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Town of Scarborough, Maine Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2012

Scarborough, Me.

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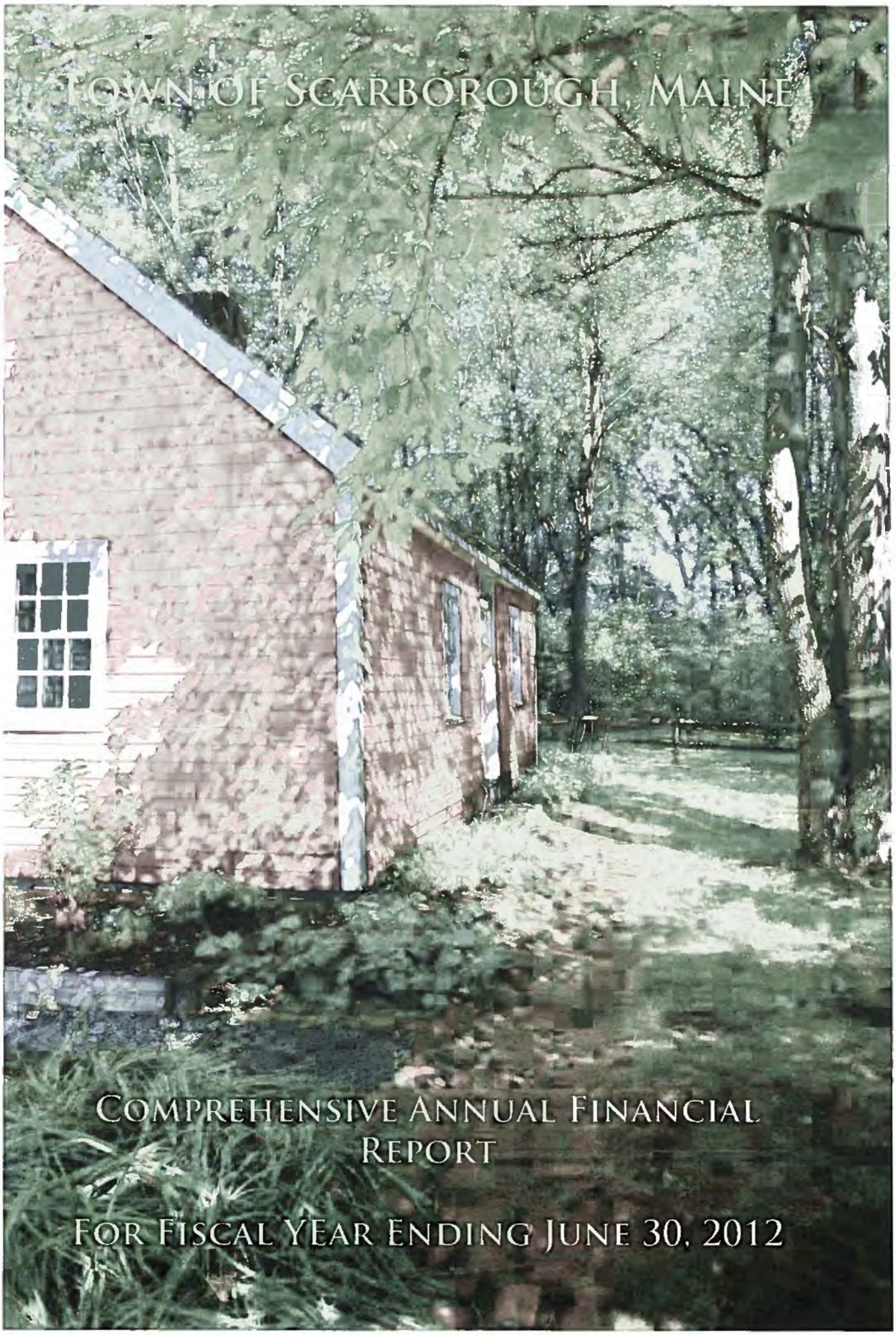

Town of Scarborough, Maine

Comprehensive Annual Financial Report

For Fiscal Year Ending June 30, 2012

Town of Scarborough, Maine
Comprehensive Annual Financial Report
For Fiscal Year Ending June 30, 2012

Prepared By

Town of Scarborough
Finance Department

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Introduction

January 10, 2013

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, 2012.

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. Additionally, 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. We present this report in three sections: introductory, financial and statistical. The first section, introductory, is unaudited and includes this transmittal letter. The second section, financial, includes the management's discussion and analysis of the Town's financial activities, the basic financial statements and the combining and individual fund statements and schedules. The final section, statistical, includes selected financial and demographic information, generally presented on a multi-year basis.

TOWN'S ORGANIZATIONAL STRUCTURE AND SERVICES PROVIDED

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

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

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

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

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

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	Scarborough Sanitary District
ecomaine (formerly Regional Waste)	Biddeford Saco Water District

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

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

ECONOMIC CONDITION AND FUTURE OUTLOOK

Maine Economy. Maine's recovery from the Great Recession remains lackluster at best. Some five years after the start of the recession, Maine has recovered only 17% of the 28,000 jobs lost during this economic downturn. In contrast, the US has recovered 64% of the jobs lost to this recession. According to the fall 2012 report of the New England Economic Partnership (NEEP), a consensus-forecasting project, Maine will be more than a year behind the rest of the nation in recovering employment to pre-recession levels.

According to NEEP economists, Maine lags behind the US in recovery partly because the state is not well positioned in growing industrial sectors. Manufacturing jobs and professional/business sector jobs are on the rise in the U.S.; however, these are not strong growth sectors for Maine. The pending closure of the Hostess bakery in Biddeford will add to the stress in the manufacturing sector, delaying Maine's recovery. Maine's job growth in the professional/business sector is half of the U.S. rate.

One positive sign on the Maine economy is housing. Since the second half of 2010, existing home sales have increased. The price of housing is also up since the bottom of the recession, but remains 15% below the peak housing prices of 2007.

Although growth is projected to be slower than the U.S. rate between now and 2016, Maine continues recovering from the recession. Maine employment is expected to increase by 5.4% during this period. One caveat to the forecast is the "fiscal cliff." Maine's dependence on defense procurement makes the state more vulnerable to the potential effects of the fiscal cliff.

Local Economy. As we noted last year, Cumberland County and in particular, the Town of Scarborough, enjoys a much different economic profile than the state as a whole. While the U.S. recovered 64% of jobs lost and Maine recovered 17% of jobs lost during the recession, Scarborough's recovery as of June 2012 was 102% of pre-recession peak jobs.

During 2009 and 2010, Scarborough was down just over 600 jobs (measuring from June 30 of each year). Between June 2010 and June 2011, Scarborough made those jobs up and then some, posting an increase of 745 jobs. Between June 2011 and June 2012, Scarborough added another 215 jobs, topping out at 15,143 jobs.

While the closing of Plumb Choice's Scarborough location accounted for some of the job losses, a new firm, Great Falls Marketing, quickly filled their space. Maine Health accounts for some of the additional jobs and will continue to be a bright spot in the Town's economic base. The entire sector of bioscience continues to grow in Scarborough as well as the U.S. The town is committed to building a welcoming environment for this growing sector and invests in activities targeted to the international bioscience community.

Another encouraging sign of continued growth is the decision by Horizon Solutions to build a new facility along the Haigis Parkway. The building should be complete by the first quarter of

2013 and we anticipate that this will peak more interest in the parkway, which is fully serviced and ready for development.

Part of Scarborough's attraction to high quality employers is due to the town's excellent school system and inviting lifestyle. With four beaches, 10 minute-access to the increasingly "in Vogue" City of Portland, low property tax rate, high-end residential development and a growing retail environment, make Scarborough a top contender for families looking at lifestyle investments. The American Community Survey (ACS) data series developed by the U.S. Census Bureau reports the median family income of $97,576 for the Town of Scarborough. The mean family income is well over $100K mark at $123,602.

Comprehensive Plan. During the 2012 fiscal year, the Long Range Planning Committee continued their efforts to implement the Town's Comprehensive Plan and by the summer, 2012 they will have accomplished the majority of the zoning and land use updates called for in the Plan. The level of implementation and updating of the Town's zoning is setting Scarborough up for future growth and development that continues to be well planned, yet flexible and forward thinking.

The areas focused on in 2012 include the Haigis Parkway and around the Turnpike Exit 42, Pine Point, and our Industrial areas. Regarding the Haigis Parkway, it has been ten years since the Town committed to significant investments in the parkway with the installation of public water, sewer and utilities, with limited development occurring in the intervening years. Given this, the committee felt it was the right time to conduct a thorough examination of the zoning along the parkway and consider changes that can help facilitate new development, while at the same time maintaining the goals for the area as a growth center for high-quality, high value commercial development. The committee conducted this examination with significant input from the property owners, Scarborough Economic Development Corp., and other stakeholders, which resulted in a Haigis Parkway zone that remains true to its original intent for commercial growth, yet provides more flexibility and a greater range of development opportunities.

In the Pine Point area, the committee also engaged the neighborhood and property owners early in the process with the aim of updating the zoning to ensure the Pine Point area remains a mix of marine uses and small businesses, coupled with year-round and seasonal residents. With input from these neighborhoods, the committee was able to prepare a package of zoning amendments that build on the history of Pine Point, while preparing it for future growth and redevelopment. Similarly, the Long Range Planning Committee was also able to recommend updates to the town's Industrial Districts for Town Council consideration. Focus for these amendments is on modernizing our industrial zones, to make them more applicable to current industrial uses and trends.

Major Initiatives:

For the year. Even though there have been fewer new developments and larger construction projects over the past few years due to the economy, our code enforcement staff has remained very active as home and property owners and businesses have tended to add on, renovate or redevelop rather than build new. This trend has been evident town-wide, but particularly in our

beach communities and our commercial areas. To respond to this trend, in 2012, the town streamlined the requirements to allow for easier permitting by the Board of Appeals.

In addition, new residential development has continued to gain momentum in a slow and incremental way with some of our larger subdivisions, such as Dunstan Crossing and Eastern Village as they continue to build homes. Additionally, some new smaller residential subdivisions are starting construction. On the commercial side, in addition to inspecting retrofits and reprograming space for new tenants, code enforcement oversaw the construction of a major addition to the Piper Shores retirement community; a new Red Robin restaurant on Gallery Boulevard; and the continued updating and occupancy of the Maine Health complex at 301 Route One.

The Town continues to seek opportunities to preserve open space through bonds. In 2001, the voters approved and the Town spent, $1.5m on open space preservation. Again, in 2003, the voters approved an additional $2.5 million, of which over $1.6 million remains available for use. Then, in November 2009, the voters approved $1 million to purchase parks and conservation land, and all of this is still available for use. In April 2012, the town agreed to purchase Warren Woods. Funding the total cost of $228,750 will be from the 2003 open space preservation land bond. This land will add to the many acres of open space already purchased for all to enjoy.

In looking at the Town's various operations and how new technologies might help with efficiencies, we identified a couple of areas that we felt could be improved by better communications. The various Town departments evaluated a new computer 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.

During this fiscal year, the fire department continued its proactive work identifying potential grant opportunities to augment the funding received through local property tax revenues. During fiscal year 2012, the Fire Department received approval from FEMA to expand the scope of a previous regional Metro Fire Chief's grant. This grant provided $112,896 of additional funding for four projects as follows: 1. Car fire simulator, 2. Equipment and training to conduct regional Candidate Physical Abilities Testing (CPAT), 3. Curriculum updates to a number of fire science classes at Southern Maine Community College (SMCC) and 4. Incident Command training tools.

Scarborough was the host and fiduciary agent for this regional grant and these items will be shared among the regional partners, which includes many of our mutual aid communities, SMCC, and the Maine Fire Service Institute (MFSI) - the fire service's statewide trainin g agency. We were also fortunate to receive another regional Metro Chief's grant for $52,304 to offset the cost of specialized firefighter training classes, and a Homeland Security Grant for $28,580 for inter-operable communications equipment at our Eight Corners public safety radio voter site.

Scarborough hosted a regional bid process for the purchase of ambulances involving six communities. After agreeing to a base set of specifications, the municipalities were able to secure a five-year renewable contract that will control costs over ten years. Each of the participating communities will see a significant savings by purchasing jointly instead of

purchasing individual rescue units.

We also evaluated and updated our EMS billing process this year. Traditionally, we processed our ambulance billing and collections with part time staff. We issued a Request for Proposals, and conducted a detailed evaluation of several companies, finally awarding the contract to Comstar out of Rowley, MA. After several months of experience, we are pleased with the service they are providing and find it to be cost effective. Since EMS billing is their only focus, they are up to date on all the federal and state regulations pertaining to this very specialized type of work.

In addition, the Town started to roll out a new community-wide resiliency program to implement one of FEMA's priority initiatives. This initiative is to create communities that are better prepared to handle all types of natural and manmade hazards and disaster. The process started with a coalition who obtained some homeland security grant funding to develop a pilot program that could be replicated not just locally but also statewide, and even nationally. We started by conducting train the trainer classes with Scarborough officials for the 11 skills and attitudes that are essential when dealing with stress and adversity. From there, we expanded the program to representatives from neighborhood associations, faith based groups, and the business community to help spread the program throughout the community. The next phase will involve wide public education using videos that will air on our cable TV access channel and through a very detailed website developed and hosted by the Scarborough Library.

This past year the State Legislature passed a law legalizing the sale and use of fireworks in the State of Maine for the first time in 70 years. The state law included a number of restrictions on what products could be sold, specific requirements for retail sales facilities and another section granted communities the authority to enact local ordinances more stringent than the state's law. The Town Council in Scarborough approved an ordinance allowing sales, but limiting use to just 5 days per year, July 3-5, December 31, and January 1. Launching fireworks from the beach or any public property remains illegal.

Patrolling fifty-four square miles of territory, around the clock, puts a significant amount of mileage on the patrol cars. With Ford making a decision to discontinue the Crown Victoria police package, Scarborough issued an RFP for police vehicles. Since the town had little knowledge of the three vehicles proposed: the Dodge Charger, Ford Interceptor and Chevrolet Caprice, the town decided to do a one-year test on all three brands incorporating a six-cylinder engine package. By keeping meticulous maintenance and fuel records, At the end of the trial period, we will make a final decision on what model to use for future purchases.

For the past several years, the Police department has taken advantage of a special program through Harley Davidson and has leased a police motorcycle for the summer months. Although initially economical, we find that it is now more cost effective to purchase and maintain a police motorcycle rather than to lease one. When presented to the Town's Finance Committee, they saw the value in both the motorcycle program and the idea of a straight purchase as opposed to a lease. In the end, the Town Council authorized the purchase of two police motorcycles.

Our police department felt that it was very important to find new ways to communicate to our more technologically sophisticated residents. We have accomplished this through the

department's new Facebook page. We have found this to be a very useful tool for putting out up-to-date information in a timely and efficient manner. We have received many positive comments about this new capability to keep residents informed of current traffic issues, storm updates, crime trends, and general information.

In addition to the Fire Department Grants, the Police Department also received a federal grant that will cover the salary and benefit costs for two new officers for a period of three years. The Police Department also received a grant for a crime analyst. The duties include monitoring crime, accident and traffic trends in order to assist patrol officers, detectives, and special units with their work. This position produces a weekly crime bulletin that is distributed across central and southern Maine and has been the subject of many accolades from law enforcement officers around the state. We also received a regional grant secured by the Family Crisis Services. With this grant, an Enhanced Police Intervention Collaboration (EPIC) advocate can review domestic violence cases and assist officers and victims with resources and services.

The Federal Drug Enforcement Administration started an annual "National Drug Take Back" initiative where citizens can drop off unused prescription medications. For the past four years, Scarborough Police has participated as a drop off site. With many requests from citizens, the Police Department was able to secure a grant to purchase a secure drop box so that citizens can bring their unused medications for proper disposal at any time.

Public Works and the Maine Department of Transportation worked in partnership to rehabilitate all of Beech Ridge Road and the section of Spurwink Road between Black Point Road and Ocean Avenue. These two projects were some of the first municipal partnership agreements in the state. The roads were fully reclaimed and paved. We addressed drainage issues at the same time. Costs to the State = $130,260.00 and Costs to the Town = $710,215. Other significant paving projects in 2012 were:

Bessey School Drive	$ 11,065	Cranberry Pines (CIP)	$149,311
Hanson Rd (CIP)	$137,705	Merrill Brook Rd	$ 32,586
Tapley Rd	$ 23,500		

The Public Works Dept. discontinued its Vendor-Based Inventory Program initiated two years ago. This program was in partnership with NAPA Auto Parts. Unfortunately, it was not as economical for either the Town or NAPA. The result is the reorganization of the vehicle parts department utilizing existing staff. Public Works has implemented barcoding and a new inventory control measure that will work towards a more cost-efficient operation.

For the future. Scarborough continues to work closely with many of our neighbors and the greater Portland region on a range of planning initiatives. Of greatest note are: continued work with the Saco Bay Sea Level Adaption Working Group; work on the Long Creek Watershed; work on the Gorham East-West Corridor Study, improving the Portland Area Comprehensive Transportation System (PACTS) and working with the Cumberland County Community Development Block Grant program. All of these coalitions aid Scarborough and the region in planning and also helps position Scarborough for State and Federal funding.

Throughout 2012, the Planning Department coordinated with consultants and the State of Maine to finalize the design of the Dunstan Corner Intersection Improvement Project. We are scheduled to begin construction in the fall 2012. This final design effort is a direct result of the work of the Payne Road "West" Transportation Study and is in coordination with the improvements that were made at the Haigis/Route One intersection in 2011. By 2013, the Dunstan Corner intersection will vastly improve the flow of traffic for motorist and pedestrians.

The Eastern Trail is part of the East Coast Greenway Trail System that will ultimately stretch from Key West, Florida to Calais, Maine. The town continues its effort toward completing the Eastern Trail bicycle and pedestrian path by initiating the design and engineering of the remaining section of trail from the Nonesuch River to the Wainwright Fields in South Portland. This is a particularly challenging section of trail, given the need to traverse an active rail-line and heavily developed industrial area. To that end, the town is working with a consulting firm and Maine Department of Transportation to design around these challenges.

Benchmark Construction, through an RFP process, will construct the new Higgins Beach "Comfort Station". In the spring 2013, when this project is complete, we will have an expanded parking facility of approximately 85 cars, along with four handicap parking spaces, restroom facilities, and showers.

The citizens of Scarborough approved the purchase of a new Fire Department ladder truck, not to exceed $900,000, in November 2012. This new vehicle will replace the 25-year old ladder truck. We are preparing an RFP and once we choose a vendor, we anticipate receiving the new ladder truck sometime in fiscal 2014.

Magnesium Chloride will replace a major portion of our road salt application on town roads. Annual funding for this new product will not change. The benefits of magnesium chloride is that it is much less corrosive than salt.

The BenjaminWentworth Intermediate School, for grades three through five, with an enrollment of 754, has numerous building security and mechanical (heating, lighting) issues and is not conducive to currently accepted best practices in intermediate education. In 2006, the citizens defeated a referendum question to replace the building. It went back to the voters in November 2011 and the citizens approved the construction of a new intermediate school. Construction will start in the fall 2012 with an expected use of the building 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. We update the Capital Improvement Plan annually.

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

FINANCIAL INFORMATION

Assessed Valuation and Collections. An indicator of Scarborough's strong local economy is in the growth of the Town's assessed value of real and personal property. The Town of Scarborough increased its 2012 value by $14,644,400 from 2011. For the 2012 tax year, the valuation was $3,571,196,300 compared to the 2011 valuation of $3,556,551,900.

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. Tax collections in Scarborough continue to remain strong.

As of June 30, 20xx	As of June 30, 2012
$398,204 in 2008	$29,158
$506,314 in 2009	$29,119
$507,075 in 2010	$28,265
$603,735 in 2011	$212,653
$581,380 in 2012	$581,380

Additionally, the school department received $1,154,197 in Education Jobs Funds.

Relevant Financial Policies. On March 21, 2012, the Town of Scarborough adopted an Investment Policy and a Debt Management Policy. These two policies were adopted in an effort to improve the fiscal responsibility for debt management and post issuance compliance and to put into writing how the town currently invests its funds.

The Town Council authorized the use of $600,000 from school and town fund balances, for fiscal year 2012. Of this amount, the fund balance actually utilized was $0. For 2013, the Town Council authorized $200,000 from the School's fund balance to help offset the loss of state revenues.

OTHER INFORMATION

Independent Audit. The Town Charter requires an annual financial audit by independent certified public accountants appointed by the Town Council. The firm of Macpage LLC was engaged to perform the annual audit for the Scarborough Town Council for fiscal year 2012. 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, 2011. This is the seventh-consecutive year that the Town of Scarborough has submitted and achieved this prestigious award. In order to receive the Certificate of Achievement award, a government must publish an easily readable and efficiently organized comprehensive annual

financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements. I would like to extend my appreciation to the accounting staff for their dedication and efforts in assisting with the preparation of this comprehensive annual financial report. Recognition and thanks is also 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 Macpage 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, 2011

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

President

Executive Director

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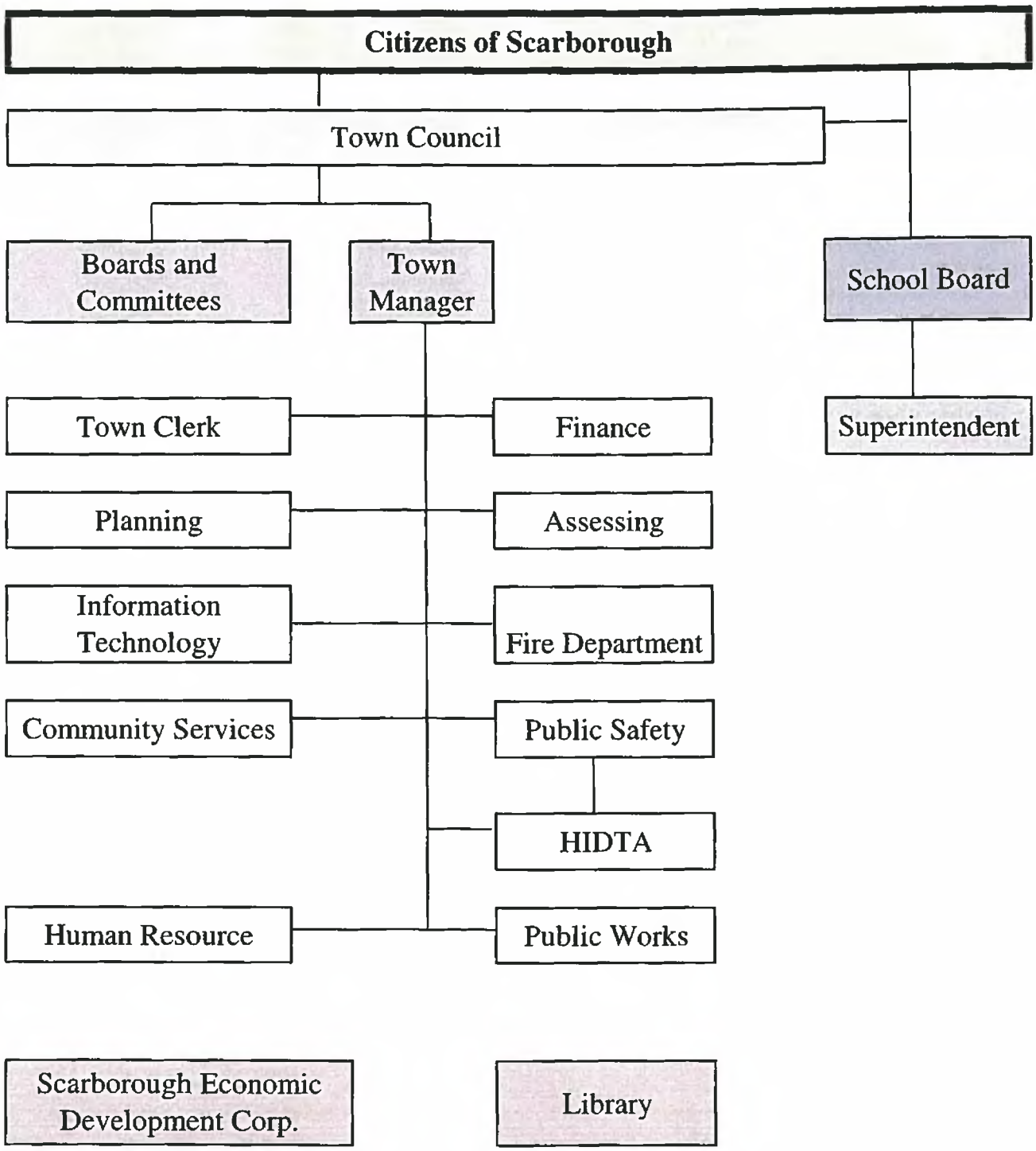
Town of Scarborough, Maine

Organizational Chart



Principal Executive Officers 2011-2012

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

OFFICE	NAME	MANNER OF SELECTION/TERM	TERM EXPIRES
Councilors	Judith L. Roy, Chairperson	Elected - 3 Year Term	11/21/2013
	Ronald D. Ahlquist	Elected - 3 Year Term	11/16/2014
	Karen D'Andrea	Elected - 3 Year Term	11/16/2014
	Jessica L. Holbrook	Elected - 3 Year Term	11/21/2012
	Carol S. Rancourt	Elected - 3 Year Term	11/21/2012
	Richard J. Sullivan, Jr.	Elected - 1 Year Term	11/16/2014
	Michael J. Wood	Elected - 3 Year Term	11/17/2013
Municipal Employees:			
Town Manager	Thomas J. Hall	Appointed – 3 Year Term	12/31/2014
Town Clerk/ Deputy Registrar	Yolande P. Justice	Appointed/Indefinite	N/A
Registrar of Voters	Carrie A. Noyes	Appointed /Indefinite	N/A
Tax Collector/Finance Director and Treasurer	Ruth D. Porter	Appointed/Indefinite	N/A
Assessor	Paul G. Lesperance	Appointed/Indefinite	N/A
Chief of Police	Robert A. Moulton	Appointed/Indefinite	N/A
Code Enforcement Officer	David R. Gryskwicz	Appointed/Indefinite	N/A
Director of Public Works	Michael E. Shaw	Appointed/Indefinite	N/A
Fire Chief	B. Michael Thurlow	Appointed/Indefinite	N/A
Town Planner	Daniel B. Bacon	Appointed/Indefinite	N/A
Assistant Town Planner	Robert Jay Chace	Appointed/Indefinite	N/A
Recreation Director	Bruce W. Gullifer	Appointed/Indefinite	N/A
Human Resource/General Ass't.	Ellen M. Blair	Appointed/Indefinite	N/A
Community Development Director	Harvey R. Rosenfeld	Appointed/Indefinite	N/A
School Board:			
Members, Board of Education	Robert Mitchell,Chairman	Elected -3 Year Term	11/16/2012
	John B. Cole	Elected - 3 Year Term	11/17/2013
	Aymie Hardesty	Elected - 3 Year Term	11/17/2013
	Christine Massengill	Elected – 3 year Term	11/21/2014
	Kelly Noonan Murphy	Elected - 3 Year Term	11/21/2014
	Jacqueline A. Perry	Elected - 3 Year Term	11/16/2012
	Jane Wiseman	Elected - 3 Year Term	11/21/2012
Superintendent of Schools	Dr. George Entwistle, III	Appointed/Indefinite	N/A
Assistant Superintendent of Schools/Adult Education Director	Jo Ann Sizemore	Appointed/Indefinite	N/A
Business Office Manager	Kate Bolton	Appointed/Indefinite	N/A
School Lunch Director	Judy Campbell	Appointed/Indefinite	N/A
Federal Project Administrators:	Monique Culbertson/ Kate Bolton	Appointed/Indefinite	N/A

Financial Section

Independent Auditors' Report

Town Council
Town of Scarborough, Maine

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, 2012, 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, 2012, 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 January 10, 2013 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.

Macpage LLC
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One Market Square, Augusta, ME 04330-4637 | 207-622-4766 | 207-622-6545 fax
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McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. McGladrey Alliance member firms maintain their respective names, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

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 68, 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 1-10, combining statements and individual fund schedules on pages 69-106, 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, 2011 (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, 2011 are fairly stated in all material respects, in relation to the basic financial statements from which it has been derived.

MacPage LLC

South Portland, Maine
January 10, 2013

MD&A

In loving memory of
James and Marion Vaille
for their noble vision and to the commitment
shown by the Vaille heirs in their work with the
community to preserve this lot for public parking.
Higgins Beach will continue to be enjoyed by all.
Dedicated July 1, 2010
Funding Made Possible By:
Town of Scarborough
Land for Maine's Future Program
The Trust for Public Land
Surfrider Foundation
Stand Up and Be Counted Fund
at the Maine Community Foundation

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, 2012. Please consider this information in conjunction with the transmittal letter at the front of this report and the Town's basic financial statements following this section. All dollar amounts are expressed in thousands of dollars unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Scarborough exceeded its liabilities at the close of this most recent fiscal year by $57,578 (net position). Of this amount, $2,127 represents unrestricted net position, which may be used to meet the Town's ongoing obligations to citizens and creditors.

- The Town's total net assets increased $3,607. This represents a 6.7% increase over last year's net assets.

- As of June 30, 2012, the Town's governmental funds reported combined fund balances of $32,463, an increase of $18,705 compared with the prior year. Approximately 10% of this amount or $3,260 is available for spending at the Town's discretion (*assigned and unassigned fund balance*).

- Total nonspendable fund balance increased by $42 from $148 to $190. Restricted fund balance increased by $17,958 from $6,058 to $24,016. Total committed fund balance increased by $75 from $4,922 to $4,997. Assigned fund balance decreased by $417 from $2,223 to $1,806. Finally, the unassigned fund balance for the governmental funds increased by $1,048 from $406 to $1,454.

- With respect to fund balances in the governmental funds, of the approximately $8,256 reported as committed (authorized by town council), assigned (authorized by town manager) and unassigned fund balance, $4,198 are special revenue funds authorized for specific projects and ($378) is for the municipal building Tax Increment Financing District (TIF). Future TIF revenues will fund this deficit. The remaining amount of $4,436 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, 2012, unrestricted fund balance for the general fund was $4,587 or 6.7% of the total general fund expenditures of $68,486. The Town continues to work towards achieving the 8.33% goal in future fiscal years.

- Total debt increased by $15,483 from the prior year. Total debt retired was $31,062. Total debt issued was $46,545 in general obligation bonds. This included $25,090 of bonds advanced refunded.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the governmental-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, Wentworth Intermediate Construction and the Haigis Parkway all of which are considered major funds. Data from the remaining 15 funds (Special Revenue, Capital Projects, and Permanent) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in Exhibit C-1 through Exhibit E-2.

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

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

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

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 Wentworth School Construction Project is considered major fund and shows as a separate fund on Statements 3 and 4 of the basic financial statements. As of June 30, 2012, the Town borrowed $18,540,000 towards this project not to exceed $39,077,594. The non-major capital projects fund financial statements can be found on pages 91-92 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 95-96 of this report.

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

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

The basic fiduciary fund financial statements can be found on pages 99-101 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-67.

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 69-106 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of the Town's financial position. In the case of the Town of Scarborough, assets exceeded liabilities by $57,578 as of June 30, 2012.

By far the largest portion of the Town of Scarborough's net assets (94.38%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets. The Town of Scarborough uses these capital assets to provide services to our citizens; consequently, these assets are not available for future spending. Although the Town of Scarborough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Below is a summary of the Town of Scarborough's Net Assets for the current year and the prior two years.

Town of Scarborough's Net Position

Governmental Activities

	2012	2011	2010
Assets:			
Current and other assets	$ 38,232	$ 19,020	21,180
Long term assets	2,352	2,546	2,736
Capital Assets not depreciated	9,501	11,043	10,248
Capital assets	103,857	99,686	98,152
Total Assets	153,942	132,295	132,316
Liabilities:			
Long term liabilities outstanding	83,054	64,415	66,097
Other liabilities	13,310	13,909	13,515
Total Liabilities	96,364	78,324	79,612
Net assets:			
Invested in capital assets, net of related debt	54,339	53,032	47,588
Restricted	1,111	1,642	2,199
Unrestricted	2,127	(703)	2,917
Total Net Assets	$ 57,577	$ 53,971	$ 52,704

Two percent (2%) of the Town of Scarborough's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, in the amount of $2,127 may be used to meet the Town of Scarborough's ongoing obligations to its citizens and creditors.

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

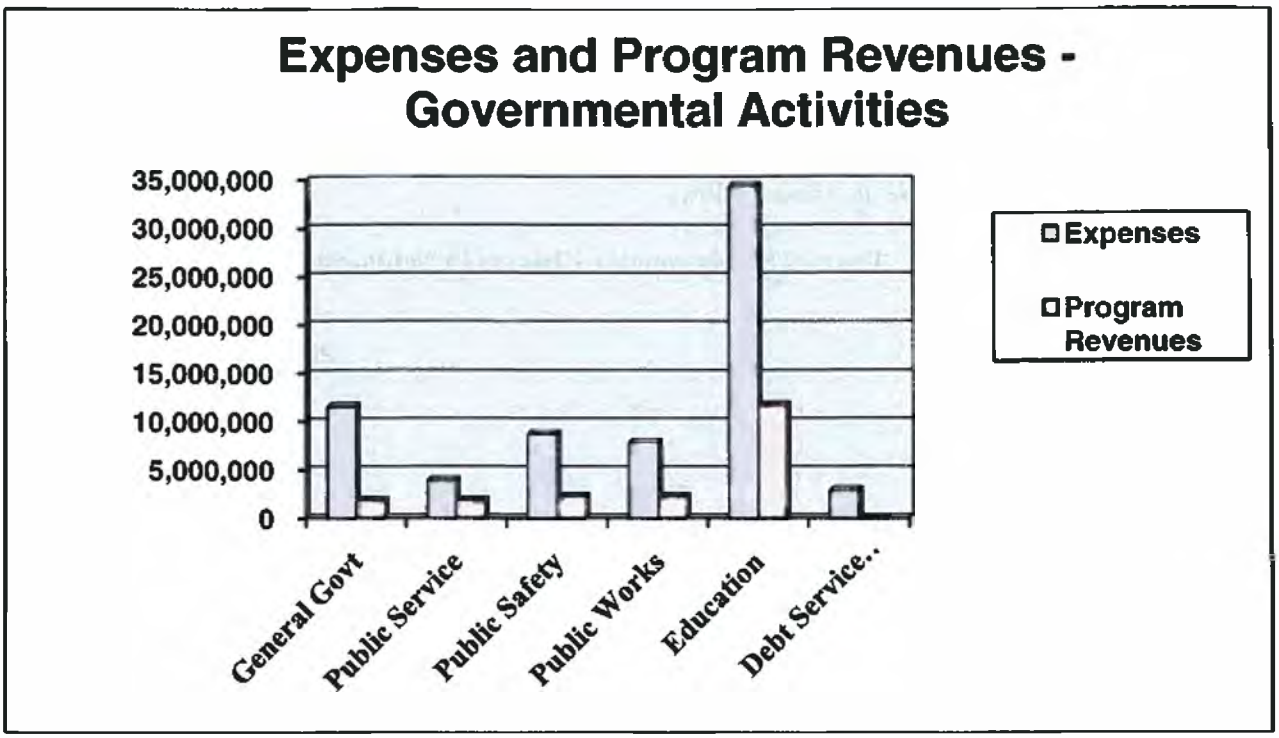
The Town of Scarborough saw a decrease of $531 in restricted net position due to the completion of various grant programs and the school's use of a portion of their fund balance.

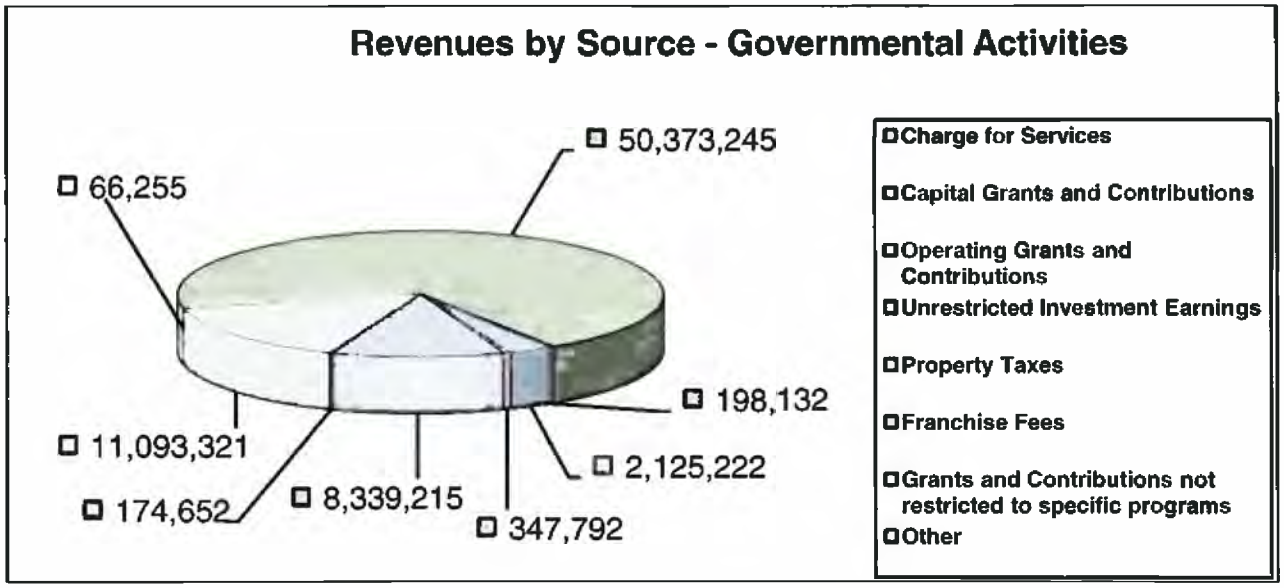
GOVERNMENTAL ACTIVITIES. All of the increase pertaining to the Town of Scarborough's net position of $3,607 is due to the governmental activities of the Town. The Town of Scarborough's non-tax revenues increased by $353. The increase in taxes is due in part to an increase in the overall assessed valuation of $14,644 from $3,556,552 to $3,571,196. Additionally, management was able to take various actions to reduce expenditures by delaying the hiring of general government positions and through the reduction of the workforce through attrition.

Key components of this increase are shown below.

Town of Scarborough's Changes in Net Position

	2012	2011
Revenues:		
Program Revenues:		
Charge for services	$ 8,339	$ 7,961
Operating grants and contributions	11,094	11,719
Capital grants and contributions	175	170
General Revenues:		
Property and excise taxes, levied for general purposes	50,373	48,856
Franchise Tax	198	195
Grants and contributions not restricted to specific programs	2,125	1,792
Unrestricted investment earnings	66	42
Other	348	113
Total revenues	72,718	70,848
Expenses:		
General government	11,537	12,023
Public Services	3,868	5,042
Public Safety	8,692	7,331
Public Works	7,805	7,246
Education	34,346	35,275
Interest on Debt Service	2,863	2,664
Total expenses	69,111	69,581
Increase in net assets	3,607	1,267
Net assets beginning, restated	53,971	52,704
Net assets ending	**$ 57,578**	**$ 53,971**





FINANCIAL ANALYSIS OF THE TOWN'S FUNDING

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

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

Useful measure of a government's net resources available for discretionary use by the Town Council of the Town of Scarborough.

At June 30, 2012, the Town of Scarborough's governmental funds reported combined fund balances of $32,463, an increase of $18,705 in comparison with the prior year. Approximately 4.5% of this amount $1,454 constitutes *unassigned fund* balance which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed or* assigned. This indicates that it is 1) not in spendable form ($190), 2) restricted for particular purposes ($24,016), 3) committed for particular purposes ($4,997) or 4) assigned for a particular purpose ($1,806).

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

Governmental Fund Balance Comparison

	2012	2011
General Fund	$ 8,054	$ 6,989
Wentworth School Construction	$ 18,344	-
Haigis Parkway	(152)	404
General Town Improvements	1,509	1,573
Other Govermental Funds	4,708	4,791
Total	**$ 32,463**	**$ 13,757**

As noted earlier, governmental funds reported combined fund balances of $32,463, an increase of $18,706 compared with the prior year fund balances of $13,757. Of the $8,256 reported as unrestricted fund balance (total of committed, assigned and unassigned), $4,047 are for special revenue fund projects authorized for specific purposes. The capital projects fund has a deficit of ($378) to be funded in future periods from TIF revenues. $4,587 is available for general fund committed and assigned purposes for which these funds are collected.

The remaining $24,207 of fund balance is restricted to indicate that it is not available for new spending because it has already been allocated for the following:

$ 641	Deficit Fund Balances in the Special Revenue and Capital Projects Funds
1,509	Town Improvements
374	Town Grants
213	Perpetual Care of Municipal Cemeteries
19,057	Education Funding (Including Wentworth School-a major fund)
2,352	Haigis Parkway non-current notes receivables
61	Food Service and fuel inventory
$24,207	Total Governmental Fund Restricted Fund Balance

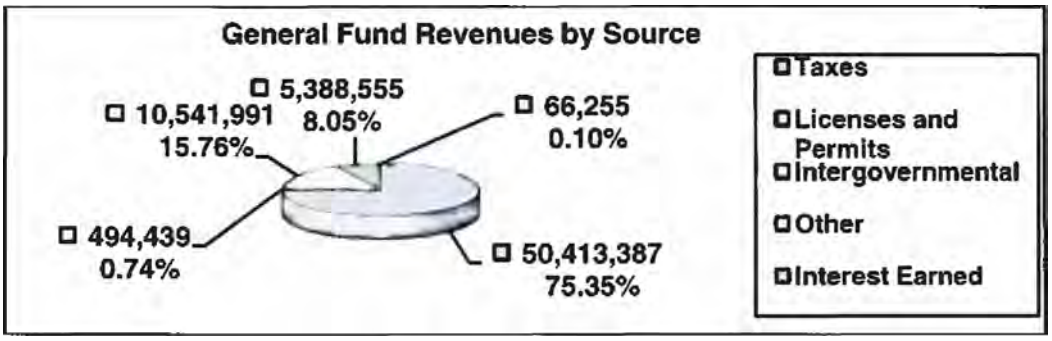
Capital Projects Fund Highlights

During this fiscal year, the Town of Scarborough's fund balances for Capital Projects increased $18,142 from $1,507 in 2011 to $19,649 in 2012. Expenditures decreased $757, from $4,877 in 2011 to $4,120 in 2012. This increase in fund balance and decrease in expenditures is the result of various capital projects that were not completed in this fiscal year. As mentioned earlier, the Wentworth School Construction Project expenditures will begin in earnest in 2013.

General Fund Highlights

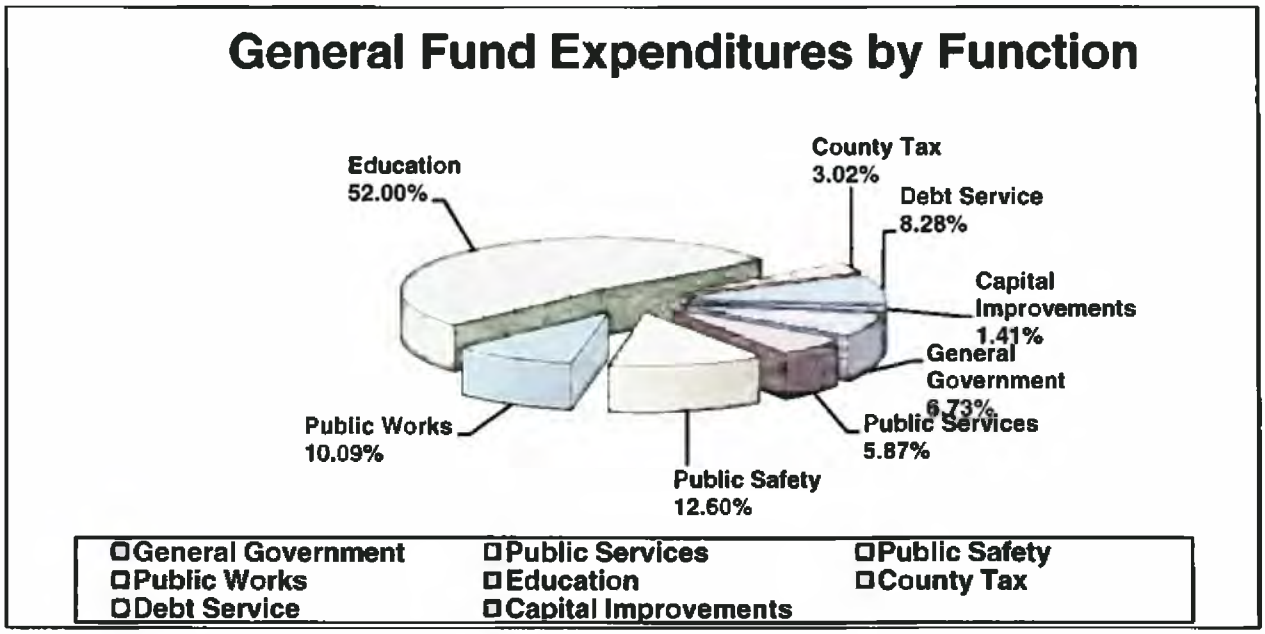
The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2012, total fund balance was $8,054, reflecting an increase of $1,065 compared to the prior year. Unassigned fund balance in the General Fund was $2,094 compared to total fund balance of $8,054. As a measure of the General Fund's liquidity, we believe it is useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balances represent 3.1% of total general fund expenditures while total fund fund balance represents 11.76% of that same amount.

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



Property Tax revenues increased $1,649 from 2011 to 2012 compared to the 2010 to 2011 increase of $1,987. A comparison of the actual revenues to estimated revenues can be found on page 40 of the financial statements.

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



Total general fund expenditures increased $820 or 1.27% compared to the prior year. The factors for this increase are:

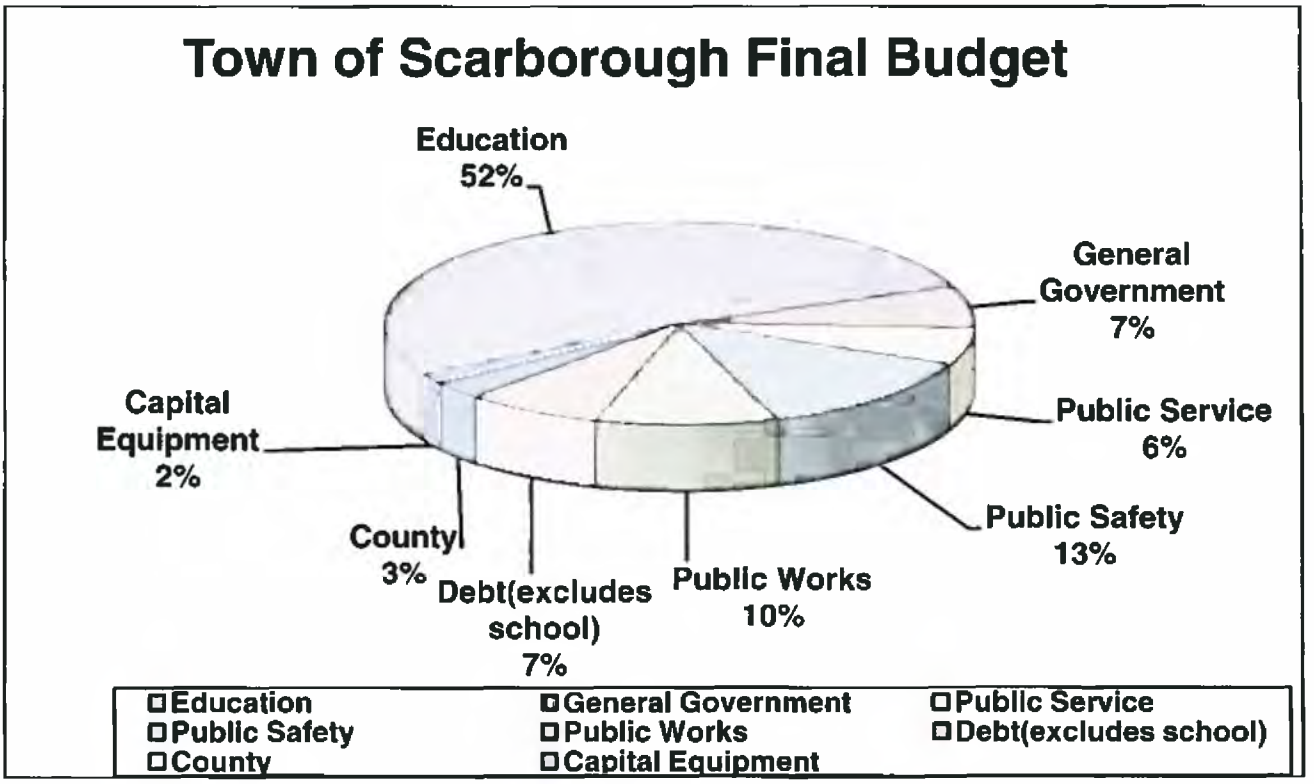
- General Government decreased 5.9% mostly employee attrition and not replacing budgeted positions;
- Public Service increased 14.17% due to the child care program increase in customers;
- Public Safety increased 3.45% due to the increase in fire personnel as a result of grants;
- Public Works increased 9.25% due to multiple paving programs;

- Educations decreased 1.65 % to offset increased costs for education;
- County Tax increased 2.74% to help offset the costs of Cumberland County;
- Town Debt (excludes school debt) increased 13.26% and
- Capital Improvements increased 10.92% mostly due to the reduction in appropriations and resulting expenditures from 2011 to 2012.

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 2012, a total of $1,605 has been set aside for prior year encumbrances and commitments. There were no budget amendments in fiscal 2012. The final operating budget for fiscal year 2012 amounted to $66,049 compared to $65,909 for fiscal year 2011. This increase was because of three new paramedic positions approved in the 2012 budget as a result of a federal grant.

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



Actual revenues for 2012 came in slightly higher than estimated by $187. Similarly, actual expenditures came in under budget by $630.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental fund, as of June 30, 2012, amounts to $113,359 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was 2.37%. This increase is due to the previously mentioned road and drainage improvement in several areas of the Town.

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

	2012	2011
Land	$ 6,322	$ 6,311
Buildings	53,028	54,037
Vehicles	5,182	5,337
Equipment & Furniture	1,562	1,653
Infrastructure	44,085	38,659
Construction in Progress	3,180	4,732
Total	**$ 113,359**	**$ 110,729**

The Town's infrastructure assets are recorded at historical or estimated historical costs in the government-wide financial statements as required by GASB Statement No. 34. Major capital asset events during the fiscal year ending June 30, 2012 related mostly to the improvements to the roads and culverts.

Additional information on the Town of Scarborough's capital assets can be found in Notes to the Basic Financial Statements on page 52 of this report.

Long-term Debt. As of June 30, 2012, the Town had long-term bonds outstanding of $82,250 compared to $66,767 in the prior year resulting in a 23.2% increase. This debt is backed by the full faith and credit of the Town of Scarborough.

During fiscal year ending June 30, 2012, the Town of Scarborough issued $46,545 in bonds. Included in this bond issue was $21,940,000 of new money for various capital projects, the largest of which is the Wentworth School Construction Project in the amount of $18,540.

Also, as part of this bond issue, we advance refunded all of our outstanding 2003 bonds ($17,495), partial advance refunded our outstanding 2004 bonds ($4,125) and partial advance refunded our outstanding 2005 bonds ($3,470).

Of the $4,555 in premiums, $232 was used to pay the underwriter's discount, $67 in issuance costs and $2,520 was paid to the escrow agent. The premiums and deferred charge on refunding have been capitalized on the statement of net assets and are being amortized over the life of the bonds.

With the net present value of savings, the Town of Scarborough was able to retire $25,090 of debt and re-issued $24,605.

Additional information relating to the Town's long-term debt can be found in the Notes to Financial Statements on pages 54-58 of this report.

Outstanding Debt
General Obligation Bonds

	2012	2011	2010
Municipal	$ 25,944	$ 26,118	$ 25,174
Education	48,201	32,037	33,997
Sewer	8,105	8,612	8,871
Total Debt	**$ 82,250**	**$ 66,767**	**$ 68,042**

Moody's Investors Service has given the Town of Scarborough a bond rating of "Aa3" which is a slight downgrade from last year. Per Moody's Investors Service rating report dated April 9, 2012, "The downgrade to Aa3 from Aa2 reflect the Town's reduced financial flexibility and deteriorated financial position, stable tax base with favorable wealth levels and increasing debt burden with below average payout." Additionally, they have listed the following challenges:

- Continued use of reserves to balance the operating budget
- Ongoing subsidy of TIF district debt
- Continuing revenue weakness

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, their rating reflects the Town of Scarborough's

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town of Scarborough continually monitors trends and emerging policies from the State of Maine with a prudent eye to any potential impact to Scarborough's local economy. In addition, both management and elected officials are involved and serve on committees that pro-actively follow state legislative policies and work closely with the local representatives in our State's 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 2013 budget.

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

The 2013 Town of Scarborough budget includes approved union contract changes, change in the Town's health insurance coverage to a comparable policy for less cost, maintain level services. Additionally, the assessed valuation for 2013 was $3,631,675 compared to 2012 of $3,571,196 for an increase of $60,479.

Below is a comparison of the 2011, 2012 and 2013 budgets (excluding carryforwards).

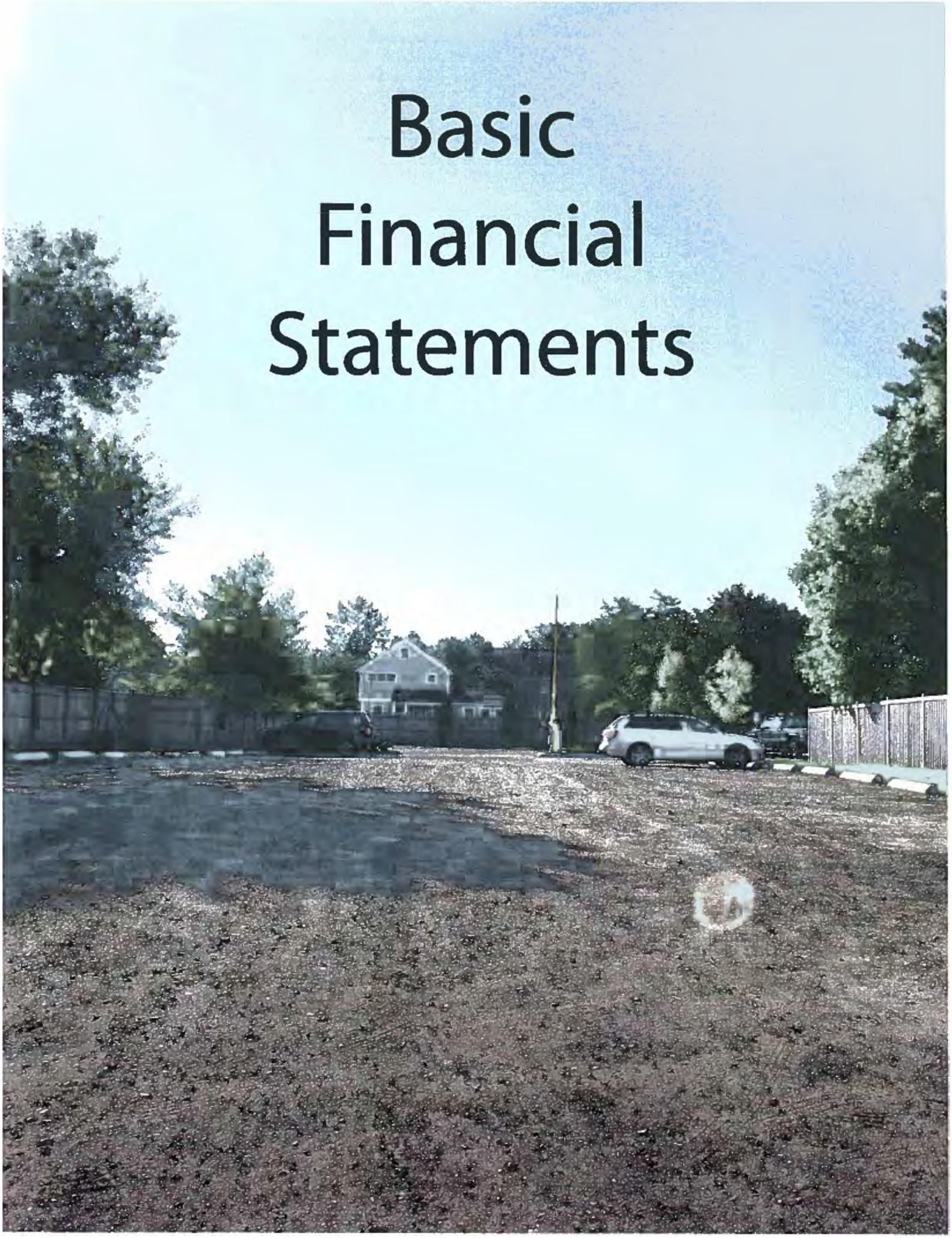
	2012	2012	2011
Administration	$ 2,002,568	$ 2,051,195	$ 1,951,252
Finance Department	988,051	1,013,337	1,104,437
Information Systems	790,865	694,061	707,381
Planning Department	792,249	784,199	849,081
Community Services	2,162,670	2,146,873	2,117,391
Library	834,313	795,835	807,629
Economic Development	177,620	233,979	235,732
General Assistance/Affordable Hsg	22,373	22,160	30,976
Fire/Rescue/EMA Department	3,736,655	3,619,050	3,333,214
Public Safety Department	5,071,609	4,882,337	4,721,769
Public Works Department	6,477,260	6,397,756	6,349,595
Debt Service	4,732,060	4,909,870	4,814,046
Capital Equipment	1,406,500	909,450	789,928
Total Municipal Operating	29,194,793	28,460,102	27,812,431
Education	37,420,562	35,652,462	35,084,868
County Tax	2,075,183	1,975,585	1,922,952
Total Operating Budget	39,495,745	37,628,047	37,007,820
School Special Revenues		741,478	707,021
School Food Services	1,445,586	1,455,273	1,513,065
Capital Improvement-Municipal	1,821,605	1,909,750	3,600,800
Capital Improvement-School	650,000	185,250	490,500
TIFs and Overlay	1,159,998	963,007	963,931
Total Budget	**$ 73,767,727**	**$ 71,342,907**	**$ 72,095,568**

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, 2012

		Governmental Activities	Component Units Public Library	Component Units Economic Development
ASSETS				
Cash and cash equivalents	$	1,759,446	135,934	44,649
Investments		34,184,264	507,757	-
Receivables:				
Accounts		860,844	-	-
Intergovernmental		428,686	-	11,149
Taxes receivable		172,971	-	-
Tax liens		757,577	-	-
Tax acquired property		7,231	-	-
Inventory		60,957	1,041	-
Prepaid items		-	10,983	-
Notes receivable		2,351,534	-	
Capital assets, not being depreciated		9,501,534	-	-
Capital assets, net		103,857,173	1,060,532	9,883
Total assets		153,942,217	1,716,247	65,681
LIABILITIES				
Accounts payable and other current liabilities		3,575,343	18,202	1,342
Accrued payroll and other related liabilities		3,656,473	28,435	6,107
Taxes collected in advance		68,580	-	-
Accrued interest		456,044	-	-
Noncurrent liabilities:				
Due within one year		5,553,987	-	-
Due in more than one year		83,053,995	-	31,385
Total liabilities		96,364,422	46,637	38,834
NET ASSETS				
Invested in capital assets, net of related debt		54,339,258	1,060,532	9,883
Restricted for:				
Nonexpendable trust principal		128,928	77,132	-
Expendable trust - income portion		83,970	-	
Town grants and projects		458,177		
Education		440,220	-	-
Unrestricted		2,127,242	531,946	16,964
Total net assets	**$**	**57,577,795**	**1,669,610**	**26,847**

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Activities
For the year ended June 30, 2012

Functions/programs		Expenses	Program revenues: Charges for services	Program revenues: Operating grants and contributions	Program revenues: Capital grants and contributions	Net (expense) revenue and changes in net assets: Primary government: Governmental activities	Component unit: Public Library	Component unit: Economic Development
Primary government:								
Governmental activities:								
General government	$	11,537,424	1,386,497	219,375	174,652	(9,756,900)	-	-
Public services		3,868,072	1,791,859	1,780	-	(2,074,433)	-	-
Public safety		8,691,510	2,069,487	123,980	-	(6,498,043)	-	-
Public works		7,805,045	1,843,317	337,812	-	(5,623,916)	-	-
Education		34,346,445	1,248,055	10,410,374	-	(22,688,016)	-	-
Interest on debt service		2,862,650	-	-	-	(2,862,650)	-	-
Total governmental activities		69,111,147	8,339,215	11,093,321	174,652	(49,503,959)	-	-
Total primary government	**$**	**69,111,147**	**8,339,215**	**11,093,321**	**174,652**	**(49,503,959)**	-	-
Component unit:								
Scarborough Public Library	$	1,008,161	-	911,493	-	-	(96,668)	
Scarborough Economic Develop.		268,572	-	257,087	-	-		(11,485)

General revenues:				
Property taxes, levied for general purposes	$	46,218,721	-	-
Excise taxes		3,995,263	-	-
Payments in lieu of taxes		71,450	-	-
Interest and costs on taxes		87,811	-	-
Franchise Tax		198,132		
Grants and contributions not restricted to specific programs:				
Homestead exemption and business equipment exemption		449,716	-	-
Other State aid		552,669	-	-
State Revenue Sharing		1,122,837	-	-
Unrestricted investment earnings		66,255	-	-
Other		347,792	-	-
Total general revenues		53,110,646	-	-
Change in net assets		3,606,687	(96,668)	(11,485)
Net assets - beginning,		53,971,108	1,766,278	38,332
Net assets - ending	**$**	**57,577,795**	**1,669,610**	**26,847**

See accompanying notes to financial statements

TOWN OF SCARBOROUGH, MAINE
Balance Sheet
Governmental Funds
June 30, 2012

		General	Performance Bonds	General Town Improvements	Wentworth School Construction	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	$	1,257,920	69,257	220,449	-	-	211,819	1,759,445
Investments		8,748,556	313,776	1,306,980	18,676,005	-	5,138,947	34,184,264
Receivables:								
Accounts		828,253	-	-	-	-	32,591	860,844
Intergovernmental		191,841	-	-	-	-	236,845	428,686
Taxes receivable		172,971	-	-	-	-	-	172,971
Tax liens		757,577	-		-	-	-	757,577
Interfund loans receivable		3,004,027	-	-	-	-	192,153	3,196,180
Tax acquired property		7,231	-	-	-	-	-	7,231
Inventory		34,010	-	-	-	-	26,947	60,957
Notes receivable		-	-	-	-	2,351,534	-	2,351,534
Total assets	**$**	**15,002,386**	**383,033**	**1,527,429**	**18,676,005**	**2,351,534**	**5,839,302**	**43,779,689**
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and other current liabilities		2,402,854	-	18,652	332,181	-	438,623	3,192,310
Accrued payroll and other related liabilities		3,656,473	-		-	-	-	3,656,473
Accrued compensated absences		62,853	-	-	-	-	-	62,853
Interfund loans payable		-	-	-	-	2,503,133	693,047	3,196,180
Taxes collected in advance		68,580	-	-	-	-	-	68,580
Deferred tax revenue		757,593	-	-	-	-	-	757,593
Performance bond deposits		-	383,033	-	-	-	-	383,033
Total liabilities		6,948,353	383,033	18,652	332,181	2,503,133	1,131,670	11,317,022
Fund balances:								
Nonspendable Permanent Fund Principal							128,928	128,928
Nonspendable Inventory		34,010					26,947	60,957
Restricted for Town		2,992,678	-	1,508,777		-	458,177	4,959,632
Restricted for Education		440,220			18,343,824	-	272,634	19,056,678
Committed - General Fund		687,603	-	-	-	-	-	687,603
Committed - Education		-	-	-	-	-	-	-
Committed - Special Revenues		-	-	-	-	-	4,309,073	4,309,073
Assigned - General Fund		1,605,896	-	-	-	-	-	1,605,896
Assigned - Education		200,000	-	-	-	-	-	200,000
Unassigned Town		2,093,626	-	-	-	(151,599)	(488,127)	1,453,900
Total fund balances		8,054,033	-	1,508,777	18,343,824	(151,599)	4,707,632	32,462,667
Total liabilities and fund balance	**$**	**15,002,386**	**383,033**	**1,527,429**	**18,676,005**	**2,351,534**	**5,839,302**	

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.	113,358,707
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	757,593
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	(84,678,572)
Capital leases	(687,335)
Accrued interest	(456,044)
Landfill liability	(425,333)
Other postemployment benefits liability	(921,025)
Accrued compensated absences	(1,832,863)
Net assets of governmental activities	**$ 57,577,795**

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, 2012

		General	Performance Bonds	General Town Improvements	Wentworth School Construction	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	$	50,413,387	-	15,000	-	-	-	50,428,387
Licenses and permits		494,439	-	-	-	-	-	494,439
Intergovernmental		10,541,991	-	-	-	-	2,593,968	13,135,959
Interest earned		66,255	-	12,660	4,432	62,598	6,795	152,740
Donations		-	-	-	-	-	130,226	130,226
Sale of lots		-	-	-	-	-	2,600	2,600
Assessments and impact fees		-	-	-	-	-	1,497,507	1,497,507
Other		5,388,555	-	59,089	-	-	1,341,792	6,789,436
Total revenues		66,904,627	-	86,749	4,432	62,598	5,572,888	72,631,294
Expenditures:								
Current:								
General government		4,401,899	-	632,833	-	-	-	5,034,732
Public services		3,841,168	-	143,315	-	-	-	3,984,483
Public safety		8,241,916	-	44,894	-	-	-	8,286,810
Public works		6,598,823	-	1,071,635	-	-	-	7,670,458
Education		37,085,827	-	-	1,660,659	-	-	38,746,486
County tax		1,975,585	-	-	-	-	-	1,975,585
Debt service		5,416,558	-	-	-	-	-	5,416,558
Capital improvements		924,372	-	-	-	-	913,907	1,838,279
Other		-	-	-	-	-	4,947,643	4,947,643
Total expenditures		68,486,148	-	1,892,677	1,660,659	-	5,861,550	77,901,035
Excess (deficiency) of revenues over expenditures		(1,581,521)	-	(1,805,928)	(1,656,227)	62,598	(288,662)	(5,269,741)
Other financing sources (uses):								
Transfers in		1,723,391	-	55,975	-	55,039	226,168	2,060,573
Transfers out		(144,986)	-	(740,979)	(96,754)	(673,668)	(404,186)	(2,060,573)
Refunding bond issued		24,605,000						24,605,000
Premium paid on refunded debt		2,642,275						2,642,275
Premium paid on issued debt		355,819			1,556,805			1,912,624
Payment to refunding bond escrow agent		(27,124,969)						(27,124,969)
General obligation bonds		589,750	-	2,427,250	18,540,000	-	383,000	21,940,000
Total other financing sources (uses)		2,646,280	-	1,742,246	20,000,051	(618,629)	204,982	23,974,930
Net change in fund balances		1,064,758	-	(63,682)	18,343,824	(556,031)	(83,680)	18,705,189
Fund balances, beginning of year		6,989,275	-	1,572,459	-	404,432	4,791,312	13,757,478
Fund balances (deficit), end of year	**$**	**8,054,033**	**-**	**1,508,777**	**18,343,824**	**(151,599)**	**4,707,632**	**32,462,667**

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, 2012

Net change in fund balances - total governmental funds (from Statement 4)		$	18,705,189
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	$ 6,347,511		
Depreciation expense	(3,181,995)		
Net book value of dispositions	(536,227)		2,629,289
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			86,540
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			(78,163)
Landfill			4,050
Compensated absences			(24,641)
Other postemployment benefits liability			(221,813)
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.			417,808
The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayments of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
General obligation bond proceeds	$ (21,940,000)		
General obligation bond payments	6,457,000		
Premiums net of deferred charges	(2,519,930)		
Amortization of premiums	91,358		(17,911,572)
Change in net assets of governmental activities (see Statement 2)		**$**	**3,606,687**

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, 2012

		Budgeted amounts			Variance with final budget positive
		Original	Final	Actual	(negative)
Revenues:					
Taxes	$	50,743,766	50,743,766	50,413,387	(330,379)
Licenses and permits		572,635	572,635	494,439	(78,196)
Intergovernmental		7,299,634	7,299,634	7,507,991	208,357
Interest earned		30,000	30,000	66,255	36,255
Unclassified		5,037,836	5,037,836	5,388,555	350,719
Total revenues		63,683,871	63,683,871	63,870,627	186,756
Expenditures:					
Current:					
General government		4,595,273	4,595,273	4,401,899	193,374
Public services		3,843,964	3,843,964	3,841,168	2,796
Public safety		8,530,989	8,530,989	8,241,916	289,073
Public works		6,630,942	6,630,942	6,598,823	32,119
Education		34,515,785	34,515,785	34,018,975	496,810
County tax		1,975,585	1,975,585	1,975,585	-
Debt service		4,909,870	4,909,870	5,416,558	(506,688)
Capital improvements		1,046,416	1,046,416	924,372	122,044
Total expenditures		66,048,824	66,048,824	65,419,296	629,528
Deficiency of revenues under expenditures		(2,364,953)	(2,364,953)	(1,548,669)	816,284
Other financing sources (uses):					
Transfers in		1,063,238	1,063,238	1,723,391	660,153
Transfers out		(144,946)	(144,946)	(144,986)	(40)
Utilization of surplus		1,304,605	1,304,605	-	(1,304,605)
General obligation bonds		352,000	352,000	589,750	237,750
Refunding bond issued		-	-	24,605,000	24,605,000
Premium paid on refunded debt		-	-	2,642,275	2,642,275
Preimum received on issued bonds		-	-	355,819	355,819
Payment to refunding bond escrow agent		-	-	(27,124,969)	(27,124,969)
Overlay		(209,944)	(209,944)	-	209,944
Total other financing sources (uses)		2,364,953	2,364,953	2,646,280	281,327
Net change in fund balances - budgetary basis		-	-	1,097,610	1,097,610
Reconciliation to GAAP basis:					
Change in current portion of accrued compensated absences				(32,852)	
Net change in fund balances - GAAP basis				1,064,758	
Fund balance, beginning of year				6,989,275	
Fund balance, end of year	**$**			**8,054,033**	

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

		Private-purpose Trust Funds (Scholarships)	Agency Funds
ASSETS			
Cash and cash equivalents	$	-	223,472
Investments		244,987	-
Accounts receivable		500	
Interfund loans receivable		-	-
Total assets		**245,487**	**223,472**
LIABILITIES			
Interfund loans payable		-	-
Accounts payable		-	-
Due to student groups		-	223,472
Total liabilities		-	223,472
NET ASSETS			
Held in trust	$	**245,487**	-

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, 2012

		Private-purpose Trust Funds (Scholarships)
Additions:		
Donations	$	-
Interest and dividends		205
Total additions		205
Deductions:		
School scholarships		3,150
Total deductions		3,150
Change in net assets		(2,945)
Net assets, beginning of year		248,432
Net assets, end of year	**$**	**245,487**

See accompanying 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 $237,130 to SEDCO for the year ended June 30, 2012.

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 and the Library provides services directly to the citizens of the Town, as such the Library has been included as part of these financial statements, using the discrete presentation method. The Town provided $797,640 to the Library for the year ended June 30, 2012.

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.

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

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

D. Assets, Liabilities, and Equity

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

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

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

Inventory - Inventory consists of fuel and 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 5-25 years, equipment and furniture 10-15 years and infrastructure 30 -75 years. Capital assets not being depreciated consist of land which has an indefinite useful life and construction in progress which will be depreciated once the project has been completed and placed in service.

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

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

In the fund financial statements, governmental fund balance is presented in five possible categories:

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 inventory and the principal balances that pertain to the permanent funds for the Dunstan and Scarborough Memorial Cemeteries and for the cemetery plot for Mary Tucker.

2. For Restricted fund balance: The portion of fund balance that reflects resources that are subject to externally enforceable legal requirements typically imposed by parties altogether outside the town. Included in this category are the fund balances for the school department restricted by State Statute and Tax Increment Finance District fund balances.

3. For Committed fund balance: The portion of fund balance that represents resources whose use is constrained by limitations imposed by the Town Council, by passing an ordinance prior to the end of the fiscal year, as the highest governing body of the Town of Scarborough and can only be removed by the Town Council in the same manner. For example, Impact Fees were approved by the Town Council and can only be removed by the Town Council.

4. For Assigned fund balance: The portion of fund balance that reflects the Town's intended use of resources established either at the highest governing body or an official designated for this purpose. The Town Council has by resolution authorized the Town Manager to assign fund balance. The Town Manager has authorized carry forward balances to be used to offset 2013 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. As of June 30, 2012 the committed, assigned and unassigned bund balance was 7.0% of the operating budget.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

E. Recent Accounting Pronouncements

In November 2010, the GASB issued GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". This statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. It applies to financial reporting by primary governments and other stand-alone governments, and to the separately issued financial statements of governmental component units as defined in GASB Statement No. 14. The new statement is effective for financial statement periods beginning after June 15, 2012. The Town is currently assessing the impact of this statement on its financial position and results of operations.

In June 2012, the GASB issued GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". This statement will require amounts reported as deferred outflows and inflows of resources to be reported in a separate section following assets and liabilities, respectively, in a new statement of net position. The new statement is effective for periods beginning after December 15, 2012. The Town is currently assessing the impact of this statement on its financial statements.

In March 2012, the GASB issued GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. The new statement is effective for periods beginning after December 15, 2012. The Town is currently assessing the impact of this statement on its financial statements.

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

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 sources	Expenditures and other uses
2012-2012 budget as adopted	$65,861,295	$65,861,295
Budgetary adjustments:		
Subsequent authorization	-	-
Prior year encumbrances and carryforwards	542,419	542,419
Total adjusted budget	**$ 66,403,714**	**$ 66,403,714**

B. Excess of Expenditures over Appropriations

The over-expenditure of Debt Service (excluding education) was partially offset by the premium relating to the May 2012 Bond Issue.

C. Deficit Fund Balance

At June 30, 2012, the following special revenue and capital projects funds had deficit fund balances:

The Recreational Development Fund (a special revenue fund) had a deficit of $43,833. It is expected that the deficit will be adequately funded in future years through development and user fees.

Boat Launch Fund (a special revenue fund) had a deficit of $39,690. 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 $377,657. This deficit is expected to be adequately funded in future years with TIF revenues.

The Haigis Parkway Assessments Fund had a deficit of $151,599. This deficit is expected to grow initially and then be adequately funded in future years with TIF revenues and assessment payments.

Included in the Town General Improvements is one project with a deficit balance. The Cranberry Pines Road Improvement had a deficit of $28,365. This deficit is expected to be funded in part from assessments on the landowners on this street and secondly with bond revenues.

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a formal policy with respect to custodial credit risk. As of June 30, 2012, the Town reported deposits of $1,982,917 with a bank balance of $2,339,802. Of the Town's bank balances of $2,339,802, 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	$1,759,446
Reported in fiduciary funds	223,472
Total deposits	**$1,982,918**

At June 30, 2012, the Scarborough Public Library and Scarborough Economic Development's cash balances were $135,934 and $44,649 respectively, all of which was covered by F.D.I.C. insurance.

B. Investments

At June 30, 2012, 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	$34,429,251	$34,429,251	-	-
Total investments	**$34,429,251**	$34,429,251	-	-

Investments have been reported as follows:

Reported in governmental funds	$34,184,264
Reported in fiduciary funds	244,987
Total investments	**$34,429,251**

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 $507,757 consist of money market funds and mutual funds, none of which was exposed to custodial credit risk.

PROPERTY TAX

Property taxes for the current year were committed on August 26, 2012, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. These taxes were due in two installments, 50% on October 17, 2012 and 50% on March 15, 2012. 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, 2012 and the Town's value was 99.8% of the 2012 State valuation of $3,571,196,300.

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 $209,944 for the year ended June 30, 2012.

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, 2012 levy:

Assessed value	$ 3,564,150,000
Tax rate (per $1,000)	13.03
Commitment	46,532,692
Supplemental taxes assessed	151,519
	46,684,211
Less - collections and abatements	46,102,831
Receivable at June 30	**581,380**
Consisting of:	
Taxes	37,854
Liens	543,526
Receivable at June 30	**$ 581,380**
Collection rate	98.755%

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 6,310,757	$ 10,586	$ -	$ 6,321,343
Construction in progress	4,732,432	1,604,895	3,157,136	3,180,191
Total capital assets, not being depreciated	11,043,189	1,615,481	3,157,136	9,501,534
Capital assets, being depreciated:				
Buildings	68,556,461	175,238	10,000	68,721,699
Vehicles	12,110,780	862,263	649,402	12,323,641
Equipment and furniture	5,333,596	255,292	101,377	5,487,511
Infrastructure	47,061,234	6,596,373	521,125	53,136,482
Total capital assets being depreciated	133,062,071	7,889,166	1,281,904	139,669,333
Less accumulated depreciation for:				
Buildings	14,519,478	1,173,996	-	15,693,474
Vehicles	6,773,925	897,554	530,118	7,141,361
Equipment and furniture	3,680,693	323,910	78,987	3,925,616
Infrastructure	8,401,746	786,535	136,572	9,051,709
Total accumulated depreciation	33,375,842	3,181,995	745,677	35,812,160
Total capital assets being depreciated, net	99,686,229	4,707,171	536,227	103,857,173
Governmental activities capital assets, net	**$110,729,418**	**$6,322,652**	**$ 3,693,363**	**$113,358,707**

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

Governmental activities:	
General government	$ 280,925
Public services	26,904
Public safety	449,594
Public works, including depreciation of general infrastructure assets	1,210,272
Education	1,214,300
Total depreciation expense – governmental activities	**$ 3,181,995**

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	-
Furniture and fixtures	651,296	$31,365
Books	866,954	-
Total	3,096,562	31,365
Less accumulated depreciation	(2,036,030)	(21,482)
Property and equipment, net	**$1,060,532**	**$9,883**
Depreciation expense	**$ 127,953**	**$1,718**

INTERFUND BALANCES

Interfund balances result from the sharing of pooled cash and investments. Individual interfund receivables and payables at June 30, 2012, were as follows:

	Interfund receivables	Interfund payables
General Fund	$3,004,027	-
General Town Improvements	-	-
Haigis Parkway	-	$2,503,133
Performance Bonds	-	-
Nonmajor Governmental Funds:		
Nonmajor Special Revenue Funds:		
Recreational development	-	43,833
Scarborough Memorial Cemetery	800	-
Boat Launch	-	39,690
Payne Road impact fees	7,010	-
Other impact fees	15,194	-
Police asset forfeiture	-	79,405
Rescue equipment	165,749	-
Departmental grants and programs		158,787
Total Nonmajor Special Revenue Funds	188,753	321,715
Nonmajor Capital Project Funds:		
Municipal building fund	-	371,281
Total Nonmajor Capital Project Funds	-	371,281
Nonmajor Permanent Funds:		
Scarborough Memorial Cemetery	3,400	-
Dunstan Perpetual Care	-	51
Total Permanent Funds	3,400	51
Total Other Governmental Funds	192,153	693,047
Private-purpose Trust Funds	-	-
Total all funds	**$3,196,180**	**$3,196,180**

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

INTERFUND TRANSFERS

	Transfers in	Transfers out
General Fund	$1,723,391	$ 144,986
Performance Bonds	-	-
General Town Improvements	55,975	740,979
Wentworth School Construction	-	96,754
Haigis Parkway Assessments	55,039	673,668
Nonmajor Governmental Funds	226,168	404,186
Total	**$2,060,573**	**$2,060,573**

These operating transfers were to reimburse the general fund for the underwriters fees charged to the capital projects funds, to close interest to the general fund and to close unspent bond proceeds to the general fund to offset future debt payments. Additionally, the Town Council authorized the re-allocation of unspent bond proceeds totaling $510,109 for other bonded projects and to reduce future debt payments.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
Bonds payable					
General obligation bonds	$66,767,000	$46,545,000	$31,062,000	$82,250,000	$5,135,000
Premium	-	4,554,899	183,858	4,371,041	-
Deferred charge on refunding	-	(2,034,969)	(92,500)	(1,942,469)	-
Total bonds payable	66,767,000	49,064,930	31,153,358	84,678,572	5,135,000
Capital leases	1,105,143	-	417,808	687,335	352,084
Compensated absences	1,838,588	87,494	30,366	1,895,716	62,853
Other postemployment Benefits liability	699,212	221,813		921,025	
Landfill post-closure care costs	429,384	-	4,050	425,334	4,050
Governmental activity Long-term liabilities	**$70,839,327**	**$49,374,237**	**$31,605,582**	**$88,607,982**	**$5,553,987**

As of June 30, 2012, the Town had authorized, but unissued debt totaling $5,877,725. 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, 2012 consist of compensated absences in the amount of $31,385.

CHANGES IN LONG-TERM LIABILITIES, CONTINUED

Advance Refunding

During the year ended June 30, 2012, the Town issued $24,605,000 in general obligation bonds with interest rates ranging from 1.50% to 4.00% to provide proceeds to advance refund general obligation bonds that were issued in 2003 and advance refund portions of general obligation bonds that were issued in 2004 and 2005. Refunding bond proceeds of $27,313,903, including $2,708,903 premium less $122,306 of underwriter's discount and less $66,628 of cost of issuance, provided funds in the amount of $27,124,969 which were deposited in an irrevocable trust with an escrow agent and are invested in U.S. governmental securities to provide all future associated debt service payments, and call premium if any, on the 2003 general obligation bonds and the refunded portions of the 2004 and 2005 general obligation bonds. As a result, the $25,090,000 of general obligation bonds which had interest rates ranging from 3.75% to 4.50% have been defeased and the liability for these bonds have been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by $2,034,969. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The result of the refunding provided an economic gain of $1,408,535 on a present value basis or 5.613928% present value.

BONDS PAYABLE

Bonds payable at June 30, 2012 is comprised of the following:

General Obligation Notes and Bonds	Amount originally issued	Percentage applicable to Town	School	Sewer	Interest rate	Final maturity date	Balance end of year
1993 Capital improvements	1,135,000	100.00%	-	-	Varies	2012	$ 25,000
1994 Capital improvements	6,775,000	-	100.00%	-	Varies	2015	690,000
1995 Capital improvements	6,160,000	1.89%	98.11%	-	Varies	2016	1,060,000
1997 Capital improvements	4,230,000	100.00%	-	-	Varies	2017	550,000
2003 Capital improvements	24,579,000	-	-	-	Varies	Refunded	-
2004 Capital improvements	14,628,000	-	100.00%	-	Varies	2034	3,890,000
2005 Capital improvements	10,665,000	6.03%	93.97%	-	Varies	2034	4,210,000
2006 Capital improvements	7,014,000	90.75%	9.25%	-	Varies	2036	3,060,000
2007 Capital improvements	4,000,000	92.00%	8.00%	-	Varies	2022	1,250,000
2008 Capital improvements	8,513,000	80.52%	19.48%	-	Varies	2028	5,530,000
2009 Capital improvements	4,560,000	90.39%	9.61%	-	Varies	2029	3,455,000
2009 Capital improvements	1,780,000	80.14%	19.86%	-	2.00%	2020	1,410,000
2010 Capital improvements	6,002,000	83.02%	16.98%	-	2.00%	2031	5,520,000
2012 Capital improvements	5,600,000	79.14%	20.86%	-	Varies	2031	5,055,000
2012 Capital improvements	46,545,000	8.34%	74.25%	17.41%	Varies	2031	46,545,000
Total							**$ 82,250,000**

BONDS PAYABLE, CONTINUED

The annual requirements to amortize all debt outstanding as of June 30, 2012 are as follows:

Year ending June 30,	Principal	Interest	Total
2013	$ 5,135,000	$ 2,963,392	$ 8,098,392
2014	4,455,000	2,852,815	7,307,815
2015	4,640,000	2,706,529	7,346,529
2016	4,710,000	2,552,230	7,262,230
2017	4,210,000	2,401,856	6,611,856
2018-2022	22,465,000	9,539,579	32,004,579
2023-2027	14,725,000	5,977,569	20,702,569
2028-2032	12,025,000	3,394,092	15,419,092
2033-2037	6,460,000	1,270,060	7,730,060
2038-2042	3,425,000	342,500	3,767,500
Totals	**$ 82,250,000**	**$ 34,000,622**	**$116,250,622**

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, 2012 outstanding bonds	Percent of 2012 State assessed value of $ 3,556,750,000	Amount	Margin
For school purposes	$ 48,200,882	10.00%	$355,675,000	$307,474,118
For storm or sanitary sewer	8,105,000	7.50%	266,756,250	258,651,250
For municipal airport, water and special district purposes	-	3.00%	106,702,500	106,702,500
For all other purposes	25,944,118	7.50%	266,756,250	240,812,132
Total	**$ 82,250,000**			

The statutory debt limit according to State law is 15% of the State assessed value, which amounts to $533,512,500. The total debt margin based on this limit is $451,262,500.

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 depreciable cost 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, 2012:

2013	$ 377,591
2014	116,485
2015	89,763
2016	79,423
2017-thereafter	79,188
Total minimum lease payments	742,450
Less: amount representing interest	55,115
Present value of future minimum lease payments	**$ 687,335**

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, 2012, the Town's State valuation of $3,556,750,000 was 9.01% of the County's State valuation of $39,497,000,000. The Town's share is 9.01% or $3,351,703 of Cumberland County's $37,220,000 long-term debt outstanding as of June 30, 2012.

The Town is also served by the Portland Water District. At June 30, 2012, the Town's share of self-supporting bonded water debt is 13.8295% or $3,932,967 of total debt of $28,438,885.

Contingencies

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

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

The Town has also entered into an agreement with ecomaine as one of the 21 ecomaine Member Municipalities along with an additional seven Participating Municipalities, to establish a Material Recycling Facility ("MRF") at ecomaine's demolition debris and recycling facility in Gorham. It is anticipated that the Town's share of debt incurred for this project will also be paid through service charges and user fees over the life of the project. At June 30, 2012, outstanding MRF debt totaled $1,990,000 of which $1,405,000 was paid on July 1, 2012 with the balance of $585,000 to be paid on August 1, 2012, thereby reducing Scarborough's proportionate share to zero. ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate $15,693,920 at June 30, 2012, the most recent data available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 8.74%, or $1,371,471.

Total Debt and Contingencies

	As of June 30, 2012			
Governmental Unit	Direct debt	Overlapping debt	Contingent debt	Total debt
Town of Scarborough	$ 82,937,335	-	-	$ 82,937,335
Cumberland County	-	$ 3,351,703	-	3,351,703
Portland Water District - water debt	-	3,932,967	-	3,932,967
ecomaine Waste Systems:				
Resource recovery system	-	-	-	-
Material recovery facility	-	-	-	-
Landfill closure/postclosure costs	-	-	1,371,471	1,371,471
Totals	**$ 82,937,335**	**$7,284,670**	**$1,371,471**	**$91,593,476**

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, 2012, 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, $425,334, 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, 2012. Additionally, annual monitoring and maintenance costs are estimated to be $4,050 per year.

The total closure and postclosure care costs of $425,334 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, 2012, the General Fund includes three programs that were reported as Special Revenue Funds prior to 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:

	June 30, 2011	June 30, 2012
Unemployment Compensation	$ 154,649	$ 149,772
Hurd Park and Ferry Beach	463,116	523,196
Hunnewell House	12,143	14,635
Total reclassification	$ 629,908	$ 687,603

FUND BALANCE CHANGES, CONTINUED

The following is a schedule of fund balance classifications for the governmental funds as June 30, 2012:

	General Fund	General Town Improvements	Wentworth School Construction	Haigis Parkway Assess	Nonmajor Governmental
Fund Balances:					
Nonspendable-Permanent Funds	-	-	-	-	$128,928
Nonspendable-Inventory	$34,010	-	-	-	26,947
	34,010	-	-	-	155,875
Restricted					
Wentworth School Construction	-	-	$18,343,824	-	-
Permanent Fund Interest	-	-	-	-	83,970
Deficits in Other Funds	641,144	-	-	-	-
Haigis Parkway	2,351,534	-	-	-	-
Town Improvements	-	$1,508,777	-	-	-
Credit Enhancement Agreements	-	-	-	-	42,847
Sawyer Road Improvements	-	-	-	-	84,765
Grants and Donations	-	-	-	-	52,754
Police Asset Forfeiture	-	-	-	-	193,841
Education	440,220	-	-	-	272,634
	3,432,898	1,508,777	18,343,824	-	730,811
Committed					
Unemployment Compensation/ Beach Reserve/Hunnewell	687,603	-	-	-	-
Impact Fees/Reserves		-	-	-	4,309,073
	687,603	-	-	-	4,309,073
Assigned					
Carryforward Balances/ Encumbrances	1,605,896	-	-	-	-
Education	200,000	-	-	-	-
	1,805,896	-	-	-	-
Unassigned	2,093,626	-	-	$(151,599)	(488,127)
Total Fund Balances	$8,054,033	$1,508,777	$18,343,824	$(151,599)	$4,707,632

ASSIGNED FUND BALANCES

At June 30, 2012, portions of the General Fund fund balance were assigned to future periods as follows:

	2012
General Fund:	
State revenue sharing	$ (146,514)
Municipal Building – Building Repairs/Maintenance	45,157
CS – Oak Hill Professional Building Repairs/Maintenance	6,038
Human Resource – Employee Recognition	1,280
Human Resource - Advertisements	5,390
Worker's Compensation	1,600
Finance – Accounting Training	1,258
Information Systems – Hardware Maintenance	5,956
Information Systems – Software Maintenance	8,600
Comprehensive Plan	14,216
Rescue – New Training Equipment	1,000
Marine Resource Office – Inventory Management	6,184
Cable franchise fees	57,453
Child Care	13,000
Summer recreation	35,847
Town-wide computer purchases	6,766
Town Clerk – Election Storage Trailer	4,866
Planning – Watershed map/management plan	30,530
Library – Computer Equipment	2,200
Fire Department – Municipal holding tank	8,836
Police Department - 2006 QED software	9,300
Police Department – Tomar Pre-emptive device	20,977
Police Department – Traffic light pre-emptive	1,221
Police Department – Motorola equipment	3,021
Public Works – Alarm Maint. Route 1 to So. Portland Line	20,000
Encumbered purchase orders	278,794
Fund balance appropriated for the 2012 education budget	200,000
Reserve for accrued sick pay	1,162,920
Total General Fund assigned fund balance	**$ 1,805,896**

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 4.4% of annual covered payroll for School employees participating in the District Plan, 4.4% for Town employees, 10.2% for Police and Fire/Rescue. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employees Retirement Board of Trustees. The Town's contributions to the MPERS Consolidated Plan for the year ended June 30, 2012, 2011 and 2010 were $353,904, $256,871, and $158,635 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 $3,034,000 (16.36%) for the fiscal year 2012. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statement 2 and Statement 4).

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

During the year, the Town's required and actual contributions amounted to $308,859, which was 6% of the participating employees and 12% of the Town Manager's current year covered payroll. The covered payroll amounted to $5,020,204, while the Town's total payroll was $11,096,182.

Employee's required contributions amounted to $293,877, 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 $394,154 and the Town contributions amounted to $233,567. The Town contributes a match up to 4%. The covered payroll amounted to $6,121,161.

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.

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 2012 for fiscal year ending June 30, 2012.

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

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

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

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

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

Annual required contribution	$259,125
Interest on NET OPEB Obligation	9,033
Amortization adjustment to ARC	(13,060)
Annual OPEB Cost	255,098
Actual contribution	(33,285)
Increase in Net OPEB Obligation	221,813
Net OPEB obligation – beginning of year	699,212
Net OPEB Obligation – end of year	**$921,025**

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:

Fiscal Year Ended	Cost	Cost Contributed	Obligation
2012	$ 255,098	13%	$ 921,025
2012	255,058	12%	699,212
2010	270,365	13%	475,180

The funded status of the plan as of June 30, 2012 was as follows:

Actuarial accrued liability	$3,023,581
Plan Assets	0
Unfunded actuarial accrued liability	$3,023,581
Covered payroll	7,864,585
Unfunded actuarial accrued liability as a percentage of covered payroll	38%

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

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

Actuarial valuation date	1-1-2012
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	30 years, open amortization period
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.0%
Healthcare cost trend rate	4.00% - 8.70%

TAX INCREMENT FINANCING DISTRICTS

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

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

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

Scarborough Town Center Development District:	
Original assessed value	$ 6,915,000
Maximum authorized captured value	6,900,000
Amount captured as of June 30, 2012	6,900,000
Haigis Parkway TIF:	
Original assessed value	8,563,500
Amount captured as of June 30, 2012	4,224,000
Enterprise Business Park CEA:	7,578,900
New England Expedition CEA:	35,132,100
Bessey School Senior Housing CEA:	2,630,800
Foundation Center LLC CEA:	1,328,700

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, 2012. 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.

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, 2012:

	Governmental Activities
Capital assets	$ 149,170,867
Accumulated depreciation	(35,812,160)
Bonds payable	(74,145,000)
Premium liabilities net of deferred charges	(2,428,572)
Capital leases payable	(687,335)
Unspent bond proceeds	18,241,458
Total invested in capital assets net of related debt	**$54,339,258**

The Town's Bonds payable is $82,250,000 as stated in the footnote on page 55. For the purpose of determining net assets invested in capital assets net of related debt, bonds payable totaling $8,105,000, have been excluded from this calculation because the Town transferred ownership of the capital assets to other entities.

COMMITMENTS

Construction in progress of $3,180,189 as of June 30, 2012 consists of road improvements, the commercial pier, Wentworth School construction and Higgins Beach Parking improvements. Except for the Wentworth school, the remaining projects are expected to be completed during the fiscal year ending June 30, 2013 and the school construction project by June 30, 2015. The additional estimated costs to complete these projects are approximately $38,191,000.

SUBSEQUENT EVENT – NEW SCHOOL CONSTRUCTION

On September 19, 2012, the school department signed a construction contract with Arthur C. Dudley Contractor/Builder to complete the reconstruction of Wentworth Intermediate School. The estimated cost of the building construction, based on the contract, is $28,073,706, the remainder of the costs include architect fees, engineering and other property improvements and related construction costs with an estimated completion date of October 2014. The citizens of Scarborough approved the construction of a new intermediate school back on November 8, 2012 and authorized the Town to borrow approximately $39 million for the project. As of June 30, 2012, $18,540,000 of the bond had been drawn upon.

TOWN OF SCARBOROUGH, MAINE
Schedule of Funding Progress
Required Supplementary Information
June 30, 2012
(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]
2012	01-01-2012	$ -	$3,023,581	$3,023,581	0%	$7,864,585	38%
2012	01-01-2012	$ -	$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, 2012 and 2011

		2012	2011
ASSETS			
Cash and cash equivalents	$	1,257,920	5,554,730
Investments		8,748,556	2,412,731
Receivables:			
Taxes receivable		172,971	168,995
Tax liens		757,577	730,719
Accounts receivable		828,253	563,698
Intergovernmental		191,841	182,202
Inventory		34,010	-
Interfund loans receivable		3,004,027	2,904,940
Tax acquired property		7,231	7,231
Total assets	**$**	**15,002,386**	**12,525,246**
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable and other current liabilities		2,402,854.00	1,092,572
Accrued payroll and other related liabilities		3,656,473	3,676,889
Accrued compensated absence (current)		62,853	30,366
Taxes collected in advance		68,580	65,091
Deferred tax revenues		757,593	671,053
Total liabilities		6,948,353	5,535,971
Fund balance:			
Nonspendable inventory		34,010	-
Restricted - Town		2,992,678	2,685,386
Restricted - Education		440,220	495,941
Committed - Town		687,603	629,908
Assigned - Town		1,605,896	2,223,390
Assigned - School		200,000	-
Unassigned - Town		2,093,626	954,650
Total fund balance		8,054,033	6,989,275
Total liabilities and fund balance	**$**	**15,002,386**	**12,525,246**

Exhibit A-2

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, 2012
(with comparative totals for June 30, 2011)

		2012				
	2011 carryforward	Budget	Total Available	Actual	Variance positive (negative)	2011 Actual
Revenues:						
Taxes:						
Property taxes	$ -	46,374,366	46,374,366	46,218,721	(155,645)	44,698,853
Change in deferred property tax revenue	-	-	-	(86,540)	(86,540)	(36,482)
Excise taxes	-	4,077,000	4,077,000	3,995,263	(81,737)	3,981,452
Cable franchise tax	-	195,000	195,000	198,132	3,132	195,247
Interest and costs on taxes	-	97,400	97,400	87,811	(9,589)	103,811
Total taxes	-	50,743,766	50,743,766	50,413,387	(330,379)	48,942,881
Licenses and permits:						
Plumbing fees	-	24,000	24,000	8,689	(15,311)	18,230
Fees and Permits	-	156,530	156,530	156,398	(132)	178,189
Building permits	-	275,000	275,000	210,963	(64,037)	177,187
Electrical permits	-	40,000	40,000	36,782	(3,218)	34,009
Zoning Board of Appeals	-	13,000	13,000	10,039	(2,961)	9,755
License plate fees	-	60,605	60,605	59,568	(1,037)	59,551
Subdivision fees	-	3,500	3,500	12,000	8,500	2,825
Total licenses and permits	-	572,635	572,635	494,439	(78,196)	479,746
Intergovernmental:						
Education state subsidies	-	4,722,373	4,722,373	4,712,801	(9,572)	5,680,516
FEMA reimbursement	-	-	-	-	-	-
Federal HIDTA revenues	-	130,000	130,000	123,980	(6,020)	136,368
State Revenue Sharing	-	1,098,304	1,098,304	1,122,837	24,533	1,075,523
Homestead exemption	-	298,334	298,334	296,978	(1,356)	287,798
Business equipment tax exemption		152,571	152,571	152,738	167	161,090
URIP (D.O.T. block grant)	-	323,000	323,000	337,812	14,812	322,976
ecomaine payment in lieu of taxes	-	71,450	71,450	71,450	-	71,450
General assistance reimbursement	-	6,637	6,637	1,780	(4,857)	969
Adult education State subsidies	-	14,000	14,000	29,894	15,894	14,166
Medicaid	-	25,000	25,000	40,143	15,143	24,655
Other Federal and State revenues - School	-	100,000	100,000	64,909	(35,091)	107,695
Other Federal and State revenues - Town	-	357,965	357,965	552,669	194,704	267,194
Total intergovernmental	-	7,299,634	7,299,634	7,507,991	208,357	8,150,400
Interest earned	-	30,000	30,000	66,255	36,255	42,024
Unclassified:						
School Department miscellaneous	-	274,586	274,586	282,668	8,082	250,088
Adult education	-	17,750	17,750	13,546	(4,204)	14,788
Community services	-	1,667,532	1,667,532	1,788,101	120,569	1,678,239
Police court time	-	1,500	1,500	2,034	534	2,466
Snow plowing service	-	4,307	4,307	-	(4,307)	4,307
Insurance reimbursements	-	32,000	32,000	39,620	7,620	72,540
Public Violations	-	50,500	50,500	67,212	16,712	61,002
Special duty police/fire	-	80,000	80,000	84,168	4,168	74,768
Inspection/review fees	-	52,750	52,750	170,082	117,332	58,235
Rescue donations	-	687,500	687,500	687,800	300	625,000
Rental income	-	45,700	45,700	45,700	-	46,750
Sale of Town-owned property	-	132,385	132,385	174,652	42,267	170,480
Salary reimbursement	-	656,642	656,642	747,349	90,707	823,473
Vehicle fuel reimbursement	-	585,434	585,434	535,667	(49,767)	374,110
Vehicle maintenance reimbursement	-	311,400	311,400	402,164	90,764	369,721
Lease revenue	-	328,250	328,250	-	(328,250)	-
Miscellaneous	-	109,600	109,600	347,792	238,192	113,333
Total unclassified	-	5,037,836	5,037,836	5,388,555	350,719	4,739,300
Total revenues	-	63,683,871	63,683,871	63,870,627	186,756	62,354,351

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

		2012				
	2011 carryforward	Budget	Total available	Actual	Variance positive (negative)	2011 Actual
Expenditures:						
Current:						
General government:						
Town Council	$ -	11,573	11,573	11,711	(138)	10,761
Administration	-	247,105	247,105	254,019	(6,914)	227,920
Town Clerk	-	167,750	167,750	150,410	17,340	164,281
Human resources	3,440	256,174	259,614	236,257	23,357	184,845
Personnel benefits		174,025	174,025	175,267	(1,242)	316,583
Finance	10,342	295,995	306,337	302,493	3,844	388,488
Purchasing	2,000	99,015	101,015	55,881	45,134	119,289
Taxation/Treasury	1,024	376,912	377,936	342,257	35,679	343,169
Assessing	-	241,415	241,415	236,727	4,688	232,441
Management information systems	23,637	694,061	717,698	667,041	50,657	677,010
Planning	30,137	741,699	771,836	749,469	22,367	774,376
Municipal building	-	304,113	304,113	258,956	45,157	266,124
General government	-	104,656	104,656	67,184	37,472	60,251
Legal	-	80,000	80,000	111,728	(31,728)	147,535
Risk management	-	604,500	604,500	607,922	(3,422)	579,365
Public information	4,400	2,300	6,700	6,510	190	-
Engineering	-	48,000	48,000	97,517	(49,517)	109,822
Outside agencies	-	71,000	71,000	70,550	450	75,000
Total general government	74,980.00	4,520,293	4,595,273	4,401,899	193,374	4,677,260
Public services:						
Library	-	795,835	795,835	797,640	(1,805)	806,144
Public health and welfare	-	22,160	22,160	9,990	12,170	11,800
Tax Rebates (Credit Enhancement Agree)	-	608,117	608,117	608,117	-	582,583
Economic Development Corporation	-	233,979	233,979	237,130	(3,151)	219,719
Community services	37,000	2,146,873	2,183,873	2,188,291	(4,418)	2,167,243
Total public services	37,000	3,806,964	3,843,964	3,841,168	2,796	3,787,489
Public safety:						
Fire Department	16,044	2,306,231	2,322,275	2,214,269	108,006	1,773,334
Emergency Management	5,156	32,984	38,140	38,178	(38)	31,172
Emergency Medical Services	5,690	1,302,334	1,308,024	1,289,599	18,425	1,596,463
Marine resources	5,565	79,800	85,365	81,767	3,598	70,964
Police Department	27,832	4,749,353	4,777,185	4,618,103	159,082	4,495,337
Total public safety	60,287	8,470,702	8,530,989	8,241,916	289,073	7,967,270
Public works:						
Public Works Department	201,833	2,417,767	2,619,600	2,509,356.00	110,244	2,180,405
Vehicle maintenance	-	1,528,358	1,528,358	1,702,312	(173,954)	1,409,647
Water charges	-	184,780	184,780	189,095	(4,315)	186,715
Street lighting	-	160,200	160,200	151,083	9,117	148,777
Traffic signals	25,323	126,520	151,843	108,124	43,719	74,140
Cemetery care	-	27,525	27,525	25,180	2,345	23,481
Memorials	-	8,820	8,820	8,979	(159)	8,806
Shade trees	6,030	15,000	21,030	12,251	8,779	10,362
Engineering services	-	102,320	102,320	86,144	16,176	97,429
Solid waste program	-	1,826,466	1,826,466	1,806,299	20,167	1,900,511
Total public works	233,186	6,397,756	6,630,942	6,598,823	32,119	6,040,273
Education:						
Regular instruction	-	20,875,506	20,875,506	20,722,963	152,543	20,201,901
Improvement of instruction	-	781,740	781,740	741,328	40,412	538,280
Special services	-	2,708,987	2,708,987	2,631,615	77,372	2,553,786
General & special administration	-	296,256	296,256	294,445	1,811	279,013
Board of education	-	38,767	38,767	30,582	8,185	29,062
Office of the superintendent	-	431,575	431,575	454,633	(23,058)	415,453
Business administration	-	1,683,487	1,683,487	1,707,737	(24,250)	1,674,986
Transportation	-	759,923	759,923	768,256	(8,333)	1,403,748
Operation and maintenance of plant	-	3,155,972	3,155,972	2,909,679	246,293	3,349,818
Debt service	-	3,783,572	3,783,572	3,757,737	25,835	4,142,273
Total education	-	34,515,785	34,515,785	34,018,975	496,810	34,588,320

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

		2012				
	2011 carryforward	Budget	Total available	Actual	Variance positive (negative)	2011 Actual
Expenditures, continued						
Current, continued						
County tax	$ -	1,975,585	1,975,585	1,975,585	-	1,922,952
Debt service (excluding education)						
Principal	-	3,320,512	3,320,512	3,495,598	(175,086)	2,961,038
Interest and other costs	-	1,589,358	1,589,358	1,920,960	(331,602)	1,821,560
Total debt service	-	4,909,870	4,909,870	5,416,558	(506,688)	4,782,598
Capital improvements	136,966	909,450	1,046,416	924,372	122,044	833,353
Total expenditures	542,419	65,506,405	66,048,824	65,419,296	629,528	64,599,515
Excess (deficiency) of revenues over (under) expenditures	(542,419)	(1,822,534)	(2,364,953)	(1,548,669)	816,284	(2,245,164)
Other financing sources (uses):						
Transfers in	-	1,063,238	1,063,238	1,723,391	660,153	1,120,962
Transfers out	-	(144,946)	(144,946)	(144,986)	(40)	(170,203)
General obligation bonds	-	352,000	352,000	589,750	237,750	418,990
Refunding bond issued	-	-	-	24,605,000	24,605,000	-
Premium received on refunded bonds	-	-	-	2,642,275	2,642,275	-
Premium received on issued bonds	-	-	-	355,819	355,819	-
Payment to refunding bond escrow agent	-	-	-	(27,124,969)	(27,124,969)	-
Overlay	-	(209,944)	(209,944)	-	209,944	-
Total other financing sources (uses)	-	1,060,348	1,060,348	2,646,280	1,585,932	1,369,749
Net change in fund balances - budgetary basis	(542,419)	(762,186)	(1,304,605)	1,097,610	2,402,215	(875,415)
Utilization of prior year surplus and carrying balances	542,419	762,186	1,304,605	-	(1,304,605)	-
Total Utilization of Fund Balance and Carry forwards	-	-	-	1,097,610	1,097,610	(875,415)
Reconciliation to GAAP basis						
Current portion of accrued compensated absences				(32,852)		(7,807)
Fund balances, beginning of year restated				6,989,275		7,872,497
Fund balances, end of year				**8,054,033**		**6,989,275**

OTHER GOVERNMENTAL FUNDS

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TOWN OF SCARBOROUGH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

		Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
ASSETS					
Cash and cash equivalents	$	61,957	149,862	-	211,819
Investments		4,850,763	78,635	209,549	5,138,947
Intergovernmental receivable		236,845	-	-	236,845
Accounts receivable		32,591		-	32,591
Interfund loans		188,753	-	3,400	192,153
Inventory		26,947	-	-	26,947
Notes receivable		-	-	-	-
Total assets	**$**	**5,397,856**	**228,497**	**212,949**	**5,839,302**
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		377,755	60,868	-	438,623
Interfund loans		321,715	371,281	51	693,047
Total liabilities		699,470	432,149	51	1,131,670
Fund balances (deficit):					
Nonspendable trust principal		-	-	128,928	128,928
Nonspendable inventory		26,947	-	-	26,947
Restricted for Town		374,207	-	83,970	458,177
Restricted for Education		98,629	174,005	-	272,634
Committed for Town		4,309,073	-	-	4,309,073
Committed for Education		-	-	-	-
Unassigned for Town		(110,470)	(377,657)	-	(488,127)
Total fund balances (deficit)		4,698,386	(203,652)	212,898	4,707,632
Total liabilities and fund balances	**$**	**5,397,856**	**228,497**	**212,949**	**5,839,302**

TOWN OF SCARBOROUGH, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2012

		Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:					
Intergovernmental	$	2,593,968	-	-	2,593,968
Contributions		130,226	-	-	130,226
Assessments and impact fees		1,497,507	-	-	1,497,507
Sale of lots		-	-	2,600	2,600
Other revenue		1,341,792	-	-	1,341,792
Interest revenue		4,266	2,390	139	6,795
Total revenues		5,567,759	2,390	2,739	5,572,888
Expenditures:					
Current:					
Capital expenditures		347,222	566,685	-	913,907
Other		4,947,620	-	23	4,947,643
Total expenditures		5,294,842	566,685	23	5,861,550
Excess of revenues over (under) expenditures		272,917	(564,295)	2,716	(288,662)
Other financing sources (uses):					
Transfers in		136,261	89,907	-	226,168
Transfers out		(357,154)	(47,032)	-	(404,186)
General Obligation Bonds		-	383,000	-	383,000
Total other financing sources (uses)		(220,893)	425,875	-	204,982
Net change in fund balances		52,024	(138,420)	2,716	(83,680)
Fund balances, beginning of year		4,646,362	(65,232)	210,182	4,791,312
Fund balances, end of year	**$**	**4,698,386**	**(203,652)**	**212,898**	**4,707,632**

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 administrated by the School Department.

School Lunch Program

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

Computer Replacement Fund

This fund is used for the replacement of municipal computers.

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2012

		Recreational Development	Credit Enhancement Agreements	Boat Launch Facility	Cemetery Improvement	Rte 1 Sawyer Road Improve	Economic Development Fund	Prouts Landing Conservation	Bessey Commons	Payne Road Improvements
ASSETS										
Cash and cash equivalents	$	-	-	-	-	-	-	-	-	-
Investments		-	42,847	-	-	84,765	-	24,587	-	69,927
Intergovernmental receivable		-	-	-	-	-	-	-	-	-
Due from State of Maine		-	-	-	-	-	-	-	-	-
Accounts receivable		-	-	-	-	-	-	-	-	-
Interfund loans receivable		-	-	-	800	-	-	-	-	-
Inventory		-	-	-	-	-	-	-	-	-
Notes receivable		-	-	-	-	-	-	-	-	-
Total assets	**$**	**-**	**42,847**	**-**	**800**	**84,765**	**-**	**24,587**	**-**	**69,927**
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable		-	-	-	-	-	-	-	-	-
Interfund loans payable		43,833	-	39,690	-	-	-	-	-	-
Total liabilities		43,833	-	39,690	-	-	-	-	-	-
Fund balances:										
Nonspendable										-
Restricted		-	42,847	-	-	84,765	-	-	-	-
Committed		-	-	-	800	-	-	24,587	-	69,927
Unassigned		(43,833)		(39,690)	-	-	-	-	-	-
Total fund balances (deficit)		(43,833)	42,847	(39,690)	800	84,765	-	24,587	-	69,927
Total liabilities and fund balances	**$**	**-**	**42,847**	**-**	**800**	**84,765**	**-**	**24,587**	**-**	**69,927**

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds, Continued
Combining Balance Sheet
June 30, 2012

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
42,138	-	-	-	-	19,819	-	-		-	-	61,957
2,215,089	694,405	273,246	33,988	22,601	1,389,308	-	-	-	-	-	4,850,763
-	-	-	-	-	-	-	-	192,229	44,616	-	236,845
-	-	-	748	-	31,843	-	-	-	-	-	32,591
7,010	15,194	-	165,749	-	-	-	-	-	-	-	188,753
-	-	-	-	-	-	-	-	-	26,947	-	26,947
-	-	-	-	-	-	-	-	-	-	-	-
2,264,237	**709,599**	**273,246**	**200,485**	**22,601**	**1,440,970**	**-**	**-**	**192,229**	**71,563**	**-**	**5,397,856**
205,596	-	-	-	-	6,996	-	-	93,600	71,563	-	377,755
-	-	79,405	-	-	158,787	-	-	-	-	-	321,715
205,596	-	79,405	-	-	165,783	-	-	93,600	71,563	-	699,470
									26,947		26,947
-	-	193,841	-	22,601	30,153	-	-	98,629		-	472,836
2,058,641	709,599	-	200,485	-	1,245,034	-	-	-	-	-	4,309,073
									(26,947)		(110,470)
2,058,641	709,599	193,841	200,485	22,601	1,275,187	-	-	98,629	-	-	4,698,386
2,264,237	**709,599**	**273,246**	**200,485**	**22,601**	**1,440,970**	**-**	**-**	**192,229**	**71,563**	**-**	**5,397,856**

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

		Recreational Development	Credit Enhancement Agreements	Boat Launch Facility	Cemetery Improvement	Rte 1 Sawyer Road Improve	Economic Development Fund	Prouts Landing Conservation	Bessey Commons	Payne Road Improvements
Revenues:										
Intergovernmental	$	-	-	-	-	-	-	-	-	-
Interest earned		-	101	-	3	88	33	26	-	72
Contributions		-	-	3,758	-	-	-	-	-	-
Sale of Lots/Land/Equip		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Assessments and impact fees		7,000	509,364	-	-	-	-		-	-
Total revenues		7,000	509,465	3,758	3	88	33	26	-	72
Expenditures:										
Construction and acquisitions		-	-	775		-	-	-	-	-
Benefits paid		-	-	-	-	-	-	-	-	-
Other		-	509,364	-	-	-	-	-	-	-
Total expenditures		-	509,364	775	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures		7,000	101	2,983	3	88	33	26	-	72
Other financing sources (uses):										
Transfers in		8,250	8	-	-	-	-	-	-	-
Bond Proceeds		-	-	-	-	-	-	-	-	-
Transfers out		(8,250)	-	-	(7,251)	-	(58,387)	-	(8)	-
Total other financing sources (uses)		-	8	-	(7,251)	-	(58,387)	-	(8)	-
Net change in fund balances		7,000	109	2,983	(7,248)	88	(58,354)	26	(8)	72
Fund balances (deficit), beginning of year		(50,833)	42,738	(42,673)	8,048	84,677	58,354	24,561	8	69,855
Fund balances (deficit), end of year	**$**	**(43,833)**	**42,847**	**(39,690)**	**800**	**84,765**	**-**	**24,587**	**-**	**69,927**

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, 2012

	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
Revenues:												
Intergovernmental	-	-	74,428	-	-	106,282	-	-	2,138,329	274,929	-	2,593,968
Interest earned	1,691	662	262	131	22	1,175	-	-	-	-	-	4,266
Contributions	-	-	-	-	2,205	13,326	-	-	110,937	-	-	130,226
Sale of Lots/Land/Equip	-	-	-	-	-	-	-	-	-	-	-	-
Other	5,755	285,604	-	-	-	98,592	-	-	-	951,841	-	1,341,792
Assessments and impact fees	-	-	-	981,143	-	-	-	-	-	-	-	1,497,507
Total revenues	7,446	286,266	74,690	981,274	2,227	219,375	-	-	2,249,266	1,226,770	-	5,567,759
Expenditures:												
Construction and acquisitions	-	-	41,008	-	-	305,439	-	-	-	-	-	347,222
Benefits paid	-	-	-	-	-	-	-	-	-	-	-	-
Other	3,111	-	-	929,750	-	-	-	-	2,150,662	1,354,733	-	4,947,620
Total expenditures	3,111	-	41,008	929,750	-	305,439	-	-	2,150,662	1,354,733	-	5,294,842
Excess (deficiency) of revenues over (under) expenditures	4,335	286,266	33,682	51,524	2,227	(86,064)	-	-	98,604	(127,963)	-	272,917
Other financing sources (uses):												
Transfers in	-	-	-	-	-	40	-	-	-	127,963	-	136,261
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(178,930)	-	(97,615)	-	(6,713)	-	-	-	-	-	(357,154)
Total other financing sources (uses)	-	(178,930)	-	(97,615)	-	(6,673)	-	-	-	127,963	-	(220,893)
Net change in fund balances	4,335	107,336	33,682	(46,091)	2,227	(92,737)	-	-	98,604	-	-	52,024
Fund balances (deficit), beginning of year	2,054,306	602,263	160,159	246,576	20,374	1,367,924	-	-	25	-	-	4,646,362
Fund balances (deficit), end of year	**2,058,641**	**709,599**	**193,841**	**200,485**	**22,601**	**1,275,187**	-	-	**98,629**	-	-	**4,698,386**

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, 2012

		Fund balances beginning of year	Revenues		Program expenditures	Fund balances end of year
			Grants	Other		
Federal education grant programs:						
NCLB/Title IA	$	29	193,602	-	193,602	29
NCLB/Title IIA		-	55,682	-	55,682	-
Title III		-	5,127	-	5,127	-
NCLB/Title VA		1		-		1
Local Entitlement		(4)	666,463	-	666,463	(4)
ARRA Local Entitlement		(1)	56,416	-	56,416	(1)
Preschool handicapped		-	6,843	-	6,843	-
Education Jobs Fund		-	1,154,197		1,154,197	-
Scarborough Education Foundation		-	10,937		2,333	8,604
Finberg Trust		-	100,000		10,000	90,000
Total federal education grant programs		25	2,249,267	-	2,150,663	98,629
Other State grant programs:						
Professional Development Grant		-	-	-	-	-
Total other state grant programs		-	-	-	-	-
Total school categorical programs	**$**	**25**	**2,249,267**	**-**	**2,150,663**	**98,629**

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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, 2012

		General School Improvements	Municipal Building Fund	Totals
ASSETS				
Cash and cash equivalents	$	149,862		149,862
Investments		78,635	-	78,635
Total assets	**$**	**228,497**	**-**	**228,497**
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable		54,492	6,376	60,868
Interfund loans payable		-	371,281	371,281
Total liabilities		54,492	377,657	432,149
Fund balance (deficit):				
Restricted		174,005		174,005
Unassigned		-	(377,657)	(377,657)
Total fund deficit		174,005	(377,657)	(203,652)
Total liabilities and fund balance	**$**	**228,497**	**-**	**228,497**

TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2012

		General School Improvements	Municipal Building Fund	Totals
Revenues:				
Intergovernmental	$	-	-	-
Interest earned		2,390	-	2,390
Total revenues		2,390	-	2,390
Expenditures:				
Capital Improvements		560,309	6,376	566,685
Total expenditures		560,309	6,376	566,685
Excess (deficiency) of revenues over (under) expenditures		(557,919)	(6,376)	(564,295)
Other financing sources (uses):				
Transfers in		-	89,907	89,907
Transfers out		(19,894)	(27,138)	(47,032)
Proceeds of general obligation bonds		383,000	-	383,000
Total other financing sources (uses)		363,106	62,769	425,875
Net change in fund balances		(194,813)	56,393	(138,420)
Fund deficit, beginning of year		368,818	(434,050)	(65,232)
Fund deficit, end of year	**$**	**174,005**	**(377,657)**	**(203,652)**

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, 2012

		Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
ASSETS					
Investments	$	181,800	24,876	2,873	209,549
Interfund loans receivable		3,400	-	-	3,400
Total assets	**$**	**185,200**	**24,876**	**2,873**	**212,949**
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund loans payable		-	51	-	51
Total liabilities		-	51	-	51
Fund balances:					
Nonspendable Principal		115,061	13,367	500	128,928
Restricted Expendable Income		70,139	11,458	2,373	83,970
Total fund balances		185,200	24,825	2,873	212,898
Total liabilities and fund balances	**$**	**185,200**	**24,876**	**2,873**	**212,949**

Exhibit E-2

TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

		Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues:					
Interest and dividends	$	116	23	-	139
Sale of lots/perpetual care deposits		2,600	-	-	2,600
Total revenues		2,716	23	-	2,739
Expenditures:					
Earnings retained by General Fund		-	23	-	23
Other		-	-	-	-
Total expenditures		-	23	-	23
Net change in fund balances		2,716	-	-	2,716
Fund balances, beginning of year		182,484	24,825	2,873	210,182
Fund balances, end of year	**$**	**185,200**	**24,825**	**2,873**	**212,898**

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, 2012

		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	$	1,188	96,886	106,480	977	12	1,079	19,689	308	2,688	11,547	1,214	2,919	244,987
Interfund loans		-		-	-	-	-	-	-	-	-	-	-	-
Accounts receivable		-	-	500	-	-	-	-	-	-	-	-	-	500
Total assets	**$**	**1,188**	**96,886**	**106,980**	**977**	**12**	**1,079**	**19,689**	**308**	**2,688**	**11,547**	**1,214**	**2,919**	**245,487**
LIABILITIES AND NET ASSETS														
Liabilities:														
Interfund loans		-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable		-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets:														
Nonspendable Principal		1,240	87,680	100,000	-	-	-	-	500	2,026	3,500	-	3,810	198,756
Restricted Interest		(52)	9,206	6,980	977	12	1,079	19,689	(192)	662	8,047	1,214	(891)	46,731
Total net assets		1,188	96,886	106,980	977	12	1,079	19,689	308	2,688	11,547	1,214	2,919	245,487
Total liabilities and net assets	**$**	**1,188**	**96,886**	**106,980**	**977**	**12**	**1,079**	**19,689**	**308**	**2,688**	**11,547**	**1,214**	**2,919**	**245,487**

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2012

		Shirley Grover Fund	Mary Campbell Pederson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
Additions														
Donations	$	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends		1	84	89	2	-	1	22	-	1	2	1	2	205
Total additions		1	84	89	2	-	1	22	-	1	2	1	2	205
Deductions:														
School scholarships		200	-	-	800	-	-	1,500	-	150	-	-	500	3,150
Total deductions		200	-	-	800	-	-	1,500	-	150	-	-	500	3,150
Changes in net assets		(199)	84	89	(798)	-	1	(1,478)	-	(149)	2	1	(498)	(2,945)
Net assets, beginning 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
Net assets, end of year	$	1,188	96,885	106,981	977	12	1,078	19,690	308	2,687	11,547	1,214	2,920	245,487

TOWN OF SCARBOROUGH, MAINE
Agency Funds
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2012

		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

TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-term Debt
For the year ended June 30, 2012

	Interest rate	Final maturity date	Annual principal payments	Balance beginning of year	Current Year Issued	Current Year Retired	Balance end of year
General Obligation Bonds							
1993 Capital Improvements	5.70%	2013	$ 25,000 to 2013	50,000		25,000	25,000
1994 Capital Improvements	6.10%	2015	230,000 to 2015	920,000		230,000	690,000
1995 Capital Improvements	5.00%	2016	265,000 to 2016	1,325,000		265,000	1,060,000
1997 Capital Improvements	5.35%	2017	110,000 to 2017	660,000		110,000	550,000
2003 Capital Improvements	4.25%	2033	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	18,335,000		840,000	
	Refunded					17,495,000	-
2004 Capital Improvements	2.875%	2034	680,0000 in 2012				
	varies		0 to 2014				
	3.50%		215,000 in 2015				
	3.50%		225,000 in 2016				
	varies		0 to 2026				
	4.30%		365,000 in 2027				
	4.375%		385,000 in 2028				
	4.40%		400,000 in 2029				
	4.40%		420,000 in 2030				
	4.40%		440,000 in 2031				
	4.40%		460,000 in 2032				
	4.40%		480,000 in 2033				
	4.40%		500,000 in 2034	8,695,000	-	680,000	
	Partial Refunded					4,125,000	3,890,000
2005 Capital Improvements	3.75%	2034	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				
	varies		0 to 2025				
	4.50%		325,000 in 2026				
	4.50%		340,000 in 2027				
	4.50%		355,000 in 2028				
	4.60%		370,000 in 2029				
	4.60%		385,000 in 2030				
	5.00%		0 to 2033				
	5.00%		460,000 in 2034				
	5.00%		480,000 in 2035	8,070,000	-	390,000	
	Partially Refunded					3,470,000	4,210,000

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 Issued	Current Year Retired	Balance end of year
General Obligation Bonds								
2006 Capital Improvements	4.00%	2021	$	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	3,540,000		480,000	3,060,000
2007 Capital Improvements	4.00%	2023		550,000 to 2012				
				225,000 to 2017				
				25,000 to 2022	1,800,000	-	550,000	1,250,000
2008 Capital Improvements	varies	2028		790,000 to 2013				
				595,000 in 2014				
				580,000 in 2015				
				570,000 to 2017				
				575,000 in 2018				
				185,000 to 2028	6,320,000	-	790,000	5,530,000
				305,000 in 2010				
2009 Capital Improvements	2.00%	2029		400,000 to 2015				
				315,000 to 2016				
				310,000 to 2019				
				100,000 in 2029	3,855,000	-	400,000	3,455,000
2009 Bond Refunding	2.00%	2020		185,000 to 2019				
	3.00%			115,000 in 2020	1,595,000	-	185,000	1,410,000
2010 Capital Improvements	2.00%	2031		482,000 in 2012				
				485,000 in 2013				
				470,000 to 2016				
				345,000 to 2021				
				280,000 to 2026				
				100,000 to 2031	6,002,000	-	482,000	5,520,000
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	-	545,000	5,055,000
2012 Capital Improvements	2.00%	2042		975,000 in 2013				
				615,000 in 2014				
				575,000 in 2015				
				1,065,000 in 2016				
				1,690,000 in 2017				
				2,400,000 in 2018				
				2,825,000 in 2019				
				3,210,000 in 2020				
				3,475,000 in 2021				
				3,685,000 in 2022				
				3,520,000 in 2023				
				2,170,000 in 2024				
				1,870,000 in 2025				
				1,585,000 in 2026				
				1,335,000 in 2027				
				1,310,000 in 2028				
				1,330,000 in 2029				
				1,355,000 in 2030				
				1,775,000 in 2031				
				1,815,000 in 2032				
				1,800,000 in 2033				
				685,000 to 2042	-	46,545,000	-	46,545,000
Total bonds					66,767,000	46,545,000	31,062,000	82,250,000
Total long-term debt			**$**		**66,767,000**	**46,545,000**	**31,062,000**	**82,250,000**

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

	Table
Financial Trends *These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.*	1-5
Revenue Capacity *These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.*	6-11
Debt Capacity *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.*	12-14A
Demographic and Economic Information *These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.*	15-17
Operating Information *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.*	18-21

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 Ten Fiscal Years (1)
(accrual basis of accounting)
(amounts expressed in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	54,339
Restricted	21,040	19,332	7,629	4,210	3,053	5,111	1,289	2,199	1,642	1,111
Unrestricted	10,187	9,709	9,874	13,952	8,971	5,179	5,442	2,917	(703)	2,127
Total governmental activities net assets	**$ 38,120**	**$ 35,730**	**$ 47,388**	**$ 54,485**	**$ 56,101**	**$ 45,942**	**$ 48,552**	**$ 52,704**	**$ 53,971**	**57,577**

(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 Ten Fiscal Years (1)
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	1,387
Public services	1,143	1,297	1,386	1,425	1,506	1,590	1,585	1,720	1,681	1,792
Public safety	481	677	1,490	1,374	1,667	1,649	1,761	1,630	1,632	2,070
Public works	531	491	605	655	1,755	2,024	1,515	1,665	1,543	1,843
Education	202	1,344	1,280	1,256	1,198	1,211	1,195	1,217	1,253	1,248
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	11,093
Capital grants and contributions	312	-	-	4,681	(559)	113	112	122	170	175
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	50,571
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	2,473
Unrestricted investment earnings	209	105	159	261	404	344	137	142	42	66
Total revenues	**51,380**	**53,490**	**57,971**	**66,140**	**63,709**	**69,452**	**69,930**	**69,728**	**70,848**	**72,718**
Expenses:										
General government	9,902	8,622	9,996	8,783	12,641	12,740	11,409	10,656	12,023	11,537
Public services	2,701	2,597	2,658	2,871	3,092	3,133	3,742	3,832	5,042	3,868
Public safety	5,552	6,127	6,153	6,552	7,080	7,425	7,813	8,266	7,331	8,692
Public works	5,175	5,266	5,882	6,276	6,425	7,494	7,156	9,480	7,246	7,805
Education	23,444	25,442	28,695	33,491	31,531	32,951	34,363	34,546	35,275	34,346
Interest on debt service	895	2,610	1,168	1,069	1,142	2,737	2,827	2,694	2,664	2,863
Total expenses	**47,669**	**50,664**	**54,552**	**59,042**	**61,911**	**66,480**	**67,310**	**69,474**	**69,581**	**69,111**
Net (expense)/revenue:	3,711	2,826	3,419	7,098	1,798	2,972	2,620	254	1,267	3,607
Change in Net Assets	**3,711**	**$ 2,826**	**$ 3,419**	**$ 7,098**	**$ 1,798**	**$ 2,972**	**$ 2,620**	**$ 254**	**1,267**	**3,607**

(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)

	2003	2004	2005	2006	2007	2008*	2009	2010 [1]	2011 [2]	2012
General Fund										
Reserved	$ 752	$ 710	$ 697	$ 771	$ 674	$ 618	$ 630	$ -	$ -	$ -
Nonspendable Inventory										34
Restricted for Town								2,482	2,685	2,993
Restricted for Education								1,056	496	440
Committed - General Fund								634 [3]	630 [3]	688
Committed - Education								-	-	-
Assigned - General Fund								1,469	2,223	1,606
Assigned - Education									-	200
Unassigned - General Fund								2,231	955	2,093
Unreserved	6,211	5,919	7,063	7,455	8,019	8,357	8,174	-	-	
Total general fund	**$ 6,963**	**$ 6,629**	**$ 7,760**	**$ 8,226**	**$ 8,693**	**$ 8,975**	**$ 8,804**	**$ 7,872**	**$ 6,989**	**8,054**
All Other Governmental Funds										
Nonspendable Permanent Fund Principal								125	126	129
Nonspendable Inventory								26	21	61
Restricted Special Revenues								1,621	852	439
Restricted Capital Projects								2,483	1,941	20,027
Restricted Permanent Fund Interest								84	84	84
Committed - Special Revenues								4,820	4,292	4,309
Unassigned - Special Revenues								(129)	(115)	(262)
Unassigned - Capital Projects								(493)	(434)	(378)
Reserved	132	123	117	125	127	3,047	3,062	-	-	
Unreserved, reported in										
Special revenue funds	5,010	5,011	4,403	8,180	7,523	4,589	5,039	-	-	
Capital projects funds	20,278	18,611	6,963	4,085	2,926	4,912	1,084	-	-	
Permanent funds	68	69	70	73	78					
Total all other governmental funds	**$ 25,488**	**$ 23,814**	**$ 11,553**	**$ 12,463**	**$ 10,654**	**$ 12,548**	**$ 9,185**	**$ 8,537**	**$ 6,767**	**24,409**
Total Governmental Funds Fund Balances:								**$ 16,409**	**$ 13,756**	**32,463**

* 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.

[3] Unemployment Compensation, Hurd Park/Ferry Beach and Hunnewell House projects now show in the General Fund due to implementing GASB Statement No. 54. These originally showed as Special Revenue Funds.

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	$ 34,582	$ 37,191	$ 40,066	$ 41,377	$ 42,712	$ 44,581	$ 46,401	$ 46,880	$ 48,957	$ 50,428
Licenses and permits	429	480	567	611	753	818	482	573	480	494
Intergovernmental	11,600	10,823	11,219	12,604	13,204	14,042	17,357	14,106	13,701	13,136
Interest earned	209	348	442	644	805	684	324	242	125	153
Other	4,877	4,648	5,677	10,921	6,247	9,288	7,545	7,849	7,549	8,420
Total revenues	51,697	53,490	57,971	66,157	63,721	69,413	72,109	69,650	70,812	72,631
Expenditures										
General government	3,425	3,568	3,727	4,340	4,401	4,483	4,615	4,742	6,144	4,403
Public services	2,653	2,572	2,643	2,849	3,070	3,103	4,033	3,766	4,831	3,841
Public safety	5,275	5,934	5,962	6,180	6,642	6,986	7,735	7,355	7,318	8,242
Public works	4,767	4,877	5,370	5,702	5,846	6,765	6,532	8,027	5,353	4,598
Education (Excludes School Debt)	23,446	25,009	26,647	28,064	29,194	31,695	33,105	33,127	33,364	33,220
Education Debt (Prin & Int)	3,434	3,853	4,272	4,728	4,458	4,419	4,475	4,174	4,142	3,758
County tax	1,307	1,442	1,520	1,584	1,615	1,735	1,837	1,886	1,923	1,976
Debt service (Principal-Town Only(1)	2,423	3,918	3,176	2,957	3,219	3,232	3,204	3,044	2,961	5,417
Debt service (Interest-Town Only)	769	1,128	1,128	1,108	1,177	1,488	1,867	1,911	1,810	1,151
Capital Outlay	4,908	15,820	23,374	11,467	7,999	9,305	10,196	5,167	6,037	6,347
Other	2,704	2,003	2,323	2,816	2,641	3,188	3,415	4,085	4,014	4,948
Total expenditures	55,111	70,124	80,142	71,795	70,262	76,399	81,014	77,284	77,897	77,901
Excess (deficiency) of revenues over (under) expenditu	(3,414)	(16,634)	(22,171)	(5,638)	(6,541)	(6,986)	(8,905)	(7,634)	(7,085)	(5,270)
Other financing sources (uses)										
Transfers in	1,538	2,115	2,923	2,780	2,794	3,695	3,453	1,982	1,477	2,061
Transfers out	(1,538)	(2,115)	(2,923)	(2,780)	(2,794)	(3,695)	(3,453)	(1,982)	(1,477)	(2,061)
Capital Lease proceeds	-	-	-	-	1,200	1,010	820	52	-	
Refunding bond issued	-	-	-	-	-	-	-	-	1,155	24,605
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	(1,155)	(27,125)
Premium paid on refunded debt	-	-	-	-	-	-	-	-	(12)	2,642
Premium paid on issued debt	-	-	-	-	-	-	-	-	-	1,913
General obligation bonds and capital leases	24,579	14,628	10,665	7,014	4,000	8,513	4,560	6,002	4,445	21,940
Total other financing sources (uses)	24,579	14,628	10,665	7,014	5,200	9,523	5,380	6,054	4,433	23,975
Net change in fund balances	$ 21,165	$ (2,006)	$ (11,506)	$ 1,376	(1,341)	2,537	(3,525)	(1,580)	(2,652)	18,705
Debt Service as a percentage of non-capital expenditures	6.36%	9.29%	7.58%	6.74%	7.06%	7.03%	7.16%	6.87%	6.64%	9.18%

Notes:
(1) The calculation of debt Service as a percentage of non-capital expenditures excludes school debt

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
2012	4,402	3,841	8,242	6,599	34,019	1,976	5,416	-	924	65,419

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

Table 6

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

Fiscal Year	Property tax	Interest and Costs on taxes	Vehicle Excise tax	Boat Excise tax	Franchise tax fees	Total
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
2012	46,132	88	3,966	29	198	50,413

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		
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%
2012	3,455,067	116,129	3,571,196	3,571,196	13.03	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
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
2012	4.353	8.166	0.080	0.553	0.211	0.059	(0.039)	13.38

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)

2002				2012			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Maine Life Care	$ 21,788,500	1	1.17%	Maine Life Care Retirement Community	$ 63,051,800	1	1.77%
Wal-Mart	21,444,900	2	1.15%	Wal-Mart	40,228,700	2	1.13%
Hannaford Brothers	16,906,000	3	0.91%	New England Expedition	35,132,100	3	0.99%
James McBrady	15,650,400	4	0.84%	MMC Realty Maine Health	28,611,300	4	0.80%
Gavin Ruotolo	11,185,700	5	0.60%	Hannaford Brothers	24,587,200	5	0.69%
Maine Historic Hotels	9,499,200	6	0.51%	Scarborough Gallery	22,757,000	6	0.64%
ERP Operating L.P.	8,825,800	7	0.47%	Gavin Ruotolo	18,751,700	7	0.53%
Shaw's Supermarket	8,166,800	8	0.44%	Central Maine Power	14,606,400	8	0.41%
Central Maine Power	7,438,900	9	0.40%	Shaw's Supermarket	13,897,200	9	0.39%
Konica Quality Photo	7,278,000	10	0.39%	RRE Foxcroft/Coach Lantern	13,253,400	10	0.37%
Total Principal Taxpayers	128,184,200		6.90%		274,876,800		7.71%
Total Assessed Value:	**$ 1,858,344,800**				**$ 3,564,150,000**		

Source: Town of Scarborough, Maine Assessor

Table 10

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collections Within Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	30,348,015	30,103,820	99.2%	242,507	30,346,327	100.0%
2004	32,969,169	32,747,993	99.3%	220,353	32,968,346	100.0%
2005	35,735,569	35,422,791	99.1%	311,478	35,734,269	100.0%
2006	36,824,648	36,527,411	99.2%	294,200	36,821,611	100.0%
2007	38,139,961	37,852,666	99.2%	269,367	38,122,033	100.0%
2008	40,183,201	39,784,997	99.0%	369,046	40,154,043	99.9%
2009	42,397,139	41,890,825	98.8%	477,195	42,368,020	99.9%
2010	42,877,989	42,370,914	98.8%	478,810	42,849,724	99.9%
2011	44,928,748	44,325,013	98.7%	391,081	44,716,094	99.5%
2012	46,684,211	46,102,831	98.8%	-	46,102,831	98.8%

Source: Town of Scarborough Tax Collector's Office

Table 11

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
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
2012	3,455,067	116,129	3,571,196	13.03	46,533

Source: Town of Scarborough Assessor's Office

Table 12

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

Fiscal Year	General Obligation Bonds	Capital Leases	Total Governmental Activities	Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Population*	Percentage of personal income	Debt Per Capita
2003	54,759,228	277,222	55,036,450	1,930,576,300	2.84%	16,970	12.26%	3,227
2004	62,952,163	208,444	63,160,607	2,002,987,200	3.14%	16,970	14.09%	3,710
2005	67,737,433	141,974	67,879,407	2,057,589,000	3.29%	18,812	13.68%	3,601
2006	68,844,000	72,541	68,916,541	3,256,841,900	2.11%	18,812	13.90%	3,660
2007	66,845,000	1,370,408	68,215,408	3,317,497,800	2.01%	18,812	13.50%	3,553
2008	69,328,000	2,025,032	71,353,032	3,397,230,200	2.04%	18,812	13.95%	3,685
2009	67,785,000	2,223,239	70,008,239	3,487,005,500	1.94%	18,812	13.52%	3,603
2010	68,042,000	1,640,531	69,682,531	3,524,771,600	1.93%	19,239	13.44%	3,537
2011	66,767,000	1,105,143	67,872,143	3,556,551,900	1.88%	18,919	9.30%	3,529
2012	82,250,000	687,335	82,937,335	3,571,196,000	2.30%	18,919	10.80%	4,347

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
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%
2012	5,972	2,432	8,404	65,419	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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	$ 279,720	$ 323,745	$ 380,820	$ 430,980	$ 488,370	$ 529,673	$ 534,488	$ 543,068	$ 534,623	$ 533,513
Total net debt applicable to limit	54,759	62,952	67,737	68,844	66,845	69,328	67,785	68,042	66,767	82,250
Legal debt margin	224,961	260,793	313,083	362,136	421,525	460,345	466,703	475,026	467,856	451,263
Total net debt applicable to the limit as a percentage of debt limit	19.58%	19.44%	17.79%	15.97%	13.69%	13.09%	12.68%	12.53%	12.49%	15.42%

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Town of Scarborough:										
General Obligation Bonds	54,759	62,952	67,738	66,844	66,845	69,328	67,785	68,042	66,767	82,250
Capital Leases	-	-	-	-	-	2,025	2,223	1,641	1,105	687
Total Direct Debt	54,759	62,952	67,738	66,844	66,845	71,353	70,008	69,683	67,872	82,937
Cumberland County	1,329	1,189	1,055	883	685	535	481	327	126	3,352
Portland Water District	3,435	3,148	2,846	2,665	2,557	3,486	4,099	4,210	3,845	3,933
Total Overlapping Debt	4,764	4,337	3,901	3,548	3,242	4,021	4,580	4,537	3,971	7,285
ecomaine Waste Systems:										
Resource recovery system	4,904	4,495	4,062	3,573	3,016	2,393	1,601	792	231	-
Material recovery facility	418	385	352	317	278	231	182	125	120	-
Landfill closure/postclosure	1,369	1,463	1,581	1,682	1,697	1,956	1,242	1,266	1,302	1,371
Total Contingent Debt	6,691	6,343	5,995	5,572	4,991	4,580	3,025	2,183	1,653	1,371
Total Direct, Overlapping/Contingent	66,214	73,632	77,634	75,964	75,078	79,954	77,613	76,403	73,496	91,593

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

Note: Overlapping debt is calculated from the total outstanding debt of the government, multiplied by the Town's percentage share

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)
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%
2012	18,786	761,359,008	40,528	44.00	3,205	5.00%

(a) For years 2001 through 2009, 2000 Census, U.S. Department of Commerce, Bureau of Census.
For years 2010 through 2012, 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.
2012 per capita income based on American Community Survey (ACS) (2007-2011 5-Year Estimates)
2012 unemployment based on June 2012 data

Table 16

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

2002			2012			
Employer	Employees	Rank	Employer	Employees *	Rank	Percentage of total Town Employment
Town of Scarborough	1,360	1	Town of Scarborough	1,309	1	8.64%
Hannaford Brothers	1,100	2	Hannaford Brothers	1,108	2	7.32%
Wal-Mart	275	3	Maine Medical Center	525	3	3.47%
Shaw's Supermarket	150	4	US Postal Service	444	4	2.93%
Konica Quality Photo	150	5	NorDX	293	5	1.93%
RC Moore Trucking	150	6	Cabela's	275	6	1.82%
Sam's Wholesale Club	125	7	Wal-Mart	250	7	1.65%
Rich Tool & Die Co.	120	8	Shaw's	215	8	1.42%
Maine Medical Center	108	9	Sam's Wholesale Club	200	9	1.32%
RTS Packaging	95	10	Piper Shores	192	10	1.27%

* Source: Scarborough Economic Development Corporation (SEDCO)

2012 Total Town Employment Estimate: 15,143 (Source: ME Dept of Labor, June 2012 Covered Employment - all industries)

Table 17

TOWN OF SCARBOROUGH, MAINE
Unemployment Data
Last Ten Fiscal Years

Fiscal Year ending June 30,	Portland Metropolitan Statistical Area (PMSA)*	State of Maine
2003	3.7%	5.2%
2004	3.4%	4.6%
2005	3.7%	4.9%
2006	3.5%	4.7%
2007	3.5%	4.7%
2008	4.1%	5.2%
2009	6.9%	8.4%
2010	6.7%	7.9%
2011	6.1%	7.8%
2012	6.1%	7.5%

* 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

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

	Fiscal Year			
Function	2003	2004	2005	2006
General Govt:				
Town Clerk				
Certified Copies	1,750	1,462	1,185	1,462
Licenses	3,937	2,524	360	296
Permits				
Passports Applications			379	548
Tax Office				
Beach Passes	2,282	2,714	1,886	2,003
Licenses &Permits			1,847	1,643
Tax Bill Issued				
Excise Registrations				
Planning:				
Permits	1,576	1,649	1,501	1,561
Certificates of Occupancy	309	321	340	353
Public Safety:				
Police:				
Physical arrests	634	401	332	822
Traffic violations	2,455	1,976	1,077	1,337
Fire:				
Number of calls answered	2,200	2,251	2,450	2,356
Number of Inspections	455	445	472	642
Rescue:				
Number of calls answered	2,159	2,407	2,506	2,247
Public Works:				
Street resurfacing (miles)	4.19	1.94	5.26	6.03
Pot holes repaired (qty used in tons)	30	43	82	71
No. times plows dispatched	20	19	24	53

Source: Town of Scarborough various departments

Note:
FY2012 Scarborough Public Library Processed Passport Applications

Table 18

2007	2008	2009	2010	2011	2012
1,187	2,098	4,887	4,988	5,820	5,068
365	432	436	440	545	585
				919	905
882	792	586	665	534	-
2,192	3,436	3,487	2,358	2,443	2,701
1,298	1,166	1,168	991	817	782
			9,389	9,809	9,516
			25,570	25,384	25,637
1,438	1,346	1,091	558	554	553
242	207	204	222	176	173
719	817	1,152	619	989	1,026
975	792	741	1,404	819	1,069
2,300	1,303	1,615	1,598	1,718	1,733
884	1,825	3,351	3,537	3,394	3,583
2,673	2,069	2,088	1,946	2,125	2,141
7.32	3.90	6.31	8.62	6.37	6.45
61	42	35	24	24	24
15	33	27	24	26	30

Table 19

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

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

Source: Town of Scarborough various departments
Comment: Data not available for all years

Table 20

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Govt:										
Full time	34	35	35	35	37	37	39	35	37	35
Pt Time	47	52	36	58	19	59	53	72	55	57
Public Services:										
Full time	13	13	13	14	14	15	15	17	23	15
Pt Time	106	89	77	99	103	130	159	134	146	148
Public Safety:										
Police										
Full time	46	46	47	48	51	52	52	50	52	53
Pt Time	37	35	28	33	27	27	34	35	38	28
Fire										
Full time	4	4	4	4	4	4	4	4	5	5
Pt Time	177	155	159	144	152	167	164	148	150	153
Rescue										
Full time	9	9	9	9	12	12	12	16	20	18
Pt Time	14	21	16	18	15	14	15	10	11	11
Public Works:										
Full time	31	32	32	32	33	36	35	31	31	31
Pt Time	2	1	3	2	2	3	3	4	1	1
Edu Full Time	671	754	724	766	733	750	761	503	460	452
Pt Time								268	262	302
Total:	1191	1246	1183	1262	1202	1306	1346	1327	1291	1309

Source: Town of Scarborough

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

Table 21

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

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

Source: Town of Scarborough