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2007

## Town of Scarborough, Maine Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2007

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# Town of Scarborough, Maine Comprehensive Annual Financial Report For the Fiscal Year Ending June 30, 2007



*Scarborough Maine- Beautiful anytime of the year!*

**TOWN OF SCARBOROUGH, MAINE**

**Comprehensive Annual  
Financial Report**

**Year Ended June 30, 2007**

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

**TOWN OF SCARBOROUGH, MAINE**  
**Comprehensive Annual Financial Report**  
**Year ended June 30, 2007**

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**Table of Contents**

	<u>Statement</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal		1-8
Certificate of Achievement for Excellence in Financial Reporting		9
Organizational Chart		11
List of Elected and Appointed Officials		12
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		15-16
Management's Discussion and Analysis		17-27
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	31
Statement of Activities	2	32
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	33
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4	34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	35
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	6	36
Statement of Fiduciary Net Assets – Fiduciary Funds	7	37
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	8	38
Notes to Basic Financial Statements		39-57
 <u>Exhibit</u>		
Combining and Individual Fund Statements and Schedules:		
General Fund:		
Comparative Balance Sheets	A-1	61
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis	A-2	62-64
Nonmajor Governmental Funds:		
Combining Balance Sheet	B-1	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	68
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C-1	74-75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	76-77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – School Categorical Funds	C-3	78



**TOWN OF SCARBOROUGH, MAINE**  
**Comprehensive Annual Financial Report**  
**Year ended June 30, 2007**

---

**Table of Contents, continued**

	<u>Exhibit</u>	<u>Page</u>
Nonmajor Capital Project Funds:		
Balance Sheet	D-1	81
Statement of Revenues, Expenditures and Changes in Fund Balance	D-2	82
Nonmajor Permanent Funds:		
Combining Balance Sheet	E-1	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-2	86
Private-purpose Trust Funds:		
Combining Statement of Fiduciary Net Assets	F-1	89
Combining Statement of Changes in Fiduciary Net Assets	F-2	90
Agency Funds:		
Statement of Changes in Assets and Liabilities	F-3	91
General Long-term Debt:		
Statement of Changes in General Long-term Debt	G	95-96

Table

**STATISTICAL SECTION**

Statistical Information:

Net Assets by Component - Last Four Fiscal Years	1	99
Changes in Net Assets - Last Four Fiscal Years	2	100
Fund Balances of Governmental Funds - Last Ten Fiscal Years	3	101
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	4	102
General Governmental Expenditures by Function – Last Ten Fiscal Years	5	103
Governmental Activities Tax Revenue by Source - Last Ten Fiscal Years	6	104
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	7	105
Property Tax Rates Direct and Overlapping Governments – Last Ten Fiscal Years	8	106
Principal Property Taxpayers – Current Year and Nine Years Ago	9	107
Property Tax Levies and Collections – Last Ten Fiscal Years	10	108
Assessed Valuations and Tax Levies – Last Ten Fiscal Years	11	109
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	12	110
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures - Last Ten Fiscal Years	13	111
Legal Debt Margin Information – Last Ten Fiscal Years	14	112
Demographic and Economic Statistics	15	113
Principal Employers – Current Year and Nine Years Ago	16	114
Operating Indicators by Function – Last Ten Fiscal Years	17	115
Departmental Listings by Division, Department and Function	18	116
Unemployment Data – Last Seven Fiscal Years	19	117
Town Governmental Employees by Function	20	118

# INTRODUCTION



Scarborough Color Guard at Memorial Park

2007



## *Town of Scarborough, Maine*

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

RUTH D. PORTER  
FINANCE DIRECTOR  
TREASURER

December 18, 2007

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

In accordance with the requirements of our Town Charter and state statutes, 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, 2007.

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

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

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

Portland Water District	Scarborough Sanitary District
<b>ecomaine</b> (formerly Regional Waste)	Biddeford Saco Water District

In accordance with the provisions of Article V of the Town Charter, the annual budget serves as the foundation for Scarborough's financial planning and control. The Town's budget year begins July 1 and ends June 30 of the following year. The Charter provides that the Town Manager submit a budget to the Town Council. The Finance Committee reviews the proposed budget and makes recommendations to the Town Council. The Council orders a public hearing with prior public notification. 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.

## **ECONOMIC CONDITION AND FUTURE OUTLOOK**

**Maine Economy.** By nearly every measure, the Maine economy grew slowly in 2007. Gasoline and energy prices affected growth, but the unemployment rate held. Maine's unemployment rate has been below the national average for nearly eight years. In 2007, employment increased by .1% or 577 jobs. The major industry groups creating the most jobs were education and health services, leisure and hospitality, construction and the trade-transportation-utilities group. The largest declines were in manufacturing and financial services. Maine taxable sales were up over 2% over last year. Housing permits for the state were down 13%. Interest rates rose over the past year. The interest rates have now leveled off but a slowdown in the housing industry may persist, as building, gasoline and energy costs continue to grow. The scheduled closing of the Brunswick Navel Air Station is not likely to have much effect for another year or so.

**Local Economy.** The Town of Scarborough is primarily a suburban residential community that enjoys a favorable economic environment and local indicators continue to point to stability and growth. Approximately 1,300 businesses are located within Scarborough reflecting more than an 11% increase in businesses over last year. As well as being home to two excellent major medical research facilities, the Town of Scarborough continues to attract high tech and biotech industries. Additionally, the Town of Scarborough is an active participant in the development of private industrial and commercial facilities. The Town of Scarborough has a varied manufacturing, industrial and commercial base that adds to the relative stability of the unemployment rate. For more information, please review the Statistical Section of this report.



The business community in Scarborough is diverse and is located primarily in distinct areas of the Town. U.S. Route One, one of three major routes through the community, is primarily a commercial business district serving the daily needs of Scarborough's residents. It is a mix of retail, business, and professional offices. Payne Road, a continuation of the Maine Mall Road, is home to many larger, big box type retailers and serves a regional clientele. Industrial development is largely contained in the Scarborough Industrial Park and the Pleasant Hill Road areas. A fourth business area is being developed along the corridor connecting exit 42 of the Maine Turnpike and U.S. Route One, known as the Haigis Parkway. The Town installed utilities along this stretch of roadway and plans are in place to develop approximately 330 acres as a high-end business park over the next 15 years.

Interstate 95, also known as the Maine Turnpike, bisects the Town of Scarborough, north to south, and Scarborough has direct access to Interstate 95 at Exit 42. Interstate 295, Interstate 95 and the aforementioned U. S. Route One give Scarborough an enviable location advantage. Additionally, Scarborough is located ten minutes from downtown Portland, five minutes from the Portland International Jetport, and less than two hours from Boston. Access to the Downeaster train service to Boston is located just north and south of Scarborough.

The Town of Scarborough is one of the fastest growing residential centers in the State of Maine. This growth has necessitated Scarborough's need to develop a strong and stable commercial base to help meet the ever-growing demands of its residents. To foster that development, the Town of Scarborough created a private non-profit Corporation, Scarborough Economic Development Corporation (SEDCo) in 1985 to encourage new business and retain and grow existing businesses and assist the community in its long term economic development planning.

**Comprehensive Plan.** In July of 2006, the Town Council adopted an update to the 1994 Comprehensive Plan. This update provides a comprehensive growth strategy and a plan for future land use for residential, commercial and industrial development as well as land and natural resource conservation. Key components include: the creation of several mixed-use districts to promote a combination of commercial and residential uses in our town and village centers, increased residential density in the developed areas of the community that are served by public utilities and infrastructure, and the prospect of expanded business and industrial development in selected areas west of the Maine Turnpike. The overall plan is designed to insure that the Town realizes and maintains approximately 20% to 25% of its tax base as commercial and industrial properties. The updated plan was adopted after a three-year process that included the creation of a vision document for the Town's future; a series of meetings in all geographic areas of the community; and the creation of a Comprehensive Plan Update Committee consisting of both demographic and political cross sections of the community.

**Major Initiatives For the Year.** Construction has begun by private developers to create a 70-acre business and retail development on the Haigis Parkway named The Gateway at Scarborough. The Gateway at Scarborough will include the destination retailer Cabela's, a preeminent hunting, fishing and outdoor gear retail operation; several smaller retail stores; a hotel; restaurants and several office buildings. This development, when completed within the next two years, should have an estimated value of approximately \$74,000,000.

The Enterprise Business Park, a private business park, developed in partnership with the Town of Scarborough, continues to develop with the completion of seven buildings and one currently under construction. Presently, industrial and hi-tech research and development facilities, professional offices and a day care facility are currently located in the Enterprise Business Park.

The new 400,000 square foot, state of the art, United States Post Office Distribution Center for Southern Maine, located off Mussey Road was completed in September 2006. In that same vicinity, Gallery Boulevard was completed and will provide access to a new Lowe's Home Improvement Store, Super Wal-Mart and a number of restaurants that are likely to open in 2007 and 2008.

As noted earlier, Scarborough continues to be a focal point for the development of small biotech start-up companies. In May 2007, Maine Medical Center received occupancy for a new ambulatory Surgery Center on its Scarborough campus and they recently broke ground for an expansion to their Research Institute. These are exciting new facilities for the Town and its citizens.

In the Scarborough Industrial Park, twenty-one commercial condominiums are now available to meet the needs of small trades' people, mail-order facilities, warehouse and distribution tenants, and other small industrial business users in Town. New buildings and additions on existing sites were developed in fiscal year 2007 as this economic development area approaches building out.

The Town has successfully created a Municipal Campus consisting of the Municipal Building, High School, Middle School, Intermediate School, a municipal day care facility, Library and the Memorial Park. The Memorial Park is a multi-generational park with an amphitheater for summer concerts, walking trails, a skateboard park and various sports fields. The High School, which is a part of the municipal campus, was completely renovated and expanded to allow for the growth of our student population. A new artificial turf field was installed in 2006 and first used in fiscal year 2007.

A new section along the Eastern Trail was completed. The Eastern Trail is part of the East Coast Greenway Trail System that extends the off-road segment from the Old Orchard Beach town line to the Nonesuch River. The next Eastern Trail project involves spanning the river and connecting with the South Portland Greenway, a distance of about 2 miles.

The Fire Department's competitive grant application was denied. The grant was the Assistance to Firefighters Grant program, to replace the current self-contained breathing apparatus (SCBA). This grant would have funded 95% of the purchase cost. Because the units have a limited testing life and are no longer National Fire Protection Association (NFPA) compliant, we have begun the process of replacing the SCBA through the Town's capital replacement program and we anticipate the replacement program to be completed within two years.

During fiscal year 2007, the Fire Department placed in service, a new heavy rescue apparatus. This replaced a 1981 used truck purchased from Cinnaminson, NJ in 1993. This modern heavy rescue unit carries all of our hydraulic extrication tools that we use at vehicle accidents as well as a mobile air station used to refill SCBA bottles at the scene of an emergency.

A new grant for Public Works, approved by the USDA Forest Service-Urban and Community Forestry, is the 2006 Project Canopy Assistance grant. During the year, we inventoried trees in the Pine Point area of Scarborough. As a result, we have constructed a plan of care and maintenance for each tree. At the same time, we tagged each tree and utilized a GPS unit, accurate to less than one meter, to enter the location of each tree. The GPS points were then entered into a GIS database with all the pertinent information associated with the tree. As a result, the town completed work on a number of trees and will continue its efforts into the future with a second grant from the same agency.

Public Works staff continues their efforts in the National Pollution Elimination System program (NPDES). Currently, the town is continuing with the plan submitted to the Dept. of Environmental Protection (DEP). Additionally, we submitted our annual report and this was accepted by the DEP. The Town of Scarborough is part of an inter-local stormwater working group made up of 28 southern Maine communities to assist with the fulfillment of the EPA requirements.

After exploring various avenues for improved garbage pickup and recycling, Public Works implemented an automated curbside recycling and trash collection system. While the Town has provided curbside trash collection in the past, this is the first time the Town will provide curbside recycling to all residential homes on public streets. The recycling rate prior to the new curbside collection recycling was about 20%, and as of the first three months of the 2008, fiscal year is averaging about 37%.

**For the Future.** The Town entered into a partnership with developers, which includes an \$8,250,000 credit enhancement package to the existing Haigis Parkway Tax Increment Financing District to assist the developers with the substantial site development and infrastructure costs associated with the project. The anticipated return from this private investment will substantially reimburse the Town for our investment in providing utility infrastructure along the Parkway.

As mentioned above, Super Wal-Mart and Lowe's, Home Improvement stores, will anchor the Scarborough Gallery, a 500,000 square foot shopping destination. Restaurants (Red Robin and Texas Roadhouse) and smaller retail establishments will also be included in this project, all of which are likely to open in late 2007 or 2008. There are also a number of other commercial projects under construction or approved for development in the Payne Road corridor. They include a multi-tenant retail facility neighboring the Scarborough Gateway project at Payne Road and Haigis Parkway, an expansion and renovation of the Sam's Club and a new Homewood Suites Hotel in the Southborough Business Park.

The Town approved a wetlands mitigation project that will result in the rehabilitation of a former gravel pit into a wetlands conservation area and ultimately a town park that stresses conservation with trails through the rehabilitated areas. The plan will protect over 280 acres of land and a mile on both sides of the Nonesuch River and provide a twenty-acre upland site for the possible location of a new school or other municipal facility. On the heels of its approval, the developer promptly began creating wetlands with at least a third of the area reserved for pending projects in Scarborough and surrounding communities.

The revitalization of the U.S. Route One corridor continues to progress. Completed during the summer of 2006, the state-of-the-art Mercedes Benz dealership and service facility combined seven previous properties into this one project. A number of other projects are also evidence of this trend as follows:

- The former high school, Bessey School, which had been used for warehouse and office space, is under construction to become subsidized housing for the elderly. Phase I of this project will include 54 elderly housing units.
- Bessey Square, right next to the Bessey School, is currently under construction to become a mixed-use development offering a coffee shop, retail office and ten live/work units.
- The Orion Center will involve the complete makeover of an older shopping center into a more village-like atmosphere emphasizing a pedestrian connection. This site, now named Scarborough Village Square, approved by the Planning Board has not yet commenced construction.
- On the Maine Medical Center campus, just off Route One, a substantial addition to the research center was recently approved and construction is now starting. This addition will increase the existing facility by more than 50% and provide more space for medical research in Scarborough.
- Additionally, in the Dunstan area, the Town is proposing to replace sidewalks in the area along Route One to improve pedestrian safety and to encourage a more village-like setting.

Dunstan Crossing is a mixed residential project combining single-family homes, condominiums, townhouses, rental units and elderly housing for a total number of 264 units. This project is under construction in the Dunstan area and will have a positive impact on revitalization of the Dunstan neighborhood.

Acquisition and preservation of open space and environmentally sensitive areas continue as priorities for the citizens of Scarborough. In 2000, the citizens approved a \$1.5 million bond for open space preservation and these funds were used in partnership with the Scarborough Land Trust to acquire two farms, one of which remains a working farm with an agricultural easement. Of the original bond issue, \$200,000 is currently available. The voters also approved an additional \$2.5 million for open space preservation in 2003.

**Long-term Financial Planning.** Scarborough utilizes a five year Capital Improvement Plan. We use this plan, not only to make decisions regarding equipment replacement, building, land and infrastructure improvements and purchases, but also for open space purchases and improvements. The Administrative staff updates this plan on an annual basis.

The Town of Scarborough is one of twenty-one (21) communities that own and operate a waste to energy facility. This facility was renamed to **ecomaine** from Regional Waste Systems (RWS). The original operation was established in 1974 to dispose of the participating community's trash. Additionally, **ecomaine** is moving forward with the expansion of a landfill for ash disposal without the issuance of any new debt and adding single stream recycling in an expanded recycling building.

During 2006, the Fire Department presented a comprehensive staffing analysis to the Town Council. This analysis includes a long-range plan for gradually adding full time personnel over the next ten years. This program will allow the fire department to keep pace with the increasing demands of the residential and commercial growth in the Community.

As the Town grows, the needs of the Public Safety police department have also grown. With the changes in technology, staffing and increasing service demands, the present facility no longer meets the requirements of a full service twenty-four per day operation. The Town has begun a review to study the infrastructure needs of the police department facility.

Also as the Town's population continues to grow, existing school buildings, already at or near capacity, are being stretched to the point that effective instruction for all students is becoming increasingly difficult to guarantee and is a top priority for the Town.

Two school referendum questions were presented to the public in November 2006 to expand the Middle School and build a new Intermediate School, both of which would have been funded by the citizens of Scarborough. Both referendum questions were not accepted. The School Department is gathering ideas and options. School administrators may apply to the State to assist with the construction of a new school. The school is considering plans to re-organize their buildings by changing the grades enrolled in the school buildings.

The Scarborough Library is experiencing an increase in demand for services. The current structure is 18 years old and is in need of mechanical improvements and expansion. Voters voted down a nonbinding referendum question that would have allowed the Library to borrow funds from the Department of Agriculture's Rural Economic Development Program. The Library Board of Trustees has begun the process of renovating and improving the current Library building.



## **FINANCIAL INFORMATION**

**Assessed Valuation and Collections.** An indicator of our strong local economy is reflected in the growth of the Town's assessed value of real and personal property. The taxable valuation of Scarborough has more than tripled since 1990. For the 2007 tax year, the valuation was \$3,317,498,000 compared to the 1990 valuation of \$995,448,900.

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

\$244,195 in 2003,  
\$221,223 in 2004,  
\$311,646 in 2005,  
\$297,237 in 2006,  
\$287,295 in 2007.

**Cash Management Policies and Practices.** The Town of Scarborough invests cash, temporarily idle during the year, in demand deposits, certificates of deposit, U.S. Government obligations and repurchase agreements. The average yield on all investments was approximately 4.88%. Total investment income during the year amounted to \$881,960 compared to \$718,020 last year.

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

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

## **OTHER INFORMATION**

**Independent Audit.** The Town Charter requires an annual financial audit by independent certified public accountants appointed by the Town Council. The firm of Runyon Kersteen Ouellette was engaged to perform the annual audit for the Scarborough Town Council for the fiscal year 2007. This audit is designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-133. The independent auditor's report is presented as the first component of the financial section of this report.

**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, 2006. This was the second consecutive year that the Town of Scarborough has submitted and achieved this prestigious award. In order to be awarded a Certificate of Achievement, 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 another certificate.

**Acknowledgements.** I would like to extend my appreciation to the Scarborough Town Council for their full support for maintaining the highest standards of professionalism in the management of the Town's finances. I would like to acknowledge my gratitude for the information provided by all of the Departments and their staff. The preparation of the comprehensive annual financial report is possible due to the dedicated service of each member of the Scarborough Finance Department. For his unfailing support for the work performed by the Accounting staff, I would also like to acknowledge the Town Manager, Ronald W. Owens. Furthermore, I would like to acknowledge the efforts and assistance of the accounting firm of Runyon Kersteen Ouellette.

Respectfully Submitted,

Ruth D. Porter  
Finance Director

# 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, 2006

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



A handwritten signature in dark ink, appearing to read "Ronald J. Hahn".

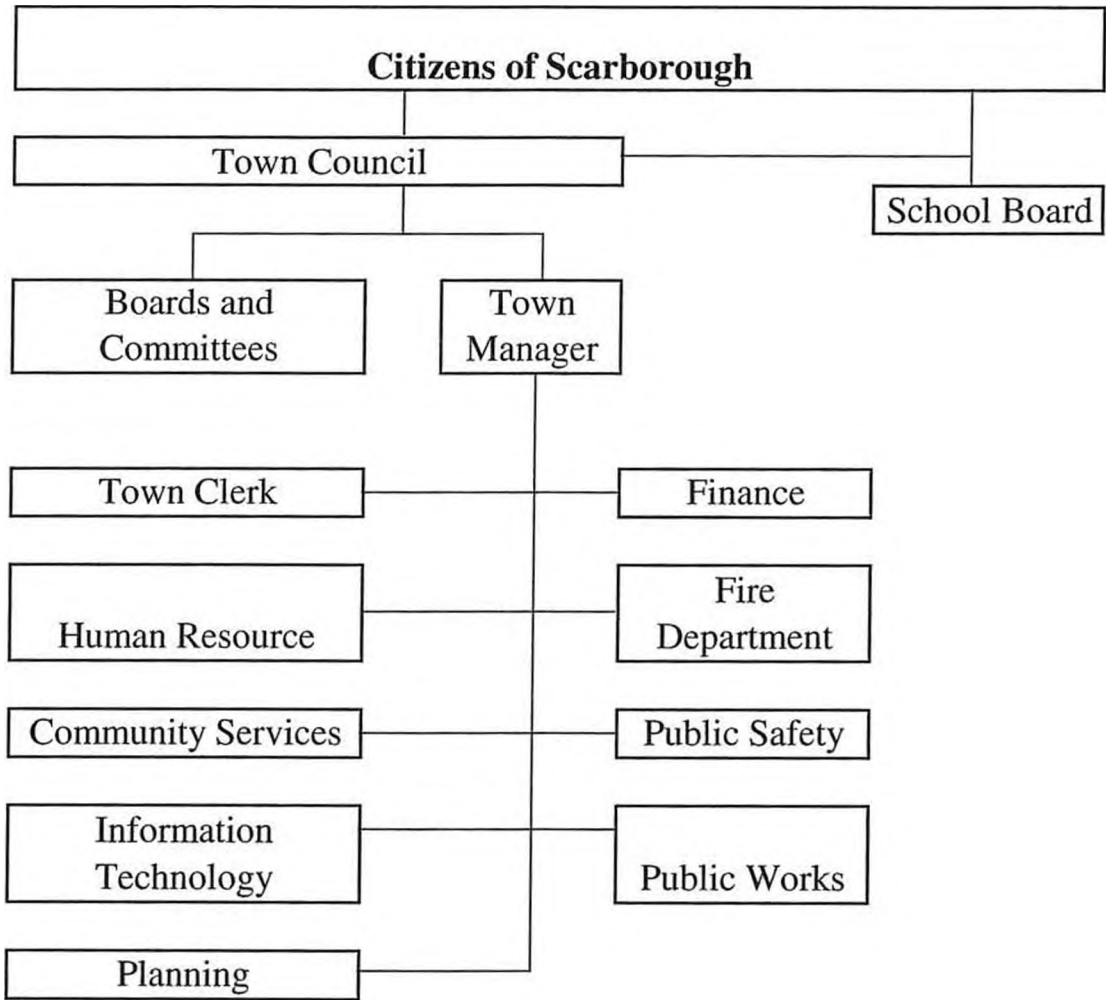
President

A handwritten signature in dark ink, appearing to read "Jeffrey R. Emer".

Executive Director

**Town of Scarborough, Maine**

**Organizational Chart**





**TOWN OF SCARBOROUGH, MAINE**

**PRINCIPAL EXECUTIVE OFFICERS**

**AS OF JUNE 30, 2007**

**Elected Town Council**

Jeffrey A. Messer, Chair

Ronald D. Alquist  
Shawn A. Babine  
Sylvia J. Most

Carol S. Rancourt  
Richard J. Sullivan, Jr.  
Vacancy (to be filled in 2007)

**Appointed Town Staff**

Ronald W. Owens	Town Manager
Yolande P. Justice	Town Clerk
Ruth D. Porter	Finance Director
Paul G. Lesperance	Assessor
Brian A. Smith	Human Resource Director
Stephen Tewhey	Information Systems
Daniel B. Bacon	Town Planner
Bruce W. Gullifer	Community Services Director
B. Michael Thurlow	Fire Chief
Robert A. Moulton	Police Chief
Michael E. Shaw	Public Works Director
David A. Doyle	Superintendent of Schools

# FINANCIAL SECTION



Maine Medical Research Center

2007



## Independent Auditor's Report

Town Council  
Town of Scarborough, Maine

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Scarborough, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of June 30, 2007, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2007 on our consideration of the Town of Scarborough, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

R *Kristen Ouellette*

December 18, 2007  
South Portland, Maine



**TOWN OF SCARBOROUGH, MAINE**  
**Management Discussion and Analysis**  
**June 30, 2007**

---

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, 2007. Please consider this information in conjunction with the transmittal letter at the front of this report and the Town's basic financial statements following this section. All dollar amounts are expressed in thousands of dollars unless otherwise indicated.

### **FINANCIAL HIGHLIGHTS**

- The assets of the Town of Scarborough exceeded liabilities at the close of the 2007 fiscal year by \$56,102 (net assets).
- The Town's total net assets increased \$1,798. Total assets increased with the positive investment rates as well as the purchases and improvements to town owned land. Long-term liabilities decreased mostly as a result of the Town's aggressive debt repayment practices.
- As of June 30, 2007, the Town's governmental funds reported combined fund balances of \$19,348, a decrease of \$1,341 compared with the prior year. Of the approximately \$18,547 reported as unreserved fund balance, \$7,523 are special revenue funds authorized for specific projects, \$2,927 are for major capital construction projects and \$78 is for maintenance of the Town's cemeteries. The remaining amount of \$8,019 is available for the discrete purposes for which these funds are collected.
- As of June 30, 2007, unreserved undesignated fund balance for the general fund was \$6,022 or 9.68% of the total general fund expenditures of \$62,240. The Town of Scarborough's Fund Balance policy calls for 8.33% of the total operating budget or \$5,185.
- The Town of Scarborough's total debt decreased by \$2,000 from the prior year. Total debt retired was \$5,999. Total debt issued was \$4,000 in general obligation bonds.

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

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 31-32 of this report.

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

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

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

The Town of Scarborough maintains 32 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, Haigis Parkway, General Town Improvements, and the General School Improvements all of which are considered to be major funds. Data from the remaining 27 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 33-34 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 Municipal Building Fund is not considered a major fund and is provided in the form of combining statements elsewhere in this report. The capital projects fund financial statements can be found on pages 81-82 of this report.

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

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**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 85-86 of this report.

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

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

The basic fiduciary fund financial statements can be found on pages 89-91 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-57.

**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 61-96 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Town of Scarborough, assets exceeded liabilities by \$56,102 as of June 30, 2007.

By far the largest portion of the Town of Scarborough's net assets (78.6%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Scarborough uses these capital assets to provide services to our citizens; consequently, these assets are *not* available for future spending. Although the Town of Scarborough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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**Town of Scarborough's Net Assets**

**Governmental Activities**

	<u>2007</u>	<u>2006</u>
Assets:		
Current and other assets	\$ 25,314	\$ 26,360
Capital Assets not depreciated	44,991	44,366
Capital assets	<u>62,470</u>	<u>60,874</u>
Total Assets	132,775	131,600
Liabilities:		
Long term liabilities outstanding	63,907	64,208
Other liabilities	<u>12,766</u>	<u>12,907</u>
Total Liabilities	76,673	77,115
Net assets:		
Invested in capital assets, net of related debt	44,077	36,323
Restricted	3,054	4,210
Unrestricted	<u>8,971</u>	<u>13,952</u>
Total Net Assets	\$ 56,102	\$ 54,485

5.44% of the Town of Scarborough's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, in the amount of \$8,971, 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 assets.

The Town of Scarborough saw a decrease of \$1,156 in restricted net assets due to the completion of various paving and other capital projects.



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

**GOVERNMENTAL ACTIVITIES.** All of the increase pertaining to the Town of Scarborough's net assets, of \$1,798, is due to the governmental activities of the Town. Key components of this increase are shown below:

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

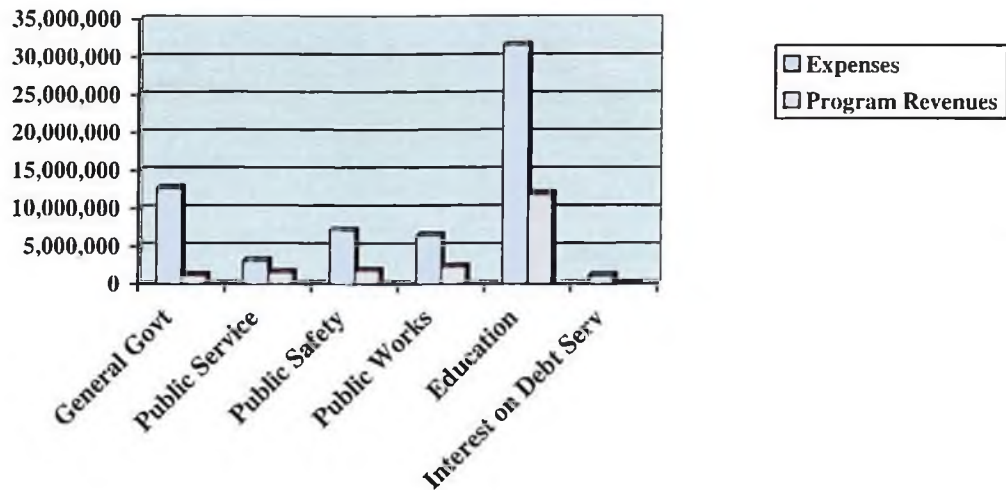
	<u>2007</u>	<u>2006</u>
Revenues:		
Program Revenues:		
Charge for services	\$ 7,758	\$ 7,024
Operating grants and contributions	11,403	10,706
Capital grants and contributions	(559)	4,681
General Revenues:		
Property and excise taxes, levied for general purposes	42,616	41,260
Franchise Tax	156	145
Grants and contributions not restricted to specific programs	1,743	1,777
Unrestricted investment earnings	404	261
Other	188	285
Total revenues	63,709	66,139
Expenses:		
General government	12,641	8,783
Public Services	3,092	2,871
Public Safety	7,080	6,552
Public Works	6,426	6,277
Education	31,531	33,491
Interest on Debt Service	1,141	1,069
Total expenses	61,911	59,043
Increase in net assets	1,798	7,096
Net assets beginning, restated	54,304	47,388
<b>Net assets ending</b>	<b>\$ 56,102</b>	<b>\$ 54,484</b>

Capital Grants and Contributions show a negative \$559 as a result of the decrease in the Haigis Parkway assessments approved by the Town Council. These revisions resulted in refunds of some of the assessments.

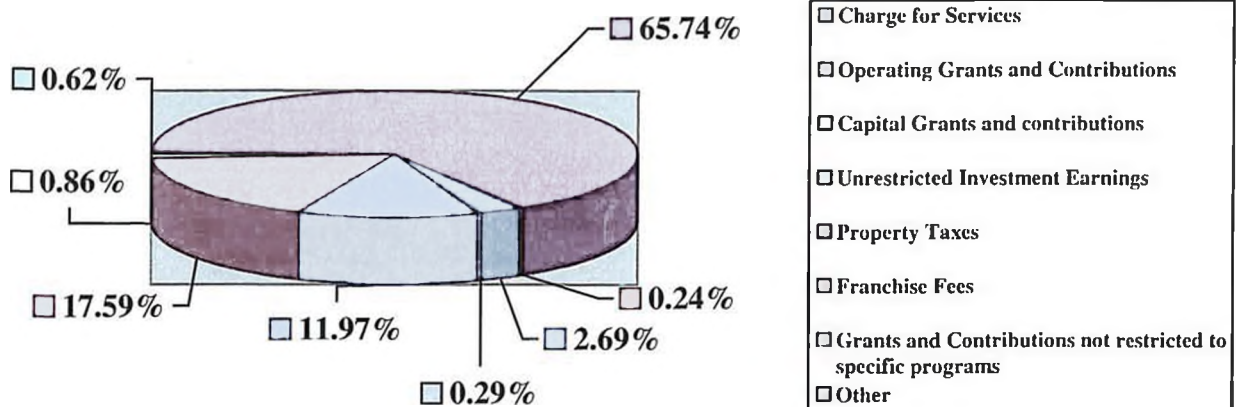
Due to the reclassification of some expense categories, General government expenses increased from 2006 to 2007.

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

**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**



### FINANCIAL ANALYSIS OF THE TOWN'S FUNDING

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

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

At June 30, 2007, the Town of Scarborough's governmental funds reported combined ending fund balances of \$19,348, a decrease of \$1,341 in comparison with the prior year. This decrease is the result of the Town Council revision of the Haigis Parkway Assessment. This revision reduced the assessments within the Haigis Parkway.

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

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

**Governmental Fund Balance Comparison**

	<u>2007</u>	<u>2006</u>
General Fund	\$ 8,693	\$ 8,226
Special Revenue Funds	7,536	8,195
Capital Project Funds	2,926	4,085
Permanent Funds	193	183
<b>Total</b>	<b>\$ 19,348</b>	<b>\$ 20,689</b>

As noted earlier, governmental funds reported combined fund balances of \$19,348, a decrease of \$1,341 compared with the prior year. Of the \$18,547 reported as unreserved fund balance, \$7,523 are special revenue funds authorized for specific projects, \$2,926 are for major capital construction projects and \$78 is for maintenance of the town's cemeteries. The remaining amount of \$8,019 is available for the discrete purposes for which these funds are collected.

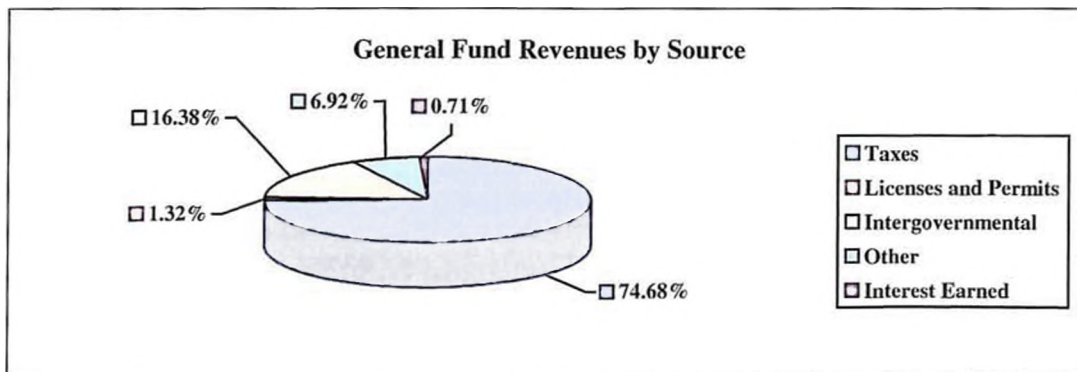
The remaining \$801 of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to:

\$ 674	Non-current Fund Balances in the Special Revenue and Capital Projects Fund
114	Perpetual Care of Municipal Cemeteries
13	Food Service Inventory
<u>\$ 801</u>	<b>Total Governmental Fund Reserved Fund Balance</b>

**General Fund Highlights**

The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2007, unreserved fund balance in the General Fund was \$8,019 compared to total fund balance of \$8,693. As a measure of the General Fund's liquidity, we believe it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 12.88% of total general fund expenditures, while total fund balance represents 13.97% of the same amount. Thus, the year-end fund balance is in compliance with the Town's policy of maintaining a minimum fund balance of 8.33% of the total operating budget for the General Fund.

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



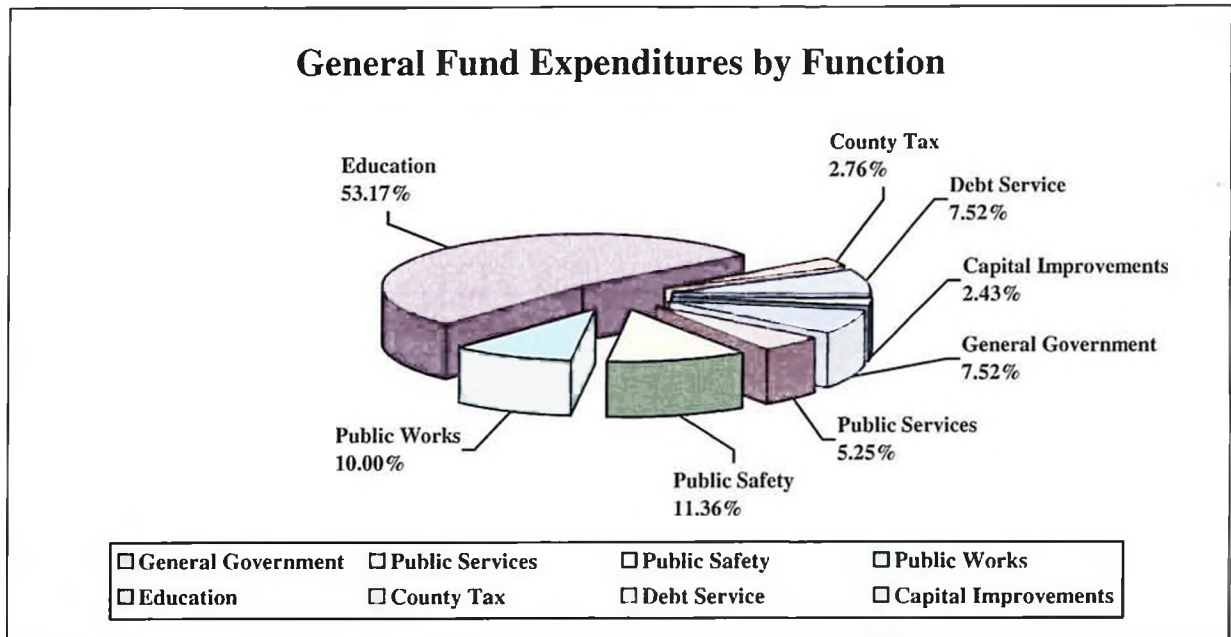
**TOWN OF SCARBOROUGH, MAINE**  
**Management Discussion and Analysis, Continued**

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Property Tax revenues increased \$1,340 from 2006 to 2007 compared to the 2005 to 2006 increase of \$1,102.

A comparison of the actual revenues to estimated revenues can be found on page 36 of the financial statements.

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



Total general fund expenditures increased \$2,305 or 4.10%. Some of the key factors in this increase are:

- General Government increased 1.39% partially due to the Town Council authorization to payoff the Maine State Retirement unfunded pension liability.
- Public Service increased 7.74% due to the Community Service's programs although the program revenues help to offset this increase.
- Public Safety increased 7.48% due to contractual salary changes within the Fire and Emergency Medical Services.

### **Capital Projects Fund Highlights**

During this fiscal year, the Town of Scarborough's fund balances for Capital Projects decreased from \$4,085 in 2006 to \$2,926 in 2007. Expenditures decreased from \$9,259 in 2006 to \$4,724 in 2007 due to the completion or near completion of a number of capital projects.

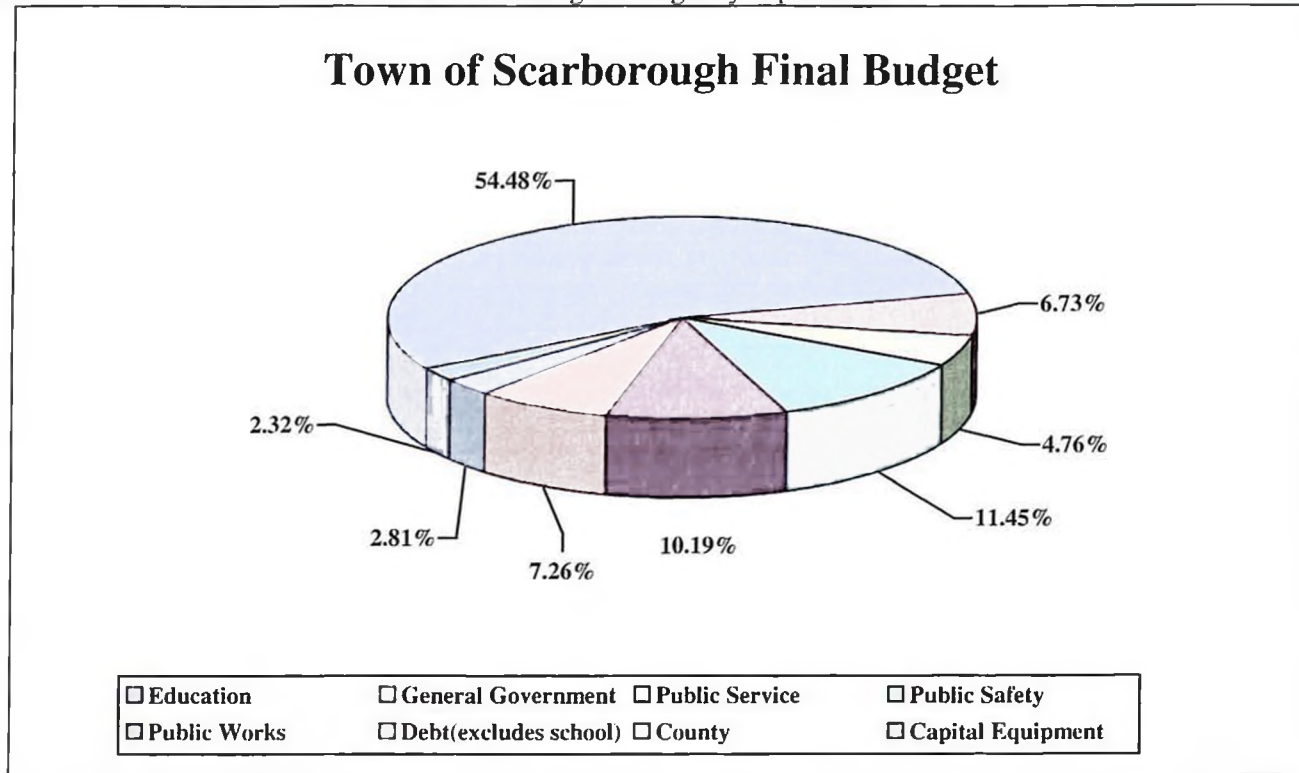
### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final budget for the Town's General Fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments) plus any supplementary appropriations that may occur during the fiscal year. In fiscal year 2007, a total of \$1,997 has been set aside for prior year encumbrances and commitments. The original budget and the final amended budget amounted to \$60,850.



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

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, 2007, amounts to \$107,461 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, and roads. The total increase in the Town's investment in capital assets for the current fiscal year was 2.11%.

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

**Governmental Activities**

	<u>2007</u>	<u>2006</u>
Land	\$ 4,396	\$ 3,921
Buildings	33,957	32,941
Vehicles	5,650	5,280
Equipment & Furniture	1,668	1,595
Infrastructure	21,195	21,057
Construction in Progress	40,595	40,445
<b>Total</b>	<b>\$ 107,461</b>	<b>\$ 105,239</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.

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

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Additional information on the Town of Scarborough's capital assets can be found in Notes to the Basic Financial Statements on pages 46-47 of this report.

**Long-term Debt.** As of June 30, 2007, the Town had long-term bonds outstanding of \$66,845 compared to \$68,844 in the prior year. This debt is backed by the full faith and credit of the Town of Scarborough. Additional information relating to the Town's long-term debt can be found in the Notes to Financial Statements on pages 48-49 of this report.

	<b>Outstanding Debt</b>	
	<b>General Obligation Bonds</b>	
	<u>2007</u>	<u>2006</u>
Municipal	\$ 18,368	\$ 18,477
Education	38,418	39,846
Sewer	10,059	10,521
<b>Total Debt</b>	<b>\$ 66,845</b>	<b>\$ 68,844</b>

Moody's Investors Service has affirmed a bond rating of "Aa3" and an "AA- (Stable)" rating was assigned from Standard and Poor's (S&P) to the Town of Scarborough, Maine's debt. Moody's prior assignment of "A1", first assigned in 1975, was upgraded in 2002 to an assignment of "Aa3". S&P's "AA- (Stable)" was an "initial" rating for the Town of Scarborough in 2003. As of June 30, 2007, the Town's rating from both rating agencies remain stable.

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

**Note: Definitions of above ratings**

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

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

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

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 may factors in making judgments and estimates about the finances of the upcoming year. A primary objective is to continue to provide level services to the citizens in the Town of Scarborough while keeping any increase in the property tax rate between three and five percent.

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

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

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Below is a comparison of the 2007 budget with the 2008 budget.

	<u>2007</u>	<u>2008</u>
Administration	\$ 1,658,295	\$ 1,695,860
Finance Department	1,086,623	1,131,655
Information Systems	567,014	520,629
Planning Department	881,396	852,217
Community Services	1,963,820	1,979,625
Library	695,299	719,634
Economic Development	205,578	212,773
General Assistance/Affordable Hsg	11,900	12,325
Fire/Rescue/EMA Department	2,799,645	2,858,082
Public Safety Department	4,092,527	4,137,495
Public Works Department	6,199,822	6,305,800
Debt Service	4,409,714	4,717,767
Capital Equipment	1,892,564	1,878,746
Total Municipal Operating	26,464,197	27,022,608
Education	32,033,553	33,489,615
County Tax	1,614,651	1,735,302
Total Operating Budget	33,648,204	35,224,917
School Special Revenues	-	-
School Food Services	1,106,785	1,315,678
350 <sup>th</sup> Celebration/Wellness Initiative	15,000	40,000
Capital Improvement-Municipal	6,365,602	7,816,800
Capital Improvement-School	1,284,313	1,203,510
TIFs and Overlay	737,636	798,425
Total Budget	\$ 69,621,737	\$ 73,421,938

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

#### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Scarborough's finances for everyone interested in Scarborough's finances. Questions concerning any of the information provided in this report or the requests for additional financial information should be addressed to the Office of the Finance Director, Town of Scarborough, Maine P.O. Box 360, Scarborough, Maine 04070-0360, phone 207-730-4081 or e-mail [reports@ci.scarborough.me.us](mailto:reports@ci.scarborough.me.us).

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Net Assets**  
**June 30, 2007**

	<b>Governmental Activities</b>	<b>Component Unit</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,810,386	101,462
Investments	7,141,164	390,864
Receivables:		
Accounts	3,839,457	141
Intergovernmental	36,221	-
Taxes receivable	103,975	-
Tax liens	363,401	-
Tax acquired property	7,231	-
Inventory	12,559	1,521
Prepaid items	-	4,586
Capital assets, not being depreciated	44,990,639	-
Capital assets, net	62,470,202	860,972
Total assets	132,775,235	1,359,546
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	2,965,528	14,653
Accrued payroll and other related liabilities	2,599,530	184,172
Taxes collected in advance	31,279	-
Accrued interest	448,129	-
Noncurrent liabilities:		
Due within one year	6,721,538	-
Due in more than one year	63,907,050	-
Total liabilities	76,673,054	198,825
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	44,077,001	860,972
Restricted for:		
Nonexpendable trust principal	127,337	448,123
Capital projects	2,926,481	-
Unrestricted	8,971,362	2,826
Total net assets	\$ 56,102,181	1,311,921

*See accompanying notes to financial statements.*



**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Activities**  
**For the year ended June 30, 2007**

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets	
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government	Component unit
					Governmental activities	Public Library
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 12,640,776	1,631,751	88,959	(559,458)	(11,479,524)	-
Public services	3,091,670	1,506,211	3,634	-	(1,581,825)	-
Public safety	7,080,161	1,667,291	97,326	-	(5,315,544)	-
Public works	6,425,408	1,754,971	553,443	-	(4,116,994)	-
Education	31,531,309	1,198,104	10,659,266	-	(19,673,939)	-
Interest on debt service	1,141,343	-	-	-	(1,141,343)	-
Total governmental activities	61,910,667	7,758,328	11,402,628	(559,458)	(43,309,169)	-
Total primary government	\$ 61,910,667	7,758,328	11,402,628	(559,458)	(43,309,169)	-
<b>Component unit:</b>						
Scarborough Public Library	\$ 951,512	1,013,998	-	-	-	62,486
General revenues:						
Property taxes, levied for general purposes				\$ 38,021,985		-
Excise taxes				4,442,571		-
Payments in lieu of taxes				71,450		-
Interest and costs on taxes				79,599		-
Franchise taxes				155,998		-
Grants and contributions not restricted to specific programs:						
Homestead exemption				317,821		-
Other State aid				27,323		-
State Revenue Sharing				1,397,648		-
Unrestricted investment earnings				404,622		-
Other				188,373		-
Total general revenues				45,107,390		-
Change in net assets					1,798,221	62,486
Net assets - beginning, restated					54,303,960	1,249,435
Net assets - ending					\$ 56,102,181	1,311,921

*See accompanying notes to financial statements.*

**TOWN OF SCARBOROUGH, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2007**

	General	Performance Bonds	Haigis Parkway	General Town Improvements	General School Improvements	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 7,916,097	2,003,831	-	2,226,161	1,388,875	275,422	13,810,386
Investments	3,019,928	-	-	-	-	4,121,236	7,141,164
Receivables:							
Accounts	606,045	-	3,209,036	-	-	21,948	3,837,029
Intergovernmental	-	-	-	-	-	36,221	36,221
Taxes receivable	103,975	-	-	-	-	-	103,975
Tax liens	363,401	-	-	-	-	-	363,401
Interfund loans receivable	483,340	-	-	40,000	-	1,423,692	1,947,032
Tax acquired property	7,231	-	-	-	-	-	7,231
Inventory	-	-	-	-	-	12,559	12,559
<b>Total assets</b>	<b>\$ 12,500,017</b>	<b>2,003,831</b>	<b>3,209,036</b>	<b>2,266,161</b>	<b>1,388,875</b>	<b>5,891,078</b>	<b>27,258,998</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	806,517	9,218	-	31,784	138,680	335,693	1,321,892
Accrued payroll	2,599,530	-	-	-	-	-	2,599,530
Interfund loans payable	-	350,977	443,366	23,412	-	1,126,849	1,944,604
Taxes collected in advance	31,279	-	-	-	-	-	31,279
Deferred tax revenue	370,000	-	-	-	-	-	370,000
Performance bond deposits	-	1,643,636	-	-	-	-	1,643,636
<b>Total liabilities</b>	<b>3,807,326</b>	<b>2,003,831</b>	<b>443,366</b>	<b>55,196</b>	<b>138,680</b>	<b>1,462,542</b>	<b>7,910,941</b>
<b>Fund balances:</b>							
Reserved	674,006	-	-	-	-	127,337	801,343
Unreserved, reported in:							
General fund - undesignated	6,021,738	-	-	-	-	-	6,021,738
General fund - designated	1,996,947	-	-	-	-	-	1,996,947
Special revenue funds	-	-	2,765,670	-	-	4,757,604	7,523,274
Capital projects funds	-	-	-	2,210,965	1,250,195	(534,679)	2,926,481
Permanent funds	-	-	-	-	-	78,274	78,274
<b>Total fund balances</b>	<b>8,692,691</b>	<b>-</b>	<b>2,765,670</b>	<b>2,210,965</b>	<b>1,250,195</b>	<b>4,428,536</b>	<b>19,348,057</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,500,017</b>	<b>2,003,831</b>	<b>3,209,036</b>	<b>2,266,161</b>	<b>1,388,875</b>	<b>5,891,078</b>	
Amounts reported for governmental activities in the statement of net assets are different because:							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.							107,460,841
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.							370,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.							
Bonds payable							(66,845,000)
Capital leases							(1,370,408)
Accrued interest							(448,129)
Landfill liability							(445,584)
Accrued compensated absences							(1,967,596)
<b>Net assets of governmental activities</b>							<b>\$ 56,102,181</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, 2007**

	General	Performance Bonds	Haigis Parkway	General Town Improvements	General School Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 42,712,153	-	-	-	-	-	42,712,153
Licenses and permits	753,026	-	-	-	-	-	753,026
Intergovernmental	11,794,756	-	-	-	-	1,409,665	13,204,421
Interest earned	404,622	-	24,731	119,579	57,081	198,838	804,851
Donations	-	-	-	-	-	86,044	86,044
Sale of lots	-	-	-	-	-	40,300	40,300
Assessments and impact fees	-	-	(746,494)	-	-	494,107	(252,387)
Other	3,955,173	-	-	5,000	100,872	2,311,435	6,372,480
Total revenues	59,619,730	-	(721,763)	124,579	157,953	4,540,389	63,720,888
Expenditures:							
Current:							
General government	4,400,675	-	-	-	-	-	4,400,675
Public services	3,070,038	-	-	-	-	-	3,070,038
Public safety	6,641,973	-	-	-	-	-	6,641,973
Public works	5,846,056	-	-	-	-	-	5,846,056
Education	33,652,081	-	-	-	-	-	33,652,081
County tax	1,614,651	-	-	-	-	-	1,614,651
Debt service	4,396,007	-	-	-	-	-	4,396,007
Capital improvements	2,618,995	-	-	3,218,256	1,505,688	655,830	7,998,769
Other	-	-	647	-	-	2,640,873	2,641,520
Total expenditures	62,240,476	-	647	3,218,256	1,505,688	3,296,703	70,261,770
Excess (deficiency) of revenues over (under) expenditures	(2,620,746)	-	(722,410)	(3,093,677)	(1,347,735)	1,243,686	(6,540,882)
Other financing sources (uses):							
Transfers in	1,855,084	-	-	336,528	-	602,222	2,793,834
Transfers out	(602,222)	-	(500,568)	(413,804)	(15,536)	(1,261,704)	(2,793,834)
Proceeds from capital lease	1,199,550	-	-	-	-	-	1,199,550
General obligation bonds	634,750	-	-	2,013,420	1,351,830	-	4,000,000
Total other financing sources (uses)	3,087,162	-	(500,568)	1,936,144	1,336,294	(659,482)	5,199,550
Net change in fund balances	466,416	-	(1,222,978)	(1,157,533)	(11,441)	584,204	(1,341,332)
Fund balances, beginning of year	8,226,275	-	3,988,648	3,368,498	1,261,636	3,844,332	20,689,389
Fund balances, end of year	\$ 8,692,691	-	2,765,670	2,210,965	1,250,195	4,428,536	19,348,057

*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, 2007**

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Net change in fund balances - total governmental funds (from Statement 4)	\$	(1,341,332)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

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

Capital outlays	\$ 4,378,173	
Depreciation expense	(1,986,161)	
Loss on disposal of assets	(170,587)	2,221,425

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(12,000)
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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.	47,896
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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.	(1,116,768)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments (\$5,999,000) exceeded proceeds (\$4,000,000).	1,999,000
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<b>Change in net assets of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>1,798,221</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**  
**General Fund**  
**For the year ended June 30, 2007**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 42,805,675	42,805,675	42,712,153	(93,522)
Licenses and permits	706,008	706,008	753,026	47,018
Intergovernmental	9,354,910	9,354,910	9,369,598	14,688
Interest earned	182,000	182,000	404,622	222,622
Unclassified	3,973,635	3,973,635	3,955,173	(18,462)
Total revenues	57,022,228	57,022,228	57,194,572	172,344
Expenditures:				
Current:				
General government	4,193,328	4,193,328	4,400,675	(207,347)
Public services	2,940,771	2,940,771	3,070,038	(129,267)
Public safety	6,892,172	6,892,172	6,641,973	250,199
Public works	6,199,822	6,199,822	5,846,056	353,766
Education	32,033,553	32,033,553	31,100,666	932,887
County tax	1,614,651	1,614,651	1,614,651	-
Debt service	4,409,714	4,409,714	4,396,007	13,707
Capital improvements	1,892,564	1,892,564	1,419,445	473,119
Total expenditures	60,176,575	60,176,575	58,489,511	1,687,064
Deficiency of revenues under expenditures	(3,154,347)	(3,154,347)	(1,294,939)	1,859,408
Other financing sources (uses):				
Transfers in	1,785,927	1,785,927	1,855,084	69,157
Transfers out	(572,035)	(572,035)	(602,222)	(30,187)
Utilization of surplus	1,306,132	1,306,132	-	(1,306,132)
Overlay	(101,427)	(101,427)	-	101,427
General obligation bonds	735,750	735,750	634,750	(101,000)
Total other financing sources (uses)	3,154,347	3,154,347	1,887,612	(1,266,735)
Net change in fund balances - budgetary basis	-	-	592,673	592,673
Reconciliation to GAAP basis:				
Change in accrued salaries			(126,257)	
Fund balance, beginning of year			8,226,275	
Fund balance, end of year	\$		8,692,691	

*See accompanying notes to financial statements.*



**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2007**

	Private-purpose Trust Funds (Scholarships)	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	198,330
Investments	257,862	-
Interfund loans receivable	3,035	-
<b>Total assets</b>	<b>260,897</b>	<b>198,330</b>
<b>LIABILITIES</b>		
Interfund loans payable	5,463	-
Accounts payable	1,950	-
Due to student groups	-	198,330
<b>Total liabilities</b>	<b>7,413</b>	<b>198,330</b>
<b>NET ASSETS</b>		
Held in trust	\$ 253,484	-

*See accompanying notes to financial statements.*

**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the year ended June 30, 2007**

	<b>Private-purpose Trust Funds (Scholarships)</b>
Additions:	
Donations	\$ 1,851
Interest and dividends	12,774
Total additions	14,625
Deductions:	
School scholarships	8,900
Total deductions	8,900
Change in net assets	5,725
Net assets, beginning of year	247,759
Net assets, end of year	\$ 253,484

*See accompanying notes to financial statements.*

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the Town of Scarborough conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies:

**A. Reporting Entity**

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

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

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

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

Both of the above had positive responses to the reporting entity inclusion criteria set forth by accounting principles generally accepted in the United States of America. Financial statements for both entities can be obtained from the Town of Scarborough Finance Department, P.O. Box 360, Scarborough, Maine 04070-0360.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

The Performance Bond Fund accounts for funds temporarily held by the Town until work is completed by developers. If the work is not completed, these funds are retained by the Town and the Town completes the required work.

The Haigis Parkway Fund accounts for assessments to be used for the Haigis Parkway project.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Additionally, the Town reports the following fund type:

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

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

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

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

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

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

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

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

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

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

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



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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

**Compensated Absences** - Under terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service and is accrued ratably over the year. In the fund financial statements, 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 employee resignations and retirements. All accumulated leave is accrued when incurred in the government-wide financial statements.

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

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

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

**Interfund Transactions** - 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 transfers.

**Use of Estimates** - Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

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

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**A. Budgetary Information**

A budget is adopted on a basis consistent with generally accepted accounting principles (GAAP), except as described in the notes, for the General Fund and certain capital projects. The level of control (level at which expenditures may not exceed budget) is the Department. At year end, department administrators request to carry forward certain unexpended accounts with the Town Manager's approval, otherwise unexpended budgetary accounts lapse at the close of the fiscal year. Once adopted, the budget can only be amended by the Town Council. 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>
2006 -2007 budget as adopted	\$ 59,519,405	59,519,405
Budgetary adjustments:		
Subsequent authorization	499,500	499,500
Prior year encumbrances and carryforwards	831,132	831,132
<b>Total adjusted budget</b>	<b>\$ 60,882,037</b>	<b>60,882,037</b>

**B. Excess of Expenditures over Appropriations**

The over-expenditure of the Public Service department was partially offset by an excess community services fees in excess of budgeted revenue.

The over-expenditure in General Government was the result of legal fees, benefits (due to payoff off MSRS liability) and engineering exceeding budget.

**C. Deficit Fund Balance**

At June 30, 2007, the following special revenue and capital projects funds had deficit fund balances:

The Recreational Development Fund (a special revenue fund) had a deficit of \$50,705. It is expected that the deficit will be adequately funded in future years through development and user fees.

The Boat Launch Fund (a special revenue fund) had a deficit of \$35,148. It is expected that this deficit will be adequately funded in future years through additional contributions and revenues.

The Departmental Grants and Programs Fund (a special revenue fund) had a deficit of \$53,474. It is expected that this deficit will be adequately funded in future years through additional grant and other revenues.

The Municipal Building Fund (a capital project fund) had a deficit of \$534,679. This deficit is expected to be adequately funded in future years with TIF 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 to it. The Town does not have a formal policy with respect to custodial credit risk because it was not covered by F.D.I.C. insurance or additional collateral. As of June 30, 2007, the Town reported deposits of \$14,008,716 with a bank balance of \$14,314,099. Of the Town's bank balances of \$14,314,099, none was exposed to custodial credit risk because it was covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 13,810,386
Reported in fiduciary funds	198,330
<b>Total deposits</b>	<b>\$ 14,008,716</b>

At June 30, 2007, the Scarborough Public Library's cash balance was \$101,462 with a bank balance of \$95,972 all of which was covered by F.D.I.C. insurance.

**B. Investments**

At June 30, 2007, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years	More than 5 years
Certificates of deposit	\$ 797,870	797,870	-	-
Mutual funds (1)	6,601,156		not applicable	
<b>Total investments</b>	<b>\$ 7,399,026</b>	<b>797,870</b>	<b>-</b>	<b>-</b>

(1) Mutual funds are not considered securities and are exempt from credit risk disclosure noted below. Investments have been reported as follows:

Reported in governmental funds	\$ 7,141,164
Reported in fiduciary funds	257,862
<b>Total investments</b>	<b>\$ 7,399,026</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 bank failure, the Town's deposits may not be returned to it. The Town does not have a formal policy with respect to custodial credit risk. None of the Town's investments totaling \$7,399,026 was exposed to custodial credit risk. At June 30, 2007, the Scarborough Public Library's investment balance was \$390,864, none of which was exposed 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 30, 2006, 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 16, 2006 and 50% on March 15, 2007. Interest at the rate of 11% 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, 2007 and the Town's value was 102% of the 2007 State valuation of \$3,255,800,000.

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 \$101,427 for the year ended June 30, 2007.

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

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

The following summarizes the June 30 levy:

	2007	2006
Assessed value	\$ 3,317,497,800	3,256,841,900
Tax rate (per \$1,000)	11.48	11.30
Commitment	38,084,875	36,802,313
Supplemental taxes assessed	55,086	22,334
	38,139,961	36,824,647
Less - collections and abatements	37,852,666	36,527,410
<b>Receivable at June 30</b>	<b>287,295</b>	<b>297,237</b>
Consisting of:		
Taxes	47,609	17,129
Liens	239,686	280,108
<b>Receivable at June 30</b>	<b>\$ 287,295</b>	<b>297,237</b>
Collection rate	99.30%	99.19%

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,920,500	482,588	6,966	4,396,122
Construction in progress	40,445,270	1,924,325	1,775,078	40,594,517
<b>Total capital assets, not being depreciated</b>	<b>44,365,770</b>	<b>2,406,913</b>	<b>1,782,044</b>	<b>44,990,639</b>
Capital assets, being depreciated:				
Buildings	40,025,797	1,922,955	391,088	41,557,664
Vehicles	9,756,104	1,315,518	714,618	10,357,004
Equipment and furniture	3,540,509	507,865	139,352	3,909,022
Infrastructure	28,595,767	-	-	28,595,767
<b>Total capital assets being depreciated</b>	<b>81,918,177</b>	<b>3,746,338</b>	<b>1,245,058</b>	<b>84,419,457</b>
Less accumulated depreciation for:				
Buildings	7,084,359	523,716	7,456	7,600,619
Vehicles	4,475,753	751,849	520,640	4,706,962
Equipment and furniture	1,945,972	366,644	71,812	2,240,804
Infrastructure	7,538,447	343,952	481,531	7,400,870
<b>Total accumulated depreciation</b>	<b>21,044,531</b>	<b>1,986,161</b>	<b>1,081,438</b>	<b>21,949,255</b>
<b>Total capital assets being depreciated, net</b>	<b>60,873,646</b>	<b>1,760,177</b>	<b>163,620</b>	<b>62,470,202</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 105,239,416</b>	<b>4,167,090</b>	<b>1,945,664</b>	<b>107,460,841</b>

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

Governmental activities:	
General government	\$ 325,118
Public services	21,633
Public safety	438,188
Public works, including depreciation of general infrastructure assets	583,402
Education	617,820

**Total depreciation expense – governmental activities** **\$ 1,986,161**

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

Buildings	\$ 1,268,766
Equipment, artwork and software	507,322
Books	760,097
<b>Total</b>	<b>2,536,185</b>
Less accumulated depreciation	(1,675,213)

**Property and equipment, net** **\$ 860,972**

**Depreciation expense** **\$ 92,581**



**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 receivables and payables at June 30, 2007, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
<u>General Fund</u>	\$ 483,340	-
<u>General Town Improvements</u>	40,000	23,412
<u>Haigis Parkway</u>	-	443,366
<u>Performance Bonds</u>	-	350,977
Other Governmental Funds:		
Nonmajor Special Revenue Funds:		
Unemployment compensation	-	732
Hurd Park and Ferry Beach	129,636	-
Recreational development	-	178,906
Sewer expansion	546,720	-
Boat Launch	-	35,065
Scarborough Memorial improvement	-	16,150
Industrial Park	-	97,680
Payne Road improvements	-	23,959
Payne Road impact fees	398,245	-
Other impact fees	151,793	-
Police asset forfeiture	101,783	-
Hunnewell House	858	-
Rescue equipment	-	62,862
Fire Dept Equipment	6,807	-
Departmental grants and programs	-	140,410
School lunch program	75,000	-
Computer replacement fund	-	34,987
Total Nonmajor Special Revenue Funds	1,410,842	590,751
Nonmajor Capital Project Funds:		
Municipal building fund	-	534,679
Total Nonmajor Capital Project Funds	-	534,679
Nonmajor Permanent Funds:		
Scarborough Memorial Cemetery	12,850	-
Dunstan Perpetual Care	-	1,419
Total Nonmajor Permanent Funds	12,850	1,419
Total Other Governmental Funds	1,423,692	1,126,849
<u>Private-purpose Trust Funds</u>	3,035	5,463
<u>        Total all funds</u>	<u>\$ 1,950,067</u>	<u>1,950,067</u>

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

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**INTERFUND BALANCES, CONTINUED**

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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.

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**INTERFUND TRANSFERS**

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	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 1,855,084	602,222
Haigis Parkway	-	500,568
General Town Improvements	336,528	413,804
General School Improvements	-	15,536
Nonmajor Governmental Funds	602,222	1,261,704
<b>Total</b>	<b>\$ 2,793,834</b>	<b>2,793,834</b>

These 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, 2007, 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	\$ 68,844,000	4,000,000	5,999,000	66,845,000	6,030,000
Capital leases	253,640	1,199,550	82,782	1,370,408	280,420
Compensated absences	1,876,612	90,984	-	1,967,596	407,068
Landfill post-closure care costs	449,634	-	4,050	445,584	4,050
<b>Governmental activity</b>					
<b>Long-term liabilities</b>	<b>\$ 71,423,886</b>	<b>5,290,534</b>	<b>6,085,832</b>	<b>70,628,588</b>	<b>6,721,538</b>

As of June 30, 2007, the Town had authorized, but unissued debt totaling \$3,776,453. The General Fund typically pays all governmental activities long-term debt service requirements including accrued compensated absences.

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

**BONDS PAYABLE**

Bonds payable at June 30, 2007 is comprised of the following:

General Obligation Notes and Bonds	Amount originally issued	Percentage applicable to			Interest rate	Final maturity date	Balance end of year
		Town	School	Sewer			
1987 Capital improvements	\$3,300,000	-	-	100.00%	Varies	2008	125,000
1988 Capital improvements	6,615,000	16.80%	-	83.20%	Varies	2009	550,000
1989 Capital improvements	2,300,000	100.00%	-	-	Varies	2009	210,000
1990 Capital improvements	7,415,000	-	100.00%	-	Varies	2011	1,300,000
1993 Capital improvements	1,135,000	100.00%	-	-	Varies	2012	150,000
1994 Capital improvements	6,775,000	-	100.00%	-	Varies	2015	1,840,000
1995 Capital improvements	6,160,000	1.89%	98.11%	-	Varies	2016	2,385,000
1997 Capital improvements	4,230,000	100.00%	-	-	Varies	2017	1,100,000
1998 Capital improvements	1,475,000	82.35%	17.65%	-	Varies	2008	85,000
1999 Capital improvements	6,493,000	95.15%	4.85%	-	Varies	2019	1,490,000
2000 Capital improvements	4,770,000	70.87%	29.13%	-	Varies	2020	1,770,000
2001 Capital improvements	4,932,000	58.93%	41.07%	-	Varies	2021	1,875,000
2003 Capital improvements	24,579,000	9.37%	49.10%	40.00%	Varies	2032	21,420,000
2004 Capital improvements	14,628,000	17.05%	78.11%	5.08%	Varies	2034	12,000,000
2005 Capital improvements	10,665,000	11.10%	88.90%	-	Varies	2034	10,010,000
2006 Capital improvements	7,014,000	78.19%	21.81%	-	Varies	2036	6,535,000
2007 Capital improvements	4,000,000	66.20%	33.80%	-	Varies	2022	4,000,000
<b>Total</b>							<b>\$ 66,845,000</b>

The annual requirements to amortize all debt outstanding as of June 30, 2007 are as follows:

Year ending June 30,	Principal	Interest	Total
2008	\$ 6,030,000	2,738,869	8,768,869
2009	5,510,000	2,504,320	8,014,320
2010	4,640,000	2,294,039	6,934,039
2011	4,520,000	2,104,929	6,624,929
2012	3,875,000	1,931,361	5,806,361
2013-2017	14,480,000	7,554,954	22,034,954
2018-2022	10,985,000	4,981,141	15,966,141
2023-2027	6,895,000	2,932,973	9,827,973
2028-2032	6,895,000	1,523,892	8,418,892
2033-2036	3,015,000	163,798	3,178,798
<b>Totals</b>	<b>\$ 66,845,000</b>	<b>28,730,275</b>	<b>95,575,275</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, 2007 outstanding bonds	Percent of 2007 State assessed value of \$ 3,255,800,000	Amount	Margin
For school purposes	\$ 38,418,164	10.00%	325,580,000	281,168,836
For storm or sanitary sewer	10,058,600	7.50%	244,185,000	234,126,400
For municipal airport, water and special district purposes	-	3.00%	97,674,000	97,674,000
For all other purposes	18,368,236	7.50%	244,185,000	225,816,764
<b>Total</b>	<b>\$ 66,845,000</b>	<b>15.00%</b>	<b>488,370,000</b>	

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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 repairs and computer hardware and software. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception. The amount of assets capitalized under capital leases is \$1,578,995.

The following is a schedule of future minimum lease payments under the capital lease and the present value of the minimum lease payment at June 30, 2007:

2008	\$ 331,951
2009	301,968
2010	271,757
2011	140,311
2012-thereafter	528,793
Total minimum lease payments	1,574,780
Less: amount representing interest	204,372
<b>Present value of future minimum lease payments</b>	<b>\$ 1,370,408</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, 2007, the Town's State valuation of \$3,255,800,000 was 8.56% of the County's State valuation of \$38,041,800,000. The Town's share is 8.56% or \$684,642 of Cumberland County's \$7,999,569 long-term debt outstanding as of June 30, 2007.

The Town is also served by the Portland Water District. At June 30, 2007, the Town's share of self-supporting bonded water debt is 12.87% or \$2,556,955 of total debt of \$19,862,858.

**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, 2007, outstanding "Incinerator Debt" of ecomaine totaled \$35,772,000 of which the Town of Scarborough's share, based on estimated tonnage to be delivered, amounted to 8.43% or \$3,016,502.

The Town has also entered into an agreement with ecomaine as one of the 21 ecomaine Member Municipalities along with an additional six 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, 2007, the Town's share is 6.30% or \$278,334 of ecomaine's outstanding MRF debt of \$4,418,000.

ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$20,454,988 at June 30, 2006, the most recent date available. The Town's proportionate share of these estimated landfill closure and postclosure care costs 8.29%, or \$1,696,675.

**Total Debt and Contingencies**

Governmental Unit	As of June 30, 2007			
	Direct debt	Overlapping debt	Contingent debt	Total debt
Town of Scarborough	\$ 66,845,000	-	-	66,845,000
Cumberland County	-	684,642	-	684,642
Portland Water District - water debt	-	2,556,955	-	2,556,955
Regional Waste Systems:				
Resource recovery system	-	-	3,016,502	3,016,502
Material recovery facility	-	-	278,334	278,334
Landfill closure/postclosure costs	-	-	1,696,675	1,696,675
<b>Totals</b>	<b>\$ 66,845,000</b>	<b>3,241,597</b>	<b>4,991,511</b>	<b>75,078,108</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, 2007, substantially all such calculations have been performed.

**Grants**

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

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**LANDFILL CLOSURE AND POSTCLOSURE COSTS**

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Under existing State law, Maine communities had until December 31, 1995 to close existing landfills under a state approved plan and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town is operating a demolition debris landfill under a waiver granted by the State. The estimated total current cost of landfill closure, \$445,584, 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, 2007. Additionally, annual monitoring and maintenance costs are estimated to be \$4,050 per year. The total closure and postclosure care costs of \$445,584 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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**DESIGNATED FUND BALANCES**

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At June 30, 2007, portions of the General Fund fund balance were designated to future periods as follows:

	<u>2007</u>
General Fund:	
State revenue sharing	\$ 78,539
Comprehensive plan	36,797
Co-Op boat lunch improvements	(5,718)
Finance – New equipment	19,566
Finance – Supplies	3,200
Finance – Employee training	957
Public Safety – Night vision goggles	3,540
Police Department - 2006 QED software	9,300
Police Department – Auxiliary vehicles	700
Fire Department – Squad truck	2,115
Fire Department – Municipal holding tank	42,994
Public Works – Paving	42,000
Public Works – Employee training	1,400

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

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**DESIGNATED FUND BALANCES, CONTINUED**

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	<u>2007</u>
General Fund, continued:	
Assessing – Town maps	\$ 5,000
Library roof replacement	46,940
Library system efficiency/safety	182,518
Library HVAC	54,497
SEMA Canteen replacement vehicle	22,418
Fire Dept – ADA/Energy improvements	46,280
Municipal building design study	5,310
Municipal building repairs	11,365
Town clerk – employee training	800
Administration – employee training	3,816
Human resources – employee training	477
Child care revenues	1,027
Cable franchise fees	17,854
Marine Resource Office – Inventory Management	6,770
Town-wide ADA projects	13,790
Town-wide computer purchases	102,359
Geographical information	19,364
Encumbered purchase orders	282,588
Reserve for accrued sick pay	938,384
<b>Total General Fund designated fund balance</b>	<b><u>\$ 1,996,947</u></b>

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**RESERVED FUND EQUITY**

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At June 30, 2007, the Special Revenue fund equity for the School Lunch Program included a reserve for inventory on hand at June 30, 2007 of \$12,559. Fund balance has been reserved in the permanent funds for nonexpendable principal of \$114,778. The total reserved fund balance for other governmental funds on Statement 3 was \$801,344. As of June 30, 2007, the General Fund fund balance was reserved in the amount of \$674,006, reflecting the non-current portion of the interfund loan receivable from the Municipal Building Fund in the amount of \$534,679, the Boat Launch Fund deficit of \$35,148, the Departmental Grants & Programs deficit of \$53,474 and the Recreation Development Fund amount of \$50,705.

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

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

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

**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. The Town will pay this initial unpooled unfunded liability (IUUAL) on a scheduled basis, in addition to making the normal contribution to the plan. The IUUAL was fully paid off in 2007. The current rate is 2.8% of annual covered payroll for School employees participating in the District Plan, 2.8% for Town employees and 4.0% for Police. The contribution rates of plan members and the Town are established and may be amended by the Maine State Retirement Board of Trustees. The Town's contributions to the MSRS Consolidated Plan for the year ended June 30, 2007, 2006 and 2005 were \$85,274, \$49,282, and \$48,977 respectively including IUUAL payments of \$9,584.

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

**Funding Policy** - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$2,425,158 (19.14%) for the fiscal year 2007. 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 contributes to the International City Manager's Association (ICMA) Money Purchase Plan, which is a defined contribution pension plan administered by the ICMA.

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

During the year, the Town's required and actual contributions amounted to \$247,279, which was 6% of its current year covered payroll. The covered payroll amounted to \$4,121,317, while the Town's total payroll was \$9,302,052.

Employee's required contributions amounted to \$247,279, 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 offers all its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years.

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

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

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

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

Scarborough Town Center Development District:	
Original assessed value	\$ 6,915,000
Maximum authorized captured value	6,900,000
Amount captured as of June 30, 2007	6,900,000
Scarborough Eight Corners Development District:	
Original assessed value	4,522,700
Maximum authorized captured value	39,000,000
Amount captured as of June 30, 2007	39,000,000
Enterprise Business Park TIF:	
Original assessed value	544,800
Amount captured as of June 30, 2007	5,065,500
Haigis Parkway:	
Original assessed value	8,563,500
Amount captured as of June 30, 2007	10,808,200

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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, 2007. 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 ASSETS**

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Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2007:

	Governmental Activities
Capital assets	\$ 129,410,096
Accumulated depreciation	(21,949,255)
Bonds payable	(66,845,000)
Unspent bond proceeds	3,461,160

**Total invested in capital assets net of related debt \$ 44,077,001**

Net assets in the Governmental Activities has been restated by \$181,099 from \$54,485,059 to \$54,303,960 as of June 30, 2006 to account for previously unrecorded capital leases. Beginning capital lease liability has been adjusted accordingly.



## **GENERAL FUND**

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

**TOWN OF SCARBOROUGH, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2007 and 2006**

	2007	2006
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,916,097	6,551,527
Investments	3,019,928	3,307,048
Receivables:		
Taxes receivable	103,975	59,797
Tax liens	363,401	407,661
Accounts receivable	606,045	403,966
Interfund loans receivable	483,340	1,041,875
Tax acquired property	7,231	7,231
<b>Total assets</b>	<b>\$ 12,500,017</b>	<b>11,779,105</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and payroll withholdings	806,517	695,103
Accrued payroll	2,599,530	2,457,799
Taxes collected in advance	31,279	17,928
Deferred tax revenues	370,000	382,000
<b>Total liabilities</b>	<b>3,807,326</b>	<b>3,552,830</b>
Fund balance:		
Reserved	674,006	771,193
Unreserved:		
Designated - Town	1,996,947	1,935,252
Undesignated - Education	672,761	483,874
Undesignated - Town	5,348,977	5,035,956
<b>Total fund balance</b>	<b>8,692,691</b>	<b>8,226,275</b>
<b>Total liabilities and fund balance</b>	<b>\$ 12,500,017</b>	<b>11,779,105</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, 2007**  
**(with comparative totals for June 30, 2006)**

	2007					2006 Actual
	2006 carryforward	Budget	Total Available	Actual	Variance positive (negative)	
Revenues:						
Taxes:						
Property taxes	\$ -	38,069,875	38,069,875	38,021,985	(47,890)	36,682,277
Change in deferred property tax revenue	-	-	-	12,000	12,000	18,000
Excise taxes	-	4,526,000	4,526,000	4,442,571	(83,429)	4,438,334
Cable franchise taxes	-	155,000	155,000	155,998	998	145,809
Interest and costs on taxes	-	54,800	54,800	79,599	24,799	61,243
Total taxes	-	42,805,675	42,805,675	42,712,153	(93,522)	41,345,663
Licenses and permits:						
Plumbing fees	-	22,000	22,000	17,785	(4,215)	21,759
Town Clerk fees	-	121,298	121,298	162,675	41,377	124,556
Building permits	-	459,410	459,410	465,942	6,532	347,226
Electrical permits	-	20,000	20,000	19,685	(315)	26,079
Zoning Board of Appeals	-	7,000	7,000	16,575	9,575	14,867
License plate fees	-	66,300	66,300	63,364	(2,936)	68,033
Subdivision fees	-	10,000	10,000	7,000	(3,000)	8,900
Total licenses and permits	-	706,008	706,008	753,026	47,018	611,420
Intergovernmental:						
Education state subsidies	-	6,428,939	6,428,939	6,423,999	(4,940)	5,715,173
FEMA reimbursement	-	-	-	188,903	188,903	-
State Revenue Sharing	-	1,450,000	1,450,000	1,397,648	(52,352)	1,432,953
Homestead exemption	-	317,421	317,421	317,821	400	305,211
URIP (D.O.T. block grant)	-	344,000	344,000	364,540	20,540	347,440
ecomaine payment in lieu of taxes	-	77,148	77,148	71,450	(5,698)	78,581
Adult education State subsidies	-	32,000	32,000	29,264	(2,736)	31,554
General assistance reimbursement	-	5,000	5,000	3,634	(1,366)	1,184
Federal HIDTA revenues	-	90,000	90,000	97,326	7,326	90,660
Medicaid	-	150,000	150,000	169,780	19,780	104,795
Other Federal and State revenues - School	-	442,402	442,402	277,910	(164,492)	374,309
Other Federal and State revenues - Town	-	18,000	18,000	27,323	9,323	38,447
Total intergovernmental	-	9,354,910	9,354,910	9,369,598	14,688	8,520,307
Interest earned	-	182,000	182,000	404,622	222,622	260,661
Unclassified:						
School Department miscellaneous	-	66,000	66,000	58,488	(7,512)	96,670
Adult education	-	17,500	17,500	9,118	(8,382)	5,555
Community services	-	1,359,708	1,359,708	1,426,176	66,468	1,351,165
Police court time	-	10,000	10,000	16,918	6,918	9,753
Snow plowing service	-	8,400	8,400	10,768	2,368	8,364
Alarm repair reimbursements	-	-	-	-	-	21,050
Insurance reimbursements	-	15,000	15,000	66,734	51,734	33,511
Public Violations	-	27,500	27,500	44,009	16,509	10,180
Special duty police/fire	-	101,000	101,000	120,561	19,561	100,677
Inspection/review fees	-	115,000	115,000	252,075	137,075	177,991
Rescue donations	-	475,000	475,000	475,000	-	350,000
Rental income	-	55,568	55,568	51,793	(3,775)	30,193
Sale of Town-owned property	-	146,452	146,452	162,305	15,853	96,636
Legal/engineering	-	-	-	-	-	374,199
Salary reimbursement	-	436,363	436,363	420,739	(15,624)	-
Vehicle fuel reimbursement	-	367,200	367,200	355,621	(11,579)	386,574
Vehicle maintenance reimbursement	-	268,750	268,750	296,495	27,745	216,364
Lease revenue	-	429,319	429,319	72,097	(357,222)	151,270
Miscellaneous	-	74,875	74,875	116,276	41,401	133,550
Total unclassified	-	3,973,635	3,973,635	3,955,173	(18,462)	3,553,702
Total revenues	-	57,022,228	57,022,228	57,194,572	172,344	54,291,753

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

	2006 carryforward	2007		Actual	Variance positive (negative)	2006 Actual
		Budget	Total available			
Expenditures:						
Current:						
General government:						
Town Council	\$ -	11,573	11,573	11,572	1	11,573
Administration	5,000	231,357	236,357	234,569	1,788	227,637
Town Clerk	500	197,924	198,424	174,568	23,856	167,525
Planning	35,510	765,886	801,396	766,989	34,407	885,041
Assessing	-	236,544	236,544	212,970	23,574	229,606
Human resources	-	175,285	175,285	174,683	602	170,671
Personnel benefits	(11,765)	61,500	49,735	230,024	(180,289)	111,031
Management information systems	61,251	505,763	567,014	546,438	20,576	494,303
Municipal building	-	271,561	271,561	257,186	14,375	284,616
General government	(5,000)	86,870	81,870	78,515	3,355	79,462
Finance	-	388,237	388,237	344,853	43,384	349,413
Purchasing	-	78,390	78,390	77,422	968	59,311
Taxation/Treasury	-	383,452	383,452	407,472	(24,020)	379,868
Legal	-	84,000	84,000	122,360	(38,360)	345,882
Risk management	-	474,500	474,500	480,898	(6,398)	475,398
Public information	-	9,600	9,600	5,825	3,775	8,603
Engineering	2,500	77,500	80,000	211,799	(131,799)	2,599
Outside agencies	-	65,390	65,390	62,532	2,858	57,809
Total general government	87,996	4,105,332	4,193,328	4,400,675	(207,347)	4,340,348
Public services:						
Library	-	695,299	695,299	695,299	-	645,679
Public health and welfare	-	11,900	11,900	12,163	(263)	12,927
Enterprise Park tax rebate	-	64,174	64,174	61,934	2,240	-
Economic Development Corporation	-	205,578	205,578	204,885	693	210,133
Community services	6,638	1,957,182	1,963,820	2,095,757	(131,937)	1,980,654
Total public services	6,638	2,934,133	2,940,771	3,070,038	(129,267)	2,849,393
Public safety:						
Fire Department	28,256	1,601,376	1,629,632	1,566,381	63,251	1,412,628
Police Department	93,308	3,911,153	4,004,461	3,881,578	122,883	3,733,757
Emergency Management	2,600	34,334	36,934	31,361	5,573	27,687
Marine resources	7,020	81,046	88,066	83,144	4,922	76,720
Emergency Medical Services	16,967	1,116,112	1,133,079	1,079,509	53,570	928,959
Total public safety	148,151	6,744,021	6,892,172	6,641,973	250,199	6,179,751
Public works:						
Public Works Department	44,780	2,447,564	2,492,344	2,223,908	268,436	2,290,275
Vehicle maintenance	600	1,330,456	1,331,056	1,351,183	(20,127)	1,294,614
Water charges	-	172,412	172,412	159,756	12,656	151,793
Street lighting	-	135,660	135,660	158,198	(22,538)	150,377
Traffic signals	-	118,910	118,910	97,019	21,891	100,213
Cemetery care	-	37,853	37,853	31,685	6,168	25,291
Memorials	-	9,172	9,172	10,570	(1,398)	7,818
Shade trees	2,000	25,092	27,092	16,920	10,172	30,305
Engineering services	16,972	91,455	108,427	90,597	17,830	29,814
Solid waste program	-	1,766,896	1,766,896	1,706,220	60,676	1,621,533
Total public works	64,352	6,135,470	6,199,822	5,846,056	353,766	5,702,033
Education:						
Regular instruction	-	17,558,285	17,558,285	17,313,651	244,634	-
Improvement of instruction	-	360,959	360,959	298,661	62,298	-
Special services	-	2,317,687	2,317,687	2,218,692	98,995	-
General & special administration	-	350,679	350,679	319,976	30,703	-
Board of education	-	38,150	38,150	34,156	3,994	-
Office of the superintendent	-	672,519	672,519	636,731	35,788	-
Business administration	-	1,118,561	1,118,561	1,121,783	(3,222)	-
Transportation	-	1,374,934	1,374,934	1,360,166	14,768	-
Operation and maintenance of plant	-	3,784,089	3,784,089	3,339,160	444,929	-
Debt service	-	4,457,690	4,457,690	4,457,690	-	-
Total education	-	32,033,553	32,033,553	31,100,666	932,887	30,348,883

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

	2007					
	2006 carryforward	Budget	Total available	Actual	Variance positive (negative)	2006 Actual
Expenditures, continued:						
Current, continued:						
County tax	\$ -	1,614,651	1,614,651	1,614,651	-	1,584,344
Debt service (excluding education):						
Principal	-	3,226,635	3,226,635	3,219,135	7,500	2,957,054
Interest and other costs	-	1,183,079	1,183,079	1,176,872	6,207	1,108,323
Total debt service	-	4,409,714	4,409,714	4,396,007	13,707	4,065,377
Capital improvements	523,995	1,368,569	1,892,564	1,419,445	473,119	1,114,864
Total expenditures	831,132	59,345,443	60,176,575	58,489,511	1,687,064	56,184,993
Excess (deficiency) of revenues over (under) expenditures	(831,132)	(2,323,215)	(3,154,347)	(1,294,939)	1,859,408	(1,893,240)
Other financing sources (uses):						
Transfers in	-	1,785,927	1,785,927	1,855,084	69,157	2,166,015
Transfers out	-	(572,035)	(572,035)	(602,222)	(30,187)	(608,069)
General obligation bonds	-	735,750	735,750	634,750	(101,000)	936,000
Utilization of prior year surplus and carryforward balance	831,132	475,000	1,306,132	-	(1,306,132)	-
Overlay	-	(101,427)	(101,427)	-	101,427	-
Total other financing sources (uses)	831,132	2,323,215	3,154,347	1,887,612	(1,266,735)	2,493,946
Net change in fund balances - budgetary basis	-	-	-	592,673	592,673	600,706
Reconciliation to GAAP basis:						
Change in accrued salaries				(126,257)		(134,439)
Fund balances, beginning of year				8,226,275		7,760,008
Fund balances, end of year				\$ 8,692,691		8,226,275

## **OTHER GOVERNMENTAL FUNDS**



**TOWN OF SCARBOROUGH, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2007**

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 275,422	-	-	275,422
Investments	3,939,615	-	181,621	4,121,236
Accounts receivable	21,948	-	-	21,948
Due from State of Maine	36,221	-	-	36,221
Interfund loans	1,410,842	-	12,850	1,423,692
Inventory	12,559	-	-	12,559
<b>Total assets</b>	<b>\$ 5,696,607</b>	<b>-</b>	<b>194,471</b>	<b>5,891,078</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	335,693	-	-	335,693
Interfund loans	590,751	534,679	1,419	1,126,849
<b>Total liabilities</b>	<b>926,444</b>	<b>534,679</b>	<b>1,419</b>	<b>1,462,542</b>
Fund balances (deficit):				
Reserved for:				
Inventory	12,559	-	-	12,559
Principal	-	-	114,778	114,778
Unreserved, undesignated	4,757,604	(534,679)	78,274	4,301,199
<b>Total fund balances (deficit)</b>	<b>4,770,163</b>	<b>(534,679)</b>	<b>193,052</b>	<b>4,428,536</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,696,607</b>	<b>-</b>	<b>194,471</b>	<b>5,891,078</b>

**TOWN OF SCARBOROUGH, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2007**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total Other Governmental Funds</b>
<b>Revenues:</b>				
Intergovernmental	\$ 1,409,665	-	-	1,409,665
Contributions	86,044	-	-	86,044
Assessments and impact fees	494,107	-	-	494,107
Sale of lots	35,450	-	4,850	40,300
Other revenue	2,311,435	-	-	2,311,435
Interest revenue	192,231	-	6,607	198,838
Total revenues	4,528,932	-	11,457	4,540,389
<b>Expenditures:</b>				
Current:				
Capital expenditures	655,830	-	-	655,830
Other	2,639,454	-	1,419	2,640,873
Total expenditures	3,295,284	-	1,419	3,296,703
Excess of revenues over expenditures	1,233,648	-	10,038	1,243,686
<b>Other financing sources (uses):</b>				
Transfers in	534,490	67,732	-	602,222
Transfers out	(1,204,116)	(57,588)	-	(1,261,704)
Total other financing sources (uses)	(669,626)	10,144	-	(659,482)
Net change in fund balances	564,022	10,144	10,038	584,204
Fund balances (deficit), beginning of year	4,206,141	(544,823)	183,014	3,844,332
<b>Fund balances (deficit), end of year</b>	<b>\$ 4,770,163</b>	<b>(534,679)</b>	<b>193,052</b>	<b>4,428,536</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:

### **Unemployment Compensation**

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

### **Ferry Beach**

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

### **Recreation Development**

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

### **Sewer Expansion**

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

### **Hurd Park**

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

### **Scarborough Memorial Improvement**

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

### **Dunstan Cemetery Improvement**

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

### **Industrial Park**

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

### **Prouts Landing Conservation**

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

## **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.

### **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.

### **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(5)).

### **Hunnewell House**

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

### **Rescue Equipment**

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

### **Fire Department**

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

### **Departmental Grants and Programs**

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



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

### **School Development Impact Fees**

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

### **Friends of the Scarborough Marsh**

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

### **Pleasant Hill Area Drainage**

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

### **School Categorical Programs**

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

### **School Lunch Program**

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

### **Computer Replacement Fund**

This fund is used for the replacement of municipal computers.

**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2007**

	Unemploy- ment Compen- sation	Hurd Park and Ferry Beach	Recrea- tional Develop- ment	Sewer Expansion	Boat Launch	Scarborough Memorial Improve- ment	Dunstan Cemetery Improve- ment	Industrial Park	Prouts Landing Conserva- tion	Payne Road Improvements
<b>ASSETS</b>										
Cash and cash equivalents	\$ -	-	128,201	-	-	-	-	-	-	-
Investments	178,067	275,659	-	-	-	74,629	1,201	565,695	23,172	89,054
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Due from State of Maine	-	-	-	-	-	-	-	-	-	-
Interfund loans receivable	-	129,636	-	546,720	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 178,067</b>	<b>405,295</b>	<b>128,201</b>	<b>546,720</b>	<b>-</b>	<b>74,629</b>	<b>1,201</b>	<b>565,695</b>	<b>23,172</b>	<b>89,054</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable	-	2,830	-	-	83	-	-	-	-	-
Interfund loans payable	732	-	178,906	-	35,065	16,150	-	97,680	-	23,959
<b>Total liabilities</b>	<b>732</b>	<b>2,830</b>	<b>178,906</b>	<b>-</b>	<b>35,148</b>	<b>16,150</b>	<b>-</b>	<b>97,680</b>	<b>-</b>	<b>23,959</b>
<b>Fund balances:</b>										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved:										
Undesignated	177,335	402,465	(50,705)	546,720	(35,148)	58,479	1,201	468,015	23,172	65,095
<b>Total fund balances (deficit)</b>	<b>177,335</b>	<b>402,465</b>	<b>(50,705)</b>	<b>546,720</b>	<b>(35,148)</b>	<b>58,479</b>	<b>1,201</b>	<b>468,015</b>	<b>23,172</b>	<b>65,095</b>
<b>Total liabilities and fund balances</b>	<b>\$ 178,067</b>	<b>405,295</b>	<b>128,201</b>	<b>546,720</b>	<b>-</b>	<b>74,629</b>	<b>1,201</b>	<b>565,695</b>	<b>23,172</b>	<b>89,054</b>

**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Special Revenue Funds, Continued**  
**Combining Balance Sheet**

Payne Road Impact Fees	Other Impact Fees	Police Asset Forfeiture	Hunnewell House	Rescue Equipment	Fire Department	Departmental Grants & Programs	Friends of the Scarborough Marsh	Pleasant Hill Area Drainage	School Categorical Programs	School Lunch Program	Computer Replacement Fund	Totals
-	-	-	-	-	-	87,767	-	16,655	130,204	(87,405)	-	275,422
1,620,846	523,467	2,617	854	489,661	3,068	-	754	-	-	-	90,871	3,939,615
-	-	7,495	-	8,750	410	1,051	-	-	4,242	-	-	21,948
-	-	-	-	-	-	-	-	-	-	36,221	-	36,221
398,245	151,793	101,783	858	-	6,807	-	-	-	-	75,000	-	1,410,842
-	-	-	-	-	-	-	-	-	-	12,559	-	12,559
<b>2,019,091</b>	<b>675,260</b>	<b>111,895</b>	<b>1,712</b>	<b>498,411</b>	<b>10,285</b>	<b>88,818</b>	<b>754</b>	<b>16,655</b>	<b>134,446</b>	<b>36,375</b>	<b>90,871</b>	<b>5,696,607</b>
216,572	4,608	-	-	962	-	1,882	-	-	71,994	36,762	-	335,693
-	-	-	-	62,862	-	140,410	-	-	-	-	34,987	590,751
216,572	4,608	-	-	63,824	-	142,292	-	-	71,994	36,762	34,987	926,444
-	-	-	-	-	-	-	-	-	-	12,559	-	12,559
1,802,519	670,652	111,895	1,712	434,587	10,285	(53,474)	754	16,655	62,452	(12,946)	55,884	4,757,604
1,802,519	670,652	111,895	1,712	434,587	10,285	(53,474)	754	16,655	62,452	(387)	55,884	4,770,163
<b>2,019,091</b>	<b>675,260</b>	<b>111,895</b>	<b>1,712</b>	<b>498,411</b>	<b>10,285</b>	<b>88,818</b>	<b>754</b>	<b>16,655</b>	<b>134,446</b>	<b>36,375</b>	<b>90,871</b>	<b>5,696,607</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, 2007**

	Unemploy- ment Compen- sation	Hurd Park and Ferry Beach	Recrea- tional Develop- ment	Sewer Expansion	Boat Launch	Scarborough Memorial Improve- ment	Dunstan Cemetery Improve- ment	Industrial Park	Prouts Landing Conserva- tion	Payne Road Improvements
Revenues:										
Intergovernmental	\$ -	-	-	-	-	-	-	-	-	-
Interest earned	9,383	14,730	-	-	-	4,015	64	31,276	1,221	6,641
Contributions	4,000	55,418	-	-	8,290	-	-	-	-	-
Sale of Lots/Land/Equip	-	-	-	-	-	4,850	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Assessments and impact fees	-	-	54,450	439,657	-	-	-	-	-	-
<b>Total revenues</b>	<b>13,383</b>	<b>70,148</b>	<b>54,450</b>	<b>439,657</b>	<b>8,290</b>	<b>8,865</b>	<b>64</b>	<b>31,276</b>	<b>1,221</b>	<b>6,641</b>
Expenditures:										
Construction and acquisitions	-	42,507	-	-	6,566	-	-	-	-	23,959
Benefits paid	1,124	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,124</b>	<b>42,507</b>	<b>-</b>	<b>-</b>	<b>6,566</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,959</b>
Excess (deficiency) of revenues over (under) expenditures	12,259	27,641	54,450	439,657	1,724	8,865	64	31,276	1,221	(17,318)
Other financing sources (uses):										
Transfers in	-	-	-	459,200	-	-	-	-	-	-
Transfers out	-	-	(16,681)	(813,678)	-	(21,000)	-	(100,000)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(16,681)</b>	<b>(354,478)</b>	<b>-</b>	<b>(21,000)</b>	<b>-</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>12,259</b>	<b>27,641</b>	<b>37,769</b>	<b>85,179</b>	<b>1,724</b>	<b>(12,135)</b>	<b>64</b>	<b>(68,724)</b>	<b>1,221</b>	<b>(17,318)</b>
Fund balances (deficit), beginning of year	165,076	374,824	(88,474)	461,541	(36,872)	70,614	1,137	536,739	21,951	82,413
<b>Fund balances (deficit), end of year</b>	<b>\$ 177,335</b>	<b>402,465</b>	<b>(50,705)</b>	<b>546,720</b>	<b>(35,148)</b>	<b>58,479</b>	<b>1,201</b>	<b>468,015</b>	<b>23,172</b>	<b>65,095</b>

**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued**

Payne Road Impact Fees	Other Impact Fees	Police Asset Forfeiture	Hunnewell House	Rescue Equipment	Fire Department	Departmental Grants & Programs	Friends of the Scarborough Marsh	Pleasant Hill Area Drainage	School Categorical Programs	School Lunch Program	Computer Replacement Fund	Totals
-	-	64,196	-	-	-	12,314	-	-	1,099,963	233,192	-	1,409,665
85,415	18,369	138	47	13,413	162	2,124	444	-	-	-	4,789	192,231
-	-	-	-	-	3,336	15,000	-	-	-	-	-	86,044
-	-	-	-	30,600	-	-	-	-	-	-	-	35,450
137,376	335,607	-	1,550	646,883	-	59,521	-	-	99,781	1,030,717	-	2,311,435
-	-	-	-	-	-	-	-	-	-	-	-	494,107
222,791	353,976	64,334	1,597	690,896	3,498	88,959	444	-	1,199,744	1,263,909	4,789	4,528,932
-	7,365	20,000	-	520,079	-	35,354	-	-	-	-	-	655,830
-	-	-	-	-	-	-	-	-	-	-	-	1,124
-	-	-	-	135,552	-	-	-	-	1,159,718	1,343,060	-	2,638,330
-	7,365	20,000	-	655,631	-	35,354	-	-	1,159,718	1,343,060	-	3,295,284
222,791	346,611	44,334	1,597	35,265	3,498	53,605	444	-	40,026	(79,151)	4,789	1,233,648
-	-	-	-	-	-	290	-	-	-	75,000	-	534,490
-	(170,650)	-	-	(75,762)	-	(6,345)	-	-	-	-	-	(1,204,116)
-	(170,650)	-	-	(75,762)	-	(6,055)	-	-	-	75,000	-	(669,626)
222,791	175,961	44,334	1,597	(40,497)	3,498	47,550	444	-	40,026	(4,151)	4,789	564,022
1,579,728	494,691	67,561	115	475,084	6,787	(101,024)	310	16,655	22,426	3,764	51,095	4,206,141
1,802,519	670,652	111,895	1,712	434,587	10,285	(53,474)	754	16,655	62,452	(387)	55,884	4,770,163

**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, 2007**

	Fund balances beginning of year	Revenues		Program expenditures	Fund balances end of year
		Grants	Other		
Federal education grant programs:					
NCLB/Title IA	\$ 1,801	164,988	-	162,994	3,795
NCLB/Title IIA	16,803	22,386	-	45,781	(6,592)
NCLB/Title IID	3,274	1,792	-	1,048	4,018
NCLB/Title IVA	6,741	5,078	-	7,314	4,505
NCLB/Title VA	3,097	27,362	-	17,499	12,960
Refugee Resettlement	5,920	-	-	809	5,111
Local Entitlement	(66,900)	736,426	-	660,752	8,774
Preschool handicapped	-	-	-	-	-
Goals 2000	48	-	-	-	48
Total federal education grant programs	(29,216)	958,032	-	896,197	32,619
Other State grant programs:					
State Agency Clients	968	112,015	-	97,786	15,197
Professional Development Grant	41,833	29,916	-	62,699	9,050
Total other state grant programs	42,801	141,931	-	160,485	24,247
Co-curricular programs:					
Red Storm Football	976	-	5,230	6,206	-
Ice Hockey	7	-	12,724	12,731	-
HS Girls Ice Hockey	(1)	-	6,107	6,106	-
HS Lacrosse	-	-	-	2,445	(2,445)
Girl's Lacrosse	(170)	-	170	2,799	(2,799)
Gym Dandies	338	-	12,759	12,687	410
MS Baseball	(4)	-	-	1,765	(1,769)
Freshman Baseball	(92)	-	-	-	(92)
Softball Expansion	1,221	-	-	-	1,221
High/Middle school swim	3,048	-	10,937	12,485	1,500
HS / MS Field Hockey	(60)	-	5,000	3,566	1,374
Foreign Language Club	(59)	-	-	-	(59)
HS Volleyball	-	-	2,616	2,809	(193)
HS Wrestling	(73)	-	7,725	6,476	1,176
Maine Nutrition Program	500	-	-	-	500
Community Services transportation	(3,194)	-	25,142	21,948	-
Community Foundation Grant	157	-	-	-	157
Beacon Learning Center	4,033	-	4,800	2,088	6,745
Band	(204)	-	1,730	1,730	(204)
Math	2	-	-	-	2
Wal-Mart	1,000	-	-	-	1,000
MS Health Grant/other	(1,516)	-	-	-	(1,516)
Total co-curricular programs	5,909	-	94,940	95,841	5,008
Other special programs:					
Wellness Activities	46	-	-	-	46
Winslow Homer Auditorium	2,886	-	4,841	7,195	532
Total other special programs	2,932	-	4,841	7,195	578
Total school categorical programs	\$ 22,426	1,099,963	99,781	1,159,718	62,452

## **NONMAJOR CAPITAL PROJECT FUNDS**

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

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

### **Municipal Building Fund**

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

**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Capital Project Fund**  
**Balance Sheet**  
**June 30, 2007**

		<b>Municipal Building Fund</b>
<hr/>		
<b>ASSETS</b>		
Cash and cash equivalents	\$	-
<hr/>		
<b>Total assets</b>	<b>\$</b>	<b>-</b>
<hr/>		
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Interfund loans payable		534,679
<b>Total liabilities</b>		<b>534,679</b>
<hr/>		
Fund balance (deficit):		
Unreserved:		
Undesignated		(534,679)
<b>Total fund deficit</b>		<b>(534,679)</b>
<hr/>		
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>-</b>
<hr/>		

**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Capital Project Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2007**

	<b>Municipal Building Fund</b>
Revenues:	
Interest earned	\$ -
Total revenues	-
Expenditures:	
Construction and professional services	-
Total expenditures	-
Excess (deficiency) of revenues over (under) expenditures	-
Other financing sources (uses):	
Transfers in	67,732
Transfers out	(57,588)
Proceeds of general obligation bonds	-
Total other financing sources (uses)	10,144
Net change in fund balances	10,144
Fund deficit, beginning of year	(544,823)
<b>Fund deficit, end of year</b>	<b>\$ (534,679)</b>

## **NONMAJOR PERMANENT FUNDS**

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

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

### **Scarborough Memorial Cemetery**

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

### **Dunstan Perpetual Care**

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

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

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



**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Balance Sheet**  
**June 30, 2007**

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
<b>ASSETS</b>				
Investments	\$ 152,535	26,244	2,842	181,621
Interfund loans receivable	12,850	-	-	12,850
<b>Total assets</b>	<b>\$ 165,385</b>	<b>26,244</b>	<b>2,842</b>	<b>194,471</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund loans payable	-	1,419	-	1,419
<b>Total liabilities</b>	<b>-</b>	<b>1,419</b>	<b>-</b>	<b>1,419</b>
Fund balances:				
Principal	100,911	13,367	500	114,778
Unexpended income	64,474	11,458	2,342	78,274
<b>Total fund balances</b>	<b>165,385</b>	<b>24,825</b>	<b>2,842</b>	<b>193,052</b>
<b>Total liabilities and fund balances</b>	<b>\$ 165,385</b>	<b>26,244</b>	<b>2,842</b>	<b>194,471</b>

**TOWN OF SCARBOROUGH, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2007**

	<b>Scarborough Memorial Cemetery</b>	<b>Dunstan Perpetual Care</b>	<b>Mary A. Tucker Fund</b>	<b>Totals</b>
Revenues:				
Interest and dividends	\$ 5,159	1,419	29	6,607
Sale of lots/perpetual care deposits	4,850	-	-	4,850
Total revenues	10,009	1,419	29	11,457
Expenditures:				
Earnings retained by General Fund	-	1,419	-	1,419
Other	-	-	-	-
Total expenditures	-	1,419	-	1,419
Net change in fund balances	10,009	-	29	10,038
Fund balances, beginning of year	155,376	24,825	2,813	183,014
Fund balances, end of year	\$ 165,385	24,825	2,842	193,052

## **PRIVATE-PURPOSE TRUST FUNDS**

### **Shirley Grover Fund**

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

### **Mary Campbell Peterson Fund**

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

### **Edith Warga Art Scholarship**

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

### **Packy McFarland Scholarship Fund**

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

### **Roy Nelson Scholarship Fund**

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

### **Daniel Franchemontagne 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 in memory of Virginia Jackson established by her family to provide a \$1,500 annual scholarship to one Scarborough High School senior who will be attending college upon graduation.

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

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

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

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

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

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

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

### **Academic Decathlon Scholarship Fund**

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

### **Kathy Pearson Scholarship Fund**

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

**TOWN OF SCARBOROUGH, MAINE**  
**Private-purpose Trust Funds**  
**Combining Statement of Fiduciary Net Assets**  
**June 30, 2007**

	Shirley Grover Fund	Mary Campbell Pederson Fund	Edith Wargo 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	\$ 1,512	98,701	105,438	3,573	12	76	27,031	292	3,324	12,114	1,540	4,249	257,862
Interfund loans	-	-	-	535	-	1,000	1,500	-	-	-	-	-	3,035
<b>Total assets</b>	<b>\$ 1,512</b>	<b>98,701</b>	<b>105,438</b>	<b>4,108</b>	<b>12</b>	<b>1,076</b>	<b>28,531</b>	<b>292</b>	<b>3,324</b>	<b>12,114</b>	<b>1,540</b>	<b>4,249</b>	<b>260,897</b>
<b>LIABILITIES AND NET ASSETS</b>													
<b>Liabilities:</b>													
Interfund loans	-	2,000	-	-	-	-	2,913	-	150	-	400	-	5,463
Accounts payable	-	-	-	-	-	-	-	200	-	1,500	-	250	1,950
<b>Total liabilities</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,913</b>	<b>200</b>	<b>150</b>	<b>1,500</b>	<b>400</b>	<b>250</b>	<b>7,413</b>
<b>Net assets:</b>													
Principal	1,240	87,680	100,000	-	-	-	-	500	2,026	3,500	-	3,810	198,756
Undesignated	272	9,021	5,438	4,108	12	1,076	25,618	(408)	1,148	7,114	1,140	189	54,728
<b>Total net assets</b>	<b>1,512</b>	<b>96,701</b>	<b>105,438</b>	<b>4,108</b>	<b>12</b>	<b>1,076</b>	<b>25,618</b>	<b>92</b>	<b>3,174</b>	<b>10,614</b>	<b>1,140</b>	<b>3,999</b>	<b>253,484</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,512</b>	<b>98,701</b>	<b>105,438</b>	<b>4,108</b>	<b>12</b>	<b>1,076</b>	<b>28,531</b>	<b>292</b>	<b>3,324</b>	<b>12,114</b>	<b>1,540</b>	<b>4,249</b>	<b>260,897</b>

TOWN OF SCARBOROUGH, MAINE  
Private-purpose Trust Funds  
Combining Statement of Changes in Fiduciary Net Assets  
For the year ended June 30, 2007

	Shirley Grover Fund	Mary Campbell Pederson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
Additions													
Donations	\$	-	-	1,675	-	-	176	-	-	-	-	-	1,851
Interest and dividends	73	4,961	5,406	189	12	44	1,504	15	117	187	101	165	12,774
Total additions	73	4,961	5,406	1,864	12	44	1,680	15	117	187	101	165	14,625
Deductions:													
School scholarships	-	1,000	3,000	800	300	1,000	1,500	-	150	250	900	-	8,900
Total deductions	-	1,000	3,000	800	300	1,000	1,500	-	150	250	900	-	8,900
Changes in net assets	73	3,961	2,406	1,064	(288)	(956)	180	15	(33)	(63)	(799)	165	5,725
Net assets, beginning of year	1,439	92,740	103,032	3,044	300	2,032	25,438	77	3,207	10,677	1,939	3,834	247,759
Net assets, end of year	\$ 1,512	96,701	105,438	4,108	12	1,076	25,618	92	3,174	10,614	1,140	3,999	253,484

**TOWN OF SCARBOROUGH, MAINE**  
**Agency Funds**  
**Statement of Changes in Assets and Liabilities**  
**For the year ended June 30, 2007**

		Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<b>STUDENT ACTIVITIES:</b>					
<b>ASSETS</b>					
Cash	\$	174,185	463,408	439,263	198,330
<b>LIABILITIES</b>					
Payable to student groups	\$	174,185	463,408	439,263	198,330



## **GENERAL LONG-TERM DEBT**

**TOWN OF SCARBOROUGH, MAINE**  
**Statement of Changes in Long-term Debt**  
**For the year ended June 30, 2007**

For the year ended June 30, 2007							
	Interest rate	Final maturity date		Annual principal payments	Balance beginning of year	Current Year IssuedRetired	Balance end of year
General Obligation Bonds							
1987 Capital Improvements	Varies	2008	\$	125,000 to 2008	250,000	125,000	125,000
1988 Capital Improvements	Varies	2009		275,000 to 2009	825,000	275,000	550,000
1989 Capital Improvements	Varies	2009		110,000 to 2008 100,000 in 2009	320,000	110,000	210,000
1990 Capital Improvements	Varies	2011		335,000 to 2007 325,000 to 2010	1,635,000	335,000	1,300,000
1993 Capital Improvements	Varies	2013		25,000 to 2013	175,000	25,000	150,000
1994 Capital Improvements	Varies	2015		230,000 to 2015	2,070,000	230,000	1,840,000
1995 Capital Improvements	Varies	2016		265,000 to 2016	2,650,000	265,000	2,385,000
1997 Capital Improvements	Varies	2017		205,000 to 2007 110,000 to 2017	1,305,000	205,000	1,100,000
1998 Capital Improvements	Varies	2008		100,000 to 2007 85,000 in 2008	185,000	100,000	85,000
1999 Capital Improvements	Varies	2019		400,000 to 2007 395,000 to 2009 70,000 to 2019	1,890,000	400,000	1,490,000
2000 Capital Improvements	Varies	2020		210,000 to 2008 205,000 to 2010 155,000 to 2020	1,980,000	210,000	1,770,000
2001 Capital Improvements	Varies	2021		190,000 in 2007 180,000 to 2011 120,000 in 2012 115,000 to 2021	2,065,000	190,000	1,875,000
2002 Capital Improvements	2.700%	2007		845,000 in 2007	845,000	845,000	0
2003 Capital Improvements	Varies	2033		890,000 in 2007 995,000 in 2008 655,000 in 2009 685,000 in 2010 750,000 in 2011 840,000 in 2012 925,000 in 2013 595,000 in 2014 685,000 in 2015 780,000 in 2016 885,000 in 2017 1,005,000 in 2018 1,135,000 in 2019 1,280,000 in 2020 1,435,000 in 2021 1,610,000 in 2022 1,800,000 in 2023 430,000 in 2024 450,000 in 2025 475,000 in 2026 495,000 in 2027 520,000 in 2028 545,000 in 2029 570,000 in 2030 595,000 in 2031 625,000 in 2032 655,000 in 2033	22,310,000	890,000	21,420,000
2004 Capital Improvements	2.250%	2034		975,000 to 2008 985,000 in 2009 665,000 in 2010 680,000 to 2012 690,000 in 2013			

**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
<u>General Obligation Bonds</u>								
2004 Capital Improvements	con'td	2034	\$	265,000 in 2020 280,000 in 2021 290,000 in 2022 305,000 in 2023 320,000 in 2024 335,000 in 2025 350,000 in 2026 365,000 in 2027 385,000 in 2028 400,000 in 2029 420,000 in 2030 440,000 in 2031 460,000 in 2032 480,000 in 2033 500,000 in 2034	12,975,000	-	975,000	12,000,000
2005 Capital Improvements	Varies	2034		510,000 in 2007 520,000 in 2008 525,000 in 2009 385,000 in 2010 390,000 in 2011 395,000 in 2012 305,000 in 2013 315,000 in 2014 250,000 in 2015 230,000 in 2016 240,000 in 2017 250,000 in 2018 260,000 in 2019 270,000 in 2020 280,000 in 2021 290,000 in 2022 300,000 in 2023 315,000 in 2024 325,000 in 2025 340,000 in 2026 355,000 in 2027 370,000 in 2028 385,000 in 2029 405,000 in 2030 420,000 in 2031 440,000 in 2032 460,000 in 2033 480,000 in 2034	10,350,000	-	340,000	10,010,000
2006 Capital Improvements	Varies	2021		479,000 in 2007 665,000 in 2008 690,000 in 2009 805,000 in 2010 835,000 in 2011 480,000 in 2012 510,000 in 2013 515,000 in 2014 530,000 in 2015 505,000 in 2016 185,000 in 2017 190,000 in 2018 195,000 in 2019 210,000 in 2020 220,000 in 2021 550,000 to 2012 225,000 to 2017 25,000 to 2023	7,014,000		479,000	6,535,000
2007 Capital Improvements	4.00%	2023						
						4,000,000		4,000,000
Total bonds					68,844,000	4,000,000	5,999,000	66,845,000
Total long-term debt			\$		68,844,000	4,000,000	5,999,000	66,845,000

# STATISTICAL SECTION



Hurd Park at Pine Point

2007



## 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

1-7

*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

8-12

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

#### Debt Capacity

13-15

*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

15-16

*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

17-20

*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.

Table 1

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 6,893	\$ 6,689	\$ 29,885	\$ 36,323	44,077
Restricted	21,040	19,332	7,629	4,210	3,053
Unrestricted	10,187	9,709	9,874	13,952	8,971
<b>Total governmental activities net assets</b>	<b>\$ 38,120</b>	<b>\$ 35,730</b>	<b>\$ 47,388</b>	<b>\$ 54,485</b>	<b>56,101</b>

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

Table 2

**TOWN OF SCARBOROUGH, MAINE**  
**Changes in Net Assets**  
**Last Five Fiscal Years (1)**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Revenues:</b>					
<b>Program revenues:</b>					
Charges for services	\$ 2,728	\$ 5,363	\$ 6,488	\$ 7,024	7,758
Operating grants and activities	6,992	8,744	9,297	10,706	11,403
Capital grants and contributions	312	-	-	4,681	(559)
<b>General revenues:</b>					
Property and excise taxes, levies for general purposes	34,472	37,182	40,075	41,406	42,772
Grants and contributions not restricted to specific programs	6,667	2,096	1,952	2,062	1,931
Unrestricted investment earnings	209	105	159	261	404
<b>Total revenues</b>	<b>51,380</b>	<b>53,490</b>	<b>57,971</b>	<b>66,140</b>	<b>63,709</b>
<b>Expenses:</b>					
General government	9,902	8,622	9,996	8,783	12,641
Public services	2,701	2,597	2,658	2,871	3,092
Public safety	5,552	6,127	6,153	6,552	7,080
Public works	5,175	5,266	5,882	6,276	6,425
Education	23,444	25,442	28,695	33,491	31,531
Interest on debt service	895	2,610	1,168	1,069	1,142
<b>Total expenses</b>	<b>47,669</b>	<b>50,664</b>	<b>54,552</b>	<b>59,042</b>	<b>61,911</b>
<b>Change in Net Assets</b>	<b>\$ 3,711</b>	<b>\$ 2,826</b>	<b>\$ 3,419</b>	<b>\$ 7,098</b>	<b>1,798</b>

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



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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Fund</b>										
Reserved	\$ 1,373	\$ 991	\$ 936	\$ 889	\$ 800	\$ 752	\$ 710	\$ 697	\$ 771	\$ 674
Unreserved	926	1,735	2,778	3,669	5,753	6,211	5,919	7,063	7,455	8,019
<b>Total general fund</b>	<b>\$ 2,299</b>	<b>\$ 2,726</b>	<b>\$ 3,714</b>	<b>\$ 4,558</b>	<b>\$ 6,553</b>	<b>\$ 6,963</b>	<b>\$ 6,629</b>	<b>\$ 7,760</b>	<b>\$ 8,226</b>	<b>\$ 8,693</b>
<b>All Other Governmental Funds</b>										
Reserved	254	374	469	753	140	132	123	117	125	127
Unreserved, reported in:										
Special revenue funds	1,016	1,878	3,040	3,756	4,288	5,010	5,011	4,403	8,180	7,523
Capital projects funds	(330)	(201)	207	864	239	20,278	18,611	6,963	4,085	2,926
Permanent funds	45	47	50	54	67	68	69	70	73	78
<b>Total all other governmental funds</b>	<b>\$ 985</b>	<b>\$ 2,098</b>	<b>\$ 3,766</b>	<b>\$ 5,427</b>	<b>\$ 4,734</b>	<b>\$ 25,488</b>	<b>\$ 23,814</b>	<b>\$ 11,553</b>	<b>\$ 12,463</b>	<b>\$ 10,654</b>

Table 4

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

	Fiscal Years Ending									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes	\$ 25,015	\$ 25,260	\$ 27,560	\$ 29,311	\$ 32,380	\$ 34,582	\$ 37,191	\$ 40,066	\$ 41,377	\$ 42,712
Licenses and permits	386	419	653	433	413	429	480	567	611	753
Intergovernmental	7,899	8,700	10,186	11,006	11,212	11,600	10,823	11,219	12,604	13,204
Interest earned	405	327	392	533	272	209	348	442	644	805
Other	2,574	3,031	3,310	3,266	3,640	4,877	4,648	5,677	10,921	6,247
<b>Total revenues</b>	<b>36,279</b>	<b>37,737</b>	<b>42,101</b>	<b>44,549</b>	<b>47,917</b>	<b>51,697</b>	<b>53,490</b>	<b>57,971</b>	<b>66,157</b>	<b>63,721</b>
<b>Expenditures</b>										
General government	2,358	2,538	2,756	2,923	3,041	3,425	3,568	3,727	4,340	4,401
Public services	1,960	1,996	2,305	2,504	2,325	2,653	2,572	2,643	2,849	3,070
Public safety	3,552	3,850	4,271	4,465	4,706	5,275	5,934	5,962	6,180	6,642
Public works	3,318	3,642	3,585	4,103	4,108	4,767	4,877	5,370	5,702	5,846
Education (Includes School Debt)	17,998	19,468	21,130	22,901	25,091	26,880	28,862	30,919	32,792	33,652
County tax	900	902	842	933	1,062	1,307	1,442	1,520	1,584	1,615
Debt service (Principal-Town Only)	1,690	1,711	2,023	2,171	2,206	2,423	3,918	3,176	2,957	3,219
Debt service (Interest-Town Only)	778	741	796	875	834	769	1,128	1,128	1,108	1,177
Capital improvements	4,069	5,797	4,882	4,256	4,643	4,908	15,820	23,374	11,467	7,999
Other	1,856	2,051	1,631	1,857	2,612	2,704	2,003	2,323	2,816	2,641
<b>Total expenditures</b>	<b>38,479</b>	<b>42,696</b>	<b>44,221</b>	<b>46,988</b>	<b>50,628</b>	<b>55,111</b>	<b>70,124</b>	<b>80,142</b>	<b>71,795</b>	<b>70,262</b>
Excess (deficiency) of revenues over (under) expenditures	(2,200)	(4,959)	(2,120)	(2,439)	(2,711)	(3,414)	(16,634)	(22,171)	(5,638)	(6,541)
<b>Other financing sources (uses)</b>										
Transfers in	2,763	1,711	2,144	2,040	2,402	1,538	2,115	2,923	2,780	2,794
Transfers out	(2,763)	(1,711)	(2,144)	(2,040)	(2,402)	(1,538)	(2,115)	(2,923)	(2,780)	(2,794)
General obligation bonds and capital leases	2,225	6,493	4,770	4,932	4,000	24,579	14,628	10,665	7,014	5,200
<b>Total other financing sources (uses)</b>	<b>2,225</b>	<b>6,493</b>	<b>4,770</b>	<b>4,932</b>	<b>4,000</b>	<b>24,579</b>	<b>14,628</b>	<b>10,665</b>	<b>7,014</b>	<b>5,200</b>
<b>Net change in fund balances</b>	<b>\$ 25</b>	<b>\$ 1,534</b>	<b>\$ 2,650</b>	<b>\$ 2,493</b>	<b>\$ 1,289</b>	<b>\$ 21,165</b>	<b>\$ (2,006)</b>	<b>\$ (11,506)</b>	<b>\$ 1,376</b>	<b>(1,341)</b>
<b>Debt Service as a % of non-capital expenditures</b>	<b>7.17%</b>	<b>6.65%</b>	<b>7.17%</b>	<b>7.13%</b>	<b>6.61%</b>	<b>6.36%</b>	<b>9.29%</b>	<b>7.58%</b>	<b>6.74%</b>	<b>7.06%</b>

Table 5

**TOWN OF SCARBOROUGH, MAINE**  
**General Governmental Expenditures by Function**  
**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>
1998	\$ 2,358	\$ 1,960	\$ 3,552	\$ 3,318	\$ 16,298	\$ 900	\$ 2,468	\$ 92	\$ -	\$ 30,946
1999	2,538	1,996	3,850	3,642	17,403	902	2,452	47	-	32,830
2000	2,756	2,305	4,271	3,585	19,138	842	2,819	50	-	35,766
2001	2,923	2,504	4,465	4,103	20,721	933	3,046	57	-	38,752
2002**	3,041	2,325	4,706	4,108	22,688	1,062	3,040	102	1,234	42,306
2003	3,425	2,653	5,275	4,767	24,172	1,307	3,192	148	1,209	46,148
2004	3,568	2,572	5,934	4,877	26,281	1,442	5,046	-	653	50,373
2005	3,727	2,643	5,962	5,370	28,288	1,520	4,304	-	1,120	52,934
2006	4,340	2,849	6,180	5,702	30,348	1,584	4,065	280	835	56,183
2007	4,401	3,070	6,642	5,846	31,101	1,615	4,396	-	1,419	58,490

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

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

Table 6

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

<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>
1998	\$ 22,187	\$ 154	\$ 2,652	\$ 22	\$ -	\$ 25,015
1999	22,184	120	2,929	27	-	25,260
2000	24,145	120	3,269	26	-	27,560
2001	25,778	102	3,412	19	-	29,311
2002	28,611	105	3,637	27	-	32,380
2003	30,547	179	3,828	27	-	34,581
2004	32,862	72	4,143	27	-	37,104
2005	35,549	58	4,228	26	143	40,004
2006	36,700	61	4,409	29	146	41,345
2007	38,034	80	4,416	26	156	42,712

Table 7

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

<b>Fiscal Year</b>	<b>Real property</b>		<b>Personal property</b>		<b>Totals</b>		<b>Ratio of total assessed value to total estimated actual value</b>
	<b>Assessed property</b>	<b>Estimated actual value</b>	<b>Assessed property</b>	<b>Estimated actual value</b>	<b>Assessed property</b>	<b>Estimated actual value</b>	
1998	\$ 1,125,960	\$ 1,125,960	\$ 60,195	\$ 60,195	\$ 1,186,155	\$ 1,186,155	100%
1999	1,138,292	1,138,292	67,852	67,852	1,206,144	1,206,144	100%
2000	1,180,279	1,180,279	79,051	79,051	1,259,330	1,259,330	100%
2001	1,230,378	1,230,378	83,306	83,306	1,313,684	1,313,684	100%
2002	1,764,041	1,764,041	94,304	94,304	1,858,345	1,858,345	100%
2003	1,831,117	1,831,117	99,459	99,459	1,930,576	1,930,576	100%
2004	1,903,869	1,903,869	99,118	99,118	2,002,987	2,002,987	100%
2005	1,951,952	1,951,952	105,637	105,637	2,057,589	2,057,589	100%
2006	3,143,853	3,143,853	112,989	112,989	3,256,842	3,256,842	100%
2007	3,207,720	3,207,720	109,778	109,778	3,317,498	3,317,498	100%

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>Community Services</b>	<b>County Tax</b>	<b>Tax Increment Financing District</b>	<b>Overlay</b>	<b>State Revenue Sharing <sup>(1)</sup></b>	<b>Total Property Tax Rates by Year</b>
1998	6.919	10.333	0.346	0.758	0.642	0.160	(0.759)	18.40
1999	6.826	11.107	0.349	0.748	0.702	0.103	(1.435)	18.40
2000	7.169	11.640	0.356	0.668	0.701	0.141	(1.476)	19.20
2001	7.250	12.168	0.327	0.710	0.686	0.106	(1.649)	19.60
2002	5.507	9.393	0.231	0.571	0.378	0.210	(0.991)	15.30
2003	5.487	9.871	0.201	0.677	0.373	0.051	(0.960)	15.70
2004	5.501	10.522	0.133	0.720	0.377	0.060	(0.853)	16.46
2005	5.535	11.332	0.110	0.739	0.387	0.036	(0.798)	17.34
2006	3.618	7.366	0.065	0.486	0.181	0.113	(0.529)	11.30
2007	3.685	7.381	0.114	0.482	0.183	0.022	(0.387)	11.48

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

Table 9

## TOWN OF SCARBOROUGH, MAINE

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

1997				2007			
Taxpayer	Taxable		Percentage of Total Taxable	Taxpayer	Taxable		Percentage of Total Taxable
	Assessed	Value			Assessed	Value	
		Rank	Value			Rank	Value
James McBrady	\$ 21,000,600	1	1.84%	Maine Life Care	\$ 61,397,300	1	1.85%
Wal-Mart	15,759,300	2	1.38%	Hannaford Brothers	29,908,300	2	0.90%
Gavin Ruotolo	9,541,800	3	0.84%	Wal-Mart/Sam's Club	29,562,500	3	0.89%
Hannaford Brothers	8,954,300	4	0.79%	Black Point Inn	15,762,800	4	0.48%
Konica Quality Photo	8,838,400	5	0.78%	Gavin Ruotolo	15,036,900	5	0.45%
Shaw's Supermarket	7,466,100	6	0.66%	MMC Realty	14,957,600	6	0.45%
Central Maine Power	6,587,000	7	0.58%	ERP Operating LP	11,922,700	7	0.36%
Ram Trust 2 and 3	6,007,900	8	0.53%	Davric Maine Corp.	10,047,500	8	0.30%
Davric Maine Corp.	5,412,000	9	0.48%	Scarborough Gallery	9,749,500	9	0.29%
Black Point Inn	4,485,900	10	0.39%	Shaw's Supermarket	9,552,100	10	0.29%
Total Principal Taxpayers	94,053,300		8.26%		207,897,200		6.27%
Total Assessed Value: \$ 1,138,964,400				\$ 3,317,497,800			



Table 10

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collections Within Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 21,888,873	\$ 21,381,876	97.7%	\$ 503,319	\$ 21,885,195	100.0%
1999	22,202,538	21,745,877	97.9%	450,499	22,196,376	100.0%
2000	24,185,214	23,716,155	98.1%	462,098	24,178,253	100.0%
2001	25,765,523	25,339,458	98.3%	419,490	25,758,948	100.0%
2002	28,450,220	28,120,508	98.8%	322,879	28,443,387	100.0%
2003	30,348,015	30,103,820	99.2%	232,987	30,336,807	100.0%
2004	32,969,169	32,747,946	99.3%	211,630	32,959,576	100.0%
2005	35,735,569	35,423,923	99.1%	215,762	35,639,685	99.7%
2006	36,824,648	36,527,411	99.2%	193,668	36,721,079	99.7%
2007	38,048,325	37,950,281	99.7%	-	37,950,281	99.7%

Table 11

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

<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>
1998	\$ 1,125,960	\$ 60,195	\$ 1,186,155	\$ 18.40	\$ 21,825
1999	1,138,292	67,851	1,206,143	18.40	22,193
2000	1,180,279	79,051	1,259,330	19.20	24,179
2001	1,230,378	83,306	1,313,684	19.60	25,748
2002	1,764,013	94,303	1,858,316	15.30	28,433
2003	1,831,117	99,459	1,930,576	15.70	30,310
2004	1,903,869	99,118	2,002,987	16.46	32,969
2005	1,951,952	105,637	2,057,589	17.34	35,679
2006	3,143,853	112,989	3,256,842	11.30	36,802
2007	3,207,720	109,778	3,317,498	11.48	38,085

Table 12

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Assessed Value</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Population*</b>	<b>Debt Per Capita</b>
1998	\$ 31,531,840	\$ 1,186,155,300	2.66%	12,518	2,519
1999	34,071,571	1,206,143,900	2.82%	12,518	2,722
2000	35,059,806	1,259,330,100	2.78%	16,970	2,066
2001	35,787,515	1,313,684,200	2.72%	16,970	2,109
2002	35,095,667	1,858,344,800	1.89%	16,970	2,068
2003	54,759,228	1,930,576,300	2.84%	16,970	3,227
2004	62,952,163	2,002,987,200	3.14%	16,970	3,710
2005	67,737,433	2,057,589,000	3.29%	18,812	3,601
2006	68,844,000	3,256,841,900	2.11%	18,812	3,660
2007	66,845,000	3,317,497,800	2.01%	18,812	3,553

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

\* 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>
1998	\$ 3,193	\$ 1,991	\$ 5,184	\$ 30,945	16.75%
1999	3,203	1,927	5,130	32,829	15.63%
2000	3,782	1,905	5,687	35,766	15.90%
2001	4,204	1,858	6,062	38,752	15.64%
2002	4,692	1,895	6,587	42,305	15.57%
2003	4,915	1,634	6,549	46,463	14.10%
2004	6,435	2,358	8,793	50,373	17.46%
2005	5,880	2,634	8,514	52,934	16.08%
2006	5,907	2,846	8,753	56,185	15.58%
2007	5,999	2,821	8,820	59,017	14.94%

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

	Fiscal Year										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 159,053	\$ 166,425	\$ 173,295	\$ 188,018	\$ 206,243	\$ 235,755	\$ 279,720	\$ 323,745	\$ 380,820	\$ 430,980	\$ 488,370
Total net debt applicable to limit	32,500	31,532	34,072	35,060	35,788	35,096	54,759	62,952	67,737	68,844	66,845
Legal debt margin	126,553	134,893	139,223	152,958	170,455	200,659	224,961	260,793	313,083	362,136	421,525
Total net debt applicable to the limit as a percentage of debt limit	20.43%	18.95%	19.66%	18.65%	17.35%	14.89%	19.58%	19.44%	17.79%	15.97%	13.69%

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 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>
1998	12,518	\$ 223,433,782	\$ 17,849	35.20	2,676	1.90%
1999	12,518	223,433,782	17,849	35.20	2,785	1.80%
2000	16,970	302,897,530	17,849	35.20	2,893	1.40%
2001	16,970	302,897,530	17,849	35.20	3,037	1.80%
2002	16,970	302,897,530	17,849	35.20	3,137	2.00%
2003	16,970	446,667,370	26,321	38.80	3,210	2.20%
2004	16,970	446,667,370	26,321	38.80	3,234	2.90%
2005	18,812	495,150,652	26,321	38.80	3,308	3.00%
2006	18,812	495,150,652	26,321	38.80	3,324	3.00%
2007	18,812	495,150,652	26,321	38.80	3,361	3.40%

(a) For years 1997 through 2000, 1990 Census, U.S. Department of Commerce, Bureau of Census and for years 2001 through 2006, 2000 Census, U.S. Department of Commerce, Bureau of Census.

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

(c) State of Maine Department of Education, April 1 Census, 2006 data is from October 1, 2005 Census data.

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

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

<b>1997</b>			<b>2007</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	1,172	1	Town of Scarborough	1,340	1
Hannaford Brothers	780	2	Hannaford Brothers	951	2
Konica Quality Photo	450	3	Postal Service Distribution Ctr	800	3
Hanover Insurance	185	4	NordX	256	4
Wal-Mart	161	5	Wal-Mart	225	5
Humpty Dumpty	155	6	Sam's Wholesale Club	176	6
Rock-Team Converting	120	7	Neill and Gunter	153	7
Gabriel Electronics	116	8	Piper Shores	150	8
R.C. Moore Trucking	95	9	Scarborough Downs	150	9
N.E. Tech Air, Inc.	85	10	R.C. Moore Trucking	145	10



Table 17

**TOWN OF SCARBOROUGH, MAINE**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Function:										
General Govt:										
Town Clerk										
Certified Copies	910	1,063	1,063	1,063	1,565	1,750	1,462	1,185	1,462	1,187
Licenses & Permits	3,608	3,614	3,707	3,724	4,045	3,937	2,524	360	296	365
Passports Applications								379	548	882
Tax Office										
Beach Passes	1,994	2,189	2,277	2,512	1,999	2,282	2,714	1,886	2,003	2,192
Licenses & Permits								1,847	1,643	1,298
Planning:										
Permits	1,755	1,704	1,682	1,728	1,688	1,576	1,649	1,501	1,561	1,438
Certificates of Occupancy	331	302	342	287	302	309	321	340	353	242
Public Safety:										
Police:										
Physical arrests	469	273	349	429	587	634	401	332	822	719
Traffic violations	3,158	1,754	2,892	2,263	2,637	2,455	1,976	1,077	1,337	6,650
Fire:										
Number of calls answered	1,920	1,890	1,836	1,894	2,035	2,200	2,251	2,450	2,356	2,300
Number of Inspections			364	392	388	455	445	472	642	884
Rescue:										
Number of calls answered	1,641	1,652	1,665	1,796	1,962	2,159	2,407	2,506	2,247	2,673
Public Works:										
Street resurfacing (miles)	3.20	4.02	4.71	3.37	3.71	4.19	1.94	5.26	6.03	7.32
Pot holes repaired (qty used in tons)	56	21	20	22	19	30	43	82	71	61
No. times plows dispatched	48	45	46	51	42	20	19	24	53	15

**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:	Administration			Vehicle Maint.
		Town Clerk			Traffic Signals
		Elections			Engineering
		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>	Kindergarten	
		Tax/Treasury			Elementary
		Purchasing			Secondary
		Assessing			Special Services
	Planning:	Planning			Transportation
		Code Enforcement			Adult Education
		Zoning & Planning Boards			Computer Mgmt
	Information Syst.				
<b>Public Service:</b>	Community Serv:	Recreation			
		Parks			
		Child Care			
		Beach Care			
		Grounds Maintenance			
		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			

Table 19

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

<b>Fiscal Year ending June 30,</b>	<b>Portland Metropolitan Statistical Area (PMSA)*</b>	<b>State of Maine</b>
2000	2.3%	3.0%
2001	2.7%	3.5%
2002	3.3%	4.2%
2003	3.7%	4.9%
2004	3.4%	4.3%
2005	3.6%	4.6%
2006	3.5%	4.4%
2007	3.4%	4.2%

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

Data can be found at: [www.state.me.us/labor/lmis/laus.html](http://www.state.me.us/labor/lmis/laus.html)

Table 20

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

		Fiscal Year									
		<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Govt:											
	Full time						34	35	35	35	37
	Pt Time						47	52	36	58	19
Public Services:											
	Full time						13	13	13	14	14
	Pt Time						106	89	77	99	103
Public Safety:											
	Police										
	Full time						46	46	47	48	51
	Pt Time						37	35	28	33	27
	Fire										
	Full time						4	4	4	4	4
	Pt Time						177	155	159	144	152
	Rescue										
	Full time						9	9	9	9	12
	Pt Time						14	21	16	18	15
Public Works:											
	Full time	31	32	30	30	31	31	32	32	32	33
	Pt Time	0	0	0	0	0	2	1	3	2	2
Education:							N/A	886	881	891	842
Total:								1378	1340	1387	1311

Source: Govt Finance Office.

Comment: Fiscal Years 1998 thru 2002 data not available.