

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aa3 to Scarborough, ME's GOs

Global Credit Research - 09 Feb 2018

New York, February 09, 2018 -- Moody's Investors Service has assigned a Aa3 rating to the town of Scarborough, Maine's \$18.9 million 2018 General Obligation Bonds. We maintain the Aa3 rating on the town's outstanding general obligation bonds.

RATINGS RATIONALE

The Aa3 rating reflects the town's moderately sized tax base with above average resident wealth and incomes, improving financial position with satisfactory reserves and manageable debt and pension liabilities.

RATING OUTLOOK

Moody's does not normally assign outlooks to local government credits with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Multi-year trend of surplus operations leading to a large increase in liquidity and reserves
- Elimination of the General Fund's receivable related to the Haigis Parkway TIF District

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Trend of operating deficits resulting in reserve declines
- Material increase in the General Fund receivable due from the Haigis Parkway TIF fund
- Trend of tax base declines or deterioration of the demographic profile
- Material growth in debt burden

LEGAL SECURITY

The bonds are secured by the town's general obligation limited tax pledge as debt service is subject to the state's property tax limitation known as LD-1.

USE OF PROCEEDS

Proceeds for this issuance will be primarily used to finance the construction of the town's new public safety building.

PROFILE

Scarborough has a population of 19,300 and is located on the southern coast of Maine, approximately 7 miles south of Portland.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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