727	-	-	-	5,560
<b>General revenues:</b>							
Property taxes, levied for general purposes				\$ 49,827,578	-	-	-
Excise taxes				4,255,153	-	-	-
Payments in lieu of taxes				71,450	-	-	-
Interest and costs on taxes				93,691	-	-	-
Franchise Tax				194,771	-	-	-
<b>Grants and contributions not restricted to specific programs:</b>							
Homestead exemption and business equipment exemption				816,367	-	-	-
Other State aid				248,320	-	-	-
State Revenue Sharing				1,124,864	-	-	-
Unrestricted investment earnings				42,573	-	-	-
Other				466,762	-	-	-
Total general revenues				57,141,529	-	-	-
Change in net position					2,148,155	(30,606)	5,560
Net position - beginning,					57,577,795	1,669,610	58,232
Net position - ending					\$ 59,725,950	1,639,004	63,792

*See accompanying notes to financial statements.*

**TOWN OF SCARBOROUGH, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

	General	Performance Bonds	Wentworth School Construction	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 9,948,470	69,485	2,176,639	-	338,256	12,532,850
Investments	752,899	265,425	20,819,785	-	7,363,575	29,201,684
Receivables:						
Accounts	1,110,371	-	-	-	101,943	1,212,314
Intergovernmental	124,122	-	-	-	291,751	415,873
Taxes receivable	137,001	-	-	-	-	137,001
Tax liens	844,343	-	-	-	-	844,343
Interfund loans receivable	2,683,412	-	-	-	420,253	3,103,665
Tax acquired property	7,231	-	-	-	-	7,231
Inventory	34,010	-	-	-	21,074	55,084
Notes receivable	-	-	-	1,821,073	-	1,821,073
<b>Total assets</b>	<b>\$ 15,641,859</b>	<b>334,910</b>	<b>22,996,424</b>	<b>1,821,073</b>	<b>8,536,852</b>	<b>49,331,118</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and other current liabilities	1,685,130	-	2,400,044	-	868,994	4,954,168
Accrued payroll and other related liabilities	3,922,340	-	-	-	-	3,922,340
Accrued compensated absences	120,329	-	-	-	-	120,329
Interfund loans payable	-	-	-	2,422,186	681,479	3,103,665
Taxes collected in advance	45,560	-	-	-	-	45,560
Performance bond deposits	-	334,910	-	-	-	334,910
<b>Total liabilities</b>	<b>5,773,359</b>	<b>334,910</b>	<b>2,400,044</b>	<b>2,422,186</b>	<b>1,550,473</b>	<b>12,480,972</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-property taxes	810,854	-	-	-	-	810,854
<b>Total deferred inflows of resources</b>	<b>810,854</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>810,854</b>
<b>Fund balances:</b>						
Nonspendable Permanent Fund Principal					132,358	132,358
Nonspendable Inventory	34,010				26,947	60,957
Restricted for Town	3,861,453	-		-	2,362,021	6,223,474
Restricted for Education	976,730		20,596,380	-	492,178	22,065,288
Committed - General Fund	374,000	-	-	-	-	374,000
Committed - Education	-	-	-	-	-	-
Committed - Special Revenues	-	-	-	-	4,362,653	4,362,653
Assigned - General Fund	1,824,920	-	-	-	-	1,824,920
Assigned - Education	200,000	-	-	-	-	200,000
Unassigned Town	1,786,533	-	-	(601,113)	(389,778)	795,642
<b>Total fund balances</b>	<b>9,057,646</b>	<b>-</b>	<b>20,596,380</b>	<b>(601,113)</b>	<b>6,986,379</b>	<b>36,039,292</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 15,641,859</b>	<b>334,910</b>	<b>22,996,424</b>	<b>1,821,073</b>	<b>8,536,852</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.						126,890,790
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						810,854
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.						
Bonds payable, including issuance premiums						(101,895,067)
Deferred charge on refunding						2,544,244
Capital leases						(622,334)
Accrued interest						(615,664)
Landfill liability						(421,283)
Other postemployment benefits liability						(1,151,199)
Accrued compensated absences						(1,853,683)
<b>Net position of governmental activities</b>						<b>\$ 59,725,950</b>

*See accompanying notes to financial statements.*



**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2013**

	General	Performance Bonds	Wentworth School Construction	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 54,317,932	-	-	-	75,000	54,392,932
Licenses and permits	553,504	-	-	-	-	553,504
Intergovernmental	10,462,944	-	-	-	1,561,010	12,023,954
Interest earned	42,573	-	29,071	90,888	15,338	177,870
Donations	-	-	-	-	34,591	34,591
Sale of lots	-	-	-	-	3,430	3,430
Assessments and impact fees	-	-	-	-	1,898,858	1,898,858
Other	5,521,666	-	-	-	1,425,053	6,946,719
<b>Total revenues</b>	<b>70,898,619</b>	<b>-</b>	<b>29,071</b>	<b>90,888</b>	<b>5,013,280</b>	<b>76,031,858</b>
<b>Expenditures:</b>						
Current:						
General government	4,956,930	-	-	-	-	4,956,930
Public services	3,931,386	-	-	-	-	3,931,386
Public safety	8,577,811	-	-	-	-	8,577,811
Public works	6,681,399	-	-	-	-	6,681,399
Education	39,344,449	-	14,114,495	-	2,321,582	55,780,526
County tax	2,075,183	-	-	-	-	2,075,183
Debt service	4,942,403	-	-	-	-	4,942,403
Capital improvements	1,257,490	-	-	-	2,721,925	3,979,415
Other	-	-	-	-	1,817,483	1,817,483
<b>Total expenditures</b>	<b>71,767,051</b>	<b>-</b>	<b>14,114,495</b>	<b>-</b>	<b>6,860,990</b>	<b>92,742,536</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(868,432)</b>	<b>-</b>	<b>(14,085,424)</b>	<b>90,888</b>	<b>(1,847,710)</b>	<b>(16,710,678)</b>
<b>Other financing sources (uses):</b>						
Transfers in	1,015,621	-	-	59,598	769,762	1,844,981
Transfers out	(683,335)	-	(84,564)	(600,000)	(477,082)	(1,844,981)
Proceeds from capital leases	365,033	-	-	-	-	365,033
Refunding bond issued	7,065,000	-	-	-	-	7,065,000
Premium paid on refunded debt	321,961	-	-	-	-	321,961
Premium paid on issued debt	115,100	-	1,147,544	-	-	1,262,644
Payment to refunding bond escrow agent	(7,347,335)	-	-	-	-	(7,347,335)
General obligation bonds	1,020,000	-	15,275,000	-	2,325,000	18,620,000
<b>Total other financing sources (uses)</b>	<b>1,872,045</b>	<b>-</b>	<b>16,337,980</b>	<b>(540,402)</b>	<b>2,617,680</b>	<b>20,287,303</b>
<b>Net change in fund balances</b>	<b>1,003,613</b>	<b>-</b>	<b>2,252,556</b>	<b>(449,514)</b>	<b>769,970</b>	<b>3,576,625</b>
<b>Fund balances, beginning of year</b>	<b>8,054,033</b>	<b>-</b>	<b>18,343,824</b>	<b>(151,599)</b>	<b>6,216,409</b>	<b>32,462,667</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 9,057,646</b>	<b>-</b>	<b>20,596,380</b>	<b>(601,113)</b>	<b>6,986,379</b>	<b>36,039,292</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, 2013**

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)	\$	3,576,625
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Governmental funds report capital outlays as expenditures.  
 However, in the statement of activities, the cost of these assets  
 is allocated over their estimated useful lives and reported as  
 depreciation expense.

Capital outlays	\$16,988,410	13,532,082
Depreciation expense	(3,297,378)	
Net book value of dispositions	(158,950)	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	53,261
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Some expenses reported in the statement of activities do not  
 require the use of current financial resources and, therefore, are  
 not reported as expenditures in governmental funds:

Accrued interest	(159,620)
Landfill	4,050
Compensated absences	(20,820)
Other postemployment benefits liability	(230,174)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	65,001
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The issuance of long term debt (e.g., bonds, leases) provides current financial  
 resources to governmental funds, while the repayments of the principal of long-term  
 debt consumes the current financial resources of governmental funds. Neither  
 transaction, however, has any effect on net position. Also, governmental funds  
 report the effect of issuance costs, premiums, discounts, and similar items when  
 debt is first issued, whereas these amounts are deferred and amortized in the statement  
 of activities. This amount is the net effect of these differences in the treatment of  
 long-term debt and related items.

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  
 the governmental funds.

General obligation bond proceeds	\$ (19,065,000)	
General obligation bond payments	5,135,000	
Bond Premiums	(1,584,605)	
Amortization of Bond Premiums	240,580	
Deferred Charge on Refunding	727,335	
Amortization of Deferred Charge	( 125,560)	(14,672,250)

<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>2,148,155</b>
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*See accompanying notes to financial statements.*



**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis)**  
**General Fund**  
**For the year ended June 30, 2013**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 54,262,319	54,262,319	54,317,932	55,613
Licenses and permits	594,725	594,725	553,504	(41,221)
Intergovernmental	7,239,617	7,239,617	7,286,944	47,327
Interest earned	20,000	20,000	42,573	22,573
Unclassified	4,849,813	4,849,813	5,521,666	671,853
<b>Total revenues</b>	<b>66,966,474</b>	<b>66,966,474</b>	<b>67,722,619</b>	<b>756,145</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	4,649,920	4,649,920	4,591,897	58,023
Public services	3,862,588	3,862,588	3,931,386	(68,798)
Public safety	8,856,983	8,856,983	8,577,811	279,172
Public works	6,553,011	6,553,011	6,681,399	(128,388)
Education	37,370,562	37,370,562	36,110,973	1,259,589
County tax	2,075,183	2,075,183	2,075,183	-
Debt service	4,732,060	4,732,060	4,942,403	(210,343)
Capital improvements	1,549,586	1,549,586	1,257,490	292,096
<b>Total expenditures</b>	<b>69,649,893</b>	<b>69,649,893</b>	<b>68,168,542</b>	<b>1,481,351</b>
<b>Deficiency of revenues under expenditures</b>	<b>(2,683,419)</b>	<b>(2,683,419)</b>	<b>(445,923)</b>	<b>2,237,496</b>
<b>Other financing sources (uses):</b>				
Transfers in	1,379,206	1,379,206	1,015,621	(363,585)
Transfers out	(204,818)	(204,818)	(683,335)	(478,517)
Utilization of surplus	851,138	851,138	-	(851,138)
General obligation bonds	1,020,000	1,020,000	1,020,000	-
Refunding bond issued	-	-	7,065,000	7,065,000
Premium paid on refunded debt	-	-	321,961	321,961
Premium received on issued bonds	-	-	115,100	115,100
Payment to refunding bond escrow agent	-	-	(7,347,335)	(7,347,335)
Overlay	(362,107)	(362,107)	-	362,107
<b>Total other financing sources (uses)</b>	<b>2,683,419</b>	<b>2,683,419</b>	<b>1,507,012</b>	<b>(1,176,407)</b>
<b>Net change in fund balances - budgetary basis</b>	<b>-</b>	<b>-</b>	<b>1,061,089</b>	<b>1,061,089</b>
<b>Reconciliation to GAAP basis:</b>				
Change in current portion of accrued compensated absences			(57,476)	
<b>Net change in fund balances - GAAP basis</b>			<b>1,003,613</b>	
<b>Fund balance, beginning of year</b>			<b>8,054,033</b>	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>9,057,646</b>	

*See accompanying notes to financial statements.*

**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2013**

	<b>Private-purpose Trust Funds (Scholarships)</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	184,649
Investments	239,210	-
Accounts receivable	-	-
Interfund loans receivable	-	-
<b>Total assets</b>	<b>239,210</b>	<b>184,649</b>
<b>LIABILITIES</b>		
Interfund loans payable	-	-
Accounts payable	-	-
Due to student groups	-	184,649
<b>Total liabilities</b>	<b>-</b>	<b>184,649</b>
<b>NET POSITION</b>		
Held in trust	\$ <b>239,210</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, 2013**

	<b>Private-purpose Trust Funds (Scholarships)</b>
Additions:	
Donations	\$ -
Interest and dividends	123
<b>Total additions</b>	<b>123</b>
Deductions:	
School scholarships	6,400
<b>Total deductions</b>	<b>6,400</b>
Change in net position	(6,277)
Net position, beginning of year	245,487
<b>Net position, end of year</b>	<b>\$ 239,210</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 as applicable to governmental units. The following is a summary of the more significant of such policies:

**A. Reporting Entity**

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

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States of America. Organizations that are legally separate, tax-exempt entities and meet *all* of the following criteria should be discretely presented as component units. The criteria used are:

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

Additional criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based on application of these criteria, the following is a brief review of each discretely presented potential component unit addressed in defining the government's reporting entity.

Scarborough Economic Development Corporation (SEDCO) encourages and assists with the development of business in the Town of Scarborough. The SEDCO board appoints the majority of their board and the Town council affirms their appointment. Additionally, the Town provides SEDCO with a majority of its revenues. All of the financial activity of SEDCO has been reported using the discrete presentation method. The Town provided \$162,065, or 95% of total revenues, to SEDCO for the year ended June 30, 2013.

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 \$847,425, or 81% of total revenues, to the Library for the year ended June 30, 2013.



**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 Performance Bond Fund accounts for funds temporarily held by the Town until work is completed by developers. If the work is not completed, these funds are retained by the Town and the Town completes the required work. Although this fund does not meet the criteria of a major fund, the Town has elected to report it as a major fund in the governmental fund financial statements.

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

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

Additionally, the Town reports the following fund type:

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

Private-purpose Trust funds are used to account for contributions made on behalf of the School Department for student scholarships. Assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. Private-purpose Trust funds use the economic resources measurement focus.

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

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



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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

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

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment and infrastructure of the primary government are depreciated using the straight-line method over the asset's estimated useful lives as follows: buildings 25-60 years, vehicles 5-25 years, equipment and furniture 10-15 years and infrastructure 30 -75 years. Capital assets not being depreciated consist of land which has an indefinite useful life and construction in progress which will be depreciated once the project has been completed and placed in service.

**Compensated Absences** - Under terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service and are accrued ratably over the year. In the fund financial statements, these amounts for accumulated vacation and vested sick leave are only recorded as a liability if they have matured, for example, as a result of paid time off or employee resignations and retirements as applicable. All accumulated leave is accrued when incurred in the government-wide financial statements.

**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



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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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 financial 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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial 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, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Town Council has by resolution authorized the Town Manager to assign fund balance. The Town Manager has authorized carry forward balances to be used to offset 2014 expenditures. This also includes encumbrances.

5. For Unassigned fund balance: The portion of fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance.

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

**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 November 2010, the GASB issued GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. This statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. It applies to financial reporting by primary governments and other stand-alone governments, and to the separately issued financial statements of governmental component units as defined in GASB Statement No. 14.

In June 2011, the GASB issued GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". This statement will require amounts reported as deferred outflows and inflows of resources to be reported in a separate section following assets and liabilities, respectively, in a new statement of net position.

In March 2012, the GASB issued GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities.

The adoption of these statements did not have a significant impact on the Town’s financial statements.

**F. Recent Accounting Pronouncements**

In June 2012, the GASB issued GASB Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement improves accounting and financial reporting by state and local governments for pensions. The new statement is effective for periods beginning after June 15, 2014. The Town is currently assessing the impact of this statement on its financial statement.

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**A. Budgetary Information**

The general fund, and Town and School Department capital projects funds have legally adopted annual budgets. The general fund budget is adopted on a basis consistent with generally accepted accounting principles (GAAP), except for capital leases, on-behalf payments and the current portion of compensated absences. The level of control (level at which expenditures may not exceed budget) is the Department. At year end, department administrators may request to carry forward certain unexpended accounts with the Town Manager's approval, otherwise unexpended budgetary accounts lapse at the close of the fiscal year. Once adopted, the budget can only be amended by the Town Council. The revised budget presented for the General Fund in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund (Statement 6) includes various adjustments as follows:

	Revenues and other <u>sources</u>	Expenditures and other <u>uses</u>
2012-2013 budget as adopted	\$66,733,628	\$66,733,628
Budgetary adjustments:		
Subsequent authorization	-	-
Prior year encumbrances and carryforwards	483,190	483,190
<b>Total adjusted budget</b>	<b>\$ 70,216,818</b>	<b>\$ 70,216,818</b>

**B. Excess of Expenditures over Appropriations**

The over-expenditure of Debt Service (excluding education) was offset by the premium relating to the April 2013 Bond Issue.

**C. Deficit Fund Balance**

At June 30, 2013, the following special revenue and capital projects funds had deficit fund balances:

The Recreational Development Fund (a special revenue fund) had a deficit of \$17,869. It is expected that the deficit will be adequately funded next year through development and user fees and any remaining deficit will be funded by the general fund.

Boat Launch Fund (a special revenue fund) had a deficit of \$36,812. It is expected that this deficit will be adequately funded in future years through additional contributions and revenues.

The Municipal Building Fund (a capital project fund) had a deficit of \$308,150. This deficit is expected to be adequately funded in future years with TIF revenues.

The Haigis Parkway Assessments Fund had a deficit of \$601,113. This deficit is expected to grow initially and then be adequately funded in future years with TIF revenues and assessment payments.

Included in the Town General Improvements are three projects with a deficit balance. The Black Point Sidewalk project had a deficit of \$582; Technology telecommunications project had a deficit of \$36,169 and the Higgins Beach Bath House project had a deficit of \$7,039. These deficits are expected to be funded with future bond revenues.



**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, 2013, the Town reported deposits of \$12,717,499 with a bank balance of \$12,831,740. Of the Town's bank balances of \$12,831,740, none was exposed to custodial credit risk because it was covered by the F.D.I.C. or is secured by additional collateral pledged on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$12,532,850
Reported in fiduciary funds	184,649
<b>Total deposits</b>	<b>\$12,717,499</b>

At June 30, 2013, the Scarborough Public Library and Scarborough Economic Development's cash balances were \$90,917 and \$39,037 respectively, all of which was covered by F.D.I.C. insurance.

**B. Investments**

At June 30, 2013, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years	More than 5 years
Money markets and repurchase agreements	\$29,440,894	\$29,440,894	-	-
<b>Total investments</b>	<b>\$29,440,894</b>	<b>\$29,440,894</b>	<b>--</b>	<b>-</b>

Investments have been reported as follows:

Reported in governmental funds	\$29,201,684
Reported in fiduciary funds	239,210
<b>Total investments</b>	<b>\$29,440,894</b>

*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 24, 2012, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. These taxes were due in two installments, 50% on October 15, 2012 and 50% on March 15, 2013. 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, 2013 and the Town's value was 100% of the 2013 State valuation of \$3,482,500,000.

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 \$362,107 for the year ended June 30, 2013.

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 revenues.

The following summarizes the June 30, 2013 levy:

Assessed value	\$ 3,631,675,300
Tax rate (per \$1,000)	13.80
Commitment	50,117,119
Supplemental taxes assessed	8,373
	50,125,492
Less - collections and abatements	49,483,773
<b>Receivable at June 30</b>	<b>641,719</b>
Consisting of:	
Taxes	31,254
Liens	610,465
<b>Receivable at June 30</b>	<b>\$ 641,719</b>
Collection rate	98.7%



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

**CAPITAL ASSETS**

Capital asset activity for the year ending June 30, 2013 was as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,321,343	\$ 65,279	\$ -	\$ 6,386,622
Deposit on Ladder Truck	-	786,500	-	786,500
Construction in progress	3,180,191	14,652,495	4,320	17,828,366
<b>Total capital assets, not being depreciated</b>	<b>9,501,534</b>	<b>15,504,274</b>	<b>4,320</b>	<b>25,001,488</b>
Capital assets, being depreciated:				
Buildings	68,721,699	65,940	352,118	68,435,521
Vehicles	12,323,641	611,656	539,814	12,395,483
Equipment and furniture	5,487,511	430,091	143,901	5,773,701
Infrastructure	53,136,482	376,446	-	53,512,928
<b>Total capital assets being depreciated</b>	<b>139,669,333</b>	<b>1,484,133</b>	<b>1,035,833</b>	<b>140,117,633</b>
Less accumulated depreciation for:				
Buildings	15,693,474	1,231,340	352,117	16,572,697
Vehicles	7,141,361	917,882	436,745	7,622,498
Equipment and furniture	3,925,616	292,530	92,345	4,125,801
Infrastructure	9,051,709	855,626	-	9,907,335
<b>Total accumulated depreciation</b>	<b>35,812,160</b>	<b>3,297,378</b>	<b>881,207</b>	<b>38,228,331</b>
<b>Total capital assets being depreciated, net</b>	<b>103,857,173</b>	<b>(1,813,245)</b>	<b>154,626</b>	<b>101,889,302</b>
<b>Governmental activities capital assets, net</b>	<b>\$113,358,707</b>	<b>\$13,691,029</b>	<b>\$ 158,946</b>	<b>\$126,890,790</b>

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

<b>Governmental activities:</b>	
General government	\$ 330,614
Public services	33,297
Public safety	515,525
Public works, including depreciation of general infrastructure assets	1,216,510
Education	1,201,432
<b>Total depreciation expense – governmental activities</b>	<b>\$ 3,297,378</b>

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

	<u>Library</u>	<u>SEDCO</u>
Buildings	\$1,603,685	-
Furniture and fixtures	645,079	\$35,792
Books	892,673	-
<b>Total</b>	<b>3,141,437</b>	<b>35,792</b>
<b>Less accumulated depreciation</b>	<b>(2,134,650)</b>	<b>(23,785)</b>
<b>Property and equipment, net</b>	<b>\$1,006,787</b>	<b>\$12,007</b>
<b>Depreciation expense</b>	<b>\$ 130,003</b>	<b>\$ 2,303</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, 2013, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$2,683,411	-
Haigis Parkway	-	2,422,186
Nonmajor Governmental Funds:		
Nonmajor Special Revenue Funds:		
Recreational development	-	17,869
Credit enhancement agreements	9,168	
Boat Launch	-	36,812
Police asset forfeiture	-	1,380
Fire Department equipment	150	-
Scarborough Memorial Cemetery	-	800
Rescue equipment	-	42,543
Departmental grants and programs		136,315
Total Nonmajor Special Revenue Funds	9,318	235,719
Nonmajor Capital Project Funds:		
Higgins Beach Bath House	373,000	3
Cranberry Pines Road Improvement	33,873	
Hanson Road Improvement	633	
Haigis/Route One Intersection Improvements		56,512
Dunstan Fire Station Energy Improvements		75,760
Town wide Directional Signage		303
Pine Point Pier Project		1,788
Land Conservation – Fancy Farm		3,230
Municipal building fund	-	308,150
Total Nonmajor Capital Project Funds	407,506	445,746
Nonmajor Permanent Funds:		
Scarborough Memorial Cemetery	3,430	-
Dunstan Perpetual Care	-	14
Total Permanent Funds	3,430	14
Total Other Governmental Funds	420,254	681,479
Private-purpose Trust Funds	-	-
<b>Total all funds</b>	<b>\$3,103,665</b>	<b>\$3,103,665</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. The balances represent each fund's portion of the centralized checking account.



**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	\$1,015,621	\$ 683,335
Wentworth School Construction	-	84,564
Haigis Parkway Assessments	59,598	600,000
Nonmajor Governmental Funds	769,762	477,082
<b>Total</b>	<b><u>\$1,844,981</u></b>	<b><u>\$1,844,981</u></b>

These operating transfers were budgeted transfers to fund certain activities.

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2013, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$82,250,000	\$25,685,000	\$11,755,000	\$96,180,000	\$4,790,000
Premium	4,371,041	1,584,605	240,580	5,715,066	
Capital leases	687,335	365,033	430,034	622,334	175,526
Compensated absences	1,895,716	141,514	63,218	1,974,012	120,329
Other postemployment Benefits liability	921,025	230,174		1,151,199	
Landfill post-closure care costs	425,334	-	4,050	421,284	4,050
<b>Governmental activity</b>					
<b>Long-term liabilities</b>	<b><u>\$90,550,451</u></b>	<b><u>\$28,006,326</u></b>	<b><u>\$12,492,882</u></b>	<b><u>\$106,063,895</u></b>	<b><u>\$5,089,905</u></b>

As of June 30, 2013, the Town had authorized, but unissued debt totaling \$7,268,330. The General Fund typically pays all governmental activities long-term debt service requirements including accrued compensated absences.

**Advance Refunding**

During the year ended June 30, 2013, the Town issued \$25,685,000 in general obligation bonds with interest rates ranging from 1.00% to 5.00%, a portion of which provided funds to advance refund the remaining callable general obligation bonds that were issued in 2004 and 2005, but not refunded in 2012. Total bond proceeds of \$27,305,703.25, which includes \$1,620,703.25 premium less \$139,156.25 for underwriter's discount and less \$125,000.00 for cost of issuance, provided funds in the amount of \$7,347,334.68 which were deposited in an irrevocable trust with an escrow agent and are invested in U.S. governmental securities to provide all future associated debt service payments, and call premium for the 2004 Bonds. As a result, the \$6,620,000 of prior general obligation bonds which had interest rates ranging from 3.50% to 5.00% have been defeased and the liability for these bonds have been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$727,335. This amount is being amortized over the remaining life of the refunding debt. The refunding provided a Present Value Savings of \$254,457, or 3.8438% and an absolute savings of \$289,145.

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

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**BONDS PAYABLE**

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Bonds payable at June 30, 2013 is comprised of the following:

General Obligation Notes and Bonds	Amount originally issued	Percentage applicable to			Interest rate	Final maturity date	Balance end of year
		<u>Town</u>	<u>School</u>	<u>Sewer</u>			
1994 Capital improvements	6,775,000	-	100.00%	-	Varies	2015	460,000
1995 Capital improvements	6,160,000	1.89%	98.11%	-	Varies	2016	795,000
1997 Capital improvements	4,230,000	100.00%	-	-	Varies	2017	440,000
2004 Capital improvements	14,628,000	-	100.00%	-	Varies	2034	215,000
2005 Capital improvements	10,665,000	15.63%	84.37%	-	Varies	2034	870,000
2006 Capital improvements	7,014,000	91.53%	8.47%	-	Varies	2036	2,550,000
2007 Capital improvements	4,000,000	92.20%	7.80%	-	Varies	2022	1,025,000
2008 Capital improvements	8,513,000	84.15%	15.85%	-	Varies	2028	4,740,000
2009 Capital improvements	4,560,000	92.24%	7.76%	-	Varies	2029	3,055,000
2009 Capital improvements	1,780,000	80.00%	20.00%	-	2.00%	2020	1,225,000
2010 Capital improvements	6,002,000	83.98%	16.02%	-	2.00%	2031	5,035,000
2011 Capital improvements	5,600,000	80.96%	19.04%	-	Varies	2031	4,515,000
2012 Capital improvements	46,545,000	7.25%	75.16%	17.60%	Varies	2042	45,570,000
2013 Capital improvements	25,685,000	9.63%	90.37%	-	Varies	2043	25,685,000
<b>Total</b>							<b>\$ 96,180,000</b>

The annual requirements to amortize all debt outstanding as of June 30, 2013 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	4,790,000	3,588,569	8,378,569
2015	4,990,000	3,357,610	8,347,610
2016	5,060,000	3,197,999	8,257,999
2017	5,125,000	3,033,237	8,158,237
2018	5,305,000	2,854,340	8,159,340
2019-2023	26,105,000	11,324,428	37,429,428
2024-2028	16,675,000	7,245,440	23,920,440
2029-2033	14,875,000	4,159,181	19,034,181
2034-2038	7,690,000	1,805,487	9,495,487
2039-2043	5,565,000	484,044	6,049,044
<b>Totals</b>	<b>\$ 96,180,000</b>	<b>\$ 41,050,335</b>	<b>\$137,230,335</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, 2013 outstanding bonds	Percent of 2013 State assessed value of \$ 3,482,500,000	Amount	Margin
For school purposes	\$ 62,846,518	10.00%	\$348,250,000	\$285,403,482
For storm or sanitary sewer	8,021,000	7.50%	261,187,500	253,166,500
For municipal airport, water and special district purposes	-	3.00%	104,475,000	104,475,000
For all other purposes	25,312,482	7.50%	261,187,500	235,875,018
<b>Total</b>	<b>\$ 96,180,000</b>			

The statutory debt limit according to State law is 15% of the State assessed value, which amounts to \$522,375,000. The total debt margin based on this limit is \$426,195,000.

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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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**CAPITAL LEASES**

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The Town of Scarborough has entered into various lease agreements as lessee for copiers, equipment, vehicles, building improvements and computer hardware and software. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception. The amount of assets capitalized under capital leases is \$1,396,196.

The following is a schedule of future minimum lease payments under capital leases and the present value of the minimum lease payments at June 30, 2013:

2014	\$ 194,191
2015	167,469
2016	154,747
2017	152,422
2018-thereafter	-
Total minimum lease payments	668,829
Less: amount representing interest	46,495
<b>Present value of future minimum lease payments</b>	<b>\$ 622,334</b>

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

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES**

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**Overlapping Debt**

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2013, the Town's State valuation of \$3,482,500,000 was 9.00% of the County's State valuation of \$38,690,850,000. The Town's share is 9.00% or \$3,253,775 of Cumberland County's \$36,149,699 long-term debt outstanding as of June 30, 2013.

The Town is also served by the Portland Water District. At June 30, 2013, the Town's share of self-supporting bonded water debt is 13.7324% or \$3,482,500 of total debt of \$31,085,441.

**Contingencies**

ecomaine, formerly Regional Waste Systems, a Maine Corporation with 21 participating municipalities ("Member Municipalities"), including the Town of Scarborough, has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of ecomaine, payable from and secured by a pledge of ecomaine revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision, or a pledge of the full faith and credit of any political subdivision of the State of Maine. ecomaine has no taxing power. Notwithstanding the foregoing, pursuant to the Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to ecomaine for processing to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will be at least equal to the required debt service on the bonds. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. At June 30, 2012, outstanding "Incinerator Debt" of ecomaine totaled \$2,660,000 all of which was paid on July 1, 2012 thereby reducing the Scarborough's proportionate share to zero.

The Town has also entered into an agreement with ecomaine as one of the 21 ecomaine Member Municipalities along with an additional seven Participating Municipalities, to establish a Material Recycling Facility ("MRF") at ecomaine's demolition debris and recycling facility in Gorham. It is anticipated that the Town's share of debt incurred for this project will also be paid through service charges and user fees over the life of the project. At June 30, 2012, outstanding MRF debt totaled \$1,990,000 of which \$1,405,000 was paid on July 1, 2012 with the balance of \$585,000 paid on August 1, 2012, thereby reducing Scarborough's proportionate share to zero. ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$15,951,872 at June 30, 2013, the most recent data available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 8.81%, or \$1,404,660.

**Total Debt and Contingencies**

Governmental Unit	As of June 30, 2013			
	Direct debt	Overlapping debt	Contingent debt	Total debt
Town of Scarborough	\$ 96,180,000	-	-	\$96,180,000
Cumberland County	-	\$ 3,253,775	-	3,253,775
Portland Water District - water debt	-	3,482,500	-	3,482,500
ecomaine Waste Systems:				
Landfill closure/postclosure costs	-	-	1,404,660	1,404,660
<b>Totals</b>	<b>\$ 96,180,000</b>	<b>\$6,736,275</b>	<b>\$1,404,660</b>	<b>\$104,320,935</b>



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

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED**

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**Arbitrage**

Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. The Town has had several issues for which a rebate calculation is or has been required. As of June 30, 2013, substantially all such calculations have been performed and the Town is in compliance with all arbitrage requirements.

**Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

**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.

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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. The estimated total current cost of landfill closure, \$421,284, 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, 2013. Additionally, annual monitoring and maintenance costs are estimated to be \$4,050 per year.

The total closure and postclosure care costs of \$421,284 have been accrued in the statement of activities. Presently, the State of Maine is providing partial funding for certain closure costs; however, future funding is based on availability of funds. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

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**FUND BALANCE CHANGES**

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For the period ending June 30, 2013, the General Fund includes three programs that previously were reported as Special Revenue Funds. This change is the result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Activity of these three programs are currently presented in Exhibits A-1, A-2 and A-2 Cont. Additionally, the fund balances reclassified from Special Revenue Funds to the General Fund are all presented as Committed Fund balance in the General Fund as follows:

	<u>June 30, 2012</u>	<u>June 30, 2013</u>
Unemployment Compensation	\$ 149,772	\$ 145,535
Hurd Park and Ferry Beach	523,196	211,253
Hunnewell House	<u>14,635</u>	<u>17,212</u>
Total reclassification	<u>\$ 687,603</u>	<u>\$ 374,000</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, 2013:

	General Fund	Wentworth Construction	Haigis Parkway Assess	Nonmajor Governmental
<b>Fund Balances:</b>				
Nonspendable-Permanent Funds	-	-	-	\$132,358
Nonspendable-Inventory	34,010	-	-	26,947
	<u>34,010</u>	-	-	<u>159,305</u>
<b>Restricted</b>				
Permanent Fund Interest	-	-	-	84,033
Deficits in Other Funds	\$2,040,380	-	-	-
Haigis Parkway	1,821,073	-	-	-
Credit Enhancement Agreements	-	-	-	43,055
Sawyer Road Improvements	-	-	-	65,955
Grants and Donations	-	-	-	45,428
Fire Department Equipment	-	-	-	22,601
Police Asset Forfeiture	-	-	-	193,841
Town Improvements	-	-	-	1,907,108
Education	976,730	20,596,380	-	492,178
	<u>4,838,183</u>	<u>20,596,380</u>	-	<u>2,854,199</u>
<b>Committed</b>				
Unemp. Comp/Beach Reserve/Hunnewell	374,000	-	-	-
Impact Fees/Reserves	-	-	-	4,362,653
	<u>374,000</u>	-	-	<u>4,362,653</u>
<b>Assigned</b>				
Carryforward Balances/Encumbrances	1,824,920	-	-	-
Education	200,000	-	-	-
	<u>2,024,920</u>	-	-	-
<b>Unassigned</b>	<u>1,786,533</u>		<u>(601,113)</u>	<u>(389,778)</u>
<b>Total Fund Balances</b>	<u>\$9,057,646</u>	<u>\$20,596,380</u>	<u>(\$601,113)</u>	<u>\$6,986,379</u>



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

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**ASSIGNED FUND BALANCES**

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At June 30, 2013, portions of the General Fund fund balance were assigned to future periods as follows:

	<u>2013</u>
General Fund:	
State Revenue Sharing	\$ (130,294)
Municipal Building – Building Repairs & Maint.	15,000
Human Resource – Long Term Disability	500
Human Resource – Employee Recognition	3,000
Human Resource – Employee Assistance Program	500
Human Resource - Training	4,000
Finance – Accounting Training	4,000
Finance – Collections Training	4,000
Assessing Department – Training	1,100
Information Systems – Employee Training	3,400
Information Systems – Software Maintenance	7,300
Comprehensive Plan	14,711
SEDCO – Marketing Cost	1,922
Marine Resource Office – Inventory Management	6,900
Cable Franchise Fees	45,380
Child Care	95,509
Summer Recreation	34,000
Town-Wide Computer Purchases	6,766
Planning – Watershed Map/Management Plan	30,530
Library – 2014 Meeting Room Retrofit	671
Fire Department – Municipal Holding Tank	8,837
Fire Department – 2013 Fire Turnout Gear	19,553
Fire Department – Ladder Truck	26,121
Police Department – 2006 QED Software	9,300
Police Department – New Vehicles	105,463
Police Department – Tomar Pre-Emptive Device	13,138
Police Department – Traffic Light Pre-Emptive	1,221
Police Department – Replace CSI Van	37,500
Police Department – Motorola Equipment	3,021
Public Works – Alarm Maint. Route 1 to So. Portland Line	20,000
Encumbered purchase orders	266,392
Fund Balance Appropriated for the 2012 Budget	200,000
<u>Reserve for Accrued Sick Pay</u>	<u>1,165,479</u>
 <b>Total General Fund assigned fund balance</b>	 <b><u>\$ 2,024,920</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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**Description of the Plan** - The Town contributes to the Maine Public Employees Retirement System Consolidated Plan formerly known as the Maine State Retirement System Consolidated Plan. The Consolidated Plan is a cost sharing multiple-employer retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine State Retirement, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

**Funding Policy** - Plan members are required to contribute 6.5% of their annual covered salary and the Town is required to contribute an actuarially determined rate. These rates are designed to accumulate sufficient assets to pay benefits, when due. Normal cost employer contributions are calculated using the entry age normal actuarial cost method. Additionally, upon entering the Consolidated Retirement Plan, the Town had its separate, individual existing unfunded actuarial liability calculated which the Town fully funded in 2007. The current employer rate is 5.3% of annual covered payroll for School employees participating in the District Plan, 5.3% for Town employees, 12.2% for Police and Fire/Rescue. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employees Retirement Board of Trustees. The Town's contributions to the MPERS Consolidated Plan for the year ended June 30, 2013, 2012 and 2011 were \$436,099, \$353,904, and \$256,871 respectively and this is 100% of the amount required, that the Town paid.

**Teacher Group** - All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine State Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

**Funding Policy** - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$3,176,000 (16.33%) for the fiscal year 2013. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statement 2 and Statement 4).



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

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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 vest upon completion of three years of service. An employee who leaves the employment of the Town is entitled to all contributions and earned income in his/her account at that time. Each employee must contribute a minimum of 6% of his/her gross earnings to the pension plan, while the Town is required to contribute an amount equal to 6% of the employee's gross earnings. The Town Manager has a separate plan that requires the Town to contribute 12% of the Manager's gross earnings and the Manager is not required to contribute.

During the year, the Town's required and actual contributions amounted to \$305,448 which was 6% of the participating employees and 12% of the Town Manager's current year covered payroll. The covered payroll amounted to \$4,971,022, while the Town's total payroll was \$11,386,526.

Employee's required contributions amounted to \$291,077, which was 6% of the Town's current year covered payroll.

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

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

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

During the year, the participating employees contributions amounted to \$424,326 and the Town contributions amounted to \$256,859. The Town contributes a match up to 4%. The covered payroll amounted to \$6,140,441.

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

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not reported in the Town's financial statements.

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

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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 October 2011 for fiscal year ending June 30, 2013.

**Plan Descriptions** – In addition to providing pension benefits, the Town provides health care benefits for qualified retired employees. Eligibility to receive health care benefits at retirement is determined by the Health Trust standards. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage. A copy of the financial report and the required supplementary information for the Health Trust may be obtained from the Maine Employees Municipal Health Trust, 60 Community Drive, Augusta, Maine 04333.

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

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

Normal Cost	\$85,964
Amortization of Unfunded	168,129
Interest	5,032
Annual Required Contribution	\$259,125

**Funding Status and Funding Progress** – The Town's OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2012 were as follows:

Annual required contribution	\$259,125
Interest on NET OPEB Obligation	9,374
Amortization adjustment to ARC	(13,553)
Annual OPEB Cost	254,947
Actual contribution	(24,773)
Increase in Net OPEB Obligation	230,174
Net OPEB obligation – beginning of year	921,025
<b>Net OPEB Obligation – end of year</b>	<b>\$1,151,199</b>



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

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**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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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>
2013	\$ 254,097	10%	\$ 1,151,199
2012	255,098	13%	921,025
2011	255,058	12%	699,212

The funded status of the plan as of June 30, 2013 was as follows:

Actuarial accrued liability	\$3,023,581
<u>Plan Assets</u>	<u>0</u>
Unfunded actuarial accrued liability	\$3,023,581
Covered payroll	8,974,368
Unfunded actuarial accrued liability as a percentage of covered payroll	33%

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

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

Actuarial valuation date	1-1-2012
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	30 years, open amortization period

Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.00% - 8.70%
General inflation rate	3.0%

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

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**TAX INCREMENT FINANCING DISTRICTS**

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

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

The status of the various Tax Increment Financing Districts and Credit Enhancement Agreements are summarized below:

Scarborough Town Center Development District:	
Original assessed value	\$ 6,915,000
Maximum authorized captured value	6,900,000
Amount captured as of June 30, 2013	6,900,000
Haigis Parkway TIF:	
Original assessed value	8,563,500
Amount captured as of June 30, 2013	6,115,100
Enterprise Business Park CEA:	
	7,161,800
New England Expedition CEA:	35,155,100
Bessey School Senior Housing CEA:	2,630,800
Foundation Center LLC CEA:	1,451,500

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**RISK MANAGEMENT**

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The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters, for which the Town either carries commercial insurance, participates in a public entity pool, or is effectively self-insured. Currently, the municipal departments participate in several public entity and self-insured pools sponsored by the Maine Municipal Association. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchases, the Town is not aware of any material actual or potential claims liabilities which should be recorded at June 30, 2013. 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.



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

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**NET POSITION**

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Net Position represents the difference between assets, deferred outflows and liabilities. Net Position invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net Position 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 Position net investment in capital assets, was calculated as follows at June 30, 2013:

	Governmental <u>Activities</u>
Capital assets	\$ 165,119,121
Accumulated depreciation	(38,228,331)
Bonds payable	(88,159,000)
Premium liabilities net of amortization	(5,715,066)
Capital leases payable	(622,334)
<u>Unspent bond proceeds</u>	<u>17,429,307</u>
<b><u>Total invested in capital assets net of related debt</u></b>	<b><u>\$49,823,697</u></b>

The Town's Bonds payable is \$96,180,000 as stated in the footnote on page 59. For the purpose of determining Net Position invested in capital assets net of related debt, bonds payable totaling \$8,021,000, have been excluded from this calculation because the Town transferred ownership of the capital assets to other entities.

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**COMMITMENTS**

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Construction in progress of \$17,828,366 as of June 30, 2013 consists of road improvements, the commercial pier, Wentworth School construction and Higgins Beach Parking improvements. Except for the Wentworth school, the remaining projects are expected to be completed during the fiscal year ending June 30, 2013 and the school construction project by the fall 2014. The additional estimated costs to complete these projects are approximately \$20,000,000.

**TOWN OF SCARBOROUGH, MAINE**  
**Schedule of Funding Progress**  
**Required Supplementary Information**  
**June 30, 2013**  
**(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]
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%



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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, 2013 and 2012**

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,948,470	1,257,920
Investments	752,899	8,748,556
Receivables:		
Taxes receivable	137,001	172,971
Tax liens	844,343	757,577
Accounts receivable	1,110,371	828,253
Intergovernmental	124,122	191,841
Inventory	34,010	34,010
Interfund loans receivable	2,683,412	3,004,027
Tax acquired property	7,231	7,231
<b>Total assets</b>	<b>\$ 15,641,859</b>	<b>15,002,386</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and other current liabilities	1,685,130	2,402,854
Accrued payroll and other related liabilities	3,922,340	3,656,473
Accrued compensated absence (current)	120,329	62,853
Taxes collected in advance	45,560	68,580
<b>Total liabilities</b>	<b>5,773,359</b>	<b>6,190,760</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue-property taxes	810,854	757,593
<b>Total deferred inflows of resources</b>	<b>\$ 810,854</b>	<b>757,593</b>
<b>Fund balance:</b>		
Nonspendable inventory	34,010	34,010
Restricted - Town	3,861,453	2,992,678
Restricted - Education	976,730	440,220
Committed - Town	374,000	687,603
Assigned - Town	1,824,920	1,605,896
Assigned - School	200,000	200,000
Unassigned - Town	1,786,533	2,093,626
<b>Total fund balance</b>	<b>9,057,646</b>	<b>8,054,033</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 15,641,859</b>	<b>15,002,386</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, 2013**  
**(with comparative totals for June 30, 2012)**

		2013					
		2012		Total		Variance	2012
		carryforward	Budget	Available	Actual	positive (negative)	Actual
Revenues:							
Taxes:							
Property taxes	\$	-	49,912,119	49,912,119	49,827,578	(84,541)	46,218,721
Change in deferred property tax revenue		-	-	-	(53,261)	(53,261)	(86,540)
Excise taxes		-	4,048,500	4,048,500	4,255,153	206,653	3,995,263
Cable franchise tax		-	205,000	205,000	194,771	(10,229)	198,132
Interest and costs on taxes		-	96,700	96,700	93,691	(3,009)	87,811
Total taxes		-	54,262,319	54,262,319	54,317,932	55,613	50,413,387
Licenses and permits:							
Plumbing fees		-	26,400	26,400	30,654	4,254	8,689
Fees and Permits		-	147,700	147,700	143,872	(3,828)	156,398
Building permits		-	300,000	300,000	253,877	(46,123)	210,963
Electrical permits		-	44,000	44,000	41,917	(2,083)	36,782
Zoning Board of Appeals		-	11,000	11,000	7,000	(4,000)	10,039
License plate fees		-	60,625	60,625	59,259	(1,366)	59,568
Subdivision fees		-	5,000	5,000	16,925	11,925	12,000
Total licenses and permits		-	594,725	594,725	553,504	(41,221)	494,439
Intergovernmental:							
Education state subsidies		-	4,738,941	4,738,941	4,305,782	(433,159)	4,712,801
FEMA reimbursement		-	-	-	75,090	75,090	-
Federal HIDTA revenues		-	130,000	130,000	124,752	(5,248)	123,980
State Revenue Sharing		-	1,108,644	1,108,644	1,124,864	16,220	1,122,837
Homestead exemption		-	316,644	316,644	572,101	255,457	296,978
Business equipment tax exemption		-	243,996	243,996	244,266	270	152,738
LRAP (Local Road Assistance Program)		-	337,812	337,812	341,392	3,580	337,812
ecomaine payment in lieu of taxes		-	71,450	71,450	71,450	-	71,450
General assistance reimbursement		-	6,637	6,637	805	(5,832)	1,780
Adult education State subsidies		-	30,000	30,000	27,225	(2,775)	29,894
Medicaid		-	-	-	73,631	73,631	40,143
Other Federal and State revenues - School		-	25,000	25,000	77,266	52,266	64,909
Other Federal and State revenues - Town		-	230,493	230,493	248,320	17,827	552,669
Total intergovernmental		-	7,239,617	7,239,617	7,286,944	47,327	7,507,991
Interest earned		-	20,000	20,000	42,573	22,573	66,255
Unclassified:							
School Department miscellaneous		-	347,886	347,886	283,774	(64,112)	282,668
Adult education		-	16,000	16,000	6,857	(9,143)	13,546
Community services		-	1,665,397	1,665,397	1,820,045	154,648	1,788,101
Insurance reimbursements		-	22,000	22,000	25,436	3,436	39,620
Public Violations		-	56,700	56,700	64,539	7,839	67,212
Special duty police/fire		-	82,500	82,500	121,708	39,208	84,168
Inspection/review fees		-	57,100	57,100	130,849	73,749	170,082
Rescue donations		-	747,500	747,500	747,500	-	687,800
Rental income		-	46,947	46,947	46,947	-	45,700
Sale of Town-owned property		-	131,192	131,192	97,351	(33,841)	174,652
Salary reimbursement		-	687,786	687,786	745,513	57,727	749,383
Vehicle fuel reimbursement		-	586,641	586,641	510,190	(76,451)	535,667
Vehicle maintenance reimbursement		-	355,314	355,314	454,195	98,881	402,164
Lease revenue		-	-	-	365,033	365,033	-
Miscellaneous		-	46,850	46,850	101,729	54,879	347,792
Total unclassified		-	4,849,813	4,849,813	5,521,666	671,853	5,388,555
Total revenues		-	66,966,474	66,966,474	67,722,619	756,145	63,870,627

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

	2012 carryforward	Budget	2013		Variance positive (negative)	2012 Actual
			Total available	Actual		
Expenditures:						
Current:						
General government:						
Town Council	\$ -	11,573	11,573	10,050	1,523	11,711
Administration	-	234,869	234,869	236,383	(1,514)	254,019
Town Clerk	-	167,238	167,238	158,018	9,220	150,410
Human resources	6,670	260,312	266,982	233,443	33,539	236,257
Personnel benefits	1,600	146,365	147,965	318,400	(170,435)	175,267
Finance	3,737	328,125	331,862	314,309	17,553	302,493
Purchasing	295	60,934	61,229	57,731	3,498	55,881
Taxation/Treasury	556	352,387	352,943	345,220	7,723	342,257
Assessing	-	246,605	246,605	238,076	8,529	236,727
Management information systems	19,918	790,865	810,783	727,891	82,892	667,041
Planning	14,216	749,749	763,965	745,065	18,900	749,469
Municipal building	46,007	307,099	353,106	284,831	68,275	258,956
General government	-	94,800	94,800	107,191	(12,391)	67,184
Legal	-	80,000	80,000	105,963	(25,963)	111,728
Risk management	-	608,000	608,000	546,429	61,571	607,922
Public information	-	3,000	3,000	3,125	(125)	6,510
Engineering	-	48,000	48,000	92,772	(44,772)	97,517
Outside agencies	-	67,000	67,000	67,000	-	70,550
Total general government	92,999	4,556,921	4,649,920	4,591,897	58,023	4,401,899
Public services:						
Library	-	847,425	847,425	847,425	-	797,640
Public health and welfare	-	22,373	22,373	12,838	9,535	9,990
Tax Rebates (Credit Enhancement Agree)	-	643,073	643,073	643,073	-	608,117
Economic Development Corporation	-	177,620	177,620	162,065	15,555	237,130
Community services	9,427	2,162,670	2,172,097	2,265,985	(93,888)	2,188,291
Total public services	9,427	3,853,161	3,862,588	3,931,386	(68,798)	3,841,168
Public safety:						
Fire Department	27,534.00	2,315,617	2,343,151	2,248,691	94,460	2,214,269
Emergency Management	4,340.00	33,356	37,696	30,904	6,792	38,178
Emergency Medical Services	7,154.00	1,387,682	1,394,836	1,396,482	(1,646)	1,289,599
Marine resources	6,184	82,262	88,446	77,871	10,575	81,767
Police Department	116,715	4,876,139	4,992,854	4,823,863	168,991	4,618,103
Total public safety	161,927	8,695,056	8,856,983	8,577,811	279,172	8,241,916
Public works:						
Public Works Department	75,751	2,561,746	2,637,497	2,609,061	28,436	2,509,356
Vehicle maintenance	-	1,564,991	1,564,991	1,841,568	(276,577)	1,702,312
Water charges	-	191,136	191,136	189,659	1,477	189,095
Street lighting	-	161,200	161,200	134,129	27,071	151,083
Traffic signals	-	108,770	108,770	74,757	34,013	108,124
Cemetery care	-	26,850	26,850	20,463	6,387	25,180
Memorials	-	8,070	8,070	7,951	119	8,979
Shade trees	-	15,000	15,000	7,250	7,750	12,251
Engineering services	-	115,756	115,756	64,975	50,781	86,144
Solid waste program	-	1,723,741	1,723,741	1,731,586	(7,845)	1,806,299
Total public works	75,751	6,477,260	6,553,011	6,681,399	(128,388)	6,598,823
Education:						
Regular instruction	-	22,063,898	22,063,898	21,769,140	294,758	20,722,963
Improvement of instruction	-	788,217	788,217	727,632	60,585	741,328
Special services	-	2,822,399	2,822,399	2,736,437	85,962	2,631,615
General & special administration	-	327,857	327,857	330,860	(3,003)	294,445
Board of education	-	39,272	39,272	23,508	15,764	30,582
Office of the superintendent	-	498,868	498,868	503,653	(4,785)	454,633
Business administration	-	1,730,018	1,730,018	1,719,139	10,879	1,707,737
Transportation	-	1,519,501	1,519,501	1,531,004	(11,503)	768,256
Operation and maintenance of plant	-	3,661,373	3,661,373	3,116,574	544,799	2,909,679
Debt service	-	3,919,159	3,919,159	3,653,026	266,133	3,757,737
Total education	-	37,370,562	37,370,562	36,110,973	1,259,589	34,018,975



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

	2013					
	2012 carryforward	Budget	Total available	Actual	Variance positive (negative)	2012 Actual
Expenditures, continued:						
Current, continued:						
County tax	\$ -	2,075,183	2,075,183	2,075,183	-	1,975,585
Debt service (excluding education):						
Principal	-	2,765,604	2,765,604	3,188,386	(422,782)	3,495,598
Interest and other costs	-	1,966,456	1,966,456	1,754,017	212,439	1,920,960
Total debt service	-	4,732,060	4,732,060	4,942,403	(210,343)	5,416,558
Capital improvements	143,086	1,406,500	1,549,586	1,257,490	292,096	924,372
Total expenditures	483,190	69,166,703	69,649,893	68,168,542	1,481,351	65,419,296
Excess (deficiency) of revenues over (under) expenditures	(483,190)	(2,200,229)	(2,683,419)	(445,923)	2,237,496	(1,548,669)
Other financing sources (uses):						
Transfers in	-	1,379,206	1,379,206	1,015,621	(363,585)	1,723,391
Transfers out	-	(204,818)	(204,818)	(683,335)	(478,517)	(144,986)
General obligation bonds	-	1,020,000	1,020,000	1,020,000	-	589,750
Refunding bond issued	-	-	-	7,065,000	7,065,000	24,605,000
Premium received on refunded bonds	-	-	-	321,961	321,961	2,642,275
Premium received on issued bonds	-	-	-	115,100	115,100	355,819
Payment to refunding bond escrow agent	-	-	-	(7,347,335)	(7,347,335)	(27,124,969)
Overlay	-	(362,107)	(362,107)	-	362,107	-
Total other financing sources (uses)	-	1,832,281	1,832,281	1,507,012	(325,269)	2,646,280
Net change in fund balances - budgetary basis	(483,190)	(367,948)	(851,138)	1,061,089	1,912,227	1,097,610
Utilization of prior year surplus and carrying balances	483,190	367,948	851,138	-	(851,138)	-
Total Utilization of Fund Balance and Carry forwards	-	-	-	1,061,089	1,061,089	1,097,610
Reconciliation to GAAP basis:						
Current portion of accrued compensated absences				(57,476)		(32,852)
Fund balances, beginning of year				8,054,033		6,989,275
<b>Fund balances, end of year</b>				<b>9,057,646</b>		<b>8,054,033</b>

## **OTHER GOVERNMENTAL FUNDS**



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**TOWN OF SCARBOROUGH, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2013**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Permanent Funds</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 222,410	115,846	-	338,256
Investments	4,867,203	2,283,397	212,975	7,363,575
Intergovernmental receivable	291,751	-	-	291,751
Accounts receivable	94,443	7,500	-	101,943
Interfund loans	9,318	407,505	3,430	420,253
Inventory	21,074	-	-	21,074
Notes receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 5,506,199</b>	<b>2,814,248</b>	<b>216,405</b>	<b>8,536,852</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	499,750	369,244	-	868,994
Interfund loans	235,719	445,746	14	681,479
<b>Total liabilities</b>	<b>735,469</b>	<b>814,990</b>	<b>14</b>	<b>1,550,473</b>
Fund balances (deficit):				
Nonspendable trust principal	-	-	132,358	132,358
Nonspendable inventory	26,947	-	-	26,947
Restricted for Town	370,880	1,907,108	84,033	2,362,021
Restricted for Education	91,878	400,300	-	492,178
Committed for Town	4,362,653	-	-	4,362,653
Committed for Education	-	-	-	-
Unassigned for Town	(81,628)	(308,150)	-	(389,778)
<b>Total fund balances (deficit)</b>	<b>4,770,730</b>	<b>1,999,258</b>	<b>216,391</b>	<b>6,986,379</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,506,199</b>	<b>2,814,248</b>	<b>216,405</b>	<b>8,536,852</b>



**TOWN OF SCARBOROUGH, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2013**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total Other Governmental Funds</b>
<b>Revenues:</b>				
Intergovernmental	\$ 1,553,510	7,500	-	1,561,010
Contributions	34,591	-	-	34,591
Taxes		75,000		75,000
Assessments and impact fees	1,898,858	-	-	1,898,858
Sale of lots	-	-	3,430	3,430
Other revenue	1,374,353	50,700	-	1,425,053
Interest revenue	3,312	11,949	77	15,338
<b>Total revenues</b>	<b>4,864,624</b>	<b>145,149</b>	<b>3,507</b>	<b>5,013,280</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Capital expenditures	617,160	2,104,765	-	2,721,925
Education	2,321,582	-	-	2,321,582
Other	1,817,469	-	14	1,817,483
<b>Total expenditures</b>	<b>4,756,211</b>	<b>2,104,765</b>	<b>14</b>	<b>6,860,990</b>
<b>Excess of revenues over (under) expenditures</b>	<b>108,413</b>	<b>(1,959,616)</b>	<b>3,493</b>	<b>(1,847,710)</b>
<b>Other financing sources (uses):</b>				
Transfers in	255,537	514,225	-	769,762
Transfers out	(291,606)	(185,476)	-	(477,082)
General Obligation Bonds	-	2,325,000	-	2,325,000
<b>Total other financing sources (uses)</b>	<b>(36,069)</b>	<b>2,653,749</b>	<b>-</b>	<b>2,617,680</b>
<b>Net change in fund balances</b>	<b>72,344</b>	<b>694,133</b>	<b>3,493</b>	<b>769,970</b>
<b>Fund balances, beginning of year</b>	<b>4,698,386</b>	<b>1,305,125</b>	<b>212,898</b>	<b>6,216,409</b>
<b>Fund balances, end of year</b>	<b>\$ 4,770,730</b>	<b>1,999,258</b>	<b>216,391</b>	<b>6,986,379</b>

## **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 certain taxpayers. A Credit Enhancement Agreement or contract between the municipality and company is a mechanism to assist the development project by using all, or a percentage of, the tax revenues generated by the new investment to pay certain authorized project costs with payments made directly to the company.

### **Boat Launch Facility**

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

### **Cemetery Improvement**

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

### **Route 1 Sawyer Road Improvements**

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

### **Prouts Landing Conservation**

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



# NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

## **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.

## **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 of the improvements for which the fee is collected. Impact fees collected by the Town under this ordinance may be used only for financing facility improvements which the Town Council has determined are made necessary by new development. Included in this impact fees are:

**School Development Impact Fee** to help fund the improvements to the 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.

## **NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED**

### **Departmental Grants and Programs**

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

### **Pleasant Hill Area Drainage**

This fund accounts for monies received to improve the drainage in the Pleasant Hill area of the Town of Scarborough.

### **School Categorical Programs**

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

### **School Lunch Program**

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



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**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2013**

		<b>Recrea- tional Develop- ment</b>	<b>Credit Enhancement Agreements</b>	<b>Boat Launch Facility</b>	<b>Cemetery Improve- ment</b>	<b>Rte 1 Sawyer Road Improve</b>	<b>Prouts Landing Conserva- tion</b>	<b>Payne Road Improvements</b>	<b>Payne Road Impact Fees</b>
<b>ASSETS</b>									
Cash and cash equivalents	\$	-	-	-	-	-	-	-	215,916
Investments		-	43,055	-	800	65,955	24,603	69,973	2,080,926
Intergovernmental receivable		-	-	-	-	-	-	-	-
Due from State of Maine		-	-	-	-	-	-	-	-
Accounts receivable		-	40,402	-	-	-	-	-	-
Interfund loans receivable		-	9,168	-	-	-	-	-	-
Inventory		-	-	-	-	-	-	-	-
Notes receivable		-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$</b>	<b>-</b>	<b>92,625</b>	<b>-</b>	<b>800</b>	<b>65,955</b>	<b>24,603</b>	<b>69,973</b>	<b>2,296,842</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable		-	49,570	-	-	-	-	-	215,916
Interfund loans payable		17,869	-	36,812	800	-	-	-	-
<b>Total liabilities</b>		<b>17,869</b>	<b>49,570</b>	<b>36,812</b>	<b>800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,916</b>
<b>Fund balances:</b>									
Nonspendable								-	-
Restricted		-	43,055	-	-	65,955	-	-	-
Committed		-	-	-	-	-	24,603	69,973	2,080,926
Unassigned		(17,869)		(36,812)	-	-	-	-	-
<b>Total fund balances (deficit)</b>		<b>(17,869)</b>	<b>43,055</b>	<b>(36,812)</b>	<b>-</b>	<b>65,955</b>	<b>24,603</b>	<b>69,973</b>	<b>2,080,926</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>-</b>	<b>92,625</b>	<b>-</b>	<b>800</b>	<b>65,955</b>	<b>24,603</b>	<b>69,973</b>	<b>2,296,842</b>



Exhibit C-1, Continued

Other Impact Fees	Police Asset Forfeiture	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Lunch Program	Totals
-	-	-	-	6,494	-	-	222,410
870,216	182,728	205,589	25,416	1,297,942	-	-	4,867,203
-	-	-	-	-	244,228	47,523	291,751
-	-	14,028	-	40,013	-	-	94,443
-	-	-	150	-	-	-	9,318
-	-	-	-	-	-	21,074	21,074
-	-	-	-	-	-	-	-
<b>870,216</b>	<b>182,728</b>	<b>219,617</b>	<b>25,566</b>	<b>1,344,449</b>	<b>244,228</b>	<b>68,597</b>	<b>5,506,199</b>
-	-	-	-	13,317	152,350	68,597	499,750
-	1,380	42,543	-	136,315	-	-	235,719
-	1,380	42,543	-	149,632	152,350	68,597	735,469
-	193,841	-	22,601	45,428	91,878	26,947	26,947
870,216	(12,493)	177,074	2,965	1,149,389	-	-	462,758
						(26,947)	4,362,653
							(81,628)
870,216	181,348	177,074	25,566	1,194,817	91,878	-	4,770,730
<b>870,216</b>	<b>182,728</b>	<b>219,617</b>	<b>25,566</b>	<b>1,344,449</b>	<b>244,228</b>	<b>68,597</b>	<b>5,506,199</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, 2013**

	Recrea- tional Develop- ment	Credit Enhancement Agreements	Boat Launch Facility	Cemetery Improve- ment	Rte 1 Sawyer Road Improve	Prouts Landing Conserva- tion	Payne Road Improvements	Payne Road Impact Fees
Revenues:								
Intergovernmental	\$ -	-	-	-	-	-	-	-
Interest earned	-	208	-	-	49	16	46	1,358
Contributions	-	-	3,758	-	-	-	-	-
Sale of Lots/Land/Equip	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	20,927
Assessments and impact fees	8,095	539,464	-	-	-	-	-	-
<b>Total revenues</b>	<b>8,095</b>	<b>539,672</b>	<b>3,758</b>	<b>-</b>	<b>49</b>	<b>16</b>	<b>46</b>	<b>22,285</b>
Expenditures:								
Construction and acquisitions	-	-	880	800	18,859	-	-	-
Education	-	-	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-	-	-
Other	-	539,464	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>539,464</b>	<b>880</b>	<b>800</b>	<b>18,859</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	8,095	208	2,878	(800)	(18,810)	16	46	22,285
Other financing sources (uses):								
Transfers in	17,869	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>17,869</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>25,964</b>	<b>208</b>	<b>2,878</b>	<b>(800)</b>	<b>(18,810)</b>	<b>16</b>	<b>46</b>	<b>22,285</b>
<b>Fund balances (deficit), beginning of year</b>	<b>(43,833)</b>	<b>42,847</b>	<b>(39,690)</b>	<b>800</b>	<b>84,765</b>	<b>24,587</b>	<b>69,927</b>	<b>2,058,641</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ (17,869)</b>	<b>43,055</b>	<b>(36,812)</b>	<b>-</b>	<b>65,955</b>	<b>24,603</b>	<b>69,973</b>	<b>2,080,926</b>



	Other Impact Fees	Police Asset Forfeiture	Hunnewell House	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Lunch Program	Totals
Revenues:									
Intergovernmental	-	29,922	-	-	-	321,619	927,669	274,300	1,553,510
Interest earned	514	177	-	103	15	826	-	-	3,312
Contributions	-	-	-	-	2,950	-	27,883	-	34,591
Sale of Lots/Land/Equip	-	-	-	-	-	-	-	-	-
Other	323,768	-	-	-	-	129,204	-	900,454	1,374,353
Assessments and impact fees	-	-	-	1,351,299	-	-	-	-	1,898,858
Total revenues	324,282	30,099	-	1,351,402	2,965	451,649	955,552	1,174,754	4,864,624
Expenditures:									
Construction and acquisitions	8,875	2,592	-	-	-	585,154	-	-	617,160
Education	-	-	-	-	-	-	962,303	1,359,279	2,321,582
Benefits paid	-	-	-	-	-	-	-	-	-
Other	-	-	-	1,278,005	-	-	-	-	1,817,469
Total expenditures	8,875	2,592	-	1,278,005	-	585,154	962,303	1,359,279	4,756,211
Excess (deficiency) of revenues over (under) expenditures	315,407	27,507	-	73,397	2,965	(133,505)	(6,751)	(184,525)	108,413
Other financing sources (uses):									
Transfers in	-	-	-	-	-	53,143	-	184,525	255,537
Bond Proceeds	-	-	-	-	-	-	-	-	-
Transfers out	(154,790)	(40,000)	-	(96,808)	-	(8)	-	-	(291,606)
Total other financing sources (uses)	(154,790)	(40,000)	-	(96,808)	-	53,135	-	184,525	(36,069)
Net change in fund balances	160,617	(12,493)	-	(23,411)	2,965	(80,370)	(6,751)	-	72,344
Fund balances (deficit), beginning of year	709,599	193,841	-	200,485	22,601	1,275,187	98,629	-	4,698,386
Fund balances (deficit), end of year	870,216	181,348	-	177,074	25,566	1,194,817	91,878	-	4,770,730

**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, 2013**

	<b>Fund balances beginning of year</b>	<b>Revenues</b>		<b>Program expenditures</b>	<b>Fund balances end of year</b>
		<b>Grants</b>	<b>Other</b>		
Federal education grant programs:					
NCLB/Title IA	\$ 29	161,827	-	161,827	29
NCLB/Title IIA	-	54,195	-	54,195	-
Title III	-	-	-	-	-
NCLB/Title VA	1	-	-	-	1
Local Entitlement	(4)	709,098	-	709,098	(4)
ARRA Local Entitlement	(1)	-	-	-	(1)
Preschool handicapped	-	2,550	-	2,550	-
Education Jobs Fund	-	-	-	-	-
Scarborough Education Foundation	8,604	27,883	-	24,634	11,853
Finberg Trust	90,000	-	-	10,000	80,000
Total federal education grant programs	98,629	955,553	-	962,304	91,878
Other State grant programs:					
Professional Development Grant	-	-	-	-	-
Total other state grant programs	-	-	-	-	-
<b>Total school categorical programs</b>	<b>\$ 98,629</b>	<b>955,553</b>	<b>-</b>	<b>962,304</b>	<b>91,878</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 Municipal Improvements**

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

### **Municipal Building Fund**

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



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**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Capital Project Fund**  
**Balance Sheet**  
**June 30, 2013**

		<b>General School Improvements</b>	<b>General Town Improvements</b>	<b>Municipal Building Fund</b>	<b>Totals</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$	115,846	-		115,846
Investments		342,065	1,941,332		2,283,397
Accounts Receivable		-	7,500		7,500
Interfund loans receivable		-	407,505	-	407,505
<b>Total assets</b>	<b>\$</b>	<b>457,911</b>	<b>2,356,337</b>	<b>-</b>	<b>2,814,248</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable		57,611	311,633	-	369,244
Interfund loans payable		-	137,596	308,150	445,746
<b>Total liabilities</b>		<b>57,611</b>	<b>449,229</b>	<b>308,150</b>	<b>814,990</b>
Fund balance (deficit):					
Restricted		400,300	1,907,108		2,307,408
Unassigned		-	-	(308,150)	(308,150)
<b>Total fund balance (deficit)</b>		<b>400,300</b>	<b>1,907,108</b>	<b>(308,150)</b>	<b>1,999,258</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>457,911</b>	<b>2,356,337</b>	<b>-</b>	<b>2,814,248</b>



**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Capital Project Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2013**

	General School Improvements	General Town Improvements	Municipal Building Fund	Totals
Revenues:				
Intergovernmental	\$ -	7,500	-	7,500
Taxes	75,000	-	-	75,000
Interest earned	4,174	7,775	-	11,949
Other	-	50,700	-	50,700
Total revenues	79,174	65,975	-	145,149
Expenditures:				
Capital Improvements	719,173	1,385,592	-	2,104,765
Total expenditures	719,173	1,385,592	-	2,104,765
Excess (deficiency) of revenues over (under) expenditures	(639,999)	(1,319,617)	-	(1,959,616)
Other financing sources (uses):				
Transfers in	11,500	407,505	95,220	514,225
Transfers out	(17,456)	(142,307)	(25,713)	(185,476)
Proceeds of general obligation bonds	872,250	1,452,750	-	2,325,000
Total other financing sources (uses)	866,294	1,717,948	69,507	2,653,749
Net change in fund balances	226,295	398,331	69,507	694,133
Fund balances (deficit), beginning of year	174,005	1,508,777	(377,657)	1,305,125
Fund balances (deficit), end of year	\$ 400,300	1,907,108	(308,150)	1,999,258

## **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, 2013**

	<b>Scarborough Memorial Cemetery</b>	<b>Dunstan Perpetual Care</b>	<b>Mary A. Tucker Fund</b>	<b>Totals</b>
<b>ASSETS</b>				
Investments	\$ 185,263	24,839	2,873	212,975
Interfund loans receivable	3,430	-	-	3,430
<b>Total assets</b>	<b>\$ 188,693</b>	<b>24,839</b>	<b>2,873</b>	<b>216,405</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund loans payable	-	14	-	14
Total liabilities	-	14	-	14
Fund balances:				
Nonspendable Principal	118,491	13,367	500	132,358
Restricted Expendable Income	70,202	11,458	2,373	84,033
Total fund balances	188,693	24,825	2,873	216,391
<b>Total liabilities and fund balances</b>	<b>\$ 188,693</b>	<b>24,839</b>	<b>2,873</b>	<b>216,405</b>



**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2013**

	<b>Scarborough Memorial Cemetery</b>	<b>Dunstan Perpetual Care</b>	<b>Mary A. Tucker Fund</b>	<b>Totals</b>
<b>Revenues:</b>				
Interest and dividends	\$ 63	14	-	77
Sale of lots/perpetual care deposits	3,430	-	-	3,430
<b>Total revenues</b>	<b>3,493</b>	<b>14</b>	<b>-</b>	<b>3,507</b>
<b>Expenditures:</b>				
Earnings retained by General Fund	-	14	-	14
Other	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>14</b>
<b>Net change in fund balances</b>	<b>3,493</b>	<b>-</b>	<b>-</b>	<b>3,493</b>
<b>Fund balances, beginning of year</b>	<b>185,200</b>	<b>24,825</b>	<b>2,873</b>	<b>212,898</b>
<b>Fund balances, end of year</b>	<b>\$ 188,693</b>	<b>24,825</b>	<b>2,873</b>	<b>216,391</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, 2013**

	Shirley Grover Fund	Mary Campbell Peterson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
<b>ASSETS</b>													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	\$ 989	94,938	104,534	178	12	1,079	18,952	308	2,539	11,547	1,214	2,920	239,210
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 989</b>	<b>94,938</b>	<b>104,534</b>	<b>178</b>	<b>12</b>	<b>1,079</b>	<b>18,952</b>	<b>308</b>	<b>2,539</b>	<b>11,547</b>	<b>1,214</b>	<b>2,920</b>	<b>239,210</b>
<b>LIABILITIES AND NET ASSETS</b>													
<b>Liabilities:</b>													
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>Net assets:</b>													
Nonspendable Principal	1,240	87,680	100,000	-	-	-	-	500	2,026	3,500	-	3,810	198,756
Restricted Interest	(251)	7,258	4,534	178	12	1,079	18,952	(192)	513	8,047	1,214	(890)	40,454
<b>Total position assets</b>	<b>989</b>	<b>94,938</b>	<b>104,534</b>	<b>178</b>	<b>12</b>	<b>1,079</b>	<b>18,952</b>	<b>308</b>	<b>2,539</b>	<b>11,547</b>	<b>1,214</b>	<b>2,920</b>	<b>239,210</b>
<b>Total liabilities and net position</b>	<b>\$ 989</b>	<b>94,938</b>	<b>104,534</b>	<b>178</b>	<b>12</b>	<b>1,079</b>	<b>18,952</b>	<b>308</b>	<b>2,539</b>	<b>11,547</b>	<b>1,214</b>	<b>2,920</b>	<b>239,210</b>

**TOWN OF SCARBOROUGH, MAINE**  
**Private-purpose Trust Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the year ended June 30, 2013**

	Shirley Grover Fund	Mary Campbell Pederson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
<b>Additions</b>													
Donations	\$ -	-	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends	1	52	54	1	-	-	13	-	1	-	-	1	123
<b>Total additions</b>	<b>1</b>	<b>52</b>	<b>54</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>123</b>
<b>Deductions:</b>													
School scholarships	200	2,000	2,500	800	-	-	750	-	150	-	-	-	6,400
<b>Total deductions</b>	<b>200</b>	<b>2,000</b>	<b>2,500</b>	<b>800</b>	<b>-</b>	<b>-</b>	<b>750</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,400</b>
<b>Changes in net assets</b>	<b>(199)</b>	<b>(1,948)</b>	<b>(2,446)</b>	<b>(799)</b>	<b>-</b>	<b>-</b>	<b>(737)</b>	<b>-</b>	<b>(149)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(6,277)</b>
<b>Net position, beginning of year</b>	<b>1,188</b>	<b>96,886</b>	<b>106,980</b>	<b>977</b>	<b>12</b>	<b>1,079</b>	<b>19,689</b>	<b>308</b>	<b>2,688</b>	<b>11,547</b>	<b>1,214</b>	<b>2,919</b>	<b>245,487</b>
<b>Net position, end of year</b>	<b>\$ 989</b>	<b>94,938</b>	<b>104,534</b>	<b>178</b>	<b>12</b>	<b>1,079</b>	<b>18,952</b>	<b>308</b>	<b>2,539</b>	<b>11,547</b>	<b>1,214</b>	<b>2,920</b>	<b>239,210</b>



**TOWN OF SCARBOROUGH, MAINE**  
**Agency Funds**  
**Statement of Changes in Assets and Liabilities**  
**For the year ended June 30, 2013**

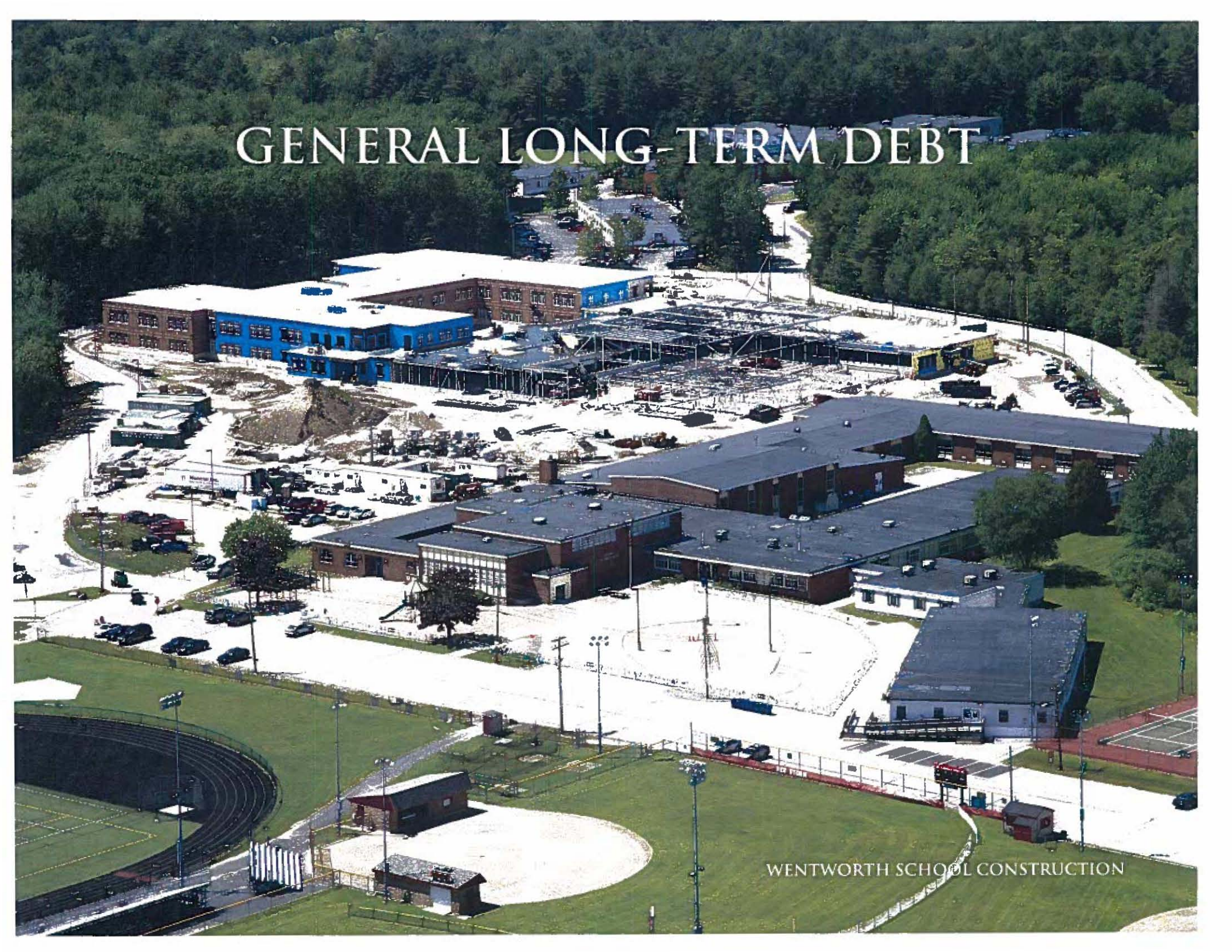
		Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>STUDENT ACTIVITIES:</b>					
<b>ASSETS</b>					
Cash	\$	217,024	423,895	456,270	184,649
<b>LIABILITIES</b>					
Payable to student groups	\$	217,024	423,895	456,270	184,649

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# GENERAL LONG-TERM DEBT

WENTWORTH SCHOOL CONSTRUCTION






**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Changes in Long-term Debt**  
**For the year ended June 30, 2013**

For the year ended June 30, 2015								
	Interest rate	Final maturity date		Annual principal payments	Balance beginning of year	Current Year		Balance end of year
<u>General Obligation Bonds</u>								
1993 Capital Improvements	5.70%	2013	\$	25,000 to 2013	25,000		25,000	-
1994 Capital Improvements	6.20%	2015		230,000 to 2015	690,000		230,000	460,000
1995 Capital Improvements	5.00%	2016		265,000 to 2016	1,060,000		265,000	795,000
1997 Capital Improvements	5.55%	2017		110,000 to 2017	550,000		110,000	440,000
2004 Capital Improvements	3.25%	2034		0 to 2014				
	3.50%			215,000 in 2015				
	3.50%			225,000 in 2016				
	varies			0 to 2026				
	4.30%			365,000 in 2027				
	4.375%			385,000 in 2028				
	4.40%			400,000 in 2029				
	4.40%			420,000 in 2030				
	4.40%			440,000 in 2031				
	4.40%			460,000 in 2032				
	4.40%			480,000 in 2033				
	4.40%			500,000 in 2034	3,890,000	-	-	
	Partial Refunded						3,675,000	215,000
2005 Capital Improvements	3.75%			395,000 in 2013				
	4.00%			305,000 in 2014				
	4.00%			315,000 in 2015				
	4.00%			250,000 in 2016				
	4.00%			230,000 in 2017				
	varies			0 to 2025				
	4.50%			325,000 in 2026				
	4.50%			340,000 in 2027				
	4.50%			355,000 in 2028				
	4.60%			370,000 in 2029				
	4.60%			385,000 in 2030				
	5.00%			0 to 2033				
	5.00%			460,000 in 2034				
	5.00%			480,000 in 2035	4,210,000	-	395,000	
	Partially Refunded						2,945,000	870,000
2006 Capital Improvements	4.00%	2021		510,000 in 2013				
	4.00%			515,000 in 2014				
	4.00%			530,000 in 2015				
	4.00%			505,000 in 2016				
	4.00%			185,000 in 2017				
	4.00%			190,000 in 2018				
	4.00%			195,000 in 2019				
	4.05%			210,000 in 2020				
	4.10%			220,000 in 2021	3,060,000	-	510,000	2,550,000
2007 Capital Improvements	4.00%	2023		225,000 to 2017				
	4.00%			25,000 to 2022	1,250,000	-	225,000	1,025,000
2008 Capital Improvements	3.125%	2028		790,000 to 2013				
	3.25%			595,000 in 2014				
	3.25%			580,000 in 2015				
	3.25%			570,000 to 2017				
	3.35%			575,000 in 2018				
	Varies			185,000 to 2028	5,530,000	-	790,000	4,740,000

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

	Interest rate	Final maturity date	Annual principal payments	Balance beginning of year	Current Year		Balance end of year			
					Issued	Retired				
General Obligation Bonds										
2009 Capital Improvements	2.00%	2029	\$ 400,000 to 2015							
	2.25%		315,000 to 2016							
	Varies		310,000 to 2019							
	3.00%		110,000 in 2020							
	Varies		100,000 to 2029	3,455,000	-	400,000	3,055,000			
2009 Bond Refunding	2.00%	2020	185,000 to 2019							
	3.00%		115,000 in 2020	1,410,000	-	185,000	1,225,000			
2010 Capital Improvements	2.00%	2031	485,000 in 2013							
	Varies		470,000 to 2016							
	Varies		345,000 to 2021							
	Varies		280,000 to 2026							
	4.00%		100,000 to 2031	5,520,000	-	485,000	5,035,000			
2011 Capital Improvements	2.00%	2031	540,000 to 2015							
			525,000 in 2016							
			360,000 to 2018							
			355,000 to 2021							
			115,000 to 2026							
			110,000 to 2031	5,055,000	-	540,000	4,515,000			
2012 Capital Improvements	2.00%	2042	975,000 in 2013							
			615,000 in 2014							
			575,000 in 2015							
			1,065,000 in 2016							
			1,690,000 in 2017							
			2,400,000 in 2018							
			2,825,000 in 2019							
			3,210,000 in 2020							
			3,475,000 in 2021							
			3,685,000 in 2022							
			3,520,000 in 2023							
			2,170,000 in 2024							
			1,870,000 in 2025							
			1,585,000 in 2026							
			1,335,000 in 2027							
			1,310,000 in 2028							
			1,330,000 in 2029							
			1,355,000 in 2030							
			1,775,000 in 2031							
			1,815,000 in 2032							
			1,800,000 in 2033							
						685,000 to 2042	46,545,000.00	-	975,000	45,570,000
			2013 Capital Improvements	1.00%	2043	335,000 in 2014				
						350,000 in 2015				
575,000 in 2016										
1,145,000 in 2017										
915,000 in 2018										
765,000 to 2023										
715,000 in 2024										
720,000 in 2025										
1,045,000 in 2026										
1,430,000 in 2027										
1,465,000 in 2028										
1,405,000 in 2029										
1,435,000 in 2030										
1,065,000 in 2031										
1,075,000 in 2032										
1,090,000 in 2033										
1,525,000 in 2034										
1,045,000 in 2035										
						565,000 to 2043	-	25,685,000	-	25,685,000
Total bonds						82,250,000	25,685,000	11,755,000	96,180,000	
Total long-term debt						\$	82,250,000	25,685,000	11,755,000	96,180,000



An aerial photograph of a large, single-story commercial building with a light-colored, gabled roof. The building has several large windows and a prominent entrance on the left side. A large parking lot is situated in front of the building, with several cars parked. The building is surrounded by green grass and trees. The text "HORIZON SOLUTIONS" is visible on the building's facade. The text "STATISTICAL SECTION" is overlaid at the bottom of the image.

HORIZON SOLUTIONS

STATISTICAL SECTION



## STATISTICAL SECTION

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

### Contents

### Table

#### Financial Trends

1-5

*These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.*

#### Revenue Capacity

6-11

*These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.*

#### Debt Capacity

12-14A

*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.*

#### Demographic and Economic Information

15-17

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.*

#### Operating Information

18-21

*These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the government provides and the activities it performs.*

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)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 6,689,000	\$ 29,885,241	\$ 36,322,875	\$ 44,077,001	\$ 35,652,357	\$ 41,821,008	\$ 47,588,145	\$ 53,031,962	\$ 54,339,258	\$ 49,823,697
Restricted	19,332,000	7,631,314	4,210,087	3,053,818	5,111,460	1,289,495	2,199,233	1,642,063	1,111,295	3,555,142
Unrestricted	9,709,000	9,872,020	13,952,097	8,971,362	5,178,473	5,441,922	2,916,603	(702,917)	2,127,242	6,347,111
<b>Total governmental activities net position</b>	<b>\$ 35,730,000</b>	<b>\$ 47,388,575</b>	<b>\$ 54,485,059</b>	<b>\$ 56,102,181</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>



Table 2

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
<b>Program revenues:</b>										
Charges for services										
General government	\$ 1,554	\$ 1,727	\$ 2,314	\$ 1,632	\$ 1,621	\$ 1,178	\$ 1,986	\$ 1,852	\$ 1,387	\$ 1,525
Public services	1,297	1,386	1,425	1,506	1,590	1,585	1,720	1,681	1,792	2,364
Public safety	677	1,490	1,374	1,667	1,649	1,761	1,630	1,632	2,070	2,449
Public works	491	605	655	1,755	2,024	1,515	1,665	1,543	1,843	1,405
Education	1,344	1,280	1,256	1,198	1,211	1,195	1,217	1,253	1,248	1,191
Interest on debt services	-	-	-	-	-	-	-	-	-	-
Operating grants and activities	8,744	9,297	10,706	11,403	12,374	15,487	12,270	11,719	11,093	9,913
Capital grants and contributions	-	-	4,681	(559)	113	112	122	170	175	97
<b>General revenues:</b>										
Property and excise taxes, levies for general purposes	37,182	40,075	41,406	42,772	44,691	46,621	47,029	49,051	50,571	54,442
Grants and contributions not restricted to specific programs	2,096	1,952	2,062	1,931	3,835	339	1,947	1,905	2,473	2,656
Unrestricted investment earnings	105	159	261	404	344	137	142	42	66	43
<b>Total revenues</b>	<b>53,490</b>	<b>57,971</b>	<b>66,140</b>	<b>63,709</b>	<b>69,452</b>	<b>69,930</b>	<b>69,728</b>	<b>70,848</b>	<b>72,718</b>	<b>76,085</b>
<b>Expenses:</b>										
General government	8,622	9,996	8,783	12,641	12,740	11,409	10,656	12,023	11,537	11,414
Public services	2,597	2,658	2,871	3,092	3,133	3,742	3,832	5,042	3,868	3,852
Public safety	6,127	6,153	6,552	7,080	7,425	7,813	8,266	7,331	8,692	8,555
Public works	5,266	5,882	6,276	6,425	7,494	7,156	9,480	7,246	7,805	7,874
Education	25,442	28,695	33,491	31,531	32,951	34,363	34,546	35,275	34,346	39,167
Interest on debt service	2,610	1,168	1,069	1,142	2,737	2,827	2,694	2,664	2,863	3,075
<b>Total expenses</b>	<b>50,664</b>	<b>54,552</b>	<b>59,042</b>	<b>61,911</b>	<b>66,480</b>	<b>67,310</b>	<b>69,474</b>	<b>69,581</b>	<b>69,111</b>	<b>73,937</b>
<b>Net (expense)/revenue:</b>	<b>2,826</b>	<b>3,419</b>	<b>7,098</b>	<b>1,798</b>	<b>2,972</b>	<b>2,620</b>	<b>254</b>	<b>1,267</b>	<b>3,607</b>	<b>2,148</b>
<b>Change in Net Position</b>	<b>\$ 2,826</b>	<b>\$ 3,419</b>	<b>\$ 7,098</b>	<b>\$ 1,798</b>	<b>\$ 2,972</b>	<b>\$ 2,620</b>	<b>\$ 254</b>	<b>\$ 1,267</b>	<b>\$ 3,607</b>	<b>\$ 2,148</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)**

	2004	2005	2006	2007	2008*	2009	2010 <sup>1</sup>	2011 <sup>2</sup>	2012	2013
<b>General Fund</b>										
Reserved	\$ 710	\$ 697	\$ 771	\$ 674	\$ 618	\$ 630	\$ -	\$ -	\$ -	\$ -
Nonspendable Inventory									34	34
Restricted for Town							2,482	2,685	2,993	3,861
Restricted for Education							1,056	496	440	977
Committed - General Fund							634	630 <sup>3</sup>	688 <sup>3</sup>	374
Committed - Education							-	-	-	-
Assigned - General Fund							1,469	2,223	1,606	1,825
Assigned - Education							-	-	200	200
Unassigned - General Fund							2,231	955	2,093	1,787
Unreserved	5,919	7,063	7,455	8,019	8,357	8,174	-	-		
<b>Total general fund</b>	<b>\$ 6,629</b>	<b>\$ 7,760</b>	<b>\$ 8,226</b>	<b>\$ 8,693</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>All Other Governmental Funds</b>										
Nonspendable Permanent Fund Principal							125	126	129	132
Nonspendable Inventory							26	21	27	27
Restricted Special Revenues							1,621	852	473	463
Restricted Capital Projects							2,483	1,941	20,027	22,904
Restricted Permanent Fund Interest							84	84	84	84
Committed - Special Revenues							4,820	4,292	4,309	4,362
Unassigned - Special Revenues							(129)	(115)	(262)	(683)
Unassigned - Capital Projects							(493)	(434)	(378)	(308)
Reserved	123	117	125	127	3,047	3,062	-	-		
Unreserved, reported in:										
Special revenue funds	5,011	4,403	8,180	7,523	4,589	5,039	-	-		
Capital projects funds	18,611	6,963	4,085	2,926	4,912	1,084	-	-		
Permanent funds	69	70	73	78						
<b>Total all other governmental funds</b>	<b>\$ 23,814</b>	<b>\$ 11,553</b>	<b>\$ 12,463</b>	<b>\$ 10,654</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>Total Governmental Funds Fund Balances:</b>							<b>\$ 16,409</b>	<b>\$ 13,756</b>	<b>\$ 32,463</b>	<b>\$ 36,039</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.

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)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes	\$ 37,191	\$ 40,066	\$ 41,377	\$ 42,712	\$ 44,581	\$ 46,401	\$ 46,880	\$ 48,957	\$ 50,428	\$ 54,393
Licenses and permits	480	567	611	753	818	482	573	480	494	554
Intergovernmental	10,823	11,219	12,604	13,204	14,042	17,357	14,106	13,701	13,136	12,024
Interest earned	348	442	644	805	684	324	242	125	153	178
Other	4,648	5,677	10,921	6,247	9,288	7,545	7,849	7,549	8,420	8,883
Total revenues	53,490	57,971	66,157	63,721	69,413	72,109	69,650	70,812	72,631	76,032
<b>Expenditures</b>										
General government	3,568	3,727	4,340	4,401	4,483	4,615	4,742	6,144	4,403	4,957
Public services	2,572	2,643	2,849	3,070	3,103	4,033	3,766	4,831	3,841	3,931
Public safety	5,934	5,962	6,180	6,642	6,986	7,735	7,355	7,318	8,242	8,578
Public works	4,877	5,370	5,702	5,846	6,765	6,532	8,027	5,353	4,598	7,398
Education (Excludes School Debt)	25,009	26,647	28,064	29,194	31,695	33,105	33,127	33,364	33,220	37,295
Education Debt (Prin & Int)	3,853	4,272	4,728	4,458	4,419	4,475	4,174	4,142	3,758	3,653
County tax	1,442	1,520	1,584	1,615	1,735	1,837	1,886	1,923	1,976	2,075
Debt service (Principal-Town Only (1))	3,918	3,176	2,957	3,219	3,232	3,204	3,044	2,961	5,417	4,942
Debt service (Interest-Town Only)	1,128	1,128	1,108	1,177	1,488	1,867	1,911	1,810	1,151	1,109
Capital Outlay	15,820	23,374	11,467	7,999	9,305	10,196	5,167	6,037	6,347	16,988
Other	2,003	2,323	2,816	2,641	3,188	3,415	4,085	4,014	4,948	1,817
Total expenditures	70,124	80,142	71,795	70,262	76,399	81,014	77,284	77,897	77,901	92,743
Excess (deficiency) of revenues over (under) expenditures	(16,634)	(22,171)	(5,638)	(6,541)	(6,986)	(8,905)	(7,634)	(7,085)	(5,270)	(16,711)
<b>Other financing sources (uses)</b>										
Transfers in	2,115	2,923	2,780	2,794	3,695	3,453	1,982	1,477	2,061	1,845
Transfers out	(2,115)	(2,923)	(2,780)	(2,794)	(3,695)	(3,453)	(1,982)	(1,477)	(2,061)	(1,845)
Capital Lease proceeds	-	-	-	1,200	1,010	820	52	-	-	365
Refunding bond issued	-	-	-	-	-	-	-	1,155	24,605	7,065
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	(1,155)	(27,125)	(7,347)
Premium paid on refunded debt	-	-	-	-	-	-	-	(12)	2,642	322
Premium paid on issued debt	-	-	-	-	-	-	-	-	1,913	1,263
General obligation bonds and capital leases	14,628	10,665	7,014	4,000	8,513	4,560	6,002	4,445	21,940	18,620
Total other financing sources (uses)	14,628	10,665	7,014	5,200	9,523	5,380	6,054	4,433	23,975	20,288
<b>Net change in fund balances</b>	<b>\$ (2,006)</b>	<b>\$ (11,506)</b>	<b>\$ 1,376</b>	<b>(1,341)</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>Debt Service as a percentage of non-capital expenditures</b>	<b>9.29%</b>	<b>7.58%</b>	<b>6.74%</b>	<b>7.06%</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>

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>Other</b>	<b>Capital expenditures</b>	<b>Total</b>
2004	3,568	2,572	5,934	4,877	26,281	1,442	5,046	-	653	50,373
2005	3,727	2,643	5,962	5,370	28,288	1,520	4,304	-	1,120	52,934
2006	4,340	2,849	6,180	5,702	30,348	1,584	4,065	280	835	56,183
2007	4,401	3,070	6,642	5,846	31,101	1,615	4,396	-	1,419	58,490
2008	4,483	3,103	6,986	6,765	32,865	1,735	4,721	-	2,666	63,324
2009	4,533	3,704	7,399	6,259	34,246	1,837	5,070	-	1,358	64,406
2010	4,702	3,731	7,721	6,224	34,085	1,886	4,956	-	1,210	64,515
2011	4,677	3,788	7,967	6,040	34,588	1,923	4,783	-	833	64,599
2012	4,402	3,841	8,242	6,599	34,019	1,976	5,416	-	924	65,419
2013	4,592	3,931	8,578	6,682	36,111	2,075	4,942	-	1,257	68,168

*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 Year</b>	<b>Property tax</b>	<b>Interest and Costs on taxes</b>	<b>Vehicle Excise tax</b>	<b>Boat Excise tax</b>	<b>Franchise tax fees</b>	<b>Total</b>
2004	32,861,926	72,420	4,143,239	26,977	125,453	37,230,015
2005	35,548,830	57,852	4,227,608	26,322	143,224	40,003,836
2006	36,682,277	61,243	4,409,955	28,379	144,809	41,326,663
2007	38,021,985	79,599	4,415,817	26,754	155,998	42,700,153
2008	40,038,475	90,105	4,291,697	26,723	172,545	44,619,545
2009	41,999,340	99,053	4,099,738	27,079	175,980	46,401,190
2010	42,661,026	96,988	3,909,332	27,818	184,756	46,879,920
2011	44,662,371	103,811	3,955,357	26,095	195,247	48,942,881
2012	46,132,181	87,811	3,965,932	29,331	198,132	50,413,387
2013	49,774,317	93,691	4,222,208	32,945	194,771	54,317,932

Table 7

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

<b>Fiscal Year</b>	<b>Real property</b>	<b>Personal property</b>	<b>Totals</b>		<b>Direct Tax Rate</b>	<b>Ratio of total assessed value to total estimated actual value</b>
	<b>Assessed property</b>	<b>Assessed property</b>	<b>Assessed property</b>	<b>Estimated actual value</b>		
2004	1,903,869,500	99,117,700	2,002,987,200	2,002,987,200	16.46	100%
2005	1,951,952,400	105,636,600	2,057,589,000	2,057,589,000	17.34	100%
2006	3,143,853,300	112,988,600	3,256,841,900	3,256,841,900	11.30	100%
2007	3,207,720,100	109,777,700	3,317,497,800	3,317,497,800	11.48	100%
2008	3,272,788,500	124,441,700	3,397,230,200	3,397,230,200	11.80	100%
2009	3,365,226,600	121,778,900	3,487,005,500	3,487,005,500	12.15	100%
2010	3,399,998,300	124,773,300	3,524,771,600	3,524,771,600	12.15	100%
2011	3,433,857,700	122,694,200	3,556,551,900	3,556,551,900	12.63	100%
2012	3,455,067,200	116,129,100	3,571,196,300	3,571,196,300	13.03	100%
2013	3,511,580,900	120,094,400	3,631,675,300	3,631,675,300	13.80	100%

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 Year</b>	<b>Town</b>	<b>School</b>	<b>County Tax</b>	<b>Tax Increment Financing District</b>	<b>Overlay</b>	<b>State Revenue Sharing (1)</b>	<b>Total Property Tax Rates by Year</b>
2004	5.633	10.522	0.720	0.377	0.060	(0.853)	16.46
2005	5.645	11.332	0.739	0.387	0.036	(0.798)	17.34
2006	3.682	7.366	0.486	0.181	0.113	(0.529)	11.30
2007	3.912	7.392	0.487	0.192	0.031	(0.533)	11.48
2008	3.915	7.643	0.511	0.206	0.029	(0.504)	11.80
2009	4.096	7.754	0.527	0.245	0.021	(0.492)	12.15
2010	4.240	7.595	0.535	0.186	0.078	(0.483)	12.15
2011	4.353	7.894	0.541	0.203	0.028	(0.390)	12.63
2012	4.432	8.166	0.553	0.211	0.059	(0.391)	13.03
2013	4.452	8.849	0.571	0.220	0.100	(0.392)	13.80

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

Table 9

## TOWN OF SCARBOROUGH, MAINE

Principal Property Taxpayers  
Current Year and Ten Years Ago  
(amounts expressed in thousands)

2004				2013			
<u>Taxpayer</u>	Taxable Assessed		Percentage of Total Taxable Assessed	<u>Taxpayer</u>	Taxable Assessed		Percentage of Total Taxable Assessed
	<u>Value</u>	<u>Rank</u>	<u>Value</u>		<u>Value</u>	<u>Rank</u>	<u>Value</u>
Maine Life Care	\$ 46,308,800	1	2.31%	Maine Life Care Retirement	\$ 63,051,800	1	1.74%
Hannaford Brothers	27,443,700	2	1.37%	Wal-Mart	40,228,700	2	1.11%
Wal-Mart	20,896,700	3	1.04%	New England Expedition	35,132,100	3	0.97%
Gavin Ruotolo	10,744,400	4	0.54%	MMC Realty Maine Health	28,611,300	4	0.79%
Maine Historic Hotels	9,863,000	5	0.49%	Hannaford Brothers	24,587,200	5	0.68%
ERP Operating L.P.	8,886,400	6	0.44%	Scarborough Gallery	22,757,000	6	0.63%
Central Maine Power	8,430,700	7	0.42%	Gavin Ruotolo	18,751,700	7	0.52%
Shaw's Supermarket	7,561,800	8	0.38%	Central Maine Power	14,606,400	8	0.40%
Darvic Marine Corp	7,144,400	9	0.36%	Shaw's Supermarket	13,897,200	9	0.38%
CNL Hospitality partners	6,746,500	10	0.34%	RRE Foxcroft/Coach Lantern	13,253,400	10	0.36%
Total Principal Taxpayers	<u>154,026,400</u>		<u>7.69%</u>		<u>274,876,800</u>		<u>7.57%</u>
Total Assessed Value: \$ <u>2,002,987,200</u>				\$ <u>3,631,675,300</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 Ended June 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collections Within Year of Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2004	32,969,170	32,747,993	99.3%	220,353	32,968,346	100.0%
2005	35,735,569	35,422,791	99.1%	311,478	35,734,269	100.0%
2006	36,824,648	36,527,411	99.2%	294,720	36,822,131	100.0%
2007	38,139,961	37,852,666	99.2%	280,263	38,132,929	100.0%
2008	40,183,201	39,784,997	99.0%	377,221	40,162,218	99.9%
2009	42,397,708	41,890,825	98.8%	484,530	42,375,355	99.9%
2010	42,877,989	42,370,914	98.8%	485,464	42,856,378	99.9%
2011	44,928,747	44,325,013	98.7%	577,500	44,902,513	99.9%
2012	46,684,211	46,102,831	98.8%	369,217	46,472,048	99.5%
2013	50,125,493	49,483,773	98.7%	-	49,483,773	98.7%

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 Year</b>	<b>Real Estate Valuation</b>	<b>Personal Property Valuation</b>	<b>Total Assessed Valuation</b>	<b>Tax Rate</b>	<b>Tax Levy</b>
2004	1,903,869,500	99,117,700	2,002,987,200	16.46	32,969,170
2005	1,951,952,400	105,636,600	2,057,589,000	17.34	35,735,569
2006	3,143,853,300	112,988,600	3,256,841,900	11.30	36,824,648
2007	3,207,720,100	109,777,700	3,317,497,800	11.48	38,139,961
2008	3,272,788,500	124,441,700	3,397,230,200	11.80	40,183,201
2009	3,365,226,600	121,778,900	3,487,005,500	12.15	42,397,708
2010	3,399,998,300	124,773,300	3,524,771,600	12.15	42,877,989
2011	3,433,857,700	122,694,200	3,556,551,900	12.63	44,928,747
2012	3,455,067,200	116,129,100	3,571,196,300	13.03	46,684,211
2013	3,511,580,900	120,094,400	3,631,675,300	13.80	50,125,493

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 Year</b>	<b>General Obligation Bonds</b>	<b>Other Bond Adjustments</b>	<b>Capital Leases</b>	<b>Total Governmental Activities</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>
2004	\$62,952,163		\$ 208,444	\$ 63,160,607	\$ 2,002,987,200	3.14%	16,970	14.09%	\$ 3,710
2005	67,737,433		141,974	67,879,407	2,057,589,000	3.29%	18,812	13.68%	3,601
2006	68,844,000		72,541	68,916,541	3,256,841,900	2.11%	18,812	13.90%	3,660
2007	66,845,000		1,370,408	68,215,408	3,317,497,800	2.01%	18,812	13.50%	3,553
2008	69,328,000		2,025,032	71,353,032	3,397,230,200	2.04%	18,812	13.95%	3,685
2009	67,785,000		2,223,239	70,008,239	3,487,005,500	1.94%	18,812	13.52%	3,603
2010	68,042,000		1,640,531	69,682,531	3,524,771,600	1.93%	19,239	13.44%	3,537
2011	66,767,000		1,105,143	67,872,143	3,556,551,900	1.88%	18,919	9.30%	3,529
2012	82,250,000	\$ 2,428,572	687,335	85,365,907	3,571,196,300	2.30%	18,786	10.80%	4,378
2013	96,180,000	5,715,066	622,334	102,517,400	3,631,675,300	2.65%	18,941	12.41%	5,078

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**  
**(dollar amounts expressed in thousands)**

<b>Fiscal year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total debt service</b>	<b>Total general fund expenditures</b>	<b>Ratio of debt service to general fund expenditures</b>
2004	6,435	2,358	8,793	50,373	17.46%
2005	5,880	2,634	8,514	52,934	16.08%
2006	5,907	2,846	8,753	56,185	15.58%
2007	5,999	2,821	8,820	58,489	15.08%
2008	6,030	2,739	8,769	63,323	13.85%
2009	6,103	2,826	8,929	64,406	13.86%
2010	5,745	2,694	8,439	64,515	13.08%
2011	5,720	2,584	8,304	64,600	12.85%
2012	5,972	2,432	8,404	65,419	12.85%
2013	5,135	2,815	7,950	68,169	11.66%

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 323,745	\$ 380,820	\$ 430,980	\$ 488,370	\$ 529,673	\$ 534,488	\$ 543,068	\$ 534,623	\$ 533,513	\$ 522,375
Total net debt applicable to limit	62,952	67,737	68,844	66,845	69,328	67,785	68,042	66,767	84,679	101,895
Legal debt margin	260,793	313,083	362,136	421,525	460,345	466,703	475,026	467,856	448,834	420,480
Total net debt applicable to the limit as a percentage of debt limit	19.44%	17.79%	15.97%	13.69%	13.09%	12.68%	12.53%	12.49%	15.87%	19.51%

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)**

<b>Fiscal Year</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Town of Scarborough:										
General Obligation Bonds	62,952	67,738	66,844	66,845	69,328	67,785	68,042	66,767	82,250	96,180
Capital Leases	-	-	-	-	2,025	2,223	1,641	1,105	687	623
<b>Total Direct Debt</b>	<b>62,952</b>	<b>67,738</b>	<b>66,844</b>	<b>66,845</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>
Cumberland County	1,189	1,055	883	685	535	481	327	126	3,352	3,254
Portland Water District	3,148	2,846	2,665	2,557	3,486	4,099	4,210	3,845	3,933	3,483
<b>Total Overlapping Debt</b>	<b>4,337</b>	<b>3,901</b>	<b>3,548</b>	<b>3,242</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>
ecomaine Waste Systems:										
Resource recovery system	4,495	4,062	3,573	3,016	2,393	1,601	792	231	-	-
Material recovery facility	385	352	317	278	231	182	125	120	-	-
Landfill closure/postclosure	1,463	1,581	1,682	1,697	1,956	1,242	1,266	1,302	1,371	1,405
<b>Total Contingent Debt</b>	<b>6,343</b>	<b>5,995</b>	<b>5,572</b>	<b>4,991</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>Total Direct, Overlapping/Contingent</b>	<b>73,632</b>	<b>77,634</b>	<b>75,964</b>	<b>75,078</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>

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 Year</b>	<b>Population (a)</b>	<b>Personal Income (b)</b>	<b>Per Capita Personal Income (a)</b>	<b>Median Age (a)</b>	<b>School Enrollment (c)</b>	<b>Unemployment Rate (d)</b>
2004	16,970	446,667,370	26,321	38.80	3,234	2.90%
2005	18,812	495,150,652	26,321	38.80	3,308	3.00%
2006	18,812	495,150,652	26,321	38.80	3,324	3.00%
2007	18,812	495,150,652	26,321	38.80	3,361	2.90%
2008	18,880	496,940,480	26,321	38.80	3,347	3.30%
2009	19,054	501,520,334	26,321	38.80	3,343	5.60%
2010	19,239	506,389,719	26,321	38.80	3,363	5.40%
2011	18,919	718,146,321	37,959	43.80	3,269	5.40%
2012	18,786	761,359,008	40,528	44.00	3,205	5.00%
2013	18,941	775,103,302	40,922	45.00	3,157	5.00%

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

American Community Survey (ACS) (2008-2012 5-year Estimates)

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

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

(d) State of Maine Department of Labor, Division of Economic Analysis and Research,  
unemployment based on June 2012 data



Table 16

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

<b>2004</b>			<b>2013</b>			<b>Percentage of total Town 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	1,360	1	Town of Scarborough	1,337	1	9.11%
Hannaford Brothers	1,100	2	Hannaford Brothers	1,014	2	6.91%
Wal-Mart	275	3	US Postal Service	589	3	4.01%
Shaw's Supermarket	150	4	Maine Medical Center	389	4	2.65%
Konica Quality Photo	150	5	Wal-Mart	380	5	2.59%
RC Moore Trucking	150	6	Cabela's	314	6	2.14%
Sam's Wholesale Club	125	7	NorDX	207	7	1.41%
Rich Tool & Die Co.	120	8	Piper Shores	207	8	1.41%
Maine Medical Center	108	9	Alere	200	9	1.36%
RTS Packaging	95	10	Sam's Wholesale Club	180	10	1.23%

\* Source: Scarborough Economic Development Corporation (SEDCO)

2013 Total Town Employment Estimate: 14,681 (Source: ME Dept of Labor, June 2013 Covered Employment - all industries)  
Does not include self employed

Table 17

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

<b>Fiscal Year ending June 30,</b>	<b>Portland Metropolitan Statistical Area (PMSA)*</b>	<b>State of Maine</b>	<b>Town of Scarborough</b>
2004	3.4%	4.4%	3.1%
2005	3.6%	4.6%	3.1%
2006	3.5%	4.6%	3.2%
2007	3.5%	4.5%	3.0%
2008	4.1%	5.0%	3.5%
2009	6.9%	8.2%	5.9%
2010	6.6%	7.8%	5.6%
2011	6.3%	7.6%	5.7%
2012	5.9%	7.1%	5.1%
2013	5.7%	6.8%	5.0%

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.

NOTE: Numbers in previous years revised to reflect June of each year for consistency.

Table 18

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

Function:	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Govt:										
Town Clerk										
Certified Copies	1,462	1,185	1,462	1,187	2,098	4,887	4,988	5,820	5,068	4,624
Licenses	2,524	360	296	365	432	436	440	545	585	572
Permits								919	905	889
Passports Applications		379	548	882	792	586	665	534	-	-
Tax Office										
Beach Passes	2,714	1,886	2,003	2,192	3,436	3,487	2,358	2,443	2,701	2,934
Licenses & Permits		1,847	1,643	1,298	1,166	1,168	991	817	782	791
Tax Bill Issued							9,389	9,809	9,516	9,594
Excise Registrations							25,570	25,384	25,637	30,477
Planning:										
Permits	1,649	1,501	1,561	1,438	1,346	1,091	558	554	553	621
Certificates of Occupancy	321	340	353	242	207	204	222	176	173	174
Public Safety:										
Police:										
Physical arrests	401	332	822	719	817	1,152	619	989	1,026	898
Traffic violations	1,976	1,077	1,337	975	792	741	1,404	819	1,069	1,126
Fire:										
Number of calls answered	1,002	1,225	1,275	1,228	1,303	1,615	1,598	1,718	1,733	1,610
Number of Inspections	445	472	642	884	1,825	3,351	3,537	3,394	3,583	3,455
Rescue:										
Number of calls answered	1,932	1,928	1,787	2,055	2,069	2,088	1,946	2,125	2,141	2,116
Public Works:										
Street resurfacing (miles)	1.94	5.26	6.03	7.32	3.90	6.31	8.62	6.37	6.45	3.62
Pot holes repaired (qty used in tons)	43	82	71	61	42	35	24	24	24	13
No. times plows dispatched	19	24	53	15	33	27	24	26	30	60

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 Five Fiscal Years**

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

Source: Town of Scarborough various departments

Comment: Data not available for all years

Table 20

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government:										
Full time	35	35	35	37	37	39	35	37	35	34
Part Time	52	36	58	19	59	53	72	55	57	61
Public Services:										
Full time	13	13	14	14	15	15	17	23	15	15
Part Time	89	77	99	103	130	159	134	146	148	160
Public Safety:										
Police										
Full time	46	47	48	51	52	52	50	52	53	55
Part Time	35	28	33	27	27	34	35	38	28	30
Fire										
Full time	4	4	4	4	4	4	4	5	5	5
Part Time	155	159	144	152	167	164	148	150	153	151
Rescue										
Full time	9	9	9	12	12	12	16	20	20	20
Part Time	21	16	18	15	14	15	10	11	11	10
Public Works:										
Full time	32	32	32	33	36	35	31	31	31	31
Part Time	1	3	2	2	3	3	4	1	1	3
Education:										
Full time	754	724	766	733	750	761	503	460	452	449
Part Time							268	262	302	296
Total:	1246	1183	1262	1202	1306	1346	1327	1291	1311	1320

Source: Town of Scarborough

Comment: School part time employee data available from 2010.

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

Source: Town of Scarborough