



In the opinion of Bernstein Shur Sawyer & Nelson, P.A., Bond Counsel, ("Bond Counsel") and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Bonds (as defined below) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, such interest is not an item of tax preference for purposes of calculating the alternative minimum tax under the Code. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, the interest paid on the Bonds is exempt from income tax within the State of Maine (the "State") under existing statutes, regulations and judicial decisions. **The Town will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE BONDS—TAX MATTERS" and "APPENDIX B" herein.

TOWN OF SCARBOROUGH, MAINE
\$7,040,000
2020 GENERAL OBLIGATION BONDS

Dated: May 28, 2020

Due: November 1, as shown below

<u>Year of</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u> <u>or Price</u>	<u>Year of</u> <u>Maturity</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u> <u>or Price</u>
2021	\$745,000	5.00%	0.65	2029	\$370,000	5.00%	1.18
2022	745,000	4.00	0.70	2030	370,000	5.00	1.25
2023	745,000	2.00	0.78	2031	215,000	5.00	1.35 ^(†)
2024	745,000	5.00	0.87	2032	215,000	2.00	1.70 ^(†)
2025	745,000	5.00	0.96	2033	215,000	2.00	1.80 ^(†)
2026	370,000	5.00	1.02	2034	215,000	2.00	1.90 ^(†)
2027	370,000	5.00	1.07	2035	215,000	2.00	100
2028	370,000	5.00	1.13				

\$390,000 2.25% Bond, due November 1, 2040^(†)*, @ 100.000 to Yield 2.25%

The Town of Scarborough, Maine 2020 General Obligation Bonds (the "Bonds") will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Bonds will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on November 1, 2020 and semi-annually on each May 1 and November 1 thereafter until maturity, or redemption prior to maturity.

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the Town of Scarborough, Maine (the "Town") and, unless paid from other sources are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied, without limit as to rate or amount upon all the property within the territorial limits of the Town and taxable by it (see "THE BONDS—SOURCE OF PAYMENTS AND REMEDIES - Limitation on Municipal Property Tax Levy" herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the Town establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see "TOWN FINANCES—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein). Bonds issued for school improvements that will be included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended, such as School Projects, are not subject to the property tax limit set forth in Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended. The Town's Treasurer has certified that the Town has no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share assessed valuation with another municipality. The Town has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the economic development projects and programs described in the development programs adopted with respect to the districts. Within the limits established by statute, the Town has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. Bond Counsel's opinion will indicate that the enforceability of the obligations of the Town, including the Bonds, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Bonds maturing on and before November 1, 2030 are not subject to redemption prior to their stated dates of maturity. The Bonds maturing on and after November 1, 2031 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2030 as more fully set forth herein (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" herein). ^(†)The Bond maturing November 1, 2040 is subject to mandatory redemption, as more fully set forth herein (see "THE BONDS—MANDATORY REDEMPTION" herein).

The Bonds are offered when, as and if issued, subject to the approval of legality by Bernstein Shur Sawyer & Nelson, P.A. of Portland, Maine, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery to DTC on or about May 28, 2020.

Baird

NOTE: ^(†) Priced at stated yield to the November 1, 2030 optional redemption date at a redemption price of 100% (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY").

No dealer, broker, salesman or other person has been authorized by the Town or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Town and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the Town. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the Town since the date hereof.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. Neither the Town nor the Underwriter makes any representation with respect to the accuracy of such CUSIP numbers set forth in this Official Statement or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The Town is not responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Bonds or as set forth in this Official Statement. The CUSIP number for a specific maturity of the Bonds is subject to change after the issuance of the Bonds and as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the Bonds.

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**CERTIFICATE
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by the Town of Scarborough, Maine with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the records of the Town and from various other public documents and sources which are believed to be reliable. There has been no independent investigation of such information by the Municipal Advisor, by Bernstein Shur Sawyer & Nelson, P.A., Bond Counsel, and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Municipal Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Treasurer of the Town, this Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, the Treasurer has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the Treasurer and furnished at the closing.

This Official Statement is in a form “deemed final” by the Town for purposes of Securities and Exchange Commission’s Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Gina M. Clukey
Treasurer
Town of Scarborough, Maine

**OFFICIAL STATEMENT
TOWN OF SCARBOROUGH, MAINE
\$7,040,000
2020 GENERAL OBLIGATION BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Scarborough, Maine (the “Town” or “Scarborough”) in connection with the sale of its 2020 General Obligation Bonds (the “Bonds”).

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be issued only as fully-registered bonds without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000, or any integral multiple thereof. The Bonds will be dated on the date of delivery and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months) payable on November 1, 2020, and semi-annually thereafter on May 1 and November 1 of each year until maturity, or redemption prior to maturity. It is expected that the Bonds will be available for delivery at DTC on or about May 28, 2020. The Bonds will mature as follows:

<u>Amount</u>	<u>November 1,</u>	<u>CUSIP</u>	<u>Amount</u>	<u>November 1,</u>	<u>CUSIP</u>
\$745,000	2021	806075L88	\$370,000	2029	806075M87
745,000	2022	806075L96	370,000	2030	806075M95
745,000	2023	806075M20	215,000	2031	806075N29
745,000	2024	806075M38	215,000	2032	806075N37
745,000	2025	806075M46	215,000	2033	806075N45
370,000	2026	806075M53	215,000	2034	806075N52
370,000	2027	806075M61	215,000	2035	806075N60
370,000	2028	806075M79			

\$390,000 Bond, due November 1, 2040^(†), CUSIP 806075N78

NOTE: ^(†) The Bond maturing November 1, 2040 is subject to mandatory redemption, as more fully set forth herein. See “THE BONDS - MANDATORY REDEMPTION” herein.

Principal of and interest on the Bonds will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Bonds by U.S. Bank National Association, Boston, Massachusetts, as paying agent (the “Paying Agent”). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein.

OPTIONAL REDEMPTION PRIOR TO MATURITY

Bonds maturing on and before November 1, 2030 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after November 1, 2031 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2030, as a whole or in part at

any time, in such order of maturity as the Town, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

MANDATORY REDEMPTION

The Bond maturing November 1, 2040 is subject to mandatory redemption by the Town prior to maturity, in part by lot, at a redemption price equal to the amounts set forth below plus accrued interest to the date of redemption thereof, on November 1 in the following years and principal amounts:

<u>Year</u>	<u>Principal Amount</u>
2036	\$80,000
2037	80,000
2038	80,000
2039	75,000
2040	75,000 ^(#)

NOTE: ^(#) Year of final maturity.

GENERAL PROVISIONS REGARDING REDEMPTION

Notice of Redemption

In the case of every redemption of the Bonds, the Town shall cause notice of such redemption to be given to the registered owner of any Bonds designated for redemption in whole or in part, at his or her address as the same shall last appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondholder actually receives notice. The failure of the Town to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner. Each notice of redemption shall specify the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed. The Town shall notify the Securities Depository (see "THE BONDS - BOOK-ENTRY-ONLY SYSTEM" herein) in the same manner as the Bondholders, with a request that the Securities Depository notify its Participants who in turn notify the beneficial owners of such Bonds. Any failure on the part of the Securities Depository, or failure on the part of a nominee of a Beneficial Owner (having received notice from the Town, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption of such Bond.

Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue

On any redemption date, the principal amount of each Bond to be redeemed, together with the premium, if any, and accrued interest thereon to such date, shall become due and payable. Funds shall be deposited with the Paying Agent to pay, and the Paying Agent is authorized and directed to apply such funds to the payment of the Bonds called for redemption, together with accrued interest thereon to the redemption date and redemption premium, if any. After such redemption date, notice having been given and funds deposited in the manner described above, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of

redemption (such notice having been given and funds deposited), the Bonds to be redeemed shall not be deemed to be outstanding.

Cancellation

All Bonds that have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the Town or returned to the Town at its request.

Partial Redemption of Bonds

Bonds or portions of Bonds to be redeemed in part shall be selected when held by a Securities Depository by lot and when not held by a Securities Depository, by the Town by lot or in such other manner as the Town in its discretion may deem appropriate.

RECORD DATE; PAYMENT

The principal of the Bonds is payable upon surrender thereof at the designated Corporate Trust Office of the Paying Agent. Payment of the interest on the Bonds will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the 15th day of the month preceding each interest payment date for the Bonds, and if such day is not a regular business day of the Paying Agent the next day preceding which is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person's address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest that is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

AUTHORIZATION AND PURPOSE

The authority to issue the Bonds is granted under Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, and Sections 204.3, 901, and 907 of the Town's Charter (the "Charter"). Section 204.3 of the Charter authorizes the Town Council to make ordinances; Section 901.3 of the Charter provides for a petition for overrule of Council action of orders or resolves authorizing bond issues of \$100,000 or more for a single capital improvement or capital equipment, by the initiative and referendum provisions of Article IX of the Town's Charter providing that the procedure is within twenty days following the enactment of such ordinance; Section 907 of the Town's Charter requires voter referendum approval for bond issues of \$400,000 or more for a single capital improvement or capital equipment. The Bonds of this financing comply with the provisions of the Charter; except that, pursuant to Section 907.1.1(ii), the provisions of Section 907 shall not be applicable to any order or resolve authorizing the issuance of general obligation securities, or other direct or indirect obligations, of the Town for streets, sidewalks, or storm or sanitary sewers or other public utilities.

Ratification of the Projects

Bond Order 20-033, adopted by the Town Council at its meeting held on April 1, 2020, ratified the approval to issue the Bonds to provide funds to finance the following projects (the "Projects" or a "Project"). The Section 901.5 override period expired on April 21, 2020.

CIP Projects

<u>CIP</u>	<u>Order</u>	<u>Project</u>	<u>Amount</u> <u>to Bond</u>	<u>Yrs</u>	<u>CIP</u>	<u>Order</u>	<u>Project⁽¹⁾</u>	<u>Amount</u> <u>to Bond</u>	<u>Yrs</u>
2009/2010	20-033	184 Holmes Rd Roof & Foundation	\$42,100	5	2014/2015	20-033	Security System Upgrade Property	\$214,115	5
2019/2020	20-033	FD Major Station Main	112,000	10	2018/2019	20-033	Energy Efficiency Upgrades	50,000	5
2018/2019	20-033	Library Building Exp	100,000	15	2018/2019	20-033	Flooring Repair and Replace	40,000	5
2017/2018	17-078	Public Safety Building (Vote 11-7-2017)	860,585	20	2017/2018	20-033	Roof Restoration	84,815	10
2017/2018	20-033	Public Safety Building (Vote 11-7-2017)	<u>674,000</u>	20	2019/2020	20-033	Building Envelope Main	175,000	10
		Total Muni Buildings	1,788,685		2019/2020	20-033	DW Roof Restoration	<u>125,000</u>	15
2017/2018	20-033	Traffic Monitoring Camera (2)	22,000	5			Total School Buildings	688,930	
2018/2019	20-033	FD Safety & Personal Protective Equip	44,110	5	2014/2015	20-033	DW Technology New Tech Equip	98,500	5
2018/2019	20-033	Library Security Cameras	18,785	5	2016/2017	20-033	HS Science Lab Retrofit	50,000	5
2018/2019	20-033	PL Phillips Brook Watershed Mgmt	25,000	5	2017/2018	20-033	HS Athletics Equip	50,000	5
2019/2020	20-033	CS John Deere 1575 Front Mower	40,230	5	2018/2019	20-033	Furnishings & Kitchen Replace	80,000	5
2019/2020	20-033	CS John Deere 9009A Rough Mower	65,930	5	2018/2019	20-033	DW tech refresh	261,000	5
2019/2020	20-033	PW Plow Control Retrofit	<u>56,380</u>	5	2019/2020	20-033	Outfit New Classroom Spaces	88,920	5
		Total Muni Equipment	272,435		2019/2020	20-033	HS Tech Refresh	<u>250,000</u>	5
2009/2010	20-033	Blue Point Congregational Land Purchase	<u>90,720</u>	5			Total School Equipment	878,420	
		Total Land	90,720		2019/2020	20-033	Grounds and Site Main	<u>165,000</u>	10
2018/2019	20-033	PW Gorham Rd Reconstruction Phase II	80,000	5			Total School Grounds	165,000	
2017/2018	20-033	PW Gorham Rd Reconstruction Phase I	446,335	15	2018/2019	20-033	HVAC Repairs MS & K2	50,000	5
2018/2019	20-033	Mill & Pave (Broadturn Rd to Saco Line)	114,110	15	2019/2020	20-033	MS HVAC Repairs and Upgrades	263,795	10
2019/2020	20-033	Mid-Level Road Rehab to Gorham Rd	156,000	15	2019/2020	20-033	HS/WW HVAC Controls	114,900	10
2019/2020	20-033	Mid-Level Road Rehabilitation	494,000	15	2019/2020	20-033	DW HVAC Repairs	<u>81,620</u>	10
2019/2020	20-033	Gorham Rd Phase II	<u>205,000</u>	15			Total School HVAC	510,315	
		Total Roads	1,495,445		2019/2020	20-033	EC Trailer Classrooms	189,500	10
2018/2019	20-033	PD Motorcycle Rider Replacement (2)	1,600	5	2019/2020	20-033	PH Trailer Classrooms	<u>189,500</u>	10
2018/2019	20-033	FD Replace staff vehicles	6,500	5			Total School Portables	379,000	
2019/2020	20-033	CS 4x4 1 Ton Dump Truck/Plow	49,420	5	2019/2020	20-033	GMC pickup Truck #548799	44,000	5
2019/2020	20-033	FD Replace staff vehicles	51,000	5	2019/2020	20-033	School Bus Replacement	<u>265,720</u>	10
2019/2020	20-033	Police Dept Utility Vehicle Replace	44,865	5			Total School Vehicles	309,720	
2019/2020	20-033	PW Replace Service Truck 1	30,000	5			Total School	2,931,385	
2019/2020	20-033	PW Pickup Truck #4034	25,580	5					
2019/2020	19-059	FD Replace Engine 2	465,645	15			Total Authorized	\$7,480,000⁽²⁾	
2019/2020	20-033	PW Plow Truck #4007	<u>226,720</u>	15					
		Total Muni Vehicles	901,330						
		Total Muni	4,548,615						

NOTE: ⁽¹⁾ Referred to as the "School Projects" herein.

⁽²⁾ Par amount of Bonds, in the amount of \$7,040,000, plus allocable net Original Issue Premium, in the amount of \$440,000.00, provided Issue Proceeds to provide funds to finance the Projects; allocable net Original Issue Premium, in the amount of \$600,299.38, provided Issue Proceeds to finance costs of issuance and capitalized construction period interest.

Key to abbreviations in the above table: "FD" indicates Fire Department; "CS" indicates Community Services; "PD" indicates Police Department; "PW" indicates Public Works; "ACO" indicates Animal Control Officer; "PL" indicates Planning.

Unspent Bond Proceeds

In the event that any proceeds of the Bonds remain unspent upon completion of a Project or the Town abandons any Project, the Town reserves the right to reallocate unspent proceeds to the costs of other qualified projects approved, or to be approved, by the Town, or to apply unspent proceeds to the payment of debt service on the Bonds.

Amortizations of the Projects

Municipal											
	<u>Building</u>				<u>Equip</u>	<u>Land</u>	<u>Roads</u>		<u>Vehicles</u>		<u>Total</u>
<u>Nov 1.</u>	<u>5</u>	<u>10</u>	<u>15</u>	<u>20</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>15</u>	<u>5</u>	<u>15</u>	<u>Muni</u>
2020	8,420	11,200	6,667	31,143	54,487	18,144	16,000	94,363	41,793	46,158	328,375
2021	8,420	11,200	6,667	31,143	54,487	18,144	16,000	94,363	41,793	46,158	328,375
2022	8,420	11,200	6,667	31,143	54,487	18,144	16,000	94,363	41,793	46,158	328,375
2023	8,420	11,200	6,667	31,143	54,487	18,144	16,000	94,363	41,793	46,158	328,375
2024	8,420	11,200	6,667	31,143	54,487	18,144	16,000	94,363	41,793	46,158	328,375
2025		11,200	6,667	50,294				94,363		46,158	208,682
2026		11,200	6,667	50,294				94,363		46,158	208,682
2027		11,200	6,667	50,294				94,363		46,158	208,682
2028		11,200	6,667	50,294				94,363		46,158	208,682
2029		11,200	6,667	50,294				94,363		46,158	208,682
2030			6,667	59,479				94,363		46,158	206,667
2031			6,667	59,479				94,363		46,158	206,667
2032			6,667	59,479				94,363		46,158	206,667
2033			6,667	59,479				94,363		46,158	206,667
2034			6,667	59,479				94,363		46,158	206,667
2035				80,000							80,000
2036				80,000							80,000
2037				80,000							80,000
2038				75,000							75,000
2039				75,000							75,000
Totals	42,100	112,000	100,000	1,094,585⁽¹⁾	272,435	90,720	80,000	1,415,445	208,965	692,365	4,108,615

Schools												The <u>Bonds</u>
	<u>Building</u>			<u>Equip</u>	<u>Grounds</u>	<u>HVAC</u>		<u>Portables</u>	<u>Vehicles</u>		<u>Total</u>	
<u>Nov 1.</u>	<u>5</u>	<u>10</u>	<u>15</u>	<u>5</u>	<u>10</u>	<u>5</u>	<u>10</u>	<u>10</u>	<u>5</u>	<u>10</u>	<u>School</u>	
2020	60,823	25,982	8,333	175,684	16,500	10,000	46,032	37,900	8,800	26,572	416,625	745,000
2021	60,823	25,982	8,333	175,684	16,500	10,000	46,032	37,900	8,800	26,572	416,625	745,000
2022	60,823	25,982	8,333	175,684	16,500	10,000	46,032	37,900	8,800	26,572	416,625	745,000
2023	60,823	25,982	8,333	175,684	16,500	10,000	46,032	37,900	8,800	26,572	416,625	745,000
2024	60,823	25,982	8,333	175,684	16,500	10,000	46,032	37,900	8,800	26,572	416,625	745,000
2025		25,982	8,333		16,500		46,032	37,900		26,572	161,318	370,000
2026		25,982	8,333		16,500		46,032	37,900		26,572	161,318	370,000
2027		25,982	8,333		16,500		46,032	37,900		26,572	161,318	370,000
2028		25,982	8,333		16,500		46,032	37,900		26,572	161,318	370,000
2029		25,982	8,333		16,500		46,032	37,900		26,572	161,318	370,000
2030			8,333								8,333	215,000
2031			8,333								8,333	215,000
2032			8,333								8,333	215,000
2033			8,333								8,333	215,000
2034			8,333								8,333	215,000
2035												80,000
2036												80,000
2037												80,000
2038												75,000
2039												75,000
Totals	304,115	259,815	125,000	878,420	165,000	50,000	460,315	379,000	44,000	265,720	2,931,385	7,040,000

NOTE: Individual annual amounts may not add to totals due to rounding.

⁽¹⁾ Bond proceeds plus \$440,000 allocable Original Issue Premium provided Issue Proceeds to finance this portion of the Projects.

SOURCE OF PAYMENT AND REMEDIES

General

The Bonds are general obligations of the Town and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the “State”) have the right to tax their inhabitants to pay municipal indebtedness. The Bonds are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, in which case the Town has the power to levy such ad valorem taxes without limit as to rate or amount upon all the taxable property within its territorial limits (see “THE BONDS – SOURCE OF PAYMENT AND REMEDIES – Limitation on Municipal Property Tax Levy” herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the Town establishes or has established development districts as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see “TOWN FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” herein). The Treasurer of the Town has certified that no tax base sharing agreement now exists. The Town has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in these districts to pay costs of the economic development projects and programs described in the development programs for the districts. Within the limits established by statute, the Town has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.

Bonds issued for school improvements that will be included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended, such as the School Projects, are not subject to the property tax limit set forth in Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended.

The Town is subject to suit on the Bonds. Title 14, Section 4951 of the Maine Revised Statutes, as amended, provides that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, Title 30-A, Section 5701 of the Maine Revised Statutes, as amended, provides that the personal property of the residents and the real estate within the boundaries of a municipality may be taken to pay any debt due from the municipality. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of or judgments against, a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon. There has been no judicial determination as to whether statutory remedies available against towns are applicable to cities and Bond Counsel expresses no opinion thereon.

Funds to meet Town expenses, including debt service, are not included in the tax levy to the extent they are expected to be met with other non-tax revenues. Amounts necessary to repay sums borrowed temporarily in anticipation of bonds or grants are similarly excluded because they would normally be expected to be paid from the anticipated bond proceeds or grants. Enforcement of a claim for payment of principal or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the

time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. The Bonds are not guaranteed by the State.

Limitation on Municipal Property Tax Levy

Effective July 1, 2005, the Legislature enacted LD 1, codified in part as Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, which, subject to certain procedural overrides, establishes a limit on municipal property tax levies. This limit is referred to as the “Property Tax Levy Limit”. With certain exceptions, a municipality may not adopt a property tax levy that exceeds its Property Tax Levy Limit from one year to the next by more than a specified growth limitation factor. Therefore, in cases where the amount of the prior year’s Property Tax Levy Limit exceeds the amount of the Town’s actual property tax levy, the Town may carry-forward that difference in establishing its future years’ property tax levy. See “TOWN FINANCES - Property Tax Levy Limit” herein.

The growth limitation factor is the average personal income growth as defined by Title 5, Section 1531 of the Maine Revised Statutes, as amended, plus the property growth factor. The property growth factor is a percentage equivalent to a fraction established by a municipality whose denominator is the total valuation of the municipality, and whose numerator is the amount of increase in the assessed value of any real or personal property in the municipality that becomes subject to taxation for the first time, or taxed as a separate parcel for the first time for the most recent property tax year for which information is available, or that has had an increase in its assessed valuation over the prior year's valuation as a result of improvements to or expansion of the property. For municipalities that qualify as a result of a relatively larger percentage of personal property, personal property can be incorporated into the property growth factor calculation. In addition, a municipality is required to lower its Property Tax Levy Limit in any year by an amount equal to net new funds provided by the State for existing services funded in whole or in part by the property tax levy.

The Town may increase the Property Tax Levy Limit by a majority vote of the entire Town Meeting on a separate article that specifically identifies the intent to exceed the Property Tax Levy Limit. Pursuant to Title 30-A, Section 5721-A(7)(B) of the Maine Revised Statutes, as amended, this action, however, is subject to override by initiative upon a petition signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality submitted within 30 days of the council’s vote. The opportunity for the voters to petition for a referendum vote on the council’s decision is not provided if the municipal charter “prohibits a petition and referendum process.

In lieu of increasing the Property Tax Levy Limit, the Town Council may vote to exceed the Property Tax Levy Limit for extraordinary circumstances. Exceeding the Property Tax Levy Limit permits the property tax levy to exceed the Property Tax Levy Limit only for the year in which the extraordinary circumstance occurs and does not increase the base for purposes of calculating the Property Tax Levy Limit for future years. Extraordinary circumstances are circumstances outside the control of the Town Council and include:

- (1) Catastrophic events such as natural disaster, terrorism, fire, war or riot;
- (2) Unfunded or underfunded state or federal mandates;
- (3) Citizens’ initiatives or other referenda;
- (4) Court orders or decrees; or
- (5) Loss of state or federal funding.

Extraordinary circumstances do not include changes in economic conditions, revenue shortfalls, increases in salaries or benefits, new programs or program expansions that go beyond existing program criteria and operation.

Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, does not limit the amount of taxes which may be raised by a municipality to pay items included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended. Debt service on school improvements, such as the School Projects financed by the Bonds, is includable in the school budget and the Town is therefore able to levy ad valorem property taxes without limit as to rate or amount to pay the debt service on that portion of the Bonds.

The Town does not expect that the Property Tax Levy Limit will have a material adverse effect on the Town's financial condition or on the ability of the Town to pay the principal of, and premiums, if any, and interest on the Bonds when due.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the Town to comply with such requirements may cause interest on the Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs or is ascertained.

The Town will make certain representations with respect to the use of the proceeds of the Bonds and the projects and improvements financed by the Bonds and will covenant (i) to comply with the provisions and procedures of the Code applicable to the Bonds and (ii) not to take any action or permit any action that would cause the interest paid on the Bonds to be included in gross income for purposes of federal income taxation pursuant to Section 103 of the Code.

In the opinion of Bond Counsel, under existing statutes, regulations and court decisions interest on the Bonds is excludable from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference under the Code. In rendering its opinion, Bond Counsel will rely upon the Town's representations made with respect to the use of the proceeds of the Bonds, and the projects financed with the Bonds, and the Town's covenant that it will comply with the Code. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

Exemption of Interest on the Bonds from Taxation Within the State of Maine

In the opinion of Bond Counsel, interest paid on the Bonds is exempt from income taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

Designated as Qualified Tax-Exempt Obligations

The Town *will* designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

Certain maturities of the Bonds (the “Discount Bonds”) may be sold at an issue price that is less than the stated redemption price of the Discount Bonds at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at which each of the Discount Bonds is sold and the stated redemption price at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) of each of the Discount Bonds constitutes original issue discount (“OID”). Pursuant to Section 1288 of the Code, OID on the Discount Bonds accrues on the basis of economic accrual under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on the Discount Bonds, as applicable. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued OID for purposes of determining gain or loss on the sale, exchange, or other disposition of such Bond. Bond Counsel is of the opinion that the appropriate portion of the OID properly allocable to the original and each subsequent owner of the Discount Bonds will be treated as interest excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Bonds.

Prospective purchasers of the Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the OID properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Original Issue Premium

Certain maturities of the Bonds may be sold at a purchase price in excess of the amount payable on such Bonds after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) (the “Premium Bonds”). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code.

Prospective purchasers of the Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Additional Federal Income Tax Consequences

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income

credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Bonds will be audited. If an audit is commenced, under current IRS procedures holders of the Bonds may not be permitted to participate in the audit process and the value and liquidity of the Bonds may be adversely affected.

Changes in Federal Tax Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax exempt status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their tax and financial advisors regarding such matters.

Opinion of Bond Counsel

The legal opinion of the firm of Bernstein Shur Sawyer & Nelson P.A., of Portland, Maine (see APPENDIX B) will be furnished to the original purchaser of the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the original purchaser of the Bonds.

Extent of Opinion

Bond Counsel expresses no opinion regarding any tax consequences of holding the Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Bonds not constituting an item of tax preference pursuant to Section 57 of the Code and (c) the exemption of interest on the Bonds from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of

U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

RATINGS

The Bonds are rated "Aa3" by Moody's Investors Service ("Moody's") and "AA+" by S&P Global Ratings ("S&P"). The Town has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently.

Except as set forth in the Continuing Disclosure Agreement set forth in APPENDIX C and referred to under "THE BONDS – CONTINUING DISCLOSURE" herein, the Town has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in, or withdrawal of, any rating of the Bonds or to oppose any such change or withdrawal.

CONTINUING DISCLOSURE

In order to assist the underwriter of the Bonds in complying with the Securities and Exchange Commission's ("SEC") Rule 15c2-12 (the "Rule"), the Town will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, if material. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA"). The covenants will be contained in a "Continuing Disclosure Agreement" (the "Agreement"), the proposed form of which is provided in APPENDIX C. The Agreement will be executed by the Treasurer of the Town, and incorporated by reference in the Bonds. Except for a late filing in 2004 (see below), the

Town has never failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the Rule. In the most recent five years the Town has not failed to comply with the Rule, as follows:

<u>Financial Statements</u> <u>FY ended June 30,</u>	<u>Date</u> <u>Filed</u>	<u>Days after</u> <u>Fiscal Period end</u>
2019	01/31/2020	215
2018	01/31/2019 ⁽¹⁾	215
2017	02/01/2018 ⁽²⁾	216
2016	01/03/2017	187
2015	02/29/2016	244
2014	03/02/2015	245

NOTE: ⁽¹⁾ Modified February 4, 2019.

⁽²⁾ Modified March 12, 2018.

Following a late filing for fiscal year ended June 30, 2003, the Town amended Section 215.1 of its Charter on November 2, 2004, effective December 1, 2004, such that “*The audit shall be completed and delivered to the Town Council **not** later than December 30th following the end of the municipal year of **the** subject audit*”.

Assurances of Future Compliance

The Town incorporated a Post-Issuance Reporting and Compliance portion of its Financial and Fiscal Policy, adopted by the Town Council on September 5, 2018 (replacing a prior Post-Issuance Compliance Policy, adopted by the Town Council on March 21, 2012) (See “TOWN FINANCES - FINANCIAL AND FISCAL POLICY” herein), that, among other things, provides for timely filings with EMMA or its successor repository, if any, with respect to its existing and future continuing disclosure undertakings; has established written procedures and assigned specific responsibilities that it believes will provide prompt compliance with its continuing disclosure undertakings on a going forward basis.

Finally, the Town has registered with the EMMA reminder system to receive e-mail reminders to help ensure timely annual filing of required financial and operating data.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the Town provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MUNICIPAL ADVISOR

Moors & Cabot, Inc. is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and has acted as Municipal Advisor to the Town with respect to the issuance of the Bonds pursuant to MSRB Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Bonds.

UNDERWRITING

The Bonds are being purchased by Robert W. Baird (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a price of \$8,126,401.15, which purchase price reflects an Underwriter’s discount, from the public offering price of the Bonds, in the amount of \$41,707.06 and a premium in the amount of \$1,042,694.09.

STATUTORY REFERENCES

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

CONDITIONS PRECEDENT TO DELIVERY

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

No Litigation

Upon delivery of the Bonds, the Town shall deliver or cause to be delivered a certificate of the Treasurer, and attested to by the Town Clerk, dated the date of delivery of the Bonds, to the effect that there is no litigation pending or, to the knowledge of such official, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, and that neither the corporate existence nor boundaries of the Town, nor the title of any of said officers to their respective offices, is being contested.

Approval of Legality

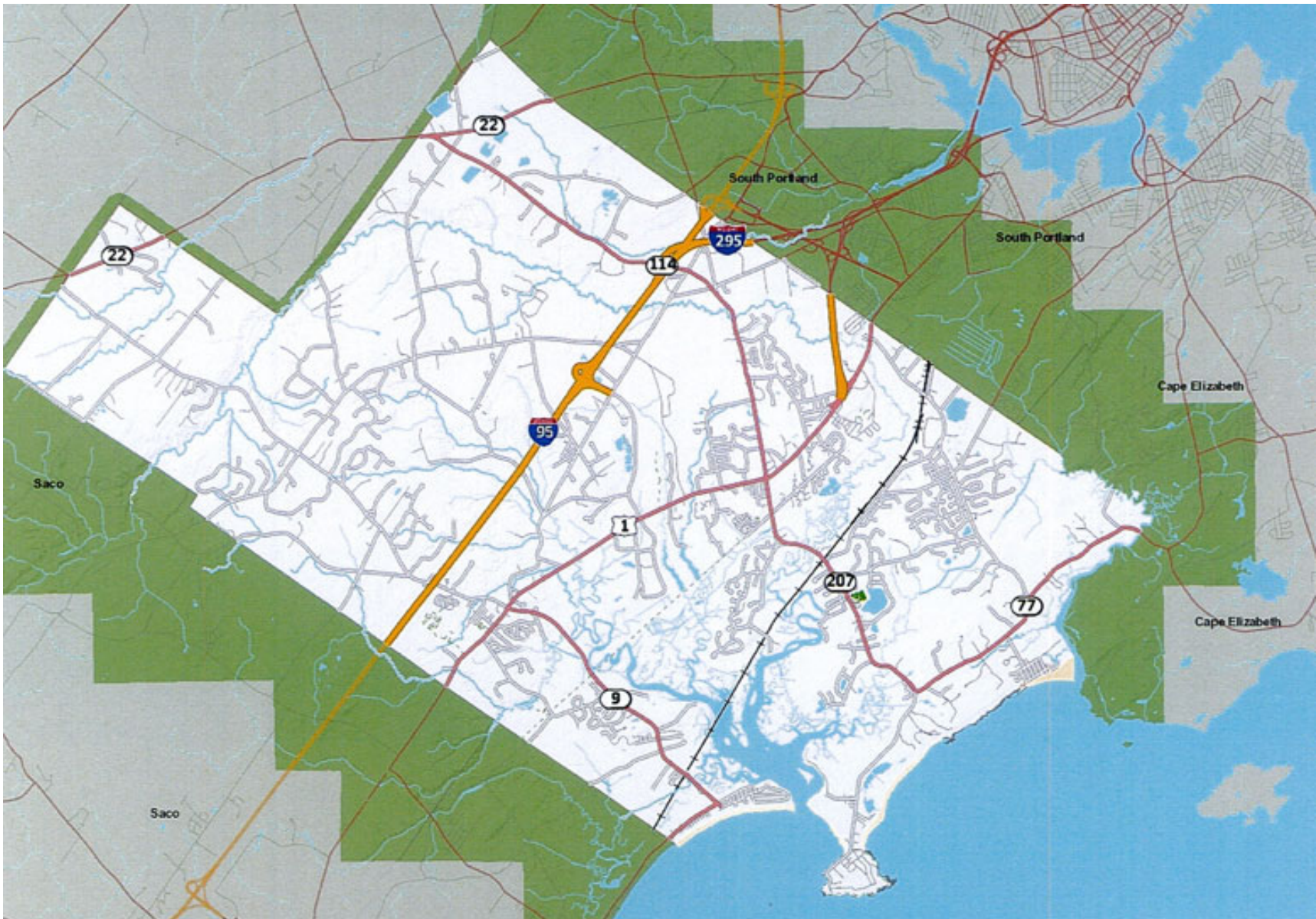
The legality of the Bonds will be approved by Bernstein Shur Sawyer & Nelson, Bond Counsel. The approving opinion of such counsel with respect to the Bonds in substantially the form attached to this Official Statement as APPENDIX B will be delivered at the time of original delivery of the Bonds and a copy of the opinion will be provided to the original purchasers. Bond Counsel are not passing upon, and do not assume responsibility for, the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also “PROPOSED FORM OF LEGAL OPINION” in APPENDIX B herein.

Certification of the Bonds

The Bonds will be certified as to their genuineness by U.S. Bank National Association, Boston, Massachusetts, which certificate will appear on the Bonds.

Certificate With Respect to Official Statement

At the time of the original delivery of, and payment for, the Bonds, the Town will deliver a certificate of the Treasurer to the effect that she has examined this Official Statement and the financial and other data contained therein and that, to the best of her knowledge and belief, both as of its date and as of the date of delivery of the Bonds, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, she has no reason to believe that such information is materially inaccurate or misleading.



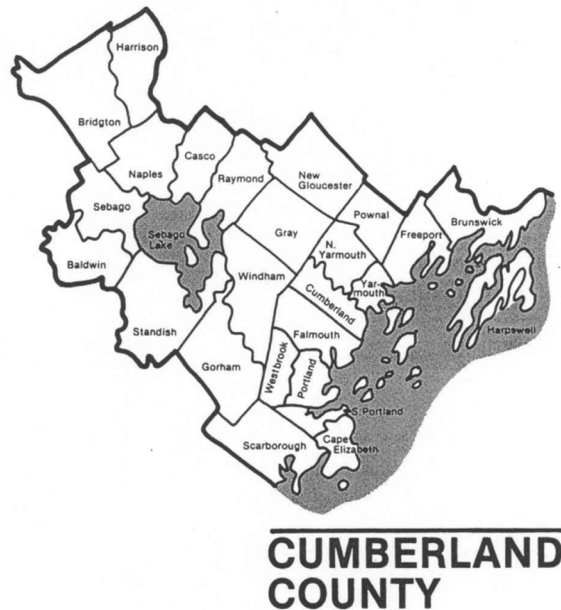
Map of the Town of Scarborough, Maine

TOWN OF SCARBOROUGH

GENERAL

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, and is approximately seven miles southwest of Portland, the State's largest city. The shape of the Town is nearly square. Scarborough's entire eastern width is on the Spurwink River and on the Atlantic Ocean; its northeastern border is formed by the cities of South Portland and Westbrook and the Town of Cape Elizabeth; the towns of Gorham and Buxton are contiguous on its northwest; and its southwest boundaries align the City of Saco and Town of Old Orchard Beach. Sections of the Town include, North Scarborough, Oak Hill, Black Point, Pleasant Hill, Higgins Beach, Pine Point (first called Blue Point) and Prouts Neck. Originally known as Libby's Neck, Prouts Neck is a broadening point of land extending

into the sea. On the outer northeastern side of Prouts Neck the Town's oceanfront begins with Scarborough Beach, about two miles in length, going north to Higgins Beach, which succeeds and continues to the Spurwink River at the Town's line. On the western side of Prouts Neck, is a small harbor facing Pine Point and Ferry Rock, nearly enclosing from the sea a considerable basin into which waters of several streams are discharged.



Access to Scarborough is provided by US Route 1 (also forming a portion of State Route 9) and, running on a parallel to the US Route 1's northwest, US Interstate Route 95 (the Maine Turnpike), each bisecting the Town throughout its interior from northeast to southwest. State Route 77 follows the Town's oceanfront, then continuing as State Route 207. At Dunstan, State Route 9 splits off from US Route 1 and traverses southeasterly to the ocean border. State Route 114 starts at the Oak Hill section of the Town, at its north-center, from US Route 1 and then runs northwesterly along Scarborough's northern line to Gorham. The Portland International Jetport, located in Portland, provides convenient air travel for the region. Bus transit by major carriers operates from terminals in Portland, providing regularly scheduled inter and intra-state transportation. The Maine Central Railroad, Boston & Maine Corporation and the St. Lawrence & Atlantic Railroad Company provide the area with rail links to the United States and Canada.

A 1,500-acre tract of land between Prouts Neck, then called Black Point, and the Spurwink River was granted to Capt. Thomas Cammock, a nephew of the English Earl of Warwick. The Indian name for the area was "Owascoag", which signifies the place of much grass. In 1633, Capt. Cammock and his wife moved from Richmond's Island to Prouts Neck, and Capt. Cammock was the first legal proprietor in Scarborough. In the course of a few years other settlers joined Cammock, mostly as tenants. By 1650 there were 50 homes at the Black Point settlement. In 1651 there developed a further principal settlement inland, named Dunstan. The Town was incorporated as the 6th town in the Province of Maine on July 14, 1658 and was named for Old Scarborough, England. By October, 1676 Scarborough comprised three settlements of more than 100 houses. In 1681 a strong fortification was erected at Black Point, but the inhabitants were so harassed by the attacks of Native Americans that, in 1690, the Town was wholly abandoned.

A resettlement appears to have been in 1702, by a band of seven persons who came in a sloop from Lynn, Massachusetts. Scarborough is the birthplace of William King (1768-1852), the State's first governor. The studio and home of the famous artist Winslow Homer are located at Prouts Neck. The Black Point Inn, built by the Kaler family in 1878 and originally known as "The Southgate", is also located at Prouts Neck and is included in the National Registry of Historic Hotels of America. The Scarborough Marsh, a great salt marsh in the Town comprised of approximately 3,100 acres, is Maine's largest tidal marsh.

Scarborough is an affluent suburban coastal community, beautifully situated on the Maine coast. The Town has primarily single-family dwellings, of which 80.3% are owner-occupied. The land area of the Town is comprised of residential, local business, industrial, medical, commercial and resource protection zones, as well as recreation, oceanfront, open space, farmland and woodland areas. The area of the Town totals 27,919 acres or approximately 54 square miles.

GOVERNMENT

There are two basic forms of local government in Maine: the "Direct" form, often referred to as town meeting government, in which the town meeting serves as the legislative body, passing laws, approving the spending of monies; and the "Representational" form, in which an elected council serves as the legislative body. There are five basic variations of these two forms. Variations of the Direct form are: *Selectmen/Town Meeting* form of government, the most common in Maine currently used by 169 municipalities in the state; *Selectmen/Town Meeting/ Manager*, the second most common form of local government in Maine currently used by 141 towns; *Council/Town Meeting/Manager* (18 towns) variation of the town meeting form of government, where the legislative functions of government are shared between the town meeting and an elected council and *Selectmen/Town Meeting Administrative Assistant or Administrator* (a combined 80 towns). Variations of the Representational form are: *Council/Mayor/Administrator* (three cities), *Council/Mayor/Manager* (18 cities) and *Council/Manager* (26 towns).

The Town operates under a charter first adopted on October 7, 1969, amended most recently by voter approval at the Town's election held November 2, 2010, effective January 1, 2011, (the "Charter"). The Charter provides for a *Council/Manager* form of government with a seven-member Town Council, elected at-large who serve for three-year staggered terms. The Charter grants to the Town Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the Town's property, affairs and government; to preserve the public peace, health and safety; to establish personnel policies; to give effect to any vote of the Town authorizing the issuance of debt; and to provide for an annual audit of the Town's accounts. Voter approval is required for a single capital improvement that requires the issuance of \$400,000 or more of debt. The Town Manager is the chief administrative officer of the Town.

MUNICIPAL SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, emergency medical services, solid waste disposal, maintenance of highways, sewers, streets, sidewalks, parks, recreation and coastal areas, and a library. Public education is provided for grades Kindergarten ("K") through 12.

The Scarborough Sanitary District, a wholly separate quasi-municipal entity whose operation and obligations are not part of the Town, provides wastewater treatment service for portions of the Town that have sewers. The Portland Water District, also a quasi-municipal entity, and The Maine Water Company (successor to the Biddeford-Saco Water Company which was acquired on January 1, 2014), a wholly separate privately-owned water utility, provide water service to the Town's inhabitants (see "INDEBTEDNESS - CONTINGENT DEBT - Portland Water District" herein).

Public Safety

The Police Department is staffed by employees which include a Police Chief, two Deputy Chiefs, one Lieutenant, seven Sergeants, three detectives, one evidence technician, one community resource officer, two school resource officers, two task force officers, 20 patrol officers and three full-time civilian personnel. In addition, the Town employs a Marine Resource Officer/Harbor Master, an Animal Control Officer, 14 Dispatchers, one crime analyst and 40 part-time reserve officers. The Department maintains 31 vehicles, which are in excellent repair.

The Fire Department operates from one central public safety building and five sub-stations lead by a Fire Chief, a Deputy Fire Chief of Operations/Suppression and a deputy Chief of Emergency Medical Services. The department's personnel include two full-time Administrative Assistants, one full-time Captain of Code/Fire Prevention, four career Paramedic Captains, eight career Paramedic Lieutenants, 18 career Firefighter/EMTs and 141 per diem and call Firefighters. Through its Fire Department, the Town operates three Marine Units, on a seasonal basis.

In the spring of 2020, the Police Department and Fire Department moved into a new 53,000^{sq} public safety facility located next to Town Hall at 275 US Route One. The former public safety building, located at 246 US Route One, was sold to a local development firm with the proceeds used to help fund the new facility.

Public Works

The Public Works Department is comprised of five divisions. The **Administrative Division** includes a Director of Public Works, who oversees all of the department's divisions, a Deputy Director, and administrative assistant and a receptionist. The **Operations Division** is comprised of a Supervisor and 15 crew members. Core maintenance responsibilities include all Town-owned roads including drainage features, sidewalks, signs, beaches, boat landings, cemeteries, trees and for waste collection and recycling. The **Vehicle Maintenance Division** consists of a Supervisor, one welder-fabricator, and seven fleet technicians. This division is responsible for the maintenance of all Town-owned vehicles including Fire Trucks, Rescue Vehicles, Police Cruisers, School Buses, Public Works vehicles and equipment, Electrical Department trucks, Code Enforcement vehicles, Community Services and Harbormaster equipment. The town-wide fuel distribution program is maintained by the Public Works Department. In addition, the department has assumed the added responsibility for maintenance on fire and rescue vehicles and equipment for a number of surrounding municipalities. The **Stockroom Division** is comprised of one Stockroom Manager. This position serves the Vehicle Maintenance staff, completes and processes the entirety of ordering & receiving, as well as maintains the part room inventory. The **Traffic/Electrical Division** is manned by one person who oversees the town-wide alarm system, traffic signals and associated equipment.

In 1996 the Town ceased using its landfill for solid waste disposal, and has closed the site in conformance with the State of Maine Department of Environmental Protection procedures, but is permitted to continue operating a demolition debris landfill at the site, in its existing capacity, per the Continuing Operations Agreement instituted in June of 2010. The current cost of closure is estimated to be \$394,489; annual post-closure monitoring cost is estimated to be \$6,500 per year. The Town transports its solid waste to ecomaine's facility which maintains a waste-to-energy resource recovery system for which the Member Municipalities (as defined herein) are obligated severally to deliver certain of the solid waste produced within each such Member Municipality to ecomaine for processing. In 1991, six participating municipalities entered into an agreement with ecomaine, along with its Member Municipalities, to establish a Material Recycling Facility at ecomaine's demolition debris and recycling facility in Gorham. See "INDEBTEDNESS – CONTINGENT DEBT – ecomaine" herein.

PUBLIC EDUCATION

The Town operates its educational program for grades K through 12 under its own supervision. Article IV of the Town's Charter, as amended, provides that the Department of Education for the Town be administered by a Board of Education (the "School Board") comprised of seven members, who are elected by the voters of the Town at-large for three-year staggered terms. The School Board performs all duties and functions in regard to the care and management of the public schools of the Town. The School Board prepares and submits its budget to the Town Manager, who includes it in the budget process. See also "TOWN FINANCES - BUDGETARY PROCESS" section herein. The School's staff consists of a Superintendent, an Assistant Superintendent one Director of Business & Finance, one Director of Special Education, one Director of Curriculum/Assessment, one Director of Facilities & Maintenance, 10 Principals or Assistant Principals, 271 teachers and 297 other professional and non-professional staff.

<u>Schools</u>	<u>Grade</u>	<u>Estimated Capacity</u>	<u>Enrollment⁽²⁾</u>
Blue Point School	K-2	250 ⁽¹⁾	201
Eight Corners School	K-2	280 ⁽¹⁾	245
Pleasant Hill School	K-2	180 ⁽¹⁾	205
Wentworth School	3-5	800	663
Scarborough Middle	6-8	800 ⁽¹⁾	694
Scarborough High	9-12	1,200	983

NOTE: ⁽¹⁾ Includes Portable Classrooms. ⁽²⁾ "Current Year Pupils" October 1, 2019.

Enrollment Trends

Oct. 1	Grades					Attending Enrollment ⁽¹⁾
	K-2	3-5	6-8	9-12	Tuition	
2019	651	663	694	983	0	2,991
2018	609	661	675	1,003	0	2,948
2017	566	675	715	976	0	2,932
2016	585	670	715	994	2	2,966
2015	581	639	746	1,021	2	2,989
2014	617	696	799	998	2	3,112
2013	628	703	783	1,028	2	3,144
2012	624	742	805	1,053	1	3,225
2011	632	776	779	1,065	1	3,253
2010	671	770	786	1,082	1	3,310

NOTE: ⁽¹⁾ **Attending Enrollment** is an attending student count, or a head count of students, based on where the students are educated. Public school district attending counts include: students from the local school district attending schools in the local school district, plus students from outside the school district who are tuitioned from other school districts.

Career and Technical Education Centers

Title 20-A, Chapter 313, of the Maine Revised Statutes, as amended, provides for "career and technical education" ("CTE") or a course or program of education which is designed to create or improve job-related skills that are part of a secondary school curriculum. The programs may be offered via a Center, a Satellite Program or a Region. A Center is an administrative entity established to provide career and technical education to secondary students. Unless otherwise specifically provided for, a Center is governed, operated and administered by a single School Administrative Unit ("SAU"). A Center makes its programs available

to serve secondary students from SAUs with which it is affiliated. A Center may include within its administrative structure, Satellite Programs operated by SAUs with which it is affiliated. A Satellite Program means a program providing career and technical education to secondary students that is operated by an SAU affiliated with a Center. A Region is a quasi-municipal corporation established by the Legislature to provide career and technical education to secondary students that is comprised of all the SAUs within the geographical boundaries set forth for each career and technical education region. A Region is governed by a cooperative board formed and operating in accordance with this chapter.

Students from Scarborough High School are able to enroll in classes at two different area CTE Centers: Portland Arts and Technology High School (“PATHS”) and Westbrook Regional Vocational Center (“WRVC”). From the fiscal year 2000/2001 through fiscal year 2017/2018 school years, Maine SAUs paid Centers directly through a cost sharing agreement, and each school district received some state subsidy for CTE based on its costs for student enrollment.

Starting with the 2018/2019 school year, the Maine Legislature established a new funding model whereby CTE Centers are provided with General Purpose Aid funding directly from the state, using the Essential Programs and Services formula. This means that the sending schools’ assessments of prior years have been eliminated, and there is no current cost-sharing obligation on the part of the sending schools. During the 2019/2020 school year, 19 Scarborough High School students enrolled in courses at PATHS, and 29 enrolled in courses at WRVC.

LABOR RELATIONS

The Town employs approximately 571 full-time and various part-time personnel, and approximately 866 employees who are employed by the School Department. The following lists the various bargaining units that are represented by a union, and the status of its current contract. Town employees not included in the below table are not represented by unions. The various contracts for employees represented by unions are effective and expire as follows:

Union ⁽¹⁾	Bargaining Unit	Members	Date of Contract	
			Effective	Expiration
SPBA	Police	35	July 1, 2018	June 30, 2021
SPA	Dispatchers	13	July 1, 2018	June 30, 2021
SPA	Paramedics	28	July 1, 2017	June 30, 2020
SEA	Teachers	316	Sept. 1, 2016	Aug. 31, 2019 ⁽²⁾
SAA	School Administrators	11	July 1, 2018	June 30, 2021
SESPA	School Staff and Teacher’s Aids	138	July 1, 2017	June 30, 2020
SEA	School Custodians	30	July 1, 2018	June 30, 2021
SEA	Bus Drivers	18	July 1, 2018	June 30, 2021
SEA	Food Service Workers	23	July 1, 2018	June 30, 2021

NOTE: ⁽¹⁾ “SPBA” indicates the Scarborough Police Benevolent Association; “SPA” includes Scarborough Paramedics Association and the Scarborough Public Safety Dispatchers Association, affiliated with the International Association of Firefighters (“IAFF”) affiliate of the American Federation of Labor & Congress of Industrial Organizations (“AFL/CIO”), as separate bargaining units; “SEA” indicates the Scarborough Educators Association; “SAA” indicates the Scarborough Administrators Association; “SESPA” indicates the Scarborough Educational Support Professionals Association, of which the various components are affiliated with the Maine Teachers Associations (“MEA”), as separate bargaining units.

⁽²⁾ The respective contract is in the process of negotiation. The Town has provided amounts in its budget that it expects that the Town will incur, if any.

THE SCARBOROUGH PUBLIC LIBRARY

Inspired by a group of women of the First Parish Church on the Black Point Road in Scarborough who collected and shared books, on August 2, 1899 a first meeting was held of people desiring to become incorporated as proprietors of a social library such that the Scarborough Public Library Corporation (the “Corporation”) was organized and recorded. On December 6, 1899, it was voted to build a library building and architect Frederick A. Thompson, donating his time, drew up plans for a one room building. On August 28, 1900, the first meeting of trustees was held in the new building. Annie Louise Cary, world famous opera singer and summer patroness of the Atlantic House, established the Atlantic House Fund for the benefit of the library and, following her death, in 1921, a trust fund was left for the library. Another guest of the Atlantic House, Margaret Jewell, gave generously to the building fund, and upon her death, in 1970, she left an endowment fund to the library.

In 1937, the Town purchased land on the south side of the Corporation’s building and, with a gift of two additional parcels of land on the north and west sides of the building, an addition to the one-room library was planned. The north wing, known as the Fiction Room, was completed in 1938. Another building fund, starting in 1947, led to a south wing completion in October 1951, to become the Reference Room. In 1976, the library underwent extensive renovation including an addition to the rear of the building for an expansion of the children’s section, added office space and moving the circulation desk to a central location. Additionally, a public meeting room was built and storage space provided. In 1989, the library relocated to a one-floor 12,300 square feet library building, located in the central Oak Hill area.

The Scarborough Public Library operates as a private, non-profit, tax-exempt entity. A 14-member Board of Trustees (comprised of Town residents including one member of the Town Council and an appointment of the Friends of the Scarborough Library) is responsible for policy, planning and fiscal control of the Corporation. Funds to operate the library come primarily, but not exclusively, from the Town. Each year, a library budget is presented to the Town Council using the same procedures required of Town departments. The library’s current collection exceeds 76,989 items of print and physical audiovisual materials, plus 14,252 E-books, 7,227 audio and 1,241 video titles for available for downloading. The Library averages over 2,560 visitors per week. Circulation on fiscal year 2019 included approximately 186,000 physical items and 16,231 downloads. A Library Director oversees a staff of six full-time and 15 part-time employees, assisted by 46 various volunteers.

ECONOMIC DEVELOPMENT

Former Portland Metropolitan Statistical Area

The Town is part of the former Portland Metropolitan Statistical Area (“Portland MSA”). The U.S. Department of Commerce, Bureau of the Census formerly defined a metropolitan statistical area (“MSA”) as an area that includes at least one city with 50,000 or more inhabitants, or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 75,000 (in New England). Additional cities and towns were included in the MSA if they meet specified requirements of commuting to the central area and other selected requirements of metropolitan character (such as population density and percent urban). An MSA was also considered a labor market area. The map displays the three cities and 19 towns that comprised the former Portland MSA.



Employment

<u>Representative Larger Employers</u>	<u>Type of Business</u>	<u>Approximate Employees</u>	<u>% All Town Employees</u>
Town of Scarborough	Municipal Government	1,385	8.7%
Hannaford Bros.	Supermarket - Corp Office	1,086	6.8
MaineHealth	Hospital	500	3.1
US Postal Service	USPO Distribution Center	450	2.8
Abbott Labs (Alere Inc.)	Medical Diagnostic Producer	359	2.3
Wal-Mart	Retail Department Store	300	1.9
Piper Shores	Nursing Home	245	1.5
NorDX	Medical Laboratory	220	1.4
Cabela's	Retail Sports Equipment	174	1.1
Sam's Wholesale Club	Wholesale Department Store	150	0.9

Commuter Trends

People who commute to Scarborough, but live in:	Number of Workers	% Scarborough Workforce	People who live in Scarborough, but commute to:	Number of Workers	% Scarborough Workers
Scarborough	2,409	20.74%	Portland	2,597	26.67%
Portland	1,316	11.33	Scarborough	2,409	24.74
South Portland	1,039	8.94	South Portland	1,686	17.32
Saco	516	4.44	Saco	559	5.74
Gorham	482	4.15	Westbrook	487	5.00
Westbrook	435	3.74	Biddeford	249	2.56
Biddeford	426	3.67	Gorham	170	1.75
Old Orchard Beach	419	3.61	Falmouth	145	1.49
Buxton	375	3.23	Freeport	137	1.41
Windham	331	2.85	Wells	95	0.98
Cape Elizabeth	282	2.43	Cape Elizabeth	86	0.88
Hollis	238	2.05	Old Orchard Beach	85	0.87
Standish	232	2.00	Yarmouth	75	0.77
Falmouth	212	1.82	Gray	64	0.66
Gray	191	1.64	Kennebunk	60	0.62
Auburn	140	1.21	Kittery	58	0.60
Cumberland	122	1.05	Windham	57	0.59
Arundel	118	1.02	Portsmouth	56	0.58
Lyman	115	0.99	Lewiston	52	0.53
Sanford	113	0.97	Sanford	52	0.53
Limington	110	0.95	Kennebunkport	44	0.45
Yarmouth	103	0.89	Auburn	43	0.44
Brunswick	101	0.87	Somersworth	43	0.44
Lewiston	84	0.72	Cumberland	40	0.41
Kennebunk	79	0.68	Brunswick	39	0.40
Other (In-State)	1,527	13.14	Augusta	39	0.40
Other (Out of State)	103	0.89	All Other	309	3.17
Total	11,618	100.00%	Total	9,736	100.00%

SOURCE: State of Maine, Department of Labor, Labor Market Information Services; U.S. Department of Commerce, Bureau of Census - 2010 data.

Retail Trade

Retail Sales by Product Group and Consumer Sales (\$/000)

	Business/ Operating	Building Supply	Food Store	General Mdse.	Other Retail	Auto/ Transp.	Rest. & Lodging	Group Total	Consumer Sales
2019	70,527.9	64,760.0	51,170.3	228,819.0	83,170.4	53,650.9	89,492.0	641,590.4	571,062.5
2018	65,466.4	61,246.3	47,007.8	226,677.0	83,204.9	47,568.6	89,126.5	620,297.6	554,831.2
2017	60,919.1	64,442.1	43,320.6	221,658.4	85,611.5	44,011.0	87,955.8	607,918.5	546,999.4
2016	55,250.7	54,612.2	39,874.9	217,972.6	88,494.2	42,935.0	81,273.7	580,413.3	525,162.7
2015	58,094.3	51,084.4	30,295.6	169,451.0	85,946.0	40,547.4	76,929.7	512,348.5	454,254.2
2014	51,089.3	47,798.4	27,617.1	165,709.5	85,224.4	33,620.6	72,370.9	483,430.2	432,340.9
2013	59,274.8	50,646.8	24,861.2	153,884.4	90,664.1	31,051.3	68,279.6	478,662.1	419,387.2
2012	47,877.7	47,938.8	24,205.3	150,114.6	85,691.9	30,566.6	65,626.7	452,021.7	404,144.0
2011	48,314.8	42,047.7	22,410.2	148,706.6	80,770.0	31,410.8	59,680.3	433,340.4	385,025.6
2010	37,556.9	43,876.8	22,326.5	145,410.3	77,598.4	29,618.2	57,432.1	413,819.3	376,262.4

SOURCE: State of Maine, Department of Taxation, Sales Tax Section.

BUILDING PERMITS

Year Ended Dec. 31,	Commercial (\$/000)				Residential (\$/000)				Total (\$/000)	
	New Construction		Alterations		New Construction		Alterations		Permits	Cost
	Permits	Cost	Permits	Cost	Permits	Cost	Permits	Cost		
2019	11	\$62,648.2	70	\$65,998.2	129	\$242,474.3	562	\$144,011.2	772	\$515,131.9
2018	6	15,776.8	78	55,096.0	90	250,870.2	617	173,854.2	791	495,597.2
2017	9	23,370.8	84	133,193.1	93	197,174.2	576	127,999.9	762	481,738.1
2016	13	27,255.0	93	128,167.5	92	136,710.7	508	113,252.7	706	405,385.9
2015	5	82,997.2	82	68,360.2	100	157,613.0	535	140,197.5	722	449,167.9
2014	4	13,968.2	69	50,567.4	70	128,536.2	412	100,197.2	555	293,269.1
2013	4	24,397.2	80	29,681.0	77	121,727.1	407	104,750.0	568	280,555.3
2012	7	9,762.4	65	40,770.1	63	90,026.9	420	84,749.3	555	225,308.7
2011	1	3,559.3	75	59,434.3	45	68,636.5	336	60,781.8	457	192,411.9
2010	1	0.0	70	96,903.9	58	84,399.5	401	62,448.9	530	243,752.3

ECONOMIC CHARACTERISTICS

Population	Town of Scarborough	<u>% Change Since Prior Census</u>		
		<u>Town</u>	<u>State</u>	<u>USA</u>
1970	7,845	22.2	2.4	13.4
1980	11,347	44.6	13.4	11.4
1990	12,518	10.3	9.2	9.8
2000	16,970	35.6	3.8	13.2
2010	18,919	11.5	4.2	8.9

SOURCE: Respective census, U.S. Department of Commerce, Bureau of the Census.

Population Characteristics	<u>Town of Scarborough</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
Median age (years)	44.5	41.0	42.7	37.2
% School age	19.0%	26.1%	18.2%	20.4%
% Working age	59.0%	64.8%	63.4%	62.9%
% 65 and over	12.2%	14.3%	15.9%	13.0%
Persons/household	2.48	2.32	2.32	2.58

Income	<u>Town of Scarborough</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
Median family income	\$93,854	\$71,335	\$58,185	\$62,982
% Below poverty level (individuals)	3.0%	10.5%	12.6%	13.8%
Per capita income	\$37,959	\$31,041	\$25,385	\$27,334

Housing	<u>Town of Scarborough</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
% Owner occupied	78.8%	68.5%	73.1%	66.6%
% Built 1939 or earlier	13.5%	29.0%	28.1%	14.1%
% Built since 2000	15.7%	10.8%	8.9%	12.8%
Owner occupied med. value	\$318,700	\$248,400	\$176,200	\$188,400
Median gross rent	\$1,097	\$868	\$707	\$841
Occupied housing units	7,397	116,616	551,125	-

SOURCE: 2010 Census, U.S. Department of Commerce, Bureau of the Census.

Unemployment	<u>Town of Scarborough</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
2019	2.4%	2.4%	3.0%	3.7%
2018	2.6	2.7	3.4	3.9
2017	2.3	2.5	3.3	4.4
2016	2.7	2.9	3.9	4.9
2015	3.0	3.4	4.4	5.3
2014	3.9	4.4	5.7	6.2
2013	4.7	5.3	6.7	7.4
2012	6.7	5.8	7.3	8.1
2011	5.1	6.0	7.5	8.9
2010	5.4	6.3	7.9	9.6

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research.

TOWN FINANCES

BUDGETARY PROCESS

Article V of the Town's Charter provides for a budget process. The fiscal year (or "budget year") of the Town begins on the first day of July and ends on the thirtieth day of June of the following year. The Charter provides that the Town Manager submit a budget to the Council at least 60 days prior to the beginning of each budget year. The budget is compiled from detailed information furnished by the School Committee, administrative officers and boards designated by the Town Manager. The proposed budget is reviewed by the Council, with the prerogative of amendment (except the Council has only total, not line item, appropriation authority for the Department of Education). The Council orders a public hearing with prior public notification. The Charter directs the Council to adopt their budget prior to the first day of the next budget year. If the Council fails to adopt the budget no later than 60 days of its submission to the Council, the budget as presented by the Town Manager and the Board of Education automatically becomes the budget for the fiscal year. If the Appropriation Resolve establishes a property tax levy that exceeds the Property Tax Levy Limit, then the excess of the appropriation must be approved in a separate article by a majority of the entire Town Council (i.e., a "super majority"). The Property Tax Levy Limit of one year may not exceed the Property Tax Levy Limit from the prior year by more than a specified Growth Limitation Factor (see "THE BONDS – SOURCE OF PAYMENT AND REMEDIES - Limitation on Municipal Property Tax" herein). Upon adoption of the budget, a property tax levy is then established and filed with the Town Assessor. The following table sets forth the trends in the General Fund's budgets for the Town for the last four fiscal years and for the current fiscal year.

Budgets for Fiscal Year Ending June 30,

	<u>2016</u>	<u>2017</u>	<u>2018⁽¹⁾</u>	<u>2019⁽¹⁾</u>	<u>2020</u>
EXPENDITURES					
General government	\$4,849,887	\$5,118,871	\$5,805,273	\$6,262,351	\$6,437,501
Public services	3,923,170	4,103,105	4,454,936	4,594,403	5,006,854
Public safety	10,107,752	11,138,946	11,471,627	11,956,312	12,676,491
Public works	6,718,059	6,755,141	6,762,140	6,742,788	6,896,283
Education	43,725,308	46,037,872	47,307,869	48,715,005	51,629,304
County Tax	2,493,342	2,568,852	2,709,666	2,827,079	2,956,659
Debt service	4,906,499	4,840,496	4,817,198	5,579,904	6,145,997
CIP	<u>892,030</u>	<u>1,148,470</u>	<u>1,040,617</u>	<u>1,408,321</u>	<u>2,311,867</u>
TOTAL EXPENDITURES	<u>77,616,047</u>	<u>81,711,753</u>	<u>84,369,326</u>	<u>88,086,163</u>	<u>94,060,956</u>
REVENUES					
Taxes	62,868,818	65,330,508	67,899,349	71,848,614	74,862,952
Licenses and permits	1,170,144	1,226,965	1,361,176	831,330	824,255
Intergovernmental	6,992,642	6,356,269	5,446,569	6,790,690	7,563,377
Interest earned	15,000	15,000	41,500	50,000	165,000
Other	<u>5,683,448</u>	<u>5,910,913</u>	<u>6,083,961</u>	<u>6,448,520</u>	<u>6,761,482</u>
TOTAL REVENUES	<u>76,730,052</u>	<u>78,839,655</u>	<u>80,832,555</u>	<u>85,969,154</u>	<u>90,177,066</u>
OTHER SOURCES					
Operating transfers	264,069	1,592,811	846,270	578,025	1,876,572
Prior year fund balance	425,000	747,633	2,102,464	805,764	657,643
Overlay	(496,074)	(173,207)	(140,698)	(672,280)	(298,892)
Bond and note proceeds	<u>693,000</u>	<u>704,861</u>	<u>728,735</u>	<u>1,405,500</u>	<u>1,648,567</u>
TOTAL OTHER	<u>885,995</u>	<u>2,872,098</u>	<u>3,536,771</u>	<u>2,117,009</u>	<u>3,883,890</u>
TOTAL BUDGET	<u>\$77,616,047</u>	<u>\$81,711,753</u>	<u>\$84,369,326</u>	<u>\$88,086,163</u>	<u>\$94,060,956</u>

NOTE: ⁽¹⁾ The Budget for fiscal years ending June 30, 2018 and 2019 are restated vis-à-vis prior Official Statements.

PROPERTY TAX LEVY LIMIT

Unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, the Town is limited to an increase in the Town's property tax levy from one year to the next of not more than its Municipal Property Tax Levy Limit (see "THE BONDS - SOURCE OF PAYMENT AND REMEDIES - Limitation on Municipal Property Tax Levy" herein). The Municipal Property Tax Limit for subsequent fiscal years is the Property Tax Levy Limit for the preceding year multiplied by the Growth Limitation Factor. Therefore, in cases where the amount of the prior year's Property Municipal Tax Levy Limit exceeds the amount of the Town's actual property tax levy ("Property Tax Levy"), the Town may carry-forward that difference in establishing its future years' Municipal property tax levy.

Fiscal year:	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
State Personal Income Factor:	0.86%	2.67%	2.84%	2.61%	2.77%
Town Prop Growth Factor:	<u>1.22%</u>	<u>0.82%</u>	<u>0.82%</u>	<u>0.24%</u>	<u>5.95%</u>
Growth Limitation Factor:	2.08%	3.49%	3.66%	2.85%	8.72%
Property Tax Levy Limit:	\$16,660,322	\$17,580,237	\$18,292,126	\$18,718,230	\$20,350,459
Property Tax Levy:	<u>17,005,804</u>	<u>17,667,684</u>	<u>17,637,854</u>	<u>16,603,050</u>	<u>17,053,076</u>
Over/(below) Levy Limit:	\$345,482	\$87,447	(\$654,272)	(\$2,115,180)	(\$3,297,383)

FINANCIAL AND FISCAL POLICY

On September 5, 2018, the Town adopted a comprehensive Financial and Fiscal Policy (the "Policy") to replace previously separate Investment, Fund Balance, Debt and Capital Planning policies. In adopting the Policy, the Town Council has simultaneously repealed the Town Council Debt Management Policy adopted by the Town Council on March 21, 2012; the Town Council Investment Policy adopted by the Town Council on March 21, 2012; the Town Council Fund Balance Policy adopted by the Town Council on September 17, 1997, as amended on January 20, 2010 and replaced the document adopted by the Town Council on November 2, 2016 and the Town Council Capital Planning Policy adopted by the Town Council on September 9, 2016 and replaces all Policies with the afore mention Financial and Fiscal Policy adopted by the Town Council on September 5, 2018. Among many components of the Policy⁽¹⁾, the following synopses discuss the Investment, Debt Management, Fund Balance and Capital Improvement Planning policies.

Investment Policy

Pursuant to applicable Maine law [Title 30-A, Section 5706 et seq. of the Maine Revised Statutes, as amended (the "Act")], all investments of the Town must be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and (iii) return of income commensurate with avoidance of unreasonable risk. Under its Policy, the Town's investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The Town is invested principally in direct obligations of the United States government and its agencies. The Town is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

NOTE: ⁽¹⁾ This is available in its entirety on the Town's website site at: <http://www.scarboroughmaine.org/town-government/town-ordinances> (101 - Financial and Fiscal Policy).

Debt Management Policy

Implementation of, and adherence to, a Debt Policy is a recommended practice by the Government Finance Officers Association (“GFOA”). The Town’s Policy provides guidelines regarding the timing and purpose for which debt may be issued, and presents the types of permissible debt and the methods of sale that may be used. In the Policy, the Town confirms its obligation to fully and timely repay all debt as an essential requirement for entry into the capital markets.

The Policy is to be used in conjunction with the operating and capital budgets, the CIP, and other financial policies and sets forth comprehensive guidelines for the financing of capital expenditures. It is the objective of the Policy that: (1) the Town obtains financing only when desirable, (2) the process for identifying the timing and amount of debt financing be as efficient as possible, (3) obtain, and then retain, the highest possible credit rating(s), (4) obtain the most favorable interest rate and other related costs, and (5) comply with full and complete financial disclosure and reporting. See also, “INDEBTEDNESS – LIMITATIONS AND EXCLUSIONS – Local” herein.

Debt financing includes: general obligation bonds, special assessment bonds, temporary notes, lease/purchase agreements, debt guaranteed by the Town, and other Town obligations permitted to be issued or incurred under Maine statute; debt financing is only to be used to purchase capital assets that cannot be acquired from current resources. The useful life of the financed asset or project needs to equal or exceed the payout schedule of any debt the Town assumes for that project, to achieve a match between those who benefit from the asset and those that pay for it.

The Town assesses all financial alternatives for funding capital improvements prior to issuing debt. “Pay-as-you-go” financing is considered before issuing debt. Pay-as-you-go financing may include: intergovernmental grants from federal, State, and other sources; current revenues and fund balances; private sector contributions; public/private partnership; or leases. Debt financing is not considered appropriate for recurring purposes, such as current operating and maintenance expenditures. Once the Town determines that pay-as-you-go is not a feasible financing option, the Town may use short-term or long-term debt to finance capital projects.

The Policy also incorporates a Post-Issuance Compliance portion that, among other things, provides for timely filings with EMMA or its successor repository, if any, with respect to its existing and future continuing disclosure undertakings; has established written procedures and assigned specific responsibilities that it believes will provide prompt compliance with its continuing disclosure undertakings on a going forward basis.

Fund Balance Policy

The Town has established, and followed, formal fund balance policies since January 20, 2010, amended on November 2, 2016, and now replaced with the Policy. The purpose of the Policy is to establish a target level of fund balance for the General Fund and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. After evaluating the Town’s operating characteristics, property tax base, reliability of non-property tax revenue sources, working capital needs, state and local economic outlooks, emergency and disaster risks, and other contingent issues, the Town establishes goals regarding the unassigned fund balances of the General Fund of the Town.

The Town’s goal is to maintain a level of unassigned fund balance in an amount equal to 10% of the Town’s Operating Budget for the prior fiscal year and not to fall below 8.3% (or 1/12th) of its operating budget. Once the Town achieves an unassigned fund balance equal to 10% of the Town’s Operating Budget, any excess above 12.0% is to be assigned by any combination to one of the following:

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

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

Annually the Town Manager shall report to the Town Council's Finance Committee the Statement of Activity of all fund balances that will include the beginning year's balances, gross adjustments in and out of each account during the reporting period and final report period ending balances. Such report shall occur following receipt of the audited financial statements. Also, annually, the Treasurer presents to the Town Manager a list of items for approval to be designated to be carried forward. To the extent that the fund balance is not maintained to the level of its goal, the unrestricted fund balance target, achieved through savings or through appropriations, should be realized in a period not to exceed five years.

Fund Balance as % Revenues

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Committed, Assigned & Unassigned					
General Fund Balance (Current Year)	\$8,221,705	\$9,177,030	\$11,072,395	\$10,256,307	\$11,127,667
Total Revenues (Current Year)	78,578,544	80,145,388	82,075,963	84,250,061	90,776,202
Fund Balance as % Revenues	10.46%	11.45%	13.49%	12.17%	12.26%
Assigned & Unassigned General Fund					
Balance	\$7,702,662	\$8,674,267	\$10,672,154	\$9,862,795	\$10,686,568
Total Revenues (Current Year)	78,578,544	80,145,388	82,075,963	84,250,061	90,776,202
Fund Balance as % Revenues	9.80%	10.82%	13.00%	11.71%	11.77%

Fund Balance as % Budgeted Expenses⁽¹⁾

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Unassigned General Fund Balance	\$4,973,289	\$6,107,559	\$6,893,626	\$7,386,943	\$8,211,760
Budgeted Expenses (Prior Year)	75,491,902	77,448,434	81,665,753	83,673,671	84,369,326
Fund Balance as % Prior Year Exp.	6.59%	7.89%	8.44%	8.83%	9.73%

NOTE: ⁽¹⁾ Stated, or restated, pursuant to the Town's Financial & Fiscal Policy, as amended September 5, 2018.

Capital Improvement Plan

The Town's Capital Planning Policy is implemented by the Town Manager and the Treasurer when developing comprehensive capital planning management guidelines and is reviewed by the Town Manager and the Treasurer at least annually. A multi-year capital improvement budget shall be prepared and submitted to the Finance Committee, separate from the operating budget, annually. The capital budget shall provide a list of projects and the means of financing and cover a five year period of time. The projects included in the capital budget should be part of the Town's capital improvement program. To be considered

for bonding, projects must be included in the Capital Improvement Budget as part of the capital improvements or capital equipment. The issuance of debt is subject to the review and approval of the Town Council and, pursuant to Section 901.3 of the Town's Charter is subject to a petition for overrule of Town Council action of orders authorizing bond issues of \$100,000 or more for a single capital improvement or equipment, by the initiative and referendum provisions of the Town's Charter, provided that the procedure is completed within 20 days following the enactment of such ordinance; and Section 905 of the Town's Charter which requires voter referendum approval for bond issues of \$400,000 or more for a single capital improvement or capital equipment.

NOTE: The Town's current Capital Improvement Plan is available on the Town's website site at:

<https://sites.google.com/scarboroughmaine.org/budgetportal/full-budget?authuser=0>, pages 61 through 71.

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Section 204.6 of the Town's Charter provide for independent annual audits of the Town's accounts and establish procedures for such audits. The Town, in conformance with this statute and its Charter currently engages the services of Wipfli LLP (successor to the former Macpage., LLC), Certified Public Accountants ("Wipfli") for this review.

In order to ensure timely review of the Town's financial position, on November 2, 2004 and effective December 1, 2004, the Town amended Section 215.1 of its Charter such that "The audit shall be completed and delivered to the Town Council not later than December 30th following the end of the municipal year of the subject audit...."

The Town's fiscal year 2019 Annual Financial Report, audited by Wipfli, is presented as APPENDIX A to this Official Statement. The Town has not requested the consent of Wipfli for the incorporation of the Financial Statements included in APPENDIX A, nor has it been received. The Government Finance Officers Association (the "GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Town for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2018. This is the 14th year that the Town has received this prestigious award. In order to be awarded the certificate, the Town published an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles ("GAAP") and applicable legal requirements.

FUNDS

The accounts of the Town are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Town has the following fund types and account groups:

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of the Town's expendable financial resources and the related liabilities. (except those that would be accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Town's Governmental Fund Types:

General Fund - This fund accounts for all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust, or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Capital Project Funds - Capital Project Funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

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's own programs.

The Town 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.

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's programs, that is, for the benefit of the government or its citizenry. Permanent funds are established by the Town for the following purposes: Scarborough Memorial Cemetery Perpetual Care, Dunstan Cemetery Perpetual Care and Mary A. Tucker Perpetual Care.

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TOWN OF SCARBOROUGH
COMPARATIVE BALANCE SHEET
GENERAL FUND
(As of June 30,)

	2019	2018	2017	2016	2015
ASSETS					
Cash and cash equivalents	\$12,497,354	\$13,948,390	\$17,372,662	\$16,634,125	\$12,015,992
Investments	8,113,153	3,962,077	645,900	751,414	1,962,632
Receivables:					
Accounts receivable	707,972	711,768	800,919	778,066	1,249,773
Intergovernmental	280,454	297,184	199,023	170,666	48,527
Taxes receivable	230,667	183,262	157,657	188,545	148,389
Tax liens	891,116	753,888	778,838	866,101	808,236
Inter-fund receivable	2,459,044	2,766,235	2,666,910	2,570,631	3,077,866
Tax acquired property	7,231	7,231	7,231	7,231	7,231
Inventory	27,679	28,179	12,598	31,301	42,532
TOTAL ASSETS	25,214,670	22,658,214	22,641,738	21,998,080	19,361,178
LIABILITIES					
Accounts payable	4,582,112	2,568,884	2,704,002	2,044,181	2,037,776
Accrued payroll	5,205,749	4,922,906	4,709,522	4,774,805	4,499,022
Accrued absences	153,640	213,160	99,129	98,807	265,895
Unearned revenues	52,947	344,492	58,208	42,210	49,428
TOTAL LIABILITIES	9,994,448	8,049,442	7,570,861	6,960,003	6,852,121
DEFERRED TAX REVENUE	913,993	843,488	786,089	863,100	806,479
EQUITY					
Fund balances:					
Non-spendable	27,679	28,179	12,598	31,301	42,532
Restricted	3,150,883	3,480,798	3,199,795	4,966,646	3,438,341
Committed	441,099	393,512	400,241	502,763	519,043
Assigned	2,474,808	2,475,852	3,778,528	2,566,708	2,729,373
Unassigned	8,211,760	7,386,943	6,893,626	6,107,559	4,973,289
TOTAL EQUITY	14,306,229	13,765,284	14,284,788	14,174,977	11,702,578
TOTAL LIABILITIES AND EQUITY	\$25,214,670	\$22,658,214	\$22,641,738	\$21,998,080	\$19,361,178

Prepared from Audited Financial Statements.

TOWN OF SCARBOROUGH
COMPARATIVE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
(For the Years Ended June 30,)

	2019	2018	2017	2016	2015
REVENUES					
Taxes	\$72,029,379	\$68,206,268	\$65,728,769	\$63,400,933	\$60,971,872
Licenses and permits	864,305	939,441	781,757	816,628	756,181
Intergovernmental	10,990,668	9,160,919	9,252,343	9,821,341	10,378,344
Interest earned	286,272	133,021	175,917	84,783	390,260
Other	6,605,578	5,810,412	6,228,438	6,021,643	6,081,887
TOTAL REVENUES	90,776,202	84,250,061	82,167,224	80,145,328	78,578,544
EXPENDITURES					
General government	6,420,657	5,665,182	5,290,189	4,951,353	4,829,444
Public services	4,724,209	4,945,601	4,852,147	4,690,296	4,612,240
Public safety	11,578,527	11,220,717	10,845,773	10,125,943	9,514,108
Public works	7,006,492	6,749,774	6,529,061	6,677,609	6,506,439
Education	52,182,175	49,704,053	48,091,286	43,983,487	44,638,078
County tax	2,827,079	2,709,666	2,568,852	2,493,342	2,355,415
Debt service	5,599,113	4,873,855	4,857,655	4,923,898	4,605,500
Capital improvements	1,459,518	766,814	1,148,329	1,037,678	1,192,358
Other	0	(249)	173,207		6,765
TOTAL EXPENDITURES	91,797,770	86,635,413	84,356,499	78,883,606	78,260,347
EXCESS OF REVENUES OVER EXPENDITURES	(1,021,568)	(2,385,352)	(2,189,275)	1,261,722	318,197
OTHER FINANCING SOURCES:					
Operating transfers in	793,221	877,657	2,498,932	876,717	594,836
Operating transfers out	(344,527)	(290,540)	(774,116)	(295,839)	(320,823)
Refunding bonds				3,785,000	
Premium	423,393	606,146		220,512	
Refunding escrow				(3,972,329)	
Proceeds from Capital Lease				0	
Bond or note proceeds	690,426	672,585	574,270	596,556	1,501,880
TOTAL OTHER FINANCING:	1,562,513	1,865,848	2,299,086	1,210,617	1,775,893
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	540,945	(519,504)	109,811	2,472,339	2,094,090
FUND BALANCE, BEGINNING OF YEAR	13,765,284	14,284,788	14,174,977	11,702,578	9,608,488
FUND BALANCE, END OF YEAR	\$14,306,229	\$13,765,284	\$14,284,788	\$14,174,917	\$11,702,578

Prepared from Audited Financial Statements

PROPERTY TAXATION

Tax Due Dates

The principal tax of the Town is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The Town's Tax Collector receives the tax commitment from the Town Assessor, with assessed values as of April 1 of each year, after which time the tax bills are due in two installments. For fiscal 2019/2020 due dates are October 15, 2019 and March 16, 2020. All taxes paid after the due dates are subject to interest, established under Title 39, Section 186 of the Maine Revised Statutes, as amended, initially set at the rate of 1.5% per annum for October payments; and 5.0% for March payments, as set by the Town. However, on April 1, 2020 the Town Council voted to change the interest rate of 5.00% per annum on unpaid 2019 taxes to 0.00% per annum for any unpaid 2019 taxes paid after April 1, 2020, in view of the financial hardship imposed by the COVID-19 pandemic, such adjustment to end July 16, 2020. Interest rates on any taxes due from prior years are unchanged.

Real Estate Taxes

Collection of real estate taxes is ordinarily enforced in the Town by the "tax lien" procedure as provided in the Maine Revised Statutes, as amended, to the collection of delinquent real estate taxes. Real Estate Tax Liens are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the Town. However, Article 3(B) of the Town's *Policy for Disposition of Tax Acquired Property*, adopted October 16, 2002, as amended on March 18, 2015, provides for the Town and the property owner of a single residence property to enter into a plan and an installment sales contract in order to waive the foreclosure process, and to secure prompt payment of outstanding and current taxes, related interest and costs.

Business Personal Property Taxes

In 2006 the Maine Legislature enacted LD 2056, codified as Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended, which exempts from taxation, beginning with the April 1, 2008 tax year, various types of tangible business personal property subject to an allowance for depreciation and some specialty types of real property improvements. The exemption does not apply to: Office furniture; Lamps and lighting fixtures used to provide general purpose office or worker lighting; Property owned or used by public utilities and persons providing certain television/telecommunications services; Telecommunications personal property subject to the tax imposed by section 457 of Title 36; Gambling machines or devices and associated equipment; Property located at a retail sales facility unless such facility is more than 100,000 square feet in size and owned by a business whose Maine-based operations derive less than 30% of their total annual revenue from sales in the State.

Through the Business Equipment Tax Exemption Program ("BETE") the State will reimburse municipalities with respect to the lost property taxes associated with this new exemption through one of three formulas, whichever is most beneficial to the municipality, as follows:

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and

50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.

2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town's tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality's 64% "personal property factor".
3. Municipal Retention TIF Districts – Certain TIF districts that were enacted prior to April 1, 2008 entitle a municipality to receive reimbursement at a rate of up to 100% for exempt business equipment that is TIF exempt business equipment as defined in Title 36, Section 691(1)(G) of the Maine Revised Statutes, as amended. The increased reimbursement percentage is based on the tax increment percentage allocated to the municipality, as provided in Title 36, Section 694(2)(C) of the Maine Revised Statutes, as amended.

For the purposes of identifying the municipality's valuation for determining the local property tax rate, the value of all property made exempt by this legislation in the municipality must be considered part of that municipality's local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district.

The value of all property made exempt by this law in the Town will also be considered part of that municipality's equalized State Valuation to the extent the Town is being reimbursed for its lost property taxes by the state with an additional adjustment for property in a tax increment financing district. The law provides some additional security for the municipal reimbursement system by funding the reimbursements described above directly from State Income Tax receipts before those receipts are deposited into the State's General Fund, rather than as an annual General Fund appropriation.

Potential Impact of Coronavirus on Fiscal Capacity

The Town's budget relies on property tax collections for approximately 74% of its total General Fund budget needs, with State-Aid to Education representing another 4.25%. The Town believes that neither revenue source is significantly at risk in fiscal year 2020/2021.

Excise tax collections on vehicles are projected to generate 6.33% of total revenues, and Maine State Revenue Sharing contributes 1.75% of the total revenue requirements for fiscal year 2020/2021. Both of these smaller sources could potentially be dampened by an economic contraction or recession triggered by COVID-19 or other world and national events as they relate to vehicle purchasing and state-wide sales and income tax collections by the State. Specifically with respect to Maine State Revenue Sharing payments, on April 2, 2020, the Treasurer of the State of Maine offered guidance to Maine municipalities. Due to COVID-19, State level sales and use and withholding tax receipts are expected to be well below budget, at least through the final quarter of the State's fiscal year. The State Treasurer advised municipalities that it would be prudent to assume that Maine State Revenue Sharing payments beginning in July 2020 will be less than what was previously projected.

The Town recognizes such risk to revenue projected revenue receipts but in the judgement of the Town's administration, such reductions would not materially affect overall financial position and are more likely to be generally experienced as delays in collections than actual revenue losses. See also "TOWN FINANCES – PROPERTY TAXATION – Tax Due Dates" herein.

TAX LEVY AND COLLECTIONS

Fiscal Yr. End June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Commit. (000)	Collections (after Supplements and Abatements)		
					Year End (000)	% of Levy	% of Levy A/O 6/30/19
2020	\$4,778,350	\$4,696,461	\$14.70	\$69,038	---- In Process ----		
2019	4,313,600	4,012,293	16.49	66,163	\$65,495	98.96%	98.96%
2018	4,068,100	3,785,488	16.49	62,715	61,849	99.08	99.67
2017	3,899,350	3,776,363	15.92	59,855	59,602	99.14	99.94
2016	3,791,950	3,745,548	15.49	58,019	57,332	98.82	99.97
2015	3,667,300	3,700,488	15.10	55,877	55,322	99.01	99.98
2014	3,579,450	3,660,306	14.77	54,063	53,306	98.60	99.98
2013	3,482,500	3,631,675	13.80	50,117	49,484	98.72	99.97
2012	3,556,750	3,571,196	13.03	46,533	46,103	98.75	99.97
2011	3,564,150	3,556,552	12.63	44,919	44,325	98.66	99.97
2010	3,620,450	3,524,772	12.15	42,826	42,371	98.82	99.96

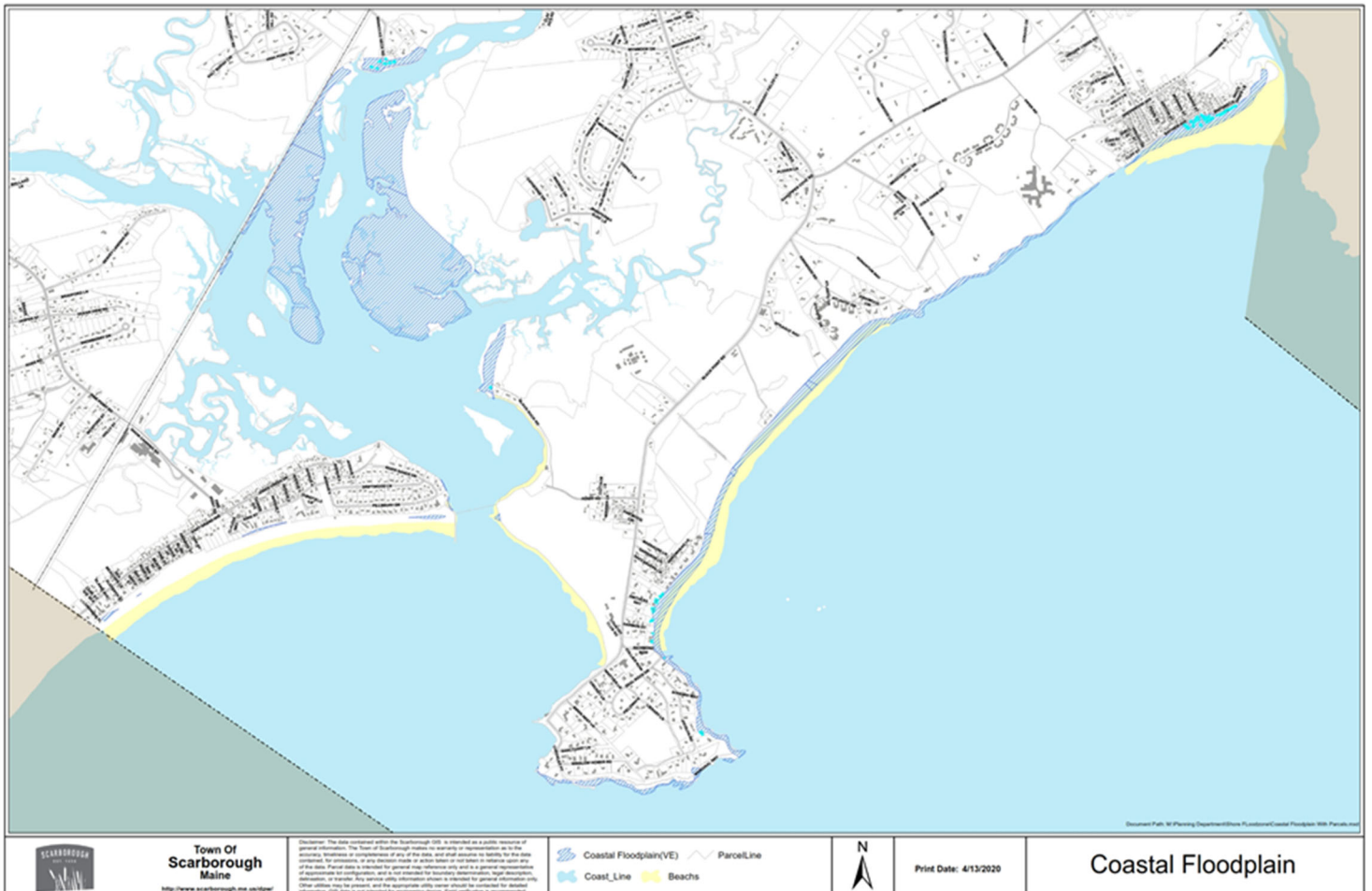
The Town has concluded the second year of a two phase town-wide revaluation. In August 2019, the tax commitment included \$668,195,564 in additional value identified through the residential portion of the revaluation.

LARGEST TAXPAYERS

Taxpayer	Business	As of April 1, 2019				
		Real Estate	Personal Property	Assessed Total	Property Tax	% of Levy
Maine Life Care	Retirement Com	\$81,371,000	\$1,048,800	\$82,419,800	\$1,211,571	1.73%
Wal-Mart/Sam's Club	Wholesale/Retail	38,007,000	5,179,300	43,186,300	634,839	0.90
Gavin Ruotolo	Commercial	35,053,900	177,800	35,231,700	517,906	0.74
Central Maine Power	Utility	34,667,500	53,400	34,720,900	510,397	0.73
Foxcroft & Coach Lantern	Apartments	29,653,000	128,500	29,781,500	437,788	0.62
Hannaford Bros.	Corporate	20,164,200	8,763,700	28,927,900	425,240	0.61
The Residences at Gateway C	Apartments	22,169,900	226,900	22,396,800	329,233	0.47
New England Expedition	Retail/Restaurants	22,335,200	-	22,335,200	328,327	0.47
Scarborough Gallery	Retail/Restaurants	21,284,600	-	21,284,600	312,884	0.45
Waterstone Scar. LLC	Shopping Center	17,439,600	-	17,439,600	259,362	0.37
Top Ten Taxpayers as a % of Total		\$322,145,900	\$15,578,400	\$337,724,300	\$4,964,547	7.07%

CLIMATE CHANGE

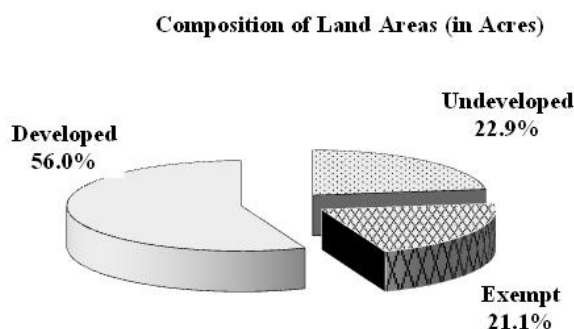
In reviewing the Town's floodplain maps provided by the Federal Emergency Management Agency ("FEMA") division of the US Department of Homeland Security, there are a total of 153 parcels and 50 structures within the coastal velocity flood zone. Since 2010, the Town of Scarborough has been involved in numerous efforts regarding identifying the vulnerability of infrastructure and resources to help with the impact of coastal storms and potential future sea level rise. Most of these efforts have been completed as part of the Saco Bay Sea Level Adaptation Working Group ("SLAWG"). SLAWG is comprised of the towns of Scarborough and Old Orchard Beach, and the cities of Saco and Biddeford. The Town is currently working with the Silver Jackets, the lead coordinator for the Maine Floodplain Management Program, on an educational outreach program through their High Water Mark Initiative.



CURRENT TAX BASE AND TAX BASE GROWTH

The Town's land area is comprised of 28,178 acres. The below table and chart displays the composition of land area available for tax base, and the potential for future tax base by the conversion of land from undeveloped to developed.

<u>By Land Area (acres)</u>	
Undeveloped ⁽¹⁾	6,456
Exempt	5,954
Developed	<u>15,768</u>
Total	28,178



NOTE: ⁽¹⁾ May include an undetermined amount of land that cannot be developed and/or green space.

TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS

Chapter 206 and former 207 (now repealed) of Title 30-A of the Maine Revised Statutes, as amended, enable a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a municipal development and tax increment financing ("TIF") district or an affordable housing municipal development and tax increment financing district (a "housing district") for a period of up to 30 years and adopts a development program (the "Development Program") stating the means and objectives for the development of that district. The municipality may designate, or "capture", all or a portion of the increase in assessed value resulting from development within the district and dedicate the increased property taxes it receives in future years generated by the "captured" assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of all TIF districts and the aggregate original assessed value of all housing districts within the municipality as of the April 1st preceding the date the Commissioner of the Department of Economic and Community Development, with respect to TIF Districts, or the Director of the Maine State Housing Authority, with respect to housing districts, approves the designation of any such district each cannot each exceed 5% of the municipality's total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality's total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones, transit-oriented TIF districts or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, Section 3403, Subsection 3 of the Maine Revised Statutes, as amended.

The Town has designated various tax increment financing districts and may consider proposals for other districts on an ongoing basis. All districts will be evaluated based upon the Town's comprehensive plan for economic development, which includes tax increment financing as one of its aspects. In no event will the Town's districts exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation, as set out above.

The future increased property tax receipts which have been and may, in the future, be "captured" for purposes of the Town's tax increment financing districts will not be available to pay debt service on the Bonds. The Town does not expect, however, that the use of such future increased property tax receipts for purposes of the Town's tax increment financing districts will have an adverse effect on the Town's ability to pay debt service on the Bonds.

REVENUES FROM THE STATE

The State provides revenue to the Town in a number of areas including aid to the Town in areas of education and road maintenance; reimbursement for general assistance, homestead exemption and BETE; and revenue sharing. The amount of revenue in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State aid are governed by laws that may be changed by the State Legislature and are subject to appropriation by the State Legislature in its budgetary process.

The State subsidizes most local school administrative units through the Essential Programs and Services ("EPS") model of calculating and distributing state education aid. EPS utilizes a number of factors that are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature. Furthermore, subsidies for school administrative units are an annual item in the State's budgetary process and are subject to legislative appropriation in that process. Revenues received by the Town from the State in future years could, however, be less than any of the amounts set forth in the following table. The following table displays revenue received by the Town from the State for the last five audited fiscal periods:

Fiscal Yr. End June 30,	State Revenue Sharing	School Aid	Reimbursements			Other State Aid	Total From State
			Homestead Exemption	General Assist.	BETE		
2019	\$912,219	\$2,744,404	\$973,151	\$2,652	\$774,383	\$350,450	\$5,406,089
2018	850,349	2,055,549	764,666	10,135	691,748	351,618	4,724,065
2017	797,303	3,499,284	544,388	10,952	553,749	345,237	5,750,913
2016	838,395	4,601,471	354,367	6,386	333,868	363,628	6,498,115
2015	771,051	4,747,923	346,020	4,658	316,079	394,697	6,580,428

INDEBTEDNESS

LIMITATIONS AND EXCLUSIONS

Statutory

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, "No municipality shall incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm and sewer purposes to an amount outstanding at any time not exceeding 7½% of its last

full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set.”

Title 30-A, Section 5703 of the Maine Revised Statutes, as amended, provides that the limitations on municipal debt contained in Section 5702 do not apply “... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or state aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under Chapter 235 and Title 10, chapter 110, subchapter IV, obligations payable from revenues of the current municipal year or from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt.”

Local

In accordance with Town Council Order No. 12-37, dated March 21, 2012, the Town established Local Debt Limits, such that the Town shall not incur debt, which would cause its total debt outstanding at any time, for the following to be exceeded for: School purposes: 5%; Storm or Sanitary: 4%; Airport, water & special districts: 1.50%; Other purposes: 4%; Total debt outstanding not to exceed 8.50% of its last equalized State valuation.

On January 1, 2020 the Town’s equalized state valuation (“Equalized State Valuation” or “ESV”) was \$4,778,350,000. The 15% statutory debt limit is \$716,752,500; the Local debt limit is \$406,159,750. On June 30, 2019 the Town’s long-term debt was \$102,720,000 or 2.15% of the 2020 Equalized State Valuation. The Town will certify on the date of issue of the Bonds that the Town has not exceeded the foregoing debt limits and that issuance of the Bonds will not cause the Town to exceed such debt limits.

DEBT SUMMARY

The Town’s long-term debt payable at June 30, 2019 (audited) and projected for June 30, 2020 (unaudited), are comprised of the following issues:

<u>Series</u>	<u>Date of Issue</u>	<u>Issue Amount</u>	<u>Date of Final Mat</u>	<u>As of 6/30/2019</u>	<u>Payments</u>	<u>Projected 6/30/2020</u>
2009	10/1/2009	\$1,780,000	11/1/2019	\$115,000	(\$115,000)	\$0
2010	4/15/2010	6,002,000	11/1/2030	2,590,000	(345,000)	2,245,000
2011	6/15/2011	5,600,000	11/1/2030	1,835,000	(355,000)	1,480,000
2012	5/8/2012	46,545,000	11/1/2041	36,400,000	(3,210,000)	33,190,000
2013	4/1/2013	25,685,000	11/1/2042	21,600,000	(770,000)	20,830,000
2014	5/15/2014	6,505,000	11/1/2033	3,060,000	(325,000)	2,735,000
2015	5/1/2015	6,085,000	11/1/2034	4,175,000	(430,000)	3,745,000
2016	5/12/2016	7,540,000	11/1/2035	4,980,000	(785,000)	4,195,000
2017	6/8/2017	2,755,000	11/1/2036	2,395,000	(360,000)	2,035,000
2018	3/1/2018	18,190,000	11/1/2047	18,190,000	(935,000)	17,255,000
2019	6/20/2019	7,380,000	11/1/2048	7,380,000	0	7,380,000
		Sub-total		102,720,000	(7,630,000)	95,090,000
2020	5/28/2020	7,040,000	11/1/2040			<u>7,040,000</u>
		Totals		\$102,720,000	(\$7,630,000)	\$102,130,000

PROJECTED PRINCIPAL PAYMENTS, BY ISSUE (\$/000)

Yr. End June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2016	2017	2018	2019	Sub- total	2020	Total
2020	115	345	355	3,210	770	325	430	250	535	360	935	0	7,630	0	7,630
2021		345	355	3,475	765	325	335	245	535	360	935	410	8,085	0	8,085
2022		280	115	3,685	765	310	335	155	310	295	935	410	7,595	745	8,340
2023		280	115	3,520	765	300	335	155	280	190	930	410	7,280	745	8,025
2024		280	115	2,170	715	300	320	150	280	185	930	410	5,855	745	6,600
2025		280	115	1,870	720	250	320	125	270	185	695	410	5,240	745	5,985
2026		280	115	1,585	1,045	250	265	125	270	185	695	295	5,110	745	5,855
2027		100	110	1,335	1,430	250	265	70	270	185	695	295	5,005	370	5,375
2028		100	110	1,310	1,465	250	265	70	265	55	690	295	4,875	370	5,245
2029		100	110	1,330	1,405	250	265	70	95	55	690	295	4,665	370	5,035
2030		100	110	1,355	1,435	50	245	65	0	55	635	295	4,345	370	4,715
2031		100	110	1,775	1,065	50	165	65	0	55	635	295	4,315	370	4,685
2032				1,815	1,075	50	160	65	0	55	580	295	4,095	215	4,310
2033				1,800	1,090	50	160	65	0	35	580	295	4,075	215	4,290
2034				685	1,525	50	160	65	0	35	580	295	3,395	215	3,610
2035				685	1,045		150	65	0	35	510	295	2,785	215	3,000
2036				685	565			65	0	35	510	260	2,120	215	2,335
2037				685	565					35	510	260	2,055	80	2,135
2038				685	565						510	260	2,020	80	2,100
2039				685	565						510	260	2,020	80	2,100
2040				685	565						500	260	2,010	75	2,085
2041				685	565						500	120	1,870	75	1,945
2042				685	565						500	120	1,870		1,870
2043					565						500	120	1,185		1,185
2044											500	120	620		620
2045											500	120	620		620
2046											500	120	620		620
2047											500	120	620		620
2048											500	120	620		620
2049												120	120		120
Sub-total	115	2,590	1,835	36,400	21,600	3,060	4,175	1,870	3,110	2,395	18,190	7,380	102,720	7,040	109,760
paid	(115)	(345)	(355)	(3,210)	(770)	(325)	(430)	(250)	(535)	(360)	(935)	0	(7,630)	0	(7,630)
Total	0	2,245	1,480	33,190	20,830	2,735	3,745	1,620	2,575	2,035	17,255	7,380	95,090	7,040	102,130

DEBT RATIOS

Fiscal Yr. End June 30,	Population	Equalized State Val. (000)	Assessed Valuation (000)	Total Debt	Debt as % Eq. Val.	Per Capita Debt
2019	20,352	\$4,313,600	\$4,012,293	\$102,720,000	2.38%	\$5,047.17
2018	20,208	4,068,100	3,785,488	102,650,000	2.52	5,079.67
2017	20,208	3,899,350	3,776,363	91,630,000	2.35	4,534.34
2016	20,023	3,791,950	3,745,548	95,920,000	2.53	4,790.49
2015	19,691	3,667,300	3,700,488	98,500,000	2.69	5,002.29
2014	19,343	3,579,450	3,660,306	97,895,000	2.73	5,061.00
2013	18,941	3,482,500	3,631,675	96,180,000	2.76	5,077.87
2012	18,786	3,556,750	3,571,196	82,250,000	2.31	4,378.26
2011	18,919	3,564,150	3,556,552	66,767,000	1.87	3,529.10
2010	19,239	3,620,450	3,524,771	68,042,000	1.88	3,536.67

PROJECTED DEBT SERVICE REQUIREMENTS

Fiscal Yr. End June 30,	Prior Debt			Projected Debt (Pro-forma, this Issue)			Projected Total Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2020	\$7,630,000	\$3,784,372	\$11,414,372	\$0	\$0	\$0	\$11,414,372
2021	8,085,000	3,515,881	11,600,881	0	264,249	264,249	11,865,131
2022	7,595,000	3,220,050	10,815,050	745,000	267,050	1,012,050	11,827,100
2023	7,280,000	2,959,919	10,239,919	745,000	233,525	978,525	11,218,444
2024	5,855,000	2,703,869	8,558,869	745,000	211,175	956,175	9,515,044
2025	5,240,000	2,473,275	7,713,275	745,000	185,100	930,100	8,643,375
2026	5,110,000	2,258,544	7,368,544	745,000	147,850	892,850	8,261,394
2027	5,005,000	2,043,922	7,048,922	370,000	119,975	489,975	7,538,897
2028	4,875,000	1,845,319	6,720,319	370,000	101,475	471,475	7,191,794
2029	4,665,000	1,658,825	6,323,825	370,000	82,975	452,975	6,776,800
2030	4,345,000	1,482,281	5,827,281	370,000	64,475	434,475	6,261,756
2031	4,315,000	1,318,756	5,633,756	370,000	45,975	415,975	6,049,731
2032	4,095,000	1,164,306	5,259,306	215,000	31,350	246,350	5,505,656
2033	4,075,000	1,016,388	5,091,388	215,000	23,825	238,825	5,330,213
2034	3,395,000	872,013	4,267,013	215,000	19,525	234,525	4,501,538
2035	2,785,000	747,063	3,532,063	215,000	15,225	230,225	3,762,288
2036	2,120,000	646,638	2,766,638	215,000	10,925	225,925	2,992,563
2037	2,055,000	559,563	2,614,563	80,000	7,875	87,875	2,702,438
2038	2,020,000	477,413	2,497,413	80,000	6,075	86,075	2,583,488
2039	2,020,000	399,919	2,419,919	80,000	4,275	84,275	2,504,194
2040	2,010,000	324,894	2,334,894	75,000	2,531	77,531	2,412,425
2041	1,870,000	253,731	2,123,731	75,000	844	75,844	2,199,575
2042	1,870,000	184,669	2,054,669				2,054,669
2043	1,185,000	129,306	1,314,306				1,314,306
2044	620,000	98,238	718,238				718,238
2045	620,000	77,450	697,450				697,450
2046	620,000	56,350	676,350				676,350
2047	620,000	35,250	655,250				655,250
2048	620,000	14,150	634,150				634,150
2049	120,000	1,800	121,800				121,800
TOTAL	\$102,720,000	\$36,324,150	\$139,044,150	\$7,040,000	\$1,846,274	\$8,886,274	\$147,930,425

DEBT SERVICE COMPONENT OF OPERATING EXPENSES

	Audited				
	2015	2016	2017	2018	2019
Total Current Year Debt Service:	\$8,980,337	\$9,838,805	\$10,393,228	\$10,397,906	\$10,743,825
Budgeted Operating Expense:	76,271,802	78,201,950	82,453,257	82,428,257	88,086,163
Debt Service as % Oper. Expense:	11.77%	12.58%	12.60%	12.32%	12.19%

OVERLAPPING DEBT

County of Cumberland

The Town is subject to an annual assessment of its proportional share of the County of Cumberland's (the "County") expenses, including debt repayment, as determined by the percentage of the Town's equalized State Valuation to the County's equalized State Valuation. At January 1, 2020 the Town's equalized State Valuation of \$4,778,350,000 is 9.48% of the County's equalized State Valuation of \$50,417,650,000. The Town's share is 9.48%, or \$3,423,759, of the County's \$36,125,000 long-term debt projected outstanding as of December 31, 2019 (unaudited).

CONTINGENT DEBT

Portland Water District

The Water Division of the Portland Water District ("PWD") also provides water to the inhabitants of 11 cities and towns and one water district within the Greater Portland Area (the "PWD Municipalities"), including the Town. The Water Division's debt is not a debt or obligation of the PWD Municipalities. However, under Title 35-A, Section 6103 of the Maine Revised Statutes, as amended (previously codified at Title 30, Section 3211 of the Maine Revised Statutes, as amended) (the "Act"), and pursuant to an agreement with ten of the 12 PWD Municipalities, (the "Section 6103 Members"; the exceptions being the Town of Standish and the Yarmouth Water District), in compliance with subsection 6 of the Act, the PWD possesses authority for taxation in the event of default in the payment of the indebtedness of the PWD incurred for water purposes (the "Water System Debt"). In the event of a default by PWD in the payment of the principal of, or interest on, its Water System Debt, the Trustees of the PWD have the authority to issue a warrant for payment of amounts necessary to cure the default to the assessors in each Section 6103 Member municipality within the PWD, including the Town. Such assessment would be allocated, pro-rata, to each Section 6103 Member municipality based upon 100% of its respective equalized State Valuation. On this basis, at December 31, 2019, the Town was contingently responsible for approximately 14.47%, or \$7,003,717 of the PWD's \$48,412,320 Water System Debt outstanding as of December 31, 2019.

ecomaine

ecomaine (formerly Regional Waste Systems, Inc.), a Maine Corporation with 21 Member Municipalities, including the Town, has issued debt to fund a resource recovery system ("RRS") (the "RRS Debt"). The RRS Debt is a special revenue obligation of ecomaine, payable from, and secured by, a pledge of ecomaine revenues. The debt does 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 waste handling agreements among the Member Municipalities (the "Waste Handling Agreements"), the Member Municipalities are obligated severally to deliver certain of the solid waste produced within each such Member Municipality to ecomaine for processing and 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 required debt service on the RRS Debt. The obligations of the Member Municipalities under the Waste Handling Agreements are secured by the full faith and credit of the Member Municipalities subject to certain limitations. On June 30, 2019, outstanding RRS Debt was \$0.00.

The Town has also entered into an agreement with ecomaine, as one of 21 RWS Member Municipalities, along with an additional seven participating municipalities, to establish a Material Recycling Facility ("MRF") at ecomaine's demolition debris and recycling facility. It is anticipated that the Town's share of

debt incurred for this project will also be paid through user charges and service fees over the life of the project. At June 30, 2019 outstanding MRF debt was \$0.00.

ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and post-closure care costs approximate \$15,082,777 at June 30, 2019, the most current information available. The Town's proportionate share of these estimated landfill closure and post-closure care costs is 9.16% or \$1,380,967.

TOTAL GENERAL OBLIGATION, OVERLAPPING AND CONTINGENT DEBT

	<u>Direct Debt</u>	<u>Overlapping</u>	<u>Contingent</u>	<u>Total Debt</u>
Town of Scarborough ⁽¹⁾	\$102,720,000			\$102,720,000
County of Cumberland ⁽²⁾		3,423,759		3,423,759
Portland Water District			7,003,717	7,003,717
ecomaine (RRS) ⁽¹⁾			0	0
ecomaine (MRF) ⁽¹⁾			0	0
ecomaine (Landfill) ⁽¹⁾			1,380,967	1,380,967
Total	\$102,720,000	\$3,423,759	\$8,384,684	\$114,528,443
 Debt as % 2020 ESV	 2.15%	 0.07%	 0.18%	 2.40%
Debt per Capita	\$5,047.17	\$168.23	\$411.98	\$5,627.38

NOTE: ⁽¹⁾ As of June 30, 2019.

⁽²⁾ As of December 31, 2019.

FUTURE FINANCING

The following projects have been authorized, or are being considered for authorization following the financing of the Bonds, but are as yet unissued:

<u>CIP Year</u>	<u>Bond Order</u>	<u>Description</u>	<u>Total Authorized</u>	<u>Previously Bonded</u>	<u>2020 Bonds</u>	<u>Authorized Unissued</u>
2005/2006	06-018	Fire Dept Training Bldg	\$150,000	\$0		\$150,000
2007/2008	08-008	Dunstan Sidewalk	550,000	(375,340)		174,660
2008/2009	08-123	Auditorium Wall & Stage	25,000	0		25,000
2008/2009	08/123	HS Café Air Conditioner	125,000	(100,000)		25,000
2008/2009	08/123	WI Asbestos Abatement	25,000	0		25,000
2009/2010	09-105	Land Bonds (Voter approved)	1,000,000	(865,730)		134,270
2009/2010	10-011	Running Hill Sewer	1,450,000	0		1,450,000
2010/2011	11-030	Martin Ave/Broadturn Rd	115,000	(60,000)		55,000
2010/2011	11-030	Haigis Parkway/Rte One	2,235,000	(2,141,500)		93,500
2012/2013	13-007	PW Fogg Road Study	230,000	0		230,000
2016/2017	17-037	Cummings Rd Reconstruct	250,000	0		250,000
2016/2017	17-113	Eastern Trail	110,000	(99,292)		10,708
2017/2018	17-078	Public Safety Building	19,500,000	(17,639,414)	(1,534,585)	326,001
2017/2018	17-113	PW Mid-level Road	300,000	(249,305)		<u>50,695</u>
						\$2,999,834

RETIREMENT

A. DEFINED BENEFIT PENSION PLAN

Description of the Plan

The Town is a “participating local district” pursuant to Regular Plan AC, Special Plan 1C and, effective July 1, 2015, Special Plan 3C of the Consolidated Plan for Participating Local Districts (the “Consolidated Plan”) (“CPPLD”) and contributes to Maine Public Employees Retirement System’s (“MainePERS”) successor to the Maine State Retirement System (“MSRS”), a cost-sharing multiple-employer defined benefit pension plan. The MSRS was established in 1942, and effective September 20, 2007, by virtue of Chapter 58 of the Public Laws of 2007, MSRS was renamed MainePERS as successor to the Maine State Retirement System (“MSRS”). MainePERS was established and is administered under the Maine State Retirement System Laws, Title 5, Chapters 421, 423 and 425 of the Maine Revised Statutes, as amended. MainePERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to its members and which include employees of participating local districts, including the Town. The authority to establish and amend benefit provisions rests with the State legislature. MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the CPPLD. That report may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04433 or by calling (800) 451-9800. Such report is also available at <http://www.msrs.org/Publications/Publications.htm#AnnualReports>.

In June 2012, the GASB issued GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* an amendment of GASB Statement No. 27. This statement improves accounting and financial reporting by state and local governments for pensions. The new statement is effective for periods beginning after June 15, 2014 and is reported as follows:

The Town contributes to MainePERS, as part of the State Employee and Teacher Plan (the “SET Plan”) and also the Participating Local District Consolidated Plan (the “PLD Plan”) (collectively, the “Plans”) which are cost sharing multiple employer defined benefit pension plans. The Plans were established as the administrator of a public employee retirement system under the Laws of the State of Maine. Within the Town, the School Department’s teaching certified employees plus other qualified educators, are eligible to participate in the Teacher s Plan. The SET Plan covers 236 participating employers. The Town’s Police, Fire/Rescue and certain other Town employees and the Town’s school custodians, school lunch personnel, and other non-teacher personnel including some educational technicians (Ed Techs), central office employees, and secretarial employees have the option to participate in the PLD Plan. The PLD Plan covers 304 participating employers. Employee membership data related to the Plans, as of June 30, 2018, was as follows:

	<u>SET</u>	<u>PLD</u>
Current participants: Vested and non-vested	39,843	11,416
Terminated participants: Vested	7,965	2,319
Terminated participants: Inactive, due refunds	39,094	7,779
Retirees and beneficiaries receiving benefits	<u>35,601</u>	<u>9,256</u>
	122,483	30,770

Benefit terms are established by Maine statute. In the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the Plan and periodically makes recommendations. The Plans’ retirement programs provide defined retirement benefits based on members’ average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years). In some cases, vesting occurs on the earning

of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for SET Plan members is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD Plan members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The Plans also provides disability and death benefits which are established by statute for State employee members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the Plan's Board of Trustees and is currently 2.4%.

For the year ended June 30, 2019, the Town's total payroll for all employees was \$45,113,753. Total covered payroll was \$25,337,964 for the SET Plan and \$8,527,341 for the PLD Plan. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

Contributions

The contribution requirements of the SET Plan members are defined by law or the Plan's Board. SET Plan members of the Town's School Department are required to contribute 7.65% of covered compensation to the SET Plan. The School Department employee's contributions are deducted from the employee's wages or salary and remitted by the School Department to the SET Plan on a monthly basis. The State is statutorily required to contribute 11.08% of annual teacher wages, excluding wages covered by grants, which pays for the unfunded liability for the teachers. Employer contribution rates are determined through actuarial valuations. The School Department's required contribution rate for the year ended June 30, 2019, was 3.97% of annual teacher payroll, plus 11.68% for grant funded wages, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year (normal cost contributions). The School Department's contributions to the SET Plan for the year ended June 30, 2019 were \$1,074,210.

The contribution requirements of PLD Plan members are defined by law or the Plan's Board. Employees of the Town and School Department are required to contribute 8.0%; Police employees and Fire/Rescue employees contribute between 8.0% to 9.5% of covered compensation to the PLD Plan. The contributions are deducted from the employee's wages or salary and remitted by the Town to the Plan on a monthly basis. Employer contribution rates are determined through actuarial valuations. The Town's school and town employees, other than Police and Fire/Rescue, required contribution rate for the year ended June 30, 2019, was 10.0% of annual payroll. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2019 was 12.7% or 16.3%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town's contributions to the Plan for the year ended June 30, 2019 were \$990,347.

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

SET Plan

At June 30, 2019, the Town of Scarborough School Department reported a liability for its proportionate share of the net pension liability that reflected a reduction of State pension support provided to the Town's

School Department. The amount recognized by the School Department, as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the School Department was as follows:

Town's proportionate share of the net pension liability:	\$495,178
State's proportionate share of the net pension liability:	<u>26,319,136</u>
Total:	\$26,814,314

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability was based on a projection of the School Department's long-term share of contributions relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2018, the School Department's proportion was 0.037 %, which was an decrease of 0.001% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019 the School Department recognized pension expense of \$984,545 and revenue of \$2,640,442 for support provided by the State. In addition, the School Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$15,124	-
Changes of Assumptions:	31,148	-
Net difference between projected and actual earnings on pension investments:	-	\$64,373
Changes in proportion and differences between contributions and proportionate share of contributions:	13,120	13,036
The Town's contributions subsequent to the measurement date:	<u>1,055,590</u>	-
Total:	\$1,114,982	\$77,409

The \$1,055,590 reported as deferred outflows of resources related to pensions resulting from the School Department's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>PLD Plan</u>
2020	\$46,253
2021	(1,150)
2022	(45,827)
2023	<u>(17,293)</u>
Total	(\$18,017)

PLD Plan

At June 30, 2019, the Town and the School Department reported a liability of \$4,538,914 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town and the School Department's proportion of the net pension liability was based on a projection of the Town and the School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Town and the School Department's proportion was 1.66%%, which was an increase of 0.07% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town and the School Department recognized pension expense of \$648,195. At June 30, 2019, the Town and the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$14,211	\$49,853
Changes of Assumptions:	724,442	1,095,967
Net difference between projected and actual earnings on pension investments:	-	-
Changes in proportion and differences between contributions and proportionate share of contributions:	324,470	43,341
The Town's contributions subsequent to the measurement date:	990,347	-
Total:	<u>\$2,053,470</u>	<u>\$1,189,161</u>

The \$990,347 of deferred outflows of resources resulting from the Town and School Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense) as follows:

<u>Year ended June 30,</u>	<u>PLD Plan</u>
2020	\$786,253
2021	116,550
2022	(745,581)
2023	<u>(283,260)</u>
Total	(\$126,038)

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation, methodology and assumptions are detailed in "APPENDIX A - TOWN OF SCARBOROUGH, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019", pages 68 et seq, herein.

B. DEFINED CONTRIBUTION PENSION PLAN

The Town has instituted a contributory Internal Revenue Code Section 401(a) plan which is available to all eligible employees of the Town. 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 MSRS. 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. The Town Manager has a separate plan that requires the Town to contribute 17% of the Manager's gross earnings and the Manager is not required to contribute.

During the year, the Town's required and actual contributions amounted to \$319,015 which was 6% of the participating employees and 17% of the Town Manager's current year covered payroll. The covered payroll amounted to \$5,035,984, while the Town's total payroll was \$14,768,213. Employee's required contributions amounted to \$292,965, 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.

C. DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Section 457(k) of the Internal Revenue Code, as amended. The plan, available to all Town employees at their option, permits participants to defer a portion of their salary until future years. During the year, the participating employee's contributions amounted to \$547,893 and the Town contributions amounted to \$305,339. The Town contributes a match up to 4%. The covered payroll amounted to \$8,031,912.

The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In applying the provisions of Governmental Accounting Standards Board Statement ("GASB") No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the Town determined that, effective July 1, 1997, it was no longer required to record assets and associated liability of the plan.

D. OTHER POST-EMPLOYMENT BENEFITS

The Town has two OPEB plans which employees participate in for which separate disclosure information is provided below.

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

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

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

Plan membership. At January 1, 2019, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	18
Active employees	<u>177</u>
Total employees	195

The Town's total OPEB liability of \$3,150,699 was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Balance at June 30, 2018:	\$3,335,045
Changes for the Year	
Service cost:	107,114
Interest:	116,667
Changes in benefit terms:	-
Differences between expected and actual experience:	-
Changes in assumptions or other inputs:	(305,884)
Benefit payments:	(102,243)
Net Changes:	(184,346)
Balance at June 30, 2019	\$3,150,699

Changes of assumptions reflect a decrease of \$305,884. Changes in assumptions or other inputs reflect a change in the discount rate from 3.44% in 2018 to 4.10% in 2019.

For the year ended June 30, 2019, the Town recognized OPEB expense of \$193,770. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$82,428	-
Changes in assumptions:	-	\$326,494
Contributions subsequent to measurement date:	<u>51,122</u>	<u>-</u>
Total:	\$133,550	\$326,494

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

<u>Year ended June 30,</u>	<u>PLD Plan</u>
2020	(\$30,011)
2021	(30,011)
2022	(30,011)
2023	(30,011)
2024	(30,011)
Thereafter	<u>(94,011)</u>
Total	(\$244,066)

Retiree Group Health Insurance Plan

Plan description and benefits provided. The Town School Department is a participant in the MEA Benefits Trust ("MEABT"). MEABT was established by the Maine Education Association on April 10, 1993, as an employee welfare benefit plan. The MEABT is administered by Trustees, in accordance with its terms for the exclusive benefit of Plan participants and beneficiaries. The principal asset of the MEABT is a group insurance contract, currently held with Anthem Blue Cross and Blue Shield of Maine, which provides medical, hospital, surgical, prescription coverage and related health benefits to individuals of the Town School Department, including active educators, retired and disabled educators and related personnel and their dependents. The Town School Department's participation in the MEABT plan is considered its own post-retirement benefit plan, based on its own census data or participants in the trust. The MEABT does not issue a separate financial report for its OPEB. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75

Employee membership data related to the Plan, as of the June 30, 2018 measurement date was, as follows:

Active members	438
Retirees under age 65	14
Retirees over age 65	<u>134</u>
Total	<u>586</u>

Eligibility. The employee must have participated in the MEA Benefits Trust health plan for 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits.

A retiree who terminates coverage may elect to re-enroll in coverage at a later date if the participant participated in the health plan for 12 months prior to terminating coverage, if the re-enrollment occurs within 5 years from the date of termination of coverage, and if the retiree does not surpass attaining age 62 at the time of re-enrollment. The participant has to have maintained continuous health insurance coverage during this break in coverage. To be eligible for re-enrollment, a retiree may not take more than one break in coverage.

Contributions. The Town School Department's contribution comes in the form of an implied subsidy. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium amounts. The implicit rate subsidy is the value of the cost of care minus the premiums charged. Since the premiums charged are based on the average active and pre-Medicare retirees, the retirees are implicitly paying less than the true cost of coverage resulting in a subsidy through the premiums paid by the Town School Department for active members.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Town School Department reported a liability of \$4,995,939 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2019, the Town School Department recognized OPEB expense of \$204,949. At June 30, 2019, the Town School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	-	-
Changes of assumptions:	-	\$211,051
Net difference between projected and actual earnings on pension investments:	-	-
Changes in proportion and differences between contributions and proportionate share of contributions:	-	-
Contributions subsequent to the measurement date:	\$137,867	-
Total:	<u>\$137,867</u>	<u>\$211,051</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$137,867 resulting from Town School Department contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2020. Other

amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Town School Department OPEB expense, as follows:

<u>Year ended June 30,</u>	<u>PLD Plan</u>
2020	(\$35,175)
2021	(35,175)
2022	(35,175)
2023	(35,175)
2024	(35,175)
Thereafter	<u>(35,176)</u>
Total	(\$211,051)

On-Behalf OPEB Payments

The State of Maine contributes on behalf of the Town School Department's retired teachers participating in the plan an amount equal to 45% of the blended single premium for the retiree's healthcare coverage. Using the census data for the measurement period ended June 30, 2018 the estimated on-behalf OPEB subsidy for year ended June 30, 2019 was approximately \$356,000. The amount has been recorded as a revenue and expenditure in the general fund in the statement of revenues, expenditures and changes in fund balances - governmental funds.

Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuations, methodology and assumptions are detailed in "APPENDIX A – Town of Scarborough, Maine, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019" NOTE II (F), page 76, et seq. herein.

ENVIRONMENTAL MATTERS

Securities and Exchange Commission Regulation 229.103 (the "Regulation") requires that issuers subject to the disclosure requirements of the Securities Exchange Act of 1934 disclose, among other things, any material pending legal proceedings, including without limitation, legal proceedings involving environmental issues. The Regulation states that no information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten percent (10%) of the current assets of the issuer, and, if a governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the issuer reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000. Although the Town, as an issuer of municipal securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the Town is voluntarily making the following disclosure with respect to environmental liabilities:

The Town is not subject to any pending or threatened proceedings or actions involving environmental matters that, if adversely decided, would have a material adverse impact upon the Town's financial condition or ability to pay debt service on the Bonds as and when due.

LITIGATION

On December 23, 2019, the Maine Supreme Judicial Court (the "Law Court") issued a decision in several consolidated property tax appeals concerning the Town's assessing practices during the 2012, 2013, 2014, and 2015 tax years. In its decision, the Law Court upheld a May 11, 2017 decision by the Town Board of Assessment Review granting the appealing taxpayers (the "Taxpayers") \$381,289 with interest of \$81,946,

thereby eliminating further liability by the Town on these appeals. That amount was paid by the Town in October 2017. As a result of United States Supreme Court Order 589 of March 19, 2020, the deadline for the Taxpayers to petition the United States Supreme Court for a writ of certiorari in this matter is August 20, 2020.

In the opinion of Town officials there is no litigation pending against the Town which, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the Town's financial position or its ability to meet its debt service obligations.

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APPENDIX A

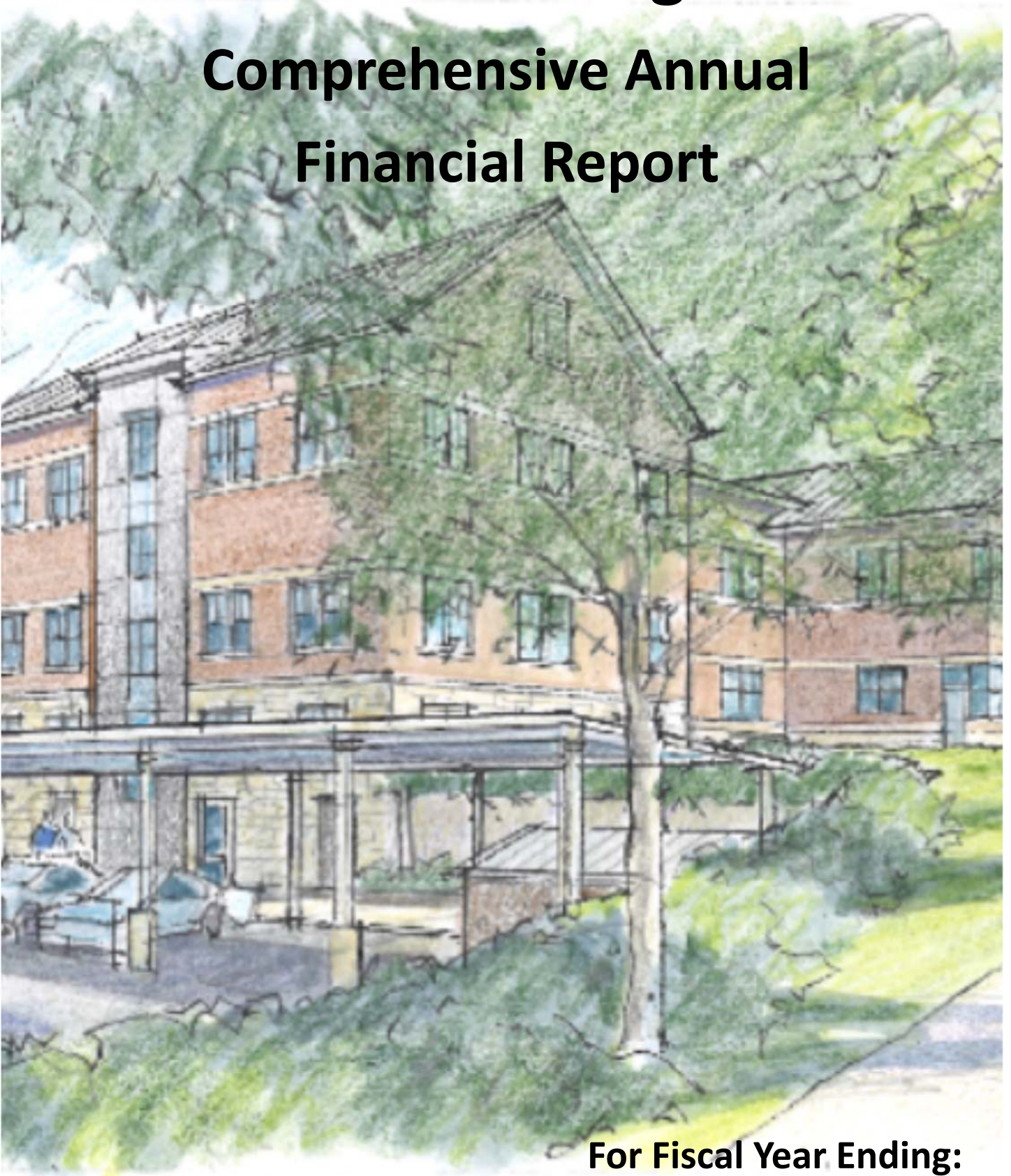
**TOWN OF SCARBOROUGH, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
YEAR ENDED JUNE 30, 2019**

(With Report of Independent Auditors' Thereon)

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Town of Scarborough Maine

Comprehensive Annual Financial Report



**For Fiscal Year Ending:
June 30, 2019**

Town of Scarborough Maine

Comprehensive Annual

Financial Report

SCARBOROUGH
MAINE



Prepared By:

Town of Scarborough Maine

Finance Department

For Fiscal Year Ending: June 30, 2019

TOWN OF SCARBOROUGH, MAINE
Comprehensive Annual Financial Report
Year ended June 30, 2019

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Town of Scarborough Maine

Comprehensive Annual Financial Report



Introduction

Project of the year 2019 – Dunstan tap & Table

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January 31, 2020

Paul Johnson, Council Chairperson
and Distinguished Members of the Town Council
Scarborough, Maine

In accordance with the requirements of our Town Charter and state statutes, we hereby issue to the citizens of the Town of Scarborough and to all interested parties, the comprehensive annual financial report of the Town of Scarborough, Maine for the fiscal year ended June 30, 2019.

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

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Scarborough for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This is the fourteenth-consecutive year that the Town of Scarborough has submitted and achieved this prestigious award. In order to receive the Certificate of Achievement award, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

TOWN'S ORGANIZATIONAL STRUCTURE AND SERVICES PROVIDED

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

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

Although legally separate entities, the Town of Scarborough has two component units, Scarborough Economic Development Corporation and the Scarborough Public Library.

The Scarborough Public Library is a discretely presented component unit in a separate column in the government wide financial statements to emphasize that they are legally separate from the Town of Scarborough and to differentiate their financial position and results of operations and cash flows from those of the Town. The Library's 14-member Board of Trustees include 12 members appointed by its own board members, 1 representative from the Friends of the Scarborough Library Board (a 501(c)(3) corporation) and 1 member appointed from the Town Council, however, the Town provides the majority of the Library's funding.

The Scarborough Economic Development Corporation (SEDCO) assists both current and prospective businesses. SEDCO is a blended component unit of the Town because the Town appoints the board members for SEDCO and SEDCO's total debt outstanding is expected to be paid entirely with the resources of the Town. Additionally, SEDCO issues its own separate financial statements.

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

Portland Water District
ecomaine

In accordance with the provisions of Article V of the Town Charter, the annual budget serves as the foundation for Scarborough's financial planning and control. The Town's budget year begins July 1 and ends June 30 of the following year. The Charter provides that the Town Manager submit a budget to the Town Council, at least 60 days prior to the beginning of each fiscal year. The Finance Committee reviews the proposed budget and makes recommendations to the Town Council. With prior public notification, the Council orders a public hearing. If the Council does not adopt the annual budget prior to July 1, then the budgets presented by the Town Manager and the Board of Education becomes the budget for the fiscal year. Department Administrators and the Board of Education may make transfers of appropriations within their departments. Transfers of appropriations between departments, however, require the approval of the Town Council. Once the Council approves the school's budget, the budget then goes to the voters for approval. If the voters do not approve the budget, it goes back to the School Board for revision, the Council has to approve it, and then it goes back to the citizens. This process continues until the voters approve a school budget. In the event the voters do not approve the school's budget by July 1, the last budget approved by the Town Council becomes the school's budget until the school referendum is approved.

ECONOMIC CONDITION AND FUTURE OUTLOOK

Maine Economy. Maine's annual rate of change for the Real Gross Domestic Product (GDP) between the first quarter of 2018 and 2019 hit 2.0%, which was slightly lower than New England's rate of 2.2%. Compared to the United States (US), Maine and New England were below the US rate of 3.2% for the same period.

Per capita Personal Income increases for Maine, New England and the US were similar between 2018 and 2019 with 4.4%, 4.6% and 4.3% respectively. Maine wages & salaries lagged behind New England and the United States (US). Maine struggles with an aging population along with negative natural increase, a situation where deaths outnumber births. New England and the US are both still experiencing positive natural increases. Maine's median age of 45.1 is significantly higher than New England's 40.8 and the US median age of 38.2. The aging population is clearly affecting the labor supply in Maine. Even with a tight job market, Maine's job growth is keeping pace with New England's increase of 1.1% growth in total nonfarm employment. The US growth rate is slightly higher at 1.4% Maine is still challenged by the lack of adequate labor supply. The lack of labor supply is clearly indicated by historic lows in the unemployment rate, with Maine's unemployment rate hitting a low of 2.8% in June 2019. The labor supply challenges have affected all industries, but the construction industry has been hit hard. Maine's welcoming attitude toward immigrants, may be a way to help the labor supply, as explained in a recent Maine Development Foundation report.

A bright spot on the Maine economy is that Maine people are becoming more educated. Since 2010, the percentage of Maine adults with a college degree has increased five percentage points. From an industry perspective, Health Care continues to be one of Maine's largest employers, however, the rate of growth is tapering off. Jobs in Professional and Business Services have increased about 3% annually since 2010, much faster than the rest of the economy. Maine's manufacturing industry has stabilized after decades of decline. The number of manufacturing employers has increased each year since 2012. And after decades of difficulties, Maine forest products industry is diversifying and engaging with the University of Maine as an R&D partner. Food production from farming to craft breweries to restaurants is emerging as an important industrial cluster in Maine. There are 494 certified organic farms in Maine with sales over \$65 million.

Local Economy. Southern Maine's profile is more robust than the State as a whole. Population continues to grow, employment is increasing, housing prices are increasing, and new construction is booming.

Cumberland County added 12,100 new residents between 2010 and 2018, for a total population of 293,600. The area is attracting young adults, with the largest domestic net in-migration occurring in the 29 to 34-year-old age groups. While Cumberland County increased population at a respectable 4.3% during this period, communities, like Scarborough are growing at a faster rate. Scarborough's economic base remains strong and diversified. The town continues to compete favorably in the residential market as well as the job market, with both indicators increasing since 2010. Scarborough has the third highest assessed valuation in the state, the sixth highest taxable retail sales, the seventh highest number of wage and salary jobs and the ninth highest population. New residents are attracted to the natural beauty of the coastal community with access to beaches, the Eastern Trail, and significant holdings of preserved lands. The quality of Scarborough schools is also a major attraction to families. Businesses are attracted to the excellent transportation logistics – with access to downtown Portland through the I-295 Connector and access to markets North and South via Exit 42 on the Me. Turnpike. In 2018, Scarborough had just over 20,350 residents representing 7% of Cumberland County's population. In terms of population increase, the town captured 12% of the total County population increase. In 2018, Scarborough's economy featured 15,880 wage and salary jobs, of which 20% were in the health care industrial cluster. In the last year, Scarborough

added just under 100 jobs, primarily in the hospitality and professional technical categories. Retail Sales increased \$13 million last year, up 58% over the last 10 years.

In terms of new investment, Maine Medical Center is in the process of seeking approval for a 108,000 square foot medical office at their Scarborough campus, adding to their current footprint of 500,000 square feet. The new facility will bring an additional 250 employees to Scarborough. According to Maine Medical Center, the Scarborough campus will continue to receive investments in the future, increasing the footprint by an additional 100,000 square feet, over and above the current proposal. The Life Sciences cluster, including Maine Health and Abbott, holds great potential for Scarborough and the Portland region. The town follows this cluster closely and is actively marketing to this sector (locally, nationally and internationally) in cooperation with the City of Portland and the Maine International Trade Center. A Scarborough location has been modernized and square footage increased, providing an excellent location for new companies in this economic cluster. The site is located near the I-295 connector providing 10-minute access to downtown Portland and has been permitted for additional buildings. Goodwill's Neuro Rehabilitation facility has moved in to this building, leasing 10,000 square feet. Hannaford, part of Ahold Delhaize, continues to be the Town's largest single private employer with just over 1,000 employees. With the merger of parent companies Ahold and Delhaize, Hannaford appears stable and engaged in the community. Retail space continues to be built in Scarborough with construction of a 7,000 square foot addition to Waterstone Retail's property at Scarborough Gallery. While retail space is expanding, the relative influence of retail employment is dropping. In 2010, Retail made up 17.1% of jobs in Scarborough. As of 2018, that percentage has declined to 15.9%.

In terms of new construction, multifamily rentals comprise a large portion of new construction in town. The Beacon at Gateway is under construction, with 283 new luxury rentals coming online in the Winter of 2018. These rentals will increase Scarborough's housing mix and attract high income renters in a variety of age groups. Approximately half of the units are built, with 100% occupancy. Additional units are under construction with significant preleasing. Other approved projects include: the first and only Acura dealership in the State of Maine, Land Rover renovations at the dealership on Route One, Maine Veterinary Center expansion in the Enterprise Industrial Park, Infinity Credit Union has broken ground on a new facility in Oak Hill, Prompt-to Oil Change opened on Route One, Nothing Bundt Cake will officially open in October, 2019, Cabinets-to-go, a national franchise of kitchen cabinets began rehabbing a store on Route One, and Hospice of Southern Maine has begun construction on their new Facility located on Route One. Lastly, the Scarborough Downs mixed use project, now rebranded as "The Downs" is underway. The first phase of residential construction is almost complete, with nearly all available units sold, with strong preleasing of the rental units. Phase II of The Downs, The Innovation District, has been approved. This district includes some 50 lots for production space – light industrial/flexible office. The first two projects in the Innovation District are before the Planning Board now. This high-profile project, located in the center of town, is one of the largest projects ever built in Scarborough and will attract interest far beyond the borders of Maine. The overall outlook for Scarborough is indeed positive.

Major Initiatives:

For the year. The Town of Scarborough Finance Committee consolidated four financial policies (Debt Management, Investment, Fund Balance and Capital Planning) into one Financial and Fiscal Policy adopted on September 5, 2018 by the Town Council.

The Planning Department expanded its capacity with the development of the Technical Division led by the Town Engineer and supported by the Town's Sustainability Coordinator and GIS & Project Administrator. The Technical Division is a restructuring of existing town positions that promotes the sharing between all Town departments all the technical expertise and knowledge-base that the division staff have to offer. The Planning Technical Staff worked with a consultant to overhaul the Web-GIS (on-line mapping) system in

order to provide a user-friendly experience for the public, while maintaining the detail needed to provide an efficient platform for internal municipal staff. In addition, staff looked for opportunities to integrate additional tools to link to other systems that municipal departments use to optimize efficiencies for information across different disciplines. This partnership enables the town to grow with the needs of the community and businesses in order to enhance online capability for accessing information promptly.

Planning's Zoning, Code Enforcement, and Administrative staff work to ensure compliance with the building, life-safety, land use codes and natural resource regulations, through our review, permitting, and inspection program. Overall development activity is robust with 785 building permits issued in FY19. This year the community continued to experience strong growth in multi-family developments. Single-family development remained stable with over 70 new single-family building permits issued. The developments reviewed by the staff contributed to over \$94 million worth of new construction value occurring in FY19. Similar to the volume of construction activity managed by our Zoning and Code Enforcement team, the Planning division directed a similar load of development review, planning studies, zoning efforts, and ordinance initiatives. In particular, FY 2019 was defined by the department's efforts related to the Comprehensive Plan, development review, ordinance modifications, and transportation planning, and assisting the public. The first Phase of the Downs redevelopment was approved and includes a mix of multi-family, two-family and single-family units. In addition, the multi-family development portion of the Eastern Village subdivision was finalized. Three single family subdivision were approved, totaling 41 new lots. In addition to a number of smaller additions, over 140,000 SF of new commercial space (office, retail and restaurant) was approved for development.

The Town of Scarborough has two streams, Red brook and Phillips Brook that the Maine Department of Environmental Protection (MDEP) has classified as Urban Impaired Streams. An urban impaired stream classification means that pollution levels make it difficult for stream life to survive. The Town has continued to work on improving the health of one of these streams, Phillips Brook. The work is funded by a \$115,000 grant from the MDEP and the US Environmental Protection Agency (EPA).

In FY2018, Scarborough assumed responsibility for the community's streetlights, retrofitting all applicable lights with LED lights. The town spent FY 2019 working to complete the LED streetlight conversion. LED lights consume a fraction of the electricity and offer advantages over older lighting technologies. LEDs can reduce electricity consumption for street lighting by 75% and will offer significant financial benefits to the Town. Even though the Town will now maintain the lights, costs are not expected to be significant since LED lights have very long lives and extremely low failure rates. The return on investment (ROI) for phases I and II of the project is 4.5 years.

The Information Technology (IT) Department continues to focus on the reliable, secure and cost-effective delivery of technology services to meet the goals and objectives of the Town of Scarborough. Leveraging technology within the Town and School District remains a key priority for the IT Department, as the Town seeks to make public service to our residents, businesses and visitors more efficient, safe and easy. Key projects completed successfully by the IT team over the course of FY 2019 include: transition and update of the internal phone system, planning specifications for and implementation of tech infrastructure in the new Public Safety Building, computing, storage and efficiency upgrades within the Scarborough Data Center, upgrade of Scarborough Data Center backup and recovery services, replacement of Scarborough Data Center security and protection systems, and Life-cycle replacement of desktop and laptop computers used by students and employees.

The implementation of a Public Works universal contact email pwinfo@scarboroughmaine.org has proven to be a successful tool for residents to contact the Town with questions, comments, and concerns. The email is monitored by the administrative staff, who then distributes the requests, questions and concerns to the

applicable staff/department. In FY19, Public Works responded to 2,804 requests for service from residents, Scarborough town departments, outside municipalities, and the general public.

The adaptive traffic control system was installed at Dunstan Corner intersections during FY19. This system is intelligent and adjusts to real time rather than the traditional static time-of-day programming. The Dunstan intersection was rebuilt in 2013 and while there were improvements in service levels and the traffic diversion goals were met, there were still traffic congestion problems. The adaptive traffic control system constantly monitors the three traffic signals in the area and adjust to the highest demand within the intersection. By doing so, waiting time at the intersections can be reduced. The Dunstan intersection was a good candidate for piloting this technology because traffic is impacted by seasonality, weather, commuting, and other factors. The outdated traffic signal timing causes considerable costs to residents, consumers and businesses. For residents/consumers, this causes excess delays and subsequent fuel consumption. For businesses, it decreases productivity and increases labor costs. Adaptive Traffic Controls are kinder to the environment since they can reduce the emissions of hydrocarbons and carbon monoxide due to improved traffic flow. The Town will continue to monitor the efficiencies stemming from these new adaptive controls to ensure that they are delivering the best performance possible.

On June 24, 2018, the Committee on Public Secondary Schools voted to award Scarborough High School continued accreditation through the New England Association of Schools and Colleges (NEAS&C). This is a ten-year accreditation. The School Department adopted a Strategic Plan with the following four themes: effective teaching and learning, safe and inclusive schools, global citizenship and community engagement. This strategic plan ensures the as a school community, Scarborough Public Schools will be a high quality, forward-looking district known for its whole child approach with dynamic academic programs, enriching co-curricular experiences, and a vibrant learning community that challenges students while preparing them for highly engaged and fulfilling lives. Scarborough Public Schools has created a new K-12 Curriculum Guide. Scarborough High School has broken this work up to be completed over a three-year time frame. For the first year (FY19), the high school's curriculum documents were written in a common format within the Scarborough Public School's Curriculum Guide that includes unit descriptions and standards and learning goals.

In FY2019, Community Services (CS) added new programs and fun events to the yearly offerings that provided more opportunities for those with mobility or sensory processing difficulties. The programming was well received with over 100 people in attendance. During the fiscal year CS also reviewed and initiated changes to current programs. In reviewing the number of adult recreation programs offered, only 4% were aimed towards ages 18-54 which lead the Town to increase the adult programming by offering a variety of new fitness classes. Classes included Back to Basics Bootcamp, POUND Fitness and Mix-It-Up Mondays. CS relies on local business and organizations to assist in funding no-cost or low-cost family events for the community. These events include Summerfest, Winterfest, the Annual 55+ BBQ, Santa in the Park, Easter Egg Hunts, and Quiet Riot Halloween Dance. As the traditional sponsorship program waned, CS introduced in the Fall of 2018, the new "50 for \$500" campaign and sought out 50 local business who would partner with the town. All sponsors would come in at the same level and would be recognized the same way. In FY19, twenty sponsors were secured, some tried-and-true donors, and many new businesses came forward. Starting in Spring 2019, the 55+ membership program was phased out and transitioned to a residency-based registration process. The Town of Scarborough became the 314th community to enroll in the AARP Network of Age Friendly Communities. Age Friendly Scarborough aims to promote active, healthy, and engaged living by residents of all ages, but especially older adults. CS will work with the AARP network to address eight aspects of community life, including outdoor spaces and buildings, transportation, housing, social participation, respect and social inclusion, civic participation and employment, and communication and information and community. Also, CS will have the opportunity to collaborate with our neighboring Age Friendly Communities and will have access to national and global research, planning models, and best practices.

Prior to FY19, Community Services out sourced the organically treated aeration and slice seeding services for the playing fields turf. It became clear that with a few pieces of equipment and some training, in-house staff could handle those services. CS invested in the necessary equipment in FY19, including an aerator, slice seeder, and tow-behind turf blower.

Scarborough is home to several sandy beaches, including three beaches that are maintained and operated by the Town of Scarborough. CS supervises the day-to-day operations of the beach parking lots and facilities, as well as the boat launches for the town. Operations include parking lot management and fee collection, with parking lots open daily sunrise to sunset from Memorial Day through Labor Day. A new ticket booth at Ferry Beach was installed in the middle of the entrance to the parking lot. This new layout not only kept staff safer while working but assisted in the flow of incoming and outgoing traffic. A new automated gate machine was installed and operational for use during the summer season at Higgins Beach. This machine allowed the collection of parking fees within the extended hours approved by Town Council and also collects fees when the lot is not staffed.

Public Safety undertook a major project to modernize the town's municipal fire alarm system that connects the town's fire stations, schools, and many other municipal and private businesses to our dispatch center. The current legacy system is based on a nearly 100-year-old telegraph type technology. Although it has served our community faithfully for more than 50 years, there are new, modern, digital systems available that are based on wireless mesh radio technology. The town decided to invest in a new wireless technology solution that automatically tests itself, provides more dependable and improved service and will lower costs of maintenance for many years to come. The new system is currently being installed and will be up and running later this fall.

This past fiscal year the Fire Department celebrated their 30th anniversary of the Student Live-in Program. Scarborough Fire was one of the charter departments to work with So. Me. Community College to institute a new and innovative internship program. The concept was to offer incoming college students, studying firefighting or emergency medical services, an experiential learning opportunity to apply the skills they learned in the classroom. Instead of living in a college dorm, selected students would live in the fire station in exchange for becoming a member of the department, responding to calls, and helping to maintain the station and equipment housed there. Scarborough's program started with 6 students and currently have 15 students. Over the years, 250 students have been through the program here in Scarborough. It has proven to be a great recruiting tool and mutually beneficial. The students gain a realistic understanding of the day to day life of a career firefighter/EMT. They eat, sleep, cook, and serve beside veteran role models who provide mentoring, advice, and help with their academic studies. The town benefits from a number of new, highly engaged and motivated members of the department to help fill the need for the call force.

FY19 has seen changes to the police organization and structure by the creation of a Lieutenant position. This was accomplished through a restructuring of the supervisory staff and did not include the hiring of an additional officer. The reasons for this change were to improve our patrol supervision. Sergeants have, by necessity, taken on a number of collateral duties. Many of these require a fair amount of office time to complete. Unfortunately, while Sergeants were busy with these responsibilities they were not on the road backing up and supervising the patrol officers. The new Lieutenant position has picked up many of the collateral duties and freed up the Sergeants to be on the road. This adds to the number of people available for calls, but more importantly it gives an opportunity for our first line supervisors to mentor, evaluate, and assist our patrol officers.



One of the most exciting things during this period has been the construction of the new public safety facility. From the groundbreaking in November through FY19, it has been exciting to see the building taking shape. Over the winter, footings and foundations were installed and masonry walls built. The steel frame of the structure was erected in the spring and in June, the Town had the “topping off” ceremony. The last piece of steel frame was put in place to form the shape of the new public safety building. This piece was painted white with the seals of our public safety divisions; police, fire, and communications. The topping off ceremony is an old tradition to celebrate the completion of the steel form of a new building. The beam was signed by the workers, the ad-hoc building committee, the town council, town administration, and department members. The beam had both the American and Maine flags, as well as a small tree, and some Scarborough cattails. The beam was hoisted in place by a crane and secured by iron workers sitting atop the building waiting to bolt it in place. While the beam will not be readily visible within the completed building, it will forever be there.



During FY19, 52 individuals found treatment as a result of the Operation Hope program bringing the total to 379 participants since the onset of our initiative. A couple of significant events that took place during the year. Early in the year we received a call from Today Show producer, Jared Crawford. Reporter, Kate Snow, had been following the opioid crisis all across the country and had heard about Operation HOPE. Mr. Crawford was interested in doing a story in what we were doing here in Scarborough. In February, the Today show did in fact show up and turned public safety classroom into a quasi-recording studio with flood lights, camera operators, producers, and of course on-air personality, Kate Snow. The segment centered on our program, the Milestone Recovery Center, and an individual that had actually shown up on the day of filming, seeking assistance in finding treatment and recovery.

During FY19, the Police Department introduced two initiatives, High Five Fridays and Operation KIND (Kid-In-Need of De-escalation), that help with making stakeholders aware that a child may have experienced a traumatic event, while also assisting in providing a positive relationship and environment that may help a child to cope with an adverse experience.

Emergency Management worked closely with Cumberland County EMA Director and his staff on planning for an active threat scenario. That process included working with the school and several municipal departments to develop policies and train personnel to deal with those types of threats. Those activities culminated in a full-scale active threat exercise at Scarborough's Middle school.

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

As of 2019, the new Public Safety Building is completely framed and closed in. There are nearly 100 skilled tradesmen from a variety of subcontractors working on the site daily to bring the design to reality. The project is targeted for completion mid-February 2020. Final punch list items and commissioning, along with the delivery and installation of furniture, fixtures, and equipment will take place in March 2020, with a target move-in date of early April 2020. Scarborough's public safety family is looking forward to moving in to the new facility.

Collaborating with partners at Portland Area Comprehensive Transportation System (PACTS), a regional planning organization, The Planning Department engaged with the public and the Transportation Committee on developing a comprehensive planning study for the Route 1 corridor. The efforts of this partnership will take shape throughout FY20.

A major facelift of the Town website will be completed in Winter 2019, which will include upgrades to ease community and visitor navigation, updates to department content, and the release of several exciting features for all users. Finally, the new site is being designed with mobile users in mind, so that smartphones and tablets can be easily used, no matter what the size screen may be.

The Public Works Department continues to expand their contracts with external municipalities. The department now performs vehicle maintenance and repair for the Towns of Hollis (Fire/Rescue), Kennebunk (Fire/Rescue), Old Orchard Beach (Fire/Rescue), Old Orchard Beach (Police), and Wells (Fire/Rescue). In FY19, in addition to the 285 Town of Scarborough vehicles & equipment, the vehicle maintenance department also repaired and maintained 68 vehicles from external municipalities. This is a mutually beneficial arrangement, as the contracted work with these external municipalities generates revenue for the town, and also provides quality and cost-effective service for the external entities.

Enrollment in our K-2 schools has been growing at a rapid pace. An updated enrollment study was completed in 2019 to project the potential impact of new construction on our schools. Even the most conservative projections indicate a steady increase over the next several years. The impact can already be seen at Eight Corners School where portable classrooms were ordered at the end of the 2018-2019 school year for the following school year to accommodate the influx of student registrations.

FY19 was a successful year for Scarborough Adult Education, especially in the area of Career Preparation and English Language Learners (ELL). The Town was able to provide offsite instruction and testing to FedCap, thereby increasing student enrollment for the Spring 2019 semester into FY20. ELL classes/student numbers continue to grow with more families moving to Scarborough in need of services

and the overflow of students from Portland Adult Education. The School Department is hopeful that we can expand services this year with federal funding. The formation of the Cumberland County Hub this past year has resulted in greater cooperation among the 10 participating adult education programs and allowed for more flexibility in class offerings for students than ever before. We have worked with South Portland specifically to try to “share” resources, instructors and students. Grant monies from United Way, Maine College & Career Access (MDOE) and AEFLA (federal) as well as local share from Scarborough will assist us in moving forward with quality programming in FY20.

Operation HOPE at Scarborough Police Department has expanded its efforts to reach people suffering from Substance Use Disorder by implementing our new “Substance Use Follow-up Program”. The goal of the Substance Use Follow-up Program is to visit people who have recently overdosed in Scarborough, or been involved in a police incident that was fueled by Substance Use Disorder. Two team members will respond within 24-48 hours to provide both encouragement for seeking treatment, as well as information on our Operation HOPE program and other available resources in our area for Substance Use treatment or support. Narcan will be supplied to the person or their family if appropriate. The Town believes the impact of heroin and opiate use on the community can be reduced by encouraging those who suffer from Substance Use Disorder to seek help and experience recovery. There are members of our community that are alive and well in recovery as a result of this follow-up.

Long Term Financial Planning

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

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

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

FY19 was year three of the four-year drainage assessment project. There are 70 miles of drainage pipe infrastructure town wide. The assessment will provide information to allow for the creation of a multi-year plan for maintenance and repair on the system. The end report will provide guidance based on conditions but also how important the road segment is, relative to the whole road system. This methodology ensures that funds are spent where they benefit the most road users. The assessment will provide guidance on the most cost-effective methods for repair.

FINANCIAL INFORMATION

Assessed Valuation and Collections.

An indicator of Scarborough’s strong local economy is in the growth of the Town’s assessed value of real and personal property. The Town of Scarborough increased its 2019 value by \$226,804,270 from 2018. For the 2019 tax year, the valuation was \$4,012,292,612 compared to the 2018 valuation of \$3,785,488,342.

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

<u>As of June 30,</u> <u>20xx</u>	<u>As of June 30, 2019</u>
\$555,384 in 2015	\$ 13,696
\$686,766 in 2016	\$ 18,008
\$517,690 in 2017	\$ 38,492
\$565,963 in 2018	\$206,783
\$689,670 in 2019	\$689,670

For 2019, the Town Council authorized \$500,000 from the School's fund balance to assist with their funding needs and \$764 from the Adult Education fund balance.

OTHER INFORMATION

Awards. The Scarborough Police Department was recognized by the Police Assisted Addiction and Recovery Initiative (PAARI). Operation HOPE was one of 16 programs selected throughout the United States. The Town was awarded a one-year grant for an AmeriCorps VISTA Member to assist with the work of Operation HOPE.

Independent Audit. The Town Charter requires an annual financial audit by independent certified public accountants appointed by the Town Council. The firm of Wipfli LLP was engaged to perform the annual audit for the Scarborough Town Council for fiscal year 2019. This audit is designed to meet the requirements of Government Auditing Standards and the Uniform Guidance.

Acknowledgements.

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

Respectfully Submitted,

Ruth D. Porter
Finance Director



Government Finance Officers Association

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Reporting**

Presented to

**Town of Scarborough
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

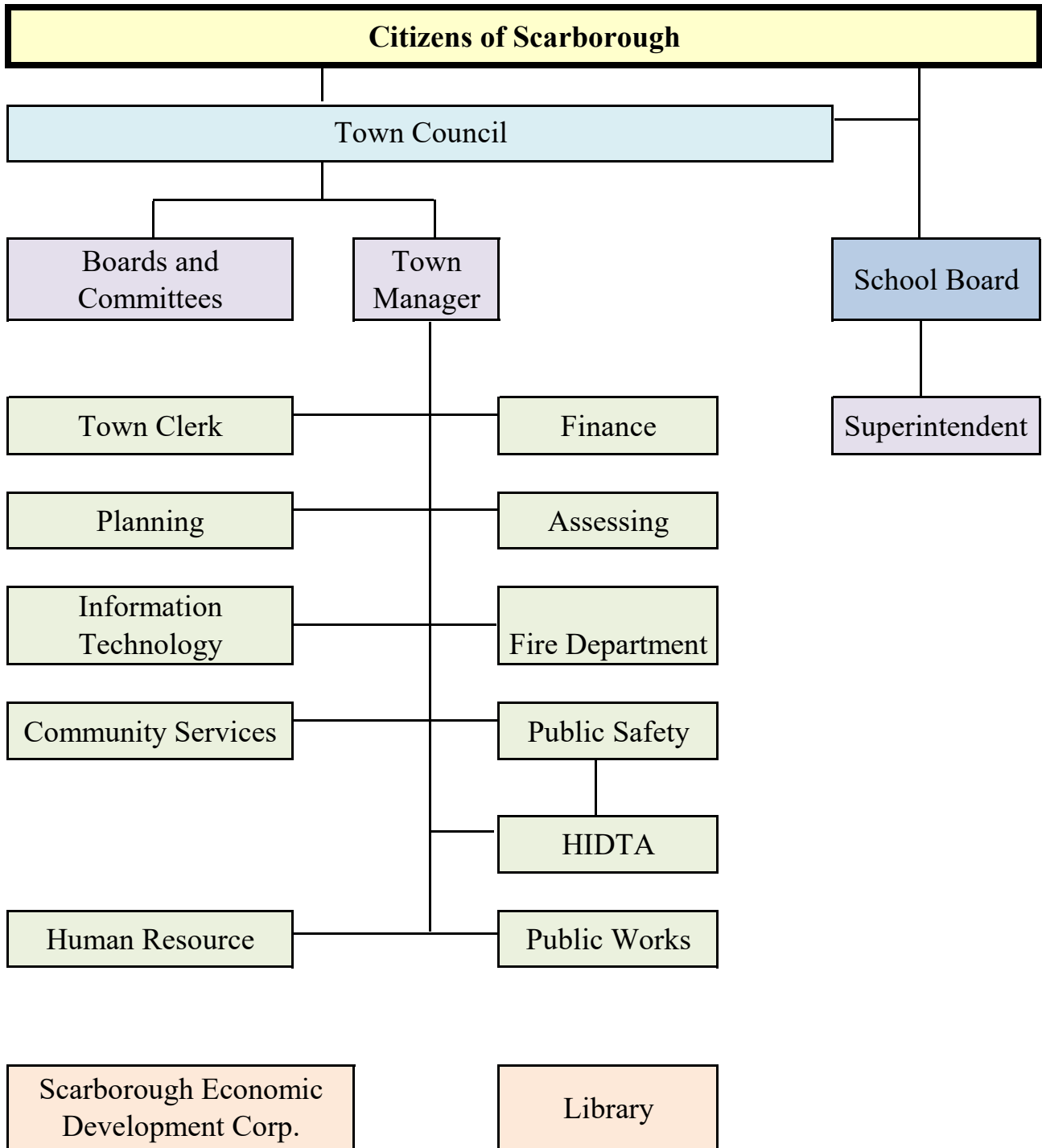
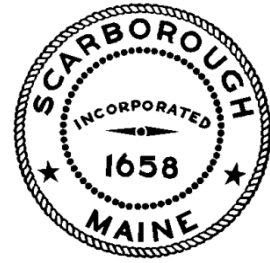
June 30, 2018

Christopher P. Morill

Executive Director/CEO

Town of Scarborough, Maine

Organizational Chart



Principal Executive Officers 2018-2019

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

<u>OFFICE</u>	<u>NAME</u>	<u>MANNER OF SELECTION/TERM</u>	<u>TERM EXPIRES</u>
Town Council Members:	Jean-Marie Caterina	Elected - 3 Year Term	11/2020
	John R. Cloutier	Elected - 3 Year Term	11/2020
	William Donovan	Elected - 3 Year Term	11/2019
	Kathleen Foley, Vice Chair	Elected - 3 Year Term	11/2019
	Peter Hayes, Council Chair	Elected - 3 Year Term	11/2020
	Donald Hamill	Elected - 3 Year Term	11/2021
	Paul Johnson	Elected - 3 Year Term	11/2021
Municipal Employees:			
Town Manager	Thomas J. Hall	Appointed - 3 Year Term	12/31/2020
Assistant Town Manager	Larissa Crockett	Appointed/Indefinite	N/A
Town Clerk/Registrar of Voters	Yolande P. Justice	Appointed/Indefinite	N/A
Finance Director/Tax Collector and Treasurer	Ruth D. Porter	Appointed/Indefinite	N/A
Assessor	David Bouchard	Appointed/Indefinite	N/A
Chief of Police	Robert Moulton	Appointed/Indefinite	N/A
Code Enforcement Officer	Brian Longstaff	Appointed/Indefinite	N/A
Director of Public Works	Michael Shaw	Appointed/Indefinite	N/A
Fire Chief	B. Michael Thurlow	Appointed/Indefinite	N/A
Town Planner	Jay Chace	Appointed/Indefinite	N/A
Senior Planner	Jamel Torres	Appointed/Indefinite	N/A
Recreation Director	Todd Souza	Appointed/Indefinite	N/A
Human Resource/General Ass't.	Liam Gallagher	Appointed/Indefinite	N/A
Community Development Director	Karen Martin	Appointed/Indefinite	N/A
School Board Members:	Hillory Durgin	Elected - 3 Year Term	11/2020
	Alicia Giftos	Elected - 1 Year Term	11/2019
	Nicholas Gill	Elected - 3 Year Term	11/2021
	Amy Glidden	Elected - 1 Year Term	11/2019
	Leann Kazilionis, Chair	Elected - 3 Year Term	11/2020
	Sarah Leighton	Elected - 3 Year Term	11/2021
	April Sither	Elected - 3 Year Term	11/2021
Superintendent of Schools	Julie Kukenberger	Appointed/Indefinite	N/A
Assistant Superintendent of Schools/Adult Education Director	Jo Ann Sizemore	Appointed/Indefinite	N/A
Business Office Manager	Kate Bolton	Appointed/Indefinite	N/A
School Lunch Director	Peter Esposito	Appointed/Indefinite	N/A
Federal Project Administrators:	Monique Culbertson		
	Kate Bolton		

Town of Scarborough Maine

Comprehensive Annual

Financial Report



Financial Section

For Fiscal Year Ending:

June 30, 2019

Leader in Sustainability 2019 — Frith Farm

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Town Council
Town of Scarborough, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of and for the year ended June 30, 2019 and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 23 – 35, the Schedule of Changes in Net OPEB Liability and Related Ratios – MMEHT Group Health Insurance Plan on page 81, the Schedule of Changes in Net OPEB Liability and Related Ratios – MEABT Group Health Insurance Plan on page 82, the Schedule of Proportionate Share of the Net Pension Liability on page 83, and the Schedule of Contributions on page 84, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scarborough, Maine's financial statements. The introductory section on pages 1 – 14, supplementary statements and schedules on pages 87 – 120, and statistical tables on pages 125 – 148, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

To the Town Council
Town of Scarborough, Maine

Prior Period Information

We have also previously audited, in accordance with auditing standards generally accepted in the United States, the Town of Scarborough, Maine's basic financial statements for the year ended June 30, 2018, which are not presented with the accompanying statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Scarborough, Maine. The financial statements of the Scarborough Public Library, a component unit of the Town, were audited by other auditors. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scarborough, Maine's basic financial statements as a whole. The combining statements for the General Fund Balance Sheet, Exhibit A-1, and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance, Exhibit A-2, related to the June 30, 2018 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the June 30, 2018 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the June 30, 2018 combining statements for the General Fund Balance Sheet, Exhibit A-1, and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance, Exhibit A-2, are fairly stated in all material respects, in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2020, on our consideration of Town of Scarborough, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Scarborough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Scarborough, Maine's internal control over financial reporting and compliance.

Wipfli LLP

South Portland, Maine
January 31, 2020

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Town of Scarborough Maine Comprehensive Annual Financial Report



Management Discussion & Analysis

Outstanding Business 2019 – Bei Capelli

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TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis
June 30, 2019

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, 2019. Please consider this information in conjunction with the transmittal letter at the front of this report and the Town's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the Town of Scarborough exceeded liabilities and deferred inflows of resources at the close of this most recent fiscal year by \$61,570,979 (net position). Of this amount, \$2,688,359 represents unrestricted net position. Beginning net position was restated by \$5,099,980 to reflect the MEABT OPEB liability, new this year of \$5,002,041 and a school capital lease correction of \$97,939.

- The Town's total net position increased \$3,371,648 from \$58,199,331 (as restated) to \$61,570,979. This represents a 5.8% increase over last year's net position.
- As of June 30, 2019, the Town's governmental funds reported combined fund balances of \$30,355,273 a decrease of \$4,107,216 compared with the prior year. Approximately 27.9% of this amount or \$8,467,389 is available for spending at the Town's discretion (*assigned and unassigned fund balance*).
- Total nonspendable fund balance increased by \$7,736 from \$235,960 to \$243,696. Restricted fund balance decreased by \$5,194,567 from \$19,647,726 to \$14,453,159. Total committed fund balance increased by \$531,828 from \$6,659,201 to \$7,191,029. Assigned fund balance decreased by \$1,044 from \$2,475,852 to \$2,474,808. Finally, the unassigned fund balance for the governmental funds increased by \$548,831 from \$5,443,750 to \$5,992,581.
- With respect to fund balances in the governmental funds, of the \$15,658,418 reported as committed (authorized by town council), assigned (authorized by town manager) and unassigned fund balance, \$4,777,883 are special revenue funds authorized for specific purposes, and the remaining amount of \$10,880,535 is available for the discrete purposes for which these funds are collected.

The Town of Scarborough consolidated its Fund Balance Policy into the Financial and Fiscal Policy, adopted September 5, 2018. The new policy retained the goals initially set in 2016. The policy establishes an unassigned fund balance goal of 10.00% of the prior years' operating budget. The Operating Budget for fiscal 2018 totaled \$83,673,671. As of June 30, 2019, unassigned fund balance for the general fund was \$8,211,760 or 9.81% of the prior years' operating budget compared to 9.04% as of June 30, 2018.

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

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

General obligation bonds increased by a net of \$70,000 from the prior year. General obligation bonds retired was \$7,310,000. General obligation bonds issued was \$7,380,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

TOWN OF SCARBOROUGH, MAINE

Management Discussion and Analysis, Continued

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 and is presented in a manner similar to a private-sector business.

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

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

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

The government-wide financial statements include not only the Town of Scarborough (known as the *primary government*), but also the legally separate Public Library for which the Town of Scarborough is financially accountable. Financial information is reported separately from the financial information presented for the Town of Scarborough itself. The government-wide financial statements can be found on pages 39-40 of this report.

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

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

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

The Town of Scarborough maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Haigis Parkway and the Public Safety Building Construction all of which are considered major funds. Data from the remaining 23 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.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

The basic governmental funds financial statements can be found on pages 41-42 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 General Town Improvements Account was established to account for grants, awards, and money appropriated by the Town Council or approved by voter referendum for major municipal capital projects.
- The General School Improvements Account was established to account for grants, awards and money appropriated by the Town Council or approved by voter referendum for major school capital projects.

The General Town Improvement and General School Improvement accounts are not major funds and are provided in the form of combining statements elsewhere in this report. The non-major capital projects fund financial statements are found on pages 105-106 of this report.

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

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

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

The permanent fund financial statements can be found on pages 109-110 of this report.

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

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

The basic fiduciary fund financial statements can be found on pages 113-114 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-80.

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 87-120 of this report.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of the Town's financial position. In the case of the Town of Scarborough, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$61,570,979 as of June 30, 2019 compared to \$58,199,331 at June 30, 2018 (as restated).

By far, the largest portion of the Town of Scarborough's Net Position (93.13%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets. The Town of Scarborough uses these capital assets to provide services to Scarborough citizens; consequently, these assets are not available for future spending. Although the Town of Scarborough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Below is a summary of the Town of Scarborough's Net Position for the current year and the prior two years.

Town of Scarborough's Net Position
Governmental Activities

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets:			
Current and other assets	\$ 43,051,001	\$ 42,984,704	\$ 27,645,090
Long term assets	965,964	1,194,017	1,221,755
Capital Assets	<u>152,975,829</u>	<u>146,530,570</u>	<u>147,299,824</u>
Total Assets	<u>196,992,794</u>	<u>190,709,291</u>	<u>176,166,669</u>
 Total deferred outflows of resources	 <u>5,352,833</u>	 <u>7,533,510</u>	 <u>7,998,466</u>
Total Deferred outflows	<u>5,352,833</u>	<u>7,533,510</u>	<u>7,998,466</u>
 Liabilities:			
Long term liabilities outstanding	125,767,679	127,440,594	109,909,475
Other liabilities	<u>13,202,854</u>	<u>9,514,480</u>	<u>9,157,976</u>
Total Liabilities	<u>138,970,533</u>	<u>136,955,074</u>	<u>119,067,451</u>
 Total deferred inflows of resources	 <u>1,804,115</u>	 <u>3,088,396</u>	 <u>2,005,865</u>
Total Deferred inflows	<u>1,804,115</u>	<u>3,088,396</u>	<u>2,005,865</u>
 Net assets:			
Net investment in capital assets	57,341,865	61,977,397	61,708,817
Restricted	1,540,755	2,577,864	3,883,241
Unrestricted (2018 restated)	<u>2,688,359</u>	<u>(6,355,930)</u>	<u>(3,775,014)</u>
Total Net Position	<u><u>\$ 61,570,979</u></u>	<u><u>\$ 58,199,331</u></u>	<u><u>\$ 61,817,044</u></u>

\$1,540,755 (2.5%) of the Town of Scarborough's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$2,688,359 is the result of the new GASB other post-employment benefit standard.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

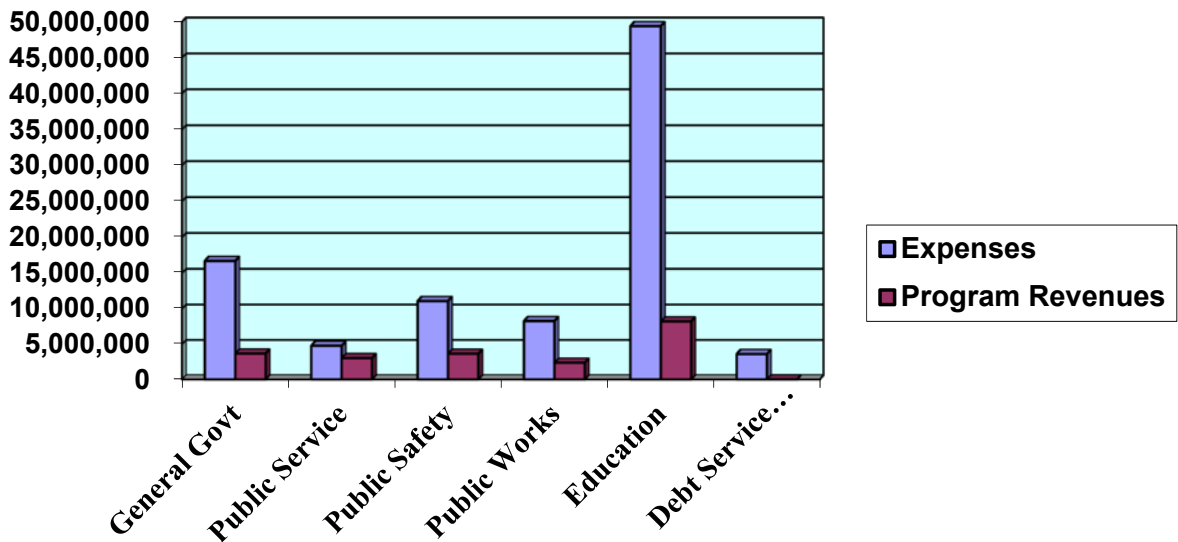
GOVERNMENTAL ACTIVITIES. The increase pertaining to the Town of Scarborough's net position of \$3,371,648 is due to the governmental activities of the Town. The Town of Scarborough's tax revenues increased by \$3,825,087. Actual vehicle excise tax collections increased by \$429,918 from the prior year. Increase in taxes is due in part to the increase in the overall assessed valuation of the Town of \$226,804,270, up from \$3,785,488,342 to \$4,012,292,612 as a result of a commercial and industrial revaluation. The increase in the town's property value allows the Town of Scarborough to receive more in property taxes without excessive increases in the tax rate.

Key components of this net position increase are shown below.

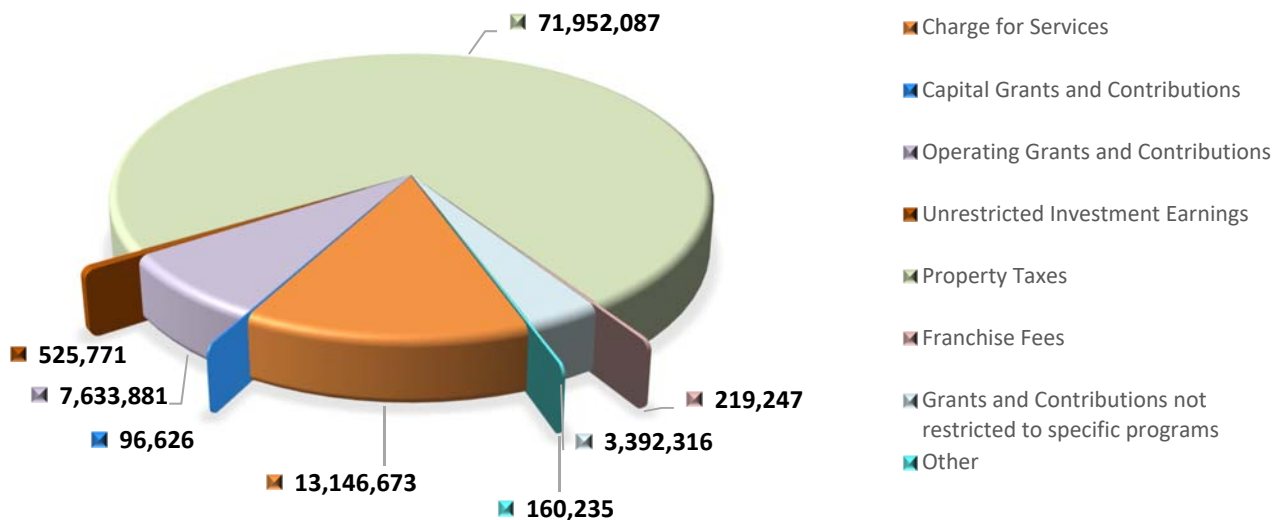
Town of Scarborough's Changes in Net Position

	2019	2018
Revenues:		
Program Revenues:		
Charge for services	\$ 13,146,673	\$ 12,014,550
Operating grants and contributions	7,633,881	7,247,352
Capital grants and contributions	96,626	54,317
General Revenues:		
Property and excise taxes, levied for general purposes	71,952,087	68,127,000
Franchise Tax	219,247	208,117
Grants and contributions not restricted to specific programs	3,392,316	2,860,104
Unrestricted investment earnings	525,771	152,437
Other	160,235	20,384
Total revenues	97,126,836	90,684,261
Expenses:		
General government	16,687,230	13,113,500
Public Services	4,752,163	4,996,328
Public Safety	11,081,295	12,599,095
Public Works	8,257,195	8,116,981
Education	49,389,226	46,873,688
Interest on Debt Service	3,588,079	3,502,402
Total expenses	93,755,188	89,201,994
Increase in net position	3,371,648	1,482,267
Net position beginning (as restated)	58,199,331	56,717,064
Net position ending	\$ 61,570,979	\$ 58,199,331

Expenses and Program Revenues - Governmental Activities



REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



FINANCIAL ANALYSIS OF THE TOWN'S FUNDING

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

Governmental Funds. The general government functions are contained in the General, Special Revenue, Capital Project and Permanent Funds. The focus of the Town of Scarborough's *governmental funds* is to provide information on near term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Town of Scarborough's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for discretionary use by the Town Council of the Town of Scarborough.

At June 30, 2019, the Town of Scarborough's governmental funds reported combined fund balances of \$30,355,273. This is a decrease of \$4,107,216 in comparison with the prior year. Approximately 19.74% of total fund balance or \$5,992,581 constitutes *unassigned fund* balance that is available for spending at the government's discretion for all governmental funds. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed* or *assigned*. This indicates that it is 1) not in spendable form (\$243,696), 2) restricted for particular purposes (\$14,453,159), 3) committed for particular purposes (\$7,191,029) or 4) assigned for a particular purpose (\$2,474,808).

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

Governmental Fund Balance Comparison

	<u>2019</u>	<u>2018</u>
General Fund	\$ 14,306,229	\$ 13,765,284
Haigis Parkway	(1,985,141)	(1,953,798)
Public Safety Building Construction	10,486,550	14,193,190
Other Governmental Funds	7,547,635	8,457,813
Total	\$ 30,355,273	\$ 34,462,489

As noted earlier, governmental funds reported combined fund balances of \$30,355,273, a decrease of \$4,107,216 compared with the prior year fund balances of \$34,462,489. Of the \$15,658,418 reported as unrestricted fund balance (total of committed, assigned and unassigned), \$4,777,883 are for special revenue fund projects authorized for specific purposes. \$11,127,667 is available for general fund committed and assigned purposes for which these funds are collected.

The remaining \$14,696,855 of fund balance is restricted to indicate that it is not available for new spending because it has already been allocated for the following:

\$ 2,951,105	Deficit Fund Balances in Special Revenue Funds
10,486,550	Town Capital Projects
717,366	Town Grants
270,968	Perpetual Care of Municipal Cemeteries
199,778	Education Funding
71,088	Food Service and Fuel Inventory
<u>\$ 14,696,855</u>	Total Governmental Fund Nonspendable and Restricted Fund Balance

Capital Projects Fund Highlights

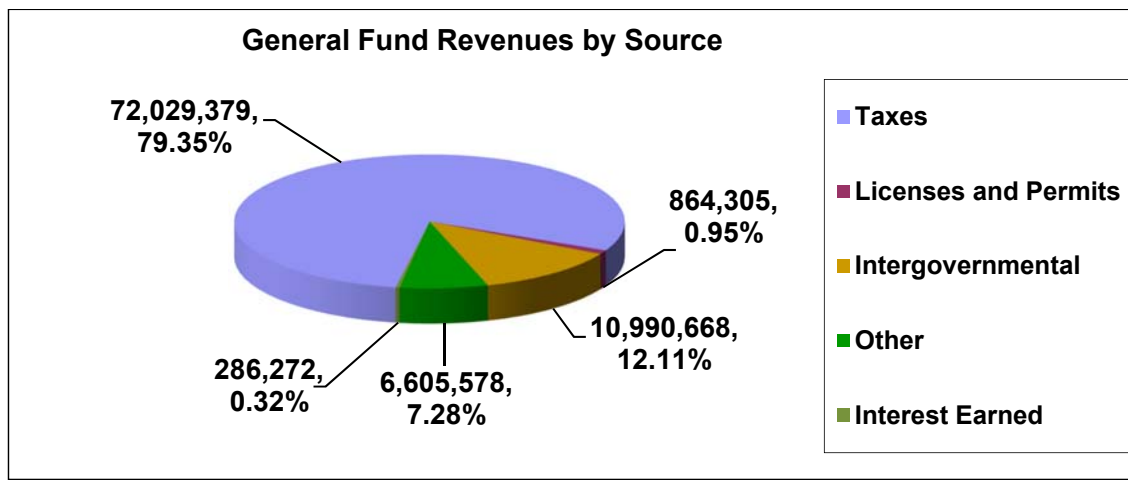
During this fiscal year, the Town of Scarborough's fund balances for Capital Projects decreased \$4,963,670 from \$15,203,088 in 2018 to \$10,239,418 in 2019. Expenditures increased \$8,881,225 from \$3,958,953 in 2018 to \$12,840,178 in 2019. These decreases in fund balance and increase in expenditures are due to various projects nearing completion including the new public safety building.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

General Fund Highlights

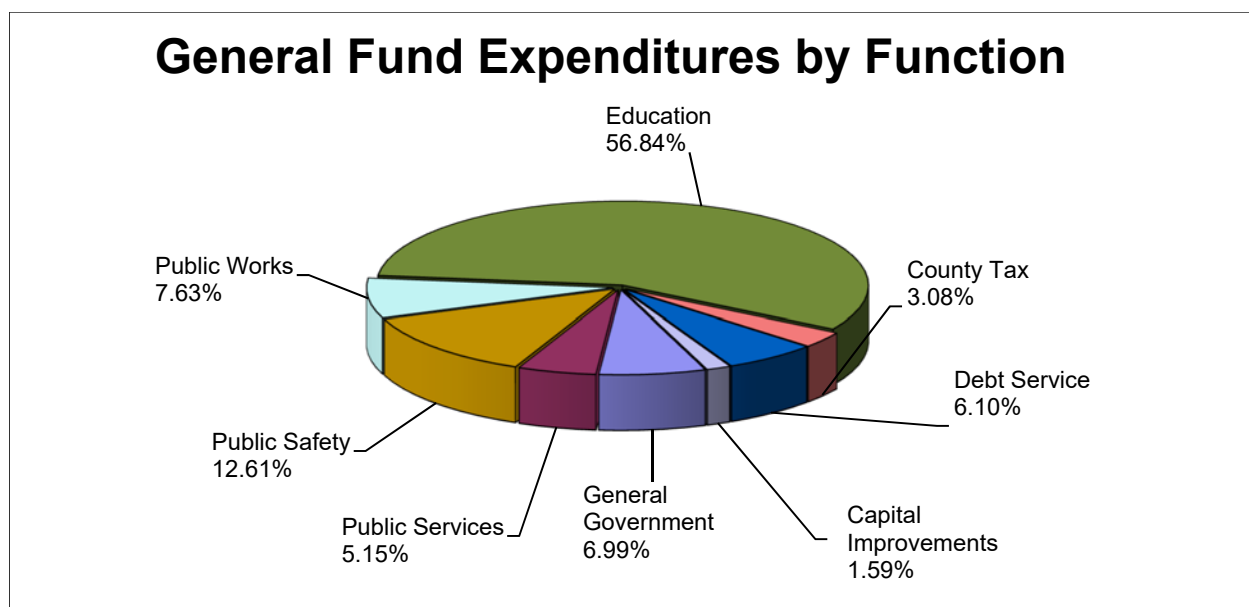
The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2019, total fund balance was \$14,306,229 reflecting an increase of \$540,945 compared to the prior year. Unassigned fund balance in the General Fund was \$8,211,760 compared to total fund balance of \$14,306,229. As a measure of the General Fund's liquidity, we believe it is useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balances represent 8.95% of total general fund expenditures compared to 8.53% last year, while total fund balance represents 15.58% of that same amount.

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



Property Tax revenues increased \$3,388,316 from 2018 to 2019 compared to the 2017 to 2018 increase of \$2,568,249. A comparison of the actual revenues to estimated revenues can be found on page 44 of the financial statements.

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



Actual revenues exceeded estimates by \$713,798 while expenditures came in under budget by \$979,355.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Total general fund expenditures increased \$4,510,936 or 5.42% compared to 2.35% for the prior year. The factors for this increase are:

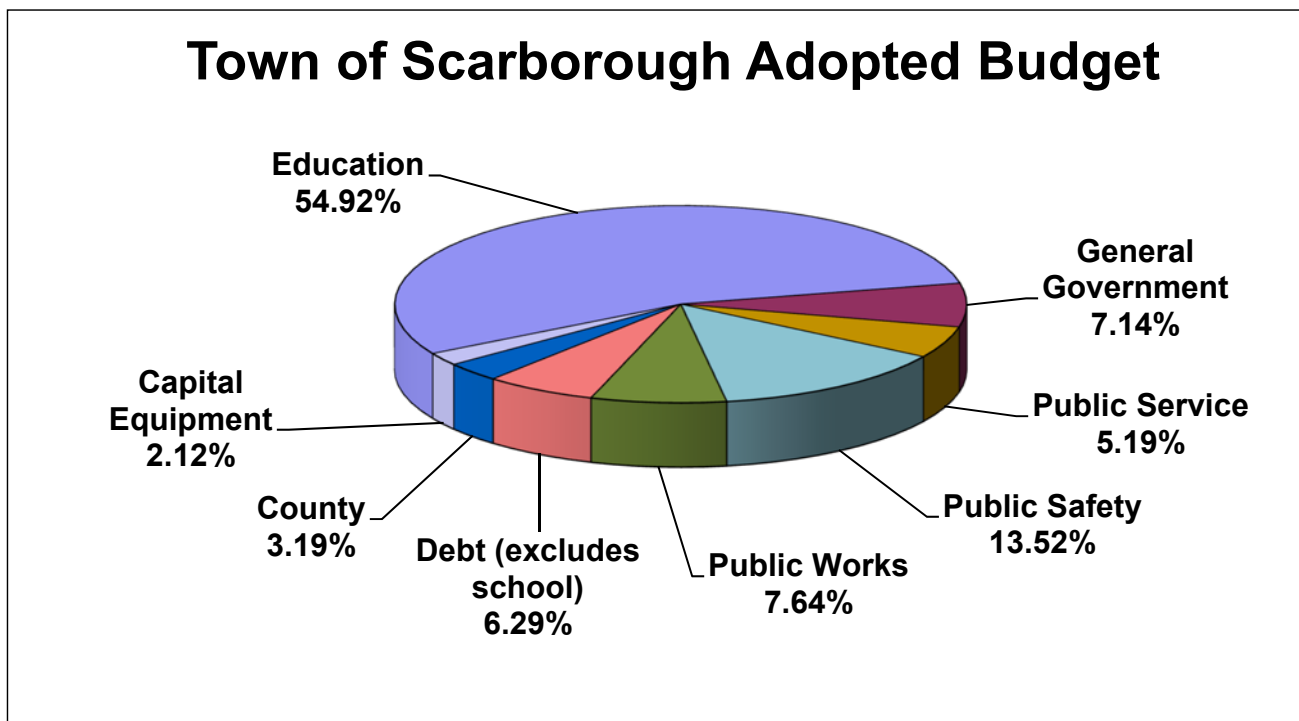
- General Government increased 7.33% due to information technology staffing reallocation, legal fees due to litigation and increasing municipal insurance costs,
- Public Services increased 3.24% mostly due to wage increases,
- Public Safety increased 3.19% due to the changes in contractual obligations,
- Public Works increased 3.8% operational supplies and contracted services
- Debt increased 14.88% for increased interest debt payments, and
- County Tax increased 4.33% to help offset the costs of Cumberland County.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget for the Town's General Fund represents the original budget and any previously appropriated funds set aside for honoring legally incurred obligations (prior year encumbrances and commitments) plus any supplementary appropriations that may occur during the fiscal year. In fiscal year 2019, a total of \$2,122,165 was set aside for the Town for prior year encumbrances and commitments and \$352,643 for the School Department was set aside for carryforward to the 2020 budget.

The adopted operating budget for fiscal year 2019 amounted to \$88,697,465 compared to \$84,714,480 for fiscal year 2018 or a 4.70% increase over the prior year.

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



Per the Town of Scarborough's Fund Balance policy, as amended; unassigned fund balance in excess of 12% may be used toward property tax stabilization or for capital needs. The Town has not yet reached 12% and has not budgeted any use of fund balance.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental fund, as of June 30, 2019, amounts to \$152,975,829 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was 4.40%.

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

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

Governmental Activities

	<u>2019</u>	<u>2018</u>
Land	\$ 7,293,622	\$ 7,159,182
Buildings	78,352,647	79,979,560
Vehicles	6,107,011	6,035,868
Equipment & Furniture	2,741,556	1,965,916
Infrastructure	46,873,915	47,890,470
Construction in Progress	11,607,078	3,499,574
Total	<u><u>\$ 152,975,829</u></u>	<u><u>\$ 146,530,570</u></u>

The Town's infrastructure assets are recorded at historical or estimated historical costs in the government-wide financial statements as required by GASB Statement No. 34. Major capital asset events during the fiscal year ending June 30, 2019 related to the construction of the new public safety building, various road improvements and rehabilitation, and purchases for vehicles and equipment.

Additional information on the Town of Scarborough's capital assets can be found in Notes to the Basic Financial Statements on page 57 of this report.

Long-term Debt. As of June 30, 2019, the Town had long-term bonds outstanding of \$102,720,000 compared to \$102,650,000 in the prior year resulting in a .07% increase. This debt is backed by the full faith and credit of the Town of Scarborough.

During fiscal year ending June 30, 2019, the Town of Scarborough issued \$7,380,000 in bonds. This bond issue financed projects that included vehicle and equipment purchases, building improvements, road reconstruction and rehabilitation of \$2,002,970 and \$3,374,414 for the construction of a new Public Safety Building. During the year \$7,310,000 in principal debt was paid.

Interest payments for school and town debt in this fiscal year increased by \$683,070 as a result of the \$18,190,000 2018 bond issue.

Additional information relating to the Town's long-term debt can be found in the Notes to Financial Statements on pages 59-61 of this report.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Outstanding Debt
General Obligation Bonds

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Municipal	\$ 42,376,225	\$ 38,495,570	\$ 24,455,792
Education	54,318,775	57,154,430	59,389,208
Sewer	6,025,000	7,000,000	7,785,000
Total Debt	<u>\$ 102,720,000</u>	<u>\$ 102,650,000</u>	<u>\$ 91,630,000</u>

Moody's Investors Service reviewed and assigned a rating of "Aa3" to the Town of Scarborough, Maine, (the Town) 2019 General Obligation (GO) Bonds. Moody's has affirmed the Aa3 rating on all of the Town's outstanding GO debt per its rating report dated May 31, 2019. Moody's Aa3 rating reflects the Town's high-quality credit position. "*Scarborough, ME (Aa3) benefits from a moderately sized, growing tax base with above average wealth levels, adequate financial reserves, manageable debt burden, and low pension liabilities*".

Standard and Poor's Rating Services (S&P) has affirmed the Town of Scarborough bond rating of "AA+" on the Town's existing GO debt. Additionally, S&P has assigned its "AA+" rating to the Town's series 2019 GO bonds per its rating report dated June 3, 2019. The stable outlook reflects the Town's very strong economy, adequate budgetary performance, budget flexibility, strong budgetary flexibility, very strong liquidity, strong debt-to-contingent liability position, and institutional framework.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

In adopting the budget for the ensuing fiscal year, the Town of Scarborough's officials considered many factors in making judgments and estimates about the finances of the upcoming year. The budget goals for fiscal year 2020 were to have:

GOALS:

- Maintain current level and quality of services.
- Be responsive to increased demand from growth.
- Manage the annual budget to a reasonable and sustainable level.
- Approve a Town wide budget that keeps the tax rate increase to less than or around 3%.

This budget reflects a \$621,628 increase in General Purpose Aid to Education (GPA) compared to \$594,253 increase for the 2019 Budget. This is a 22.65% increase from FY2019. The Town of Scarborough is considered a minimal receiver community by the State and therefore only the minimum GPA is received by the Town.

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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

The Town of Scarborough Budget Document for fiscal year 2020 can be found on the Town of Scarborough's website at: <https://sites.google.com/scarboroughmaine.org/budgetportal>.

Below is a comparison of the 2018, 2019 and 2020 budgets (excluding carry forwards).

	2020	2019	2018
Administration	\$ 2,744,891	\$ 2,670,198	\$ 2,590,522
Finance Department	1,145,092	1,091,602	1,030,572
Information Systems	1,458,086	1,444,398	1,207,438
Planning Department	1,089,432	1,056,153	976,741
Community Services	2,608,210	2,461,721	2,364,051
Library	1,164,166	1,152,091	1,130,246
General Assistance	33,633	32,314	30,211
Economic Development	246,644	240,693	234,773
Fire/Rescue/EMA Department	5,580,120	5,295,093	5,043,056
Public Safety Department	7,096,371	6,661,219	6,428,571
Public Works Department	6,896,283	6,742,788	6,762,140
Debt Service	6,145,997	5,579,904	4,817,198
Capital Equipment	2,311,867	1,408,321	1,040,617
Total Municipal Operating	38,520,792	35,836,495	33,656,136
Education	51,629,304	48,715,005	47,307,869
County Tax	2,956,659	2,827,079	2,709,666
Total Operating Budget	93,106,755	87,378,579	83,673,671
School Food Services	1,746,555	1,548,315	1,521,802
Capital Improvement-Municipal	2,146,000	1,237,750	3,838,750
Capital Improvement-School	2,441,070	1,238,730	1,396,200
TIFs and Overlay	1,371,129	1,693,189	987,054
Total Budget	\$ 100,811,509	\$ 93,096,563	\$ 91,417,477

The assessed valuations for the past five years are as follows:

2020	\$4,696,461,415, an increase of \$684,168,803 over 2019,
2019	\$4,012,292,612, an increase of \$226,804,270 over 2018,
2018	\$3,785,488,342, an increase of \$ 9,125,842 over 2017,
2017	\$3,776,362,500, an increase of \$ 30,814,400 over 2016,
2016	\$3,745,548,100, an increase of \$ 45,058,400 over 2015.

The valuation increases in FY2019 and FY2020 are the result of a commercial and industrial revaluation in 2019 and a residential revaluation process in 2020. Maine municipalities have taxing authority for property taxes alone. Only, the State of Maine can assess sales and income taxes.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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

2020	\$ 352,643
2019	\$ 500,000
2018	\$ 2,100,000
2017	\$ 952,888
2016	\$ 425,000
2015	\$ 800,000
2014	\$ 200,000

REQUEST FOR INFORMATION

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

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Town of Scarborough Maine Comprehensive Annual Financial Report



Basic Financial Statements

Outstanding Business 2019 — Abbott

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TOWN OF SCARBOROUGH, MAINE
Statement of Net Position
June 30, 2019

	Governmental Activities	Component Unit Public Library
ASSETS		
Cash and cash equivalents	\$ 25,022,359	234,743
Investments	15,307,990	659,209
Receivables:		
Accounts, net	795,841	-
Intergovernmental	724,709	-
Taxes receivable	230,667	-
Tax liens	891,116	-
Tax acquired property	7,231	-
Prepays		33,223
Inventory	71,088	1,372
Notes receivable	965,964	-
Capital assets, not being depreciated	18,900,700	-
Capital assets, net	134,075,129	640,424
Total Assets	196,992,794	1,568,971
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	1,912,964	-
Deferred OPEB items	271,417	
Deferred pension items	3,168,452	-
Total deferred outflows of resources	5,352,833	-
LIABILITIES		
Accounts payable and other current liabilities	7,335,363	15,671
Accrued payroll and other related liabilities	5,205,749	47,583
Unearned revenues	52,947	-
Accrued interest	608,795	-
Noncurrent liabilities:		
Due within one year	7,519,707	-
Due in more than one year	118,247,972	-
Total Liabilities	138,970,533	63,254
DEFERRED INFLOWS OF RESOURCES		
Deferred OPEB items	537,545	-
Deferred pension items	1,266,570	-
Total deferred inflows of resources	1,804,115	-
NET POSITION		
Net investment in capital assets	57,341,865	640,424
Restricted for:		
Nonexpendable trust principal	172,608	133,279
Expendable trust - income portion	98,360	-
Town grants and projects	717,366	-
Education	552,421	-
Unrestricted (Deficit)	2,688,359	732,014
Total Net Position	\$ 61,570,979	1,505,717

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Activities
For the year ended June 30, 2019

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	\$ 16,687,230	3,088,056	475,323	96,626	(13,027,225)	-
Public services	4,752,163	3,021,376	2,652	-	(1,728,135)	-
Public safety	11,081,295	3,424,185	206,980	-	(7,450,130)	-
Public works	8,257,195	1,963,528	396,488	-	(5,897,179)	-
Education	49,389,226	1,649,528	6,552,438	-	(41,187,260)	-
Interest on debt service	3,588,079	-	-	-	(3,588,079)	-
Total governmental activities	93,755,188	13,146,673	7,633,881	96,626	(72,878,008)	-
Total primary government	\$ 93,755,188	13,146,673	7,633,881	96,626	(72,878,008)	-
Component unit:						
Scarborough Public Library	\$ 1,319,195	-	1,337,298	-	-	18,103
General revenues:						
Property taxes, levied for general purposes				\$ 65,402,905		-
Excise taxes				6,365,716		-
Payments in lieu of taxes				71,450		-
Interest and costs on taxes				112,016		-
Franchise Tax				219,247		-
Grants and contributions not restricted to specific programs:						
Homestead exemption and business equipment exemption				1,747,534		-
Other State aid				732,563		-
State Revenue Sharing				912,219		-
Unrestricted investment earnings				525,771		-
Other				160,235		-
Total general revenues				76,249,656		-
Change in net position					3,371,648	18,103
Net position - beginning, (as restated - primary government)					58,199,331	1,487,614
Net position - ending					\$ 61,570,979	1,505,717

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Balance Sheet
Governmental Funds
June 30, 2019

	General	Haigis Parkway Assessments	Public Safety Bldg Construction	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 12,497,354		11,508,500	1,016,505	25,022,359
Investments	8,113,153			7,194,837	15,307,990
Receivables:					
Accounts, net	707,972			87,869	795,841
Intergovernmental	280,454			444,255	724,709
Taxes receivable	230,667			-	230,667
Tax liens	891,116			-	891,116
Interfund loans receivable	2,459,044			1,106,973	3,566,017
Tax acquired property	7,231			-	7,231
Inventory	27,679			43,409	71,088
Notes receivable	-	965,964	-	-	965,964
Total assets	\$ 25,214,670	965,964	11,508,500	9,893,848	47,582,982
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	4,582,112		1,021,950	1,731,301	7,335,363
Accrued payroll and other related liabilities	5,205,749			-	5,205,749
Accrued compensated absences	153,640			-	153,640
Interfund loans payable	-	2,951,105		614,912	3,566,017
Unearned revenues	52,947	-		-	52,947
Total liabilities	9,994,448	2,951,105	1,021,950	2,346,213	16,313,716
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	913,993	-	-	-	913,993
Total deferred inflows of resources	913,993	-	-	-	913,993
Fund balances:					
Nonspendable Permanent Fund Principal				172,608	172,608
Nonspendable Inventory	27,679			43,409	71,088
Restricted for Town	2,951,105		10,486,550	815,726	14,253,381
Restricted for Education	199,778			-	199,778
Committed - General Fund	441,099			-	441,099
Committed - Education	-			444,460	444,460
Committed - Special Revenues	-			6,305,470	6,305,470
Assigned - General Fund	2,122,165			-	2,122,165
Assigned - Education	352,643			-	352,643
Unassigned Town	8,211,760	(1,985,141)		(234,038)	5,992,581
Total fund balances	14,306,229	(1,985,141)	10,486,550	7,547,635	30,355,273
Total liabilities, deferred inflows of resources and fund balances	\$ 25,214,670	965,964	11,508,500	9,893,848	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					152,975,829
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.					913,993
Deferred charge on refunding is not a financial resource and, therefore, is not reported in the funds					1,912,964
Long-term liabilities, including related deferred inflows and outflows, are not due and payable in the current period and therefore, are not reported in the funds.					
Bonds payable, including issuance premiums					(109,322,073)
Capital leases					(49,567)
Accrued interest					(608,795)
Landfill liability					(394,534)
Other postemployment benefits liability with related deferred inflows and outflows of resources					(8,412,766)
Net pension liability with related deferred inflows and outflows of resources					(3,132,210)
Accrued compensated absences					(2,667,135)
Net position of governmental activities					\$ 61,570,979

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, 2019

	General	Haigis Parkway Assessments	Public Safety Bldg Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 72,029,379	-	-	111,000	72,140,379
Licenses and permits	864,305	-	-	-	864,305
Intergovernmental	10,990,668	-	-	1,489,495	12,480,163
Interest earned	286,272	25,332	239,329	188,186	739,119
Donations	-	-	-	341,650	341,650
Sale of lots	-	-	-	4,620	4,620
Assessments and impact fees	-	-	-	2,695,637	2,695,637
Other	6,605,578	-	170	2,963,960	9,569,708
Total revenues	90,776,202	25,332	239,499	7,794,548	98,835,581
Expenditures:					
Current:					
General government	6,420,657	-	-	-	6,420,657
Public services	4,724,209	-	-	-	4,724,209
Public safety	11,578,527	-	-	-	11,578,527
Public works	7,006,492	-	-	-	7,006,492
Education	52,182,175	-	-	2,910,238	55,092,413
County tax	2,827,079	-	-	-	2,827,079
Debt service	5,599,113	-	-	-	5,599,113
Capital improvements	1,459,518	-	7,446,139	5,834,485	14,740,142
Other	-	-	-	3,099,324	3,099,324
Total expenditures	91,797,770	-	7,446,139	11,844,047	111,087,956
Excess (deficiency) of revenues over expenditures	(1,021,568)	25,332	(7,206,640)	(4,049,499)	(12,252,375)
Other financing sources (uses):					
Transfers in	793,221	313,325	-	261,629	1,368,175
Transfers out	(344,527)	(370,000)	-	(653,648)	(1,368,175)
Premium received on issued bonds, net of issuance costs	423,393	-	125,586	216,180	765,159
General obligation bonds	690,426	-	3,374,414	3,315,160	7,380,000
Total other financing sources (uses)	1,562,513	(56,675)	3,500,000	3,139,321	8,145,159
Net change in fund balances	540,945	(31,343)	(3,706,640)	(910,178)	(4,107,216)
Fund balances (deficit), beginning of year,	13,765,284	(1,953,798)	14,193,190	8,457,813	34,462,489
Fund balances (deficit), end of year	\$ 14,306,229	(1,985,141)	10,486,550	7,547,635	30,355,273

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, 2019

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

Net change in fund balances - total governmental funds (Statement 4)	\$	(4,107,216)
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Governmental funds report capital outlays as expenditures.
 However, in the statement of activities, the cost of these assets
 is allocated over their estimated useful lives and reported as
 depreciation expense.

Capital outlays	\$10,887,460	6,445,259
Depreciation expense	(4,320,449)	
Net book value of dispositions	(121,752)	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	70,505
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Some expenses reported in the statement of activities do not
 require the use of current financial resources and, therefore, are
 not reported as expenditures in governmental funds:

Accrued interest		246,101
Landfill		6,500
Compensated absences		(253,609)
OPEB liability with deferred outflows and inflows of resources		(107,487)
Net pension liability with deferred outflows and inflows of resources		1,712,277

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

General obligation bond proceeds	\$ (7,380,000)	
General obligation bond payments	7,310,000	
Capital lease principal payments	48,372	
Premiums received on issued bonds	(765,159)	
Amortization of bond premiums	288,420	
Amortization of deferred charge	(142,315)	(640,682)

Change in net position of governmental activities (see Statement 2)	\$	3,371,648
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See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
General Fund
For the year ended June 30, 2019

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 71,848,614	71,848,614	72,029,379	180,765
Licenses and permits	831,330	831,330	864,305	32,975
Intergovernmental	6,790,690	6,790,690	6,897,418	106,728
Interest earned	50,000	50,000	286,272	236,272
Unclassified	6,448,520	6,448,520	6,605,578	157,058
Total revenues	85,969,154	85,969,154	86,682,952	713,798
Expenditures:				
Current:				
General government	6,331,165	6,331,165	6,434,247	(103,082)
Public services	4,603,694	4,603,694	4,724,209	(120,515)
Public safety	11,989,093	11,989,093	11,578,527	410,566
Public works	6,775,465	6,775,465	7,006,492	(231,027)
Education	48,715,005	48,715,005	48,088,925	626,080
County tax	2,827,079	2,827,079	2,827,079	-
Debt service	5,579,904	5,579,904	5,599,113	(19,209)
Capital improvements	1,876,060	1,876,060	1,459,518	416,542
Total expenditures	88,697,465	88,697,465	87,718,110	979,355
Excess (deficiency) of revenues over expenditures	(2,728,311)	(2,728,311)	(1,035,158)	1,693,153
Other financing sources (uses):				
Transfers in	891,350	891,350	793,221	(98,129)
Transfers out	(313,325)	(313,325)	(344,527)	(31,202)
Utilization of surplus	1,417,066	1,417,066	-	(1,417,066)
General obligation bonds	891,050	891,050	690,426	(200,624)
Refunding bond issued	-	-	-	-
Premium received on refunded bonds	-	-	-	-
Premium received on issued bonds	-	-	423,393	423,393
Payment to refunding bond escrow agent	-	-	-	-
Use of Bond Premium	514,450	514,450	-	-
Overlay	(672,280)	(672,280)	-	672,280
Total other financing sources (uses)	2,728,311	2,728,311	1,562,513	(651,348)
Net change in fund balances - budgetary basis			527,355	1,041,805
Reconciliation to GAAP basis:				
Change in current portion of accrued compensated absences			13,590	
Net change in fund balances - GAAP basis			540,945	
Fund balance, beginning of year			13,765,284	
Fund balance, end of year	\$		14,306,229	

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private-purpose Trust Funds (Scholarships)	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	658,806
Investments	222,941	-
Total assets	222,941	658,806
LIABILITIES		
Due to student groups	-	658,806
Total liabilities	-	658,806
NET POSITION		
Held in trust	\$ 222,941	-

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2019

	Private-purpose Trust Funds (Scholarships)
Additions:	
Donations	\$ -
Interest and dividends	6,613
Total additions	6,613
Deductions:	
School scholarships	5,000
Total deductions	5,000
Change in net position	1,613
Net position, beginning of year	221,328
Net position, end of year	\$ 222,941

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Scarborough conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of such policies:

A. Reporting Entity

The Town of Scarborough was incorporated in 1658 and operates under a Council-Manager form of government adopted by charter in 1969. In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States of America. Organizations that are legally separate, tax-exempt entities and meet *all* of the following criteria should be discretely presented as component units. The criteria used are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Additional criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based on application of these criteria, the following is a brief review of each component unit addressed in defining the government's reporting entity.

Scarborough Economic Development Corporation (SEDCO) encourages and assists with the development of business in the Town of Scarborough. SEDCO is a blended component unit of the Town because the SEDCO board appoints the majority of their board and the Town council affirms their appointment and SEDCO's total debt outstanding is expected to be paid entirely with resources of the Town. The Town provided \$239,311, or 94.4% of total revenues, to SEDCO for the year ended June 30, 2019.

Scarborough Public Library (the Library) promotes and maintains library facilities in and for the Town of Scarborough. While the Town does not appoint the Library's board, the Town provides the Library with a majority of its funding and the Library provides services directly to the citizens of the Town. The Town owns the land on which the Library operates and may provide for capital improvements and other support services to the Library. The Town believes that the financial statements would be incomplete without the inclusion of the Library as a discretely presented component unit. The Town provided \$1,152,091, or approximately 90% of total revenues, to the Library for the year ended June 30, 2019.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

Scarborough Public Library
48 Gorham Road
Scarborough, ME 04074

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The Town of Scarborough reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following Fiduciary Fund types:

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, and Equity

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

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. When applicable, donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment and infrastructure of the primary government are depreciated using the straight-line method over the asset's estimated useful lives as follows: buildings 20-60 years, vehicles 5-25 years, equipment and furniture 10-15 years and infrastructure 30 -75 years. Capital assets not being depreciated consist of land which has an indefinite useful life and construction in progress which will be depreciated once the project has been completed and placed in service.

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

1. **Nonspendable Fund Balance:** (a) Assets that will never convert to cash; (b) assets that will not convert to cash soon enough to affect the current period and (c) resources that must be maintained intact pursuant to legal or contractual requirements. Included in this category are the principal balances that pertain to the permanent funds for the Dunstan and Scarborough Memorial Cemeteries and for the cemetery plot for Mary Tucker.
2. **Restricted Fund Balance:** The portion of fund balance that reflects resources that are subject to externally enforceable legal requirements typically imposed by parties altogether outside the town. Included in this category are the fund balances for the school department restricted by State Statute and Tax Increment Finance District fund balances.
3. **Committed Fund Balance:** The portion of fund balance that represents resources whose use is constrained by limitations imposed by the Town Council, by passing an ordinance prior to the end of the fiscal year, as the highest governing body of the Town of Scarborough and can only be removed by the Town Council in the same manner. For example, Impact Fees were approved by the Town Council and can only be removed by the Town Council.
4. **Assigned Fund Balance:** The portion of fund balance that reflects the Town's intended use of resources established either at the highest governing body or an official designated for this purpose. The Town Council has, by resolution, authorized the Town Manager to assign fund balance. Any funds set aside as Assigned Fund Balance must be reported to the Town Council. The Town Manager has authorized carry forward balances to be used to offset 2020 expenditures. This also includes encumbrances.
5. **Unassigned Fund Balance:** The portion of fund balance in the general fund in excess of nonspendable, restricted, committed and assigned fund balance. The General Fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, when fund balance is negative, the negative amount is reported as unassigned.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

In the event that the balance drops below the established minimum level, the Town Council will develop a plan to replenish the fund balance to the established minimum level within two years. The Town is currently in the process of updating its Fund Balance Policy.

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

	Revenues and other <u>sources</u>	Expenditures and other <u>uses</u>
2018-2019 budget as adopted	\$89,071,768	\$89,071,768
Budgetary adjustments:		
Subsequent authorization	-	-
Prior year encumbrances and carry forwards	611,302	611,302
Total adjusted budget	\$ 89,683,070	\$ 89,683,070

B. Deficit Fund Balance

At June 30, 2019, the following special revenue and capital projects funds had deficit fund balances:

The Haigis Parkway Assessments Fund had a deficit of \$1,985,141. This deficit is expected to grow initially and then be adequately funded in future years with TIF revenues and assessment payments.

The School and Town Capital Improvements had deficits of \$217,441 and \$29,691, respectively. These deficits are expected to be funded in future years through reserve allocations or bonding.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a formal policy with respect to custodial credit risk. As of June 30, 2019, the Town reported deposits of \$25,681,165 with a bank balance of \$26,233,032. Of the Town's bank balances of \$26,233,032, \$9,968 was exposed to custodial credit risk and all other accounts were covered by the F.D.I.C. or were secured by additional collateral pledged on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$25,022,359
Reported in fiduciary funds	658,806
Total deposits	\$25,681,165

At June 30, 2019, the Scarborough Public Library's cash balances was \$234,743, all of which was covered by F.D.I.C. insurance.

B. Investments

At June 30, 2019, the Town had the following investments and maturities:

	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Money markets and repurchase agreements	\$15,529,931	\$15,529,931	-	-
Total investments	\$15,529,931	\$15,529,931	-	-

Investments have been reported as follows:

Reported in governmental funds	\$15,307,990
Reported in fiduciary funds	221,941
Total investments	\$15,529,931

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

PROPERTY TAX

Property taxes for the current year were committed on September 13, 2018, 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 15, 2018 and 50% on March 15, 2019. Interest at the rate of 8% 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, 2019 and the Town's value was 91% of the 2019 State valuation of \$4,313,600,000.

During the fiscal year ending June 30, 2019, the Town underwent a commercial and industrial revaluation.

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 \$672,280 for the year ended June 30, 2019.

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

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

The following summarizes the June 30, 2019 levy:

Assessed value	\$ 4,012,292,612
<u>Tax rate (per \$1,000)</u>	<u>16.49</u>
Commitment	66,162,710
 <u>Supplemental taxes assessed</u>	 <u>21,911</u>
	66,184,621
 <u>Less - collections and abatements</u>	 <u>65,494,951</u>
<u>Receivable at June 30</u>	<u>689,670</u>
 Consisting of:	
Taxes	\$ 42,529
Liens	647,141
<u>Receivable at June 30</u>	<u>\$ 689,670</u>
 Collection rate	 98.96%

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2019 was as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,159,182	\$ 135,600	\$ 1,160	\$ 7,293,622
Construction in progress	3,499,574	8,794,986	687,482	11,607,078
<u>Total capital assets, not being depreciated</u>	<u>10,658,756</u>	<u>8,930,586</u>	<u>688,642</u>	<u>18,900,700</u>
Capital assets, being depreciated:				
Buildings	103,192,114	145,715	-	103,337,829
Vehicles	14,977,845	1,280,635	701,738	15,556,742
Equipment and furniture	7,180,799	1,204,915	246,626	8,139,088
Infrastructure	62,297,955	13,091	-	62,311,046
<u>Total capital assets being depreciated</u>	<u>187,648,713</u>	<u>2,644,356</u>	<u>948,364</u>	<u>189,344,705</u>
Less accumulated depreciation for:				
Buildings	23,212,554	1,772,628	-	24,985,181
Vehicles	8,941,977	1,110,270	602,516	9,449,731
Equipment and furniture	5,214,881	407,907	225,256	5,397,532
Infrastructure	14,407,485	1,029,644	-	15,437,131
<u>Total accumulated depreciation</u>	<u>51,776,897</u>	<u>4,320,449</u>	<u>827,772</u>	<u>55,269,575</u>
<u>Total capital assets being depreciated, net</u>	<u>135,871,814</u>	<u>(1,676,093)</u>	<u>120,592</u>	<u>134,075,130</u>
<u>Governmental activities capital assets, net</u>	<u>\$146,530,570</u>	<u>\$ 7,254,493</u>	<u>\$ 809,234</u>	<u>\$152,975,830</u>

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

Governmental activities:	
General government	\$ 341,276
Public services	44,341
Public safety	536,256
Public works, including depreciation of general infrastructure assets	1,437,443
Education	1,961,133
<u>Total depreciation expense – governmental activities</u>	<u>\$ 4,320,449</u>

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

	<u>Library</u>
Buildings	\$1,695,401
Furniture and fixtures	745,110
<u>Books</u>	<u>919,674</u>
Total	3,360,185
<u>Less accumulated depreciation</u>	<u>(2,719,761)</u>
<u>Property and equipment, net</u>	<u>\$ 640,424</u>
<u>Depreciation expense</u>	<u>\$ 131,463</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

INTERFUND BALANCES

Interfund balances result from the sharing of pooled cash and investments. Individual interfund loans receivables and loans payables at June 30, 2019, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$2,459,044	-
Haigis Parkway	-	\$2,951,105
Nonmajor Governmental Funds:		
Nonmajor Special Revenue Funds:		
Eastern Trail Alliance (Close the Gap)	-	211,063
Recreational development	162,810	-
Payne Road Impact Fees	-	36,499
Other Impact Fees	1,500	175,640
Rescue equipment	487,917	-
Police Asset Forfeiture		16,647
Fire Department Equipment		6,644
Departmental grants and programs		160,838
Total Nonmajor Special Revenue Funds	652,227	607,331
Nonmajor Capital Project Funds:		
Close the GAP Eastern Trail	211,063	
Cummings Road Construction Project		7,102
No. Scarborough Traffic Signal Improve-Payne Rd D#5	39,998	
Traffic Signal Improvements	175,401	
Oak Hill Intersection Improvements	238	
Pine Point Restroom Parking Study	8,426	
Co-op Parking Improvements	15,000	-
Total Nonmajor Capital Project Funds	450,126	7,102
Nonmajor Permanent Funds		
Scarborough Memorial Cemetery	4,620	-
Dunstan Perpetual Care	0	479
Total Permanent Funds	4,620	479
Total Other Governmental Funds	1,106,973	614,912
Private-purpose Trust Funds	-	-
Total all funds	\$3,566,017	\$3,566,017

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. At June 30, 2019, the balances represent how much was due to or from the General Fund.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

INTERFUND TRANSFERS

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 793,221	\$ 344,527
Haigis Parkway Assessments	313,325	370,000
Nonmajor Governmental Funds	261,629	653,648
Total	<u>\$1,368,175</u>	<u>\$1,368,175</u>

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

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2019, 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	\$102,650,000	\$7,380,000	\$7,310,000	\$102,720,000	\$7,310,000
Premium	6,125,334	765,159	288,420	6,602,073	
Capital leases	97,939		48,372	49,567	49,567
Compensated absences	2,626,686	407,249	213,160	2,820,775	153,640
Other postemployment					
Benefits liability	8,470,188		323,550	8,146,638	
Net pension liability	7,069,413		2,035,321	5,034,092	
Landfill post-closure care costs	401,034		6,500	394,534	6,500
Governmental activity					
Long-term liabilities	<u>\$127,440,594</u>	<u>\$8,552,408</u>	<u>\$10,225,323</u>	<u>\$125,767,679</u>	<u>\$7,519,707</u>

As of June 30, 2019, the Town had authorized, but unissued debt totaling \$4,312,929. The General Fund typically pays all governmental activities long-term debt service requirements including accrued compensated absences.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

BONDS PAYABLE

Bonds payable at June 30, 2019 is comprised of the following:

General Obligation Notes and Bonds	Amount originally issued	Percentage applicable to			Interest rate	Final maturity date	Balance end of year
		<u>Town</u>	<u>School</u>	<u>Sewer</u>			
2009 Capital improvements	1,780,000	69.57%	30.43%	-	3.00%	2020	115,000
2010 Capital improvements	6,002,000	90.64%	9.36%	-	3.50%	2031	2,590,000
2011 Capital improvements	5,600,000	94.01%	5.99%	-	Varies	2031	1,835,000
2012 Capital improvements	46,545,000	4.00%	79.45%	16.55%	Varies	2042	36,400,000
2013 Capital improvements	25,685,000	6.87%	93.13%	-	Varies	2043	21,600,000
2014 Capital improvements	6,505,000	54.02%	45.98%	-	Varies	2034	3,060,000
2015 Capital improvements	6,085,000	89.41%	10.59%	-	Varies	2035	4,175,000
2016 Capital improvements	7,540,000	94.20%	5.80%	-	Varies	2036	4,980,000
2017 Capital improvements	2,755,000	61.54%	38.46%	-	Varies	2037	2,395,000
2018 Capital Improvements	18,190,000	93.62%	6.38%	-	Varies	2048	18,190,000
2019 Capital improvements	7,380,000	90.85%	9.15%	-	Varies	2049	7,380,000
Total							\$102,720,000

The annual requirements to amortize all debt outstanding as of June 30, 2019 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	7,630,000	3,784,372	11,414,372
2021	8,085,000	3,515,881	11,600,881
2022	7,595,000	3,220,050	10,815,050
2023	7,280,000	2,959,919	10,239,919
2024	5,855,000	2,703,869	8,558,869
2025-2029	24,895,000	10,279,884	35,174,884
2030-2034	20,225,000	5,853,744	26,078,744
2035-2039	11,000,000	2,830,594	13,830,594
2040-2044	7,555,000	990,838	8,545,838
2045-2048	2,600,000	185,000	2,785,000
Totals	\$ 102,720,000	\$36,324,151	\$139,044,151

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

STATE REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES

The State of Maine currently reimburses the Town for a portion of financing costs of school buildings. Continuation of such reimbursements is dependent upon continued appropriations by the State Legislature.

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2019, the Town's State valuation of \$4,313,600,000 was 9.20% of the County's State valuation of \$46,892,350,000. The Town's share is 9.20% or \$3,485,847 of Cumberland County's \$37,893,997 long-term debt outstanding as of June 30, 2019.

The Town is also served by the Portland Water District. At June 30, 2019, the Town's share of self-supporting bonded water debt is 13.70% or \$7,300,187 of total debt of \$53,286,036.

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

Contingencies

ecomaine, formerly Regional Waste Systems, a Maine Corporation with 21 participating municipalities ("Member Municipalities"), including the Town of Scarborough, operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$15,082,777 at June 30, 2019, the most recent data available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 9.16%, or \$1,380,967.

Total Debt and Contingencies

Governmental Unit	As of June 30, 2019			
	Direct debt	Overlapping debt	Contingent debt	Total debt
Town of Scarborough	\$ 102,720,000	-	-	\$ 102,720,000
Cumberland County	-	\$ 3,485,847	-	3,485,847
Portland Water District - water debt	-	7,300,187	-	7,300,187
ecomaine landfill closure/postclosure costs	-	-	\$1,380,967	1,380,967
Totals	\$ 102,720,000	\$10,786,034	\$1,380,967	\$114,887,001

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, 2019, substantially all such calculations have been performed and the Town is in compliance with all known arbitrage requirements.

Grants

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

Litigation

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

The Town has previously advised in prior audits regarding a matter of litigation with approximately 50 taxpayers contesting their 2012 to 2015 property taxes. On December 23, 2019 the Maine Supreme Judicial Court ruled in favor of the Town, upholding the remedy that was awarded by the Town of Scarborough Board of Assessment Appeal. No further payments to the appellants are required with this favorable decision and therefore there is no additional financial liability. Given the facts of this case, the Town considers the likelihood of this matter being appealed to the U.S. Supreme Court is minimal. In the event it is appealed, the Supreme Court of the United States would have to agree to hear the case.

There is additional litigation with another taxpayer based on a claim that a portion of the property, which involves assisted living and skilled nursing care, is exempt from taxation. The portion of the property in question represents approximately 10% of the current valuation. Both parties have moved for summary judgement and the case has been fully briefed, awaiting a decision from the Superior Court.

LANDFILL CLOSURE AND POSTCLOSURE COSTS

Under existing State law, Maine communities had until December 31, 1995 to close existing landfills under a state approved plan and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town is operating a demolition debris landfill under a waiver granted by the State. The landfill is permitted to operate in its existing capacity until 2027. As of June 30, 2019, approximately 20% of the landfill's total capacity has been used. The estimated total current cost of landfill closure, \$394,489 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, 2019. Additionally, annual monitoring and maintenance costs are estimated to be \$6,500 per year.

The total closure and postclosure care costs of \$394,534 have been accrued in the statement of activities for the year ended June 30, 2019. Presently, the State of Maine is providing partial funding for certain closure costs; however, future funding is based on availability of funds. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

FUND BALANCE CHANGES

For the period ending June 30, 2019, the General Fund includes four programs that previously were reported in the financial statements as Special Revenue Funds. This change, which was initially made June 30, 2011, is the result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Activity of these four programs plus two new programs are currently presented in Exhibits A-1, A-2 and A-2 Cont. Additionally, the fund balances reclassified from Special Revenue Funds to the General Fund are all presented as Committed Fund balance in the General Fund as follows:

	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Unemployment Compensation	\$ 174,164	\$ 183,121
HRA Deductible Plan	0	58,115
HRA Credit Plan	0	13,078
Hurd Park and Ferry Beach	199,587	165,283
Hunnewell House	<u>19,761</u>	<u>21,502</u>
Total reclassification	<u>\$ 393,512</u>	<u>\$ 441,099</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

FUND BALANCE CHANGES, CONTINUED

The following is a schedule of fund balance classifications for the governmental funds as June 30, 2019:

	General Fund	Haigis Parkway Assess	Public Safety Construction	Nonmajor Governmental
Fund Balances:				
Nonspendable-Permanent Funds	\$ -	\$ -	\$ -	\$ 172,608
Nonspendable-Inventory	27,679	-	-	43,409
	<u>27,679</u>	<u>-</u>	<u>-</u>	<u>216,017</u>
Restricted				
Permanent Fund Interest	-	-	-	98,360
Deficits in Other Funds (Haigis Parkway)	2,951,105	-	-	-
Public Safety Building Construction	-	-	10,486,550	-
Credit Enhancement Agreements	-	-	-	44,474
Eastern Trail Alliance (Close the Gap)	-	-	-	386,111
Grants and Donations	-	-	-	101,117
Fire Department Equipment	-	-	-	23,459
Police Asset Forfeiture	-	-	-	162,205
Town Improvements	-	-	-	-
Education	199,778	-	-	-
	<u>3,150,883</u>	<u>-</u>	<u>10,486,550</u>	<u>815,726</u>
Committed				
Unemp. Comp/Beach Reserve/Hunnewell	369,906	-	-	-
HRA Deductible/Credit Plans	71,193	-	-	-
Impact Fees/Reserves	-	-	-	6,305,470
Education	-	-	-	444,460
	<u>441,099</u>	<u>-</u>	<u>-</u>	<u>6,749,930</u>
Assigned				
Carryforward Balances/Encumbrances	2,122,165	-	-	-
Education	352,643	-	-	-
	<u>2,474,808</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	8,211,760	(1,985,141)	-	(234,038)
Total Fund Balances	<u>\$14,306,229</u>	<u>\$(1,985,141)</u>	<u>\$10,486,550</u>	<u>\$ 7,547,635</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

ASSIGNED FUND BALANCES

At June 30, 2019, portions of the General Fund balance were assigned to future periods as follows:

	<u>2019</u>
General Fund:	
State Revenue Sharing	\$ 29,991
Human Resources – Recruitment	1,348
Benefits – Municipal Wellness Program	1,850
Finance – Staffing	3,997
Assessing – Training	1,000
Assessing – Contractual Services	20,000
Planning Initiatives (former Comprehensive Plan)	15,000
Planning – Printing & Binding	1,000
CS – Child Care	1,800
CS – Municipal Building Rebate Revenues	350
Fire Department – Clothing Allowance	545
Marine Resource Office – Inventory Management	12,071
Overlay	57,674
MIS – Core Switch Upgrade	8,210
Assessing – Vision Software	6,500
Assessing – Residential Revaluation	71,221
Library – Security Cameras & Equipment	6,218
Fire Department – Municipal Holding Tank	5,323
Fire Department – Major Vehicle Repairs	54,403
Police Department – Equipment Issue Room Supplies	4,780
Police Department – Traffic Monitoring Cameras	22,000
Public Works – HVAC Improvements/Replacement	54,374
Encumbered purchase orders	355,103
Fund Balance Appropriated for the 2020 Education Budget	352,643
Reserve for Accrued Sick Pay	1,387,407
Total General Fund Assigned Fund Balance	<u>\$ 2,474,808</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN

Plan Descriptions

The Town contributes to the Maine Public Employees Retirement System (MPERS), as part of the State Employee and Teacher Plan (the Teacher Plan) and also the Participating Local District Consolidated Plan (the PLD plan) or (the Plans) which are cost sharing multiple employer defined benefit pension plans. The Plans were established as the administrator of a public employee retirement system under the Laws of the State of Maine. Within the Town of Scarborough, the School Department's teaching certified employees plus other qualified educators, are eligible to participate in the Teacher Plan. The Teacher Plan covers 236 participating employers. The Town's Police, Fire/Rescue and certain other Town employees and the Town's school custodians, school lunch personnel, and other non-teacher personnel including, some educational technicians (Ed Techs), central office employees, and secretarial employees have the option to participate in the PLD Plan. The PLD Plan covers 304 participating employers across the state. The plans are included in the annual audit report of the Maine Public Employees Retirement System and can be found online at www.mainepepers.org.

Employee membership data related to the Plans, as of June 30, 2018 was as follows:

	Teachers	PLD
Current participants: Vested and non-vested	39,843	11,416
Terminated participants: Vested	7,965	2,319
Terminated participants: Inactive due refunds	39,074	7,779
Retirees and beneficiaries receiving benefits	35,601	9,256
	<u>122,483</u>	<u>30,770</u>

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

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the Plan's Board of Trustees and is currently 2.4%.

For the year ended June 30, 2019, the Town's total payroll for all employees was \$45,113,753. Total covered payroll was \$25,337,964 for the Teacher Plan and \$8,527,341 for the PLD Plan. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

Contributions

The contribution requirements of the Teacher Plan members are defined by law or the Plan's Board. Teacher Plan members of the Town of Scarborough's school department are required to contribute 7.65% of covered compensation to the Teacher Plan. The Town of Scarborough's school department employee's contributions are deducted from the employee's wages or salary and remitted by the Town of Scarborough's school department to the Teacher Plan on a monthly basis. The State is statutorily required to contribute 11.08% of annual Teacher wages, excluding wages covered by grants, which pays for the unfunded liability for the teachers. Employer contribution rates are determined through actuarial valuations. The School Department's required contribution rate for the year ended June 30, 2019, was 3.97% percent of annual teacher payroll, plus 11.68% for grant funded wages, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year (normal cost contributions). The Scarborough School Department's contributions to the Teacher Plan for the year ended June 30, 2019 were \$1,074,210.

The contribution requirements of the PLD Plan members are defined by law or the Plan's Board. Employees of the Town of Scarborough and school department are required to contribute 8.0%, police employees and fire/rescue employees contribute between 8%-9.5% of covered compensation to the PLD Plan. The contributions are deducted from the employee's wages or salary and remitted by the Town of Scarborough to the Plan on a monthly basis. Employer contribution rates are determined through actuarial valuations. The Town of Scarborough's school and town employer's contribution, other than Police and Fire/Rescue, required rate for the year ended June 30, 2019, was 10% of annual payroll. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2019 was 12.7% or 16.3%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town of Scarborough's contributions to the Plan for the year ended June 30, 2019 were \$990,347.

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

Teacher Plan

At June 30, 2019, the Town of Scarborough School Department reported a liability for its proportionate share of the net pension liability that reflected a reduction of State pension support provided to the Town of Scarborough School Department. The amount recognized by the Town of Scarborough School Department as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town of Scarborough School Department was as follows:

Town of Scarborough School Department's proportionate share of the net pension liability	\$ 495,178
State's proportionate share of the net pension liability associated with the Town of Scarborough School Department	26,319,136
Total	<u>\$ 26,814,314</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town of Scarborough School Department's proportion of the net pension liability was based on a projection of the School Department's long-term share of contributions relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2018, the School Department's proportion was 0.037 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2017.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

For the year ended June 30, 2019, the School Department recognized pension expense of \$984,545 and revenue of \$2,640,442 for support provided by the State. In addition, the School Unit reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 15,124	
Changes of assumptions	31,148	
Net difference between projected and actual earnings on Plan investments		\$ 64,373
Changes in proportion and differences between contributions and proportionate share of contributions	13,120	13,036
Contributions subsequent to the measurement date	1,055,590	
Total	<u>\$ 1,114,982</u>	<u>\$ 77,409</u>

The \$1,055,590 of deferred outflows of resources resulting from the School Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense) as follows:

Years ending June 30,	
2020	\$ 46,253
2021	(1,150)
2022	(45,827)
2023	(17,293)
Total	<u>\$ (18,017)</u>

PLD Plan

At June 30, 2019, the Town and the Town School Department reported a liability of \$4,538,914 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town and the Town School Department's proportion of the net pension liability was based on a projection of the Town and the Town School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Town and the Town School Department's proportion was 1.66%, which was an increase of 0.07% from its proportion measured as of June 30, 2017.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

For the year ended June 30, 2019, the Town and the Town School Department recognized pension expense of \$648,195. At June 30, 2019, the Town and the Town School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 14,211	\$ 49,853
Changes of assumptions	724,442	1,095,967
Net difference between projected and actual earnings on Plan investments		
Changes in proportion and differences between contributions and proportionate share of contributions	324,470	43,341
Contributions subsequent to the measurement date	990,347	
Total	<u>\$ 2,053,470</u>	<u>\$ 1,189,161</u>

The \$990,347 of deferred outflows of resources resulting from the Town and Town School Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense) as follows:

Years ending June 30,	
2020	\$ 786,253
2021	116,550
2022	(745,581)
2023	(283,260)
Total	<u>\$ (126,038)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Teachers Plan 2.75% and PLD Plan 2.75%, per annum
Salary increases	Teachers Plan 2.75%-14.5% and PLD Plan 2.75%-9.0%, per year
Investment rate of return	Teachers Plan 6.75% and PLD Plan 6.75%, per annum, compounded annually

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 to June 30, 2015.

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

Asset Class	Target Allocation %	Long-term Expected Real Rate of Return
Public Equities	30.0%	6.0 %
U.S. Government	7.5%	2.3 %
Private Equity	15.0%	7.6%
Real estate	10.0%	5.2 %
Infrastructure	10.0%	5.3 %
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9 %
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75% for the Teacher Plan and the PLD Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

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

Teacher Plan

The following presents the Town of Scarborough School Department's proportionate share of the net pension liability calculated using the discount rate of 6.75% percent, as well as what the School Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	Discount rate	Town School Department's proportionate share of net pension liability
1% decrease	5.75%	\$ 915,089
Current discount rate	6.75%	\$ 495,178
1% increase	7.75%	\$ 145,460

PLD Plan

The following presents the Town and the School Department's proportionate share of the net pension liability calculated using the discount rate of 6.75% percent, as well as what the Town and the School Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	Discount rate	Town and School Department's proportionate share of net pension liability
1% decrease	5.75%	\$ 10,697,619
Current discount rate	6.75%	\$ 4,538,914
1% increase	7.75%	\$ (1,217,784)

Plan Fiduciary Net Position

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

On-Behalf Payments

The State of Maine makes a contribution to the Maine Public Employees Retirement System Teachers Fund for the teachers of the Town of Scarborough's School Department. The actual payment, which is made by the State, is determined by an actuary for the entire teachers' fund. The Maine Public Employees Retirement System estimates the payment made on-behalf of the Town of Scarborough's School Department to approximate 11.08% of the qualified teachers' salaries, plus an additional 3.57% for health insurance. For the year ended June 30, 2019, the total amount of on-behalf payments was approximately \$3,646,000 and was recognized in the fund financial statements plus an additional on-behalf payment amount of \$91,250 was recognized related to the MPERS Group Life Insurance Plan. The amount of on-behalf payments recognized in the government wide financial statements for pension expense was approximately \$1,958,000.

DEFINED CONTRIBUTION PENSION PLAN

Defined Contribution Pension Plan - The Town, under a plan adopted and approved by the Town Council, contributes to the International City Manager's Association Retirement Corporation (ICMA-RC) Money Purchase Plan, a defined contribution pension plan administered by the ICMA-RC.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. All full time municipal employees of the Town have the option of participating in either the ICMA Money Purchase Plan or the Maine Public Employees Retirement System. Contributions made by the employer, into the ICMA Money Purchase Plan, vest upon completion of three years of service. An employee who leaves the employment of the Town is entitled to all contributions and earned income in his/her account at that time. Each employee must contribute a minimum of 6% of his/her gross earnings to the pension plan, while the Town is required to contribute an amount equal to 6% of the employee's gross earnings. The Town Manager has a separate plan that requires the Town to contribute 17% of the Manager's gross earnings and the Manager is not required to contribute.

During the year, the Town's required and actual contributions amounted to \$319,015 which was 6% of the participating employees and 17% of the Town Manager's current year covered payroll. The covered payroll amounted to \$5,035,984 while the Town's total payroll was \$14,768,213.

Employee's required contributions amounted to \$292,965, which was 6% of the Town's current year covered payroll.

No pension provision changes occurred during the year that affected the required contributions to be made by the Town or its employees.

The ICMA Money Purchase Plan held no securities of the Town or other related parties during the year or as of the close of the fiscal year.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

DEFINED CONTRIBUTION PENSION PLAN, CONTINUED

The Town of Scarborough also offers all its full time employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457 and authorized by the Town Council. The plan permits participating employees to defer a portion of their salary until future years. During the year, the participating employee's contributions amounted to \$547,893 and the Town contributions amounted to \$305,339. The Town contributes a match up to 4%. The covered payroll amounted to \$8,031,912.

The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not reported in the Town's financial statements.

POST-EMPLOYMENT HEALTH CARE

The Town has two OPEB plans which employees participate in for which separate disclosure information is provided below.

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

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

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

Plan membership. At January 1, 2019, the following were covered by the benefit terms: Inactive employees or beneficiaries currently receiving benefit payments – 18, Active employees 177, total employees 195.

The Town's total OPEB liability of \$3,150,699 was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

The discount rate was based on high quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer index. The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study, conducted by the Maine State Retirement Consolidated Plan for Participating Local Districts, for the period July 1, 2012 through June 30, 2015.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 3,335,045
Changes for the year:	
Service cost	107,114
Interest	116,667
Changes in benefit terms	
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(305,884)
Benefit payments	(102,243)
Net changes	(184,346)
Balance at June 30, 2019	<u>\$ 3,150,699</u>

Changes of assumptions reflect a decrease of \$305,884. Changes in assumptions or other inputs reflect a change in the discount rate from 3.44% in 2018 to 4.10% in 2019.

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

The following table shows how the total OPEB liabilities would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate used for the Health Plan is 4.10%.

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 3,631,498	\$ 3,150,699	\$ 2,759,283

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

The following table shows how the total OPEB liabilities would change if the healthcare rate used was one percentage point lower or one percentage point higher than the current rate of 8.00%.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 2,705,282	\$ 3,150,699	\$ 3,713,003

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

For the year ended June 30, 2019, the Town recognized OPEB expense of \$193,770. At June, 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,428	
Changes in assumptions		\$ 326,494
Contributions subsequent to the measurement date	51,122	
Total	<u>\$ 133,550</u>	<u>\$ 326,494</u>

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

Year ended June 30,	
2020	(30,011)
2021	(30,011)
2022	(30,011)
2023	(30,011)
2024	(30,011)
Thereafter	<u>(94,011)</u>
Total	<u>\$ (244,066)</u>

Retiree Group Health Insurance Plan

General Information

Plan description and benefits provided. The Town School Department is a participant in the MEA Benefits Trust (MEABT). MEABT was established by the Maine Education Association on April 10, 1993, as an employee welfare benefit plan. The MEABT is administered by Trustees, in accordance with its terms for the exclusive benefit of Plan participants and beneficiaries. The principal asset of the MEABT is a group insurance contract, currently held with Anthem Blue Cross and Blue Shield of Maine, which provides medical, hospital, surgical, prescription coverage and related health benefits to individuals of the Town School Department, including active educators, retired and disabled educators and related personnel and their dependents. The Town School Department's participation in the MEABT plan is considered its own post-retirement benefit plan, based on its own census data or participants in the trust. The MEABT does not issue a separate financial report for its OPEB. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

Employee membership data related to the Plan, as of the June 30, 2018 measurement date was, as follows:

Active members	438
Retirees under age 65	14
Retirees over age 65	134
	<u>586</u>

Eligibility. The employee must have participated in the MEA Benefits Trust health plan for 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits.

A retiree who terminates coverage may elect to re-enroll in coverage at a later date if the participant participated in the health plan for 12 months prior to terminating coverage, if the re-enrollment occurs within 5 years from the date of termination of coverage, and if the retire does not surpass attaining age 62 at the time of re-enrollment. The participant has to have maintained continuous health insurance coverage during this break in coverage. To be eligible for re-enrollment, a retire may not take more than one break in coverage.

Contributions. The Town School Department's contribution comes in the form of an implied subsidy. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium amounts. The implicit rate subsidy is the value of the cost of care minus the premiums charged. Since the premiums charged are based on the average active and pre-Medicare retirees, the retirees are implicitly paying less than the true cost of coverage resulting in a subsidy through the premiums paid by the Town School Department for active members.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Town School Department reported a liability of \$4,995,939 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

For the year ended June 30, 2019, the Town School Department recognized OPEB expense of \$204,949. At June 30, 2019, the Town School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Changes of assumptions		\$ 211,051
Net difference between projected and actual earnings on OPEB plan investments		
Contributions subsequent to the measurement date	\$ 137,867	
Total	<u>\$ 137,867</u>	<u>\$ 211,051</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$137,867 resulting from Town School Department contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Town School Department OPEB expense, as follows:

Year ended June 30,	
2020	\$ (35,175)
2021	(35,175)
2022	(35,175)
2023	(35,175)
2024	(35,175)
Thereafter	(35,176)
Total	<u>\$ (211,051)</u>

Actuarial assumptions and methods: The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions:

Measurement date:	June 30, 2018
Discount Rate:	3.87% per annum for the year ended June 30, 2018 reporting.
Healthcare cost trend rates:	Pre-Medicare – Initial trend of 5.55% grading over 15 years to 3.73% per annum. Medicare – Initial trend rate of 3.72% grading over 15 years to 2.81% per annum.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

Rate of mortality: Healthy Annuitants: Based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, respectively, both projected using RPEC 2015 model, with ultimate rate of .85% for ages 20-85, grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Rate of mortality: Healthy Employees: Based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using RP-2014 Total Dataset Employee Mortality Table rates after the end of the Total Employee Mortality Table, respectively, both projected using RPEC 2015 model, with ultimate rate of .85% for ages 20-85, grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Disabled Annuitants: Based on 108% and 105% of the RP-2014 Total Dataset Disabled Annuitant Mortality Table, respectively, for males and females, projected from 2006 base rates using RPEC 2015 model, with ultimate rate of .85% for ages 20-85, grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Retiree Contribution Increases: Assumed to increase at the same rate as incurred claims with constant cost sharing in plan design between employer and retirees.

Rate of mortality: Healthy Employees: Based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using RP-2014 Total Dataset Employee Mortality Table rates after the end of the Total Employee Mortality Table, respectively, both projected using RPEC 2015 model, with ultimate rate of .85% for ages 20-85, grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Disabled Annuitants: Based on 108% and 105% of the RP-2014 Total Dataset Disabled Annuitant Mortality Table, respectively, for males and females, projected from 2006 base rates using RPEC 2015 model, with ultimate rate of .85% for ages 20-85, grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Retiree Contribution Increases: Assumed to increase at the same rate as incurred claims with constant cost sharing in plan design between employer and retirees.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

Since the plan is pay as you go and is not funded, the discount rate used to measure the total OPEB liability for the healthcare plan is based on the Bond Buyer 20 year – Bond General Obligation Index as of June 30, 2018. The discount rate based on the index was 3.87% per annum as of June 30, 2018.

Changes in the Net OPEB Liability

Changes in the Town School Department's net OPEB liability were as follows:

	Total OPEB Liability [a]
Balance as of June 30, 2017	<u>\$ 5,135,143</u>
Changes for the year:	
Service cost	56,620
Interest	183,504
Changes in assumptions	(246,226)
Contributions – employer	
Benefit payments	<u>(133,102)</u>
Net changes	<u>(139,204)</u>
Balance as of June 30, 2018 (Measurement Date)	
Reporting as of June 30, 2019	<u>\$ 4,995,939</u>

Sensitivity of the Town School Department proportionate share of the collective net OPEB liability to changes in the discount rate. The following presents the Town School Department's proportionate share of the collective net OPEB liability, as well as what the Town School Department proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.87 percent or 1-percentage-point higher 4.87 percent than the current discount rate:

	1% Decrease 2.87%	Discount Rate 3.87%	1% Increase 4.87%
Town School Department's proportionate share of the collective net OPEB liability	<u>\$ 5,923,439</u>	<u>\$ 4,995,939</u>	<u>\$ 4,264,795</u>

The initial healthcare cost trend rate assumptions used for the fiscal year ended June 30, 2018 were pre-Medicare of 5.55% and Medicare 3.72%, decreasing to 3.73% and 2.81%, respectively, over a grading period of 15 years. Sensitivity of the Town School Department's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates. The following presents the Town School Department's proportionate share of the collective net OPEB liability, as well as what the Town School Department's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Assumed Healthcare Cost Trend Rate	1% Increase
Town School Department's proportionate share of the collective net OPEB liability	<u>\$ 4,223,151</u>	<u>\$ 4,995,939</u>	<u>\$ 5,981,000</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

OPEB plan fiduciary net position and was zero as of the measurement date, consequently there is no impact on the percentage of plan fiduciary position as a percentage of total OPEB liability for the above sensitivity analysis for the discount rate and healthcare cost trend rate.

On-Behalf OPEB Payments

The State of Maine contributes on behalf of the Town School Department's retired teachers participating in the plan an amount equal to 45% of the blended single premium for the retiree's healthcare coverage. Using the census data for the measurement period ended June 30, 2018 the estimated on-behalf OPEB subsidy for year ended June 30, 2019 was approximately \$356,000. The amount has been recorded as a revenue and expenditure in the general fund in the statement of revenues, expenditures and changes in fund balances - governmental funds.

TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS

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

For the fiscal year ended June 30, 2019, the Town abated property taxes totaling \$743,940 under the program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

A 100 percent property tax abatement to the Gateway Shoppes formerly owned by New England Expedition that is a significant employer in the Town. The abatement is to assist the employer to retain employees and to expand the business. The abatement amounted to \$445,054.

A 100 percent property tax abatement to the Enterprise Business Park formerly owned by Commercial Place, LLC that is a significant employer in the Town. The abatement is to assist the employer to retain employees and to expand the business. The abatement amounted to \$123,729.

Remaining business abatements in the aggregate totaled \$175,157 and include Foundation Center for \$64,367 and Bessey Senior Housing for \$110,790.

The Town also has an agreement for the Haigis Parkway district with total tax captured of \$313,325 which none is currently abated, and the funds are utilized for Town's parkway as an investment site.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters, for which the Town either carries commercial insurance, participates in a public entity pool, or is effectively self-insured. Currently, the municipal departments participate in several public entity and self-insured pools sponsored by the Maine Municipal Association. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claims liabilities, which should be recorded at June 30, 2019. There have been no significant reductions in commercial insurance coverage from the prior year and no settlements have exceeded commercial insurance coverage in any of the past three years.

NET POSITION

Net Position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and adding back any unspent proceeds. Net Positions are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's Net investment in capital assets, was calculated as follows at June 30, 2019:

	Governmental <u>Activities</u>
Capital assets	\$ 208,245,405
Accumulated depreciation	(55,269,575)
Bonds payable	(96,695,000)
Capital lease payable	(49,568)
Premium liabilities net of amortization	(6,602,073)
Deferred charge on refunding	1,912,964
Unspent bond proceeds	5,799,712
<u>Net investment in capital assets</u>	<u>\$57,341,865</u>

The Town's Bonds payable is \$102,720,000 as stated in the footnote on page 60. For the purpose of determining net investment in capital assets, bonds payable totaling \$6,025,000, have been excluded from this calculation because the Town transferred ownership of the capital assets to other entities.

PRIOR PERIOD ADJUSTMENT TO NET POSITION

Beginning net position of governmental activities has been restated by decreasing fund balance for \$5,099,980 related to the inclusion of an additional OPEB liability accounted for under GASB Statement No. 75, for the Maine Education Association Benefits Trust in the amount of \$5,002,041 and related to the inclusion of a capital lease obligation that was previously omitted in the amount of \$97,939.

COMMITMENTS

Construction in progress of \$11,607,078 as of June 30, 2019 consists of construction of a new public safety building, street light purchase/improvements, road improvements, and Eastern Trail improvements. These projects are expected to be completed during the fiscal years ending June 30, 2019 to June 30, 2020. The additional estimated costs to complete these projects are approximately \$13,275,730.

TOWN OF SCARBOROUGH, MAINE
Schedule Changes in Net OPEB Liability and
Related Ratios – MMEHT Group Health Insurance Plan
Required Supplementary Information
June 30, 2019
(Unaudited)

Other Post-Employment Benefits

	June 30, 2019	June 30, 2018
Total OPEB liability		
Service Cost	\$ 107,114	\$ 95,617
Interest	116,667	121,874
Changes in benefit terms		
Difference between expected and actual experience	-	105,980
Changes in assumptions or other inputs	(305,884)	(70,197)
Benefit payments	(102,243)	(92,711)
Net change in total OPEB liability	(184,346)	160,563
Total OPEB liability - beginning	3,335,048	3,174,482
Total OPEB liability - ending	\$ 3,150,699	\$ 3,335,045
 Covered payroll	 10,019,117	 10,019,117
 Total OPEB liability as a percentage of covered payroll	 31.4%	 33.3%

Notes to schedule:

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

June 30, 2018 4.10%

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

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

TOWN OF SCARBOROUGH, MAINE
Schedule Changes in Net OPEB Liability and
Related Ratios – MEABT Group Health Insurance Plan
Required Supplementary Information
June 30, 2019
(Unaudited)

	June 30, 2019
Total OPEB liability	
Service Cost	\$ 56,620
Interest	183,504
Differences between expected and actual experience	
Changes in assumptions or other inputs	(246,226)
Benefit payments	<u>(133,102)</u>
Net change in total OPEB liability	(139,204)
Total OPEB liability - beginning	5,135,143
Total OPEB liability - ending	<u>\$ 4,995,939</u>
 Covered employee payroll	 21,503,170
 Net OPEB liability as a percentage of covered employee payroll	 23.2%

Notes to schedule:

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

June 30, 2019 3.87%

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

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

TOWN OF SCARBOROUGH, MAINE
Schedule of Proportionate Share of the Net Pension Liability
Required Supplementary Information
June 30, 2019
(Unaudited)

Maine Public Employees Retirement System

Teacher Plan

Fiscal Year	Actuarial Valuation Date	Town Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Covered Payroll	Town Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	06-30-2018	0.037%	\$495,178	\$26,319,136	\$26,814,314	\$24,415,427	2.03%	82.90%
2018	06-30-2017	0.038%	\$552,792	\$27,719,908	\$28,272,700	\$23,568,099	2.35%	80.78%
2017	06-30-2016	0.035%	\$624,320	\$33,161,075	\$33,785,395	\$22,450,059	2.78%	76.21%
2016	06-30-2015	0.042%	\$565,672	\$24,964,846	\$25,530,518	\$21,706,258	2.61%	81.18%
2015	06-30-2014	0.035%	\$378,299	\$19,539,727	\$19,918,026	\$21,156,477	1.78%	84.04%

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

PLD Plan

Fiscal Year	Actuarial Valuation Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position As a Percentage Of the Total Pension Liability
2019	06-30-2018	1.66%	\$4,538,914	\$7,843,357	57.87%	91.14%
2018	06-30-2017	1.59%	\$6,516,621	\$7,305,860	89.20%	86.43%
2017	06-30-2016	1.48%	\$7,865,767	\$6,444,728	122.05%	81.61%
2016	06-30-2015	1.53%	\$4,875,343	\$6,287,712	77.54%	88.27%
2015	06-30-2014	1.50%	\$2,310,255	\$6,125,426	37.72%	94.10%

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

TOWN OF SCARBOROUGH, MAINE
Schedule of Contributions
Required Supplementary Information
June 30, 2019
(Unaudited)

Teachers Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	06-30-2018	\$1,055,590	\$1,055,590	\$ 0	\$25,337,964	4.16%
2018	06-30-2017	\$1,018,971	\$1,018,971	\$ 0	\$24,415,427	4.17%
2017	06-30-2016	\$838,381	\$838,381	\$ 0	\$23,568,099	3.56%
2016	06-30-2015	\$649,178	\$649,178	\$ 0	\$22,450,059	2.89%
2015	06-30-2014	\$626,859	\$626,859	\$ 0	\$21,706,258	2.88%

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

PLD Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	06-30-2018	\$990,347	\$990,347	\$ 0	\$8,527,341	11.61%
2018	06-30-2017	\$920,669	\$920,669	\$ 0	\$7,843,357	11.74%
2017	06-30-2016	\$815,586	\$815,586	\$ 0	\$7,305,860	11.16%
2016	06-30-2015	\$694,798	\$694,798	\$ 0	\$6,444,728	10.78%
2015	06-30-2014	\$624,901	\$624,901	\$ 0	\$6,287,712	9.94%

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

GENERAL FUND

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

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TOWN OF SCARBOROUGH, MAINE
General Fund
Comparative Balance Sheets
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 12,497,354	13,948,390
Investments	8,113,153	3,962,077
Receivables:		
Taxes receivable	230,667	183,262
Tax liens	891,116	753,888
Accounts receivable , net	707,972	711,768
Intergovernmental	280,454	297,184
Inventory	27,679	28,179
Interfund loans receivable	2,459,044	2,766,235
Tax acquired property	7,231	7,231
Total assets	\$ 25,214,670	22,658,214
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other current liabilities	4,582,112	2,568,884
Accrued payroll and other related liabilities	5,205,749	4,922,906
Accrued compensated absence (current)	153,640	213,160
Unearned revenues	52,947	344,492
Total liabilities	9,994,448	8,049,442
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	913,993	843,488
Total deferred inflows of resources	\$ 913,993	843,488
Fund balance:		
Nonspendable inventory	27,679	28,179
Restricted - Town	2,951,105	3,147,815
Restricted - Education	199,778	332,983
Committed - Town	441,099	393,512
Assigned - Town	2,122,165	1,975,852
Assigned - School	352,643	500,000
Unassigned - Town	8,211,760	7,386,943
Total fund balance	14,306,229	13,765,284
Total liabilities, deferred inflows of resources and fund balance	\$ 25,214,670	22,658,214

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, 2019
(with comparative totals for June 30, 2018)

		2019				
	2018 carryforward	Budget	Total Available	Actual	Variance positive (negative)	2018 Actual
Revenues:						
Taxes:						
Property taxes	\$ -	65,663,155	65,663,155	65,402,905	(260,250)	62,014,589
Change in deferred property tax revenue	-	-	-	(70,505)	(70,505)	(57,400)
Excise taxes	-	5,879,700	5,879,700	6,365,716	486,016	5,934,862
Cable franchise tax	-	200,984	200,984	219,247	18,263	208,117
Interest and costs on taxes	-	104,775	104,775	112,016	7,241	106,100
Total taxes	-	71,848,614	71,848,614	72,029,379	180,765	68,206,268
Licenses and permits:						
Plumbing fees	-	45,000	45,000	44,430	(570)	64,106
Fees and Permits	-	158,430	158,430	160,884	2,454	162,474
Building permits	-	475,000	475,000	482,041	7,041	583,848
Electrical permits	-	60,000	60,000	70,737	10,737	70,639
Zoning Board of Appeals	-	7,000	7,000	6,386	(614)	7,250
License plate fees	-	60,900	60,900	61,271	371	60,437
Subdivision fees	-	25,000	25,000	38,556	13,556	(9,313)
Total licenses and permits	-	831,330	831,330	864,305	32,975	939,441
Intergovernmental:						
Education state subsidies	-	2,744,404	2,744,404	2,596,959	(147,445)	2,055,549
FEMA reimbursement	-	-	-	74,364	74,364	-
Federal HIDTA revenues	-	192,500	192,500	206,980	14,480	181,892
State Revenue Sharing	-	876,575	876,575	912,219	35,644	850,349
Homestead exemption	-	973,151	973,151	973,151	-	764,666
Business equipment tax exemption	-	773,983	773,983	774,383	400	691,748
LRAP (Local Road Assistance Program)	-	321,816	321,816	322,124	308	324,412
ecomaine payment in lieu of taxes	-	71,450	71,450	71,450	-	71,450
General assistance reimbursement	-	11,025	11,025	2,652	(8,373)	10,135
Adult education State subsidies	-	31,000	31,000	28,326	(2,674)	27,206
Other Federal and State revenues - School	-	251,000	251,000	202,247	(48,753)	241,771
Other Intergovernmental revenues - Town	-	543,786	543,786	732,563	188,777	538,749
Total intergovernmental	-	6,790,690	6,790,690	6,897,418	106,728	5,757,927
Interest earned	-	50,000	50,000	286,272	236,272	133,021
Unclassified:						
School Department miscellaneous	-	325,500	325,500	295,160	(30,340)	256,673
Adult education	-	58,500	58,500	61,406	2,906	50,942
Community services	-	1,991,300	1,991,300	2,121,317	130,017	2,038,215
Insurance reimbursements	-	35,000	35,000	165,177	130,177	129,074
Public Violations	-	71,500	71,500	93,529	22,029	99,176
Special duty police/fire	-	89,500	89,500	92,956	3,456	140,861
Inspection/review fees	-	177,300	177,300	144,747	(32,553)	180,229
Rescue donations	-	1,000,000	1,000,000	1,000,000	-	900,000
Rental income	-	119,363	119,363	121,074	1,711	115,962
Sale of Town-owned property	-	114,500	114,500	96,626	(17,874)	54,317
Salary reimbursement	-	1,348,909	1,348,909	1,313,468	(35,441)	1,080,764
Vehicle fuel reimbursement	-	355,518	355,518	378,931	23,413	264,379
Vehicle maintenance reimbursement	-	608,375	608,375	560,952	(47,423)	494,028
Miscellaneous	-	153,255	153,255	160,235	6,980	20,384
Total unclassified	-	6,448,520	6,448,520	6,605,578	157,058	5,825,004
Total revenues	-	85,969,154	85,969,154	86,682,952	713,798	80,861,661

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

		2019				
	2018 carryforward	Budget	Total available	Actual	Variance positive (negative)	2018 Actual
Expenditures:						
Current:						
General government:						
Town Council	\$ -	11,573	11,573	11,573	-	11,573
Administration	5,030	471,906	476,936	466,965	9,971	506,307
Town Clerk	-	205,368	205,368	216,991	(11,623)	214,608
Human resources	-	292,931	292,931	287,101	5,830	258,555
Personnel benefits	-	465,745	465,745	492,527	(26,782)	542,968
Finance	8,109	385,520	393,629	375,112	18,517	371,078
Taxation/Treasury	-	393,323	393,323	405,290	(11,967)	368,300
Assessing	5,000	312,759	317,759	289,906	27,853	259,539
Management information systems	26,688	1,444,398	1,471,086	1,393,661	77,425	1,162,099
Planning	20,052	1,056,153	1,076,205	951,804	124,401	973,273
General government	-	118,153	118,153	115,266	2,887	99,778
Legal	-	105,000	105,000	277,522	(172,522)	177,830
Risk management	-	612,062	612,062	724,313	(112,251)	655,156
Municipal Building	3,850	341,627	345,477	379,829	(34,352)	342,465
Oak Hill Professional Bldg	-	29,933	29,933	31,627	(1,694)	27,002
Public information	85	3,400	3,485	2,260	1,225	3,530
Outside agencies	-	12,500	12,500	12,500	-	20,500
Total general government	68,814	6,262,351	6,331,165	6,434,247	(103,082)	5,994,561
Public services:						
Library	-	1,152,091	1,152,091	1,152,091	-	1,130,246
Public health and welfare	-	32,314	32,314	19,514	12,800	31,702
Tax Rebates (Credit Enhancement Agree)	-	707,584	707,584	743,940	(36,356)	764,844
Economic Development Corporation	-	240,693	240,693	239,311	1,382	233,378
Community services	9,291	2,461,721	2,471,012	2,569,353	(98,341)	2,415,964
Total public services	9,291	4,594,403	4,603,694	4,724,209	(120,515)	4,576,134
Public safety:						
Fire Department	10,952	3,371,337	3,382,289	3,279,692	102,597	3,104,505
Emergency Management	-	40,601	40,601	38,163	2,438	41,725
Emergency Medical Services	8,896	1,883,155	1,892,051	1,818,764	73,287	1,737,853
Marine resources	12,806	88,285	101,091	96,718	4,373	76,629
Police Department	127	6,572,934	6,573,061	6,345,190	227,871	6,260,005
Total public safety	32,781	11,956,312	11,989,093	11,578,527	410,566	11,220,717
Public works:						
Public Works Department	28,958	3,001,126	3,030,084	3,248,531	(218,447)	2,893,053
GIS/Engineering services	-	108,802	108,802	109,079	(277)	113,504
Vehicle maintenance	-	1,838,708	1,838,708	1,813,583	25,125	1,899,352
Water charges	-	224,500	224,500	241,634	(17,134)	221,489
Street lighting	-	81,000	81,000	87,635	(6,635)	166,669
Traffic signals	-	116,610	116,610	100,961	15,649	113,238
Cemetery care	-	18,100	18,100	21,297	(3,197)	15,130
Memorials	-	8,042	8,042	8,438	(396)	3,760
Shade trees	-	3,000	3,000	490	2,510	2,532
Solid waste program	3,719	1,342,900	1,346,619	1,374,844	(28,225)	1,321,047
Total public works	32,677	6,742,788	6,775,465	7,006,492	(231,027)	6,749,774
Education:						
Adult education	-	188,501	188,501	184,654	3,847	173,329
Regular instruction	-	28,899,228	28,899,228	28,614,690	284,538	27,518,741
Improvement of instruction	-	865,376	865,376	774,247	91,129	782,536
Special services	-	4,379,082	4,379,082	4,294,992	84,090	4,041,556
General & special administration	-	254,911	254,911	261,332	(6,421)	238,132
Board of education	-	30,271	30,271	27,845	2,426	27,635
Office of the superintendent	-	720,653	720,653	724,478	(3,825)	685,850
Business administration	-	2,186,963	2,186,963	2,168,233	18,730	2,133,257
Transportation	-	1,644,458	1,644,458	1,657,656	(13,198)	1,503,435
Operation and maintenance of plant	-	3,854,490	3,854,490	3,689,726	164,764	3,596,775
Debt service	-	5,691,072	5,691,072	5,691,072	-	5,614,407
Total education	-	48,715,005	48,715,005	48,088,925	626,080	46,315,653

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

	2019					
	2018 carryforward	Budget	Total available	Actual	Variance positive (negative)	2018 Actual
Expenditures, continued:						
Current, continued:						
County tax	\$ -	2,827,079	2,827,079	2,827,079	-	2,709,666
Debt service (excluding education):						
Principal	-	3,798,979	3,798,979	3,798,979	-	3,775,139
Interest and other costs	-	1,780,925	1,780,925	1,800,134	(19,209)	1,098,716
Total debt service	-	5,579,904	5,579,904	5,599,113	(19,209)	4,873,855
Capital improvements	467,739	1,408,321	1,876,060	1,459,518	416,542	766,814
Total expenditures	611,302	88,086,163	88,697,465	87,718,110	979,355	83,207,174
Excess (deficiency) of revenues over expenditures	(611,302)	(2,117,009)	(2,728,311)	(1,035,158)	1,693,153	(2,345,513)
Other financing sources (uses):						
Transfers in	-	891,350	891,350	793,221	(98,129)	877,657
Transfers out	-	(313,325)	(313,325)	(344,527)	(31,202)	(290,540)
General obligation bonds	-	891,050	891,050	690,426	(200,624)	672,585
Refunding bond issued	-	-	-	-	-	-
Premium received on refunded bonds, net of issuance costs	-	-	-	-	-	-
Premium received on issued bonds, net of issuance costs	-	-	-	423,393	423,393	606,146
Payment to refunding bond escrow agent	-	-	-	-	-	-
Use of Bond Premium	-	514,450	514,450	-	(514,450)	-
Overlay	-	(672,280)	(672,280)	-	672,280	249
Total other financing sources (uses)	-	1,311,245	1,311,245	1,562,513	251,268	1,866,097
Net change in fund balances - budgetary basis	(611,302)	(805,764)	(1,417,066)	527,355	1,944,421	(479,416)
Utilization of prior year surplus and carrying balances	611,302	805,764	1,417,066	-	(1,417,066)	-
Total Utilization of Fund Balance and Carry forwards	-	-	-	527,355	527,355	(479,416)
Reconciliation to GAAP basis:						
Change in current portion of accrued compensated absences				13,590		(40,088)
Fund balances, beginning of year				13,765,284		14,284,788
Fund balances, end of year				14,306,229		13,765,284

TOWN OF SCARBOROUGH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 417,781	598,724	-	1,016,505
Investments	6,928,010	-	266,827	7,194,837
Intergovernmental receivable	444,255	-	-	444,255
Accounts receivable	83,126	4,743	-	87,869
Interfund loans	652,227	450,126	4,620	1,106,973
Inventory	43,409	-	-	43,409
Notes receivable	-	-	-	-
Total assets	\$ 8,568,808	1,053,593	271,447	9,893,848
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	437,678	1,293,623	-	1,731,301
Interfund loans	607,331	7,102	479	614,912
Performance bond deposits	-	-	-	-
Total liabilities	1,045,009	1,300,725	479	2,346,213
Fund balances (deficit):				
Nonspendable trust principal	-	-	172,608	172,608
Nonspendable inventory	43,409	-	-	43,409
Restricted for Town	717,366	-	98,360	815,726
Restricted for Education	-	-	-	-
Committed for Town	6,305,470	-	-	6,305,470
Committed for Education	444,460	-	-	444,460
Unassigned for Town	13,094	(247,132)	-	(234,038)
Total fund balances (deficit)	7,523,799	(247,132)	270,968	7,547,635
Total liabilities and fund balances	\$ 8,568,808	1,053,593	271,447	9,893,848

TOWN OF SCARBOROUGH, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,484,752	4,743	-	1,489,495
Contributions	341,650	-	-	341,650
Taxes	-	111,000	-	111,000
Assessments and impact fees	2,695,637	-	-	2,695,637
Sale of lots	-	-	4,620	4,620
Other revenue	2,486,311	477,649	-	2,963,960
Interest revenue	174,744	5,600	7,842	188,186
Total revenues	7,183,094	598,992	12,462	7,794,548
Expenditures:				
Current:				
Capital expenditures	440,446	5,394,039	-	5,834,485
Education	2,910,238	-	-	2,910,238
Other	3,098,844	-	480	3,099,324
Total expenditures	6,449,528	5,394,039	480	11,844,047
Excess (deficiency) of revenues over expenditures	733,566	(4,795,047)	11,982	(4,049,499)
Other financing sources (uses):				
Transfers in	185,059	76,570	-	261,629
Transfers out	(583,755)	(69,893)	-	(653,648)
Premium received on issued bonds, net of issuance costs	-	216,180	-	216,180
General Obligation Bonds	-	3,315,160	-	3,315,160
Total other financing sources (uses)	(398,696)	3,538,017	-	3,139,321
Net change in fund balances	334,870	(1,257,030)	11,982	(910,178)
Fund balances, beginning of year	7,188,929	1,009,898	258,986	8,457,813
Fund balances, end of year	\$ 7,523,799	(247,132)	270,968	7,547,635

OTHER GOVERNMENTAL FUNDS

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NONMAJOR SPECIAL REVENUE FUNDS

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

Special revenue funds are established for the following purposes:

Recreational Development

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

Credit Enhancement Agreements

This is credit enhancement agreements set up between the Town and certain taxpayers. A Credit Enhancement Agreement or contract between the municipality and company is a mechanism to assist the development project by using all or a percentage of, the tax revenues generated by the new investment to pay certain authorized project costs with payments made directly to the company.

Scarborough Economic Development Corporation (SEDCO)

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

Eastern Trail Alliance

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

Prouts Landing Conservation

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

Payne Road Improvements

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

Payne Road Impact Fees

To account for fees collected in connection with the Town's road impact ordinance for road and intersection improvements planned for the road system along Payne Road, Route 114, Spring Street and Mussey Road. This ordinance was adopted October 17, 1990.

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

Other Impact Fees:

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

Dunstan Corner Impact Fee is a growth management fee created by ordinance, to mitigate traffic impacts in this location from new development. The collected fee will be applied to the design and construction of identified future highway improvements in the defined area as adopted August 15, 2006.

Oak Hill Traffic Mitigation Impact Fee is a growth management fee by policy to mitigate traffic impacts in this location from new development in Town. The fee will be applied to the design and construction of future highway improvements in the defined area.

Haigis Parkway Mitigation Fee is a growth management fee by policy to mitigate traffic impacts in this location from new development. The fee will be applied to the design and construction of future highway improvements in the defined area.

Police Asset Forfeiture

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

Rescue Equipment

To account for fees collected in connection with the Town’s Rescue billing program. These funds are used for the purpose of acquiring and maintaining rescue equipment.

Fire Department

This fund accounts for various grant awards and donations. These funds are to be used for the purchase of fire equipment.

Departmental Grants and Programs

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

School Categorical Programs

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

School Lunch Program

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

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2019

		Recrea- tional Develop- ment	Credit Enhancement Agreements	Scarborough Economic Development Corporation	Eastern Trail Alliance Close the Gap	Prouts Landing Conserva- tion	Payne Road Improvements	Payne Road Impact Fees
ASSETS								
Cash and cash equivalents	\$	-	-	42,160	-	-	-	289,219
Investments		-	44,474	-	597,174	26,245	74,643	2,112,829
Intergovernmental receivable		-	-	13,517	-	-	-	-
Due from State of Maine		-	-	-	-	-	-	-
Accounts receivable		-	-	780	-	-	-	-
Interfund loans receivable		162,810	-	-	-	-	-	-
Inventory		-	-	6,494	-	-	-	-
Notes receivable		-	-	-	-	-	-	-
Total assets	\$	162,810	44,474	62,951	597,174	26,245	74,643	2,402,048
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		-	-	9,090	-	-	-	292,341
Interfund loans payable		-	-	-	211,063	-	-	36,499
Performance bond deposits		-	-	-	-	-	-	-
Total liabilities		-	-	9,090	211,063	-	-	328,840
Fund balances:								
Nonspendable		-	-	6,494	-	-	-	-
Restricted		-	44,474	-	386,111	-	-	-
Committed		162,810	-	-	-	26,245	74,643	2,073,208
Unassigned		-	-	47,367	-	-	-	-
Total fund balances (deficit)		162,810	44,474	53,861	386,111	26,245	74,643	2,073,208
Total liabilities and fund balances	\$	162,810	44,474	62,951	597,174	26,245	74,643	2,402,048

	Other Impact Fees	Police Asset Forfeiture	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Lunch Program	Totals
ASSETS								
Cash and cash equivalents	-	-	-	-	57,876	87,932	(59,406)	417,781
Investments	2,076,591	178,918	18,222	30,103	1,768,811	-	-	6,928,010
Intergovernmental receivable	-	-	-	-	-	430,738	-	444,255
Accounts receivable	-	-	38,367	-	15,634	-	28,345	83,126
Interfund loans receivable	1,500	-	487,917	-	-	-	-	652,227
Inventory	-	-	-	-	-	-	36,915	43,409
Notes receivable	-	-	-	-	-	-	-	-
Total Assets	2,078,091	178,918	544,506	30,103	1,842,321	518,670	5,854	8,568,808
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	66	52,626	-	6,133	74,210	3,212	437,678
Interfund loans payable	175,640	16,647	-	6,644	160,838	-	-	607,331
Performance bond deposits	-	-	-	-	-	-	-	-
Total Liabilities	175,640	16,713	52,626	6,644	166,971	74,210	3,212	1,045,009
Fund balances:								
Nonspendable	-	-	-	-	-	-	36,915	43,409
Restricted	-	162,205	-	23,459	101,117	-	-	717,366
Committed	1,902,451	-	491,880	-	1,574,233	444,460	-	6,749,930
Unassigned	-	-	-	-	-	-	(34,273)	13,094
Total fund balances (deficit)	1,902,451	162,205	491,880	23,459	1,675,350	444,460	2,642	7,523,799
Total liabilities and fund balances	2,078,091	178,918	544,506	30,103	1,842,321	518,670	5,854	8,568,808

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2019

	Recrea- tional Develop- ment	Credit Enhancement Agreements	Scarborough Economic Development Corporation	Eastern Trail Alliance Close the Gap	Prouts Landing Conserva- tion	Payne Road Improvements	Payne Road Impact Fees
Revenues:							
Intergovernmental	\$ -	-	-	-	-	-	-
Interest earned	-	904	-	16,252	767	2,181	58,146
Contributions	-	-	253,612	6,542	-	-	-
Sale of Lots/Land/Equip	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	58,911
Assessments and impact fees	57,750	620,211	-	-	-	-	-
Total revenues	57,750	621,115	253,612	22,794	767	2,181	117,057
Expenditures:							
Construction and acquisitions	-	-	-	-	-	-	(16,413)
Education	-	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-	-
Other	-	620,211	250,149	211,063	-	-	-
Total expenditures	-	620,211	250,149	211,063	-	-	(16,413)
Excess (deficiency) of revenues over expenditures	57,750	904	3,463	(188,269)	767	2,181	133,470
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(39,998)
Total other financing sources (uses)	-	-	-	-	-	-	(39,998)
Net change in fund balances	57,750	904	3,463	(188,269)	767	2,181	93,472
Fund balances (deficit), beginning of year	105,060	43,570	50,398	574,380	25,478	72,462	1,979,736
Fund balances (deficit), end of year	\$ 162,810	44,474	53,861	386,111	26,245	74,643	2,073,208

	Other Impact Fees	Police Asset Forfeiture	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Lunch Program	Totals
Revenues:								
Intergovernmental	-	63,071	-	-	91,446	1,041,647	288,588	1,484,752
Interest earned	46,835	3,901	6,552	928	38,278	-	-	174,744
Contributions	-	-	-	825	-	80,671	-	341,650
Sale of Lots/Land/Equip	-	-	-	-	-	-	-	-
Other	788,839	-	-	-	345,599	-	1,292,962	2,486,311
Assessments and impact fees	-	-	2,017,676	-	-	-	-	2,695,637
Total revenues	835,674	66,972	2,024,228	1,753	475,323	1,122,318	1,581,550	7,183,094
Expenditures:								
Construction and acquisitions	175,401	9,284	-	-	272,174	-	-	440,446
Education	-	-	-	-	-	1,146,271	1,763,967	2,910,238
Benefits paid	-	-	-	-	-	-	-	-
Other	-	-	2,017,421	-	-	-	-	3,098,844
Total expenditures	175,401	9,284	2,017,421	-	272,174	1,146,271	1,763,967	6,449,528
Excess (deficiency) of revenues over expenditures	660,273	57,688	6,807	1,753	203,149	(23,953)	(182,417)	733,566
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	185,059	185,059
Bond Proceeds	-	-	-	-	-	-	-	-
Transfers out	(397,850)	(25,000)	(98,500)	(6,694)	(15,000)	(713)	-	(583,755)
Total other financing sources (uses)	(397,850)	(25,000)	(98,500)	(6,694)	(15,000)	(713)	185,059	(398,696)
Net change in fund balances	262,423	32,688	(91,693)	(4,941)	188,149	(24,666)	2,642	334,870
Fund balances (deficit), beginning of year	1,640,028	129,517	583,573	28,400	1,487,201	469,126	-	7,188,929
Fund balances (deficit), end of year	1,902,451	162,205	491,880	23,459	1,675,350	444,460	2,642	7,523,799

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, 2019

	Fund balances beginning of year	Revenues		Program expenditures	Fund balances end of year
		Grants	Other		
Federal education grant programs:					
NCLB/Title IA	\$ -	153,646	-	153,646	-
NCLB/Title IIA	750	88,449	-	89,199	-
NCLB/Title IVA	-	19,526	-	19,526	-
Local Entitlement	(1)	765,205	-	792,564	(27,360)
Preschool handicapped	(34)	6,221	-	6,187	-
Total federal education grant programs	715	1,033,047	-	1,061,122	(27,360)
Other State grant programs:					
PEPG Grant	588	-	-	-	588
Scarborough Education Foundation	37,606	-	-	35,435	2,171
Finberg Trust	165,074	-	-	27,581	137,493
Other Donations	19,982	-	3,700	1,051	22,631
Proficiency Based Graduation	3,083	-	-	-	3,083
Technology Maintenance Fees	230,210	-	79,636	10,864	298,982
School Nutrition Special Programs	10,999	-	(2,665)	1,945	6,389
CC Admin Certification	869	-	8,600	8,986	483
Total other state grant programs	468,411	-	89,271	85,862	471,820
Total school categorical programs	\$ 469,126	1,033,047	89,271	1,146,984	444,460

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NONMAJOR CAPITAL PROJECT FUNDS

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

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

General School Improvements

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

General Town Improvements

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

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Fund
Balance Sheet
June 30, 2019

	General School Improvements	General Town Improvements	Totals
ASSETS			
Cash and cash equivalents	\$ (202,919)	801,643	598,724
Investments	-	-	-
Accounts Receivable	-	4,743	4,743
Interfund loans receivable	-	450,126	450,126
Total assets	\$ (202,919)	1,256,512	1,053,593
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	14,522	1,279,101	1,293,623
Interfund loans payable	-	7,102	7,102
Total liabilities	14,522	1,286,203	1,300,725
Fund balance (deficit):			
Restricted	-	-	-
Unassigned	(217,441)	(29,691)	(247,132)
Total fund balance (deficit)	(217,441)	(29,691)	(247,132)
Total liabilities and fund balance	\$ (202,919)	1,256,512	1,053,593

TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2019

	General School Improvements	General Town Improvements	Totals
Revenues:			
Intergovernmental	\$ -	4,743	4,743
Taxes	47,000	64,000	111,000
Interest earned	2,016	3,584	5,600
Other	-	477,649	477,649
Total revenues	49,016	549,976	598,992
Expenditures:			
Capital Improvements	1,412,891	3,981,148	5,394,039
Total expenditures	1,412,891	3,981,148	5,394,039
Excess (deficiency) of revenues over expenditures	(1,363,875)	(3,431,172)	(4,795,047)
Other financing sources (uses):			
Transfers in	13,146	63,424	76,570
Transfers out	(4,747)	(65,146)	(69,893)
Premium received on issued bonds, net of issuance costs	65,824	150,356	216,180
Proceeds of general obligation bonds	675,366	2,639,794	3,315,160
Total other financing sources (uses)	749,589	2,788,428	3,538,017
Net change in fund balances	(614,286)	(642,744)	(1,257,030)
Fund balances (deficit), beginning of year	396,845	613,053	1,009,898
Fund balances (deficit), end of year	\$ (217,441)	(29,691)	(247,132)

NONMAJOR PERMANENT FUNDS

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

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

Scarborough Memorial Cemetery

This fund accounts for funds received for the perpetual care of various lots in the Scarborough Memorial Cemetery. The money from the sale of lots is dedicated principal and only the interest earnings may be used for cemetery improvements.

Dunstan Perpetual Care

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

Mary A. Tucker Fund

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

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2019

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
ASSETS				
Investments	\$ 238,432	25,333	3,062	266,827
Interfund loans receivable	4,620	-	-	4,620
Total assets	\$ 243,052	25,333	3,062	271,447
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	-	479	-	479
Total liabilities	-	479	-	479
Fund balances:				
Nonspendable Principal	158,741	13,367	500	172,608
Restricted Expendable Income	84,311	11,487	2,562	98,360
Total fund balances	243,052	24,854	3,062	270,968
Total liabilities and fund balances	\$ 243,052	25,333	3,062	271,447

TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2019

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues:				
Interest and dividends	\$ 7,016	739	87	7,842
Sale of lots/perpetual care deposits	4,620	-	-	4,620
Total revenues	11,636	739	87	12,462
Expenditures:				
Earnings retained by General Fund	-	480	-	480
Other	-	-	-	-
Total expenditures	-	480	-	480
Net change in fund balances	11,636	259	87	11,982
Fund balances, beginning of year	231,416	24,595	2,975	258,986
Fund balances, end of year	\$ 243,052	24,854	3,062	270,968

PRIVATE-PURPOSE TRUST FUNDS

Shirley Grover Fund

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

Mary Campbell Peterson Fund

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

Edith Warga Art Scholarship

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

Packy McFarland Scholarship Fund

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

Roy Nelson Scholarship Fund

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

Daniel Tranchemontagne Scholarship Fund

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

Virginia Jackson Scholarship Fund

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

PRIVATE-PURPOSE TRUST FUNDS, CONTINUED

Evelyn J. Chaddon Memorial Scholarship Fund

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

S. Dwight Howard Memorial Scholarship Fund

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

Bertha Libby-Lary Scholarship Fund

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

Academic Decathlon Scholarship Fund

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

Class of 1976 Scholarship Fund

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

Kathy Pearson Scholarship Fund

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

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Fiduciary Net Position
June 30, 2019

	Shirley Grover Fund	Edith Warga Art Scholarship	Mary Campbell Peterson Fund	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Class of 1976 Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
ASSETS														
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	\$ 1,055	97,476	93,423	190	12	1,152	10,884	329	2,397	11,254	1,295	361	3,113	222,941
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,055	97,476	93,423	190	12	1,152	10,884	329	2,397	11,254	1,295	361	3,113	222,941
LIABILITIES AND NET ASSETS														
Liabilities:														
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net position:														
Nonspendable Principal	1,240	100,000	87,680	-	-	-	-	500	2,026	3,500	-	350	3,810	199,106
Restricted Interest	(185)	(2,524)	5,743	190	12	1,152	10,884	(171)	371	7,754	1,295	11	(697)	23,835
Total net position	1,055	97,476	93,423	190	12	1,152	10,884	329	2,397	11,254	1,295	361	3,113	222,941
Total liabilities and net position	\$ 1,055	97,476	93,423	190	12	1,152	10,884	329	2,397	11,254	1,295	361	3,113	222,941

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2019

	Shirley Grover Fund	Edith Warga Art Scholarship	Mary Campbell Pederson Fund	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Class of 1976 Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
Additions														
Donations	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends	31	2,903	2,746	6	-	34	359	10	70	318	37	10	89	6,613
Total additions	31	2,903	2,746	6	-	34	359	10	70	318	37	10	89	6,613
Deductions:														
School scholarships	-	2,500	1,000	-	-	-	1,500	-	-	-	-	-	-	5,000.00
Total deductions	-	2,500	1,000	-	-	-	1,500	-	-	-	-	-	-	5,000.00
Changes in net assets	31	403	1,746	6	-	34	(1,141)	10	70	318	37	10	89	1,613.00
Net position, beginning of year	1,024	97,073	91,677	184	12	1,118	12,025	319	2,327	10,936	1,258	351	3,024	221,328
Net position, end of year	\$ 1,055	97,476	93,423	190	12	1,152	10,884	329	2,397	11,254	1,295	361	3,113	222,941

TOWN OF SCARBOROUGH, MAINE
Agency Funds
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2019

		Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
STUDENT ACTIVITIES:					
ASSETS					
Cash	\$	482,022	976,189	799,405	658,806
LIABILITIES					
Payable to student groups	\$	482,022	976,189	799,405	658,806

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Town of Scarborough Maine Comprehensive Annual Financial Report



General Long Term Debt

Leader in Sustainability 2019 — Hannaford

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TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-term Debt
For the year ended June 30, 2019

	Interest rate	Final maturity date		Annual principal payments	Balance beginning of year	Current Year		Balance end of year
<u>General Obligation Bonds</u>								
2009 Capital Improvements	Varies	2019	\$	310,000 to 2019	310,000	-	310,000	-
2009 Bond Refunding	3.00%	2020		115,000 in 2020	300,000	-	185,000	115,000
2010 Capital Improvements	Varies	2031		345,000 to 2021				
	Varies			280,000 to 2026				
	4.00%			100,000 to 2031	2,935,000	-	345,000	2,590,000
2011 Capital Improvements	Varies	2031		355,000 to 2021				
	Varies			115,000 to 2026				
	Varies			110,000 to 2031	2,190,000	-	355,000	1,835,000
2012 Capital Improvements	4.00%	2042		2,825,000 in 2019				
	4.00%			3,210,000 in 2020				
	5.00%			3,475,000 in 2021				
	3.00%			3,685,000 in 2022				
	3.00%			3,520,000 in 2023				
	4.00%			2,170,000 in 2024				
	4.00%			1,870,000 in 2025				
	4.00%			1,585,000 in 2026				
	4.00%			1,335,000 in 2027				
	4.00%			1,310,000 in 2028				
	4.00%			1,330,000 in 2029				
	4.00%			1,355,000 in 2030				
	4.00%			1,775,000 in 2031				
	4.00%			1,815,000 in 2032				
	4.00%			1,800,000 in 2033				
	Varies			685,000 to 2042	39,225,000	-	2,825,000	36,400,000
2013 Capital Improvements	3.00%	2043		765,000 in 2019				
	4.00%			770,000 in 2020				
	Varies			765,000 to 2023				
	5.00%			715,000 in 2024				
	4.00%			720,000 in 2025				
	5.00%			1,045,000 in 2026				
	5.00%			1,430,000 in 2027				
	3.00%			1,465,000 in 2028				
	4.00%			1,405,000 in 2029				
	3.25%			1,435,000 in 2030				
	3.25%			1,065,000 in 2031				
	3.25%			1,075,000 in 2032				
	4.00%			1,090,000 in 2033				
	4.00%			1,525,000 in 2034				
	4.00%			1,045,000 in 2035				
	Varies			565,000 to 2043	22,365,000	-	765,000	21,600,000
2014 Capital Improvements	2.00%	2034		700,000 in 2019				
	2.00%			325,000 to 2021				
	2.00%			310,000 in 2022				
	3.00%			300,000 to 2024				
	3.00%			250,000 to 2029				
	4.00%			50,000 to 2034	3,760,000	-	700,000	3,060,000

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

	Interest rate	Final maturity date	Annual principal payments	Balance beginning of year	Current Year		Balance end of year
<u>General Obligation Bonds</u>							
2015 Capital Improvements	4.00%	2035	430,000 to 2020				
	Varies		335,000 to 2023				
	4.00%		320,000 to 2025				
	Varies		265,000 to 2029				
	3.00%		245,000 in 2030				
	3.00%		165,000 in 2031				
	3.00%		160,000 to 2034				
	3.00%		150,000 in 2035	4,605,000	-	430,000	4,175,000
2016 Capital Improvements	2.00%	2036	1,035,000 in 2019				
	2.00%		785,000 in 2020				
	2.00%		780,000 in 2021				
	2.00%		465,000 in 2022				
	2.00%		435,000 in 2023				
	2.50%		430,000 in 2024				
	3.00%		395,000 to 2026				
	3.00%		340,000 in 2027				
2017 Capital Improvements	4.00%	2037	335,000 in 2028				
	4.00%		165,000 in 2029				
	3.00%		65,000 to 2036	6,015,000	-	1,035,000	4,980,000
	Varies		360,000 to 2021				
	5.00%		295,000 in 2022				
	5.00%		190,000 in 2023				
	5.00%		185,000 to 2027				
	3.00%		55,000 to 2032				
2018 Capital Improvements	3.00%	2048	35,000 to 2037	2,755,000	-	360,000	2,395,000
	5.00%		0 in 2019				
	5.00%		935,000 to 2022				
	5.00%		930,000 to 2024				
	5.00%		695,000 to 2027				
	5.00%		690,000 to 2029				
	4.00%		635,000 to 2031				
	Varies		580,000 to 2034				
2019 Capital Improvements	4.00%	2049	510,000 to 2039				
	Varies		500,000 to 2048	18,190,000	-	-	18,190,000
	Varies		0 in 2020				
	5.00%		410,000 to 2025				
	Varies		295,000 to 2035				
	3.00%		260,000 to 2040				
	3.00%		120,000 to 2049	-	7,380,000	-	7,380,000
	Total bonds				102,650,000	7,380,000	7,310,000
Total long-term debt		\$	102,650,000	7,380,000	7,310,000	102,720,000	

Town of Scarborough Maine Comprehensive Annual Financial Report



Statistical Section

Legacy Business 2019 – Glidden Roofing Corporation

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STATISTICAL SECTION

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

Contents

Table

Financial Trends <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	1-5
Revenue Capacity <i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	6-11
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	12-17
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	18-20
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the government provides and the activities it performs.</i>	21-24

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

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Table 1

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 47,588,145	\$ 53,031,962	\$ 54,339,258	\$ 49,823,697	\$ 53,887,278	\$ 57,103,811	\$ 59,088,465	\$ 61,708,817	\$ 61,977,397	\$ 57,341,865
Restricted	2,199,233	1,642,063	1,111,295	3,555,142	4,049,315	3,373,177	5,568,308	3,883,241	2,577,864	1,540,755
Unrestricted	2,916,603	(702,917)	2,127,242	6,347,111	3,907,583	(688,245)	(2,259,046)	(3,775,014)	(6,355,930)	2,688,359
Total governmental activities net position	\$ 52,703,981	\$ 53,971,108	\$ 57,577,795	\$ 59,725,950	\$ 61,844,176	\$ 59,788,743	\$ 62,397,727	\$ 61,817,044	\$ 58,199,331	\$ 61,570,979

Notes:

- 1) Total Net Position as restated for the fiscal years ended June 30, 2014. The Restatement resulted from implementation of GASB Statement No. 68.
- 2) Total Net Position as restated for the fiscal year ended June 30, 2017. The Restatement resulted from implementation of GASB Statement No. 75.
- 3) Total Net Position as restated for the fiscal year ended June 30, 2018. The Restatement resulted from implementation of GASB Statement No. 75 for an additional OPEB plan identified.

Table 2

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Program revenues:										
Charges for services										
General government	\$ 1,986,246	\$ 1,851,983	\$ 1,386,497	\$ 1,525,062	\$ 1,868,477	\$ 3,170,678	\$ 3,257,876	\$ 2,821,305	\$ 2,370,489	\$ 3,088,056
Public services	1,719,617	1,680,722	1,791,859	2,363,475	2,481,387	2,531,113	2,510,082	2,883,349	3,004,909	3,021,376
Public safety	1,629,561	1,632,627	2,069,487	2,449,062	2,156,498	2,731,150	2,780,266	3,094,403	3,075,250	3,424,185
Public works	1,665,084	1,542,707	1,843,317	1,405,040	1,590,382	1,692,802	1,635,542	1,740,432	2,040,177	1,963,528
Education	1,217,302	1,252,673	1,248,055	1,191,085	1,282,369	1,299,774	1,356,477	1,268,370	1,523,725	1,649,528
Interest on debt services	-	-	-	-	-	-	-	-	-	-
Operating grants and activities	12,269,970	11,719,082	11,093,321	9,912,515	9,983,992	8,586,603	8,150,991	9,486,212	7,247,352	7,633,881
Capital grants and contributions	122,376	170,480	174,652	97,351	159,089	54,304	149,582	161,912	54,317	96,626
General revenues:										
Property and excise taxes, levies for general purposes	47,029,220	49,050,813	50,571,377	54,442,643	58,838,156	60,877,879	63,529,063	65,631,946	68,335,117	72,171,334
Grants and contributions not restricted to specific programs	1,947,274	1,904,938	2,473,014	2,656,313	1,352,303	1,908,036	1,796,997	2,206,632	2,880,488	3,552,551
Unrestricted investment earnings	141,496	42,024	66,255	42,573	108,862	390,260	84,783	175,917	152,437	525,771
Total revenues	69,728,146	70,848,049	72,717,834	76,085,119	79,821,515	83,242,599	85,251,659	89,470,478	90,684,261	97,126,836
Expenses:										
General government	10,656,413	12,022,846	11,537,424	11,413,745	11,346,043	14,077,217	12,728,572	14,435,000	13,113,500	16,687,230
Public services	3,831,908	5,041,659	3,868,072	3,851,672	4,188,079	4,658,690	4,733,734	4,923,303	4,996,328	4,752,163
Public safety	8,265,739	7,331,259	8,691,510	8,555,020	9,362,899	9,716,227	10,922,234	11,496,900	12,599,095	11,081,295
Public works	9,479,984	7,245,892	7,805,045	7,874,408	7,617,844	7,713,975	8,048,143	8,245,900	8,116,981	8,257,195
Education	34,546,380	35,275,130	34,346,445	39,167,124	41,772,944	41,617,985	42,774,764	46,499,772	46,873,688	49,389,226
Interest on debt service	2,693,682	2,664,136	2,862,650	3,074,995	3,415,482	3,418,748	3,435,228	3,230,297	3,502,402	3,588,079
Total expenses	69,474,106	69,580,922	69,111,146	73,936,964	77,703,291	81,202,842	82,642,675	88,831,172	89,201,994	93,755,188
Net (expense)/revenue:	254,040	1,267,127	3,606,688	2,148,155	2,118,224	2,039,757	2,608,984	639,306	1,482,267	3,371,648
Change in Net Position	\$ 254,040	\$ 1,267,127	\$ 3,606,688	\$ 2,148,155	\$ 2,118,224	\$ 2,039,757	\$ 2,608,984	\$ 639,306	\$ 1,482,267	\$ 3,371,648

Table 3

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

	2010 ¹	2011 ²	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable Inventory			34	34	48	43	31	13	28	28
Restricted for Town	2,482	2,685	2,993	3,861	2,838	2,898	2,743	2,958	3,148	2,951
Restricted for Education	1,056	496	440	977	509	540	2,224	242	332	200
Committed - General Fund	634	630 ³	688 ³	374 ³	452 ³	519 ³	503 ³	400 ³	393 ³	441
Assigned - General Fund	1,469	2,223	1,606	1,825	1,584	2,305	2,140	1,676	1,976	2,122
Assigned - Education		-	200	200	800	425	426	2,102	501	352
Unassigned - General Fund	2,231	955	2,093	1,787	3,377	4,973	6,108	6,894	7,387	8,212
Unreserved	-	-								
Total general fund	\$ 7,872	\$ 6,989	\$ 8,054	\$ 9,058	\$ 9,608	\$ 11,703	\$ 14,175	\$ 14,285	\$ 13,765	\$ 14,306
All Other Governmental Funds										
Nonspendable Permanent Fund Principal	125	126	129	132	135	147	155	164	168	173
Nonspendable Inventory Special Revenues	26	21	27	27	14	26	36	36	40	43
Restricted Special Revenues	1,621	852	473	463	651	624	637	645	873	717
Restricted Capital Projects	2,483	1,941	20,027	22,904	9,495	5,409	2,317	651	15,203	10,486
Restricted Permanent Fund Interest	84	84	84	84	85	86	90	90	91	98
Committed - Special Revenues	4,820	4,292	4,309	4,362	4,446	4,439	4,752	5,246	6,265	6,751
Unassigned - Special Revenues	(129)	(115)	(262)	(683)	(1,083)	(1,365)	(1,550)	(1,746)	(1,943)	(1,972)
Unassigned - Capital Projects	(493)	(434)	(378)	(308)	(206)	(567)	1,527	-	-	(247)
Total all other governmental funds	\$ 8,537	\$ 6,767	\$ 24,409	\$ 26,981	\$ 13,537	\$ 8,799	\$ 7,964	\$ 5,086	\$ 20,697	\$ 16,049
Total Governmental Funds Fund Balances:	16,409	\$ 13,756	\$ 32,463	\$ 36,039	\$ 23,145	\$ 20,502	\$ 22,139	\$ 19,371	\$ 34,462	\$ 30,355

¹ Recalculated Fiscal Year 2010 fund balances to show comparison of GASB Statement No. 54 to 2011.

² Fiscal Year 2011 is the initial year of implementation of GASB Statement No. 54.

³ Re-allocated Special Revenues to General Fund for GASB Statement No. 54.

Table 4

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 46,880	\$ 48,957	\$ 50,428	\$ 54,393	\$ 58,826	\$ 61,154	\$ 63,719	\$ 65,949	\$ 68,340	\$ 72,140
Licenses and permits	573	480	494	554	662	756	817	782	939	864
Intergovernmental	14,106	13,701	13,136	12,024	10,976	12,879	11,672	10,954	10,600	12,480
Interest earned	242	125	153	178	230	449	199	426	192	739
Other	7,849	7,549	8,420	8,883	8,966	10,376	10,418	11,193	11,852	12,613
Total revenues	69,650	70,812	72,631	76,032	79,660	85,614	86,825	89,304	91,923	98,836
Expenditures										
General government	4,742	6,144	4,403	4,957	5,201	4,829	4,951	5,932	7,070	8,005
Public services	3,766	4,831	3,841	3,931	4,146	4,612	4,690	4,922	4,945	4,724
Public safety	7,355	7,318	8,242	8,578	8,879	9,344	10,297	11,116	11,836	11,478
Public works	8,027	5,353	4,598	7,398	6,503	6,506	7,233	7,128	6,750	9,377
Education (Excludes School Debt)	33,127	33,364	33,220	37,295	40,149	45,614	43,681	45,541	46,291	49,401
Education Debt (Prin & Int)	4,174	4,142	3,758	3,653	4,150	4,606	5,119	5,761	5,614	5,691
County tax	1,886	1,923	1,976	2,075	2,194	2,355	2,493	2,569	2,710	2,827
Debt service (Principal-Town Only (1))	3,044	2,961	5,417	4,942	3,353	3,506	3,760	3,800	3,866	3,868
Debt service (Interest-Town Only)	1,911	1,810	1,151	1,109	1,118	1,100	1,164	1,058	1,008	1,731
Capital Outlay	5,167	6,037	6,347	16,988	21,840	9,942	3,626	4,415	3,636	10,887
Other	4,085	4,014	4,948	1,817	1,775	1,928	2,054	2,639	2,637	3,099
Total expenditures	77,284	77,897	77,901	92,743	99,308	94,342	89,068	94,881	96,363	111,088
Excess (deficiency) of revenues over (under) expenditures	(7,634)	(7,085)	(5,270)	(16,711)	(19,648)	(8,728)	(2,243)	(5,577)	(4,440)	(12,252)
Other financing sources (uses)										
Transfers in	1,982	1,477	2,061	1,845	1,371	1,071	1,410	3,208	1,264	1,368
Transfers out	(1,982)	(1,477)	(2,061)	(1,845)	(1,371)	(1,071)	(1,410)	(3,208)	(1,264)	(1,368)
Capital Lease proceeds	52	-	365	365	249	-	-	-	-	-
Refunding bond issued	-	1,155	24,605	7,065	-	-	3,785	-	-	-
Payment to refunding bond escrow agent	-	(1,155)	(27,125)	(7,347)	-	-	(3,972)	-	-	-
Premium received on refunded debt	-	(12)	2,642	322	-	-	187	-	-	-
Premium received on issued debt	-	-	1,913	1,263	-	-	85	-	1,341	765
General obligation bonds and capital leases	6,002	4,445	21,940	18,620	6,505	6,085	3,755	2,755	18,190	7,380
Total other financing sources (uses)	6,054	4,433	23,975	20,288	6,754	6,085	3,840	2,755	19,531	8,145
Net change in fund balances	\$ (1,580)	(2,652)	18,705	3,577	(12,894)	(2,643)	1,597	(2,822)	15,091	(4,107)
Debt Service as a percentage of non-capital expenditures	6.87%	6.64%	9.18%	7.99%	5.77%	5.46%	5.76%	5.37%	5.26%	5.59%

Notes:

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

Table 5

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

Years ended	General government	Public service	Public safety	Public works	Education	County tax	Debt service	Capital expenditures	Total
2010	4,701,884	3,730,927	7,720,965	6,224,169	34,084,528	1,885,984	4,956,091	1,210,474	64,515,022
2011	4,677,260	3,787,489	7,967,270	6,040,273	34,588,320	1,922,952	4,782,598	833,353	64,599,515
2012	4,401,899	3,841,168	8,241,916	6,598,823	34,018,975	1,975,585	5,416,558	924,372	65,419,296
2013	4,591,897	3,931,386	8,577,811	6,681,399	36,110,973	2,075,183	4,942,403	1,257,490	68,168,542
2014	5,059,198	4,146,541	8,879,022	6,502,618	39,078,563	2,193,813	4,470,950	1,146,088	71,476,793
2015	4,829,444	4,612,240	9,514,108	6,506,439	41,496,318	2,355,415	4,605,500	1,192,358	75,111,822
2016	4,904,706	4,690,296	10,125,943	6,677,609	41,218,487	2,493,342	4,923,898	1,037,678	76,071,959
2017	5,337,246	4,852,147	10,845,773	6,529,061	45,161,286	2,568,852	4,857,655	1,148,329	81,300,349
2018	5,994,561	4,576,134	11,220,717	6,749,774	46,315,653	2,709,666	4,873,855	766,814	83,207,174
2019	6,434,247	4,724,209	11,578,527	7,006,492	48,088,925	2,827,079	5,599,113	1,459,518	87,718,110

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

Table 6

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

Fiscal Year	Property tax	Interest and Costs on taxes	Vehicle Excise tax	Boat Excise tax	Franchise tax fees	Total
2010	42,661,026	96,988	3,909,332	27,818	184,756	46,879,920
2011	44,662,371	103,811	3,955,357	26,095	195,247	48,942,881
2012	46,132,181	87,811	3,965,932	29,331	198,132	50,413,387
2013	49,774,317	93,691	4,222,208	32,945	194,771	54,317,932
2014	53,664,817	98,390	4,620,362	30,849	191,220	58,605,638
2015	55,621,936	105,060	5,026,029	27,530	191,317	60,971,872
2016	57,470,744	113,124	5,596,389	30,144	190,592	63,400,993
2017	59,523,351	101,590	5,873,919	28,925	200,984	65,728,769
2018	61,957,189	106,100	5,903,828	31,034	208,117	68,206,268
2019	65,332,400	112,016	6,333,746	31,970	219,247	72,029,379

Table 7

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

Fiscal Year	Real property	Personal property	Totals		Direct Tax Rate	Ratio of total assessed value to total estimated actual value
	Assessed property	Assessed property	Assessed property	Estimated actual value		
2010	3,399,998,300	124,773,300	3,524,771,600	3,524,771,600	12.15	100%
2011	3,433,857,700	122,694,200	3,556,551,900	3,556,551,900	12.63	100%
2012	3,455,067,200	116,129,100	3,571,196,300	3,571,196,300	13.03	100%
2013	3,511,580,900	120,094,400	3,631,675,300	3,631,675,300	13.80	100%
2014	3,544,777,800	115,527,900	3,660,305,700	3,660,305,700	14.77	100%
2015	3,587,500,600	112,987,600	3,700,488,200	3,700,488,200	15.10	100%
2016	3,637,366,300	108,181,800	3,745,548,100	3,745,548,100	15.49	100%
2017	3,667,678,200	108,684,300	3,776,362,500	3,776,362,500	15.92	100%
2018	3,678,001,742	107,486,600	3,785,488,342	3,785,488,342	16.49	100%
2019	3,908,909,212	103,383,400	4,012,292,612	4,012,292,612	16.49	100%

Source: Town of Scarborough Assessor's Office.

Table 8

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

Fiscal Year	Town	School	County Tax	Tax Increment Financing District	Overlay	State Revenue Sharing ⁽¹⁾	Total Property Tax Rates by Year
2010	4.240	7.595	0.535	0.186	0.078	(0.483)	12.15
2011	4.353	7.894	0.541	0.203	0.028	(0.390)	12.63
2012	4.432	8.166	0.553	0.211	0.059	(0.391)	13.03
2013	4.452	8.849	0.571	0.220	0.100	(0.392)	13.80
2014	4.663	9.479	0.599	0.240	0.095	(0.306)	14.77
2015	4.649	9.774	0.637	0.245	0.089	(0.292)	15.10
2016	4.597	10.144	0.666	0.254	0.132	(0.303)	15.49
2017	4.743	10.563	0.680	0.240	0.046	(0.353)	15.92
2018	4.698	11.239	0.716	0.224	0.037	(0.423)	16.49
2019	4.599	11.225	0.705	0.254	0.168	(0.461)	16.49

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

Table 9

TOWN OF SCARBOROUGH, MAINE

**Principal Property Taxpayers
Current Year and Ten Years Ago
(amounts expressed in thousands)**

2010				2019			
<u>Taxpayer</u>	<u>Taxable Assessed</u>		<u>Percentage of Total Taxable Assessed</u>	<u>Taxpayer</u>	<u>Taxable Assessed</u>		<u>Percentage of Total Taxable Assessed</u>
	<u>Value</u>	<u>Rank</u>	<u>Value</u>		<u>Value</u>	<u>Rank</u>	<u>Value</u>
Maine Life Care Retirement	\$ 61,155,000	1	1.74%	Maine Life Care Retirement	\$ 87,837,700	1	2.19%
Wal-Mart/Sam's Club	40,489,500	2	1.15%	Wal-Mart/Sam's Club	41,761,500	2	1.04%
New England Expedition	35,132,100	3	1.00%	Gavin Ruotolo	34,545,000	3	0.85%
Hannaford Brothers	23,902,400	4	0.68%	Central Maine Power	32,114,500	4	0.80%
MMC Realty Maine Health	22,162,800	5	0.63%	RRE Foxcroft/Coach Lantern	29,504,400	5	0.74%
Scarborough Gallery	22,019,000	6	0.62%	Hannaford Brothers	28,215,300	6	0.70%
Gavin Ruotolo	18,598,300	7	0.53%	New England Expedition	22,335,200	7	0.56%
Central Maine Power	15,070,700	8	0.43%	Scarborough Gallery	21,284,800	8	0.53%
Shaw's Supermarket	14,296,400	9	0.41%	Waterstone Scarborough LLC	16,857,400	9	0.42%
RRE Foxcroft/Coach Lantern	13,253,400	10	0.38%	Scarborough ME Senior Property LLC	14,462,500	10	0.36%
Total Principal Taxpayers	<u>266,079,600</u>		<u>7.55%</u>		<u>328,918,300</u>		<u>8.20%</u>
 Total Assessed Value:	 \$ <u>3,524,771,600</u>				 \$ <u>4,012,292,612</u>		

Source: Town of Scarborough, Maine Assessor

Table 10

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collections Within Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	42,877,989	42,370,914	98.8%	488,484	42,859,398	99.96%
2011	44,928,747	44,325,013	98.7%	590,907	44,915,920	99.97%
2012	46,684,211	46,102,831	98.8%	568,862	46,671,693	99.97%
2013	50,125,493	49,483,773	98.7%	625,867	50,109,640	99.97%
2014	54,062,720	53,305,613	98.6%	743,947	54,049,560	99.98%
2015	55,877,372	55,321,988	99.0%	541,688	55,863,676	99.98%
2016	58,018,545	57,331,779	98.8%	668,758	58,000,537	99.97%
2017	60,119,691	59,602,001	99.1%	479,198	60,081,199	99.94%
2018	62,422,707	61,848,681	99.1%	359,180	62,207,861	99.66%
2019	66,162,710	65,462,458	98.9%	-	65,462,458	98.94%

Source: Town of Scarborough Tax Collector's Office

Table 11

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

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate	Tax Levy
2010	3,399,998,300	124,773,300	3,524,771,600	12.15	42,877,989
2011	3,433,857,700	122,694,200	3,556,551,900	12.63	44,928,747
2012	3,455,067,200	116,129,100	3,571,196,300	13.03	46,684,211
2013	3,511,580,900	120,094,400	3,631,675,300	13.80	50,125,493
2014	3,544,777,800	115,527,900	3,660,305,700	14.77	54,062,720
2015	3,587,500,600	112,987,600	3,700,488,200	15.10	55,877,372
2016	3,637,366,300	108,181,800	3,745,548,100	15.49	58,018,545
2017	3,667,678,200	108,684,300	3,776,362,500	15.92	60,119,691
2018	3,678,001,742	107,486,600	3,785,488,342	16.49	62,422,707
2019	3,908,909,212	103,383,400	4,012,292,612	16.49	66,162,710

Source: Town of Scarborough Assessor's Office

Table 12

TOWN OF SCARBOROUGH, MAINE
Statutory Debt Limit By State and Local
June 30, 2019

State Assessed Value:					\$4,313,600,000
Legal Debt Margin Limit of 15% of State Valuation					\$647,040,000
Purpose	State Legal Percent	State Legal Debt Limit	Principal Debt Outstanding	Margin	Actual Percent
Municipal - Other	7.5%	\$323,520,000	\$42,376,225	\$281,143,775	0.98%
Storm or Sanitary Sewer	7.5%	\$323,520,000	\$6,025,000	\$317,495,000	0.14%
School	10.0%	\$431,360,000	\$54,318,775	\$377,041,225	1.26%
Munc Airport, Water, Special District	3.0%	\$129,408,000	\$0	\$129,408,000	0.00%
Total			\$102,720,000		
Total Bonded Debt Applicable to Debt Limit					\$102,720,000
Legal Debt Margin					\$544,320,000

Note: Statutory debt limit is in accordance with 30 MRSA, Section 5061, as amended.

Table 12A

Town of Scarborough Legal Debt Margin Calculation
June 30, 2019

Scarborough Legal Debt Margin Limit of 8.50% of State Valuation					\$366,656,000
Purpose	Scarborough Legal Percent	Scarborough Legal Debt Limit	Principal Debt Outstanding	Margin	Actual Percent
Municipal - Other	4.0%	\$172,544,000	\$42,376,225	\$130,167,775	0.98%
Storm or Sanitary Sewer	4.0%	\$172,544,000	\$6,025,000	\$166,519,000	0.14%
School	5.0%	\$215,680,000	\$54,318,775	\$161,361,225	1.26%
Munc Airport, Water, Special District	1.5%	\$64,704,000	-	\$64,704,000	0.00%
Total			\$102,720,000		
Total Bonded Debt Applicable to Debt Limit					\$102,720,000
Legal Debt Margin					\$263,936,000

Note: Statutory debt limit is in accordance with Scarborough's Financial and Fiscal Policy Section I. Debt Management, as amended.

Table 13

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

Fiscal Year	General Obligation Bonds	Other Bond Adjustments	Capital Leases	Total Outstanding Debt	Population*	Percentage of personal income	Debt Per Capita
2010	68,042,000		1,640,531	69,682,531	19,239	13.44%	3,622
2011	66,767,000		1,105,143	67,872,143	18,919	9.30%	3,588
2012	82,250,000	2,428,572	687,335	85,365,907	18,786	10.80%	4,544
2013	96,180,000	5,715,066	622,334	102,517,400	18,941	12.41%	5,412
2014	97,895,000	5,474,486	597,722	103,967,208	19,343	12.37%	5,375
2015	98,500,000	5,233,907	395,578	104,129,485	19,691	12.68%	5,288
2016	95,920,000	5,315,488	199,715	101,435,203	20,023	12.10%	5,066
2017	91,630,000	5,049,838	-	96,679,838	20,208	11.40%	4,784
2018	102,650,000	6,125,334	97,939	108,873,273	20,208	12.80%	5,388
2019	102,720,000	6,602,073	49,567	109,371,640	20,352	11.65%	5,374

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

See the Demographic and Economic Statistics on Table 18 for personal income and population data.

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

Table 14

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

Fiscal Year	General Obligation Bonds	Other Bond Adjustments	Total	Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Population*	Percentage of personal income	Debt Per Capita
2010	68,042,000		68,042,000	3,524,771,600	1.93%	19,239	13.44%	3,537
2011	66,767,000		66,767,000	3,556,551,900	1.88%	18,919	9.30%	3,529
2012	82,250,000	2,428,572	84,678,572	3,571,196,300	2.30%	18,786	10.80%	4,378
2013	96,180,000	5,715,066	101,895,066	3,631,675,300	2.65%	18,941	12.41%	5,078
2014	97,895,000	5,474,486	103,369,486	3,660,305,700	2.67%	19,343	12.37%	5,061
2015	98,500,000	5,233,907	103,733,907	3,700,488,200	2.66%	19,691	12.68%	5,002
2016	95,920,000	5,315,488	101,235,488	3,745,548,100	2.56%	20,023	12.10%	4,790
2017	91,630,000	5,049,838	96,679,838	3,776,362,500	2.43%	20,208	11.40%	4,534
2018	102,650,000	6,125,334	108,775,334	3,785,488,342	2.71%	20,208	12.80%	5,080
2019	102,720,000	6,602,073	109,322,073	4,012,292,612	2.56%	20,352	11.65%	5,047

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

See the Demographic and Economic Statistics on Table 18 for personal income and population data.

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

Table 15

TOWN OF SCARBOROUGH, MAINE
Ratio of Annual Debt Service Expenditures
for General Obligation Bonded Debt
to Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal year	Principal	Interest	Total debt service	Total general fund expenditures	Ratio of debt service to general fund expenditures
2010	5,745,000	2,653,085	8,398,085	64,515,022	13.02%
2011	5,720,000	2,584,375	8,304,375	64,599,515	12.86%
2012	5,972,000	2,432,682	8,404,682	65,419,296	12.85%
2013	5,135,000	2,815,370	7,950,370	68,168,542	11.66%
2014	4,790,000	3,588,569	8,378,569	71,476,793	11.72%
2015	5,480,000	3,505,753	8,985,753	75,111,822	11.96%
2016	6,320,000	2,139,692	8,459,692	76,071,959	11.12%
2017	7,045,000	3,348,228	10,393,228	81,300,349	12.78%
2018	7,170,000	3,227,906	10,397,906	83,207,174	12.50%
2019	7,310,000	3,910,975	11,220,975	87,718,110	12.79%

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

Table 16

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 543,068	\$ 534,623	\$ 533,513	\$ 522,375	\$ 536,918	\$ 451,595	\$ 568,793	\$ 584,903	\$ 610,215	\$ 647,040
Total net debt applicable to limit	68,042	66,767	84,679	101,895	103,369	103,734	95,920	91,630	102,650	102,720
Legal debt margin	475,026	467,856	448,834	420,480	433,549	347,861	472,873	493,273	507,565	544,320
Total net debt applicable to the limit as a percentage of debt limit	12.53%	12.49%	15.87%	19.51%	19.25%	22.97%	16.86%	15.67%	16.82%	15.88%

Note: Under state finance law, the Town of Scarborough's outstanding general obligation debt should not exceed 15 percent of total assessed property value.

By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Table 17

TOWN OF SCARBOROUGH, MAINE
Direct, Overlapping and Contingent Debt
Last Ten Fiscal Years
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>2010</u>	<u>2011</u>	<u>2012 *</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Town of Scarborough:										
General Obligation Bonds	68,042	66,767	82,250	96,180	97,895	98,500	95,920	91,630	102,650	102,720
Premium			4,371	5,715	5,474	5,234	5,315	5,050	6,125	6,602
Capital Leases	1,641	1,105	687	623	598	396	200	-	98	50
Total Direct Debt	69,683	67,872	87,308	102,518	103,967	104,130	101,435	96,680	108,873	109,372
Cumberland County	327	126	3,352	3,254	3,458	3,457	3,321	3,464	3,286	3,486
Portland Water District	4,210	3,845	3,933	3,483	5,994	6,454	6,654	6,396	6,926	7,300
Total Overlapping Debt	4,537	3,971	7,285	6,737	9,452	9,911	9,975	9,860	10,212	10,786
ecomaine Waste Systems:										
Resource recovery system	792	231	-	-	-	-	-	-	-	-
Material recovery facility	125	120	-	-	-	-	-	-	-	-
Landfill closure/postclosure	1,266	1,302	1,371	1,405	1,436	1,467	1,504	1,318	1,324	1,381
Total Contingent Debt	2,183	1,653	1,371	1,405	1,436	1,467	1,504	1,318	1,324	1,381
Total Direct, Overlapping/Contingent	76,403	73,496	95,964	110,660	114,855	115,508	112,914	107,858	120,409	121,539

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

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

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

Please see additional information in the Notes to the Financial Statements

* Premium Included on Table as of 2012

Table 18

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

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (a)	Median Age (a)	School Enrollment (c)	Unemployment Rate (d)
2010	19,239	506,389,719	26,321	39	3,363	5.70%
2011	18,919	718,146,321	37,959	44	3,269	5.50%
2012	18,786	761,359,008	40,528	44	3,205	5.20%
2013	18,941	775,103,302	40,922	45	3,157	4.70%
2014	19,343	791,554,246	40,922	45	3,112	3.70%
2015	19,524	776,703,768	39,782	45	3,117	3.10%
2016	19,691	792,936,879	40,269	45	2,989	2.90%
2017	20,023	803,703,197	40,139	45	2,966	2.80%
2018	20,208	801,914,064	39,683	47	2,938	2.70%
2019	20,352	881,811,456	43,328	46	2,943	2.40%

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

Source: U.S. Census Bureau, *2017 American Community Survey 1-Year Estimates

2019 Population is July 2018 Census Bureau Population estimate (the latest available series)

Median Age 2019 based on 2013-2017 five year estimates

Per capita Income is based on latest ACS 5-Year Estimates 2013-2017

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

(c) State of Maine Department of Education Census data - October 2018 (2019 School Year)

(d) State of Maine Department of Labor, Division of Economic Analysis and Research,
unemployment based on June 2019 data

Table 19

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

2010			2019			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employer</u>	<u>Employees *</u>	<u>Rank</u>	<u>Percentage of total Town Employment</u>
Town of Scarborough	1,417	1	Town of Scarborough	1,385	1	8.7%
Hannaford Brothers	1,109	2	Hannaford	1,086	2	6.8%
US Postal Service	635	3	MaineHealth	500	4	3.1%
NorDX	286	4	US Postal Service	450	3	2.8%
Wal-Mart	275	5	Abbott Labs (Alere)	359	6	2.3%
Cabela's	270	6	Wal-Mart	300	5	1.9%
Shaw's	250	7	Piper Shores	245	9	1.5%
Piper Shores	192	8	NorDX	220	8	1.4%
Sam's Wholesale Club	186	9	Cabela's	174	7	1.1%
Johnson & Jordan	167	10	Sam's Wholesale Club	150	10	0.9%

* Source: Scarborough Economic Development Corporation (SEDCO)

Latest Estimate of Employment: 15,926 (Source: ME Dept of Labor, Second Quarter, 2018 Covered Employment - all industries)

Does not include self employed

Table 20

TOWN OF SCARBOROUGH, MAINE
Unemployment Data
Last Ten Fiscal Years

Fiscal Year ending June 30,	Portland Metropolitan Statistical Area (PMSA)*	State of Maine	Town of Scarborough	US
2010	6.7%	7.9%	5.7%	9.4%
2011	6.4%	7.7%	5.5%	9.1%
2012	6.1%	7.3%	5.2%	8.2%
2013	5.4%	6.4%	4.7%	7.5%
2014	4.4%	5.3%	3.7%	6.1%
2015	3.5%	4.2%	3.1%	5.5%
2016	3.1%	3.7%	3.0%	5.1%
2017	2.8%	3.3%	2.6%	4.5%
2018	2.7%	3.2%	2.7%	4.2%
2019	2.3%	2.8%	2.4%	3.8%

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

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

Data is for June of each year.

Table 21

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

Function:	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Govt:										
Town Clerk										
Certified Copies	4,988	5,820	5,068	4,624	5,596	5,577	5,962	5,762	5,077	5,446
Licenses	440	545	585	572	861	839	735	821	844	997
Permits		919	905	889	930	1,065	1,047	1,134	750	404
Beach Passes	2,358	2,443	2,701	2,934	2,763	2,665	2,496	4,775	5,603	5,970
Community Services										
Passports Applications	665	534	-	459	641	643	665	695	675	648
Finance Revenue Office										
Licenses & Permits	991	817	782	791	670	662	697	702	700	717
Tax Bill Issued	9,389	9,809	9,516	9,594	9,623	9,623	9,796	9,897	9,993	10,325
Excise Registrations	25,570	25,384	25,637	30,477	29,566	27,728	29,604	29,892	30,065	30,004
Planning:										
Permits	558	554	553	621	609	651	774	785	809	785
Certificates of Occupancy	222	176	173	174	217	198	262	267	252	190
Public Safety:										
Police:										
Physical arrests	619	989	1,026	898	826	895	697	521	864	768
Traffic violations	1,404	819	1,069	1,126	1,007	977	1,333	1,433	1,847	1,541
Fire:										
Number of calls answered	1,598	1,718	1,733	1,610	1,744	1,832	1,720	2,381	1,340	1,318
Number of Inspections	3,537	3,394	3,583	3,455	3,378	3,192	2,529	3,078	3,319	3,044
Rescue:										
Number of calls answered	1,946	2,125	2,141	2,116	1,950	2,359	3,029	2,900	2,917	2,950
Public Works:										
Street resurfacing (miles)	8.62	6.37	6.45	3.62	5.31	5.90	4.18	5.15	4.62	4.60
Pot holes repaired (qty used in tons)	24	24	24	13	29	12	4	48	42	39
No. times plows dispatched	24	26	30	60	35	28	19	21	24	28

Source: Town of Scarborough various departments

Note:

FY2012 Scarborough Public Library Processed Passport Applications

Table 22

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

Function:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Govt:										
Planning Vehicles	4	5	4	4	4	4	4	3	4	3
Technology Vehicles	3	3	3	3	4	4	4	3	3	3
Public Service:										
Community Services										
Vehicles	5	5	5	6	7	7	8	8	6	7
Parks	4	4	5	6	6	6	6	6	6	6
Public Safety:										
Police:										
Vehicles - Patrol Units	8	8	12	12	12	12	12	12	14	14
Facilities	1	1	1	1	1	1	1	1	1	1
Fire:										
Vehicles - Response Trucks	10	10	11	12	12	12	12	12	12	12
Marine	2	2	2	2	2	2	2	2	2	2
Facilities	6	6	6	6	6	6	6	6	6	6
Rescue:										
Vehicles - Response Trucks	3	3	3	3	3	3	3	3	3	3
Public Works:										
Streets (miles)	117.28	121.92	175.56	174.20	174.92	175.44	175.44	176.80	176.80	177.20
Streets Lights										
Traffic Signals	35	35	35	37	37	43	43	43	43	43
Generators	10	10	10	10	10	10	11	11	11	11
Education:										
Vehicles - Buses	29	29	28	26	28	29	26	26	29	30
Facilities	6	6	6	6	6	6	6	6	6	6

Source: Town of Scarborough various departments

Table 23

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

		<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government:											
	Full time	35	37	35	34	32	35	36	37	39	42
	Part Time	72	55	57	61	52	64	14	23	12	14
Public Services:											
	Full time	17	23	15	15	15	15	15	17	16	13
	Part Time	134	146	148	160	139	125	123	156	150	102
Public Safety:											
Police											
	Full time	50	52	53	55	53	53	55	67	61	60
	Part Time	35	38	28	30	33	28	36	39	36	28
Fire											
	Full time	4	5	5	5	8	8	8	9	9	9
	Part Time	148	150	153	151	150	160	169	146	154	149
Rescue											
	Full time	16	20	20	20	21	23	24	24	24	24
	Part Time	10	11	11	10	0	0	0	0	0	0
Public Works:											
	Full time	31	31	31	31	31	32	32	36	34	32
	Part Time	4	1	1	3	1	1	2	5	8	7
Education:											
	Full time	503	460	452	449	443	494	462	507	506	469
	Part Time	268	262	302	296	246	327	323	274	307	347
Total:		1327	1291	1311	1320	1224	1365	1299	1340	1356	1296

Source: Town of Scarborough

Comments:

As of 2014, Fire/Rescue Part Time are all cross trained.

As of 2016, Voter Reg Clerks not included Gen Govt part time count

As of 2016, General Govt part-time count does not include Voter Reg Clerks

Table 24

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

Division	Department	Function	Division	Department	Function
General Government:	Legislative	Town Council	Public Works:	Public Works:	Road/Highway Maintenance
	Administration:	Executive			Vehicle Maintenance
		Assistant Town Manager			Stock Room
		Purchasing			Traffic Signals
		Town Clerk			Engineering/GIS
		Elections			Solid Waste
		Human Resources			Water Charges
		Legal			Street Lighting
		Municipal Insurance			Cemetery Care
		Municipal Building			Memorials
		Oak Hill Prof. Bldg.	Education:		Shade Trees
		Public Information			
	Finance:	Accounting			Primary
		Tax/Treasury			Elementary
		Assessing			Secondary
	Planning:	Planning			Instruction Improvement
		Engineering			Food Services
		Technical Division			Special Services
		Code Enforcement			General & Special Administration
		Zoning & Planning Boards			Board of Education
	Information Syst.				Office of the Superintendent
Public Service:	Community Serv:	Administration			Business Administration
		Recreation			Transportation
		Intergeneration			Operation & Maintenance of Plant
		Grounds Maintenance			Debt Service
		Beach Care			
	Public Assistance	Welfare/Health Assistance			
Public Safety:		Economic Develop.			
		Library			
	Fire:	Fire Suppression			
		Fire Prevention			
		Rescue			
		Emergency Preparedness			
	Police:	Patrol			
		Dispatch			
		Marine Resources			
		Animal Control			
Source: Town of Scarborough					

APPENDIX B

PROPOSED FORM OF LEGAL OPINION

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**Bernstein, Shur,
Sawyer & Nelson, P.A.**
100 Middle Street
PO Box 9729
Portland, ME 04104-5029

T (207) 774 - 1200
F (207) 774 - 1127

[DATE]

[PURCHASER]

We have examined the law and certified proceedings submitted in connection with the issuance and sale of the \$7,480,000* aggregate principal amount of 2020 General Obligation Bonds (the “Bonds”) of the Town of Scarborough, Maine (the “Issuer”), a public municipal corporation in the State of Maine organized and existing under and pursuant to the laws of the State of Maine and the Charter of the Town of Scarborough, Maine (the “Charter”).

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Bonds and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued under and pursuant to the Charter and the provisions of Title 30-A, Section 5772 of the Maine Revised Statutes, as amended.

The Bonds are dated May 28, 2020.* Principal of the Bonds will be payable on November 1 of the years in which the Bonds mature and in the principal amounts as set forth below. The Bonds will bear interest from their date, payable semi-annually on November 1 and May 1 in each year until maturity, or redemption prior to maturity, commencing on November 1, 2020, at the respective rates per annum, as follows:

* Subject to change.

<u>Year of Maturity*</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Year of Maturity*</u>	<u>Amount*</u>	<u>Interest Rate</u>
2021	\$790,000		2029	\$395,000	
2022	790,000		2030	395,000	
2023	790,000		2031	230,000	
2024	790,000		2032	230,000	
2025	790,000		2033	230,000	
2026	395,000		2034	230,000	
2027	395,000		2025	230,000	
2028	395,000				

\$405,000* ____% Bond, due November 1, 2040

*Subject to change.

Bonds maturing on and before November 1, 2030 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after November 1, 2031 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2030, as a whole or in part at any time, in such order of maturity as the Town, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

The Bond maturing November 1, 2040 is subject to mandatory redemption by the Town prior to maturity, in part by lot, at a redemption price equal to the amounts set forth below plus accrued interest to the date of redemption thereof, on November 1 in the following years and principal amounts:

<u>Year</u>	<u>Principal Amount</u>
2036	\$85,000
2037	80,000
2038	80,000
2039	80,000
2040 [#]	80,000

NOTE: [#] Year of final maturity.

The Bonds will be issued in fully registered form without coupons and, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company (“DTC”), an automated depository for securities and clearinghouse for securities transactions. Purchases of the Bonds will be made in book-entry form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. The Bonds are lettered R and shall be numbered from one (1) upwards.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in

order that interest on the Bonds be and remain excluded from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Noncompliance with such requirements may cause interest on the Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs. The Issuer, in executing its certificates and documents, has certified to the effect that the Issuer will comply with the provisions and procedures set forth therein and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for purposes of federal income tax, be excluded from the gross income of the owners thereof. In rendering this opinion, we have assumed that the Issuer will comply with the provisions and procedures set forth in its certificates and documents.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer has been duly created and validly exists as a public municipal corporation under and pursuant to the laws of the State of Maine.
2. The Issuer is duly authorized to issue the Bonds which have been duly and validly authorized and issued in accordance with law and constitute valid general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied, subject to certain procedural limitations under Section 5721-A of the Maine Revised Statutes as amended and supplemented to date, without limit as to rate or amount upon all the property located within the territorial limits of the Issuer and taxable by it, except to any extent that the Issuer may enter into an agreement under Title 30-A, Chapter 223, Subchapter V, of the Maine Revised Statutes, as amended, to share any portion of its assessed valuation with another municipality and except to the extent that the Issuer may establish municipal development districts or affordable housing districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the tax increment revenues on retained captured assessed values of which may not be available for payment of debt service on the Bonds.
3. Under existing statutes and court decisions interest on the Bonds is excluded from gross income for federal income tax purposes, is exempt from taxation within the State of Maine under existing law, and is not a specific preference item for purposes of the federal alternative minimum tax. Such interest will, however, be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the alternative minimum tax and the foreign branch profits tax. The opinions set forth in this paragraph 3 are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax

purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal or state tax consequences arising with respect to the Bonds.

4. The Bonds will constitute “qualified tax-exempt obligations” under Section 265(b) of the Code.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined an executed Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

APPENDIX C

**PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT**

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**TOWN OF SCARBOROUGH, MAINE
PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the Town of Scarborough, Maine (the “Issuer”) of its \$7,040,000 2020 General Obligation Bonds, dated as of May 28, 2018 (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The Issuer reserves the right to incorporate by reference its Official Statement dated May 14, 2019 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

In addition to the definitions set forth above in the undertaking, which apply to any capitalized term used in this Agreement unless otherwise defined, if used the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean the financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 1 of this Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

“Dissemination Agent” shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

“Holders” shall mean the registered Holders of the Bonds, as recorded in the registration books of the Registrar.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005.

“State” shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2020, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings “TOWN FINANCES,”

“INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Bonds.

(a) Certain events whether material or not material:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in Section 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties

(b) Certain events if material:

- (1) Non-payment related defaults;
- (2) Modifications to the rights of Holders of the Bonds;
- (3) Bond calls;
- (4) The release, substitution, or sale of property securing repayment of the Bonds;

- (5) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (6) Appointment of a successor or additional trustee or the change of name of a trustee; and
- (7) Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security Holders, if material.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

- 3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Section 1 herein.
- 4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any Beneficial Owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a Dissemination Agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the Beneficial Owners of the Bonds, (d) to modify the contents, presentation and format of the Annual Financial Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Bonds or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

- 5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.

6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.
7. The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Gina M. Clukey, Treasurer, Town of Scarborough, 259 U.S. Route 1 (04074), PO Box 360, Scarborough, ME 04070-0360; Telephone: (207) 730-4088.

Dated: _____, 20__

TOWN OF SCARBOROUGH,
MAINE

By: _____
Its Treasurer