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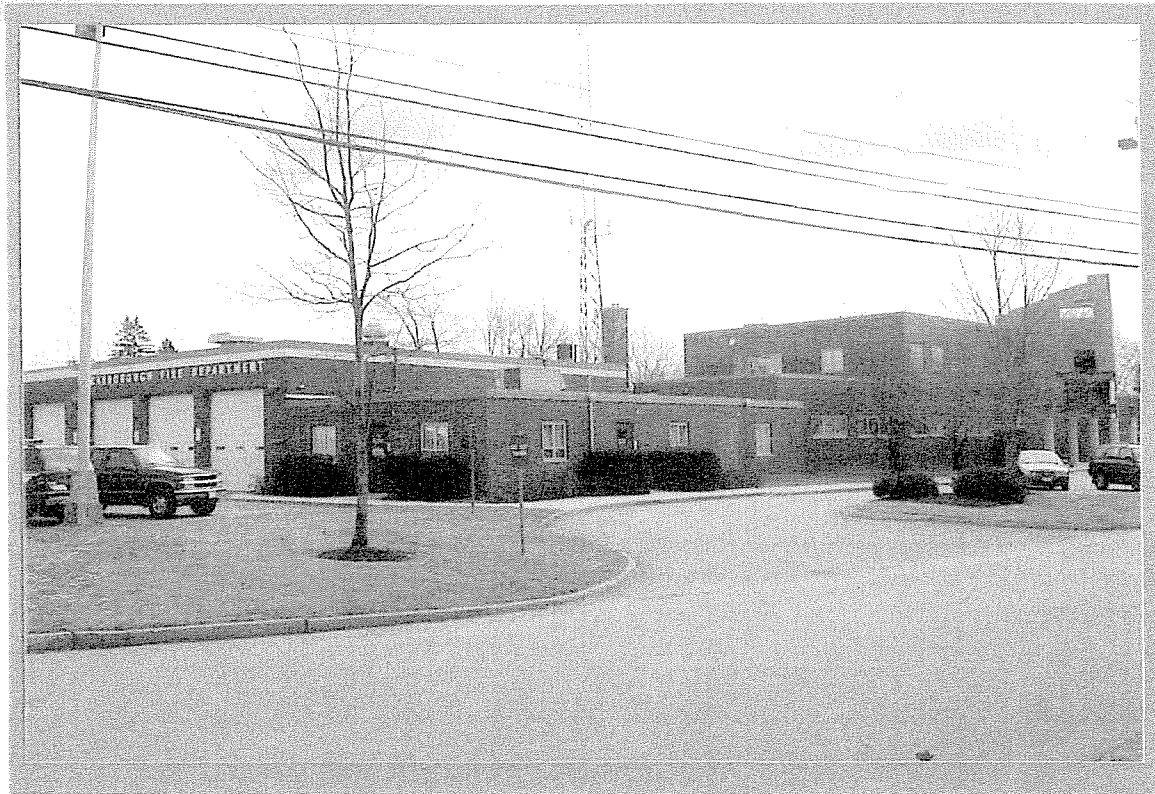
*Town of Scarborough, Maine
Comprehensive Annual Financial Report
For the Fiscal Year Ending June 30, 2006*



*Town of Scarborough, Maine
Comprehensive Annual Financial Report
For the Fiscal Year Ending June 30, 2006*

Then and Now

*Ruth D. Porter
Finance Director*



TOWN OF SCARBOROUGH, MAINE
Comprehensive Annual Financial Report
Year ended June 30, 2006

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Year ended June 30, 2006

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Introduction





Town of Scarborough, Maine

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

November 21, 2006

RUTH D. PORTER
FINANCE DIRECTOR
TREASURER

Jeffrey Messer, Council Chairman
And Distinguished Members of the Town Council
Scarborough, Maine

In accordance with the requirements of our Town Charter and state statutes, we hereby issue to the citizens of the Town of Scarborough and to all interested parties, the comprehensive annual financial report of the Town of Scarborough, Maine for the fiscal year ended June 30, 2006.

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

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

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

TOWN'S ORGANIZATIONAL STRUCTURE AND SERVICES PROVIDED

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

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

Although legally separate entities, blended component units are, in substance, part of the Town's primary government operations. We have included the Scarborough Economic Development Corporation as part of the primary government's operations.

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 Towns.

Financial statements for the following entities are not included in this report as they are administered by boards that are legally separate from and independent of the Town Council and otherwise have not met the established criteria for inclusion in this report. A brief description, however, is incorporated in the notes to the financial statements:

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

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

ECONOMIC CONDITION AND FUTURE OUTLOOK

Maine Economy. By nearly every measure, the Maine economy grew slowly in 2006. Gasoline and energy prices also affected growth, however, there were a few positives such as a strong job growth and improvements in the housing permit and residential construction numbers. Maine's unemployment rate has been below the national average for nearly seven years. In 2006, employment increased by .7% or 5,800 jobs. The major industry groups creating the most jobs were education and health services, leisure and hospitality, construction and the trade-transportation-utilities group. The largest declines were in manufacturing and financial services. Maine taxable sales were up 6.5% over the same period of last year. Low interest rates continued to fuel home sales, refinancing activity, and construction. Housing permits for the state were up 8.8%. Interest rates have begun to rise over the past year. The interest rates are likely to continue rising and will cause a slowdown in the housing industry. The scheduled closing of the Brunswick Navel Air Station is not likely to have much effect for another year or so.

Local Economy. The Town of Scarborough is primarily a suburban residential community that enjoys a favorable economic environment and local indicators continue to point to stability and growth. Approximately 1,150 businesses are located within Scarborough reflecting a 9% increase in businesses over last year. As well as being home to two excellent major medical research facilities, the Town of Scarborough continues to attract high tech and biotech industries. Additionally, the Town of Scarborough is an active participant in the development of private industrial and commercial facilities. The Town of Scarborough has a varied manufacturing, industrial and commercial base that adds to the relative stability of the unemployment rate. For more information, please review the Statistical Section of this report.

The business community in Scarborough is diverse and is located primarily in distinct areas of the Town. U.S. Route One, one of three major routes through the community, is primarily a commercial business district serving the daily needs of Scarborough's residents. It is a mix of retail, business, and professional offices. Payne Road, a continuation of the Maine Mall Road, is home to many larger, big box type retailers and serves a regional clientele. Industrial development is largely contained in the Scarborough Industrial Park and the Pleasant Hill Road areas. A fourth business area is being developed along the corridor connecting Maine Turnpike Exit 42 and U.S. Route One, known as the Haigis Parkway. The Town recently installed utilities along this stretch of roadway and plans call for development of approximately 360 acres as a high-end business park over the next 15 years.

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

The Town of Scarborough is one of the fastest growing residential centers in the State of Maine. This growth has necessitated Scarborough's need to develop a strong and stable commercial base to help meet the ever-growing demands of its residents. To foster that development, the Town of Scarborough created a private non-profit Corporation, Scarborough Economic Development Corporation (SEDCo) in 1985 to encourage new business and retain and grow existing businesses and assist the community in its long term economic development planning.

Comprehensive Plan. In August 2006, the Town Council adopted an update to the 1994 Comprehensive Plan. This update provides for a comprehensive growth strategy for both residential and commercial development. Key components are the creation of several mixed-use districts to promote a mix of commercial and residential uses in a development plan, increased residential density in the developed areas of the community and expansion of business and industrial development in selected areas west of the Maine Turnpike. The overall plan is designed to insure that the Town realizes and maintains approximately 20% to 25% of its tax base as commercial and industrial properties. The updated plan was adopted after a three-year process that included the creation of a vision document for the Town's future; a series of meetings in all geographic areas of the community; and the creation of a Plan Update Committee consisting of both demographic and political cross sections of the community.

Major Initiatives

For the year. The Haigis Parkway utility expansion project off Exit 42 of the Maine Turnpike was completed.

Plans were presented by private developers to create a 70-acre business and retail development within the Haigis Parkway named the Scarborough Gateway. The Scarborough Gateway development would include the destination retailer Cabela's, a preeminent hunting, fishing and outdoor gear retail operation; several smaller retail stores; a hotel; restaurants and several office and banking buildings. This development when completed in two years should have an estimated value of approximately \$74,000,000.

The Enterprise Business Park, a private business park, developed in partnership with the Town of Scarborough, is filling up with the completion of the sixth building. Presently, industrial and hi-tech research and development facilities, professional offices and a day care facility are currently located in the Enterprise Business Park.

The new 400,000 square foot, state of the art, United States Post Office Distribution Center, located off Mussey Road, for Southern Maine was completed in September.

As noted earlier, Scarborough continues to be a focal point for the development of small biotech start-up companies. In May, Maine Medical Center broke ground for a new ambulatory surgery center in Scarborough. This is an exciting new development for the Town and its citizens.

A state of the art Mercedes Benz dealership and service facility, located on US Route One, was completed this summer.

In the Scarborough Industrial Park, 21 commercial condominiums are now available to meet the needs of small trades' people, mail-order facilities, warehouse and distribution tenants, and other small industrial business users in Town.

The Town has successfully created a Municipal Campus consisting of the Municipal Building, High School, Middle School, Intermediate School, a municipal day care facility, Library and the Memorial Park. The Memorial Park is a multi-generational park with a bandstand for summer concerts, walking trails, a skateboard park and various sporting facilities. The High School, which is a part of the Municipal Campus was completely renovated and expanded and the work was completed in 2006.

A new trail section along the Eastern Trail, which is part of the East Coast Greenway Trail System that extends the off-road segment from the Old Orchard Beach town line to the Nonesuch River, was completed. The next Eastern Trail project involves spanning the river and connecting with the South Portland Greenway, a distance of about 2 miles.

The Fire Department continues their quest for grant funding and currently has a pending competitive grant, through the Assistance to Firefighters Grant program, to replace the current self-contained breathing apparatus (SCBA). If approved, this grant would fund 95% of the purchase cost. Because the units have a limited testing life and are no longer National Fire Protection Association (NFPA) compliant, the proposed grant is to replace all the SCBA as well as to add some additional units so every riding position will be properly equipped in all the front line apparatus.

During 2006, the Fire Department placed in service a third pumper vehicle. This vehicle is almost identical to the two previously purchased. These three units incorporate the new *Compressed Air Foam* technology (CAFS). All three vehicles are housed in fire stations that serve the Community's rural water supply area north of the Maine Turnpike. This new technology allows the firefighters to fight fires with less water and less labor by adding a foam

mixture partially propelled by air pressure that extinguishes class A type materials quicker with less water damage.

The Public Works Department completed work on a streetscape park in front of the Public Safety Building through the *M.D.O.T.'s Community Gateway Grant*.

Public Works staff continues their efforts in the National Pollution Elimination System program (NPDES). Currently, the town is two years ahead of schedule with the drainage system mapping and we continue to work with the Inter-local storm-water committee to fulfill our EPA requirements.

For the future.

The Town is entering into a partnership with developers that will include an \$8,250,000 credit enhancement package to the existing Haigis Parkway Tax Increment Financing District to assist the developers with the substantial site development and infrastructure costs associated with the project. The anticipated return from this private investment will substantially reimburse the Town for our investment in providing utility infrastructure along the Parkway.

Both Super Wal-Mart and Lowes will anchor the Scarborough Gallery, a 500,000 square foot shopping destination. Restaurants and smaller retail establishments will also be included in this project. Lowe's will be opening in early 2007, and the remaining businesses are projecting to open by the fall of 2007.

Groundwork has begun on the installation of an artificial turf at the High School athletic field.

After exploring various avenues for improved garbage pickup and recycling, Public Works will implement an automated curbside recycling and trash collection system. While the Town has provided curbside trash collection in the past, this is the first time the Town will provide curbside recycling to all residential homes on public streets. With a recycling rate of about 20%, we expect recycling to increase once the program begins.

The Town approved a wetlands mitigation project that will result in the rehabilitation of a former gravel pit into a wetlands conservation area and ultimately a town park that stresses conservation with trails through the rehabilitated areas. The plan will protect over 280 acres of land and a mile on both sides of the Nonesuch River and provide a twenty-acre upland site for the possible location of a new school or other municipal facility.

A growing trend is the revitalization of U.S. Route One. As was previously discussed, a new Mercedes dealership combined seven previous properties and entrances into one new project. A number of other projects also evidence this trend. The former high school, Bessey School, which was has been used for warehouse and office space, will be converted into subsidized housing for the elderly. Phase I, as proposed, includes 54 housing units.

The Orion Center will involve the complete makeover of an older shopping center into a more village-like atmosphere emphasizing a pedestrian connection. Bessey Square, a proposed mixed-use project directly across from the municipal building, envisions 10 live/work units as well as offices and a coffee shop. This project also emphasizes pedestrian connection within the site and to its neighboring properties.

Dunstan Crossing is a mixed residential project combining single-family homes, condominiums, townhouses, rental units and elderly housing for a total number of 264 units. This project is

located in the Dunstan area and will have a positive impact on revitalization of the Dunstan neighborhood.

Acquisition and preservation of open space and environmentally sensitive areas continue as priorities for the citizens of Scarborough. In 2002, the citizen approved a \$1.5 million bond for open space preservation and these funds were used in partnership with the Scarborough Land Trust to acquire two farms, one of which remains a working farm with an agricultural easement. Of the original bond issue, \$300,000 is currently available. The voters also approved an additional \$2.5 million for open space preservation in 2003.

A grant was awarded to the Public Works Department from the Maine Forestry Service to allow for the creation of a tree inventory and management program.

Long-term Financial Planning. Scarborough utilizes a five year Capital Improvement Plan. We use this plan, not only to make decisions regarding equipment replacement, building, land and infrastructure improvements and purchases, but also for open space purchases and improvements. This plan is updated on an annual basis.

The Town of Scarborough is one of twenty-one (21) communities that own and operate a waste to energy facility. This facility was re-organized over the past two years and is now named **ecomaine**. The original operation, formerly known as Regional Waste Systems (RWS) was established in 1974 to dispose of the participating community's trash. The new entity, **ecomaine**, was successful in attracting new business by accepting the City of Saco as a participating community beginning in 2007. Additionally, **ecomaine** is moving forward with the expansion of a landfill for ash disposal without the issuance of any new debt and adding single stream recycling in an expanded recycling building.

During 2006, the Fire Department presented a comprehensive staffing analysis to the Town Council. This analysis includes a long-range plan for gradually adding full time personnel over the next ten years. This program will allow the fire department to keep up with the increasing demands of the residential and commercial growth in the Community.

As the Town grows, the needs of the Public Safety police department have also grown. With the changes in technology, staffing and increasing service demands, the present facility no longer meets the requirements of a full service twenty-four per day operation. The Town has begun a review to study the infrastructure needs of the police department facility.

Also as the Town's population continues to grow, existing school buildings, already at or near capacity, are being stretched to the point that effective instruction for all students is becoming increasingly difficult to guarantee and is a top priority for the Town.

Scarborough Middle School for grades six through eight, reached its physical capacity of 600 when the building opened its doors in September 1996. By 2006, enrollment exceeded 800 and fifteen modular classrooms were needed. Future enrollment of the middle school population is projected to be above 900. Proposed development projects will likely push this figure even higher.

Similarly, the Wentworth Intermediate School, with a 2006 enrollment of over 780 is not conducive to currently accepted best practices in intermediate education. Additionally, building mechanicals (heating, lighting) and various building entrances create security concerns.

Two school referendum questions were presented to the public in November 2006 to expand the Middle School and build a new Intermediate School, both of which would have been funded by the citizens of Scarborough. Both referendum questions were not accepted. The School Department will be considering options over the next few months. One option will be to apply for State assisted school construction for these two schools. In June 2007, the State will begin their process for State assisted school construction funding. Applications will be due December 2007 and by the summer of 2008, the State will publish their listings in order of the schools with the greatest need.

The Scarborough School system currently has three K-2 schools. As continued home construction and subdivisions are proposed and built, it may be necessary to build a fourth K-2 school.

The Scarborough Library is experiencing an increase in demand for services. The current structure is 17 years old and is in need of mechanical improvements and expansion. Voters did vote down a nonbinding referendum question that would have allowed the Library to borrow funds from the Department of Agriculture's Rural Economic Development Program. The Library Board of Trustees is reviewing their options for funding the building improvements and perhaps a more modest expansion than what was presented in the non-binding referendum question.

FINANCIAL INFORMATION

Assessed Valuation and Collections. An indicator of our strong local economy is reflected in the growth of the Town's assessed value of real and personal property. The taxable valuation of Scarborough has more than tripled since 1990. For the 2006 tax year, the valuation was \$3,256,842,000 compared to the 1990 valuation of \$995,448,900.

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

\$329,712 in 2002,
\$244,195 in 2003,
\$221,223 in 2004,
\$311,646 in 2005,
\$297,237 in 2006.

Cash Management Policies and Practices. The Town of Scarborough invests cash, temporarily idle during the year, in demand deposits, certificates of deposit, U.S. Government obligations and repurchase agreements. The average yield on all investments was approximately 4.52%. Total investment income during the year amounted to \$718,020 compared to \$480,095 last year.

Risk Management. The Town of Scarborough continues to manage all aspects of its risk management program aggressively. The Human Resource staff is responsible for all employment, workers' compensation and ADA related issues. As claims arise, the staff identifies the situations that may cause injury or illness to employees, and they work to resolve safety issues and health concerns. An ADA Advisory Committee, consisting of Scarborough residents, was created to address any ADA matters that may arise.

The Administrative Assistant to the Town Manager is responsible for the property and casualty, police professional and general liability claims. The Town's risk pool insurance provider, as a part of their insurance service, provides safety training to the Town along with loss prevention analysis on a regular basis.

OTHER INFORMATION

Independent Audit. The Town Charter requires an annual financial audit by independent certified public accountants appointed by the Town Council. The firm of Runyon, Kersteen, and Ouellette was engaged to perform the annual audit for the Scarborough Town Council for the fiscal year 2006. This audit is designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-133. The independent auditor's report is presented as the first component of the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Scarborough for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This is the first year that the Town of Scarborough has submitted and achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements. I would like to extend my appreciation to the Scarborough Town Council for their full support for maintaining the highest standards of professionalism in the management of the Town's finances. I would like to acknowledge my gratitude for the information provided by all of the Departments and their staff. A special note of appreciation is extended to Mr. Rodney Laughton for his contribution of the historic town photographs included in this document. The preparation of the comprehensive annual financial report is possible due to the dedicated service of each member of the Scarborough Finance Department. For his unfailing support for the work performed by the Accounting staff, I would also like to acknowledge the Town Manager, Ronald W. Owens. Furthermore, I would like to acknowledge the efforts and assistance of the accounting firm of Runyon Kersteen Ouellette.

Respectfully Submitted,

Ruth D. Porter
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Scarborough
Maine

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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

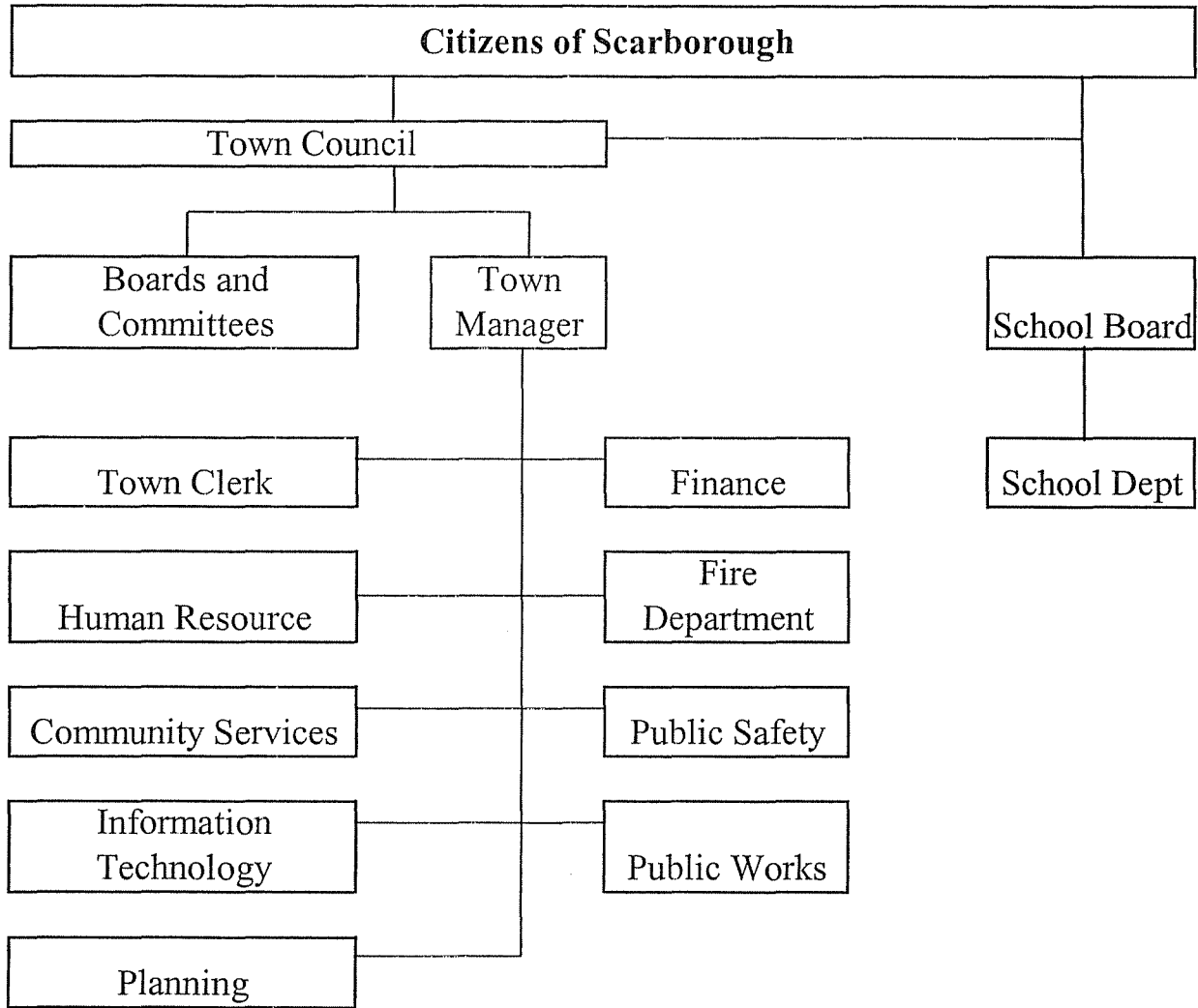


President

Executive Director

Town of Scarborough, Maine

Organizational Chart



**TOWN OF SCARBOROUGH, MAINE
PRINCIPAL EXECUTIVE OFFICERS**

AS OF JUNE 30, 2006

Elected Town Council

Jeffrey A. Messer, Chair

Shawn A. Babine
Sylvia J. Most
Patrick J. O'Reilly

Robert E. Patch
Carol S. Rancourt
Steve N. Ross

Appointed Town Staff

Ronald W. Owens	Town Manager
Yolande P. Justice	Town Clerk
Ruth D. Porter	Finance Director
Paul G. Lesperance	Assessor
Thomas P. Guter	Human Resource Director
Stephen Tewhey	Information Systems
Joseph F. Ziepniewski	Town Planner
Bruce W. Gullifer	Community Services Director
B. Michael Thurlow	Fire Chief
Robert A. Moulton	Police Chief
Michael E. Shaw	Public Works Director
William J. Michaud	Superintendent of Schools

Financial Section





Independent Auditor's Report

Town Council
Town of Scarborough, Maine

We have audited the accompanying financial statements of the governmental activities, the aggregate 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, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Scarborough, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of June 30, 2006, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 21, 2006 on our consideration of the Town of Scarborough, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scarborough, Maine's basic financial statements. The introductory section, combining statements and individual fund schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and individual fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Rumyon Kersten Ouellette

November 21, 2006
South Portland, Maine

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis
June 30, 2006

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, 2006. Please consider this information in conjunction with the transmittal letter at the front of this report and the Town's basic financial statements following this section. All dollar amounts are expressed in thousands of dollars unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Scarborough exceeded liabilities at the close of the 2006 fiscal year by \$54,485 (net assets).
- The Town's total net assets increased \$7,096. Most of the increase is the difference between the capital outlays reported as expenditures on Statement 2 and the cost of those assets allocated over the useful life as depreciation expense.
- As of June 30, 2006, the Town's governmental funds reported combined fund balances of \$20,689, an increase of \$1,376 compared with the prior year. Of the approximately \$19,793 reported as unreserved fund balance, \$8,180 are special revenue funds authorized for specific projects, \$4,085 are for major capital construction projects and \$73 is for maintenance of the Town's cemeteries. The remaining amount of \$7,455 is available for the discrete purposes for which these funds are collected.
- As of June 30, 2006, unreserved undesignated fund balance for the general fund was \$5,520 or 9.42% of the total general fund expenditures of \$58,628. The Town of Scarborough's Fund Balance policy calls for 8.33% of the total operating budget or \$4,884.
- The Town of Scarborough's total debt increased by \$1,107 from the prior year. Total debt retired was \$5,907. Total debt issued was \$7,014 in general obligation bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

The government-wide financial statements include not only the Town of Scarborough (known as the *primary government*), but also the legally separate public library for which the Town of Scarborough is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the Town of Scarborough itself. The Scarborough Economic Development Corporation, although also legally separate, functions for all practical purposes as a department of the Town of Scarborough, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 31-32 of this report.

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

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

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

The Town of Scarborough maintains 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Performance Bonds, Haigis Parkway, General Town Improvements, and the General School Improvements all of which are considered to be major funds. Data from the remaining 27 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 33-34 of this report.

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

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

The Municipal Building Fund is not considered a major fund and is provided in the form of combining statements elsewhere in this report. The capital projects fund financial statements can be found on pages 81-82 of this report.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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

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

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

The permanent fund financial statements can be found on pages 85-86 of this report.

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

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

The basic fiduciary fund financial statements can be found on pages 89-91 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-57.

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 61-96 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Town of Scarborough, assets exceeded liabilities by \$54,485 as of June 30, 2006.

By far the largest portion of the Town of Scarborough's net assets (66.7%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Scarborough uses these capital assets to provide services to our citizens; consequently, these assets are *not* available for future spending. Although the Town of Scarborough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Town of Scarborough's Net Assets

Governmental Activities

	2006	2005
Assets:		
Current and other assets	\$ 26,360	\$ 25,832
Capital Assets not depreciated	44,366	37,629
Capital assets	60,874	60,136
Total Assets	131,600	123,597
 Liabilities:		
Long term liabilities outstanding	64,208	62,352
Other liabilities	12,907	13,857
Total Liabilities	77,115	76,209
 Net assets:		
Invested in capital assets, net of related debt	36,323	29,885
Restricted	4,210	7,631
Unrestricted	13,952	9,873
Total Net Assets	\$ 54,485	\$ 47,389

7.73% of the Town of Scarborough's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, in the amount of \$13,952, may be used to meet the Town of Scarborough's ongoing obligations to its citizens and creditors.

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

The Town of Scarborough saw a decrease of \$3,421 in restricted net assets due mainly to the completion of the High School construction and expansion project.

During the fiscal year, the Town of Scarborough's net assets increased by \$7,096. Most of the increase is the difference between the capital outlays reported as expenditures on Statement 2 and the cost of those assets allocated over the useful life as depreciation expense.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

GOVERNMENTAL ACTIVITIES. All of the increase pertaining to the Town of Scarborough's net assets, of \$7,096, is due to the governmental activities of the Town. Key components of this increase are shown below:

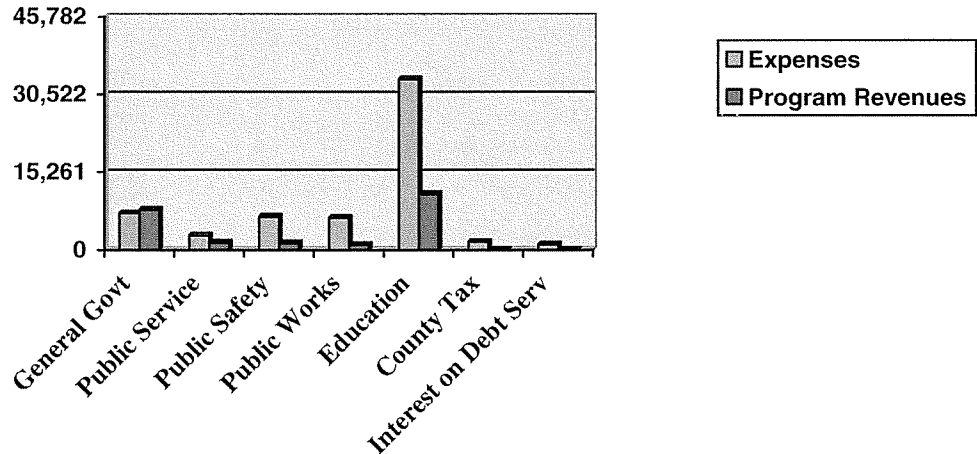
Town of Scarborough's Changes in Net Assets

	2006	2005
Revenues:		
Program Revenues:		
Charge for services	\$ 7,024	\$ 6,488
Operating grants and contributions	10,706	9,297
Capital grants and contributions	4,681	-
General Revenues:		
Property and excise taxes, levied for general purposes	41,260	39,932
Franchise Fees	145	143
Grants and contributions not restricted to specific programs	1,777	1,850
Unrestricted investment earnings	261	160
Other	285	101
Total revenues	66,139	57,971
 Expenses:		
General government	7,199	3,984
Public Services	2,871	2,658
Public Safety	6,552	6,194
Public Works	6,277	5,883
Education	33,491	28,695
County Tax	1,584	1,520
Interest on Debt Service	1,069	1,168
Capital Improvements	-	1,770
Program and Other Expenditures	-	2,680
Total expenses	59,043	54,552
Increase in net assets	7,096	3,419
Net assets beginning	47,388	43,969
Net assets ending	\$ 54,484	\$ 47,388

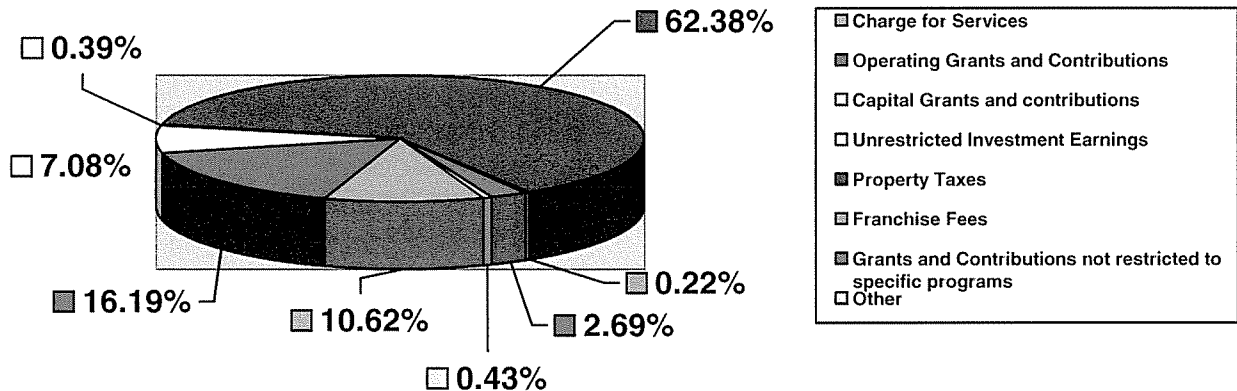
Capital Grants and Contributions increased by \$4,681 as a result of the implementation of the Haigis Parkway assessments. These assessments will help to fund a portion of the debt service for the Haigis Parkway infrastructure improvements recently completed.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



FINANCIAL ANALYSIS OF THE TOWN'S FUNDING

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

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

At June 30, 2006, the Town of Scarborough's governmental funds reported combined ending fund balances of \$20,689, an increase of \$1,376 in comparison with the prior year. This increase is the result of the creation of the

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Haigis Parkway Special Revenue Fund and High School construction project. The revenues generated for the Haigis Parkway will be used to pay the long-term debt service payments on the Haigis Parkway infrastructure construction. The high school construction project was mostly completed at June 30, 2006 and available funds were expended.

Governmental Fund Balance Comparison

	<u>2006</u>	<u>2005</u>
General Fund	\$ 8,226	\$ 7,760
Special Revenue Funds	8,195	4,418
Capital Project Funds	4,085	6,963
Permanent Funds	183	172
Total	\$ 20,689	\$ 19,313

As noted earlier, governmental funds reported combined fund balances of \$20,689, an increase of \$1,376 compared with the prior year. Of the \$19,793 reported as unreserved fund balance, \$8,180 are special revenue funds authorized for specific projects, \$4,085 are for major capital construction projects and \$73 is for maintenance of the town's cemeteries. The remaining amount of \$7,455 is available for the discrete purposes for which these funds are collected.

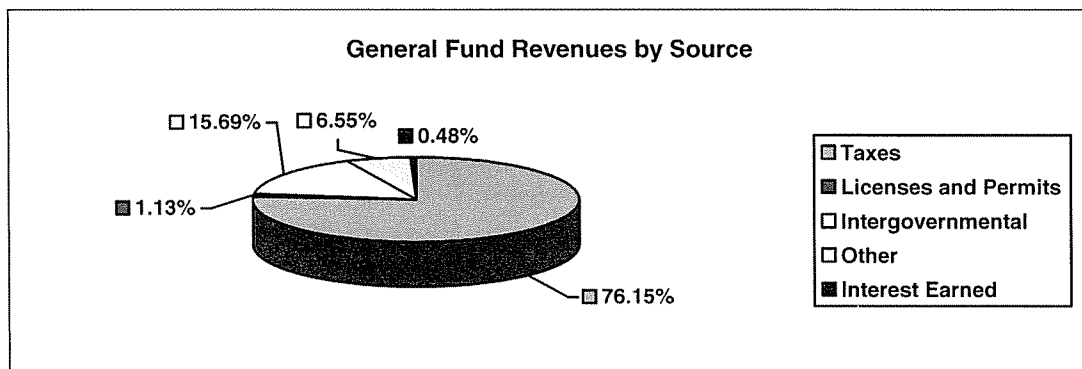
The remaining \$896 of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to:

\$771	Non-current Fund Balances in the Special Revenue and Capital Projects Fund
110	Perpetual Care of Municipal Cemeteries
<u>15</u>	Food Service Inventory
<u>\$896</u>	Total Governmental Fund Reserved Fund Balance

General Fund Highlights

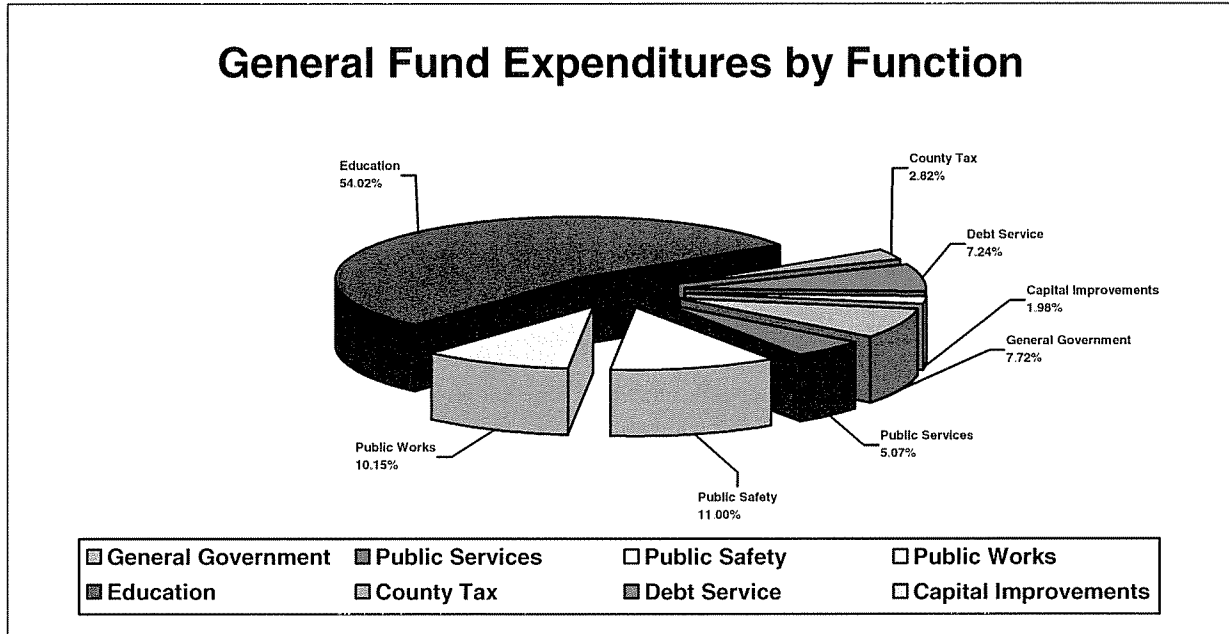
The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2006, unreserved fund balance in the General Fund was \$7,455 compared to total fund balance of \$8,226. As a measure of the General Fund's liquidity, we believe it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 12.72% of total general fund expenditures, while total fund balance represents 14.03% of the same amount. Thus, the year-end fund balance is in compliance with the Town's policy of maintaining a minimum fund balance of 8.33% of the total operating budget for the General Fund.

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



TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Property Tax revenues increased \$1,102 from 2005 to 2006 compared to the 2004 to 2005 increase of \$2,687. A comparison of the actual revenues to estimated revenues can be found on page 36 of the financial statements. Current fiscal year expenditures by function for the General Fund are as follows:



Total general fund expenditures increased \$3,251 or 6.14%. Some of the key factors in this increase are:

- General Government increased 16.46% due to the addition of a code enforcement officer, the increased usage of charge cards and the related fees, and legal fees.
- Public Service increased 7.81% due to the Community Service's programs although the program revenues help to offset this increase.
- Education increased 7.29% mostly due to the increase in debt as a result of the high school construction debt.

Capital Projects Fund Highlights

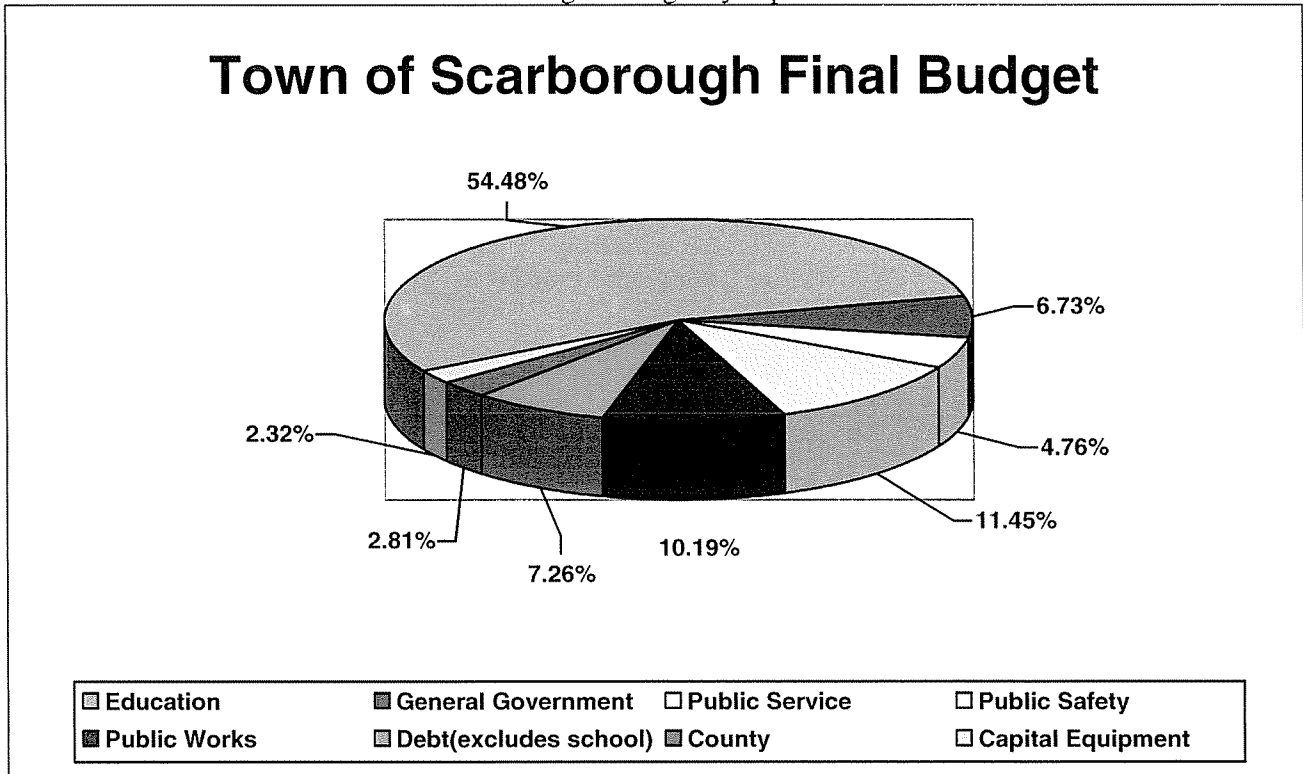
During this fiscal year, the Town of Scarborough's fund balances for Capital Projects decreased from \$6,963 in 2005 to \$4,085 in 2006. Expenditures decreased from \$21,699 in 2005 to \$9,259 in 2006 due to the completion or near completion of a number of capital projects including the high school construction and renovation project.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget for the Town's General Fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments) plus any supplementary appropriations that may occur during the fiscal year. In fiscal year 2006, a total of \$1,935 has been set aside for prior year encumbrances and commitments. Differences between the original budget and the final amended budget amounted to an increase of \$985. The original General Fund budget for fiscal year 2006 was \$55,449.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental fund, as of June 30, 2006, amounts to \$105,239 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, and roads. The total increase in the Town's investment in capital assets for the current fiscal year was 7.65%.

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

Governmental Activities

	<u>2006</u>	<u>2005</u>
Land	\$ 3,921	\$ 3,625
Buildings	32,941	32,766
Vehicles	5,280	4,705
Equipment & Furniture	1,595	1,281
Infrastructure	21,057	21,384
Construction in Progress	40,445	34,004
Total	\$ 105,239	\$ 97,765

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.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Additional information on the Town of Scarborough's capital assets can be found in Notes to the Basic Financial Statements on pages 46-47 of this report.

Long-term Debt. As of June 30, 2006, the Town had long-term bonds outstanding of \$68,844 compared to \$67,737 in the prior year. This debt is backed by the full faith and credit of the Town of Scarborough. Additional information relating to the Town's long-term debt can be found in the Notes to Financial Statements on pages 48-49 of this report.

Outstanding Debt
General Obligation Bonds

	2006	2005
Municipal	\$ 18,477	\$ 15,552
Education	39,846	41,204
Sewer	10,521	10,981
Total Debt	\$ 68,844	\$ 67,737

Moody's Investors Service has affirmed a bond rating of "Aa3" and an "AA- (Stable)" rating was assigned from Standard and Poor's (S&P) to the Town of Scarborough, Maine's debt. Moody's prior assignment of "A1", first assigned in 1975, was upgraded in 2002 to an assignment of "AA3". S&P's "AA- (Stable)" was an "initial" rating for the Town of Scarborough in 2003. As of June 30, 2006, the Town's rating from both rating agencies remain stable.

These ratings reflect: "Strong continuing growth in the Town's tax base, favorable wealth levels, satisfactory operations and a manageable debt position". Moody's expects the Town's affluent tax base to continue to grow at a strong pace, given recent trends and room for continued development, citing evidence of the opportunities for development within the Town. Moody' believes the Town of Scarborough will continue to maintain satisfactory financial operations, supported by increasing reserves.

Note: Definitions of above ratings

Moody's definition of "AA" ratings: Assigned for issues judged to be of high quality by all standards and, together with "AAA", comprise what are generally known as "high grade" bonds.

S&P's definition "AA" ratings: indicates a very strong capacity to pay interest and repay principal and differs from the highest rated issues ("AAA") only in a small degree.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town of Scarborough continually monitors trends and emerging policies from the State of Maine with a prudent eye to any potential impact to Scarborough's local economy. In addition, both management and elected officials are involved and serve on committees that pro-actively follow state legislative policies and work closely with the local representatives in our State's 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. A primary objective is to continue to provide level services to the citizens in the Town of Scarborough while keeping any increase in the property tax rate between three and five percent.

The Town of Scarborough, in cooperation with its school department, has worked to develop a five-year capital budget plan to manage and plan for the long term capital needs of our community. Additionally, the Town also works collaboratively, not only within the Town's departments, but also with several neighboring communities and agencies to improve mutual operations and efficiencies and to reduce expenses where possible.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Below is a comparison of the 2006 budget with the 2007 budget.

	<u>2006</u>	<u>2007</u>
Administration	\$ 1,559,226	\$ 1,557,195
Finance Department	1,006,291	965,156
Information Systems	495,292	471,303
Planning Department	727,474	729,963
Community Services	1,815,995	1,738,270
Library	645,679	629,939
Economic Development	209,068	208,225
General Assistance/Affordable Hsg	15,185	16,685
Fire/Rescue/EMA Department	2,559,336	2,335,352
Public Safety Department	3,901,944	3,591,661
Public Works Department	5,748,477	5,551,927
Debt Service	4,098,398	4,309,239
Capital Equipment	1,310,060	2,002,275
Total Municipal Operating	24,092,425	24,107,190
Education	30,745,456	28,741,171
County Tax	1,584,344	1,519,714
Total Operating Budget	32,329,800	30,260,885
School Special Revenues	-	762,900
School Food Services	1,065,279	1,053,580
350 th Celebration/Wellness Initiative	20,000	15,000
Capital Improvement-Municipal	9,843,151	2,118,542
Capital Improvement-School	1,584,884	1,535,845
TIFs and Overlay	959,142	870,805
Total Budget	\$ 69,894,681	\$ 60,724,747

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

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

TOWN OF SCARBOROUGH, MAINE
Statement of Net Assets
June 30, 2006

	Governmental Activities	Component Unit
ASSETS		
Cash and cash equivalents	\$ 12,049,165	99,071
Investments	8,785,970	307,034
Receivables:		
Accounts	4,999,641	-
Intergovernmental	30,595	-
Taxes receivable	59,797	-
Tax liens	407,661	-
Notes	7,836	-
Tax acquired property	7,231	-
Inventory	12,559	1,592
Prepaid items	-	99
Capital assets, not being depreciated	44,365,770	-
Capital assets, net	60,873,646	894,857
Total assets	131,599,871	1,302,653
LIABILITIES		
Accounts payable and other current liabilities	2,812,883	25,189
Accrued payroll and other related liabilities	2,557,556	28,029
Taxes collected in advance	17,928	-
Accrued interest	483,658	-
Noncurrent liabilities:		
Due within one year	7,034,893	-
Due in more than one year	64,207,894	-
Total liabilities	77,114,812	53,218
NET ASSETS		
Invested in capital assets, net of related debt	36,322,875	894,857
Restricted for:		
Nonexpendable trust principal	124,776	520,591
Capital projects	4,085,311	-
Unrestricted	13,952,097	(166,013)
Total net assets	\$ 54,485,059	1,249,435

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Activities
For the year ended June 30, 2006

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	\$ 7,199,277	2,314,440	635,008	4,680,951	431,122	-
Public services	2,871,026	1,424,780	-	-	(1,446,246)	-
Public safety	6,552,131	1,374,106	-	-	(5,178,025)	-
Public works	6,276,324	655,416	347,440	-	(5,273,468)	-
Education	33,491,029	1,255,770	9,723,135	-	(22,512,124)	-
County tax	1,584,344	-	-	-	(1,584,344)	-
Interest on debt service	1,068,767	-	-	-	(1,068,767)	-
Total governmental activities	59,042,898	7,024,512	10,705,583	4,680,951	(36,631,852)	-
Total primary government	\$ 59,042,898	7,024,512	10,705,583	4,680,951	(36,631,852)	-
Component unit:						
Scarborough Public Library	\$ 1,164,605	982,392	-	-	-	(182,213)
General revenues:						
Property taxes, levied for general purposes				\$ 36,682,277		-
Excise taxes				4,438,334		-
Payments in lieu of taxes				78,581		-
Interest and costs on taxes				61,243		-
Cable franchise fees				145,809		-
Grants and contributions not restricted to specific programs:						
Homestead exemption				305,211		-
Other State aid				38,447		-
State Revenue Sharing				1,432,953		-
Unrestricted investment earnings				260,661		-
Other				284,820		-
Total general revenues				43,728,336		-
Change in net assets					7,096,484	(182,213)
Net assets - beginning					47,388,575	1,431,648
Net assets - ending					\$ 54,485,059	1,249,435

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Balance Sheet
Governmental Funds
June 30, 2006

	General	Performance Bonds	Haigis Parkway	General Town Improvements	General School Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 6,551,527	25,715	-	3,611,185	1,572,364	288,374	12,049,165
Investments	3,307,048	1,718,388	255,514	-	-	3,505,020	8,785,970
Receivables:							
Accounts	403,966	11,485	4,425,437	3,161	-	153,629	4,997,678
Intergovernmental	-	-	-	-	-	30,595	30,595
Taxes receivable	59,797	-	-	-	-	-	59,797
Tax liens	407,661	-	-	-	-	-	407,661
Notes	-	-	-	-	-	7,836	7,836
Interfund loans receivable	1,041,875	-	-	16,424	-	1,309,199	2,367,498
Tax acquired property	7,231	-	-	-	-	-	7,231
Inventory	-	-	-	-	-	12,559	12,559
Total assets	\$ 11,779,105	1,755,588	4,680,951	3,630,770	1,572,364	5,307,212	28,725,990
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	695,103	-	-	262,272	310,728	179,623	1,447,726
Accrued payroll	2,457,799	-	-	-	-	456	2,458,255
Interfund loans payable	-	390,431	692,303	-	-	1,282,801	2,365,535
Taxes collected in advance	17,928	-	-	-	-	-	17,928
Deferred tax revenue	382,000	-	-	-	-	-	382,000
Performance bond deposits	-	1,365,157	-	-	-	-	1,365,157
Total liabilities	3,552,830	1,755,588	692,303	262,272	310,728	1,462,880	8,036,601
Fund balances:							
Reserved	771,193	-	-	-	-	124,776	895,969
Unreserved, reported in:							
General fund - undesignated	5,519,830	-	-	-	-	-	5,519,830
General fund - designated	1,935,252	-	-	-	-	-	1,935,252
Special revenue funds	-	-	3,988,648	-	-	4,191,293	8,179,941
Capital projects funds	-	-	-	3,368,498	1,261,636	(544,823)	4,085,311
Permanent funds	-	-	-	-	-	73,086	73,086
Total fund balances	8,226,275	-	3,988,648	3,368,498	1,261,636	3,844,332	20,689,389
Total liabilities and fund balances	\$ 11,779,105	1,755,588	4,680,951	3,630,770	1,572,364	5,307,212	
Amounts reported for governmental activities in the statement of net assets are different because:							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds							105,239,416
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.							382,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.							
Bonds payable							(68,844,000)
Capital leases							(72,541)
Accrued interest							(483,658)
Landfill liability							(449,634)
IUAL liability							(99,301)
Accrued compensated absences							(1,876,612)
Net assets of governmental activities							\$ 54,485,059

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2006

	General	Performance Bonds	Haigis Parkway	General Town Improvements	General School Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 41,345,663	-	-	31,100	-	-	41,376,763
Licenses and permits	611,420	-	-	-	-	-	611,420
Intergovernmental	10,828,778	-	-	7,500	-	1,767,952	12,604,230
Interest earned	260,661	-	6,057	91,900	155,776	130,108	644,502
Donations	-	-	-	-	-	97,856	97,856
Sale of lots	-	-	-	-	-	16,000	16,000
Assessments and impact fees	-	-	4,674,894	-	-	703,203	5,378,097
Other	3,553,702	-	-	-	-	1,874,812	5,428,514
Total revenues	56,600,224	-	4,680,951	130,500	155,776	4,589,931	66,157,382
Expenditures:							
Current:							
General government	4,340,348	-	-	-	-	-	4,340,348
Public services	2,849,393	-	-	-	-	-	2,849,393
Public safety	6,179,751	-	-	-	-	-	6,179,751
Public works	5,702,033	-	-	-	-	-	5,702,033
Education	32,791,793	-	-	-	-	-	32,791,793
County tax	1,584,344	-	-	-	-	-	1,584,344
Debt service	4,065,377	-	-	-	-	-	4,065,377
Capital improvements	1,114,864	-	-	3,105,596	6,153,054	1,373,037	11,746,551
Program expenditures	-	-	-	-	-	2,518,149	2,518,149
Other	-	-	466	-	-	17,063	17,529
Total expenditures	58,627,903	-	466	3,105,596	6,153,054	3,908,249	71,795,268
Excess (deficiency) of revenues over (under) expenditures	(2,027,679)	-	4,680,485	(2,975,096)	(5,997,278)	681,682	(5,637,886)
Other financing sources (uses):							
Operating transfers - in	2,166,015	-	-	-	65,656	548,670	2,780,341
Operating transfers - out	(608,069)	-	(691,837)	(3,638)	(52,049)	(1,424,748)	(2,780,341)
General obligation bonds	936,000	-	-	4,485,116	1,592,884	-	7,014,000
Total other financing sources (uses)	2,493,946	-	(691,837)	4,481,478	1,606,491	(876,078)	7,014,000
Net change in fund balances	466,267	-	3,988,648	1,506,382	(4,390,787)	(194,396)	1,376,114
Fund balances, beginning of year	7,760,008	-	-	1,862,116	5,652,423	4,038,728	19,313,275
Fund balances, end of year	\$ 8,226,275	-	3,988,648	3,368,498	1,261,636	3,844,332	20,689,389

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, 2006

Net change in fund balances - total governmental funds (from Statement 4)	\$	1,376,114
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlays	\$ 9,694,443	
Depreciation expense	(1,851,676)	
Loss on disposal of assets	(367,999)	7,474,768
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(18,000)
<p>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.</p>		
		(699,264)
<p>Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		69,433
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds (\$7,014,000) exceeded repayments (\$5,907,433).</p>		
		(1,106,567)
Change in net assets of governmental activities (see Statement 2)		\$ 7,096,484

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2006

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 41,187,802	41,187,802	41,345,663	157,861
Licenses and permits	531,735	531,735	611,420	79,685
Intergovernmental	8,491,924	8,491,924	8,520,307	28,383
Interest earned	130,000	130,000	260,661	130,661
Unclassified	3,040,045	3,040,045	3,553,702	513,657
Total revenues	53,381,506	53,381,506	54,291,753	910,247
Expenditures:				
Current:				
General government	3,828,897	3,799,856	4,340,348	(540,492)
Public services	2,678,394	2,685,927	2,849,393	(163,466)
Public safety	6,327,942	6,461,280	6,179,751	281,529
Public works	5,669,561	5,748,477	5,702,033	46,444
Education	30,745,456	30,745,456	30,348,883	396,573
County tax	1,584,344	1,584,344	1,584,344	-
Debt service	4,098,398	4,098,398	4,065,377	33,021
Capital improvements	515,921	1,310,060	1,114,864	195,196
Total expenditures	55,448,913	56,433,798	56,184,993	248,805
Deficiency of revenues under expenditures	(2,067,407)	(3,052,292)	(1,893,240)	1,159,052
Other financing sources (uses):				
Operating transfers - in	2,170,549	2,170,549	2,166,015	(4,534)
Operating transfers - out	(589,987)	(589,987)	(608,069)	(18,082)
Utilization of surplus	475,000	1,459,885	-	(1,459,885)
Overlay	(369,155)	(369,155)	-	369,155
General obligation bonds	381,000	381,000	936,000	555,000
Total other financing sources (uses)	2,067,407	3,052,292	2,493,946	(558,346)
Net change in fund balances	-	-	600,706	600,706
Reconciliation to GAAP:				
Change in accrued salaries			(134,439)	
Fund balance, beginning of year			7,760,008	
Fund balance, end of year	\$		8,226,275	

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Private-purpose Trust Funds (Scholarships)	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	174,185
Investments	251,672	-
Interfund loans receivable	1,087	-
Total assets	252,759	174,185
LIABILITIES		
Interfund loans payable	3,050	-
Accounts payable	1,950	-
Due to student groups	-	174,185
Total liabilities	5,000	174,185
NET ASSETS		
Held in trust	\$ 247,759	-

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2006

	Private-purpose Trust Funds (Scholarships)
Additions:	
Donations	\$ 1,087
Interest and dividends	8,481
Total additions	9,568
Deductions:	
School scholarships	6,600
Other	-
Total deductions	6,600
Change in net assets	2,968
Net assets, beginning of year	244,791
Net assets, end of year	\$ 247,759

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States of America. The 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 potential component unit addressed in defining the government's reporting entity.

Scarborough Economic Development Corporation (SEDCO) encourages and assists the development of business in the Town of Scarborough. All of the financial activity of SEDCO has been reported with the Town's general fund.

Scarborough Public Library promotes and maintains library facilities in and for the Town of Scarborough. The Scarborough Public Library has been included as part of these financial statements, using the discrete presentation method.

Both of the above had positive responses to the reporting entity inclusion criteria set forth by accounting principles generally accepted in the United States of America. Financial statements for both entities can be obtained from the Town of Scarborough Finance Department, P.O. Box 360, Scarborough, Maine 04070-0360.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

The General School Improvements fund accounts for certain school capital improvements.

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

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

The Haigis Parkway fund accounts for assessments to be used for the Haigis Parkway project.

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Additionally, the Town reports the following fund type:

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

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

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 modified accrual basis of accounting. The funds are used to account for assets that the Town holds for others in an agency capacity.

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

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

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

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.

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

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

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment and infrastructure of the primary government are depreciated using the straight-line method over the asset's estimated useful lives ranging from 3 to 60 years.

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 is 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 employee resignations and retirements. All accumulated leave is accrued when incurred in the government-wide financial statements.

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

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

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

Interfund Transactions - Quasi-external transactions 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.

Comparative Data/Reclassifications - Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

A budget is adopted on a basis consistent with generally accepted accounting principles (GAAP), except as described in the notes, for the General Fund and certain capital projects. The level of control (level at which expenditures may not exceed budget) is the Department. At year end, department administrators 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>
2005 -2006 budget as adopted	\$ 56,408,055	56,408,055
Budgetary adjustments:		
Prior year encumbrances and carryforwards	984,885	984,885
Total adjusted budget	\$ 57,392,940	57,392,940

B. Excess of Expenditures over Appropriations

The over-expenditure of the Public Service department was partially offset by an excess of actual over estimated grant and fee revenues.

The over-expenditure in General Government was the result of legal fees, risk management and planning exceeding budget.

C. Deficit Fund Balance

At June 30, 2006, the following special revenue and capital projects funds had deficit fund balances:

The Recreational Development Fund (a special revenue fund) had a deficit of \$88,474. It is expected that the deficit will be adequately funded in future years through development and user fees.

The Boat Launch Fund (a special revenue fund) had a deficit of \$36,872. It is expected that this deficit will be adequately funded in future years through additional contributions and revenues.

The Departmental Grants and Programs Fund (a special revenue fund) had a deficit of \$101,024. It is expected that this deficit will be adequately funded in future years through additional grant and other revenues.

The Municipal Building Fund (a capital project fund) had a deficit of \$544,823. This deficit is expected to be adequately funded in future years with TIF revenues.

TOWN OF SCARBOROUGH, MAINE
Notes to Basic 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 to it. The Town does not have a formal policy with respect to custodial credit risk because it was not covered by F.D.I.C. insurance or additional collateral. As of June 30, 2006, the Town reported deposits of \$12,223,350 with a bank balance of \$13,416,771. Of the Town's bank balances of \$13,416,771, none was exposed to custodial credit risk because it was covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 12,049,165
Reported in fiduciary funds	174,185
Total deposits	\$ 12,223,350

At June 30, 2006, the Scarborough Public Library's cash balance was \$99,071 with a bank balance of \$86,676 all of which was covered by F.D.I.C. insurance.

B. Investments

At June 30, 2006, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years	More than 5 years
U. S. Government securities	\$ 197,920	197,920	-	-
Certificates of deposit	200,000	200,000	-	-
Mutual funds (1)	8,639,721		not applicable	
Total investments	\$ 9,037,641	397,920	-	-

(1) Mutual funds are not considered securities and are exempt from credit risk disclosure noted below. Investments have been reported as follows:

Reported in governmental funds	\$ 8,785,970
Reported in fiduciary funds	251,671
Total investments	\$ 9,037,641

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

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

Custodial Credit Risk-Town Investments: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal policy with respect to custodial credit risk. None of the Town's investments totaling \$9,037,641 was exposed to custodial credit risk. At June 30, 2006, the Scarborough Public Library's investment balance was \$307,034, none of which was exposed to custodial credit risk.

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

PROPERTY TAX

Property taxes for the current year were committed on August 29, 2005, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. These taxes were due in two installments, 50% on October 17, 2005 and 50% on March 15, 2006. Interest at the rate of 7.75% 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, 2006 and the Town's value was 113% of the 2006 State valuation of \$2,873,200,000.

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 \$369,185 for the year ended June 30, 2006.

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

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

The following summarizes the June 30 levy:

	<u>2006</u>	<u>2005</u>
Assessed value	\$ 3,256,841,900	2,057,589,000
Tax rate (per \$1,000)	11.30	17.34
Commitment	36,802,313	35,678,593
Supplemental taxes assessed	22,334	56,975
	36,824,647	35,735,568
Less - collections and abatements	36,527,410	35,423,922
Receivable at June 30	297,237	311,646
Consisting of:		
Taxes	17,129	23,981
Liens	280,108	287,665
Receivable at June 30	\$ 297,237	311,646
Collection rate	99.19%	99.13%

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows:

	Balance June 30, <u>2005</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2006</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,625,100	295,400	-	3,920,500
Construction in progress	34,003,856	6,441,414	-	40,445,270
Total capital assets, not being depreciated	37,628,956	6,736,814	-	44,365,770
Capital assets, being depreciated:				
Buildings	39,321,595	900,000	(195,798)	40,025,797
Vehicles	9,109,783	1,387,411	(741,090)	9,756,104
Equipment and furniture	2,980,616	670,218	(110,325)	3,540,509
Infrastructure	28,595,767	-	-	28,595,767
Total capital assets being depreciated	80,007,761	2,957,629	(1,047,213)	81,918,177
Less accumulated depreciation for:				
Buildings	6,555,551	469,137	59,671	7,084,359
Vehicles	4,405,442	679,090	(608,779)	4,475,753
Equipment and furniture	1,699,565	357,666	(111,259)	1,945,972
Infrastructure	7,211,511	345,784	(18,848)	7,538,447
Total accumulated depreciation	19,872,069	1,851,677	(679,215)	21,044,531
Total capital assets being depreciated, net	60,135,692	1,105,952	(367,998)	60,873,646
Governmental activities capital assets, net	\$97,764,648	7,842,766	(367,998)	105,239,416

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

Governmental activities:	
General government	\$ 260,730
Public services	21,633
Public safety	378,075
Public works, including depreciation of general infrastructure assets	574,291
Education	616,948
Total depreciation expense – governmental activities	\$ 1,851,677

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

Buildings	\$ 1,268,766
Equipment, artwork and software	517,997
Books	736,906
Total	2,523,669
Less accumulated depreciation	(1,628,812)
Property and equipment, net	\$ 894,857
Depreciation expense	\$ 89,776

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

INTERFUND BALANCES

Interfund balances result from the sharing of pooled cash and investments. Individual interfund receivables and payables at June 30, 2006, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
<u>General Fund</u>	<u>\$ 1,041,875</u>	<u>-</u>
<u>General Town Improvements</u>	<u>16,424</u>	<u>-</u>
<u>Haigis Parkway</u>	<u>-</u>	<u>692,303</u>
<u>Performance Bonds</u>	<u>-</u>	<u>390,431</u>
Other Governmental Funds:		
Nonmajor Special Revenue Funds:		
Unemployment compensation	-	3,608
Ferry Beach	-	10,723
Recreational development	-	219,675
Sewer expansion	461,541	-
Hurd Park	113,895	-
Scarborough Memorial improvement	-	2,000
Industrial Park	-	40,721
Payne Road improvements	-	52,654
Payne Road impact fees	50,171	-
Boat launch	-	36,872
Police asset forfeiture	65,082	-
Hunnewell House	-	692
Rescue equipment	315,446	-
Fire Dept Equipment	3,830	-
Departmental grants and programs	72,084	324,874
Friends of the Scarborough Marsh	-	10,220
School development impact fees	219,150	-
Computer replacement fund	-	34,987
<u>Total Nonmajor Special Revenue Funds</u>	<u>1,301,199</u>	<u>737,026</u>
Nonmajor Capital Project Funds:		
Municipal building fund	-	544,823
<u>Total Nonmajor Capital Project Funds</u>	<u>-</u>	<u>544,823</u>
Permanent Funds:		
Scarborough Memorial Cemetery	8,000	-
Dunstan Perpetual Care	-	952
<u>Total Permanent Funds</u>	<u>8,000</u>	<u>952</u>
<u>Total Other Governmental Funds</u>	<u>1,309,199</u>	<u>1,282,801</u>
<u>Private-purpose Trust Funds</u>	<u>1,087</u>	<u>3,050</u>
<u>Total all funds</u>	<u>\$ 2,368,585</u>	<u>2,368,585</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

INTERFUND BALANCES, CONTINUED

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

INTERFUND TRANSFERS

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 2,166,015	608,069
General Town Improvements	-	3,638
General School Improvements	65,656	52,049
Other Governmental Funds	548,670	2,116,585
Total	\$ 2,780,341	2,780,341

These operating transfers were budgeted transfers to fund certain activities.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2006, 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	\$ 67,737,433	7,014,000	5,907,433	68,844,000	5,999,000
Capital leases	141,974	-	69,433	72,541	72,541
Compensated absences	1,138,321	738,291	-	1,876,612	863,352
Landfill post-closure care costs	449,634	-	-	449,634	-
Governmental activity					
Long-term liabilities	\$ 69,467,362	7,752,291	5,976,866	71,242,787	7,034,893

As of June 30, 2006, the Town had authorized, but unissued debt totaling \$3,572,600. The General Fund typically pays all governmental activities long-term debt service requirements.

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

BONDS PAYABLE

Bonds payable at June 30, 2006 is comprised of the following:

General Obligation Notes and Bonds	Amount originally issued	Percentage applicable to			Interest rate	Final maturity date	Balance end of year
		Town	School	Sewer			
1987 Capital improvements	\$ 3,300,000	-	-	100.00%	Varies	2008	250,000
1988 Capital improvements	6,615,000	16.80%	-	83.20%	Varies	2009	825,000
1989 Capital improvements	2,300,000	100.00%	-	-	Varies	2009	320,000
1990 Capital improvements	7,415,000	-	100.00%	-	Varies	2011	1,635,000
1993 Capital improvements	1,135,000	100.00%	-	-	Varies	2012	175,000
1994 Capital improvements	6,775,000	-	100.00%	-	Varies	2015	2,070,000
1995 Capital improvements	6,160,000	1.89%	98.11%	-	Varies	2016	2,650,000
1997 Capital improvements	4,230,000	95.07%	4.93%	-	Varies	2017	1,305,000
1998 Capital improvements	1,475,000	78.38%	21.62%	-	Varies	2008	185,000
1999 Capital improvements	6,493,000	94.26%	5.74%	-	Varies	2019	1,890,000
2000 Capital improvements	4,770,000	71.17%	28.83%	-	Varies	2020	1,980,000
2001 Capital improvements	4,932,000	58.84%	41.16%	-	Varies	2021	2,065,000
2002 Capital improvements	4,000,000	48.86%	51.14%	-	Varies	2022	845,000
2003 Capital improvements	24,579,000	10.84%	49.16%	40.00%	Varies	2032	22,310,000
2004 Capital improvements	14,628,000	18.76%	76.16%	5.08%	Varies	2034	12,975,000
2005 Capital improvements	10,665,000	12.71%	87.29%	-	Varies	2034	10,350,000
2006 Capital improvements	7,014,000	77.29%	22.71%	-	Varies	2036	7,014,000
Total							\$ 68,844,000

The annual requirements to amortize all debt outstanding as of June 30, 2006 are as follows:

Year ending June 30,	Principal	Interest	Total
2007	\$ 5,999,000	2,820,923	8,819,923
2008	5,480,000	2,596,091	8,076,091
2009	4,960,000	2,377,320	7,337,320
2010	4,090,000	2,189,039	6,279,039
2011	3,970,000	2,021,929	5,991,929
2012-2016	14,735,000	8,023,771	22,758,771
2017-2021	10,625,000	5,429,263	16,054,263
2022-2026	7,875,000	3,255,212	11,130,212
2027-2031	6,590,000	1,828,798	8,418,798
2032-2035	4,520,000	340,075	4,860,075
Totals	\$ 68,844,000	30,882,421	99,726,421

TOWN OF SCARBOROUGH, MAINE
Notes to Basic 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, 2006 outstanding bonds	Percent of 2006 State assessed value of \$2,873,200,000	Amount	Margin
For school purposes	\$ 39,846,199	10.00%	287,320,000	247,473,801
For storm or sanitary sewer	10,520,400	7.50%	215,490,000	204,969,600
For municipal airport, water and special district purposes	-	3.00%	86,196,000	86,196,000
For all other purposes	18,477,401	7.50%	215,490,000	197,012,599
Total	\$ 68,844,000	15.00%	430,980,000	

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.

CAPITAL LEASES

The Town of Scarborough has entered into various lease agreements as lessee for copiers. Those leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception.

The following is an analysis of equipment leased under the capital lease as of June 30, 2006:

Municipal building - copiers
School - various copiers

The following is a schedule of future minimum lease payments under the capital lease and the present value of the minimum lease payment at June 30, 2006:

2007	\$ 76,679
Total minimum lease payments	76,679
Less: amount representing interest	4,138
Present value of future minimum lease payments	\$ 72,541

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2006, the Town's State valuation of \$2,873,200,000 was 8.36% of the County's State valuation of \$34,366,000,000. The Town's share is 8.36% or \$882,878 of Cumberland County's \$10,560,000 long-term debt outstanding as of June 30, 2006.

The Town is also served by the Portland Water District. At June 30, 2006, the Town's share of self-supporting bonded water debt is 12.50% or \$2,665,492 of total debt of \$21,325,000.

Contingencies

ecomaine, formerly Regional Waste Systems, a Maine Corporation with 21 participating municipalities ("Member Municipalities"), including the Town of Scarborough, has issued bonds to fund the design, construction and start-up of a resource recovery system. The bonds are special revenue obligations of ecomaine, payable from and secured by a pledge of ecomaine revenues. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision, or a pledge of the full faith and credit of any political subdivision of the State of Maine. ecomaine has no taxing power. Notwithstanding the foregoing, pursuant to the Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to ecomaine for processing to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will be at least equal to the required debt service on the bonds. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. At June 30, 2006, outstanding "Incinerator Debt" of ecomaine totaled \$43,076,000 of which the Town of Scarborough's share, based on estimated tonnage to be delivered, amounted to 8.29% or \$3,573,014.

The Town has also entered into an agreement with ecomaine as one of the 21 ecomaine Member Municipalities along with an additional six Participating Municipalities, to establish a Material Recycling Facility ("MRF") at ecomaine's demolition debris and recycling facility in Gorham. It is anticipated that the Town's share of debt incurred for this project will also be paid through service charges and user fees over the life of the project. At June 30, 2006, the Town's share is 6.30% or \$316,827 of ecomaine's outstanding MRF debt of \$5,029,000.

ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$20,737,626 at June 30, 2005, the most recent date available. The Town's proportionate share of these estimated landfill closure and postclosure care costs 8.11%, or \$1,681,692.

Total Debt and Contingencies

Governmental Unit	As of June 30, 2006			
	Direct debt	Overlapping debt	Contingent debt	Total debt
Town of Scarborough	\$ 68,844,000	-	-	68,844,000
Cumberland County	-	882,878	-	882,878
Portland Water District - water debt	-	2,665,492	-	2,665,492
Regional Waste Systems:				
Resource recovery system	-	-	3,573,014	3,573,014
Material recovery facility	-	-	316,827	316,827
Landfill closure/postclosure costs	-	-	1,681,692	1,681,692
Totals	\$ 68,844,000	3,548,370	5,571,533	77,963,903

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

Arbitrage

Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. The Town has had several issues for which a rebate calculation is or has been required. As of June 30, 2006, substantially all such calculations have been performed.

Grants

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

LANDFILL CLOSURE AND POSTCLOSURE COSTS

Under existing State law, Maine communities had until December 31, 1995 to close existing landfills under a state approved plan and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town is operating a demolition debris landfill and has submitted a plan to the State for closure. The estimated total current cost of landfill closure, \$449,634, 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, 2006. Additionally, annual monitoring and maintenance costs are estimated to be \$4,050 per year. The total closure and postclosure care costs of \$449,634 have been accrued in the statement of activities. Presently, the State of Maine is providing partial funding for certain closure costs; however, future funding is based on availability of funds. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

DESIGNATED FUND BALANCES

At June 30, 2006, portions of the General Fund fund balance were designated to future periods as follows:

	<u>2006</u>
General Fund:	
Geographical Information	\$ 16,972
Comprehensive Plan	38,011
Co-Op Boat Launch Improvements	4,932
Finance – New equipment	2,587
Public Safety Night Vision Goggles	5,040
Police Department - 2006 QED software	9,300
Police Department – Auxiliary vehicles	700
Fire Department – Squad Truck	10,676
Fire Department – Municipal Holding Tank	18,994
Public Works – Employee Training	3,105

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

DESIGNATED FUND BALANCES, CONTINUED

	<u>2006</u>
Rescue – New Patient Equipment	\$ 2,336
Municipal building design study	(4,033)
Community services child care program	2,946
State Revenue Sharing	130,892
Summer recreation	(4,284)
Cable TV programming	53,705
Marine Resource Office – Inventory Management	7,020
Town-wide ADA projects	23,509
Town-wide computer purchases	66,996
Encumbered Purchase Orders	632,588
Reserve for accrued sick pay	913,260
Total General Fund designated fund balance	\$ 1,935,252

RESERVED FUND EQUITY

At June 30, 2006, the Special Revenue fund equity for the School Lunch Program included a reserve for inventory on hand at June 30, 2006 of \$12,559. Also, at June 30, 2006, the Special Revenue fund equity was reserved in the Industrial Park Fund to reflect the noncurrent portion of notes receivable amounting to \$2,289. Fund balance has been reserved in the permanent funds for nonexpendable principal of \$109,928. The total reserved fund balance for other governmental funds on Statement 3 was \$124,776. As of June 30, 2006, the General Fund fund balance was reserved in the amount of \$771,193, reflecting the non-current portion of the interfund loan receivable from the Municipal Building Fund in the amount of \$544,823, the Boat Launch Fund deficit of \$36,872, the Departmental Grants & Programs deficit of \$101,024 and the Recreation Development Fund amount of \$88,474.

SCHOOL OPERATIONS UNDESIGNATED DEFICIT/BUDGETARY VS. GAAP BASIS

At June 30, 2006, School operations (General Fund and Adult Education) reported a fund balance of \$618,353 on a GAAP basis and a fund balance of \$2,752,451 on a budgetary basis, the difference resulting from the accrual of earned but unpaid summer salaries. The School Department's policy is to budget for teacher salaries when paid rather than when the obligation is incurred. Additionally, as required by accounting principles generally accepted in the United States of America (GAAP), the School Department has recorded a revenue and expenditure for Maine State Retirement contributions made by the State of Maine on behalf of the Scarborough School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America. An intergovernmental revenue of \$2,308,471 and an education expenditure of \$2,308,471 have been included in the General Fund on Statement 4 and on Statement 2 (GAAP basis) and have not been reported on Statement 6 (budgetary basis). There is no effect on the fund balance at the end of the year.

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

SCHOOL OPERATIONS UNDESIGNATED DEFICIT/BUDGETARY VS. GAAP BASIS, CONTINUED

The following reconciles the GAAP vs. budgetary basis fund balances:

	GAAP basis	Summer salary accrual	On- behalf payments	Budgetary basis
Balance, June 30, 2005	\$ 693,048	2,134,138	-	2,827,186
Revenues and other sources	32,612,618	-	(2,308,471)	30,304,147
Expenditures and other uses	(32,821,792)	134,439	2,308,471	(30,378,882)
Balance June 30, 2006	\$ 483,874	2,268,577	-	2,752,451

The GAAP basis fund balance of \$483,874 is comprised of the following components:

General fund - undesignated	\$ 412,449
Adult Education	71,425
Total	\$ 483,874

The School Department has been designating a portion of budgetary fund balance to fund accrued summer salaries. It expects to fund a portion of future fund balances until the accrual is fully funded. As of June 30, 2006, \$2,200,000 of budgetary fund balance has been designated to fund summer salary obligations.

MAINE STATE RETIREMENT SYSTEM (MSRS) - CONSOLIDATED RETIREMENT PENSION PLAN

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

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the Town is required to contribute an actuarially determined rate. These rates are designed to accumulate sufficient assets to pay benefits, when due. Normal cost employer contributions are calculated using the entry age normal actuarial cost method. Additionally, upon entering the Consolidated Retirement Plan, the Town had its separate, individual existing unfunded actuarial liability calculated. The Town will pay this initial unpooled unfunded liability on a scheduled basis, in addition to making the normal contribution to the plan. The (IUUAL) is being amortized over nineteen years although the remaining balance will be paid off in eleven years at the rate of \$928 per month for both Town and School. The current rate (excluding IUUAL) is 2.8% of annual covered payroll for School employees participating in the District Plan, 2.8% for Town employees and 4.0% for Police. The contribution rates of plan members and the Town are established and may be amended by the Maine State Retirement Board of Trustees. The Town's contributions to the MSRS Consolidated Plan for the year ended June 30, 2006, 2005 and 2004 were \$49,282, \$48,977, and \$44,221 respectively including IUUAL payments of \$14,376 each year.

TOWN OF SCARBOROUGH, MAINE
Notes to Basic Financial Statements, Continued

**MAINE STATE RETIREMENT SYSTEM (MSRS) - CONSOLIDATED RETIREMENT PENSION PLAN,
CONTINUED**

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

Funding Policy - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$2,308,471 (19.15%) for the fiscal year 2006. This amount has been reported as an intergovernmental revenue and retirement expenditure in the GAAP basis financial statements (Statement 2 and Statement 4).

DEFINED CONTRIBUTION PENSION PLAN

Defined Contribution Pension Plan - The Town contributes to the International City Manager's Association (ICMA) Money Purchase Plan, which is a defined contribution pension plan administered by the ICMA.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. All municipal employees of the Town have the option of participating in the plan or the Maine State Retirement System. Contributions made by the employer vest upon completion of three years of service. An employee who leaves the employment of the Town is entitled to all contributions and earned income in his account at that time. Each employee must contribute a minimum of 6% of his or 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.

During the year, the Town's required and actual contributions amounted to \$344,932, which was 6% of its current year covered payroll. The covered payroll amounted to \$5,866,371, while the Town's total payroll was \$8,344,289.

Employee's required contributions amounted to \$344,932, 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 Basic Financial Statements, Continued

DEFERRED COMPENSATION PLAN

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

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, were removed from the Town's financial statements.

TAX INCREMENT FINANCING DISTRICTS

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

The status of the various Tax Increment Financing Districts is summarized below:

Scarborough Town Center Development District:	
Original assessed value	\$ 6,915,000
Maximum authorized captured value	6,900,000
Amount captured as of June 30, 2006	6,900,000
Scarborough Eight Corners Development District:	
Original assessed value	4,522,700
Maximum authorized captured value	39,000,000
Amount captured as of June 30, 2006	39,000,000
Enterprise Business Park TIF:	
Original assessed value	544,800
Amount captured as of June 30, 2006	5,065,500
Haigis Parkway:	
Original assessed value	8,563,500
Amount captured as of June 30, 2006	10,808,200

TOWN OF SCARBOROUGH, MAINE
Notes to Basic 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 purchases, the Town is not aware of any material actual or potential claims liabilities which should be recorded at June 30, 2006. 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.

SUBSEQUENT EVENT

Subsequent to year end, a review was conducted to determine the appropriateness of the original assessments levied to the owners of properties located within the Haigis Parkway Municipal Development and Tax Increment Financing District. As a result of the review, the original assessments were adjusted among the individual property owners and resulted in a reduction of \$990,323 to the original assessment as reported in the Haigis Parkway Fund.

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).

TOWN OF SCARBOROUGH, MAINE
General Fund
Comparative Balance Sheets
June 30, 2006 and 2005

	2006	2005
ASSETS		
Cash and cash equivalents	\$ 6,551,527	9,421,858
Investments	3,307,048	533,400
Receivables:		
Taxes receivable	59,797	60,561
Tax liens	407,661	421,274
Accounts receivable	403,966	472,345
Interfund loans receivable	1,041,875	265,420
Tax acquired property	7,231	7,231
Total assets	\$ 11,779,105	11,182,089
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and payroll withholdings	695,103	586,549
Accrued payroll	2,457,799	2,419,588
Taxes collected in advance	17,928	15,944
Deferred tax revenues	382,000	400,000
Total liabilities	3,552,830	3,422,081
Fund balance:		
Reserved	771,193	697,126
Unreserved:		
Designated - Town	1,935,252	2,696,408
Undesignated - Education	483,874	693,048
Undesignated - Town	5,035,956	3,673,426
Total fund balance	8,226,275	7,760,008
Total liabilities and fund balance	\$ 11,779,105	11,182,089

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, 2006
(with comparative totals for June 30, 2005)

	2006					
	2005 carryforward	Budget	Total Available	Actual	Variance positive (negative)	2005 Actual
Revenues:						
Taxes:						
Property taxes	\$ -	36,756,213	36,756,213	36,682,277	(73,936)	35,548,830
Change in deferred property tax revenue	-	-	-	18,000	18,000	-
Excise taxes	-	4,225,000	4,225,000	4,438,334	213,334	4,253,930
Cable franchise fee	-	137,000	137,000	145,809	8,809	143,224
Interest and costs on taxes	-	69,589	69,589	61,243	(8,346)	57,852
Total taxes	-	41,187,802	41,187,802	41,345,663	157,861	40,003,836
Licenses and permits:						
Plumbing fees	-	22,000	22,000	21,759	(241)	19,350
Town Clerk fees	-	77,150	77,150	124,556	47,406	94,517
Building permits	-	334,410	334,410	347,226	12,816	356,502
Electrical permits	-	20,000	20,000	26,079	6,079	20,900
Zoning Board of Appeals	-	5,500	5,500	14,867	9,367	4,575
License plate fees	-	62,675	62,675	68,033	5,358	66,064
Subdivision fees	-	10,000	10,000	8,900	(1,100)	4,575
Total licenses and permits	-	531,735	531,735	611,420	79,685	566,483
Intergovernmental:						
Education state subsidies	-	5,715,173	5,715,173	5,715,173	-	4,532,559
FEMA reimbursement	-	-	-	-	-	149,408
FEMA fire account	-	-	-	-	-	50,687
Homeland Security	-	-	-	-	-	53,160
State Revenue Sharing	-	1,418,000	1,418,000	1,432,953	14,953	1,449,141
Homestead exemption	-	304,855	304,855	305,211	356	300,361
URIP (D.O.T. block grant)	-	290,000	290,000	347,440	57,440	292,196
ecomaine payment in lieu of taxes	-	77,148	77,148	78,581	1,433	71,450
Adult education State subsidies	-	30,000	30,000	31,554	1,554	30,425
General assistance reimbursement	-	7,368	7,368	1,184	(6,184)	1,169
Federal HIDTA revenues	-	100,000	100,000	90,660	(9,340)	84,760
Medicaid	-	150,000	150,000	104,795	(45,205)	162,103
Other Federal and State revenues - School	-	373,087	373,087	374,309	1,222	389,379
Other Federal and State revenues - Town	-	26,293	26,293	38,447	12,154	100,806
Total intergovernmental	-	8,491,924	8,491,924	8,520,307	28,383	7,667,604
Interest earned	-	130,000	130,000	260,661	130,661	159,450
Unclassified:						
School Department	-	45,000	45,000	96,670	51,670	63,553
Adult education	-	17,500	17,500	5,555	(11,945)	6,935
Community services	-	1,284,142	1,284,142	1,351,165	67,023	1,320,470
Police court time	-	10,000	10,000	9,753	(247)	15,312
Snow plowing service	-	4,000	4,000	8,364	4,364	4,100
Alarm repair reimbursements	-	10,000	10,000	21,050	11,050	11,625
Insurance reimbursements	-	15,000	15,000	33,511	18,511	38,383
Parking violations	-	10,000	10,000	10,180	180	10,649
Special police	-	103,000	103,000	100,677	(2,323)	93,293
Inspection/review fees	-	100,400	100,400	177,991	77,591	180,631
Rescue donations	-	350,000	350,000	350,000	-	330,000
Rental income	-	33,089	33,089	30,193	(2,896)	20,606
Sale of Town-owned property	-	32,214	32,214	96,636	64,422	46,810
Legal/engineering salary reimbursement	-	416,325	416,325	374,199	(42,126)	383,281
Vehicle fuel reimbursement	-	253,400	253,400	386,574	133,174	294,668
Vehicle maintenance reimbursement	-	265,775	265,775	216,364	(49,411)	264,935
Lease revenue	-	-	-	151,270	151,270	-
Miscellaneous	-	90,200	90,200	133,550	43,350	100,772
Total unclassified	-	3,040,045	3,040,045	3,553,702	513,657	3,186,023
Total revenues	-	53,381,506	53,381,506	54,291,753	910,247	51,583,396

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

	2005 carryforward	2006		2005 Actual	Variance positive (negative)	2005 Actual
		Budget	Total available			
Expenditures:						
Current:						
General government:						
Town Council	\$ -	11,573	11,573	11,573	-	11,572
Administration	-	227,069	227,069	227,637	(568)	223,925
Town Clerk	-	164,077	164,077	167,525	(3,448)	169,076
Planning	-	727,474	727,474	885,041	(157,567)	746,862
Assessing department	-	229,823	229,823	229,606	217	221,699
Human resources	186	179,347	179,533	170,671	8,862	172,474
Personnel benefits	-	35,000	35,000	111,031	(76,031)	39,737
Management information systems	-	495,292	495,292	494,303	989	471,197
Municipal building	20,000	260,422	280,422	284,616	(4,194)	238,265
General government	-	100,745	100,745	79,462	21,283	71,894
Finance	-	362,052	362,052	349,413	12,639	341,949
Purchasing	-	72,232	72,232	59,311	12,921	96,222
Taxation/Treasury	-	342,184	342,184	379,868	(37,684)	308,593
Legal	-	69,000	69,000	345,882	(276,882)	84,944
Risk management	-	421,729	421,729	475,398	(53,669)	459,533
Public information	5,005	9,600	14,605	8,603	6,002	5,220
Engineering	-	7,500	7,500	2,599	4,901	6,742
Outside agencies	-	59,546	59,546	57,809	1,737	57,127
Total general government	25,191	3,774,665	3,799,856	4,340,348	(540,492)	3,727,031
Public services:						
Library	-	645,679	645,679	645,679	-	629,939
Public health and welfare	-	15,185	15,185	12,927	2,258	2,221
Enterprise Park tax rebate	-	-	-	-	-	50,397
Economic Development Corporation	-	209,068	209,068	210,133	(1,065)	206,126
Community services	895	1,815,100	1,815,995	1,980,654	(164,659)	1,754,231
Total public services	895	2,685,032	2,685,927	2,849,393	(163,466)	2,642,914
Public safety:						
Fire Department	8,668	1,545,510	1,554,178	1,412,628	141,550	1,414,202
Police Department	90,677	3,735,384	3,826,061	3,733,757	92,304	3,493,267
Emergency Management	439	35,288	35,727	27,687	8,040	29,349
Marine resources	-	75,883	75,883	76,720	(837)	69,829
Emergency Medical Services	-	969,431	969,431	928,959	40,472	914,662
Total public safety	99,784	6,361,496	6,461,280	6,179,751	281,529	5,921,309
Public works:						
Public Works Department	56,521	2,313,996	2,370,517	2,290,275	80,242	2,082,358
Vehicle maintenance	4,234	1,210,627	1,214,861	1,294,614	(79,753)	1,257,943
Water charges	-	169,632	169,632	151,793	17,839	163,602
Street lighting	-	133,000	133,000	150,377	(17,377)	139,201
Traffic signals	2,120	104,159	106,279	100,213	6,066	87,317
Cemetery care	-	26,595	26,595	25,291	1,304	23,869
Memorials	-	8,893	8,893	7,818	1,075	8,576
Shade trees	2,000	24,600	26,600	30,305	(3,705)	8,350
Engineering services	-	35,000	35,000	29,814	5,186	16,591
Solid waste program	-	1,657,100	1,657,100	1,621,533	35,567	1,582,515
Total public works	64,875	5,683,602	5,748,477	5,702,033	46,444	5,370,322
Education:						
Regular high school (9-12)	-	4,766,814	4,766,814	4,715,124	51,690	4,357,551
Regular middle school (6-8)	-	3,534,994	3,534,994	3,540,408	(5,414)	3,248,521
Regular elementary school (3-5)	-	3,419,367	3,419,367	3,390,106	29,261	3,204,114
Regular elementary school (K-2)	-	3,143,265	3,143,265	3,112,435	30,830	2,881,333
Special services	-	4,801,918	4,801,918	4,729,712	72,206	4,465,957
Transportation	-	1,290,513	1,290,513	1,227,022	63,491	1,172,590
Maintenance	-	2,174,814	2,174,814	2,179,654	(4,840)	2,025,541
Central office	-	672,476	672,476	636,874	35,602	635,597
Debt service	-	4,728,407	4,728,407	4,728,407	-	4,272,027
System-wide	-	1,780,324	1,780,324	1,700,574	79,750	1,650,470
Computer systems management	-	323,538	323,538	316,802	6,736	297,604
Adult education	-	109,026	109,026	71,765	37,261	76,438
Total education	-	30,745,456	30,745,456	30,348,883	396,573	28,287,743

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

	2006					
	2005 carryforward	Budget	Total available	Actual	Variance positive (negative)	2005 Actual
Expenditures, continued:						
Current, continued:						
County tax	\$ -	1,584,344	1,584,344	1,584,344	-	1,519,714
Emergency management	-	-	-	-	-	40,638
Debt service (excluding education):						
Principal	-	2,957,054	2,957,054	2,957,054	-	3,113,081
Interest and other costs	-	1,141,344	1,141,344	1,108,323	33,021	1,191,120
Total debt service	-	4,098,398	4,098,398	4,065,377	33,021	4,304,201
Capital improvements	794,140	515,920	1,310,060	1,114,864	195,196	1,119,917
Total expenditures	984,885	55,448,913	56,433,798	56,184,993	248,805	52,933,789
Excess (deficiency) of revenues over (under) expenditures	(984,885)	(2,067,407)	(3,052,292)	(1,893,240)	1,159,052	(1,350,393)
Other financing sources (uses):						
Operating transfers - in	-	2,170,549	2,170,549	2,166,015	(4,534)	2,086,828
Operating transfers - out	-	(589,987)	(589,987)	(608,069)	(18,082)	(795,906)
General obligation bonds	-	381,000	381,000	936,000	555,000	870,175
Utilization of prior year surplus and carryforward balance	984,885	475,000	1,459,885	-	(1,459,885)	-
Overlay	-	(369,155)	(369,155)	-	369,155	-
Total other financing sources (uses)	984,885	2,067,407	3,052,292	2,493,946	(558,346)	2,161,097
Net change in fund balances - budgetary basis	-	-	-	600,706	600,706	810,704
Reconciliation to GAAP:						
Change in accrued salaries				(134,439)		(56,271)
Fund balances, beginning of year				7,760,008		7,005,575
Fund balances, end of year				\$ 8,226,275		7,760,008

TOWN OF SCARBOROUGH, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2006

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 288,374	-	-	288,374
Investments	3,329,054	-	175,966	3,505,020
Accounts receivable	153,629	-	-	153,629
Notes receivable	7,836	-	-	7,836
Due from State of Maine	30,595	-	-	30,595
Interfund loans	1,301,199	-	8,000	1,309,199
Inventory	12,559	-	-	12,559
Total assets	\$ 5,123,246	-	183,966	5,307,212
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	179,623	-	-	179,623
Accrued payroll	456	-	-	456
Interfund loans	737,026	544,823	952	1,282,801
Total liabilities	917,105	544,823	952	1,462,880
Fund balances (deficit):				
Reserved for:				
Noncurrent notes receivable	2,289	-	-	2,289
Inventory	12,559	-	-	12,559
Principal	-	-	109,928	109,928
Unreserved, undesignated	4,191,293	(544,823)	73,086	3,719,556
Total fund balances (deficit)	4,206,141	(544,823)	183,014	3,844,332
Total liabilities and fund balances	\$ 5,123,246	-	183,966	5,307,212

TOWN OF SCARBOROUGH, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2006

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,767,952	-	-	1,767,952
Contributions	97,856	-	-	97,856
Assessments and impact fees	703,203	-	-	703,203
Sale of lots	8,000	-	8,000	16,000
Other revenue	1,874,812	-	-	1,874,812
Interest revenue	125,845	-	4,263	130,108
Total revenues	4,577,668	-	12,263	4,589,931
Expenditures:				
Current:				
Capital expenditures	1,373,037	-	-	1,373,037
Program expenditures	2,518,149	-	-	2,518,149
Other	16,111	-	952	17,063
Total expenditures	3,907,297	-	952	3,908,249
Excess of revenues over expenditures	670,371	-	11,311	681,682
Other financing sources (uses):				
Transfer from other funds	482,000	66,670	-	548,670
Transfer to other funds	(1,364,453)	(60,295)	-	(1,424,748)
Total other financing sources (uses)	(882,453)	6,375	-	(876,078)
Net change in fund balances	(212,082)	6,375	11,311	(194,396)
Fund balances (deficit), beginning of year	4,418,223	(551,198)	171,703	4,038,728
Fund balances (deficit), end of year	\$ 4,206,141	(544,823)	183,014	3,844,332

NONMAJOR SPECIAL REVENUE FUNDS

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

Special revenue funds are established for the following purposes:

Unemployment Compensation

The Unemployment Compensation fund represents money set aside to be expended for unemployment compensation coverage (reimbursed to the State of Maine, Department of Manpower Affairs) for all municipal and school employees.

Ferry Beach

To account for all fees collected from the sale of resident and non-resident parking stickers, and day-to-day parking fees. Fees from combination passes are split evenly between Pine Point Beach and Ferry Beach funds. The monies are used for the maintenance of the beach parking area.

Recreation Development

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

Sewer Expansion

The purpose of this fund is to collect user and impact fees as well as tax increment financing district revenues to fund the related debt service.

Hurd Park

To account for all fees collected from the sale of resident and non-resident parking stickers, and day-to-day parking fees. Funds from combination passes are split evenly between the Hurd Park fund and the Ferry Beach fund. The funds are used for the maintenance of the beach parking area.

Scarborough Memorial Improvement

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

Dunstan Cemetery Improvement

To account for funds accumulated by the sale of lots in the Dunstan Cemetery. These funds are used to maintain the grounds.

Industrial Park

To account for the sale of property lots in the Scarborough Industrial Park.

Prouts Landing Conservation

To account for monies spent in the upkeep of a 62 acre parcel of land given to the Town by the Linwood Companies/Prout's Landing. This land is to remain in its natural state and is not for recreational purposes.

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

Payne Road Improvements

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

Payne Road Impact Fees

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

Boat Launch Facility

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

Police Asset Forfeiture

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

Hunnewell House

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

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.

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

School Development Impact Fees

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

Friends of the Scarborough Marsh

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

Pleasant Hill Area Drainage

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

School Categorical Programs

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

School Lunch Program

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

Computer Replacement Fund

This fund is used for the replacement of municipal computers.

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2006

	Unemploy- ment Compen- sation	Ferry Beach	Recrea- tional Develop- ment	Sewer Expansion	Hurd Park	Scarborough Memorial Improve- ment	Dunstan Cemetery Improve- ment	Industrial Park	Prouts Landing Conserva- tion	Payne Road Improvements
ASSETS										
Cash and cash equivalents	\$ -	-	128,201	-	-	-	-	-	-	-
Investments	168,684	124,580	-	-	147,072	72,614	1,137	575,171	21,951	135,067
Accounts receivable	-	-	3,000	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	2,289	-	-
Due from State of Maine	-	-	-	-	-	-	-	-	-	-
Interfund loans receivable	-	-	-	461,541	113,895	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 168,684	124,580	131,201	461,541	260,967	72,614	1,137	577,460	21,951	135,067
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	-	-	-	-	-	-	-	-	-	-
Accrued wages	-	-	-	-	-	-	-	-	-	-
Interfund loans payable	3,608	10,723	219,675	-	-	2,000	-	40,721	-	52,654
Total liabilities	3,608	10,723	219,675	-	-	2,000	-	40,721	-	52,654
Fund balances:										
Reserved	-	-	-	-	-	-	-	2,289	-	-
Unreserved:										
Undesignated	165,076	113,857	(88,474)	461,541	260,967	70,614	1,137	534,450	21,951	82,413
Total fund balances (deficit)	165,076	113,857	(88,474)	461,541	260,967	70,614	1,137	536,739	21,951	82,413
Total liabilities and fund balances	\$ 168,684	124,580	131,201	461,541	260,967	72,614	1,137	577,460	21,951	135,067

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

Payne Road Impact Fees	Boat Launch	Police Asset Forfeiture	Hunnewell House	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Development Impact Fees	Friends of the Scarborough Marsh	Pleasant Hill Area Drainage	School Categorical Programs	School Lunch Program	Computer Replacement Fund	Totals
-	-	-	-	-	-	-	-	-	16,655	119,253	24,265	-	288,374
1,535,432	-	2,479	807	160,802	2,907	13,478	270,261	10,530	-	-	-	86,082	3,329,054
-	-	-	-	1,964	50	133,043	5,280	-	-	10,292	-	-	153,629
-	-	-	-	-	-	5,547	-	-	-	-	-	-	7,836
-	-	-	-	-	-	-	-	-	-	-	30,595	-	30,595
50,171	-	65,082	-	315,446	3,830	72,084	219,150	-	-	-	-	-	1,301,199
-	-	-	-	-	-	-	-	-	-	-	12,559	-	12,559
1,585,603	-	67,561	807	478,212	6,787	224,152	494,691	10,530	16,655	129,545	67,419	86,082	5,123,246
5,875	-	-	-	3,128	-	302	-	-	-	107,119	63,199	-	179,623
-	-	-	-	-	-	-	-	-	-	-	456	-	456
-	36,872	-	692	-	-	324,874	-	10,220	-	-	-	34,987	737,026
5,875	36,872	-	692	3,128	-	325,176	-	10,220	-	107,119	63,655	34,987	917,105
-	-	-	-	-	-	-	-	-	-	-	12,559	-	14,848
1,579,728	(36,872)	67,561	115	475,084	6,787	(101,024)	494,691	310	16,655	22,426	(8,795)	51,095	4,191,293
1,579,728	(36,872)	67,561	115	475,084	6,787	(101,024)	494,691	310	16,655	22,426	3,764	51,095	4,206,141
1,585,603	-	67,561	807	478,212	6,787	224,152	494,691	10,530	16,655	129,545	67,419	86,082	5,123,246

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2006

	Unemploy- ment Compen- sation	Ferry Beach	Recrea- tional Develop- ment	Sewer Expansion	Hurd Park	Scarborough Memorial Improve- ment	Dunstan Cemetery Improve- ment	Industrial Park	Prouts Landing Conserva- tion	Payne Road Improvements
Revenues:										
Intergovernmental	\$ -	-	-	-	-	-	-	-	-	-
Interest earned	6,142	6,967	-	-	5,335	2,562	41	22,235	799	6,293
Contributions	4,000	-	-	-	53,058	-	-	-	-	-
Sale of Lots	-	-	-	-	-	8,000	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Assessments and impact fees	-	-	35,250	346,704	-	-	-	-	-	-
Total revenues	10,142	6,967	35,250	346,704	58,393	10,562	41	22,235	799	6,293
Expenditures:										
Construction and acquisitions	-	10,723	-	-	7,503	-	-	50,000	-	52,654
Benefits paid	16,111	-	-	-	-	-	-	-	-	-
Program expenditures	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total expenditures	16,111	10,723	-	-	7,503	-	-	50,000	-	52,654
Excess (deficiency) of revenues over (under) expenditures	(5,969)	(3,756)	35,250	346,704	50,890	10,562	41	(27,765)	799	(46,361)
Other financing sources (uses):										
Operating transfers - in	-	-	-	452,000	-	-	-	-	-	-
Operating transfers - out	-	-	(17,738)	(1,041,515)	-	(10,000)	-	-	-	-
Total other financing sources (uses)	-	-	(17,738)	(589,515)	-	(10,000)	-	-	-	-
Net change in fund balances	(5,969)	(3,756)	17,512	(242,811)	50,890	562	41	(27,765)	799	(46,361)
Fund balances (deficit), beginning of year	171,045	117,613	(105,986)	704,352	210,077	70,052	1,096	564,504	21,152	128,774
Fund balances (deficit), end of year	\$ 165,076	113,857	(88,474)	461,541	260,967	70,614	1,137	536,739	21,951	82,413

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

Payne Road Impact Fees	Boat Launch	Police Asset Forfeiture	Hunnewell House	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Development Impact Fees	Friends of the Scarborough Marsh	Pleasant Hill Area Drainage	School Categorical Programs	School Lunch Program	Computer Replacement Fund	Totals
-	-	28,532	-	-	-	550,587	-	-	-	978,332	210,501	-	1,767,952
55,814	-	90	20	5,854	106	464	9,605	384	-	-	-	3,134	125,845
-	8,235	-	-	8,595	8,968	15,000	-	-	-	-	-	-	97,856
-	-	-	-	-	-	-	-	-	-	-	-	-	8,000
-	-	-	-	652,310	-	68,957	-	-	-	122,234	1,031,311	-	1,874,812
21,069	-	-	-	-	-	-	300,180	-	-	-	-	-	703,203
76,883	8,235	28,622	20	666,759	9,074	635,008	309,785	384	-	1,100,566	1,241,812	3,134	4,577,668
-	5,167	20,000	-	403,336	19,434	794,000	-	10,220	-	-	-	-	1,373,037
-	-	-	-	-	-	-	-	-	-	-	-	-	16,111
-	-	-	692	143,662	-	-	-	-	-	1,143,181	1,230,614	-	2,518,149
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	5,167	20,000	692	546,998	19,434	794,000	-	10,220	-	1,143,181	1,230,614	-	3,907,297
76,883	3,068	8,622	(672)	119,761	(10,360)	(158,992)	309,785	(9,836)	-	(42,615)	11,198	3,134	670,371
-	-	-	-	-	-	-	-	-	-	-	30,000	-	482,000
-	-	-	-	-	-	-	(295,200)	-	-	-	-	-	(1,364,453)
-	-	-	-	-	-	-	(295,200)	-	-	-	30,000	-	(882,453)
76,883	3,068	8,622	(672)	119,761	(10,360)	(158,992)	14,585	(9,836)	-	(42,615)	41,198	3,134	(212,082)
1,502,845	(39,940)	58,939	787	355,323	17,147	57,968	480,106	10,146	16,655	65,041	(37,434)	47,961	4,418,223
1,579,728	(36,872)	67,561	115	475,084	6,787	(101,024)	494,691	310	16,655	22,426	3,764	51,095	4,206,141

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, 2006

	Fund balances beginning of year	Revenues		Program expenditures	Fund balances end of year
		Grants	Other		
Federal education grant programs:					
NCLB/Title IA	\$ 1,206	150,733	-	150,138	1,801
NCLB/Title IIA	(3,747)	85,337	-	68,895	12,695
NCLB/Title IID	4,907	2,978	-	4,611	3,274
NCLB/Title IVA	4,061	6,411	-	3,731	6,741
NCLB/Title VA	1,735	13,916	-	12,554	3,097
Refugee Resettlement	4,635	2,930	-	1,645	5,920
Local Entitlement	(979)	595,882	-	665,092	(70,189)
Preschool handicapped	-	3,289	-	-	3,289
Title II (Eisenhower Math and Science)	4,108	-	-	-	4,108
Goals 2000	48	-	-	-	48
Total federal education grant programs	15,974	861,476	-	906,666	(29,216)
Other State grant programs:					
State Agency Clients	7,785	90,095	-	96,912	968
Professional Development Grant	34,898	29,691	-	22,756	41,833
Total other state grant programs	42,683	119,786	-	119,668	42,801
Co-curricular programs:					
Red Storm Football	(159)	-	17,977	16,842	976
Ice Hockey	-	-	13,070	13,063	7
HS Girls Ice Hockey	-	-	7,490	7,491	(1)
HS Lacrosse	2,577	-	7,143	7,976	1,744
Girl's Lacrosse	(1,859)	-	4,000	4,055	(1,914)
Gym Dandies	311	-	13,194	13,167	338
Varsity Track	-	-	-	-	-
Baseball and Softball	(3)	-	-	-	(3)
High School/MS Swimming	-	-	10,840	7,792	3,048
Field Hockey	(105)	-	7,391	7,347	(61)
Foreign Language Club	(59)	-	-	-	(59)
HS Volleyball	105	-	3,658	3,763	-
HS Wrestling	(2,867)	-	5,817	3,022	(72)
Maine Nutrition Program	500	-	-	-	500
Community Services transportation	(1,035)	-	23,927	26,086	(3,194)
Community Foundation Grant	98	-	157	98	157
Band	-	-	2,000	2,204	(204)
Wal Mart Adult Ed grant	-	-	1,000	-	1,000
SMS Math/UNUM	-	-	2,000	1,998	2
MS Health Grant	(388)	-	-	-	(388)
Total co-curricular programs	(2,884)	-	119,664	114,904	1,876
Other special programs:					
Wellness Activities	105	-	90	149	46
Winslow Homer Auditorium	4,286	-	(450)	950	2,886
Beacon Learning Center	4,877	-	-	844	4,033
Total other special programs	9,268	-	(360)	1,943	6,965
Total school categorical programs	\$ 65,041	981,262	119,304	1,143,181	22,426

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:

Municipal Building Fund

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

TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Fund
Balance Sheet
June 30, 2006

		Municipal Building Fund
ASSETS		
Cash and cash equivalents	\$	-
Interfund loans receivable		-
Total assets	\$	-
LIABILITIES AND FUND BALANCE		
Liabilities:		
Interfund loans payable		544,823
Total liabilities		544,823
Fund balance (deficit):		
Unreserved:		
Designated		-
Undesignated		(544,823)
Total fund deficit		(544,823)
Total liabilities and fund balance	\$	-

TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2006

		Municipal Building Fund
Revenues:		
Interest earned	\$	-
Intergovernmental		-
Other		-
Total revenues		-
Expenditures:		
Construction and professional services		-
Total expenditures		-
Excess (deficiency) of revenues over (under) expenditures		-
Other financing sources (uses):		
Operating transfers - in		66,670
Operating transfers - out		(60,295)
Proceeds of general obligation bonds		-
Total other financing sources (uses)		6,375
Net change in fund balances		6,375
Fund deficit, beginning of year		(551,198)
Fund deficit, end of year	\$	(544,823)

NONMAJOR PERMANENT FUNDS

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

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

Scarborough Memorial Cemetery

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

Dunstan Perpetual Care

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

Mary A. Tucker Fund

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

TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2006

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
ASSETS				
Investments	\$ 147,376	25,777	2,813	175,966
Interfund loans receivable	8,000	-	-	8,000
Total assets	\$ 155,376	25,777	2,813	183,966
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	-	952	-	952
Total liabilities	-	952	-	952
Fund balances:				
Principal	96,061	13,367	500	109,928
Unexpended income	59,315	11,458	2,313	73,086
Total fund balances	155,376	24,825	2,813	183,014
Total liabilities and fund balances	\$ 155,376	25,777	2,813	183,966

TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2006

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues:				
Interest and dividends	\$ 3,292	952	19	4,263
Sale of lots/perpetual care deposits	8,000	-	-	8,000
Total revenues	11,292	952	19	12,263
Expenditures:				
Earnings retained by General Fund	-	952	-	952
Other	-	-	-	-
Total expenditures	-	952	-	952
Net change in fund balances	11,292	-	19	11,311
Fund balances, beginning of year	144,084	24,825	2,794	171,703
Fund balances, end of year	\$ 155,376	24,825	2,813	183,014

PRIVATE-PURPOSE TRUST FUNDS

Shirley Grover Fund

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.

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.

PRIVATE-PURPOSE TRUST FUNDS, CONTINUED

Bertha Libby-Lary Scholarship Fund

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

Academic Decathlon Scholarship Fund

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

Kathy Pearson Scholarship Fund

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

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 in memory of Virginia Jackson established by her family to provide a \$1,500 annual scholarship to one Scarborough High School senior who will be attending college upon graduation.

TOWN OF SCARBOROUGH, MAINE
Trust Funds - Private-purpose
Combining Statement of Fiduciary Net Assets
June 30, 2006

	Shirley Grover Fund	Mary Campbell Peterson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
ASSETS													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	\$ 1,439	93,740	103,032	3,444	300	1,032	26,851	277	3,357	12,177	1,939	4,084	251,672
Interfund loans	-	-	-	-	-	1,000	87	-	-	-	-	-	1,087
Total assets	\$ 1,439	93,740	103,032	3,444	300	2,032	26,938	277	3,357	12,177	1,939	4,084	252,759
LIABILITIES AND NET ASSETS													
Liabilities:													
Interfund loans	-	1,000	-	400	-	-	1,500	-	150	-	-	-	3,050
Accounts payable	-	-	-	-	-	-	-	200	-	1,500	-	250	1,950
Total liabilities	-	1,000	-	400	-	-	1,500	200	150	1,500	-	250	5,000
Net assets:													
Principal	1,240	87,680	100,000	-	-	-	-	500	2,026	3,500	-	3,810	198,756
Undesignated	199	5,060	3,032	3,044	300	2,032	25,438	(423)	1,181	7,177	1,939	24	49,003
Total net assets	1,439	92,740	103,032	3,044	300	2,032	25,438	77	3,207	10,677	1,939	3,834	247,759
Total liabilities and net assets	\$ 1,439	93,740	103,032	3,444	300	2,032	26,938	277	3,357	12,177	1,939	4,084	252,759

TOWN OF SCARBOROUGH, MAINE
Trust Funds - Private-purpose
Combining Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2006

	Shirley Grover Fund	Mary Campbell Peterson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
Additions													
Donations	\$ -	-	-	-	-	1,000	87	-	-	-	-	-	1,087
Interest and dividends	48	3,286	3,608	124	17	19	983	10	78	129	71	108	8,481
Total additions	48	3,286	3,608	124	17	1,019	1,070	10	78	129	71	108	9,568
Deductions:													
School scholarships	-	1,000	2,000	400	300	1,000	1,500	-	150	250	-	-	6,600
Total deductions	-	1,000	2,000	400	300	1,000	1,500	-	150	250	-	-	6,600
Changes in net assets	48	2,286	1,608	(276)	(283)	19	(430)	10	(72)	(121)	71	108	2,968
Net assets, beginning of year	1,391	90,454	101,424	3,320	583	2,013	25,868	67	3,279	10,798	1,868	3,726	244,791
Net assets, end of year	\$ 1,439	92,740	103,032	3,044	300	2,032	25,438	77	3,207	10,677	1,939	3,834	247,759

TOWN OF SCARBOROUGH, MAINE
Agency Funds
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2006

	Balance			Balance
	July 1, 2005	Additions	Deletions	June 30, 2006
STUDENT ACTIVITIES:				
ASSETS				
Cash	\$ 193,461	222,523	241,799	174,185
LIABILITIES				
Payable to student groups	\$ 193,461	222,523	241,799	174,185

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TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-term Debt
For the year ended June 30, 2006

	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>							
1987 Capital Improvements	Varies	2008	\$ 125,000 to 2008	375,000		125,000	250,000
1988 Capital Improvements	Varies	2009	275,000 to 2009	1,100,000		275,000	825,000
1989 Capital Improvements	Varies	2009	110,000 to 2008				
			100,000 in 2009	430,000		110,000	320,000
1990 Capital Improvements	Varies	2011	335,000 to 2007				
			325,000 to 2010	1,970,000		335,000	1,635,000
1993 Capital Improvements	Varies	2013	25,000 to 2013	200,000		25,000	175,000
1994 Capital Improvements	Varies	2015	230,000 to 2015	2,300,000		230,000	2,070,000
1995 Capital Improvements	6.00%	2006	12,433.22 in 2006	12,433		12,433	-
1995 Capital Improvements	Varies	2016	305,000 to 2006				
			265,000 to 2016	2,955,000		305,000	2,650,000
1997 Capital Improvements	Varies	2017	205,000 to 2007				
			110,000 to 2017	1,510,000		205,000	1,305,000
1998 Capital Improvements	Varies	2008	100,000 to 2007				
			85,000 in 2008	285,000		100,000	185,000
1999 Capital Improvements	Varies	2019	400,000 to 2007				
			395,000 to 2009				
			70,000 to 2019	2,290,000		400,000	1,890,000
2000 Capital Improvements	Varies	2020	210,000 to 2008				
			205,000 to 2010				
			155,000 to 2020	2,190,000		210,000	1,980,000
2001 Capital Improvements	Varies	2021	510,000 in 2006				
			190,000 in 2007				
			180,000 to 2011				
			120,000 in 2012				
			115,000 to 2021	2,575,000		510,000	2,065,000
2002 Capital Improvements	2.375%	2007	850,000 in 2006				
	2.700%		845,000 in 2007	1,695,000		850,000	845,000
2003 Capital Improvements	Varies	2033	1,070,000 in 2006				
			890,000 in 2007				
			995,000 in 2008				
			655,000 in 2009				
			685,000 in 2010				
			750,000 in 2011				
			840,000 in 2012				
			925,000 in 2013				
			595,000 in 2014				
			685,000 in 2015				
			780,000 in 2016				
			885,000 in 2017				
			1,005,000 in 2018				
			1,135,000 in 2019				
			1,280,000 in 2020				
			1,435,000 in 2021				
			1,610,000 in 2022				
			1,800,000 in 2023				
			430,000 in 2024				
			450,000 in 2025				
			475,000 in 2026				
			495,000 in 2027				
			520,000 in 2028				
			545,000 in 2029				
			570,000 in 2030				
			595,000 in 2031				
			625,000 in 2032				
			655,000 in 2033	23,380,000		1,070,000	22,310,000
2004 Capital Improvements	2.250%	2034	830,000 in 2006				
			975,000 to 2008				
			985,000 in 2009				
			665,000 in 2010				

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>							
2004 Capital Improvements	con'td	2034	680,000 to 2012 690,000 in 2013 555,000 in 2014 215,000 in 2015 225,000 in 2016 235,000 in 2017 245,000 in 2018 255,000 in 2019 265,000 in 2020 280,000 in 2021 290,000 in 2022 305,000 in 2023 320,000 in 2024 335,000 in 2025 350,000 in 2026 365,000 in 2027 385,000 in 2028 400,000 in 2029 420,000 in 2030 440,000 in 2031 460,000 in 2032 480,000 in 2033				
2005 Capital Improvements	Varies	2034	500,000 in 2034 340,000 in 2006 510,000 in 2007 520,000 in 2008 525,000 in 2009 385,000 in 2010 390,000 in 2011 395,000 in 2012 305,000 in 2013 315,000 in 2014 250,000 in 2015 230,000 in 2016 240,000 in 2017 250,000 in 2018 260,000 in 2019 270,000 in 2020 280,000 in 2021 290,000 in 2022 300,000 in 2023 315,000 in 2024 325,000 in 2025 340,000 in 2026 355,000 in 2027 370,000 in 2028 385,000 in 2029 405,000 in 2030 420,000 in 2031 440,000 in 2032 460,000 in 2033	13,805,000	-	830,000	12,975,000
2006 Capital Improvements	Varies	2021	480,000 in 2034 479,000 in 2007 665,000 in 2008 690,000 in 2009 805,000 in 2010 835,000 in 2011 480,000 in 2012 510,000 in 2013 515,000 in 2014 530,000 in 2015 505,000 in 2016 185,000 in 2017 190,000 in 2018 195,000 in 2019 210,000 in 2020 220,000 in 2021	10,665,000	-	315,000	10,350,000
Total bonds				-	7,014,000	-	7,014,000
				67,737,433	7,014,000	5,907,433	68,844,000
Total long-term debt		\$		67,737,433	7,014,000	5,907,433	68,844,000

Statistical Section



STATISTICAL SECTION

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

Contents

Table

Financial Trends

1-7

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

Revenue Capacity

8-12

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

Debt Capacity

13-15

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

Demographic and Economic Information

15-16

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

Operating Information

17-19

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

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

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

	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 6,893	\$ 6,689	\$ 29,885	\$ 36,323
Restricted	21,040	19,332	7,629	4,210
Unrestricted	10,187	9,709	9,874	13,952
Total governmental activities net assets	\$ 38,120	\$ 35,730	\$ 47,388	\$ 54,485

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

Table 2

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

	2003	2004	2005	2006
Revenues:				
Program revenues:				
Charges for services	\$ 2,728	\$ 5,363	\$ 6,488	\$ 7,024
Operating grants and activities	6,992	8,744	9,297	10,706
Capital grants and contributions	312	-	-	4,681
General revenues:				
Property and excise taxes, levies for general purposes	34,472	37,182	40,075	41,406
Grants and contributions not restricted to specific programs	6,667	2,096	1,952	2,062
Unrestricted investment earnings	209	105	159	261
Total revenues	51,380	53,490	57,971	66,140
Expenses:				
General government	8,596	7,180	8,476	7,199
Public services	2,701	2,597	2,658	2,871
Public safety	5,552	6,127	6,153	6,552
Public works	5,175	5,266	5,882	6,276
Education	23,444	25,442	28,695	33,491
County tax	1,306	1,442	1,520	1,584
Interest on debt service	895	2,610	1,168	1,069
Total expenses	47,669	50,664	54,552	59,042
Change in Net Assets	\$ 3,711	\$ 2,826	\$ 3,419	\$ 7,098

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

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 1,643	\$ 1,373	\$ 991	\$ 936	\$ 889	\$ 800	\$ 752	\$ 710	\$ 697	\$ 771
Unreserved	792	926	1,735	2,778	3,669	5,753	6,211	5,919	7,063	7,455
Total general fund	\$ 2,435	\$ 2,299	\$ 2,726	\$ 3,714	\$ 4,558	\$ 6,553	\$ 6,963	\$ 6,629	\$ 7,760	\$ 8,226
All Other Governmental Funds										
Reserved	42	254	374	469	753	140	132	123	117	125
Unreserved, reported in:										
Special revenue funds	316	1,016	1,878	3,040	3,756	4,288	5,010	5,011	4,403	8,180
Capital projects funds	416	(330)	(201)	207	864	239	20,278	18,611	6,963	4,085
Permanent funds	42	45	47	50	54	67	68	69	70	73
Total all other governmental funds	\$ 816	\$ 985	\$ 2,098	\$ 3,766	\$ 5,427	\$ 4,734	\$ 25,488	\$ 23,814	\$ 11,553	\$ 12,463

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

	Fiscal Years Ending									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 23,258	\$ 25,015	\$ 25,260	\$ 27,560	\$ 29,311	\$ 32,380	\$ 34,582	\$ 37,191	\$ 40,066	\$ 41,377
Licenses and permits	390	386	419	653	433	413	429	480	567	611
Intergovernmental	7,203	7,899	8,700	10,186	11,006	11,212	11,600	10,823	11,219	12,604
Interest earned	382	405	327	392	533	272	209	348	442	644
Other	2,442	2,574	3,031	3,310	3,266	3,640	4,877	4,648	5,677	10,921
Total revenues	33,675	36,279	37,737	42,101	44,549	47,917	51,697	53,490	57,971	66,157
Expenditures										
General government	2,221	2,358	2,538	2,756	2,923	3,041	3,425	3,568	3,727	4,340
Public services	1,668	1,960	1,996	2,305	2,504	2,325	2,653	2,572	2,643	2,849
Public safety	3,395	3,552	3,850	4,271	4,465	4,706	5,275	5,934	5,962	6,180
Public works	3,017	3,318	3,642	3,585	4,103	4,108	4,767	4,877	5,370	5,702
Education (Includes School Debt)	17,564	17,998	19,468	21,130	22,901	25,091	26,880	28,862	30,919	32,792
County tax	882	900	902	842	933	1,062	1,307	1,442	1,520	1,584
Debt service (Principal-Town Only)	1,615	1,690	1,711	2,023	2,171	2,206	2,423	3,918	3,176	2,957
Debt service (Interest-Town Only)	715	778	741	796	875	834	769	1,128	1,128	1,108
Capital improvements	6,311	4,069	5,797	4,882	4,256	4,643	4,908	15,820	23,374	11,467
Other	716	1,856	2,051	1,631	1,857	2,612	2,704	2,003	2,323	2,816
Total expenditures	38,104	38,479	42,696	44,221	46,988	50,628	55,111	70,124	80,142	71,795
Excess (deficiency) of revenues over (under) expenditures	(4,429)	(2,200)	(4,959)	(2,120)	(2,439)	(2,711)	(3,414)	(16,634)	(22,171)	(5,638)
Other financing sources (uses)										
Transfers in	2,159	2,763	1,711	2,144	2,040	2,402	1,538	2,115	2,923	2,780
Transfers out	(2,159)	(2,763)	(1,711)	(2,144)	(2,040)	(2,402)	(1,538)	(2,115)	(2,923)	(2,780)
General obligation bonds	4,230	2,225	6,493	4,770	4,932	4,000	24,579	14,628	10,665	7,014
Total other financing sources (uses)	4,230	2,225	6,493	4,770	4,932	4,000	24,579	14,628	10,665	7,014
Net change in fund balances	\$ (199)	\$ 25	\$ 1,534	\$ 2,650	\$ 2,493	\$ 1,289	\$ 21,165	\$ (2,006)	\$ (11,506)	\$ 1,376
Debt Service as a % of non-capital expenditures	7.33%	7.17%	6.65%	7.17%	7.13%	6.61%	6.36%	9.29%	7.58%	6.74%

Table 5

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

Years ended	General government	Public service	Public safety	Public works	Education	County tax	Debt service	Other	Capital expenditures	Total
1997	\$ 2,221	\$ 1,668	\$ 3,395	\$ 3,017	\$ 15,180	\$ 882	\$ 2,330	\$ 93	\$ -	\$ 28,786
1998	2,358	1,960	3,552	3,318	16,298	900	2,468	92	-	30,946
1999	2,538	1,996	3,850	3,642	17,403	902	2,452	47	-	32,830
2000	2,756	2,305	4,271	3,585	19,138	842	2,819	50	-	35,766
2001	2,923	2,504	4,465	4,103	20,721	933	3,046	57	-	38,752
2002**	3,041	2,325	4,706	4,108	22,688	1,062	3,040	102	1,234	42,306
2003	3,425	2,653	5,275	4,767	24,172	1,307	3,192	148	1,209	46,148
2004	3,568	2,572	5,934	4,877	26,281	1,442	5,046	-	653	50,373
2005	3,727	2,643	5,962	5,370	28,288	1,520	4,304	-	1,120	52,934
2006	4,340	2,849	6,180	5,702	30,483	1,584	4,065	280	835	56,318

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

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

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

Fiscal Year	Property tax	Interest and Costs on taxes	Vehicle Excise tax	Boat Excise tax	Franchise tax fees	Total
1997	\$ 20,673	\$ 129	\$ 2,434	\$ 22	\$ -	\$ 23,258
1998	22,187	154	2,652	22	-	25,015
1999	22,184	120	2,929	27	-	25,260
2000	24,145	120	3,269	26	-	27,560
2001	25,778	102	3,412	19	-	29,311
2002	28,611	105	3,637	27	-	32,380
2003	30,547	179	3,828	27	-	34,581
2004	32,862	72	4,143	27	-	37,104
2005	35,549	58	4,228	26	143	40,004
2006	36,700	61	4,409	29	146	41,345

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

Fiscal Year	Real property		Personal property		Totals		Ratio of total assessed value to total estimated actual value
	Assessed property	Estimated actual value	Assessed property	Estimated actual value	Assessed property	Estimated actual value	
1997	\$ 1,083,312	\$ 1,083,312	\$ 55,652	\$ 55,652	\$ 1,138,964	\$ 1,138,964	100%
1998	1,125,960	1,125,960	60,195	60,195	1,186,155	1,186,155	100%
1999	1,138,292	1,138,292	67,852	67,852	1,206,144	1,206,144	100%
2000	1,180,279	1,180,279	79,051	79,051	1,259,330	1,259,330	100%
2001	1,230,378	1,230,378	83,306	83,306	1,313,684	1,313,684	100%
2002	1,764,041	1,764,041	94,304	94,304	1,858,345	1,858,345	100%
2003	1,831,117	1,831,117	99,459	99,459	1,930,576	1,930,576	100%
2004	1,903,869	1,903,869	99,118	99,118	2,002,987	2,002,987	100%
2005	1,951,952	1,951,952	105,637	105,637	2,057,589	2,057,589	100%
2006	3,143,853	3,143,853	112,989	112,989	3,256,842	3,256,842	100%

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

<u>Fiscal Year</u>	<u>Town</u>	<u>School</u>	<u>Community Services</u>	<u>County Tax</u>	<u>Tax Increment Financing District</u>	<u>Overlay</u>	<u>State Revenue Sharing (1)</u>	<u>Total Property Tax Rates by Year</u>
1997	7.116	10.009	0.338	0.774	0.390	0.319	(0.746)	18.20
1998	6.919	10.333	0.346	0.758	0.642	0.160	(0.759)	18.40
1999	6.826	11.107	0.349	0.748	0.702	0.103	(1.435)	18.40
2000	7.169	11.640	0.356	0.668	0.701	0.141	(1.476)	19.20
2001	7.250	12.168	0.327	0.710	0.686	0.106	(1.649)	19.60
2002	5.507	9.393	0.231	0.571	0.378	0.210	(0.991)	15.30
2003	5.487	9.871	0.201	0.677	0.373	0.051	(0.960)	15.70
2004	5.501	10.522	0.133	0.720	0.377	0.060	(0.853)	16.46
2005	5.535	11.332	0.110	0.739	0.387	0.036	(0.798)	17.34
2006	3.618	7.366	0.065	0.486	0.181	0.113	(0.529)	11.30

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

TOWN OF SCARBOROUGH, MAINE
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts expressed in thousands)

	1997			2006			
	Taxable Assessed		Percentage of Total Taxable Assessed	Taxable Assessed		Percentage of Total Taxable Assessed	
	Value	Rank	Value	Value	Rank	Value	
Taxpayer				Taxpayer			
James McBrady	\$ 21,000,600	1	1.84%	Maine Life Care	\$ 61,629,500	1	1.89%
Wal-Mart	15,759,300	2	1.38%	Hannaford Brothers	30,414,300	2	0.93%
Gavin Ruotolo	9,541,800	3	0.84%	Wal-Mart/Sam's Club	26,416,900	3	0.81%
Hannaford Brothers	8,954,300	4	0.79%	Black Point Inn	16,406,400	4	0.50%
Konica Quality Photo	8,838,400	5	0.78%	MMC Realty	14,471,500	5	0.44%
Shaw's Supermarket	7,466,100	6	0.66%	Gavin Ruotolo	12,641,500	6	0.39%
Central Maine Power	6,587,000	7	0.58%	ERP Operating LP	11,922,600	7	0.37%
Ram Trust 2 and 3	6,007,900	8	0.53%	Shaw's Supermarket	9,458,900	8	0.29%
Davric Maine Corp.	5,412,000	9	0.48%	Davric Maine Corp.	9,447,500	9	0.29%
Black Point Inn	4,485,900	10	0.39%	Central Maine Power	8,622,800	10	0.26%
Total Principal Taxpayers	<u>94,053,300</u>		<u>8.26%</u>		<u>201,431,900</u>		<u>6.18%</u>
Total Assessed Value:	<u>\$ 1,138,964,400</u>				<u>\$ 3,256,841,900</u>		

Table 10

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collections Within Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 20,753,098	\$ 20,114,112	96.9%	\$ 635,756	\$ 20,749,868	100.0%
1998	21,888,873	21,381,876	97.7%	503,319	21,885,195	100.0%
1999	22,202,538	21,745,877	97.9%	450,499	22,196,376	100.0%
2000	24,185,214	23,716,155	98.1%	462,098	24,178,253	100.0%
2001	25,765,523	25,339,458	98.3%	419,490	25,758,948	100.0%
2002	28,450,220	28,120,508	98.8%	322,879	28,443,387	100.0%
2003	30,348,015	30,103,820	99.2%	232,987	30,336,807	100.0%
2004	32,969,169	32,747,946	99.3%	211,630	32,959,576	100.0%
2005	35,735,569	35,423,923	99.1%	215,762	35,639,685	99.7%
2006	36,824,648	36,527,411	99.2%	-	36,527,411	99.2%

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

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate	Tax Levy
1997	\$ 1,083,312	\$ 55,652	\$ 1,138,964	18.20	\$ 20,729
1998	1,125,960	60,195	1,186,155	18.40	21,825
1999	1,138,292	67,851	1,206,143	18.40	22,193
2000	1,180,279	79,051	1,259,330	19.20	24,179
2001	1,230,378	83,306	1,313,684	19.60	25,748
2002	1,764,013	94,303	1,858,316	15.30	28,433
2003	1,831,117	99,459	1,930,576	15.70	30,310
2004	1,903,869	99,118	2,002,987	16.46	32,969
2005	1,951,952	105,637	2,057,589	17.34	35,679
2006	3,143,853	112,989	3,256,842	11.30	36,802

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Assessed Value</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Population*</u>	<u>Debt Per Capita</u>
1997	\$ 32,499,641	\$ 1,138,964,400	2.85%	12,518	2,596
1998	31,531,840	1,186,155,300	2.66%	12,518	2,519
1999	34,071,571	1,206,143,900	2.82%	12,518	2,722
2000	35,059,806	1,259,330,100	2.78%	16,970	2,066
2001	35,787,515	1,313,684,200	2.72%	16,970	2,109
2002	35,095,667	1,858,344,800	1.89%	16,970	2,068
2003	54,759,228	1,930,576,300	2.84%	16,970	3,227
2004	62,952,163	2,002,987,200	3.14%	16,970	3,710
2005	67,737,433	2,057,589,000	3.29%	18,812	3,601
2006	68,844,000	3,256,841,900	2.11%	18,812	3,660

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

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

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

Fiscal year	Principal		Interest		Total debt service		Total general fund expenditures		Ratio of debt service to general fund expenditures
1997	\$	2,772	\$	1,890	\$	4,662	\$	30,051	15.51%
1998		3,193		1,991		5,184		30,945	16.75%
1999		3,203		1,927		5,130		32,829	15.63%
2000		3,782		1,905		5,687		35,766	15.90%
2001		4,204		1,858		6,062		38,752	15.64%
2002		4,692		1,895		6,587		42,305	15.57%
2003		4,915		1,634		6,549		46,463	14.10%
2004		6,435		2,358		8,793		50,373	17.46%
2005		5,880		2,634		8,514		52,934	16.08%
2006		5,907		2,846		8,753		56,185	15.58%

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 159,053	\$ 166,425	\$ 173,295	\$ 188,018	\$ 206,243	\$ 235,755	\$ 279,720	\$ 323,745	\$ 380,820	\$ 430,980
Total net debt applicable to limit	32,500	31,532	34,072	35,060	35,788	35,096	54,759	62,952	67,737	68,844
Legal debt margin	126,553	134,893	139,223	152,958	170,455	200,659	224,961	260,793	313,083	362,136
Total net debt applicable to the limit as a percentage of debt limit	20.43%	18.95%	19.66%	18.65%	17.35%	14.89%	19.58%	19.44%	17.79%	15.97%

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.

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

Fiscal Year	Population (a)	Per Capita		Median Age (a)	School Enrollment (c)	Unemployment Rate (d)
		Personal Income (b)	Personal Income (a)			
1997	12,518	\$ 223,433,782	\$ 17,849	35.20	2,547	2.20%
1998	12,518	223,433,782	17,849	35.20	2,676	1.90%
1999	12,518	223,433,782	17,849	35.20	2,785	1.80%
2000	16,970	302,897,530	17,849	35.20	2,893	1.40%
2001	16,970	302,897,530	17,849	35.20	3,037	1.80%
2002	16,970	302,897,530	17,849	35.20	3,137	2.00%
2003	16,970	446,667,370	26,321	38.80	3,210	2.20%
2004	16,970	446,667,370	26,321	38.80	3,234	2.90%
2005	18,812	495,150,652	26,321	38.80	3,308	3.00%
2006	18,812	495,150,652	26,321	38.80	3,324	3.00%

(a) For years 1997 through 2000, 1990 Census, U.S. Department of Commerce, Bureau of Census and for years 2001 through 2006, 2000 Census, U.S. Department of Commerce, Bureau of Census.

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

(c) State of Maine Department of Education. April 1 Census, 2006 data is from October 1, 2005 Census data.

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

Table 16

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

<u>1997</u>			<u>2006</u>		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>
Town of Scarborough	1,172	1	Town of Scarborough	1,354	1
Hannaford Brothers	780	2	Hannaford Brothers	1,157	2
Konica Quality Photo	450	3	NordX	262	3
Hanover Insurance	185	4	Wal-Mart	249	4
Wal-Mart	161	5	Shaw's	183	5
Humpty Dumpty	155	6	R.C. Moore Trucking	150	6
Rock-Team Converting	120	7	Sam's Club	146	7
Gabriel Electronics	116	8	Rich Tool International	111	8
R.C. Moore Trucking	95	9	Inverness Medical Innovations	109	9
N.E. Tech Air, Inc.	85	10	RTS Packaging	98	10

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Function:										
Police:										
Physical arrests	531	469	273	349	429	587	634	401	332	822
Traffic violations	2,957	3,158	1,754	2,892	2,263	2,637	2,455	1,976	1,077	1,337
No. of full time employees										47
No. of part time employees										37
Fire:										
Number of calls answered (1)	1,145	1,366	1,501	1,452	1,114	2,646	2,868	2,251	2,450	2,356
No. of full time employees										4
No. of part time employees										172
Rescue:										
Number of calls answered								2,407	2,506	2,247
No. of full time employees										11
No. of part time employees										15
Public Works (2):										
Street resurfacing (miles)								1.94	5.26	6.03
Pot holes repaired (qty used in tons)								43	82	71
No. times plows dispatched								19	24	53
No. of full time employees										32
No. of part time employees										3

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

Division	Department	Function	Division	Department	Function		
General Government:	Legislative	Town Council	Public Works:	Public Works:	Road/Highway Maint.		
	Administration:	Administration				Vehicle Maint.	
		Town Clerk				Traffic Signals	
		Elections				Engineering	
		Human Resources				Solid Waste	
		Legal				Water Charges	
		Municipal Insurance				Street Lighting	
		Municipal Building				Cemetery Care	
		Public Information				Memorials	
		Outside Agency Requests				Shade Trees	
		Finance:		Accounting		Education:	Kindergarten
	Tax/Treasury			Elementary			
	Purchasing			Secondary			
	Assessing			Special Services			
	Planning:	Planning		Transportation			
		Code Enforcement		Adult Education			
		Zoning & Planning Boards		Computer Mgmt			
	Information Syst.						
	Public Service:	Community Serv:	Recreation				
			Parks				
			Child Care				
			Beach Care				
			Grounds Maintenance				
Local Access Cable TV							
Public Assistance		Welfare/Health Assist,					
Economic Develop.							
Library							
Public Safety:		Fire:	Fire Suppression				
	Fire Prevention						
	Rescue						
	Emergency Preparedness						
	Police:	Patrol					
		Dispatch					
		Marine Resources					

TOWN OF SCARBOROUGH, MAINE
Unemployment Data
Last Seven Fiscal Years

Fiscal Year ending June 30,	Portland Metropolitan Statistical Area (PMSA)*	State of Maine
2000	2.3%	3.0%
2001	2.7%	3.5%
2002	3.3%	4.2%
2003	3.7%	4.9%
2004	3.4%	4.3%
2005	3.6%	4.6%
2006	3.5%	4.4%

* The Maine Department of Labor provides unemployment data for various regions of the State of Maine. While data is not specifically provided for the Town of Scarborough, we are included in the region known as the Portland Metropolitan Statistical Area (PMSA).

Data can be found at: www.state.me.us/labor/lmis/laus.html