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**Town of Scarborough, Maine
Comprehensive Annual Financial Report
For Fiscal Year Ending June 30, 2011**



Town of Scarborough, Maine
Comprehensive Annual Financial Report
For Fiscal Year Ending June 30, 2011



Hospice of Southern Maine

Prepared By:
Town of Scarborough Finance Department

TOWN OF SCARBOROUGH, MAINE
Comprehensive Annual Financial Report
Year ended June 30, 2011

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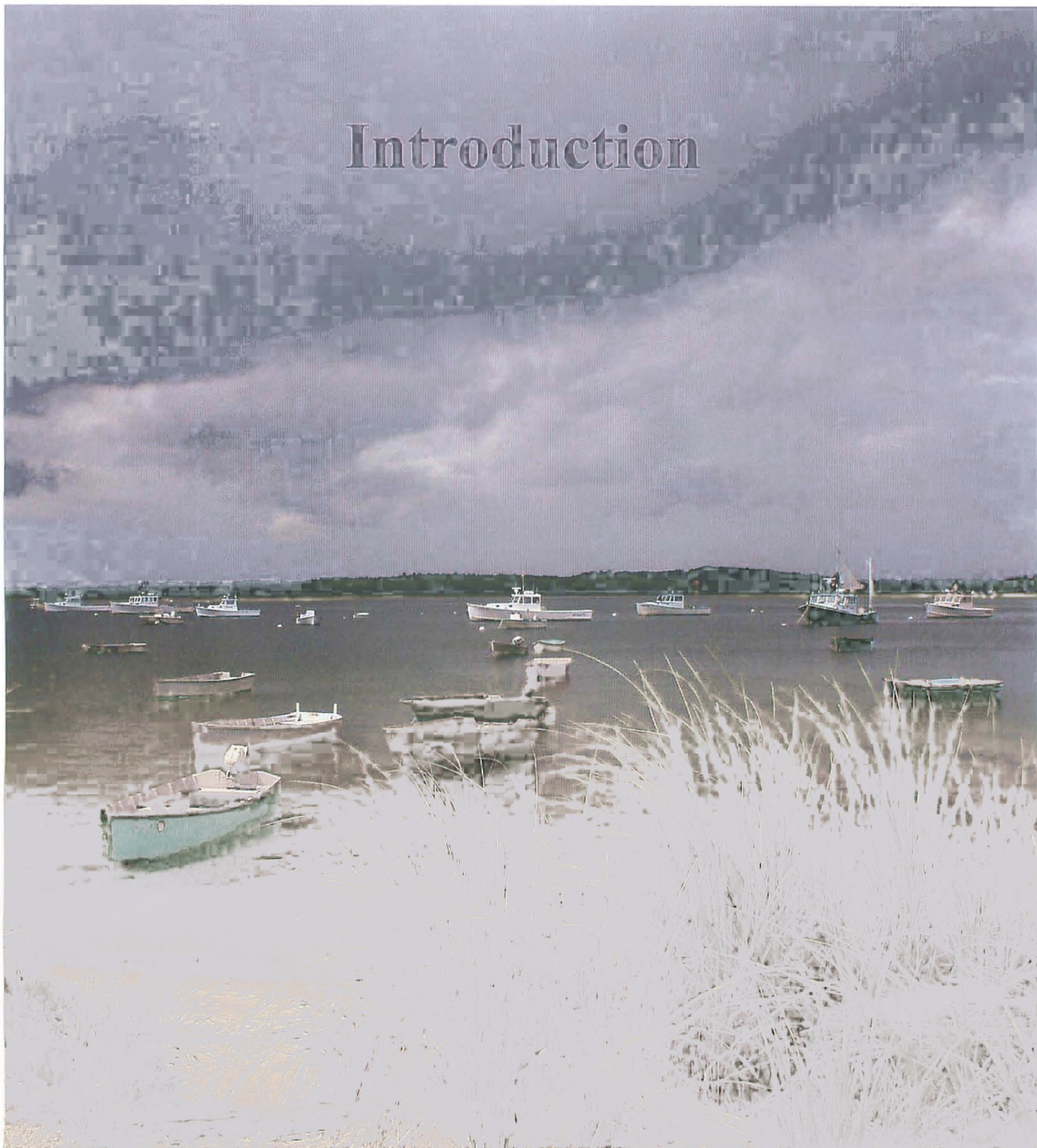
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Introduction





December 29, 2011

Judith L. Roy, Council Chairwoman
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, 2011.

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

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

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

TOWN'S ORGANIZATIONAL STRUCTURE AND SERVICES PROVIDED

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

The Town, first settled in 1633, was incorporated as the sixth town in the Province of Maine on July 14, 1658. The Town operates under a charter first adopted on October 7, 1969 and provides for a Town Council and Town Manager form of government. The legislative body consists of a seven-member town council. A seven-member school board has general authority for the public schools. The Town Council is responsible for passing ordinances, adopting the annual budget, appointing committees and hiring both the Town Manager and the Town Assessor. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the government, and for appointing the administrators of the various departments.

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

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

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

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

Portland Water District
ecomaine (formerly Regional Waste)

Scarborough Sanitary District
Biddeford Saco Water District

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

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

ECONOMIC CONDITION AND FUTURE OUTLOOK

Maine Economy. Of the New England states, Maine, along with Connecticut, is expected to have the lowest growth in employment over the next few years. While employment growth is under-performing, Maine's unemployment rate is consistently lower than the national rate.

Maine's seasonally adjusted unemployment rate of 7.3 percent for October 2011 changed little from the 7.4 percent rate 12 months ago. Maine still compares favorably to the national rate of 9.0 percent. The New England average was 7.6 percent; rates in other states in the region were 5.3 percent in New Hampshire, 5.6 percent in Vermont, 7.3 percent in Massachusetts, 10.4 percent in Rhode Island and 8.7 percent in Connecticut.

Non-farm payroll jobs in Maine increased from 592,500 jobs in October 2010 to 596,100 jobs in October 2011. This increase reverses the previous two-year trend of job losses, including a loss of 23,100 jobs between October 2008 and October 2009.

Hannaford Brothers, with their corporate headquarters in Scarborough, continues to be the state's largest employer. Wal-Mart, Maine Medical Center, Bath Iron Works and L.L. Bean are also on the list of Maine's largest private employers.

Looking forward, the latest release from the New England Economic Outlook Fall 2011; cites the European debt crisis, continued weakness in housing markets, low consumer confidence and fiscally stressed local, state and federal governments as factors in an uncertain economic future. The forecast calls for the New England region to grow slowly for 2012, not showing real strength until 2013. The region is not expected to regain the 5 percent of jobs lost during the recession until the second quarter of 2015.

As the economy begins to recover, some of the strongest regional economic sectors will be health and educational services, high technology, professional and business services, and leisure and hospitality. Each of these sectors is expected to grow by 10 percent or more by 2015. This particular mix of industries bodes well for Scarborough. With an internationally known bioscience industry, a growing business services sector, renowned natural attractions, along with high quality land for business expansion, the town is ready for the future.

Local Economy. Scarborough's profile is not Maine's profile. Scarborough is now the fourth largest community in Cumberland County, with only Portland, South Portland and Brunswick having more residents. The town's unemployment rate is 4.6 percent (seasonally unadjusted rates) compared to 6.6 percent for the State and 8.5 percent for the U.S. in October 2011. [Note: only seasonally unadjusted rates were available for October at the town level. For comparison, the seasonally adjusted rate for the same time period for the State was 7.3 percent].

In 2011 communities across the country received the first official reporting of the 2010 U.S. Census of population and housing. The Census numbers are critical for planning purposes and are the basis for all demographic and economic projections for the next ten years.

According to the Census, the Town of Scarborough added 1,949 new residents between 2000 and 2010, reaching an official population of 18,919. The Town's population increased 11.5 percent during this ten-year period. Twelve percent of Cumberland County's 16,062 new residents made their home in Scarborough during this same ten-year period.

With nearly 2,000 new residents, Scarborough needed new residential units. Between 2000 and 2010, Scarborough added 1,384 new housing units for a total of 8,617 housing units, according to the U.S. Census. Housing unit growth outpaced population growth, with housing units increasing 19.1 percent compared to a population increase of 11.5 percent.

Scarborough is second only to the City of Portland in terms of the number of new units added between 2000 and 2010 within Cumberland County.

Scarborough has a higher average household size than Cumberland County as a whole, illustrating how attractive Scarborough is to families. Scarborough's average household size is 2.49 persons per household compared to Cumberland County's household size of 2.34.

The US Census Bureau's American Community Survey Data estimates that the median family income in Scarborough is \$88,070, making Scarborough one of the more wealthy communities in Cumberland County, along with its fellow coastal suburban communities of Falmouth, Cumberland, Yarmouth and Cape Elizabeth. Scarborough's median family income is nearly \$20,000 more than the median family income for Cumberland County and more than \$30,000 over the State's median family income.

Scarborough income levels also compare favorably to the U.S. as a whole. Our median family income is 41% higher than the U.S. median family income.

Just as Scarborough's population is growing, so is the Town's economic base. According to Maine Department of Labor's reporting of employment in industries covered by unemployment insurance, Scarborough gained 2,847 new jobs for a total of 14,750 jobs between the third quarter of 2001 and the third quarter of 2010. Cumberland County lost 883 jobs during this same period, decreasing from 170,147 to 169,264.

While Scarborough has fared better than many communities have during the recession, we have not entirely escaped its impact. In 2008, we posted a total of 15,224 jobs during the third quarter. For 2010, the Town has 474 fewer jobs. This slight dip in employment is expected to be made up with the next year as employers cautiously begin to hire new employees.

The business community in Scarborough is diverse and is located primarily in distinct areas of the town. U.S. Route One, one of the major routes through the community, is predominately a commercial business district serving the daily needs of Scarborough's residents. The Route 1 corridor 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. The Town continues to market 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 U.S. 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.

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 locational 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.

Residential growth necessitated Scarborough's need to develop a strong and stable commercial base to help meet the ever-growing demands of 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. SEDCO celebrated its 26th anniversary this year, continuing to serve the residents through business retention, assistance and recruitment programs.

Comprehensive Plan. Over the course of fiscal year 2011, one of the ongoing initiatives of the Town has been the implementation of the 2006 Updated Comprehensive Plan. During this fiscal year, the Town focused on an expansion of a village-style residential zone (the Village Residential 2 District) in the Dunstan area of Town. The area around the Dunstan Crossing development as well as the east side of Broadturn Road is included in the expansion. The town has updated and marginally expanded the commercial zone near Black Point Road and the Highland Avenue intersection. These changes have enabled this area to serve as a neighborhood center with small businesses, civic uses and residences. Additionally, in this area of town, the creation of an Aquifer Protection Overlay District establishes some new standards to help protect the Town's sand and gravel aquifer areas where the groundwater is particularly vulnerable to contamination.

Major Initiatives:

For the year. During fiscal year 2011, there was a range of commercial, residential and institutional building projects that occurred. Some of the most notable development projects that were under construction include the completion and occupancy of the Maine Health redevelopment of the Orion Center and the re-use of the former Konica building as the new Elevation Center. Both of these projects have revitalized what were vacant and underutilized buildings and have increased the medical, laboratory and research space in Town. Another important addition to the Scarborough business community is Trask-Decrow Machinery (TDM). Late in fiscal year 2011, TDM purchased and began renovating the former Hyster Building at 52 Route 1, which has been facilitated and inspected by Planning and Code Enforcement staff.

In addition, most other development and construction work has been related to new tenants and occupants modifying existing commercial space, as businesses turnover or relocate to and from Scarborough. On the residential side, new home construction has been slow but relatively steady, with new construction occurring in the Dunstan Crossing, Eastern Village, Sea Ridge, and Beachwalk development projects. Also in these economic times, residential construction has increasingly been focused on additions, remodeling and accessory living units, as homeowners chose to improve their property rather than buy new.

The Commercial Fishing Pier Project has been a long process in the making. After five years of designing, permitting and seeking funding, construction began in October 2010 with the awarding of the bid to C. White Marine, Inc. of Danvers, Massachusetts. With a ribbon cutting ceremony in August, the pier project was completed and now is open for business. This new pier will be a great asset to the Town for both the fishing industry and recreational purposes for years to come.

The Town continues to seek opportunities to preserve open space. In 2003, the voters approved \$2.5 million, of which, over \$1.6 million is available for use. Additionally, in November 2009, the voters also approved \$1 million to fund or purchase parks and conservation land

One major accomplishment for the Fire Department was with the notification that the department had successfully lowered its *ISO Public Fire Protection* rating from a 3/9 to a 3/4. Rankings are on a scale of 1 to 10 with one being the best. The ISO is an independent company that serves insurance companies, communities, fire departments, insurance regulators, and others by providing information about risk. The ISO conducts a comprehensive review and inspection of every fire department in the country on a regular basis. This formal data collection and evaluation process is evaluated and analyzed to determine a community's public protection class (PPC) rating. Insurance companies widely use ISO data when setting fire insurance rates for their residential and commercial customers across the country because they are based on national standards and their ratings are considered a proven and reliable predictor of future fire losses. We anticipate that many residents, and particularly the businesses north of the turnpike, will see a significant reduction in the cost of their fire protection as insurance companies start to use the Town's new public protection classification when setting their rates.

During the past fiscal year, the fire department continued its proactive work identifying potential grant opportunities to augment the funding we receive through local property tax revenues. These efforts proved very successful again this year.

Early in July, the Town was notified that we were awarded a \$483,100 Staffing for Adequate Fire and Emergency Response (SAFER) grant. This grant provides 100% funding to hire four new full-time firefighters for a period of two years with a commitment that the community continues to employ them for one additional year at the Town's expense. This grant could not have come at a better time because, since 2006, the department had been working with the Manager and Town Council to implement a long-term staffing. The current economic conditions prohibited increasing staff during budget deliberations, but this grant allowed the council to accept the needed help with the federal government picking up all costs for two years while giving the economy and our budget time to recover.

In addition to the SAFER grant, we received a 50% match or \$42,750 through an Efficiency Maine Grant to upgrade lighting and install new energy efficient propane boilers in three of our oldest fire stations. We received three FEMA Homeland Security Grants including \$20,000 to develop a community wide resiliency project, \$12,000 to replace obsolete radio equipment and pagers, and \$31,500 in Emergency Management Performance grant funding which reimburses 50% of certain costs for local emergency management operations. We were also pleased to receive a grant to participate in the 3-ring binder project, which will allow us to connect our computer network from the public safety building to North Scarborough fire station through a dedicated fiber optic cable funded by the American Recovery Act, a federal economic stimulus project. This grant saved a projected \$87,500 in future CIP costs to connect this station, which was the only municipal or school building, not directly tied to the Town's computer backbone.

In looking at our Public Safety operations, the Police Department identified a couple of areas that we felt could be improved by better communications. In one example, the department participated with many other town departments to evaluate a new platform for increased collaboration and improved workflow between departments. As a result of this evaluation, the town is in the process of shifting to the SharePoint product which works seamlessly with many other Microsoft products and is quickly becoming an industry standard.

For the police department in particular, we felt that it was very important to find new ways to communicate in a manner that would be typical for our more technologically sophisticated residents. One way that we have been able to accomplish this is through the department's new Facebook page. We have found this a very useful tool for putting up to date information in a timely and efficient manner on Facebook. We have received many positive comments about our ability to keep residents informed of current traffic issues, storm updates, crime trends, and general information.

Prior to the summer season, there were some significant changes to the parking ordinance in and around the Higgins Beach area. Increased restrictions on Acorn Lane and Spurwink Road, coupled with one-hour parking slots on Bayview Avenue, would mean that the Scarborough reserve officers working in that area would have a need to be more mobile than in the past. At about the same time, our department had the opportunity to receive a 2003 GEM (Global Electric Motorcar) at no cost, through the military surplus program. This vehicle is 100% powered electrically, which means it is quiet and produces no emissions. Additionally, the vehicle is legally roadworthy for roads with speeds limits of less than 35 mph. This electric car also provides some protection from inclement weather.

Public Works assisted the Planning department with the bid specifications and construction phases of the Haigis and Route 1 Intersection Improvement Project. The Planning staff prepared the initial planning and outreach elements of the project, while the Public Work's staff managed the work site. The end project is to reduce traffic on certain areas of Payne Road and this is the start of that project.

Other large projects included:

- The drainage, structural repair and repaving of all the streets located in the Evergreen Farms neighborhood. This project improved over one mile of road.
- Grinding, grading and paving on Tapley Road from the Saco town line to the Buxton town line.
- A heavy shim and overlay of pavement was applied to Spurwink Road, from Pleasant Hill to Ocean Avenue. The purpose of this work is to maintain road integrity for approximately 5 years while a review of what the long-term goals for the road should be. Residents will want pedestrian and bicycle amenities that will be costly and need planning.

For the future. In addition to the construction, development/redevelopment and rezoning that occurred in 2011, a collection of residential and non-residential development projects were proposed and received development approvals. These projects included the approval of the Red Robin restaurant along Gallery Boulevard; a major addition to the Piper Shores retirement community; the approval of a commercial subdivision along Route 1 in Dunstan; and an extension of the Carter Brook Drive residential subdivision.

The Eastern Trail is part of the East Coast Greenway Trail System that will ultimately stretch from Key West, Florida to Calais, Maine. The Scarborough portion of the Eastern Trail is in its final stage of completion. Although the Scarborough portion of this trail may be a short section, it is considered one of the most difficult parts of the trail, as it must cross not only the Nonesuch River but also railroad tracks, a major town road and may travel through an endangered cottontail habitat. These challenges will potentially add a significant cost to the construction of this project. Scarborough requested financial assistance from the Maine Department of Transportation (MDOT) to help fund this portion of the Eastern Trail and has been awarded \$150,000 for the preliminary design work to be completed on the .8-mile section of the trail.

With the next two or three budget funding cycles looking difficult, Public Works plans to step back from any major projects. Due to past projects and good maintenance, we are able to keep our spending to a minimum for a couple of years.

While we intend to spend less on projects, inspection of infrastructure will continue. The Pavement Management Survey implemented in 2008 will continue. This survey is a tool used to plan future town-wide improvements on public roads.

The Town of Scarborough took advantage of two opportunities to look towards the future over this past fiscal year to secure abutting property as it became available for the possible future expansion of municipal facilities. The first was when the Howard Maxfield family approached the Town to see if they were interested in purchasing their property, which abuts the North Scarborough Fire Station. Howard was a dedicated member of the fire department for decades and knew that long-range plans identified an expansion of that facility as a joint project with the Town Gorham and/or Westbrook as a future possibility that may make fiscal sense for each community as commercial and residential growth continues along the Route 22 corridor.

The second project involved the purchase of two parcels at 265 and 267 Route 1, next to the Municipal Building. The land adjacent to those parcels has been identified as a possible location for a new public safety building at some point in the future. Both of these purchases were made at fair market values with funds already set aside specifically for the expansion of a new public safety facility.

The BenjaminWentworth Intermediate School, with an enrollment of 754, continues to have building mechanical (heating, lighting) issues. Additionally, with the many entrances to the building, the school has major security concerns. Finally, the school is not conducive to currently accepted best practices in intermediate education. In November 2006, the citizens defeated a referendum question to replace this building. The School Board and the Town Council continued to work for a better intermediate school. This November 2011, the citizens approved the construction of a new intermediate school. This was a major goal and accomplishment for the School Board. Construction is anticipated to start next fall with an expected use of the building starting in the fall 2015.

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

The Vendor-Based Inventory Program started in August of 2010 continues to operate. The future goal for this project is to supply most common products needed by all Town departments.

The benefit of this supply model is that products are readily available without the Town having the liability of tying up money on inventory.

FINANCIAL INFORMATION

Assessed Valuation and Collections. An indicator of Scarborough's strong local economy is in the growth of the Town's assessed value of real and personal property. The Town of Scarborough increased its 2011 value by \$31,780,300 from 2010. For the 2011 tax year, the valuation was \$3,556,551,900 compared to the 2010 valuation of \$3,524,771,600.

Below is a list of unpaid property taxes, for the last five years. The first column represents the original amount of unpaid taxes based on the assessment year and the second column represents the amount of remaining unpaid taxes as of the current fiscal year.

<u>As of June 30, 20xx</u>	<u>As of June 30, 2011</u>
\$287,295 in 2007	\$21,815
\$398,204 in 2008	\$29,797
\$506,314 in 2009	\$33,017
\$507,075 in 2010	\$170,903
\$603,735 in 2011	\$603,735

With the slowdown of the economy, the Town saw its share of reduced revenues. The areas that showed the most declines were:

Investment Interest	received 43% of estimated revenues,
Building Permits	received 64% of estimated revenues,
Vehicle Excise Registration	received 95% of estimated revenues,

Additionally, the school department received \$1,803,002 in ARRA funds to help offset the lost revenues from the State.

The Town took steps, during the year, to reduce expenditures to offset these revenue losses.

Relevant Financial Policies. The Town of Scarborough recently updated its Fund Balance Policy as the first step to incorporate the new definitions as required by GASB statement 54. The level of fund balance remains at 8.3% of the total operating budget.

The Town Council authorized the use of \$1,300,000 from school and Town fund balances, for fiscal year 2011. Of this amount, the fund balance actually utilized was \$875,415. For 2012, the Town Council authorized \$600,000 to help offset the loss of revenues.

The Finance Department, working with both the Town Manager and the Town of Scarborough Finance Committee, is working on an investment policy and debt management policy for the Town.

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 fiscal year 2011. This audit is designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The independent auditor's report is presented as the first component of the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Scarborough for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This is the sixth-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.

During fiscal year 2011, two of our veteran fire department employees were honored with special recognition. Paramedic/Lieutenant Robert Conlogue, a 19-year veteran, received the Southern Maine Emergency Medical Service's Paramedic of the Year award. Also, Deputy Chief Tony Attardo, a 25-year veteran, was recognized at the state level by Maine Emergency Medical Services (EMS) with a distinguished Lifetime Achievement award for his outstanding work in EMS at the local, county and state level. We are extremely proud of both of these individuals for their many contributions to the Town of Scarborough and Maine's EMS system.

Acknowledgements. I would like to extend my appreciation to the accounting staff for their dedication and efforts in assisting with the preparation of this comprehensive annual financial report. I would especially like to acknowledge Gina Clukey, Deputy Finance Director for her loyalty and untold hours contributing to this report. Recognition must also be given to both the Scarborough Town Council and to Town Manager, Thomas J. Hall, for their full support in 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 Town and school department staff. 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

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, 2010

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.



Linda C. Davidson

President

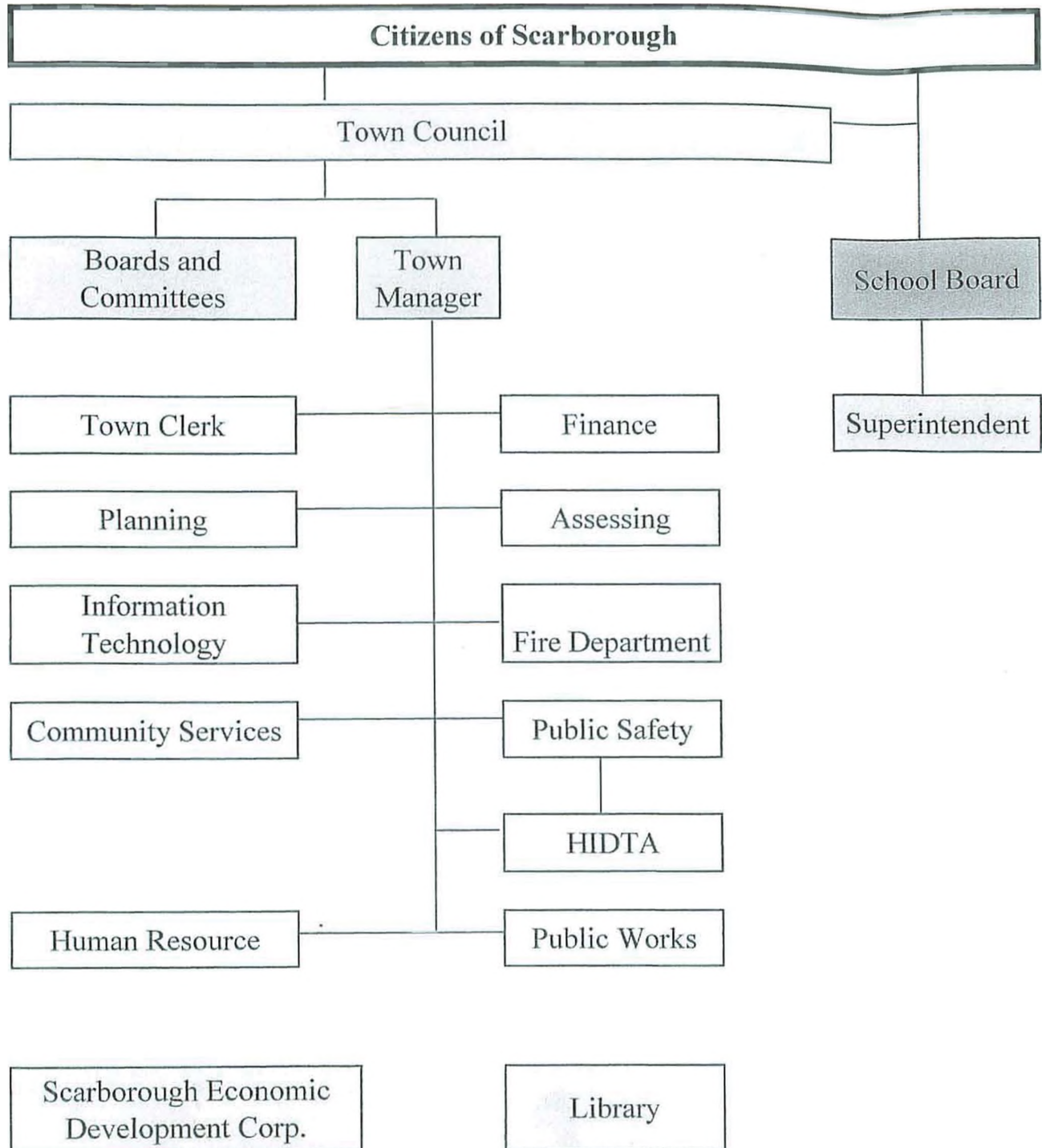
Jeffrey R. Enen

Executive Director

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Town of Scarborough, Maine

Organizational Chart



TOWN OF SCARBOROUGH

Principal Executive Officers

As of June 30, 2011

Elected Town Council

Judith L. Roy, Chairperson

Carol S. Rancourt

Ronald D. Ahlquist

Jessica L. Holbrook

Karen D'Andrea

Michael J. Wood

Richard J. Sullivan, Jr.

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
Ellen M. Blair	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
Edward F. Coyne/Michelle M. Lemelin	Information Systems
Jo Ann Sizemore	Interim Superintendent of Schools/Adult Educ.



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, 2011, 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, 2011, 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 29, 2011 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.

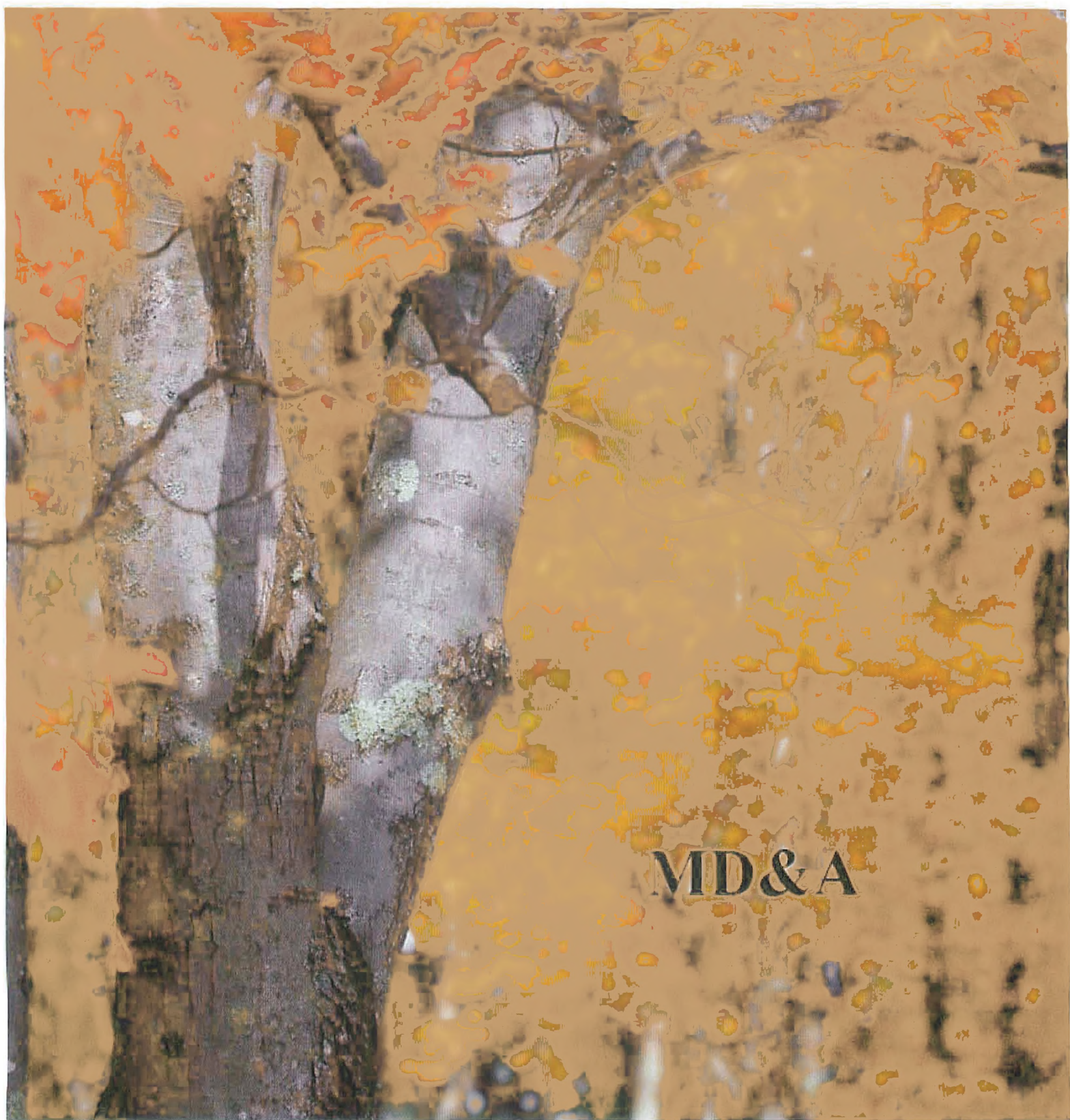
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 21-32, and Schedule of Funding Progress on page 66, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The introductory section on pages 1-14, combining statements and individual fund schedules on pages 69-105, and statistical tables on pages 111-131, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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, 2010 (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, 2010 are fairly stated in all material respects, in relation to the basic financial statements from which it has been derived.

Macdonald Page & Co LLC

South Portland, Maine
December 29, 2011



MD & A

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis
June 30, 2011

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, 2011. 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

- For the government activities, the assets of the Town of Scarborough exceeded liabilities at the close of the 2011 fiscal year by \$53,971 (net assets).
- The Town's total net assets increased \$1,267, from \$52,704 to \$53,971. The increase is the result of controlling expenses in departments such as public works, education and public safety. Revenues received were less than anticipated, however, the Town was able to control expenses by more than the decline in revenue which contributed to the increase in net assets.
- With the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance categories have changed. The new fund balance types are nonspendable, restricted, committed, assigned and unassigned. Please see the footnotes for a more detailed explanation of the fund balance types on page 47. Additionally, Table 3 in the Statistical Section provides a comparison of the fund balance types for June 30, 2011 and June 30, 2010.
- As of June 30, 2011, the Town's governmental funds reported combined fund balances of \$13,757, a decrease of \$2,652 compared with the prior year. Total nonspendable fund balance decreased slightly by \$4 from \$151 to \$147. Restricted fund balance decreased by \$1,667 from \$7,726 to \$6,059. Total committed fund balance decreased by \$532 from \$5,454 to \$4,922. Assigned fund balance increased by \$754 from \$1,469 to \$2,223. Finally, the unassigned fund balance for the governmental funds decreased by \$1,203 from \$1,609 to \$406.
- With respect to fund balances in the governmental funds, approximately \$7,551 is reported as committed (authorized by town council), assigned (authorized by town manager) and unassigned fund balance, \$4,177 are special revenue funds authorized for specific projects and (\$434) is for the municipal building Tax Increment Financing District (TIF). Future TIF revenues will fund this deficit. The remaining amount of \$3,808 is available for the discrete purposes for which these funds are collected.
- The Town of Scarborough's Fund Balance Policy establishes an unrestricted fund balance goal of 8.33% of the total operating expenditures. Unrestricted Fund Balance includes the total of the general fund committed, assigned and unassigned fund balances. As of June 30, 2011, unrestricted fund balance for the general fund was \$3,808 or 5.60% of the total general fund expenditures of \$68,174. The Town continues to work towards achieving the 8.33% goal in future fiscal years.
- Total debt decreased by \$1,275 from the prior year. Total debt retired was \$6,875. Total debt issued was \$5,600 in general obligation bonds. This included \$1,155 of bonds refunded and re-issued.

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.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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

The statement of net 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, parks, library, and economic development), public safety, public works (highways, streets, solid waste disposal) and education.

The government-wide financial statements include not only the Town of Scarborough (known as the *primary government*), but also the legally separate Public Library and Scarborough Economic Development Corporation for which the Town of Scarborough is financially accountable. Financial information for these component units are reported separately from the financial information presented for the Town of Scarborough itself. The government-wide financial statements can be found on pages 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 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Performance Bonds, General Town Improvements and the Haigis Parkway all of which are considered major funds. Data from the remaining 16 funds (Special Revenue, Capital Projects, and Permanent) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in Exhibit C-1 through Exhibit E-2.

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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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.

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 43-65.

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 69-105 of this report.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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 \$53,971 as of June 30, 2011.

By far the largest portion of the Town of Scarborough's net assets (98.26%) 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. Below is a summary of the Town of Scarborough's Net Assets for the current year and the prior two years.

Town of Scarborough's Net Assets

Governmental Activities

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets:			
Current and other assets	\$ 19,020	\$ 21,180	22,343
Long term assets	2,546	2,736	2,894
Capital Assets not depreciated	11,043	10,248	8,219
Capital assets	<u>99,686</u>	<u>98,152</u>	<u>98,428</u>
Total Assets	132,295	132,316	131,884
Liabilities:			
Long term liabilities outstanding	64,415	66,097	65,919
Other liabilities	<u>13,909</u>	<u>13,515</u>	<u>13,514</u>
Total Liabilities	78,324	79,612	79,433
Net assets:			
Invested in capital assets, net of related debt	53,032	47,588	45,719
Restricted	1,642	2,199	1,289
Unrestricted	<u>(703)</u>	<u>2,917</u>	<u>5,442</u>
Total Net Assets	\$ 53,971	\$ 52,704	\$ 52,450

Three percent (3%) of the Town of Scarborough's net assets represent resources that are subject to external restrictions on how they may be used. The unrestricted net assets, currently shows a deficit of \$703 that will be funded in future years. This deficit is due, in part, to segregating the restricted education and town grants and projects net assets from the town unrestricted net assets, and also due the continued increase in the postemployment benefits liability.

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 \$557 in restricted net assets due to the planned use of a portion of Scarborough's unrestricted fund balance. In addition, revenues not being realized from assessments, as planned for the Haigis Parkway have also contributed to this decrease.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

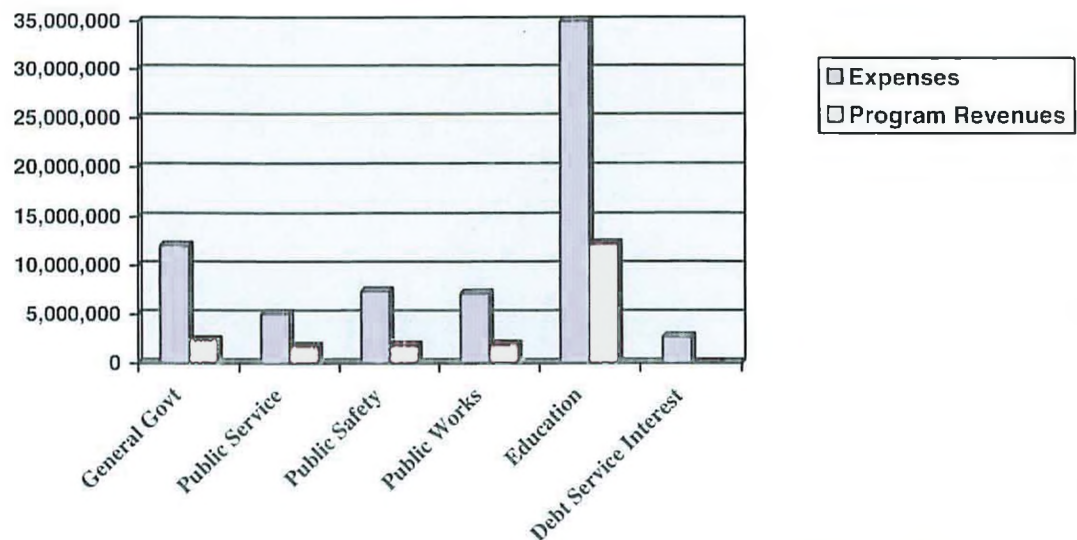
GOVERNMENTAL ACTIVITIES. All of the increase pertaining to the Town of Scarborough's net assets of \$1,267 is due to the governmental activities of the Town. Key components of this increase are shown below:

Town of Scarborough's Changes in Net Assets

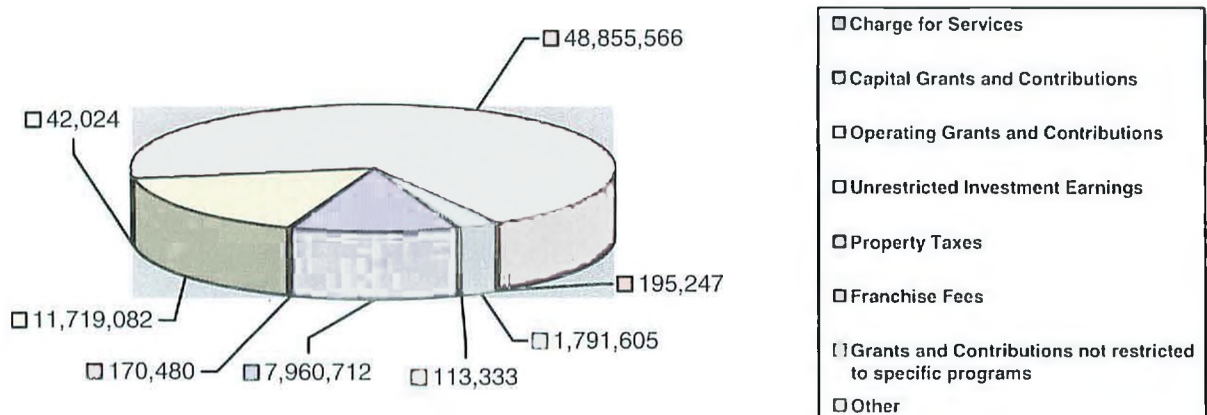
	<u>2011</u>	<u>2010</u>
Revenues:		
Program Revenues:		
Charge for services	\$ 7,961	\$ 8,218
Operating grants and contributions	11,719	12,270
Capital grants and contributions	170	122
General Revenues:		
Property and excise taxes, levied for general purposes	48,856	46,845
Franchise Tax	195	185
Grants and contributions not restricted to specific programs	1,792	1,767
Unrestricted investment earnings	42	141
Other	113	180
Total revenues	70,848	69,728
Expenses:		
General government	12,023	10,656
Public Services	5,042	3,832
Public Safety	7,331	8,266
Public Works	7,246	9,480
Education	35,275	34,546
Interest on Debt Service	2,664	2,694
Total expenses	69,581	69,474
Increase in net assets	1,267	254
Net assets beginning, restated	52,704	52,450
Net assets ending	\$ 53,971	\$ 52,704

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



FINANCIAL ANALYSIS OF THE TOWN'S FUNDING

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

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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

At June 30, 2011, the Town of Scarborough's governmental funds reported combined ending fund balances of \$13,757, a decrease of \$2,652 in comparison with the prior year's fund balances. This decrease, as mentioned earlier, is the planned use of fund balance to help offset the reduced revenues during this economic slowdown as well as the anticipated revenues from the Haigis Parkway assessments not coming as expected.

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>2011</u>	<u>2010</u>
General Fund	\$ 6,989	\$ 7,238
Haigis Parkway	404	918
General Town Improvements	1,573	2,142
Other Governmental Funds	4,791	6,111
Total	\$ 13,757	\$ 16,409

As noted earlier, governmental funds reported combined fund balances of \$13,757, a decrease of \$2,652 compared with the prior year fund balances of \$16,409. Of the \$7,551 reported as unrestricted fund balance (total of committed, assigned and unassigned), \$4,177 are for special revenue fund projects authorized for specific purposes. The capital projects fund has a deficit of (\$434) to be funded in future periods from TIF revenues. \$3,808 is available for general fund committed and assigned purposes for which these funds are collected.

The remaining \$6,206 of fund balance is nonspendable or restricted to indicate that it is not available for new spending because it has already been allocated for the following:

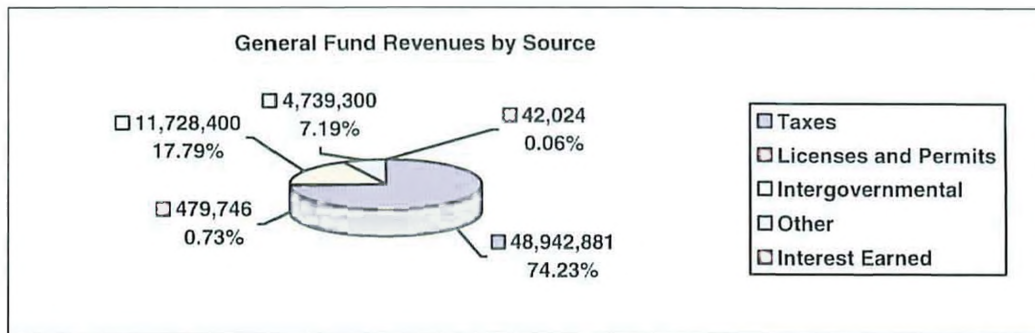
\$ 544	Deficit Fund Balances in the Special Revenue and Capital Projects Funds
1,573	Town Improvements
447	Town Grants
210	Perpetual Care of Municipal Cemeteries
865	Education Funding
2,546	Haigis Parkway non-current notes receivables
<u>21</u>	Food Service inventory
\$6,206	Total Governmental Fund Nonspendable and Restricted Fund Balance

General Fund Highlights

The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2011, total fund balance was \$6,989, reflecting a decrease of \$883. Unassigned fund balance in the General Fund was \$955 compared to total fund balance of \$6,989. As a measure of the General Fund's liquidity, we believe it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Committed, assigned and unassigned fund balances represents 5.59% of total general fund expenditures, while total fund balance represents 10.25% of the same amount.

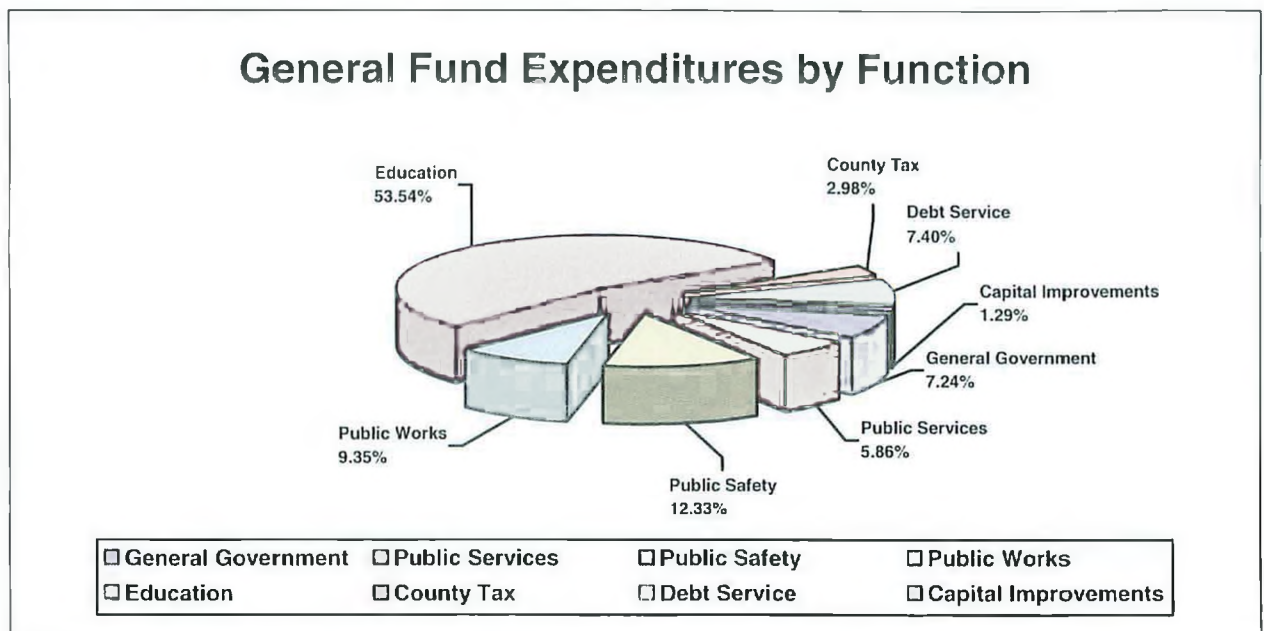
TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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



Property Tax revenues increased \$1,960 from 2010 to 2011 compared to the 2009 to 2010 increase of \$591. 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 mildly increased \$84 or .13%. The factors for this increase are:

- General Government decreased .52% mostly relating to a change in policy regarding charging customers for the use of their credit cards.
- Public Service increased 1.52% due to the change relating to GASB 45 and allocating beach special revenue to the General fund.
- Public Safety increased 3.19% due to the increase in public safety personnel.
- Public Works decreased 2.95% due to a reduction in staff.
- Educations increased 1.48% to offset increased costs for education
- County Tax increased 1.96% to help offset the costs of Cumberland County
- Town Debt (excludes school debt) decreased 3.50% and
- Capital Improvements decreased 31.15% mostly due to the reduction in appropriations and resulting expenditures from 2010 to 2011.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

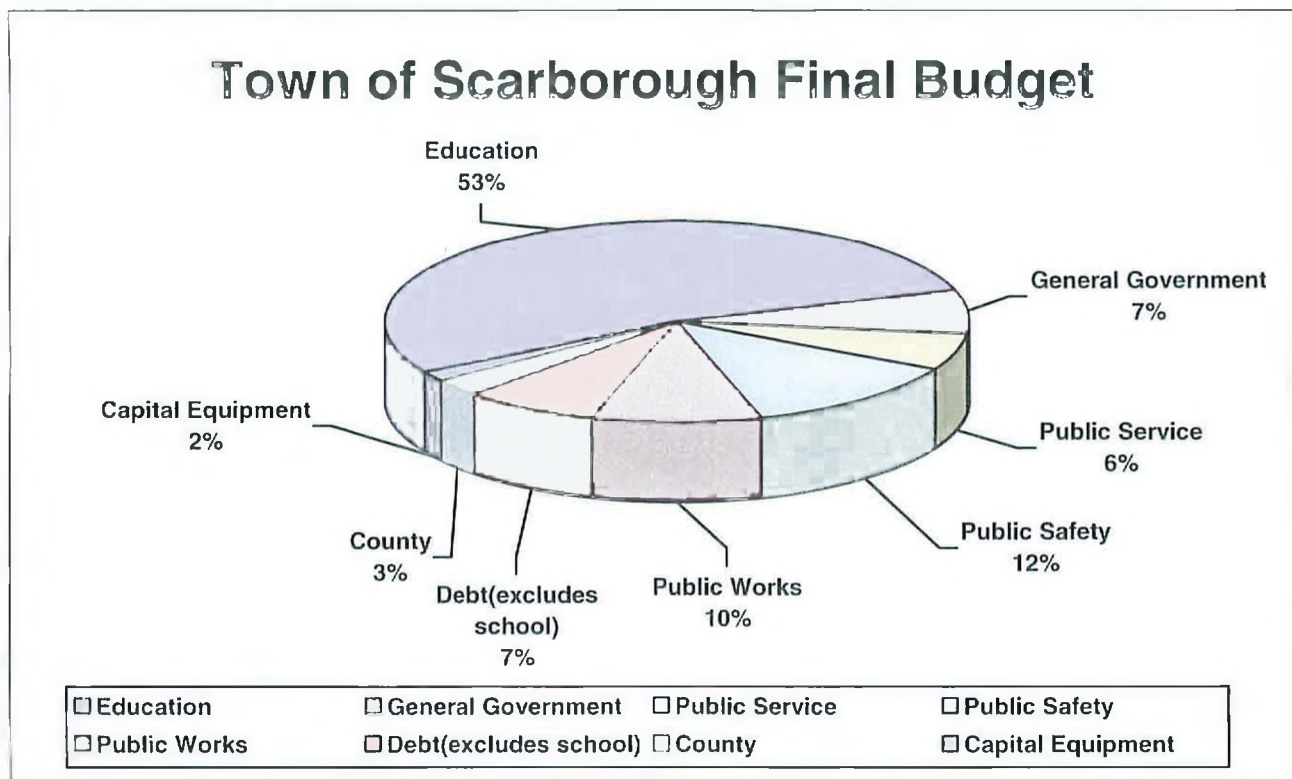
Capital Projects Fund Highlights

During this fiscal year, the Town of Scarborough's fund balances for Capital Projects decreased \$482 from \$1,990 in 2010 to \$1,508 in 2011. Expenditures increased from \$384, from \$4,493 in 2010 to \$4,877 in 2011. This decrease in fund balance and increase in expenditures is the result of various capital projects that were started or essentially completed in this fiscal year. Two notable projects were the Route 1 and Haigis Parkway Intersection improvements and the construction of a new pier facility in the Pine Point area of Scarborough.

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 2011, a total of \$1,623 has been set aside for prior year encumbrances and commitments. The original operating budget and the final amended budget for fiscal year 2011 amounted to \$65,909 compared to \$66,234 for fiscal year 2010.

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



The budget for 2011 decreased slightly from 2010.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental fund, as of June 30, 2011, amounts to \$110,729 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, and roads. The total increase in the Town's investment in capital assets for the current fiscal year was 2.15%. This increase is due to the previously mentioned road and drainage improvement in several areas of the Town.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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

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

Governmental Activities

	<u>2011</u>	<u>2010</u>
Land	\$ 6,311	\$ 5,771
Buildings	54,037	55,396
Vehicles	5,337	5,372
Equipment & Furniture	1,653	1,821
Infrastructure	38,659	35,563
Construction in Progress	4,732	4,477
Total	<u>\$ 110,729</u>	<u>\$ 108,400</u>

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

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, 2011, the Town had long-term bonds outstanding of \$66,767 compared to \$68,042 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 54-56 of this report.

Outstanding Debt
General Obligation Bonds

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Municipal	\$ 26,118	\$ 25,174	\$ 23,075
Education	32,037	33,997	35,630
Sewer	8,612	8,871	9,080
Total Debt	<u>\$ 66,767</u>	<u>\$ 68,042</u>	<u>\$ 67,785</u>

Moody's Investors Service has affirmed a bond rating of "Aa2" although they have assigned a "negative outlook". Per Moody's Investors Service rating report dated June 7, 2011, "The Aa2 rating reflects the Town's healthy tax base with favorable wealth levels and manageable debt position. Assignment of the negative outlook recognizes the Town's reduced level of flexibility following consecutive General Fund balance reductions and our expectation that the Town will remain challenged to restore General Fund balance to levels consistent with the Aa2 rating category in the near term."

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Standard and Poor's Rating Services (S&P) has assigned an "AA" (Stable) rating to the Town of Scarborough, Maine's debt although, they too, recognized Scarborough's drawdown of its reserves. Per S&P, based on a review of several key financial practices, S&P considered Scarborough's financial management practices to be "good" under S&P's Financial Management Assessment methodology and assigned a "good" rating.

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 as well as to incorporate a modest cost of living adjustment (COLA) for the school and Town staff. Department Administrators, recognizing the change in the current economy, did not initially include any new personnel in the 2012 budget.

After the budget was adopted, the Police Department was awarded a federal grant that allowed the funding of two full time patrol positions.

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.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Below is a comparison of the 2010, 2011 and 2012 budgets (excluding carryforwards).

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Administration	\$ 2,051,195	\$ 1,951,252	\$ 1,794,295
Finance Department	1,013,337	1,104,437	1,203,386
Information Systems	694,061	707,381	748,460
Planning Department	784,199	849,081	852,511
Community Services	2,146,873	2,117,391	2,108,666
Library	795,835	807,629	797,761
Economic Development	233,979	235,732	239,162
General Assistance/Affordable Hsg	22,160	30,976	29,974
Fire/Rescue/EMA Department	3,619,050	3,333,214	3,308,416
Public Safety Department	4,882,337	4,721,769	4,531,886
Public Works Department	6,397,756	6,349,595	6,539,503
Debt Service	4,909,870	4,814,046	4,750,145
Capital Equipment	909,450	789,928	1,055,426
Total Municipal Operating	28,460,102	27,812,431	27,959,591
Education	35,652,462	35,084,868	35,199,614
County Tax	1,975,585	1,922,952	1,885,984
Total Operating Budget	37,628,047	37,007,820	37,085,598
School Special Revenues	741,478	707,021	-
School Food Services	1,455,273	1,513,065	1,470,184
Capital Improvement-Municipal	1,909,750	3,600,800	4,766,845
Capital Improvement-School	185,250	490,500	1,489,110
TIFs and Overlay	963,007	963,931	1,053,222
Total Budget	\$ 71,342,907	\$ 72,095,568	\$ 73,824,550

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 any 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.

Basic Financial Statements



TOWN OF SCARBOROUGH, MAINE
Statement of Net Assets
June 30, 2011

	Governmental Activities	Component Units Public Library	Economic Development
ASSETS			
Cash and cash equivalents	\$ 7,563,289	132,226	30,780
Investments	9,233,487	529,486	-
Receivables:			
Accounts	567,698	1,000	-
Intergovernmental	727,555	-	11,567
Taxes receivable	168,995	-	-
Tax liens	730,719	-	-
Tax acquired property	7,231	-	-
Inventory	21,419	964	-
Prepaid items	-	11,839	-
Notes receivable	2,545,939	-	-
Capital assets, not being depreciated	11,043,189	-	-
Capital assets, net	99,686,229	1,126,526	5,957
Total assets	132,295,750	1,802,041	48,304
LIABILITIES			
Accounts payable and other current liabilities	3,365,454	12,404	2,278
Accrued payroll and other related liabilities	3,676,889	23,359	7,694
Taxes collected in advance	65,091	-	-
Accrued interest	377,881	-	-
Noncurrent liabilities:			
Due within one year	6,423,990	-	-
Due in more than one year	64,415,337	-	29,071
Total liabilities	78,324,642	35,763	39,043
NET ASSETS			
Invested in capital assets, net of related debt	53,031,962	1,126,526	4,404
Restricted for:			
Nonexpendable trust principal	126,329	732,878	-
Expendable trust - income portion	83,853	-	-
Town grants and projects	935,940	-	-
Education	495,941	-	-
Unrestricted	(702,917)	(93,126)	4,857
Total net assets	\$ 53,971,108	1,766,278	9,261

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Activities
For the year ended June 30, 2011

For the year ended June 30, 2017					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	\$ 12,022,846	1,851,983	286,215	170,480	(9,714,168)	-	-
Public services	5,041,659	1,680,722	969	-	(3,359,968)	-	-
Public safety	7,331,259	1,632,627	136,368	-	(5,562,264)	-	-
Public works	7,245,892	1,542,707	322,976	-	(5,380,209)	-	-
Education	35,275,130	1,252,673	10,972,554	-	(23,049,903)	-	-
Interest on debt service	2,664,136	-	-	-	(2,664,136)	-	-
Total governmental activities	69,580,922	7,960,712	11,719,082	170,480	(49,730,648)	-	-
Total primary government	\$ 69,580,922	7,960,712	11,719,082	170,480	(49,730,648)	-	-
Component unit:							
Scarborough Public Library	\$ 940,130	-	1,405,809	-	-	465,679	-
Scarborough Economic Develop.	223,456	-	227,545	-	-	-	4,089
General revenues:							
Property taxes, levied for general purposes	\$	44,698,853	-	-	-	-	-
Excise taxes		3,981,452	-	-	-	-	-
Payments in lieu of taxes		71,450	-	-	-	-	-
Interest and costs on taxes		103,811	-	-	-	-	-
Franchise Tax		195,247	-	-	-	-	-
Grants and contributions not restricted to specific programs:							
Homestead exemption and business equipment exemption		448,888	-	-	-	-	-
Other State aid		267,194	-	-	-	-	-
State Revenue Sharing		1,075,523	-	-	-	-	-
Unrestricted investment earnings		42,024	-	-	-	-	-
Other		113,333	-	-	-	-	-
Total general revenues		50,997,775	-	-	-	-	-
Change in net assets					1,267,127	465,679	4,089
Net assets - beginning					52,703,981	1,300,599	5,172
Net assets - ending					\$ 53,971,108	1,766,278	9,261

See accompanying notes to financial statements.

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE

Balance Sheet
Governmental Funds
June 30, 2011

	General	Performance Bonds	General Town Improvements	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,554,730	278,689	1,188,751	-	541,119	7,563,289
Investments	2,412,731	678,518	884,751	-	5,257,487	9,233,487
Receivables:						
Accounts	563,698	-	3,000	-	1,000	567,698
Intergovernmental	182,202	-	100,000	-	445,353	727,555
Taxes receivable	168,995	-	-	-	-	168,995
Tax liens	730,719	-	-	-	-	730,719
Interfund loans receivable	2,904,940	-	-	-	13,986	2,918,926
Tax acquired property	7,231	-	-	-	-	7,231
Inventory	-	-	-	-	21,419	21,419
Notes receivable	-	-	-	2,545,939	-	2,545,939
Total assets	\$ 12,525,246	957,207	2,176,502	2,545,939	6,280,364	24,485,258
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	1,092,572	-	603,080	-	712,596	2,408,248
Accrued payroll and other related liabilities	3,676,889	-	-	-	-	3,676,889
Accrued compensated absences	30,366	-	-	-	-	30,366
Interfund loans payable	-	-	963	2,141,507	776,456	2,918,926
Taxes collected in advance	65,091	-	-	-	-	65,091
Deferred tax revenue	671,053	-	-	-	-	671,053
Performance bond deposits	-	957,207	-	-	-	957,207
Total liabilities	5,535,971	957,207	604,043	2,141,507	1,489,052	10,727,780
Fund balances:						
Nonspendable Permanent Fund Principal					126,329	126,329
Nonspendable Inventory					21,419	21,419
Restricted for Town	2,685,386	-	1,572,459	404,432	531,508	5,193,785
Restricted for Education	495,941				368,843	864,784
Committed - General Fund	629,908	-	-	-	-	629,908
Committed - Education	-	-	-	-	-	-
Committed - Special Revenues	-	-	-	-	4,292,188	4,292,188
Assigned - General Fund	2,223,390	-	-	-	-	2,223,390
Unassigned Town	954,650	-	-	-	(548,975)	405,675
Total fund balances	6,989,275	-	1,572,459	404,432	4,791,312	13,757,478
Total liabilities and fund balance	\$ 12,525,246	957,207	2,176,502	2,545,939	6,280,364	

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.	110,729,418
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	671,053
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds payable	(66,767,000)
Capital leases	(1,105,143)
Accrued interest	(377,881)
Landfill liability	(429,383)
Other postemployment benefits liability	(699,212)
Accrued compensated absences	(1,808,222)

Net assets of governmental activities **\$ 53,971,108**

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, 2011

	General	Performance Bonds	General Town Improvements	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 48,942,881	-	14,000	-	-	48,956,881
Licenses and permits	479,746	-	-	-	-	479,746
Intergovernmental	11,728,400	-	175,760	-	1,797,107	13,701,267
Interest earned	42,024	-	11,960	61,754	9,547	125,285
Donations	-	-	-	-	7,235	7,235
Sale of lots	-	-	-	-	1,600	1,600
Assessments and impact fees	-	-	-	-	1,236,249	1,236,249
Other	4,739,300	-	248,201	-	1,315,801	6,303,304
Total revenues	65,932,351	-	449,923	61,754	4,367,539	70,811,567
Expenditures:						
Current:						
General government	4,677,260	-	1,531,524	-	-	6,208,784
Public services	3,787,489	-	1,231,098	-	-	5,018,587
Public safety	7,967,270	-	147,603	-	-	8,114,873
Public works	6,040,273	-	1,205,703	-	-	7,245,976
Education	38,174,127	-	-	-	-	38,174,127
County tax	1,922,952	-	-	-	-	1,922,952
Debt service	4,771,048	-	-	-	-	4,771,048
Capital improvements	833,353	-	-	-	1,592,473	2,425,826
Other	-	-	-	-	4,014,567	4,014,567
Total expenditures	68,173,772	-	4,115,928	-	5,607,040	77,896,740
Excess (deficiency) of revenues over expenditures	(2,241,421)	-	(3,666,005)	61,754	(1,239,501)	(7,085,173)
Other financing sources (uses):						
Transfers in	1,120,962	6,339	29,700	53,349	266,119	1,476,469
Transfers out	(170,203)	(6,339)	(159,939)	(628,927)	(511,061)	(1,476,469)
Refunding bond issued	1,155,000	-	-	-	-	1,155,000
Payment to refunding bond escrow agent	(1,155,000)	-	-	-	-	(1,155,000)
Premium paid on refunded debt	(11,550)	-	-	-	-	(11,550)
General obligation bonds	418,990	-	3,226,440	-	799,570	4,445,000
Total other financing sources (uses)	1,358,199	-	3,096,201	(575,578)	554,628	4,433,450
Net change in fund balances	(883,222)	-	(569,804)	(513,824)	(684,873)	(2,651,723)
Fund balances, beginning of year, restated	7,872,497	-	2,142,263	918,256	5,476,185	16,409,201
Fund balances, end of year	\$ 6,989,275	-	1,572,459	404,432	4,791,312	13,757,478

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, 2011

Net change in fund balances - total governmental funds (from Statement 4)	\$	(2,651,723)
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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	\$ 6,037,214	
Depreciation expense	(3,105,251)	
Net book value of dispositions	(602,221)	2,329,742

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	36,482
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest	5,346
Landfill	4,050
Compensated absences	(43,126)
Other postemployment benefits liability	(224,032)

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.	535,388
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments (\$5,720,000) exceeded proceeds (\$4,445,000)	1,275,000
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Change in net assets of governmental activities (see Statement 2)	\$	1,267,127
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See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
General Fund
For the year ended June 30, 2011

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 49,180,051	49,180,051	48,942,881	(237,170)
Licenses and permits	555,285	555,285	479,746	(75,539)
Intergovernmental	8,062,887	8,209,181	8,150,400	(58,781)
Interest earned	95,000	95,000	42,024	(52,976)
Unclassified	4,909,859	4,909,859	4,739,300	(170,559)
Total revenues	62,803,082	62,949,376	62,354,351	(595,025)
Expenditures:				
Current:				
General government	4,676,713	4,684,668	4,677,260	7,408
Public services	3,785,668	3,785,668	3,787,489	(1,821)
Public safety	8,064,191	8,202,530	7,967,270	235,260
Public works	6,353,212	6,353,212	6,040,273	312,939
Education	35,084,868	35,084,868	34,588,320	496,548
County tax	1,922,952	1,922,952	1,922,952	-
Debt service	4,814,046	4,814,046	4,782,598	31,448
Capital improvements	1,060,947	1,060,947	833,353	227,594
Total expenditures	65,762,597	65,908,891	64,599,515	1,309,376
Deficiency of revenues under expenditures	(2,959,515)	(2,959,515)	(2,245,164)	714,351
Other financing sources (uses):				
Transfers in	1,037,098	1,037,098	1,120,962	83,864
Transfers out	(140,496)	(140,496)	(170,203)	(29,707)
Utilization of surplus	1,707,584	1,707,584	-	(1,707,584)
Overlay	(100,849)	(100,849)	-	100,849
General obligation bonds	456,178	456,178	418,990	(37,188)
Total other financing sources (uses)	2,959,515	2,959,515	1,369,749	(1,589,766)
Net change in fund balances - budgetary basis	-	-	(875,415)	(875,415)
Reconciliation to GAAP basis:				
Change in current portion of accrued compensated absences			(7,807)	
Net change in fund balances - GAAP basis			(883,222)	
Fund balance, beginning of year, restated			7,872,497	
Fund balance, end of year	\$		6,989,275	

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private-purpose Trust Funds (Scholarships)	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	223,472
Investments	248,432	-
Interfund loans receivable	-	-
Total assets	248,432	223,472
LIABILITIES		
Interfund loans payable	-	-
Accounts payable	-	-
Due to student groups	-	223,472
Total liabilities	-	223,472
NET ASSETS		
Held in trust	\$ 248,432	-

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2011

	Private-purpose Trust Funds (Scholarships)
Additions:	
Donations	\$ -
Interest and dividends	247
Total additions	247
Deductions:	
School scholarships	3,400
Total deductions	3,400
Change in net assets	(3,153)
Net assets, beginning of year	251,585
Net assets, end of year	\$ 248,432

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

Scarborough Economic Development Corporation (SEDCO) encourages and assists with the development of business in the Town of Scarborough. SEDCO, appoints the majority of their board and the Town Council affirms their appointment. Additionally, the Town provides SEDCO with a majority of its revenues. All of the financial activity of SEDCO has been reported using the discrete presentation method. The Town provided \$219,719 to SEDCO for the year ended June 30, 2011.

Scarborough Public Library (the Library) promotes and maintains library facilities in and for the Town of Scarborough. While the Town does not appoint the component unit's board, the Town provides the Library with a majority of its funding. 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 \$806,144 to the Library for the year ended June 30, 2011.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Both SEDCO and the Library had positive responses to the reporting entity inclusion criteria set forth by accounting principles generally accepted in the United States of America. Financial statements for both entities 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. The effect of interfund reimbursements has been removed from these statements.

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

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

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

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

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

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

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

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

The 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.

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

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 10-15 years and infrastructure 30 -75 years. Capital assets not being depreciated consist of land which has an indefinite useful life and construction in progress which will be depreciated once the project has been completed and placed in service.

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Equity – The Town of Scarborough implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year ending June 30, 2011. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Town uses the following fund balance classifications:

1. For Nonspendable fund balance: (1) Assets that will never convert to cash; (2) assets that will not convert to cash soon enough to affect the current period and (3) resources that must be maintained intact pursuant to legal or contractual requirements. Included in this category are the principal balances that pertain to the permanent funds for the Dunstan and Scarborough Memorial Cemeteries and for the cemetery plot for Mary Tucker.
2. For Restricted fund balance: (1) The portion of fund balance that reflects resources that are subject to externally enforceable legal requirements typically imposed by parties altogether outside the town. Included in this category are the fund balances for the school department restricted by State Statute and Tax Increment Finance District fund balances.
3. For Committed fund balance: The portion of fund balance that represents resources whose use is constrained by limitations imposed by the Town Council as the highest governing body of the Town of Scarborough and can only be removed by the Town Council. For example, Impact Fees were approved by the Town Council and can only be removed by the Town Council.
4. For Assigned fund balance: The portion of fund balance that reflects the Town's intended use of resources established either at the highest governing body or an official designated for this purpose. The Town Manager has authorized carry forward balances to be used to offset 2012 expenditures. This also includes encumbrances.
5. For Unassigned fund balance: The portion of fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance.

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

	Revenues and other <u>sources</u>	Expenditures and other <u>uses</u>
2010-2011 budget as adopted	\$65,596,358	\$65,596,358
Budgetary adjustments:		
Subsequent authorization	146,294	146,294
Prior year encumbrances and carryforwards	407,584	407,584
Total adjusted budget	\$ 66,150,236	\$ 66,150,236

B. Excess of Expenditures over Appropriations

The over-expenditure of the Public Services department was fully offset by excess community services revenues in excess of budgeted revenues.

C. Deficit Fund Balance

At June 30, 2011, the following special revenue and capital projects funds had deficit fund balances:

The Recreational Development Fund (a special revenue fund) had a deficit of \$50,833. 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 \$43,078. It is expected that this deficit will be adequately funded in future years through additional contributions and revenues.

The Municipal Building Fund (a capital project fund) had a deficit of \$434,050. This deficit is expected to be adequately funded in future years with TIF revenues.

Included in the Town General Improvements is one project with a deficit balance. The Cranberry Pines Road Improvement had a deficit of \$15,919. This deficit is expected to be funded in part from assessments on the landowners on this street and secondly with bond revenues.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a formal policy with respect to custodial credit risk. As of June 30, 2011, the Town reported deposits of \$7,786,761 with a bank balance of \$8,026,850. Of the Town's bank balances of \$8,026,850, 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	\$7,563,289
Reported in fiduciary funds	223,472
Total deposits	\$7,786,761

At June 30, 2011, the Scarborough Public Library and Scarborough Economic Development's cash balances were \$132,226 and \$30,780 respectively, all of which was covered by F.D.I.C. insurance.

B. Investments

At June 30, 2011, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years	More than 5 years
Money markets and repurchase agreements	\$9,481,919	\$9,481,919	-	-
Total investments	\$9,481,919	\$9,481,919	--	-

Investments have been reported as follows:

Reported in governmental funds	\$9,233,487
Reported in fiduciary funds	248,432
Total investments	\$9,481,919

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

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

Custodial Credit Risk-Town Investments: Custodial credit risk is the risk that in the event of a failure of the counterparty the Town will not be able to recover the value of its investments. The Town does not have an investment policy for custodial credit risk. None of the Town's investments are subject to custodial credit risk.

The Library's investments of \$529,486 consist of money market funds and mutual funds, 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 27, 2010, 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, 2010 and 50% on March 15, 2011. Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after these respective due dates. Assessed values are periodically established by the Town's Assessor at 100% of the assumed market value as of June 30, 2011 and the Town's value was 98% of the 2010 State valuation of \$3,556,551,900.

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 \$100,849 for the year ended June 30, 2011.

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

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

The following summarizes the June 30, 2011 levy:

Assessed value	\$ 3,556,551,900
<u>Tax rate (per \$1,000)</u>	<u>12.63</u>
Commitment	44,919,254
<u>Supplemental taxes assessed</u>	<u>9,493</u>
	44,928,747
<u>Less - collections and abatements</u>	<u>44,325,013</u>
<u>Receivable at June 30</u>	<u>603,734</u>

Consisting of:

Taxes	46,186
<u>Liens</u>	<u>557,548</u>
<u>Receivable at June 30</u>	<u>\$ 603,734</u>

Collection rate	98.656%
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TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,771,379	\$ 539,378	\$ -	\$ 6,310,757
Construction in progress	4,476,577	3,590,825	3,334,970	4,732,432
Total capital assets, not being depreciated	10,247,956	4,130,203	3,334,970	11,043,189
Capital assets, being depreciated:				
Buildings	68,727,458	155,484	326,481	68,556,461
Vehicles	11,695,682	1,030,839	615,741	12,110,780
Equipment and furniture	5,182,706	177,362	26,472	5,333,596
Infrastructure	43,288,229	3,878,295	105,290	47,061,234
Total capital assets being depreciated	128,894,075	5,241,980	1,073,984	133,062,071
Less accumulated depreciation for:				
Buildings	13,331,100	1,188,378	-	14,519,478
Vehicles	6,323,703	896,485	446,263	6,773,925
Equipment and furniture	3,361,688	321,703	2,698	3,680,693
Infrastructure	7,725,863	698,685	22,802	8,401,746
Total accumulated depreciation	30,742,354	3,105,251	471,763	33,375,842
Total capital assets being depreciated, net	98,151,721	2,136,729	602,221	99,686,229

Governmental activities capital assets, net \$108,399,677 \$6,266,932 \$ 3,937,191 \$110,729,418

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

Governmental activities:	
General government	\$ 283,611
Public services	23,072
Public safety	447,484
Public works, including depreciation of general infrastructure assets	1,088,614
Education	1,262,470
Total depreciation expense – governmental activities	\$ 3,105,251

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

	Library	SEDCO
Buildings	\$1,578,312	-
Equipment, artwork and software	639,342	\$25,721
Books	862,063	-
Total	3,079,717	25,721
Less accumulated depreciation	(1,953,191)	(19,764)
Property and equipment, net	\$1,126,526	\$5,957
Depreciation expense	\$ 121,197	\$1,144

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, 2011, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$2,904,940	-
General Town Improvements	-	963
Haigis Parkway	-	2,141,507
Performance Bonds	-	-
Nonmajor Governmental Funds:		
Nonmajor Special Revenue Funds:		
Recreational development	-	50,833
Scarborough Memorial Cemetery	800	-
Boat Launch	-	42,673
Economic Development Fund	-	158,207
Payne Road impact fees	4,366	-
Other impact fees	8,020	-
Police asset forfeiture	-	40,000
Rescue equipment	-	43,607
Departmental grants and programs		7,059
Total Nonmajor Special Revenue Funds	13,186	342,379
Nonmajor Capital Project Funds:		
Municipal building fund	-	434,050
Total Nonmajor Capital Project Funds	-	434,050
Nonmajor Permanent Funds:		
Scarborough Memorial Cemetery	800	-
Dunstan Perpetual Care	-	27
Total Permanent Funds	800	27
Total Other Governmental Funds	13,986	776,456
Private-purpose Trust Funds	-	-
Total all funds	\$2,918,926	\$2,918,926

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

INTERFUND TRANSFERS

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$1,120,962	\$ 170,203
Performance Bonds	6,339	6,339
General Town Improvements	29,700	159,939
Haigis Parkway Assessments	53,349	628,927
Nonmajor Governmental Funds	266,119	511,061
Total	<u>\$1,476,469</u>	<u>\$1,476,469</u>

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, 2011, 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	\$68,042,000	\$5,600,000	\$6,875,000	\$66,767,000	\$5,972,000
Capital leases	1,640,531	-	535,388	1,105,143	417,574
Compensated absences	1,787,655	73,492	22,559	1,838,588	30,366
Other postemployment Benefits liability	475,180	224,032		699,212	
Landfill post-closure care costs	433,434	-	4,050	429,384	4,050
Governmental activity					
Long-term liabilities	<u>\$72,378,800</u>	<u>\$5,897,524</u>	<u>\$7,436,997</u>	<u>\$70,839,327</u>	<u>\$6,423,990</u>

As of June 30, 2011, the Town had authorized, but unissued debt totaling \$6,634,525. 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, 2011 consist of compensated absences in the amount of \$29,071.

During the year ended June 30, 2011, the Town issued \$1,155,000 in general obligation bonds to advance refund general obligation bonds that were issued in 2001. The net proceeds of \$1,179,113 including \$11,550 premium and \$12,563 of accrued interest were deposited in an irrevocable trust with an escrow agent and are invested in U.S. governmental securities to provide all future debt service payments on the 2001 general obligation bonds. As a result, the \$1,155,000 of general obligation bonds have been defeased and the liability for these bonds has been removed from the governmental activities liabilities. The result of the advance refunding is to reduce total future debt service by \$143,474 and an economic gain of \$132,862 based on the net present value.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

BONDS PAYABLE

Bonds payable at June 30, 2011 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			
1993 Capital improvements	1,135,000	100.00%	-	-	Varies	2012	\$ 50,000
1994 Capital improvements	6,775,000	-	100.00%	-	Varies	2015	920,000
1995 Capital improvements	6,160,000	1.89%	98.11%	-	Varies	2016	1,325,000
1997 Capital improvements	4,230,000	100.00%	-	-	Varies	2017	660,000
2001 Capital improvements	4,932,000	-	-	-	Varies	Refunded	-
2003 Capital improvements	24,579,000	3.68%	50.72%	45.60%	Varies	2032	18,335,000
2004 Capital improvements	14,628,000	9.00%	88.10%	2.90%	Varies	2034	8,695,000
2005 Capital improvements	10,665,000	4.61%	95.39%	-	Varies	2034	8,070,000
2006 Capital improvements	7,014,000	90.20%	9.80%	-	Varies	2036	3,540,000
2007 Capital improvements	4,000,000	80.56%	19.44%	-	Varies	2022	1,800,000
2008 Capital improvements	8,513,000	77.80%	22.20%	-	Varies	2028	6,320,000
2009 Capital improvements	4,560,000	88.92%	11.08%	-	Varies	2029	3,855,000
2009 Capital improvements	1,780,000	80.25%	19.75%	-	2.00%	2020	1,595,000
2010 Capital improvements	6,002,000	82.21%	17.79%	-	2.00%	2031	6,002,000
2011 Capital improvements	5,600,000	77.69%	22.31%	-	Varies	2031	5,600,000
Total							\$ 66,767,000

The annual requirements to amortize all debt outstanding as of June 30, 2011 are as follows:

Year ending June 30,	Principal	Interest	Total
2012	\$ 5,972,000	\$ 2,432,682	\$ 8,404,682
2013	5,775,000	2,249,922	8,024,922
2014	4,990,000	2,066,596	7,056,596
2015	4,750,000	1,897,329	6,647,329
2016	4,425,000	1,736,499	6,161,499
2017-2021	16,725,000	6,759,881	23,484,881
2022-2026	11,300,000	3,921,422	15,221,422
2027-2031	8,310,000	1,966,604	10,276,604
2032-2035	4,520,000	340,075	4,860,075
Totals	\$ 66,767,000	\$ 23,371,010	\$ 90,138,010

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, 2011 outstanding bonds	Percent of 2011 State assessed value of \$ 3,564,150,000	Amount	Margin
For school purposes	\$ 32,037,157	10.00%	\$356,415,000	\$324,377,843
For storm or sanitary sewer	8,612,000	7.50%	267,311,250	258,699,250
For municipal airport, water and special district purposes	-	3.00%	106,924,500	106,924,500
For all other purposes	26,117,843	7.50%	267,311,250	241,193,407
Total	\$ 66,767,000			

The statutory debt limit according to State law is 15% of the State assessed value, which amounts to \$534,622,500. The total debt margin based on this limit is \$467,855,500.

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 improvements and computer hardware and software. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception. The amount of assets capitalized under capital leases is \$1,254,624.

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, 2011:

2012	\$ 458,573
2013	377,591
2014	116,485
2015	89,763
2016	79,423
2017-thereafter	79,422
Total minimum lease payments	1,201,257
Less: amount representing interest	96,114
Present value of future minimum lease payments	\$ 1,105,143

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, 2011, the Town's State valuation of \$3,564,150,000 was 8.75% of the County's State valuation of \$40,729,950,000. The Town's share is 8.75% or \$126,447 of Cumberland County's \$1,445,000 long-term debt outstanding as of June 30, 2011.

The Town is also served by the Portland Water District. At June 30, 2011, the Town's share of self-supporting bonded water debt is 13.508% or \$3,844,922 of total debt of \$28,463,828.

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, 2011, outstanding "Incinerator Debt" of ecomaine totaled \$2,660,000 of which the Town of Scarborough's share, based on estimated tonnage to be delivered, amounted to 8.67% or \$230,671.

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, 2011, the Town's share is 6.30% or \$119,700 of ecomaine's outstanding MRF debt of \$1,900,000. ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$15,138,502 at June 30, 2010, the most recent date available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 8.60%, or \$1,302,210.

Total Debt and Contingencies

Governmental Unit	As of June 30, 2011			
	Direct debt	Overlapping debt	Contingent debt	Total debt
Town of Scarborough	\$ 67,872,143	-	-	\$67,872,143
Cumberland County	-	\$ 126,447	-	126,447
Portland Water District - water debt	-	3,844,922	-	3,844,922
ecomaine Waste Systems:				
Resource recovery system	-	-	\$230,671	230,671
Material recovery facility	-	-	119,700	119,700
Landfill closure/postclosure costs	-	-	1,302,210	1,302,210
Totals	\$ 67,872,143	\$3,971,369	\$1,652,581	\$73,496,093

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, 2011, 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, \$429,384, 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, 2011. Additionally, annual monitoring and maintenance costs are estimated to be \$4,050 per year.

The total closure and postclosure care costs of \$429,384 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.

FUND BALANCE CHANGES

For the period ending June 30, 2011, the General Fund includes three programs that previously were reported as Special Revenue Funds. This change is the result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Activity of these three programs are currently presented in Exhibits A-1, A-2 and A-2 Cont. Additionally, the fund balances reclassified from Special Revenue Funds to the General Fund are all presented as Committed Fund balance in the General Fund as follows:

	<u>June 30, 2010</u>	<u>June 30, 2011</u>
Unemployment Compensation	\$ 176,012	\$ 154,649
Hurd Park and Ferry Beach	449,327	463,116
Hunnewell House	<u>9,092</u>	<u>12,143</u>
Total reclassification	<u>\$ 634,431</u>	<u>\$ 629,908</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

FUND BALANCE CHANGES

The following is a schedule of fund balance classifications for the governmental funds as June 30, 2011:

	General Fund	General Town Improvements	Haigis Parkway Assess	Nonmajor Governmental
Fund Balances:				
Nonspendable-Permanent Funds	-	-	-	\$126,329
Nonspendable-Inventory	-	-	-	21,419
	-	-	-	147,748
Restricted				
Permanent Fund Interest	-	-	-	83,853
Deficits in Other Funds	\$543,880	-	-	-
Haigis Parkway	2,141,506	-	\$404,432	-
Town Improvements	-	\$1,693,514	-	-
Credit Enhancement Agreements	-	-	-	42,746
Economic Development Fund	-	-	-	58,354
Sawyer Road Improvements	-	-	-	84,677
Grants and Donations	-	-	-	101,719
Police Asset Forfeiture	-	-	-	160,159
Education	495,941	-	-	368,843
	3,181,327	1,693,514	404,432	900,351
Committed				
Unemp. Comp/Beach Reserve/Hunnewell	629,908	-	-	-
Impact Fees/Reserves	-	-	-	4,292,188
	629,908	-	-	4,292,188
Assigned				
Carryforward Balances/Encumbrances	2,223,390	-	-	-
	2,223,390	-	-	-
Unassigned				
	954,650	-	-	(548,975)
Total Fund Balances	\$6,989,275	\$1,693,514	\$404,432	\$4,791,312

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

ASSIGNED FUND BALANCES

At June 30, 2011, portions of the General Fund fund balance were assigned to future periods as follows:

	<u>2011</u>
General Fund:	
State revenue sharing	\$ (171,048)
Town Clerk – Election Storage Trailer	4,866
Town Clerk – Voting Booth Purchase	230
Human Resource – Employee Recognition	1,800
Human Resource - Advertisements	1,640
Finance – Purchasing Stipend	2,000
Finance – Accounting Training	1,500
Finance – Accounting Supplies	500
Finance – New Equipment	600
Information Systems – Contracted Services	3,000
Information Systems – Hardware Maintenance	6,252
Information Systems – Software Maintenance	8,813
Comprehensive Plan	30,137
Planning – Watershed map/management plan	30,530
Police Department - 2006 QED software	9,300
Police Department – Tomar Pre-emptive device	33,927
Police Department – Traffic light pre-emptive	1,221
Police Department – Motorola equipment	3,021
Fire Department – Municipal holding tank	10,697
Public Works – Paving	102,204
Public Works – Street Striping	5,385
Public Works – Tree Maintenance	3,160
Traffic Signals – Alarm Maintenance	7,747
Traffic Signals – Equipment Maintenance	17,575
Cable franchise fees	50,290
Summer recreation	25,760
Marine Resource Office – Inventory Management	5,565
Town-wide computer purchases	6,766
Encumbered purchase orders	243,983
Fund balance appropriated for the 2012 budget	600,000
<u>Reserve for accrued sick pay</u>	<u>1,175,969</u>
 <u>Total General Fund assigned fund balance</u>	 <u>\$ 2,223,390</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 3.5% of annual covered payroll for School employees participating in the District Plan, 3.5% for Town employees, 8.1% for Police and 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, 2011, 2010 and 2009 were \$256,871, \$158,635, and \$124,178 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 \$3,578,000 (19.41%) for the fiscal year 2011. 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 Retirement Corporation (ICMA-RC) Money Purchase Plan, a defined contribution pension plan administered by the ICMA-RC.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. All full time municipal employees of the Town have the option of participating in 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 \$302,645, which was 6% of the participating employees and 12% of the Town Manager's current year covered payroll. The covered payroll amounted to \$4,816,087, while the Town's total payroll was \$10,436,671.

Employee's required contributions amounted to \$288,965, 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 \$372,059 and the Town contributions amounted to \$247,824. 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) promulgated its Statement 45 which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Scarborough for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported in a manner similar to pension plans.

The Town is a member of the Maine Municipal Employees Health Trust, which is an agent multiple-employer plan. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in October 2011 for fiscal year ending June 30, 2011.

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

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

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

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

Funding Status and Funding Progress – The Town's OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2011 were as follows:

Annual required contribution	\$259,125
Interest on NET OPEB Obligation	9,124
Amortization adjustment to ARC	(13,191)
Annual OPEB Cost	255,058
Actual contribution	(31,026)
Increase in Net OPEB Obligation	224,032
Net OPEB obligation – beginning of year	475,180
Net OPEB Obligation – end of year	\$699,212

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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

<u>Fiscal Year Ended</u>	<u>Cost</u>	<u>Cost Contributed</u>	<u>Obligation</u>
2011	\$ 255,058	12%	\$ 699,212
2010	270,365	13%	475,180
2009	274,639	13%	274,639

The funded status of the plan as of June 30, 2011 was as follows:

Actuarial accrued liability	\$3,023,581
Plan Assets	0
Unfunded actuarial accrued liability	\$3,023,581
Covered payroll	7,485,589
Unfunded actuarial accrued liability as a percentage of covered payroll	40%

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

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

Actuarial valuation date	1-1-2011
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	30 years, open amortization period
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.00% - 9.60%

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

TAX INCREMENT FINANCING DISTRICTS

The Town has established three 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, 2011	6,900,000
Enterprise Business Park TIF:	
Original assessed value	544,800
Amount captured as of June 30, 2011	8,364,000
Haigis Parkway:	
Original assessed value	8,563,500
Amount captured as of June 30, 2011	4,224,000
New England Expedition CEA:	
Bessey School Senior Housing CEA:	35,132,100
	2,630,800

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, 2011. 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, 2011:

	Governmental Activities
Capital assets	\$ 144,105,260
Accumulated depreciation	(33,375,842)
Bonds payable	(58,407,000)
Capital leases payable	(1,105,143)
Unspent bond proceeds	1,814,687

Total invested in capital assets net of related debt \$53,031,962

The Town's Bonds payable is \$66,767,000 as stated in the footnote on page 54. For the purpose of determining net assets invested in capital assets net of related debt, bonds payable totaling \$8,360,000, have been excluded from this calculation because the Town transferred ownership of the capital assets to other entities.

COMMITMENTS

Construction in progress of \$4,732,432 as of June 30, 2011 consists primarily of road improvements and the commercial pier. It is expected that these projects will be completed during the fiscal year ending June 30, 2012. The additional estimated costs to complete these projects are \$1,714,232.

SUBSEQUENT EVENT – NEW SCHOOL CONSTRUCTION

On November 8, 2011, the voters of the Town of Scarborough approved a referendum to allow the town to borrow approximately \$39 million to reconstruct Wentworth Intermediate School. Construction of the new school is scheduled to begin in 2012. A construction contract has not been signed as of the date of this report.

TOWN OF SCARBOROUGH, MAINE
Schedule of Funding Progress
Required Supplementary Information
June 30, 2011
(Unaudited)

Other Post-Employment Benefits

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
2011	01-01-2011	\$ -	\$3,023,581	\$3,023,581	0%	\$7,485,589	40%
2010	01-01-2009	\$ -	\$2,793,753	\$2,793,753	0%	\$6,776,068	41%
2009	01-01-2009	\$ -	\$2,793,753	\$2,793,753	0%	\$6,208,803	45%

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, 2011 and 2010

		2011	2010
ASSETS			
Cash and cash equivalents	\$	5,554,730	4,062,681
Investments		2,412,731	4,410,997
Receivables:			
Taxes receivable		168,995	166,781
Tax liens		730,719	651,207
Accounts receivable		563,698	546,871
Intergovernmental		182,202	45,238
Interfund loans receivable		2,904,940	2,794,632
Tax acquired property		7,231	7,231
Total assets	\$	12,525,246	12,685,638
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable and other current liabilities		1,092,572	1,158,183
Accrued payroll and other related liabilities		3,676,889	3,581,414
Accrued compensated absence (current)		30,366	22,559
Taxes collected in advance		65,091	50,845
Deferred tax revenues		671,053	634,571
Total liabilities		5,535,971	5,447,572
Fund balance:			
Restricted - Town		2,685,386	2,482,358
Restricted - Education		495,941	1,055,872
Committed - Town		629,908	-
Assigned - Town		2,223,390	1,469,309
Unassigned - Town		954,650	2,230,527
Total fund balance		6,989,275	7,238,066
Total liabilities and fund balance	\$	12,525,246	12,685,638

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, 2011
(with comparative totals for June 30, 2010)

		2011					
	2010 carryforward	Budget	Total Available	Actual	Variance positive (negative)	2010 Actual	
Revenues:							
Taxes:							
Property taxes	\$ -	44,725,751	44,725,751	44,698,853	(26,898)	42,738,876	
Change in deferred property tax revenue	-	-	-	(36,482)	(36,482)	(77,850)	
Excise taxes	-	4,177,000	4,177,000	3,981,452	(195,548)	3,937,150	
Cable franchise tax	-	183,000	183,000	195,247	12,247	184,756	
Interest and costs on taxes	-	94,300	94,300	103,811	9,511	96,988	
Total taxes	-	49,180,051	49,180,051	48,942,881	(237,170)	46,879,920	
Licenses and permits:							
Plumbing fees	-	24,000	24,000	18,230	(5,770)	19,890	
Fees and Permits	-	149,180	149,180	178,189	29,009	167,027	
Building permits	-	275,000	275,000	177,187	(97,813)	261,224	
Electrical permits	-	30,000	30,000	34,009	4,009	40,467	
Zoning Board of Appeals	-	13,000	13,000	9,755	(3,245)	14,084	
License plate fees	-	60,605	60,605	59,551	(1,054)	60,216	
Subdivision fees	-	3,500	3,500	2,825	(675)	10,530	
Total licenses and permits	-	555,285	555,285	479,746	(75,539)	573,438	
Intergovernmental:							
Education state subsidies	-	5,680,518	5,680,518	5,680,516	(2)	5,913,102	
FEMA reimbursement	-	-	-	-	-	-	
Federal HIDTA revenues	-	133,000	133,000	136,368	3,368	123,128	
State Revenue Sharing	-	1,098,860	1,098,860	1,075,523	(23,337)	1,120,132	
Homestead exemption	-	287,798	287,798	287,798	-	352,995	
Business equipment tax exemption	-	160,941	160,941	161,090	149	140,591	
URIP (D.O.T. block grant)	-	268,000	268,000	322,976	54,976	307,828	
ecomaine payment in lieu of taxes	-	71,450	71,450	71,450	-	71,450	
General assistance reimbursement	-	6,000	6,000	969	(5,031)	3,022	
Adult education State subsidies	-	22,520	22,520	14,166	(8,354)	16,468	
Medicaid	-	25,000	25,000	24,655	(345)	175,057	
Other Federal and State revenues - School	-	235,000	235,000	107,695	(127,305)	244,651	
Other Federal and State revenues - Town	-	220,094	220,094	267,194	47,100	153,686	
Total intergovernmental	-	8,209,181	8,209,181	8,150,400	(58,781)	8,622,110	
Interest earned	-	95,000	95,000	42,024	(52,976)	141,496	
Unclassified:							
School Department miscellaneous	-	308,000	308,000	250,088	(57,912)	158,705	
Adult education	-	27,480	27,480	14,788	(12,692)	10,917	
Community services	-	1,630,578	1,630,578	1,678,239	47,661	1,635,360	
Police court time	-	1,000	1,000	2,466	1,466	1,898	
Snow plowing service	-	6,400	6,400	4,307	(2,093)	10,767	
Insurance reimbursements	-	32,000	32,000	72,540	40,540	97,641	
Public Violations	-	49,000	49,000	61,002	12,002	54,067	
Special duty police/fire	-	102,500	102,500	74,768	(27,732)	103,380	
Inspection/review fees	-	51,600	51,600	58,235	6,635	117,696	
Rescue donations	-	625,000	625,000	625,000	-	625,000	
Rental income	-	48,750	48,750	46,750	(2,000)	38,315	
Sale of Town-owned property	-	140,801	140,801	170,480	29,679	122,376	
Salary reimbursement	-	807,378	807,378	823,473	16,095	794,328	
Vehicle fuel reimbursement	-	485,693	485,693	374,110	(111,583)	391,149	
Vehicle maintenance reimbursement	-	318,539	318,539	369,721	51,182	303,291	
Lease revenue	-	154,000	154,000	-	(154,000)	47,677	
Miscellaneous	-	121,140	121,140	113,333	(7,807)	132,193	
Total unclassified	-	4,909,859	4,909,859	4,739,300	(170,559)	4,644,760	
Total revenues	-	62,949,376	62,949,376	62,354,351	(595,025)	60,861,724	

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

		2011					
		2010 carryforward	Budget	Total available	Actual	Variance positive (negative)	2010 Actual
Expenditures:							
Current:							
General government:							
Town Council	\$	-	11,573	11,573	10,761	812	11,573
Administration		-	245,400	245,400	227,920	17,480	222,052
Town Clerk		882	165,601	166,483	164,281	2,202	177,176
Human resources		-	188,598	188,598	184,845	3,753	185,482
Personnel benefits		-	292,668	292,668	316,583	(23,915)	250,722
Finance		7,700	390,464	398,164	388,488	9,676	372,928
Purchasing		307	139,599	139,906	119,289	20,617	140,251
Taxation/Treasury		390	333,062	333,452	343,169	(9,717)	412,571
Assessing		-	241,312	241,312	232,441	8,871	236,740
Management information systems		28,348	707,381	735,729	677,010	58,719	711,044
Planning		26,935	809,081	836,016	774,376	61,640	753,864
Municipal building		-	282,840	282,840	266,124	16,716	293,007
General government		-	60,490	60,490	60,251	239	66,972
Legal		-	85,000	85,000	147,535	(62,535)	136,727
Risk management		-	539,337	539,337	579,365	(40,028)	562,212
Public information		-	5,200	5,200	-	5,200	5,226
Engineering		-	47,500	47,500	109,822	(62,322)	99,617
Outside agencies		-	75,000	75,000	75,000	-	63,720
Total general government		64,562	4,620,106	4,684,668	4,677,260	7,408	4,701,884
Public services:							
Library		-	807,629	807,629	806,144	1,485	786,611
Public health and welfare		-	30,976	30,976	11,800	19,176	13,894
Tax Rebates (Credit Enhancement Agree)		-	582,582	582,582	582,583	(1)	550,575
Economic Development Corporation		-	235,732	235,732	219,719	16,013	235,306
Community services		11,358	2,117,391	2,128,749	2,167,243	(38,494)	2,144,541
Total public services		11,358	3,774,310	3,785,668	3,787,489	(1,821)	3,730,927
Public safety:							
Fire Department		32,424	1,847,596	1,880,020	1,773,334	106,686	1,650,208
Police Department		11,676	4,594,117	4,605,793	4,495,337	110,456	4,488,436
Emergency Management		800	34,621	35,421	31,172	4,249	33,357
Marine resources		5,565	79,832	85,397	70,964	14,433	76,687
Emergency Medical Services		6,563	1,589,336	1,595,899	1,596,463	(564)	1,472,277
Total public safety		57,028	8,145,502	8,202,530	7,967,270	235,260	7,720,965
Public works:							
Public Works Department		3,045	2,438,450	2,441,495	2,180,405	261,090	2,381,264
Vehicle maintenance		572	1,386,599	1,387,171	1,409,647	(22,476)	1,392,013
Water charges		-	181,600	181,600	186,715	(5,115)	182,405
Street lighting		-	161,000	161,000	148,777	12,223	158,577
Traffic signals		-	125,468	125,468	74,140	51,328	114,424
Cemetery care		-	19,025	19,025	23,481	(4,456)	26,346
Memorials		-	8,851	8,851	8,806	45	8,930
Shade trees		-	18,000	18,000	10,362	7,638	10,624
Engineering services		-	99,962	99,962	97,429	2,533	103,055
Solid waste program		-	1,910,640	1,910,640	1,900,511	10,129	1,846,531
Total public works		3,617	6,349,595	6,353,212	6,040,273	312,939	6,224,169
Education:							
Regular instruction		-	20,286,699	20,286,699	20,201,901	84,798	20,002,428
Improvement of instruction		-	555,341	555,341	538,280	17,061	482,199
Special services		-	2,591,192	2,591,192	2,553,786	37,406	2,473,838
General & special administration		-	275,345	275,345	279,013	(3,668)	294,977
Board of education		-	39,767	39,767	29,062	10,705	33,229
Office of the superintendent		-	409,154	409,154	415,453	(6,299)	379,594
Business administration		-	1,639,880	1,639,880	1,674,986	(35,106)	1,610,820
Transportation		-	1,463,829	1,463,829	1,403,748	60,081	1,418,468
Operation and maintenance of plant		-	3,681,388	3,681,388	3,349,818	331,570	3,215,499
Debt service		-	4,142,273	4,142,273	4,142,273	-	4,173,476
Total education		-	35,084,868	35,084,868	34,588,320	496,548	34,084,528

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

	2010 carryforward	2011		Actual	Variance positive (negative)	2010 Actual
		Budget	Total available			
Expenditures, continued:						
Current, continued:						
County tax	\$ -	1,922,952	1,922,952	1,922,952	-	1,885,984
Debt service (excluding education):						
Principal	-	3,011,038	3,011,038	2,961,038	50,000	3,044,449
Interest and other costs	-	1,803,008	1,803,008	1,821,560	(18,552)	1,911,642
Total debt service	-	4,814,046	4,814,046	4,782,598	31,448	4,956,091
Capital improvements	271,019	789,928	1,060,947	833,353	227,594	1,210,474
Total expenditures	407,584	65,501,307	65,908,891	64,599,515	1,309,376	64,515,022
Excess (deficiency) of revenues over (under) expenditures	(407,584)	(2,551,931)	(2,959,515)	(2,245,164)	714,351	(3,653,298)
Other financing sources (uses):						
Transfers in	-	1,037,098	1,037,098	1,120,962	83,864	1,551,027
Transfers out	-	(140,496)	(140,496)	(170,203)	(29,707)	(111,543)
General obligation bonds	-	456,178	456,178	418,990	(37,188)	648,205
Overlay	-	(100,849)	(100,849)	-	100,849	-
Total other financing sources (uses)	-	1,251,931	1,251,931	1,369,749	117,818	2,087,689
Net change in fund balances - budgetary basis	(407,584)	(1,300,000)	(1,707,584)	(875,415)	832,169	(1,565,609)
Utilization of prior year surplus and carrying balances	407,584	1,300,000	1,707,584	-	(1,707,584)	-
Total Utilization of Fund Balance and Carry forwards	-	-	(0)	(875,415)	(875,415)	(1,565,609)
Reconciliation to GAAP basis:						
Current portion of accrued compensated absences				(7,807)		(134)
Fund balances, beginning of year restated				7,872,497		8,803,809
Fund balances, end of year				6,989,275		7,238,066

OTHER GOVERNMENTAL FUNDS

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TOWN OF SCARBOROUGH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 221,464	319,655	-	541,119
Investments	4,950,403	97,675	209,409	5,257,487
Intergovernmental receivable	445,353	-	-	445,353
Due from State of Maine	-	-	-	-
Accounts receivable	1,000	-	-	1,000
Interfund loans	13,186	-	800	13,986
Inventory	21,419	-	-	21,419
Notes receivable	-	-	-	-
Total assets	\$ 5,652,825	417,330	210,209	6,280,364
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	664,084	48,512	-	712,596
Interfund loans	342,379	434,050	27	776,456
Total liabilities	1,006,463	482,562	27	1,489,052
Fund balances (deficit):				
Nonspendable trust principal	-	-	126,329	126,329
Nonspendable inventory	21,419	-	-	21,419
Restricted for Town	447,655	-	83,853	531,508
Restricted for Education	25	368,818	-	368,843
Committed for Town	4,292,188	-	-	4,292,188
Committed for Education	-	-	-	-
Unassigned for Town	(114,925)	(434,050)	-	(548,975)
Total fund balances (deficit)	4,646,362	(65,232)	210,182	4,791,312
Total liabilities and fund balances	\$ 5,652,825	417,330	210,209	6,280,364

TOWN OF SCARBOROUGH, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,757,607	39,500	-	1,797,107
Contributions	7,235	-	-	7,235
Assessments and impact fees	1,236,249	-	-	1,236,249
Sale of lots	800	-	800	1,600
Other revenue	1,315,801	-	-	1,315,801
Interest revenue	6,563	2,824	160	9,547
Total revenues	4,324,255	42,324	960	4,367,539
Expenditures:				
Current:				
Capital expenditures	831,648	760,825	-	1,592,473
Other	4,014,540	-	27	4,014,567
Total expenditures	4,846,188	760,825	27	5,607,040
Excess of revenues over (under) expenditures	(521,933)	(718,501)	933	(1,239,501)
Other financing sources (uses):				
Transfers in	147,558	118,561	-	266,119
Transfers out	(398,478)	(112,583)	-	(511,061)
General Obligation Bonds	-	799,570	-	799,570
Total other financing sources (uses)	(250,920)	805,548	-	554,628
Net change in fund balances	(772,853)	87,047	933	(684,873)
Fund balances, beginning of year	5,419,215	(152,279)	209,249	5,476,185
Fund balances, end of year	\$ 4,646,362	(65,232)	210,182	4,791,312

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds account for specific resources, the expenditure of which are restricted by law or administrative action for particular purposes.

Special revenue funds are established for the following purposes:

Recreational Development

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

Credit Enhancement Agreements

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

Boat Launch Facility

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

Cemetery Improvement

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

Route 1 Sawyer Road Improvements

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

Economic Development Fund (Formerly the Industrial Park)

The Town Council in November 2008, order no. 08-150, established a permanent, non-lapsing account for economic and business development within Scarborough.

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.

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

Payne Road Improvements

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

Payne Road Impact Fees

To account for fees collected in connection with the Town's road impact ordinance for road and intersection improvements planned for the road system along Payne Road, Route 114, Spring Street and Mussey Road. This ordinance was adopted October 17, 1990.

Other Impact Fees:

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

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

Dunstan Corner Impact Fee is a growth management fee created by ordinance, to mitigate traffic impacts in this location from new development. The collected fee will be applied to the design and construction of identified future highway improvements in the defined area as adopted August 15, 2006.

Oak Hill Traffic Mitigation Impact Fee is a growth management fee by policy to mitigate traffic impacts in this location from new development in Town. The fee will be applied to the design and construction of future highway improvements in the defined area.

Haigis Parkway Mitigation Fee is a growth management fee by policy to mitigate traffic impacts in this location from new development. The fee will be applied to the design and construction of future highway improvements in the defined area.

Police Asset Forfeiture

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

Rescue Equipment

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

Fire Department

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

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

Departmental Grants and Programs

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

Friends of the Scarborough Marsh

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

Pleasant Hill Area Drainage

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

School Categorical Programs

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

School Lunch Program

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

Computer Replacement Fund

This fund is used for the replacement of municipal computers.

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2011

		Recrea- tional Develop- ment	Credit Enhancement Agreements	Boat Launch Facility	Cemetery Improve- ment	Rte 1 Sawyer Road Improve	Economic Development Fund	Prouts Landing Conserva- tion	Bessey Commons	Payne Road Improvements
ASSETS										
Cash and cash equivalents	\$	-	-	-	-	-	-	-	-	-
Investments		-	42,738	-	7,248	84,677	216,561	24,561	8	69,855
Intergovernmental receivable		-	-	-	-	-	-	-	-	-
Due from State of Maine		-	-	-	-	-	-	-	-	-
Accounts receivable		-	-	-	-	-	-	-	-	-
Interfund loans receivable		-	-	-	800	-	-	-	-	-
Inventory		-	-	-	-	-	-	-	-	-
Notes receivable		-	-	-	-	-	-	-	-	-
Total assets	\$	-	42,738	-	8,048	84,677	216,561	24,561	8	69,855
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable		-	-	-	-	-	-	-	-	-
Interfund loans payable		50,833	-	42,673	-	-	158,207	-	-	-
Total liabilities		50,833	-	42,673	-	-	158,207	-	-	-
Fund balances:										
Nonspendable		-	-	-	-	-	-	-	-	-
Restricted		-	42,738	-	-	84,677	58,354	-	8	-
Committed		-	-	-	8,048	-	-	24,561	-	69,855
Unassigned		(50,833)	-	(42,673)	-	-	-	-	-	-
Total fund balances (deficit)		(50,833)	42,738	(42,673)	8,048	84,677	58,354	24,561	8	69,855
Total liabilities and fund balances	\$	-	42,738	-	8,048	84,677	216,561	24,561	8	69,855

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds, Continued
Combining Balance Sheet
June 30, 2011

Payne Road Impact Fees	Other Impact Fees	Police Asset Forfeiture	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
202,635	-	-	-	-	2,675	-	-	-	16,154	-	221,464
2,049,940	594,243	196,066	290,219	19,374	1,354,913	-	-	-	-	-	4,950,403
-	-	4,093	-	-	22,431	-	-	401,302	17,527	-	445,353
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	1,000	-	-	-	-	-	-	1,000
4,366	8,020	-	-	-	-	-	-	-	-	-	13,186
-	-	-	-	-	-	-	-	-	21,419	-	21,419
-	-	-	-	-	-	-	-	-	-	-	-
2,256,941	602,263	200,159	290,219	20,374	1,380,019	-	-	401,302	55,100	-	5,652,825
202,635	-	-	36	-	5,036	-	-	401,277	55,100	-	664,084
-	-	40,000	43,607	-	7,059	-	-	-	-	-	342,379
202,635	-	40,000	43,643	-	12,095	-	-	401,277	55,100	-	1,006,463
-	-	160,159	-	20,374	81,345	-	-	25	21,419	-	21,419
2,054,306	602,263	-	246,576	-	1,286,579	-	-	-	-	-	4,292,188
-	-	-	-	-	-	-	-	-	(21,419)	-	(114,925)
2,054,306	602,263	160,159	246,576	20,374	1,367,924	-	-	25	-	-	4,646,362
2,256,941	602,263	200,159	290,219	20,374	1,380,019	-	-	401,302	55,100	-	5,652,825

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2011

	Recrea- tional Develop- ment	Credit Enhancement Agreements	Boat Launch Facility	Cemetery Improve- ment	Rte 1 Sawyer Road Improve	Economic Development Fund	Prouts Landing Conserva- tion	Bessey Commons	Payne Road Improvements
Revenues:									
Intergovernmental	\$ -	-	-	-	-	-	-	-	-
Interest earned	-	20	-	30	103	442	30	-	85
Contributions	-	-	2,483	-	-	-	-	-	-
Sale of Lots/Land/Equip	-	-	-	800	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Assessments and impact fees	8,250	443,718	-	-	-	-	-	33,227	-
Total revenues	8,250	443,738	2,483	830	103	442	30	33,227	85
Expenditures:									
Construction and acquisitions	-	-	515	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-	-	-	-
Other	-	443,718	-	-	-	-	-	33,227	-
Total expenditures	-	443,718	515	-	-	-	-	33,227	-
Excess (deficiency) of revenues over (under) expenditures	8,250	20	1,968	830	103	442	30	-	85
Other financing sources (uses):									
Transfers in	8,250	-	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-	-	-
Transfers out	(8,250)	-	-	(20,298)	(822)	(150,000)	-	-	-
Total other financing sources (uses)	-	-	-	(20,298)	(822)	(150,000)	-	-	-
Net change in fund balances	8,250	20	1,968	(19,468)	(719)	(149,558)	30	-	85
Fund balances (deficit), beginning of year	(59,083)	42,718	(44,641)	27,516	85,396	207,912	24,531	8	69,770
Fund balances (deficit), end of year	\$ (50,833)	42,738	(42,673)	8,048	84,677	58,354	24,561	8	69,855

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, 2011

Payne Road Impact Fees	Other Impact Fees	Police Asset Forfeiture	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
-	-	54,622	-	-	135,463	-	-	1,300,395	267,127	-	1,757,607
2,391	755	216	490	22	1,979	-	-	-	-	-	6,563
-	-	-	1,022	3,730	-	-	-	-	-	-	7,235
-	-	-	-	-	-	-	-	-	-	-	800
4,463	174,768	-	-	-	148,773	-	-	-	987,797	-	1,315,801
-	-	-	751,054	-	-	-	-	-	-	-	1,236,249
6,854	175,523	54,838	752,566	3,752	286,215	-	-	1,300,395	1,254,924	-	4,324,255
-	-	58,850	-	-	755,621	-	16,662	-	-	-	831,648
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	761,643	-	-	-	-	1,390,252	1,385,700	-	4,014,540
-	-	58,850	761,643	-	755,621	-	16,662	1,390,252	1,385,700	-	4,846,188
6,854	175,523	(4,012)	(9,077)	3,752	(469,406)	-	(16,662)	(89,857)	(130,776)	-	(521,933)
-	-	-	-	-	8,525	-	7	-	130,776	-	147,558
-	-	-	-	-	-	-	-	-	-	-	-
-	(119,170)	-	(91,413)	-	(8,525)	-	-	-	-	-	(398,478)
-	(119,170)	-	(91,413)	-	-	-	7	-	130,776	-	(250,920)
6,854	56,353	(4,012)	(100,490)	3,752	(469,406)	-	(16,655)	(89,857)	-	-	(772,853)
2,047,452	545,910	164,171	347,066	16,622	1,837,330	-	16,655	89,882	-	-	5,419,215
2,054,306	602,263	160,159	246,576	20,374	1,367,924	-	-	25	-	-	4,646,362

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, 2011

	Fund balances beginning of year	Revenues		Program expenditures	Fund balances end of year
		Grants	Other		
Federal education grant programs:					
NCLB/Title IA	\$ 4,906	142,615	-	147,492	29
ARRA Title IA	1,648	52,237	-	53,885	-
NCLB/Title IIA	-	77,821	-	77,821	-
NCLB/Title IID	993	-	-	993	-
ARRA NCLB/Title IID	221	-	-	221	-
Title III	-	6,927	-	6,927	-
NCLB/Title IVA	1,258	-	-	1,258	-
NCLB/Title VA	1	-	-	-	1
Refugee Resettlement	12,137	-	-	12,137	-
Local Entitlement	7,281	648,421	-	655,706	(4)
ARRA Local Entitlement	51,229	361,776	-	413,006	(1)
Preschool handicapped	1,625	4,945	-	6,570	-
ARRA Preschool handicapped	290	5,653	-	5,943	-
Total federal education grant programs	81,589	1,300,395	-	1,381,959	25
Other State grant programs:					
Professional Development Grant	8,293	-	-	8,293	-
Total other state grant programs	8,293	-	-	8,293	-
Total school categorical programs	\$ 89,882	1,300,395	-	1,390,252	25

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NONMAJOR CAPITAL PROJECT FUNDS

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

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

General School Improvements

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

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, 2011

		General School Improvements	Municipal Building Fund	Totals
ASSETS				
Cash and cash equivalents	\$	319,655		319,655
Investments		97,675	-	97,675
Total assets	\$	417,330	-	417,330
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable		48,512	-	48,512
Interfund loans payable		-	434,050	434,050
Total liabilities		48,512	434,050	482,562
Fund balance (deficit):				
Restricted		368,818		368,818
Unassigned		-	(434,050)	(434,050)
Total fund deficit		368,818	(434,050)	(65,232)
Total liabilities and fund balance	\$	417,330	-	417,330

TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2011

	General School Improvements	Municipal Building Fund	Totals
Revenues:			
Intergovernmental	\$ 39,500	-	39,500
Interest earned	2,824	-	2,824
Total revenues	42,324	-	42,324
Expenditures:			
Capital Improvements	760,825	-	760,825
Total expenditures	760,825	-	760,825
Excess (deficiency) of revenues over (under) expenditures	(718,501)	-	(718,501)
Other financing sources (uses):			
Transfers in	31,414	87,147	118,561
Transfers out	(84,020)	(28,563)	(112,583)
Proceeds of general obligation bonds	799,570	-	799,570
Total other financing sources (uses)	746,964	58,584	805,548
Net change in fund balances	28,463	58,584	87,047
Fund deficit, beginning of year	340,355	(492,634)	(152,279)
Fund deficit, end of year	\$ 368,818	(434,050)	(65,232)

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, 2011

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
ASSETS				
Investments	\$ 181,684	24,852	2,873	209,409
Interfund loans receivable	800	-	-	800
Total assets	\$ 182,484	24,852	2,873	210,209
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	-	27	-	27
Total liabilities	-	27	-	27
Fund balances:				
Nonspendable Principal	112,462	13,367	500	126,329
Restricted Expendable Income	70,022	11,458	2,373	83,853
Total fund balances	182,484	24,825	2,873	210,182
Total liabilities and fund balances	\$ 182,484	24,852	2,873	210,209

TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2011

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues:				
Interest and dividends	\$ 132	27	1	160
Sale of lots/perpetual care deposits	800	-	-	800
Total revenues	932	27	1	960
Expenditures:				
Earnings retained by General Fund	-	27	-	27
Other	-	-	-	-
Total expenditures	-	27	-	27
Net change in fund balances	932	-	1	933
Fund balances, beginning of year	181,552	24,825	2,872	209,249
Fund balances, end of year	\$ 182,484	24,825	2,873	210,182

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, 2011

	Shirley Grover Fund	Mary Campbell Peterson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
ASSETS													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	\$ 1,387	96,801	106,892	1,775	12	1,077	21,168	308	2,836	11,545	1,213	3,418	248,432
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,387	96,801	106,892	1,775	12	1,077	21,168	308	2,836	11,545	1,213	3,418	248,432
LIABILITIES AND NET ASSETS													
Liabilities													
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets													
Nonspendable Principal	1,240	87,680	100,000	-	-	-	-	500	2,026	1,500	-	3,810	198,756
Restricted Interest	147	9,121	6,892	1,775	12	1,077	21,168	(192)	810	8,045	1,213	(392)	49,676
Total net assets	1,387	96,801	106,892	1,775	12	1,077	21,168	308	2,836	11,545	1,213	3,418	248,432
Total liabilities and net assets	\$ 1,387	96,801	106,892	1,775	12	1,077	21,168	308	2,836	11,545	1,213	3,418	248,432

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2011

	Shirley Grover Fund	Mary Campbell Pederson Fund	Edith Warga Ari Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
Additions													
Donations	\$	*	*	*	*	*	*	*	*	*	*	*	*
Interest and dividends	2	100	105	3	-	1	27	-	2	3	1	3	247
Total additions	2	100	105	3	-	1	27	-	2	3	1	3	247
Deductions													
School scholarships	200	-	-	800	-	-	1,500	-	150	250	-	500	3,400
Total deductions	200	-	-	800	-	-	1,500	-	150	250	-	500	3,100
Changes in net assets	(198)	100	105	(797)	-	1	(1,473)	-	(148)	(247)	1	(497)	(3,153)
Net assets, beginning of year	1,585	96,701	106,787	2,572	12	1,076	22,641	308	2,984	11,792	1,212	3,915	251,585
Net assets, end of year	\$ 1,387	\$96,801	106,892	1,775	12	1,077	21,168	308	2,836	11,545	1,213	3,418	248,432

TOWN OF SCARBOROUGH, MAINE
 Agency Funds
 Statement of Changes in Assets and Liabilities
 For the year ended June 30, 2011

		Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
STUDENT ACTIVITIES:					
ASSETS					
Cash	\$	250,089	443,200	469,817	223,472
LIABILITIES					
Payable to student groups	\$	250,089	443,200	469,817	223,472

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General Long Term Debt

State of Maryland

TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-term Debt
For the year ended June 30, 2011

	Interest rate	Final maturity date	Annual principal payments	Balance beginning of year	Current Year		Balance end of year
General Obligation Bonds							
1990 Capital Improvements	7.10%	2011	325,000 to 2011	325,000		325,000	-
1993 Capital Improvements	5.70%	2013	25,000 to 2013	75,000		25,000	50,000
1994 Capital Improvements	6.00%	2015	230,000 to 2015	1,150,000		230,000	920,000
1995 Capital Improvements	5.00%	2016	265,000 to 2016	1,590,000		265,000	1,325,000
1997 Capital Improvements	5.35%	2017	110,000 to 2017	770,000		110,000	660,000
2001 Capital Improvements	4.10%	2021	180,000 to 2011				
	4.20%		120,000 in 2012				
	Varies		115,000 to 2021	1,335,000		180,000	
	Refunded					1,155,000	-
2003 Capital Improvements	3.50%	2033	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	19,085,000		750,000	18,335,000
2004 Capital Improvements	varies	2034	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	9,375,000	-	680,000	8,695,000

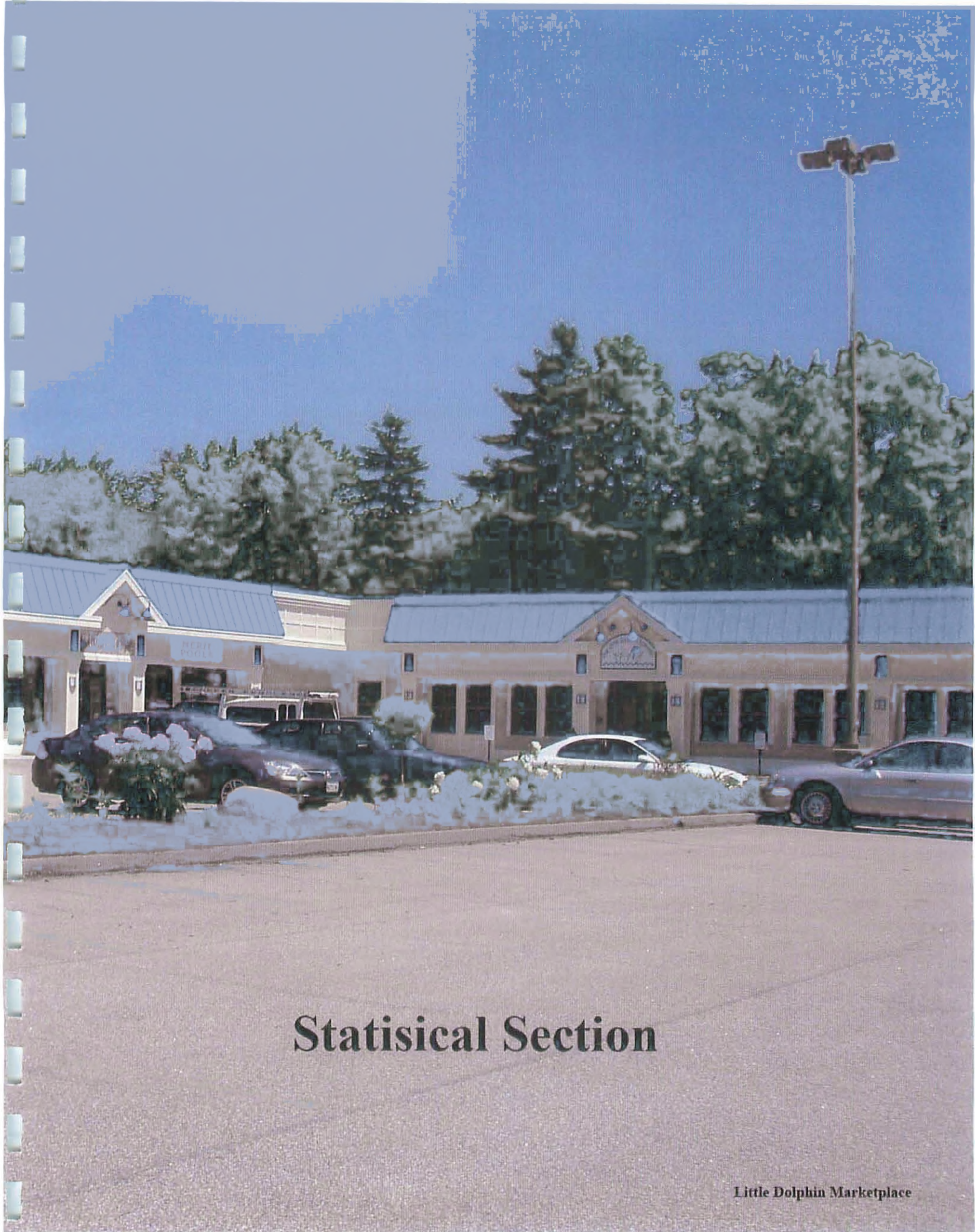
TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-term Debt, Continued

	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	\$	385,000 in 2011	8,455,000	-	385,000	8,070,000
	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							
2006 Capital Improvements	4.00%	2021		835,000 in 2011	4,375,000			
	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							
2007 Capital Improvements	4.00%	2023		550,000 to 2012	2,350,000	-	550,000	1,800,000
			225,000 to 2017					
2008 Capital Improvements	3.00%	2028		25,000 to 2022	7,120,000	-	800,000	6,320,000
			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								
2009 Capital Improvements	2.00%	2029		305,000 in 2010	4,255,000	-	400,000	3,855,000
			400,000 to 2015					
			315,000 to 2016					
			310,000 to 2019					
2009 Bond Refunding	2.00%	2020		100,000 in 2029	1,780,000	-	185,000	1,595,000
			185,000 to 2019					
2010 Capital Improvements	2.00%	2031		115,000 in 2020	6,002,000	-	-	6,002,000
			482,000 in 2012					
			485,000 in 2013					
			470,000 to 2016					
			345,000 to 2020					
			280,000 to 2026					
			100,000 to 2031					

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>								
2011 Capital Improvements	2.00%	2031	\$	545,000 in 2012 540,000 to 2015 525,000 in 2016 360,000 to 2018 355,000 to 2021 115,000 to 2026 110,000 to 2031	-	5,600,000	-	5,600,000
Total bonds					68,042,000	5,600,000	6,875,000	66,767,000
Total long-term debt			\$		68,042,000	5,600,000	6,875,000	66,767,000

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Statistical Section

Little Dolphin Marketplace

STATISTICAL SECTION

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

Contents

Table

Financial Trends

1-5

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

Revenue Capacity

6-11

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

Debt Capacity

12-14A

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

Demographic and Economic Information

15-17

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

Operating Information

18-21

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

Note: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Table 1

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets, net of related debt	\$ 6,893	\$ 6,689	\$ 29,885	\$ 36,323	\$ 44,077	\$ 35,652	\$ 41,821	\$ 47,588	\$ 53,032
Restricted	21,040	19,332	7,629	4,210	3,053	5,111	1,289	2,199	1,642
Unrestricted	10,187	9,709	9,874	13,952	8,971	5,179	5,442	2,917	(703)
Total governmental activities net assets	\$ 38,120	\$ 35,730	\$ 47,388	\$ 54,485	\$ 56,101	\$ 45,942	\$ 48,552	\$ 52,704	\$ 53,971

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

Table 2

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:									
Program revenues:									
Charges for services									
General government	\$ 203	\$ 1,554	\$ 1,727	\$ 2,314	\$ 1,632	\$ 1,621	\$ 1,178	1,986	1,852
Public services	1,143	1,297	1,386	1,425	1,506	1,590	1,585	1,720	1,681
Public safety	481	677	1,490	1,374	1,667	1,649	1,761	1,630	1,632
Public works	531	491	605	655	1,755	2,024	1,515	1,665	1,543
Education	202	1,344	1,280	1,256	1,198	1,211	1,195	1,217	1,253
Interest on debt services	168	-	-	-	-	-	-	-	-
Operating grants and activities	6,992	8,744	9,297	10,706	11,403	12,374	15,487	12,270	11,719
Capital grants and contributions	312	-	-	4,681	(559)	113	112	122	170
General revenues:									
Property and excise taxes, levies for general purposes	34,472	37,182	40,075	41,406	42,772	44,691	46,621	47,029	49,051
Grants and contributions not restricted to specific programs	6,667	2,096	1,952	2,062	1,931	3,835	339	1,947	1,905
Unrestricted investment earnings	209	105	159	261	404	344	137	142	42
Total revenues	51,380	53,490	57,971	66,140	63,709	69,452	69,930	69,728	70,848
Expenses:									
General government	9,902	8,622	9,996	8,783	12,641	12,740	11,409	10,656	12,023
Public services	2,701	2,597	2,658	2,871	3,092	3,133	3,742	3,832	5,042
Public safety	5,552	6,127	6,153	6,552	7,080	7,425	7,813	8,266	7,331
Public works	5,175	5,266	5,882	6,276	6,425	7,494	7,156	9,480	7,246
Education	23,444	25,442	28,695	33,491	31,531	32,951	34,363	34,546	35,275
Interest on debt service	895	2,610	1,168	1,069	1,142	2,737	2,827	2,694	2,664
Total expenses	47,669	50,664	54,552	59,042	61,911	66,480	67,310	69,474	69,581
Net (expense)/revenue:	3,711	2,826	3,419	7,098	1,798	2,972	2,620	254	1,267
Change in Net Assets	3,711	\$ 2,826	\$ 3,419	\$ 7,098	\$ 1,798	\$ 2,972	\$ 2,620	\$ 254	1,267

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

Table 3

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

	2002	2003	2004	2005	2006	2007	2008*	2009	2010 ¹	2011 ²
General Fund										
Reserved	\$ 800	\$ 752	\$ 710	\$ 697	\$ 771	\$ 674	\$ 618	\$ 630	-	\$ -
Restricted for Town									2,482	2,686
Restricted for Education									1,056	496
Committed - General Fund									634	630
Committed - Education										-
Assigned - General Fund									1,469	2,223
Unassigned - General Fund									2,231	955
Unreserved	5,753	6,211	5,919	7,063	7,455	8,019	8,357	8,174	-	-
Total general fund	\$ 6,553	\$ 6,963	\$ 6,629	\$ 7,760	\$ 8,226	\$ 8,693	\$ 8,975	\$ 8,804	\$ 7,872	\$ 6,990
All Other Governmental Funds										
Nonspendable Permanent Fund Principal									125	126
Nonspendable Inventory									26	21
Restricted Special Revenues									1,621	852
Restricted Capital Projects									2,483	1,941
Restricted Permanent Fund Interest									84	84
Committed - Special Revenues									4,820	4,292
Unassigned - Special Revenues									(129)	(115)
Unassigned - Capital Projects									(493)	(434)
Reserved	140	132	123	117	125	127	3,047	3,062	-	-
Unreserved, reported in:										
Special revenue funds	4,288	5,010	5,011	4,403	8,180	7,523	4,589	5,039	-	-
Capital projects funds	239	20,278	18,611	6,963	4,085	2,926	4,912	1,084	-	-
Permanent funds	67	68	69	70	73	78				
Total all other governmental funds	\$ 4,734	\$ 25,488	\$ 23,814	\$ 11,553	\$ 12,463	\$ 10,654	\$ 12,548	\$ 9,185	\$ 8,537	\$ 6,767
Total Governmental Funds Fund Balances:								\$	16,409	\$ 13,757

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

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

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

Table 4

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

	Fiscal Years Ending									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 32,380	\$ 34,582	\$ 37,191	\$ 40,066	\$ 41,377	\$ 42,712	\$ 44,581	\$ 46,401	\$ 46,880	\$ 48,957
Licenses and permits	413	429	480	567	611	753	818	482	573	480
Intergovernmental	11,212	11,600	10,823	11,219	12,604	13,204	14,042	17,357	14,106	13,701
Interest earned	272	209	348	442	644	805	684	324	242	125
Other	3,640	4,877	4,648	5,677	10,921	6,247	9,288	7,545	7,849	7,549
Total revenues	47,917	51,697	53,490	57,971	66,157	63,721	69,413	72,109	69,650	70,812
Expenditures										
General government	3,041	3,425	3,568	3,727	4,340	4,401	4,483	4,615	4,742	6,144
Public services	2,325	2,653	2,572	2,643	2,849	3,070	3,103	4,033	3,766	4,831
Public safety	4,706	5,275	5,934	5,962	6,180	6,642	6,986	7,735	7,355	7,318
Public works	4,108	4,767	4,877	5,370	5,702	5,846	6,765	6,532	8,027	5,353
Education (Excludes School Debt)	21,639	23,446	25,009	26,647	28,064	29,194	31,695	33,105	33,127	33,364
Education Debt (Prin & Int)	3,452	3,434	3,853	4,272	4,728	4,458	4,419	4,475	4,174	4,142
County tax	1,062	1,307	1,442	1,520	1,584	1,615	1,735	1,837	1,886	1,923
Debt service (Principal-Town Only)	2,206	2,423	3,918	3,176	2,957	3,219	3,232	3,204	3,044	2,961
Debt service (Interest-Town Only)	834	769	1,128	1,128	1,108	1,177	1,488	1,867	1,911	1,810
Capital Outlay (1)	4,643	4,908	15,820	23,374	11,467	7,999	9,305	10,196	5,167	6,037
Other	2,612	2,704	2,003	2,323	2,816	2,641	3,188	3,415	4,085	4,014
Total expenditures	50,628	55,111	70,124	80,142	71,795	70,262	76,399	81,014	77,284	77,897
Excess (deficiency) of revenues over (under) expenditures	(2,711)	(3,414)	(16,634)	(22,171)	(5,638)	(6,541)	(6,986)	(8,905)	(7,634)	(7,085)
Other financing sources (uses)										
Transfers in	2,402	1,538	2,115	2,923	2,780	2,794	3,695	3,453	1,982	1,477
Transfers out	(2,402)	(1,538)	(2,115)	(2,923)	(2,780)	(2,794)	(3,695)	(3,453)	(1,982)	(1,477)
Capital Lease proceeds	-	-	-	-	-	1,200	1,010	820	52	-
Refunding bond issued	-	-	-	-	-	-	-	-	-	1,155
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	(1,155)
Premium paid on refunded debt	-	-	-	-	-	-	-	-	-	(12)
General obligation bonds and capital leases	4,000	24,579	14,628	10,665	7,014	4,000	8,513	4,560	6,002	4,415
Total other financing sources (uses)	4,000	24,579	14,628	10,665	7,014	5,200	9,523	5,380	6,054	4,433
Net change in fund balances	\$ 1,289	\$ 21,165	\$ (2,006)	\$ (11,506)	\$ 1,376	\$ (1,341)	\$ 2,537	\$ (3,625)	\$ (1,580)	\$ (2,652)
Debt Service as a percentage of non-capital expenditures	14.12%	13.20%	16.39%	7.58%	6.74%	7.06%	7.03%	7.16%	6.87%	6.64%

Notes:

(1) Capital Outlay expenditures are presented within other expenditure categories in the General Fund and Other Town Improvements.

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
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
2010	4,702	3,731	7,721	6,224	34,085	1,886	4,956	-	1,210	64,515
2011	4,677	3,788	7,967	6,040	34,588	1,923	4,783	-	833	64,599

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

Table 6

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

<u>Fiscal Year</u>	<u>Property tax</u>	<u>Interest and Costs on taxes</u>	<u>Vehicle Excise tax</u>	<u>Boat Excise tax</u>	<u>Franchise tax fees</u>	<u>Total</u>
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
2010	42,661	97	3,909	28	185	46,880
2011	44,663	104	3,955	26	195	48,943

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		
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%
2010	3,399,998	124,774	3,524,772	3,524,772	12.15	100%
2011	3,433,857	122,694	3,556,551	3,556,551	12.63	100%

Source: Town of Scarborough Assessor's Office.

Table 8

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

Fiscal Year	Town	School	Community Services	County Tax	Tax Increment Financing District	Overlay	State Revenue Sharing (1)	Total Property Tax Rates by Year
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	3.980	7.754	0.117	0.529	0.246	0.021	(0.494)	12.15
2010	4.142	7.595	0.098	0.535	0.186	0.078	(0.483)	12.15
2011	4.268	7.894	0.086	0.541	0.203	0.028	(0.390)	12.63

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)

2001				2011			
Taxpayer	Taxable Assessed		Percentage of Total Taxable Assessed	Taxpayer	Taxable Assessed		Percentage of Total Taxable Assessed
	Value	Rank	Value		Value	Rank	Value
Hannaford Brothers	\$ 17,142,500	1	1.30%	Maine Life Care Retirement Community	\$ 60,871,400	1	1.71%
Wal-Mart	16,826,900	2	1.28%	Wal-Mart	39,987,600	2	1.12%
James McBrady	15,393,100	3	1.17%	New England Expedition	35,132,100	3	0.99%
Gavin Ruotolo	9,263,500	4	0.71%	MMC Realty Maine Health	27,493,400	4	0.77%
Konica Quality Photo	7,732,100	5	0.59%	Hannaford Brothers	25,564,400	5	0.72%
Rich Tool and Die	7,426,100	6	0.57%	Scarborough Gallery	22,019,000	6	0.62%
Shaw's Supermarket	7,199,800	7	0.55%	Gavin Ruotolo	18,598,300	7	0.52%
Central Maine Power	7,133,100	8	0.54%	Central Maine Power	14,597,500	8	0.41%
ERP Operating L.P.	5,976,400	9	0.45%	RRE Foxcroft/Coach Lantern	13,253,400	9	0.37%
Maine Historic Hotels	5,960,500	10	0.45%	Shaw's Supermarket	12,472,600	10	0.35%
Total Principal Taxpayers	<u>100,054,000</u>		<u>7.62%</u>		<u>269,989,700</u>		<u>7.59%</u>
Total Assessed Value: <u>\$ 1,313,684,200</u>				<u>\$ 3,556,551,900</u>			

Source: Town of Scarborough, Maine Assessor

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
2002	28,450,220	28,120,508	98.8%	326,956	28,447,464	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%	217,922	32,965,915	100.0%
2005	35,735,569	35,422,791	99.1%	311,220	35,734,011	100.0%
2006	36,824,648	36,527,411	99.2%	293,349	36,820,760	100.0%
2007	38,139,961	37,852,666	99.2%	265,480	38,118,146	99.9%
2008	40,183,201	39,784,997	99.0%	368,407	40,153,404	99.9%
2009	42,397,139	41,890,825	98.8%	473,297	42,364,122	99.9%
2010	42,877,989	42,370,914	98.8%	336,172	42,707,086	99.6%
2011	44,928,748	44,325,013	98.7%	-	44,325,013	98.7%

Source: Town of Scarborough Tax Collector's Office

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

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate	Tax Levy
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
2010	3,399,998	124,774	3,524,772	12.15	42,826
2011	3,433,857	122,694	3,556,551	12.63	44,919

Source: Town of Scarborough Assessor's Office

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
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
2010	68,042,000	3,524,771,600	1.93%	19,239	13.44%	3,537
2011	66,767,000	3,556,551,900	1.88%	18,919	9.30%	3,529

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
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
2010	1,640,531	3,524,771,600	0.05%	19,239	0.32%	85
2011	1,105,143	3,556,551,900	0.03%	18,919	0.15%	58

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
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%
2010	5,745	2,694	8,439	64,515	13.08%
2011	5,720	2,584	8,304	64,600	12.85%

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 235,755	\$ 279,720	\$ 323,745	\$ 380,820	\$ 430,980	\$ 488,370	\$ 529,673	\$ 534,488	\$ 543,068	\$ 534,623
Total net debt applicable to limit	35,096	54,759	62,952	67,737	68,844	66,845	69,328	67,785	68,042	66,767
Legal debt margin	200,659	224,961	260,793	313,083	362,136	421,525	460,345	466,703	475,026	467,856
Total net debt applicable to the limit as a percentage of debt limit	14.89%	19.58%	19.44%	17.79%	15.97%	13.69%	13.09%	12.68%	12.53%	12.49%

Note: Under state finance law, the Town of Scarborough's outstanding general obligation debt should not exceed 15 percent of total assessed property value.

By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Table 14A

TOWN OF SCARBOROUGH, MAINE
Direct, Overlapping and Contingent Debt
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Town of Scarborough	35,096	54,759	62,952	67,738	68,844	66,845	71,353	70,008	69,683	67,872
Cumberland County	1,526	1,329	1,189	1,055	883	685	535	481	327	126
Portland Water District	3,625	3,435	3,148	2,846	2,665	2,557	3,486	4,099	4,210	3,845
ecomaine Waste Systems:										
Resource recovery system	4,787	4,904	4,495	4,062	3,573	3,016	2,393	1,601	792	231
Material recovery facility	417	418	385	352	317	278	231	182	125	120
Landfill closure/postclosure	1,312	1,369	1,463	1,581	1,682	1,697	1,956	1,242	1,266	1,302
Totals	<u>46,763</u>	<u>66,214</u>	<u>73,632</u>	<u>77,634</u>	<u>77,964</u>	<u>75,078</u>	<u>79,954</u>	<u>77,613</u>	<u>76,403</u>	<u>73,496</u>

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

Table 15

TOWN OF SCARBOROUGH, MAINE
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (a)	Median Age (a)	School Enrollment (c)	Unemployment Rate (d)
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	2.90%
2008	18,880	496,940,480	26,321	38.80	3,347	3.30%
2009	19,054	501,520,334	26,321	38.80	3,343	5.60%
2010	19,239	506,389,719	26,321	38.80	3,363	5.40%
2011	18,919	718,146,321	37,959	43.80	3,269	5.40%

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

For years 2010 through 2011, 2010 Census, U.S. Census Bureau

(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

2001			2011			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employer</u>	<u>Employees *</u>	<u>Rank</u>	<u>Percentage of total Town Employment</u>
Hannaford Brothers	808	1	Town of Scarborough	1,371	1	9.85%
Town of Scarborough	750	2	Hannaford Brothers	1,000	2	7.18%
Wal-Mart	354	3	US Postal Service	600	3	4.31%
UNUM	202	4	NorDX	300	4	2.15%
Gabriel Electronics, Inc	170	5	Maine Medical Center	300	5	2.15%
Shaw's Supermarket	152	6	Wal-Mart	250	6	1.80%
Konica Quality Photo	150	7	Cabela's	250	7	1.80%
R C Moore Trucking	150	8	Shaw's	200	8	1.44%
Sam's Wholesale Club	125	9	Piper Shores	200	9	1.44%
Rich Tool & Die Co.	125	10	Sam's Wholesale Club	200	10	1.44%

* Source: Scarborough Economic Development Corporation (SEDCO)

2011 Total Town Employment Estimate: 14,533 (Source: ME Dept of Labor, Center for Workforce Research and Information)

TOWN OF SCARBOROUGH, MAINE
Unemployment Data
Last Ten Fiscal Years

Fiscal Year ending June 30,	Portland Metropolitan Statistical Area (PMSA)*	State of Maine
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	6.8%	8.1%
2010	6.5%	7.7%
2011	6.2%	7.8%

* 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.maine.gov/labor/cwri/laus.html

Table 18

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

Function:	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Govt:										
Town Clerk										
Certified Copies	1,565	1,750	1,462	1,185	1,462	1,187	2,098	4,887	4,988	5,820
Licenses	4,045	3,937	2,524	360	296	365	432	436	440	545
Passports Applications				379	548	882	792	586	665	534
Tax Office										
Beach Passes	1,999	2,282	2,714	1,886	2,003	2,192	3,436	3,487	2,358	2,443
Licenses & Permits				1,847	1,643	1,298	1,166	1,168	991	817
Tax Bill Issued									9,389	9,809
Excise Registrations									25,570	25,384
Planning:										
Permits	1,688	1,576	1,649	1,501	1,561	1,438	1,346	1,091	558	554
Certificates of Occupancy	302	309	321	340	353	242	207	204	222	176
Public Safety:										
Police:										
Physical arrests	587	634	401	332	822	719	817	1,152	619	989
Traffic violations	2,637	2,455	1,976	1,077	1,337	975	792	741	1,404	819
Fire:										
Number of calls answered	2,035	2,200	2,251	2,450	2,356	2,300	1,303	1,615	1,598	1,718
Number of inspections	388	455	445	472	642	884	1,825	3,351	3,537	3,394
Rescue:										
Number of calls answered	1,962	2,159	2,407	2,506	2,247	2,673	2,069	2,088	1,946	2,125
Public Works:										
Street resurfacing (miles)	3.71	4.19	1.94	5.26	6.03	7.32	3.90	6.31	8.62	6.37
Pot holes repaired (qty used in tons)	19	30	43	82	71	61	42	35	24	24
No. times plows dispatched	42	20	19	24	53	15	33	27	24	26

Source: Town of Scarborough various departments

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

	2009	2010	2011
Function:			
General Govt:			
Planning Vehicles	4	4	5
Technology Vehicles	3	3	3
Public Service:			
Community Services			
Vehicles	5	5	5
Parks	4	4	4
Public Safety:			
Police:			
Vehicles	8	8	8
Facilities	1	1	1
Fire:			
Vehicles	10	10	10
Facilities	6	6	6
Rescue:			
Vehicles	3	3	3
Public Works:			
Streets (miles)	111.40	117.28	121.92
Traffic Signals	35	35	35
Generators	10	10	10

Source: Town of Scarborough various departments

Comment: Data not available for all years

Table 20

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

		Fiscal Year									
		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Govt:											
	Full time		34	35	35	35	37	37	39	35	37
	Pt Time		47	52	36	58	19	59	53	72	55
Public Services:											
	Full time		13	13	13	14	14	15	15	17	23
	Pt Time		106	89	77	99	103	130	159	134	146
Public Safety:											
Police											
	Full time		46	46	47	48	51	52	52	50	52
	Pt Time		37	35	28	33	27	27	34	35	38
Fire											
	Full time		4	4	4	4	4	4	4	4	5
	Pt Time		177	155	159	144	152	167	164	148	150
Rescue											
	Full time		9	9	9	9	12	12	12	16	20
	Pt Time		14	21	16	18	15	14	15	10	11
Public Works:											
	Full time	31	31	32	32	32	33	36	35	31	31
	Pt Time	0	2	1	3	2	2	3	3	4	1
Education:	Full Time		671	754	724	766	733	750	761	503	460
	Pt Time									268	262
Total:		31	1191	1246	1183	1262	1202	1306	1346	1327	1291

Source: Town of Scarborough

Comment: Not All data for Fiscal Year 2002 is available. School part time employee data available from 2010.

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

Division	Department	Function	Division	Department	Function
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		
	Information Syst.	Zoning & Planning Boards	Board of Education		
			Office of the Superintendent		
	Public Service:	Community Serv:	Recreation		Business Administration
Youth Programs			Transportation		
Senior's Programs			Operation & Maintenance of Plant		
Parks			Debt Service		
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