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Town of Scarborough Maine



Comprehensive Annual Financial Report

For Fiscal Year Ending:

June 30, 2017

Town of Scarborough Maine

Comprehensive Annual Financial Report



Prepared by:
Town of Scarborough
Finance Department

For Fiscal Year Ending: June 30, 2017

TOWN OF SCARBOROUGH, MAINE
Comprehensive Annual Financial Report
Year ended June 30, 2017

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Town of Scarborough Maine Comprehensive Annual Financial Report



Introduction

Small Business of 2017– Mutty Paws Academy

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Town of Scarborough, Maine

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

January 30, 2018

William Donovan, Council Chairperson
and Distinguished Members of the Town Council
Scarborough, Maine

In accordance with the requirements of our Town Charter and state statutes, we hereby issue to the citizens of the Town of Scarborough and to all interested parties, the comprehensive annual financial report of the Town of Scarborough, Maine for the fiscal year ended June 30, 2017.

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.

The comprehensive annual financial report is prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America. Please take this opportunity to review Management's discussion and analysis (MD&A) immediately following the independent auditors' report. The MD&A provides a narrative introduction, overview, and analysis of the Town's financial statements. The MD&A complements this letter of transmittal and we encourage readers to view the MD&A in conjunction with the letter of transmittal.

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, 2016. This is the twelfth-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 this current comprehensive annual report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for this certificate.

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 Cape Elizabeth, South Portland, Old Orchard Beach, Saco, Buxton, Gorham and Westbrook.

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, the Town of Scarborough has two component units, Scarborough Economic Development Corporation and the Scarborough 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 it is 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 blended component unit of the Town that appoints its own board members. Most of the funding for SEDCO is provided by the Town of Scarborough. Additionally, SEDCO issues its own separate financial statements.

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

Portland Water District
ecomaine (formerly Regional Waste)

In accordance with the provisions of Article V of the Town Charter, the annual budget serves as the foundation for Scarborough's financial planning and control. The Town's budget year begins July 1 and ends June 30 of the following year. The Charter provides that the Town Manager submit a budget to the Town Council, at least 60 days prior to the beginning of each fiscal year. The Finance Committee reviews the proposed budget and makes recommendations to the Town Council. With prior public notification, the Council orders a public hearing. If the Council does not adopt the annual budget prior to July 1, then the budgets presented by the Town Manager and the Board of Education becomes the budget for the fiscal year. Department Administrators and

the Board of Education may make transfers of appropriations within their departments. Transfers of appropriations between departments, however, require the approval of the Town Council. Once the Council approves the school's budget, the budget then goes to the voters for 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 back 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 the school referendum is approved.

ECONOMIC CONDITION AND FUTURE OUTLOOK

Maine Economy. The State of Maine continues to plod along in this post recessionary period. According to the Maine Development Foundation's Measures of Growth 2017, Maine's Gross Domestic Product (GDP) growth between 2010 and 2015 was flat – 0.3 percent. New England's overall GDP growth for the same period was 4.1 percent. National GDP grew 10 percent in the same period. The Measures of Growth report pointed to deteriorating infrastructure as a hindrance to Maine's economic growth, with road maintenance underfunded by nearly \$159 million annually.

Statewide unemployment is the lowest in 40 years with a three percent (3%) unemployment rate. Although a low unemployment rate is good for job seekers, it can be a hurdle to companies looking to expand. The ability to find talent in the market place is critical to attracting and retaining Maine employers.

One bright spot on the economic front is Maine's international sales, which increased by five percent (5%) from 2015 to 2016. During this same time period, US exports declined. Total exports reached \$2.9 billion and shipped to 175 markets. Seafood exports were up twenty-seven percent (27%), to \$565 million. Forest products were Maine's largest export with sales of \$626 million.

Local Economy. Scarborough's economic base remains strong and diversified. Last year, businesses added 664 new jobs in Scarborough and 2,123 jobs over the last 10 years. We are Maine's seventh largest community in terms of total wage and salary jobs. In 2016, Scarborough's total job count reached 15,500. When self-employed workers and contract workers are included, the estimated job total is over 17,500.

Health Care continues to be the dominant industry cluster in Scarborough – with 21% of total "wage and salary" jobs falling into this classification. This sector is fueled by major players in the health care market including Maine Health, which has both its research institute and its financial center located in the Town of Scarborough. A new player in the Scarborough market is Martin's Point Health Care, which opened a brand-new 18,000 sq. foot medical facility in January 2017. The building also hosts some community space, beginning a productive relationship between the Town and the company.

Alere, a bioscience company located in the Scarborough Industrial Park, continues to expand both in space and in total employment. The company added nearly 100 jobs over the last few years. Alere was acquired by Abbott in 2017, however, all indications suggest that the business will continue to thrive here in Scarborough.

The Life Sciences cluster, including Maine Health and Alere/Abbott, holds great potential for Scarborough and the Portland region. The Town of Scarborough follows this cluster closely and is actively marketing to this sector (locally, nationally and internationally) in cooperation with the City of Portland and the Maine International Trade Center.

Sun Life Financial, new to Scarborough in 2015, continues to settle in to their new home on Ashely Road. In FY 2017, Sun Life is working toward its expected 200 employee goal in the disability insurance sector.

The Delhaize/Ahold merger is complete and there does not appear to be any significant changes in the number of employees at the Hannaford corporate headquarters here in Scarborough. As in any merger of this kind, it is important to keep informed and connected to the company, to be on top of any new developments. While changes can happen at any point in a major corporation, the Town has cultivated strong lines of communication with company leaders.

Retail sales increased by 13.2% in 2016, hitting a total of \$580 million in sales. While retail sales were growing overall, the opening of Scarborough Gallery's newest batch of retail businesses, including HomeGoods, Marshall's and Bob's Discount, certainly contributed to the increase in sales. Within the retail space, SEDCO staff continue to monitor the Bass Pro Shop's takeover of Cabela's. Thus far, no major changes to the Scarborough facility are foreseen.

In 2016, the US Census Bureau's estimate of Scarborough's population topped 20,000 for the first time. Scarborough continues to compete favorably in the residential market as well as the job market. New residents are attracted to the natural beauty of our coastal community with access to beaches, the Eastern Trail, and significant holdings of preserved lands through the Scarborough Land Trust. The quality of Scarborough schools is also a major attraction to families.

Housing sales of existing units continue to be extremely active, driving up the median sales price of homes. The July 2017 median sales price of a single-family home in Scarborough hit \$405,000. While Scarborough is primarily a single-family home market, the town has not been exempt from pressures in the regional rental market. With regional vacancy rates for available rental housing falling to all-time lows, and rental rates soaring to new highs, pressure to build new rental housing has yielded several proposals for multi-family units in Scarborough. The largest of the projects is Gateway Commons on Haigis Parkway with just under 300 new luxury rental units.

While there is much to celebrate on the economic front in Scarborough, one major local and regional issue threatens to curb business expansion – lack of available talent. The unemployment rate in Scarborough is under three percent (3%). The unemployment rate in the regional market is not much higher – right at 3%. All sizes and types of businesses are struggling on the recruiting front. Easing the housing crunch by adding to the rental market can contribute to the solution. The State's new program to allow individuals and companies to deduct student debt is another valuable tool. The attractiveness of the Portland area to the "Millennials" is yet another part of the solution. This labor shortage will be the significant economic development issue for the foreseeable future.

Beyond 2017, Scarborough Downs or the “Crossroads” zoning district has the potential to play a significant role in the region’s economy. The future of nearly 500 acres in the center of Scarborough and next to the Maine Mall area is yet to be determined. The property is again under contract, and the Town of Scarborough, along with SEDCO will be working with the new owners to build a long-term plan for the property.

Major Initiatives:

For the year. Over the course of fiscal year 2017, the volume and pace of construction activity continued its upward trend as the local residential real estate market strengthened and interest in commercial and non-residential development expanded. Overall development activity is brisk with 739 building permits; 78 new single-family home starts; and close to \$60 million worth of new construction occurring in FY 2017.

Scarborough has been focused on taking steps to address the Town’s two “urban impaired” streams, Red Brook and Phillips Brook. Within the Red Brook watershed, the Planning staff has worked to create public/private partnerships to secure EPA grant funding. This funding allowed Scarborough to implement the replacement of a major culvert that acted as a barrier for aquatic life. It also allowed for a retro-fit design of an outdated detention pond and provided outreach and education materials to all resident in the upper reaches of the Red Brook watershed. Within the Phillips Brook, the Planning Department researched, collected, and analyzed data associated with the impairment that included public outreach as well as public feedback on issues within the watershed.

During FY 2017 the Planning staff successfully participated in federal Canopy Grant projects. Along the Route One corridor a grant was completed and closed out this fiscal year and a Pine Point Road grant was received and implemented during this fiscal year. Other initiatives included coordinating closely with our partners in the Public Works Department to design and implement Pine Point Road Complete Streets improvement and to conduct Master Planning efforts for the Pine Point area. Coordinated efforts have also been directed towards the Gorham Road Improvement Project.

The Town Council funded a new Sustainability Coordinator position in the FY17 budget. The Sustainability Coordinator started work November 2016.

The Scarborough Information Technology Department (IT) is a shared services model facilitating and maintaining the technology needs of both the Town and School Departments. In addition to end-user technology, the IT Department also manages a complex infrastructure of fiber and wireless networks as well as the telecommunication system. Between the School and Town, the IT staff maintains applications both internally hosted and cloud based, as well as the Town and School department public web sites and intranet and a variety of other social media outlets.

IT progress highlights for the FY17 include:

Hardware: Successfully deployed 1:1 technology at the K-2 including device purchases, configuration, distribution, training and technical integration. Reconfigured IT department and reviewed building camera connectivity and video accessibility.

Software: Deployed Windows 10 district-wide, implementation of new HR online performance evaluation system, facilitated online MEA testing, implementation of SeeClickFix for Public Work's vehicle maintenance work orders from other towns, began implementation for Scarborough FixIT, continued scope of work for migrating municipal staff to cloud-based email resources, migrating school staff from Huddle to GSuite, deployment of Citrix solution for Old Orchard Beach Dispatch IMC connectivity, facilitated Google pilot with departments and completed transition to System Center for software deployments.

Drafted Disaster Recovery Plan, upgraded core switch with (2) 10GB interface cards to eliminate single-point-of-failure and increase redundancy, speed and reliability, and replaced wireless infrastructure at the Middle School.

The Community Services Department is continually working to meet the growing requests for increased services. Through coordination and communication, Community Services schedules all municipal and school indoor and outdoor facilities. This allows the Town to be as efficient as possible and ensures a smooth transition between hundreds of groups and thousands of users. This task also allows the department to maximize programming, plan maintenance accordingly, and protects the condition of all our resources (athletic fields, trails, and parks). In addition to typical recreational services after/before school child care, summer camps, athletic leagues, 55+ programs and trips, special events, summer concerts, and winter activities, Community Services staff handles the management of the town's trail system, the three municipal beaches (Pine Point Beach, Higgins Beach, and Ferry Beach), parking lots and the municipal boat launches. Responsibilities that accompany beach management are water testing through Maine Healthy Beaches and the town's piping plover monitoring program. Another responsibility of the Community Services Department is the maintenance of Town Hall, including the Tri-Gen system, a natural gas-fired generator for the municipal building. Community Services also oversee Scarborough's community television station and cable access channels, from which all government meetings, selected school athletic events, and public service announcements are aired. Community Service staff manages U.S. Passport applications for the U.S. State Department.

Over the past year, Scarborough School students have engaged in hundreds of student-directed community service opportunities. On any given day you could walk into one of our schools and clearly see evidence of various philanthropic projects such as raising money to fight cancer, collecting change on Halloween to donate to UNICEF, or collecting food and clothing for shelters and families who are struggling to make ends meet. Hundreds of our students are formally involved in service clubs such as Interact, Key Club, Seeds of Peace, Builders Club, and many more. Several of our athletic teams advocate for issues that they are passionate about such as dedicating gate revenue to the Travis Mills Foundation, fundraising to support the Wounded Warriors Project, volunteering at the Root Cellar, and participating in the Coaches Against Cancer Program to name a few.

The School and Business Partnership is co-led by the Director of Curriculum and Assessment and Scarborough Economic Development Corporation (SEDCO) Executive Director. This group has been very active and strategic as they work to solidify the mission, vision, and infrastructure in order to coordinate and cultivate our school and business partnerships. These partnerships are designed to expand student learning opportunities, career exploration, internships, and experiential learning in the classroom and beyond.

This year the Scarborough Education Foundation (SEF) provided over \$30,000 in innovation grant funds directly to our classroom teachers. This partnership continues to serve a critical role in ensuring that our teachers have opportunities to think beyond the limitations of our school budget as they implement new and innovative practices and resources into their instruction.

During this past fiscal year the Fire Department received funding for two full-time firefighter/EMT positions to continue progress on their staffing plan. In addition to those new positions, two more individuals were hired to replace personnel that resigned and retired. Additional funding was authorized to hire a new full time Captain's position.

Much of this fiscal year was spent working on a feasibility study for a new public safety building project. In November of 2016 the Town Council formed an Ad-Hoc Committee and hired a consultant to assist the committee with several deliverables including a space needs assessment, site selection process, schematic design, and probable cost analysis.

This year, the public safety department and our community came together to help keep our neighbors warm by hosting the 5th annual, drive-through fund raising event to benefit Project G.R.A.C.E.'s (Granting Resources and Assistance through Community Effort) fuel assistance project. Due to the generosity of our community as well as some challenge donations from business owners and benefactors, the event raised enough to provide the equivalent of 100 gallons of fuel oil, propane, K1, or wood to 65 residents who needed help during the long, cold winter.

The Fire Department received grants from FEMA's Homeland Security Grant Program (HSGP) for upgrades and maintenance of the regional command van as well as funding for mass casualty/active shooter training and exercises. The Department was successful in obtaining a grant for a personal flotation device (PFD) loaner station that was housed at the Co-op boat launch. Boaters that do not have sufficient PFDs can borrow one for the day to make sure all souls on board are protected. A generous donation was also received from the Prout's Neck Association for residential stove hood suppression devices that will be used in a community risk reduction pilot program in multi-tenant residential occupancies where a high number of cooking fires occurred. A new human patient simulator was funded through a 2016 regional FEMA Assistance to Firefighters grant. Scarborough Fire hosted the grant on behalf of the Metro Fire Chiefs' which includes the departments of Scarborough, Portland, South Portland, Cape Elizabeth, Falmouth, Gorham, Westbrook, Cumberland, and Windham. This very advanced, computer controlled, training aid has been a tremendous tool to teach advanced skills and interventions to EMS providers in our area in a safe and controlled learning environment.

On October 1, 2015, the police department initiated Operation Hope. It is an innovative program providing compassionate assistance to those experiencing Substance Use Disorder. This reporting period saw us celebrate the successful placement of a total of 262 individuals into substance use treatment programs. The vast majority of those individuals did not have insurance or money to pay for transportation costs to the many facilities all over the country that accept them. This program uses zero tax dollars and is supported entirely through grants and donations. The Police Department partnered with Project G.R.A.C.E., a very well respected Scarborough non-profit organization that serves as a fiduciary for the program.

The Public Works Department looked for more savings and efficiency within the department. Cityworks, an asset management and record keeping software, has given the Town expanded use of a robust GIS program developed by Public Works over the last 10 years. The Department now has the capability of more expanded inspection and record keeping functionality out in the field. This mobility provides direct access to the program as field work is processed, therefore, records are updated continuously. The new software programs benefit the citizens and the municipality as a whole and also has the Department taking inventory of existing programs and services with the goal of refining how they are done. This year Public Works responded to requests for service from residents, various town departments, outside municipalities, and other general public. While there was an increase of 300 work orders over last year, the number of excavating permits almost tripled indicating more activity for the Scarborough economy.

Scarborough Public Works Department entered into discussions with other municipalities to provide services for the maintenance and repair of their fire and rescue fleets. In FY17 three towns, Old Orchard Beach, Hollis and Wells negotiated vehicle maintenance contracts with Public Works for vehicle repair and services. These contracts provide revenue for the department while providing cost effective repair and maintenance for the outside municipalities. With vehicles becoming more complicated every year, up-to-date training and diagnostic equipment is critical to effective vehicle maintenance. These contracts allow the Town to spread the investment of necessary training and equipment amongst the municipalities saving the department money while allowing better maintenance on the Scarborough fleet which is and always will be our primary responsibility. A total of 27 pieces of equipment from these towns have been added to Scarborough's existing service list of over 200 vehicles.

Accounting for 7.8% of the total Public Works budget, recycling and solid waste is reviewed to determine ways to reduce costs while maintaining levels of service. With guidance from the Scarborough Energy Committee's "Final Report on Reducing Municipal Solid Waste" (MSW) focus was directed to food waste recovery and diversion. On May 1, 2016 three centralized organic waste drop-off sites were created at Walmart, The Maine Veterans Home and Pine Tree Waste. 2017 was the first full year statistics were generated on centralized organic waste collection.

For the Future. One of the key tasks of the Long Range Planning Committee (LRPC) is to facilitate the implementation and execution of the Town's Comprehensive Plan. During FY17, the committee continued this tireless effort. At the end of the fiscal year the committee began transiting from implementation to updating the 2006 Comprehensive Plan.

In FY18, the Town will move forward with the LED Streetlight conversion for all municipally-held streetlight fixtures. The Town will save over 50% in streetlight utility costs with the LED conversion.

Scarborough School instructional practices will continue to shift and grow as the Town faces the challenges of a proficiency-based, student-centered teaching and learning system, and institute a new start time policy for the district in 2017-18. The School Department continues to partner with Town Leaders to expand communication and outreach to the public on topics such as budget development and long-range strategic planning, as well as building collaborative health and wellness support systems that will benefit the entire community.

Community Services Department has excelled in creating working partnerships within Scarborough to offer a high level of services. Throughout the upcoming year, Community Service's goal is to evaluate programs, services, and facilities through a self-evaluation process with staff and partners. This process will help to acknowledge areas of strength and identify areas of need. With the continued development of new relationships, the department will be able to offer increased services to meet growing needs, such as increased participation in the 55+ programs, greater demands on field spaces, and increased requests for indoor meeting space.

The Public Safety Building Project Ad-Hoc Committee completed their work and presented the Town Council with a final report in July of 2017. The Council acknowledged that it is the right time to build a new public safety facility that will carry us into the future. The committee report recommended placing a referendum question on the November 2017 ballot to seek voter approval, which the voters have since approved. With this voter approval, the Town is moving forward with the detailed design and cost estimates for the new combined fire/police/EMS public safety building on municipally owned land next to the Municipal Building.



Artist rendering of the proposed new joint public safety building located west of Town Hall

The Fire Department community risk reduction team is focusing on our residential sprinkler initiative, youth fire safety collaborative, emergency management planning, and seeking grants for fire prevention activities and supplies. The community outreach team is charged with public outreach by keeping a flow of safety and prevention messages fresh on our social media outlets, continuing home safety visits and smoke/carbon monoxide alarm safety program along with a new initiative to install residential hood suppression systems in multi-unit residential occupancies.

The fire inspection team continues to refine and improve Scarborough's very effective commercial life safety inspection program where Fire staff visit every business in town at least annually. This team also works to train fire personnel in how to conduct those inspections as well as documenting known hazards and pre-planning responses to key facilities. Finally, working on tools to better track proactive fire prevention efforts and to gauge the effectiveness of these programs is ongoing.

Long Term Financial Planning

Scarborough utilizes a five year Capital Improvement Plan. This plan encompasses a scheduled equipment replacement program that includes: proposed building construction/improvements, land and infrastructure improvements land acquisition for capital purposes, open space and existing farmland preservation. The plan is updated annually.

The ‘Pine Point Master Planning Project,’ a comprehensive planning process for roadway design in the Pine Point Area, began in the fall of 2016. The approach is a “complete street design” for East Grand Ave. that will review multi-modal use options, landscaping, and drainage. Public outreach and input will be crucial to this plan. One public meeting was held in November to start the process with another held in July of 2017.

Scarborough’s annual “Pavement Management Study” gives the Town the ability to project road rehabilitation costs well into the future. \$20,000 is added annually 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, provides the resources to keep the roads in Scarborough in better than average condition for the long term.

A new four year Subsurface Drainage Assessment Project has been added to on-going capital projects. Costs are scheduled to remain the same each year over the four year period and would include:

1. Creating a condition assessment on approximately 70 miles of stormwater drainage pipe in Scarborough. The inspection will catalog the condition of the pipe and determine the likelihood of failure.
2. The risk assessment – create the consequence of failure matrix. The goal will be a complete report and inventory that will help make informed decisions on future capital improvement projects.

In an effort to reach the State goal of a 50% recycling rate and to reduce municipal waste costs, Scarborough conducted a curbside food waste collection pilot. Based on the recommendations of a municipal solid waste study conducted by the Scarborough Energy Committee, the Town of Scarborough conducted a four month curbside food waste recycling pilot program in the Pleasant Hill neighborhood. The data gathered during the length of the pilot will help to inform future food waste diversion efforts in Scarborough. The pilot program ran from May 2017 to September 2017 and consisted of weekly curbside collection of food waste for 258 households in the Pleasant Hill neighborhood while alternating municipal solid waste (MSW) and recycling pickup. During the pilot period, 64.66 tons of materials were collected with approximately 16% coming from the food waste portion. While data indicates that Scarborough residents are interested in food waste diversion efforts, alternating MSW and recycling pickup proved to be a challenge in the pilot neighborhood. Moving forward in fiscal year 2018, Scarborough Public Works will continue efforts to increase town-wide recycling rates.

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 2017 value by \$30,814,400 from 2016. For the 2017 tax year, the valuation was \$3,776,362,500 compared to the 2016 valuation of \$3,745,548,100.

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

<u>As of June 30, 20xx</u>	<u>As of June 30, 2017</u>
\$641,719 in 2013	\$ 23,465
\$749,380 in 2014	\$ 20,891
\$555,384 in 2015	\$ 29,080
\$686,766 in 2016	\$235,698
\$517,690 in 2017	\$517,690

For 2017, the Town Council authorized \$425,000 from the School's fund balance to assist with their funding needs and \$1,253 from the Adult Education fund balance. Additionally, the Town Council authorized \$328,380 from the Town's fund balance pursuant to the Town's Fund Balance Policy, prior to being amended, which allows for the use of Fund Balance for capital needs when the fund balance exceeds ten percent (10%). As with the prior year, these funds were not utilized.

As noted last year, in November 2016, the Town's fund balance policy was amended. The former policy established a fund balance policy goal of 8.33% of *unrestricted* fund balance, with any excess above 10% available for capital needs. The Town Council approved Fund Balance Policy goal is to maintain the level of unassigned fund balance equal to 10.0% of Scarborough's Operating Budget for the prior fiscal year and to not fall below 8.33% (or 1/12) of Scarborough's Operating Budget. Once the Town achieves an unassigned fund balance equal to 10.0% of Scarborough's Operating Budget, any excess above 12% must be assigned by any combination to one of the following:

- a) Retained in nonspendable and restricted accounts that offset unfunded liabilities, and /or
- b) Retained in assigned accounts that may be used in future budget cycles as a property tax rate stabilization; available for use during a catastrophic event, and/or
- c) Funding future capital expenditures and/or projects, and/or
- d) The retirement of debt, and/or
- e) A taxpayer refund.

In the event that the balance drops below the established minimum level, the Town Council will develop a plan to replenish the fund balance to the established minimum level within two years.

OTHER INFORMATION

Awards. Police Chief, Robert Moulton accepted the Greater Portland Council of Government's Presidents Award and the Maine Behavioral Healthcare's Heroes with a Heart Award from the Trauma Intervention Program (TIP) for the Town of Scarborough's Operation Hope program. The Scarborough Police Department was the first agency in Maine to recognize the extent of the substance abuse crisis, and worked to develop a program to help those in need. This program has been emulated by other agencies and helped start a state-wide dialogue which has now spread to our congressional delegation in Washington D.C. The Police Department's Operation HOPE program has been widely recognized and has been the recipient of several awards. The Program has been held up as a model for other agencies with speaking engagements at a number of places, including the White House.

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 2017. This audit is designed to meet the requirements of Government Auditing Standards and the Uniform Guidance.

Acknowledgements.

As the requirements for financial accounting and reporting continue to increase, the skills necessary to prepare this report also increase. As such, the preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Revenue and Accounting staff. Special thanks to Gina Clukey, Deputy Finance Director and Lisa Saulle, Deputy Tax Collector/Treasurer for their dedication and loyalty, and countless hours contributed in preparation of this report. I wish to thank all of Scarborough's departments for their assistance in providing the necessary data to prepare this report. Credit is also due to the Town Manager, the Town Council and the Finance Committee for their full support in maintaining the highest standards of professionalism for the management of the Town of Scarborough's finances. Finally, I would like to acknowledge the firm of Macpage, LLC for their efforts and guidance during this engagement.

Respectfully Submitted,

Ruth D. Porter
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Scarborough
Maine**

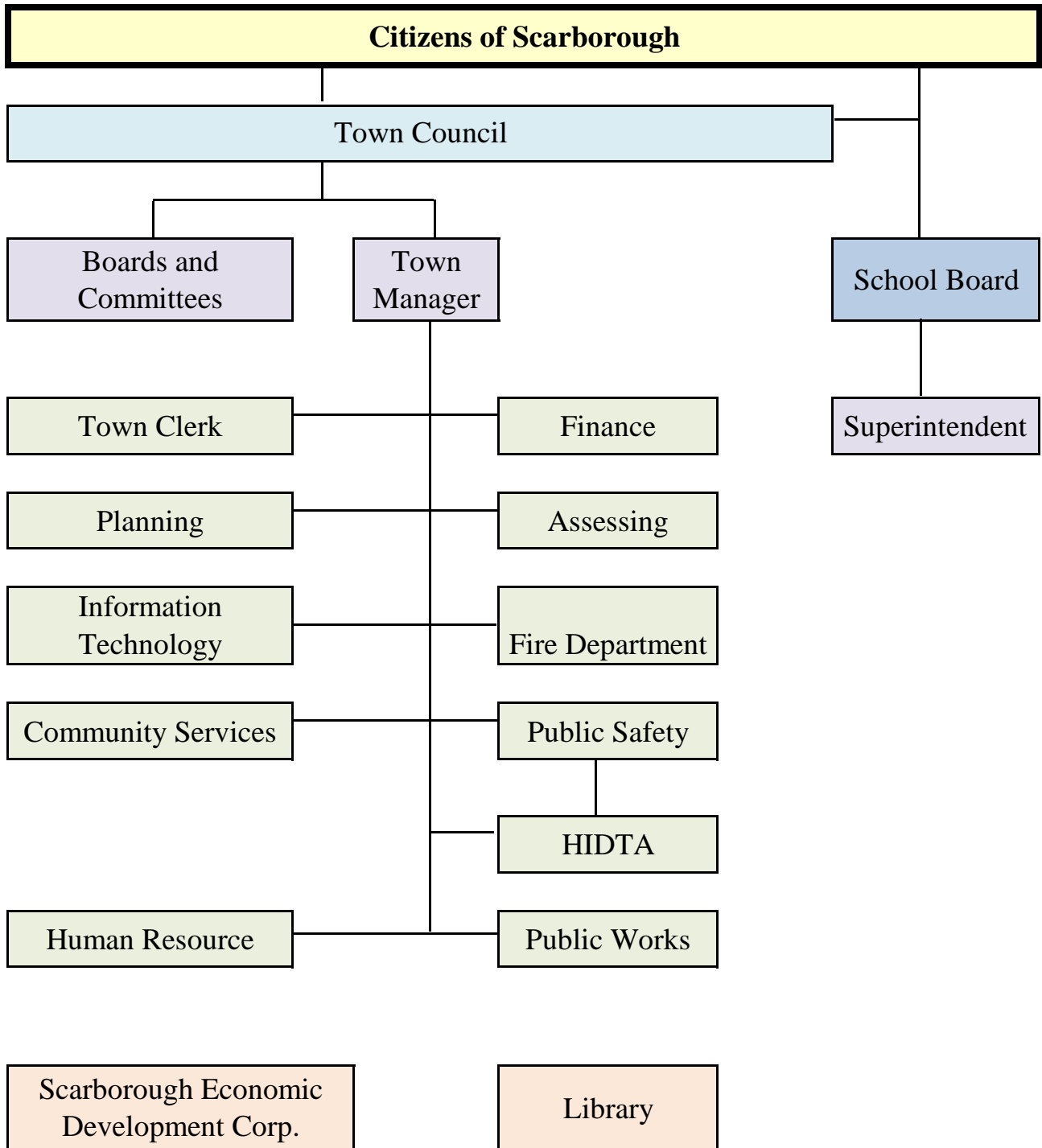
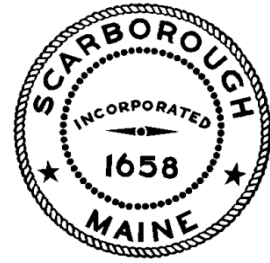
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Town of Scarborough, Maine

Organizational Chart



Principal Executive Officers 2016-2017

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

<u>OFFICE</u>	<u>NAME</u>	<u>MANNER OF SELECTION/TERM</u>	<u>TERM EXPIRES</u>
Councilors			
	Shawn Babine, Council Chair	Elected - 3 Year Term	11/2017
	Christopher Caiazzo	Elected – 3 Year Term	11/2018
	William Donovan,	Elected - 3 Year Term	11/2019
	Kathleen Foley	Elected - 3 Year Term	11/2019
	Peter Hayes	Elected - 3 Year Term	11/2017
	William Rowan	Elected – 3 Year Term	11/2018
	Katherine St. Clair, Vice Chair	Elected – 3 Year Term	11/2017
Municipal Employees:			
Town Mgr.	Thomas J. Hall	Appointed - 3 Year Term	12/31/2018
Asst Town Manager	Larissa Crockett	Appointed/Indefinite	N/A
Town Clerk/Registrar of Voters	Yolande P. Justice	Appointed/Indefinite	N/A
Tax Collector/Finance Director and Treasurer	Ruth D. Porter	Appointed/Indefinite	N/A
Assessor	Susan Russo, Interim	Appointed – Till Filled	N/A
Chief of Police	Robert Moulton	Appointed/Indefinite	N/A
Code Enforcement Officer	Brian Longstaff	Appointed/Indefinite	N/A
Director of Public Works	Michael Shaw	Appointed/Indefinite	N/A
Fire Chief	B. Michael Thurlow	Appointed/Indefinite	N/A
Town Planner	Jay Chace	Appointed/Indefinite	N/A
Senior Planner	Vacant	Appointed/Indefinite	N/A
Recreation Director	Todd Souza	Appointed/Indefinite	N/A
Human Resource/General Ass't.	Jaclyn Mandrake	Appointed/Indefinite	N/A
Community Development Director	Karen Martin	Appointed/Indefinite	N/A
School Board:			
Members, Board of Education	Kelly Murphy, Chair	Elected - 3 Year Term	11/2017
	Donna Beeley	Elected - 3 Year Term	11/2018
	Cari Lyford	Elected - 3 Year Term	11/2019
	Mary Starr	Elected – 3 Year Term	11/2018
	Christine Massengill	Elected – 3 Year Term	11/2017
	Jacqueline Perry	Elected - 3 Year Term	11/2018
	Jodi Shea	Elected - 3 Year Term	11/2019
Superintendent of Schools	Julie Kukenberger	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	Peter Esposito	Appointed/Indefinite	N/A
Federal Project Administrators:	Monique Culbertson		
	Kate Bolton		

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Town of Scarborough Maine

Comprehensive Annual Financial Report



Financial Section

For Fiscal Year Ending:
June 30, 2017

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Independent Auditors' Report

Town Council
Town of Scarborough, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine (the Town), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Scarborough Public Library, a component unit of the Town of Scarborough, Maine, which is presented as a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Scarborough Public Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the Town Council
Town of Scarborough, Maine

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of and for the year ended June 30, 2017 and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 25 – 37, the Schedule of Funding Progress on page 79, the Schedule of Proportionate Share of the Net Pension Liability on page 80, and the Schedule of Contributions on page 81, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scarborough, Maine's financial statements. The introductory section on pages 1 – 12, supplementary statements and schedules on pages 85 – 118, and statistical tables on pages 123 – 145, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary statements and schedules, and the blank pages which are interdispersed, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

To the Town Council
Town of Scarborough, Maine

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Town of Scarborough, Maine's basic financial statements for the year ended June 30, 2016, which are not presented with the accompanying statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Scarborough, Maine. The financial statements of the Scarborough Public Library, a component unit of the Town, were audited by other auditors. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scarborough, Maine's basic financial statements as a whole. The combining statements for the General Fund Balance Sheet, Exhibit A-1, and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance, Exhibit A-2, related to the June 30, 2016 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the June 30, 2016 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the June 30, 2016 combining statements for the General Fund Balance Sheet, Exhibit A-1, and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance, Exhibit A-2, are fairly stated in all material respects, in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2018, on our consideration of Town of Scarborough, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town of Scarborough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Scarborough, Maine's internal control over financial reporting and compliance.

Macpage LLC

South Portland, Maine
January 30, 2018



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To the Town Council
Town of Scarborough
Scarborough, Maine

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Scarborough (the Town) for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you, dated May 11, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Scarborough are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, two new accounting policy were adopted by the Town: The provision of Government Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosure* and GASB Statement No. 80, *Blending Requirements for Certain Component Units*. Other than this, the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by Town of Scarborough during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town's financial statements were:

Management's estimate of the on-behalf payments is based on the percentage rate of contributions from the Maine State Retirement System, which is based on eligible wages. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued compensated absences is based on the prior service performed and the contracts with the employees. We evaluated the key factors and assumptions used to develop the accrued compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation expense allocated to functions and programs is based on the estimate of the use of assets within each function and program. We evaluated the key factors and assumptions used to develop the depreciation expense allocated to functions and programs in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and other post-employment benefits liability were based on actuarial valuations. We evaluated the key factors and assumptions used to develop the net pension liability and post-employment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Macpage LLC

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225 Cedar Hill Street, Suite 200, Marlborough, MA 01752 | 800-339-5701 | 207-774-7835 fax

macpage.com



Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were:

We consider the disclosure of the net pension liability and other post-employment benefits liability in Notes to Financial Statements to be sensitive and significant to the financial statements for the user of the financial statements to understand the potential liability related to benefits provided to current retirees and future retirees.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter, dated January 30, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, the Schedule of Funding Progress, the Schedule of Proportionate Share of Net Pension Liability, and the Schedule of Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Comparative Balance Sheets – General Fund; Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Budgetary Basis – General Fund; Combining Balance Sheet – Nonmajor Governmental Funds; Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds; Combining Balance Sheet – Nonmajor Special Revenue Funds; Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds; Combining Statement of Revenues, Revenues, Expenditures and Changes in Fund Balances – School Categorical Funds – Nonmajor Special Revenue Funds; Balance Sheet – Nonmajor Capital Project Funds; Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds; Combining Balance Sheet – Nonmajor Permanent Funds; Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds; Combining Statement of Fiduciary Net Position – Private-Purpose Trust Funds; Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds; Statement of Changes in Assets and Liabilities – Agency Funds; Statement of Changes in General Long-Term Debt, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and statistical tables, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Town Council of the Town of Scarborough and the management of the Town and is not intended to be, and should not be, used by anyone other than these specified parties.

Macpage LLC

South Portland, Maine
January 30, 2018



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Town Council
Town of Scarborough
Scarborough, Maine

In planning and performing our audit of the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough (the Town) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Town of Scarborough's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, during our audit we became aware of the following matter which is an opportunity for strengthening internal controls and operating efficiency. The following summarizes our comment and suggestion concerning this matter. This letter does not affect our report, dated January 30, 2018, on the financial statements of the Town.

Consider Updating Policy and Procedure Documents

As part of our audit procedures, we reviewed the most recent copy of policies and procedures in place. We identified that certain of the policies and procedures have not been updated in several years. We recommend that the Town review the following policies and procedures, update the documents as considered necessary, and document the review, approval and date of such review to provide evidence that the policies and procedures have been recently reviewed and updated:

- The investment policy adopted March 21, 2012 indicates that it should be reviewed by the Finance Director, Town Manager and the Finance Committee at least every three years.
- The Administrative Code was last amended April 4, 2012.
- The purchasing policy was last amended September 17, 2003.

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Management's Response

In FY17, the Town's Finance Committee began a review of the Fund Balance, Capital, Debt and Investment Policies. The intent is to combine these four policies into one financial fiscal policy that will be adopted by the end of fiscal 2018.

The Administrative Code is reviewed periodically by the Town Manager and Town Council. The last major review of the Administrative Code was in 2012. Amendments are brought forward as needed. Most changes between 2008 and 2012 relate to creating/dissolving boards and committees.

The Finance Department has a draft Purchasing Policy from May 2015. We will work to finalize this policy in fiscal 2018. It is the Finance Department's goal to review the financial policies with the intent of updating one per year.

We will review the status of the comment during our next audit engagement. We already have discussed the comment with various Town personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation.

The Town's response to our comments and suggestions has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the Town Council, management, and others within the Town and is not intended to be and should not be used by anyone other than these specified parties.

Macpage LLC

South Portland, Maine
January 30, 2018

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Town of Scarborough Maine Comprehensive Annual Financial Report



Management Discussion & Analysis

*Legacy Business of 2017—
Highland Avenue Greenhouse & Farm Market*

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TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis
June 30, 2017

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, 2017. Please consider this information in conjunction with the transmittal letter at the front of this report and the Town's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

The assets of the Town of Scarborough exceeded its liabilities at the close of this most recent fiscal year by \$63,091,819 (net position). Of this amount, \$2,500,239 represents a deficit unrestricted net position, a modest deficit increase of \$295,979 over the prior year.

- The Town's total net position increased \$639,306. This represents a 1.0% increase over last year's net position.
- As of June 30, 2017, the Town's governmental funds reported combined fund balances of \$19,371,072 a decrease of \$2,822,654 compared with the prior year. Approximately 46.08% of this amount or \$8,926,138 is available for spending at the Town's discretion (*assigned and unassigned fund balance*).
- Total nonspendable fund balance decreased by \$10,731 from \$222,951 to \$212,220. Restricted fund balance decreased by \$3,424,039 from \$8,010,776 to \$4,586,737. Total committed fund balance increased by \$391,428 from \$5,254,549 to \$5,645,977. Assigned fund balance increased by \$1,211,820 from \$2,566,708 to \$3,778,528. Finally, the unassigned fund balance for the governmental funds decreased by \$991,132 from \$6,138,742 to \$5,147,610.
- With respect to fund balances in the governmental funds, of the \$14,572,115 reported as committed (authorized by town council), assigned (authorized by town manager) and unassigned fund balance, \$3,499,720 are special revenue funds authorized for specific purposes and the remaining amount of \$11,072,395 is available for the discrete purposes for which these funds are collected.

The Town of Scarborough amended its Fund Balance Policy November 2, 2016 and established an unassigned fund balance goal of 10.00% of the prior years' operating budget. The Operating Budget for fiscal 2016 totaled \$77,616,047. As of June 30, 2017, unassigned fund balance for the general fund was \$6,893,626 or 8.88% of the prior years' operating budget. The prior fund balance policy authorized the use of *unrestricted* fund balance above 10% for capital purposes, from which the Town authorized the use of \$526,635 of fund balance for capital purposes.

The amended fund balance policy goes on to state that the level of fund balance is not to fall below 8.33% of the operating budget. Once the Town achieves an unassigned fund balance equal to 10.0% of Scarborough's Operating Budget, and any excess above 12% will be allocated toward any combination of the following:

- a) Retained in nonspendable and restricted accounts that offset unfunded liabilities, and/or
- b) Retained in assigned accounts that may be used in future budget cycles as a property tax rate stabilization; available for use during a catastrophic event, and/or
- c) Funding future capital expenditures and/or projects, and/or the
- d) Retirement of debt, and/or
- e) A taxpayer refund.

General obligation bonds decreased by a net of \$4,290,000 from the prior year. General obligation bonds retired was \$7,045,000. General obligation bonds issued was \$2,755,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

TOWN OF SCARBOROUGH, MAINE

Management Discussion and Analysis, Continued

Government-wide Financial Statements. Government-wide financial statements are designed to provide readers with a broad overview of Town finances and 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four 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. The reported net position changes show 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 for which the Town of Scarborough is financially accountable. Financial information is reported separately from the financial information presented for the Town of Scarborough itself. The government-wide financial statements can be found on pages 41 – 42 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. The Town of Scarborough divides funds into two categories, governmental funds and fiduciary funds.

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

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

The Town of Scarborough maintains 21 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 and the Haigis Parkway both of which are considered major funds. Data from the remaining 19 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 43 – 44 of this report.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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

- The 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 General Town Improvement and General School Improvement accounts are not major funds and are provided in the form of combining statements elsewhere in this report. The non-major capital projects fund financial statements are found on pages 103 - 104 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. The Town of Scarborough established Permanent funds 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 107 - 108 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 111 - 113 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 49 – 78.

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 85 - 118 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$63,091,819 as of June 30, 2017.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

By far, the largest portion of the Town of Scarborough's Net Position (97.81%) 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 Scarborough citizens; consequently, these assets are not available for future spending. Although the Town of Scarborough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Below is a summary of the Town of Scarborough's Net Position for the current year and the prior two years.

Town of Scarborough's Net Position
Governmental Activities

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:			
Current and other assets	\$ 27,645,090	\$ 29,664,647	\$ 28,224,238
Long term assets	1,221,755	1,228,365	1,457,623
Capital Assets	<u>147,299,824</u>	<u>147,643,039</u>	<u>148,281,938</u>
Total Assets	<u>176,166,669</u>	<u>178,536,051</u>	<u>177,963,799</u>
 Total deferred outflows of resources	<u>7,998,466</u>	<u>6,290,616</u>	<u>4,280,858</u>
Total Deferred outflows	<u>7,998,466</u>	<u>6,290,616</u>	<u>4,280,858</u>
 Liabilities:			
Long term liabilities outstanding	109,909,475	111,374,028	111,086,443
Other liabilities	<u>9,157,976</u>	<u>8,304,738</u>	<u>8,661,369</u>
Total Liabilities	<u>119,067,451</u>	<u>119,678,766</u>	<u>119,747,812</u>
 Total deferred inflows of resources	<u>2,005,865</u>	<u>2,695,388</u>	<u>2,708,102</u>
Total Deferred inflows	<u>2,005,865</u>	<u>2,695,388</u>	<u>2,708,102</u>
 Net assets:			
Net investment in capital assets	61,708,817	59,088,465	57,103,811
Restricted	3,883,241	5,568,308	4,048,177
Unrestricted (2016 restated)	<u>(2,500,239)</u>	<u>(2,204,260)</u>	<u>(1,363,245)</u>
Total Net Position	<u>\$ 63,091,819</u>	<u>\$ 62,452,513</u>	<u>\$ 59,788,743</u>

\$3,883,241 (6.15%) of the Town of Scarborough's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of unrestricted net position of (\$2,500,239) is the result of the new GASB pension standards.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

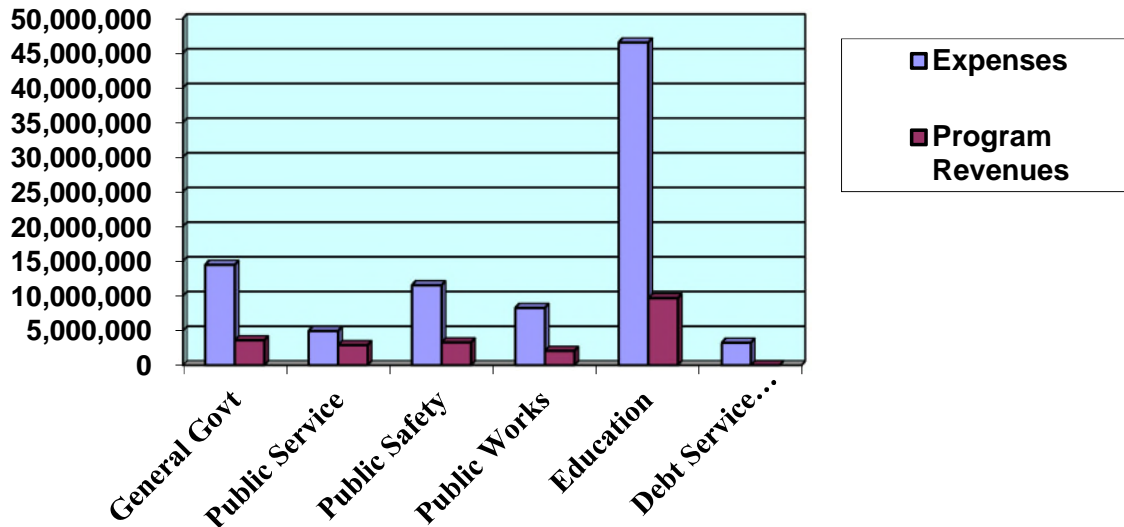
GOVERNMENTAL ACTIVITIES. The increase pertaining to the Town of Scarborough's net position of \$639,306 is due to the governmental activities of the Town. The Town of Scarborough's tax revenues increased by \$2,092,491. Actual vehicle excise tax collections increased by \$277,530 from the prior year. Increase in taxes is due in part to the favorable increase in the overall assessed valuation of the Town of \$30,814,400, up from \$3,745,548,100 to \$3,776,362,500. The increase in the town's property value allows the Town of Scarborough to receive more in property taxes without excessive increases in the tax rate.

Key components of this net position increase are shown below.

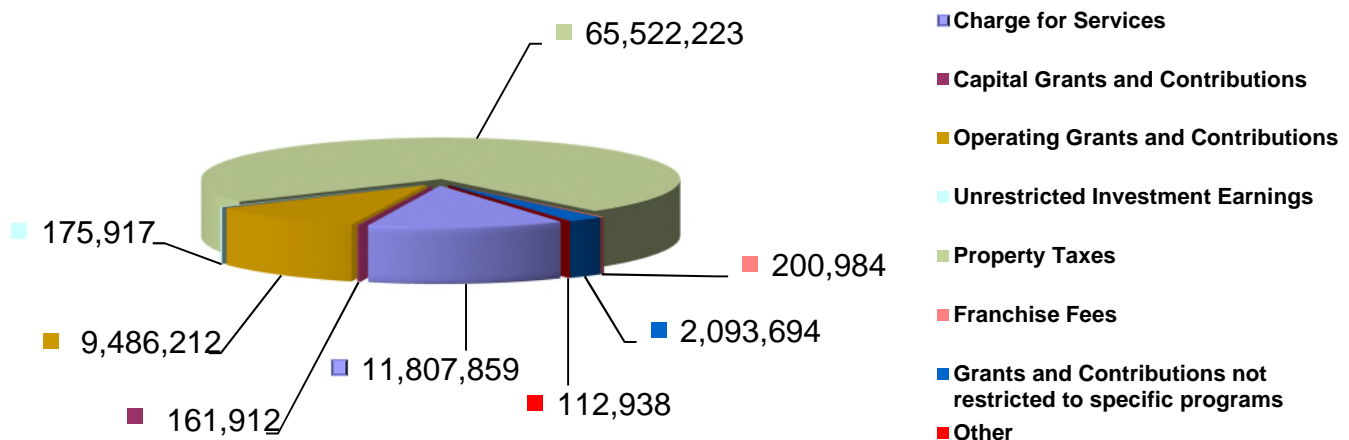
Town of Scarborough's Changes in Net Position

	2017	2016
Revenues:		
Program Revenues:		
Charge for services	\$ 11,807,859	\$ 11,540,243
Operating grants and contributions	9,486,212	8,150,991
Capital grants and contributions	161,912	149,582
General Revenues:		
Property and excise taxes, levied for general purposes	65,522,223	63,338,471
Franchise Tax	200,984	190,592
Grants and contributions not restricted to specific programs	2,093,694	1,710,880
Unrestricted investment earnings	175,917	84,783
Other	112,938	86,117
Total revenues	89,561,739	85,251,659
Expenses:		
General government	14,526,261	12,728,572
Public Services	4,923,303	4,733,734
Public Safety	11,496,900	10,922,234
Public Works	8,245,900	8,048,143
Education	46,499,772	42,774,764
Interest on Debt Service	3,230,297	3,435,228
Total expenses	88,922,433	82,642,675
Increase in net position	639,306	2,608,984
Net position beginning (as restated)	62,452,513	59,843,529
Net position ending	\$ 63,091,819	\$ 62,452,513

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



FINANCIAL ANALYSIS OF THE TOWN'S FUNDING

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

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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

At June 30, 2017, the Town of Scarborough's governmental funds reported combined fund balances of \$19,371,072. This is a decrease of \$2,822,654 in comparison with the prior year. Approximately 26.57% of total fund balance or \$5,147,610 constitutes *unassigned fund* balance that 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 (\$212,220), 2) restricted for particular purposes (\$4,586,737), 3) committed for particular purposes (\$5,645,977) or 4) assigned for a particular purpose (\$3,778,528).

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 and development in the Haigis TIF district increases.

Governmental Fund Balance Comparison

	<u>2017</u>	<u>2016</u>
General Fund	\$ 14,284,788	\$ 14,174,977
Haigis Parkway	(1,736,553)	(1,514,495)
Other Governmental Funds	6,822,837	9,533,244
Total	\$ 19,371,072	\$22,193,726

As noted earlier, governmental funds reported combined fund balances of \$19,371,072, a decrease of \$2,822,654 compared with the prior year fund balances of \$22,193,726, as restated. Of the \$14,572,115 reported as unrestricted fund balance (total of committed, assigned and unassigned), \$3,499,720 are for special revenue fund projects authorized for specific purposes. \$11,072,395 is available for general fund committed and assigned purposes for which these funds are collected.

The remaining \$4,798,957 of fund balance is restricted to indicate that it is not available for new spending because it has already been allocated for the following:

\$ 2,958,307	Deficit Fund Balances in Special Revenue Funds
640,475	Town Capital Projects
644,926	Town Grants
253,888	Perpetual Care of Municipal Cemeteries
252,709	Education Funding
48,652	Food Service and Fuel Inventory
<u>\$ 4,798,957</u>	Total Governmental Fund Nonspendable and Restricted Fund Balance

Capital Projects Fund Highlights

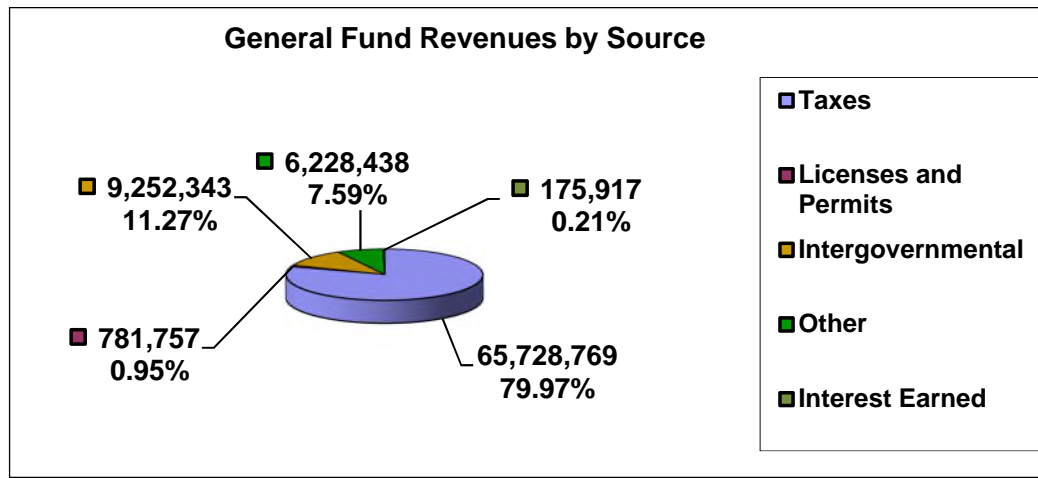
During this fiscal year, the Town of Scarborough's fund balances for Capital Projects decreased \$3,192,422 from \$3,844,118 in 2016 to \$651,696 in 2017. Expenditures decreased \$370,067 from \$4,872,684 in 2016 to \$4,502,617 in 2017. These decreases in fund balance and expenditures are due to various projects nearing completion.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

General Fund Highlights

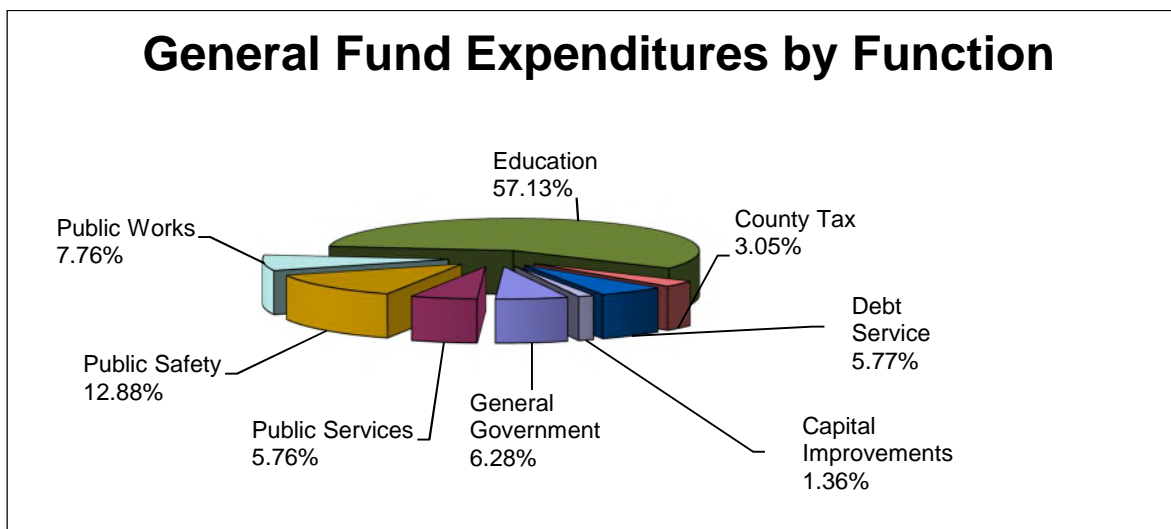
The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2017, total fund balance was \$14,284,788 reflecting an increase of \$109,811 compared to the prior year. Unassigned fund balance in the General Fund was \$6,893,626 compared to total fund balance of \$14,284,788. 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 8.18% of total general fund expenditures while total fund balance represents 16.95% of that same amount.

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



Property Tax revenues increased \$1,827,714 from 2016 to 2017 compared to the 2015 to 2016 increase of \$2,070,872. A comparison of the actual revenues to estimated revenues can be found on page 46 of the financial statements.

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



Actual revenues exceeded estimates by \$669,816 while expenditures came in under budget by \$1,561,981.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

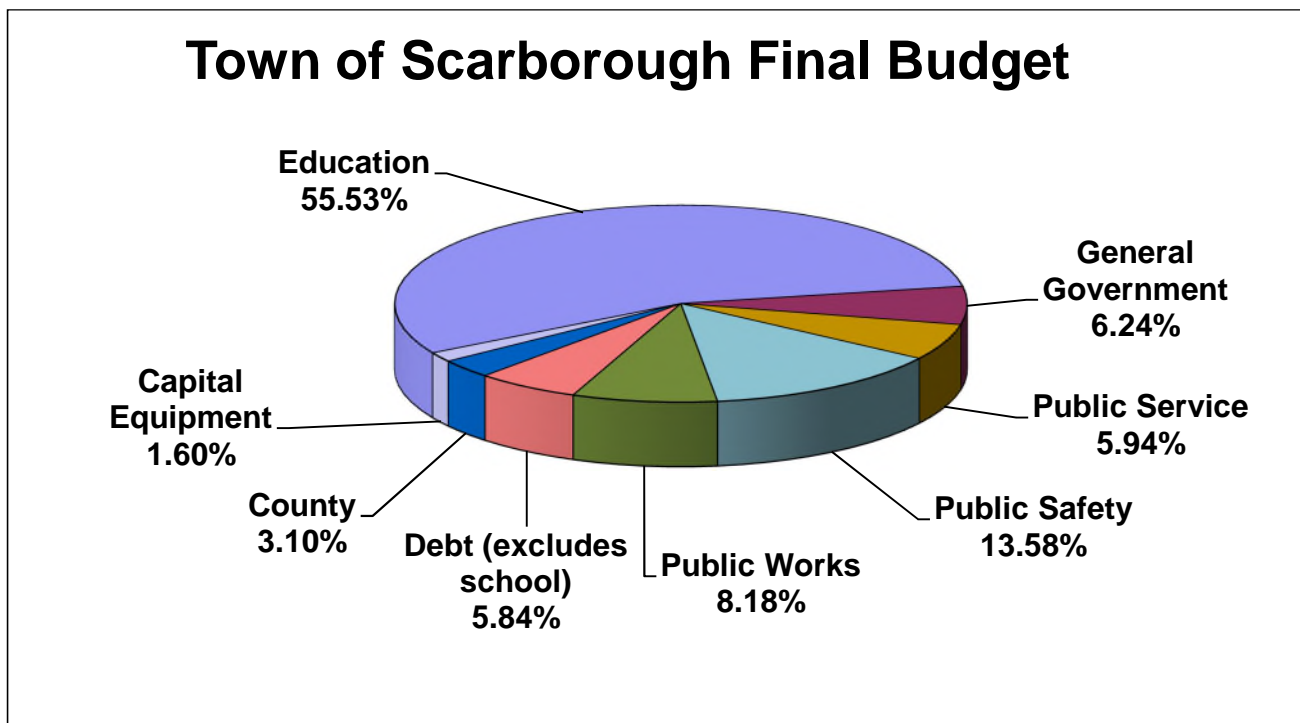
Total general fund expenditures increased \$5,228,390 or 6.87% compared to the prior year. The factors for this increase are:

- General Government increased 8.82% due to the hiring of an Assistant Town Manager, municipal insurance increases and benefit payouts due to long time staff retiring,
- Public Safety increased 7.11% due to the increase in fire personnel,
- Education increased 9.57% as a result of union contractual obligations and increase in debt interest payments,
- County Tax increased 3.03% to help offset the costs of Cumberland County, and
- Capital Equipment purchases increased 10.66% mostly due to the replacement of vehicles.

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 2017, a total of \$1,676,064 was set aside for the Town for prior year encumbrances and commitments and \$2,101,464 for the School Department was set aside for carryforward to the 2018 budget. The final operating budget for fiscal year 2017 amounted to \$82,862,330 compared to \$78,854,360 for fiscal year 2016.

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



TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental fund, as of June 30, 2017, amounts to \$147,299,824 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was -.23%.

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

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

Governmental Activities

	<u>2017</u>	<u>2016</u>
Land	\$ 7,159,182	\$ 7,159,182
Buildings	81,752,474	83,428,950
Vehicles	6,306,675	6,087,936
Equipment & Furniture	2,151,848	1,707,321
Infrastructure	46,796,119	46,838,939
Construction in Progress	3,133,526	2,420,932
Total	\$ 147,299,824	\$ 147,643,260

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, 2017 related mostly to various road improvements and rehabilitation, major building improvements and the continued development of the Eastern Trail project.

Additional information on the Town of Scarborough's capital assets can be found in Notes to the Basic Financial Statements on page 59 of this report.

Long-term Debt. As of June 30, 2017, the Town had long-term bonds outstanding of \$91,630,000 compared to \$95,920,000 in the prior year resulting in a 4.47% decrease. This debt is backed by the full faith and credit of the Town of Scarborough.

During fiscal year ending June 30, 2017, the Town of Scarborough issued \$2,755,000 in bonds. This bond issue financed projects that included vehicle and equipment purchases, building improvements and road rehabilitation and construction. During the year \$7,045,000 in principal debt was paid.

Additional information relating to the Town's long-term debt can be found in the Notes to Financial Statements on pages 61 - 64 of this report.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Outstanding Debt
General Obligation Bonds

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Municipal	\$ 24,455,792	\$ 26,219,153	\$ 27,519,496
Education	59,389,208	61,763,700	63,043,357
Sewer	7,785,000	7,937,147	7,937,147
Total Debt	<u>\$ 91,630,000</u>	<u>\$ 95,920,000</u>	<u>\$ 98,500,000</u>

Moody's Investors Service reviewed and assigned a rating of "Aa3" to the Town of Scarborough, Maine, (the Town) 2017 General Obligation (GO) Bonds. Moody's has affirmed the Aa3 rating on all of the Town's outstanding GO debt per its rating report dated May 17, 2017. Moody's Aa3 rating "reflects the Town's moderately sized tax base with above average wealth levels, improving financial position with satisfactory reserves, and manageable debt and pension liabilities." Moody's detailed rating considerations are as follows:

- **Economy and Tax Base.** Scarborough has a 'moderately growing tax base with above average income.' With Scarborough's favorable location in Cumberland County, Moody's believes the Town's diverse tax base will continue to grow and which provides convenient commuter and commercial access to employment and economic centers. The Town's equalized state value went down only slightly during the recession and values have continued to increase for the past four years.
- **Financial Operations and Reserves.** Moody's views Scarborough's overall financial position as stable with satisfactory reserves. The town remains in compliance with its recently updated formal policy.
- **Debt and Pensions.** Moody's sees Scarborough's debt burden remaining elevated if it continues to finance its capital improvement plan but also acknowledges the Town's commitment to increasing pay as you go financing. The Town fully funds its required contributions for pension plans. Moody views the Town's OPEB total liability as "manageable."
- **Management and Governance.** The Town management team employs "conservative budgeting and financial management" as shown in an improving reserve levels, compliance with formal fund balance policy and long term planning for capital improvements.

Standard and Poor's Rating Services (S&P) has affirmed the Town of Scarborough bond rating of "AA+" on the Town's existing GO debt. Additionally, S&P has assigned its "AA+" rating and stable outlook to the Town's series 2017 GO bonds per its rating report dated May 22, 2017. The stable outlook reflects the Town's very strong economy and liquidity. Given the Town's historical fiscal performance, S&P does not expect to change the rating within the two-year outlook period. S&P's rating reflects their judgment of the Town's:

- **Strong Budgetary Performance.** "The Town had operating surpluses of 3.1% of expenditures in the General Fund and 2.0% across all governmental funds. General fund operating results of the Town have been stable over the last three years."
- **Very Strong Economy.** The Town, a primarily residential community, has direct access to Maine's major arteries (Interstates 95, 295 and US Rt. One) connecting it to larger employment centers through Cumberland County. In addition, Scarborough has a sizable employment base that consists of smaller commercial and industrial businesses.
- **Strong Management.** S&P views the Town's management as strong with "good" financial policies and practices under S&P's Financial Management Assessment methodology.
- **Strong Budgetary Flexibility.** Scarborough's budget flexibility is viewed as strong due to an available fund balance in fiscal 2016 of 11% of operating expenditures. "The Town has consistently maintained this strong flexibility over the last three years and is expected to end fiscal 2017 with another increase." In addition, the Town has updated its formal reserve policy, which now targets its unassigned fund balance to be maintained at 10% of the budget.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

- Very Strong Liquidity. The Town's total government available cash at 20.4% of total governmental fund expenditures and 3.5x governmental debt service, and 'has strong access to eternal liquidity if necessary.'
- Strong Debt and Contingent Liability Profile. Scarborough's debt service carrying charges at 5.8% of expenditures and net direct debt that is 114.1% of total governmental fund revenue. 'Overall net debt is at 2.9% of market value, which S&P views as a positive credit factor.'
- Strong institutional framework. 'The score for institutional framework for Maine municipalities is strong.'

Additional information on both of these bond ratings can be found on the Town of Scarborough's website at: <http://www.scarboroughmaine.org/departments/finance/accounting> under the heading **Bond Ratings Documents**.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

In adopting the budget for the ensuing fiscal year, the Town of Scarborough's officials considered many factors in making judgments and estimates about the finances of the upcoming year. The Town Council's budget goals for fiscal year 2018 were to have:

OUTCOMES:

- Enhance financial management practices.
- Increase communications on the budget process.
- Manage the annual budget to a reasonable and sustainable level.
- Improve data availability used to inform decision-making.

ACTIONS:

- Develop and execute a Communications Plan and standardize the practices.
- Approve a Town wide budget that keeps the tax rate increase to less than or around 3%.
- Approve standardized metrics, dashboards and benchmarks by December 31, 2017.

This budget reflects a \$1,438,996 loss of General Purpose Aid to Education (GPA). This is a 40.1% decrease from FY2017 and a 69.6% decrease since FY2009. This annual GPA volatility is over since Scarborough is now considered a minimal receiver community thereby receiving the minimum GPA allowed by the State.

In cooperation with the Scarborough School Department, the Town of Scarborough has worked to develop a five-year capital budget plan to manage and plan for the long term capital needs of our community.

The Town of Scarborough continues to look for ways to improve the budget process and budget document. For the fiscal 2018 budget, an "At a Glance" infographic summary of each department was added to the budget document to complement each department's organizational information. The Town of Scarborough 2018 Budget Document can be found at <http://www.scarboroughmaine.org/Town Government/Budget>.

The assessed valuation for the past four years are as follows:

2018	\$3,785,488,342, an increase of \$9,125,842 over 2017,
2017	\$3,776,362,500, an increase of \$30,814,400 over 2016,
2016	\$3,745,548,100, an increase of \$45,058,400 over 2015,
2015	\$3,700,489,700, an increase of \$40,184,000 over the 2014 value of \$3,660,305,700.

The 2018 property tax rate of \$16.49 is 3.58% higher than the 2017 tax rate of \$15.92. Maine municipalities have taxing authority for property taxes alone. Only, the State of Maine can assess sales and income taxes.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

The Town of Scarborough recognizes the importance of maintaining an appropriate level of fund balance. Below is a listing of the approved use of fund balance since 2014.

Per the Town of Scarborough's Fund Balance policy, as amended, funds in excess of 12% may be used toward property tax stabilization or for capital needs. For fiscal 2018, the school anticipates using fund balance for operational needs and repayment of debt.

2018	\$ 2,100,000	2015	\$ 800,000
2017	\$ 952,888	2014	\$ 200,000
2016	\$ 425,000		

As stated earlier, the Town Council amended the fund balance policy. Once the fund balance level of 12% is achieved, the intent is to dedicate any excess balances towards major capital improvements or property tax stabilization.

Below is a comparison of the 2016, 2017 and 2018 budgets (excluding carry forwards).

	2018	2017	2016
Administration	\$ 2,238,284	\$ 2,020,725	\$ 1,775,296
Finance Department	1,030,572	955,618	992,910
Information Systems	1,207,438	1,188,613	1,163,646
Planning Department	976,741	953,915	918,035
Community Services	2,729,722	2,748,857	2,656,296
Library	1,130,246	1,099,898	1,022,538
Economic Development	234,773	224,694	215,180
General Assistance	30,211	29,656	29,156
Fire/Rescue/EMA Department	5,043,056	4,856,621	4,246,296
Public Safety Department	6,415,138	6,282,325	5,861,456
Public Works Department	6,762,140	6,755,141	6,718,059
Debt Service	4,817,198	4,840,496	4,906,499
Capital Equipment	1,040,617	1,148,470	892,030
Total Municipal Operating	33,656,136	33,105,029	31,397,397
Education	47,307,869	46,037,872	43,725,308
County Tax	2,709,666	2,568,852	2,493,342
Total Operating Budget	83,673,671	81,711,753	77,616,047
School Food Services	1,521,802	1,471,066	1,495,568
Capital Improvement-Municipal	3,838,750	2,113,632	2,657,750
Capital Improvement-School	1,396,200	1,380,830	1,297,451
TIFs and Overlay	987,054	1,081,403	1,448,286
Total Budget	\$ 91,417,477	\$ 87,758,684	\$ 84,515,102

REQUEST FOR INFORMATION

For all those with and interest in the Town of Scarborough, this financial report is designed to provide a general overview of the Town of Scarborough's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Town of Scarborough, Maine P.O. Box 360, Scarborough, Maine 04070-0360, phone 207-730-4081 or e-mail reporter@scarboroughmaine.org.

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Town of Scarborough Maine Comprehensive Annual Financial Report



Basic Financial Statements

Project of the Year 2017: New Build – Martin's Point Health Care

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TOWN OF SCARBOROUGH, MAINE
Statement of Net Position
June 30, 2017

	Governmental Activities	Component Unit Public Library
ASSETS		
Cash and cash equivalents	\$ 18,166,134	153,434
Investments	7,232,008	599,878
Receivables:		
Accounts, net	920,033	1,952
Intergovernmental	334,537	-
Taxes receivable	157,657	-
Tax liens	778,838	-
Tax acquired property	7,231	-
Inventory	48,652	1,230
Notes receivable	1,221,755	-
Capital assets, not being depreciated	10,292,708	-
Capital assets, net	137,007,116	767,235
Total Assets	176,166,669	1,523,729
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	2,197,594	-
Deferred pension items	5,800,872	-
Total deferred outflows of resources	7,998,466	-
LIABILITIES		
Accounts payable and other current liabilities	3,842,825	12,573
Accrued payroll and other related liabilities	4,709,522	50,025
Unearned revenues	58,208	-
Accrued interest	547,421	-
Noncurrent liabilities:		
Due within one year	7,273,179	-
Due in more than one year	102,636,296	-
Total Liabilities	119,067,451	62,598
DEFERRED INFLOWS OF RESOURCES - PENSION	2,005,865	-
NET POSITION		
Net investment in capital assets	61,708,817	767,235
Restricted for:		
Nonexpendable trust principal	163,568	106,784
Expendable trust - income portion	90,320	-
Town grants and projects	1,285,401	-
Education	2,343,952	-
Unrestricted	(2,500,239)	587,112
Total Net Position	\$ 63,091,819	1,461,131

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Activities
For the year ended June 30, 2017

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets	
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government	Component unit
					Governmental activities	Public Library
Primary government:						
Governmental activities:						
General government	\$ 14,526,261	2,821,305	601,439	161,912	(10,941,605)	-
Public services	4,923,303	2,883,349	10,952	-	(2,029,002)	-
Public safety	11,496,900	3,094,403	182,434	-	(8,220,063)	-
Public works	8,245,900	1,740,432	317,212	-	(6,188,256)	-
Education	46,499,772	1,268,370	8,374,175	-	(36,857,227)	-
Interest on debt service	3,230,297	-	-	-	(3,230,297)	-
Total governmental activities	88,922,433	11,807,859	9,486,212	161,912	(67,466,450)	-
Total primary government	\$ 88,922,433	11,807,859	9,486,212	161,912	(67,466,450)	-
Component unit:						
Scarborough Public Library	\$ 1,277,692	-	1,250,197	-	-	(27,495)
General revenues:						
Property taxes, levied for general purposes				\$ 59,446,339		-
Excise taxes				5,902,844		-
Payments in lieu of taxes				71,450		-
Interest and costs on taxes				101,590		-
Franchise Tax				200,984		-
Grants and contributions not restricted to specific programs:						
Homestead exemption and business equipment exemption				1,098,137		-
Other State aid				198,254		-
State Revenue Sharing				797,303		-
Unrestricted investment earnings				175,917		-
Other				112,938		-
Total general revenues				68,105,756		-
Change in net position					639,306	(27,495)
Net position - beginning, (as restated - primary government)					62,452,513	1,488,626
Net position - ending					\$ 63,091,819	1,461,131

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE

Balance Sheet
Governmental Funds
June 30, 2017

	General	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 17,372,662		793,472	18,166,134
Investments	645,900		6,586,108	7,232,008
Receivables:				
Accounts, net	800,919		119,114	920,033
Intergovernmental	199,023		135,514	334,537
Taxes receivable	157,657		-	157,657
Tax liens	778,838		-	778,838
Interfund loans receivable	2,666,910		554,429	3,221,339
Tax acquired property	7,231		-	7,231
Inventory	12,598		36,054	48,652
Notes receivable	-	1,221,755	-	1,221,755
Total assets	\$ 22,641,738	1,221,755	8,224,691	32,088,184
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other current liabilities	2,704,002		1,138,823	3,842,825
Accrued payroll and other related liabilities	4,709,522		-	4,709,522
Accrued compensated absences	99,129		-	99,129
Interfund loans payable	-	2,958,308	263,031	3,221,339
Unearned revenues	58,208	-	-	58,208
Total liabilities	7,570,861	2,958,308	1,401,854	11,931,023
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	786,089		-	786,089
Total deferred inflows of resources	786,089	-	-	786,089
Fund balances:				
Nonspendable Permanent Fund Principal			163,568	163,568
Nonspendable Inventory	12,598		36,054	48,652
Restricted for Town	2,958,307		1,375,721	4,334,028
Restricted for Education	241,488		11,221	252,709
Committed - General Fund	400,241		-	400,241
Committed - Education	-		403,525	403,525
Committed - Special Revenues	-		4,842,211	4,842,211
Assigned - General Fund	1,676,064		-	1,676,064
Assigned - Education	2,102,464		-	2,102,464
Unassigned Town	6,893,626	(1,736,553)	(9,463)	5,147,610
Total fund balances	14,284,788	(1,736,553)	6,822,837	19,371,072
Total liabilities, deferred inflows of resources and fund balances	\$ 22,641,738	1,221,755	8,224,691	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				147,299,824
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				786,089
Deferred charge on refunding is not a financial resource and, therefore, is not reported in the funds				2,197,594
Long-term liabilities, including related deferred inflows and outflows, are not due and payable in the current period and therefore, are not reported in the funds.				
Bonds payable, including issuance premiums				(96,679,838)
Accrued interest				(547,421)
Landfill liability				(405,084)
Other postemployment benefits liability				(1,899,707)
Net pension liability with related deferred inflows and outflows of resources				(4,695,080)
Accrued compensated absences				(2,335,630)
Net position of governmental activities				\$ 63,091,819

TOWN OF SCARBOROUGH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2017

	General	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 65,728,769	-	220,500	65,949,269
Licenses and permits	781,757	-	-	781,757
Intergovernmental	9,252,343	-	1,701,311	10,953,654
Interest earned	175,917	2,284	248,289	426,490
Donations	-	-	673,858	673,858
Sale of lots	-	-	8,390	8,390
Assessments and impact fees	-	-	2,573,583	2,573,583
Other	6,228,438	-	1,708,312	7,936,750
Total revenues	82,167,224	2,284	7,134,243	89,303,751
Expenditures:				
Current:				
General government	5,290,189	-	-	5,290,189
Public services	4,852,147	-	-	4,852,147
Public safety	10,845,773	-	-	10,845,773
Public works	6,529,061	-	-	6,529,061
Education	48,091,286	-	2,705,670	50,796,956
County tax	2,568,852	-	-	2,568,852
Debt service	4,857,655	-	-	4,857,655
Capital improvements	1,148,329	-	5,352,334	6,500,663
Other	173,207	34	2,466,868	2,640,109
Total expenditures	84,356,499	34	10,524,872	94,881,405
Excess (deficiency) of revenues over expenditures	(2,189,275)	2,250	(3,390,629)	(5,577,654)
Other financing sources (uses):				
Transfers in	2,498,932	145,692	563,077	3,207,701
Transfers out	(774,116)	(370,000)	(2,063,585)	(3,207,701)
General obligation bonds	574,270	-	2,180,730	2,755,000
Total other financing sources (uses)	2,299,086	(224,308)	680,222	2,755,000
Net change in fund balances	109,811	(222,058)	(2,710,407)	(2,822,654)
Fund balances (deficit), beginning of year, (as restated - other governmental funds)	14,174,977	(1,514,495)	9,533,244	22,193,726
Fund balances (deficit), end of year	\$ 14,284,788	(1,736,553)	6,822,837	19,371,072

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, 2017

Amounts reported for governmental activities in the statement of activities
(Statement 2) are different because:

Net change in fund balances - total governmental funds (Statement 4)	\$	(2,822,654)
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Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of these assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Capital outlays	\$4,414,634	(343,215)
Depreciation expense	(4,477,091)	
Net book value of dispositions	(280,758)	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(77,011)
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Some expenses reported in the statement of activities do not
require the use of current financial resources and, therefore, are
not reported as expenditures in governmental funds:

Accrued interest	19,938
Landfill	4,050
Compensated absences	(101,176)
Other postemployment benefits liability	(144,292)
Net pension liability with deferred outflows and inflows of resources	(509,384)

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.	199,715
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The issuance of long term debt (e.g., bonds, leases) provides current financial
resources to governmental funds, while the repayments of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds
report the effect of issuance costs, premiums, discounts, and similar items when
debt is first issued, whereas these amounts are deferred and amortized in the statement
of activities. This amount is the net effect of these differences in the treatment of
long-term debt and related items.

General obligation bond proceeds	\$ (2,755,000)	
General obligation bond payments	7,045,000	
Amortization of bond premiums	265,650	
Amortization of deferred charge	(142,315)	4,413,335

Change in net position of governmental activities (see Statement 2)	\$	639,306
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See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
General Fund
For the year ended June 30, 2017

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 65,336,909	65,336,909	65,728,769	391,860
Licenses and permits	727,805	727,805	781,757	53,952
Intergovernmental	6,373,204	6,373,204	6,322,343	(50,861)
Interest earned	15,000	15,000	175,917	160,917
Unclassified	6,114,490	6,114,490	6,228,438	113,948
Total revenues	78,567,408	78,567,408	79,237,224	669,816
Expenditures:				
Current:				
General government	5,166,619	5,166,619	5,337,246	(170,627)
Public services	4,923,293	4,923,293	4,852,147	71,146
Public safety	11,252,354	11,252,354	10,845,773	406,581
Public works	6,774,857	6,774,857	6,529,061	245,796
Education	46,013,985	46,013,985	45,161,286	852,699
County tax	2,568,852	2,568,852	2,568,852	-
Debt service	4,840,496	4,840,496	4,857,655	(17,159)
Capital improvements	1,321,874	1,321,874	1,148,329	173,545
Total expenditures	82,862,330	82,862,330	81,300,349	1,561,981
Excess (deficiency) of revenues over expenditures	(4,294,922)	(4,294,922)	(2,063,125)	2,231,797
Other financing sources (uses):				
Transfers in	2,524,007	2,524,007	2,498,932	(25,075)
Transfers out	(170,692)	(170,692)	(774,116)	(603,424)
Utilization of surplus	1,588,314	1,588,314	-	(1,588,314)
General obligation bonds	526,500	526,500	574,270	47,770
Refunding bond issued	-	-	-	-
Premium received on refunded bonds	-	-	-	-
Premium received on issued bonds	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Overlay	(173,207)	(173,207)	(173,207)	-
Total other financing sources (uses)	4,294,922	4,294,922	2,125,879	(2,169,043)
Net change in fund balances - budgetary basis			62,754	62,754
Reconciliation to GAAP basis:				
Change in current portion of accrued compensated absences			47,057	
Net change in fund balances - GAAP basis			109,811	
Fund balance, beginning of year			14,174,977	
Fund balance, end of year	\$		14,284,788	

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

		Private-purpose Trust Funds (Scholarships)	Agency Funds
ASSETS			
Cash and cash equivalents	\$	-	333,153
Investments		225,428	-
Total assets		225,428	333,153
LIABILITIES			
Due to student groups		-	333,153
Total liabilities		-	333,153
NET POSITION			
Held in trust	\$	225,428	-

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2017

	Private-purpose Trust Funds (Scholarships)
Additions:	
Donations	\$ 150
Interest and dividends	1,039
Total additions	1,189
Deductions:	
School scholarships	5,900
Total deductions	5,900
Change in net position	(4,711)
Net position, beginning of year	230,139
Net position, end of year	\$ 225,428

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Scarborough conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 component unit addressed in defining the government's reporting entity.

Scarborough Economic Development Corporation (SEDCO) encourages and assists with the development of business in the Town of Scarborough. The SEDCO board appoints the majority of their board and the Town council affirms their appointment. Additionally, the Town provides SEDCO with a majority of its revenues. All of the financial activity of SEDCO has been reported using the blended presentation method. The Town provided \$220,133, or 96.7% of total revenues, to SEDCO for the year ended June 30, 2017.

Scarborough Public Library (the Library) promotes and maintains library facilities in and for the Town of Scarborough. While the Town does not appoint the Library's board, the Town provides the Library with a majority of its funding and the Library provides services directly to the citizens of the Town. The Town owns the land in which the Library operates and may provide for capital improvements and other support services to the Library. The Town believes that the financial statements would be incomplete without the inclusion of the Library as a discretely presented component unit. The Town provided \$1,099,898, or 91.1% of total revenues, to the Library for the year ended June 30, 2017.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Both SEDCO and the Library had positive responses to the reporting entity inclusion criteria set forth by accounting principles, generally accepted in the United States of America. Financial statements for both entities may be obtained by contacting the following offices.

Scarborough Economic Development Corporation
360 US Route, One Willowdale Place, Suite 203
PO Box 550
Scarborough, ME 04070-0550

Scarborough Public Library
48 Gorham Road
Scarborough, ME 04074

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town. The effect of interfund reimbursements has been removed from these statements.

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The Town reports the following major governmental funds:

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

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

Additionally, the Town reports the following fund type:

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, and Equity

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

Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Town uses various methods, including market, income and cost approaches. Based on these approaches, the Town often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Town is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the Town performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Accounts Receivable and Notes Receivable – Management has reviewed accounts receivable and notes receivable for collectability and has determined that an allowance for uncollectible accounts is not necessary with the exception of rescue billing receivables.

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

Inventory - Inventory consists of the School Lunch Program food and supplies to be used for resale and is recorded at the lower of cost or market on a first-in, first-out basis. Additionally, the town records its fuel on hand as of the end of the fiscal year as inventory. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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. When applicable, donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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, equipment and infrastructure of the primary government are depreciated using the straight-line method over the asset's estimated useful lives as follows: buildings 25-60 years, vehicles 5-25 years, equipment and furniture 10-15 years and infrastructure 30 -75 years. Capital assets not being depreciated consist of land which has an indefinite useful life and construction in progress which will be depreciated once the project has been completed and placed in service.

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

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

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

Deferred outflows/inflows of resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has two items that qualify for reporting in this category. One item is deferred outflows related to the pension liability as is more fully disclosed in the pension footnote and the other item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category in the statement of net position. It is the deferred inflows related to the pension liability as is more fully disclosed in the pension footnote. Also, the government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet and it is from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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

1. For Nonspendable fund balance: (1) Assets that will never convert to cash; (2) assets that will not convert to cash soon enough to affect the current period and (3) resources that must be maintained intact pursuant to legal or contractual requirements. Included in this category are the principal balances that pertain to the permanent funds for the Dunstan and Scarborough Memorial Cemeteries and for the cemetery plot for Mary Tucker.
2. For Restricted fund balance: The portion of fund balance that reflects resources that are subject to externally enforceable legal requirements typically imposed by parties altogether outside the town. Included in this category are the fund balances for the school department restricted by State Statute and Tax Increment Finance District fund balances.
3. For Committed fund balance: The portion of fund balance that represents resources whose use is constrained by limitations imposed by the Town Council, by passing an ordinance prior to the end of the fiscal year, as the highest governing body of the Town of Scarborough and can only be removed by the Town Council in the same manner. For example, Impact Fees were approved by the Town Council and can only be removed by the Town Council.
4. For Assigned fund balance: The portion of fund balance that reflects the Town's intended use of resources established either at the highest governing body or an official designated for this purpose. The Town Council has, by resolution, authorized the Town Manager to assign fund balance. Any funds set aside as Assigned Fund Balance must be reported to the Town Council. The Town Manager has authorized carry forward balances to be used to offset 2018 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. The General Fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, when fund balance is negative, the negative amount is reported as unassigned.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Minimum Fund Balance Policy – The Town’s fund balance policy sets a goal for unassigned fund balance equal to 10.0% of Scarborough’s Operating Budget for the prior fiscal year and to not fall below 8.33% (or 1/12) of Scarborough’s Operating Budget.

Once the Town achieves an unassigned fund balance equal to 10.0% of Scarborough’s Operating Budget, any excess above 12% must be assigned by any combination to one of the following:

- a. Retained in nonspendable and restricted accounts that offset unfunded liabilities, and/or
- b. Retained in assigned accounts that may be used in future budget cycles as a property tax stabilization; available for use during a catastrophic event, and/or
- c. Funding future capital expenditures and/or projects, and/or
- d. The retirement of debt, and/or
- e. A taxpayer refund.

In the event that the balance drops below the established minimum level, the Town Council will develop a plan to replenish the fund balance to the established minimum level within two years.

Net Position Flow Assumption – Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted–net position to have been depleted before unrestricted–net position is applied.

Fund Balance Flow Assumptions – Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

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

E. Recently Adopted Accounting Pronouncements

In August 2015, the GASB issued GASB Statement No. 77, *Tax Abatement Disclosure*. This pronouncement established reporting standards for disclosure of information about the nature and magnitude of tax abatements. The new statement is effective for periods beginning after December 15, 2016 and was adopted by the Town as of June 30, 2017. The adoption of this statement is disclosed on page 77.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

F. Recent Accounting Pronouncements

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plan Other Than Pension Plans (OPEB)*. This statement improves accounting and financial reporting for OPEB. This statement replaces GASB Statement No. 45 and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense. The new statement is effective for periods beginning after June 15, 2017.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

	Revenues and other <u>sources</u>	Expenditures and other <u>uses</u>
2016-2017 budget as adopted	\$82,772,156	\$82,772,156
Budgetary adjustments:		
Subsequent authorization	-	-
Prior year encumbrances and carry forwards	434,073	434,073
Total adjusted budget	\$ 83,206,229	\$ 83,206,229

B. Deficit Fund Balance

At June 30, 2017, the following special revenue and capital projects funds had deficit fund balances:

The Haigis Parkway Assessments Fund had a deficit of \$1,736,553. This deficit is expected to grow initially and then be adequately funded in future years with TIF revenues and assessment payments.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a formal policy with respect to custodial credit risk. As of June 30, 2017, the Town reported deposits of \$18,499,287 with a bank balance of \$18,720,029. Of the Town's bank balances of \$18,720,029, \$152,688 was exposed to custodial credit risk because it was not covered by the F.D.I.C. or was not 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	\$18,166,134
Reported in fiduciary funds	333,153
Total deposits	\$18,499,287

At June 30, 2017, the Scarborough Public Library's cash balances was \$153,434, all of which was covered by F.D.I.C. insurance.

B. Investments

At June 30, 2017, the Town had the following investments and maturities:

	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Money markets and repurchase agreements	\$7,457,436	\$7,457,436	-	-
Total investments	\$7,457,436	\$7,457,436	-	-

Investments have been reported as follows:

Reported in governmental funds	\$7,232,008
Reported in fiduciary funds	225,428
Total investments	\$7,457,436

For fair value measurement purposes all investments are categorized as Level 1, there are no investments categorized as Level 2 or Level 3.

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

PROPERTY TAX

Property taxes for the current year were committed on August 19, 2016, 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, 2016 and 50% on March 15, 2017. 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, 2017 and the Town's value was 94% of the 2017 State valuation of \$3,899,350,000.

The Town is permitted by the laws of the State of Maine to levy up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$173,207 for the year ended June 30, 2017.

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 inflow of resources.

The following summarizes the June 30, 2017 levy:

Assessed value	\$ 3,776,362,500
Tax rate (per \$1,000)	15.92
Commitment	60,119,691
 Supplemental taxes assessed	 11,618
	60,131,309
 Less - collections and abatements	 59,613,619
Receivable at June 30	517,690
 Consisting of:	
Taxes	\$ 26,527
Liens	491,163
Receivable at June 30	\$ 517,690
 Collection rate	 99.14%

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2017 was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,159,182	\$ -	\$ -	\$ 7,159,182
Deposit Equipment	-	-	-	-
Construction in progress	2,420,932	908,496	195,902	3,133,526
Total capital assets, not being depreciated	9,580,114	908,496	195,902	10,292,708
Capital assets, being depreciated:				
Buildings	103,093,298	98,816	-	103,192,114
Vehicles	14,252,751	1,802,802	1,227,546	14,828,007
Equipment and furniture	6,579,762	854,686	125,566	7,308,882
Infrastructure	59,292,751	945,515	3,891	60,234,375
Total capital assets being depreciated	183,218,561	3,701,819	1,357,003	185,563,377
Less accumulated depreciation for:				
Buildings	19,664,348	1,775,292	-	21,439,640
Vehicles	8,164,815	1,327,727	971,210	8,521,332
Equipment and furniture	4,872,441	389,080	104,487	5,157,034
Infrastructure	12,453,811	984,991	547	13,438,255
Total accumulated depreciation	45,155,415	4,477,091	1,076,245	48,556,261
Total capital assets being depreciated, net	138,063,146	(775,272)	280,758	137,007,116
Governmental activities capital assets, net	\$147,643,260	\$133,224	\$476,660	\$147,299,824

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

Governmental activities:	
General government	\$ 375,502
Public services	64,550
Public safety	537,116
Public works, including depreciation of general infrastructure assets	1,666,915
Education	1,833,008
Total depreciation expense – governmental activities	\$ 4,477,091

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

	<u>Library</u>
Buildings	\$1,670,741
Furniture and fixtures	713,958
Books	900,902
Total	3,285,601
Less accumulated depreciation	(2,518,366)
Property and equipment, net	\$ 767,235
Depreciation expense	\$ 139,664

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

INTERFUND BALANCES

Interfund balances result from the sharing of pooled cash and investments. Individual interfund loans receivables and loans payables at June 30, 2017, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$2,666,910	-
Haigis Parkway	-	\$2,958,308
Nonmajor Governmental Funds:		
Nonmajor Special Revenue Funds:		
Fire Dept Equipment	850	-
Recreational development	69,560	
Payne Road Impact Fees	3,390	-
Other Impact Fees	13,732	34,024
Rescue equipment	416,523	89,418
Departmental grants and programs		134,160
Total Nonmajor Special Revenue Funds	504,055	257,602
Nonmajor Capital Project Funds:		
Oak Hill Intersection Improvements	34,024	
IT K-2 Tech Refresh	-	4,885
Total Nonmajor Capital Project Funds	34,024	4,885
Nonmajor Permanent Funds		
Scarborough Memorial Cemetery	16,350	-
Dunstan Perpetual Care	-	544
Total Permanent Funds	16,350	544
Total Other Governmental Funds	554,429	263,031
Private-purpose Trust Funds	-	-
Total all funds	\$3,221,339	\$3,221,339

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. At June 30, 2017, the balances represent how much was due to or from the General Fund.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

INTERFUND TRANSFERS

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$2,498,932	\$ 774,116
Haigis Parkway Assessments	145,692	370,000
Nonmajor Governmental Funds	563,077	2,063,585
Total	<u>\$3,207,701</u>	<u>\$3,207,701</u>

Interfund transfers are used to move unrestricted resources to finance various programs that the Town must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. The most significant transfers include annual transfers from the education general fund to the school lunch program to fund the annual deficit from operations, transfers from other impact fees fund and rescue fund to cover capital outlay, transfer from Haigis Parkway fund to cover a portion of debt service, and transfer from departmental grants and programs fund to cover related expenditures incurred in the general fund.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$95,920,000	\$2,755,000	\$7,045,000	\$91,630,000	\$7,170,000
Premium	5,315,488	-	265,650	5,049,838	
Capital leases	199,715	-	199,715	-	-
Compensated absences	2,333,261	200,305	98,807	2,434,759	99,129
Other postemployment					
Benefits liability	1,755,415	144,292	-	1,899,707	
Net pension liability	5,441,015	3,049,072	-	8,490,087	
Landfill post-closure care costs	409,134	-	4,050	405,084	4,050
Governmental activity					
Long-term liabilities	<u>\$111,374,028</u>	<u>\$6,148,669</u>	<u>\$7,613,222</u>	<u>\$109,909,475</u>	<u>\$7,273,179</u>

As of June 30, 2017, the Town had authorized, but unissued debt totaling \$2,872,482. The General Fund typically pays all governmental activities long-term debt service requirements including accrued compensated absences.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

BONDS PAYABLE

Bonds payable at June 30, 2017 is comprised of the following:

General Obligation Notes and Bonds	Amount originally issued	<u>Percentage applicable to</u>			Interest rate	Final maturity date	Balance end of year
		<u>Town</u>	<u>School</u>	<u>Sewer</u>			
2008 Capital improvements	8,513,000	74.10%	25.90%	-	Varies	2028	\$ 575,000
2009 Capital improvements	4,560,000	96.77%	3.23%	-	Varies	2029	620,000
2009 Capital improvements	1,780,000	78.35%	21.65%	-	2.00%	2020	485,000
2010 Capital improvements	6,002,000	88.27%	11.73%	-	2.00%	2031	3,280,000
2011 Capital improvements	5,600,000	91.37%	8.63%	-	Varies	2031	2,550,000
2012 Capital improvements	46,545,000	4.36%	76.94%	18.70%	Varies	2042	41,625,000
2013 Capital improvements	25,685,000	7.79%	92.21%	-	Varies	2043	23,280,000
2014 Capital improvements	6,505,000	50.59%	49.41%	-	Varies	2034	4,495,000
2015 Capital improvements	6,085,000	88.03%	11.97%	-	Varies	2035	5,090,000
2016 Capital improvements	7,540,000	84.25%	15.75%	-	Varies	2036	6,875,000
2017 Capital improvements	2,755,000	59.84%	40.16%	-	Varies	2037	2,755,000
Total							\$91,630,000

The annual requirements to amortize all debt outstanding as of June 30, 2017 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 7,170,000	\$ 3,227,906	\$ 10,397,906
2019	7,310,000	3,010,688	10,320,688
2020	6,695,000	2,778,806	9,473,806
2021	6,740,000	2,526,781	9,266,781
2022	6,250,000	2,298,200	8,548,200
2023-2027	22,725,000	8,771,528	31,496,528
2028-2032	17,590,000	5,037,338	22,627,338
2033-2037	10,335,000	2,226,863	12,561,863
2038-2042	6,250,000	713,988	6,963,988
2043	565,000	10,594	575,594
Totals	\$ 91,630,000	\$30,602,692	\$122,232,692

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

STATUTORY DEBT LIMIT

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

	June 30, 2017 Outstanding Bonds	Percent of 2017 State assessed value of \$ 3,899,350,000	Amount	Margin
For school purposes	\$ 59,389,208	10.00%	\$389,935,000	\$330,545,792
For storm or sanitary sewer	7,785,000	7.50%	292,451,250	284,666,250
For municipal airport, water and special district purposes	-	3.00%	116,980,500	116,980,500
For all other purposes	24,455,792	7.50%	292,451,250	267,995,458
Total	\$ 91,630,000			

The statutory debt limit according to State law is 15% of the State assessed value, which amounts to \$584,902,500. The total debt margin based on this limit is \$493,272,500.

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.

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, 2017, the Town's State valuation of \$3,899,350,000 was 9.25% of the County's State valuation of \$42,139,850,000. The Town's share is 9.25% or \$3,463,994 of Cumberland County's \$37,435,000 long-term debt outstanding as of June 30, 2017.

The Town is also served by the Portland Water District. At June 30, 2017, the Town's share of self-supporting bonded water debt is 13.91% or \$6,395,828 of total debt of \$45,980,073.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

Contingencies

ecomaine, formerly Regional Waste Systems, a Maine Corporation with 21 participating municipalities (“Member Municipalities”), including the Town of Scarborough, operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$14,564,514 at June 30, 2017, the most recent data available. The Town’s proportionate share of these estimated landfill closure and postclosure care costs is 9.05%, or \$1,318,225.

Total Debt and Contingencies

Governmental Unit	As of June 30, 2017			
	Direct debt	Overlapping debt	Contingent debt	Total debt
Town of Scarborough	\$ 91,630,000	-	-	\$ 91,630,000
Cumberland County	-	\$ 3,463,994	-	3,463,994
Portland Water District - water debt	-	6,395,828	-	6,395,828
ecomaine landfill closure/postclosure costs	-	-	\$1,318,228	1,318,228
Totals	\$ 91,630,000	\$9,859,822	\$1,318,228	\$102,808,050

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, 2017, substantially all such calculations have been performed and the Town is in compliance with all known arbitrage requirements.

Grants

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

Litigation

There are various claims and suits pending against the Town which arise in the normal course of the Town’s activities. In the opinion of the Town’s management, the ultimate disposition of these various claims and suits will not materially affect the financial condition of the Town.

With respect to ongoing litigation relating to tax abatement appeals, a ruling was made in May 2017 which required the Town to abate \$381,289 of taxes to the taxpayers, together with interest of \$81,946, which was paid by the Town in October 2017. This total amount of \$463,235 has been accrued in the financial statements as of June 30, 2017. Additionally, there currently is an additional appeal pending before the Superior Court in which the taxpayers are requesting an unspecified additional abatement, which could bring the total abatement to approximately \$1,600,000, before interest. On December 1, 2017 the Superior Court remanded the appeal to the Board of Assessment Review (BAR). The Court instructed the BAR to consider a recalculation of the abatements, which would appear to represent a maximum exposure to the Town of approximately \$800,000. Mediation has been scheduled for March 6, 2018 and an April 24, 2018 BAR meeting has been set for the hearings on this remand. Any additional potential financial exposure is expected to be covered by the Overlay appropriated annually, property tax abatements and available fund balance.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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. As of June 30, 2017, approximately 20% of the landfill's total capacity has been used. The estimated total current cost of landfill closure, \$405,084 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, 2017. Additionally, annual monitoring and maintenance costs are estimated to be \$4,050 per year.

The total closure and postclosure care costs of \$405,084 have been accrued in the statement of activities for the year ended June 30, 2017. 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, 2017, the General Fund includes four programs that previously were reported in the financial statements as Special Revenue Funds. This change, which was initially made June 30, 2011, is the result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Activity of these four programs are currently presented in Exhibits A-1, A-2 and A-2 Cont. Additionally, the fund balances reclassified from Special Revenue Funds to the General Fund are all presented as Committed Fund balance in the General Fund as follows:

	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Unemployment Compensation	\$ 162,907	\$ 169,163
Hurd Park and Ferry Beach	321,144	212,508
Hunnewell House	<u>18,712</u>	<u>18,570</u>
Total reclassification	<u>\$ 502,763</u>	<u>\$ 400,241</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

FUND BALANCE CHANGES, CONTINUED

The following is a schedule of fund balance classifications for the governmental funds as June 30, 2017:

	General Fund	Haigis Parkway Assess	Nonmajor Governmental
Fund Balances:			
Nonspendable-Permanent Funds	\$ -	\$ -	\$ 163,568
Nonspendable-Inventory	12,598	-	36,054
	<u>12,598</u>	<u>-</u>	<u>199,622</u>
Restricted			
Permanent Fund Interest		-	90,320
Deficits in Other Funds (Haigis Parkway)	2,958,307	-	-
Credit Enhancement Agreements	-	-	43,118
Eastern Trail Alliance (Close the Gap)	-	-	326,419
Grants and Donations	-	-	119,595
Fire Department Equipment	-	-	38,629
Police Asset Forfeiture	-	-	117,165
Town Improvements	-	-	640,475
Education	241,488	-	11,221
	<u>3,199,795</u>	<u>-</u>	<u>1,386,942</u>
Committed			
Unemp. Comp/Beach Reserve/Hunnewell	400,241	-	
Impact Fees/Reserves	-	-	4,842,211
Education	-	-	403,525
	<u>400,241</u>	<u>-</u>	<u>5,245,736</u>
Assigned			
Carryforward Balances/Encumbrances	1,676,064	-	
Education	2,102,464	-	
	<u>3,778,528</u>	<u>-</u>	<u>-</u>
Unassigned	6,893,626	(1,736,553)	(9,463)
Total Fund Balances	<u>\$14,284,788</u>	<u>\$(1,736,553)</u>	<u>\$6,822,837</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

ASSIGNED FUND BALANCES

At June 30, 2017, portions of the General Fund balance were assigned to future periods as follows:

	<u>2017</u>
General Fund:	
State Revenue Sharing	\$ (18,009)
Assistant Town Manager – Employee Training	1,575
Human Resource – Employee Assistance Program	1,361
Human Resource – Employee Training	647
Finance – Training	4,905
Planning Initiatives (former Comprehensive Plan)	24,312
Planning – Sale of Equipment	5,100
CS Municipal Building – Building Repairs & Maint.	12,307
CS Municipal Building – Equipment Maintenance	7,209
CS Municipal Building – Operational Supplies	5,046
CS Oak Hill Professional Building – Maintenance/Repairs	1,960
Cable Franchise Fees	25,420
Summer Recreation	62,198
SEDCO Marketing	1,600
Marine Resource Office – Inventory Management	11,181
Town-Wide Computer Purchases	3,861
MIS – Core Switch Upgrade	15,402
MIS – New Vehicle	976
Planning Department – New Vehicles	2,230
Fire Department – Municipal Holding Tank	5,323
Fire Department – New Fire Pumper Truck	149
Police Department – OOB Equipment Setup	2,452
Public Works – HVAC Improvements/Replacement	82,000
Encumbered purchase orders	155,558
Fund Balance Appropriated for 2017 Adult Education	2,464
Fund Balance Appropriated for the 2017 Education Budget	2,100,000
Reserve for Accrued Sick Pay	1,261,301
Total General Fund Assigned Fund Balance	<u>\$ 3,778,528</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN

Plan Descriptions

The Town contributes to the Maine Public Employees Retirement System, as part of the State Employee and Teacher Plan (the Teacher Plan) and also the Participating Local District Consolidated Plan (the PLD plan) or (the Plans) which are cost sharing multiple employer defined benefit pension plans. The Plans were established as the administrator of a public employee retirement system under the Laws of the State of Maine. Within the Town of Scarborough, the School Department's teaching certified employees plus other qualified educators, are eligible to participate in the Teacher Plan. The Teacher Plan covers 236 participating employers. The Town's Police, Fire/Rescue and certain other Town employees and the Town's school custodians, school lunch personnel, and other non-teacher personnel including, some educational technicians (Ed Techs), central office employees, and secretarial employees have the option to participate in the PLD Plan. The PLD Plan covers 283 participating employers.

Employee membership data related to the Plans, as of June 30, 2016 was as follows:

	Teachers	PLD
Current participants: Vested and non-vested	39,942	11,019
Terminated participants: Vested	7,783	2,221
Terminated participants: Inactive due refunds	37,656	6,849
Retirees and beneficiaries receiving benefits	34,181	8,847
	<u>119,562</u>	<u>28,936</u>

Benefit terms are established by Maine statute. In the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the Plan and periodically makes recommendations. The Plans' retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for Teacher Plan members is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD Plan members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The Plans also provides disability and death benefits which are established by statute for State employee members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the Plan's Board of Trustees and is currently 5%.

For the year ended June 30, 2017, the Town's total payroll for all employees was \$42,386,412. Total covered payroll was \$23,568,099 for the Teacher Plan and \$7,305,860 for the PLD Plan. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN, CONTINUED

Contributions

The contribution requirements of the Teacher Plan members are defined by law or the Plan's Board. Teacher Plan members of the Town of Scarborough's school department are required to contribute 7.65% of covered compensation to the Teacher Plan. The Town of Scarborough's school department employee's contributions are deducted from the employee's wages or salary and remitted by the Town of Scarborough's school department to the Teacher Plan on a monthly basis. The State is statutorily required to contribute 10.02% of annual Teacher wages, excluding wages covered by grants, which pays for the unfunded liability for the teachers. Employer contribution rates are determined through actuarial valuations. The School Department's required contribution rate for the year ended June 30, 2017, was 3.36% percent of annual teacher payroll, plus 10.02% for grant funded wages, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year (normal cost contributions). The Scarborough School Department's contributions to the Teacher Plan for the year ended June 30, 2017 were \$838,381.

The contribution requirements of the PLD Plan members are defined by law or the Plan's Board. Employees of the Town of Scarborough and school department are required to contribute 8.0%, police employees contribute 9.5% of covered compensation to the PLD Plan. The contributions are deducted from the employee's wages or salary and remitted by the Town of Scarborough to the Plan on a monthly basis. Employer contribution rates are determined through actuarial valuations. The Town of Scarborough's school and town employer's contribution, other than Police and Fire/Rescue, required rate for the year ended June 30, 2017, was 9.6% of annual payroll. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2017 was 12.2% or 15.7%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town of Scarborough's contributions to the Plan for the year ended June 30, 2017 were \$815,586.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Teacher Plan

At June 30, 2017, the Town of Scarborough School Department reported a liability for its proportionate share of the net pension liability that reflected a reduction of State pension support provided to the Town of Scarborough School Department. The amount recognized by the Town of Scarborough School Department as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town of Scarborough School Department was as follows:

Town of Scarborough School Department's proportionate share of the net pension liability	\$ 624,320
State's proportionate share of the net pension liability associated with the Town of Scarborough School Department	<u>33,161,075</u>
Total	<u>\$ 33,785,395</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town of Scarborough School Department's proportion of the net pension liability was based on a projection of the School Department's long-term share of contributions relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the School Department's proportion was 0.035 percent, which was a decrease of 0.007 percent from its proportion measured as of June 30, 2015.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN, CONTINUED

For the year ended June 30, 2017, the School Department recognized pension expense of \$957,181 and revenue of \$2,216,000 for support provided by the State. In addition, the School Unit reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 12,074	\$ 1,179
Changes of assumptions		16,034
Net difference between projected and actual earnings on Plan investments	199,359	81,688
Changes in proportion and differences between contributions and proportionate share of contributions	33,801	61,311
Contributions subsequent to the measurement date	838,381	
Total	<u>\$ 1,083,615</u>	<u>\$ 160,212</u>

The \$838,381 of deferred outflows of resources resulting from the School Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense) as follows:

Years ending June 30,	
2018	\$ 14,881
2019	(16,919)
2020	56,150
2021	30,910
Total	<u>\$ 85,022</u>

PLD Plan

At June 30, 2017, the Town and the Town School Department reported a liability of \$7,865,767 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town and the Town School Department's proportion of the net pension liability was based on a projection of the Town and the Town School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the Town and the Town School Department's proportion was 1.48%, which was a decrease of 0.05% from its proportion measured as of June 30, 2015.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN, CONTINUED

For the year ended June 30, 2017, the Town and the Town School Department recognized pension expense of \$1,355,195. At June 30, 2017, the Town and the Town School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 95,352	\$ 505,916
Changes of assumptions	843,230	
Net difference between projected and actual earnings on Plan investments	2,906,659	1,209,712
Changes in proportion and differences between contributions and proportionate share of contributions	56,430	130,025
Contributions subsequent to the measurement date	815,586	
Total	<u>\$ 4,717,257</u>	<u>\$ 1,845,653</u>

The \$815,586 of deferred outflows of resources resulting from the Town and Town School Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense) as follows:

Years ending June 30,	
2018	\$ 392,825
2019	280,935
2020	928,915
2021	453,343
Total	<u>\$ 2,056,018</u>

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Teachers Plan 2.20% and PLD Plan 2.20%, per annum
Salary increases	Teachers Plan 2.75%-14.5% and PLD Plan 2.75%-9.0%, per year
Investment rate of return	Teachers Plan 6.875% and PLD Plan 6.875%, per annum, compounded annually

Mortality rates were based on the RP-2014 Total Dataset Health Annuitant Mortality Table for Males or Females, as appropriate.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN, CONTINUED

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation %	Long-term Expected Real Rate of Return
Fixed income	25%	2.9 %
U.S. equities	20%	5.7 %
Non-U.S. equities	20%	5.5 %
Real estate	10%	5.2 %
Infrastructure	10%	5.3 %
Private equity	10%	7.6 %
Hard Assets	5%	5.0 %
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.875% for the Teacher Plan and 6.875% for the PLD Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN, CONTINUED

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Teacher Plan

The following presents the Town of Scarborough School Department's proportionate share of the net pension liability calculated using the discount rate of 6.875% percent, as well as what the School Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1-percentage-point higher (7.875%) than the current rate:

	Discount rate	Town School Department's proportionate share of net pension liability
1% decrease	5.875%	\$ 999,696
Current discount rate	6.875%	\$ 624,320
1% increase	7.875%	\$ 311,448

PLD Plan

The following presents the Town and the School Department's proportionate share of the net pension liability calculated using the discount rate of 7.25% percent, as well as what the Town and the School Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	Discount rate	Town and School Department's proportionate share of net pension liability
1% decrease	5.875%	\$ 13,055,756
Current discount rate	6.875%	\$ 7,865,767
1% increase	7.875%	\$ 2,979,577

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Maine Public Employees Retirement System financial report.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN, CONTINUED

On-Behalf Payments

The State of Maine makes a contribution to the Maine Public Employees Retirement System Teachers Fund for the teachers of the Town of Scarborough's School Department. The actual payment, which is made by the State, is determined by an actuary for the entire teachers' fund. The Maine Public Employees Retirement System estimates the payment made on-behalf of the Town of Scarborough's School Department to approximate 10.02% of the qualified teachers' salaries, plus an additional 2.66% for health insurance. For the year ended June 30, 2017, the total amount of on-behalf payments was approximately \$2,930,000 and was recognized in the fund financial statements. The amount of on-behalf payments recognized in the government wide financial statements for pension expense was approximately \$3,265,000.

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, into the ICMA Money Purchase Plan, 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 17% 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 \$329,124 which was 6% of the participating employees and 17% of the Town Manager's current year covered payroll. The covered payroll amounted to \$5,206,508 while the Town's total payroll was \$14,246,202.

Employee's required contributions amounted to \$303,266 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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

DEFINED CONTRIBUTION PENSION PLAN, CONTINUED

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 employee's contributions amounted to \$518,797 and the Town contributions amounted to \$271,361. The Town contributes a match up to 4%. The covered payroll amounted to \$6,565,267.

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 January 1, 2017 for fiscal year ending June 30, 2017.

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. As a result of the basic nature of insurance, an implicit rate subsidy is generated as a result of one risk group subsidizing another to arrive a blended premium. Therefore, current employees who are young and healthy subsidize the older retirees. 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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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

Normal Cost	\$91,817
Amortization of Unfunded	164,456
Interest	5,075
Annual Required Contribution	\$261,348

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 ended June 30, 2017 were as follows:

Annual required contribution	\$261,348
Interest on NET OPEB Obligation	70,217
Amortization adjustment to ARC	<u>(101,516)</u>
Annual OPEB Cost	230,049
Actual contribution	<u>(85,757)</u>
Increase in Net OPEB Obligation	144,292
Net OPEB obligation – beginning of year	1,755,415
Net OPEB Obligation – end of year	<u>\$1,899,707</u>

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

<u>Fiscal Year Ended</u>	<u>Cost</u>	<u>Cost Contributed</u>	<u>Obligation</u>
2017	\$230,049	37%	\$1,899,707
2016	249,213	20%	1,755,415
2015	249,213	18%	1,556,926

The funded status of the plan as of June 30, 2017 was as follows:

Actuarial accrued liability	\$2,957,536
Plan Assets	<u>0</u>
Unfunded actuarial accrued liability	\$2,957,536
Covered payroll	\$10,607,967
Unfunded actuarial accrued liability as a percentage of covered payroll	27.9%

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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Open
Remaining Amortization Period	30 Years

Actuarial Assumptions:	
Discount Rate	4.00%
Projected Salary Increases	2.75%
Healthcare Inflation Rate	4.00%

TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS

The Town entered into property tax abatement agreements (credit enhancement agreements) with local businesses under Municipal Tax Increment Financing Districts approved by the State of Maine Department of Economic and Community Development. Under the agreements, the Town may grant reimbursement limited to incremental taxes from the new actual increased assessed value projected at 100 percent of the increase. The agreements may be granted to businesses located within the Town that is providing economic development.

For the fiscal year ended June 30, 2017, the City abated property taxes totaling \$732,197 under the program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

A 100 percent property tax abatement to the Gateway Shoppes formerly owned by New England Expedition that is a significant employer in the City. The abatement is to assist the employer to retain employees and to expand the business. The abatement amounted to \$560,769.

A 100 percent property tax abatement to the Enterprise Business Park formerly owned by Commercial Place, LLC that is a significant employer in the City. The abatement is to assist the employer to retain employees and to expand the business. The abatement amounted to \$106,199.

All the remaining businesses abatements in the aggregate totaled \$65,229.

The Town also has an agreement for the Haigis Parkway district with total tax captured of \$145,658 which none is currently abated and the funds are utilized for Town's parkway as an investment site.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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 purchased, the Town is not aware of any material actual or potential claims liabilities which should be recorded at June 30, 2017. 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 POSITION

Net Position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and adding back any unspent proceeds. Net Positions 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 investment in capital assets, was calculated as follows at June 30, 2017:

	Governmental Activities
Capital assets	\$ 195,856,085
Accumulated depreciation	(48,556,261)
Bonds payable	(83,845,000)
Premium liabilities net of amortization	(5,049,838)
Deferred charge on refunding	2,197,594
Unspent bond proceeds	1,106,237
<u>Net investment in capital assets</u>	<u>\$61,708,817</u>

The Town's Bonds payable is \$91,630,000 as stated in the footnote on page 62. For the purpose of determining net investment in capital assets, bonds payable totaling \$7,785,000, have been excluded from this calculation because the Town transferred ownership of the capital assets to other entities.

PRIOR PERIOD ADJUSTMENT TO NET POSITION AND FUND BALANCE

Beginning net position of governmental activities and beginning fund balance of Nonmajor Special Revenue Funds has been restated by increasing net position/fund balance for \$54,785 related to the Scarborough Economic Development Corporation that was reclassified from previously being reported as a discrete component unit to a blended component unit. This reclassification was made as a result of the implementation of GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which clarified the presentation requirements.

COMMITMENTS

Construction in progress of \$3,133,526 as of June 30, 2017 consists of road improvements, Eastern Trail improvements, and public works fuel station replacement. These projects are expected to be completed during the fiscal year ending June 30, 2018. The additional estimated costs to complete these projects are approximately \$2,872,482.

TOWN OF SCARBOROUGH, MAINE
Schedule of Funding Progress
Required Supplementary Information
June 30, 2017
(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]
2017	01-01-2017	\$ -	\$2,957,536	\$2,957,536	0%	\$10,607,967	27%
2016	01-01-2014	\$ -	\$2,728,097	\$2,728,097	0%	\$10,324,055	26%
2015	01-01-2014	\$ -	\$2,728,097	\$2,728,097	0%	\$9,967,491	27%
2014	01-01-2014	\$ -	\$2,728,097	\$2,728,097	0%	\$9,298,561	29%
2013	01-01-2011	\$ -	\$3,023,581	\$3,023,581	0%	\$8,974,368	33%
2012	01-01-2011	\$ -	\$3,023,581	\$3,023,581	0%	\$7,864,585	38%
2011	01-01-2011	\$ -	\$3,023,581	\$3,023,581	0%	\$7,485,589	40%
2010	01-01-2009	\$ -	\$2,793,753	\$2,793,753	0%	\$6,776,068	41%
2009	01-01-2009	\$ -	\$2,793,753	\$2,793,753	0%	\$6,208,803	45%

*Additional years will be displayed to meet the ten year disclosure requirement when the information becomes available.

TOWN OF SCARBOROUGH, MAINE
Schedule of Proportionate Share of the Net Pension Liability
Required Supplementary Information
June 30, 2017
(Unaudited)

Maine Public Employees Retirement System

Teacher Plan

Fiscal Year	Actuarial Valuation Date	Town Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Covered Employee Payroll	Town Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	06-30-2016	0.035%	\$624,320	\$33,161,075	\$33,785,395	\$23,568,099	2.65%	76.21%
2016	06-30-2015	0.042%	\$565,672	\$24,964,846	\$25,530,518	\$22,450,059	2.52%	81.18%
2015	06-30-2014	0.035%	\$378,299	\$19,539,727	\$19,918,026	\$21,706,258	1.74%	84.04%

*Additional years will be displayed to meet the ten year disclosure requirement when the information becomes available.

PLD Plan

Fiscal Year	Actuarial Valuation Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	06-30-2016	1.48%	\$7,865,767	\$7,305,860	75.65 %	81.61%
2016	06-30-2015	1.53%	\$4,875,343	\$6,444,728	107.66 %	88.27%
2015	06-30-2014	1.50%	\$2,310,255	\$6,287,712	36.74 %	94.10%

*Additional years will be displayed to meet the ten year disclosure requirement when the information becomes available.

TOWN OF SCARBOROUGH, MAINE
Schedule of Contributions
Required Supplementary Information
June 30, 2017
(Unaudited)

Teachers Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2017	06-30-2016	\$838,381	\$838,381	\$0	\$23,568,099	3.56%
2016	06-30-2015	\$649,178	\$649,178	\$0	\$22,450,059	2.89%
2015	06-30-2014	\$626,859	\$626,859	\$0	\$21,706,258	2.88%

*Additional years will be displayed to meet the ten year disclosure requirement when the information becomes available.

PLD Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2017	06-30-2016	\$815,586	\$815,586	\$0	\$7,305,860	11.16%
2016	06-30-2015	\$694,798	\$694,798	\$0	\$6,444,728	10.78%
2015	06-30-2014	\$624,901	\$624,901	\$0	\$6,287,712	9.94%

*Additional years will be displayed to meet the ten year disclosure requirement when the information becomes available.

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GENERAL FUND

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

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TOWN OF SCARBOROUGH, MAINE
General Fund
Comparative Balance Sheets
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 17,372,662	16,634,125
Investments	645,900	751,414
Receivables:		
Taxes receivable	157,657	188,545
Tax liens	778,838	866,101
Accounts receivable , net	800,919	778,066
Intergovernmental	199,023	170,666
Inventory	12,598	31,301
Interfund loans receivable	2,666,910	2,570,631
Tax acquired property	7,231	7,231
Total assets	\$ 22,641,738	21,998,080
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other current liabilities	2,704,002	2,044,181
Accrued payroll and other related liabilities	4,709,522	4,774,805
Accrued compensated absence (current)	99,129	98,807
Unearned revenues	58,208	42,210
Total liabilities	7,570,861	6,960,003
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	786,089	863,100
Total deferred inflows of resources	\$ 786,089	863,100
Fund balance:		
Nonspendable inventory	12,598	31,301
Restricted - Town	2,958,307	2,742,860
Restricted - Education	241,488	2,223,786
Committed - Town	400,241	502,763
Assigned - Town	1,676,064	2,140,455
Assigned - School	2,102,464	426,253
Unassigned - Town	6,893,626	6,107,559
Total fund balance	14,284,788	14,174,977
Total liabilities, deferred inflows of resources and fund balance	\$ 22,641,738	21,998,080

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, 2017
(with comparative totals for June 30, 2016)

			2017		Variance positive (negative)	2016 Actual
			Budget	Total Available		
	2016 carryforward					
Revenues:						
Taxes:						
Property taxes	\$ -	59,824,192	59,824,192	59,446,340	(377,852)	57,527,365
Change in deferred property tax revenue	-	-	-	77,011	77,011	(56,621)
Excise taxes	-	5,227,000	5,227,000	5,902,844	675,844	5,626,533
Cable franchise tax	-	191,317	191,317	200,984	9,667	190,592
Interest and costs on taxes	-	94,400	94,400	101,590	7,190	113,124
Total taxes	-	65,336,909	65,336,909	65,728,769	391,860	63,400,993
Licenses and permits:						
Plumbing fees	-	41,000	41,000	38,880	(2,120)	47,605
Fees and Permits	-	154,280	154,280	174,198	19,918	173,976
Building permits	-	385,000	385,000	396,157	11,157	447,687
Electrical permits	-	57,000	57,000	52,880	(4,120)	66,792
Zoning Board of Appeals	-	7,000	7,000	9,275	2,275	6,325
License plate fees	-	58,525	58,525	60,811	2,286	60,322
Subdivision fees	-	25,000	25,000	49,556	24,556	13,921
Total licenses and permits	-	727,805	727,805	781,757	53,952	816,628
Intergovernmental:						
Education state subsidies	-	3,589,147	3,589,147	3,499,284	(89,863)	4,601,471
FEMA reimbursement	-	-	-	-	-	-
Federal HIDTA revenues	-	150,000	150,000	182,434	32,434	159,132
State Revenue Sharing	-	786,994	786,994	797,303	10,309	838,395
Homestead exemption	-	544,388	544,388	544,388	-	354,367
Business equipment tax exemption	-	553,421	553,421	553,749	328	333,868
LRAP (Local Road Assistance Program)	-	325,668	325,668	317,212	(8,456)	325,668
ecomaine payment in lieu of taxes	-	71,450	71,450	71,450	-	71,450
General assistance reimbursement	-	1,500	1,500	10,952	9,452	6,386
Adult education State subsidies	-	25,000	25,000	29,306	4,306	21,244
Medicaid	-	45,000	45,000	334	(44,666)	16,716
Other Federal and State revenues - School	-	165,000	165,000	117,677	(47,323)	143,394
Other Federal and State revenues - Town	-	115,636	115,636	198,254	82,618	184,250
Total intergovernmental	-	6,373,204	6,373,204	6,322,343	(50,861)	7,056,341
Interest earned	-	15,000	15,000	175,917	160,917	84,783
Unclassified:						
School Department miscellaneous	-	311,000	311,000	284,539	(26,461)	301,333
Adult education	-	58,253	58,253	52,061	(6,192)	45,727
Community services	-	2,041,814	2,041,814	2,027,238	(14,576)	1,901,257
Insurance reimbursements	-	33,000	33,000	64,523	31,523	125,210
Public Violations	-	65,550	65,550	81,819	16,269	65,190
Special duty police/fire	-	77,000	77,000	111,003	34,003	95,601
Inspection/review fees	-	84,800	84,800	146,651	61,851	97,331
Rescue donations	-	800,000	800,000	800,000	-	747,500
Rental income	-	58,237	58,237	60,200	1,963	56,856
Sale of Town-owned property	-	102,000	102,000	161,912	59,912	149,582
Salary reimbursement	-	1,508,145	1,508,145	1,439,678	(68,467)	1,331,447
Vehicle fuel reimbursement	-	380,491	380,491	329,592	(50,899)	440,812
Vehicle maintenance reimbursement	-	527,600	527,600	556,284	28,684	577,680
Lease revenue	-	-	-	-	-	-
Miscellaneous	-	66,600	66,600	112,938	46,338	86,117
Total unclassified	-	6,114,490	6,114,490	6,228,438	113,948	6,021,643
Total revenues	-	78,567,408	78,567,408	79,237,224	669,816	77,380,388

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

		2017				
	2016 carryforward	Budget	Total available	Actual	Variance positive (negative)	2016 Actual
Expenditures:						
Current:						
General government:						
Town Council	\$ -	11,573	11,573	11,573	-	11,573
Administration	487	457,839	458,326	441,171	17,155	266,782
Town Clerk	1,500	193,957	195,457	193,546	1,911	184,492
Human resources	72	291,064	291,136	280,324	10,812	278,483
Personnel benefits	-	241,915	241,915	453,937	(212,022)	265,292
Finance	5,002	370,535	375,537	366,734	8,803	336,933
Purchasing	-	-	-	-	-	65,341
Taxation/Treasury	2,711	365,678	368,389	346,979	21,410	351,061
Assessing	286	219,405	219,691	209,134	10,557	206,256
Management information systems	33,329	1,188,613	1,221,942	1,136,440	85,502	1,127,537
Planning	1,161	953,915	955,076	919,589	35,487	968,306
General government	-	102,119	102,119	105,362	(3,243)	111,704
Legal	-	105,000	105,000	179,958	(74,958)	85,177
Risk management	-	593,458	593,458	673,309	(79,851)	600,393
Public information	3,200	3,300	6,500	6,690	(190)	-
Outside agencies	-	20,500	20,500	12,500	8,000	45,376
Total general government	47,748	5,118,871	5,166,619	5,337,246	(170,627)	4,904,706
Public services:						
Library	-	1,099,898	1,099,898	1,099,898	-	1,022,538
Public health and welfare	-	29,656	29,656	31,682	(2,026)	26,398
Tax Rebates (Credit Enhancement Agree)	-	762,504	762,504	732,288	30,216	715,000
Economic Development Corporation	2,000	224,694	226,694	220,133	6,561	214,490
Community services	55,684	2,748,857	2,804,541	2,768,146	36,395	2,711,870
Total public services	57,684	4,865,609	4,923,293	4,852,147	71,146	4,690,296
Public safety:						
Fire Department	36,289	3,038,530	3,074,819	2,914,591	160,228	2,426,219
Emergency Management	7,008	38,941	45,949	41,794	4,155	37,205
Emergency Medical Services	11,288	1,779,150	1,790,438	1,859,427	(68,989)	1,937,044
Marine resources	9,581	95,888	105,469	78,390	27,079	94,173
Police Department	70,242	6,165,437	6,235,679	5,951,571	284,108	5,631,302
Total public safety	134,408	11,117,946	11,252,354	10,845,773	406,581	10,125,943
Public works:						
Public Works Department	19,716	3,079,441	3,099,157	2,934,766	164,391	3,024,849
GIS/Engineering services	-	114,488	114,488	99,841	14,647	110,875
Vehicle maintenance	-	1,714,519	1,714,519	1,635,444	79,075	1,701,268
Water charges	-	217,450	217,450	217,529	(79)	209,770
Street lighting	-	186,000	186,000	188,598	(2,598)	183,816
Traffic signals	-	112,585	112,585	93,291	19,294	105,239
Cemetery care	-	18,700	18,700	17,116	1,584	17,128
Memorials	-	8,007	8,007	8,013	(6)	8,046
Shade trees	-	6,000	6,000	1,685	4,315	3,675
Solid waste program	-	1,297,951	1,297,951	1,332,778	(34,827)	1,312,943
Total public works	19,716	6,755,141	6,774,857	6,529,061	245,796	6,677,609
Education:						
Adult education	-	182,805	182,805	187,523	(4,718)	178,868
Regular instruction	-	26,854,833	26,854,833	26,456,084	398,749	25,050,826
Improvement of instruction	-	993,479	993,479	926,246	67,233	852,059
Special services	1,113	3,894,497	3,895,610	3,846,403	49,207	3,542,388
General & special administration	-	232,239	232,239	235,012	(2,773)	220,590
Board of education	-	33,323	33,323	28,956	4,367	31,370
Office of the superintendent	-	666,197	666,197	670,300	(4,103)	653,975
Business administration	-	2,017,409	2,017,409	2,013,051	4,358	1,896,014
Transportation	-	1,547,918	1,547,918	1,484,812	63,106	1,466,792
Operation and maintenance of plant	-	3,828,539	3,828,539	3,552,268	276,271	3,585,282
Debt service	-	5,761,633	5,761,633	5,760,631	1,002	3,740,323
Total education	1,113	46,012,872	46,013,985	45,161,286	852,699	41,218,487

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

	2017				Variance positive (negative)	2016 Actual
	2016 carryforward	Budget	Total available	Actual		
Expenditures, continued:						
Current, continued:						
County tax	\$ -	2,568,852	2,568,852	2,568,852	-	2,493,342
Debt service (excluding education):						
Principal	-	3,574,667	3,574,667	3,574,135	532	3,556,499
Interest and other costs	-	1,265,829	1,265,829	1,283,520	(17,691)	1,367,399
Total debt service	-	4,840,496	4,840,496	4,857,655	(17,159)	4,923,898
Capital improvements	173,404	1,148,470	1,321,874	1,148,329	173,545	1,037,678
Total expenditures	434,073	82,428,257	82,862,330	81,300,349	1,561,981	76,071,959
Excess (deficiency) of revenues over expenditures	(434,073)	(3,860,849)	(4,294,922)	(2,063,125)	2,231,797	1,308,429
Other financing sources (uses):						
Transfers in	-	2,524,007	2,524,007	2,498,932	(25,075)	876,717
Transfers out	-	(170,692)	(170,692)	(774,116)	(603,424)	(295,839)
General obligation bonds	-	526,500	526,500	574,270	47,770	596,556
Refunding bond issued	-	-	-	-	-	3,785,000
Premium received on refunded bonds, net of issuance costs	-	-	-	-	-	187,329
Premium received on issued bonds, net of issuance costs	-	-	-	-	-	33,183
Payment to refunding bond escrow agent	-	-	-	-	-	(3,972,329)
Overlay	-	(173,207)	(173,207)	(173,207)	-	-
Total other financing sources (uses)	-	2,706,608	2,706,608	2,125,879	(580,729)	1,210,617
Net change in fund balances - budgetary basis	(434,073)	(1,154,241)	(1,588,314)	62,754	1,651,068	2,519,046
Utilization of prior year surplus and carrying balances	434,073	1,154,241	1,588,314	-	(1,588,314)	-
Total Utilization of Fund Balance and Carry forwards	-	-	-	62,754	62,754	2,519,046
Reconciliation to GAAP basis:						
Change in current portion of accrued compensated absences				47,057		(46,647)
Fund balances, beginning of year				14,174,977		11,702,578
Fund balances, end of year				14,284,788		14,174,977

TOWN OF SCARBOROUGH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 636,419	157,053	-	793,472
Investments	5,228,171	1,119,855	238,082	6,586,108
Intergovernmental receivable	135,514	-	-	135,514
Accounts receivable	119,114	-	-	119,114
Interfund loans	504,055	34,024	16,350	554,429
Inventory	36,054	-	-	36,054
Notes receivable	-	-	-	-
Total assets	\$ 6,659,327	1,310,932	254,432	8,224,691
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	484,472	654,351	-	1,138,823
Interfund loans	257,602	4,885	544	263,031
Performance bond deposits	-	-	-	-
Total liabilities	742,074	659,236	544	1,401,854
Fund balances (deficit):				
Nonspendable trust principal	-	-	163,568	163,568
Nonspendable inventory	36,054	-	-	36,054
Restricted for Town	644,926	640,475	90,320	1,375,721
Restricted for Education	-	11,221	-	11,221
Committed for Town	4,842,211	-	-	4,842,211
Committed for Education	403,525	-	-	403,525
Unassigned for Town	(9,463)	-	-	(9,463)
Total fund balances (deficit)	5,917,253	651,696	253,888	6,822,837
Total liabilities and fund balances	\$ 6,659,327	1,310,932	254,432	8,224,691

TOWN OF SCARBOROUGH, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,701,311	-	-	1,701,311
Contributions	673,858	-	-	673,858
Taxes	-	220,500	-	220,500
Assessments and impact fees	2,573,583	-	-	2,573,583
Sale of lots	-	-	8,390	8,390
Other revenue	1,667,288	41,024	-	1,708,312
Interest revenue	25,119	222,085	1,085	248,289
Total revenues	6,641,159	483,609	9,475	7,134,243
Expenditures:				
Current:				
Capital expenditures	849,717	4,502,617	-	5,352,334
Education	2,705,670	-	-	2,705,670
Other	2,466,575	-	293	2,466,868
Total expenditures	6,021,962	4,502,617	293	10,524,872
Excess (deficiency) of revenues over expenditures	619,197	(4,019,008)	9,182	(3,390,629)
Other financing sources (uses):				
Transfers in	301,151	261,926	-	563,077
Transfers out	(447,515)	(1,616,070)	-	(2,063,585)
General Obligation Bonds	-	2,180,730	-	2,180,730
Total other financing sources (uses)	(146,364)	826,586	-	680,222
Net change in fund balances	472,833	(3,192,422)	9,182	(2,710,407)
Fund balances, beginning of year, as restated	5,444,420	3,844,118	244,706	9,533,244
Fund balances, end of year	\$ 5,917,253	651,696	253,888	6,822,837

OTHER GOVERNMENTAL FUNDS

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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 and 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.

Scarborough Economic Development Corporation (SEDCO)

Scarborough Economic Development Corporation assists both current and prospective business. SEDCO supports the economic and business development to improve the quality of life in Scarborough by expanding the town's tax and employment base. The SEDCO board appoints the members of its own board however, the Town provides most of their funding.

Eastern Trail Alliance

Close the Gap - The Town of Scarborough, the Eastern Trail Alliance and other partners are working to complete the final 1.6 mile gap in the Eastern Trail that currently exists between Scarborough and South Portland. Federal, State and Local monies are all planned to help fund this project, but additional private contributions will be needed to make this a reality.

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/Prouts Landing. This land is to remain in its natural state and is not for recreational purposes.

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.

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

Other Impact Fees:

The purpose of this fund is to account for all “Impact Fees” that are collected pursuant to the *Development Impact Fee Ordinance* adopted by the Town Council. The Ordinance requires the Town Treasurer to maintain all of these fees in a separate impact fee account and that the account is segregated from the Town’s general revenues. The Ordinance requires the Town treasurer to deposit impact fees collected pursuant to this Ordinance in special revenue non-lapsing accounts dedicated for funding 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 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.

Departmental Grants and Programs

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

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.

TOWN OF SCARBOROUGH, MAINE

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2017

		Recrea- tional Develop- ment	Credit Enhancement Agreements	Scarborough Economic Development Corporation	Eastern Trail Alliance Close the Gap	Prouts Landing Conserva- tion	Payne Road Improvements	Payne Road Impact Fees
ASSETS								
Cash and cash equivalents	\$	-	-	50,347	-	-	-	272,475
Investments		-	43,118	-	300,569	25,382	72,189	1,930,102
Intergovernmental receivable		-	-	2,690	-	-	-	-
Due from State of Maine		-	-	-	-	-	-	-
Accounts receivable		-	-	-	25,850	-	-	698
Interfund loans receivable		69,560	-	-	-	-	-	3,390
Inventory		-	-	8,508	-	-	-	-
Notes receivable		-	-	-	-	-	-	-
Total assets	\$	69,560	43,118	61,545	326,419	25,382	72,189	2,206,665
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		-	-	7,409	-	-	-	275,597
Interfund loans payable		-	-	-	-	-	-	-
Performance bond deposits		-	-	-	-	-	-	-
Total liabilities		-	-	7,409	-	-	-	275,597
Fund balances:								
Nonspendable		-	-	8,508	-	-	-	-
Restricted		-	43,118	-	326,419	-	-	-
Committed		69,560	-	-	-	25,382	72,189	1,931,068
Unassigned		-	-	45,628	-	-	-	-
Total fund balances (deficit)		69,560	43,118	54,136	326,419	25,382	72,189	1,931,068
Total liabilities and fund balances	\$	69,560	43,118	61,545	326,419	25,382	72,189	2,206,665

	Other Impact Fees	Police Asset Forfeiture	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Lunch Program	Totals
ASSETS								
Cash and cash equivalents	-	-	-	-	9,237	304,360	-	636,419
Investments	1,171,268	117,165	373,074	37,779	1,157,525	-	-	5,228,171
Intergovernmental receivable	-	-	-	-	-	132,824	-	135,514
Accounts receivable	-	-	58,028	-	9,930	4,266	20,342	119,114
Interfund loans receivable	13,733	-	416,522	850	-	-	-	504,055
Inventory	-	-	-	-	-	-	27,546	36,054
Notes receivable	-	-	-	-	-	-	-	-
Total Assets	1,185,001	117,165	847,624	38,629	1,176,692	441,450	47,888	6,659,327
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	-	70,218	-	17,890	37,925	75,433	484,472
Interfund loans payable	34,024	-	89,418	-	134,160	-	-	257,602
Performance bond deposits	-	-	-	-	-	-	-	-
Total Liabilities	34,024	-	159,636	-	152,050	37,925	75,433	742,074
Fund balances:								
Nonspendable							27,546	36,054
Restricted	-	117,165	-	38,629	119,595	-	-	644,926
Committed	1,150,977	-	687,988	-	905,047	403,525	-	5,245,736
Unassigned	-	-	-	-	-	-	(55,091)	(9,463)
Total fund balances (deficit)	1,150,977	117,165	687,988	38,629	1,024,642	403,525	(27,545)	5,917,253
Total liabilities and fund balances	1,185,001	117,165	847,624	38,629	1,176,692	441,450	47,888	6,659,327

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

	Recrea- tional Develop- ment	Credit Enhancement Agreements	Scarborough Economic Development Corporation	Eastern Trail Alliance Close the Gap	Prouts Landing Conserva- tion	Payne Road Improvements	Payne Road Impact Fees
Revenues:							
Intergovernmental	\$ -	-	-	-	-	-	-
Interest earned	-	124	-	585	115	329	11,236
Contributions	-	-	227,614	325,834	-	-	-
Sale of Lots/Land/Equip	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	17,156
Assessments and impact fees	17,750	626,089	-	-	-	-	-
Total revenues	17,750	626,213	227,614	326,419	115	329	28,392
Expenditures:							
Construction and acquisitions	-	-	-	-	-	-	(3,700)
Education	-	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-	-
Other	-	626,089	228,263	-	-	-	-
Total expenditures	-	626,089	228,263	-	-	-	(3,700)
Excess (deficiency) of revenues over expenditures	17,750	124	(649)	326,419	115	329	32,092
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	17,750	124	(649)	326,419	115	329	32,092
Fund balances (deficit), beginning of year	51,810	42,994	54,785	-	25,267	71,860	1,898,976
Fund balances (deficit), end of year	\$ 69,560	43,118	54,136	326,419	25,382	72,189	1,931,068

	Other Impact Fees	Police Asset Forfeiture	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Lunch Program	Totals
Revenues:								
Intergovernmental	-	19,667	-	-	335,975	1,112,411	233,258	1,701,311
Interest earned	5,642	602	1,245	167	5,074	-	-	25,119
Contributions	-	-	-	3,505	-	116,905	-	673,858
Sale of Lots/Land/Equip	-	-	-	-	-	-	-	-
Other	457,972	-	-	-	260,390	-	931,770	1,667,288
Assessments and impact fees	-	-	1,929,744	-	-	-	-	2,573,583
Total revenues	463,614	20,269	1,930,989	3,672	601,439	1,229,316	1,165,028	6,641,159
Expenditures:								
Construction and acquisitions	191,559	9,095	-	-	652,763	-	-	849,717
Education	-	-	-	-	-	1,211,946	1,493,724	2,705,670
Benefits paid	-	-	-	-	-	-	-	-
Other	-	-	1,612,223	-	-	-	-	2,466,575
Total expenditures	191,559	9,095	1,612,223	-	652,763	1,211,946	1,493,724	6,021,962
Excess (deficiency) of revenues over expenditures	272,055	11,174	318,766	3,672	(51,324)	17,370	(328,696)	619,197
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	301,151	301,151
Bond Proceeds	-	-	-	-	-	-	-	-
Transfers out	(325,097)	(33,000)	(89,418)	-	-	-	-	(447,515)
Total other financing sources (uses)	(325,097)	(33,000)	(89,418)	-	-	-	301,151	(146,364)
Net change in fund balances	(53,042)	(21,826)	229,348	3,672	(51,324)	17,370	(27,545)	472,833
Fund balances (deficit), beginning of year	1,204,019	138,991	458,640	34,957	1,075,966	386,155	-	5,444,420
Fund balances (deficit), end of year	1,150,977	117,165	687,988	38,629	1,024,642	403,525	(27,545)	5,917,253

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, 2017

	Fund balances beginning of year	Revenues		Program expenditures	Fund balances end of year
		Grants	Other		
Federal education grant programs:					
NCLB/Title IA	\$ -	165,825	-	165,825	-
NCLB/Title IIA	1,872	71,464	-	72,587	749
NCLB/Title VA	-	-	-	-	-
Local Entitlement	(106)	814,291	-	814,150	35
Preschool handicapped	-	7,496	-	7,531	(35)
Total federal education grant programs	1,766	1,059,076	-	1,060,093	749
Other State grant programs:					
PEPG Grant	2,235	-	1,500	-	3,735
Scarborough Education Foundation	16,079	-	33,040	24,649	24,470
Finberg Trust	194,129	-	-	10,000	184,129
Other Donations	7,291	-	13,487	2,253	18,525
Proficiency Based Graduation	70,910	-	36,298	99,325	7,883
Technology Maintenance Fees	92,893	-	70,380	5,339	157,934
School Nutrition Special Programs	-	-	7,435	2,080	5,355
CC Admin Certification	852	-	8,100	8,207	745
Total other state grant programs	384,389	-	170,240	151,853	402,776
Total school categorical programs	\$ 386,155	1,059,076	170,240	1,211,946	403,525

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NONMAJOR CAPITAL PROJECT FUNDS

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

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

General School Improvements

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

General Town Improvements

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

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Fund
Balance Sheet
June 30, 2017

	General School Improvements	General Town Improvements	Totals
ASSETS			
Cash and cash equivalents	\$ -	157,053	157,053
Investments	286,604	833,251	1,119,855
Accounts Receivable	-	-	-
Interfund loans receivable	-	34,024	34,024
Total assets	\$ 286,604	1,024,328	1,310,932
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	270,498	383,853	654,351
Interfund loans payable	4,885	-	4,885
Total liabilities	275,383	383,853	659,236
Fund balance (deficit):			
Restricted	11,221	640,475	651,696
Unassigned	-	-	-
Total fund balance (deficit)	11,221	640,475	651,696
Total liabilities and fund balance	\$ 286,604	1,024,328	1,310,932

TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2017

	General School Improvements	General Town Improvements	Totals
Revenues:			
Intergovernmental	\$ -	-	-
Taxes	56,000	164,500	220,500
Interest earned	89,791	132,294	222,085
Other	-	41,024	41,024
Total revenues	145,791	337,818	483,609
Expenditures:			
Capital Improvements	1,573,203	2,929,414	4,502,617
Total expenditures	1,573,203	2,929,414	4,502,617
Excess (deficiency) of revenues over expenditures	(1,427,412)	(2,591,596)	(4,019,008)
Other financing sources (uses):			
Transfers in	195,502	66,424	261,926
Transfers out	(1,391,110)	(224,960)	(1,616,070)
Proceeds of general obligation bonds	1,106,876	1,073,854	2,180,730
Total other financing sources (uses)	(88,732)	915,318	826,586
Net change in fund balances	(1,516,144)	(1,676,278)	(3,192,422)
Fund balances (deficit), beginning of year	1,527,365	2,316,753	3,844,118
Fund balances (deficit), end of year	\$ 11,221	640,475	651,696

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, 2017

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
ASSETS				
Investments	\$ 209,783	25,335	2,964	238,082
Interfund loans receivable	16,350	-	-	16,350
Total assets	\$ 226,133	25,335	2,964	254,432
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	-	544	-	544
Total liabilities	-	544	-	544
Fund balances:				
Nonspendable Principal	149,701	13,367	500	163,568
Restricted Expendable Income	76,432	11,424	2,464	90,320
Total fund balances	226,133	24,791	2,964	253,888
Total liabilities and fund balances	\$ 226,133	25,335	2,964	254,432

TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues:				
Interest and dividends	\$ 956	116	13	1,085
Sale of lots/perpetual care deposits	8,390	-	-	8,390
Total revenues	9,346	116	13	9,475
Expenditures:				
Earnings retained by General Fund	-	293	-	293
Other	-	-	-	-
Total expenditures	-	293	-	293
Net change in fund balances	9,346	(177)	13	9,182
Fund balances, beginning of year	216,787	24,968	2,951	244,706
Fund balances, end of year	\$ 226,133	24,791	2,964	253,888

PRIVATE-PURPOSE TRUST FUNDS

Shirley Grover Fund

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

Mary Campbell Peterson Fund

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

Edith Warga Art Scholarship

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

Packy McFarland Scholarship Fund

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

Roy Nelson Scholarship Fund

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

Daniel Tranchemontagne Scholarship Fund

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

Virginia Jackson Scholarship Fund

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

PRIVATE-PURPOSE TRUST FUNDS, CONTINUED

Evelyn J. Chaddon Memorial Scholarship Fund

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

S. Dwight Howard Memorial Scholarship Fund

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

Bertha Libby-Lary Scholarship Fund

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

Academic Decathlon Scholarship Fund

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

Kathy Pearson Scholarship Fund

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

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Fiduciary Net Position
June 30, 2017

	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	Class of 1976 Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
ASSETS														
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	\$ 1,021	92,327	99,200	183	12	1,114	13,474	318	2,469	10,894	1,253	150	3,013	225,428
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,021	92,327	99,200	183	12	1,114	13,474	318	2,469	10,894	1,253	150	3,013	225,428
LIABILITIES AND NET ASSETS														
Liabilities:														
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net position:														
Nonspendable Principal	1,240	87,680	100,000	-	-	-	-	500	2,026	3,500	-	-	3,810	198,756
Restricted Interest	(219)	4,647	(800)	183	12	1,114	13,474	(182)	443	7,394	1,253	150	(797)	26,672
Total net position	1,021	92,327	99,200	183	12	1,114	13,474	318	2,469	10,894	1,253	150	3,013	225,428
Total liabilities and net position	\$ 1,021	92,327	99,200	183	12	1,114	13,474	318	2,469	10,894	1,253	150	3,013	225,428

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2017

	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	Class of 1976 Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
Additions														
Donations	\$ -	-	-	-	-	-	-	-	-	-	-	150	-	150
Interest and dividends	5	423	455	1	-	5	67	1	12	50	6	-	14	1,039
Total additions	5	423	455	1	-	5	67	1	12	50	6	150	14	1,189
Deductions:														
School scholarships	-	1,500	2,500	-	-	-	1,500	-	150	250	-	-	-	5,900
Total deductions	-	1,500	2,500	-	-	-	1,500	-	150	250	-	-	-	5,900
Changes in net assets	5	(1,077)	(2,045)	1	-	5	(1,433)	1	(138)	(200)	6	150	14	(4,711)
Net position, beginning of year	1,016	93,404	101,245	182	12	1,109	14,907	317	2,607	11,094	1,247	-	2,999	230,139
Net position, end of year	\$ 1,021	92,327	99,200	183	12	1,114	13,474	318	2,469	10,894	1,253	150	3,013	225,428

TOWN OF SCARBOROUGH, MAINE
Agency Funds
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2017

	Balance			Balance
	July 1, 2016	Additions	Deletions	June 30, 2017
STUDENT ACTIVITIES:				
ASSETS				
Cash	\$ 287,186	524,773	478,806	333,153
LIABILITIES				
Payable to student groups	\$ 287,186	524,773	478,806	333,153

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Town of Scarborough Maine

Comprehensive Annual Financial Report



General Long Term Debt

Proposed New Public Safety Building

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TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-term Debt
For the year ended June 30, 2017

	Interest rate	Final maturity date	Annual principal payments	Balance beginning of year	Current Year		Balance end of year
					Issued	Retired	
<u>General Obligation Bonds</u>							
1997 Capital Improvements	5.60%	2017	110,000 to 2017	110,000		110,000	-
2006 Capital Improvements	4.00%		185,000 in 2017	185,000	-	185,000	-
2007 Capital Improvements	4.00%	2023	225,000 to 2017	225,000	-	225,000	-
2008 Capital Improvements	3.25%	2028	570,000 to 2017				
	3.35%		575,000 in 2018	1,145,000	-	570,000	575,000
2009 Capital Improvements	Varies	2029	310,000 to 2019	930,000	-	310,000	620,000
2009 Bond Refunding	3.00%	2020	185,000 to 2019				
	3.00%		115,000 in 2020	670,000	-	185,000	485,000
2010 Capital Improvements	Varies	2031	345,000 to 2021				
	Varies		280,000 to 2026				
	4.00%		100,000 to 2031	3,625,000	-	345,000	3,280,000
2011 Capital Improvements	2.00%	2031	360,000 to 2018				
	Varies		355,000 to 2021				
	Varies		115,000 to 2026				
	Varies		110,000 to 2031	2,910,000	-	360,000	2,550,000
2012 Capital Improvements	4.00%	2042	1,690,000 in 2017				
	4.00%		2,400,000 in 2018				
	4.00%		2,825,000 in 2019				
	4.00%		3,210,000 in 2020				
	5.00%		3,475,000 in 2021				
	3.00%		3,685,000 in 2022				
	3.00%		3,520,000 in 2023				
	4.00%		2,170,000 in 2024				
	4.00%		1,870,000 in 2025				
	4.00%		1,585,000 in 2026				
	4.00%		1,335,000 in 2027				
	4.00%		1,310,000 in 2028				
	4.00%		1,330,000 in 2029				
	4.00%		1,355,000 in 2030				
	4.00%		1,775,000 in 2031				
	4.00%		1,815,000 in 2032				
	4.00%		1,800,000 in 2033				
	Varies		685,000 to 2042	43,315,000	-	1,690,000	41,625,000
2013 Capital Improvements	3.00%	2043	\$ 1,145,000 in 2017				
	3.00%		915,000 in 2018				
	3.00%		765,000 in 2019				
	4.00%		770,000 in 2020				
	Varies		765,000 to 2023				
	5.00%		715,000 in 2024				
	4.00%		720,000 in 2025				
	5.00%		1,045,000 in 2026				
	5.00%		1,430,000 in 2027				
	3.00%		1,465,000 in 2028				
	4.00%		1,405,000 in 2029				
	3.25%		1,435,000 in 2030				
	3.25%		1,065,000 in 2031				
	3.25%		1,075,000 in 2032				
	4.00%		1,090,000 in 2033				
	4.00%		1,525,000 in 2034				
	4.00%		1,045,000 in 2035				
	Varies		565,000 to 2043	24,425,000	-	1,145,000	23,280,000

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

	Interest rate	Final maturity date	Annual principal payments	Balance beginning of year	Current Year		Balance end of year
<u>General Obligation Bonds</u>							
2014 Capital Improvements	2.00%	2034	760,000 in 2017				
	2.00%		735,000 in 2018				
	2.00%		700,000 in 2019				
	2.00%		325,000 to 2021				
	2.00%		310,000 in 2022				
	3.00%		300,000 to 2024				
	3.00%		250,000 to 2029				
2015 Capital Improvements	4.00%	2035	50,000 to 2034	5,255,000	-	760,000	4,495,000
	3.00%		495,000 in 2017				
	4.00%		485,000 in 2018				
	4.00%		430,000 to 2020				
	Varies		335,000 to 2023				
	4.00%		320,000 to 2025				
	Varies		265,000 to 2029				
2016 Capital Improvements	3.00%	2036	245,000 in 2030				
	3.00%		165,000 in 2031				
	3.00%		160,000 to 2034				
	3.00%		150,000 in 2035	5,585,000	-	495,000	5,090,000
	2.00%		665,000 in 2017				
	2.00%		860,000 in 2018				
	2.00%		1,035,000 in 2019				
2017 Capital Improvements	2.00%	2037	785,000 in 2020				
	2.00%		780,000 in 2021				
	2.00%		465,000 in 2022				
	2.00%		435,000 in 2023				
	2.50%		430,000 in 2024				
	3.00%		395,000 to 2026				
	3.00%		340,000 in 2027				
	4.00%		335,000 in 2028				
	4.00%		165,000 in 2029				
	3.00%		65,000 to 2036	7,540,000	-	665,000	6,875,000
	Varies		360,000 to 2021				
	5.00%		295,000 in 2022				
	5.00%		190,000 in 2023				
	5.00%		185,000 to 2027				
	3.00%		55,000 to 2032				
3.00%	35,000 to 2037	-	2,755,000	-	2,755,000		
Total bonds				95,920,000	2,755,000	7,045,000	91,630,000
Total long-term debt		\$		95,920,000	2,755,000	7,045,000	91,630,000

Town of Scarborough Maine Comprehensive Annual Financial Report



Statistical Section

Project of the Year 2017: Renovation – The Holy Donut

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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 <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	1-5
Revenue Capacity <i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	6-11
Debt Capacity <i>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.</i>	12-14A
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	15-17
Operating Information <i>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.</i>	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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Net investment in capital assets	\$ 35,652,357	\$ 41,821,008	\$ 47,588,145	\$ 53,031,962	\$ 54,339,258	\$ 49,823,697	\$ 53,887,278	\$ 57,103,811	\$ 59,088,465	\$ 61,708,817
Restricted	5,111,460	1,289,495	2,199,233	1,642,063	1,111,295	3,555,142	4,049,315	3,373,177	5,568,308	3,883,241
Unrestricted	5,178,473	5,441,922	2,916,603	(702,917)	2,127,242	6,347,111	3,907,583	(688,245)	(2,259,046)	(2,500,239)
Total governmental activities net position	\$ 45,942,290	\$ 48,552,425	\$ 52,703,981	\$ 53,971,108	\$ 57,577,795	\$ 59,725,950	\$ 61,844,176	\$ 59,788,743	\$ 62,397,727	\$ 63,091,819

Notes:

1) Total Net Position as restated for the fiscal years ended June 30, 2014 and forward. The Restatement resulted from implementation of GASB Statement No. 68.

Table 2

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Program revenues:										
Charges for services										
General government	\$ 1,620,897	\$ 1,177,707	\$ 1,986,246	\$ 1,851,983	\$ 1,386,497	\$ 1,525,062	\$ 1,868,477	\$ 3,170,678	\$ 3,257,876	\$ 2,821,305
Public services	1,589,909	1,584,529	1,719,617	1,680,722	1,791,859	2,363,475	2,481,387	2,531,113	2,510,082	2,883,349
Public safety	1,648,995	1,760,683	1,629,561	1,632,627	2,069,487	2,449,062	2,156,498	2,731,150	2,780,266	3,094,403
Public works	2,023,638	1,515,042	1,665,084	1,542,707	1,843,317	1,405,040	1,590,382	1,692,802	1,635,542	1,740,432
Education	1,211,208	1,195,167	1,217,302	1,252,673	1,248,055	1,191,085	1,282,369	1,299,774	1,356,477	1,268,370
Interest on debt services	-	-	-	-	-	-	-	-	-	-
Operating grants and activities	12,374,645	15,486,627	12,269,970	11,719,082	11,093,321	9,912,515	9,983,992	8,586,603	8,150,991	9,486,212
Capital grants and contributions	112,751	112,090	122,376	170,480	174,652	97,351	159,089	54,304	149,582	161,912
General revenues:										
Property and excise taxes, levies for general purposes	44,691,242	46,620,992	47,029,220	49,050,813	50,571,377	54,442,643	58,838,156	60,877,879	63,529,063	65,631,946
Grants and contributions not restricted to specific programs	3,834,629	339,302	1,947,274	1,904,938	2,473,014	2,656,313	1,352,303	1,908,036	1,796,997	2,206,632
Unrestricted investment earnings	344,371	137,533	141,496	42,024	66,255	42,573	108,862	390,260	84,783	175,917
Total revenues	69,452,285	69,929,672	69,728,146	70,848,049	72,717,834	76,085,119	79,821,515	83,242,599	85,251,659	89,470,478
Expenses:										
General government	12,739,673	11,408,399	10,656,413	12,022,846	11,537,424	11,413,745	11,346,043	14,077,217	12,728,572	14,435,000
Public services	3,133,250	3,742,174	3,831,908	5,041,659	3,868,072	3,851,672	4,188,079	4,658,690	4,733,734	4,923,303
Public safety	7,424,751	7,812,611	8,265,739	7,331,259	8,691,510	8,555,020	9,362,899	9,716,227	10,922,234	11,496,900
Public works	7,493,947	7,156,188	9,479,984	7,245,892	7,805,045	7,874,408	7,617,844	7,713,975	8,048,143	8,245,900
Education	32,951,412	34,363,377	34,546,380	35,275,130	34,346,445	39,167,124	41,772,944	41,617,985	42,774,764	46,499,772
Interest on debt service	2,737,229	2,826,821	2,693,682	2,664,136	2,862,650	3,074,995	3,415,482	3,418,748	3,435,228	3,230,297
Total expenses	66,480,262	67,309,570	69,474,106	69,580,922	69,111,146	73,936,964	77,703,291	81,202,842	82,642,675	88,831,172
Net (expense)/revenue:	2,972,023	2,620,102	254,040	1,267,127	3,606,688	2,148,155	2,118,224	2,039,757	2,608,984	639,306
Change in Net Position	\$ 2,972,023	\$ 2,620,102	\$ 254,040	\$ 1,267,127	\$ 3,606,688	\$ 2,148,155	\$ 2,118,224	\$ 2,039,757	\$ 2,608,984	\$ 639,306

Table 3

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

	2008*	2009	2010 ¹	2011 ²	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 618	\$ 630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable Inventory					34	34	48	43	31	13
Restricted for Town			2,482	2,685	2,993	3,861	2,838	2,898	2,743	2,958
Restricted for Education			1,056	496	440	977	509	540	2,224	242
Committed - General Fund			634	630 ³	688 ³	374 ³	452 ³	519 ³	503 ³	400
Assigned - General Fund			1,469	2,223	1,606	1,825	1,584	2,305	2,140	1,676
Assigned - Education				-	200	200	800	425	426	2,102
Unassigned - General Fund			2,231	955	2,093	1,787	3,377	4,973	6,108	6,894
Unreserved	8,357	8,174	-	-						
Total general fund	\$ 8,975	\$ 8,804	\$ 7,872	\$ 6,989	\$ 8,054	\$ 9,058	\$ 9,608	\$ 11,703	\$ 14,175	\$ 14,285
All Other Governmental Funds										
Nonspendable Permanent Fund Principal			125	126	129	132	135	147	155	164
Nonspendable Inventory Special Revenues			26	21	27	27	14	26	36	36
Restricted Special Revenues			1,621	852	473	463	651	624	637	645
Restricted Capital Projects			2,483	1,941	20,027	22,904	9,495	5,409	2,317	651
Restricted Permanent Fund Interest			84	84	84	84	85	86	90	90
Committed - Special Revenues			4,820	4,292	4,309	4,362	4,446	4,439	4,752	5,246
Unassigned - Special Revenues			(129)	(115)	(262)	(683)	(1,083)	(1,365)	(1,550)	(1,746)
Unassigned - Capital Projects			(493)	(434)	(378)	(308)	(206)	(567)	1,527	-
Reserved	3,047	3,062	-	-						
Unreserved, reported in:										
Special revenue funds	4,589	5,039	-	-						
Capital projects funds	4,912	1,084	-	-						
Permanent funds										
Total all other governmental funds	\$ 12,548	\$ 9,185	\$ 8,537	\$ 6,767	\$ 24,409	\$ 26,981	\$ 13,537	\$ 8,799	\$ 7,964	\$ 5,086
Total Governmental Funds Fund Balances:			\$ 16,409	\$ 13,756	\$ 32,463	\$ 36,039	\$ 23,145	\$ 20,502	\$ 22,139	\$ 19,371

* 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 Re-allocated Special Revenues to General Fund for GASB Statement No. 54.

Table 4

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 44,581	\$ 46,401	\$ 46,880	\$ 48,957	\$ 50,428	\$ 54,393	\$ 58,826	\$ 61,154	\$ 63,719	\$ 65,858
Licenses and permits	818	482	573	480	494	554	662	756	817	782
Intergovernmental	14,042	17,357	14,106	13,701	13,136	12,024	10,976	12,879	11,672	10,954
Interest earned	684	324	242	125	153	178	230	449	199	426
Other	9,288	7,545	7,849	7,549	8,420	8,883	8,966	10,376	10,418	11,193
Total revenues	69,413	72,109	69,650	70,812	72,631	76,032	79,660	85,614	86,825	89,213
Expenditures										
General government	4,483	4,615	4,742	6,144	4,403	4,957	5,201	4,829	4,951	5,932
Public services	3,103	4,033	3,766	4,831	3,841	3,931	4,146	4,612	4,690	4,922
Public safety	6,986	7,735	7,355	7,318	8,242	8,578	8,879	9,344	10,297	11,116
Public works	6,765	6,532	8,027	5,353	4,598	7,398	6,503	6,506	7,233	7,128
Education (Excludes School Debt)	31,695	33,105	33,127	33,364	33,220	37,295	40,149	45,614	43,681	45,541
Education Debt (Prin & Int)	4,419	4,475	4,174	4,142	3,758	3,653	4,150	4,606	5,119	5,761
County tax	1,735	1,837	1,886	1,923	1,976	2,075	2,194	2,355	2,493	2,569
Debt service (Principal-Town Only) (1)	3,232	3,204	3,044	2,961	5,417	4,942	3,353	3,506	3,760	3,800
Debt service (Interest-Town Only)	1,488	1,867	1,911	1,810	1,151	1,109	1,118	1,100	1,164	1,058
Capital Outlay	9,305	10,196	5,167	6,037	6,347	16,988	21,840	9,942	3,626	4,415
Other	3,188	3,415	4,085	4,014	4,948	1,817	1,775	1,928	2,054	2,548
Total expenditures	76,399	81,014	77,284	77,897	77,901	92,743	99,308	94,342	89,068	94,790
Excess (deficiency) of revenues over (under) expenditures	(6,986)	(8,905)	(7,634)	(7,085)	(5,270)	(16,711)	(19,648)	(8,728)	(2,243)	(5,577)
Other financing sources (uses)										
Transfers in	3,695	3,453	1,982	1,477	2,061	1,845	1,371	1,071	1,410	3,208
Transfers out	(3,695)	(3,453)	(1,982)	(1,477)	(2,061)	(1,845)	(1,371)	(1,071)	(1,410)	(3,208)
Capital Lease proceeds	1,010	820	52	-	-	365	249	-	-	-
Refunding bond issued	-	-	-	1,155	24,605	7,065	-	-	3,785	-
Payment to refunding bond escrow agent	-	-	-	(1,155)	(27,125)	(7,347)	-	-	(3,972)	-
Premium received on refunded debt	-	-	-	(12)	2,642	322	-	-	187	-
Premium received on issued debt	-	-	-	-	1,913	1,263	-	-	85	-
General obligation bonds and capital leases	8,513	4,560	6,002	4,445	21,940	18,620	6,505	6,085	3,755	2,755
Total other financing sources (uses)	9,523	5,380	6,054	4,433	23,975	20,288	6,754	6,085	3,840	2,755
Net change in fund balances	\$ 2,537	(3,525)	(1,580)	(2,652)	18,705	3,577	(12,894)	(2,643)	1,597	(2,822)
Debt Service as a percentage of non-capital expenditures	7.03%	7.16%	6.87%	6.64%	9.18%	7.99%	5.77%	5.46%	5.76%	5.38%

Notes:

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

Table 5

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

Years ended	General government	Public service	Public safety	Public works	Education	County tax	Debt service	Capital expenditures	Total
2008	4,482,678	3,102,548	6,986,430	6,765,228	32,865,105	1,735,302	4,720,620	2,665,445	63,323,356
2009	4,533,475	3,703,541	7,399,328	6,259,412	34,245,663	1,836,509	5,070,061	1,358,211	64,406,200
2010	4,701,884	3,730,927	7,720,965	6,224,169	34,084,528	1,885,984	4,956,091	1,210,474	64,515,022
2011	4,677,260	3,787,489	7,967,270	6,040,273	34,588,320	1,922,952	4,782,598	833,353	64,599,515
2012	4,401,899	3,841,168	8,241,916	6,598,823	34,018,975	1,975,585	5,416,558	924,372	65,419,296
2013	4,591,897	3,931,386	8,577,811	6,681,399	36,110,973	2,075,183	4,942,403	1,257,490	68,168,542
2014	5,059,198	4,146,541	8,879,022	6,502,618	39,078,563	2,193,813	4,470,950	1,146,088	71,476,793
2015	4,829,444	4,612,240	9,514,108	6,506,439	41,496,318	2,355,415	4,605,500	1,192,358	75,111,822
2016	4,904,706	4,690,296	10,125,943	6,677,609	41,218,487	2,493,342	4,923,898	1,037,678	76,071,959
2017	5,337,246	4,852,147	10,845,773	6,529,061	45,161,286	2,568,852	4,857,655	1,148,329	81,300,349

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)

Fiscal Year	Property tax	Interest and Costs on taxes	Vehicle Excise tax	Boat Excise tax	Franchise tax fees	Total
2008	40,038,475	90,105	4,291,697	26,723	172,545	44,619,545
2009	41,999,340	99,053	4,099,738	27,079	175,980	46,401,190
2010	42,661,026	96,988	3,909,332	27,818	184,756	46,879,920
2011	44,662,371	103,811	3,955,357	26,095	195,247	48,942,881
2012	46,132,181	87,811	3,965,932	29,331	198,132	50,413,387
2013	49,774,317	93,691	4,222,208	32,945	194,771	54,317,932
2014	53,664,817	98,390	4,620,362	30,849	191,220	58,605,638
2015	55,621,936	105,060	5,026,029	27,530	191,317	60,971,872
2016	57,470,744	113,124	5,596,389	30,144	190,592	63,400,993
2017	59,432,090	101,590	5,873,919	28,925	200,984	65,637,508

Table 7

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

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		
2008	3,272,788,500	124,441,700	3,397,230,200	3,397,230,200	11.80	100%
2009	3,365,226,600	121,778,900	3,487,005,500	3,487,005,500	12.15	100%
2010	3,399,998,300	124,773,300	3,524,771,600	3,524,771,600	12.15	100%
2011	3,433,857,700	122,694,200	3,556,551,900	3,556,551,900	12.63	100%
2012	3,455,067,200	116,129,100	3,571,196,300	3,571,196,300	13.03	100%
2013	3,511,580,900	120,094,400	3,631,675,300	3,631,675,300	13.80	100%
2014	3,544,777,800	115,527,900	3,660,305,700	3,660,305,700	14.77	100%
2015	3,587,500,600	112,987,600	3,700,488,200	3,700,488,200	15.10	100%
2016	3,637,366,300	108,181,800	3,745,548,100	3,745,548,100	15.49	100%
2017	3,667,678,200	108,684,300	3,776,362,500	3,776,362,500	15.92	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	County Tax	Tax Increment Financing District	Overlay	State Revenue Sharing ⁽¹⁾	Total Property Tax Rates by Year
2008	3.915	7.643	0.511	0.206	0.029	(0.504)	11.80
2009	4.096	7.754	0.527	0.245	0.021	(0.492)	12.15
2010	4.240	7.595	0.535	0.186	0.078	(0.483)	12.15
2011	4.353	7.894	0.541	0.203	0.028	(0.390)	12.63
2012	4.432	8.166	0.553	0.211	0.059	(0.391)	13.03
2013	4.452	8.849	0.571	0.220	0.100	(0.392)	13.80
2014	4.663	9.479	0.599	0.240	0.095	(0.306)	14.77
2015	4.649	9.774	0.637	0.245	0.089	(0.292)	15.10
2016	4.597	10.144	0.666	0.254	0.132	(0.303)	15.49
2017	4.743	10.563	0.680	0.240	0.046	(0.353)	15.92

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)

2008				2017			
<u>Taxpayer</u>	<u>Taxable</u>	<u>Rank</u>	<u>Percentage of</u>	<u>Taxpayer</u>	<u>Taxable</u>	<u>Rank</u>	<u>Percentage of</u>
	<u>Assessed</u>		<u>Total Taxable</u>		<u>Assessed</u>		<u>Total Taxable</u>
	<u>Value</u>		<u>Assessed</u>		<u>Value</u>		<u>Assessed</u>
Maine Life Care Retirement \$	61,147,700	1	1.80%	Maine Life Care Retirement \$	64,488,200	1	1.71%
Hannaford Brothers	34,147,400	2	1.01%	Wal-Mart/Sam's Club	37,301,800	2	0.99%
Wal-Mart/Sam's Club	29,455,600	3	0.87%	Central Maine Power	31,955,300	3	0.85%
Shaw's Supermarket	18,593,200	4	0.55%	New England Expedition	30,303,600	4	0.80%
RPI Partners, LLC	16,939,300	5	0.50%	Hannaford Brothers	23,533,700	5	0.62%
Gavin Ruotolo	16,096,000	6	0.47%	Scarborough Gallery	20,401,000	6	0.54%
MMC Realty Maine Health	16,074,000	7	0.47%	Gavin Ruotolo	18,948,900	7	0.50%
Scarborough Gallery	15,025,600	8	0.44%	MMC Realty Maine Health	17,015,200	8	0.45%
ERP Operating LP	11,922,700	9	0.35%	RRE Foxcroft/Coach Lantern	13,126,900	9	0.35%
Davric Maine Corp	10,047,500	10	0.30%	Waterstone Scarborough LLC	12,592,200	10	0.33%
Total Principal Taxpayers	<u>229,449,000</u>		<u>6.75%</u>		<u>269,666,800</u>		<u>7.13%</u>
Total Assessed Value:	\$ <u>3,397,230,200</u>				\$ <u>3,776,362,500</u>		

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
2008	40,183,201	39,784,997	99.0%	387,631	40,172,628	99.97%
2009	42,397,139	41,890,825	98.8%	495,967	42,386,792	99.98%
2010	42,877,989	42,370,914	98.8%	488,503	42,859,417	99.96%
2011	44,928,747	44,325,013	98.7%	588,155	44,913,168	99.97%
2012	46,684,211	46,102,831	98.8%	565,722	46,668,553	99.97%
2013	50,125,493	49,483,773	98.7%	618,255	50,102,028	99.95%
2014	54,062,720	53,305,613	98.6%	736,216	54,041,829	99.96%
2015	55,877,372	55,321,988	99.0%	526,304	55,848,292	99.95%
2016	58,018,545	57,331,779	98.8%	451,068	57,782,847	99.59%
2017	60,119,691	59,602,001	99.1%	-	59,602,001	99.14%

Source: Town of Scarborough Tax Collector's Office

Table 11

TOWN OF SCARBOROUGH, MAINE
Assessed Valuations and Tax Levies
Last Ten Fiscal Years

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate	Tax Levy
2008	3,272,788,500	124,441,700	3,397,230,200	11.80	40,183,201
2009	3,365,226,600	121,778,900	3,487,005,500	12.15	42,397,139
2010	3,399,998,300	124,773,300	3,524,771,600	12.15	42,877,989
2011	3,433,857,700	122,694,200	3,556,551,900	12.63	44,928,747
2012	3,455,067,200	116,129,100	3,571,196,300	13.03	46,684,211
2013	3,511,580,900	120,094,400	3,631,675,300	13.80	50,125,493
2014	3,544,777,800	115,527,900	3,660,305,700	14.77	54,062,720
2015	3,587,500,600	112,987,600	3,700,488,200	15.10	55,877,372
2016	3,637,366,300	108,181,800	3,745,548,100	15.49	58,018,545
2017	3,667,678,200	108,684,300	3,776,362,500	15.92	60,119,691

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	Other Bond Adjustments	Capital Leases	Total Outstanding Debt	Population*	Percentage of personal income	Debt Per Capita
2008	69,328,000		2,025,032	71,353,032	18,812	13.95%	3,793
2009	67,785,000		2,223,239	70,008,239	18,812	13.52%	3,721
2010	68,042,000		1,640,531	69,682,531	19,239	13.44%	3,622
2011	66,767,000		1,105,143	67,872,143	18,919	9.30%	3,588
2012	82,250,000	2,428,572	687,335	85,365,907	18,786	10.80%	4,544
2013	96,180,000	5,715,066	622,334	102,517,400	18,941	12.41%	5,412
2014	97,895,000	5,474,486	597,722	103,967,208	19,343	12.37%	5,375
2015	98,500,000	5,233,907	395,578	104,129,485	19,524	12.68%	5,333
2016	95,920,000	5,315,488	199,715	101,435,203	19,691	12.10%	5,151
2017	91,630,000	5,049,838	-	96,679,838	20,023	11.40%	4,828

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 12A

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

Fiscal Year	General Obligation Bonds	Other Bond Adjustments	Total	Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Population*	Percentage of personal income	Debt Per Capita
2008	69,328,000		69,328,000	3,397,230,200	2.04%	18,812	13.95%	3,685
2009	67,785,000		67,785,000	3,487,005,500	1.94%	18,812	13.52%	3,603
2010	68,042,000		68,042,000	3,524,771,600	1.93%	19,239	13.44%	3,537
2011	66,767,000		66,767,000	3,556,551,900	1.88%	18,919	9.30%	3,529
2012	82,250,000	2,428,572	84,678,572	3,571,196,300	2.30%	18,786	10.80%	4,378
2013	96,180,000	5,715,066	101,895,066	3,631,675,300	2.65%	18,941	12.41%	5,078
2014	97,895,000	5,474,486	103,369,486	3,660,305,700	2.67%	19,343	12.37%	5,061
2015	98,500,000	5,233,907	103,733,907	3,700,488,200	2.66%	19,524	12.68%	5,045
2016	95,920,000	5,315,488	101,235,488	3,745,548,100	2.56%	19,691	12.10%	4,871
2017	91,630,000	5,049,838	96,679,838	3,776,362,500	2.43%	20,023	11.40%	4,576

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

Fiscal year	Principal	Interest	Total debt service	Total general fund expenditures	Ratio of debt service to general fund expenditures
2008	6,030,000	2,738,869	8,768,869	63,323,356	13.85%
2009	6,103,000	2,750,561	8,853,561	64,406,200	13.75%
2010	5,745,000	2,653,085	8,398,085	64,515,022	13.02%
2011	5,720,000	2,584,375	8,304,375	64,599,515	12.86%
2012	5,972,000	2,432,682	8,404,682	65,419,296	12.85%
2013	5,135,000	2,815,370	7,950,370	68,168,542	11.66%
2014	4,790,000	3,588,569	8,378,569	71,476,793	11.72%
2015	5,480,000	3,505,753	8,985,753	75,111,822	11.96%
2016	6,320,000	2,139,692	8,459,692	76,071,959	11.12%
2017	7,045,000	3,348,228	10,393,228	81,300,349	12.78%

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

Table 14

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 529,673	\$ 534,488	\$ 543,068	\$ 534,623	\$ 533,513	\$ 522,375	\$ 536,918	\$ 451,595	\$ 568,793	\$ 584,903
Total net debt applicable to limit	69,328	67,785	68,042	66,767	84,679	101,895	103,369	103,734	95,920	91,630
Legal debt margin	460,345	466,703	475,026	467,856	448,834	420,480	433,549	347,861	472,873	493,273
Total net debt applicable to the limit as a percentage of debt limit	13.09%	12.68%	12.53%	12.49%	15.87%	19.51%	19.25%	22.97%	16.86%	15.67%

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)

<u>Fiscal Year</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town of Scarborough:										
General Obligation Bonds	69,328	67,785	68,042	66,767	82,250	96,180	97,895	98,500	95,920	91,630
Capital Leases	2,025	2,223	1,641	1,105	687	623	598	396	200	-
Total Direct Debt	71,353	70,008	69,683	67,872	82,937	96,803	98,493	98,896	96,120	91,630
Cumberland County	535	481	327	126	3,352	3,254	3,458	3,457	3,321	3,464
Portland Water District	3,486	4,099	4,210	3,845	3,933	3,483	5,994	6,454	6,654	6,396
Total Overlapping Debt	4,021	4,580	4,537	3,971	7,285	6,737	9,452	9,911	9,975	9,860
ecomaine Waste Systems:										
Resource recovery system	2,393	1,601	792	231	-	-	-	-	-	-
Material recovery facility	231	182	125	120	-	-	-	-	-	-
Landfill closure/postclosure	1,956	1,242	1,266	1,302	1,371	1,405	1,436	1,467	1,504	1,318
Total Contingent Debt	4,580	3,025	2,183	1,653	1,371	1,405	1,436	1,467	1,504	1,318
Total Direct, Overlapping/Contingent	79,954	77,613	76,403	73,496	91,593	104,945	109,381	110,274	107,599	102,808

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

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

Calculations for the Overlapping and Contingent Debt are provided by the Cumberland County Treasurer's Office, the Portland Water District and ecomaine.

Please see additional information in the Notes to the Financial Statements

Table 15

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

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (a)	Median Age (a)	School Enrollment (c)	Unemployment Rate (d)
2008	18,880	496,940,480	26,321	39	3,347	3.30%
2009	19,054	501,520,334	26,321	39	3,343	5.60%
2010	19,239	506,389,719	26,321	39	3,363	5.40%
2011	18,919	718,146,321	37,959	44	3,269	5.40%
2012	18,786	761,359,008	40,528	44	3,205	5.00%
2013	18,941	775,103,302	40,922	45	3,157	5.00%
2014	19,343	791,554,246	40,922	45	3,112	3.50%
2015	19,524	776,703,768	39,782	45	3,117	3.30%
2016	19,691	792,936,879	40,269	45	3,014	2.90%
2017	20,023	803,703,197	40,139	45	2,966	2.80%

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

American Community Survey (ACS) 2015 1-Year Population Estimates

2016 Represents the Latest Available Estimate (July 2015)

Per Capita Income is Based on Latest ACS 5-Year Estimates 2011-2015

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

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

(d) State of Maine Department of Labor, Division of Economic Analysis and Research,
unemployment based on June 2016 data

Table 16

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

2008			2017			Percentage of total Town Employment
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employer</u>	<u>Employees *</u>	<u>Rank</u>	
Town of Scarborough	1,346	1	Town of Scarborough	1,300	1	8.4%
Hannaford Brothers	1,169	2	Hannaford Brothers	1,050	2	6.8%
US Postal Service	632	3	US Postal Service	500	3	3.2%
Cabela's	292	4	Maine Medical Center	390	4	2.5%
NorDX	256	5	Wal-Mart	350	5	2.3%
Johnson & Jordan	250	6	Alere	290	6	1.9%
Wal-Mart	223	7	Cabela's	250	7	1.6%
Sam's Wholesale Club	173	8	NorDX	220	8	1.4%
Piper Shores	150	9	Piper Shores	210	9	1.4%
Scarborough Downs	150	10	Sam's Wholesale Club	190	10	1.2%

* Source: Scarborough Economic Development Corporation (SEDCO)

Total Payroll Employment: 15,469 in 2016, (Source: ME Dept of Labor, Annual 2016 Covered Employment - all industries)

Does not include Self Employed

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	Town of Scarborough
2008	4.1%	5.0%	3.5%
2009	6.8%	8.1%	5.8%
2010	6.7%	7.9%	5.7%
2011	6.4%	7.7%	5.5%
2012	6.1%	7.3%	5.2%
2013	5.4%	6.4%	4.7%
2014	4.4%	5.3%	3.7%
2015	3.4%	4.2%	3.1%
2016	3.0%	3.7%	2.9%
2017	3.0%	3.6%	2.8%

Data Source: The Maine Department of Labor

Scarborough is within the Portland-South Portland-Biddeford Metropolitan Statistical Area (PMSA).

Data is for June of each year.

Table 18

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

Function:	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Govt:										
Town Clerk										
Certified Copies	2,098	4,887	4,988	5,820	5,068	4,624	5,596	5,577	5,962	5,762
Licenses	432	436	440	545	585	572	861	839	735	821
Permits				919	905	889	930	1,065	1,047	1,134
Beach Passes	3,436	3,487	2,358	2,443	2,701	2,934	2,763	2,665	2,496	4,775
Community Services										
Passports Applications	792	586	665	534	-	459	641	643	665	695
Tax Office										
Licenses & Permits	1,166	1,168	991	817	782	791	670	662	697	702
Tax Bill Issued			9,389	9,809	9,516	9,594	9,623	9,623	9,796	9,897
Excise Registrations			25,570	25,384	25,637	30,477	29,566	27,728	29,604	29,892
Planning:										
Permits	1,346	1,091	558	554	553	621	609	651	774	785
Certificates of Occupancy	207	204	222	176	173	174	217	198	262	267
Public Safety:										
Police:										
Physical arrests	817	1,152	619	989	1,026	898	826	895	697	521
Traffic violations	792	741	1,404	819	1,069	1,126	1,007	977	1,333	1,433
Fire:										
Number of calls answered	1,303	1,615	1,598	1,718	1,733	1,610	1,744	1,832	1,720	2,381
Number of Inspections	1,825	3,351	3,537	3,394	3,583	3,455	3,378	3,192	2,529	3,078
Rescue:										
Number of calls answered	2,069	2,088	1,946	2,125	2,141	2,116	1,950	2,359	3,029	2,900
Public Works:										
Street resurfacing (miles)	3.90	6.31	8.62	6.37	6.45	3.62	5.31	5.90	4.18	5.15
Pot holes repaired (qty used in tons)	42	35	24	24	24	13	29	12	4	48
No. times plows dispatched	33	27	24	26	30	60	35	28	19	21

Source: Town of Scarborough various departments

Note:

FY2012 Scarborough Public Library Processed Passport Applications

Table 19

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

Function:	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Govt:									
Planning Vehicles	4	4	5	4	4	4	4	4	3
Technology Vehicles	3	3	3	3	3	4	4	4	3
Public Service:									
Community Services									
Vehicles	5	5	5	5	6	7	7	8	8
Parks	4	4	4	5	6	6	6	6	6
Public Safety:									
Police:									
Vehicles - Patrol Cars	8	8	8	12	12	12	12	12	12
Facilities	1	1	1	1	1	1	1	1	1
Fire:									
Vehicles - Response Trucks	10	10	10	11	12	12	12	12	12
Marine	2	2	2	2	2	2	2	2	2
Facilities	6	6	6	6	6	6	6	6	6
Rescue:									
Vehicles - Response Trucks	3	3	3	3	3	3	3	3	3
Public Works:									
Streets (miles)	111.40	117.28	121.92	175.56	174.20	174.92	175.44	175.44	176.80
Traffic Signals	35	35	35	35	37	37	43	43	43
Generators	10	10	10	10	10	10	10	11	10

Source: Town of Scarborough various departments

Comment: Data not available for all years

Table 20

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

		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government:											
	Full time	37	39	35	37	35	34	32	35	36	37
	Part Time	59	53	72	55	57	61	52	64	14	50
Public Services:											
	Full time	15	15	17	23	15	15	15	15	15	17
	Part Time	130	159	134	146	148	160	139	125	123	156
Public Safety:											
Police											
	Full time	52	52	50	52	53	55	53	53	55	67
	Part Time	27	34	35	38	28	30	33	28	36	39
Fire											
	Full time	4	4	4	5	5	5	8	8	8	9
	Part Time	167	164	148	150	153	151	150	160	169	146
Rescue											
	Full time	12	12	16	20	20	20	21	23	24	24
	Part Time	14	15	10	11	11	10	0	0	0	0
Public Works:											
	Full time	36	35	31	31	31	31	31	32	32	36
	Part Time	3	3	4	1	1	3	1	1	2	5
Education:											
	Full time	750	761	503	460	452	449	443	494	462	507
	Part Time			268	262	302	296	246	327	323	274
Total:		1306	1346	1327	1291	1311	1320	1224	1365	1299	1367

Source: Town of Scarborough

Comments: School part time employee data available from 2010.
As of 2014, Fire/Rescue Part Time are all cross trained.

Table 21

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

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