



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
\$7,380,000
2019 GENERAL OBLIGATION BONDS**

Dated: Date of Delivery

Due: November 1, as shown below

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2020	\$410,000	5.00%	1.33	2030	\$295,000	5.00%	1.89 ^(†)
2021	410,000	5.00	1.35	2031	295,000	3.00	2.15 ^(†)
2022	410,000	5.00	1.36	2032	295,000	3.00	2.25 ^(†)
2023	410,000	5.00	1.37	2033	295,000	3.00	2.35 ^(†)
2024	410,000	5.00	1.38	2034	295,000	3.00	2.45 ^(†)
2025	295,000	5.00	1.42	2035	260,000	3.00	2.55 ^(†)
2026	295,000	5.00	1.45	2036	260,000	3.00	2.60 ^(†)
2027	295,000	5.00	1.51	2037	260,000	3.00	2.65 ^(†)
2028	295,000	5.00	1.57	2038	260,000	3.00	2.70 ^(†)
2029	295,000	5.00	1.64	2039	260,000	3.00	2.75 ^(†)

\$1,080,000 3.00% Bond, due November 1, 2048^(*), @ 99.417 to Yield 3.03%

The Town of Scarborough, Maine 2019 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, 2019 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 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'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, 2029 are not subject to redemption prior to their stated dates of maturity. The Bonds maturing on and after November 1, 2030 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2029 as more fully set forth herein (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" herein). ^(†) The Bond maturing November 1, 2048 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 June 20, 2019.

BAIRD

NOTE: ^(†) Priced at stated yield to the November 1, 2029 optional redemption date at a redemption price of 100% (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY"). ^(*) The Term Bonds are subject to mandatory redemption (see "THE BONDS—MANDATORY REDEMPTION" herein).

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.

TABLE OF CONTENTS

CERTIFICATE CONCERNING OFFICIAL STATEMENT	ii	TOWN FINANCES (continued)	
		Property Taxation	32
		Tax Levy and Collections	33
		Largest Taxpayers	34
THE BONDS		Current Tax Base and Tax Base	
Description of the Bonds	1	Growth	34
Optional Redemption Prior to Maturity	1	Zoning	35
Mandatory Redemption	2	Tax Increment Financing Districts and Affordable Housing	
General Provisions Regarding Redemption	2	Development Districts	36
Record Date; Payment	3	Revenues from the State	36
Authorization and Purpose	3		
Source of Payment and Remedies	6	INDEBTEDNESS	
Tax Matters	8	Limitations and Exclusions	37
Book-Entry-Only System	10	Debt Summary	38
Ratings	12	Debt Ratios	38
Continuing Disclosure	12	Projected Debt Service Requirements	39
CUSIP Identification Numbers	13	Debt Service Component of Operating Expenses	39
Municipal Advisor	13	Projected Principal Payments, by Issue	40
Statutory References	13	Overlapping Debt	40
Underwriting	13	Contingent Debt	41
Conditions Precedent to Delivery	14	Total General Obligation, Overlapping and Contingent Debt	42
TOWN OF SCARBOROUGH		Future Financing	42
General	15	RETIREMENT	
Government	16	A. Deferred Benefit Pension Plan	42
Municipal Services	16	B. Defined Contribution Pension Plan	46
Public Education	17	C. Deferred Compensation Plan	47
Labor Relations	19	D. Other Post-Employment Benefits	47
The Scarborough Public Library	19	ENVIRONMENTAL MATTERS	48
Economic Development	20	LITIGATION	49
Building Permits	22	APPENDIX A: FINANCIAL STATEMENTS	
Economic Characteristics	23	APPENDIX B: PROPOSED FORM OF LEGAL OPINION	
TOWN FINANCES		APPENDIX C: PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT	
Budgetary Process	24		
Property Tax Levy Limit	25		
Financial and Fiscal Policy	25		
Financial Statements	28		
Funds	29		
Comparative Balance Sheet	30		
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	31		

**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.

Ruth D. Porter
Treasurer
Town of Scarborough, Maine

**OFFICIAL STATEMENT
TOWN OF SCARBOROUGH, MAINE
\$7,380,000
2019 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 2019 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, 2019, 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 June 20, 2019. 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>
\$410,000	2020	806075J32	\$295,000	2030	806075K55
410,000	2021	806075J40	295,000	2031	806075K63
410,000	2022	806075J57	295,000	2032	806075K71
410,000	2023	806075J65	295,000	2033	806075K89
410,000	2024	806075J73	295,000	2034	806075K97
295,000	2025	806075J81	260,000	2035	806075L21
295,000	2026	806075J99	260,000	2036	806075L39
295,000	2027	806075K22	260,000	2037	806075L47
295,000	2028	806075K30	260,000	2038	806075L54
295,000	2029	806075K48	260,000	2039	806075L62

\$1,080,000 Bond, due November 1, 2048^(*), CUSIP 806075L70

NOTE: ^(*) The Bond maturing November 1, 2048 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, 2029 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after November 1, 2030 are subject to redemption prior to their

stated dates of maturity, at the option of the Town, on and after November 1, 2029, 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, 2048 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>
2040	\$120,000
2041	120,000
2042	120,000
2043	120,000
2044	120,000
2045	120,000
2046	120,000
2047	120,000
2048	120,000 ^(#)

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 principal 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 19-034, adopted by the Town Council at its meeting held on May 15, 2019, 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 June 4, 2019.

CIP Projects

<u>CIP Year</u>	<u>Order</u>	<u>2nd Reading</u>	<u>Project</u>	<u>Issued</u>	<u>Years to Amort.</u>
2018/2019	19-034	05/15/19	FD Major Apparatus Refurbishing	\$38,885	5
2018/2019	19-034	05/15/19	FD Rescue Power Stretcher Replacement	43,945	5
2018/2019	19-034	05/15/19	FD Replace staff vehicles (replacement schedule)	36,000	5
2018/2019	19-034	05/15/19	FD New Safety & Personal Protective Equipment	46,250	5
2018/2019	19-034	05/15/19	CS 4x4 Dump Truck with plow	50,595	5
2018/2019	19-034	05/15/19	PD Motorcycle Replacement (2)	40,015	5
2018/2019	19-034	05/15/19	PW Pickup Truck #4055 w/lift gate	36,095	5
2017/2018	19-034	05/15/19	ACO Vehicle Replacement	29,600	5
2018/2019	19-034	05/15/19	PW Plow Truck #4018	173,075	15
2018/2019	19-034	05/15/19	PW Street Sweeper #4200	<u>254,200</u>	15
Total Muni Equipment				748,660	
2008/2009	08/122	09/17/08	PW Broadturn Road Supplemental	61,700	10
2016/2017	17-037	05/03/17	PL Eastern Trail Improv (Local Match)	106,700	15
2018/2019	19-034	05/15/19	PW Rt 1: Mill & Pave (Broadturn Rd to Saco)	175,000	20
2018/2019	19-034	05/15/19	PW Subsurface Drainage Project	118,750	20
2018/2019	19-034	05/15/19	PW Phase II LED Conversion	215,000	20
2017/2018	19-034	05/15/19	Mid-Level Road Rehabilitation	263,000	20
2017/2018	19-034	05/15/19	Gorham Road Reconstruction Phase I	1,850,000	20
2018/2019	19-034	05/15/19	Public Safety Building (Voter Approved)	<u>3,500,000</u>	30
Total Muni Projects				6,290,150	
2018/2019	19-034	05/15/19	Pickup Truck #315116	22,890	5
2018/2019	19-034	05/15/19	Facilities Support Equipment	44,400	5
2018/2019	19-034	05/15/19	Building Envelope Maintenance	50,000	5
2017/2018	19-034	05/15/19	Kitchen Equip & Furnishings Replace & Renew	60,000	5
2017/2018	19-034	05/15/19	Energy Efficiency Upgrades	60,000	5
2017/2018	19-034	05/15/19	Building Envelope Maintenance	30,000	5
2018/2019	19-034	05/15/19	School Bus Replacement Schedule	333,900	10
2018/2019	19-034	05/15/19	K-2 Pavement Maintenance	<u>140,000</u>	20
Total Muni/School or School⁽¹⁾				741,190	
The Projects				\$7,780,000⁽²⁾	

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

⁽²⁾ Par amount of Bonds, in the amount of \$7,380,000, plus allocable net Original Issue Premium, in the amount of \$765,158.50, provided Bond Proceeds to provide funds to finance the Projects, 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.

Public Safety Building Project

At its Municipal Election held on November 7, 2017, the voters of the Town approved the issuance of bonds, in an amount not to exceed \$19,500,000, to provide funds to finance a new Public Safety Building (the “Public Safety Building Project”), of which at least \$4,000,000 remain authorized but unissued. A portion of the proceeds of the Town’s 2018 Bonds, in the amount of \$14,265,000, plus allocable net Original Issue Premium, in the amount of \$735,000, provided Bond Proceeds to provide funds to finance a portion of the Public Safety Building Project. A portion of the Bonds of this financing, in an amount of \$3,500,000, will be used to provide funds to finance a further portion of the Public Safety Building Project.

Amortizations of the Projects

Due	Muni Equip			Muni Proj					School Equip/Proj			The		
	5	15	Totals	10	15	20	30	Totals	5	10	20	Totals	Bonds	
11/1/2020	\$58,563	\$25,953	\$84,516	\$5,622	\$6,481	\$35,158	\$84,278	\$108,440	\$239,978	\$48,706	\$30,422	\$6,378	\$85,506	\$410,000
11/1/2021	58,563	25,953	84,516	5,622	6,481	35,158	84,278	108,440	239,978	48,706	30,422	6,378	85,506	410,000
11/1/2022	58,563	25,953	84,516	5,622	6,481	35,158	84,278	108,440	239,978	48,706	30,422	6,378	85,506	410,000
11/1/2023	58,563	25,953	84,516	5,622	6,481	35,158	84,278	108,440	239,978	48,706	30,422	6,378	85,506	410,000
11/1/2024	58,563	25,953	84,516	5,622	6,481	35,158	84,278	108,440	239,978	48,706	30,422	6,378	85,506	410,000
11/1/2025		25,084	25,084	5,433	6,264	33,980	81,455	107,216	234,349		29,403	6,164	35,567	295,000
11/1/2026		25,084	25,084	5,433	6,264	33,980	81,455	107,216	234,349		29,403	6,164	35,567	295,000
11/1/2027		25,084	25,084	5,433	6,264	33,980	81,455	107,216	234,349		29,403	6,164	35,567	295,000
11/1/2028		25,084	25,084	5,433	6,264	33,980	81,455	107,216	234,349		29,403	6,164	35,567	295,000
11/1/2029		25,084	25,084	5,433	6,264	33,980	81,455	107,216	234,349		29,403	6,164	35,567	295,000
11/1/2030		28,485	28,485		7,113	38,588	92,500	121,314	259,515			7,000	7,000	295,000
11/1/2031		28,485	28,485		7,113	38,588	92,500	121,314	259,515			7,000	7,000	295,000
11/1/2032		28,485	28,485		7,113	38,588	92,500	121,314	259,515			7,000	7,000	295,000
11/1/2033		28,485	28,485		7,113	38,588	92,500	121,314	259,515			7,000	7,000	295,000
11/1/2034		28,485	28,485		7,113	38,588	92,500	121,314	259,515			7,000	7,000	295,000
11/1/2035						38,588	92,500	121,913	253,000			7,000	7,000	260,000
11/1/2036						38,588	92,500	121,913	253,000			7,000	7,000	260,000
11/1/2037						38,588	92,500	121,913	253,000			7,000	7,000	260,000
11/1/2038						38,588	92,500	121,913	253,000			7,000	7,000	260,000
11/1/2039						38,588	92,500	121,913	253,000			7,000	7,000	260,000
11/1/2040								120,000	120,000					120,000
11/1/2041								120,000	120,000					120,000
11/1/2042								120,000	120,000					120,000
11/1/2043								120,000	120,000					120,000
11/1/2044								120,000	120,000					120,000
11/1/2045								120,000	120,000					120,000
11/1/2046								120,000	120,000					120,000
11/1/2047								120,000	120,000					120,000
11/1/2048								120,000	120,000					120,000
Bond Proceeds:	292,817	397,609	690,426	55,274	99,292	731,563	1,753,665	3,374,414	6,014,207	243,531	299,126	132,710	675,366	7,380,000
Premium:	28,568	29,666	58,234	6,426	7,408	40,187	96,335	125,586	275,943	23,759	34,774	7,290	65,824	400,000
Issue Proceeds:	\$321,385	\$427,275	\$748,660	\$61,700	\$106,700	\$771,750	\$1,850,000	\$3,500,000	\$6,290,150	\$267,290	\$333,900	\$140,000	\$741,190	\$7,780,000

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

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.

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 by a majority vote of the entire Town Council 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. However, 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 Bonds

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 and assuming compliance with certain tax covenants, 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.

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. The difference between the issue price at which each of the Discount Bonds is sold and the stated redemption price payable at maturity of each of the Discount Bonds constitutes original issue discount. Pursuant to Section 1288 of the Code, original issue discount on the Discount Bonds accrues on the basis of economic accrual. 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 discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount 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 original issue discount 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 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 in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of the 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 Bernstein Shur, Sawyer & Nelson, P.A., 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>
2018	02/04/2019	219
2017	03/12/2018	255
2016	01/03/2017	187
2015	02/29/2016	244
2014	03/02/2015	245

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.

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.

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 \$8,219,087.75, which purchase price reflects an Underwriter’s discount, from the public offering price of the Bonds, in the amount of \$73,929.25 and a premium in the amount of \$765,158.50.

On April 1, 2019, Baird Financial Corporation (“Baird”), the parent company of the Underwriter, acquired HL Financial Services, LLC, its subsidiaries, affiliates and assigns (collectively “Hilliard Lyons”). As a result of such common control, Baird, Hilliard Lyons and Hilliard Lyons Trust Company are now affiliated. It is expected that Hilliard Lyons will merge with and into Baird later in 2019.

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.

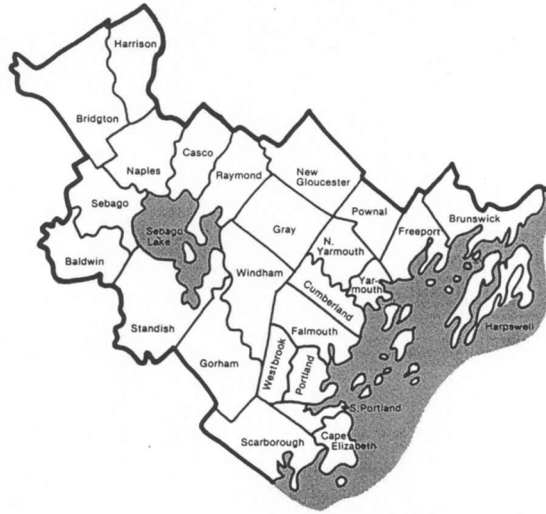
Certificate With Respect to Official Statement

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.

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.



**CUMBERLAND
COUNTY**

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, seven Sergeants, three detectives, one evidence technician, one community resource officer, two school resource officers, two task force officers and 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 personnel. The Department maintains 28 vehicles, which are in excellent repair.

The Fire Department operates from one central fire station 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, four career Paramedic Lieutenants, 20 career Firefighter/EMTs and 157 per diem and call Firefighters. Through its Fire Department, the Town operates three Marine Units, on a seasonal basis.

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 16.5 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 \$401,034; 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, 257 teachers and 295 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⁾	198
Eight Corners School	K-2	240 ⁽¹⁾	223
Pleasant Hill School	K-2	180 ⁽¹⁾	188
Wentworth School	3-5	800	661
Scarborough Middle	6-8	800 ⁽¹⁾	675
Scarborough High	9-12	1,200	1,003

NOTE: ⁽¹⁾ Includes Portable Classrooms. ⁽²⁾ “Current Year Pupils” October 1, 2018.

Enrollment Trends

Oct. 1	Grades					Attending Enrollment⁽¹⁾
	K-2	3-5	6-8	9-12	Tuition	
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
2009	726	755	798	1,088	1	3,368

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 has 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 2018/2019 school year, 18 Scarborough High School students enrolled in courses at PATHS, and 25 enrolled in courses at WRVC.

LABOR RELATIONS

The Town employs approximately 583 full-time and various part-time personnel, and approximately 813 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	36	July 1, 2018	June 30, 2021
SPA	Dispatchers	15	July 1, 2018	June 30, 2021
SPA	Paramedics	28	July 1, 2017	June 30, 2020
SEA	Teachers	306	Sept. 1, 2016	Aug. 31, 2019 ⁽²⁾
SAA	School Administrators	11	July 1, 2018	June 30, 2021
SESPA	School Staff and Teacher’s Aids	131	July 1, 2017	June 30, 2020
SEA	School Custodians	31	July 1, 2018	June 30, 2021
SEA	Bus Drivers	19	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 Fred A. Tompson, 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 foot 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 75,100 items of print and physical audiovisual materials, plus 11,328 E-books, 5,580 audio and 8,641 video titles for available for downloading. The Library averages over 2,525 visitors per week. Circulation on fiscal year 2018 included approximately 186,000 physical items and 13,579 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	1,300	8.2%
Hannaford Bros.	Supermarket - Corp Office	1,050	6.6
US Postal Service	USPO Distribution Center	450	2.8
MaineHealth	Hospital	390	2.4
Abbott Labs (Alere Inc.)	Medical Diagnostic Producer	357	2.2
Wal-Mart	Retail Department Store	313	2.0
Piper Shores	Nursing Home	245	1.5
NorDX	Medical Laboratory	220	1.4
Cabela's	Retail Sports Equipment	206	1.3
Sam's Wholesale Club	Wholesale Department Store	190	1.2

Commuter Trends

<u>People who commute to Scarborough, but live in:</u>	<u>Number of Workers</u>	<u>% Scarborough Workforce</u>	<u>People who live in Scarborough, but commute to:</u>	<u>Number of Workers</u>	<u>% Scarborough Workers</u>
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
2018	65,418	61,241	47,312	226,674	82,988	47,539	89,101	620,273	554,854
2017	60,919	64,438	43,407	221,698	85,612	44,011	88,019	608,104	547,185
2016	55,251	54,612	39,875	217,973	88,494	42,935	81,274	580,413	525,163
2015	58,094	51,084	30,295	169,451	85,946	40,547	76,929	512,347	454,253
2014	51,089	47,798	27,617	165,709	85,224	33,621	72,371	483,429	432,340
2013	59,275	50,647	24,861	153,884	90,664	31,056	68,279	478,665	419,390
2012	47,878	47,939	24,205	150,115	85,692	30,573	65,617	452,018	404,140
2011	48,315	42,048	22,410	148,707	80,770	31,417	59,680	433,346	385,031
2010	37,570	43,877	22,326	145,410	77,601	29,637	57,432	413,853	376,283
2009	47,569	41,367	21,975	129,496	71,543	26,808	54,504	393,262	345,693

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		
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
2009	16	30,286.2	53	21,820.3	47	62,154.1	268	61,243.5	384	175,504.1
2008	10	35,447.4	80	55,599.8	75	100,517.1	359	79,765.4	524	271,329.7
2007	19	56,828.5	123	13,410.1	75	32,653.6	364	6,366.0	581	109,258.2
2006	86	40,296.6	72	12,103.9	86	24,508.5	356	9,163.6	600	86,072.6

ECONOMIC CHARACTERISTICS

Population	Town of Scarborough	% Change Since Prior Census		
		Town	State	USA
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	Town of Scarborough	Cumberland County	State of Maine	USA
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	Town of Scarborough	Cumberland County	State of Maine	USA
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	Town of Scarborough	Cumberland County	State of Maine	USA
% 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	Town of Scarborough	Cumberland County	State of Maine	USA
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
2009	5.6	6.4	8.0	9.3

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018⁽¹⁾</u>	<u>2019</u>
EXPENDITURES					
General government	\$4,790,521	\$4,849,887	\$5,118,871	\$5,805,273	\$6,262,351
Public services	3,800,529	3,923,170	4,103,105	4,454,936	4,594,403
Public safety	9,709,129	10,107,752	11,138,946	11,471,627	11,956,312
Public works	6,359,496	6,718,059	6,755,141	6,762,140	6,742,788
Education	42,165,315	43,725,308	46,037,872	47,307,869	48,715,005
County Tax	2,355,415	2,493,342	2,568,852	2,709,666	2,827,079
Debt service	4,641,657	4,906,499	4,840,496	4,817,198	5,579,904
CIP	<u>1,879,364</u>	<u>892,030</u>	<u>1,148,470</u>	<u>1,040,617</u>	<u>1,408,321</u>
TOTAL EXPENDITURES	<u>75,701,426</u>	<u>77,616,047</u>	<u>81,711,753</u>	<u>84,369,326</u>	<u>88,086,163</u>
REVENUES					
Taxes	60,265,828	62,868,818	65,330,508	67,899,349	71,841,804
Licenses and permits	1,141,593	1,170,144	1,226,965	1,361,176	851,630
Intergovernmental	7,012,731	6,992,642	6,356,269	5,446,569	6,294,314
Interest earned	15,000	15,000	15,000	41,500	50,000
Other	<u>5,326,997</u>	<u>5,683,448</u>	<u>5,910,913</u>	<u>6,083,961</u>	<u>7,261,406</u>
TOTAL REVENUES	73,762,149	76,730,052	78,839,655	80,832,555	86,299,154
OTHER SOURCES					
Operating transfers	(143,630)	264,069	1,592,811	846,270	553,025
Prior year fund balance	800,000	425,000	747,633	2,102,464	500,764
Overlay	(328,093)	(496,074)	(173,207)	(140,698)	(672,280)
Bond and note proceeds	<u>1,611,000</u>	<u>693,000</u>	<u>704,861</u>	<u>728,735</u>	<u>1,405,500</u>
TOTAL OTHER	1,939,277	885,995	2,872,098	3,536,771	1,787,009
 TOTAL BUDGET	 <u>\$75,701,426</u>	 <u>\$77,616,047</u>	 <u>\$81,711,753</u>	 <u>\$84,369,326</u>	 <u>\$88,086,163</u>

NOTE: ⁽¹⁾ The Budget for fiscal year ending June 30, 2018 is 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>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
State Personal Income Factor:	1.09%	0.86%	2.67%	2.84%	2.61%
Town Prop Growth Factor:	<u>1.09%</u>	<u>1.22%</u>	<u>0.82%</u>	<u>0.82%</u>	<u>0.24%</u>
Growth Limitation Factor:	2.18%	2.08%	3.49%	3.66%	2.85%
Property Tax Levy Limit:	\$15,534,744	\$16,660,322	\$17,580,237	\$18,292,126	\$18,718,230
Property Tax Levy:	<u>16,275,733</u>	<u>17,005,804</u>	<u>17,667,684</u>	<u>17,637,854</u>	<u>16,603,050</u>
Over/(below) Levy Limit:	\$740,989	\$345,482	\$87,447	(\$654,272)	(\$2,115,180)

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,				
	2014	2015	2016	2017	2018
Committed, Assigned & Unassigned					
General Fund Balance (Current Year)	\$6,213,282	\$8,221,705	\$9,177,030	\$11,072,395	\$10,256,307
Total Revenues (Current Year)	74,396,159	78,578,544	80,145,388	82,075,963	84,250,061
Fund Balance as % Revenues	8.35%	10.46%	11.45%	13.49%	12.17%
Assigned & Unassigned General Fund					
Balance	\$5,761,131	\$7,702,662	\$8,674,267	\$10,672,154	\$9,862,795
Total Revenues (Current Year)	74,396,159	78,578,544	80,145,388	82,075,963	84,250,061
Fund Balance as % Revenues	7.74%	9.80%	10.82%	13.00%	11.71%

Fund Balance as % Budgeted Expenses⁽¹⁾

	Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
Unassigned General Fund Balance	\$3,376,747	\$4,973,289	\$6,107,559	\$6,893,626	\$7,386,943
Budgeted Expenses (Prior Year)	70,564,390	75,491,902	77,448,434	81,665,753	83,673,671
Fund Balance as % Prior Yea Exp.	4.79%	6.59%	7.89%	8.44%	8.83%

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 Finance Director when developing comprehensive capital planning management guidelines and is reviewed by the Town Manager and the Finance Director 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 53 through 60.

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 2018 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, 2017. This is the 13th 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.

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

	2018	2017	2016	2015	2014
ASSETS					
Cash and cash equivalents	\$13,948,390	\$17,372,662	\$16,634,125	\$12,015,992	\$10,878,727
Investments	3,962,077	645,900	751,414	1,962,632	376,822
Receivables:					
Accounts receivable	711,768	800,919	778,066	1,249,773	735,264
Intergovernmental	297,184	199,023	170,666	48,527	198,794
Taxes receivable	183,262	157,657	188,545	148,389	143,405
Tax liens	753,888	778,838	866,101	808,236	983,581
Inter-fund receivable	2,766,235	2,666,910	2,570,631	3,077,866	3,132,347
Tax acquired property	7,231	7,231	7,231	7,231	7,231
Inventory	28,179	12,598	31,301	42,532	47,851
TOTAL ASSETS	22,658,214	22,641,738	21,998,080	19,361,178	16,504,022
LIABILITIES					
Accounts payable	2,568,884	2,704,002	2,044,181	2,037,776	1,680,911
Accrued payroll	4,922,906	4,709,522	4,774,805	4,499,022	4,114,853
Accrued absences	213,160	99,129	98,807	265,895	94,915
Unearned revenues	344,492	58,208	42,210	49,428	32,933
TOTAL LIABILITIES	8,049,442	7,570,861	6,960,003	6,852,121	5,923,612
DEFERRED TAX REVENUE					
	843,488	786,089	863,100	806,479	971,922
EQUITY					
Fund balances:					
Non-spendable	28,179	12,598	31,301	42,532	47,851
Restricted	3,480,798	3,199,795	4,966,646	3,438,341	3,347,355
Committed	393,512	400,241	502,763	519,043	452,151
Assigned	2,475,852	3,778,528	2,566,708	2,729,373	2,384,384
Unassigned	7,386,943	6,893,626	6,107,559	4,973,289	3,376,747
TOTAL EQUITY	13,765,284	14,284,788	14,174,977	11,702,578	9,608,488
TOTAL LIABILITIES AND EQUITY	\$22,658,214	\$22,641,738	\$21,998,080	\$19,361,178	\$16,504,022

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,)

	2018	2017	2016	2015	2014
REVENUES					
Taxes	\$68,206,268	\$65,728,769	\$63,400,933	\$60,971,872	\$58,605,638
Licenses and permits	939,441	781,757	816,628	756,181	661,553
Intergovernmental	9,160,919	9,252,343	9,821,341	10,378,344	9,455,733
Interest earned	133,021	175,917	84,783	390,260	108,862
Other	5,810,412	6,228,438	6,021,643	6,081,887	5,564,373
TOTAL REVENUES	84,250,061	82,167,224	80,145,328	78,578,544	74,396,159
EXPENDITURES					
General government	5,665,182	5,290,189	4,951,353	4,829,444	5,059,198
Public services	4,945,601	4,852,147	4,690,296	4,612,240	4,146,541
Public safety	11,220,717	10,845,773	10,125,943	9,514,108	8,879,022
Public works	6,749,774	6,529,061	6,677,609	6,506,439	6,502,618
Education	49,704,053	48,091,286	43,983,487	44,638,078	42,413,258
County tax	2,709,666	2,568,852	2,493,342	2,355,415	2,193,813
Debt service	4,873,855	4,857,655	4,923,898	4,605,500	4,470,950
Capital improvements	766,814	1,148,329	1,037,678	1,192,358	1,146,088
Other	(249)	173,207		6,765	
TOTAL EXPENDITURES	86,635,413	84,356,499	78,883,606	78,260,347	74,811,488
EXCESS OF REVENUES OVER EXPENDITURES	(2,385,352)	(2,189,275)	1,261,722	318,197	(415,329)
OTHER FINANCING SOURCES:					
Operating transfers in	877,657	2,498,932	876,717	594,836	561,290
Operating transfers out	(290,540)	(774,116)	(295,839)	(320,823)	(315,652)
Refunding bonds			3,785,000		-
Premium	606,146		220,512		-
Refunding escrow			(3,972,329)		-
Proceeds from Capital Lease			0		249,109
Bond or note proceeds	672,585	574,270	596,556	1,501,880	471,424
TOTAL OTHER FINANCING:	1,865,848	2,299,086	1,210,617	1,775,893	966,171
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(519,504)	109,811	2,472,339	2,094,090	550,842
FUND BALANCE, BEGINNING OF YEAR	14,284,788	14,174,977	11,702,578	9,608,488	9,057,646
FUND BALANCE, END OF YEAR	\$13,765,284	\$14,284,788	\$14,174,917	\$11,702,578	\$9,608,488

Prepared from Audited Financial Statements

PROPERTY TAXATION

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 2018/2019 due dates are October 15, 2018 and March 15, 2019. All taxes paid after the due dates are subject to interest, established under Title 39, Section 186 of the Maine Revised Statutes, as amended, currently at the rate of 8.0% per annum.

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.

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 6/30/18
2019	\$4,313,600	\$4,012,293	\$16.49	\$66,163	---- In Process ----		
2018	4,068,100	3,785,488	16.49	63,423	\$61,849	99.08%	99.08%
2017	3,899,350	3,776,363	15.92	60,120	59,602	99.14	99.68
2016	3,791,950	3,745,548	15.49	58,019	57,332	98.82	99.95
2015	3,667,300	3,700,488	15.10	55,877	55,322	99.01	99.97
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	50,125	49,484	98.72	99.97
2012	3,556,750	3,571,196	13.03	46,684	46,103	98.75	99.97
2011	3,564,150	3,556,552	12.63	44,929	44,325	98.66	99.97
2010	3,620,450	3,524,772	12.15	42,878	42,371	98.82	99.96
2009	3,563,250	3,487,005	12.15	42,397	41,891	98.81	99.98

The Town is in the second year of a two phase town-wide revaluation. In August 2018, the tax commitment included \$247,723,300 in additional value identified through the commercial and industrial portion of the revaluation. In August 2019, a minimum of \$400,000,000 is expected to be added to the Town’s assessed value from the residential revaluation, once completed.

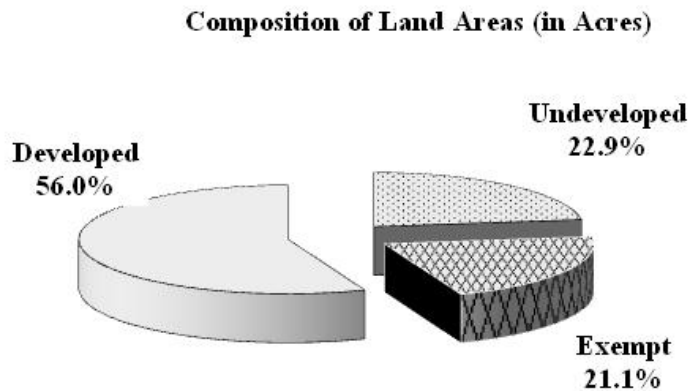
LARGEST TAXPAYERS

Taxpayer	Business	As of April 1, 2018				
		Real Estate	Personal Property	Assessed Total	Property Tax	% of Levy
Maine Life Care	Retirement Com	\$86,629,100	\$1,208,600	\$87,837,700	\$1,448,444	2.15%
Wal-mart/Sam's Club	Wholesale/Retail	38,007,800	3,753,700	41,761,500	688,647	1.02
Gavin Ruotolo	Commercial	34,367,200	177,800	34,545,000	569,647	0.85
Central Maine Power	Utility	32,071,200	43,300	32,114,500	529,568	0.79
Foxcroft & Coach Lantern	Apartments	29,416,100	88,300	29,504,400	486,528	0.72
Hannaford Bros.	Corporate	21,545,000	6,670,300	28,215,300	465,270	0.69
New England Expedition	Retail/Restaurants	22,335,200	-	22,335,200	368,307	0.55
Scarborough Gallery	Retail/Restaurants	21,284,800	-	21,284,800	350,986	0.52
Waterstone Scar. LLC	Shopping Center	16,857,400	-	16,857,400	277,979	0.41
Scarborough ME Sr Prop LLC	Senior Housing	<u>13,992,500</u>	<u>470,000</u>	<u>14,462,500</u>	<u>238,487</u>	<u>0.35</u>
Top Ten Taxpayers as a % of Total		\$316,506,300	\$12,412,000	\$328,918,300	\$5,423,863	8.07%

CURRENT TAX BASE AND TAX BASE GROWTH

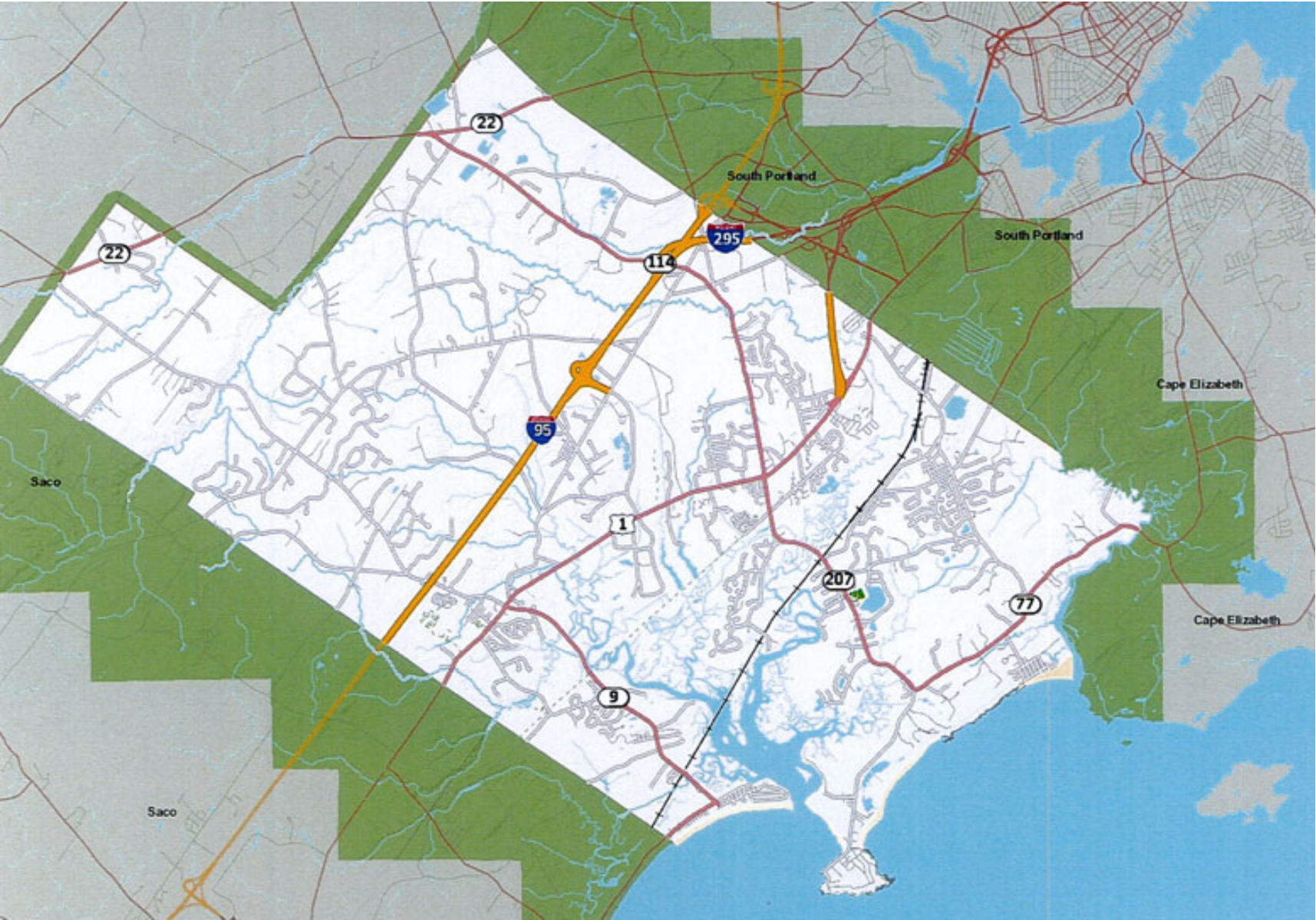
The Town's land area is comprised of 28,178 acres. The below table and chart displays the composition of land area available for tax base, and the potential for future tax base by the conversion of land from undeveloped to developed.

<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.

ZONING



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 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		
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
2014	791,820	4,241,404	338,458	1,600	268,811	430,464	6,072,557

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, 2019 the Town's equalized state valuation ("Equalized State Valuation" or "ESV") was \$4,313,600,000. The 15% statutory debt limit is \$647,040,000; the Local debt limit is \$366,656,000. On June 30, 2018 the Town's long-term debt was \$102,650,000 or 2.38% of the 2019 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, 2018 (audited) and projected for June 30, 2019 (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 6/30/2018</u>	<u>Payments</u>	<u>Projected 6/30/2019</u>
2009	5/1/2009	4,560,000	11/1/2028	\$310,000	(\$310,000)	\$0
2009	10/1/2009	1,780,000	11/1/2019	300,000	(185,000)	115,000
2010	4/15/2010	6,002,000	11/1/2030	2,935,000	(345,000)	2,590,000
2011	6/15/2011	5,600,000	11/1/2030	2,190,000	(355,000)	1,835,000
2012	5/8/2012	46,545,000	11/1/2041	39,225,000	(2,825,000)	36,400,000
2013	4/1/2013	25,685,000	11/1/2042	22,365,000	(765,000)	21,600,000
2014	5/15/2014	6,505,000	11/1/2033	3,760,000	(700,000)	3,060,000
2015	5/1/2015	6,085,000	11/1/2034	4,605,000	(430,000)	4,175,000
2016	5/12/2016	7,540,000	11/1/2035	6,015,000	(1,035,000)	4,980,000
2017	6/8/2017	2,755,000	11/1/2036	2,755,000	(360,000)	2,395,000
2018	3/1/2018	18,190,000	11/1/2047	<u>18,190,000</u>	<u>0</u>	<u>18,190,000</u>
		Sub-total		102,650,000	(7,310,000)	95,340,000
2019	6/20/2019	7,380,000	11/1/2048	0	0	7,380,000
		Total		<u>\$102,650,000</u>	<u>(\$7,310,000)</u>	<u>\$102,720,000</u>

DEBT RATIOS

Fiscal Yr. End June 30,	Population	Equalized State Val. (000)	Assessed Valuation (000)	Total Debt	Debt as % Eq. Val.	Per Capita Debt
2018	20,208	\$4,068,100	\$4,012,293	\$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
2009	18,812	3,563,250	3,487,005	67,785,000	1.90	3,603.29
2008	18,812	3,531,150	3,397,230	69,328,000	1.96	3,685.31

PROJECTED DEBT SERVICE REQUIREMENTS

Fiscal Yr. End June 30,	Prior Debt			Projected Debt (This Issue)			Projected Total Debt Service
				Pro-forma			
	Principal	Interest	Total	Principal	Interest	Total	
2019	\$7,310,000	\$3,396,525	\$10,743,825	\$0	\$0	\$0	\$10,743,825
2020	7,630,000	3,527,106	11,157,106	0	257,266	257,266	11,414,372
2021	7,675,000	3,228,331	10,903,331	410,000	287,550	697,550	11,600,881
2022	7,185,000	2,953,000	10,138,000	410,000	267,050	677,050	10,815,050
2023	6,870,000	2,713,369	9,583,369	410,000	246,550	656,550	10,239,919
2024	5,445,000	2,477,819	7,922,819	410,000	226,050	636,050	8,558,869
2025	4,830,000	2,267,725	7,097,725	410,000	205,550	615,550	7,713,275
2026	4,815,000	2,070,619	6,885,619	295,000	187,925	482,925	7,368,544
2027	4,710,000	1,870,747	6,580,747	295,000	173,175	468,175	7,048,922
2028	4,580,000	1,686,894	6,266,894	295,000	158,425	453,425	6,720,319
2029	4,370,000	1,515,150	5,885,150	295,000	143,675	438,675	6,323,825
2030	4,050,000	1,353,356	5,403,356	295,000	128,925	423,925	5,827,281
2031	4,020,000	1,204,581	5,224,581	295,000	114,175	409,175	5,633,756
2032	3,800,000	1,061,931	4,861,931	295,000	102,375	397,375	5,259,306
2033	3,780,000	922,863	4,702,863	295,000	93,525	388,525	5,091,388
2034	3,100,000	787,338	3,887,338	295,000	84,675	379,675	4,267,013
2035	2,490,000	671,238	3,161,238	295,000	75,825	370,825	3,532,063
2036	1,860,000	579,138	2,439,138	260,000	67,500	327,500	2,766,638
2037	1,795,000	499,863	2,294,863	260,000	59,700	319,700	2,614,563
2038	1,760,000	425,513	2,185,513	260,000	51,900	311,900	2,497,413
2039	1,760,000	355,819	2,115,819	260,000	44,100	304,100	2,419,919
2040	1,750,000	288,594	2,038,594	260,000	36,300	296,300	2,334,894
2041	1,750,000	223,131	1,973,131	120,000	30,600	150,600	2,123,731
2042	1,750,000	157,669	1,907,669	120,000	27,000	147,000	2,054,669
2043	1,065,000	105,906	1,170,906	120,000	23,400	143,400	1,314,306
2044	500,000	78,438	578,438	120,000	19,800	139,800	718,238
2045	500,000	61,250	561,250	120,000	16,200	136,200	697,450
2046	500,000	43,750	543,750	120,000	12,600	132,600	676,350
2047	500,000	26,250	526,250	120,000	9,000	129,000	655,250
2048	500,000	8,750	508,750	120,000	5,400	125,400	634,150
2049				120,000	1,800	121,800	121,800
TOTAL	\$102,650,000	\$36,562,659	\$139,249,959	\$7,380,000	\$3,158,016	\$10,538,016	\$149,787,975

DEBT SERVICE COMPONENT OF OPERATING EXPENSES

	Audited				
	2014	2015	2016	2017	2018
Total Current Year Debt Service:	\$8,378,569	\$8,980,337	\$9,838,805	\$10,393,228	\$10,397,906
Budgeted Operating Expense:	71,249,706	76,271,802	78,201,950	82,453,257	82,428,257
Debt Service as % Oper. Expense:	11.76%	11.77%	12.58%	12.60%	12.32%

PROJECTED PRINCIPAL PAYMENTS, BY ISSUE

(\$/000)

Yr. End June 30,	2009	2009	2010	2011	2012	2013	2014	2015	2016	2016	2017	2018	2019	Total
2019	310	185	345	355	2,825	765	700	430	615	420	360	0	0	7,310
2020		115	345	355	3,210	770	325	430	250	535	360	935	0	7,630
2021			345	355	3,475	765	325	335	245	535	360	935	410	8,085
2022			280	115	3,685	765	310	335	155	310	295	935	410	7,595
2023			280	115	3,520	765	300	335	155	280	190	930	410	7,280
2024			280	115	2,170	715	300	320	150	280	185	930	410	5,855
2025			280	115	1,870	720	250	320	125	270	185	695	410	5,240
2026			280	115	1,585	1,045	250	265	125	270	185	695	295	5,110
2027			100	110	1,335	1,430	250	265	70	270	185	695	295	5,005
2028			100	110	1,310	1,465	250	265	70	265	55	690	295	4,875
2029			100	110	1,330	1,405	250	265	70	95	55	690	295	4,665
2030			100	110	1,355	1,435	50	245	65	0	55	635	295	4,345
2031			100	110	1,775	1,065	50	165	65	0	55	635	295	4,315
2032					1,815	1,075	50	160	65	0	55	580	295	4,095
2033					1,800	1,090	50	160	65	0	35	580	295	4,075
2034					685	1,525	50	160	65	0	35	580	295	3,395
2035					685	1,045		150	65	0	35	510	295	2,785
2036					685	565			65	0	35	510	260	2,120
2037					685	565					35	510	260	2,055
2038					685	565						510	260	2,020
2039					685	565						510	260	2,020
2040					685	565						500	260	2,010
2041					685	565						500	120	1,870
2042					685	565						500	120	1,870
2043						565						500	120	1,185
2044												500	120	620
2045												500	120	620
2046												500	120	620
2047												500	120	620
2048												500	120	620
2049													120	120
Sub-total	310	300	2,935	2,190	39,225	22,365	3,760	4,605	2,485	3,530	2,755	18,190	7,380	110,030
(Pd 2019)	<u>(310)</u>	<u>(185)</u>	<u>(345)</u>	<u>(355)</u>	<u>(2,825)</u>	<u>(765)</u>	<u>(700)</u>	<u>(430)</u>	<u>(615)</u>	<u>(420)</u>	<u>(360)</u>	<u>0</u>	<u>0</u>	<u>(7,310)</u>
Total	0	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

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, 2019 the Town’s equalized State Valuation of \$4,313,600,000 is 9.20% of the County’s equalized State Valuation of \$46,892,350,000. The Town’s share is 9.20%, or \$3,533,222, of the County’s \$38,409,000 long-term debt projected outstanding as of December 31, 2018.

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 June 30, 2018 the Town was contingently responsible for approximately 14.14%, or \$7,555,149 of the PWD’s \$53,447,651 Water System Debt outstanding as of December 31, 2018.

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, 2018, 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, 2018 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 \$14,564,514 at June 30, 2018 (the most current information available). The Town’s proportionate share of these estimated landfill closure and post-closure care costs is 9.09% or \$1,324,491.

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⁾	\$102,650,000			\$102,650,000
County of Cumberland ⁽²⁾		3,533,222		3,533,222
Portland Water District ecomaine (RRS) ⁽¹⁾		7,555,149	0	7,555,149
ecomaine (MRF) ⁽¹⁾			0	0
ecomaine (Landfill) ⁽¹⁾			4,324,491	4,324,491
Total	\$102,650,000	\$11,088,371	\$4,324,491	\$118,062,862
Debt as % 2019 ESV	2.38%	0.26%	0.10%	2.74%
Debt per Capita	\$5,079.67	\$548.71	\$214.00	\$5,842.38

NOTE: ⁽¹⁾ As of June 30, 2018.

⁽²⁾ As of December 31, 2018.

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>2019 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	08-122	Broadturn Road	61,700	0	(61,700)	0
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	Eastern Trail	216,700	(110,000)	(106,700)	0
2016/2017	17-037	Cummings Rd Reconstruct	250,000	0		250,000
2016/2017	17-113	Eastern Trail	110,000			110,000
2017/2018	17-113	PW Mid-level Road	<u>300,000</u>	<u>0</u>	<u>(263,000)</u>	<u>37,000</u>
			\$6,843,400	(\$3,652,570)	(\$431,400)	\$2,759,430

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 300 participating employers. Employee membership data related to the Plans, as of June 30, 2017, 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	39,074	7,779
Retirees and beneficiaries receiving benefits	<u>36,601</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 5%.

For the year ended June 30, 2018, the Town's total payroll for all employees was \$43,260,747. Total covered payroll was \$24,415,427 for the SET Plan and \$7,843,357 for the PLD Plan. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

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, 2018, was 3.97% of annual teacher payroll, plus 11.08% for grant funded wages, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year (normal cost contributions). The School Department's contributions to the SET Plan for the year ended June 30, 2018 were \$1,018,971.

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, 2018, was 9.6% of annual payroll. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2018 was 9.6% or 15.7%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town's contributions to the Plan for the year ended June 30, 2018 were \$920,669.

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

SET Plan

At June 30, 2018, the Town of Scarborough School Department reported a liability for its proportionate share of the net pension liability that reflected a reduction of State pension support provided to the Town'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:	\$552,792
State's proportionate share of the net pension liability:	<u>27,719,908</u>
Total:	\$28,272,700

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability was based on a projection of the School Department's long-term share of contributions relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the School Department's proportion was 0.038 %, which was an increase of 0.003% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018 the School Department recognized pension expense of \$850,775 and revenue of \$2,331,431 for support provided by the State. In addition, the School Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:	\$23,249	-
Changes of Assumptions:	-	\$8,633
Net difference between projected and actual earnings on pension investments:	154,224	162,354
Changes in proportion and differences between contributions and proportionate share of contributions:	26,241	30,246
The Town's contributions subsequent to the measurement date:	1,018,971	-
Total:	<u>\$1,222,685</u>	<u>\$201,233</u>

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

PLD Plan

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

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

The \$920,669 of deferred outflows of resources resulting from the Town and School Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense) as follows:

<u>Year ended June 30,</u>	<u>PLD Plan</u>
2019	(\$7,699)
2020	690,460
2021	43,720
2022	<u>(443,676)</u>
Total	\$282,805

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, 2018", pages 71 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 \$317,053 which was 6% of the participating employees and 17% of the Town Manager's current year covered payroll. The covered payroll amounted to \$5,017,784, while the Town's total payroll was \$14,181,747. Employee's required contributions amounted to \$292,346, which was 6% of the Town's current year covered payroll. No pension provision changes occurred during the year that affected the required contributions to be made by the Town or its employees. The ICMA Money Purchase Plan held no securities of the Town or other related parties during the year or as of the close of the fiscal year.

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 \$516,329 and the Town contributions amounted to \$265,076. The Town contributes a match up to 4%. The covered payroll amounted to \$6,433,989. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. 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

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, ("GASB 45") addresses the reporting and disclosure requirements for other post-employment benefits ("OPEB"). GASB 45 was implemented, as required, by the Town for the year ended June 30, 2009. GASB 45 requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The Town is a member of the Maine Municipal Employees Health Trust (the "Health Trust"). The Health Trust contracted with an outside consultant to assist in the determination and valuation of the Town's OPEB liability under GASB 45. An OPEB liability actuarial valuation was completed by the consultants as of January 1, 2018 for the year ended June 30, 2018. GASB 45 rules allow employers with fewer than 200 employees to use the same actuarial study for three years.

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

Plan membership - At January 1, 2018, the following were covered by the benefit terms: Inactive employees or beneficiaries currently receiving benefit payments were 17, Active employees were 177, and total employees were 194. The Town's total OPEB liability of \$3,335,045 was measured as of January 1, 2018.

Changes in the Total OPEB Liability

Balance at June 30, 2017:	\$3,174,482
Changes for the Year	
Service cost:	95,617
Interest:	121,874
Changes in benefit terms:	0
Differences between expected and actual experience:	105,980
Changes in assumptions or other inputs:	(70,197)
Benefit payments:	<u>(92,711)</u>
Net Changes:	<u>160,563</u>
Balance at June 30, 2018	3,335,045

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

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

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

The Town does not believe that its OPEB liabilities, as determined pursuant to GASB 45, have a material impact on its current financial condition or operations. The Town has monitored and will continue to monitor its OPEB liabilities as determined pursuant to GASB 45. The Town does not, however, offer any assurance as to the impact, if any, of future OPEB liabilities, as determined pursuant to GASB 45, on the Town's future financial condition or operations. For additional information about the Town's OPEB liabilities, see "Other Post-Employment Benefits" in Notes to Basic Financial Statements in APPENDIX A hereto.

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

Property tax appeals involving a partial land revaluation of approximately 50 water and water-influenced properties for tax year 2012 were decided in two separate decisions of the Maine Supreme Judicial Court in August and October 2016, and remanded back to the local Board of Assessment Review (“BAR”) on a discrete issue of the calculation of a remedy. Similar appeals were filed with the Scarborough BAR by the majority of the same parties for the 2013, 2014 and 2015 tax years. The consolidated appeals for all four years were decided by the BAR on May 11, 2017. Based upon this decision, the Town reimbursed the taxpayers collectively \$381,289, together with interest of \$81,946. That amount was paid by the Town in early October 2017.

The taxpayers appealed the 2017 BAR decision to the Superior Court, requesting an unspecified additional abatement, which appears to bring the total abatement to approximately \$1,600,000, before interest. On December 1, 2017 the Superior Court again remanded the appeals for all four years to the BAR, rejecting the BAR decision, without adopting the arguments of the taxpayers. The Court instructed the BAR to recalculate the abatements and the BAR held an additional hearing in the spring of 2018 and issued a decision in June 2018 approving abatements of approximately \$703,000, with interest at a lower rate totaling approximately \$65,000, which is inclusive of the amounts paid in October 2017. Following a further appeal by the taxpayers, in January 2019 the Superior Court affirmed this decision and both sides have appealed that decision to the Maine Supreme Judicial Court, with a decision anticipated near the end of 2019.

In anticipation of potential additional liability in the above appeal, the Town Council requested to the Assessor, that he increase the fiscal year 2018/2019 overlay by an additional \$350,000 to make funds available, if necessary, for further resolution of this issue.

Additionally, 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

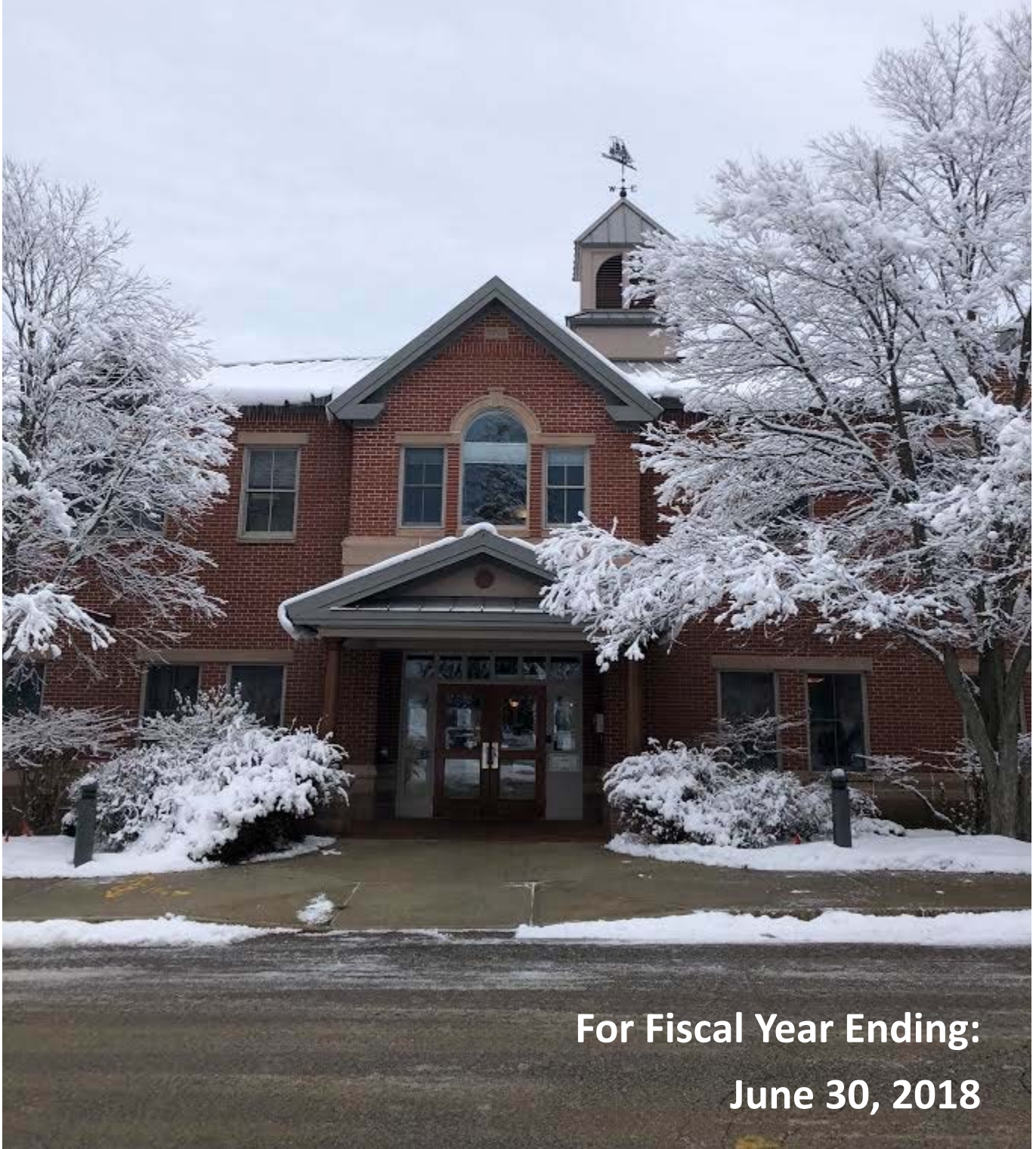
**TOWN OF SCARBOROUGH, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
YEAR ENDED JUNE 30, 2018**

(With Report of Independent Auditors' Thereon)

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Town of Scarborough Maine

Comprehensive Annual Financial Report

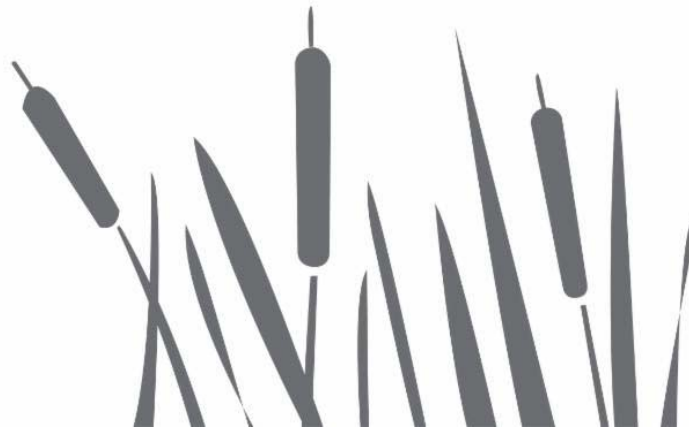


**For Fiscal Year Ending:
June 30, 2018**

Town of Scarborough Maine

Comprehensive Annual Financial Report

SCARBOROUGH
MAINE



Prepared By:

Town of Scarborough Maine

Finance Department

For Fiscal Year Ending: June 30, 2018

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

Table of Contents

	<u>Statement</u>	<u>Page</u>
INTRODUCTORY SECTION		
Letter of Transmittal		1-13
Certificate of Achievement for Excellence in Financial Reporting		14
Organizational Chart		15
List of Elected and Appointed Officials		16
FINANCIAL SECTION		
Independent Auditors' Report		19-21
Management's Discussion and Analysis		25-37
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	41
Statement of Activities	2	42
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	43
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4	44
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	45
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	6	46
Statement of Fiduciary Net position – Fiduciary Funds	7	47
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	8	48
Notes to Basic Financial Statements		49-78
Required Supplementary Information		
Schedule of Changes in Net OPEB Liability and Related Ratios – MMEHT		79
Schedule of Proportionate Share of the Net Pension Liability		80
Schedule of Contributions		81
	<u>Exhibit</u>	
Combining and Individual Fund Statements and Schedules:		
General Fund:		
Comparative Balance Sheets	A-1	85
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis	A-2	86-88
Nonmajor Governmental Funds:		
Combining Balance Sheet	B-1	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	90
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C-1	95-96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	97-98

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

Table of Contents, continued

	<u>Exhibit</u>	<u>Page</u>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –		
School Categorical Funds	C-3	99
Nonmajor Capital Project Funds:		
Balance Sheet	D-1	103
Statement of Revenues, Expenditures and Changes in Fund Balance	D-2	104
Nonmajor Permanent Funds:		
Combining Balance Sheet	E-1	107
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-2	108
Private-purpose Trust Funds:		
Combining Statement of Fiduciary Net position	F-1	111
Combining Statement of Changes in Fiduciary Net Position	F-2	112
Agency Funds:		
Statement of Changes in Assets and Liabilities	F-3	113
General Long-term Debt:		
Statement of Changes in General Long-term Debt	G	117-118

Table

STATISTICAL SECTION

Statistical Information:

Net Position by Component - Last Ten Fiscal Years	1	123
Changes in Net Position - Last Ten Fiscal Years	2	124
Fund Balances of Governmental Funds - Last Ten Fiscal Years	3	125
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	4	126
General Governmental Expenditures by Function - Budgetary Basis		
– Last Ten Fiscal Years	5	127
General Government Tax Revenue by Source - Last Ten Fiscal Years	6	128
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	7	129
Property Tax Rates Direct and Overlapping Governments – Last Ten Fiscal Years	8	130
Principal Property Taxpayers – Current Year and Ten Years Ago	9	131
Property Tax Levies and Collections – Last Ten Fiscal Years	10	132
Assessed Valuations and Tax Levies – Last Ten Fiscal Years	11	133
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	12	134
Ratios of General Bonded Debt Outstanding	12A	135
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt		
to Total General Fund Expenditures - Last Ten Fiscal Years	13	136
Legal Debt Margin Information – Last Ten Fiscal Years	14	137
Direct, Overlapping and Contingent Debt – Last Ten Fiscal Years	14A	138
Demographic and Economic Statistics – Last Ten Fiscal Years	15	139
Principal Employers – Current Year and Ten Years Ago	16	140
Unemployment Data – Last Ten Fiscal Years	17	141
Operating Indicators by Function – Last Ten Fiscal Years	18	142
Capital Asset Statistics by Function – Last Six Fiscal Years	19	143
Town Government Employees by Function Last Ten Fiscal Years	20	144
Departmental Listings by Division, Department and Function	21	145

Town of Scarborough Maine Comprehensive Annual Financial Report



Introduction

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Town of Scarborough, Maine

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

January 31, 2019

Peter Hayes, Council Chairperson
and Distinguished Members of the Town Council
Scarborough, Maine

In accordance with the requirements of our Town Charter and state statutes, we hereby issue to the citizens of the Town of Scarborough and to all interested parties, the comprehensive annual financial report of the Town of Scarborough, Maine for the fiscal year ended June 30, 2018.

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

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Scarborough for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This is the thirteenth-consecutive year that the Town of Scarborough has submitted and achieved this prestigious award. In order to receive the Certificate of Achievement award, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

TOWN'S ORGANIZATIONAL STRUCTURE AND SERVICES PROVIDED

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

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

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

The Scarborough Public Library is a discretely presented component unit in a separate column in the government wide financial statements to emphasize that they are legally separate from the Town of Scarborough and to differentiate their financial position and results of operations and cash flows from those of the Town. The Library's Board of Trustees appoints its own board members; however, the Town provides the majority of the Library's funding.

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

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

Portland Water District
ecomaine (formerly Regional Waste)

In accordance with the provisions of Article V of the Town Charter, the annual budget serves as the foundation for Scarborough's financial planning and control. The Town's budget year begins July 1 and ends June 30 of the following year. The Charter provides that the Town Manager submit a budget to the Town Council, at least 60 days prior to the beginning of each fiscal year. The Finance Committee reviews the proposed budget and makes recommendations to the Town Council. With prior public notification, the Council orders a public hearing. If the Council does not adopt the annual budget prior to July 1, then the budgets presented by the Town Manager and the Board of Education becomes the budget for the fiscal year. Department Administrators and the Board of Education may make transfers of appropriations within their departments. Transfers of appropriations between departments, however, require the approval of the Town Council. Once the Council approves the school's budget, the budget then goes to the voters for approval. This must happen within 14 days of the Town Council vote. If the voters do not approve the budget, it goes back to the School Board for revision, the Council has to approve it, and then it goes back to the citizens. This process continues until the voters approve a school budget.

In the event the voters do not approve the school's budget by July 1, the last budget approved by the Town Council becomes the school's budget until the school referendum is approved.

ECONOMIC CONDITION AND FUTURE OUTLOOK

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

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

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

Southern Maine is in much better shape than other areas within the state, but the area is not immune to the current issues of an aging population and dwindling population growth rate. As noted last year, easing the housing crunch by adding to the rental market can contribute to the solution. The State's new program to allow individuals and companies to deduct student debt is another valuable tool. This labor shortage will be the significant economic development issue for the foreseeable future.

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

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

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

Health Care continues to be an important industry in Scarborough – with 21% of total “wage and salary” jobs falling into this classification. This sector is fueled by major players in the health care market including Maine Health, which has both its research institute and its financial center located in town. Martin’s Point Health Care is another major component of Scarborough’s health care industry. Abbott Labs, a bioscience company located in the Scarborough Industrial Park, continues to expand, both in space and in total employment. The company continues to grow – adding another 67 jobs last year. It is anticipated that the physical plant will continue to be expanded in 2018. The Life Sciences cluster, including Maine Health and Abbott, holds great potential for Scarborough and the Portland region. The town follows this cluster closely and is actively marketing to this sector (locally, nationally and internationally) in cooperation with the City of Portland and the Maine International Trade Center. The former location of the Foundation for Blood Research has been modernized and square footage increased, providing an excellent location for new companies in this economic cluster. The site, located near the I-295 connector providing 10-minute access to downtown Portland, has been permitted for additional buildings.

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

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

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

Major Initiatives:

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

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

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

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

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

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

Scarborough's Information Technology Department (IT) is a shared services model facilitating and maintaining the technology needs of both the town and school departments. In addition to end-user technology, the IT Department also manages a complex infrastructure of fiber and wireless networks and all telecommunication systems. For both school and town, the IT staff maintains applications both internally hosted and cloud based. The town's web sites, intranet and a variety of other social media outlets are also maintained by IT. The IT staff work with all departments to work on electronic security issues as well.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On October 1, 2015, the Police Department initiated Operation Hope. It is an innovative program providing compassionate assistance to those experiencing Substance Use Disorder. Fiscal 2018 saw the successful placement of a total of 300 individuals into substance use treatment programs. The vast majority of those individuals did not have insurance or money to pay for transportation costs to the many facilities all over the country that accept them. This program uses zero tax dollars and is supported entirely through grants and donations. The Police Department partnered with Project GRACE (Granting Resources and Assistance through Community Effort), a very well-respected Scarborough non-profit organization that serves as a fiduciary for the program.

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

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

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

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

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

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

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

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

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

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



Long Term Financial Planning

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

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

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

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

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

FINANCIAL INFORMATION

Assessed Valuation and Collections.

An indicator of Scarborough's strong local economy is in the growth of the Town's assessed value of real and personal property. The Town of Scarborough increased its 2018 value by \$9,125,842 from 2017. For the 2018 tax year, the valuation was \$3,785,488,342 compared to the 2017 valuation of \$3,776,362,500.

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

<u>As of June 30, 20xx</u>	<u>As of June 30, 2018</u>
\$757,108 in 2014	\$13,345
\$555,384 in 2015	\$14,921
\$686,766 in 2016	\$28,669
\$517,690 in 2017	\$189,851
\$565,963 in 2018	\$565,963

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

OTHER INFORMATION

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

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

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

Acknowledgements.

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

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

Respectfully Submitted,

Ruth D. Porter
Finance Director



Government Finance Officers Association

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

Presented to

**Town of Scarborough
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

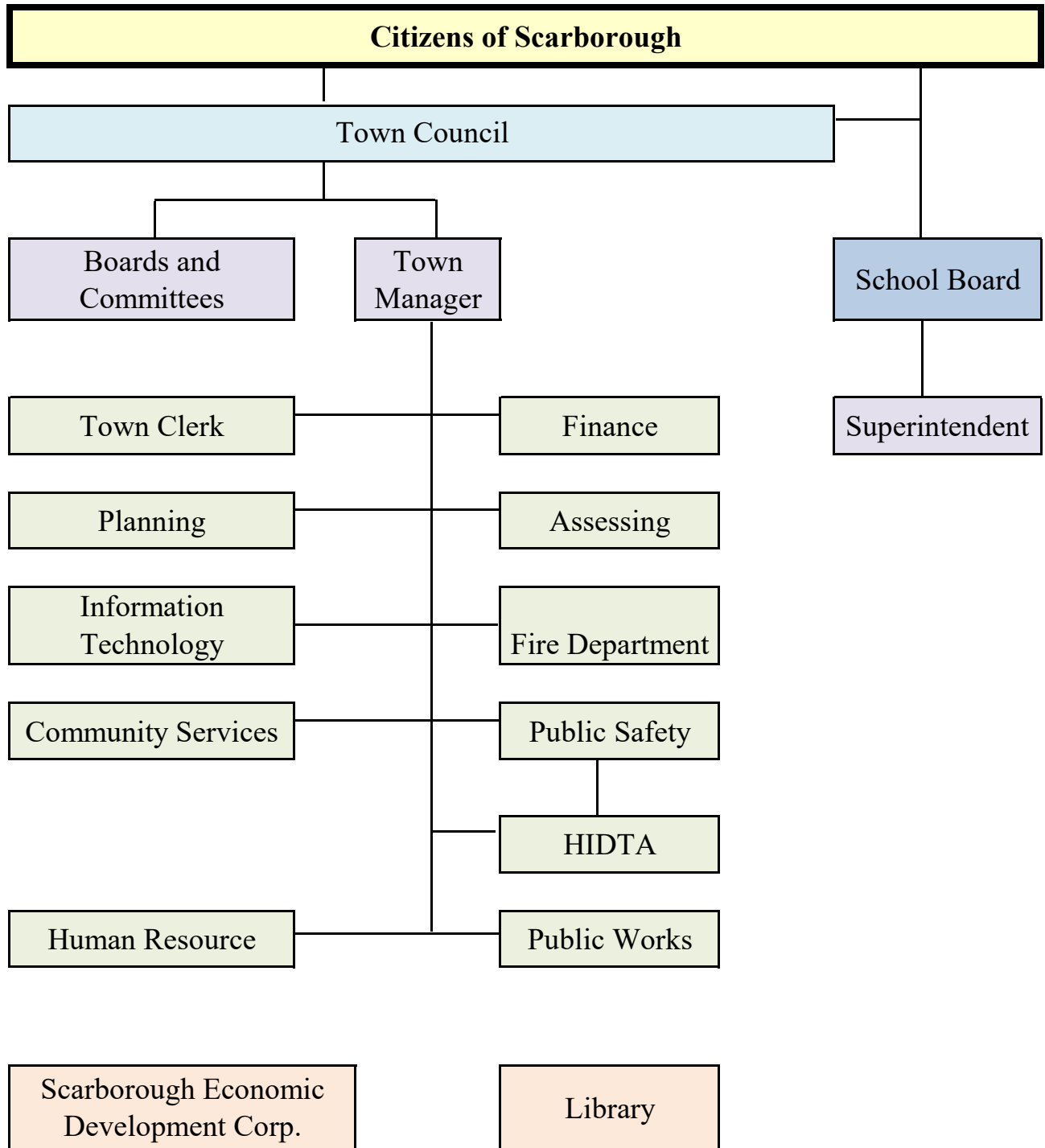
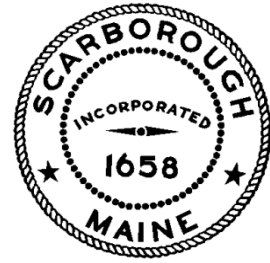
June 30, 2017

Christopher P. Morill

Executive Director/CEO

Town of Scarborough, Maine

Organizational Chart



Principal Executive Officers 2017-2018

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

<u>OFFICE</u>	<u>NAME</u>	<u>MANNER OF SELECTION/TERM</u>	<u>TERM EXPIRES</u>
Town Council Members:	Shawn Babine	Elected - 3 Year Term	11/2020
	Christopher Caiazzo, Vice Chair	Elected - 3 Year Term	11/2018
	Jean-Marie Caterina	Elected - 3 Year Term	11/2020
	William Donovan, Council Chair	Elected - 3 Year Term	11/2019
	Kathleen Foley	Elected - 3 Year Term	11/2019
	Peter Hayes	Elected - 3 Year Term	11/2020
	William Rowan	Elected - 3 Year Term	11/2018
Municipal Employees:			
Town Manager	Thomas J. Hall	Appointed - 3 Year Term	12/31/2020
Assistant Town Manager	Larissa Crockett	Appointed/Indefinite	N/A
Town Clerk/Registrar of Voters	Yolande P. Justice	Appointed/Indefinite	N/A
Finance Director/Tax Collector and Treasurer	Ruth D. Porter	Appointed/Indefinite	N/A
Assessor	David Bouchard	Appointed/Indefinite	N/A
Chief of Police	Robert Moulton	Appointed/Indefinite	N/A
Code Enforcement Officer	Brian Longstaff	Appointed/Indefinite	N/A
Director of Public Works	Michael Shaw	Appointed/Indefinite	N/A
Fire Chief	B. Michael Thurlow	Appointed/Indefinite	N/A
Town Planner	Jay Chace	Appointed/Indefinite	N/A
Senior Planner	Jamel Torres	Appointed/Indefinite	N/A
Recreation Director	Todd Souza	Appointed/Indefinite	N/A
Human Resource/General Ass't.	Liam Gallagher	Appointed/Indefinite	N/A
Community Development Director	Karen Martin	Appointed/Indefinite	N/A
School Board Members:			
	Hillory Durgin	Elected - 3 Year Term	11/2020
	Leann Kazilionis, Chair	Elected - 3 Year Term	11/2020
	Jacquelyn Perry	Elected - 3 Year Term	11/2018
	Mary Starr	Elected - 3 Year Term	11/2018
	Vacant	Elected - 3 Year Term	11/2018
	Vacant	Elected - 3 Year Term	11/2019
	Vacant	Elected - 3 Year Term	11/2019
Superintendent of Schools	Julie Kukenberger	Appointed/Indefinite	N/A
Assistant Superintendent of Schools/Adult Education Director	Jo Ann Sizemore	Appointed/Indefinite	N/A
Business Office Manager	Kate Bolton	Appointed/Indefinite	N/A
School Lunch Director	Peter Esposito	Appointed/Indefinite	N/A
Federal Project Administrators:	Monique Culbertson		
	Kate Bolton		

Town of Scarborough Maine

Comprehensive Annual Financial Report



Financial Section

For Fiscal Year Ending:

June 30, 2018

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Independent Auditors' Report

Town Council
Town of Scarborough, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine (the Town), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Town Council
Town of Scarborough, Maine

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of and for the year ended June 30, 2018 and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scarborough, Maine's financial statements. The introductory section on pages 1 – 16, supplementary statements and schedules on pages 85 – 118, and statistical tables on pages 123 – 145, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Town Council
Town of Scarborough, Maine

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

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

Prior Period Information

In accordance with auditing standards generally accepted in the United States of America, the Town of Scarborough, Maine's basic financial statements for the year ended June 30, 2017, which are not presented with the accompanying statements, were audited by Macpage LLC, who merged with Wipfli LLP as of August 1, 2018, and whose report, dated January 30, 2018, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Scarborough, Maine. The financial statements of the Scarborough Public Library, a component unit of the Town, were audited by other auditors. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scarborough, Maine's basic financial statements as a whole. The combining statements for the General Fund Balance Sheet, Exhibit A-1, and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance, Exhibit A-2, related to the June 30, 2017 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the June 30, 2017 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The opinion expressed by Macpage LLC on the June 30, 2017 combining statements for the General Fund Balance Sheet, Exhibit A-1, and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance, Exhibit A-2, stated that these statements and schedules were fairly stated in all material respects, in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019, on our consideration of Town of Scarborough, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Scarborough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Scarborough, Maine's internal control over financial reporting and compliance.

Wipfli LLP

South Portland, Maine
January 31, 2019

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Town of Scarborough Maine

Comprehensive Annual Financial Report



Management Discussion & Analysis

Legacy Business of 2018 – Johnson & Jordan

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

As management of the Town of Scarborough, we are presenting our narrative overview and analysis of the Town's financial activities during the fiscal year ended June 30, 2018. Please consider this information in conjunction with the transmittal letter at the front of this report and the Town's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

The assets of the Town of Scarborough exceeded its liabilities at the close of this most recent fiscal year by \$63,299,311 (net position). Of this amount, \$1,353,889 represents a deficit unrestricted net position. This is a decrease over the prior year deficit by \$2,421,125.

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

The Town of Scarborough amended its Fund Balance Policy November 2, 2016 and established an unassigned fund balance goal of 10.00% of the prior years' operating budget. The Operating Budget for fiscal 2017 totaled \$81,711,753. As of June 30, 2018, unassigned fund balance for the general fund was \$7,386,943 or 9.04% of the prior years' operating budget compared to 8.88% as of June 30, 2017.

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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

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

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

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

The government-wide financial statements include not only the Town of Scarborough (known as the *primary government*), but also the legally separate Public Library for which the Town of Scarborough is financially accountable. Financial information is reported separately from the financial information presented for the Town of Scarborough itself. The government-wide financial statements can be found on pages 41 – 42 of this report.

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

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

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

The Town of Scarborough maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Haigis Parkway and the Public Safety Building Construction all of which are considered major funds. Data from the remaining 19 funds (Special Revenue, Capital Projects, and Permanent) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in Exhibit C-1 through Exhibit E-2.

The basic governmental funds financial statements can be found on pages 43 – 44 of this report.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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

- The General Town Improvements Account was established to account for grants, awards, and money appropriated by the Town Council or approved by voter referendum for major municipal capital projects.
- The General School Improvements Account was established to account for grants, awards and money appropriated by the Town Council or approved by voter referendum for major school capital projects.

The General Town Improvement and General School Improvement accounts are not major funds and are provided in the form of combining statements elsewhere in this report. The non-major capital projects fund financial statements are found on pages 103 - 104 of this report.

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

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

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

The permanent fund financial statements can be found on pages 107 - 108 of this report.

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

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

The basic fiduciary fund financial statements can be found on pages 111 - 113 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49 – 78.

Other Information. The combining statements referred to earlier in conjunction with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 85 - 118 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of the Town's financial position. In the case of the Town of Scarborough, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$63,299,311 as of June 30, 2018 compared to \$61,817,044 at June 30, 2017.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

By far, the largest portion of the Town of Scarborough's Net Position (98.07%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets. The Town of Scarborough uses these capital assets to provide services to Scarborough citizens; consequently, these assets are not available for future spending. Although the Town of Scarborough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Below is a summary of the Town of Scarborough's Net Position for the current year and the prior two years.

Town of Scarborough's Net Position
Governmental Activities

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

\$2,577,864 (4.07%) of the Town of Scarborough's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of unrestricted net position of (\$1,353,889) is the result of the new GASB other post-employment benefit standard.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

GOVERNMENTAL ACTIVITIES. The increase pertaining to the Town of Scarborough's net position of \$1,482,267 is due to the governmental activities of the Town. The Town of Scarborough's tax revenues increased by \$2,604,777. Actual vehicle excise tax collections increased by \$29,909 from the prior year. Increase in taxes is due in part to the increase in the overall assessed valuation of the Town of \$9,125,842, up from \$3,776,362,500 to \$3,785,488,342. The increase in the town's property value allows the Town of Scarborough to receive more in property taxes without excessive increases in the tax rate.

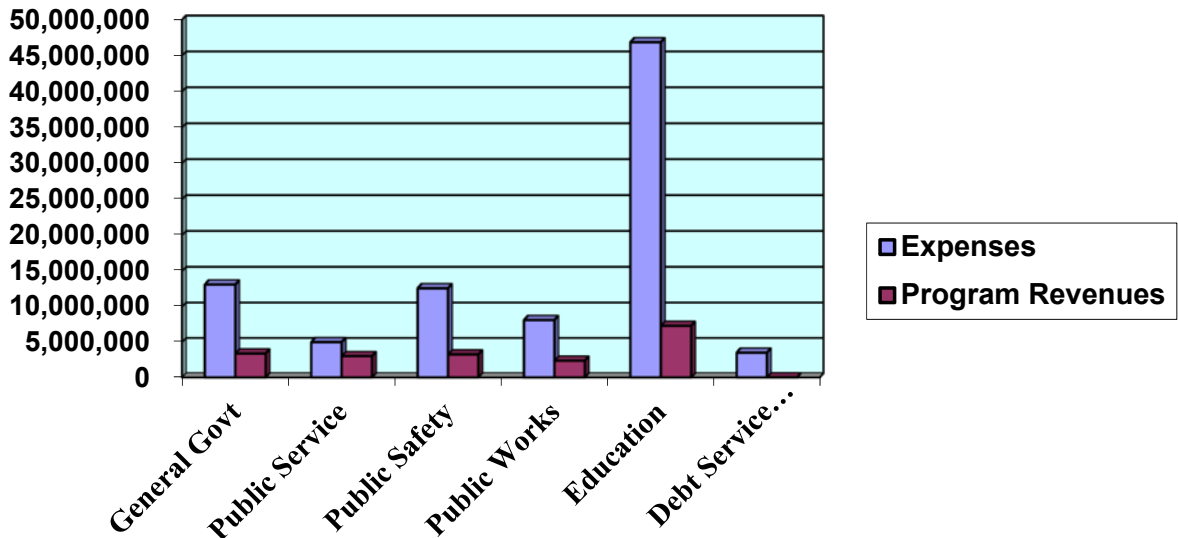
Key components of this net position increase are shown below.

Town of Scarborough's Changes in Net Position

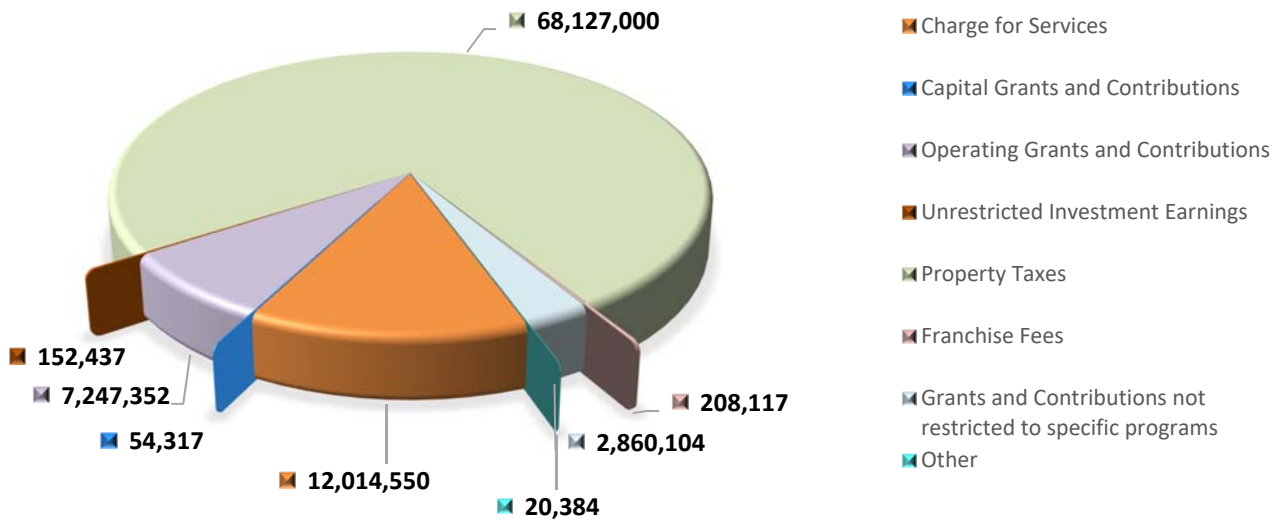
	2018	2017
Revenues:		
Program Revenues:		
Charge for services	\$ 12,014,550	\$ 11,807,859
Operating grants and contributions	7,247,352	9,486,212
Capital grants and contributions	54,317	161,912
General Revenues:		
Property and excise taxes, levied for general purposes	68,127,000	65,522,223
Franchise Tax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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Expenses and Program Revenues - Governmental Activities



REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



FINANCIAL ANALYSIS OF THE TOWN'S FUNDING

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

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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

At June 30, 2018, the Town of Scarborough’s governmental funds reported combined fund balances of \$34,462,489. This is an increase of \$15,091,417 in comparison with the prior year. Approximately 15.80% of total fund balance or \$5,443,750 constitutes *unassigned fund* balance that is available for spending at the government’s discretion. The remainder of the fund balance is either *nonspendable, restricted, committed or assigned*. This indicates that it is 1) not in spendable form (\$235,960), 2) restricted for particular purposes (\$19,647,726), 3) committed for particular purposes (\$6,659,201) or 4) assigned for a particular purpose (\$2,475,852).

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

Governmental Fund Balance Comparison

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

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

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

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

Capital Projects Fund Highlights

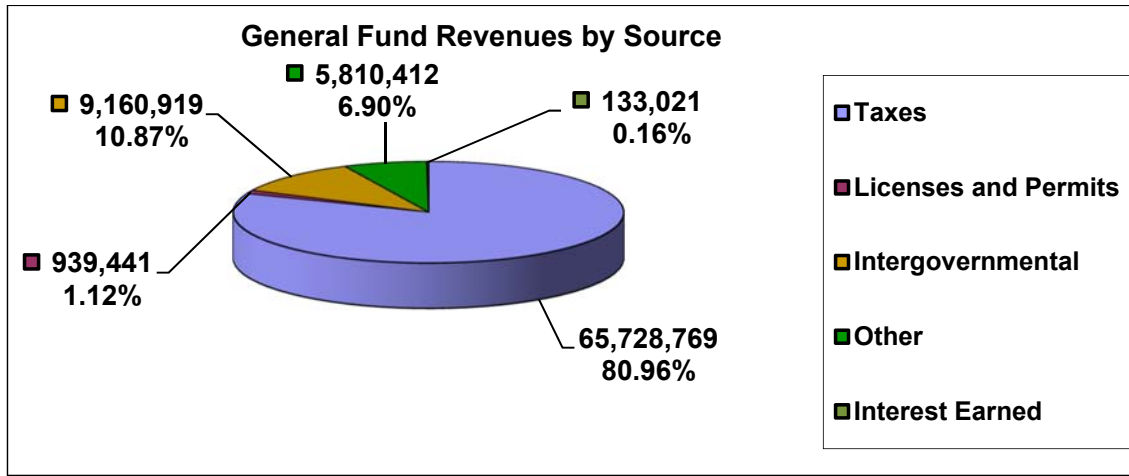
During this fiscal year, the Town of Scarborough’s fund balances for Capital Projects increased \$14,551,392 from \$651,696 in 2017 to \$15,203,088 in 2018. Expenditures decreased \$543,664 from \$4,502,617 in 2017 to \$3,958,953 in 2018. These decreases in fund balance and expenditures are due to various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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

General Fund Highlights

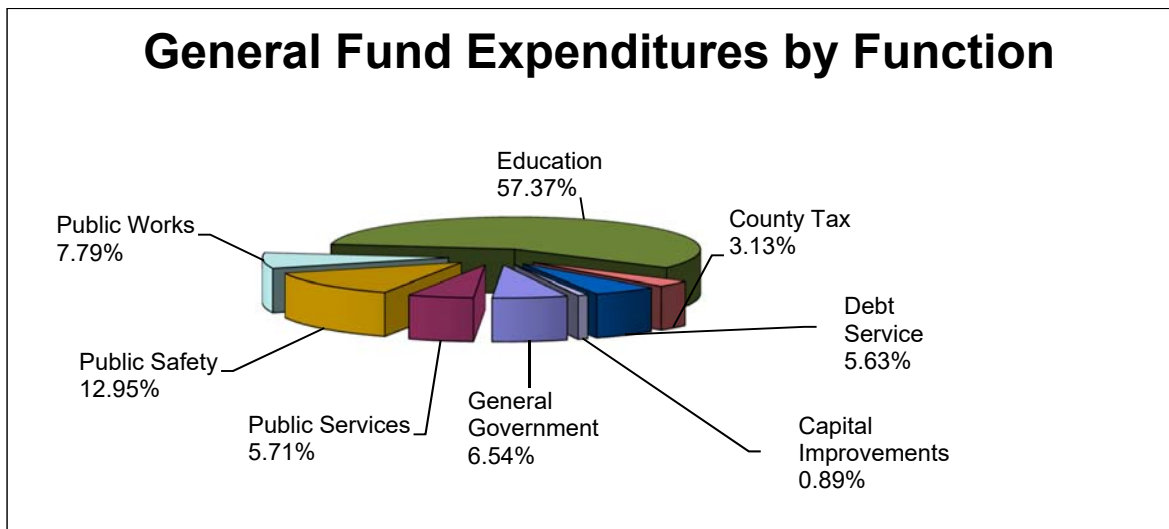
The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2018, total fund balance was \$13,765,284 reflecting a decrease of \$519,504 compared to the prior year. Unassigned fund balance in the General Fund was \$7,386,943 compared to total fund balance of \$13,765,284. As a measure of the General Fund's liquidity, we believe it is useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balances represent 8.53% of total general fund expenditures compared to 8.18% last year, while total fund balance represents 15.89% of that same amount.

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



Property Tax revenues increased \$2,568,249 from 2017 to 2018 compared to the 2016 to 2017 increase of \$1,918,975. A comparison of the actual revenues to estimated revenues can be found on page 46 of the financial statements.

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



Actual revenues exceeded estimates by \$309,106 while expenditures came in under budget by \$1,507,306.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

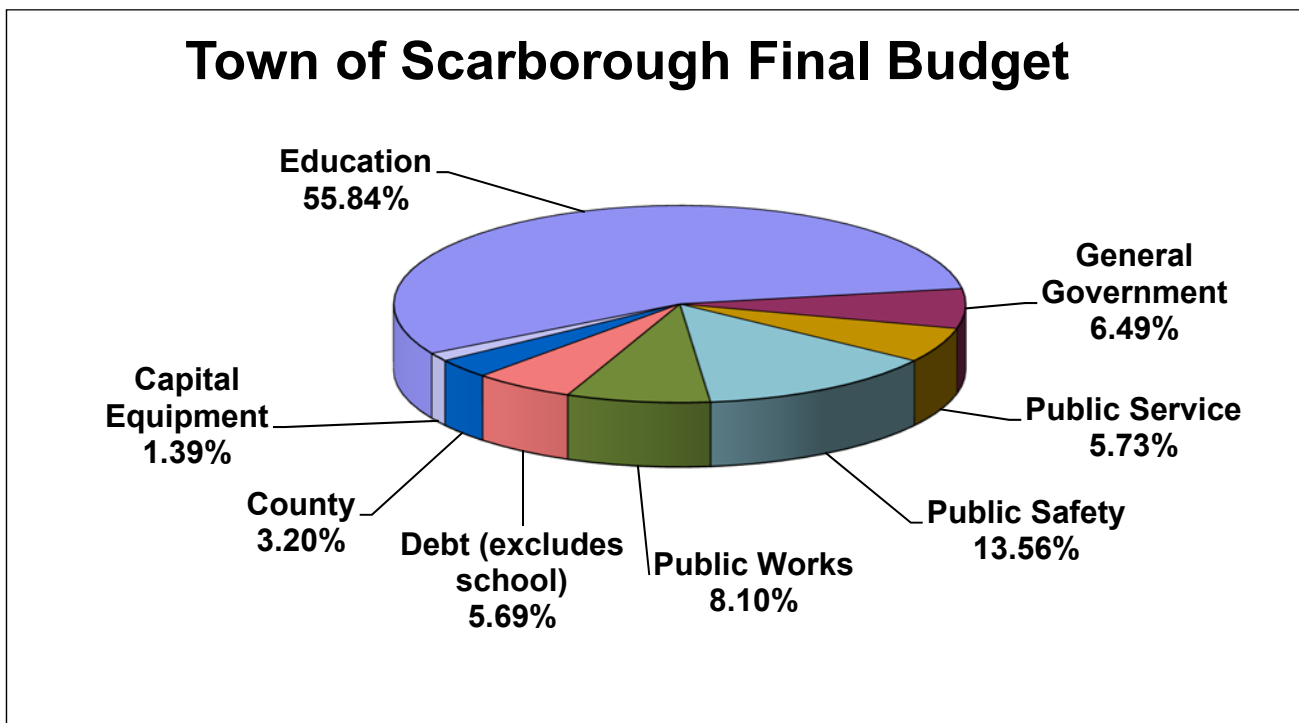
Total general fund expenditures increased \$1,906,825 or a modest 2.35% compared to the prior year. The factors for this increase are:

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget for the Town’s General Fund represents the original budget and any previously appropriated funds set aside for honoring legally incurred obligations (prior year encumbrances and commitments) plus any supplementary appropriations that may occur during the fiscal year. In fiscal year 2018, a total of \$1,975,852 was set aside for the Town for prior year encumbrances and commitments and \$500,764 for the School Department was set aside for carryforward to the 2019 budget. The final operating budget for fiscal year 2018 amounted to \$84,714,480 compared to \$82,862,330 for fiscal year 2017.

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



TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental fund, as of June 30, 2018, amounts to \$146,530,572 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was -.52%.

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

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

Governmental Activities

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

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

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

Long-term Debt. As of June 30, 2018, the Town had long-term bonds outstanding of \$102,650,000 compared to \$91,630,000 in the prior year resulting in a 12.03% increase. This debt is backed by the full faith and credit of the Town of Scarborough.

During fiscal year ending June 30, 2018, the Town of Scarborough issued \$18,190,000 in bonds. This bond issue financed projects that included vehicle and equipment purchases, building improvements, road rehabilitation and \$15,000,000 for the construction of a new Public Safety Building. During the year \$7,170,000 in principal debt was paid.

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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Outstanding Debt
General Obligation Bonds

	2018	2017	2016
Municipal	\$ 38,495,570	\$ 24,455,792	\$ 26,219,153
Education	57,154,430	59,389,208	61,763,700
Sewer	7,000,000	7,785,000	7,937,147
Total Debt	\$ 102,650,000	\$ 91,630,000	\$ 95,920,000

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

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

Standard and Poor's Rating Services (S&P) has affirmed the Town of Scarborough bond rating of "AA+" on the Town's existing GO debt. Additionally, S&P has assigned its "AA+" rating and stable outlook to the Town's series 2018 GO bonds per its rating report dated February 12, 2018. The stable outlook reflects the Town's very strong economy, adequate budgetary performance, budget flexibility, liquidity, debt-to-contingent liability position, and institutional framework. S&P's rating reflects their judgment of the Town's:

- **Adequate Budgetary Performance.** The Town had a balanced operating result in the general fund of 0.1% of expenditures but a deficit result across all government funds of 1.8% of expenditures in the 2017 fiscal year.
- **Very Strong Economy.** The Town, a primarily residential community, has direct access to Maine's major arteries (Interstates 95, 295 and US Rt. One) connecting it to larger employment centers through Cumberland County. In addition, Scarborough has a sizable employment base that includes small commercial and industrial businesses.
- **Strong Management.** S&P views the Town's management as strong with good financial policies and practices under S&P's Financial Management Assessment methodology.
- **Strong Budgetary Flexibility.** Scarborough's budget flexibility is viewed as strong with an available fund balance in fiscal year 2017 of 12.6% of operating expenditures, or \$10.7 million. "The Town has consistently maintained this strong budgetary flexibility over the last three years. The Town has a formal reserve policy that targets maintaining unassigned fund balance.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

- Very Strong Liquidity. The Town's total government available cash at 19.8% of total governmental fund expenditures and 3.7x governmental debt service, and 'has strong access to eternal liquidity if necessary.'
- Strong Debt and Contingent Liability Profile. Scarborough's debt service carrying charges at 5.3% of expenditures and net direct debt that is 115.8% of total governmental fund revenue. 'Overall net debt is at 2.8% of market value, which S&P views as a positive credit factor.'
- Strong institutional framework. 'The score for institutional framework for Maine municipalities is strong.'

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

In adopting the budget for the ensuing fiscal year, the Town of Scarborough's officials considered many factors in making judgments and estimates about the finances of the upcoming year. The budget goals for fiscal year 2019 were to have:

GOALS:

- Tax relief for seniors.
- Create a long-term financial strategy for the town.
- Increase communications on the budget process.
- Manage the annual budget to a reasonable and sustainable level.
- Improve data availability used to inform decision-making.
- Develop and execute a Communications Plan and standardize the practices.
- Approve a Town wide budget that keeps the tax rate increase to less than or around 3%.
- Involve and engage the community for the budget process.

This budget reflects a \$594,253 increase in General Purpose Aid to Education (GPA). This is a 27.6% increase from FY2018 and the first increase since 2015. This annual GPA volatility is over since Scarborough is now considered a minimal receiver community thereby receiving the minimum GPA allowed by the State.

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

The Town of Scarborough Budget Document for fiscal year 2019 can be found on the Town of Scarborough's website at: <https://sites.google.com/scarboroughmaine.org/budgetportal>.

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

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

The valuation increase in FY19 is the result of a commercial and industrial revaluation thereby allowing the 2019 property tax rate of \$16.49 to remain the same as the 2018 tax rate. Maine municipalities have taxing authority for property taxes alone. Only, the State of Maine can assess sales and income taxes.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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

Per the Town of Scarborough’s Fund Balance policy, as amended; funds in excess of 12% may be used toward property tax stabilization or for capital needs. For fiscal 2019, the school anticipates using fund balance for operational needs and repayment of debt.

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

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

Below is a comparison of the 2017, 2018 and 2019 budgets (excluding carry forwards).

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

REQUEST FOR INFORMATION

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

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Town of Scarborough Maine Comprehensive Annual Financial Report



Basic Financial Statements

Entrepreneur of the Year 2018 — Ready Seafood Co

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

Amounts reported for governmental activities in the statement of net position are different because:

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

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

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

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

See accompanying notes to financial statements.

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

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

Net change in fund balances - total governmental funds (Statement 4)	\$	15,091,417
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Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of these assets
is allocated over their estimated useful lives and reported as
depreciation expense.

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

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues in
the funds.

57,399

Some expenses reported in the statement of activities do not
require the use of current financial resources and, therefore, are
not reported as expenditures in governmental funds:

Accrued interest		(307,475)
Landfill		4,050
Compensated absences		(77,896)
OPEB liability with deferred outflows and inflows of resources		(128,756)
Net pension liability with deferred outflows and inflows of resources		(149,407)

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

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

Change in net position of governmental activities (see Statement 2)	\$	1,482,267
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See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
General Fund
For the year ended June 30, 2018

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

Scarborough Public Library (the Library) promotes and maintains library facilities in and for the Town of Scarborough. While the Town does not appoint the Library's board, the Town provides the Library with a majority of its funding and the Library provides services directly to the citizens of the Town. The Town owns the land in which the Library operates and may provide for capital improvements and other support services to the Library. The Town believes that the financial statements would be incomplete without the inclusion of the Library as a discretely presented component unit. The Town provided \$1,130,246, or 91.1% of total revenues, to the Library for the year ended June 30, 2018.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

Scarborough Public Library
48 Gorham Road
Scarborough, ME 04074

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund type:

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, and Equity

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

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Recently Adopted Accounting Pronouncements

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plan Other Than Pension Plans (OPEB)*. This statement improves accounting and financial reporting for OPEB. This statement replaced GASB Statement No. 45 and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense. The new statement is effective for periods beginning after June 15, 2017 and was adopted during the year ended June 30, 2018.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

	Revenues and other <u>sources</u>	Expenditures and other <u>uses</u>
2017-2018 budget as adopted	\$84,660,724	\$84,660,724
Budgetary adjustments:		
Subsequent authorization	-	-
Prior year encumbrances and carry forwards	345,154	345,154
Total adjusted budget	\$ 85,005,878	\$ 85,005,878

B. Deficit Fund Balance

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

The Haigis Parkway Assessments Fund had a deficit of \$1,953,798. This deficit is expected to grow initially and then be adequately funded in future years with TIF revenues and assessment payments.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a formal policy with respect to custodial credit risk. As of June 30, 2018, the Town reported deposits of \$30,381,421 with a bank balance of \$30,705,468. Of the Town's bank balances of \$30,705,468, none was exposed to custodial credit risk because all accounts were covered by the F.D.I.C. or were secured by additional collateral pledged on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$29,899,399
Reported in fiduciary funds	482,022
Total deposits	\$30,381,421

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

B. Investments

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

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

Investments have been reported as follows:

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

PROPERTY TAX

Property taxes for the current year were committed on September 7, 2017, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. These taxes were due in two installments, 50% on October 16, 2017 and 50% on March 15, 2018. Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after these respective due dates. Assessed values are periodically established by the Town's Assessor at 100% of the assumed market value as of June 30, 2018 and the Town's value was 91% of the 2018 State valuation of \$4,068,100,000.

The Town is permitted by the laws of the State of Maine to levy up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$140,698 for the year ended June 30, 2018.

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

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

The following summarizes the June 30, 2018 levy:

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

INTERFUND BALANCES

Interfund balances result from the sharing of pooled cash and investments. Individual interfund loans receivables and loans payables at June 30, 2018, were as follows:

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

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. At June 30, 2018, the balances represent how much was due to or from the General Fund.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

INTERFUND TRANSFERS

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 877,657	\$ 290,540
Haigis Parkway Assessments	150,700	370,000
Nonmajor Governmental Funds	235,957	603,774
Total	\$1,264,314	\$1,264,314

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

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2018, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$91,630,000	\$18,190,000	\$7,170,000	\$102,650,000	\$7,310,000
Premium	5,049,838	1,341,146	265,650	6,125,334	
Capital leases	-	148,550	50,611	97,939	
Compensated absences	2,434,759	291,056	99,129	2,626,686	213,160
Other postemployment Benefits liability	3,174,482	160,563	-	3,335,045	
Net pension liability	8,490,087		1,420,674	7,069,413	
Landfill post-closure care costs	405,084	-	4,050	401,034	4,050
Governmental activity Long-term liabilities	\$111,184,250	\$20,131,315	\$9,010,114	\$122,305,451	\$7,527,210

As of June 30, 2018, the Town had authorized, but unissued debt totaling \$3,934,133. The General Fund typically pays all governmental activities long-term debt service requirements including accrued compensated absences.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

BONDS PAYABLE

Bonds payable at June 30, 2018 is comprised of the following:

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

STATUTORY DEBT LIMIT

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

	June 30, 2018 Outstanding Bonds	Percent of 2018 State assessed value of \$ 4,068,100,000	Amount	Margin
For school purposes	\$ 57,154,430	10.00%	\$406,810,000	\$349,655,570
For storm or sanitary sewer	7,000,000	7.50%	305,107,500	298,107,500
For municipal airport, water and special district purposes	-	3.00%	122,043,000	122,043,000
For all other purposes	38,495,570	7.50%	305,107,500	266,611,930
Total	\$ 102,650,000			

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

STATE REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES

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

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2018, the Town's State valuation of \$4,068,100,000 was 9.24% of the County's State valuation of \$44,050,850,000. The Town's share is 9.24% or \$3,286,278 of Cumberland County's \$35,585,000 long-term debt outstanding as of June 30, 2018.

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

Contingencies

ecomaine, formerly Regional Waste Systems, a Maine Corporation with 21 participating municipalities (“Member Municipalities”), including the Town of Scarborough, operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$14,564,514 at June 30, 2018, the most recent data available. The Town’s proportionate share of these estimated landfill closure and postclosure care costs is 9.09%, or \$1,324,491.

Total Debt and Contingencies

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

Arbitrage

Pursuant to the Tax Reform Act of 1986, municipalities issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit such rebate to the federal government, subject to certain exceptions. The Town has had several issues for which a rebate calculation is or has been required. As of June 30, 2018, substantially all such calculations have been performed and the Town is in compliance with all known arbitrage requirements.

Grants

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

Litigation

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

The Town continues to be involved in litigation with approximately 50 taxpayers contesting their 2012 to 2015 property taxes. This litigation has been ongoing since 2013 and has been reported in prior audits. On December 1, 2017 the Superior Court remanded the appeal to the Board of Assessment Review (BAR). The Court instructed the BAR to consider a recalculation of the abatements, which would appear to represent a maximum exposure to the Town of approximately \$800,000. Any additional potential financial exposure is expected to be covered by the Overlay appropriated annually, property tax abatements and available fund balance.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

LANDFILL CLOSURE AND POSTCLOSURE COSTS

Under existing State law, Maine communities had until December 31, 1995 to close existing landfills under a state approved plan and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town is operating a demolition debris landfill under a waiver granted by the State. The landfill is permitted to operate in its existing capacity until 2027. As of June 30, 2018, approximately 20% of the landfill's total capacity has been used. The estimated total current cost of landfill closure, \$401,034 is based on the amount that would be paid if equipment, facilities, and services required to close and maintain the Town's landfill were acquired as of June 30, 2018. Additionally, annual monitoring and maintenance costs are estimated to be \$4,050 per year.

The total closure and postclosure care costs of \$401,034 have been accrued in the statement of activities for the year ended June 30, 2018. Presently, the State of Maine is providing partial funding for certain closure costs; however, future funding is based on availability of funds. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

FUND BALANCE CHANGES

For the period ending June 30, 2018, the General Fund includes four programs that previously were reported in the financial statements as Special Revenue Funds. This change, which was initially made June 30, 2011, is the result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Activity of these four programs are currently presented in Exhibits A-1, A-2 and A-2 Cont. Additionally, the fund balances reclassified from Special Revenue Funds to the General Fund are all presented as Committed Fund balance in the General Fund as follows:

	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Unemployment Compensation	\$ 169,163	\$ 174,164
Hurd Park and Ferry Beach	212,508	199,587
Hunnewell House	<u>18,570</u>	<u>19,761</u>
Total reclassification	<u>\$ 400,241</u>	<u>\$ 393,512</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

FUND BALANCE CHANGES, CONTINUED

The following is a schedule of fund balance classifications for the governmental funds as June 30, 2018:

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

ASSIGNED FUND BALANCES

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONSOLIDATED RETIREMENT PENSION PLAN

Plan Descriptions

The Town contributes to the Maine Public Employees Retirement System (MPERS), as part of the State Employee and Teacher Plan (the Teacher Plan) and also the Participating Local District Consolidated Plan (the PLD plan) or (the Plans) which are cost sharing multiple employer defined benefit pension plans. The Plans were established as the administrator of a public employee retirement system under the Laws of the State of Maine. Within the Town of Scarborough, the School Department's teaching certified employees plus other qualified educators, are eligible to participate in the Teacher Plan. The Teacher Plan covers 236 participating employers. The Town's Police, Fire/Rescue and certain other Town employees and the Town's school custodians, school lunch personnel, and other non-teacher personnel including, some educational technicians (Ed Techs), central office employees, and secretarial employees have the option to participate in the PLD Plan. The PLD Plan covers 300 participating employers.

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

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

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

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

For the year ended June 30, 2018, the Town's total payroll for all employees was \$43,260,747. Total covered payroll was \$24,415,427 for the Teacher Plan and \$7,843,357 for the PLD Plan. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

Contributions

The contribution requirements of the Teacher Plan members are defined by law or the Plan's Board. Teacher Plan members of the Town of Scarborough's school department are required to contribute 7.65% of covered compensation to the Teacher Plan. The Town of Scarborough's school department employee's contributions are deducted from the employee's wages or salary and remitted by the Town of Scarborough's school department to the Teacher Plan on a monthly basis. The State is statutorily required to contribute 11.08% of annual Teacher wages, excluding wages covered by grants, which pays for the unfunded liability for the teachers. Employer contribution rates are determined through actuarial valuations. The School Department's required contribution rate for the year ended June 30, 2018, was 3.97% percent of annual teacher payroll, plus 11.08% for grant funded wages, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year (normal cost contributions). The Scarborough School Department's contributions to the Teacher Plan for the year ended June 30, 2018 were \$1,018,971.

The contribution requirements of the PLD Plan members are defined by law or the Plan's Board. Employees of the Town of Scarborough and school department are required to contribute 8.0%, police employees and fire/rescue employees contribute between 8%-9.5% of covered compensation to the PLD Plan. The contributions are deducted from the employee's wages or salary and remitted by the Town of Scarborough to the Plan on a monthly basis. Employer contribution rates are determined through actuarial valuations. The Town of Scarborough's school and town employer's contribution, other than Police and Fire/Rescue, required rate for the year ended June 30, 2018, was 9.6% of annual payroll. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2018 was 9.6% or 15.7%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town of Scarborough's contributions to the Plan for the year ended June 30, 2017 were \$920,669.

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

Teacher Plan

At June 30, 2018, the Town of Scarborough School Department reported a liability for its proportionate share of the net pension liability that reflected a reduction of State pension support provided to the Town of Scarborough School Department. The amount recognized by the Town of Scarborough School Department as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town of Scarborough School Department was as follows:

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town of Scarborough School Department's proportion of the net pension liability was based on a projection of the School Department's long-term share of contributions relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the School Department's proportion was 0.038 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2017.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

For the year ended June 30, 2018, the School Department recognized pension expense of \$850,775 and revenue of \$2,331,431 for support provided by the State. In addition, the School Unit reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 23,249	
Changes of assumptions		\$ 8,633
Net difference between projected and actual earnings on Plan investments	154,224	162,354
Changes in proportion and differences between contributions and proportionate share of contributions	26,241	30,246
Contributions subsequent to the measurement date	1,018,971	
Total	\$ 1,222,685	\$ 201,233

The \$1,018,971 of deferred outflows of resources resulting from the School Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense) as follows:

Years ending June 30,	
2019	\$ (23,993)
2020	52,370
2021	3,695
2022	(29,591)
Total	\$ 2,481

PLD Plan

At June 30, 2018, the Town and the Town School Department reported a liability of \$6,516,621 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town and the Town School Department's proportion of the net pension liability was based on a projection of the Town and the Town School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Town and the Town School Department's proportion was 1.59%, which was an increase of 0.11% from its proportion measured as of June 30, 2016.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

For the year ended June 30, 2018, the Town and the Town School Department recognized pension expense of \$1,239,830. At June 30, 2018, the Town and the Town School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results		\$ 303,077
Changes of assumptions	\$ 554,524	
Net difference between projected and actual earnings on Plan investments	2,245,814	2,425,006
Changes in proportion and differences between contributions and proportionate share of contributions	307,233	86,683
Contributions subsequent to the measurement date	920,669	
Total	\$ 4,028,240	\$ 2,824,766

The \$920,669 of deferred outflows of resources resulting from the Town and Town School Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense) as follows:

Years ending June 30,	
2018	\$ (7,699)
2019	690,460
2020	43,720
2021	(443,676)
Total	\$ 282,805

Actuarial Assumptions

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 to June 30, 2015.

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

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

Discount Rate

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

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

Teacher Plan

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

	Discount rate	Town School Department's proportionate share of net pension liability
1% decrease	5.875%	\$ 969,986
Current discount rate	6.875%	\$ 552,792
1% increase	7.875%	\$ 208,339

PLD Plan

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

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

Plan Fiduciary Net Position

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

On-Behalf Payments

The State of Maine makes a contribution to the Maine Public Employees Retirement System Teachers Fund for the teachers of the Town of Scarborough's School Department. The actual payment, which is made by the State, is determined by an actuary for the entire teachers' fund. The Maine Public Employees Retirement System estimates the payment made on-behalf of the Town of Scarborough's School Department to approximate 11.08% of the qualified teachers' salaries, plus an additional 2.61% for health insurance. For the year ended June 30, 2018, the total amount of on-behalf payments was approximately \$3,281,000 and was recognized in the fund financial statements plus an additional on-behalf payment amount of \$107,400 was recognized related to the MPERS Group Life Insurance Plan. The amount of on-behalf payments recognized in the government wide financial statements for pension expense was approximately \$2,092,000.

DEFINED CONTRIBUTION PENSION PLAN

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

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

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

Employee's required contributions amounted to \$292,346, which was 6% of the Town's current year covered payroll.

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

DEFINED CONTRIBUTION PENSION PLAN, CONTINUED

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

During the year, the participating employee's contributions amounted to \$516,329 and the Town contributions amounted to \$265,076. The Town contributes a match up to 4%. The covered payroll amounted to \$6,433,989.

The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not reported in the Town's financial statements.

POST-EMPLOYMENT HEALTH CARE

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

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

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

Changes in the Total OPEB Liability

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

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

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

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

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

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

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

TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS

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

For the fiscal year ended June 30, 20188, the Town abated property taxes totaling \$764,743 under the program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

A 100 percent property tax abatement to the Gateway Shoppes formerly owned by New England Expedition that is a significant employer in the Town. The abatement is to assist the employer to retain employees and to expand the business. The abatement amounted to \$591,368.

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

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

The Town also has an agreement for the Haigis Parkway district with total tax captured of \$150,700 which none is currently abated and the funds are utilized for Town's parkway as an investment site.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters, for which the Town either carries commercial insurance, participates in a public entity pool, or is effectively self-insured. Currently, the municipal departments participate in several public entity and self-insured pools sponsored by the Maine Municipal Association. Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claims liabilities, which should be recorded at June 30, 2018. There have been no significant reductions in commercial insurance coverage from the prior year and no settlements have exceeded commercial insurance coverage in any of the past three years.

NET POSITION

Net Position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and adding back any unspent proceeds. Net Positions are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town's Net investment in capital assets, was calculated as follows at June 30, 2018:

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

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

PRIOR PERIOD ADJUSTMENT TO NET POSITION

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

COMMITMENTS

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

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

Other Post-Employment Benefits

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

Notes to schedule:

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

June 30, 2018 3.44%

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

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

TOWN OF SCARBOROUGH, MAINE
Schedule of Proportionate Share of the Net Pension Liability
Required Supplementary Information
June 30, 2018
(Unaudited)

Maine Public Employees Retirement System

Teacher Plan

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

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

PLD Plan

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

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

TOWN OF SCARBOROUGH, MAINE
Schedule of Contributions
Required Supplementary Information
June 30, 2018
(Unaudited)

Teachers Plan

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

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

PLD Plan

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

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

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GENERAL FUND

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

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TOWN OF SCARBOROUGH, MAINE
General Fund
Comparative Balance Sheets
June 30, 2018 and 2017

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

TOWN OF SCARBOROUGH, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the year ended June 30, 2018
(with comparative totals for June 30, 2017)

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

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

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

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

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

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

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

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

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

OTHER GOVERNMENTAL FUNDS

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NONMAJOR SPECIAL REVENUE FUNDS

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

Special revenue funds are established for the following purposes:

Recreational Development

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

Credit Enhancement Agreements

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

Scarborough Economic Development Corporation (SEDCO)

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

Eastern Trail Alliance

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

Prouts Landing Conservation

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

Payne Road Improvements

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

Payne Road Impact Fees

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

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

Other Impact Fees:

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

School Development Impact Fee to help fund the improvements to the school facilities in Scarborough.

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

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

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

Police Asset Forfeiture

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

Rescue Equipment

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

Fire Department

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

Departmental Grants and Programs

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

School Categorical Programs

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

School Lunch Program

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

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

		Recrea- tional Develop- ment	Credit Enhancement Agreements	Scarborough Economic Development Corporation	Eastern Trail Alliance Close the Gap	Prouts Landing Conserva- tion	Payne Road Improvements	Payne Road Impact Fees
ASSETS								
Cash and cash equivalents	\$	-	-	45,161	-	-	-	271,061
Investments		-	43,570	-	572,307	25,478	72,462	1,995,280
Intergovernmental receivable		-	-	3,443	-	-	-	-
Due from State of Maine		-	-	-	-	-	-	-
Accounts receivable		-	-	-	-	-	-	698
Interfund loans receivable		105,060	-	-	2,073	-	-	3,292
Inventory		-	-	8,836	-	-	-	-
Notes receivable		-	-	-	-	-	-	-
Total assets	\$	105,060	43,570	57,440	574,380	25,478	72,462	2,270,331
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		-	-	7,042	-	-	-	290,595
Interfund loans payable		-	-	-	-	-	-	-
Performance bond deposits		-	-	-	-	-	-	-
Total liabilities		-	-	7,042	-	-	-	290,595
Fund balances:								
Nonspendable		-	-	8,836	-	-	-	-
Restricted		-	43,570	-	574,380	-	-	-
Committed		105,060	-	-	-	25,478	72,462	1,979,736
Unassigned		-	-	41,562	-	-	-	-
Total fund balances (deficit)		105,060	43,570	50,398	574,380	25,478	72,462	1,979,736
Total liabilities and fund balances	\$	105,060	43,570	57,440	574,380	25,478	72,462	2,270,331

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

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

	Recrea- tional Develop- ment	Credit Enhancement Agreements	Scarborough Economic Development Corporation	Eastern Trail Alliance Close the Gap	Prouts Landing Conserva- tion	Payne Road Improvements	Payne Road Impact Fees
Revenues:							
Intergovernmental	\$ -	-	-	-	-	-	-
Interest earned	-	452	-	1,380	96	273	11,880
Contributions	-	-	247,756	246,581	-	-	-
Sale of Lots/Land/Equip	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	101,063
Assessments and impact fees	35,500	659,394	-	-	-	-	-
Total revenues	35,500	659,846	247,756	247,961	96	273	112,943
Expenditures:							
Construction and acquisitions	-	-	-	-	-	-	47,862
Education	-	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-	-
Other	-	659,394	251,494	-	-	-	-
Total expenditures	-	659,394	251,494	-	-	-	47,862
Excess (deficiency) of revenues over expenditures	35,500	452	(3,738)	247,961	96	273	65,081
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(16,413)
Total other financing sources (uses)	-	-	-	-	-	-	(16,413)
Net change in fund balances	35,500	452	(3,738)	247,961	96	273	48,668
Fund balances (deficit), beginning of year	69,560	43,118	54,136	326,419	25,382	72,189	1,931,068
Fund balances (deficit), end of year	\$ 105,060	43,570	50,398	574,380	25,478	72,462	1,979,736

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

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

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

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NONMAJOR CAPITAL PROJECT FUNDS

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

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

General School Improvements

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

General Town Improvements

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

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Fund
Balance Sheet
June 30, 2018

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

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

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

NONMAJOR PERMANENT FUNDS

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

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

Scarborough Memorial Cemetery

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

Dunstan Perpetual Care

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

Mary A. Tucker Fund

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

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

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

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

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

PRIVATE-PURPOSE TRUST FUNDS

Shirley Grover Fund

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

Mary Campbell Peterson Fund

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

Edith Warga Art Scholarship

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

Packy McFarland Scholarship Fund

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

Roy Nelson Scholarship Fund

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

Daniel Tranchemontagne Scholarship Fund

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

Virginia Jackson Scholarship Fund

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

PRIVATE-PURPOSE TRUST FUNDS, CONTINUED

Evelyn J. Chaddon Memorial Scholarship Fund

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

S. Dwight Howard Memorial Scholarship Fund

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

Bertha Libby-Lary Scholarship Fund

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

Academic Decathlon Scholarship Fund

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

Class of 1976 Scholarship Fund

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

Kathy Pearson Scholarship Fund

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

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Fiduciary Net Position
June 30, 2018

	Shirley Grover Fund	Mary Campbell Peterson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Class of 1976 Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
ASSETS														
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	\$ 1,024	91,677	97,073	184	12	1,118	12,025	319	2,327	10,936	1,258	351	3,024	221,328
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,024	91,677	97,073	184	12	1,118	12,025	319	2,327	10,936	1,258	351	3,024	221,328
LIABILITIES AND NET ASSETS														
Liabilities:														
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net position:														
Nonspendable Principal	1,240	87,680	100,000	-	-	-	-	500	2,026	3,500	-	350	3,810	199,106
Restricted Interest	(216)	3,997	(2,927)	184	12	1,118	12,025	(181)	301	7,436	1,258	1	(786)	22,222
Total net position	1,024	91,677	97,073	184	12	1,118	12,025	319	2,327	10,936	1,258	351	3,024	221,328
Total liabilities and net position	\$ 1,024	91,677	97,073	184	12	1,118	12,025	319	2,327	10,936	1,258	351	3,024	221,328

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

	Shirley Grover Fund	Mary Campbell Pederson Fund	Edith Warga Art Scholarship	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Class of 1976 Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
Additions														
Donations	\$ -	-	-	-	-	-	-	-	-	-	-	200	-	200
Interest and dividends	3	350	373	1	-	4	51	1	8	42	5	1	11	850
Total additions	3	350	373	1	-	4	51	1	8	42	5	201	11	1,050
Deductions:														
School scholarships	-	1,000	2,500	-	-	-	1,500	-	150	-	-	-	-	5,150.00
Total deductions	-	1,000	2,500	-	-	-	1,500	-	150	-	-	-	-	5,150.00
Changes in net assets	3	(650)	(2,127)	1	-	4	(1,449)	1	(142)	42	5	201	11	(4,100.00)
Net position, beginning of year	1,021	92,327	99,200	183	12	1,114	13,474	318	2,469	10,894	1,253	150	3,013	225,428
Net position, end of year	\$ 1,024	91,677	97,073	184	12	1,118	12,025	319	2,327	10,936	1,258	351	3,024	221,328

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

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

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Town of Scarborough Maine

Comprehensive Annual Financial Report

future home of

SCARBOROUGH PUBLIC SAFETY BUILDING

SCARBOROUGH MAINE

ARCHITECT: context ARCHITECTURE

CIVIL ENGINEER: SEBAGO TECHNICS

STRUCTURAL ENGINEER: BECKER

MEP/FP ENGINEER: [Logo]

CONSTRUCTION MANAGER: LANDRY/FRENCH CONSTRUCTION

OWNER REPRESENTATIVE: DIRIGO ARCHITECTURAL ENGINEERING + CONSTRUCTION MANAGEMENT

General Long Term Debt

New Public Safety Building

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TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-term Debt
For the year ended June 30, 2018

	Interest rate	Final maturity date	Annual principal payments	Balance beginning of year	Current Year		Balance end of year
					Issued	Retired	
<u>General Obligation Bonds</u>							
2008 Capital Improvements	3.35%		575,000 in 2018	575,000	-	575,000	-
2009 Capital Improvements	Varies	2019	310,000 to 2019	620,000	-	310,000	310,000
2009 Bond Refunding	3.00%	2020	185,000 to 2019				
	3.00%		115,000 in 2020	485,000	-	185,000	300,000
2010 Capital Improvements	Varies	2031	345,000 to 2021				
	Varies		280,000 to 2026				
	4.00%		100,000 to 2031	3,280,000	-	345,000	2,935,000
2011 Capital Improvements	Varies	2031	360,000 in 2018				
	Varies		355,000 to 2021				
	Varies		115,000 to 2026				
	Varies		110,000 to 2031	2,550,000	-	360,000	2,190,000
2012 Capital Improvements	4.00%	2042	2,400,000 in 2018				
	4.00%		2,825,000 in 2019				
	4.00%		3,210,000 in 2020				
	5.00%		3,475,000 in 2021				
	3.00%		3,685,000 in 2022				
	3.00%		3,520,000 in 2023				
	4.00%		2,170,000 in 2024				
	4.00%		1,870,000 in 2025				
	4.00%		1,585,000 in 2026				
	4.00%		1,335,000 in 2027				
	4.00%		1,310,000 in 2028				
	4.00%		1,330,000 in 2029				
	4.00%		1,355,000 in 2030				
	4.00%		1,775,000 in 2031				
	4.00%		1,815,000 in 2032				
	4.00%		1,800,000 in 2033				
	Varies		685,000 to 2042	41,625,000	-	2,400,000	39,225,000
2013 Capital Improvements	3.00%	2043	\$ 915,000 in 2018				
	3.00%		765,000 in 2019				
	4.00%		770,000 in 2020				
	Varies		765,000 to 2023				
	5.00%		715,000 in 2024				
	4.00%		720,000 in 2025				
	5.00%		1,045,000 in 2026				
	5.00%		1,430,000 in 2027				
	3.00%		1,465,000 in 2028				
	4.00%		1,405,000 in 2029				
	3.25%		1,435,000 in 2030				
	3.25%		1,065,000 in 2031				
	3.25%		1,075,000 in 2032				
	4.00%		1,090,000 in 2033				
	4.00%		1,525,000 in 2034				
	4.00%		1,045,000 in 2035				
	Varies		565,000 to 2043	23,280,000	-	915,000	22,365,000
2014 Capital Improvements	2.00%	2034	735,000 in 2018				
	2.00%		700,000 in 2019				
	2.00%		325,000 to 2021				
	2.00%		310,000 in 2022				
	3.00%		300,000 to 2024				
	3.00%		250,000 to 2029				
	4.00%		50,000 to 2034	4,495,000	-	735,000	3,760,000

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

	Interest rate	Final maturity date	Annual principal payments	Balance beginning of year	Current Year		Balance end of year	
					Issued	Retired		
<u>General Obligation Bonds</u>								
2015 Capital Improvements	4.00%	2035	485,000 in 2018					
	4.00%		430,000 to 2020					
	Varies		335,000 to 2023					
	4.00%		320,000 to 2025					
	Varies		265,000 to 2029					
	3.00%		245,000 in 2030					
	3.00%		165,000 in 2031					
	3.00%		160,000 to 2034					
2016 Capital Improvements	3.00%	2036	150,000 in 2035	5,090,000	-	485,000	4,605,000	
	2.00%		860,000 in 2018					
	2.00%		1,035,000 in 2019					
	2.00%		785,000 in 2020					
	2.00%		780,000 in 2021					
	2.00%		465,000 in 2022					
	2.00%		435,000 in 2023					
	2.50%		430,000 in 2024					
	3.00%		395,000 to 2026					
	3.00%		340,000 in 2027					
	4.00%		335,000 in 2028					
	4.00%		165,000 in 2029					
2017 Capital Improvements	3.00%		2037	65,000 to 2036	6,875,000	-	860,000	6,015,000
	Varies			0 to 2019				
	Varies			360,000 to 2021				
	5.00%	295,000 in 2022						
	5.00%	190,000 in 2023						
	5.00%	185,000 to 2027						
	3.00%	55,000 to 2032						
2018 Capital Improvements	3.00%	2048		35,000 to 2037	2,755,000	-	-	2,755,000
	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					
	4.00%		510,000 to 2039					
	Varies	500,000 to 2048		-	18,190,000	-	18,190,000	
Total bonds				91,630,000	18,190,000	7,170,000	102,650,000	
Total long-term debt		\$		91,630,000	18,190,000	7,170,000	102,650,000	

Town of Scarborough Maine

Comprehensive Annual Financial Report



Statistical Section

Project of the Year 2018 – Nonesuch River Brewing

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STATISTICAL SECTION

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

Contents

Table

Financial Trends <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	1-5
Revenue Capacity <i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	6-11
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	12-14A
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	15-17
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the government provides and the activities it performs.</i>	18-21

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities:										
Net investment in capital assets	\$ 41,821,008	\$ 47,588,145	\$ 53,031,962	\$ 54,339,258	\$ 49,823,697	\$ 53,887,278	\$ 57,103,811	\$ 59,088,465	\$ 61,708,817	\$ 62,075,336
Restricted	1,289,495	2,199,233	1,642,063	1,111,295	3,555,142	4,049,315	3,373,177	5,568,308	3,883,241	2,577,864
Unrestricted	5,441,922	2,916,603	(702,917)	2,127,242	6,347,111	3,907,583	(688,245)	(2,259,046)	(3,775,014)	(1,353,889)
Total governmental activities net position	\$ 48,552,425	\$ 52,703,981	\$ 53,971,108	\$ 57,577,795	\$ 59,725,950	\$ 61,844,176	\$ 59,788,743	\$ 62,397,727	\$ 61,817,044	\$ 63,299,311

Notes:

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

Table 2

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Program revenues:										
Charges for services										
General government	\$ 1,177,707	\$ 1,986,246	\$ 1,851,983	\$ 1,386,497	\$ 1,525,062	\$ 1,868,477	\$ 3,170,678	\$ 3,257,876	\$ 2,821,305	\$ 2,370,489
Public services	1,584,529	1,719,617	1,680,722	1,791,859	2,363,475	2,481,387	2,531,113	2,510,082	2,883,349	3,004,909
Public safety	1,760,683	1,629,561	1,632,627	2,069,487	2,449,062	2,156,498	2,731,150	2,780,266	3,094,403	3,075,250
Public works	1,515,042	1,665,084	1,542,707	1,843,317	1,405,040	1,590,382	1,692,802	1,635,542	1,740,432	2,040,177
Education	1,195,167	1,217,302	1,252,673	1,248,055	1,191,085	1,282,369	1,299,774	1,356,477	1,268,370	1,523,725
Interest on debt services	-	-	-	-	-	-	-	-	-	-
Operating grants and activities	15,486,627	12,269,970	11,719,082	11,093,321	9,912,515	9,983,992	8,586,603	8,150,991	9,486,212	7,247,352
Capital grants and contributions	112,090	122,376	170,480	174,652	97,351	159,089	54,304	149,582	161,912	54,317
General revenues:										
Property and excise taxes, levies for general purposes	46,620,992	47,029,220	49,050,813	50,571,377	54,442,643	58,838,156	60,877,879	63,529,063	65,631,946	68,335,117
Grants and contributions not restricted to specific programs	339,302	1,947,274	1,904,938	2,473,014	2,656,313	1,352,303	1,908,036	1,796,997	2,206,632	2,880,488
Unrestricted investment earnings	137,533	141,496	42,024	66,255	42,573	108,862	390,260	84,783	175,917	152,437
Total revenues	69,929,672	69,728,146	70,848,049	72,717,834	76,085,119	79,821,515	83,242,599	85,251,659	89,470,478	90,684,261
Expenses:										
General government	11,408,399	10,656,413	12,022,846	11,537,424	11,413,745	11,346,043	14,077,217	12,728,572	14,435,000	13,113,500
Public services	3,742,174	3,831,908	5,041,659	3,868,072	3,851,672	4,188,079	4,658,690	4,733,734	4,923,303	4,996,328
Public safety	7,812,611	8,265,739	7,331,259	8,691,510	8,555,020	9,362,899	9,716,227	10,922,234	11,496,900	12,599,095
Public works	7,156,188	9,479,984	7,245,892	7,805,045	7,874,408	7,617,844	7,713,975	8,048,143	8,245,900	8,116,981
Education	34,363,377	34,546,380	35,275,130	34,346,445	39,167,124	41,772,944	41,617,985	42,774,764	46,499,772	46,873,688
Interest on debt service	2,826,821	2,693,682	2,664,136	2,862,650	3,074,995	3,415,482	3,418,748	3,435,228	3,230,297	3,502,402
Total expenses	67,309,570	69,474,106	69,580,922	69,111,146	73,936,964	77,703,291	81,202,842	82,642,675	88,831,172	89,201,994
Net (expense)/revenue:	2,620,102	254,040	1,267,127	3,606,688	2,148,155	2,118,224	2,039,757	2,608,984	639,306	1,482,267
Change in Net Position	\$ 2,620,102	\$ 254,040	\$ 1,267,127	\$ 3,606,688	\$ 2,148,155	\$ 2,118,224	\$ 2,039,757	\$ 2,608,984	\$ 639,306	\$ 1,482,267

Table 3

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

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

* Beginning with 2008, the unexpended income portion of fund balance in the permanent funds was classified as reserved.

¹ Recalculated Fiscal Year 2010 fund balances to show comparison of GASB Statement No. 54 to 2011.

² Fiscal Year 2011 is the initial year of implementation of GASB Statement No. 54.

³ Re-allocated Special Revenues to General Fund for GASB Statement No. 54.

Table 4

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 46,401	\$ 46,880	\$ 48,957	\$ 50,428	\$ 54,393	\$ 58,826	\$ 61,154	\$ 63,719	\$ 65,949	\$ 68,340
Licenses and permits	482	573	480	494	554	662	756	817	782	939
Intergovernmental	17,357	14,106	13,701	13,136	12,024	10,976	12,879	11,672	10,954	10,600
Interest earned	324	242	125	153	178	230	449	199	426	192
Other	7,545	7,849	7,549	8,420	8,883	8,966	10,376	10,418	11,193	11,852
Total revenues	72,109	69,650	70,812	72,631	76,032	79,660	85,614	86,825	89,304	91,923
Expenditures										
General government	4,615	4,742	6,144	4,403	4,957	5,201	4,829	4,951	5,932	7,070
Public services	4,033	3,766	4,831	3,841	3,931	4,146	4,612	4,690	4,922	4,945
Public safety	7,735	7,355	7,318	8,242	8,578	8,879	9,344	10,297	11,116	11,836
Public works	6,532	8,027	5,353	4,598	7,398	6,503	6,506	7,233	7,128	6,750
Education (Excludes School Debt)	33,105	33,127	33,364	33,220	37,295	40,149	45,614	43,681	45,541	46,291
Education Debt (Prin & Int)	4,475	4,174	4,142	3,758	3,653	4,150	4,606	5,119	5,761	5,614
County tax	1,837	1,886	1,923	1,976	2,075	2,194	2,355	2,493	2,569	2,710
Debt service (Principal-Town Only (1))	3,204	3,044	2,961	5,417	4,942	3,353	3,506	3,760	3,800	3,866
Debt service (Interest-Town Only)	1,867	1,911	1,810	1,151	1,109	1,118	1,100	1,164	1,058	1,008
Capital Outlay	10,196	5,167	6,037	6,347	16,988	21,840	9,942	3,626	4,415	3,636
Other	3,415	4,085	4,014	4,948	1,817	1,775	1,928	2,054	2,639	2,637
Total expenditures	81,014	77,284	77,897	77,901	92,743	99,308	94,342	89,068	94,881	96,363
Excess (deficiency) of revenues over (under) expenditures	(8,905)	(7,634)	(7,085)	(5,270)	(16,711)	(19,648)	(8,728)	(2,243)	(5,577)	(4,440)
Other financing sources (uses)										
Transfers in	3,453	1,982	1,477	2,061	1,845	1,371	1,071	1,410	3,208	1,264
Transfers out	(3,453)	(1,982)	(1,477)	(2,061)	(1,845)	(1,371)	(1,071)	(1,410)	(3,208)	(1,264)
Capital Lease proceeds	820	52	-	-	365	249	-	-	-	-
Refunding bond issued	-	-	1,155	24,605	7,065	-	-	3,785	-	-
Payment to refunding bond escrow agent	-	-	(1,155)	(27,125)	(7,347)	-	-	(3,972)	-	-
Premium received on refunded debt	-	-	(12)	2,642	322	-	-	187	-	-
Premium received on issued debt	-	-	-	1,913	1,263	-	-	85	-	1,341
General obligation bonds and capital leases	4,560	6,002	4,445	21,940	18,620	6,505	6,085	3,755	2,755	18,190
Total other financing sources (uses)	5,380	6,054	4,433	23,975	20,288	6,754	6,085	3,840	2,755	19,531
Net change in fund balances	\$ (3,525)	(1,580)	(2,652)	18,705	3,577	(12,894)	(2,643)	1,597	(2,822)	15,091
Debt Service as a percentage of non-capital expenditures	7.16%	6.87%	6.64%	9.18%	7.99%	5.77%	5.46%	5.76%	5.37%	5.26%

Notes:

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

Table 5

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

Years ended	General government	Public service	Public safety	Public works	Education	County tax	Debt service	Capital expenditures	Total
2009	4,533,475	3,703,541	7,399,328	6,259,412	34,245,663	1,836,509	5,070,061	1,358,211	64,406,200
2010	4,701,884	3,730,927	7,720,965	6,224,169	34,084,528	1,885,984	4,956,091	1,210,474	64,515,022
2011	4,677,260	3,787,489	7,967,270	6,040,273	34,588,320	1,922,952	4,782,598	833,353	64,599,515
2012	4,401,899	3,841,168	8,241,916	6,598,823	34,018,975	1,975,585	5,416,558	924,372	65,419,296
2013	4,591,897	3,931,386	8,577,811	6,681,399	36,110,973	2,075,183	4,942,403	1,257,490	68,168,542
2014	5,059,198	4,146,541	8,879,022	6,502,618	39,078,563	2,193,813	4,470,950	1,146,088	71,476,793
2015	4,829,444	4,612,240	9,514,108	6,506,439	41,496,318	2,355,415	4,605,500	1,192,358	75,111,822
2016	4,904,706	4,690,296	10,125,943	6,677,609	41,218,487	2,493,342	4,923,898	1,037,678	76,071,959
2017	5,337,246	4,852,147	10,845,773	6,529,061	45,161,286	2,568,852	4,857,655	1,148,329	81,300,349
2018	5,625,094	4,945,601	11,220,717	6,749,774	46,315,653	2,709,666	4,873,855	766,814	83,207,174

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

Table 6

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

Fiscal Year	Property tax	Interest and Costs on taxes	Vehicle Excise tax	Boat Excise tax	Franchise tax fees	Total
2009	41,999,340	99,053	4,099,738	27,079	175,980	46,401,190
2010	42,661,026	96,988	3,909,332	27,818	184,756	46,879,920
2011	44,662,371	103,811	3,955,357	26,095	195,247	48,942,881
2012	46,132,181	87,811	3,965,932	29,331	198,132	50,413,387
2013	49,774,317	93,691	4,222,208	32,945	194,771	54,317,932
2014	53,664,817	98,390	4,620,362	30,849	191,220	58,605,638
2015	55,621,936	105,060	5,026,029	27,530	191,317	60,971,872
2016	57,470,744	113,124	5,596,389	30,144	190,592	63,400,993
2017	59,523,351	101,590	5,873,919	28,925	200,984	65,728,769
2018	61,957,189	106,100	5,903,828	31,034	208,117	68,206,268

Table 7

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

Fiscal Year	Real property	Personal property	Totals		Direct Tax Rate	Ratio of total assessed value to total estimated actual value
	Assessed property	Assessed property	Assessed property	Estimated actual value		
2009	3,365,226,600	121,778,900	3,487,005,500	3,487,005,500	12.15	100%
2010	3,399,998,300	124,773,300	3,524,771,600	3,524,771,600	12.15	100%
2011	3,433,857,700	122,694,200	3,556,551,900	3,556,551,900	12.63	100%
2012	3,455,067,200	116,129,100	3,571,196,300	3,571,196,300	13.03	100%
2013	3,511,580,900	120,094,400	3,631,675,300	3,631,675,300	13.80	100%
2014	3,544,777,800	115,527,900	3,660,305,700	3,660,305,700	14.77	100%
2015	3,587,500,600	112,987,600	3,700,488,200	3,700,488,200	15.10	100%
2016	3,637,366,300	108,181,800	3,745,548,100	3,745,548,100	15.49	100%
2017	3,667,678,200	108,684,300	3,776,362,500	3,776,362,500	15.92	100%
2018	3,678,001,742	107,486,600	3,785,488,342	3,785,488,342	16.49	100%

Source: Town of Scarborough Assessor's Office.

Table 8

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

Fiscal Year	Town	School	County Tax	Tax Increment Financing District	Overlay	State Revenue Sharing (1)	Total Property Tax Rates by Year
2009	4.096	7.754	0.527	0.245	0.021	(0.492)	12.15
2010	4.240	7.595	0.535	0.186	0.078	(0.483)	12.15
2011	4.353	7.894	0.541	0.203	0.028	(0.390)	12.63
2012	4.432	8.166	0.553	0.211	0.059	(0.391)	13.03
2013	4.452	8.849	0.571	0.220	0.100	(0.392)	13.80
2014	4.663	9.479	0.599	0.240	0.095	(0.306)	14.77
2015	4.649	9.774	0.637	0.245	0.089	(0.292)	15.10
2016	4.597	10.144	0.666	0.254	0.132	(0.303)	15.49
2017	4.743	10.563	0.680	0.240	0.046	(0.353)	15.92
2018	4.698	11.239	0.716	0.224	0.037	(0.423)	16.49

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

Table 9

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

2009				2018			
<u>Taxpayer</u>	Taxable Assessed		Percentage of Total Taxable Assessed	<u>Taxpayer</u>	Taxable Assessed		Percentage of Total Taxable Assessed
	<u>Value</u>	<u>Rank</u>	<u>Value</u>		<u>Value</u>	<u>Rank</u>	<u>Value</u>
Maine Life Care Retirement	\$ 61,569,500	1	1.77%	Maine Life Care Retirement	\$ 67,631,500	1	1.79%
Wal-Mart/Sam's Club	46,518,800	2	1.33%	Wal-Mart/Sam's Club	37,255,000	2	0.98%
Hannaford Brothers	36,139,500	3	1.04%	Central Maine Power	32,056,300	3	0.84%
New England Expedition	35,045,900	4	1.01%	New England Expedition	30,987,000	4	0.82%
MMC Realty Maine Health	22,378,100	5	0.64%	Hannaford Brothers	22,229,400	5	0.59%
Scarborough Gallery	21,492,500	6	0.62%	Gavin Ruotolo	19,074,600	6	0.50%
Gavin Ruotolo	17,376,100	7	0.50%	Scarborough Gallery	18,864,100	7	0.50%
Shaw's Supermarket	14,791,400	8	0.42%	RRE Foxcroft/Coach Lantern	13,086,000	8	0.35%
RRE Foxcroft/Coach Lantern	13,188,800	9	0.38%	Waterstone Scarborough LLC	12,592,200	9	0.33%
BPI LLC	11,752,500	10	0.34%	Scarborough Investments LLC	9,795,300	10	0.26%
Total Principal Taxpayers	280,253,100		8.04%		263,571,400		6.96%
Total Assessed Value:	\$ 3,487,005,000				\$ 3,785,488,342		

Source: Town of Scarborough, Maine Assessor

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collections Within Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	42,397,139	41,890,825	98.8%	495,967	42,386,792	99.98%
2010	42,877,989	42,370,914	98.8%	488,503	42,859,417	99.96%
2011	44,928,747	44,325,013	98.7%	590,907	44,915,920	99.97%
2012	46,684,211	46,102,831	98.8%	568,674	46,671,505	99.97%
2013	50,125,493	49,483,773	98.7%	625,650	50,109,423	99.97%
2014	54,062,720	53,305,613	98.6%	743,762	54,049,375	99.98%
2015	55,877,372	55,321,988	99.0%	540,463	55,862,451	99.97%
2016	58,018,545	57,331,779	98.8%	658,097	57,989,876	99.95%
2017	60,119,691	59,602,001	99.1%	327,838	59,929,840	99.68%
2018	62,422,707	61,848,681	99.1%	-	61,848,681	99.08%

Source: Town of Scarborough Tax Collector's Office

Table 11

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

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate	Tax Levy
2009	3,365,226,600	121,778,900	3,487,005,500	12.15	42,397,139
2010	3,399,998,300	124,773,300	3,524,771,600	12.15	42,877,989
2011	3,433,857,700	122,694,200	3,556,551,900	12.63	44,928,747
2012	3,455,067,200	116,129,100	3,571,196,300	13.03	46,684,211
2013	3,511,580,900	120,094,400	3,631,675,300	13.80	50,125,493
2014	3,544,777,800	115,527,900	3,660,305,700	14.77	54,062,720
2015	3,587,500,600	112,987,600	3,700,488,200	15.10	55,877,372
2016	3,637,366,300	108,181,800	3,745,548,100	15.49	58,018,545
2017	3,667,678,200	108,684,300	3,776,362,500	15.92	60,119,691
2018	3,678,001,742	107,486,600	3,785,488,342	16.49	62,422,707

Source: Town of Scarborough Assessor's Office

Table 12

TOWN OF SCARBOROUGH, MAINE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Other Bond Adjustments	Capital Leases	Total Outstanding Debt	Population*	Percentage of personal income	Debt Per Capita
2009	67,785,000		2,223,239	70,008,239	18,812	13.52%	3,721
2010	68,042,000		1,640,531	69,682,531	19,239	13.44%	3,622
2011	66,767,000		1,105,143	67,872,143	18,919	9.30%	3,588
2012	82,250,000	2,428,572	687,335	85,365,907	18,786	10.80%	4,544
2013	96,180,000	5,715,066	622,334	102,517,400	18,941	12.41%	5,412
2014	97,895,000	5,474,486	597,722	103,967,208	19,343	12.37%	5,375
2015	98,500,000	5,233,907	395,578	104,129,485	19,691	12.68%	5,288
2016	95,920,000	5,315,488	199,715	101,435,203	20,023	12.10%	5,066
2017	91,630,000	5,049,838	-	96,679,838	20,208	11.40%	4,784
2018	102,650,000	6,125,334	-	108,775,334	20,208	12.80%	5,383

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

See the Demographic and Economic Statistics on schedule 15 for personal income and population data.

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

Table 12A

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

Fiscal Year	General Obligation Bonds	Other Bond Adjustments	Total	Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Population*	Percentage of personal income	Debt Per Capita
2009	67,785,000		67,785,000	3,487,005,500	1.94%	18,812	13.52%	3,603
2010	68,042,000		68,042,000	3,524,771,600	1.93%	19,239	13.44%	3,537
2011	66,767,000		66,767,000	3,556,551,900	1.88%	18,919	9.30%	3,529
2012	82,250,000	2,428,572	84,678,572	3,571,196,300	2.30%	18,786	10.80%	4,378
2013	96,180,000	5,715,066	101,895,066	3,631,675,300	2.65%	18,941	12.41%	5,078
2014	97,895,000	5,474,486	103,369,486	3,660,305,700	2.67%	19,343	12.37%	5,061
2015	98,500,000	5,233,907	103,733,907	3,700,488,200	2.66%	19,691	12.68%	5,002
2016	95,920,000	5,315,488	101,235,488	3,745,548,100	2.56%	20,023	12.10%	4,790
2017	91,630,000	5,049,838	96,679,838	3,776,362,500	2.43%	20,208	11.40%	4,534
2018	102,650,000	6,125,334	108,775,334	3,785,488,342	2.71%	20,208	12.80%	5,080

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

See the Demographic and Economic Statistics on schedule 15 for personal income and population data.

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

Table 13

TOWN OF SCARBOROUGH, MAINE
Ratio of Annual Debt Service Expenditures
for General Obligation Bonded Debt
to Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal year	Principal	Interest	Total debt service	Total general fund expenditures	Ratio of debt service to general fund expenditures
2009	6,103,000	2,750,561	8,853,561	64,406,200	13.75%
2010	5,745,000	2,653,085	8,398,085	64,515,022	13.02%
2011	5,720,000	2,584,375	8,304,375	64,599,515	12.86%
2012	5,972,000	2,432,682	8,404,682	65,419,296	12.85%
2013	5,135,000	2,815,370	7,950,370	68,168,542	11.66%
2014	4,790,000	3,588,569	8,378,569	71,476,793	11.72%
2015	5,480,000	3,505,753	8,985,753	75,111,822	11.96%
2016	6,320,000	2,139,692	8,459,692	76,071,959	11.12%
2017	7,045,000	3,348,228	10,393,228	81,300,349	12.78%
2018	7,170,000	3,227,906	10,397,906	83,222,755	12.49%

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

Table 14

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 534,488	\$ 543,068	\$ 534,623	\$ 533,513	\$ 522,375	\$ 536,918	\$ 451,595	\$ 568,793	\$ 584,903	\$ 610,215
Total net debt applicable to limit	67,785	68,042	66,767	84,679	101,895	103,369	103,734	95,920	91,630	102,650
Legal debt margin	466,703	475,026	467,856	448,834	420,480	433,549	347,861	472,873	493,273	507,565
Total net debt applicable to the limit as a percentage of debt limit	12.68%	12.53%	12.49%	15.87%	19.51%	19.25%	22.97%	16.86%	15.67%	16.82%

Note: Under state finance law, the Town of Scarborough's outstanding general obligation debt should not exceed 15 percent of total assessed property value.

By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Table 14A

TOWN OF SCARBOROUGH, MAINE
Direct, Overlapping and Contingent Debt
Last Ten Fiscal Years
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 *</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town of Scarborough:										
General Obligation Bonds	67,785	68,042	66,767	82,250	96,180	97,895	98,500	95,920	91,630	102,650
Premium				4,371	5,715	5,474	5,234	5,315	5,050	6,125
Capital Leases	2,223	1,641	1,105	687	623	598	396	200	-	-
Total Direct Debt	70,008	69,683	67,872	87,308	102,518	103,967	104,130	101,435	96,680	108,775
Cumberland County	481	327	126	3,352	3,254	3,458	3,457	3,321	3,464	3,286
Portland Water District	4,099	4,210	3,845	3,933	3,483	5,994	6,454	6,654	6,396	6,926
Total Overlapping Debt	4,580	4,537	3,971	7,285	6,737	9,452	9,911	9,975	9,860	10,212
ecomaine Waste Systems:										
Resource recovery system	1,601	792	231	-	-	-	-	-	-	-
Material recovery facility	182	125	120	-	-	-	-	-	-	-
Landfill closure/postclosure	1,242	1,266	1,302	1,371	1,405	1,436	1,467	1,504	1,318	1,324
Total Contingent Debt	3,025	2,183	1,653	1,371	1,405	1,436	1,467	1,504	1,318	1,324
Total Direct, Overlapping/Contingent	77,613	76,403	73,496	95,964	110,660	114,855	115,508	112,914	107,858	120,311

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

Note: Overlapping debt is calculated from the total outstanding debt of the government, multiplied by the Town's percentage share.
Calculations for the Overlapping and Contingent Debt are provided by the Cumberland County Treasurer's Office, the Portland Water District and ecomaine.
Please see additional information in the Notes to the Financial Statements

Table 15

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

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (a)	Median Age (a)	School Enrollment (c)	Unemployment Rate (d)
2009	19,054	501,520,334	26,321	39	3,343	5.80%
2010	19,239	506,389,719	26,321	39	3,363	5.70%
2011	18,919	718,146,321	37,959	44	3,269	5.50%
2012	18,786	761,359,008	40,528	44	3,205	5.20%
2013	18,941	775,103,302	40,922	45	3,157	4.70%
2014	19,343	791,554,246	40,922	45	3,112	3.70%
2015	19,524	776,703,768	39,782	45	3,117	3.10%
2016	19,691	792,936,879	40,269	45	3,014	2.90%
2017	20,023	803,703,197	40,139	45	2,966	2.80%
2018	20,208	801,914,064	39,683	47	2,938	2.70%

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

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

Median Age based on 2017 one year estimates

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

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

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

Table 16

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

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

* Source: Scarborough Economic Development Corporation (SEDCO)

Latest Estimate of Employment: 15,926 (Source: ME Dept of Labor, Second Quarter, 2018 Covered Employment - all industries)

Does not include self employed

Table 17

TOWN OF SCARBOROUGH, MAINE
Unemployment Data
Last Ten Fiscal Years

Fiscal Year ending June 30,	Portland Metropolitan Statistical Area (PMSA)*	State of Maine	Town of Scarborough
2009	6.8%	8.1%	5.8%
2010	6.7%	7.9%	5.7%
2011	6.4%	7.7%	5.5%
2012	6.1%	7.3%	5.2%
2013	5.4%	6.4%	4.7%
2014	4.4%	5.3%	3.7%
2015	3.5%	4.2%	3.1%
2016	3.1%	3.7%	3.0%
2017	2.8%	3.3%	2.6%
2018	2.7%	3.2%	2.7%

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

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

Data is for June of each year.

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

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

Source: Town of Scarborough various departments

Note:

FY2012 Scarborough Public Library Processed Passport Applications

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

Function:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Govt:										
Planning Vehicles	4	4	5	4	4	4	4	4	3	4
Technology Vehicles	3	3	3	3	3	4	4	4	3	3
Public Service:										
Community Services										
Vehicles	5	5	5	5	6	7	7	8	8	6
Parks	4	4	4	5	6	6	6	6	6	6
Public Safety:										
Police:										
Vehicles - Patrol Cars	8	8	8	12	12	12	12	12	12	14
Facilities	1	1	1	1	1	1	1	1	1	1
Fire:										
Vehicles - Response Trucks	10	10	10	11	12	12	12	12	12	12
Marine	2	2	2	2	2	2	2	2	2	2
Facilities	6	6	6	6	6	6	6	6	6	6
Rescue:										
Vehicles - Response Trucks	3	3	3	3	3	3	3	3	3	3
Public Works:										
Streets (miles)	111.40	117.28	121.92	175.56	174.20	174.92	175.44	175.44	176.80	176.80
Traffic Signals	35	35	35	35	37	37	43	43	43	43
Generators	10	10	10	10	10	10	10	11	11	11

Source: Town of Scarborough various departments

Table 20

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government:										
Full time	39	35	37	35	34	32	35	36	37	39
Part Time	53	72	55	57	61	52	64	14	50	50
Public Services:										
Full time	15	17	23	15	15	15	15	15	17	16
Part Time	159	134	146	148	160	139	125	123	156	150
Public Safety:										
Police										
Full time	52	50	52	53	55	53	53	55	67	61
Part Time	34	35	38	28	30	33	28	36	39	36
Fire										
Full time	4	4	5	5	5	8	8	8	9	9
Part Time	164	148	150	153	151	150	160	169	146	154
Rescue										
Full time	12	16	20	20	20	21	23	24	24	24
Part Time	15	10	11	11	10	0	0	0	0	0
Public Works:										
Full time	35	31	31	31	31	31	32	32	36	34
Part Time	3	4	1	1	3	1	1	2	5	8
Education:										
Full time	761	503	460	452	449	443	494	462	507	506
Part Time		268	262	302	296	246	327	323	274	307
Total:	1346	1327	1291	1311	1320	1224	1365	1299	1367	1394

Source: Town of Scarborough

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

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

Source: Town of Scarborough

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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 \$7,780,000* aggregate principal amount of 2019 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 June 20, 2019.* 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, commencing on November 1, 2019, 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>
2020	\$450,000		2030	\$295,000	
2021	450,000		2031	295,000	
2022	450,000		2032	295,000	
2023	450,000		2033	295,000	
2024	450,000		2034	295,000	
2025	335,000		2035	260,000	
2026	335,000		2036	260,000	
2027	335,000		2037	260,000	
2028	335,000		2038	260,000	
2029	335,000		2039	260,000	

\$1,080,000 ___% Bond, due November 1, 2048

*Subject to change.

Bonds maturing on or before November 1, 2029 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after November 1, 2030 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2029, 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, 2048 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>
2040	\$120,000
2041	120,000
2042	120,000
2043	120,000
2044	120,000
2045	120,000
2046	120,000
2047	120,000
2048	120,000

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 (collectively, the “Tax Certificates”), 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 Tax Certificates.

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 \$7,380,000 2019 General Obligation Bonds, dated as of June 20, 2019 (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 June 5, 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, 2019, 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: Ruth D. Porter, 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