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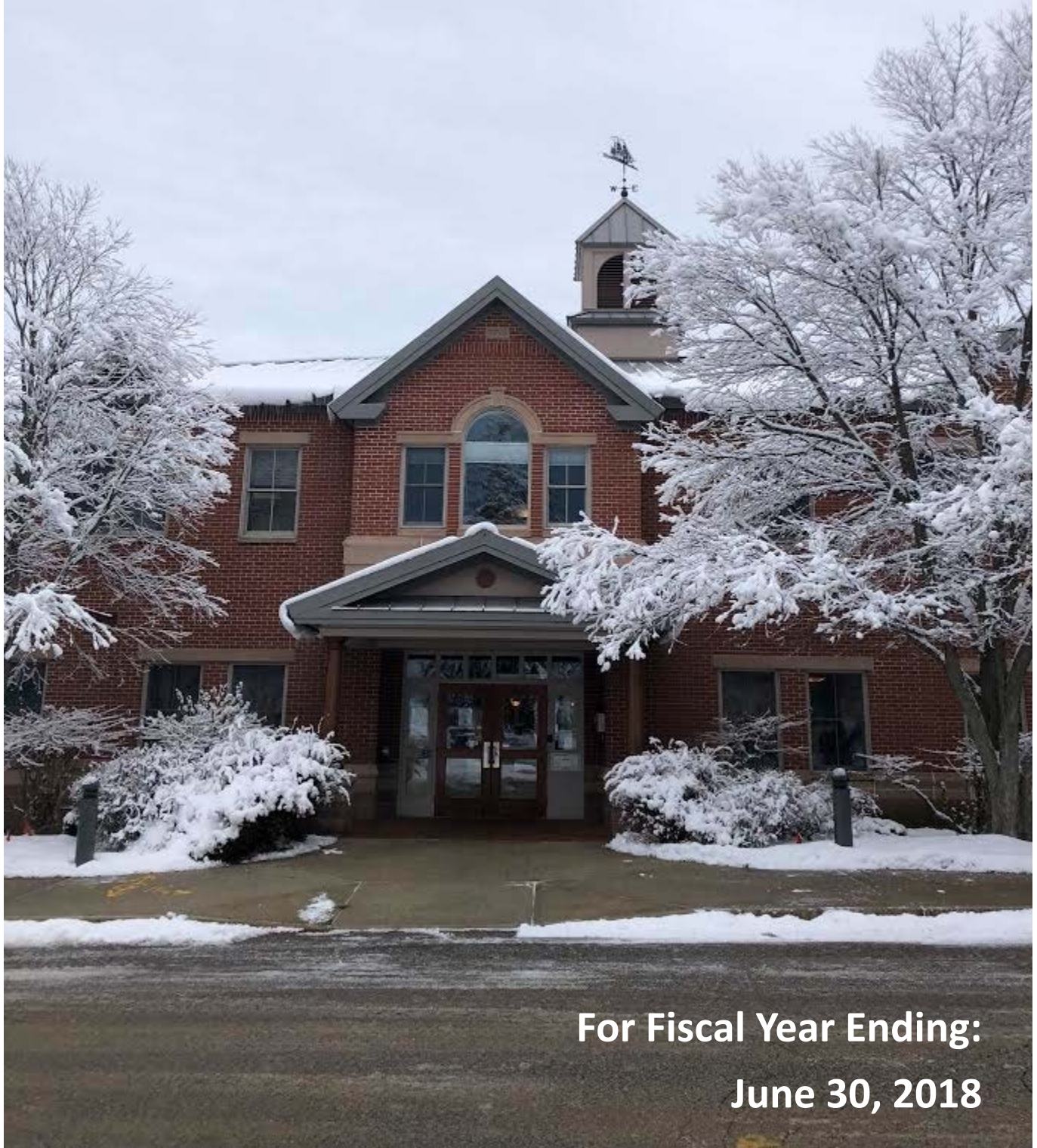
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Town of Scarborough Maine

Comprehensive Annual Financial Report



For Fiscal Year Ending:
June 30, 2018

Town of Scarborough Maine

Comprehensive Annual Financial Report

SCARBOROUGH
MAINE



Prepared By:
Town of Scarborough Maine
Finance Department

For Fiscal Year Ending: June 30, 2018

TOWN OF SCARBOROUGH, MAINE
Comprehensive Annual Financial Report
Year ended June 30, 2018

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Town of Scarborough Maine

Comprehensive Annual Financial Report



Introduction

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Town of Scarborough, Maine

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

January 31, 2019

Peter Hayes, 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, 2018.

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 all 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 auditor's report. The MD&A provides a narrative introduction, overview, and analysis of the Town's financial statements. The MD&A complements this letter of transmittal and we encourage readers to view 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, 2017. This is the thirteenth-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 they are legally separate from the Town of Scarborough and to differentiate their financial position and results of operations and cash flows from those of the Town. The Library's Board of Trustees appoints its own board members; however, the Town provides the majority of the Library's funding.

The Scarborough Economic Development Corporation (SEDCO) assists both current and prospective businesses. SEDCO is a blended component unit of the Town because the Town appoints the board members for SEDCO and SEDCO's total debt outstanding is expected to be paid entirely with the resources of the Town. 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. Maine's economy, challenged by the lack of access to labor, continues to grow at a snail's pace. In 2017, Maine's Gross Domestic Product (GDP) increased 1.4% compared to the U.S. rate of 2.1%. For the first quarter of 2018, the state's economic performance ranked 46th in the nation. According to the Maine State Economist, Maine's GDP grew .06% in the first quarter of 2018, while the US economy increased by 1.8%. Wage and salary income grew 4.1% over the same period. Income increases were fueled, in part, by increases in the minimum wage. The primary drag on the economy is Maine's slow to negligible population growth and an aging population. The unemployment rate for Maine in June of 2018 was 3.2%, which continues to be a hurdle to Maine companies looking to expand. Last year, the Measures of Growth report pointed out that Maine's deteriorating infrastructure is a hindrance to Maine's economic growth, with road maintenance underfunded by nearly \$159 million annually. Nationally, there is still no news of federal level increases in infrastructure investments. While Maine is challenged by demographics and deteriorating infrastructure, the economic forecast prepared by the Consensus Economic Forecasting Commission reflects slow, yet positive economic growth. Wage and salary employment is expected to grow by .8% in 2018, .4% in 2019 and .2% in 2020.

Local Economy. Southern Maine's profile looks different. Population is growing, employment is increasing, housing prices are increasing, and new construction is booming.

In Cumberland County, births still exceed deaths, producing a positive natural increase in population. Net in-migration is also positive resulting in a population increase of just over 11,000 people since 2010. The 2017 population for Cumberland County is 292,500. Cumberland County added 20,041 jobs between June 2010 and June 2018, with total employment of wage and salary jobs hitting 189,943. Statewide, total jobs increased 43,312 with Cumberland County accounting for 46% of all job growth between 2010 and 2018. This area is also attracting young adults, with the largest domestic net in-migration occurring in the 29 to 34-year-old age groups.

Southern Maine is in much better shape than other areas within the state, but the area is not immune to the current issues of an aging population and dwindling population growth rate. As noted last year, 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. This labor shortage will be the significant economic development issue for the foreseeable future.

Scarborough's economic base remains strong and diversified. Scarborough continues to compete favorably in the residential market as well as the job market, with both indicators increasing since 2010.

New residents are attracted to the quality of Scarborough schools as well as the natural beauty of Scarborough's coast with access to beaches, the Eastern Trail, and significant holdings of preserved lands through the Scarborough Land Trust. Businesses are attracted to the excellent transportation logistics – with access to downtown Portland through the I-295 Connector and access to markets North and South via Exit 42 on the Maine Turnpike. In 2017, Scarborough had just over 20,200 residents representing 7% of the Cumberland County's population. In the second quarter of 2018, Scarborough's economic base included 15,926 jobs, or 8.6% of the county's jobs.

Employment in Scarborough is up 1,743 net new jobs or 12.3% from QT2 2010 to QT2 2018. Total wages in the community jumped 28.6%, while the average wage increased 14.6%. The town added 137 net new businesses to the tax rolls during this time, a 13.9% increase. This information refers to wage and salary jobs, which excludes the self-employed. Adding the self-employed could account for an additional 2,000 jobs.

Health Care continues to be an important industry 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 town. Martin’s Point Health Care is another major component of Scarborough’s health care industry. Abbott Labs, a bioscience company located in the Scarborough Industrial Park, continues to expand, both in space and in total employment. The company continues to grow – adding another 67 jobs last year. It is anticipated that the physical plant will continue to be expanded in 2018. The Life Sciences cluster, including Maine Health and Abbott, holds great potential for Scarborough and the Portland region. The town 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. The former location of the Foundation for Blood Research has been modernized and square footage increased, providing an excellent location for new companies in this economic cluster. The site, located near the I-295 connector providing 10-minute access to downtown Portland, has been permitted for additional buildings.

Hannaford, part of Ahold Delhaize, continues to be the Town’s largest single private employer with just over 1,000 employees. With the merger last year of parent companies Ahold and Delhaize, Hannaford appears stable and engaged in the community. The big box stores such as Walmart, Sam’s Club and Cabela’s are still strong in the retail sector here in Scarborough, but they are running with fewer employees. Retail space continues to be built in Scarborough with construction underway for a 7,000 square foot addition to Waterstone Retail’s property at Scarborough Gallery. While retail space is expanding, the relative influence of retail employment is dropping. In 2010, retail made up 17.1% of jobs in Scarborough. As of 2018, that percentage has declined to 15.9%.

In terms of new construction, multifamily rentals comprise a large portion of new construction in town. The Beacon at Gateway is under construction with 283 new luxury rentals coming online in the Winter of 2018. These rentals will increase Scarborough’s housing mix and attract high income renters in a variety of age groups.

The 500-acre Scarborough Downs property was officially sold to a local partnership known as Crossroads LLC. This property is the largest parcel under single ownership in Scarborough. It is located within the Town’s designated growth area as determined by the Town of Scarborough Comprehensive Plan. As proposed by the owners, the property has the potential to create a mixed- use project with nearly 2 million square feet of non-residential development. Part of the non-residential square footage will accommodate production space, which is in high demand in the regional market. The property will also provide a mix of housing types appealing to multiple age groups. The Town is in the process of preparing an application for a Tax Increment Financing District for Town Council approval. If approved, the application will be forwarded to the State for acceptance.

Major Initiatives:

For the year. The Finance Committee, working with the Town Manager, Assistant Town Manager and Finance Director, updated and consolidated four financial policies into one *Financial and Fiscal Policy*. The four policies reviewed included the Debt Management, Investment, Fund Balance and the Capital Planning Policies. This Financial and Fiscal Policy was adopted by the Town Council in September 2018.

The Planning Department ensures compliance with building, life-safety, land use codes, and natural resource regulations through a plan's review, permitting, and inspection program. Overall development activity is robust and growing with over 800 permits issued in FY18. This year the Town experienced a significant increase in multi-family development resulting in 374 new multi-family building permits issued. Single-family development remained stable with over 70 new single-family building permits issued. The increase in building permits issued contributed to over \$96 million worth of new construction value occurring in FY18, an increase of over \$38 million from FY17. Most notable development projects were: the approval of over 400 multi-family units in four major developments, including *The Beacon at Gateway* which was approved for 288 "luxury" style apartments; three single family subdivisions, totaling 28 new lots; and the development approval of over 75,000 square feet of new commercial space (office, retail and restaurant).

The Town focused on addressing the town's two "urban impaired" streams – Red Brook and Phillips Brook. Phillips Brook Watershed was successfully completed during this fiscal year.

In March of 2018 the Town of Scarborough entered into a contract with KRT Appraisal to complete a full commercial and industrial revaluation by August 2018. A total of 572 accounts, including tax exempt properties, were included in the revaluation. Commercial and industrial properties include industrial, lodging, multi-unit residential, non-residential vacant land, office, recreation, retail/service, and senior care.

In FY18, the Town moved forward with the LED Streetlight conversion for all municipally-held streetlight fixtures. As a result of the LED conversion, the Town anticipates saving over 50% in streetlight utility costs.

Working with the Energy Committee, the Planning staff helped to update and finalize the Town Energy Plan, which was endorsed by Town Council. Many town departments have plans to acquire all-electric vehicles to help reduce our carbon footprint and reduce overall costs for conducting our work throughout the community.

Scarborough's 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 and all telecommunication systems. For both school and town, the IT staff maintains applications both internally hosted and cloud based. The town's web sites, intranet and a variety of other social media outlets are also maintained by IT. The IT staff work with all departments to work on electronic security issues as well.

Major accomplishments for the IT staff included implementing the Google platform, working to improve Disaster Recovery planning and preparedness, adding GPS units on school busses, installing mobile apps for the school department, deploying a secure/encrypted email solution, enhancing a new help desk ticketing and inventory tracking system, implementing the *GSuite* for municipal employees and replacing *Outlook*, coordinating the build-out and launch for Scarborough *FixIT!*, a public-facing help-desk ticketing system, fully implementing failover *PRI circuit* at Public Safety for telecommunication redundancy and assisting with the planning of the new Public Safety building.

The Scarborough Public Works Department worked with the IT department to roll out the Scarborough *Fix It!* app in FY18. This software has proven to be a useful resource, enabling the citizen to report infrastructure defects town-wide, anytime through words, pictures, videos and specific geographic locations. Once submitted, the app further allows the submitter to follow and track their submission, receive updates as progress is made, and notice once the issue is resolved.- Of the 199 *FixIt!* requests in FY18, 143 of them were directed to the Public Works Department. Public Works staff also worked with IT staff to continue to make the most of the *Cityworks* asset management program, as well as the GIS program – both of which better enable staff to track the Town’s infrastructure assets, as well as their usage, repair, maintenance, and replacement. With the aid of these programs, the Public Works department responded to 2,713 requests for service from residents, Scarborough Town departments, outside municipalities, as well as the general public in FY18.

The Scarborough Public Works department completed a fuel island project in FY18. The prior fuel facility, constructed at the School Bus Depot on Manson Libby Road in 1988, included underground fuel tanks. The Maine Department of Environmental Protection (DEP) regulations mandated that these underground tanks be removed by the Spring of 2018. The new fuel island is located at the Public Works facility at 20 Washington Avenue. This relocation enables Public Works staff to monitor it far more effectively than previously possible. In addition to updated monitoring technology, it incorporated modernized spill control, and 24/7 cameras to provide comprehensive surveillance capabilities. Furthermore, the new fuel island includes aboveground tanks and relocated propane tanks.

Scarborough Public Schools continue to be one of the highest performing districts in the State of Maine. Data shows students routinely outperform neighboring districts and the State average on standardized assessments. Scarborough’s four-year graduation rate is 95% and our five-year rate is 99%. Approximately 90% of Scarborough high school seniors pursue post-secondary education after graduation.

During the 2017-2018 school year, Scarborough assessed and implemented a Proficiency-based Education (PbE) system. The implementation of PbE was designed to meet the State’s required timeline for incoming freshmen (Class of 2021) while also ensuring the elements of Scarborough’s teaching and learning system, that have enabled our students to be successful both in and out of school, remain intact.

Under the Strategic Theme of Safe and Inclusive Schools, Scarborough strives to provide and nurture a climate that allows for a positive and supportive student-centered culture, where students and staff are encouraged to engage members of the community. One example was our partnership with Maine Boys to Men and Hardy Girls, Healthy Women, providing all 8th grade boys and girls with developmentally appropriate opportunities to gain the knowledge and skills necessary to navigate complex issues of gender, relationships, consent and more. At the high school level, 120 high school students were trained through the Maine Boys to Men Reducing Sexism and Violence Program (RSVP). RSVP is a leadership program that empowers students to play a central role in ending gender-based harassment, abuse, and violence. We believe that this work is critical to ensuring the social and emotional well-being of all students and we look forward to continuing this work in the upcoming school year.

Also, Scarborough High School (SHS) was able to offer a semester long internship experience for 13 juniors and seniors. This program enabled each student to have a mentor in their field of interest along with a unique hands-on experiential learning experience resulting in the completion of more than 90 hours in the workplace. In 2018-19 the school plans to partner with SEDCO and the Scarborough Education Foundation, to kick off a fundraising effort to support the continuation of this valuable program. For more information about the SHS Internship Program, please visit our website: <https://sites.google.com/a/scarboroughschools.org/shs/academics/internship-program>

Scarborough Community Services accepted 675 passport applications on behalf of the U.S. Department of State, served citizens in answering questions and helped them prepare their own passport renewal applications during the fiscal year. This annual total included applications accepted during the sixth annual Passport Day held in the municipal building in March 2018.

Community Services offered the following child care programs in FY18: School Age Child Care, Club Teen for grades 6-9, Date Night for Parents, Vacation Experience Camps during February and April school vacations, Grades K-5 Summer Camp, and Middle School Summer Camp. The program's mission is to promote the physical, mental, social, and emotional development for each child by providing high-quality child care programs.

Community Services also offered over 50 different types of specialty camps and programs during the year. Several programs focused on the arts and technology were also offered. Community Services oversaw the administration of three youth recreation leagues for fall soccer, basketball, and indoor soccer. These three leagues had over 1,200 participants from grades Pre-K through 8. Additionally, staff worked closely with Travel Soccer, Youth Football, Little League and Youth Lacrosse groups to get fields reserved and grounds lined for their programs.

Other Community Service events included its 21st annual Summerfest, Santa in the Park and Tree Lighting, its 29th year Winterfest, Easter egg hunt, and a Concerts in the Park series.

In addition to child age programs, Community Services offered adult recreation programs for soccer, basketball and Healthline, where they utilized the school fitness room and hallways to get in early morning walks and exercise. The Scarborough 55+ Programs gives all seniors an opportunity to maintain dignity, enrich their quality of life, and actively promote participation in all aspects of community life. Through our continued partnership with Southern Maine Agency on Aging, the Town provides discounted catered meals to seniors each week. New in 2018, Community Services partnered with the Good Shepherd Food Bank to host a Cooking Matters class, aimed to help people learn to grocery shop and cook healthy and tasty meals on a budget. We offered the first-ever Spring Fling dance, a Mindfulness and Meditation Workshop, and several brand-new trips. The programs most popular offerings were the day trips to Peaks Island, Jillson's Sugar House, the Fryeburg Fair, holiday shopping, and the Magic of Christmas.

Community Services oversaw the day-to-day operations of the beach parking lots and boat launches for the town. With yet another very dry summer, residents and tourists were able to spend ample time at Pine Point Beach, Ferry Beach, and Higgins Beach. The Town has some of the best beaches in the state, drawing many people to our community.

From coverage of town and school meetings to school-related activities, sports, and special events, our Scarborough Cable TV (SCTV) staff worked diligently to ensure that residents had a close connection to what was happening in the Town of Scarborough. Live and pre-recorded programming is available around the clock on channels 2 and 3. Channel 2 focuses on Scarborough schools and community life, as well as public service announcements from local non-profits. Channel 3 focuses on all Town meetings, which could be live streamed from anywhere using the Internet. Completed this year was a long-awaited upgrade of studio and broadcasting equipment at SCTV. All new cameras, controllers and switchboards for improved live broadcasts were installed for live broadcasts of town meetings. In the overhaul, digital sound systems and control panels were put in place in both council chambers, and microphones were also upgraded. SCTV is proud to serve the town of Scarborough and is looking forward to another great year of bringing citizens coverage of meetings at Town Hall, varsity sports, concerts, town events and events at the library, as well as outside programming of local interest.

In FY18, the Fire Department transitioned to a new, free, on-line burning permit system that is more convenient to the citizens than coming to a fire station to pick up a paper permit. The system is called Warden's Report and can be accessed at: www.wardensreport.com. When Scarborough is selected, the system will bring up a list of terms and conditions as well as a link to the State regulations on open burning. An electronic copy is sent to the Scarborough dispatch center informing the Town where all permits have been issued. Paper permits can still be obtained at each fire station.

The Fire department has staff who have achieved the advanced training to meet the rigorous standards required to be assigned to the Federal Emergency Management Agency (FEMA) regional special assistance teams. In FY18, three Scarborough Fire Department personnel were activated as part of the regional Disaster Medical Assistance Team (DMAT) to assist with hurricanes Harvey, Irma and Maria in Texas, Florida and Puerto Rico. These DMAT teams respond and assist areas that deal with natural disasters of the magnitude experienced at these three locations and help to offset local and regional assets, that can quickly be depleted.

On October 1, 2015, the Police Department initiated Operation Hope. It is an innovative program providing compassionate assistance to those experiencing Substance Use Disorder. Fiscal 2018 saw the successful placement of a total of 300 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 GRACE (Granting Resources and Assistance through Community Effort), a very well-respected Scarborough non-profit organization that serves as a fiduciary for the program.

While the Town continues to try to maximize our recycling rates, our FY18 recycling rate of 29.27% unfortunately fell short of the State goal of 50%. However, we are not alone. The market for recycling materials has become very competitive, as China has mandated a better quality of recycled materials with less contamination. To this end, we have increased our efforts to educate the public and increase awareness of proper recycling techniques and will continue to do so. The Town is confident these efforts will prove fruitful, regardless of the recycling market shifting in either direction.

Certainly, the most exciting thing to happen this year was the successful referendum for a new public safety facility to be erected on the same campus as the Municipal Building. The voters of Scarborough supported this project understanding the financial implications and the town has pledged to make sure this is a safe, functional, and efficient building for public safety staff. The members of the public safety building committee, the public safety departments and town hall staff have all come together to work seamlessly on this project. One of the early decisions of the committee was to make this a “Construction Management at Risk” process. The Construction Management at Risk process is one that brings the architect, construction company, and owners’ representative together as a team to work through any issues that arise from conception to completion.

For the Future. Working with the Long-Range Planning Committee the town engaged in a public dialogue to update the Comprehensive Plan. The Comprehensive Plan will guide future decisions for land use related to conservation and growth in Scarborough, transportation, natural resources, housing, parks and open spaces, sustainability, trails, public facilities and services, economic development, as well as community identity.

With the completion of a Watershed Management Plan, the Town submitted an application to the DEP for implementing the goals of the Watershed Plan.

Collaborating with partners at Portland Area Comprehensive Transportation System (PACTS), a regional planning organization, the Town completed a study of the Regional Transportation Management System in the North Scarborough area through Route 22 and Route 114. In partnership with the City of Saco, the Town of Scarborough secured funding through PACTS for a compressive planning study for the Route 1 corridor. The efforts of this partnership will take shape throughout FY2019.

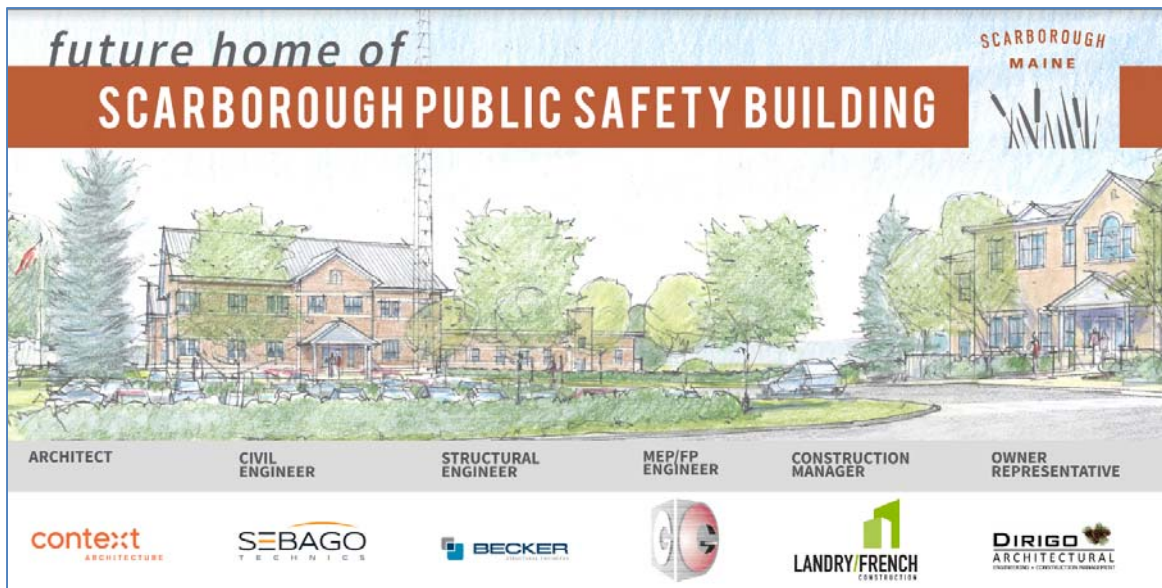
With the completion of the commercial/industrial revaluation, the Town of Scarborough again working with KRT Appraisal, will be conducting a town-wide revaluation of all residential properties, with new values becoming effective in fiscal year 2020. The Town of Scarborough last completed a town-wide revaluation in 2005. It is important to have a revaluation to ensure that town assessments reflect current market values.

The Public Works Department has continued to expand their contracts with external municipalities. The department now performs vehicle maintenance and repair for the Towns of Hollis (Fire/Rescue), Kennebunk (Fire/Rescue), Old Orchard Beach (Fire/Rescue), Old Orchard Beach (Police), and Wells (Fire/Rescue); adding 58 external municipal vehicles to the 200+/- Town of Scarborough vehicles already maintained by the department. This is a mutually beneficial agreement, as this service creates a revenue stream for Scarborough, while providing quality and cost-effective service for the participating external municipalities.

In the coming year, the School Department will continue to work on adjusting the grading and reporting system in order to ensure that students keep learning while providing opportunities for all students to have multiple pathways and opportunities to demonstrate academic success. We will develop a system that both supports and empowers students to hone in on their strengths and interests as they work to meet and/or exceed the standard expectations.

During the upcoming year, Community Services Department will focus on the National Recreation and Parks Association's *Three Pillars of Parks and Recreation* – **Conservation, Health and Wellness, and Social Equity** – to help guide and improve the quality of life in Scarborough. To facilitate these efforts, the department will review policies and procedures, facility needs, staffing challenges, and program expansion. Doing this self-assessment will set a path that will lead Community Services over the next three to five years, allowing mission-based decisions, appropriate purchases, and invest in infrastructure that will serve the Scarborough community for years to come. Each year, Community Services receives many generous donations from Scarborough area businesses, organizations, and individuals to assist the staff in offering no-cost or low-cost public events. This past year, staff took a step back to evaluate the sponsorship program in hopes of developing more opportunities beyond just special events such as looking at what was being offered to donors as recognition for their donations and see what other ways of thanking them besides traditional means. The goal is to have a multi-faceted sponsorship prospectus ready to unveil at the beginning of 2019.

In FY18, having assembled the Public Safety Ad-Hoc Committee, the next several months will be spent conducting the detailed design and construction document work that is required to seek formal competitive bids. The design team continues to work on soliciting and awarding bids for the various components of the job and we are looking forward to an official ground-breaking ceremony in the fall of 2018. The target completion date is early 2020 and, so far, the committee is on target with the proposed timeline and budget even though there have been plenty of challenges with material cost increases due to the recently enacted tariffs on steel and other commodities, and the current state of the construction markets. Those challenges are exactly why the Construction Manager at Risk method of delivery for this project was selected. The entire design team has worked in harmony with the single goal of coming up with a design that meets the needs of public safety and is within the budget constraints. This process has been very collaborative, productive and effective in meeting those goals.



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 School Department's Long-Range Facilities Planning Team is focusing on the challenges of aging building infrastructure and increasing enrollment. Working with Town leaders in the context of the Town's Comprehensive Plan, the goal is to maintain a safe and effective learning environment for all our students as well as to strategically anticipate and plan for the resources that will be needed to support current growth in our community.

Scarborough's annual "Pavement Management Study" continues to provide the Town with the ability to forecast road rehabilitation costs well into the future. The primary purpose of this program is to keep roads at a minimal level of wear over a longer period, by closely tracking their condition and usage, and prioritizing rehabilitation projects as necessary.

FY18 was the second year of a four-year Subsurface Drainage Assessment project. This assessment provides staff with information regarding the 70 miles of drainage pipe infrastructure town-wide and will allow the creation of a multi-year plan for maintenance and repair. Ultimately, this assessment will provide guidance as to the most cost-effective methods for repair, identify the best options, and ascertain where the repairs will be the most beneficial.

In May 2018, Scarborough assumed responsibility for the community's streetlights. As part of this transition, the Town has been retrofitting all applicable lights with LED fixtures. LED lights consume a fraction of the electricity consumed by their metal halide or high-pressure sodium counterparts. LED lights can reduce electricity consumption for street lighting by 75%! This will offer significant financial benefits to the Town. As a result of no longer paying Central Maine Power a monthly lease fee and with the transition to LED bulbs, we anticipate that the Town will save \$92,000 a year in lease payments, and up to \$41,000 a year in delivery and energy supply costs.

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 2018 value by \$9,125,842 from 2017. For the 2018 tax year, the valuation was \$3,785,488,342 compared to the 2017 valuation of \$3,776,362,500.

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, 2018</u>
\$757,108 in 2014	\$13,345
\$555,384 in 2015	\$14,921
\$686,766 in 2016	\$28,669
\$517,690 in 2017	\$189,851
\$565,963 in 2018	\$565,963

For 2018, the Town Council authorized \$2,100,000 from the School's fund balance to assist with their funding needs and \$2,464 from the Adult Education fund balance.

OTHER INFORMATION

Awards. Police Chief, Robert Moulton accepted on behalf of the Town the Southern Maine Chapter of the American Red Cross Community Impact Award as well as the Police Assisted Addiction and Recovery (PAARI) National Law Enforcement Leadership Award for Operation Hope, which was the first agency in Maine to recognize the extent of this crisis, and to develop a program to help. It has been emulated by others and helped start a state-wide dialogue which has now spread to our Congressional delegation in Washington DC.

Public Safety Dispatcher, Mike Mains, taking a 911 call from a family in Buxton who were getting ready to have a baby, provided emergency medical instructions so they could deliver their new baby boy prior to the arrival of an ambulance. Mike was recognized by the International Academies of Emergency Dispatch (IAED) with a stork mug for his calm demeanor under pressure while assisting this couple.

Independent Audit. The Town Charter requires an annual financial audit by independent certified public accountants appointed by the Town Council. The firm of Wipfli, LLP was engaged to perform the annual audit for the Scarborough Town Council for fiscal year 2018. This audit is designed to meet the requirements of Government Auditing Standards and the Uniform Guidance.

Acknowledgements.

We are fortunate to work, live, and/or play in a wonderful place such as the Town of Scarborough. We hope that you have had a chance to enjoy one of our great events, parks, beaches, businesses or just sit back and enjoy the good company that makes up this community.

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 Wipfli LLP 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

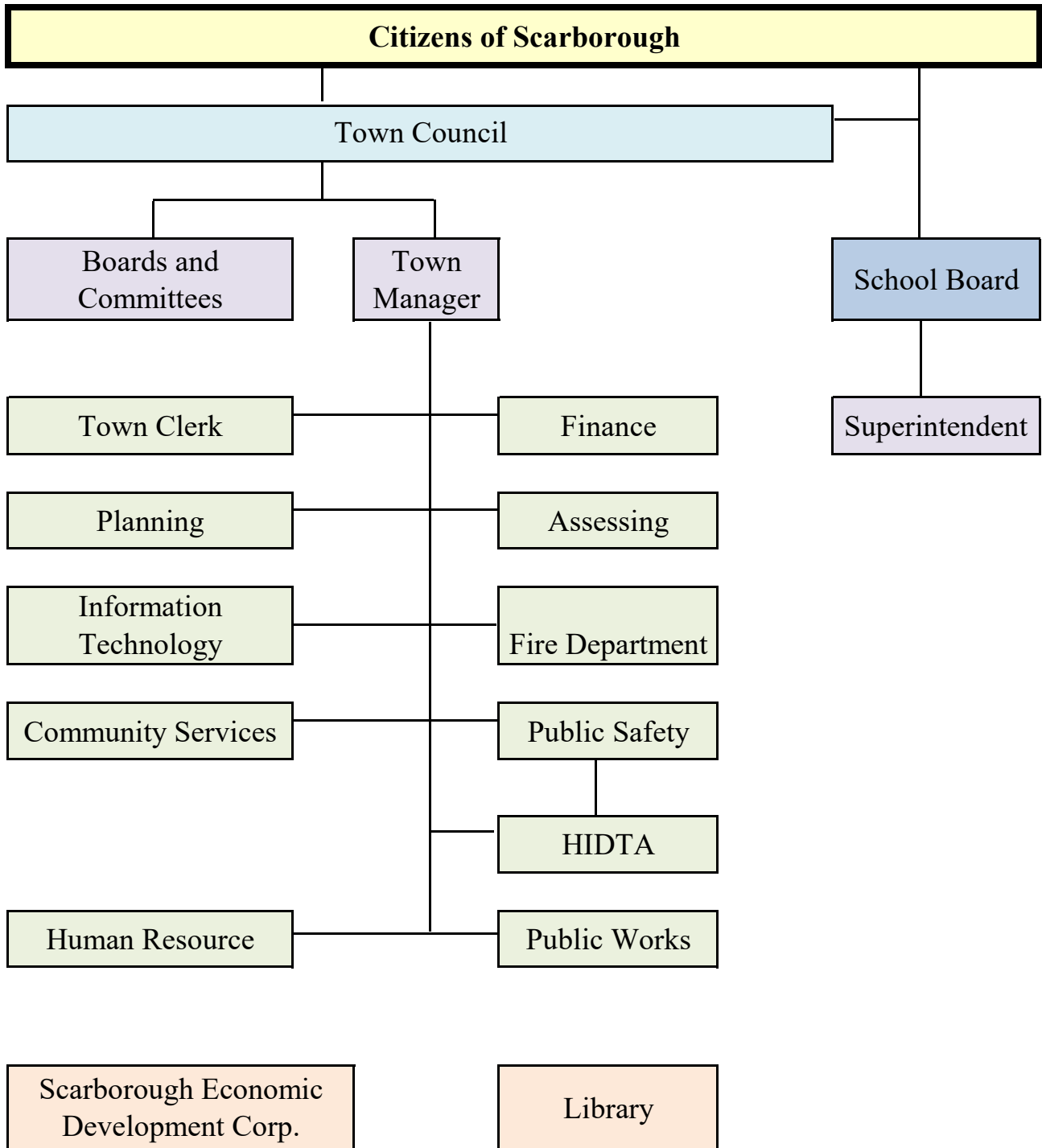
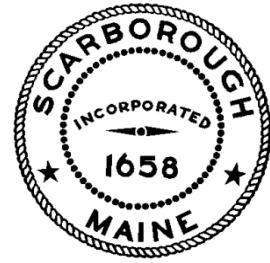
June 30, 2017

Christopher P. Morill

Executive Director/CEO

Town of Scarborough, Maine

Organizational Chart



Principal Executive Officers 2017-2018

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>
Town Council Members:	Shawn Babine	Elected - 3 Year Term	11/2020
	Christopher Caiazzo, Vice Chair	Elected - 3 Year Term	11/2018
	Jean-Marie Caterina	Elected - 3 Year Term	11/2020
	William Donovan, Council Chair	Elected - 3 Year Term	11/2019
	Kathleen Foley	Elected - 3 Year Term	11/2019
	Peter Hayes	Elected - 3 Year Term	11/2020
	William Rowan	Elected - 3 Year Term	11/2018
Municipal Employees:			
Town Manager	Thomas J. Hall	Appointed - 3 Year Term	12/31/2020
Assistant Town Manager	Larissa Crockett	Appointed/Indefinite	N/A
Town Clerk/Registrar of Voters	Yolande P. Justice	Appointed/Indefinite	N/A
Finance Director/Tax Collector and Treasurer	Ruth D. Porter	Appointed/Indefinite	N/A
Assessor	David Bouchard	Appointed/Indefinite	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	Jamel Torres	Appointed/Indefinite	N/A
Recreation Director	Todd Souza	Appointed/Indefinite	N/A
Human Resource/General Ass't.	Liam Gallagher	Appointed/Indefinite	N/A
Community Development Director	Karen Martin	Appointed/Indefinite	N/A
School Board Members:	Hillory Durgin	Elected - 3 Year Term	11/2020
	Leann Kazilionis, Chair	Elected - 3 Year Term	11/2020
	Jacquelyn Perry	Elected - 3 Year Term	11/2018
	Mary Starr	Elected - 3 Year Term	11/2018
	Vacant	Elected - 3 Year Term	11/2018
	Vacant	Elected - 3 Year Term	11/2019
	Vacant	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		

Town of Scarborough Maine

Comprehensive Annual Financial Report



Financial Section

For Fiscal Year Ending:
June 30, 2018

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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, 2018, 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, 2018 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.

Change in Accounting Principle

As discussed in the Notes to the financial statements, Town of Scarborough, Maine adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 Changes in Net OPEB Liability and Related Ratios – MMEHT Group Health Insurance Plan 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 – 16, 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.

To the Town Council
Town of Scarborough, Maine

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.

Prior Period Information

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, 2017, which are not presented with the accompanying statements, were audited by Macpage LLC, who merged with Wipfli LLP as of August 1, 2018, and whose report, dated January 30, 2018, 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, 2017 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, 2017 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. The opinion expressed by Macpage LLC on the June 30, 2017 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, stated that these statements and schedules were 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 31, 2019, 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.

Wipfli LLP

South Portland, Maine
January 31, 2019

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Town of Scarborough Maine

Comprehensive Annual Financial Report



Management Discussion & Analysis

Legacy Business of 2018 – Johnson & Jordan

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TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis
June 30, 2018

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, 2018. 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 \$63,299,311 (net position). Of this amount, \$1,353,889 represents a deficit unrestricted net position. This is a decrease over the prior year deficit by \$2,421,125.

- The Town's total net position increased \$1,482,267. This represents a 2.4% increase over last year's net position.
- As of June 30, 2018, the Town's governmental funds reported combined fund balances of \$34,462,489 an increase of \$15,091,417 compared with the prior year. Approximately 22.98% of this amount or \$7,919,602 is available for spending at the Town's discretion (*assigned and unassigned fund balance*).
- Total nonspendable fund balance increased by \$23,740 from \$212,220 to \$235,960. Restricted fund balance increased by \$15,060,989 from \$4,586,737 to \$19,647,726. Total committed fund balance increased by \$1,013,224 from \$5,645,977 to \$6,659,201. Assigned fund balance decreased by \$1,302,676 from \$3,778,528 to \$2,475,852. Finally, the unassigned fund balance for the governmental funds increased by \$296,140 from \$5,147,610 to \$5,443,750.
- With respect to fund balances in the governmental funds, of the \$14,578,803 reported as committed (authorized by town council), assigned (authorized by town manager) and unassigned fund balance, \$4,322,496 are special revenue funds authorized for specific purposes and the remaining amount of \$10,256,307 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 2017 totaled \$81,711,753. As of June 30, 2018, unassigned fund balance for the general fund was \$7,386,943 or 9.04% of the prior years' operating budget compared to 8.88% as of June 30, 2017.

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 stabilizations; 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) Taxpayer refund.

General obligation bonds increased by a net of \$11,020,000 from the prior year. General obligation bonds retired was \$7,170,000. General obligation bonds issued was \$18,190,000.

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, the Haigis Parkway and the Public Safety Building Construction all 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 \$63,299,311 as of June 30, 2018 compared to \$61,817,044 at 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 (98.07%) 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>2018</u>	<u>2017</u>	<u>2016</u>
Assets:			
Current and other assets	\$ 42,984,704	\$ 27,645,090	\$ 29,664,647
Long term assets	1,194,017	1,221,755	1,228,365
Capital Assets	<u>146,530,570</u>	<u>147,299,824</u>	<u>147,643,039</u>
Total Assets	<u>190,709,291</u>	<u>176,166,669</u>	<u>178,536,051</u>
 Total deferred outflows of resources	<u>7,400,408</u>	<u>7,998,466</u>	<u>6,290,616</u>
Total Deferred outflows	<u>7,400,408</u>	<u>7,998,466</u>	<u>6,290,616</u>
 Liabilities:			
Long term liabilities outstanding	122,207,512	109,909,475	111,374,028
Other liabilities	<u>9,514,480</u>	<u>9,157,976</u>	<u>8,304,738</u>
Total Liabilities	<u>131,721,992</u>	<u>119,067,451</u>	<u>119,678,766</u>
 Total deferred inflows of resources	<u>3,088,396</u>	<u>2,005,865</u>	<u>2,695,388</u>
Total Deferred inflows	<u>3,088,396</u>	<u>2,005,865</u>	<u>2,695,388</u>
 Net assets:			
Net investment in capital assets	62,075,336	61,708,817	59,088,465
Restricted	2,577,864	3,883,241	5,568,308
Unrestricted (2016 restated)	<u>(1,353,889)</u>	<u>(3,775,014)</u>	<u>(2,204,260)</u>
Total Net Position	<u>\$ 63,299,311</u>	<u>\$ 61,817,044</u>	<u>\$ 62,452,513</u>

\$2,577,864 (4.07%) 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 (\$1,353,889) is the result of the new GASB other post-employment benefit standard.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

GOVERNMENTAL ACTIVITIES. The increase pertaining to the Town of Scarborough's net position of \$1,482,267 is due to the governmental activities of the Town. The Town of Scarborough's tax revenues increased by \$2,604,777. Actual vehicle excise tax collections increased by \$29,909 from the prior year. Increase in taxes is due in part to the increase in the overall assessed valuation of the Town of \$9,125,842, up from \$3,776,362,500 to \$3,785,488,342. 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.

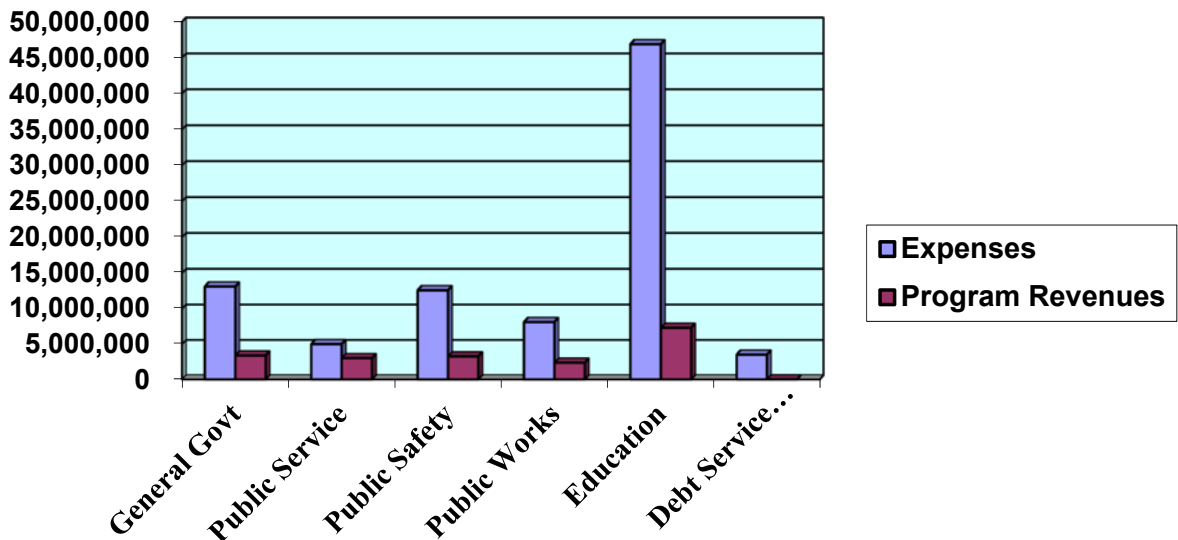
Key components of this net position increase are shown below.

Town of Scarborough's Changes in Net Position

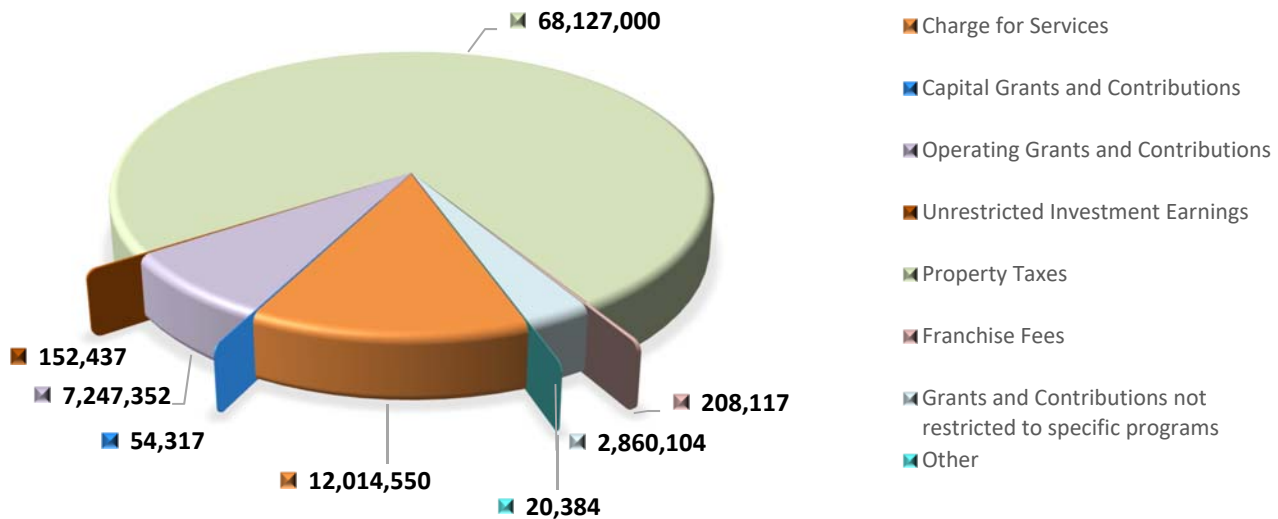
	<u>2018</u>	<u>2017</u>
Revenues:		
Program Revenues:		
Charge for services	\$ 12,014,550	\$ 11,807,859
Operating grants and contributions	7,247,352	9,486,212
Capital grants and contributions	54,317	161,912
General Revenues:		
Property and excise taxes, levied for general purposes	68,127,000	65,522,223
Franchise Tax	208,117	200,984
Grants and contributions not restricted to specific programs	2,860,104	2,093,694
Unrestricted investment earnings	152,437	175,917
Other	20,384	112,938
Total revenues	90,684,261	89,561,739
Expenses:		
General government	13,113,500	14,526,261
Public Services	4,996,328	4,923,303
Public Safety	12,599,095	11,496,900
Public Works	8,116,981	8,245,900
Education	46,873,688	46,499,772
Interest on Debt Service	3,502,402	3,230,297
Total expenses	89,201,994	88,922,433
Increase in net position	1,482,267	639,306
Net position beginning (as restated)	61,817,044	61,177,738
Net position ending	\$ 63,299,311	\$ 61,817,044

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Expenses and Program Revenues - Governmental Activities



REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



FINANCIAL ANALYSIS OF THE TOWN'S FUNDING

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

Governmental Funds. The general government functions are contained in the General, Special Revenue, Capital Project and Permanent Funds. The focus of the Town 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, 2018, the Town of Scarborough's governmental funds reported combined fund balances of \$34,462,489. This is an increase of \$15,091,417 in comparison with the prior year. Approximately 15.80% of total fund balance or \$5,443,750 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 (\$235,960), 2) restricted for particular purposes (\$19,647,726), 3) committed for particular purposes (\$6,659,201) or 4) assigned for a particular purpose (\$2,475,852).

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>2018</u>	<u>2017</u>
General Fund	\$ 13,765,284	\$ 14,284,788
Haigis Parkway	(1,953,798)	(1,736,553)
Public Safety Building Construction	14,193,190	-
Other Governmental Funds	8,457,813	6,822,837
Total	\$ 34,462,489	\$ 19,371,072

As noted earlier, governmental funds reported combined fund balances of \$34,462,489, an increase of \$15,091,417 compared with the prior year fund balances of \$19,371,072. Of the \$14,578,803 reported as unrestricted fund balance (total of committed, assigned and unassigned), \$4,322,496 are for special revenue fund projects authorized for specific purposes. \$10,256,307 is available for general fund committed and assigned purposes for which these funds are collected.

The remaining \$19,883,686 of fund balance is restricted to indicate that it is not available for new spending because it has already been allocated for the following:

\$ 3,147,815	Deficit Fund Balances in Special Revenue Funds
14,806,243	Town Capital Projects
872,842	Town Grants
258,986	Perpetual Care of Municipal Cemeteries
729,828	Education Funding
67,972	Food Service and Fuel Inventory
<u>\$ 19,883,686</u>	Total Governmental Fund Nonspendable and Restricted Fund Balance

Capital Projects Fund Highlights

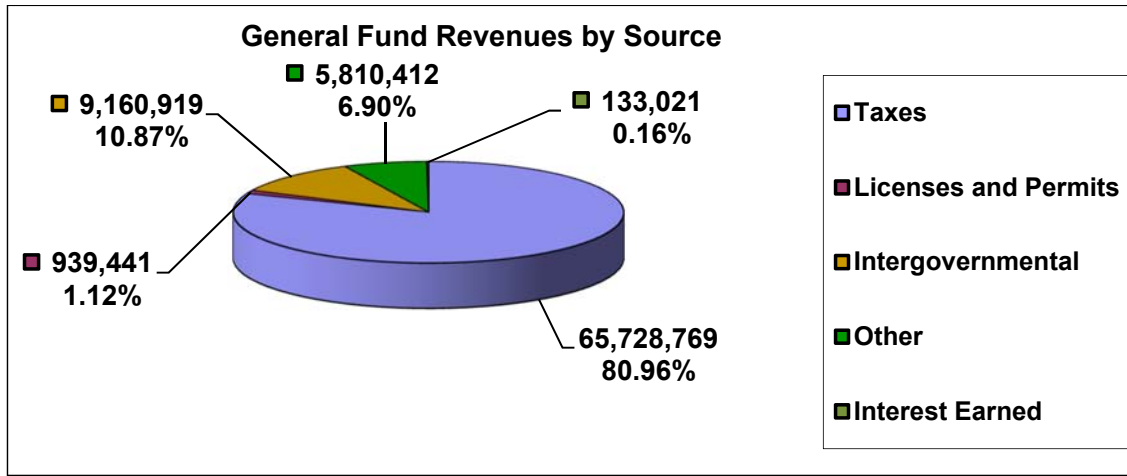
During this fiscal year, the Town of Scarborough's fund balances for Capital Projects increased \$14,551,392 from \$651,696 in 2017 to \$15,203,088 in 2018. Expenditures decreased \$543,664 from \$4,502,617 in 2017 to \$3,958,953 in 2018. These decreases in fund balance and expenditures are due to various projects nearing completion.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

General Fund Highlights

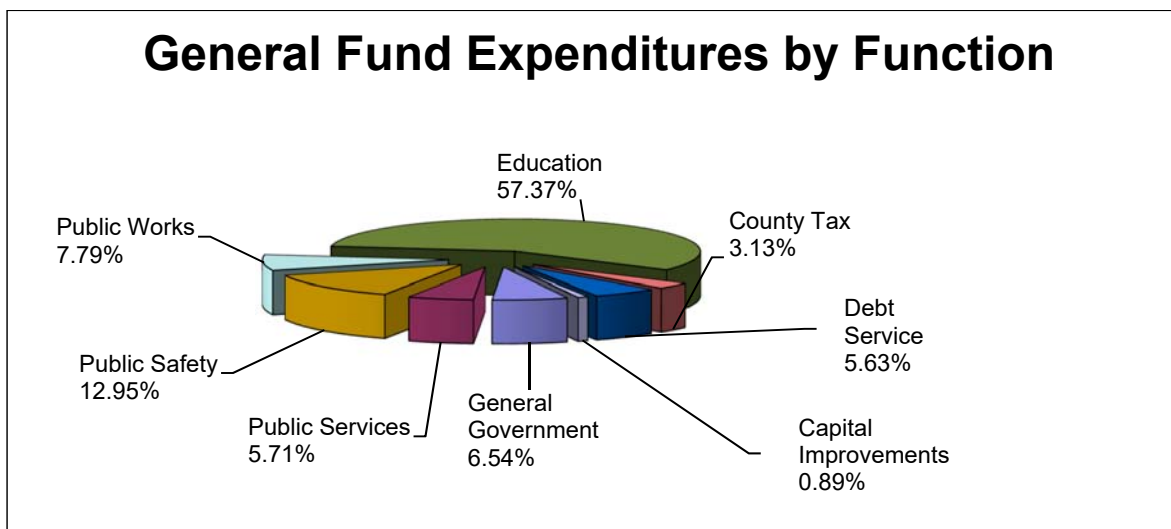
The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2018, total fund balance was \$13,765,284 reflecting a decrease of \$519,504 compared to the prior year. Unassigned fund balance in the General Fund was \$7,386,943 compared to total fund balance of \$13,765,284. 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 8.53% of total general fund expenditures compared to 8.18% last year, while total fund balance represents 15.89% of that same amount.

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



Property Tax revenues increased \$2,568,249 from 2017 to 2018 compared to the 2016 to 2017 increase of \$1,918,975. 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 \$309,106 while expenditures came in under budget by \$1,507,306.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

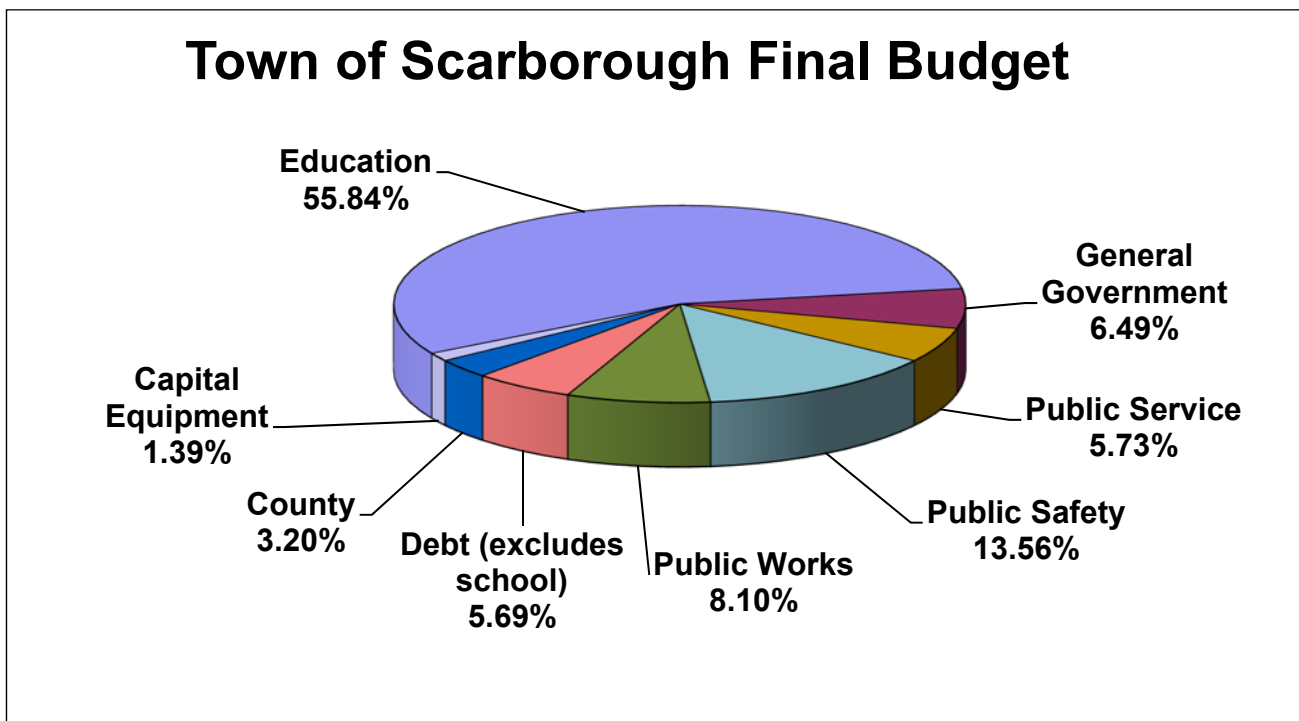
Total general fund expenditures increased \$1,906,825 or a modest 2.35% compared to the prior year. The factors for this increase are:

- General Government increased 5.39% due to various wage adjustments in Administration and Planning and benefit increases due to contractual obligations,
- Public Safety increased 3.46% due to the changes in contractual obligations,
- Public Works increased 3.38% from expanded vehicle maintenance contracts with neighboring municipalities, and
- County Tax increased 5.48% to help offset the costs of Cumberland County.

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 2018, a total of \$1,975,852 was set aside for the Town for prior year encumbrances and commitments and \$500,764 for the School Department was set aside for carryforward to the 2019 budget. The final operating budget for fiscal year 2018 amounted to \$84,714,480 compared to \$82,862,330 for fiscal year 2017.

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, 2018, amounts to \$146,530,572 (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 -.52%.

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>2018</u>	<u>2017</u>
Land	\$ 7,159,182	\$ 7,159,182
Buildings	79,979,560	81,752,474
Vehicles	6,035,868	6,306,675
Equipment & Furniture	1,965,916	2,151,848
Infrastructure	47,890,470	46,796,119
Construction in Progress	3,499,574	3,133,526
Total	<u><u>\$ 146,530,570</u></u>	<u><u>\$ 147,299,824</u></u>

The Town's infrastructure assets are recorded at historical or estimated historical costs in the government-wide financial statements as required by GASB Statement No. 34. Major capital asset events during the fiscal year ending June 30, 2018 related mostly to various road improvements and rehabilitation, vehicle and equipment purchases.

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, 2018, the Town had long-term bonds outstanding of \$102,650,000 compared to \$91,630,000 in the prior year resulting in a 12.03% increase. This debt is backed by the full faith and credit of the Town of Scarborough.

During fiscal year ending June 30, 2018, the Town of Scarborough issued \$18,190,000 in bonds. This bond issue financed projects that included vehicle and equipment purchases, building improvements, road rehabilitation and \$15,000,000 for the construction of a new Public Safety Building. During the year \$7,170,000 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>2018</u>	<u>2017</u>	<u>2016</u>
Municipal	\$ 38,495,570	\$ 24,455,792	\$ 26,219,153
Education	57,154,430	59,389,208	61,763,700
Sewer	7,000,000	7,785,000	7,937,147
Total Debt	<u>\$ 102,650,000</u>	<u>\$ 91,630,000</u>	<u>\$ 95,920,000</u>

Moody's Investors Service reviewed and assigned a rating of "Aa3" to the Town of Scarborough, Maine, (the Town) 2018 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 December 4, 2018. Moody's Aa3 rating reflects the Town's high-quality credit position. "The key credit factors include a strong wealth and income profile, a sizable tax base and an extremely small pension liability. The credit position also reflects a sizable debt burden and a favorable financial position. Moody's detailed rating considerations are as follows:

- **Economy and Tax Base.** Scarborough has a very healthy economy and tax base. Scarborough's full value per capita is materially above the US median and rose from 2013 to 2017.
- **Finances:** The financial position of the Town is favorable overall. Cash balances as a percent of operating revenues fall short of the US median but rose from 2013 to 2017. Fund balance as a percent of operating revenues is well below other cities and towns nationwide.
- **Debt and Pensions.** Moody's sees Scarborough's pension liability as negligible and is a credit strength relative to its Aa3 rating. The Town's Moody's-adjusted net pension liability to operating revenues favorably is materially below the US median and was flat from 2014 to 2017. However, Scarborough has a sizable debt burden and is unfavorable with respect to the assigned rating of Aa3.

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 2018 GO bonds per its rating report dated February 12, 2018. The stable outlook reflects the Town's very strong economy, adequate budgetary performance, budget flexibility, liquidity, debt-to-contingent liability position, and institutional framework. S&P's rating reflects their judgment of the Town's:

- **Adequate Budgetary Performance.** The Town had a balanced operating result in the general fund of 0.1% of expenditures but a deficit result across all government funds of 1.8% of expenditures in the 2017 fiscal year.
- **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 includes small 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 with an available fund balance in fiscal year 2017 of 12.6% of operating expenditures, or \$10.7 million. "The Town has consistently maintained this strong budgetary flexibility over the last three years. The Town has a formal reserve policy that targets maintaining unassigned fund balance.

TOWN OF SCARBOROUGH, MAINE

Management Discussion and Analysis, Continued

- Very Strong Liquidity. The Town's total government available cash at 19.8% of total governmental fund expenditures and 3.7x 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 5.3% of expenditures and net direct debt that is 115.8% of total governmental fund revenue. 'Overall net debt is at 2.8% 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 budget goals for fiscal year 2019 were to have:

GOALS:

- Tax relief for seniors.
- Create a long-term financial strategy for the town.
- Increase communications on the budget process.
- Manage the annual budget to a reasonable and sustainable level.
- Improve data availability used to inform decision-making.
- 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%.
- Involve and engage the community for the budget process.

This budget reflects a \$594,253 increase in General Purpose Aid to Education (GPA). This is a 27.6% increase from FY2018 and the first increase since 2015. 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 Budget Document for fiscal year 2019 can be found on the Town of Scarborough's website at: <https://sites.google.com/scarboroughmaine.org/budgetportal>.

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

2019	\$4,012,292,612, an increase of \$226,804,270 over 2018,
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,

The valuation increase in FY19 is the result of a commercial and industrial revaluation thereby allowing the 2019 property tax rate of \$16.49 to remain the same as the 2018 tax rate. 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 2019, the school anticipates using fund balance for operational needs and repayment of debt.

2019	\$ 500,000	2016	\$ 425,000
2018	\$ 2,100,000	2015	\$ 800,000
2017	\$ 952,888	2014	\$ 200,000

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 2017, 2018 and 2019 budgets (excluding carry forwards).

	2019	2018	2017
Administration	\$ 2,332,149	\$ 2,238,284	\$ 2,020,725
Finance Department	1,091,602	1,030,572	955,618
Information Systems	1,444,398	1,207,438	1,188,613
Planning Department	1,056,153	976,741	953,915
Community Services	2,848,282	2,729,722	2,748,857
Library	1,152,091	1,130,246	1,099,898
Economic Development	240,693	234,773	224,694
General Assistance	32,314	30,211	29,656
Fire/Rescue/EMA Department	5,295,093	5,043,056	4,856,621
Public Safety Department	6,612,707	6,415,138	6,282,325
Public Works Department	6,742,788	6,762,140	6,755,141
Debt Service	5,579,904	4,817,198	4,840,496
Capital Equipment	1,408,321	1,040,617	1,148,470
Total Municipal Operating	35,836,495	33,656,136	33,105,029
Education	48,715,005	47,307,869	46,037,872
County Tax	2,827,079	2,709,666	2,568,852
Total Operating Budget	87,378,579	83,673,671	81,711,753
School Food Services	1,548,315	1,521,802	1,471,066
Capital Improvement-Municipal	1,237,750	3,838,750	2,113,632
Capital Improvement-School	1,238,730	1,396,200	1,380,830
TIFs and Overlay	1,693,189	987,054	1,081,403
Total Budget	\$ 93,096,563	\$ 91,417,477	\$ 87,758,684

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 rporter@scarboroughmaine.org.

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Town of Scarborough Maine

Comprehensive Annual Financial Report



Basic Financial Statements

Entrepreneur of the Year 2018 — Ready Seafood Co

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TOWN OF SCARBOROUGH, MAINE
Statement of Net Position
June 30, 2018

	Governmental Activities	Component Unit Public Library
ASSETS		
Cash and cash equivalents	\$ 29,899,399	194,482
Investments	10,510,666	609,670
Receivables:		
Accounts, net	856,602	24,560
Intergovernmental	705,684	-
Taxes receivable	183,262	-
Tax liens	753,888	-
Tax acquired property	7,231	-
Prepays		40,771
Inventory	67,972	1,229
Notes receivable	1,194,017	-
Capital assets, not being depreciated	10,658,756	-
Capital assets, net	135,871,814	705,276
Total Assets	190,709,291	1,575,988
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	2,055,279	-
Deferred OPEB items	94,204	
Deferred pension items	5,250,925	-
Total deferred outflows of resources	7,400,408	-
LIABILITIES		
Accounts payable and other current liabilities	3,392,186	37,775
Accrued payroll and other related liabilities	4,922,906	50,599
Unearned revenues	344,492	-
Accrued interest	854,896	-
Noncurrent liabilities:		
Due within one year	7,387,210	-
Due in more than one year	114,820,302	-
Total Liabilities	131,721,992	88,374
DEFERRED INFLOWS OF RESOURCES		
		-
Deferred OPEB items	62,397	
Deferred pension items	3,025,999	
Total deferred inflows of resources	3,088,396	-
NET POSITION		
Net investment in capital assets	62,075,336	705,276
Restricted for:		
Nonexpendable trust principal	167,988	112,810
Expendable trust - income portion	90,998	-
Town grants and projects	1,485,895	-
Education	832,983	-
Unrestricted (deficit)	(1,353,889)	669,528
Total Net Position	\$ 63,299,311	1,487,614

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Activities
For the year ended June 30, 2018

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	\$ 13,113,500	2,370,489	955,743	54,317	(9,732,951)	-
Public services	4,996,328	3,004,909	10,135	-	(1,981,284)	-
Public safety	12,599,095	3,075,250	181,892	-	(9,341,953)	-
Public works	8,116,981	2,040,177	324,412	-	(5,752,392)	-
Education	46,873,688	1,523,725	5,775,170	-	(39,574,793)	-
Interest on debt service	3,502,402	-	-	-	(3,502,402)	-
Total governmental activities	89,201,994	12,014,550	7,247,352	54,317	(69,885,775)	-
Total primary government	\$ 89,201,994	12,014,550	7,247,352	54,317	(69,885,775)	-
Component unit:						
Scarborough Public Library	\$ 1,286,445	-	1,312,928	-	-	26,483
General revenues:						
Property taxes, levied for general purposes				\$ 62,014,588		-
Excise taxes				5,934,862		-
Payments in lieu of taxes				71,450		-
Interest and costs on taxes				106,100		-
Franchise Tax				208,117		-
Grants and contributions not restricted to specific programs:						
Homestead exemption and business equipment exemption				1,456,414		-
Other State aid				553,341		-
State Revenue Sharing				850,349		-
Unrestricted investment earnings				152,437		-
Other				20,384		-
Total general revenues				71,368,042		-
Change in net position					1,482,267	26,483
Net position - beginning, (as restated - primary government)					61,817,044	1,461,131
Net position - ending					\$ 63,299,311	1,487,614

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE

Balance Sheet
Governmental Funds
June 30, 2018

	General	Haigis Parkway Assessments	Public Safety Bldg Construction	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 13,948,390		14,352,835	1,598,174	29,899,399
Investments	3,962,077			6,548,589	10,510,666
Receivables:					
Accounts, net	711,768			144,834	856,602
Intergovernmental	297,184			408,500	705,684
Taxes receivable	183,262			-	183,262
Tax liens	753,888			-	753,888
Interfund loans receivable	2,766,235			533,281	3,299,516
Tax acquired property	7,231			-	7,231
Inventory	28,179			39,793	67,972
Notes receivable	-	1,194,017	-	-	1,194,017
Total assets	\$ 22,658,214	1,194,017	14,352,835	9,273,171	47,478,237
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	2,568,884		159,645	663,657	3,392,186
Accrued payroll and other related liabilities	4,922,906			-	4,922,906
Accrued compensated absences	213,160			-	213,160
Interfund loans payable	-	3,147,815		151,701	3,299,516
Unearned revenues	344,492	-		-	344,492
Total liabilities	8,049,442	3,147,815	159,645	815,358	12,172,260
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	843,488	-	-	-	843,488
Total deferred inflows of resources	843,488	-	-	-	843,488
Fund balances:					
Nonspendable Permanent Fund Principal				167,988	167,988
Nonspendable Inventory	28,179			39,793	67,972
Restricted for Town	3,147,815		14,193,190	1,576,893	18,917,898
Restricted for Education	332,983			396,845	729,828
Committed - General Fund	393,512			-	393,512
Committed - Education	-			469,126	469,126
Committed - Special Revenues	-			5,796,563	5,796,563
Assigned - General Fund	1,975,852			-	1,975,852
Assigned - Education	500,000			-	500,000
Unassigned Town	7,386,943	(1,953,798)		10,605	5,443,750
Total fund balances	13,765,284	(1,953,798)	14,193,190	8,457,813	34,462,489
Total liabilities, deferred inflows of resources					
and fund balances	\$ 22,658,214	1,194,017	14,352,835	9,273,171	

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.	146,530,570
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	843,488
Deferred charge on refunding is not a financial resource and, therefore, is not reported in the funds	2,055,279
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	(108,775,334)
Accrued interest	(854,896)
Landfill liability	(401,034)
Other postemployment benefits liability with related deferred inflows and outflows of resources	(3,303,238)
Net pension liability with related deferred inflows and outflows of resources	(4,844,487)
Accrued compensated absences	(2,413,526)

Net position of governmental activities **\$ 63,299,311**

TOWN OF SCARBOROUGH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2018

	General	Haigis Parkway Assessments	Public Safety Bldg Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 68,206,268	-	-	133,900	68,340,168
Licenses and permits	939,441	-	-	-	939,441
Intergovernmental	9,160,919	-	-	1,438,934	10,599,853
Interest earned	133,021	2,055	19,416	37,486	191,978
Donations	-	-	-	612,384	612,384
Sale of lots	-	-	-	4,420	4,420
Assessments and impact fees	-	-	-	2,407,480	2,407,480
Other	5,810,412	-	-	3,017,126	8,827,538
Total revenues	84,250,061	2,055	19,416	7,651,730	91,923,262
Expenditures:					
Current:					
General government	5,665,182	-	-	-	5,665,182
Public services	4,945,601	-	-	-	4,945,601
Public safety	11,220,717	-	826,226	-	12,046,943
Public works	6,749,774	-	-	-	6,749,774
Education	49,704,053	-	-	2,587,047	52,291,100
County tax	2,709,666	-	-	-	2,709,666
Debt service	4,873,855	-	-	-	4,873,855
Capital improvements	766,814	-	-	3,677,183	4,443,997
Other	(249)	-	-	2,637,122	2,636,873
Total expenditures	86,635,413	-	826,226	8,901,352	96,362,991
Excess (deficiency) of revenues over expenditures	(2,385,352)	2,055	(806,810)	(1,249,622)	(4,439,729)
Other financing sources (uses):					
Transfers in	877,657	150,700	-	235,957	1,264,314
Transfers out	(290,540)	(370,000)	-	(603,774)	(1,264,314)
Premium received on issued bonds, net of issuance costs	606,146	-	735,000	-	1,341,146
General obligation bonds	672,585	-	14,265,000	3,252,415	18,190,000
Total other financing sources (uses)	1,865,848	(219,300)	15,000,000	2,884,598	19,531,146
Net change in fund balances	(519,504)	(217,245)	14,193,190	1,634,976	15,091,417
Fund balances (deficit), beginning of year,	14,284,788	(1,736,553)	-	6,822,837	19,371,072
Fund balances (deficit), end of year	\$ 13,765,284	(1,953,798)	14,193,190	8,457,813	34,462,489

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, 2018

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)	\$	15,091,417
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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	\$3,636,015	(769,254)
Depreciation expense	(4,238,109)	
Net book value of dispositions	(167,160)	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	57,399
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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	(307,475)
Landfill	4,050
Compensated absences	(77,896)
OPEB liability with deferred outflows and inflows of resources	(128,756)
Net pension liability with deferred outflows and inflows of resources	(149,407)

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	\$ (18,190,000)	
General obligation bond payments	7,170,000	
Premiums received on issued bonds	(1,341,146)	
Amortization of bond premiums	265,650	
Amortization of deferred charge	(142,315)	(12,237,811)

Change in net position of governmental activities (see Statement 2)	\$	1,482,267
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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, 2018

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 67,905,924	67,905,924	68,206,268	300,344
Licenses and permits	781,405	781,405	939,441	158,036
Intergovernmental	5,926,644	5,926,644	5,772,519	(154,125)
Interest earned	41,500	41,500	133,021	91,521
Unclassified	5,897,082	5,897,082	5,810,412	(86,670)
Total revenues	80,552,555	80,552,555	80,861,661	309,106
Expenditures:				
Current:				
General government	5,498,807	5,498,807	5,625,094	(126,287)
Public services	4,855,898	4,855,898	4,945,601	(89,703)
Public safety	11,484,879	11,484,879	11,220,717	264,162
Public works	6,865,500	6,865,500	6,749,774	115,726
Education	47,307,869	47,307,869	46,315,653	992,216
County tax	2,709,666	2,709,666	2,709,666	-
Debt service	4,817,198	4,817,198	4,873,855	(56,657)
Capital improvements	1,174,663	1,174,663	766,814	407,849
Total expenditures	84,714,480	84,714,480	83,207,174	1,507,306
Excess (deficiency) of revenues over expenditures	(4,161,925)	(4,161,925)	(2,345,513)	1,816,412
Other financing sources (uses):				
Transfers in	1,021,970	1,021,970	877,657	(144,313)
Transfers out	(150,700)	(150,700)	(290,540)	(139,840)
Utilization of surplus	2,702,618	2,702,618	-	(2,702,618)
General obligation bonds	728,735	728,735	672,585	(56,150)
Refunding bond issued	-	-	-	-
Premium received on refunded bonds	-	-	-	-
Premium received on issued bonds	-	-	606,146	606,146
Payment to refunding bond escrow agent	-	-	-	-
Overlay	(140,698)	(140,698)	249	140,947
Total other financing sources (uses)	4,161,925	4,161,925	1,866,097	(2,295,828)
Net change in fund balances - budgetary basis			(479,416)	(479,416)
Reconciliation to GAAP basis:				
Change in current portion of accrued compensated absences			(40,088)	
Net change in fund balances - GAAP basis			(519,504)	
Fund balance, beginning of year			14,284,788	
Fund balance, end of year	\$		13,765,284	

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

		Private-purpose Trust Funds (Scholarships)	Agency Funds
ASSETS			
Cash and cash equivalents	\$	-	482,022
Investments		221,328	-
Total assets		221,328	482,022
LIABILITIES			
Due to student groups		-	482,022
Total liabilities		-	482,022
NET POSITION			
Held in trust	\$	221,328	-

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, 2018

	Private-purpose Trust Funds (Scholarships)
Additions:	
Donations	\$ 200
Interest and dividends	850
Total additions	1,050
Deductions:	
School scholarships	5,150
Total deductions	5,150
Change in net position	(4,100)
Net position, beginning of year	225,428
Net position, end of year	\$ 221,328

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. SEDCO is a blended component unit of the Town because the SEDCO board appoints the majority of their board and the Town council affirms their appointment and SEDCO's total debt outstanding is expected to be paid entirely with resources of the Town. The Town provided \$233,378, or 94.2% of total revenues, to SEDCO for the year ended June 30, 2018.

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 \$1,130,246, or 91.1% of total revenues, to the Library for the year ended June 30, 2018.

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.

The Public Safety Building Construction Project was approved by the citizens in a referendum vote held on November 7, 2017 authorizing the construction of a new public safety building to house police, dispatch and fire functions.

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 inventory 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 20-60 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. The Town is currently in the process of updating its Fund Balance Policy.

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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Recently Adopted 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 replaced 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 and was adopted during the year ended June 30, 2018.

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>
2017-2018 budget as adopted	\$84,660,724	\$84,660,724
Budgetary adjustments:		
Subsequent authorization	-	-
Prior year encumbrances and carry forwards	345,154	345,154
Total adjusted budget	\$ 85,005,878	\$ 85,005,878

B. Deficit Fund Balance

At June 30, 2018, the following special revenue and capital projects funds had deficit fund balances:

The Haigis Parkway Assessments Fund had a deficit of \$1,953,798. 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, 2018, the Town reported deposits of \$30,381,421 with a bank balance of \$30,705,468. Of the Town's bank balances of \$30,705,468, none was exposed to custodial credit risk because all accounts were covered by the F.D.I.C. or were 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	\$29,899,399
Reported in fiduciary funds	482,022
Total deposits	\$30,381,421

At June 30, 2018, the Scarborough Public Library's cash balances was \$194,482, all of which was covered by F.D.I.C. insurance.

B. Investments

At June 30, 2018, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years	More than 5 years
Money markets and repurchase agreements	\$10,731,994	\$10,731,994	-	-
Total investments	\$10,731,994	\$10,731,994	-	-

Investments have been reported as follows:

Reported in governmental funds	\$10,510,666
Reported in fiduciary funds	221,328
Total investments	\$10,731,994

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 September 7, 2017, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. These taxes were due in two installments, 50% on October 16, 2017 and 50% on March 15, 2018. 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, 2018 and the Town's value was 91% of the 2018 State valuation of \$4,068,100,000.

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 \$140,698 for the year ended June 30, 2018.

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, 2018 levy:

Assessed value	\$ 3,785,488,342
<u>Tax rate (per \$1,000)</u>	<u>16.49</u>
Commitment	62,422,707
 <u>Supplemental taxes assessed</u>	 <u>72,435</u>
	62,495,142
 <u>Less - collections and abatements</u>	 <u>61,929,179</u>
<u>Receivable at June 30</u>	<u>565,963</u>
 Consisting of:	
Taxes	\$ 40,524
Liens	525,439
<u>Receivable at June 30</u>	<u>\$ 565,963</u>
 Collection rate	 99.09%

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2018 was as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,159,182	\$ -	\$ -	\$ 7,159,182
Construction in progress	3,133,526	2,756,557	2,390,509	3,499,574
<u>Total capital assets, not being depreciated</u>	<u>10,292,708</u>	<u>2,756,557</u>	<u>2,390,509</u>	<u>10,658,756</u>
Capital assets, being depreciated:				
Buildings	103,192,114	-	-	103,192,114
Vehicles	14,828,007	973,377	823,539	14,977,845
Equipment and furniture	7,308,882	227,443	355,526	7,180,799
Infrastructure	60,234,375	2,069,147	5,567	62,297,955
<u>Total capital assets being depreciated</u>	<u>185,563,377</u>	<u>3,269,967</u>	<u>1,184,632</u>	<u>187,648,713</u>
Less accumulated depreciation for:				
Buildings	21,439,640	1,772,914	-	23,212,554
Vehicles	8,521,332	1,104,284	683,639	8,941,977
Equipment and furniture	5,157,034	390,812	332,965	5,214,881
Infrastructure	13,438,255	970,099	869	14,407,485
<u>Total accumulated depreciation</u>	<u>48,556,261</u>	<u>4,238,109</u>	<u>1,017,473</u>	<u>51,776,897</u>
<u>Total capital assets being depreciated, net</u>	<u>137,007,116</u>	<u>(968,142)</u>	<u>167,159</u>	<u>135,871,814</u>
<u>Governmental activities capital assets, net</u>	<u>\$147,299,824</u>	<u>\$ 1,788,415</u>	<u>\$ 2,557,668</u>	<u>\$146,530,570</u>

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

Governmental activities:	
General government	\$ 342,971
Public services	42,246
Public safety	580,356
Public works, including depreciation of general infrastructure assets	1,399,178
Education	1,933,178
<u>Total depreciation expense – governmental activities</u>	<u>\$ 4,238,109</u>

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

	<u>Library</u>
Buildings	\$1,676,619
Furniture and fixtures	740,541
<u>Books</u>	<u>895,907</u>
Total	3,313,067
<u>Less accumulated depreciation</u>	<u>(2,607,791)</u>
<u>Property and equipment, net</u>	<u>\$ 705,276</u>
<u>Depreciation expense</u>	<u>\$ 131,435</u>

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, 2018, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$2,766,235	-
Haigis Parkway	-	\$3,147,815
Nonmajor Governmental Funds:		
Nonmajor Special Revenue Funds:		
Eastern Trail Alliance (Close the Gap)	2,073	-
Recreational development	105,060	-
Payne Road Impact Fees	3,292	-
Other Impact Fees	21,180	238
Rescue equipment	396,474	-
Departmental grants and programs		134,823
Total Nonmajor Special Revenue Funds	528,079	135,061
Nonmajor Capital Project Funds:		
Oak Hill Intersection Improvements	238	
IT K-2 Tech Refresh	-	-
Total Nonmajor Capital Project Funds	238	-
Nonmajor Permanent Funds		
Scarborough Memorial Cemetery	4,420	16,350
Dunstan Perpetual Care	544	290
Total Permanent Funds	4,964	16,640
Total Other Governmental Funds	533,281	151,701
Private-purpose Trust Funds	-	-
Total all funds	\$3,299,516	\$3,299,516

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, 2018, 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	\$ 877,657	\$ 290,540
Haigis Parkway Assessments	150,700	370,000
Nonmajor Governmental Funds	235,957	603,774
Total	<u>\$1,264,314</u>	<u>\$1,264,314</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, 2018, 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	\$91,630,000	\$18,190,000	\$7,170,000	\$102,650,000	\$7,310,000
Premium	5,049,838	1,341,146	265,650	6,125,334	
Capital leases	-	148,550	50,611	97,939	
Compensated absences	2,434,759	291,056	99,129	2,626,686	213,160
Other postemployment					
Benefits liability	3,174,482	160,563	-	3,335,045	
Net pension liability	8,490,087		1,420,674	7,069,413	
Landfill post-closure care costs	405,084	-	4,050	401,034	4,050
Governmental activity					
Long-term liabilities	<u>\$111,184,250</u>	<u>\$20,131,315</u>	<u>\$9,010,114</u>	<u>\$122,305,451</u>	<u>\$7,527,210</u>

As of June 30, 2018, the Town had authorized, but unissued debt totaling \$3,934,133. 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, 2018 is comprised of the following:

General Obligation Notes and Bonds	Amount originally issued	Percentage applicable to			Interest rate	Final maturity date	Balance end of year
		<u>Town</u>	<u>School</u>	<u>Sewer</u>			
2009 Capital improvements	4,560,000	96.77%	3.23%	-	Varies	2029	310,000
2009 Capital improvements	1,780,000	76.67%	23.33%	-	2.00%	2020	300,000
2010 Capital improvements	6,002,000	89.32%	10.68%	-	2.00%	2021	2,935,000
2011 Capital improvements	5,600,000	92.47%	7.53%	-	Varies	2031	2,190,000
2012 Capital improvements	46,545,000	4.17%	77.98%	17.85%	Varies	2042	39,225,000
2013 Capital improvements	25,685,000	7.38%	92.62%	-	Varies	2043	22,365,000
2014 Capital improvements	6,505,000	51.76%	48.24%	-	Varies	2034	3,760,000
2015 Capital improvements	6,085,000	88.58%	11.42%	-	Varies	2035	4,605,000
2016 Capital improvements	7,540,000	88.62%	11.38%	-	Varies	2036	6,015,000
2017 Capital improvements	2,755,000	59.84%	40.16%	-	Varies	2037	2,755,000
2018 Capital improvements	18,190,000	93.62%	6.38%	-	Varies	2048	18,190,000
Total							\$102,650,000

The annual requirements to amortize all debt outstanding as of June 30, 2018 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 7,310,000	\$ 3,910,975	\$ 11,220,975
2020	7,630,000	3,527,106	11,157,106
2022	7,675,000	3,228,331	10,903,331
2022	7,185,000	2,953,000	10,138,000
2023	6,870,000	2,713,369	9,583,369
2024-2028	24,380,000	10,373,803	34,753,803
2029-2033	20,020,000	6,057,881	26,077,881
2034-2038	11,005,000	2,963,088	13,968,088
2039-2043	8,075,000	1,131,119	9,206,119
2044-2048	2,500,000	218,438	2,718,438
Totals	\$ 102,650,000	\$37,077,110	\$139,727,110

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, 2018 Outstanding <u>Bonds</u>	Percent of 2018 State assessed value of \$ 4,068,100,000	<u>Amount</u>	<u>Margin</u>
For school purposes	\$ 57,154,430	10.00%	\$406,810,000	\$349,655,570
For storm or sanitary sewer	7,000,000	7.50%	305,107,500	298,107,500
For municipal airport, water and special district purposes	-	3.00%	122,043,000	122,043,000
For all other purposes	38,495,570	7.50%	305,107,500	266,611,930
Total	\$ 102,650,000			

The statutory debt limit according to State law is 15% of the State assessed value, which amounts to \$610,215,000. The total debt margin based on this limit is \$507,565,000.

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, 2018, the Town's State valuation of \$4,068,100,000 was 9.24% of the County's State valuation of \$44,050,850,000. The Town's share is 9.24% or \$3,286,278 of Cumberland County's \$35,585,000 long-term debt outstanding as of June 30, 2018.

The Town is also served by the Portland Water District. At June 30, 2018, the Town's share of self-supporting bonded water debt is 13.81% or \$6,925,848 of total debt of \$50,150,965.

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, 2018, the most recent data available. The Town’s proportionate share of these estimated landfill closure and postclosure care costs is 9.09%, or \$1,324,491.

Total Debt and Contingencies

Governmental <u>Unit</u>	As of June 30, 2018			Total <u>debt</u>
	Direct <u>debt</u>	Overlapping <u>debt</u>	Contingent <u>debt</u>	
Town of Scarborough	\$ 102,650,000	-	-	\$ 102,650,000
Cumberland County	-	\$ 3,286,278	-	3,286,278
Portland Water District - water debt	-	6,925,848	-	6,925,848
ecomaine landfill closure/postclosure costs	-	-	\$1,324,491	1,324,491
Totals	\$ 102,650,000	\$10,212,126	\$1,324,491	\$114,186,617

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, 2018, 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.

The Town continues to be involved in litigation with approximately 50 taxpayers contesting their 2012 to 2015 property taxes. This litigation has been ongoing since 2013 and has been reported in prior audits. 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. 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, 2018, approximately 20% of the landfill's total capacity has been used. The estimated total current cost of landfill closure, \$401,034 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, 2018. Additionally, annual monitoring and maintenance costs are estimated to be \$4,050 per year.

The total closure and postclosure care costs of \$401,034 have been accrued in the statement of activities for the year ended June 30, 2018. 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, 2018, 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, 2017</u>	<u>June 30, 2018</u>
Unemployment Compensation	\$ 169,163	\$ 174,164
Hurd Park and Ferry Beach	212,508	199,587
Hunnewell House	<u>18,570</u>	<u>19,761</u>
Total reclassification	<u>\$ 400,241</u>	<u>\$ 393,512</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, 2018:

	General Fund	Haigis Parkway Assess	Public Safety Construction	Nonmajor Governmental
Fund Balances:				
Nonspendable-Permanent Funds	\$ -	\$ -	\$ -	\$ 167,988
Nonspendable-Inventory	28,179	-	-	39,793
	<u>28,179</u>	<u>-</u>	<u>-</u>	<u>207,781</u>
Restricted				
Permanent Fund Interest		-		90,998
Deficits in Other Funds (Haigis Parkway)	3,147,815	-		-
Public Safety Building Construction	-	-	14,193,190	-
Credit Enhancement Agreements	-	-		43,570
Eastern Trail Alliance (Close the Gap)	-	-		574,380
Grants and Donations	-	-		96,975
Fire Department Equipment	-	-		28,400
Police Asset Forfeiture	-	-		129,517
Town Improvements	-	-		613,053
Education	332,217	-	-	396,845
	<u>3,480,032</u>	<u>-</u>	<u>14,193,190</u>	<u>1,973,738</u>
Committed				
Unemp. Comp/Beach Reserve/Hunnewell	393,512	-	-	-
Impact Fees/Reserves	-	-	-	5,796,563
Education	-	-	-	469,126
	<u>393,512</u>	<u>-</u>	<u>-</u>	<u>6,265,689</u>
Assigned				
Carryforward Balances/Encumbrances	1,975,852	-	-	-
Education	500,764	-	-	-
	<u>2,476,616</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	7,386,945	(1,953,798)	-	10,605
Total Fund Balances	<u>\$13,765,284</u>	<u>\$(1,953,798)</u>	<u>\$14,193,190</u>	<u>\$ 8,457,813</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

ASSIGNED FUND BALANCES

At June 30, 2018, portions of the General Fund balance were assigned to future periods as follows:

	<u>2018</u>
General Fund:	
State Revenue Sharing	\$ (5,653)
Assistant Town Manager – Employee Training	1,000
Assessing – Contractual Services	5,000
Finance – Supplies	2,000
Finance – Training	2,000
Information Technology – Software Maintenance	25,000
Planning Initiatives (former Comprehensive Plan)	8,852
Planning – Legal Services	10,000
Planning – Advertisements	700
Planning – Printing & Binding	500
CS – Child Care	50,000
CS – Cable Franchise Fees	7,165
CS – Municipal Building Rebate Revenues	350
Marine Resource Office – Inventory Management	12,806
MIS – Core Switch Upgrade	18,993
Assessing – Vision Software/Commercial Revaluation	50,684
Community Services – Automatic Gate System	49,663
Fire Department – Municipal Holding Tank	5,323
Fire Department – Major Vehicle Repairs	50,000
Fire Department – New Safety/Protective Equipment	693
Fire Department – Vehicle Replacement	11,653
Police Department – Motorcycle Training	11,760
Police Department – Equipment Issue Room Supplies	5,389
Police Department – Traffic Monitoring Cameras	22,000
Public Works – HVAC Improvements/Replacement	164,000
Encumbered purchase orders	152,934
Fund Balance Appropriated for the 2018 Education Budget	500,000
Reserve for Accrued Sick Pay	1,313,040
Total General Fund Assigned Fund Balance	<u>\$ 2,475,852</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 (MPERS), 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 300 participating employers.

Employee membership data related to the Plans, as of June 30, 2017 was as follows:

	Teachers	PLD
Current participants: Vested and non-vested	39,843	11,416
Terminated participants: Vested	7,965	2,319
Terminated participants: Inactive due refunds	39,074	7,779
Retirees and beneficiaries receiving benefits	<u>35,601</u>	<u>9,256</u>
	<u>122,483</u>	<u>30,770</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, 2018, the Town's total payroll for all employees was \$43,260,747. Total covered payroll was \$24,415,427 for the Teacher Plan and \$7,843,357 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 11.08% 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, 2018, was 3.97% percent of annual teacher payroll, plus 11.08% 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, 2018 were \$1,018,971.

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 and fire/rescue employees contribute between 8%-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, 2018, was 9.6% of annual payroll. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2018 was 9.6% 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 \$920,669.

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

Teacher Plan

At June 30, 2018, 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	\$ 552,792
State's proportionate share of the net pension liability associated with the Town of Scarborough School Department	27,719,908
Total	<u>\$ 28,272,700</u>

The net pension liability was measured as of June 30, 2017, 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, 2017, the School Department's proportion was 0.038 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2017.

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, 2018, the School Department recognized pension expense of \$850,775 and revenue of \$2,331,431 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	\$ 23,249	
Changes of assumptions		\$ 8,633
Net difference between projected and actual earnings on Plan investments	154,224	162,354
Changes in proportion and differences between contributions and proportionate share of contributions	26,241	30,246
Contributions subsequent to the measurement date	1,018,971	
Total	<u>\$ 1,222,685</u>	<u>\$ 201,233</u>

The \$1,018,971 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, 2018. 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,	
2019	\$ (23,993)
2020	52,370
2021	3,695
2022	<u>(29,591)</u>
Total	<u>\$ 2,481</u>

PLD Plan

At June 30, 2018, the Town and the Town School Department reported a liability of \$6,516,621 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the Town and the Town School Department's proportion was 1.59%, which was an increase of 0.11% from its proportion measured as of June 30, 2016.

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, 2018, the Town and the Town School Department recognized pension expense of \$1,239,830. At June 30, 2018, 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		\$ 303,077
Changes of assumptions	\$ 554,524	
Net difference between projected and actual earnings on Plan investments	2,245,814	2,425,006
Changes in proportion and differences between contributions and proportionate share of contributions	307,233	86,683
Contributions subsequent to the measurement date	920,669	
Total	<u>\$ 4,028,240</u>	<u>\$ 2,824,766</u>

The \$920,669 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, 2018. 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	\$ (7,699)
2019	690,460
2020	43,720
2021	(443,676)
Total	<u>\$ 282,805</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Teachers Plan 2.75% and PLD Plan 2.75%, 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 for active members and non-disabled retirees were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males or females. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

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, 2017 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	30.0%	6.0 %
U.S. Government	7.5%	2.3 %
Private Equity	15.0%	7.6%
Real estate	10.0%	5.2 %
Infrastructure	10.0%	5.3 %
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9 %
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.875% for the Teacher Plan and 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%	\$ 969,986
Current discount rate	6.875%	\$ 552,792
1% increase	7.875%	\$ 208,339

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 6.875% 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 (5.875%) or 1-percentage-point higher (7.875%) than the current rate:

	Discount rate	Town and School Department's proportionate share of net pension liability
1% decrease	5.875%	\$ 13,074,344
Current discount rate	6.875%	\$ 6,516,621
1% increase	7.875%	\$ 1,579,672

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 11.08% of the qualified teachers' salaries, plus an additional 2.61% for health insurance. For the year ended June 30, 2018, the total amount of on-behalf payments was approximately \$3,281,000 and was recognized in the fund financial statements plus an additional on-behalf payment amount of \$107,400 was recognized related to the MPERS Group Life Insurance Plan. The amount of on-behalf payments recognized in the government wide financial statements for pension expense was approximately \$2,092,000.

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 \$317,053 which was 6% of the participating employees and 17% of the Town Manager's current year covered payroll. The covered payroll amounted to \$5,017,784 while the Town's total payroll was \$14,181,747.

Employee's required contributions amounted to \$292,346, 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 \$516,329 and the Town contributions amounted to \$265,076. The Town contributes a match up to 4%. The covered payroll amounted to \$6,433,989.

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.

POST-EMPLOYMENT HEALTH CARE

Plan description. The Town sponsors a post-retirement benefit (OPEB) plan that provides health insurance (Health Plan) to retiring employees. The Health Plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Insurance Trust (MMEHT). The Town Council has the authority to establish and amend the benefit terms and financing requirements.

MMEHT does not issue a separate financial report for its OPEB as the Town does not fund an OPEB plan and operates on a pay-as-you-go basis. Employers fund their own benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided. The Health Plan provides healthcare benefits for retirees and their dependents. Town employees over the age of 55 with 5 years of continuous service at retirement are eligible to participate in the Health Plan. Retirees who are not eligible for Medicare retain coverage in the same group health insurance plan as active employees. Retirees must pay for Medicare Part B coverage to be eligible to participate in the State-sponsored employer funded Companion Plan.

Plan membership. At January 1, 2018, the following were covered by the benefit terms: Inactive employees or beneficiaries currently receiving benefit payments – 17, Active employees 177, total employees 194.

The Town's total OPEB liability of \$3,335,045 was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

General inflation of 3.00% was used along with an aggregate payroll increase of 2.75%. Merit payroll increases, mortality, termination, disability and retirement assumptions relied on the System's June 30, 2012 through June 30, 2015's experience study. Mortality rates were based on the RP-2014 Total Dataset Healthy Annuitant Mortality Table for males or females. The mortality improvement scale RPEC-2015 was modified to converge to an ultimate rate of 0.85% for ages 20 to 85 grading down to 0.00% for ages 111 to 120 with convergence to the ultimate rate in 2020.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

The discount rate was based on high quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer index. The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study, conducted by the Maine State Retirement Consolidated Plan for Participating Local Districts, for the period July 1, 2012 through June 30, 2015.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$ 3,174,482
Changes for the year:	
Service cost	95,617
Interest	121,874
Changes in benefit terms	
Differences between expected and actual experience	105,980
Changes in assumptions or other inputs	(70,197)
Benefit payments	(92,711)
Net changes	<u>160,563</u>
Balance at June 30, 2018	<u>\$ 3,335,045</u>

Changes of assumptions reflect a decrease of \$70,197 and differences between expected and actual experience reflect an increase of \$105,980. Changes in assumptions or other inputs reflect a change in the discount rate from 3.78% in 2017 to 3.44% in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate.

The following table shows how the total OPEB liabilities would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate used for the Health Plan is 3.44%.

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	<u>\$ 3,875,280</u>	<u>\$ 3,335,045</u>	<u>\$ 2,897,841</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The following table shows how the total OPEB liabilities would change if the healthcare rate used was one percentage point lower or one percentage point higher than the current rate of 8.27%.

	1% Decrease (7.27%)	Healthcare Cost Trend Rates (8.27%)	1% Increase (9.27%)
Total OPEB liability	<u>\$ 2,865,449</u>	<u>\$ 3,335,045</u>	<u>\$ 3,930,396</u>

For the year ended June 30, 2018, the Town recognized OPEB expense of \$221,467. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,204	
Changes in assumptions		\$ 62,397
Total	<u>\$ 94,204</u>	<u>\$ 62,397</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	\$ 3,976
2020	3,976
2021	3,976
2022	3,976
2023	3,976
Thereafter	11,927
Total	<u>\$ 31,807</u>

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, 20188, the Town abated property taxes totaling \$764,743 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 Town. The abatement is to assist the employer to retain employees and to expand the business. The abatement amounted to \$591,368.

A 100 percent property tax abatement to the Enterprise Business Park formerly owned by Commercial Place, LLC that is a significant employer in the Town. The abatement is to assist the employer to retain employees and to expand the business. The abatement amounted to \$105,817.

Remaining business abatements in the aggregate totaled \$67,659 and include Foundation Center for \$24,277 and Bessey Senior Housing for \$43,382.

The Town also has an agreement for the Haigis Parkway district with total tax captured of \$150,700 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, 2018. 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, 2018:

	Governmental Activities
Capital assets	\$ 198,307,469
Accumulated depreciation	(51,776,899)
Bonds payable	(95,650,000)
Premium liabilities net of amortization	(6,125,334)
Deferred charge on refunding	2,055,279
Unspent bond proceeds	15,264,821
<u>Net investment in capital assets</u>	<u>\$62,075,336</u>

The Town's Bonds payable is \$102,650,000 as stated in the footnote on page 62. For the purpose of determining net investment in capital assets, bonds payable totaling \$7,000,000, have been excluded from this calculation because the Town transferred ownership of the capital assets to other entities.

PRIOR PERIOD ADJUSTMENT TO NET POSITION

Beginning net position of governmental activities has been restated by decreasing fund balance for \$1,274,775 related to the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the year ended June 30, 2018.

COMMITMENTS

Construction in progress of \$3,499,574 as of June 30, 2018 consists of construction of a new public safety building, road improvements, Eastern Trail improvements, and public works fuel station replacement. These projects are expected to be completed during the fiscal years ending June 30, 2018 to June 30, 2020. The additional estimated costs to complete these projects are approximately \$15,264,821.

TOWN OF SCARBOROUGH, MAINE
Schedule Changes in Net OPEB Liability and
Related Ratios – MMEHT Group Health Insurance Plan
Required Supplementary Information
June 30, 2018
(Unaudited)

Other Post-Employment Benefits

	June 30, 2018
Total OPEB liability	
Service Cost	\$ 95,617
Interest	121,874
Changes in benefit terms	
Difference between expected and actual experience	105,980
Changes in assumptions or other inputs	(70,197)
Benefit payments	(92,711)
Net change in total OPEB liability	<u>160,563</u>
Total OPEB liability - beginning	<u>3,174,482</u>
Total OPEB liability - ending	<u><u>\$ 3,335,045</u></u>
 Covered payroll	 10,019,117
 Total OPEB liability as a percentage of covered payroll	 33.3%

Notes to schedule:

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

June 30, 2018 3.44%

Funding method was changed from Projected Unit Credit funding to Entry Age Normal funding method.

This schedule is presented to illustrate requirements to show information for 10 years. However, until a full 10-year trend is complete, the Town presents information for those years for which information is available.

TOWN OF SCARBOROUGH, MAINE
Schedule of Proportionate Share of the Net Pension Liability
Required Supplementary Information
June 30, 2018
(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 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
2018	06-30-2017	0.038%	\$552,792	\$27,719,908	\$28,272,700	\$23,568,099	2.35%	80.78%
2017	06-30-2016	0.035%	\$624,320	\$33,161,075	\$33,785,395	\$22,450,059	2.78%	76.21%
2016	06-30-2015	0.042%	\$565,672	\$24,964,846	\$25,530,518	\$21,706,258	2.61%	81.18%
2015	06-30-2014	0.035%	\$378,299	\$19,539,727	\$19,918,026	\$21,156,477	1.78%	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 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
2018	06-30-2017	1.59%	\$6,516,621	\$7,305,860	89.20%	86.43%
2017	06-30-2016	1.48%	\$7,865,767	\$6,444,728	122.05%	81.61%
2016	06-30-2015	1.53%	\$4,875,343	\$6,287,712	77.54%	88.27%
2015	06-30-2014	1.50%	\$2,310,255	\$6,125,426	37.72%	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, 2018
(Unaudited)

Teachers Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	06-30-2017	\$1,018,971	\$1,018,971	\$ 0	\$24,415,427	4.17%
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 Payroll	Contributions as a Percentage of Covered Payroll
2018	06-30-2017	\$920,669	\$920,669	\$ 0	\$7,843,357	11.74%
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, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 13,948,390	17,372,662
Investments	3,962,077	645,900
Receivables:		
Taxes receivable	183,262	157,657
Tax liens	753,888	778,838
Accounts receivable , net	711,768	800,919
Intergovernmental	297,184	199,023
Inventory	28,179	12,598
Interfund loans receivable	2,766,235	2,666,910
Tax acquired property	7,231	7,231
Total assets	\$ 22,658,214	22,641,738
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other current liabilities	2,568,884	2,704,002
Accrued payroll and other related liabilities	4,922,906	4,709,522
Accrued compensated absence (current)	213,160	99,129
Unearned revenues	344,492	58,208
Total liabilities	8,049,442	7,570,861
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	843,488	786,089
Total deferred inflows of resources	\$ 843,488	786,089
Fund balance:		
Nonspendable inventory	28,179	12,598
Restricted - Town	3,147,815	2,958,307
Restricted - Education	332,983	241,488
Committed - Town	393,512	400,241
Assigned - Town	1,975,852	1,676,064
Assigned - School	500,000	2,102,464
Unassigned - Town	7,386,943	6,893,626
Total fund balance	13,765,284	14,284,788
Total liabilities, deferred inflows of resources and fund balance	\$ 22,658,214	22,641,738

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, 2018
(with comparative totals for June 30, 2017)

			2018		Variance positive (negative)	2017 Actual
			Budget	Total Available		
	2017 carryforward					
Revenues:						
Taxes:						
Property taxes	\$ -	61,979,865	61,979,865	62,014,589	34,724	59,446,340
Change in deferred property tax revenue	-	-	-	(57,400)	(57,400)	77,011
Excise taxes	-	5,629,500	5,629,500	5,934,862	305,362	5,902,844
Cable franchise tax	-	200,984	200,984	208,117	7,133	200,984
Interest and costs on taxes	-	95,575	95,575	106,100	10,525	101,590
Total taxes	-	67,905,924	67,905,924	68,206,268	300,344	65,728,769
Licenses and permits:						
Plumbing fees	-	41,000	41,000	64,106	23,106	38,880
Fees and Permits	-	165,880	165,880	162,474	(3,406)	174,198
Building permits	-	425,000	425,000	583,848	158,848	396,157
Electrical permits	-	57,000	57,000	70,639	13,639	52,880
Zoning Board of Appeals	-	7,000	7,000	7,250	250	9,275
License plate fees	-	60,525	60,525	60,437	(88)	60,811
Subdivision fees	-	25,000	25,000	(9,313)	(34,313)	49,556
Total licenses and permits	-	781,405	781,405	939,441	158,036	781,757
Intergovernmental:						
Education state subsidies	-	2,150,151	2,150,151	2,055,549	(94,602)	3,499,284
FEMA reimbursement	-	-	-	-	-	-
Federal HIDTA revenues	-	150,000	150,000	181,892	31,892	182,434
State Revenue Sharing	-	837,993	837,993	850,349	12,356	797,303
Homestead exemption	-	764,666	764,666	764,666	-	544,388
Business equipment tax exemption	-	691,396	691,396	691,748	352	553,749
LRAP (Local Road Assistance Program)	-	354,978	354,978	324,412	(30,566)	317,212
ecomaine payment in lieu of taxes	-	71,450	71,450	71,450	-	71,450
General assistance reimbursement	-	9,760	9,760	10,135	375	10,952
Adult education State subsidies	-	30,000	30,000	27,206	(2,794)	29,306
Medicaid	-	45,000	45,000	-	(45,000)	334
Other Federal and State revenues - School	-	298,000	298,000	241,771	(56,229)	117,677
Other Intergovernmental revenues - Town	-	523,250	523,250	553,341	30,091	198,254
Total intergovernmental	-	5,926,644	5,926,644	5,772,519	(154,125)	6,322,343
Interest earned	-	41,500	41,500	133,021	91,521	175,917
Unclassified:						
School Department miscellaneous	-	328,000	328,000	256,673	(71,327)	284,539
Adult education	-	52,000	52,000	50,942	(1,058)	52,061
Community services	-	1,981,852	1,981,852	2,095,252	113,400	2,027,238
Insurance reimbursements	-	35,000	35,000	129,074	94,074	64,523
Public Violations	-	71,500	71,500	99,176	27,676	81,819
Special duty police/fire	-	82,000	82,000	140,861	58,861	111,003
Inspection/review fees	-	104,300	104,300	180,229	75,929	146,651
Rescue donations	-	900,000	900,000	900,000	-	800,000
Rental income	-	63,260	63,260	58,925	(4,335)	60,200
Sale of Town-owned property	-	102,500	102,500	54,317	(48,183)	161,912
Salary reimbursement	-	1,158,202	1,158,202	1,066,172	(92,030)	1,439,678
Vehicle fuel reimbursement	-	346,068	346,068	264,379	(81,689)	329,592
Vehicle maintenance reimbursement	-	601,600	601,600	494,028	(107,572)	556,284
Miscellaneous	-	70,800	70,800	20,384	(50,416)	112,938
Total unclassified	-	5,897,082	5,897,082	5,810,412	(86,670)	6,228,438
Total revenues	-	80,552,555	80,552,555	80,861,661	309,106	79,237,224

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

		2018				
	2017 carryforward	Budget	Total available	Actual	Variance positive (negative)	2017 Actual
Expenditures:						
Current:						
General government:						
Town Council	\$ -	11,573	11,573	11,573	-	11,573
Administration	1,706	514,932	516,638	506,307	10,331	441,171
Town Clerk	-	198,618	198,618	214,608	(15,990)	193,546
Human resources	2,008	277,593	279,601	258,555	21,046	272,203
Personnel benefits	-	375,446	375,446	542,968	(167,522)	462,058
Finance	7,275	381,088	388,363	371,078	17,285	366,734
Taxation/Treasury	3,166	365,244	368,410	368,300	110	346,979
Assessing	185	284,240	284,425	259,539	24,886	209,134
Management information systems	1,935	1,207,438	1,209,373	1,162,099	47,274	1,136,440
Planning	29,412	976,741	1,006,153	973,273	32,880	919,589
General government	-	106,819	106,819	99,778	7,041	105,362
Legal	-	105,000	105,000	177,830	(72,830)	179,958
Risk management	-	632,503	632,503	655,156	(22,653)	673,309
Public information	85	3,300	3,385	3,530	(145)	6,690
Outside agencies	-	12,500	12,500	20,500	(8,000)	12,500
Total general government	45,772	5,453,035	5,498,807	5,625,094	(126,287)	5,337,246
Public services:						
Library	-	1,130,246	1,130,246	1,130,246	-	1,099,898
Public health and welfare	-	30,211	30,211	31,702	(1,491)	31,682
Tax Rebates (Credit Enhancement Agree)	-	695,655	695,655	764,844	(69,189)	732,288
Economic Development Corporation	1,600	234,773	236,373	233,378	2,995	220,133
Community services	33,691	2,729,722	2,763,413	2,785,431	(22,018)	2,768,146
Total public services	35,291	4,820,607	4,855,898	4,945,601	(89,703)	4,852,147
Public safety:						
Fire Department	8,464	3,184,120	3,192,584	3,104,505	88,079	2,914,591
Emergency Management	-	39,668	39,668	41,725	(2,057)	41,794
Emergency Medical Services	1,580	1,819,268	1,820,848	1,737,853	82,995	1,859,427
Marine resources	11,181	88,841	100,022	76,629	23,393	78,390
Police Department	5,460	6,326,297	6,331,757	6,260,005	71,752	5,951,571
Total public safety	26,685	11,458,194	11,484,879	11,220,717	264,162	10,845,773
Public works:						
Public Works Department	98,200	2,943,734	3,041,934	2,893,053	148,881	2,934,766
GIS/Engineering services	-	128,742	128,742	113,504	15,238	99,841
Vehicle maintenance	-	1,803,934	1,803,934	1,899,352	(95,418)	1,635,444
Water charges	-	222,628	222,628	221,489	1,139	217,529
Street lighting	-	186,000	186,000	166,669	19,331	188,598
Traffic signals	-	116,610	116,610	113,238	3,372	93,291
Cemetery care	-	18,100	18,100	15,130	2,970	17,116
Memorials	-	8,042	8,042	3,760	4,282	8,013
Shade trees	-	3,000	3,000	2,532	468	1,685
Solid waste program	5,160	1,331,350	1,336,510	1,321,047	15,463	1,332,778
Total public works	103,360	6,762,140	6,865,500	6,749,774	115,726	6,529,061
Education:						
Adult education	-	182,701	182,701	173,329	9,372	187,523
Regular instruction	-	27,875,499	27,875,499	27,518,741	356,758	26,456,084
Improvement of instruction	-	906,395	906,395	782,536	123,859	926,246
Special services	-	4,163,537	4,163,537	4,041,556	121,981	3,846,403
General & special administration	-	246,043	246,043	238,132	7,911	235,012
Board of education	-	32,723	32,723	27,635	5,088	28,956
Office of the superintendent	-	694,714	694,714	685,850	8,864	670,300
Business administration	-	2,166,360	2,166,360	2,133,257	33,103	2,013,051
Transportation	-	1,617,400	1,617,400	1,503,435	113,965	1,484,812
Operation and maintenance of plant	-	3,808,090	3,808,090	3,596,775	211,315	3,552,268
Debt service	-	5,614,407	5,614,407	5,614,407	-	5,760,631
Total education	-	47,307,869	47,307,869	46,315,653	992,216	45,161,286

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

	2018					2017 Actual
	2017 carryforward	Budget	Total available	Actual	Variance positive (negative)	
Expenditures, continued:						
Current, continued:						
County tax	\$ -	2,709,666	2,709,666	2,709,666	-	2,568,852
Debt service (excluding education):						
Principal	-	3,775,139	3,775,139	3,775,139	-	3,574,135
Interest and other costs	-	1,042,059	1,042,059	1,098,716	(56,657)	1,283,520
Total debt service	-	4,817,198	4,817,198	4,873,855	(56,657)	4,857,655
Capital improvements	134,046	1,040,617	1,174,663	766,814	407,849	1,148,329
Total expenditures	345,154	84,369,326	84,714,480	83,207,174	1,507,306	81,300,349
Excess (deficiency) of revenues over expenditures	(345,154)	(3,816,771)	(4,161,925)	(2,345,513)	1,816,412	(2,063,125)
Other financing sources (uses):						
Transfers in	-	1,021,970	1,021,970	877,657	(144,313)	2,498,932
Transfers out	-	(150,700)	(150,700)	(290,540)	(139,840)	(774,116)
General obligation bonds	-	728,735	728,735	672,585	(56,150)	574,270
Refunding bond issued	-	-	-	-	-	-
Premium received on refunded bonds, net of issuance cost:	-	-	-	-	-	-
Premium received on issued bonds, net of issuance costs	-	-	-	606,146	606,146	-
Payment to refunding bond escrow agent	-	-	-	-	-	-
Overlay	-	(140,698)	(140,698)	249	140,947	(173,207)
Total other financing sources (uses)	-	1,459,307	1,459,307	1,866,097	406,790	2,125,879
Net change in fund balances - budgetary basis	(345,154)	(2,357,464)	(2,702,618)	(479,416)	2,223,202	62,754
Utilization of prior year surplus and carrying balances	345,154	2,357,464	2,702,618	-	(2,702,618)	-
Total Utilization of Fund Balance and Carry forwards	-	-	-	(479,416)	(479,416)	62,754
Reconciliation to GAAP basis:						
Change in current portion of accrued compensated absences				(40,088)		47,057
Fund balances, beginning of year				14,284,788		14,174,977
Fund balances, end of year				13,765,284		14,284,788

TOWN OF SCARBOROUGH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 430,781	1,167,393	-	1,598,174
Investments	6,277,927	-	270,662	6,548,589
Intergovernmental receivable	408,500	-	-	408,500
Accounts receivable	144,834	-	-	144,834
Interfund loans	528,079	238	4,964	533,281
Inventory	39,793	-	-	39,793
Notes receivable	-	-	-	-
Total assets	\$ 7,829,914	1,167,631	275,626	9,273,171
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	505,924	157,733	-	663,657
Interfund loans	135,061	-	16,640	151,701
Performance bond deposits	-	-	-	-
Total liabilities	640,985	157,733	16,640	815,358
Fund balances (deficit):				
Nonspendable trust principal	-	-	167,988	167,988
Nonspendable inventory	39,793	-	-	39,793
Restricted for Town	872,842	613,053	90,998	1,576,893
Restricted for Education	-	396,845	-	396,845
Committed for Town	5,796,563	-	-	5,796,563
Committed for Education	469,126	-	-	469,126
Unassigned for Town	10,605	-	-	10,605
Total fund balances (deficit)	7,188,929	1,009,898	258,986	8,457,813
Total liabilities and fund balances	\$ 7,829,914	1,167,631	275,626	9,273,171

TOWN OF SCARBOROUGH, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,438,934	-	-	1,438,934
Contributions	612,384	-	-	612,384
Taxes	-	133,900	-	133,900
Assessments and impact fees	2,407,480	-	-	2,407,480
Sale of lots	-	-	4,420	4,420
Other revenue	3,002,388	14,738	-	3,017,126
Interest revenue	33,405	3,113	968	37,486
Total revenues	7,494,591	151,751	5,388	7,651,730
Expenditures:				
Current:				
Capital expenditures	544,456	3,132,727	-	3,677,183
Education	2,587,047	-	-	2,587,047
Other	2,636,832	-	290	2,637,122
Total expenditures	5,768,335	3,132,727	290	8,901,352
Excess (deficiency) of revenues over expenditures	1,726,256	(2,980,976)	5,098	(1,249,622)
Other financing sources (uses):				
Transfers in	105,439	130,518	-	235,957
Transfers out	(560,019)	(43,755)	-	(603,774)
General Obligation Bonds	-	3,252,415	-	3,252,415
Total other financing sources (uses)	(454,580)	3,339,178	-	2,884,598
Net change in fund balances	1,271,676	358,202	5,098	1,634,976
Fund balances, beginning of year	5,917,253	651,696	253,888	6,822,837
Fund balances, end of year	\$ 7,188,929	1,009,898	258,986	8,457,813

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 enhancement agreements 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 businesses. 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 only be used 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, 2018

		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	\$	-	-	45,161	-	-	-	271,061
Investments		-	43,570	-	572,307	25,478	72,462	1,995,280
Intergovernmental receivable		-	-	3,443	-	-	-	-
Due from State of Maine		-	-	-	-	-	-	-
Accounts receivable		-	-	-	-	-	-	698
Interfund loans receivable		105,060	-	-	2,073	-	-	3,292
Inventory		-	-	8,836	-	-	-	-
Notes receivable		-	-	-	-	-	-	-
Total assets	\$	105,060	43,570	57,440	574,380	25,478	72,462	2,270,331
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		-	-	7,042	-	-	-	290,595
Interfund loans payable		-	-	-	-	-	-	-
Performance bond deposits		-	-	-	-	-	-	-
Total liabilities		-	-	7,042	-	-	-	290,595
Fund balances:								
Nonspendable		-	-	8,836	-	-	-	-
Restricted		-	43,570	-	574,380	-	-	-
Committed		105,060	-	-	-	25,478	72,462	1,979,736
Unassigned		-	-	41,562	-	-	-	-
Total fund balances (deficit)		105,060	43,570	50,398	574,380	25,478	72,462	1,979,736
Total liabilities and fund balances	\$	105,060	43,570	57,440	574,380	25,478	72,462	2,270,331

	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	-	-	-	-	9,238	105,321	-	430,781
Investments	1,619,086	121,164	201,270	28,400	1,598,910	-	-	6,277,927
Intergovernmental receivable	-	-	-	-	-	405,057	-	408,500
Accounts receivable	-	8,353	46,914	-	27,679	14,124	47,066	144,834
Interfund loans receivable	21,180	-	396,474	-	-	-	-	528,079
Inventory	-	-	-	-	-	-	30,957	39,793
Notes receivable	-	-	-	-	-	-	-	-
Total Assets	1,640,266	129,517	644,658	28,400	1,635,827	524,502	78,023	7,829,914
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	-	61,085	-	13,803	55,376	78,023	505,924
Interfund loans payable	238	-	-	-	134,823	-	-	135,061
Performance bond deposits	-	-	-	-	-	-	-	-
Total Liabilities	238	-	61,085	-	148,626	55,376	78,023	640,985
Fund balances:								
Nonspendable							30,957	39,793
Restricted	-	129,517	-	28,400	96,975	-	-	872,842
Committed	1,640,028	-	583,573	-	1,390,226	469,126	-	6,265,689
Unassigned	-	-	-	-	-	-	(30,957)	10,605
Total fund balances (deficit)	1,640,028	129,517	583,573	28,400	1,487,201	469,126	-	7,188,929
Total liabilities and fund balances	1,640,266	129,517	644,658	28,400	1,635,827	524,502	78,023	7,829,914

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

	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	-	452	-	1,380	96	273	11,880
Contributions	-	-	247,756	246,581	-	-	-
Sale of Lots/Land/Equip	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	101,063
Assessments and impact fees	35,500	659,394	-	-	-	-	-
Total revenues	35,500	659,846	247,756	247,961	96	273	112,943
Expenditures:							
Construction and acquisitions	-	-	-	-	-	-	47,862
Education	-	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-	-
Other	-	659,394	251,494	-	-	-	-
Total expenditures	-	659,394	251,494	-	-	-	47,862
Excess (deficiency) of revenues over expenditures	35,500	452	(3,738)	247,961	96	273	65,081
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(16,413)
Total other financing sources (uses)	-	-	-	-	-	-	(16,413)
Net change in fund balances	35,500	452	(3,738)	247,961	96	273	48,668
Fund balances (deficit), beginning of year	69,560	43,118	54,136	326,419	25,382	72,189	1,931,068
Fund balances (deficit), end of year	\$ 105,060	43,570	50,398	574,380	25,478	72,462	1,979,736

	Other Impact Fees	Police Asset Forfeiture	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Lunch Program	Totals
Revenues:								
Intergovernmental	-	39,419	-	-	157,293	932,234	309,988	1,438,934
Interest earned	4,627	443	764	147	13,343	-	-	33,405
Contributions	-	-	-	1,625	-	116,422	-	612,384
Sale of Lots/Land/Equip	-	-	-	-	-	-	-	-
Other	900,108	-	-	-	785,107	-	1,216,110	3,002,388
Assessments and impact fees	-	-	1,712,586	-	-	-	-	2,407,480
Total revenues	904,735	39,862	1,713,350	1,772	955,743	1,048,656	1,526,098	7,494,591
Expenditures:								
Construction and acquisitions	1,084	2,510	-	-	493,000	-	-	544,456
Education	-	-	-	-	-	983,055	1,603,992	2,587,047
Benefits paid	-	-	-	-	-	-	-	-
Other	-	-	1,725,944	-	-	-	-	2,636,832
Total expenditures	1,084	2,510	1,725,944	-	493,000	983,055	1,603,992	5,768,335
Excess (deficiency) of revenues over expenditures	903,651	37,352	(12,594)	1,772	462,743	65,601	(77,894)	1,726,256
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	105,439	105,439
Bond Proceeds	-	-	-	-	-	-	-	-
Transfers out	(414,600)	(25,000)	(91,821)	(12,001)	(184)	-	-	(560,019)
Total other financing sources (uses)	(414,600)	(25,000)	(91,821)	(12,001)	(184)	-	105,439	(454,580)
Net change in fund balances	489,051	12,352	(104,415)	(10,229)	462,559	65,601	27,545	1,271,676
Fund balances (deficit), beginning of year	1,150,977	117,165	687,988	38,629	1,024,642	403,525	(27,545)	5,917,253
Fund balances (deficit), end of year	1,640,028	129,517	583,573	28,400	1,487,201	469,126	-	7,188,929

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, 2018

	Fund balances beginning of year	Revenues		Program expenditures	Fund balances end of year
		Grants	Other		
Federal education grant programs:					
NCLB/Title IA	\$ -	155,789	-	155,789	-
NCLB/Title IIA	749	66,378	-	66,377	750
NCLB/Title IVA	-	3,300	-	3,300	-
Local Entitlement	35	681,264	-	681,300	(1)
Preschool handicapped	(35)	7,421	-	7,420	(34)
Total federal education grant programs	749	914,152	-	914,186	715
Other State grant programs:					
PEPG Grant	3,735	-	-	3,147	588
Scarborough Education Foundation	24,470	-	36,666	23,530	37,606
Finberg Trust	184,129	-	-	19,055	165,074
Other Donations	18,525	-	7,480	6,023	19,982
Proficiency Based Graduation	7,883	-	-	4,800	3,083
Technology Maintenance Fees	157,934	-	72,276	-	230,210
School Nutrition Special Programs	5,355	-	9,782	4,138	10,999
CC Admin Certification	745	-	8,300	8,176	869
Total other state grant programs	402,776	-	134,504	68,869	468,411
Total school categorical programs	\$ 403,525	914,152	134,504	983,055	469,126

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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, 2018

	General School Improvements	General Town Improvements	Totals
ASSETS			
Cash and cash equivalents	\$ 404,362	763,031	1,167,393
Investments	-	-	-
Accounts Receivable	-	-	-
Interfund loans receivable	-	238	238
Total assets	\$ 404,362	763,269	1,167,631
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	7,517	150,216	157,733
Interfund loans payable	-	-	-
Total liabilities	7,517	150,216	157,733
Fund balance (deficit):			
Restricted	396,845	613,053	1,009,898
Unassigned	-	-	-
Total fund balance (deficit)	396,845	613,053	1,009,898
Total liabilities and fund balance	\$ 404,362	763,269	1,167,631

TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2018

	General School Improvements	General Town Improvements	Totals
Revenues:			
Intergovernmental	\$ -	-	-
Taxes	53,000	80,900	133,900
Interest earned	1,408	1,705	3,113
Other	-	14,738	14,738
Total revenues	54,408	97,343	151,751
Expenditures:			
Capital Improvements	853,143	2,279,584	3,132,727
Total expenditures	853,143	2,279,584	3,132,727
Excess (deficiency) of revenues over expenditures	(798,735)	(2,182,241)	(2,980,976)
Other financing sources (uses):			
Transfers in	34,471	96,047	130,518
Transfers out	(10,195)	(33,560)	(43,755)
Proceeds of general obligation bonds	1,160,083	2,092,332	3,252,415
Total other financing sources (uses)	1,184,359	2,154,819	3,339,178
Net change in fund balances	385,624	(27,422)	358,202
Fund balances (deficit), beginning of year	11,221	640,475	651,696
Fund balances (deficit), end of year	\$ 396,845	613,053	1,009,898

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 dedicated principal and only the interest earnings may be used for cemetery improvements.

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 town council 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, 2018

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
ASSETS				
Investments	\$ 243,346	24,341	2,975	270,662
Interfund loans receivable	4,420	544	-	4,964
Total assets	\$ 247,766	24,885	2,975	275,626
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	16,350	290	-	16,640
Total liabilities	16,350	290	-	16,640
Fund balances:				
Nonspendable Principal	154,121	13,367	500	167,988
Restricted Expendable Income	77,295	11,228	2,475	90,998
Total fund balances	231,416	24,595	2,975	258,986
Total liabilities and fund balances	\$ 247,766	24,885	2,975	275,626

TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues:				
Interest and dividends	\$ 863	94	11	968
Sale of lots/perpetual care deposits	4,420	-	-	4,420
Total revenues	5,283	94	11	5,388
Expenditures:				
Earnings retained by General Fund	-	290	-	290
Other	-	-	-	-
Total expenditures	-	290	-	290
Net change in fund balances	5,283	(196)	11	5,098
Fund balances, beginning of year	226,133	24,791	2,964	253,888
Fund balances, end of year	\$ 231,416	24,595	2,975	258,986

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.

Class of 1976 Scholarship Fund

A scholarship fund established to provide scholarships from the Class of 1976 for a deserving student with the intention of fund raising between 2017 and 2026 to celebrate their 50 year class reunion.

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, 2018

	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	\$ 1,024	91,677	97,073	184	12	1,118	12,025	319	2,327	10,936	1,258	351	3,024	221,328
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,024	91,677	97,073	184	12	1,118	12,025	319	2,327	10,936	1,258	351	3,024	221,328
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	-	350	3,810	199,106
Restricted Interest	(216)	3,997	(2,927)	184	12	1,118	12,025	(181)	301	7,436	1,258	1	(786)	22,222
Total net position	1,024	91,677	97,073	184	12	1,118	12,025	319	2,327	10,936	1,258	351	3,024	221,328
Total liabilities and net position	\$ 1,024	91,677	97,073	184	12	1,118	12,025	319	2,327	10,936	1,258	351	3,024	221,328

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2018

	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	\$ -	-	-	-	-	-	-	-	-	-	-	200	-	200
Interest and dividends	3	350	373	1	-	4	51	1	8	42	5	1	11	850
Total additions	3	350	373	1	-	4	51	1	8	42	5	201	11	1,050
Deductions:														
School scholarships	-	1,000	2,500	-	-	-	1,500	-	150	-	-	-	-	5,150.00
Total deductions	-	1,000	2,500	-	-	-	1,500	-	150	-	-	-	-	5,150.00
Changes in net assets	3	(650)	(2,127)	1	-	4	(1,449)	1	(142)	42	5	201	11	(4,100.00)
Net position, beginning 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
Net position, end of year	\$ 1,024	91,677	97,073	184	12	1,118	12,025	319	2,327	10,936	1,258	351	3,024	221,328

TOWN OF SCARBOROUGH, MAINE
Agency Funds
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2018

		Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
STUDENT ACTIVITIES:					
ASSETS					
Cash	\$	333,153	722,082	573,213	482,022
LIABILITIES					
Payable to student groups	\$	333,153	722,082	573,213	482,022

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Town of Scarborough Maine

Comprehensive Annual Financial Report



General Long Term Debt

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, 2018

	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>							
2008 Capital Improvements	3.35%		575,000 in 2018	575,000	-	575,000	-
2009 Capital Improvements	Varies	2019	310,000 to 2019	620,000	-	310,000	310,000
2009 Bond Refunding	3.00%	2020	185,000 to 2019				
	3.00%		115,000 in 2020	485,000	-	185,000	300,000
2010 Capital Improvements	Varies	2031	345,000 to 2021				
	Varies		280,000 to 2026				
	4.00%		100,000 to 2031	3,280,000	-	345,000	2,935,000
2011 Capital Improvements	Varies	2031	360,000 in 2018				
	Varies		355,000 to 2021				
	Varies		115,000 to 2026				
	Varies		110,000 to 2031	2,550,000	-	360,000	2,190,000
2012 Capital Improvements	4.00%	2042	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	41,625,000	-	2,400,000	39,225,000
2013 Capital Improvements	3.00%	2043	\$ 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	23,280,000	-	915,000	22,365,000
2014 Capital Improvements	2.00%	2034	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				
	4.00%		50,000 to 2034	4,495,000	-	735,000	3,760,000

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
					Issued	Retired	
<u>General Obligation Bonds</u>							
2015 Capital Improvements	4.00%	2035	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				
	3.00%		245,000 in 2030				
	3.00%		165,000 in 2031				
	3.00%		160,000 to 2034				
2016 Capital Improvements	3.00%	2036	150,000 in 2035	5,090,000	-	485,000	4,605,000
	2.00%		860,000 in 2018				
	2.00%		1,035,000 in 2019				
	2.00%		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				
2017 Capital Improvements	3.00%	2037	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	6,875,000	-	860,000	6,015,000
	Varies		0 to 2019				
	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
2018 Capital Improvements	5.00%	2048	935,000 to 2022				
	5.00%		930,000 to 2024				
	5.00%		695,000 to 2027				
	5.00%		690,000 to 2029				
	4.00%		635,000 to 2031				
	Varies		580,000 to 2034				
	4.00%		510,000 to 2039				
	Varies		500,000 to 2048	-	18,190,000	-	18,190,000
Total bonds				91,630,000	18,190,000	7,170,000	102,650,000
Total long-term debt		\$	91,630,000	18,190,000	7,170,000	102,650,000	

Town of Scarborough Maine

Comprehensive Annual Financial Report



Statistical Section

Project of the Year 2018 – Nonesuch River Brewing

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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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 62,075,336
Restricted	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	2,577,864
Unrestricted	5,441,922	2,916,603	(702,917)	2,127,242	6,347,111	3,907,583	(688,245)	(2,259,046)	(3,775,014)	(1,353,889)
Total governmental activities net position	\$ 48,552,425	\$ 52,703,981	\$ 53,971,108	\$ 57,577,795	\$ 59,725,950	\$ 61,844,176	\$ 59,788,743	\$ 62,397,727	\$ 61,817,044	\$ 63,299,311

Notes:

- 1) Total Net Position as restated for the fiscal years ended June 30, 2014. The Restatement resulted from implementation of GASB Statement No. 68.
- 2) Total Net Position as restated for the fiscal year ended June 30, 2017. The Restatement resulted from implementation of GASB Statement No. 75.

Table 2

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Program revenues:										
Charges for services										
General government	\$ 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	\$ 2,370,489
Public services	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	3,004,909
Public safety	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	3,075,250
Public works	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	2,040,177
Education	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	1,523,725
Interest on debt services	-	-	-	-	-	-	-	-	-	-
Operating grants and activities	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	7,247,352
Capital grants and contributions	112,090	122,376	170,480	174,652	97,351	159,089	54,304	149,582	161,912	54,317
General revenues:										
Property and excise taxes, levies for general purposes	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	68,335,117
Grants and contributions not restricted to specific programs	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	2,880,488
Unrestricted investment earnings	137,533	141,496	42,024	66,255	42,573	108,862	390,260	84,783	175,917	152,437
Total revenues	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	90,684,261
Expenses:										
General government	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	13,113,500
Public services	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	4,996,328
Public safety	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	12,599,095
Public works	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	8,116,981
Education	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	46,873,688
Interest on debt service	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	3,502,402
Total expenses	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	89,201,994
Net (expense)/revenue:	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	1,482,267
Change in Net Position	\$ 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	\$ 1,482,267

Table 3

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

	2009	2010 ¹	2011 ²	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable Inventory				34	34	48	43	31	13	28
Restricted for Town		2,482	2,685	2,993	3,861	2,838	2,898	2,743	2,958	3,148
Restricted for Education		1,056	496	440	977	509	540	2,224	242	332
Committed - General Fund		634	630 ³	688 ³	374 ³	452 ³	519 ³	503 ³	400 ³	393
Assigned - General Fund		1,469	2,223	1,606	1,825	1,584	2,305	2,140	1,676	1,976
Assigned - Education			-	200	200	800	425	426	2,102	501
Unassigned - General Fund		2,231	955	2,093	1,787	3,377	4,973	6,108	6,894	7,387
Unreserved	8,174	-	-							
Total general fund	\$ 8,804	\$ 7,872	\$ 6,989	\$ 8,054	\$ 9,058	\$ 9,608	\$ 11,703	\$ 14,175	\$ 14,285	\$ 13,765
All Other Governmental Funds										
Nonspendable Permanent Fund Principal		125	126	129	132	135	147	155	164	168
Nonspendable Inventory Special Revenues		26	21	27	27	14	26	36	36	40
Restricted Special Revenues		1,621	852	473	463	651	624	637	645	873
Restricted Capital Projects		2,483	1,941	20,027	22,904	9,495	5,409	2,317	651	15,203
Restricted Permanent Fund Interest		84	84	84	84	85	86	90	90	91
Committed - Special Revenues		4,820	4,292	4,309	4,362	4,446	4,439	4,752	5,246	6,265
Unassigned - Special Revenues		(129)	(115)	(262)	(683)	(1,083)	(1,365)	(1,550)	(1,746)	(1,943)
Unassigned - Capital Projects		(493)	(434)	(378)	(308)	(206)	(567)	1,527	-	-
Reserved	3,062									
Unreserved, reported in:										
Special revenue funds	5,039									
Capital projects funds	1,084									
Permanent funds										
Total all other governmental funds	\$ 9,185	\$ 8,537	\$ 6,767	\$ 24,409	\$ 26,981	\$ 13,537	\$ 8,799	\$ 7,964	\$ 5,086	\$ 20,697
Total Governmental Funds Fund Balances:		\$ 16,409	\$ 13,756	\$ 32,463	\$ 36,039	\$ 23,145	\$ 20,502	\$ 22,139	\$ 19,371	\$ 34,462

* 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 46,401	\$ 46,880	\$ 48,957	\$ 50,428	\$ 54,393	\$ 58,826	\$ 61,154	\$ 63,719	\$ 65,949	\$ 68,340
Licenses and permits	482	573	480	494	554	662	756	817	782	939
Intergovernmental	17,357	14,106	13,701	13,136	12,024	10,976	12,879	11,672	10,954	10,600
Interest earned	324	242	125	153	178	230	449	199	426	192
Other	7,545	7,849	7,549	8,420	8,883	8,966	10,376	10,418	11,193	11,852
Total revenues	72,109	69,650	70,812	72,631	76,032	79,660	85,614	86,825	89,304	91,923
Expenditures										
General government	4,615	4,742	6,144	4,403	4,957	5,201	4,829	4,951	5,932	7,070
Public services	4,033	3,766	4,831	3,841	3,931	4,146	4,612	4,690	4,922	4,945
Public safety	7,735	7,355	7,318	8,242	8,578	8,879	9,344	10,297	11,116	11,836
Public works	6,532	8,027	5,353	4,598	7,398	6,503	6,506	7,233	7,128	6,750
Education (Excludes School Debt)	33,105	33,127	33,364	33,220	37,295	40,149	45,614	43,681	45,541	46,291
Education Debt (Prin & Int)	4,475	4,174	4,142	3,758	3,653	4,150	4,606	5,119	5,761	5,614
County tax	1,837	1,886	1,923	1,976	2,075	2,194	2,355	2,493	2,569	2,710
Debt service (Principal-Town Only (1))	3,204	3,044	2,961	5,417	4,942	3,353	3,506	3,760	3,800	3,866
Debt service (Interest-Town Only)	1,867	1,911	1,810	1,151	1,109	1,118	1,100	1,164	1,058	1,008
Capital Outlay	10,196	5,167	6,037	6,347	16,988	21,840	9,942	3,626	4,415	3,636
Other	3,415	4,085	4,014	4,948	1,817	1,775	1,928	2,054	2,639	2,637
Total expenditures	81,014	77,284	77,897	77,901	92,743	99,308	94,342	89,068	94,881	96,363
Excess (deficiency) of revenues over (under) expenditures	(8,905)	(7,634)	(7,085)	(5,270)	(16,711)	(19,648)	(8,728)	(2,243)	(5,577)	(4,440)
Other financing sources (uses)										
Transfers in	3,453	1,982	1,477	2,061	1,845	1,371	1,071	1,410	3,208	1,264
Transfers out	(3,453)	(1,982)	(1,477)	(2,061)	(1,845)	(1,371)	(1,071)	(1,410)	(3,208)	(1,264)
Capital Lease proceeds	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	-	1,341
General obligation bonds and capital leases	4,560	6,002	4,445	21,940	18,620	6,505	6,085	3,755	2,755	18,190
Total other financing sources (uses)	5,380	6,054	4,433	23,975	20,288	6,754	6,085	3,840	2,755	19,531
Net change in fund balances	\$ (3,525)	(1,580)	(2,652)	18,705	3,577	(12,894)	(2,643)	1,597	(2,822)	15,091
Debt Service as a percentage of non-capital expenditures	7.16%	6.87%	6.64%	9.18%	7.99%	5.77%	5.46%	5.76%	5.37%	5.26%

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
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
2018	5,625,094	4,945,601	11,220,717	6,749,774	46,315,653	2,709,666	4,873,855	766,814	83,207,174

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
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	59,523,351	101,590	5,873,919	28,925	200,984	65,728,769
2018	61,957,189	106,100	5,903,828	31,034	208,117	68,206,268

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		
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%
2018	3,678,001,742	107,486,600	3,785,488,342	3,785,488,342	16.49	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
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
2018	4.698	11.239	0.716	0.224	0.037	(0.423)	16.49

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)**

2009				2018			
<u>Taxpayer</u>	<u>Taxable Assessed</u>		<u>Percentage of Total Taxable Assessed</u>	<u>Taxpayer</u>	<u>Taxable Assessed</u>		<u>Percentage of Total Taxable Assessed</u>
	<u>Value</u>	<u>Rank</u>	<u>Value</u>		<u>Value</u>	<u>Rank</u>	<u>Value</u>
Maine Life Care Retirement	\$ 61,569,500	1	1.77%	Maine Life Care Retirement	\$ 67,631,500	1	1.79%
Wal-Mart/Sam's Club	46,518,800	2	1.33%	Wal-Mart/Sam's Club	37,255,000	2	0.98%
Hannaford Brothers	36,139,500	3	1.04%	Central Maine Power	32,056,300	3	0.84%
New England Expedition	35,045,900	4	1.01%	New England Expedition	30,987,000	4	0.82%
MMC Realty Maine Health	22,378,100	5	0.64%	Hannaford Brothers	22,229,400	5	0.59%
Scarborough Gallery	21,492,500	6	0.62%	Gavin Ruotolo	19,074,600	6	0.50%
Gavin Ruotolo	17,376,100	7	0.50%	Scarborough Gallery	18,864,100	7	0.50%
Shaw's Supermarket	14,791,400	8	0.42%	RRE Foxcroft/Coach Lantern	13,086,000	8	0.35%
RRE Foxcroft/Coach Lantern	13,188,800	9	0.38%	Waterstone Scarborough LLC	12,592,200	9	0.33%
BPI LLC	11,752,500	10	0.34%	Scarborough Investments LLC	9,795,300	10	0.26%
Total Principal Taxpayers	<u>280,253,100</u>		<u>8.04%</u>		<u>263,571,400</u>		<u>6.96%</u>
 Total Assessed Value:	 \$ <u>3,487,005,000</u>				 \$ <u>3,785,488,342</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
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%	590,907	44,915,920	99.97%
2012	46,684,211	46,102,831	98.8%	568,674	46,671,505	99.97%
2013	50,125,493	49,483,773	98.7%	625,650	50,109,423	99.97%
2014	54,062,720	53,305,613	98.6%	743,762	54,049,375	99.98%
2015	55,877,372	55,321,988	99.0%	540,463	55,862,451	99.97%
2016	58,018,545	57,331,779	98.8%	658,097	57,989,876	99.95%
2017	60,119,691	59,602,001	99.1%	327,838	59,929,840	99.68%
2018	62,422,707	61,848,681	99.1%	-	61,848,681	99.08%

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
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
2018	3,678,001,742	107,486,600	3,785,488,342	16.49	62,422,707

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
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	19,691	12.68%	5,288
2016	95,920,000	5,315,488	199,715	101,435,203	20,023	12.10%	5,066
2017	91,630,000	5,049,838	-	96,679,838	20,208	11.40%	4,784
2018	102,650,000	6,125,334	-	108,775,334	20,208	12.80%	5,383

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
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%	19,691	12.68%	5,002
2016	95,920,000	5,315,488	101,235,488	3,745,548,100	2.56%	20,023	12.10%	4,790
2017	91,630,000	5,049,838	96,679,838	3,776,362,500	2.43%	20,208	11.40%	4,534
2018	102,650,000	6,125,334	108,775,334	3,785,488,342	2.71%	20,208	12.80%	5,080

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
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%
2018	7,170,000	3,227,906	10,397,906	83,222,755	12.49%

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>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>	<u>2018</u>
Debt limit	\$ 534,488	\$ 543,068	\$ 534,623	\$ 533,513	\$ 522,375	\$ 536,918	\$ 451,595	\$ 568,793	\$ 584,903	\$ 610,215
Total net debt applicable to limit	67,785	68,042	66,767	84,679	101,895	103,369	103,734	95,920	91,630	102,650
Legal debt margin	466,703	475,026	467,856	448,834	420,480	433,549	347,861	472,873	493,273	507,565
Total net debt applicable to the limit as a percentage of debt limit	12.68%	12.53%	12.49%	15.87%	19.51%	19.25%	22.97%	16.86%	15.67%	16.82%

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>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>	<u>2018</u>
Town of Scarborough:										
General Obligation Bonds	67,785	68,042	66,767	82,250	96,180	97,895	98,500	95,920	91,630	102,650
Premium				4,371	5,715	5,474	5,234	5,315	5,050	6,125
Capital Leases	2,223	1,641	1,105	687	623	598	396	200	-	-
Total Direct Debt	70,008	69,683	67,872	87,308	102,518	103,967	104,130	101,435	96,680	108,775
Cumberland County	481	327	126	3,352	3,254	3,458	3,457	3,321	3,464	3,286
Portland Water District	4,099	4,210	3,845	3,933	3,483	5,994	6,454	6,654	6,396	6,926
Total Overlapping Debt	4,580	4,537	3,971	7,285	6,737	9,452	9,911	9,975	9,860	10,212
ecomaine Waste Systems:										
Resource recovery system	1,601	792	231	-	-	-	-	-	-	-
Material recovery facility	182	125	120	-	-	-	-	-	-	-
Landfill closure/postclosure	1,242	1,266	1,302	1,371	1,405	1,436	1,467	1,504	1,318	1,324
Total Contingent Debt	3,025	2,183	1,653	1,371	1,405	1,436	1,467	1,504	1,318	1,324
Total Direct, Overlapping/Contingent	77,613	76,403	73,496	95,964	110,660	114,855	115,508	112,914	107,858	120,311

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)
2009	19,054	501,520,334	26,321	39	3,343	5.80%
2010	19,239	506,389,719	26,321	39	3,363	5.70%
2011	18,919	718,146,321	37,959	44	3,269	5.50%
2012	18,786	761,359,008	40,528	44	3,205	5.20%
2013	18,941	775,103,302	40,922	45	3,157	4.70%
2014	19,343	791,554,246	40,922	45	3,112	3.70%
2015	19,524	776,703,768	39,782	45	3,117	3.10%
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%
2018	20,208	801,914,064	39,683	47	2,938	2.70%

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

Source: U.S. Census Bureau, 2017 American Community Survey 1-Year Estimates (LATEST AVAILABLE)

Median Age based on 2017 one year estimates

Per capita Income is based on latest ACS 5-Year Estimates 2012-2016

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

(c) State of Maine Department of Education Census data - October 2017

Table 16

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

2009			2018			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employer</u>	<u>Employees *</u>	<u>Rank</u>	<u>Percentage of total Town Employment</u>
Town of Scarborough	1,417	1	Town of Scarborough	1,394	1	8.2%
Hannaford Brothers	1,109	2	Hannaford	1,050	2	6.6%
US Postal Service	635	3	US Postal Service	450	3	2.8%
NorDX	286	4	MaineHealth	390	4	2.4%
Maine Medical Center	281	5	Abbott Labs (Alere)	357	6	2.2%
Wal-Mart	275	6	Wal-Mart	313	5	2.0%
Cabela's	270	7	Piper Shores	245	9	1.5%
Shaw's	250	8	NorDX	220	8	1.4%
Piper Shores	192	9	Cabela's	206	7	1.3%
Sam's Wholesale Club	186	10	Sam's Wholesale Club	190	10	1.2%

* Source: Scarborough Economic Development Corporation (SEDCO)

Latest Estimate of Employment: 15,926 (Source: ME Dept of Labor, Second Quarter, 2018 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
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	3.5%	4.2%	3.1%
2016	3.1%	3.7%	3.0%
2017	2.8%	3.3%	2.6%
2018	2.7%	3.2%	2.7%

Data Source: The Maine Department of Labor, Labor Force Statistics by Geography, Not Seasonally adjusted

Scarborough is within the Portland-South Portland-Biddeford Labor Market Area (LMA).

Data is for June of each year.

Table 18

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

Function:	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Govt:										
Town Clerk										
Certified Copies	4,887	4,988	5,820	5,068	4,624	5,596	5,577	5,962	5,762	5,077
Licenses	436	440	545	585	572	861	839	735	821	844
Permits			919	905	889	930	1,065	1,047	1,134	750
Beach Passes	3,487	2,358	2,443	2,701	2,934	2,763	2,665	2,496	4,775	5,603
Community Services										
Passports Applications	586	665	534	-	459	641	643	665	695	675
Tax Office										
Licenses & Permits	1,168	991	817	782	791	670	662	697	702	700
Tax Bill Issued		9,389	9,809	9,516	9,594	9,623	9,623	9,796	9,897	9,993
Excise Registrations		25,570	25,384	25,637	30,477	29,566	27,728	29,604	29,892	30,065
Planning:										
Permits	1,091	558	554	553	621	609	651	774	785	809
Certificates of Occupancy	204	222	176	173	174	217	198	262	267	252
Public Safety:										
Police:										
Physical arrests	1,152	619	989	1,026	898	826	895	697	521	864
Traffic violations	741	1,404	819	1,069	1,126	1,007	977	1,333	1,433	1,847
Fire:										
Number of calls answered	1,615	1,598	1,718	1,733	1,610	1,744	1,832	1,720	2,381	1,340
Number of Inspections	3,351	3,537	3,394	3,583	3,455	3,378	3,192	2,529	3,078	3,319
Rescue:										
Number of calls answered	2,088	1,946	2,125	2,141	2,116	1,950	2,359	3,029	2,900	2,917
Public Works:										
Street resurfacing (miles)	6.31	8.62	6.37	6.45	3.62	5.31	5.90	4.18	5.15	4.62
Pot holes repaired (qty used in tons)	35	24	24	24	13	29	12	4	48	42
No. times plows dispatched	27	24	26	30	60	35	28	19	21	24

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 Ten Fiscal Years

Function:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Govt:										
Planning Vehicles	4	4	5	4	4	4	4	4	3	4
Technology Vehicles	3	3	3	3	3	4	4	4	3	3
Public Service:										
Community Services										
Vehicles	5	5	5	5	6	7	7	8	8	6
Parks	4	4	4	5	6	6	6	6	6	6
Public Safety:										
Police:										
Vehicles - Patrol Cars	8	8	8	12	12	12	12	12	12	14
Facilities	1	1	1	1	1	1	1	1	1	1
Fire:										
Vehicles - Response Trucks	10	10	10	11	12	12	12	12	12	12
Marine	2	2	2	2	2	2	2	2	2	2
Facilities	6	6	6	6	6	6	6	6	6	6
Rescue:										
Vehicles - Response Trucks	3	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	176.80
Traffic Signals	35	35	35	35	37	37	43	43	43	43
Generators	10	10	10	10	10	10	10	11	11	11

Source: Town of Scarborough various departments

Table 20

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

		<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>	<u>2018</u>
General Government:											
	Full time	39	35	37	35	34	32	35	36	37	39
	Part Time	53	72	55	57	61	52	64	14	50	50
Public Services:											
	Full time	15	17	23	15	15	15	15	15	17	16
	Part Time	159	134	146	148	160	139	125	123	156	150
Public Safety:											
Police											
	Full time	52	50	52	53	55	53	53	55	67	61
	Part Time	34	35	38	28	30	33	28	36	39	36
Fire											
	Full time	4	4	5	5	5	8	8	8	9	9
	Part Time	164	148	150	153	151	150	160	169	146	154
Rescue											
	Full time	12	16	20	20	20	21	23	24	24	24
	Part Time	15	10	11	11	10	0	0	0	0	0
Public Works:											
	Full time	35	31	31	31	31	31	32	32	36	34
	Part Time	3	4	1	1	3	1	1	2	5	8
Education:											
	Full time	761	503	460	452	449	443	494	462	507	506
	Part Time		268	262	302	296	246	327	323	274	307
Total:		1346	1327	1291	1311	1320	1224	1365	1299	1367	1394

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
		Assistant Town Manager			Stock Room
		Purchasing			Traffic Signals
		Town Clerk			Engineering/GIS
		Elections			Solid Waste
		Human Resources			Water Charges
		Legal			Street Lighting
		Municipal Insurance			Cemetery Care
		Public Information			Memorials
	Finance:	Accounting	Education:		Shade Trees
		Tax/Treasury			
		Assessing			Primary
	Planning:	Planning			Elementary
		Engineering			Secondary
		Code Enforcement			Instruction Improvement
		Zoning & Planning Boards			Food Services
	Information Syst.				Special Services
					General & Special Administration
					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			
		Oak Hill Prof. Bldg.			
	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