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Town of Scarborough, Maine Comprehensive Annual Financial Report

For the Fiscal Year ending June 30, 2009

**Town of Scarborough, Maine
Comprehensive Annual Financial Report
For Fiscal Year Ending June 30, 2009**



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

TOWN OF SCARBOROUGH, MAINE
Comprehensive Annual Financial Report
Year ended June 30, 2009

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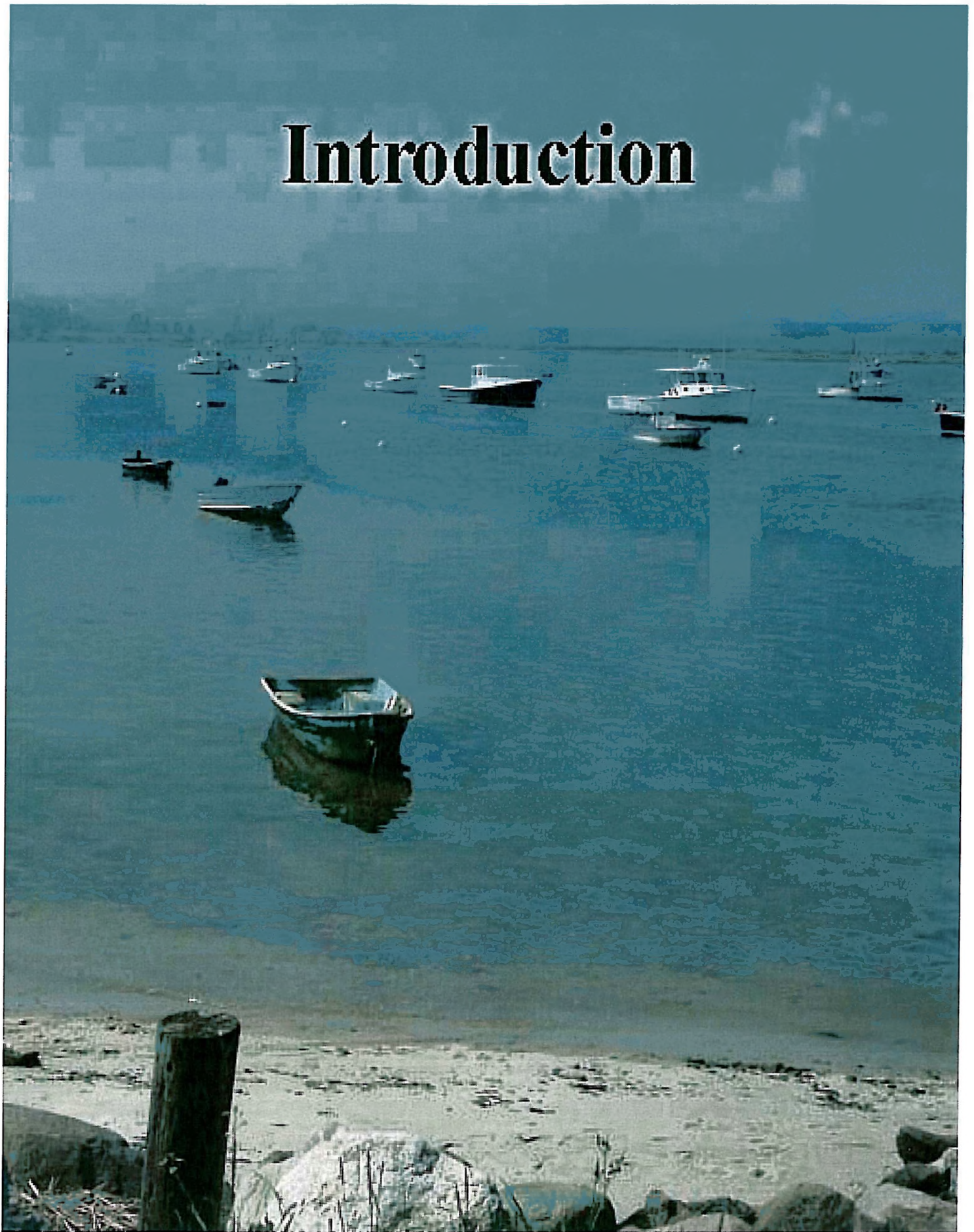
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Introduction





Town of Scarborough, Maine

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

December 28, 2009

Carol S. Rancourt, 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, 2009.

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. This past year we proudly celebrated our 350th anniversary. The Town operates under a charter first adopted on October 7, 1969 and provides for a Town Council and Town Manager form of government. The legislative body consists of a seven-member town council. A seven-member school board has general authority for the public schools. The Town Council is responsible for passing ordinances, adopting the annual budget, appointing committees and hiring both the Town Manager and the Town Assessor. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the government, and for appointing the administrators of the various departments.

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

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

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

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

Portland Water District
ecomaine (formerly Regional Waste)

Scarborough Sanitary District
Biddeford Saco Water District

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

ECONOMIC CONDITION AND FUTURE OUTLOOK

Maine Economy. The recession has caused the economy in Maine to grow slowly in 2009. Gasoline and energy prices affected growth, and the unemployment rate increased, as it did nationally. Maine's unemployment rate has been below the national average for nearly ten years. In 2009, employment decreased by 3.36% or 22,451 jobs. As in past years, the major industry groups creating the most jobs were education and health services, leisure and hospitality, and the trade-transportation-utilities group. The largest declines were in manufacturing and financial services. Maine retail sales were down 8.30% from last year. Housing permits for the state were down 28% in keeping with the general trend across the country. Interest rates continued to decline over the past year, however, they appear to have leveled. A turnaround in the housing industry may still take time. The closing of the Brunswick Navel Air Station is not likely to have as much of a negative effect as previously thought.

Local Economy. The Town of Scarborough is primarily a suburban residential community that has enjoyed a favorable economic environment. Local indicators point to continued stability with slower growth. Approximately 1,500 businesses are located within Scarborough reflecting a 7.14% 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, especially when compared to the state and national rate.

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

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

Over the past ten years, the Town of Scarborough has been one of the fastest growing residential centers in the State of Maine and it continues to be so. This growth has

necessitated Scarborough's need to develop a strong and stable commercial base to help meet the ever-growing demands of our residents. To foster that development, the Town of Scarborough created a private non-profit corporation, Scarborough Economic Development Corporation (SEDCO) in 1985 to encourage new business, to retain growth with existing businesses and to assist the community in its long-term economic development planning.

Comprehensive Plan. Over the course of fiscal year 2009, one of the major initiatives of the Town has been the ongoing implementation of the 2006 Updated Comprehensive Plan. The Town's accomplishments included establishment of new mixed use zoning districts in the Running Hill area, which offer new areas for commercial and higher density residential development in close proximity to South Portland and the Maine Mall. In addition, the Town rezoned the area along Sawyer Road and the west side of Gorham Road to a new residential zone that will allow village-style residential development in an area that is close to the Oak Hill center, the School Campus, and the Town Hall. Lastly, the Town also updated the zoning in the Eight Corners area to promote small-scale commercial and residential development. The development at these two busy crossroads will compliment the retail and commercial growth that is occurring along Payne Road, Spring Street and Gallery Boulevard.

Major Initiatives

For the year. During fiscal year 2009, there was a range of commercial, residential and institutional construction projects that occurred. The Scarborough Gallery project continued to build out with the completion and grand opening of the Super Wal-Mart Store as well as two new restaurant establishments, Kentucky Fried Chicken and Taco Bell. These two businesses join the Lowe's Home Improvement store and the Texas Roadhouse restaurant to add more draw and activity on Gallery Boulevard. Nearby, the construction of the Sebago Brewing Co. restaurant took place, which opened for business at the corner of Payne Road and Southborough Drive. At the Scarborough Gateway Shoppes, the new Famous Dave's restaurant opened and finish work on other retail buildings is occurring as additional tenants lease space. In Oak Hill and along Route One, an addition to the Maine Medical Center research building occurred, a new office building in Oak Hill Plaza was constructed, a new building for OrthoEast in the Enterprise Business Park went up, and a building in Dunstan was renovated to house the new Hobbs Funeral Home.

In addition to these commercial projects, a range of residential development occurred, including new dwellings in Dunstan Crossing, Eastern Village, and the Bittersweet Banks subdivision. Lastly, the Morrison Development Center finished construction of a new school facility at the corner of Highland Avenue and Chamberlain Road.

The Town completed the Black Point Community Park and in the summer of 2010, we will have the grand opening. This park was under construction in 2009. It consists of an open space area, a fifty-car gravel parking lot, a small storage building, and a community garden and irrigation system for the community garden. The landscaping around the Black Point Community Park is finished and this will help to provide proper buffering between the park and neighbors.

The Eastern Trail is part of the East Coast Greenway Trail System. The 1.5 miles of construction and design work from Pine Point Road to Old Orchard Beach was completed and the trail is open for all to enjoy. This trail corridor allows for off-road and on-road trail connections through some of Scarborough's most beautiful marshes and pristine open space areas.

The Fire Department received an award from the Greater Portland Council of Governments called their ReCOGNition award for Scarborough's collaboration with seven other greater Portland fire departments to form the Metro Fire Chief's Coalition. Over the past few years, the coalition tackled a variety of issues and found opportunities for collaboration including the awarding of two significant grants. The first project, spearheaded by the City of Portland on behalf of our coalition, was for a sophisticated driver-training simulator. The Town of Scarborough spearheaded the second project which involves the purchase of a sprinkler and fire alarm system's trailer that will be used to travel from department to department to provide hands-on firefighter training and public education. This grant totaled \$310,257.

From a safety perspective, the fire, police, public works and community service's departments, participated in the Maine Municipal Association (MMA) *Leader's Program*. The risk management staff from our worker's compensation and liability insurance company came in to review our work practices, record keeping, and safety programs. MMA invited us into their Leader's Program after a careful review and evaluation. Now we are focusing on the Maine Bureau of Labor *SHAPE* award that involves a similar process and will potentially yield a discount on our insurance premiums.

The Town of Scarborough Emergency Management Agency (EMA) was also very active this past year as we completed work on three natural disasters that rose to the level of a Presidential declaration, and processed the reimbursement request for federal and state funding through FEMA and MEMA. We completed work on the Eastern Trail and the Higgins Beach Seawall projects due to the damage sustained during the Patriot's Day storm of 2007. This resulted in a total federal and state reimbursement of \$501,461. We received similar reimbursements of \$17,381 for a series of severe storms and flooding that occurred in July and August 2008. For the Ice storm of 2008, we received a total of \$527,851, which also included the costs of the extensive debris removal project this past spring.

Finally, the EMA office was successful in obtaining a new grant called the *Emergency Management Performance Grant*. This program reimburses the town for up to 50% of the cost of qualified EMA expenses that we incur throughout the year. Through fiscal 2009, we received \$21,325 for this program.

The Public Works Department completed work on drainage and reconstruction for Green Acres Project (Phase II). This project was a follow-up to Phase I which was finished in 2006. Another major initiative for fiscal year 2009 was the Higgins Beach Sea Wall Reconstruction. We financed this project with funds from FEMA and the Town.

The second full year of the automated curbside recycling and trash collection system program was very successful with a recycling rate of 33%. We diverted approximately 2,649 tons of material from the waste stream for a savings to the town of \$233,135.

The Police Department's major initiative for this fiscal year was providing the highest level of service to our community by continuing to look at new technologies and practices to assist us in serving an ever-increasing population and business community. Although this growth has put a strain on our abilities to provide pro-active solutions, our patrol officers and detectives work diligently to address the issues created by increased calls for service, higher volumes of traffic and an increased number of neighborhoods and businesses.

The Scarborough Communications Center continues to operate as the State designated Public Safety Answering Point (PSAP) for Buxton, Hollis, and Old Orchard Beach. We have continued our involvement in the Federal, State, and Local drug task force (HIDTA). We have also continued to participate in the Southern Maine Violent Crimes Task Force (SMVCTF), a highly successful cooperative effort between federal, state, and local law enforcement. The Scarborough Police Department has also worked with the City of South Portland and the Town of Cape Elizabeth on a collaborative effort to create a regional SWAT team. Our team has worked and trained with those from the other two communities for some time now. Through the collective efforts of all three communities, we have worked on establishing an agreement that would formalize our mutual aid by creating a unified regional team consisting of members from each of the three communities.

For the future. In addition to the development and rezoning that occurred in 2009, there were also new applications and approvals that will lead to growth and redevelopment in 2010 and beyond. Along the Haigis Parkway, the Town approved the Haigis Parkway Professional Center subdivision that will offer twelve new lots for commercial development. In Oak Hill, the Town reviewed and approved a new Walgreen's Pharmacy that will anchor Oak Hill Plaza. Also in Oak Hill, Maine Health was approved to redevelop the currently vacant Orion Center into a multi-tenant medical campus that will include NorDx Laboratories. In addition, new residential development was reviewed, including the Timbersands ten-lot subdivision and a three-lot subdivision off Ward Street. Lastly, a self-storage facility was approved and slated for construction near Running Hill Road.

The construction and design work for the Eastern Trail from Pine Point Road to Old Orchard Beach is extending to the future connection of the bridge over the Nonesuch River which will allow our residents a chance to go north to South Portland Bug Light (lighthouse) and south to the Saco line very soon.

The Commercial Fishing Pier Project has been a long process, and we are in the final stages of permitting and construction documents. Bid documents should go out late in the fall of 2009 and construction should take place sometime in the winter of 2010 with a completion date of late summer 2011.

Currently, a WebGIS program is in the development stage for use by town employees to support their daily work. In the upcoming year, we hope to make this valuable resource available to the public through Town of Scarborough's website.

Public Works plans to focus on the infrastructure repair and replacement for the Old Millbrook neighborhood. A drainage study and improvement project will be conducted to study and correct drainage problems in this 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. These funds allowed us to acquire the Meserve Farm (\$1,197,400), in partnership with the Scarborough Land Trust, purchase of land at 77 Broadturn Road from the Maine Turnpike Authority (\$100,000) and purchase of property from Cora Gervais (\$202,600). This last property was donated to the State of Maine and will become part of the Rachel Carson wildlife refuge. The Meserve Farm continues as a working farm with an agricultural easement.

The voters also approved an additional \$2.5 million for open space preservation in 2003, of which \$47,400 went toward the purchase of the Cora Gervais property.

Long Term Financial Planning. Scarborough utilizes a five year Capital Improvement Plan. The plan encompasses equipment replacement most of which is on a scheduled replacement program; building, land and infrastructure improvements; and land acquisition for capital purposes; to preserve open space and existing farmland. Annually, this plan is updated.

The Town of Scarborough is one of twenty-one (21) communities that own and operate a waste to energy facility incorporated as **ecomaine**. Recently, the Board of Directors executed a new electric sales contract and fully implemented a new single stream recycling process in a state of the art processing facility without issuing any additional debt. Additionally, the Board initiated a strategic planning program to help prepare for future challenges and to develop strategies to cope with a decreasing waste stream. Ecomaine also has seven associate municipal members as wells as ten contract members.

Public Works long term planning includes continuing with drainage projects to maintain the health of our roadway systems. In order to reduce maintenance and repair costs, we are maintaining and updating our 'Vehicle Replacement Schedule' as a way to increase the residual value as well as a way to justify the vehicle maintenance program.

Looking at the future, the Police Department is faced with two major challenges. The first of our challenges is with respect to staffing. A multi-year staffing plan would allow us to begin to introduce a fourth patrol area. This area would encompass the Payne Road corridor to include the Eight Corners area, Gallery Boulevard, Green Acres, and Haigis Parkway. This area has seen tremendous growth over the past few years and is projected to see significant additional growth in the next few years. This area is quickly becoming one of the busiest areas of our community and needs the attention of its own patrol.

The second major challenge for the department is with respect to the current public safety facility. For the past several years, we are seeing the need for an updated facility that includes the police, dispatch, fire and rescue services and will encompass the new technologies that have evolved since 1987 when the police facility was first added. A public safety building committee was formed comprised of members of the fire and police departments as well as town councilors, planning department staff and citizens at large. The work of the building committee is to create the specifications, identify the common areas and resources that we could share to reduce costs and to identify potential sites for a new facility. Although we clearly recognize that the current state of the economy will not support a referendum for a new facility, the need is very real and very significant. In the long term, our goal will be to continue to work toward the completion of this very necessary project.

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 Town of Scarborough added an average of more than \$76 million each year in new valuation in the past three years. For the 2009 tax year, the valuation was \$3,487,005,500 compared to the 2004 valuation of \$2,002,987,200.

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

<u>As of June 30, 20xx</u>	<u>As of June 30, 2009</u>
\$311,646 in 2005	\$1,601
\$297,237 in 2006	\$10,174
\$287,295 in 2007	\$24,131
\$398,204 in 2008	\$114,947
\$506,883 in 2009.	

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 1.22%. Total investment income during the year for all funds amounted to \$283,906 compared to \$686,432 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, was created to address 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 Macdonald Page & Co LLC was engaged to perform the annual audit for the Scarborough Town Council for the fiscal year 2009. This audit is designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The independent auditor's report is presented as the first component of the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Scarborough for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the fourth-consecutive year that the Town of Scarborough has submitted and achieved this prestigious award. In order to receive the Certificate of Achievement award, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The Fire Department received an award from the Greater Portland Council of Governments called their ReCOGNition award for our collaboration with seven other greater Portland departments to form the Metro Fire Chief's Coalition.

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

Respectfully Submitted,

Ruth D. Porter
Finance Director

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Scarborough
Maine

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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

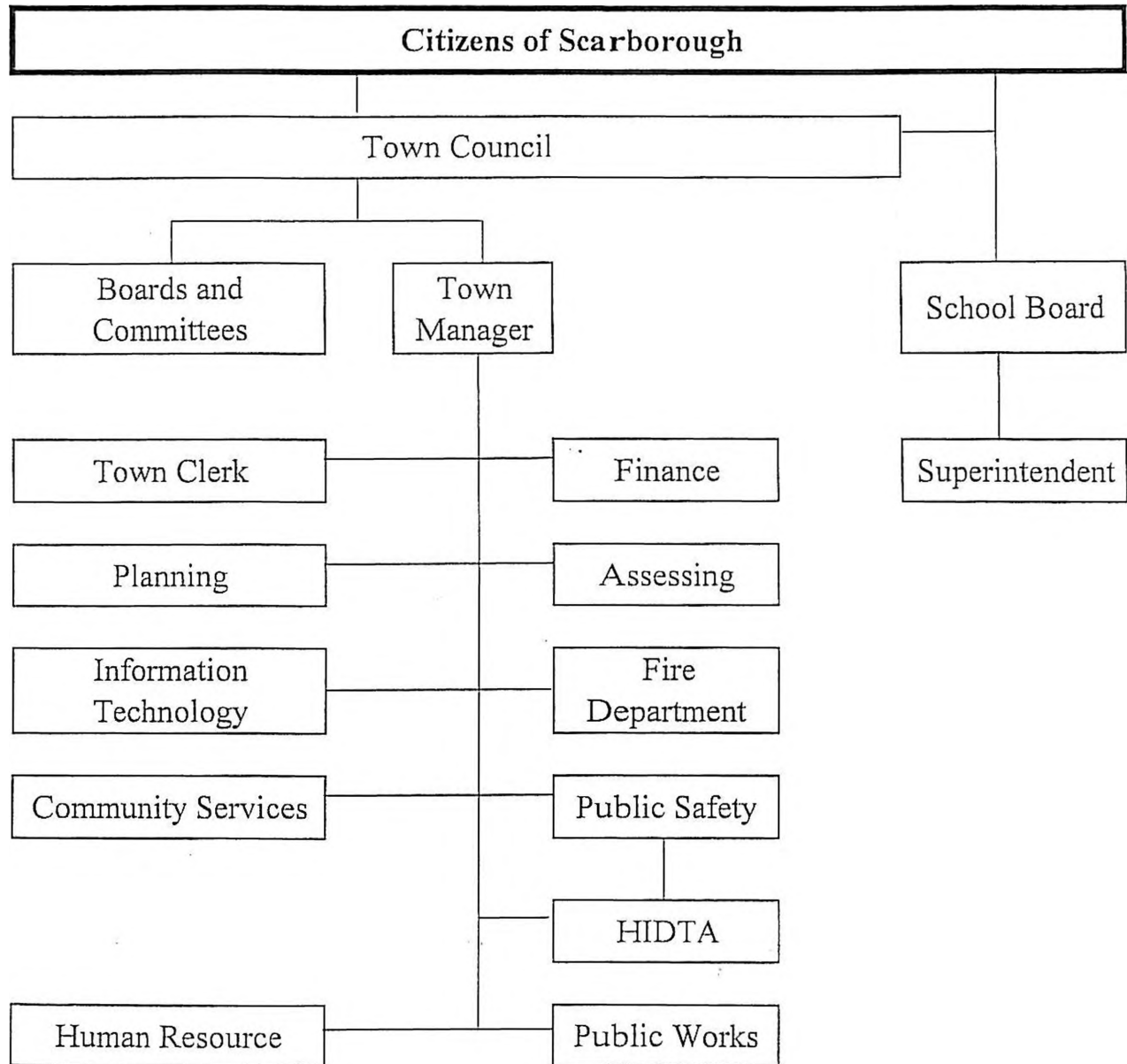


President

Executive Director

Town of Scarborough, Maine

Organizational Chart



TOWN OF SCARBOROUGH

Principal Executive Officers

As of June 30, 2009

Elected Town Council

Michael J. Wood, Chairman

Ronald D. Ahlquist

Judith L. Roy

Karen D'Andrea

Carol S. Rancourt

Richard J. Sullivan, Jr.

Shawn A. Babine

Appointed Municipal Staff

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

Financial Section



Independent Auditors' Report

Town Council
Town of Scarborough, Maine

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Scarborough, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of June 30, 2009, 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 28, 2009 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 and Schedule of Funding Progress, as listed in the table of contents, are 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.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Scarborough, Maine, as of and for the year ended June 30, 2008 (none of which is presented herein), and we expressed an unqualified opinion on those financial statements. In our opinion, the combining statements for the General Fund Balance Sheet, Exhibit A-1, and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance, Exhibit A-2, as of and for the year ended June 30, 2008 are fairly stated in all material respects, in relation to the basic financial statements from which it has been derived.

Mardonnah Page & Co LLC

South Portland, Maine
December 28, 2009



MD&A

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis
June 30, 2009

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, 2009. 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 2009 fiscal year by \$48,552 (net assets).
- The Town's total net assets increased \$2,620, from \$45,932 to \$48,552.
- As of June 30, 2009, the Town's governmental funds reported combined fund balances of \$17,989, a decrease of \$3,523 compared with the prior year. Of the approximately \$14,297 reported as unreserved fund balance, \$5,039 are special revenue funds authorized for specific projects and \$1,084 are for major capital construction projects. The remaining amount of \$8,174 is available for the discrete purposes for which these funds are collected.
- As of June 30, 2009, unreserved undesignated fund balance for the general fund was \$6,356 or 9.27% of the total general fund expenditures of \$68,532. The Town of Scarborough's Fund Balance policy calls for 8.33% of the total operating budget or \$5,709.
- Total debt decreased by \$1,543 from the prior year. Total debt retired was \$6,103. Total debt issued was \$4,560 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., earned but unused sick leave and uncollected taxes).

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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

The government-wide financial statements include not only the Town of Scarborough (known as the *primary government*), but also the legally separate public library and Scarborough Economic Development Corporation for which the Town of Scarborough is financially accountable. Financial information for these component units are reported separately from the financial information presented for the Town of Scarborough itself. The government-wide financial statements can be found on pages 35-36 of this report.

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

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

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

The Town of Scarborough maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Performance Bonds, Haigis Parkway and the General Town Improvements all of which are considered major funds. Data from the remaining 20 funds (Special Revenue, Capital Projects, and Permanent) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in Exhibit C-1 through Exhibit E-2.

The basic governmental funds financial statements can be found on pages 37-38 of this report.

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

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

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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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

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

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

The permanent fund financial statements can be found on pages 93-94 of this report.

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

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

The basic fiduciary fund financial statements can be found on pages 97-99 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-64.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Town of Scarborough, assets exceeded liabilities by \$48,552 as of June 30, 2009.

By far the largest portion of the Town of Scarborough's net assets (86.14%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town of Scarborough uses these capital assets to provide services to our citizens; consequently, these assets are *not* available for future spending. Although the Town of Scarborough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Town of Scarborough's Net Assets

Governmental Activities

	<u>2009</u>	<u>2008</u>
Assets:		
Current and other assets	\$ 22,343	\$ 26,153
Long term assets	2,894	3,112
Capital Assets not depreciated	8,219	9,663
Capital assets	<u>94,530</u>	<u>88,142</u>
Total Assets	127,986	127,070
Liabilities:		
Long term liabilities outstanding	65,919	66,647
Other liabilities	<u>13,514</u>	<u>14,481</u>
Total Liabilities	79,433	81,128
Net assets:		
Invested in capital assets, net of related debt	41,821	35,652
Restricted	1,289	5,111
Unrestricted	<u>5,442</u>	<u>5,179</u>
Total Net Assets	\$ 48,552	\$ 45,942

2.66% 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 \$5,442, 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 \$3,822 in restricted net assets due to the completion of various paving and other capital projects.

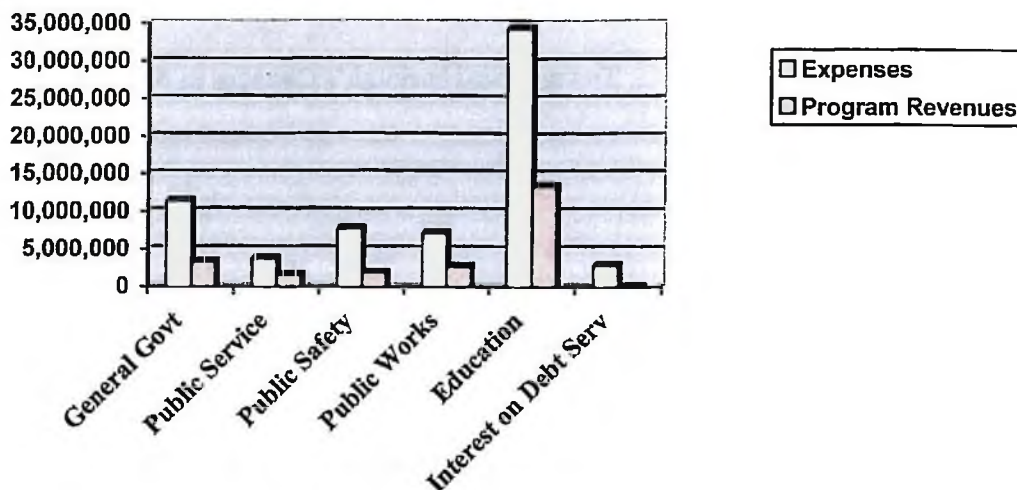
TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

GOVERNMENTAL ACTIVITIES. All of the increase pertaining to the Town of Scarborough's net assets, of \$2,620, is due to the governmental activities of the Town. Key components of this increase are shown below:

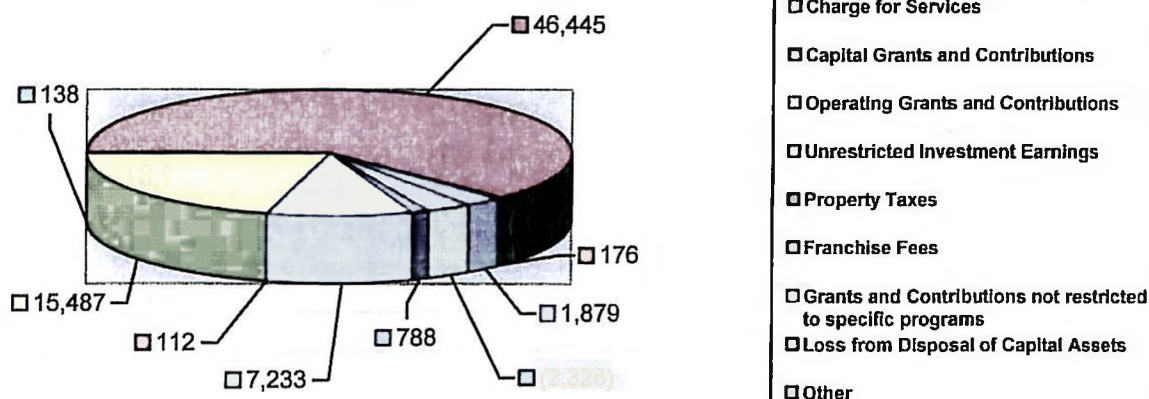
Town of Scarborough's Changes in Net Assets

	<u>2009</u>	<u>2008</u>
Revenues:		
Program Revenues:		
Charge for services	\$ 7,233	\$ 8,095
Operating grants and contributions	15,487	12,375
Capital grants and contributions	112	113
General Revenues:		
Property and excise taxes, levied for general purposes	46,445	44,519
Franchise Tax	176	172
Grants and contributions not restricted to specific programs	1,879	1,795
Loss from disposal of capital assets	(2,328)	-
Unrestricted investment earnings	138	344
Other	788	2,039
Total revenues	69,930	69,452
Expenses:		
General government	11,408	12,740
Public Services	3,742	3,133
Public Safety	7,813	7,425
Public Works	7,156	7,494
Education	34,364	32,951
Interest on Debt Service	2,827	2,737
Total expenses	67,310	66,480
Increase in net assets	2,620	2,972
Net assets beginning, restated	45,932	42,970
Net assets ending	\$ 48,552	\$ 45,942

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.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

At June 30, 2009, the Town of Scarborough's governmental funds reported combined ending fund balances of \$17,989, a decrease of \$3,523 in comparison with the prior year's fund balances. This decrease is primarily the result of the completion of various capital project programs.

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>2009</u>	<u>2008</u>
General Fund	\$ 8,804	\$ 8,974
Haigis Parkway	1,399	2,328
General Town Improvements	998	3,574
Other Governmental Funds	6,788	6,636
Total	\$ 17,989	\$ 21,512

As noted earlier, governmental funds reported combined fund balances of \$17,989, a decrease of \$3,523 compared with the prior year restated fund balances of \$21,512. Of the \$14,297 reported as unreserved fund balance, \$5,039 are special revenue funds authorized for specific projects and \$1,084 are for major capital construction projects. The remaining amount of \$8,174 is available for general fund designated and undesignated purposes for which these funds are collected.

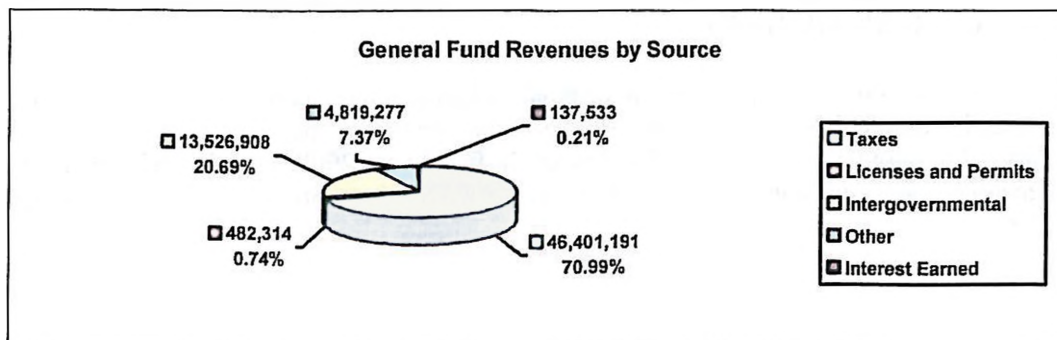
The remaining \$3,692 of fund balance is reserved to indicate that it is not available for new spending because it has already been committed towards the following:

\$ 630 Deficit Fund Balances in the Special Revenue and Capital Projects Fund
205 Perpetual Care of Municipal Cemeteries
15 Special Revenue Fund Encumbrances
2,824 Haigis Parkway non-current notes receivables
18 Food Service inventory
\$3,692 Total Governmental Fund Reserved Fund Balance

General Fund Highlights

The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2009, unreserved fund balance in the General Fund was \$8,174 compared to total fund balance of \$8,804. 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 11.93% of total general fund expenditures, while total fund balance represents 12.85% of the same amount. Thus, the year-end fund balance complies with the Town's policy of maintaining a minimum fund balance of 8.33% of the total operating budget for the General Fund.

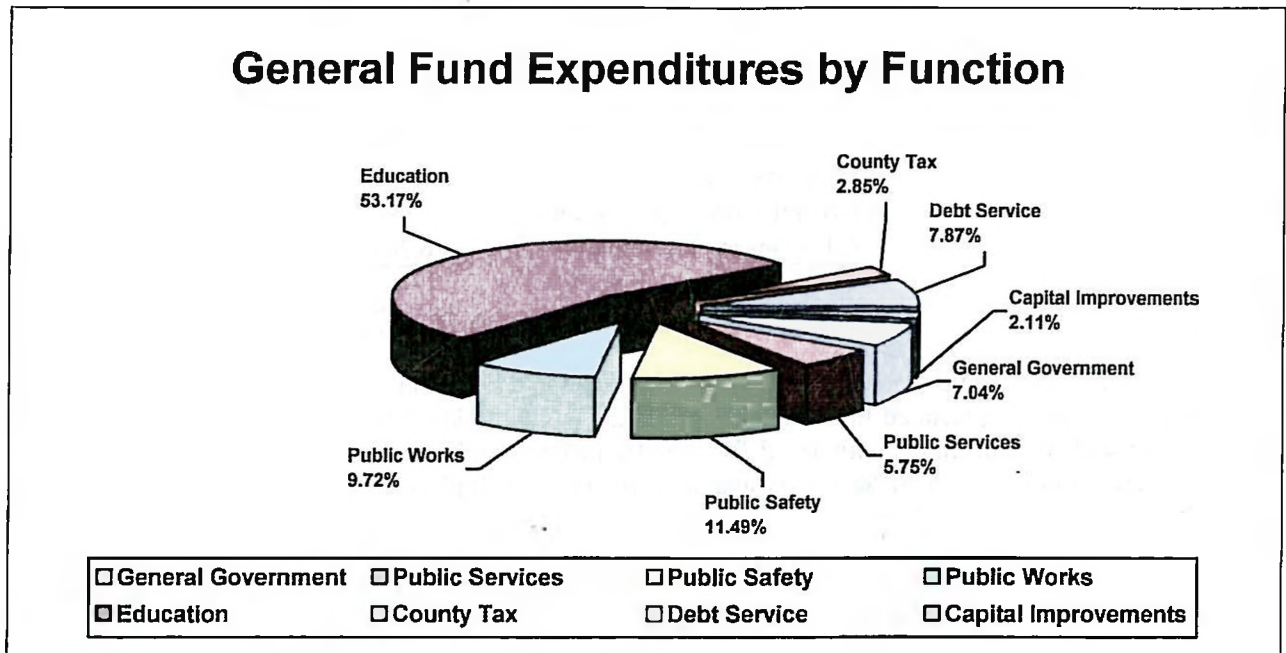
Current fiscal year revenues by source for the General Fund are as follows:



TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Property Tax revenues increased \$2,109 from 2008 to 2009 compared to the 2007 to 2008 increase of \$2,016. A comparison of the actual revenues to estimated revenues can be found on page 40 of the financial statements.

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



Total general fund expenditures increased \$1,082 or 1.71%. Some of the key factors in this increase are:

- Public Safety increased 5.91% due to the full year exposure of the increase in public safety personnel.
- Public Services increased 19.40% due to two credit enhancement agreements implemented in 2009 compared to only one in 2008.
- County Tax increased 5.83% to help offset the costs of Cumberland County.
- Capital Improvements decreased 49.04% mostly due to the reduction in appropriations and resulting expenditures from 2008 to 2009.

Capital Projects Fund Highlights

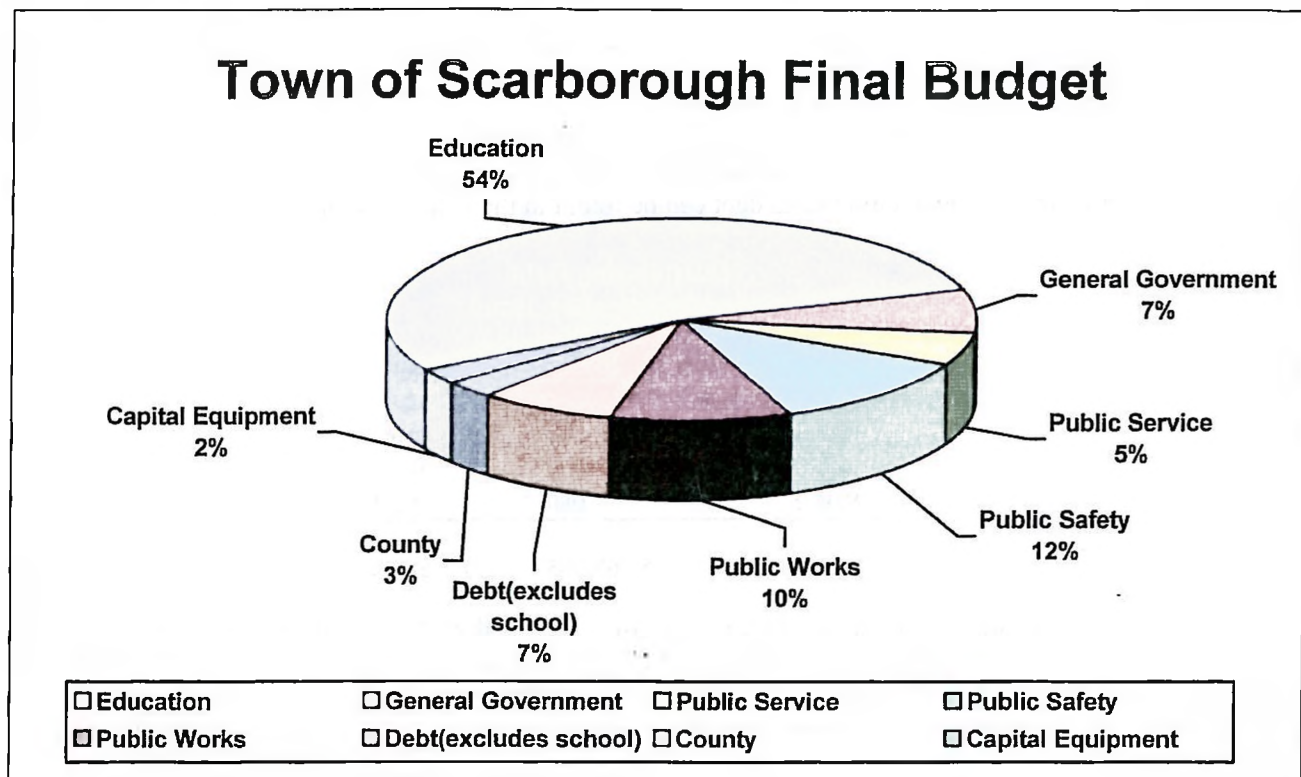
During this fiscal year, the Town of Scarborough's fund balances for Capital Projects decreased from \$4,912 in 2008 to \$1,084 in 2009. Expenditures increased from \$5,446 in 2008 to \$7,936 in 2009 mostly due to various drainage and road construction projects especially at Hillside Ave and Green Acres.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget for the Town's General Fund represents the original budget and any previously appropriated funds set aside for honoring legally incurred obligations (prior year encumbrances and commitments) plus any supplementary appropriations that may occur during the fiscal year. In fiscal year 2009, a total of \$1,818 has been set aside for prior year encumbrances and commitments. The original operating budget and the final amended budget amounted to \$65,898.

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, 2009, amounts to \$103,749 (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 5.05%. This increase is due to the previously mentioned road and drainage improvement in several areas of the Town.

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

Governmental Activities

	2009	2008
Land	\$ 4,712	\$ 4,876
Buildings	56,104	56,424
Vehicles	5,655	5,540
Equipment & Furniture	1,977	2,113
Infrastructure	30,794	24,065
Construction in Progress	3,507	4,787
Total	\$ 102,749	\$ 97,805

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

The Town's infrastructure assets are recorded at historical or estimated historical costs in the government-wide financial statements as required by GASB Statement No. 34.

Additional information on the Town of Scarborough's capital assets can be found in Notes to the Basic Financial Statements on page 51 of this report.

Long-term Debt. As of June 30, 2009, the Town had long-term bonds outstanding of \$67,785 compared to \$69,328 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 53-55 of this report.

Outstanding Debt		
General Obligation Bonds		
	<u>2009</u>	<u>2008</u>
Municipal	\$ 23,075	\$ 21,812
Education	35,630	38,006
Sewer	9,080	9,510
Total Debt	\$ 67,785	\$ 69,328

Moody's Investors Service has affirmed a bond rating of "Aa3" and an "AA" (Stable) rating was assigned from Standard and Poor's (S&P) to the Town of Scarborough, Maine's debt. Moody's prior assignment of "A1", was first assigned in 1975, and was upgraded in 2002 to an assignment of "Aa3". S&P's "AA- (Stable)" was an "initial" rating for the Town of Scarborough in 2003. As of June 30, 2009, the Town's rating from both rating agencies remains 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 Capital.

In adopting the budget for the ensuing fiscal year, the Town of Scarborough's officials considered many factors in making judgments and estimates about the finances of the upcoming year. A primary objective is to continue to provide level services to the citizens in the Town of Scarborough while avoiding a tax increase for 2010. Department Administrators, recognizing the change in the current economy, did not include any new personnel in the 2010 budget. Additionally, all municipal staff agreed to forego any cost of living adjustment (COLA) with the exception of the paramedic bargaining unit. This bargaining unit agreed to a 3% COLA effective June 30, 2010.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

The overall objective of these two considerations was to ensure that staffing remain at current levels and to avoid lay-offs.

Included in the 2009 Municipal Capital Improvement budget was \$13,800 for the renovation for the public safety building. This would have required voter approval before the Town could proceed with the project. As a result of the slumping economy, the Town decided to hold off on this project.

The Town of Scarborough, in cooperation with its school department, has worked to develop a five-year capital budget plan to manage and plan for the long term capital needs of our community. Additionally, the Town also works collaboratively, not only within the Town's departments, but also with several neighboring communities and agencies to improve mutual operations and efficiencies and to reduce expenses where possible. For example, the Public Works department shares two employees with a neighboring community. One position works on GIS related concerns and the other is a recycling coordinator. Additionally, the Public Safety department is the regional 911-communication center or public safety answering point (PSAP) for Scarborough and three other surrounding communities.

Below is a comparison of the 2009 budget with the 2010 budget.

	<u>2009</u>	<u>2010</u>
Administration	\$ 1,753,940	\$ 1,794,295
Finance Department	1,212,713	1,203,386
Information Systems	538,791	748,460
Planning Department	852,640	852,511
Community Services	2,070,645	2,108,666
Library	760,556	797,761
Economic Development	239,162	239,162
General Assistance/Affordable Hsg	24,270	29,974
Fire/Rescue/EMA Department	3,156,525	3,308,416
Public Safety Department	4,406,970	4,531,886
Public Works Department	6,501,204	6,539,503
Debt Service	4,935,548	4,750,145
Capital Equipment	947,360	1,055,426
Total Municipal Operating	27,400,324	27,959,591
Education	35,145,994	35,199,614
County Tax	1,836,509	1,885,984
Total Operating Budget	36,982,503	37,085,598
School Special Revenues	700,757	-
School Food Services	1,449,644	1,470,184
350 th Celebration/Wellness Initiative	40,000	-
Capital Improvement-Municipal	17,726,800	4,766,845
Capital Improvement-School	1,225,100	1,489,110
TIFs and Overlay	1,026,361	1,053,222
Total Budget	\$ 86,551,489	\$ 73,824,550

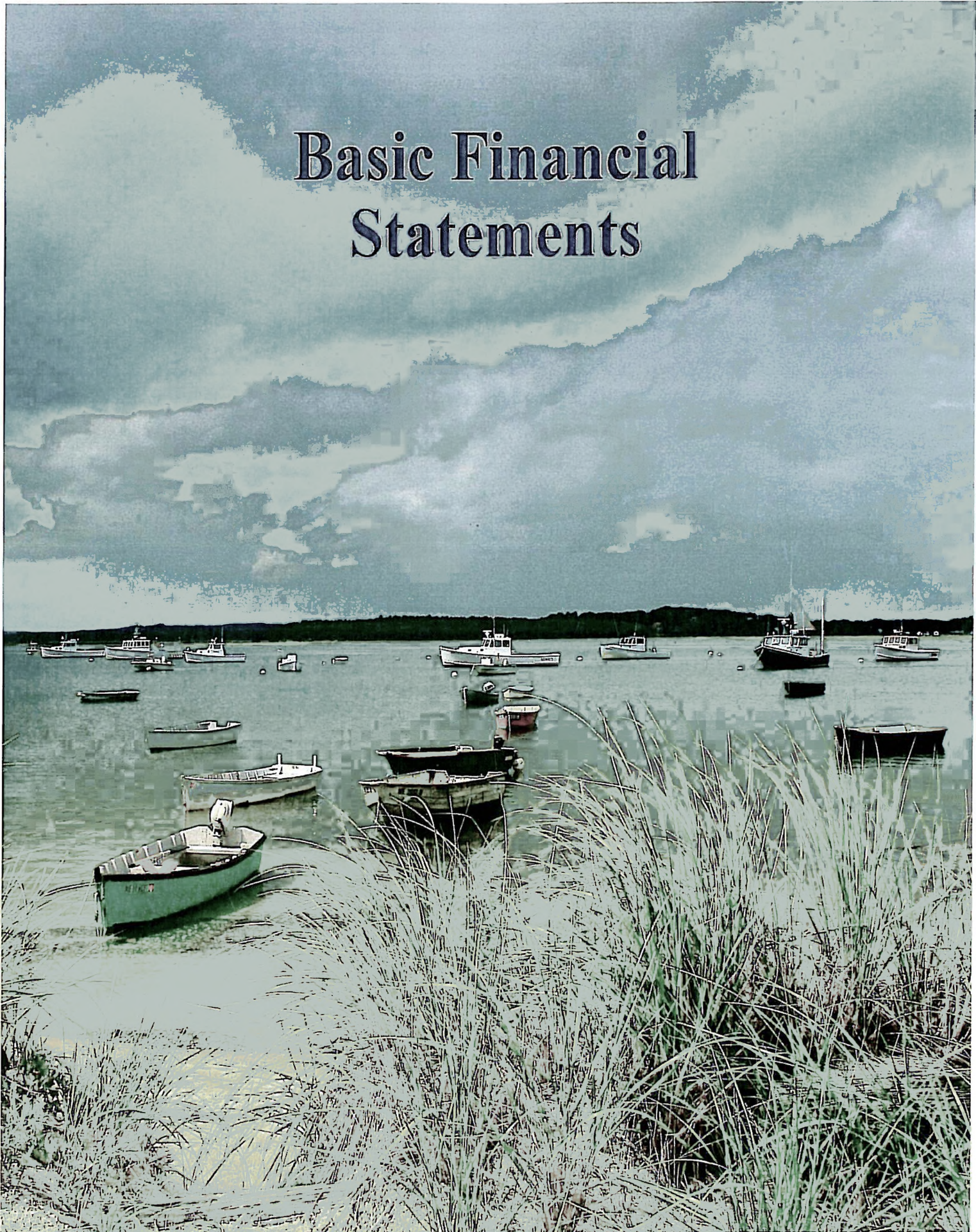
TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Additionally, the Town of Scarborough recognizes the importance of maintaining an appropriate level of undesignated fund balance. As stated earlier, the Town Council has adopted a fund balance policy. Once the fund balance level of 8.33% is achieved, the intent is to dedicate any excess balances towards major capital improvements and purchases.

REQUEST FOR INFORMATION

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

Basic Financial Statements



TOWN OF SCARBOROUGH, MAINE
Statement of Net Assets
June 30, 2009

	Primary Government	Component Units	
	Governmental	Public	Economic
	Activities	Library	Development
ASSETS			
Cash and cash equivalents	\$ 6,194,525	66,276	29,651
Investments	14,423,491	422,409	-
Receivables:			
Accounts	618,604	-	472
Intergovernmental	384,638	-	-
Taxes receivable	136,958	-	-
Tax liens	559,400	-	-
Tax acquired property	7,231	-	-
Inventory	17,481	1,195	-
Prepaid items	-	6,450	-
Notes receivable	2,894,196	-	-
Capital assets, not being depreciated	8,219,317	-	-
Capital assets, net	94,529,930	820,615	4,941
Total assets	127,985,770	1,316,945	35,064
LIABILITIES			
Accounts payable and other current liabilities	3,139,896	19,174	595
Accrued payroll and other related liabilities	3,459,260	36,871	11,311
Taxes collected in advance	69,250	-	-
Accrued interest	439,820	-	-
Noncurrent liabilities:			
Due within one year	6,405,677	-	-
Due in more than one year	65,919,443	-	31,533
Total liabilities	79,433,345	56,045	43,439
NET ASSETS			
Invested in capital assets, net of related debt	41,821,008	820,615	4,941
Restricted for:			
Nonexpendable trust principal	121,528	486,643	-
Expendable trust - income portion	83,664	-	-
Capital projects	1,084,303	-	-
Unrestricted (Deficit)	5,441,922	(46,358)	(13,316)
Total net assets (Deficit)	\$ 48,552,425	1,260,900	(8,375)

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Activities
For the year ended June 30, 2009

For the year ended June 30, 2005					Net (expense) revenue and changes in net assets		
Functions/programs	Expenses	Program revenues			Primary government	Component unit	Component unit
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Public Library	Economic Development
Primary government:							
Governmental activities							
General government	\$ 11,408,399	1,177,707	2,023,081	112,090	(8,095,521)	-	-
Public services	3,742,174	1,584,529	8,264	-	(2,149,381)	-	-
Public safety	7,812,611	1,760,683	135,960	-	(5,915,968)	-	-
Public works	7,156,188	1,515,042	1,169,331	-	(4,471,815)	-	-
Education	34,363,377	1,195,167	12,149,991	-	(21,018,219)	-	-
Interest on debt service	2,826,821	-	-	-	(2,826,821)	-	-
Total governmental activities	67,309,570	7,233,128	15,486,627	112,090	(44,477,725)	-	-
Total primary government	\$ 67,309,570	7,233,128	15,486,627	112,090	(44,477,725)	-	-
Component unit:							
Scarborough Public Library	\$ 885,569	-	854,168	-	-	(31,401)	-
Scarborough Economic Develop.	256,297	-	233,061	-	-	-	(23,236)
General revenues:							
Property taxes, levied for general purposes				\$ 42,147,691	-	-	-
Excise taxes				4,126,817	-	-	-
Payments in lieu of taxes				71,450	-	-	-
Interest and costs on taxes				99,053	-	-	-
Franchise Tax				175,981	-	-	-
Grants and contributions not restricted to specific programs:							
Homestead exemption and business equipment exemption				363,219	-	-	-
Other State aid				156,440	-	-	-
State Revenue Sharing				1,358,911	-	-	-
Unrestricted investment earnings				137,533	-	-	-
Loss from disposal of capital assets				(2,327,663)	-	-	-
Other				788,395	-	-	-
Total general revenues				47,097,827	-	-	-
Change in net assets					2,620,102	(31,401)	(23,236)
Net assets - beginning, restated					45,932,323	1,292,301	14,861
Net assets - ending (Deficit)					\$ 48,552,425	1,260,900	(8,375)

See accompanying notes to financial statements.

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Balance Sheet
Governmental Funds
June 30, 2009

	General	Performance Bonds	General Town Improvements	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,691,357	22,504	1,035,199	-	445,465	6,194,525
Investments	4,803,188	1,162,371	758,166	-	7,699,766	14,423,491
Receivables:						
Accounts	617,828	-	-	-	-	617,828
Intergovernmental	-	-	-	-	384,638	384,638
Taxes receivable	136,958	-	-	-	-	136,958
Tax liens	559,400	-	-	-	-	559,400
Interfund loans receivable	3,152,886	-	-	-	23,948	3,176,834
Tax acquired property	7,231	-	-	-	-	7,231
Inventory	-	-	-	-	17,481	17,481
Notes receivable	-	-	-	2,894,196	-	2,894,196
Total assets	\$ 13,968,848	1,184,875	1,793,365	2,894,196	8,571,298	28,412,582
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	1,057,383	-	446,593	-	451,044	1,955,020
Accrued payroll and other related liabilities	3,459,260	-	-	-	-	3,459,260
Accrued compensated absences	22,425	-	-	-	-	22,425
Interfund loans payable	-	-	349,171	1,494,935	1,331,953	3,176,059
Taxes collected in advance	69,250	-	-	-	-	69,250
Deferred tax revenue	556,721	-	-	-	-	556,721
Performance bond deposits	-	1,184,875	-	-	-	1,184,875
Total liabilities	5,165,039	1,184,875	795,765	1,494,935	1,782,997	10,423,610
Fund balances:						
Reserved	629,962	-	-	2,823,793	237,992	3,691,747
Unreserved, reported in:						
General fund - undesignated	6,355,529	-	-	-	-	6,355,529
General fund - designated	1,818,318	-	-	-	-	1,818,318
Special revenue funds (deficit)	-	-	-	(1,424,532)	6,463,607	5,039,075
Capital projects funds	-	-	997,601	-	86,702	1,084,303
Permanent funds	-	-	-	-	-	-
Total fund balances	8,803,809	-	997,601	1,399,261	6,788,301	17,988,972
Total liabilities and fund balance	\$ 13,968,848	1,184,875	1,793,365	2,894,196	8,571,298	

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.	102,749,247
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	556,721
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	(67,785,000)
Capital leases	(2,223,239)
Accrued interest	(439,820)
Landfill liability	(437,484)
Other postemployment benefits liability	(274,639)
Accrued compensated absences	(1,582,333)

Net assets of governmental activities	\$ 48,552,425
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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, 2009

	General	Performance Bonds	General Town Improvements	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 46,401,191	-	-	-	-	46,401,191
Licenses and permits	482,314	-	-	-	-	482,314
Intergovernmental	13,526,908	-	32,271	-	3,798,113	17,357,292
Interest earned	137,533	-	32,595	53,816	99,757	323,701
Donations	-	-	-	-	86,709	86,709
Sale of lots	-	-	-	-	9,484	9,484
Assessments and impact fees	-	-	-	-	415,625	415,625
Other	4,819,277	-	-	-	2,213,391	7,032,668
Total revenues	65,367,223	-	64,866	53,816	6,623,079	72,108,984
Expenditures:						
Current:						
General government	4,533,475	-	-	-	-	4,533,475
Public services	3,703,541	-	-	-	-	3,703,541
Public safety	7,399,328	-	-	-	-	7,399,328
Public works	6,259,412	-	-	-	-	6,259,412
Education	37,551,686	-	-	-	-	37,551,686
County tax	1,836,509	-	-	-	-	1,836,509
Debt service	5,070,061	-	-	-	-	5,070,061
Capital improvements	2,177,893	-	6,590,188	-	2,474,877	11,242,958
Other	-	-	-	18,539	3,396,469	3,415,008
Total expenditures	68,531,905	-	6,590,188	18,539	5,871,346	81,011,978
Revenues over (under) expenditures	(3,164,682)	-	(6,525,322)	35,277	751,733	(8,902,994)
Other financing sources (uses):						
Transfers in	2,570,284	-	81,565	45,159	755,537	3,452,545
Transfers out	(395,967)	-	(169,738)	(1,009,279)	(1,877,561)	(3,452,545)
Proceeds from capital leases	819,682	-	-	-	-	819,682
General obligation bonds	-	-	4,037,440	-	522,560	4,560,000
Total other financing sources (uses)	2,993,999	-	3,949,268	(964,120)	(599,464)	5,379,683
Net change in fund balances	(170,683)	-	(2,576,054)	(928,843)	152,269	(3,523,311)
Fund balances, beginning of year, restated	8,974,492	-	3,573,655	2,328,104	6,636,032	21,512,283
Fund balances, end of year	\$ 8,803,809	-	997,601	1,399,261	6,788,301	17,988,972

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, 2009

Net change in fund balances - total governmental funds (from Statement 4)	\$	(3,523,311)
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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	\$ 10,195,992	
Depreciation expense	(2,924,471)	
Loss from disposals	(2,327,663)	4,943,858

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

148,351

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest		(5,805)
Landfill		4,050
Compensated absences		(17,195)
Other postemployment benefits liability		(274,639)

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.

(198,207)

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 (\$6,103,000) exceeded proceeds (\$4,560,000)

1,543,000

Change in net assets of governmental activities (see Statement 2)	\$	2,620,102
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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, 2009

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 46,934,095	46,934,095	46,401,191	(532,904)
Licenses and permits	722,220	722,220	482,314	(239,906)
Intergovernmental	9,908,963	9,908,963	10,178,092	269,129
Interest earned	227,000	227,000	137,533	(89,467)
Unclassified	4,504,916	4,504,916	4,819,277	314,361
Total revenues	62,297,194	62,297,194	62,018,407	(278,787)
Expenditures:				
Current:				
General government	4,489,572	4,489,572	4,533,475	(43,903)
Public services	3,611,928	3,611,928	3,703,541	(91,613)
Public safety	7,699,581	7,699,581	7,399,328	300,253
Public works	6,563,951	6,563,951	6,259,412	304,539
Education	35,145,994	35,145,994	34,245,663	900,331
County tax	1,836,509	1,836,509	1,836,509	-
Debt service	4,935,548	4,935,548	5,070,061	(134,513)
Capital improvements	1,614,986	1,614,986	1,358,211	256,775
Total expenditures	65,898,069	65,898,069	64,406,200	1,491,869
Revenues over (under) expenditures	(3,600,875)	(3,600,875)	(2,387,793)	1,213,082
Other financing sources (uses):				
Transfers in	2,252,224	2,252,224	2,570,284	318,060
Transfers out	(377,443)	(377,443)	(395,967)	(18,524)
Utilization of surplus	1,799,837	1,799,837	-	(1,799,837)
Overlay	(73,743)	(73,743)	-	73,743
General obligation bonds	-	-	-	-
Total other financing sources (uses)	3,600,875	3,600,875	2,174,317	(1,426,558)
Net change in fund balances - budgetary basis	-	-	(213,476)	(213,476)
Reconciliation to GAAP basis:				
Change in current portion of accrued compensated absences			42,793	
Net change in fund balances - GAAP basis			(170,683)	
Fund balance, beginning of year, restated			8,974,492	
Fund balance, end of year	\$		8,803,809	

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Private-purpose Trust Funds (Scholarships)	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 256,447	220,042
Investments	-	-
Interfund loans receivable	2,525	-
Total assets	258,972	220,042
LIABILITIES		
Interfund loans payable	3,300	-
Accounts payable	-	-
Due to student groups	-	220,042
Total liabilities	3,300	220,042
NET ASSETS		
Held in trust	\$ 255,672	-

See accompanying notes to financial statements.

Statement 8

TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2009

	Private-purpose Trust Funds (Scholarships)
Additions:	
Donations	\$ 50
Interest and dividends	2,788
Total additions	2,838
Deductions:	
School scholarships	7,700
Total deductions	7,700
Change in net assets	(4,862)
Net assets, beginning of year	260,534
Net assets, end of year	\$ 255,672

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

Scarborough Economic Development Corporation (SEDCO) encourages and assists with the development of business in the Town of Scarborough. The Town appoints a majority of SEDCO's board and provides SEDCO a majority of its revenues. All of the financial activity of SEDCO has been reported using the discrete presentation method. The town provided \$239,162 to SEDCO for the year ended June 30, 2009.

Scarborough Public Library (the Library) promotes and maintains library facilities in and for the Town of Scarborough. The Town provides the Library a majority of its revenues and the Library provides services directly to the citizens of the Town. The Library has been included as part of these financial statements, using the discrete presentation method. The Town provided \$760,556 to the Library for the year ended June 30, 2009.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Town reports the following major governmental funds:

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

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

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

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

Additionally, the Town reports the following fund type:

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, and Equity

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

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

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

Interfund Transactions - Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as operating transfers.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

	Revenues and other <u>sources</u>	Expenditures and other <u>uses</u>
2008-2009 budget as adopted	\$65,329,188	\$65,329,188
Budgetary adjustments:		
Subsequent authorization	20,000	20,000
Prior year encumbrances and carryforwards	911,695	911,695
<u>Total adjusted budget</u>	<u>\$ 66,260,883</u>	<u>\$ 66,260,883</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

B. Excess of Expenditures over Appropriations

The over-expenditure of the General Government function was the result of the legal fees, employer insurance and employee benefits exceeding budget.

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

The Debt Service over-expenditure is the result of an unbudgeted change in the lease agreement payments from annual to monthly.

C. Deficit Fund Balance

At June 30, 2009, the following special revenue and capital projects funds had deficit fund balances:

The Recreational Development Fund (a special revenue fund) had a deficit of \$67,083. It is expected that the deficit will be adequately funded in future years through development and user fees.

The Boat Launch Fund (a special revenue fund) had a deficit of \$45,557. It is expected that this deficit will be adequately funded in future years through additional contributions and revenues.

The School Lunch Program (a special revenue fund) had a deficit of \$12,548. It is expected that this deficit will be adequately funded future years through revenues or from the general fund.

The Municipal Building Fund (a capital project fund) had a deficit of \$517,322. This deficit is expected to be adequately funded in future years with TIF revenues.

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a formal policy with respect to custodial credit risk. As of June 30, 2009, the Town reported deposits of \$6,414,567 with a bank balance of \$6,409,400. Of the Town's bank balances of \$6,409,400, none was exposed to custodial credit risk because it was covered by the F.D.I.C. or is secured by additional collateral pledged on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$6,194,525
Reported in fiduciary funds	220,042
<u>Total deposits</u>	<u>\$6,414,567</u>

At June 30, 2009, the Scarborough Public Library and Scarborough Economic Development's cash balances were \$66,276 and \$29,651 respectively, all of which was covered by F.D.I.C. insurance.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

DEPOSITS AND INVESTMENTS - CONTINUED

B. Investments

At June 30, 2009, the Town had the following investments and maturities:

	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Money markets and repurchase agreements	\$13,836,900	\$13,836,900	-	-
Mutual funds (1)	586,591		not applicable	
Total investments	\$14,423,491	\$13,836,900	-	-

(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	\$14,167,044
<u>Reported in fiduciary funds</u>	<u>256,447</u>
Total investments	\$14,423,491

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

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

Custodial Credit Risk-Town Investments: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a formal policy with respect to custodial credit risk. None of the Town's investments totaling \$14,423,491 were exposed to custodial credit risk. At June 30, 2009, the Scarborough Public Library's investment balance was \$422,409, none of which was exposed to custodial credit risk.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

PROPERTY TAX

Property taxes for the current year were committed on August 20, 2008, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. These taxes were due in two installments, 50% on October 15, 2008 and 50% on March 16, 2009. 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, 2009 and the Town's value was 102% of the 2009 State valuation of \$3,563,250,000.

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 \$73,743 for the year ended June 30, 2009.

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:

	<u>2009</u>
Assessed value	\$ 3,487,005,500
<u>Tax rate (per \$1,000)</u>	<u>12.15</u>
Commitment	42,367,139
<u>Supplemental taxes assessed</u>	<u>30,569</u>
	42,397,708
<u>Less - collections and abatements</u>	<u>41,890,825</u>
 <u>Receivable at June 30</u>	 <u>506,883</u>
Consisting of:	
Taxes	52,169
Liens	454,714
 <u>Receivable at June 30</u>	 <u>\$ 506,883</u>
 Collection rate	 98.80%

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, <u>2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2009</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,876,088	\$ 346,630	\$ 510,700	\$ 4,712,018
Construction in progress	4,787,533	2,030,367	3,310,601	3,507,299
Total capital assets, not being depreciated	9,663,621	2,376,997	3,821,301	8,219,317
Capital assets, being depreciated:				
Buildings	67,389,762	1,008,575	150,900	68,247,437
Vehicles	10,677,634	702,689	5,913	11,374,410
Equipment and furniture	4,789,889	257,539	101,973	4,945,455
Infrastructure	31,765,063	9,671,494	4,084,740	37,351,817
Total capital assets being depreciated	114,622,348	11,640,297	4,343,526	121,919,119
Less accumulated depreciation for:				
Buildings	10,966,075	1,181,971	4,916	12,143,130
Vehicles	5,138,046	813,271	231,849	5,719,468
Equipment and furniture	2,676,640	382,753	90,441	2,968,952
Infrastructure	7,699,820	546,476	1,688,657	6,557,639
Total accumulated depreciation	26,480,581	2,924,471	2,015,863	27,389,189
Total capital assets being depreciated, net	88,141,767	8,715,826	2,327,663	94,529,930
Governmental activities capital assets, net	\$97,805,388	\$11,092,823	\$ 6,148,964	\$102,749,247

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

Governmental activities:	
General government	\$ 284,608
Public services	38,633
Public safety	413,283
Public works, including depreciation of general infrastructure assets	900,826
Education	1,287,121
Total depreciation expense – governmental activities	\$ 2,924,471

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

	<u>Library</u>	<u>SEDCO</u>
Buildings	\$1,268,766	-
Equipment, artwork and software	521,555	\$22,534
Books	820,329	-
Total	2,610,650	22,534
Less accumulated depreciation	(1,790,035)	(17,593)
Property and equipment, net	\$820,615	\$4,941
Depreciation expense	\$89,889	\$1,198

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

INTERFUND BALANCES

Interfund balances result from the sharing of pooled cash and investments. Individual interfund receivables and payables at June 30, 2009, were as follows:

	Interfund receivables	Interfund payables
General Fund	\$3,152,886	-
General Town Improvements	-	\$349,171
Haigis Parkway	-	1,494,935
Performance Bonds	-	-
Nonmajor Governmental Funds:		
Nonmajor Special Revenue Funds:		
Unemployment compensation	545	-
Hurd Park and Ferry Beach	-	25,126
Recreational development	-	67,083
FEMA	-	309,463
School Lunch	-	10,125
Boat Launch	-	45,557
Scarborough Memorial improvement	-	21,250
Route 1 Sawyer Road improvement	822	-
Industrial Park	-	-
Payne Road impact fees	-	827
Other impact fees	-	96,967
Police asset forfeiture	11,691	-
Hunnewell House	4,140	-
Rescue equipment	-	21,028
Fire Dept Equipment	-	4,306
Departmental grants and programs	-	212,597
Total Nonmajor Special Revenue Funds	17,198	814,329
Nonmajor Capital Project Funds:		
Municipal building fund	-	517,322
Total Nonmajor Capital Project Funds	-	517,322
Nonmajor Permanent Funds:		
Scarborough Memorial Cemetery	6,750	-
Dunstan Perpetual Care	-	302
Total Permanent Funds	6,750	302
Total Other Governmental Funds	23,948	1,331,953
Private-purpose Trust Funds	2,525	3,300
Total all funds	\$3,179,359	\$3,179,359

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

INTERFUND BALANCES, CONTINUED

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

INTERFUND TRANSFERS

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$2,570,284	\$ 395,967
General Town Improvements	81,565	169,738
Haigis Parkway Assessments	45,159	1,009,279
Nonmajor Governmental Funds	755,537	1,877,561
Total	\$3,452,545	\$3,452,545

These operating transfers were budgeted transfers to fund certain activities.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$69,328,000	\$4,560,000	\$6,103,000	\$67,785,000	\$5,745,000
Capital leases	2,025,032	819,682	621,475	2,223,239	634,202
Compensated absences	1,630,356	39,620	65,218	1,604,758	22,425
Other postemployment Benefits liability		274,639		274,639	
Landfill post-closure care costs	441,534	-	4,050	437,484	4,050
Governmental activity					
Long-term liabilities	\$73,424,922	\$5,693,941	\$6,793,743	\$72,325,120	\$6,405,677

As of June 30, 2009, the Town had authorized, but unissued debt totaling \$4,042,650. The General Fund typically pays all governmental activities long-term debt service requirements including accrued compensated absences.

Long-term liabilities for SEDCO as of June 30, 2009 consist of compensated absences in the amount of \$31,533.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

BONDS PAYABLE

Bonds payable at June 30, 2009 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			
1990 Capital improvements	7,415,000	-	100.00%	-	Varies	2011	\$ 650,000
1993 Capital improvements	1,135,000	100.00%	-	-	Varies	2012	100,000
1994 Capital improvements	6,775,000	-	100.00%	-	Varies	2015	1,380,000
1995 Capital improvements	6,160,000	1.89%	98.11%	-	Varies	2016	1,855,000
1997 Capital improvements	4,230,000	100.00%	-	-	Varies	2017	880,000
1999 Capital improvements	6,493,000	96.70%	3.30%	-	Varies	2019	700,000
2000 Capital improvements	4,770,000	70.10%	29.90%	-	Varies	2020	1,355,000
2001 Capital improvements	4,932,000	59.74%	40.26%	-	Varies	2021	1,515,000
2003 Capital improvements	24,579,000	6.55%	49.65%	43.80%	Varies	2032	19,770,000
2004 Capital improvements	14,628,000	12.85%	82.97%	4.18%	Varies	2034	10,040,000
2005 Capital improvements	10,665,000	7.77%	92.23%	-	Varies	2034	8,980,000
2006 Capital improvements	7,014,000	82.53%	17.47%	-	Varies	2036	5,180,000
2007 Capital improvements	4,000,000	70.69%	29.31%	-	Varies	2022	2,900,000
2008 Capital improvements	8,513,000	74.00%	26.00%	-	Varies	2028	7,920,000
2009 Capital improvements	4,560,000	88.54%	11.46%	-	Varies	2029	4,560,000
Total							\$ 67,785,000

The annual requirements to amortize all debt outstanding as of June 30, 2009 are as follows:

<u>Year ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 5,745,000	\$ 2,656,091	\$ 8,401,091
2011	5,720,000	2,435,931	8,155,931
2012	5,065,000	2,230,514	7,295,514
2013	4,865,000	2,041,068	6,906,068
2014	4,095,000	1,867,069	5,962,069
2015-2019	15,995,000	7,217,069	23,212,069
2020-2024	11,700,000	4,415,593	16,115,593
2025-2029	7,265,000	2,503,111	9,768,111
2030-2034	6,855,000	880,492	7,735,492
2035-2035	480,000	12,000	492,000
Totals	\$ 67,785,000	\$ 26,258,938	\$ 94,043,938

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

STATUTORY DEBT LIMIT

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

	June 30, 2009 outstanding bonds	Percent of 2009 State assessed value of \$ 3,563,250,000	Amount	Margin
For school purposes	\$ 35,629,500	10.00%	\$356,325,000	\$320,695,500
For storm or sanitary sewer	9,080,000	7.50%	267,243,750	258,163,750
For municipal airport, water and special district purposes	-	3.00%	106,897,500	106,897,500
For all other purposes	23,075,500	7.50%	267,243,750	244,168,250
Total	\$ 67,785,000	15.00%	\$534,487,500	\$466,702,500

STATE REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES

The State of Maine currently reimburses the Town for a portion of financing costs of school buildings. Continuation of such reimbursements is dependent upon continued appropriations by the State Legislature.

CAPITAL LEASES

The Town of Scarborough has entered into various lease agreements as lessee for copiers, equipment, vehicles, building repairs and computer hardware and software. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception. The amount of assets capitalized under capital leases is \$2,518,812.

The following is a schedule of future minimum lease payments under capital leases and the present value of the minimum lease payments at June 30, 2009:

2010	\$ 714,440
2011	583,140
2012	447,153
2013	366,171
2014	105,155
2015-thereafter	238,268
Total minimum lease payments	2,454,327
Less: amount representing interest	231,088
Present value of future minimum lease payments	\$ 2,223,239

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2009, the Town's State valuation of \$3,563,250,000 was 8.50% of the County's State valuation of \$41,918,400,000. The Town's share is 8.50% or \$480,700 of Cumberland County's \$5,655,000 long-term debt outstanding as of June 30, 2009.

The Town is also served by the Portland Water District. At June 30, 2009, the Town's share of self-supporting bonded water debt is 13.14% or \$4,099,484 of total debt of \$31,202,072.

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, 2009, outstanding "Incinerator Debt" of ecomaine totaled \$18,759,000 of which the Town of Scarborough's share, based on estimated tonnage to be delivered, amounted to 8.54% or \$1,601,312.

The Town has also entered into an agreement with ecomaine as one of the 21 ecomaine Member Municipalities along with an additional seven Participating Municipalities, to establish a Material Recycling Facility ("MRF") at ecomaine's demolition debris and recycling facility in Gorham. It is anticipated that the Town's share of debt incurred for this project will also be paid through service charges and user fees over the life of the project. At June 30, 2009, the Town's share is 6.30% or \$181,503 of ecomaine's outstanding MRF debt of \$2,881,000.

ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$14,645,291 at June 30, 2008, the most recent date available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 8.48%, or \$1,241,726.

Total Debt and Contingencies

Governmental Unit	As of June 30, 2009			
	Direct debt	Overlapping debt	Contingent debt	Total debt
Town of Scarborough	\$ 70,008,239	-	-	\$70,008,238
Cumberland County	-	\$ 480,700	-	480,700
Portland Water District - water debt	-	4,099,484	-	4,099,484
ecomaine Waste Systems:				
Resource recovery system	-	-	\$1,601,312	1,601,312
Material recovery facility	-	-	181,503	181,503
Landfill closure/postclosure costs	-	-	1,241,726	1,241,726
Totals	\$ 70,008,238	\$4,580,184	\$3,024,541	\$77,612,963

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

Arbitrage

Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. The Town has had several issues for which a rebate calculation is or has been required. As of June 30, 2009, substantially all such calculations have been performed and the Town is in compliance with all arbitrage requirements.

Grants

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

LANDFILL CLOSURE AND POSTCLOSURE COSTS

Under existing State law, Maine communities had until December 31, 1995 to close existing landfills under a state approved plan and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town is operating a demolition debris landfill under a waiver granted by the State. The landfill is permitted to operate in its existing capacity until 2027. The estimated total current cost of landfill closure, \$437,484, 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, 2009. Additionally, annual monitoring and maintenance costs are estimated to be \$4,050 per year. The total closure and postclosure care costs of \$437,484 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.

RESERVED FUND EQUITY

At June 30, 2009, the Special Revenue fund balance for Haigis Parkway included a reserve for the non-current portion of the notes receivable in the amount of \$2,894,196. The School Lunch Program included a reserve for inventory on hand of \$17,481 and the Grants & Programs under Special Revenues included \$15,319 in encumbrances. Fund balance has been reserved in the permanent funds for nonexpendable principal of \$121,528 and expendable income of \$83,664. The total reserved fund balance for other governmental funds on Statement 3 was \$237,992. As of June 30, 2009, the General Fund fund balance was reserved in the amount of \$629,962, reflecting the non-current portion of the interfund loan receivable from the Municipal Building Fund in the amount of \$517,322, the Boat Launch Fund deficit of \$45,557, and the Recreation Development Fund amount of \$67,083.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

DESIGNATED FUND BALANCES

At June 30, 2009, portions of the General Fund fund balance were designated to future periods as follows:

	<u>2009</u>
General Fund:	
State revenue sharing	\$ 82,510
Admin – Building repairs	3,378
Comprehensive plan	12,240
Finance – New equipment	3,500
Finance – Employee training	1,500
Town Clerk – Election storage trailer	4,866
Town Clerk – voting booth purchase	1,046
Planning – Watershed map/management plan	43,000
Public Safety – Tactical team training	2,558
Public Safety – Night vision goggles	540
Police Department - 2006 QED software	9,300
Police Department – Auxiliary vehicles	700
Police Department – Electrical door access	192
Police Department – Taser cams	9,859
Police Department – Portable Radios	396
Police Department – Traffic sign boards	2,933
Police Department – Scanning copier	(3,981)
Police Department – Unmarked vehicles	2,007
Police Department – Tomar Pre-emptive device	13,617
Police Department – Traffic light pre-emptive	12,966
Police Department – Shotgun replacement	2,553
Fire Department – Municipal holding tank	37,396
Fire Dept – ADA/Energy improvements	23,351
Public Works – Plow truck #4026	(157)
Public Works – Paving	50,000
Library – Capital equipment improvements	98,781
Cable franchise fees	41,058
Summer recreation	31,820
Marine Resource Office – Inventory Management	4,325
Town-wide computer purchases	45,059
Encumbered purchase orders	197,853
Reserve for accrued sick pay	1,083,152
<u>Total General Fund designated fund balance</u>	<u>\$ 1,818,318</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN

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

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the Town is required to contribute an actuarially determined rate. These rates are designed to accumulate sufficient assets to pay benefits, when due. Normal cost employer contributions are calculated using the entry age normal actuarial cost method. Additionally, upon entering the Consolidated Retirement Plan, the Town had its separate, individual existing unfunded actuarial liability calculated which the Town fully funded in 2007. The current employer rate is 2.8% of annual covered payroll for School employees participating in the District Plan, 2.8% for Town employees, 4.0% for Police and 6.5% for Fire and Rescue. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employees Retirement Board of Trustees. The Town's contributions to the MPERS Consolidated Plan for the year ended June 30, 2009, 2008 and 2007 were \$124,178, \$88,773, and \$85,274 respectively and this is 100% of the amount required, that the Town paid.

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

Funding Policy - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$3,348,816 (18.76%) for the fiscal year 2009. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statement 2 and Statement 4).

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

DEFINED CONTRIBUTION PENSION PLAN

Defined Contribution Pension Plan - The Town, under a plan adopted and approved by the Town Council, contributes to the International City Manager's Association (ICMA) Money Purchase Plan, 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 Public Employees Retirement System. Contributions made by the employer vest upon completion of three years of service. An employee who leaves the employment of the Town is entitled to all contributions and earned income in his/her account at that time. Each employee must contribute a minimum of 6% of his/her gross earnings to the pension plan, while the Town is required to contribute an amount equal to 6% of the employee's gross earnings. The Town Manager has a separate plan that requires the Town to contribute 12% of the Manager's gross earnings and the Manager is not required to contribute.

During the year, the Town's required and actual contributions amounted to \$342,871, which was 6% of the participating employees and 12% of the Town Manager's current year covered payroll. The covered payroll amounted to \$5,680,650, while the Town's total payroll was \$10,595,709.

Employee's required contributions amounted to \$336,774, which was 6% of the Town's current year covered payroll.

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

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

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

During the year, the participating employees contributions amounted to \$416,919 and the Town contributions amounted to \$274,878. The Town contributes a match up to 4%.

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS

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

The Town is a member of the Maine Municipal Employees Health Trust. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in July 2009 for fiscal year ending June 30, 2009.

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

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

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

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

Funding Status and Funding Progress – The Town's OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2009 were as follows:

Annual required contribution	\$274,639
<u>Actual contribution</u>	<u>0</u>
Increase in Net OPEB Obligation	274,639
<u>Net OPEB obligation – beginning of year</u>	<u>0</u>
<u>Net OPEB Obligation – end of year</u>	<u>\$274,639</u>
Percent contributed	0%
Actuarial accrued liability	\$2,793,753
<u>Plan Assets</u>	<u>0</u>
Unfunded actuarial accrued liability	\$2,793,753
Covered payroll	6,208,803
Unfunded actuarial accrued liability as a percentage of covered payroll	45%

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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

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

Actuarial valuation date	1-1-2009 .
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	30 years

Actuarial assumptions:

Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.00% - 9.60%

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

TAX INCREMENT FINANCING DISTRICTS

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

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, 2009	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, 2009	19,556,300
Enterprise Business Park TIF:	
Original assessed value	544,800
Amount captured as of June 30, 2009	8,502,000
Haigis Parkway:	
Original assessed value	8,563,500
Amount captured as of June 30, 2009	3,716,800
New England Expedition CEA:	
	32,364,800
Bessey School Senior Housing CEA:	1,534,400

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters, for which the Town either carries commercial insurance, participates in a public entity pool, or is effectively self-insured. Currently, the municipal departments participate in several public entity and self-insured pools sponsored by the Maine Municipal Association. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchases, the Town is not aware of any material actual or potential claims liabilities which should be recorded at June 30, 2009. 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

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2009:

	Governmental
	<u>Activities</u>
Capital assets	\$ 130,138,436
Accumulated depreciation	(27,389,189)
Bonds payable	(58,705,000)
Capital leases payable	(2,223,239)
	<hr/>
<u>Total invested in capital assets net of related debt</u>	<u>\$ 41,821,008</u>

Bonds payable excludes \$9,080,000 of bonds payable related to the Haigis Parkway project for which the Town did not retain ownership of the improvements.

RECLASSIFICATION OF FUND BALANCE

The beginning balance of other governmental funds was decreased by \$14,861 as SEDCO is now being presented as a discretely presented component unit rather than as part of other governmental funds.

TOWN OF SCARBOROUGH, MAINE
Schedule of Funding Progress
Required Supplementary Information
June 30, 2009
(Unaudited)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
06-30-2009	\$ -	\$2,793,753	\$2,793,753	0%	\$6,208,803	45%

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GENERAL FUND

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

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TOWN OF SCARBOROUGH, MAINE
General Fund
Comparative Balance Sheets
June 30, 2009 and 2008

		2009	2008
ASSETS			
Cash and cash equivalents	\$	4,691,357	3,972,040
Investments		4,803,188	7,724,325
Receivables:			
Taxes receivable		136,958	132,608
Tax liens		559,400	456,920
Accounts receivable		617,828	487,613
Interfund loans receivable		3,152,886	877,117
Tax acquired property		7,231	7,231
Total assets	\$	13,968,848	13,657,854
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable and payroll withholdings		1,057,383	1,005,571
Accrued payroll and other related liabilities		3,459,260	3,189,200
Accrued compensated absence (current)		22,425	65,218
Taxes collected in advance		69,250	15,003
Deferred tax revenues		556,721	408,370
Total liabilities		5,165,039	4,683,362
Fund balance:			
Reserved		629,962	617,834
Unreserved:			
Designated - Town		1,818,318	2,134,233
Undesignated - Education		1,854,157	1,004,054
Undesignated - Town		4,501,372	5,218,371
Total fund balance		8,803,809	8,974,492
Total liabilities and fund balance	\$	13,968,848	13,657,854

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, 2009
(with comparative totals for June 30, 2008)

(with comparative totals for June 30, 2008)						
		2009				
	2008		Total		Variance	2008
	carryforward	Budget	Available	Actual	positive (negative)	Actual
Revenues:						
Taxes:						
Property taxes	\$ -	42,267,139	42,267,139	42,147,691	(119,448)	40,038,475
Change in deferred property tax revenue	-	-	-	(148,351)	(148,351)	(38,370)
Excise taxes	-	4,427,000	4,427,000	4,126,817	(300,183)	4,318,420
Cable franchise tax	-	175,000	175,000	175,981	981	172,545
Interest and costs on taxes	-	64,956	64,956	99,053	34,097	90,105
Total taxes	-	46,934,095	46,934,095	46,401,191	(532,904)	44,581,175
Licenses and permits:						
Plumbing fees	-	22,000	22,000	16,114	(5,886)	25,818
Fees and Permits	-	126,940	126,940	163,806	36,866	158,615
Building permits	-	475,000	475,000	211,108	(263,892)	501,879
Electrical permits	-	22,000	22,000	17,635	(4,365)	25,345
Zoning Board of Appeals	-	8,000	8,000	10,363	2,363	12,601
License plate fees	-	63,280	63,280	60,588	(2,692)	61,564
Subdivision fees	-	5,000	5,000	2,700	(2,300)	32,025
Total licenses and permits	-	722,220	722,220	482,314	(239,906)	817,847
Intergovernmental:						
Education state subsidies	-	7,069,801	7,069,801	7,069,802	1	6,567,679
FEMA reimbursement	-	-	-	108,584	108,584	-
State Revenue Sharing	-	1,376,000	1,376,000	1,358,911	(17,089)	1,409,156
Homestead exemption	-	338,955	338,955	339,355	400	325,653
Business equipment tax exemption	-	23,774	23,774	23,864	90	-
URIP (D.O.T. block grant)	-	364,500	364,500	340,584	(23,916)	369,892
ecomaine payment in lieu of taxes	-	77,148	77,148	71,450	(5,698)	71,697
Adult education State subsidies	-	28,000	28,000	23,444	(4,556)	25,835
General assistance reimbursement	-	10,085	10,085	8,264	(1,821)	11,637
Federal HIDTA revenues	-	120,000	120,000	135,960	15,960	92,829
Medicaid	-	-	-	204,192	204,192	177,965
Other Federal and State revenues - School	-	488,000	488,000	337,242	(150,758)	309,086
Other Federal and State revenues - Town	-	12,700	12,700	156,440	143,740	60,783
Total intergovernmental	-	9,908,963	9,908,963	10,178,092	269,129	9,422,212
Interest earned	-	227,000	227,000	137,533	(89,467)	344,371
Unclassified:						
School Department miscellaneous	-	115,501	115,501	115,640	139	66,452
Adult education	-	17,500	17,500	10,600	(6,900)	6,869
Community services	-	1,491,413	1,491,413	1,540,702	49,289	1,516,217
Police court time	-	9,000	9,000	5,022	(3,978)	9,642
Snow plowing service	-	11,000	11,000	16,975	5,975	10,768
Insurance reimbursements	-	20,000	20,000	60,902	40,902	39,301
Public Violations	-	34,000	34,000	64,924	30,924	43,512
Special duty police/fire	-	118,000	118,000	98,534	(19,466)	134,673
Inspection/review fees	-	110,000	110,000	163,098	53,098	219,271
Rescue donations	-	525,000	525,000	525,000	-	500,000
Rental income	-	45,203	45,203	45,203	-	66,600
Sale of Town-owned property	-	123,415	123,415	112,090	(11,325)	112,751
Salary reimbursement	-	440,618	440,618	543,388	102,770	498,510
Vehicle fuel reimbursement	-	451,811	451,811	415,024	(36,787)	537,302
Vehicle maintenance reimbursement	-	278,350	278,350	313,780	35,430	396,278
Lease revenue	-	622,590	622,590	632,079	9,489	1,909,208
Miscellaneous	-	91,515	91,515	156,316	64,801	129,828
Total unclassified	-	4,504,916	4,504,916	4,819,277	314,361	6,197,182
Total revenues	-	62,297,194	62,297,194	62,018,407	(278,787)	61,362,787

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

		2009					
		2008		Total		Variance	2008
		carryforward	Budget	available	Actual	positive (negative)	Actual
Expenditures:							
Current:							
General government:							
Town Council	\$	-	11,573	11,573	11,573	-	10,765
Administration		-	264,298	264,298	225,866	38,432	249,138
Town Clerk	2,000	-	197,688	199,688	210,815	(11,127)	180,714
Human resources		-	201,949	201,949	184,563	17,386	195,498
Personnel benefits	88,372	-	63,450	151,822	180,952	(29,130)	159,550
Finance	11,926	-	381,530	393,456	375,695	17,761	359,124
Purchasing		-	114,331	114,331	123,325	(8,994)	106,742
Taxation/Treasury		-	475,018	475,018	454,112	20,906	442,653
Assessing		-	241,834	241,834	232,452	9,382	233,162
Management information systems	747	-	538,791	539,538	537,282	2,256	530,353
Planning	28,278	-	852,640	880,918	884,012	(3,094)	773,878
Municipal building	165	-	282,782	282,947	279,598	3,349	295,177
General government		-	81,470	81,470	67,158	14,312	74,035
Legal		-	86,000	86,000	151,874	(65,874)	119,261
Risk management		-	476,500	476,500	529,510	(53,010)	521,684
Public information		-	7,000	7,000	6,138	862	5,894
Engineering		-	7,500	7,500	4,802	2,698	173,035
Outside agencies		-	73,730	73,730	73,747	(17)	52,015
Total general government		131,488	4,358,084	4,489,572	4,533,475	(43,903)	4,482,678
Public services:							
Library		-	760,556	760,556	760,556	-	719,634
Public health and welfare		-	24,270	24,270	17,615	6,655	17,818
Tax Rebates (Credit Enhancement Agree)		-	515,175	515,175	515,174	1	94,444
Economic Development Corporation		-	239,162	239,162	238,454	708	211,686
Community services	2,120	-	2,070,645	2,072,765	2,171,742	(98,977)	2,058,966
Total public services		2,120	3,609,808	3,611,928	3,703,541	(91,613)	3,102,548
Public safety:							
Fire Department	11,527	-	1,771,342	1,782,869	1,722,489	60,380	1,646,822
Police Department	114,299	-	4,317,147	4,431,446	4,236,207	195,239	4,073,164
Emergency Management		-	34,621	34,621	33,030	1,591	33,461
Marine resources	7,760	-	89,823	97,583	87,030	10,553	83,645
Emergency Medical Services	2,500	-	1,350,562	1,353,062	1,320,572	32,490	1,149,338
Total public safety		136,086	7,563,495	7,699,581	7,399,328	300,253	6,986,430
Public works:							
Public Works Department	39,515	-	2,514,023	2,553,538	2,285,027	268,511	2,590,754
Vehicle maintenance	1,000	-	1,464,582	1,465,582	1,460,334	5,248	1,688,418
Water charges		-	174,790	174,790	179,307	(4,517)	161,671
Street lighting		-	154,003	154,003	160,784	(6,781)	163,962
Traffic signals		-	124,974	124,974	114,087	10,887	105,485
Cemetery care		-	19,150	19,150	18,240	910	27,213
Memorials		-	9,489	9,489	11,730	(2,241)	11,137
Shade trees	1,015	-	24,500	25,515	18,723	6,792	10,548
Engineering services		-	110,786	110,786	92,052	18,734	120,809
Solid waste program	21,217	-	1,904,907	1,926,124	1,919,128	6,996	1,885,231
Total public works		62,747	6,501,204	6,563,951	6,259,412	304,539	6,765,228
Education:							
Regular instruction		-	19,952,754	19,952,754	19,688,426	264,328	18,512,336
Improvement of instruction		-	521,670	521,670	516,570	5,100	520,647
Special services		-	2,559,810	2,559,810	2,439,531	120,279	2,354,774
General & special administration		-	287,548	287,548	276,546	11,002	206,769
Board of education		-	40,725	40,725	35,512	5,213	33,182
Office of the superintendent		-	512,530	512,530	427,345	85,185	612,609
Business administration		-	1,473,919	1,473,919	1,463,972	9,947	1,229,095
Transportation		-	1,496,167	1,496,167	1,459,906	36,261	1,478,530
Operation and maintenance of plant		-	3,825,440	3,825,440	3,462,425	363,015	3,498,313
Debt service		-	4,475,431	4,475,431	4,475,430	1	4,418,850
Total education		-	35,145,994	35,145,994	34,245,663	900,331	32,865,105

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

		2009				
	2008 carryforward	Budget	Total available	Actual	Variance positive (negative)	2008 Actual
Expenditures, continued:						
Current, continued:						
County tax	\$ -	1,836,509	1,836,509	1,836,509	-	1,735,302
Debt service (excluding education):						
Principal	-	3,203,499	3,203,499	3,203,500	(1)	3,232,386
Interest and other costs	-	1,732,049	1,732,049	1,866,561	(134,512)	1,488,234
Total debt service	-	4,935,548	4,935,548	5,070,061	(134,513)	4,720,620
Capital improvements	667,626	947,360	1,614,986	1,358,211	256,775	2,665,445
Total expenditures	1,000,067	64,898,002	65,898,069	64,406,200	1,491,869	63,323,356
Excess (deficiency) of revenues over (under) expenditures	(1,000,067)	(2,600,808)	(3,600,875)	(2,387,793)	1,213,082	(1,960,569)
Other financing sources (uses):						
Transfers in	-	2,252,224	2,252,224	2,570,284	318,060	2,782,635
Transfers out	-	(377,443)	(377,443)	(395,967)	(18,524)	(886,474)
General obligation bonds	-	-	-	-	-	786,810
Overlay	-	(73,743)	(73,743)	-	73,743	-
Total other financing sources (uses)	-	1,801,038	1,801,038	2,174,317	373,279	2,682,971
Net change in fund balances - budgetary basis	(1,000,067)	(799,770)	(1,799,837)	(213,476)	1,586,361	722,402
Utilization of prior year surplus and carrying balances	1,000,067	799,770	1,799,837		(1,799,837)	-
Total Utilization of Fund Balance and Carry	-	-	-	(213,476)	(213,476)	722,402
Reconciliation to GAAP basis:						
Change in current portion of accrued compensated absences				42,793		(65,218)
Net change in fund balances - GAAP basis				(170,683)		657,184
Fund balances, beginning of year restated				8,974,492		8,317,308
Fund balances, end of year				\$ 8,803,809		8,974,492

OTHER GOVERNMENTAL FUNDS

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TOWN OF SCARBOROUGH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 425,797	19,668	-	445,465
Investments	6,732,268	768,754	198,744	7,699,766
Intergovernmental receivable	384,638	-	-	384,638
Due from State of Maine	-	-	-	-
Interfund loans	17,198	-	6,750	23,948
Inventory	17,481	-	-	17,481
Notes receivable	-	-	-	-
Total assets	\$ 7,577,382	788,422	205,494	8,571,298
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	266,646	184,398	-	451,044
Interfund loans	814,329	517,322	302	1,331,953
Total liabilities	1,080,975	701,720	302	1,782,997
Fund balances:				
Reserved for:				
Inventory	17,481	-	-	17,481
Nonexpendable trust principal	-	-	121,528	121,528
Expendable trust - income portion	-	-	83,664	83,664
Encumbrance	15,319	-	-	15,319
Unreserved, undesignated	6,463,607	86,702	-	6,550,309
Total fund balances	6,496,407	86,702	205,192	6,788,301
Total liabilities and fund balances	\$ 7,577,382	788,422	205,494	8,571,298

TOWN OF SCARBOROUGH, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2009

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 3,798,113	-	-	3,798,113
Contributions	86,709	-	-	86,709
Assessments and impact fees	415,625	-	-	415,625
Sale of lots	5,134	-	4,350	9,484
Other revenue	2,213,391	-	-	2,213,391
Interest revenue	77,453	20,669	1,635	99,757
Total revenues	6,596,425	20,669	5,985	6,623,079
Expenditures:				
Current:				
Capital expenditures	1,129,291	1,345,586	-	2,474,877
Other	3,396,167	-	302	3,396,469
Total expenditures	4,525,458	1,345,586	302	5,871,346
Excess of revenues over (under) expenditures	2,070,967	(1,324,917)	5,683	751,733
Other financing sources (uses):				
Transfers in	685,610	69,927	-	755,537
Transfers out	(1,358,397)	(519,164)	-	(1,877,561)
General Obligation Bonds	-	522,560	-	522,560
Total other financing sources (uses)	(672,787)	73,323	-	(599,464)
Net change in fund balances	1,398,180	(1,251,594)	5,683	152,269
Fund balances, beginning of year	5,098,227	1,338,296	199,509	6,636,032
Fund balances, end of year	\$ 6,496,407	86,702	205,192	6,788,301

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/Hurd Park

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

Recreation Development

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

FEMA

To account for Federal and State Emergency Management revenues and related expenditures.

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.

New England Expedition Credit Enhancement Agreement

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

Boat Launch Facility

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

Cemetery Improvement

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

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

Route 1 Sawyer Road Improvements

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

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.

Bessey Commons

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

Payne Road Improvements

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

Payne Road Impact Fees

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

Other Impact Fees:

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

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

Dunstan Corner Impact Fee to help fund the improvements to the Dunstan Corner area of town. Route One, Pine Point Road, Payne Road and Broadturn Road all connect at Dunstan Corner.

Police Asset Forfeiture

To account for funds awarded to the Scarborough Police Department for drug related convictions. These funds are to be used for law enforcement purposes only. (Pursuant to Title 15 M.R.S.A. Section 5824(3)).

Hunnewell House

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

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

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.

Friends of the Scarborough Marsh

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

Pleasant Hill Area Drainage

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

School Categorical Programs

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

School Lunch Program

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

Computer Replacement Fund

This fund is used for the replacement of municipal computers.

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2009

	Unemploy- ment Compen- sation	Hurd Park and Ferry Beach	Recrea- tional Develop- ment	FEMA	Sewer Expansion	New England Expedition Credit Agreement	Boat Launch	Cemetery Improve- ment	Rte 1 Sawyer Road Improve	Industrial Park	Prouts Landing Conserva- tion	Bessey Commons	Payne Road Improvements
ASSETS													
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-	-	-	-
Investments	187,664	431,101	-	-	-	42,730	-	63,763	84,528	387,708	24,518	8	69,732
Intergovernmental receivable	-	-	-	309,463	-	-	-	-	-	-	-	-	-
Due from State of Maine	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans receivable	545	-	-	-	-	-	-	-	822	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 188,209	431,101	-	309,463	-	42,730	-	63,763	85,350	387,708	24,518	8	69,732
LIABILITIES AND FUND BALANCES													
Liabilities:													
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans payable	-	25,126	67,083	309,463	-	-	45,557	21,250	-	-	-	-	-
Total liabilities	-	25,126	67,083	309,463	-	-	45,557	21,250	-	-	-	-	-
Fund balances:													
Reserved	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved:													
Undesignated	188,209	405,975	(67,083)	-	-	42,730	(45,557)	42,513	85,350	387,708	24,518	8	69,732
Total fund balances (deficit)	188,209	405,975	(67,083)	-	-	42,730	(45,557)	42,513	85,350	387,708	24,518	8	69,732
Total liabilities and fund balances	\$ 188,209	431,101	-	309,463	-	42,730	-	63,763	85,350	387,708	24,518	8	69,732

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds, Continued
Combining Balance Sheet
June 30, 2009

	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
ASSETS													
Cash and cash equivalents	213,508	-	-	-	-	-	59,230	-	16,655	136,404	-	-	425,797
Investments	2,150,974	544,608	148,911	1,789	492,415	18,781	2,022,576	785	-	-	-	59,677	6,732,268
Intergovernmental receivable	-	-	-	-	49,218	-	4,450	-	-	-	21,507	-	384,638
Due from State of Maine	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans receivable	-	-	11,691	4,140	-	-	-	-	-	-	-	-	17,198
Inventory	-	-	-	-	-	-	-	-	-	-	17,481	-	17,481
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	2,364,482	544,608	160,602	5,929	541,633	18,781	2,086,256	785	16,655	136,404	38,988	59,677	7,577,382
LIABILITIES AND FUND BALANCES													
Liabilities:													
Accounts payable	213,509	-	-	-	-	-	99	-	-	29,108	23,930	-	266,646
Interfund loans payable	827	96,967	-	-	21,028	4,306	212,597	-	-	-	10,125	-	814,329
Total liabilities	214,336	96,967	-	-	21,028	4,306	212,696	-	-	29,108	34,055	-	1,080,975
Fund balances:													
Reserved	-	-	-	-	-	-	15,319	-	-	-	17,481	-	32,800
Unreserved:													
Undesignated	2,150,146	447,641	160,602	5,929	520,605	14,475	1,858,241	785	16,655	107,296	(12,548)	59,677	6,463,607
Total fund balances (deficit)	2,150,146	447,641	160,602	5,929	520,605	14,475	1,873,560	785	16,655	107,296	4,933	59,677	6,496,407
Total liabilities and fund balances	2,364,482	544,608	160,602	5,929	541,633	18,781	2,086,256	785	16,655	136,404	38,988	59,677	7,577,382

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2009

	Unemploy- ment Compen- sation	Hurd Park and Ferry Beach	Recrea- tional Develop- ment	FEMA	Sewer Expansion	New England Expedition Credit Agreement	Boat Launch	Cemetery Improve- ment	Rte 1 Sawyer Road Improve	Industrial Park	Prouts Landing Conserva- tion	Bessey Commons	Payne Road Improvements
Revenues:													
Intergovernmental	\$ -	-	-	720,163	-	-	-	-	-	-	-	-	-
Interest earned	2,422	5,521	-	-	-	418	-	822	794	6,110	316	8	904
Contributions	1,000	35,153	-	-	-	-	1,000	-	-	-	-	-	-
Sale of Lots/Land/Equip	-	-	-	-	-	-	-	4,350	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Assessments and impact fees	-	-	3,750	-	-	393,232	-	-	-	-	-	18,643	-
Total revenues	3,422	40,674	3,750	720,163	-	393,650	1,000	5,172	794	6,110	316	18,651	904
Expenditures:													
Construction and acquisitions	-	52,594	-	720,163	-	-	4,926	-	1,959	-	-	-	-
Benefits paid	2,739	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	393,232	-	-	-	-	-	18,643	-
Total expenditures	2,739	52,594	-	720,163	-	393,232	4,926	-	1,959	-	-	18,643	-
Excess (deficiency) of revenues over (under) expenditures	683	(11,920)	3,750	-	-	418	(3,926)	5,172	(1,165)	6,110	316	8	904
Other financing sources (uses):													
Transfers in	-	-	231,676	-	237,609	-	-	-	-	-	-	-	-
Transfers out	-	-	(246,215)	-	(454,777)	-	-	(10,000)	-	(60,791)	-	-	-
Total other financing sources (uses)	-	-	(14,539)	-	(217,168)	-	-	(10,000)	-	(60,791)	-	-	-
Net change in fund balances	683	(11,920)	(10,789)	-	(217,168)	418	(3,926)	(4,828)	(1,165)	(54,681)	316	8	904
Fund balances (deficit), beginning of year	187,526	417,895	(56,294)	-	217,168	42,312	(41,631)	47,341	86,515	442,389	24,202	-	68,828
Fund balances (deficit), end of year	\$ 188,209	405,975	(67,083)	-	-	42,730	(45,557)	42,513	85,350	387,708	24,518	8	69,732

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
For the year ended June 30, 2009

	Payne Road Impact Fees	Other Impact Fees	Police Asset Forfeiture	Hannewell 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
Revenues:													
Intergovernmental	-	-	70,217	-	-	-	1,841,238	-	-	933,081	233,414	-	3,798,113
Interest earned	25,904	10,304	1,704	23	5,483	169	15,771	10	-	-	-	770	77,453
Contributions	-	-	-	-	-	9,556	40,000	-	-	-	-	-	86,709
Sale of Lots/Land/Equip	-	-	-	-	784	-	-	-	-	-	-	-	5,134
Other	24,282	175,788	-	2,130	816,192	-	126,072	-	-	3,377	1,065,550	-	2,213,391
Assessments and impact fees	-	-	-	-	-	-	-	-	-	-	-	-	415,625
Total revenues	50,186	186,092	71,921	2,153	822,459	9,725	2,023,081	10	-	936,458	1,298,964	770	6,596,425
Expenditures:													
Construction and acquisitions	3,924	24,254	46,382	-	912	9,586	264,591	-	-	-	-	-	1,129,291
Benefits paid	-	-	-	-	-	-	-	-	-	-	-	-	2,739
Other	-	-	-	-	633,501	-	-	-	-	941,845	1,406,207	-	3,393,428
Total expenditures	3,924	24,254	46,382	-	634,413	9,586	264,591	-	-	941,845	1,406,207	-	4,525,458
Excess (deficiency) of revenues over (under) expenditures	46,262	161,838	25,539	2,153	188,046	139	1,758,490	10	-	(5,387)	(107,243)	770	2,070,967
Other financing sources (uses):													
Transfers in	-	-	-	-	-	-	17,253	-	-	-	199,072	-	685,610
Transfers out	-	(492,209)	-	-	(77,151)	-	(17,254)	-	-	-	-	-	(1,358,397)
Total other financing sources (uses)	-	(492,209)	-	-	(77,151)	-	(1)	-	-	-	199,072	-	(672,787)
Net change in fund balances	46,262	(330,371)	25,539	2,153	110,895	139	1,758,489	10	-	(5,387)	91,829	770	1,398,180
Fund balances (deficit), beginning of year	2,103,884	778,012	135,063	3,776	409,710	14,336	115,071	775	16,655	112,683	(86,896)	58,907	5,098,227
Fund balances (deficit), end of year	2,150,146	447,641	160,602	5,929	520,605	14,475	1,873,560	785	16,655	107,296	4,933	59,677	6,496,407

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, 2009

		Fund balances beginning of year	Revenues Grants	Other	Program expenditures	Fund balances end of year
Federal education grant programs:						
NCLB/Title IA	\$	(13,283)	213,580	-	197,083	3,215
NCLB/Title IIA		36,680	70,630	-	81,536	25,774
NCLB/Title IID		3,838	364	-	3,050	1,152
NCLB/Title IVA		5,371	-	-	5,076	295
NCLB/Title VA		2,137	1,069	-	-	3,206
Refugee Resettlement		11,315	3,625	-	932	14,008
Local Entitlement		38,894	644,689	-	638,634	44,949
Preschool handicapped		6,404	-	-	-	6,404
Goals 2000		48	-	-	48	-
Total federal education grant programs		91,404	933,957	-	926,359	99,003
Other State grant programs:						
State Agency Clients		1	-	-	1	0
Professional Development Grant		8,293	-	-	-	8,293
Total other state grant programs		8,294	-	-	1	8,293
Co-curricular programs:						
Red Storm Football		-	-	-	-	-
Ice Hockey		-	-	-	-	-
HS Girls Ice Hockey		-	-	-	-	-
HS Lacrosse		-	-	-	-	-
Girl's Lacrosse		-	-	-	-	-
Gym Dandies		484	-	-	484	0
MS Baseball		(3,319)	-	3,319	-	(0)
Freshman Baseball		(92)	-	92	-	-
Softball Expansion		1,221	-	-	1,221	-
High/Middle school swim		536	-	-	536	0
HS / MS Field Hockey		1,374	-	-	1,374	-
Foreign Language Club		(59)	-	59	-	-
HS Volleyball		-	-	-	-	-
HS Wrestling		1,176	-	-	1,176	(0)
Maine Nutrition Program		500	-	-	500	-
Community Services transportation		218	-	-	218	-
Community Foundation Grant		157	-	-	157	-
Beacon Learning Center		6,363	-	-	6,363	-
Band		-	-	-	-	-
Math		2	-	-	2	0
Wal-Mart		1,000	-	-	1,000	-
MS Health Grant/other		(1,516)	-	1,516	-	-
Total co-curricular programs		8,045	-	4,986	13,030	0
Other special programs:						
Wellness Activities		46	-	-	46	-
Winslow Homer Auditorium		4,894	-	-	4,894	0
Total other special programs		4,940	-	-	4,940	0
Total school categorical programs	\$	112,683	933,957	4,986	944,329	107,297

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NONMAJOR CAPITAL PROJECT FUNDS

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

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

School General Improvements

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

Municipal Building Fund

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

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Fund
Balance Sheet
June 30, 2009

		General School Improvements	Municipal Building Fund	Totals
ASSETS				
Cash and cash equivalents	\$	19,668		19,668
Investments		768,754	-	768,754
Total assets	\$	788,422	-	788,422
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable		184,398	-	184,398
Interfund loans payable		-	517,322	517,322
Total liabilities		184,398	517,322	701,720
Fund balance (deficit):				
Unreserved:				
Undesignated		604,024	(517,322)	86,702
Total fund deficit		604,024	(517,322)	86,702
Total liabilities and fund balance	\$	788,422	0	788,422

TOWN OF SCARBOROUGH, MAINE
 Nonmajor Capital Project Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the year ended June 30, 2009

	General School Improvements	Municipal Building Fund	Totals
Revenues:			
Intergovernmental	\$ -	-	-
Interest earned	20,669	-	20,669
Total revenues	20,669	-	20,669
Expenditures:			
Capital Improvements	1,345,586	-	1,345,586
Total expenditures	1,345,586	-	1,345,586
Excess (deficiency) of revenues over (under) expenditures	(1,324,917)	-	(1,324,917)
Other financing sources (uses):			
Transfers in	15,252	54,675	69,927
Transfers out	(467,076)	(52,088)	(519,164)
Proceeds of general obligation bonds	522,560	-	522,560
Total other financing sources (uses)	70,736	2,587	73,323
Net change in fund balances	(1,254,181)	2,587	(1,251,594)
Fund deficit, beginning of year	1,858,205	(519,909)	1,338,296
Fund deficit, end of year	\$ 604,024	(517,322)	86,702

NONMAJOR PERMANENT FUNDS

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

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

Scarborough Memorial Cemetery

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

Dunstan Perpetual Care

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

Mary A. Tucker Fund

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

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2009

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
ASSETS				
Investments	\$ 170,745	25,127	2,872	198,744
Interfund loans receivable	6,750	-	-	6,750
Total assets	\$ 177,495	25,127	2,872	205,494
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	-	302	-	302
Total liabilities	-	302	-	302
Fund balances:				
Principal	107,661	13,367	500	121,528
Unexpended income	69,834	11,458	2,372	83,664
Total fund balances	177,495	24,825	2,872	205,192
Total liabilities and fund balances	\$ 177,495	25,127	2,872	205,494

TOWN OF SCARBOROUGH, MAINE
 Nonmajor Permanent Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the year ended June 30, 2009

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues:				
Interest and dividends	\$ 1,326	302	7	1,635
Sale of lots/perpetual care deposits	4,350	-	-	4,350
Total revenues	5,676	302	7	5,985
Expenditures:				
Earnings retained by General Fund	-	302	-	302
Other	-	-	-	-
Total expenditures	-	302	-	302
Net change in fund balances	5,676	-	7	5,683
Fund balances, beginning of year	171,819	24,825	2,865	199,509
Fund balances, end of year	\$ 177,495	24,825	2,872	205,192

PRIVATE-PURPOSE TRUST FUNDS

Shirley Grover Fund

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

Mary Campbell Peterson Fund

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

Edith Warga Art Scholarship

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

Packy McFarland Scholarship Fund

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

Roy Nelson Scholarship Fund

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

Daniel Tranchemontagne Scholarship Fund

A scholarship fund established to provide scholarships to a graduating high school wrestler continuing his or her education. The scholarship will be paid out each year as funds are available and can come from both principal and interest.

Virginia Jackson Scholarship Fund

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

PRIVATE-PURPOSE TRUST FUNDS, CONTINUED

Evelyn J. Chaddon Memorial Scholarship Fund

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

S. Dwight Howard Memorial Scholarship Fund

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

Bertha Libby-Lary Scholarship Fund

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

Academic Decathlon Scholarship Fund

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

Kathy Pearson Scholarship Fund

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

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Fiduciary Net Assets
June 30, 2009

	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
ASSETS													
Cash and cash equivalents	\$ 1,585	98,656	106,740	4,145	12	76	24,128	308	3,133	12,040	1,211	4,414	256,447
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	25	-	1,000	1,500	-	-	-	-	-	2,525
Total assets	\$ 1,585	98,656	106,740	4,170	12	1,076	25,628	308	3,133	12,040	1,211	4,414	258,972
LIABILITIES AND NET ASSETS													
Liabilities:													
Interfund loans	-	1,000	-	800	-	-	1,500	-	-	-	-	-	3,300
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	1,000	-	800	-	-	1,500	-	-	-	-	-	3,300
Net assets:													
Principal	1,240	87,680	100,000	-	-	-	-	500	2,026	3,500	-	3,810	198,756
Undesignated	345	9,977	6,740	3,370	12	1,076	24,128	(192)	1,107	8,540	1,211	604	56,916
Total net assets	1,585	97,656	106,740	3,370	12	1,076	24,128	308	3,133	12,040	1,211	4,414	255,672
Total liabilities and net assets	\$ 1,585	98,656	106,740	4,170	12	1,076	25,628	308	3,133	12,040	1,211	4,414	258,972

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2009

	Shirley Grover Fund	Mary Campbell Pederson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontague 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	\$ -	-	-	50	-	-	-	-	-	-	-	-	50
Interest and dividends	16	1,111	1,178	53	-	-	313	3	24	39	12	37	2,788
Total additions	16	1,111	1,178	103	-	-	313	3	24	39	12	37	2,838
Deductions:													
School scholarships	-	1,000	4,000	800	-	-	1,500	-	150	250	-	-	7,700
Total deductions	-	1,000	4,000	800	-	-	1,500	-	150	250	-	-	7,700
Changes in net assets	16	111	(2,822)	(697)	-	-	(1,187)	3	(126)	(211)	12	37	(4,862)
Net assets, beginning of year	1,568	97,545	109,561	4,067	12	1,076	25,315	304	3,259	12,251	1,199	4,377	260,534
Net assets, end of year	\$ 1,585	97,656	106,740	3,370	12	1,076	24,128	308	3,133	12,040	1,211	4,414	255,672

TOWN OF SCARBOROUGH, MAINE
 Agency Funds
 Statement of Changes in Assets and Liabilities
 For the year ended June 30, 2009

		Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
STUDENT ACTIVITIES:					
ASSETS					
Cash	\$	213,132	467,405	460,495	220,042
LIABILITIES					
Payable to student groups	\$	213,132	467,405	460,495	220,042

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General Long-Term Debt



TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-term Debt
For the year ended June 30, 2009

For the year ended June 30, 2009							
	Interest rate	Final maturity date		Annual principal payments	Balance beginning of year	Current Year IssuedRetired	Balance end of year
General Obligation Bonds							
1988 Capital Improvements	7.65%	2009	\$	275,000 to 2009	275,000	275,000	-
1989 Capital Improvements	6.75%	2009		100,000 in 2009	100,000	100,000	-
1990 Capital Improvements	7.10%	2011		325,000 to 2011	975,000	325,000	650,000
1993 Capital Improvements	5.70%	2013		25,000 to 2013	125,000	25,000	100,000
1994 Capital Improvements	5.90%	2015		230,000 to 2015	1,610,000	230,000	1,380,000
1995 Capital Improvements	4.80%	2016		265,000 to 2016	2,120,000	265,000	1,855,000
1997 Capital Improvements	5.20%	2017		110,000 to 2017	990,000	110,000	880,000
1999 Capital Improvements	4.40%	2019		395,000 to 2009			
	Varies			70,000 to 2019	1,095,000	395,000	700,000
2000 Capital Improvements	5.25%	2020		205,000 to 2010			
				115,000 to 2020	1,560,000	205,000	1,355,000
2001 Capital Improvements	4.00%	2021		180,000 to 2011			
	4.20%			120,000 in 2012			
	Varies			115,000 to 2021	1,695,000	180,000	1,515,000
2003 Capital Improvements	3.00%	2033		655,000 in 2009			
	3.50%			685,000 in 2010			
	3.50%			750,000 in 2011			
	4.25%			840,000 in 2012			
	4.25%			925,000 in 2013			
	4.25%			595,000 in 2014			
	4.25%			685,000 in 2015			
	4.25%			780,000 in 2016			
	4.25%			885,000 in 2017			
	4.25%			1,005,000 in 2018			
	4.25%			1,135,000 in 2019			
	4.25%			1,280,000 in 2020			
	4.25%			1,435,000 in 2021			
	4.30%			1,610,000 in 2022			
	4.40%			1,800,000 in 2023			
	4.40%			430,000 in 2024			
	4.50%			450,000 in 2025			
	4.50%			475,000 in 2026			
	4.50%			495,000 in 2027			
	4.50%			520,000 in 2028			
	4.50%			545,000 in 2029			
	4.50%			570,000 in 2030			
	4.50%			595,000 in 2031			
	4.50%			625,000 in 2032			
	4.50%			655,000 in 2033	20,425,000	655,000	19,770,000
2004 Capital Improvements	2.25%	2034		985,000 in 2009			
	2.50%			665,000 in 2010			
	varies			680,000 to 2012			
	3.125%			690,000 in 2013			
	3.25%			555,000 in 2014			
	3.50%			215,000 in 2015			
	3.50%			225,000 in 2016			
	3.75%			235,000 in 2017			
	3.75%			245,000 in 2018			
	4.00%			255,000 in 2019			
	4.00%			265,000 in 2020			
	4.00%			280,000 in 2021			
	4.00%			290,000 in 2022			
	4.125%			305,000 in 2023			
	4.25%			320,000 in 2024			
	4.25%			335,000 in 2025			
	4.30%			350,000 in 2026			
	4.30%			365,000 in 2027			
	4.375%			385,000 in 2028			
	4.40%			400,000 in 2029			
	4.40%			420,000 in 2030			
	4.40%			440,000 in 2031			
	4.40%			460,000 in 2032			
	4.40%			480,000 in 2033			
	4.40%			500,000 in 2034	11,025,000	985,000	10,040,000

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

	Interest rate	Final maturity date		Annual principal payments	Balance beginning of year	Current Year		Balance end of year	
<u>General Obligation Bonds</u>									
2005 Capital Improvements	3.50%	2034	\$	520,000 in 2009					
	3.50%			525,000 in 2010					
	3.50%			385,000 in 2011					
	3.75%			390,000 in 2012					
	3.75%			395,000 in 2013					
	4.00%			305,000 in 2014					
	4.00%			315,000 in 2015					
	4.00%			250,000 in 2016					
	4.00%			230,000 in 2017					
	4.00%			240,000 in 2018					
	4.00%			250,000 in 2019					
	4.10%			260,000 in 2020					
	4.20%			270,000 in 2021					
	4.25%			280,000 in 2022					
	4.25%			290,000 in 2023					
	4.30%			300,000 in 2024					
	4.50%			315,000 in 2025					
	4.50%			325,000 in 2026					
	4.50%			340,000 in 2027					
	4.50%			355,000 in 2028					
	4.60%			370,000 in 2029					
	4.60%			385,000 in 2030					
	5.00%			405,000 in 2031					
	5.00%			420,000 in 2032					
	5.00%			440,000 in 2033					
5.00%	460,000 in 2034								
5.00%	480,000 in 2035			9,500,000		520,000	8,980,000		
2006 Capital Improvements	4.00%	2021		690,000 in 2009					
	4.00%		805,000 in 2010						
	4.00%		835,000 in 2011						
	4.00%		480,000 in 2012						
	4.00%		510,000 in 2013						
	4.00%		515,000 in 2014						
	4.00%		530,000 in 2015						
	4.00%		505,000 in 2016						
	4.00%		185,000 in 2017						
	4.00%		190,000 in 2018						
	4.00%		195,000 in 2019						
	4.05%		210,000 in 2020						
	4.10%		220,000 in 2021		5,870,000		690,000	5,180,000	
	2007 Capital Improvements		4.00%	2023		550,000 to 2012			
					225,000 to 2017				
		25,000 to 2022	3,450,000		-	550,000	2,900,000		
2008 Capital Improvements	3.00%	2028		593,000 in 2009					
			800,000 to 2011						
			790,000 to 2013						
			595,000 in 2014						
			580,000 in 2015						
			570,000 to 2017						
			575,000 in 2018						
			185,000 to 2028	8,513,000		593,000	7,920,000		
2009 Capital Improvements	4.50%	2029		400,000 to 2014					
			315,000 to 2016						
			310,000 to 2019						
			100,000 in 2029	-	4,560,000	-	4,560,000		
Total bonds					69,328,000	4,560,000	6,103,000	67,785,000	
Total long-term debt			\$	69,328,000	4,560,000	6,103,000	67,785,000		



Statistical Section

GENERAL LONG-TERM DEBT

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 8-11
These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity 12-14
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information 15-17
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information 18-20
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.

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Table 1

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

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

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

Comment: Not All data for Fiscal Years 2000 through 2002 available.

Table 2

TOWN OF SCARBOROUGH, MAINE

Changes in Net Assets

Last Seven Fiscal Years (1)

(accrual basis of accounting)

(amounts expressed in thousands)

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

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

Comment: Not All data for Fiscal Years 2000 through 2002 available.

Table 3

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008*	2009
General Fund										
Reserved	\$ 936	\$ 889	\$ 800	\$ 752	\$ 710	\$ 697	\$ 771	\$ 674	\$ 618	\$ 630
Unreserved	2,778	3,669	5,753	6,211	5,919	7,063	7,455	8,019	8,357	8,174
Total general fund	\$ 3,714	\$ 4,558	\$ 6,553	\$ 6,963	\$ 6,629	\$ 7,760	\$ 8,226	\$ 8,693	\$ 8,975	\$ 8,804
All Other Governmental Funds										
Reserved	469	753	140	132	123	117	125	127	3,047	3,062
Unreserved, reported in:										
Special revenue funds	3,040	3,756	4,288	5,010	5,011	4,403	8,180	7,523	4,589	5,039
Capital projects funds	207	864	239	20,278	18,611	6,963	4,085	2,926	4,912	1,084
Permanent funds	50	54	67	68	69	70	73	78		
Total all other governmental funds	\$ 3,766	\$ 5,427	\$ 4,734	\$ 25,488	\$ 23,814	\$ 11,553	\$ 12,463	\$ 10,654	\$ 12,548	\$ 9,185

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

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	\$ 27,560	\$ 29,311	\$ 32,380	\$ 34,582	\$ 37,191	\$ 40,066	\$ 41,377	\$ 42,712	\$ 44,581	\$ 46,401
Licenses and permits	653	433	413	429	480	567	611	753	818	482
Intergovernmental	10,186	11,006	11,212	11,600	10,823	11,219	12,604	13,204	14,042	17,357
Interest earned	392	533	272	209	348	442	644	805	684	324
Other	3,310	3,266	3,640	4,877	4,648	5,677	10,921	6,247	9,288	7,545
Total revenues	42,101	44,549	47,917	51,697	53,490	57,971	66,157	63,721	69,413	72,109
Expenditures										
General government	2,756	2,923	3,041	3,425	3,568	3,727	4,340	4,401	4,483	4,534
Public services	2,305	2,504	2,325	2,653	2,572	2,643	2,849	3,070	3,103	3,704
Public safety	4,271	4,465	4,706	5,275	5,934	5,962	6,180	6,642	6,986	7,399
Public works	3,585	4,103	4,108	4,767	4,877	5,370	5,702	5,846	6,765	6,259
Education (Excludes School Debt)	18,340	19,885	21,639	23,446	25,009	26,647	28,064	29,194	31,695	33,077
Education Debt (Prin & Int)	2,790	3,016	3,452	3,434	3,853	4,272	4,728	4,458	4,419	4,475
County tax	842	933	1,062	1,307	1,442	1,520	1,584	1,615	1,735	1,837
Debt service (Principal-Town Only)	2,023	2,171	2,206	2,423	3,918	3,176	2,957	3,219	3,232	3,204
Debt service (Interest-Town Only)	796	875	834	769	1,128	1,128	1,108	1,177	1,488	1,867
Capital improvements	4,882	4,256	4,643	983	1,402	1,770	1,773	3,621	3,066	1,455
Capital Outlays	-	-	-	3,925	14,418	21,604	9,694	4,378	6,239	9,788
Other	1,631	1,857	2,612	2,704	2,003	2,323	2,816	2,641	3,188	3,415
Total expenditures	44,221	46,988	50,628	55,111	70,124	80,142	71,795	70,262	76,399	81,014
Excess (deficiency) of revenues over (under) expenditures	(2,120)	(2,439)	(2,711)	(3,414)	(16,634)	(22,171)	(5,638)	(6,541)	(6,986)	(8,905)
Other financing sources (uses)										
Transfers in	2,144	2,040	2,402	1,538	2,115	2,923	2,780	2,794	3,695	3,453
Transfers out	(2,144)	(2,040)	(2,402)	(1,538)	(2,115)	(2,923)	(2,780)	(2,794)	(3,695)	(3,453)
Capital Lease proceeds	-	-	-	-	-	-	-	1,200	1,010	820
General obligation bonds and capital leases	4,770	4,932	4,000	24,579	14,628	10,665	7,014	4,000	8,513	4,560
Total other financing sources (uses)	4,770	4,932	4,000	24,579	14,628	10,665	7,014	5,200	9,523	5,380
Net change in fund balances	\$ 2,650	\$ 2,493	\$ 1,289	\$ 21,165	\$ (2,006)	\$ (11,506)	\$ 1,376	\$ (1,341)	\$ 2,537	\$ (3,525)
Debt Service as a percentage of non-capital expenditures	14.26%	14.19%	14.12%	12.95%	15.98%	7.35%	6.55%	6.67%	6.73%	7.12%

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

Table 5

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

Years ended	General government	Public service	Public safety	Public works	Education	County tax	Debt service	Other	Capital expenditures	Total
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
2008	4,483	3,103	6,986	6,765	32,865	1,735	4,721	-	2,666	63,324
2009	4,533	3,704	7,399	6,259	34,246	1,837	5,070	-	1,358	64,406

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

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

Table 6

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

Fiscal Year	Property tax	Interest and Costs on taxes	Vehicle Excise tax	Boat Excise tax	Franchise tax fees	Total
2000	\$ 24,145	\$ 120	\$ 3,269	\$ 26	\$ 95	\$ 27,655
2001	25,778	102	3,412	19	114	29,425
2002	28,611	105	3,637	27	134	32,514
2003	30,547	179	3,828	27	127	34,708
2004	32,862	72	4,143	27	125	37,229
2005	35,549	58	4,228	26	143	40,004
2006	36,700	61	4,409	29	146	41,345
2007	38,034	80	4,416	26	156	42,712
2008	40,000	90	4,291	27	173	44,581
2009	42,000	99	4,100	27	176	46,402

Table 7

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

Fiscal Year	Real property	Personal property	Totals		Direct Tax Rate	Ratio of total assessed value to total estimated actual value
	Assessed property	Assessed property	Assessed property	Estimated actual value		
2000	\$ 1,180,279	\$ 79,051	\$ 1,259,330	\$ 1,259,330	19.20	100%
2001	1,230,378	83,306	1,313,684	1,313,684	19.60	100%
2002	1,764,041	94,304	1,858,345	1,858,345	15.30	100%
2003	1,831,117	99,459	1,930,576	1,930,576	15.70	100%
2004	1,903,869	99,118	2,002,987	2,002,987	16.46	100%
2005	1,951,952	105,637	2,057,589	2,057,589	17.34	100%
2006	3,143,853	112,989	3,256,842	3,256,842	11.30	100%
2007	3,207,720	109,778	3,317,498	3,317,498	11.48	100%
2008	3,272,789	124,442	3,397,231	3,397,231	11.80	100%
2009	3,365,227	121,779	3,487,005	3,487,006	12.15	100%

Table 8

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

Fiscal Year	Town	School	Community Services	County Tax	Tax Increment Financing District	Overlay	State Revenue Sharing (1)	Total Property Tax Rates by Year
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	3.835	7.392	0.077	0.487	0.192	0.031	(0.533)	11.48
2008	3.802	7.643	0.112	0.511	0.206	0.029	(0.504)	11.80
2009	3.941	7.790	0.117	0.529	0.246	0.021	(0.494)	12.15

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

Table 9

TOWN OF SCARBOROUGH, MAINE

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

1999				2009			
Taxpayer	Taxable Assessed		Percentage of Total Taxable Assessed	Taxpayer	Taxable Assessed		Percentage of Total Taxable Assessed
	Value	Rank			Value	Rank	
James McBrady	\$ 17,685,500	1	1.49%	Maine Life Care Retirement Community	\$ 61,569,500	1	1.77%
Wal-Mart	15,628,400	2	1.32%	Wal-Mart	46,518,800	2	1.33%
Hannaford Brothers	14,957,400	3	1.26%	Hannaford Brothers	36,139,500	3	1.04%
Gavin Ruotolo	9,698,100	4	0.82%	New England Expedition	35,045,900	4	1.01%
Konica Quality Photo	9,691,900	5	0.82%	MMC Realty Maine Health	22,378,100	5	0.64%
Shaw's Supermarket	7,352,800	6	0.62%	Scarborough Gallery	21,492,500	6	0.62%
Central Maine Power	6,971,900	7	0.59%	Gavin Ruotolo	17,376,100	7	0.50%
ERP Operating L.P.	6,170,300	8	0.52%	Shaw's Supermarket	14,791,400	8	0.42%
Davric Maine Corp.	5,462,000	9	0.46%	RRE Foxcroft/Coach Lantern	13,188,800	9	0.38%
Maine Historic Hotels	4,758,300	10	0.40%	BPI LLC	11,752,500	10	0.34%
Total Principal Taxpayers	<u>98,376,600</u>		<u>8.29%</u>		<u>280,253,100</u>		<u>8.04%</u>
Total Assessed Value: <u>\$ 1,186,155,300</u>				<u>\$ 3,487,005,000</u>			

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
2000	\$ 24,185,214	\$ 23,716,155	98.1%	\$ 468,099	\$24,184,254	100.0%
2001	25,765,523	25,339,458	98.3%	425,102	25,764,560	100.0%
2002	28,450,220	28,120,508	98.8%	325,214	28,445,722	100.0%
2003	30,348,015	30,103,820	99.2%	239,221	30,343,041	100.0%
2004	32,969,169	32,747,993	99.3%	217,931	32,965,924	100.0%
2005	35,735,569	35,422,791	99.1%	311,177	35,733,968	100.0%
2006	36,824,648	36,527,411	99.2%	287,063	36,814,474	100.0%
2007	38,139,961	37,852,666	99.2%	263,164	38,115,830	99.9%
2008	40,183,201	39,784,997	99.0%	283,257	40,068,254	99.7%
2009	42,397,139	41,890,825	98.8%	-	41,890,825	98.8%

Table 11

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

<u>Fiscal Year</u>	<u>Real Estate Valuation</u>	<u>Personal Property Valuation</u>	<u>Total Assessed Valuation</u>	<u>Tax Rate</u>	<u>Tax Levy</u>
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
2008	3,272,789	124,442	3,397,231	11.80	40,087
2009	3,365,227	121,779	3,487,005	12.15	42,367

Table 12

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

Fiscal Year	General Obligation Bonds	Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Population*	Ratio of debt service to personal income	Debt Per Capita
2000	\$35,059,806	\$1,259,330,100	2.78%	16,970	11.57%	2,066
2001	35,787,515	1,313,684,200	2.72%	16,970	11.82%	2,109
2002	35,095,667	1,858,344,800	1.89%	16,970	11.59%	2,068
2003	54,759,228	1,930,576,300	2.84%	16,970	12.26%	3,227
2004	62,952,163	2,002,987,200	3.14%	16,970	14.09%	3,710
2005	67,737,433	2,057,589,000	3.29%	18,812	13.68%	3,601
2006	68,844,000	3,256,841,900	2.11%	18,812	13.90%	3,660
2007	66,845,000	3,317,497,800	2.01%	18,812	13.50%	3,553
2008	69,328,000	3,397,230,200	2.04%	18,812	13.95%	3,685
2009	67,785,000	3,487,005,500	1.94%	18,812	13.52%	3,603

Table 12A

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

Fiscal Year	Capital Leases	Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Population*	Ratio of debt service to personal income	Debt Per Capita
2000	321,863	\$1,259,330,100	0.03%	16,970	0.11%	19
2001	271,790	1,313,684,200	0.02%	16,970	0.09%	16
2002	331,372	1,858,344,800	0.02%	16,970	0.11%	20
2003	277,222	1,930,576,300	0.01%	16,970	0.06%	16
2004	208,444	2,002,987,200	0.01%	16,970	0.05%	12
2005	141,974	2,057,589,000	0.01%	18,812	0.03%	8
2006	72,541	3,256,841,900	0.00%	18,812	0.01%	4
2007	1,370,408	3,317,497,800	0.04%	18,812	0.28%	73
2008	2,025,032	3,397,230,200	0.06%	18,812	0.41%	108
2009	2,223,239	3,487,005,500	0.06%	18,812	0.44%	118

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

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

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

Table 13

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

Fiscal year	Principal	Interest	Total debt service	Total general fund expenditures	Ratio of debt service to general fund expenditures
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	58,489	15.08%
2008	6,030	2,739	8,769	63,323	13.85%
2009	6,103	2,826	8,929	64,406	13.86%

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

Table 14

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 188,018	\$ 206,243	\$ 235,755	\$ 279,720	\$ 323,745	\$ 380,820	\$ 430,980	\$ 488,370	\$ 529,673	\$ 534,488
Total net debt applicable to limit	35,060	35,788	35,096	54,759	62,952	67,737	68,844	66,845	69,328	67,785
Legal debt margin	152,958	170,455	200,659	224,961	260,793	313,083	362,136	421,525	460,345	466,703
Total net debt applicable to the limit as a percentage of debt limit	18.65%	17.35%	14.89%	19.58%	19.44%	17.79%	15.97%	13.69%	13.09%	12.68%

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

<u>Fiscal Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (a)</u>	<u>Median Age (a)</u>	<u>School Enrollment (c)</u>	<u>Unemployment Rate (d)</u>
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%
2008	18,880	496,940,480	26,321	38.80	3,347	4.00%
2009	19,054	501,520,334	26,321	38.80	3,367	5.40%

(a) For year 2000, 1990 Census, U.S. Department of Commerce, Bureau of Census and for years 2001 through 2009, 2000 Census, U.S. Department of Commerce, Bureau of Census.

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

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

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

Table 16

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

1999			2009			Percentage of total Town Employment
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employer</u>	<u>Employees *</u>	<u>Rank</u>	
Town of Scarborough ¹	-	1	Town of Scarborough	1,417	1	10.19%
Hannaford Brothers	780	2	Hannaford Brothers	1,109	2	7.98%
Konica Quality Photo	450	3	US Postal Service	635	3	4.57%
Hanover Insurance	185	4	NorDX	286	4	2.06%
Wal-Mart	161	5	Maine Medical Center	281	5	2.02%
Humpty Dumpty	155	6	Wal-Mart	275	6	1.98%
Rock-Tenn Converting Co.	120	7	Cabela's	270	7	1.94%
Gabriel Electronics, Inc.	116	8	Shaw's	250	8	1.80%
R.C. Moore Trucking	95	9	Piper Shores	192	9	1.38%
N.E. Tech. Air Inc.	85	10	Sam's Wholesale Club	186	10	1.34%

* Source: Scarborough Economic Development Corporation (SEDCO)

Note¹: 1999 employment data unavailable

2009 Total Town Employment Estimate: 13,903 (Source: ME Dept of Labor, Center for Workforce and Information)

Table 17

TOWN OF SCARBOROUGH, MAINE

Unemployment Data
Last Ten Fiscal Years

Fiscal Year ending June 30,	Portland Metropolitan Statistical Area (PMSA)*	State of Maine
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%
2008	4.0%	5.0%
2009	6.7%	8.3%

* 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

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function:										
General Govt:										
Town Clerk										
Certified Copies	1,063	1,063	1,565	1,750	1,462	1,185	1,462	1,187	2,098	4,887
Licenses & Permits	3,707	3,724	4,045	3,937	2,524	360	296	365	432	436
Passports Applications						379	548	882	792	586
Tax Office										
Beach Passes	2,277	2,512	1,999	2,282	2,714	1,886	2,003	2,192	3,436	3,487
Licenses & Permits						1,847	1,643	1,298	1,166	1,168
Planning:										
Permits	1,682	1,728	1,688	1,576	1,649	1,501	1,561	1,438	1,346	1,091
Certificates of Occupancy	342	287	302	309	321	340	353	242	207	204
Public Safety:										
Police:										
Physical arrests	349	429	587	634	401	332	822	719	817	1,152
Traffic violations	2,892	2,263	2,637	2,455	1,976	1,077	1,337	975	792	741
Fire:										
Number of calls answered	1,836	1,894	2,035	2,200	2,251	2,450	2,356	2,300	1,303	1,615
Number of Inspections	364	392	388	455	445	472	642	884	1,825	3,351
Rescue:										
Number of calls answered	1,665	1,796	1,962	2,159	2,407	2,506	2,247	2,673	2,069	2,088
Public Works:										
Street resurfacing (miles)	4.71	3.37	3.71	4.19	1.94	5.26	6.03	7.32	3.90	6.31
Pot holes repaired (qty used in tons)	20	22	19	30	43	82	71	61	42	35
No. times plows dispatched	46	51	42	20	19	24	53	15	33	27

Source: Town of Scarborough

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

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

Source: Town of Scarborough

Table 20

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

		Fiscal Year									
		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Govt:											
	Full time				34	35	35	35	37	37	39
	Pt Time				47	52	36	58	19	59	53
Public Services:											
	Full time				13	13	13	14	14	15	15
	Pt Time				106	89	77	99	103	130	159
Public Safety:											
	Police										
	Full time				46	46	47	48	51	52	52
	Pt Time				37	35	28	33	27	27	34
	Fire										
	Full time				4	4	4	4	4	4	4
	Pt Time				177	155	159	144	152	167	164
	Rescue										
	Full time				9	9	9	9	12	12	12
	Pt Time				14	21	16	18	15	14	15
Public Works:											
	Full time	30	30	31	31	32	32	32	33	36	35
	Pt Time	0	0	0	2	1	3	2	2	3	3
Education:					N/A	886	881	891	842	824	795
Total:		30	30	31	520	1378	1340	1387	1311	1380	1380

Source: Town of Scarborough

Comment: Not All data for Fiscal Years 2000 through 2002 is available.