



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
\$3,725,000
2021 GENERAL OBLIGATION BONDS

Dated: Date of Delivery

Due: November 1, as shown below

Year of Maturity	Amount	Interest Rate	Yield or Price	Year of Maturity	Amount	Interest Rate	Yield or Price
2022	\$350,000	5.00%	0.08	2027	\$300,000	5.00%	0.55
2023	350,000	5.00	0.10	2028	300,000	5.00	0.67
2024	350,000	5.00	0.17	2029	300,000	5.00	0.77
2025	350,000	5.00	0.28	2030	300,000	5.00	0.86
2026	350,000	2.00	0.42	2031	300,000	4.00	0.93

\$475,000⁽¹⁾ 2.00% Term Bond due November 1, 2041, @ 98.361 to Yield 2.10%

The Town of Scarborough, Maine 2021 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, 2021 and semi-annually on each May 1 and November 1 thereafter until maturity, or redemption prior to maturity.

The legal opinion of Bernstein Shur Sawyer & Nelson, P.A. of Portland, Maine, Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the Town of Scarborough, Maine (the "Town") and, unless paid from other sources, are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied, without limit as to rate or amount upon all the property within the territorial limits of the Town and taxable by it (see "THE BONDS - SOURCE OF PAYMENTS AND REMEDIES - Limitation on Municipal Property Tax Levy" herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the Town establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see "TOWN FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein). Bonds issued for school improvements that will be included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended, such as School Projects, are not subject to the property tax limit set forth in Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended. The Town's Treasurer has certified that the Town has no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share assessed valuation with another municipality. The Town has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the economic development projects and programs described in the development programs adopted with respect to such 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, 2031 are not subject to redemption prior to their stated dates of maturity. The Bonds maturing on and after November 1, 2032 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2031 as more fully set forth herein (see "THE BONDS - OPTIONAL REDEMPTION PRIOR TO MATURITY" herein). The Bond maturing November 1, 2041 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 September 1, 2021.

NOTE: ⁽¹⁾ The Term Bond is 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, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

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**CERTIFICATE
CONCERNING OFFICIAL STATEMENT**

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

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

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

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

Gina M. Clukey
Treasurer
Town of Scarborough, Maine

**OFFICIAL STATEMENT
TOWN OF SCARBOROUGH, MAINE
\$3,725,000
2021 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 2021 General Obligation Bonds (the “Bonds” or the “2021 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, 2021, 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 September 1, 2021. 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>
\$350,000	2022	806075R90	\$300,000	2027	806075S65
350,000	2023	806075S24	300,000	2028	806075S73
350,000	2024	806075S32	300,000	2029	806075S81
350,000	2025	806075S40	300,000	2030	806075S99
350,000	2026	806075S57	300,000	2031	806075T23

\$475,000^(†) Term Bond due November 1, 2041 (CUSIP: 806075T31)

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, 2031 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after November 1, 2032 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2031, 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.

NOTE: ^(†) The Term Bond is subject to mandatory redemption. See “THE BONDS - Mandatory Redemption” herein.

Mandatory Redemption

The Bond maturing November 1, 2041 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>Term Bond due 2041</u>			
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2032	\$75,000	2037	\$20,000
2033	75,000	2038	20,000
2034	75,000	2039	20,000
2035	75,000	2040	20,000
2036	75,000	2041 ^(†)	20,000

NOTE: ^(†) Year of final maturity.

GENERAL PROVISIONS REGARDING REDEMPTION OF THE BONDS

Notice of Redemption

In the case of every optional 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 such address as shall 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 which have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the Town or returned to the Town at its request.

Partial Redemption of Bonds

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

RECORD DATE; PAYMENT

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

AUTHORIZATION AND PURPOSE

The authority to issue the Bonds is granted under Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, and Sections 204.3, 901, and 907 of the Town's Charter (as defined herein). 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 21-052, adopted by the Town Council at its meeting held on July 21, ratified the approval to issue the Bonds to provide funds to finance the following projects (the "Projects" or a "Project"). The 20-day Section 901.5 override period expires on August 10, 2021.

The Projects

<u>CIP Year</u>	<u>Dept</u>	<u>Amount</u>	<u>Project</u>	<u>Order</u>	<u>Years</u>
2009/2010	Muni	\$1,901	649 US Route One	09-130	1
2018/2019	Muni	54,645	PW Mid-Level Road Rehab.	17-037	5
2016/2017	Muni	24,000	PL Phillips Brook WMI	21-052	5
2018/2019	Muni	13,615	FD Major Apparatus Refurbishing	21-052	5
2018/2019	Sch	70,000	Outfit New Classroom Spaces	21-052	5
2020/2021	Sch	50,000	Furnishings Replace & Renew	21-052	5
2020/2021	Sch	41,400	DW tech refresh	21-052	5
2020/2021	Sch	20,000	EC Modular Classrooms	21-052	5
2020/2021	Muni	1,200,000	F.D. Replace Ladder 1	20-100	10
2020/2021	Muni	228,700	Plow Truck #4002	21-052	10
2019/2020	Muni	186,760	F.D. Replace Engine 2	19-059	10
2020/2021	Muni	85,000	259 US Route 1 - Air Handling Room	21-052	10
2020/2021	Sch	266,000	MS HVAC Repairs and Upgrades	21-052	10
2020/2021	Sch	229,000	School Bus	21-052	10
2020/2021	Sch	164,500	PH Modular Classrooms	21-052	10
2020/2021	Sch	142,000	HS/WW HVAC Controls & Server	21-052	10
2019/2020	Sch	121,000	MS HVAC Repairs and Upgrades	21-052	10
2020/2021	Sch	75,000	Interior Finishes	21-052	10
2019/2020	Sch	68,380	DW HVAC Repairs	21-052	10
2020/2021	Muni	867,000	Mid-Level Paving	21-052	15
2019/2020	Muni	396,099	649 US Route One	19-085	20
		\$4,305,000^(*)			

“Sch” referred to as a “School Project” herein.

Key to abbreviations in the above table: “PW” indicates Public Works; “PL” indicates Planning; “FD” indicates Fire Department; “DW” indicates District Wide; “EC” indicates Eight Corners School; “MS” indicates Middle School; “PH” indicates Pleasant Hill School; “HS” indicates High School; “WW” indicates Wentworth School.

Amortizations of the Projects

<u>Nov 1.</u>	<u>Muni</u>						<u>School</u>			<u>Total Bonds</u>
	<u>1 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>	<u>15 Yrs</u>	<u>20 Yrs</u>	<u>Total Muni</u>	<u>5 Yrs</u>	<u>10 Yrs</u>	<u>Total Sch</u>	
2022	\$1,901	\$18,452	\$105,046	\$57,800	\$23,933	\$207,132	\$36,280	\$106,588	\$142,868	\$350,000
2023		18,452	110,046	57,800	20,834	207,132	36,280	106,588	142,868	350,000
2024		18,452	110,046	57,800	20,834	207,132	36,280	106,588	142,868	350,000
2025		18,452	110,046	57,800	20,834	207,132	36,280	106,588	142,868	350,000
2026		18,452	110,046	57,800	20,834	207,132	36,280	106,588	142,868	350,000
2027			115,046	57,800	20,566	193,412		106,588	106,588	300,000
2028			115,046	57,800	20,566	193,412		106,588	106,588	300,000
2029			115,046	57,800	20,566	193,412		106,588	106,588	300,000
2030			115,046	57,800	20,566	193,412		106,588	106,588	300,000
2031			115,046	57,800	20,566	193,412		106,588	106,588	300,000
2032				57,800	17,200	75,000				75,000
2033				57,800	17,200	75,000				75,000
2034				57,800	17,200	75,000				75,000
2035				57,800	17,200	75,000				75,000
2036				57,800	17,200	75,000				75,000
2037					20,000	20,000				20,000
2038					20,000	20,000				20,000
2039					20,000	20,000				20,000
2040					20,000	20,000				20,000
2041					20,000	20,000				20,000
	\$1,901	\$92,260	\$1,120,460	\$867,000	\$396,099	\$2,477,720	\$181,400	\$1,065,880	\$1,247,280	\$3,725,000 ^(*)

NOTE: ^(*) Par amount of Bonds, plus allocable net Original Issue Premium in the amount of \$580,000, provided Issue Proceeds to finance the Fire Truck Replacement Project.

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 development districts pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, in the future, including the retention of a portion of the tax increment on the captured assessed value of the property in these districts to pay costs of the development project within the districts. Within the limits established by statute, the Town has the right to designate additional development districts pursuant to Chapter 206 of Title 30-A 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 of or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the

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

Limitation on Municipal Property Tax Levy

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

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

The Town may increase the Property Tax Levy Limit by a majority vote of the entire Town 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 Town Council's vote. The opportunity for the voters to petition for a referendum vote on the council's decision is not provided if the municipal charter "prohibits a petition and referendum process.

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

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

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

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

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

TAX MATTERS

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

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

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

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

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

Designated as Qualified Tax-Exempt Obligations

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

Original Issue Discount

Certain maturities of the Bonds (the "Discount Bonds") may be sold at an issue price that is less than the stated redemption price of the Discount Bonds at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at

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

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

Original Issue Premium

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

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

Additional Federal Income Tax Consequences

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

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

Changes in Federal Tax Law

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

Opinion of Bond Counsel

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

Extent of Opinion

Bond Counsel expresses no opinion regarding any tax consequences of holding the Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Bonds not constituting an item of tax preference pursuant to Section 57 of the Code (c) designation of the Bonds as “Qualified Tax-exempt Obligations” for purposes of Section 265(b)(3) of the Code and (d) 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

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.

STATEMENT REGARDING COVID-19

The outbreak of COVID-19, a new strain of coronavirus, spread throughout the world, including the State of Maine (the “State”), and had been declared a pandemic by the World Health Organization. On March 15, 2020, the Governor of the State declared a state of emergency and issued a variety of Executive Orders closing non-essential businesses and requiring residents of the State to stay a home or at their residences except for the purpose of engaging in essential activities.

The COVID-19 outbreak had affected the overall economy of the nation as well as the State and its various governmental units, including the Town. On June 11, 2021, the Governor lifted the state of civil emergency effective June 30, 2021. Also ending is the State’s mask mandate for public schools and child care facilities, although face coverings still will be recommended for those who are unvaccinated from the virus, including those under age 12 who are not yet eligible to receive the vaccine. This announcement effectively ends all governmentally mandated restrictions that have been in place since COVID-19 first reached Maine in March of last year.

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 the discussions in the footnotes 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.

Financial Statements	Date	Days after
<u>FY ended June 30,</u>	<u>Filed</u>	<u>Fiscal Period end</u>
2020	04/14/2021 ⁽³⁾	288
2019	01/31/2020	215
2018	01/31/2019 ⁽¹⁾	215
2017	02/01/2018 ⁽²⁾	216
2016	01/03/2017	187
2015	02/29/2016	244

NOTE: ⁽¹⁾ Modified February 4, 2019.

⁽²⁾ Modified March 12, 2018.

⁽³⁾ *The following is an extract from a Voluntary Filing of the Town, posted April 14, 2021, to explain" the exception to filing financial data on a timely basis".* Due to circumstances caused by the COVID-19 pandemic, the Town's Audit Firm and the Town experienced staffing shortages, which created unforeseen delays in the preparation and release of the 2020 ACFR (as defined herein). Therefore, the Town did not receive its audited financial statements, included in the 2020 ACFR dated April 13, 2021, until April 13, 2021. The Town posted the 2020 ACFR on EMMA on April 14, 2021. In its CDA the Town was obligated to provide certain financial information and operating data relating to the Securities and Exchange Commission's Rule 15c2-12 (the "Rule") by not later than 270 days after the end of each fiscal year (the "Annual Report") pursuant to the Section (b)(5)(i)(A) of the Rule. However, an exception to this requirement is allowed pursuant to Section (b)(5)(i)(B) of the Rule "... the financial statements then when and if available ..." and by Section (b)(5)(i)(C) audited financial statements are considered timely posted as they were posted "... in a timely manner not in excess of ten business days"

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)

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.

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, P.A., 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.

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Map of the Town of Scarborough, Maine



TOWN OF SCARBOROUGH

GENERAL

The Town of Scarborough is located on the southern coast of the State of Maine in the southeastern most section of the County of Cumberland, the State's most populous county, and is approximately seven miles southwest of Portland, the State's largest city. Scarborough's entire eastern width is on the Spurwink River or the Atlantic Ocean; its northeastern border is formed by the cities of South Portland and Westbrook and the Town of Cape Elizabeth; the towns of Gorham and Buxton are contiguous on its northwest; and its southwest boundaries align the City of Saco and Town of Old Orchard Beach. Sections of the Town include, North Scarborough, Oak Hill, Black Point, Pleasant Hill, Higgins Beach, Pine Point (first called Blue Point) and Prouts Neck. Originally known as Libby's Neck, Prouts Neck is a broadening point of land extending into the sea. On the outer northeastern side of Prouts Neck the Town's oceanfront begins with Scarborough Beach, about two miles in length, going north to Higgins Beach, which succeeds and continues to the Spurwink River at the Town's line. On the western side of Prouts Neck, is a small harbor facing Pine Point and Ferry Rock, nearly enclosing from the sea a considerable basin into which waters of several streams are discharged.



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

A 1,500-acre tract of land between Prouts Neck, then called Black Point, and the Spurwink River was granted to Capt. Thomas Cammock, a nephew of the English Earl of Warwick. The Indian name for the area was "Owascoag", which signifies the place of much grass. In 1633, Capt. Cammock and his wife moved from Richmond's Island to Prouts Neck, and Capt. Cammock was the first legal proprietor in Scarborough. In the course of a few years other settlers joined Cammock, mostly as tenants. By 1650 there were 50 homes at the Black Point settlement. In 1651 there developed a further principal settlement inland, named Dunstan. The Town was incorporated as the sixth 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 but the Town was wholly abandoned in 1690. 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 totaling 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⁽¹⁾, (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).

NOTE: ⁽¹⁾ On October 7, 2020, the Town Council created an Ad Hoc Charter Committee to review, and to advise the Town Council, on potential changes to the Town’s Charter. The proposed changes, as of July 1, 2021, were submitted to the Town Council for its July 21, 2021 meeting, for it to consider and deliberate on the proposed changes. The Town is in the review process and, as of the date of this Official Statement, is unable to comment on the disposition of the changes, if any. Changes to the Charter, if any, are subject to voter approval.

Public Safety

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

The Fire Department operates from one central public safety building and five sub-stations lead by a Fire Chief, a Deputy Fire Chief of Operations/Suppression and a deputy Chief of Emergency Medical Services. The department's personnel include two full-time Administrative Assistants, one full-time Captain of Code/Fire Prevention, four career Paramedic Captains, eight career Paramedic Lieutenants, 20 career Firefighter/EMTs and 141 per diem and call Firefighters. Through its Fire Department, the Town operates three Marine Units, on a seasonal basis.

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

Public Works

The Public Works Department is comprised of five divisions. The **Administrative Division** includes a Director of Public Works, who oversees all of the department's divisions, a Deputy Director, and Administrative Coordinator and a Receptionist. The **Operations Division** is comprised of a Supervisor and 15 crew members. Core maintenance responsibilities include all Town-owned roads including drainage features, sidewalks, signs, beaches, boat landings, cemeteries, trees and for waste collection and recycling. The **Vehicle Maintenance Division** consists of a Supervisor, an Assistant Supervisor, one welder-fabricator, and five 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 \$388,034; annual post-closure monitoring cost is estimated to be approximately \$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 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, 273 teachers and 291 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⁾	196
Eight Corners School	K-2	280 ⁽¹⁾	226
Pleasant Hill School	K-2	180 ⁽¹⁾	185
Wentworth School	3-5	800	614
Scarborough Middle	6-8	800 ⁽¹⁾	708
Scarborough High	9-12	1,200	938

NOTE: ⁽¹⁾ Includes Portable Classrooms. ⁽²⁾ "Current Year Pupils" October 1, 2020.

Enrollment Trends

Oct. 1	Grades					Attending Enrollment⁽¹⁾
	K-2	3-5	6-8	9-12	Tuition	
2020	607	614	708	938	0	2,867
2019	651	663	694	983	0	2,991
2018	609	661	675	1,003	0	2,948
2017	566	675	715	976	0	2,932
2016	585	670	715	994	2	2,966
2015	581	639	746	1,021	2	2,989
2014	617	696	799	998	2	3,112
2013	628	703	783	1,028	2	3,144
2012	624	742	805	1,053	1	3,225
2011	632	776	779	1,065	1	3,253

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.

Technical Education

Title 20-A, Chapter 313, of the Maine Revised Statutes, as amended, provides for "applied technology education" 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 an applied technology center (a "Center") or an applied technology region (a "Region"). A Center (a "CTE Center") is comprised of a single school administrative unit ("SAU") and its obligations are those of the unit.

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 to the CTE Center’s SAU (e.g., Portland School Department or Westbrook School Department, accordingly). The law regarding the funding of CTE Centers was changed by Chapter 226 of the Private and Special Laws of Maine (1999) such that CTE Centers are funded through a CTE allocation paid by the State and paid directly to the CTE Region; or an SAU that has a CTE Center. The CTE funding statute still allows CTEs to assess members if their budget needs exceed the State CTE allocation; and to have cost sharing agreements.

LABOR RELATIONS

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

<u>Union⁽¹⁾</u>	<u>Bargaining Unit</u>	<u>Members</u>	<u>Date of Contract</u>	
			<u>Effective</u>	<u>Expiration⁽²⁾</u>
SPBA	Police	36	July 1, 2018	June 30, 2021
SPA	Dispatchers	15	July 1, 2021	June 30, 2024
SPA	Paramedics	32	July 1, 2021	June 30, 2024
Teamsters	Public Works Operations	15	To be determined ⁽³⁾	
SEA	Teachers	320	Sept. 1, 2019	Aug. 31, 2022
SAA	School Administrators	11	July 1, 2021	June 30, 2022
SESPA	School Staff and Teacher’s Aids	136	July 1, 2020	June 30, 2021
SEA	School Custodians	30	July 1, 2018	June 30, 2021
SEA	Bus Drivers	17	July 1, 2018	June 30, 2021
SEA	Food Service Workers	22	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 expired 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.

⁽³⁾ A new bargaining unit, associated with the International Brotherhood of Teamsters Local Union No 340, has been established but is still in the process of forming.

THE SCARBOROUGH PUBLIC LIBRARY

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

benefit of the library and, following her death, in 1921, a trust fund was left for the library. Another guest of the Atlantic House, Margaret Jewell, gave generously to the building fund, and upon her death, in 1970, she left an endowment fund to the library.

In 1937, the Town purchased land on the south side of the Corporation's building and, with a gift of two additional parcels of land on the north and west sides of the building, an addition to the one-room library was planned. The north wing, known as the Fiction Room, was completed in 1938. Another building fund, starting in 1947, led to a south wing completion in October 1951, to become the Reference Room. In 1976, the library underwent extensive renovation including an addition to the rear of the building for an expansion of the children's section, added office space and moving the circulation desk to a central location. Additionally, a public meeting room was built and storage space provided. In 1989, the library relocated to a one-floor 12,300 square 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 77,565 items of print and physical audiovisual materials, plus 14,252 E-books, 7,227 audio and 1,241 video titles for available for downloading. The Library averages over 2,560 visitors per week. Circulation for fiscal year 2021 included approximately 186,000 physical items and 16,231 downloads. A Library Director oversees a staff of seven full-time and 14 part-time employees, assisted by 26 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

Representative Larger Employers	Type of Business	Approximate Employees	% All Town Employees
Town of Scarborough	Municipal Government	1,260	8.8%
Hannaford Bros.	Supermarket - Corp Office	1,100	7.7%
Abbott Labs	Bioscience	926	6.5%
MaineHealth	Health Care	500	3.5%
US Postal Service	USPO Distribution Center	450	3.1%
Wal-Mart	Retail Department Store	300	2.1%
Johnson & Jordan	Mechanical Contractor	292	2.0%
Piper Shores	Nursing Home	245	1.7%
Morrison Center	Development Disabilities	244	1.7%
Comfort Keepers	Home Care	180	1.3%

Commuter Trends

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

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

Retail Trade

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

	Business/ Operating	Building Supply	Food Store	General Mdse.	Other Retail	Auto/ Transp.	Rest. & Lodging	Group Total	Consumer Sales
2020	64,836.6	84,558.7	48,137.8	205,022.9	88,220.2	61,154.4	67,429.9	619,360.5	554,523.9
2019	70,311.3	64,776.2	51,170.3	228,822.2	83,298.5	53,650.9	89,580.0	641,609.3	571,298.0
2018	65,328.4	61,246.3	47,007.8	226,677.0	83,210.1	47,568.6	89,129.7	620,168.0	554,839.6
2017	60,919.1	64,442.1	43,320.6	221,658.4	85,611.5	44,011.0	87,957.8	607,920.4	547,001.3
2016	55,250.7	54,612.2	39,874.9	217,972.6	88,494.2	42,935.0	81,273.7	580,413.3	525,162.7
2015	58,094.3	51,084.4	30,295.6	169,451.0	85,946.0	40,547.4	76,929.7	512,348.5	454,254.2
2014	51,089.3	47,798.4	27,617.1	165,709.5	85,224.4	33,620.6	72,370.9	483,430.2	432,340.9
2013	59,274.8	50,646.8	24,861.2	153,884.4	90,664.1	31,051.3	68,279.6	478,662.1	419,387.2
2012	47,877.7	47,938.8	24,205.3	150,114.6	85,691.9	30,566.6	65,626.7	452,021.7	404,144.0
2011	48,314.8	42,047.7	22,410.2	148,706.6	80,770.0	31,410.8	59,680.3	433,340.4	385,025.6

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		
2020	9	\$110,432.0	74	\$119,607.2	82	\$175,566.2	552	\$150,326.0	717	\$555,931.6
2019	11	62,648.2	70	65,998.2	129	242,474.3	562	144,011.2	772	515,131.9
2018	6	15,776.8	78	55,096.0	90	250,870.2	617	173,854.2	791	495,597.2
2017	9	23,370.8	84	133,193.1	93	197,174.2	576	127,999.9	762	481,738.1
2016	13	27,255.0	93	128,167.5	92	136,710.7	508	113,252.7	706	405,385.9
2015	5	82,997.2	82	68,360.2	100	157,613.0	535	140,197.5	722	449,167.9
2014	4	13,968.2	69	50,567.4	70	128,536.2	412	100,197.2	555	293,269.1
2013	4	24,397.2	80	29,681.0	77	121,727.1	407	104,750.0	568	280,555.3
2012	7	9,762.4	65	40,770.1	63	90,026.9	420	84,749.3	555	225,308.7
2011	1	3,559.3	75	59,434.3	45	68,636.5	336	60,781.8	457	192,411.9

ECONOMIC CHARACTERISTICS

Population	% Change Since Prior Census			
	Town of Scarborough	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
2020	4.8%	5.3%	5.4%	8.1%
2019	2.4	2.4	3.0	3.7
2018	2.6	2.7	3.4	3.9
2017	2.3	2.5	3.3	4.4
2016	2.7	2.9	3.9	4.9
2015	3.0	3.4	4.4	5.3
2014	3.9	4.4	5.7	6.2
2013	4.7	5.3	6.7	7.4
2012	6.7	5.8	7.3	8.1
2011	5.1	6.0	7.5	8.9

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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022⁽¹⁾</u>
EXPENDITURES					
General government	\$5,805,273	\$6,262,351	\$6,437,501	\$6,745,882	\$7,726,619
Public services	4,454,936	4,594,403	5,002,102	4,833,533	5,815,306
Public safety	11,471,627	11,956,312	12,676,491	12,855,774	13,610,703
Public works	6,762,140	6,742,788	6,896,283	6,882,168	7,373,634
Education	47,307,869	48,715,005	51,629,304	53,505,801	55,862,654
County Tax	2,709,666	2,827,079	2,956,659	3,188,519	3,081,933
Debt service	4,817,198	5,579,904	6,145,997	6,482,918	6,287,816
CIP	<u>1,040,617</u>	<u>1,408,321</u>	<u>2,311,867</u>	<u>1,540,000</u>	<u>2,303,242</u>
TOTAL EXPENDITURES	<u>84,369,326</u>	<u>88,086,163</u>	<u>94,056,204</u>	<u>96,034,595</u>	<u>102,061,907</u>
REVENUES					
Taxes	67,899,349	71,848,614	74,862,952	75,719,837	79,021,138
Licenses and permits	1,361,176	831,330	824,255	927,695	1,059,900
Intergovernmental	5,446,569	6,790,690	7,563,377	8,432,124	11,158,557
Interest earned	41,500	50,000	165,000	100,000	125,000
Other	<u>6,083,961</u>	<u>6,448,520</u>	<u>6,761,482</u>	<u>6,984,332</u>	<u>6,907,227</u>
TOTAL REVENUES	<u>80,832,555</u>	<u>85,969,154</u>	<u>90,177,066</u>	<u>92,163,988</u>	<u>98,271,822</u>
OTHER SOURCES					
Operating transfers	846,270	578,025	1,871,820	1,056,112	1,193,035
Prior year fund balance	2,102,464	805,764	657,643	1,427,527	1,355,000
Overlay	(140,698)	(672,280)	(298,892)	(446,823)	(450,000)
Bond and note proceeds	<u>728,735</u>	<u>1,405,500</u>	<u>1,648,567</u>	<u>1,833,791</u>	<u>1,692,050</u>
TOTAL OTHER	<u>3,536,771</u>	<u>2,117,009</u>	<u>3,879,138</u>	<u>3,870,607</u>	<u>3,790,085</u>
TOTAL BUDGET	<u>\$84,369,326</u>	<u>\$88,086,163</u>	<u>\$94,056,204</u>	<u>\$96,034,595</u>	<u>\$ 102,061,907</u>

NOTE: ⁽¹⁾Fiscal Year 2022 data is projected, subject to change.

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>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
State Personal Income Factor:	2.67%	2.84%	2.61%	2.77%	2.89%
Town Prop Growth Factor:	<u>0.82%</u>	<u>0.82%</u>	<u>0.24%</u>	<u>5.65%</u>	<u>14.57%</u>
Growth Limitation Factor:	3.49%	3.66%	2.85%	8.42%	17.46%
Property Tax Levy Limit:	\$17,580,237	\$18,292,126	\$18,718,230	\$20,249,817	\$23,615,441
Property Tax Levy:	<u>17,667,684</u>	<u>17,637,854</u>	<u>16,603,050</u>	<u>16,603,050</u>	<u>17,053,076</u>
Over/(below) Levy Limit:	\$87,447	(\$654,272)	(\$2,115,180)	(\$3,361,767)	(\$6,562,365)

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. The Policy was amended on November 1, 2019. 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 aforementioned Financial and Fiscal Policy adopted by the Town Council on September 5, 2018. Among many components of the Policy, the following synopses discuss the Investment, Debt Management, Fund Balance and Capital Improvement Planning policies⁽¹⁾.

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⁾ The Policy 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. 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,				
	2016	2017	2018	2019	2020
Committed, Assigned & Unassigned					
General Fund Balance (Current Year)	\$9,177,030	\$11,072,395	\$10,256,307	\$11,127,667	\$11,472,538
Total Revenues (Current Year)	80,145,388	82,075,963	84,250,061	90,776,202	91,249,323
Fund Balance as % Revenues	11.45%	13.49%	12.17%	12.26%	12.57%
Assigned & Unassigned General Fund					
Balance	\$8,674,267	\$10,672,154	\$9,862,795	\$10,686,568	\$11,017,626
Total Revenues (Current Year)	80,145,388	82,075,963	84,250,061	90,776,202	91,249,323
Fund Balance as % Revenues	10.82%	13.00%	11.71%	11.77%	12.07%

Fund Balance as % Budgeted Expenses⁽¹⁾

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021 ⁽²⁾
Unassigned General Fund Balance	\$6,893,626	\$7,386,943	\$8,211,7600	\$7,701,960	\$7,567,648 ⁽³⁾
Budgeted Expenses (Prior Year)	77,616,047	81,894,558	83,673,671	88,086,163	94,056,204
Fund Balance as % Prior Year Exp.	8.88%	8.02%	9.81%	8.74%	8.05%

NOTE: ⁽¹⁾ Stated, or restated, pursuant to the Town's Financial & Fiscal Policy, adopted September 5, 2018 and amended on November 1, 2019.

⁽²⁾ Fiscal year ended June 30, 2021 information is as yet unaudited.

⁽³⁾ In prior years, the Town initially funded various CIP projects from available General Fund sources. Proceeds from Bonds issued for the respective years' CIP provided reimbursement to the General Fund in the same fiscal year that they were drawn. Due to the COVID-19 pandemic, proceeds from the Bonds of this financing were delayed, such that reimbursement did not occur in fiscal year ended June 30, 2021. The Town estimates that the amount of disbursements to the General Fund would be approximately \$1.7 million.

Capital Improvement Plan

The Town's Capital Planning Policy is implemented by the Town Manager and the Treasurer when developing comprehensive capital planning management guidelines and is reviewed by the Town Manager and the Treasurer at least annually. A multi-year capital improvement budget shall be prepared and submitted to the Finance Committee, separate from the operating budget, annually. The capital budget shall provide a list of projects and the means of financing and cover a five year period of time. The projects included in the capital budget should be part of the Town's capital improvement program. To be considered for bonding, projects must be included in the Capital Improvement Budget as part of the capital improvements or capital equipment. The issuance of debt is subject to the review and approval of the Town Council and, pursuant to Section 901.3 of the Town's Charter is subject to a petition for overrule of Town Council action of orders authorizing bond issues of \$100,000 or more for a single capital improvement or equipment, by the initiative and referendum provisions of the Town's Charter, provided that the procedure is completed within 20 days following the enactment of such ordinance; and Section 905 of the Town's Charter which requires voter referendum approval for bond issues of \$400,000 or more for a single capital improvement or capital equipment.

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

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

FINANCIAL STATEMENTS

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

The Town's fiscal year 2020 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 "Annual Comprehensive Financial Report" ("ACFR") for the fiscal year ended June 30, 2019. This is the 15th 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 ACFR that satisfies both generally accepted accounting principles ("GAAP") and applicable legal requirements.

The Town expects that the fiscal year ending June 30, 2020 ACFR continues to meet the ACFR requirements of the GFOA and is currently in the GFOA's eligibility process of the Certificate for that fiscal year.

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,)**

	2020	2019	2018	2017	2016
ASSETS					
Cash and cash equivalents	\$13,512,531	\$12,497,354	\$13,948,390	\$17,372,662	\$16,634,125
Investments	4,801,230	8,113,153	3,962,077	645,900	751,414
Receivables:					
Accounts receivable	772,091	707,972	711,768	800,919	778,066
Intergovernmental	262,259	280,454	297,184	199,023	170,666
Taxes receivable	257,139	230,667	183,262	157,657	188,545
Tax liens	891,262	891,116	753,888	778,838	866,101
Inter-fund receivable	4,315,524	2,459,044	2,766,235	2,666,910	2,570,631
Tax acquired property	7,231	7,231	7,231	7,231	7,231
Inventory	31,401	27,679	28,179	12,598	31,301
TOTAL ASSETS	24,850,668	25,214,670	22,658,214	22,641,738	21,998,080
LIABILITIES					
Accounts payable	2,900,504	4,582,112	2,568,884	2,704,002	2,044,181
Accrued payroll	5,789,750	5,205,749	4,922,906	4,709,522	4,774,805
Accrued absences	91,517	153,640	213,160	99,129	98,807
Unearned revenues	68,367	52,947	344,492	58,208	42,210
TOTAL LIABILITIES	8,850,138	9,994,448	8,049,442	7,570,861	6,960,003
DEFERRED TAX REVENUE	917,570	913,993	843,488	786,089	863,100
EQUITY					
Fund balances:					
Non-spendable	31,401	27,679	28,179	12,598	31,301
Restricted	3,579,021	3,150,883	3,480,798	3,199,795	4,966,646
Committed	454,912	441,099	393,512	400,241	502,763
Assigned	3,315,666	2,474,808	2,475,852	3,778,528	2,566,708
Unassigned	7,701,960	8,211,760	7,386,943	6,893,626	6,107,559
TOTAL EQUITY	15,082,960	14,306,229	13,765,284	14,284,788	14,174,977
TOTAL LIABILITIES AND EQUITY	\$24,850,668	\$25,214,670	\$22,658,214	\$22,641,738	\$21,998,080

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,)

	2020	2019	2018	2017	2016
REVENUES					
Taxes	\$74,339,669	\$72,029,379	\$68,206,268	\$65,728,769	\$63,400,933
Licenses and permits	865,962	864,305	939,441	781,757	816,628
Intergovernmental	12,809,980	10,990,668	9,160,919	9,252,343	9,821,341
Interest earned	171,724	286,272	133,021	175,917	84,783
Other	5,817,522	6,605,578	5,810,412	6,228,438	6,021,643
TOTAL REVENUES	94,004,857	90,776,202	84,250,061	82,167,224	80,145,328
EXPENDITURES					
General government	6,785,332	6,420,657	5,665,182	5,290,189	4,951,353
Public services	4,659,552	4,724,209	4,945,601	4,852,147	4,690,296
Public safety	12,101,459	11,578,527	11,220,717	10,845,773	10,125,943
Public works	6,322,048	7,006,492	6,749,774	6,529,061	6,677,609
Education	54,933,315	52,182,175	49,704,053	48,091,286	43,983,487
County tax	2,956,659	2,827,079	2,709,666	2,568,852	2,493,342
Debt service	6,228,805	5,599,113	4,873,855	4,857,655	4,923,898
Capital improvements	1,215,505	1,459,518	766,814	1,148,329	1,037,678
Other	185,852	0	(249)	173,207	
TOTAL EXPENDITURES	95,388,527	91,797,770	86,635,413	84,356,499	78,883,606
EXCESS OF REVENUES OVER EXPENDITURES	(1,383,670)	(1,021,568)	(2,385,352)	(2,189,275)	1,261,722
OTHER FINANCING SOURCES:					
Operating transfers in	700,044	793,221	877,657	2,498,932	876,717
Operating transfers out	(291,102)	(344,527)	(290,540)	(774,116)	(295,839)
Refunding bonds					3,785,000
Premium	602,694	423,393	606,146		220,512
Refunding escrow					(3,972,329)
Proceeds from Capital Lease					0
Bond or note proceeds	1,148,765	690,426	672,585	574,270	596,556
TOTAL OTHER FINANCING:	2,160,401	1,562,513	1,865,848	2,299,086	1,210,617
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	776,731	540,945	(519,504)	109,811	2,472,339
FUND BALANCE, BEGINNING OF YEAR	14,306,229	13,765,284	14,284,788	14,174,977	11,702,578
FUND BALANCE, END OF YEAR	\$15,082,960	\$14,306,229	\$13,765,284	\$14,284,788	\$14,174,917

Prepared from Audited Financial Statements

PROPERTY TAXATION

Tax Due Dates

The principal tax of the Town is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The Town's Tax Collector receives the tax commitment from the Town Assessor, with assessed values as of April 1 of each year, after which time the tax bills are due in two installments. For fiscal 2020/2021 due dates were October 15, 2020 and March 15, 2021. All taxes paid after the due dates are subject to interest, established under Title 36, Section 505(4) of the Maine Revised Statutes, as amended, initially set at the rate of 5.0% per annum for October payments; and 5.0% for March payments, as set by the Town.

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

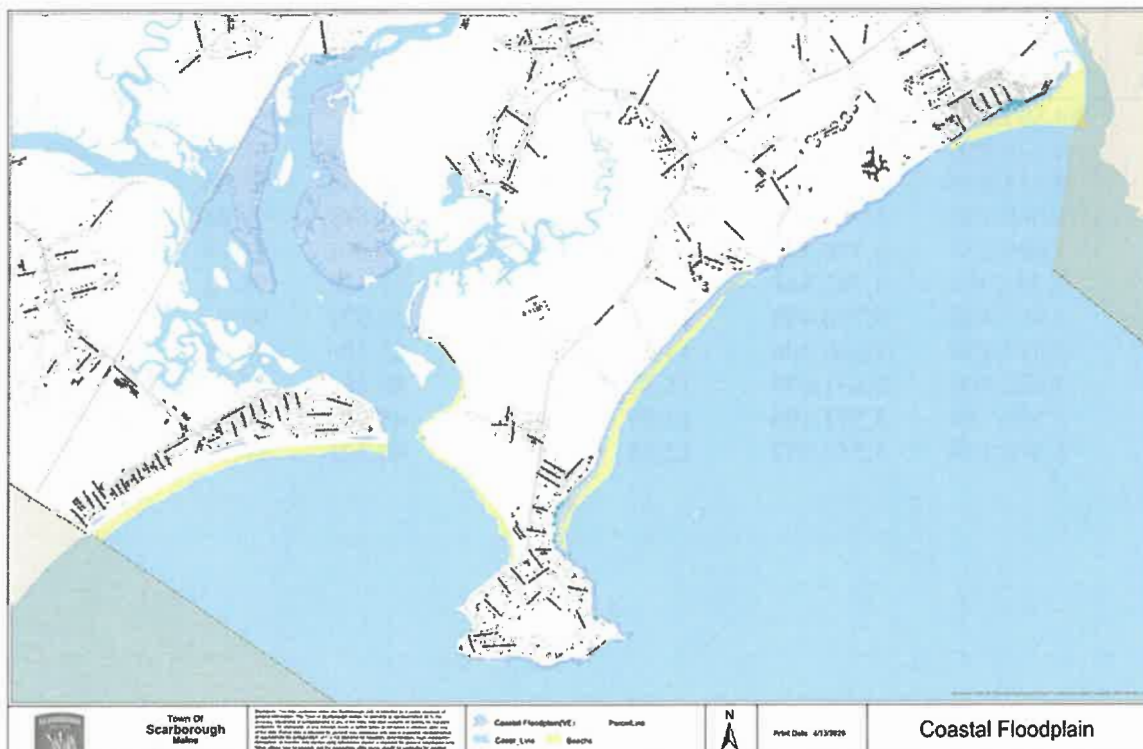
Fiscal Yr. End June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Commit. (000)	Collections (after Supplements and Abatements)		
					Year End (000)	% of Levy	% of Levy A/O 6/30/20
2021	\$4,807,600	\$4,727,231	\$14.86	\$70,247	---- In Process ----		
2020	4,778,350	4,696,461	14.70	69,038	\$68,282	98.83%	98.83%
2019	4,313,600	4,012,293	16.49	66,163	65,495	98.96	98.96
2018	4,068,100	3,785,488	16.49	62,715	61,849	99.08	99.67
2017	3,899,350	3,776,363	15.92	59,855	59,602	99.14	99.94
2016	3,791,950	3,745,548	15.49	58,019	57,332	98.82	99.97
2015	3,667,300	3,700,488	15.10	55,877	55,322	99.01	99.98
2014	3,579,450	3,660,306	14.77	54,063	53,306	98.60	99.98
2013	3,482,500	3,631,675	13.80	50,117	49,484	98.72	99.97
2012	3,556,750	3,571,196	13.03	46,533	46,103	98.75	99.97
2011	3,564,150	3,556,552	12.63	44,919	44,325	98.66	99.97

Largest Taxpayers

Taxpayer	Business	As of April 1, 2020				
		Real Estate	Personal Property	Assessed Total	Property Tax	% of Levy
Maine Life Care	Retirement Com	\$84,915,400	\$1,314,200	\$86,229,600	\$1,267,575	1.81%
Residences at Gateway	Apartments	38,614,000	287,100	38,901,100	571,846	0.81
Central Maine Power	Utility	38,167,700	64,700	38,232,400	562,016	0.80
Gavin Ruotolo	Commercial	37,026,600	232,000	37,258,600	547,701	0.78
Wal-Mart/Sam's Club	Wholesale/Retail	32,465,200	4,400,700	36,865,900	541,929	0.77
Foxcroft & Coach Lantern	Apartments	29,049,600	146,800	29,196,400	429,187	0.61
Hannaford Bros.	Corporate	20,164,200	9,011,400	29,175,600	428,881	0.61
New England Expedition	Retail/Restaurants	22,341,300	-	22,341,300	328,417	0.47
Scarborough Gallery	Retail/Restaurants	21,284,600	-	21,284,600	312,884	0.45
Waterstone Scar. LLC	Shopping Center	17,904,400	-	17,904,400	263,195	0.37
Top Ten Taxpayers as a % of Total				\$357,389,900	\$5,253,632	7.48%

CLIMATE CHANGE

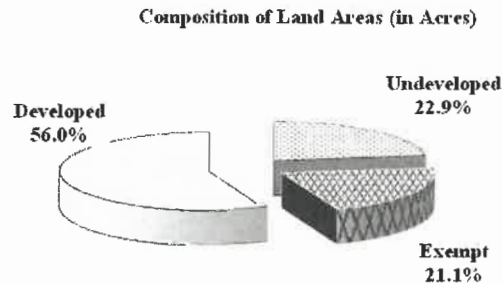
In reviewing the Town's floodplain maps provided by the Federal Emergency Management Agency ("FEMA") division of the US Department of Homeland Security, there are a total of 153 parcels and 50 structures within the coastal velocity flood zone. Since 2010, the Town of Scarborough has been involved in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



CURRENT TAX BASE AND TAX BASE GROWTH

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

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



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

TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS

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

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

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

REVENUES FROM THE STATE

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

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

Fiscal Yr. End June 30,	State Revenue Sharing	School Aid	Reimbursements			Other State Aid	Total From State
			Homestead Exemption	General Assist.	BETE		
2020	\$1,382,247	\$3,273,967	\$909,034	\$55,386	\$552,523	\$331,444	\$6,504,601
2019	912,219	2,744,404	973,151	2,652	774,383	350,450	5,406,089
2018	850,349	2,055,549	764,666	10,135	691,748	351,618	4,724,065
2017	797,303	3,499,284	544,388	10,952	553,749	345,237	5,750,913
2016	838,395	4,601,471	354,367	6,386	333,868	363,628	6,498,115

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

The “Debt Administration and Financing” section of the *Town’s Financial and Fiscal Policy*, adopted September 5, 2018 and amended on November 1, 2019, establishes 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, 2021 the Town’s equalized state valuation (“Equalized State Valuation” or “ESV”) was \$4,807,600,000. The 15% statutory debt limit is \$721,140,000; the Local debt limit is \$408,646,000. On June 30, 2020 the Town’s long-term debt was \$102,130,000 or 2.12% of the 2021 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, 2020 (audited) and projected for June 30, 2021 (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 6/30/2020</u>	<u>Projected 6/30/2021</u>	<u>Projected 6/30/2022</u>
2010 ^(f)	4/15/2010	\$6,002,000	11/1/2030	\$2,245,000	\$0	\$0
2011 ^(f)	6/15/2011	5,600,000	11/1/2030	1,480,000	0	0
2012 ^(f)	5/8/2012	46,545,000	11/1/2041	33,190,000	7,205,000	3,520,000
2013 ^(f)	4/1/2013	25,685,000	11/1/2042	20,830,000	2,245,000	1,480,000
2014	5/15/2014	6,505,000	11/1/2033	2,735,000	2,410,000	2,100,000
2015	5/1/2015	6,085,000	11/1/2034	3,745,000	3,410,000	3,075,000
2016	5/12/2016	7,540,000	11/1/2035	4,195,000	3,415,000	2,950,000
2017	6/8/2017	2,755,000	11/1/2036	2,035,000	1,675,000	1,380,000
2018	3/1/2018	18,190,000	11/1/2047	17,255,000	16,320,000	15,385,000
2019	6/20/2019	7,380,000	11/1/2048	7,380,000	6,970,000	6,560,000
2020	5/28/2020	7,040,000	11/1/2040	<u>7,040,000</u>	<u>7,040,000</u>	<u>6,295,000</u>
Sub-total				102,130,000	50,690,000	42,745,000
2020A	8/4/2020	2,855,000	11/1/2030	0	2,855,000	2,855,000
2020B	8/4/2020	39,460,000	11/1/2042	<u>0</u>	<u>39,115,000</u>	<u>38,770,000</u>
Sub-total Projected				102,130,000	92,660,000	84,330,000
2021	9/1/2021	3,725,000	11/1/2041	<u>0</u>	<u>0</u>	<u>3,725,000</u>
Total Projected				\$102,130,000	\$92,660,000	\$88,055,000

NOTE: ^(f) Portions of the respective series were refunded by the Town's 2020 Series A or 2020 Series B General Obligation Refunding Bonds, dated August 4, 2020.

DEBT RATIOS

Fiscal Yr. End June 30,	Population⁽¹⁾	Equalized State Val. (000)	Assessed Valuation (000)	Total Debt	Debt as % E q. Val.	Per Capita Debt
2020	21,428	\$4,778,350	\$44,696,461	\$102,130,000	2.14%	\$4,766.19
2019	20,991	4,313,600	4,012,293	102,720,000	2.38	4,893.53
2018	20,379	4,068,100	3,785,488	102,650,000	2.52	5,037.05
2017	19,911	3,899,350	3,776,363	91,630,000	2.35	4,601.98
2016	19,819	3,791,950	3,745,548	95,920,000	2.53	4,839.80
2015	19,602	3,667,300	3,700,488	98,500,000	2.69	5,025.00
2014	19,494	3,579,450	3,660,306	97,895,000	2.73	5,021.80
2013	19,299	3,482,500	3,631,675	96,180,000	2.76	4,983.68
2012	19,120	3,556,750	3,571,196	82,250,000	2.31	4,301.78
2011	19,034	3,564,150	3,556,552	66,767,000	1.87	3,507.78

SOURCE: ⁽¹⁾ Population - U.S. Department of Commerce, Bureau of Census Annual Estimates of Resident Population, 2010 to 2019; Vintage 2019 Minor Civil Divisions 2020 Population projected based on average of 1 year and 9-year percentage increases.

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

Yr. End June 30,	2010	2011	2012	2013	2014	2015	2016	2016	2017	2018	2019	2020	2020A	2020B	2021	Total
2021	345	355	3,475	765	325	335	245	535	360	935	410	0	0	345	0	8,430
2022			3,685	765	310	335	155	310	295	935	410	745	385	0	0	8,330
2023			3,520	765	300	335	155	280	190	930	410	745	385	0	350	8,365
2024				715	300	320	150	280	185	930	410	745	385	2,125	350	6,895
2025					250	320	125	270	185	695	410	745	385	2,525	350	6,260
2026					250	265	125	270	185	695	295	745	380	2,555	350	6,115
2027					250	265	70	270	185	695	295	370	195	2,675	350	5,620
2028					250	265	70	265	55	690	295	370	190	2,680	300	5,430
2029					250	265	70	95	55	690	295	370	185	2,640	300	5,215
2030					50	245	65	0	55	635	295	370	185	2,700	300	4,900
2031					50	165	65	0	55	635	295	370	180	2,770	300	4,885
2032					50	160	65	0	55	580	295	215		2,855	300	4,575
2033					50	160	65	0	35	580	295	215		2,885	75	4,360
2034					50	160	65	0	35	580	295	215		2,225	75	3,700
2035						150	65	0	35	510	295	215		1,740	75	3,085
2036							65	0	35	510	260	215		1,230	75	2,390
2037									35	510	260	80		1,200	75	2,160
2038										510	260	80		1,185	20	2,055
2039										510	260	80		1,170	20	2,040
2040										500	260	75		1,155	20	2,010
2041										500	120	75		1,140	20	1,855
2042										500	120			1,125	20	1,765
2043										500	120			535		1,155
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	345	355	10,680	3,010	2,735	3,745	1,620	2,575	2,035	17,255	7,380	7,040	2,855	39,115	3,725	104,815
paid 2021	(345)	(355)	(3,475)	(765)	(325)	(335)	(245)	(535)	(360)	(935)	(410)	0	0	(345)	0	(8,430)
Total	0	0	7,205	2,245	2,410	3,410	1,375	2,040	1,675	16,320	6,970	7,040	2,855	38,770	3,725	96,385
paid 2022	0	0	(3,685)	(765)	(310)	(335)	(155)	(310)	(295)	(935)	(410)	(745)	(385)	0	0	(8,330)
Total	0	0	3,520	1,480	2,100	3,075	1,220	1,730	1,380	15,385	6,560	6,295	2,470	38,770	3,725	88,055

NOTE: The 2021 Bonds due November 1, 2032 through November 1, 2041 are subject to Mandatory Redemption.
See "THE BONDS – MANDATORY REDEMPTION" herein.

DEBT SERVICE COMPONENT OF OPERATING EXPENSES

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021⁽¹⁾</u>
Total Current Year Debt Service:	\$10,393,228	\$10,397,906	\$11,220,975	\$11,414,372	\$11,687,322
Budgeted Operating Expense:	82,453,257	82,428,257	87,718,110	90,073,675	97,444,761
Debt Service as % Oper. Expense:	12.60%	12.32%	12.79%	12.67%	11.99%

NOTE: ⁽¹⁾Fiscal year ended June 30, 2021 information is as yet unaudited.

PROJECTED DEBT SERVICE REQUIREMENTS

Fiscal Yr. End June 30,	Prior Debt			Projected Debt (This Issue)			Total Debt Service
				Pro-forma			
	Principal	Interest	Total	Principal	Interest	Total	
2021	\$8,430,000	\$4,988,872	\$13,418,872	\$0	\$0	\$0	\$13,418,872
2022	8,330,000	4,998,041	13,328,041	0	105,667	105,667	13,433,707
2023	8,015,000	4,703,284	12,718,284	350,000	149,750	499,750	13,218,034
2024	6,545,000	3,499,159	10,044,159	350,000	132,250	482,250	10,526,409
2025	5,910,000	2,556,984	8,466,984	350,000	114,750	464,750	8,931,734
2026	5,765,000	2,315,659	8,080,659	350,000	97,250	447,250	8,527,909
2027	5,270,000	2,093,500	7,363,500	350,000	85,000	435,000	7,798,500
2028	5,130,000	1,883,647	7,013,647	300,000	74,000	374,000	7,387,647
2029	4,915,000	1,679,172	6,594,172	300,000	59,000	359,000	6,953,172
2030	4,600,000	1,486,684	6,086,684	300,000	44,000	344,000	6,430,684
2031	4,585,000	1,288,928	5,873,928	300,000	29,000	329,000	6,202,928
2032	4,275,000	1,087,978	5,362,978	300,000	15,500	315,500	5,678,478
2033	4,285,000	900,603	5,185,603	75,000	8,750	83,750	5,269,353
2034	3,625,000	729,603	4,354,603	75,000	7,250	82,250	4,436,853
2035	3,010,000	610,107	3,620,107	75,000	5,750	80,750	3,700,857
2036	2,315,000	536,924	2,851,924	75,000	4,250	79,250	2,931,174
2037	2,085,000	471,792	2,556,792	75,000	2,750	77,750	2,634,542
2038	2,035,000	407,042	2,442,042	20,000	1,800	21,800	2,463,842
2039	2,020,000	343,248	2,363,248	20,000	1,400	21,400	2,384,648
2040	1,990,000	281,703	2,271,703	20,000	1,000	21,000	2,292,703
2041	1,835,000	224,507	2,059,507	20,000	600	20,600	2,080,107
2042	1,745,000	170,686	1,915,686	20,000	200	20,200	1,935,886
2043	1,155,000	126,390	1,281,390				1,281,390
2044	620,000	98,238	718,238				718,238
2045	620,000	77,450	697,450				697,450
2046	620,000	56,350	676,350				676,350
2047	620,000	35,250	655,250				655,250
2048	620,000	14,150	634,150				634,150
2049	120,000	1,800	121,800				121,800
	\$101,090,000	\$37,667,750	\$138,757,750	\$3,725,000	\$939,917	\$4,664,917	\$143,422,667

NOTE: The 2021 Bonds due November 1, 2032 through November 1, 2041 are subject to Mandatory Redemption.
See "THE BONDS – MANDATORY REDEMPTION" herein.

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, 2021 the Town's equalized State Valuation of \$4,807,600,000 is 9.48% of the County's equalized State Valuation of \$53,139,300,000. The Town's share is 9.05%, or \$3,204,958, of the County's \$35,425,000 long-term debt projected outstanding as of December 31, 2020 (unaudited).

CONTINGENT DEBT

Portland Water District

The Water Division of the Portland Water District ("PWD") also provides water to the inhabitants of 11 cities and towns and one water district within the Greater Portland Area (the "PWD Municipalities"), including the Town. The Water Division's debt is not a debt or obligation of the PWD Municipalities. However, under Title 35-A, Section 6103 of the Maine Revised Statutes, as amended (previously codified at Title 30, Section 3211 of the Maine Revised Statutes, as amended) (the "Act"), and pursuant to an agreement with ten of the 12 PWD Municipalities, (the "Section 6103 Members"; the exceptions being the Town of Standish and the Yarmouth Water District), in compliance with subsection 6 of the Act, the PWD possesses authority for taxation in the event of default in the payment of the indebtedness of the PWD incurred for water purposes (the "Water System Debt"). In the event of a default by PWD in the payment of the principal of, or interest on, its Water System Debt, the Trustees of the PWD have the authority to issue a warrant for payment of amounts necessary to cure the default to the assessors in each Section 6103 Member municipality within the PWD, including the Town. Such assessment would be allocated, pro-rata, to each Section 6103 Member municipality based upon 100% of its respective equalized State Valuation. On this basis, at December 31, 2021, the Town was contingently responsible for approximately 13.80%, or \$7,578,895 of the PWD's \$54,931,858 Water System Debt outstanding as of December 31, 2020 (audited).

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, 2020, 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, 2020 outstanding MRF debt was \$0.00.

ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and post-closure care costs approximate \$15,346,550 at June 30, 2020, the most current information available. The Town's proportionate share of these estimated landfill closure and post-closure care costs is 9.17% or \$1,407,975.

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⁾	\$102,130,000			\$102,130,000
County of Cumberland ⁽²⁾		\$3,204,958		3,204,958
Portland Water District			\$7,578,895	7,578,895
ecomaine (RRS) ⁽¹⁾			0	0
ecomaine (MRF) ⁽¹⁾			0	0
ecomaine (Landfill) ⁽¹⁾			1,407,975	1,407,975
Total	\$102,130,000	\$3,204,958	\$8,986,870	\$114,321,828
Debt as % 2021 ESV	2.12%	0.07%	0.19%	2.38%
Debt per Capita	\$4,766.19	\$149.57	\$419.40	\$5,335.16

NOTE: ⁽¹⁾ As of June 30, 2020.

⁽²⁾ As of December 31, 2020.

FUTURE FINANCING

As stated previously, the Town Manager develops a CIP, which is submitted to the Town Council (see “TOWN FINANCES – FINANCIAL AND FISCAL POLICY – Capital Improvement Plan” herein). The CIP includes an inventory of possible capital projects, some of which may ultimately be included in its Capital Improvement Plan, and is an indication of future projects that may be financed through the issuance of indebtedness. The Town typically borrows annually to provide funds to finance a portion of its CIP.

The issuance of debt, however, is subject to the prior review and approval of the Town Council. Section 901.3 of the Town’s 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 providing that the procedure is within twenty days following the enactment of such ordinance. The Town’s Charter also currently requires voter referendum approval for approval for bond issues of \$400,000 or more for a single capital improvement or capital equipment⁽¹⁾.

Following the financing of the Bonds, the Town has no authorized but unissued debt that it expects to finance through bond issues over the next year.

NOTE: See “TOWN OF SCARBOROUGH – GOVERNMENT – Charter” footnote herein).

RETIREMENT

A. DEFINED BENEFIT PENSION PLAN

For its participating municipal employees and certain participating School Department employees, the Town contributes to the Consolidated Plan for Participating Local Districts (the “PLD Plan”) a cost-sharing multiple-employer, defined benefit pension plan administered by the Maine Public Employees Retirement System (“MainePERS”). Teachers and certain other School Department employees also participate in MainePERS through the State Employee and Teacher Plan (the “SET Plan”), a cost-sharing multiple-employer, defined benefit pension plan with a special funding situation established by the Maine Legislature.

The PLD and SET Plans 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. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age.

For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). For SET Plan members, normal retirement age is 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. 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. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (for the PLD Plan) or by statute (for the SET Plan).

The MainePERS is established and administered under Maine law, and the authority to establish and amend benefit provisions rests with the State legislature. The MainePERS issues a publicly available financial report which may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or at www.maineopers.org.

The Town reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its ACFR. Please see APPENDIX A – TOWN OF SCARBOROUGH, MAINE 2020 ACFR, pages 65-71 herein.

B. 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 \$309,633 which was 6% of the participating employees and 17% of the Town Manager's current year covered payroll. The covered payroll amounted to \$4,880,083 while the Town's total payroll was \$14,895,604. Employees required contributions amounted to \$283,629, 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. 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 \$531,511 and the Town contributions amounted to \$306,547. The Town contributes a match up to 4%. The covered payroll amounted to \$8,026,103.

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.

C. OTHER POST-EMPLOYMENT BENEFITS

The Town sponsors post-retirement benefit plans providing group health care to retiring employees. The MainePERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements for each plan. MainePERS issues a publicly available financial reports that are available at www.mainePers.org.

Health Insurance

The Town sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the "Health Plan"). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust ("MMEHT"). The Town Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

MMEHT provides healthcare benefits for retirees and their dependents. Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the Town makes no actual contributions.

The Town reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its ACFR. Please see APPENDIX A – TOWN OF SCARBOROUGH, MAINE 2020 ACFR, pages 72-79.

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

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
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE
YEAR ENDED JUNE 30, 2020**

(With Report of Independent Auditors' Thereon)

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Town of Scarborough Maine

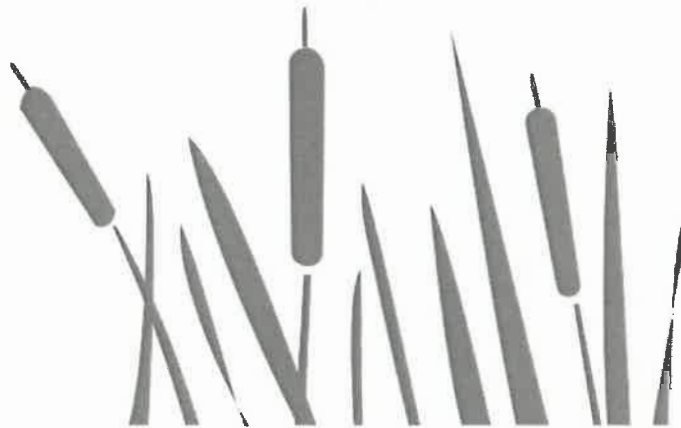
Comprehensive Annual Financial Report

**For Fiscal Year Ending:
June 30, 2020**

Town of Scarborough Maine

Comprehensive Annual Financial Report

**SCARBOROUGH
MAINE**



Prepared By:
Town of Scarborough Maine
Finance Department

For Fiscal Year Ending: June 30, 2020

TOWN OF SCARBOROUGH, MAINE
Comprehensive Annual Financial Report
Year ended June 30, 2020

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Town of Scarborough Maine

Comprehensive Annual Financial Report



Introduction

Outstanding Legacy Business 2020 – The Dairy Corner

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April 13, 2021

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

In accordance with the requirements of our Town Charter and state statutes, we hereby issue to the citizens of the Town of Scarborough and to all interested parties, the comprehensive annual financial report of the Town of Scarborough, Maine for the fiscal year ended June 30, 2020.

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. Because the cost of an internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. 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, 2019. This is the fifteenth-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, the Scarborough Economic Development Corporation and the Scarborough Public Library.

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

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

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

Portland Water District
ecomaine

In accordance with the provisions of Article V of the Town Charter, the annual budget serves as the foundation for Scarborough's financial planning and control. The Town's budget year begins July 1 and ends June 30 of the following year. The Charter provides that the Town Manager submit a budget to the Town Council, at least 60 days prior to the beginning of each fiscal year. The Finance Committee reviews the proposed budget and makes recommendations to the Town Council. With prior public notification, the Council orders a public hearing. If the Council does not adopt the annual budget prior to July 1, then the budgets presented by the Town Manager and the Board of Education becomes the budget for the fiscal year. Department Administrators and the Board of Education may make transfers of appropriations within their departments. Transfers of appropriations between departments, however, require the approval of the Town Council. Once the Council approves the school's budget, the budget then goes to the voters for approval. If the voters do not approve the budget, it goes back to the School Board for revision, the Council approves 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. COVID-19 presented a myriad of challenges to the economy in 2020; further, it creates some uncertainty about the future. While COVID-19's full toll on the State, the region, and the Town, are yet to be fully determined, we see signs of growth and rebound that bodes well for the future.

Unemployment, which rose to 11% in April, began to steadily drop, returning to 3.8% by December. Retail sales in the economic summary area began to rise and by September, sales were in the positive range overall. Hospitality sales were still down, but restaurants began to recover.

While jobs in the second quarter did show a loss, the levels do not fully show the impact of the financial programs available to assist our employers. More than half of our employers took advantage of the Paycheck Protection Program (PPP), pumping in \$18.3 million in assistance to 533 businesses, with loans/grants under \$150,000. Another 101 businesses received loans over \$150,000 totaling, at a minimum, \$36 million in larger loans/grants. The PPP supported 635 businesses in total, protecting just over 7,700 jobs. The bulk of this support was converted from loans to grants. Well over half of the businesses in Scarborough took advantage of the program.

Third quarter job numbers are not available at this time; however, it is anticipated that third quarter numbers will show significant improvement as the PPP kicked in and employees were brought back to work.

Hospitality businesses, particularly lodging, took a significant loss from COVID-19. Sales in hospitality are still playing catch-up with a loss of more than 62% of sales from April of 2019 to April of 2020. By September of 2020, sales were down 18.1 percent from the previous September. Overall, taxable retail sales in the Portland Suburban Economic Summary area increased 2.2% from September to September 2020.

Local Economy. Scarborough was well situated going into 2020. Our major employers and our largest taxpayers are from a diverse set of businesses and industries. Employment and wages were increasing. The Downs project was on track, with new companies in the planning process for the manufacturing section known as the Innovation district.

By the second quarter of 2020, signs of COVID-19 impacts began to appear. In Scarborough, unemployment in April of 2020 rose to a high of 11% from under 3% in March. Jobs in Scarborough dropped by nearly 2,000 between the second quarter of 2019 and second quarter of 2020. As the summer began and businesses began to reopen, there was a sharp improvement of the numbers, as befitting an economy that was fundamentally sound going into the pandemic.

Another important aspect of Scarborough's economy is the role that at least two of our major employers played in the nation's road to recovery. Hannaford's corporate headquarters, as well as their major retail location in Oak Hill, are an example of an essential service that secured their supply chain, retained, and even grew their workforce, and responded to the changing information and guidance regarding COVID safety protocols. From a manufacturing perspective, Abbott designed and produced COVID-19 testing kits and by year end, had nearly tripled the number of employees. These increases were not fully accounted for by the second quarter of 2020.

Other essential service providers such as Ace Hardware, Lowes, Shaw's, On the Vine Market, Walmart and Sam's Club never closed. These companies provided Scarborough residents with access to necessary goods and services.

Construction activity continued and firms like Scarborough-based Landry French and Allied Cook managed projects throughout the region.

The latest release of the American Community Survey and the Current Population Estimates from the Census Bureau show the Scarborough continued to lead the state in population increases. As of July 2019, the Town's population reached 20,991, an increase of nearly 2,100 residents since July 2010. Scarborough's rate of increase during the nine years hit 11%, adding an average of 232 new residents each year. Scarborough was at the top of the list in terms of population increases since 2010.

The median household income in Scarborough continues to increase. According to the American Community Survey, the 2019 median household income in Scarborough was \$94,905, a 26.7% increase since 2010. This level of income ranks Scarborough the fifth highest income in Cumberland County, just behind communities like Cape Elizabeth, Falmouth, North Yarmouth, and Cumberland.

Another positive aspect of the demographic trends in Scarborough are that the percentage of the population that lives and works in Scarborough, has increased significantly between 2010 and 2019. The percentage increased from 24.7% in 2010 to 33.2% in 2019.

Scarborough continues to see new housing starts for both multifamily and single family. Scarborough issued building permits for 216 units in 2020, with more than half of those categorized as multifamily units. Permitting in 2020 exceeded the average number of total housing permits for the decade, which was 167 for 2010 through 2020. For the decade, Scarborough issued permits for 1,666 new units, of which 877 (53%) were for multifamily units of 2 or more units per structure. Due in part to the pandemic, Scarborough housing prices increased from \$417,000 in 2019 to \$480,000 in 2020, an increase of 15% in one year. The days on the market until sale was 26 days with the average sales price being 100% of the asking price.

Major Initiatives:

For the year. In FY2020, in response to the COVID-19 pandemic, the Town of Scarborough implemented several workplace changes and budgetary measures. At the onset of the pandemic and state mandated lock downs, the Town of Scarborough furloughed approximately 30 part-time employees mostly from childcare and town hall staff; closed municipal buildings to the public and altered schedules for law enforcement and dispatch staff. Beginning in early May, recognizing the diminishing demand on some municipal services and in-person transactions, the municipal offices reopened on a 3-day per week schedule. Additionally, the town began a workshare program with the Maine Department of Labor. The program dictated a partial furlough of approximately seventy-five (75), non-emergency full-time employees for the last eight (8) weeks of the fiscal year. The program will continue through the first four weeks of FY2021.

The Town moved all municipal board and committee meetings to virtual platforms, restricted in-person meetings with staff, required staff with the ability to remote work to do so, and implemented the Center for Disease Control (CDC) recommended workplace protocols. It is our expectation these initiatives will remain in effect for the duration of the pandemic and state emergency orders.

For the 2019-2020 school year, Scarborough High School continued to be ranked the fourth best High School in the State (2020 Niche Rankings). Even when the Covid-19 virus forced the school to close on March 13, 2020, student voices remained a priority and the fundamental purpose of Scarborough Schools remained the same, to provide a safe and inclusive learning environment where every student is empowered to be a resilient, lifelong learner. In response to the Pandemic, a task force was developed to review the most current recommendations from the Maine Department of Education and from the CDC. Community members, educators, public health officials including the district physician and public safety were all part

of the team. The school was able to provide remote learning for the students for the remainder of the school year. The school department focused on four strategic themes: effective teaching and learning, safe and inclusive schools, global citizenship, and community engagement. Progress to date included a new mathematics program, more emphasis on the Social Emotional Curriculum and staff and students engaged in ensuring safe and inclusive schools.

The Planning Department's zoning and code enforcement team was extremely active due to the high volume of permitting, inspections and related assistance provided to applicants and the public. In FY2020, overall development activity fell off slightly from prior years with 647 building permits issued; however, cost of construction and permitting revenues remained robust. The community continued to experience strong growth in multi-family developments. Single-family development remained stable with 67 new single-family building permits issued.

The Planning Department continue to develop and review the Town's Comprehensive Plan (the Plan). Part of this review includes ordinance modifications, transportation planning, and assisting the public. The Long-Range Planning Committee continued to refine the Plan aimed at ensuring the Plan reflects the nature of Scarborough and will serve as a guiding document for future policy decisions. The Planning Department staff collaborated with the School Department staff to conduct a joint workshop with the Town Council and Board of Education to discuss growth patterns and projections within the Town.

Also, the Planning Department maintained its board meeting process utilizing a virtual platform. The Planning Board approved an emergency ordinance to temporarily authorize the expansion of outdoor services to help businesses maintain social distancing and meet other health and safety requirements.

The ongoing Covid-19 pandemic dramatically impacted the Information Technology Department (IT) operations in many key areas. Various computer related devices distributed for remote use increased by 89%. 1,400 laptops were distributed to K-5 students and ongoing support was provided. 600 mobile and desktop devices were issued to school and town staff to facilitate working from home. Additionally, to enable quick and secure access to devices and software, the IT department implemented a single sign-on protocol for K-12 students and staff. The IT "Help Desk" saw help desk requests increase by 37% and active members in Google Meet increased by over 5,000% from March to June. Between April and June 2020, the IT department set up Town Council and School Board virtual meetings and helped conduct 154 virtual public meetings with more than 5,000 participants. In July 2020, the Information Technology (IT) Department implemented the new Town of Scarborough website at www.scarboroughmaine.org.

The Public Works administration team responded to 2,466 requests for service from residents, Scarborough municipal departments, outside municipalities, and the citizens. There was a slight decrease in the number of work orders, excavating permits, and excavator's licenses from the prior year relating to the pandemic.

The workload of the Operation Division of the Public Works Department varies significantly with the seasons, from road and drainage maintenance and repair to beach cleaning during the warmer months. Winter operations often prove to be the most challenging. During fiscal year 2020, Public Works spread 2,809 tons of salt, 4,621 tons of sand, and 15,507 gallons of magnesium chloride. The Operations Department also brought clearing Town sidewalks back in-house instead of contracting with outside vendors and will continue this in-house in the future.

Public Works entered into agreements with neighboring communities to maintain their vehicles. In FY2020, in addition to the 278 Town of Scarborough vehicles & equipment, the vehicle maintenance Division repaired and maintained 63 vehicles from external municipalities. The Vehicle Maintenance Division also retrofit two new Ford F550 trucks with spreaders, blades, and wings – creating Class 5 plow trucks. These smaller trucks can plow narrower streets in newer neighborhoods, and do not require a

commercial driver's license (CDL) to operate. Due to the pandemic, our in-house metal fabricator retrofitted all school busses with "sneeze guards" behind the driver, as well as sanitizer dispensers as a safety measure against COVID-19.

In response to global changes in recycling markets and resulting recycling challenges in Scarborough, the Town partnered with ecomaine along with three other municipalities to develop and implement an innovative recycling outreach program. Scarborough hired two interns to inspect and tag recycling carts on a portion of a collection route. Carts received a colored tag based on their contents: a green tag meant the cart contained only recyclables; a yellow tag meant that the cart contained a couple items that could not be recycled; and a red tag meant the cart contained too many items that could not be recycled and would not be picked up that week. Non-recyclable items mixed in with recycling is considered "contamination." The interns collected data indicated that recycling habits along the route improved over the course of the outreach program. Overall, the entire Town's recycling habits improved. Monthly contamination reports from ecomaine showed that Scarborough had fewer highly contaminated loads of recycling on all days of the week, both during the pilot and after. In FY 2019, when ecomaine started reporting recycling contamination rates to municipalities, Scarborough had a staggering 342 loads of highly contaminated recycling. In contrast, Scarborough had just 50 loads of highly contaminated recycling in FY20 resulting in presumptive savings of \$45,000 in waste disposal costs.

The Town's new contract with the Casella Transfer Station began at the tail end of FY20. This new contract allows Scarborough residents to dispose of grass clippings, leaves, and small amounts of household brush at no cost. Citizens may also dispose of bulky items, etc. at the transfer station for a fee. Most fees are weight based.

Also, Public Works completed a town wide pavement condition survey of all paved roads in town. This survey was conducted in house with the nationally recognized pavement management program "Micropaver". We chose a funding scenario that enables the town to have all roads at a condition rating of 75 %. The study indicates that the current pavement condition index (PCI) is at an average of 75% town wide. To maintain this, the PCI annual cost of the mid-level paving program would need to be \$800,000 with yearly adjustments for inflation and materials.

In FY2020, the Community Services Department undertook a staff reorganization plan resulting in the Office Coordinator position transitioning into the Operations and Facilities Manager thus combining overall office management and the oversight of indoor facilities management. The Community Services Grounds and Facilities Division staff also was restructured. The Recreation Manager position pivoted to Parks and Recreation Manager, encompassing both youth and adult recreational programming as well as outdoor facilities and fields maintenance, with the addition of a Parks Supervisor overseeing the day-to-day operations.

Due to Covid-19 challenges, Community Services made the decision to cancel their Summer Day Camp as well as all special events, including Concerts in the Park and Summerfest. One of the biggest financial hits for the department, beyond the cancellation of childcare and summer day camp, was the cancellation of essentially all spring and summer specialty programs. With the assistance of staff town-wide, as well as from Project GRACE, the department made phone calls to almost 1,000 senior citizens, making sure they had enough food and supplies; assisting them at their request, and to listen to them. Community Services also developed an activity packet that had various word games and puzzles that could be mailed to anyone interested. When it became apparent that all the spring programming was going to be cancelled due to COVID restrictions, the Community Services Department launched virtual programming. The Recreation Program Coordinator organized the department's first-ever Video Game Madness Tournaments for Grades 6-12. This new program ran for four weeks and had a total of 55 competitors creating a total of nine unique weekly schedules. Although all in-person services came to a halt, one service that continued, regardless of

COVID, was grounds maintenance. Full-time staff members from childcare and administration were added to the weekly grounds schedule to assist in the upkeep of fields and outdoor facilities in the spring and early summer. When beaches eventually opened to the public and needed staff, our Intergenerational Programs Manager transitioned to assist with beach operations management along with our Recreational Program Coordinator. Many part-time beach attendant positions were offered to current part-time childcare/summer camp staff or senior program staff in lieu of hiring out those positions. These changes kept many staff employed even if it was not their typical job responsibilities. In FY2020, operations for the boat launch were shifted from the Community Services Department to the Police Department.

The Scarborough Police Department welcomed the department's first ever community comfort dog. The police department received over 1,400 suggestions of names from its Facebook page request and Marlea Grace was chosen. Marlea Grace provides comfort to dispatchers and first responders as well as to the members of our community. Marlea is a hypoallergenic, low shedding Saint berdoodle and should grow to about 40 pounds.

In October 2019, the Scarborough Police Department launched a new Social Services Navigator position. The Social Services Navigator provides intervention and advocacy, while helping to collaboratively build a continuity of care where services are missing. During FY2020, the navigator position conducted 494 contacts with Scarborough citizens, totaling over 143 hours of direct services hour to include support and accompaniment for Protection From Abuse (PFA) collaborations with local crisis teams, emotional support to individuals and families facing difficult times, partnerships with Adult and Child Protective services to ensure safety, referrals to case management, therapy and/or psychiatry specialists, exploring and providing basic needs, and being an available resource to officers during psychiatric calls and well-being checks.

One of the biggest and most exciting stories of the past fiscal year was the completion of the Town's new public safety building. The groundbreaking ceremony was held on November 8, 2018, and the final phase of the move from our former facility at 246 US Route 1 was completed on Monday April 27, 2020. A critical phase of the move was the transition of our Public Safety Communications Center. There are dozens of critical components that were transferred as many of them were repurposed from the old, to the new center. A carefully orchestrated plan was created to ensure that radios, 911 phone lines, and other mission critical components transitioned without missing a single phone or radio call. The final phase of the transition took place when the Fire/EMS Operations personnel moved into their spaces, along with the fire and rescue apparatus which started responding from the new fire station bays.

In FY2020, the Fire Department went through a Call Force reorganization. Like many departments nationwide, the Fire department has struggled to attract and retain call members. The Call Force members are the people that live in town and volunteer to train and respond to calls from home when emergency calls are received. Today, Scarborough has fewer than 65 call members. The Town is fortunate that scheduled career and per-diem personnel help provide staffing to cover the routine EMS and other calls for service, but the call force still plays an especially important and critical role in serious labor-intensive incidents and natural disasters. The Town recognized that it could not continue to operate successfully within the structure of the past and needed to reorganize to maintain an active and viable call force. To accomplish this, the Town combined six neighborhood stations into three call force districts. Call Force members now respond within larger geographical districts, and the number of call company officers have been streamlined to provide an appropriate span of supervision.

When the Governor enacted a Civil State of Emergency on March 15, 2020, it caused the town to modify how emergency staff worked, lived, and interacted with everyone they serviced. For several months, the Town's first responders were on the front lines responding to dozens of confirmed positive COVID-19 calls for service within our community. This required extraordinary vigilance, the use of special personal protective equipment, and advanced decontamination techniques to keep the public and town personnel safe.

For the Future.

In July 2020, Community Services will participate in the Parks and Rec month, developing a calendar with suggested local sights and activities. The Town anticipates partnering with a local medical group, Martin's Point Health Care, to provide four unique and completely free outdoor exercise and activity sessions including yoga, Zumba, and Back to Basics Bootcamp in Memorial Park. In recognition of the year's theme (#GameOn), Community Services also included kids only #GameOn events on the Wentworth Middle School playground.

Keeping Community Services programming affordable is an ongoing concern. With new organizations and groups requesting field and facility space in Scarborough each year, the need for more indoor and outdoor space grows. Costs for travel, tickets, and attractions continue to rise each year, as do wages for part-time staff. Year to year, childcare and summer camp pricing is evaluated to make sure the town is in line with neighboring providers. The department looks at admission, programming, transportation, and staffing costs for summer camp when planning the eight-week summer schedule. For the 55+ programs, increasing costs are often barriers to participation making it a challenge to offer inclusive programming that is affordable for older adults who are on fixed incomes.

Watershed Planning & Restoration - The Town of Scarborough has two streams that the Maine Department of Environmental Protection (DEP) has classified as Urban Impaired Streams. This designation means that pollution levels make it difficult for stream life to survive. The Town continues work to improve the health of one of these streams, Phillips Brook started in 2019, by implementing the Brook's watershed management plan. The current improvement plans, which are anticipated to be constructed next year, are funded by a \$115,000 grant from DEP and EPA.

Document Management System – Due to the sheer volume of information collected by all Town Departments daily, a robust document management system is needed to store, manage, and track electronic documents and images. By connecting this new system to our existing WebGIS system, staff anticipates efficiencies in document retrieval, regulatory compliance, and collaboration between departments. By connecting our electronic files to the spatial components in WebGIS, the user will be able to easily search for any documents related to parcels, addresses, and physical utility assets and infrastructure. This two-part project that will continue into the following year with efforts to consolidate previously stored documents in one location. There are also plans to incorporate public-facing component of this system, which will allow the public to easily search for documents.

The Town is in the fourth and final year of the Surface Drainage Assessment project. The town's approximately 70 miles of subsurface drainage will be assessed and this will allow the Town to plan for future projects. Using industry standards an inspection will catalog the condition of subsurface pipe and associated structures. From this inspection, a *likelihood of failure* will be determined. From the data, a *consequence of failure* matrix will be created using such criteria as traffic flow, proximity to critical facilities and other factors. The FY2021 budget year goal is to seek funding for rehabilitation and replacement projects utilizing the information obtained from the survey. Rehabilitation of the complete system is expected to be a multi-year project.

Over a few years, major road construction work was performed on the Gorham Road. After the gas and sewer mains are replaced, Public Works will seek funding for roadway and pedestrian improvements. Partial funding will come from the State's Municipal Partnership Initiative (MPI) program.

Long Term Financial Planning.

Pine Point Parking Redesign: Currently on hold, this capital improvement project gained momentum in this fiscal year with multiple public input meetings held at Town Hall and the Pine Point Fire Station, giving residents several opportunities to provide input on the redesign of the Town's highest-used beach access point. A final design was proposed but never brought before Town Council due to budget constraints. This project will be brought included in the FY2022 budget.

North Scarborough Intersection Improvement Design: The intersections and road corridors in North Scarborough consisting of Route 22 and 114, exhibit severe traffic congestion in the commuter hours and at other peak travel times. This condition has been an issue for decades and a regional transportation solution by the Maine DOT or Maine Turnpike Authority (MTA) is needed. Plans are now in motion at the State, regional, and MTA level to plan for significant transportation improvements to address this acute congestion issue. At the local level, the three signalized intersections in North Scarborough (County Road/Saco Street, Beech Ridge Road/Gorham Road, and Gorham Road/County Road) also need new controllers, signal hardware, modernization, and coordination, in the short-term. Construction plans have been developed to update this traffic control infrastructure to optimize the function of the signals and more efficiently and safely move traffic through this area. The new signals will also integrate with the longer-range regional transportation improvements being considered by the MTA.

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

In January of 2019, the School Department's Long-Range Planning Committee of the Board of Education was reconvened. The Building Steering Committee made recommendations to the Scarborough Board of Education to address facility overcrowding, particularly in primary schools. As this process moves forward there will be opportunities to engage the community including various subcommittees.

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.

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 2020 value by \$684,168,764 from 2019. For the 2020 tax year, the valuation was \$4,696,461,376 compared to the 2019 valuation of \$4,012,292,612.

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, 2020</u>
\$686,766 in 2016	\$16,148
\$517,690 in 2017	\$18,706
\$565,963 in 2018	\$37,338
\$689,670 in 2019	\$155,918
\$857,652 in 2020	\$857,652

For 2020, the Town Council authorized \$350,000 from the School's fund balance to assist with their funding needs and \$2,643 from the Adult Education fund balance.

OTHER INFORMATION

Awards. Heroes with Heart Recognition. Paramedic/Firefighter, Cindy Gorham, was recognized by the Trauma Intervention Program (TIP) as a 2020 Hero with Heart recipient. The Trauma Intervention Program is a national organization that trains volunteers how to interact with public safety to provide emotional first aid to victims of trauma. TIP started a Portland Maine chapter several years ago and Scarborough is one of the participating communities. When a family deals with an unexpected death at home, or a traumatic accident or incident, first responders call TIP who then dispatches a volunteer to help the family deal with the tragedy allowing first responders to return to service. Cindy was nominated for this honor for her long history of kind and compassionate care to the citizens of Scarborough. Cindy always takes control of the scene and skillfully recognizes when a family member's well-being is compromised. She is always nurturing and often a welcome, calming voice when tragedy strikes. Congratulations on this well-deserved recognition Cindy!

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 2020. This audit is designed to meet the requirements of Government Auditing Standards and the Uniform Guidance.

Acknowledgements. We would like to take this opportunity to acknowledge and thank Marla St. Pierre and Mary Pearson for their years of dedication to the community. This year, both women retired after servicing the Town for 39 and 33 years respectively. We wish you both the best and hope that you enjoy the next chapter. As 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 for her dedication, loyalty, and countless hours contributing to the 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

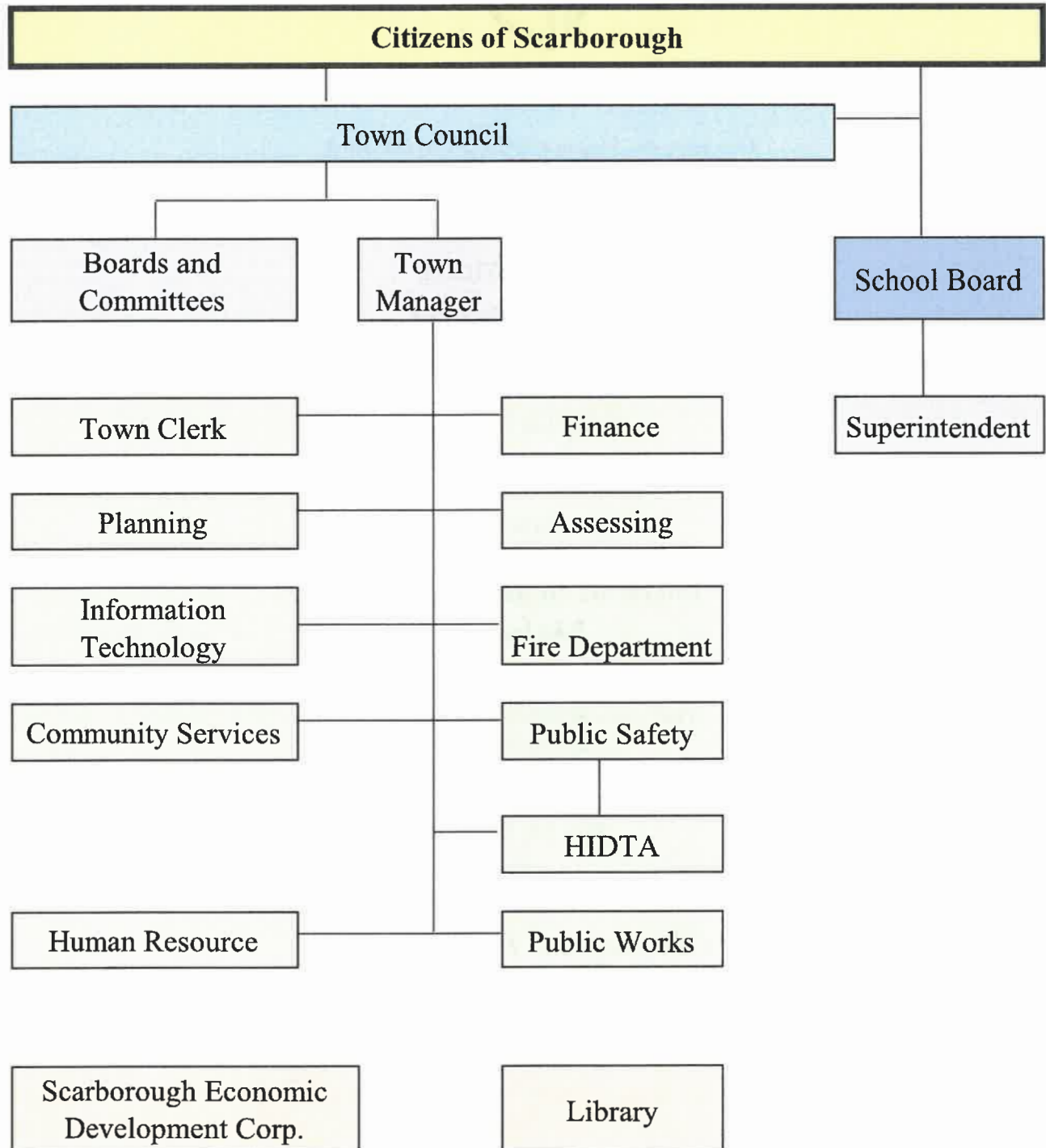
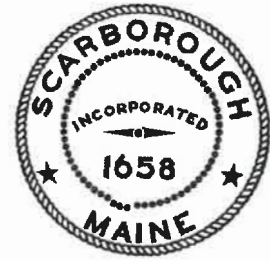
June 30, 2019

Christopher P. Morill

Executive Director/CEO

Town of Scarborough, Maine

Organizational Chart



Principal Executive Officers 2019-2020

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

<u>OFFICE</u>	<u>NAME</u>	<u>MANNER OF SELECTION/TERM</u>	<u>TERM EXPIRES</u>
Town Council Members:	Jean-Marie Caterina	Elected - 3 Year Term	11/2020
	John R. Cloutier	Elected - 3 Year Term	11/2020
	Betsy Gleysteen	Elected - 3 Year Term	11/2022
	Donald Hamill, Vice Chair	Elected - 3 Year Term	11/2021
	Peter Hayes, Council Chair	Elected - 3 Year Term	11/2020
	Kenneth Johnson	Elected - 3 Year Term	11/2022
	Paul Johnson	Elected - 3 Year Term	11/2021
Municipal Employees:			
Town Manager	Thomas J. Hall	Appointed - 3 Year Term	12/31/2020
Assistant Town Manager	Larissa Crockett	Appointed/Indefinite	N/A
Town Clerk/Registrar of Voters	Yolande P. Justice	Appointed/Indefinite	N/A
Chief of Police	Robert Moulton	Appointed/Indefinite	N/A
Fire Chief	B. Michael Thurlow	Appointed/Indefinite	N/A
Finance Director	Ruth D. Porter	Appointed/Indefinite	N/A
Treasurer	Gina Clukey	Appointed/Indefinite	N/A
Tax Collector	Lisa Saulle	Appointed/Indefinite	N/A
Assessor	Nicholas Cloutier	Appointed/Indefinite	N/A
Community Services Director	Todd Souza	Appointed/Indefinite	N/A
Human Resource/GA Director	Liam Gallagher	Appointed/Indefinite	N/A
Director of Public Works	Michael Shaw	Appointed/Indefinite	N/A
Town Planner	Jay Chace	Appointed/Indefinite	N/A
Assistant Town Planner	Jamel Torres	Appointed/Indefinite	N/A
Town Engineer	Angela Blanchette	Appointed/Indefinite	N/A
Zoning Administrator	Brian Longstaff	Appointed/Indefinite	N/A
Community Development Director	Karen Martin	Appointed/Indefinite	N/A
School Board Members:	Hillory Durgin	Elected - 3 Year Term	11/2020
	Alicia Giftos	Elected - 1 Year Term	11/2022
	Nicholas Gill	Elected - 3 Year Term	11/2021
	Leann Kazilionis, Chair	Elected - 3 Year Term	11/2020
	Sarah Leighton	Elected - 3 Year Term	11/2021
	April Sither	Elected - 3 Year Term	11/2021
	Kristen Turner	Elected - 3 Year Term	11/2022
Superintendent of Schools	Sanford Prince, IV	Appointed/Interim	06/2021
Assistant Superintendent of Schools/Adult Education Director	Diane Nadeau	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		

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Town of Scarborough Maine

Comprehensive Annual Financial Report



Financial Section

**For Fiscal Year Ending:
June 30, 2020**

Beech Ridge Farm

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Town Council
Town of Scarborough, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine (the Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Scarborough, Maine, as of and for the year ended June 30, 2020 and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 23 – 35, the Schedule of Changes in Net OPEB Liability and Related Ratios – MMEHT Group Health Insurance Plan on page 82, the Schedule of Changes in Net OPEB Liability and Related Ratios – MEABT Group Health Insurance Plan on page 83, the Schedule of Proportionate Share of the Net Pension Liability on page 84, and the Schedule of Contributions on page 85, 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 – 13, supplementary statements and schedules on pages 88 – 122, and statistical tables on pages 127 – 150, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

To the Town Council
Town of Scarborough, Maine

Prior Period Information

We have also previously audited, in accordance with auditing standards generally accepted in the United States, the Town of Scarborough, Maine's basic financial statements for the year ended June 30, 2019, which are not presented with the accompanying statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Scarborough, Maine. The financial statements of the Scarborough Public Library, a component unit of the Town, were audited by other auditors. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scarborough, Maine's basic financial statements as a whole. The combining statements for the General Fund Balance Sheet, Exhibit A-1, and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance, Exhibit A-2, related to the June 30, 2019 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, 2019 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the June 30, 2019 combining statements for the General Fund Balance Sheet, Exhibit A-1, and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance, Exhibit A-2, are fairly stated in all material respects, in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2021, 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.



South Portland, Maine
April 13, 2021

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Town of Scarborough Maine Comprehensive Annual Financial Report



Management Discussion & Analysis

Scarborough Marsh

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TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis
June 30, 2020

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, 2020. Please consider this information in conjunction with the transmittal letter at the front of this report and the Town's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the Town of Scarborough exceeded liabilities and deferred inflows of resources at the close of this most recent fiscal year by \$63,300,616 (net position).

- The Town's total net position increased \$1,729,637 from \$61,570,979 to \$63,300,616. This represents a 2.8% increase over last year's net position.
- As of June 30, 2020, the Town's governmental funds reported combined fund balances of \$18,998,467 a decrease of \$11,356,806 compared with the prior year. Approximately 41.05% of this amount or \$7,799,560 is available for spending at the Town's discretion (*assigned and unassigned fund balance*).
- Total nonspendable fund balance increased by \$27,332 from \$243,696 to \$271,028. Restricted fund balance decreased by \$9,994,750 from \$14,453,159 to \$4,458,409. Total committed fund balance decreased by \$721,559 from \$7,191,029 to \$6,469,470. Assigned fund balance increased by \$840,858 from \$2,474,808 to \$3,315,666. Finally, the unassigned fund balance for the governmental funds decreased by \$1,508,687 from \$5,992,581 to \$4,483,894.
- With respect to fund balances in the governmental funds, of the \$14,269,030 reported as committed (authorized by town council), assigned (authorized by town manager) and unassigned fund balance, \$3,692,035 are special revenue funds authorized for specific purposes, and the remaining amount of \$10,576,995 is available for the discrete purposes for which these funds are collected.

The Town of Scarborough consolidated its Fund Balance Policy into the Financial and Fiscal Policy, adopted September 5, 2018. The new policy retained the goals initially set in 2016. The policy establishes an unassigned fund balance goal of 10.00% of the prior years' operating budget. The Operating Budget for fiscal 2019 totaled \$87,378,579. As of June 30, 2020, unassigned fund balance for the general fund was \$7,701,960 or 8.81% of the prior years' operating budget compared to 9.81% as of June 30, 2019.

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 decreased by a net of \$590,000 from the prior year. General obligation bonds retired was \$7,630,000. General obligation bonds issued was \$7,040,000.

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 39-40 of this report.

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

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

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

The Town of Scarborough maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Haigis Parkway and the Public Safety Building Construction all of which are considered major funds. Data from the remaining 23 funds (Special Revenue, Capital Projects, and Permanent) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in Exhibit C-1 through Exhibit E-2.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

The basic governmental funds financial statements can be found on pages 41-42 of this report.

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

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

The General Town Improvement and General School Improvement accounts are not major funds and are provided in the form of combining statements elsewhere in this report. The non-major capital projects fund financial statements are found on pages 107-108 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 111-112 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 115-117 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-81.

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 88-122 of this report.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of the Town's financial position. In the case of the Town of Scarborough, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$63,300,616 as of June 30, 2020 compared to \$61,570,979 at June 30, 2019.

By far, the largest portion of the Town of Scarborough's Net Position 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>2020</u>	<u>2019</u>	<u>2018</u>
Assets:			
Current and other assets	\$ 29,805,376	\$ 43,051,001	\$ 42,984,704
Long term assets	642,184	965,964	1,194,017
Capital Assets	167,167,885	152,975,829	146,530,570
Total Assets	<u>197,615,445</u>	<u>196,992,794</u>	<u>190,709,291</u>
 Total deferred outflows of resources	<u>5,875,116</u>	<u>5,352,833</u>	<u>7,533,510</u>
Total Deferred outflows	<u>5,875,116</u>	<u>5,352,833</u>	<u>7,533,510</u>
 Liabilities:			
Long term liabilities outstanding	126,654,755	125,767,679	127,440,594
Other liabilities	11,085,615	13,202,854	9,514,480
Total Liabilities	<u>137,740,370</u>	<u>138,970,533</u>	<u>136,955,074</u>
 Total deferred inflows of resources	<u>2,449,575</u>	<u>1,804,115</u>	<u>3,088,396</u>
Total Deferred inflows	<u>2,449,575</u>	<u>1,804,115</u>	<u>3,088,396</u>
 Net assets:			
Net investment in capital assets	64,957,968	57,341,865	61,977,397
Restricted	2,407,963	1,540,755	2,577,864
Unrestricted	(4,065,315)	2,688,359	(6,355,930)
Total Net Position	<u>\$ 63,300,616</u>	<u>\$ 61,570,979</u>	<u>\$ 58,199,331</u>

\$2,407,963 or 3.8% of the Town of Scarborough's net position represents resources that are subject to external restrictions on how they may be used.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

GOVERNMENTAL ACTIVITIES. The increase pertaining to the Town of Scarborough's net position of \$1,729,637 is due to the governmental activities of the Town. The Town of Scarborough's tax revenues increased by \$2,244,429. Actual vehicle excise tax collections decreased slightly by \$10,204 from the prior year. This decrease in excise taxes is due to the State closures as a result of the Pandemic between March and June 2020. The property tax increase is due in part to the increase in the overall assessed valuation of the Town of \$684,168,803, up from \$4,012,292,612 to \$4,696,461,376 as a result of a residential revaluation. The increase in the town's property value allows the Town of Scarborough to receive more in property taxes without excessive increases in the tax rate.

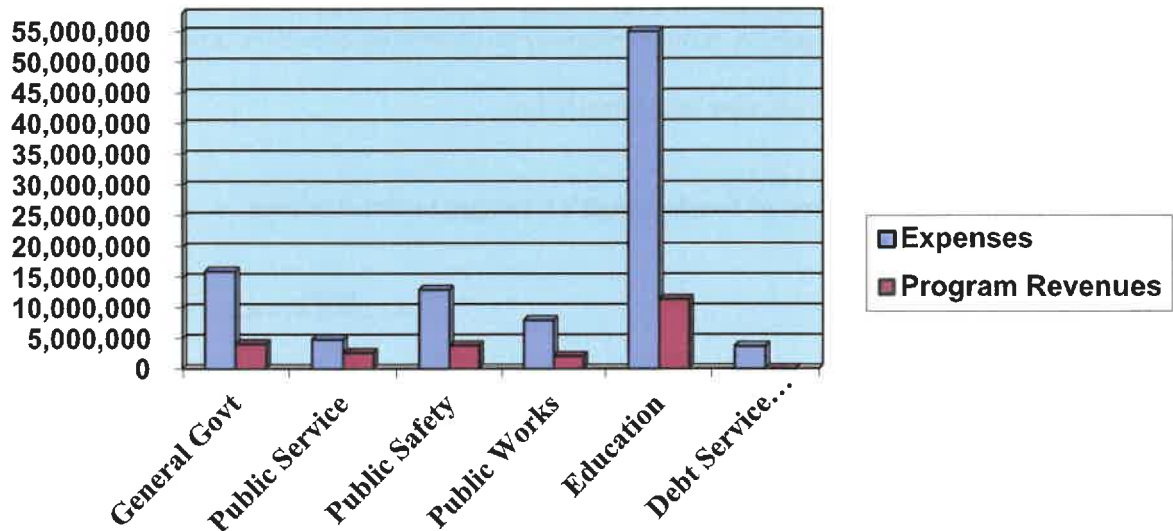
Key components of this net position increase are shown below.

Town of Scarborough's Changes in Net Position

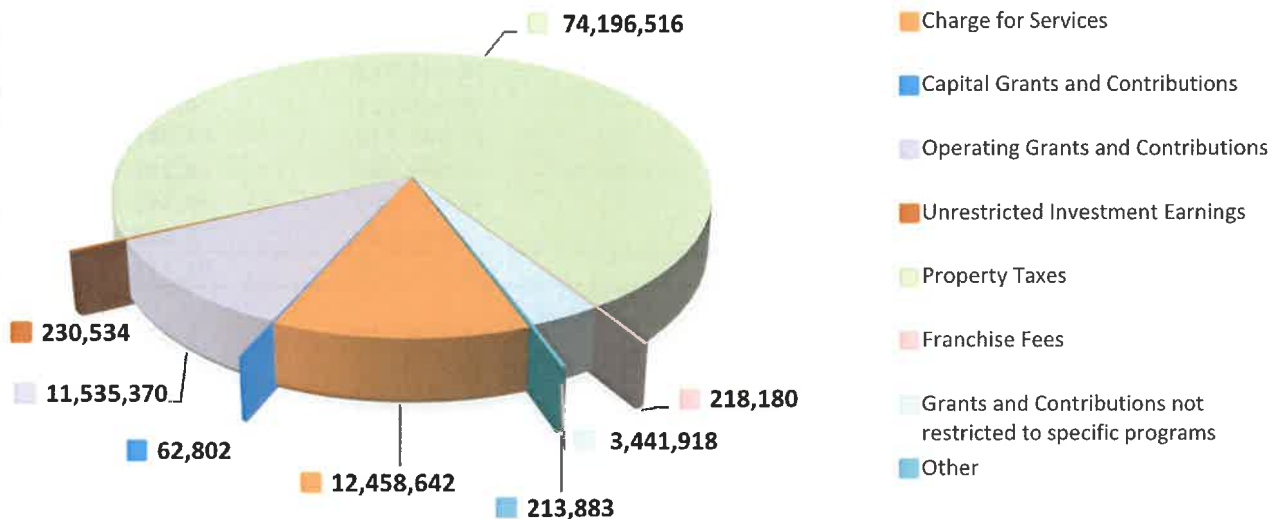
	<u>2020</u>	<u>2019</u>
Revenues:		
Program Revenues:		
Charge for services	\$ 12,458,642	\$ 13,146,673
Operating grants and contributions	11,535,370	7,633,881
Capital grants and contributions	62,802	96,626
General Revenues:		
Property and excise taxes, levied for general purposes	74,196,516	71,952,087
Franchise Tax	218,180	219,247
Grants and contributions not restricted to specific programs	3,441,918	3,392,316
Unrestricted investment earnings	230,534	525,771
Other	213,883	160,235
Total revenues	102,357,845	97,126,836
Expenses:		
General government	16,045,768	16,687,230
Public Services	4,810,221	4,752,163
Public Safety	13,043,518	11,081,295
Public Works	7,996,409	8,257,195
Education	55,037,803	49,389,226
Interest on Debt Service	3,694,489	3,588,079
Total expenses	100,628,208	93,755,188
Increase in net position	1,729,637	3,371,648
Net position beginning	61,570,979	58,199,331
Net position ending	\$ 63,300,616	\$ 61,570,979

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, MAINE
Management Discussion and Analysis, Continued

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

At June 30, 2020, the Town of Scarborough's governmental funds reported combined fund balances of \$18,998,467. This is a decrease of \$11,356,806 in comparison with the prior year. Approximately 23.60% of total fund balance or \$4,483,894 constitutes *unassigned fund* balance that is available for spending at the government's discretion for all governmental funds. The remainder of the fund balance is either *nonspendable, restricted, committed or assigned*. This indicates that it is 1) not in spendable form (\$271,028), 2) restricted for particular purposes (\$4,458,409), 3) committed for particular purposes (\$6,469,470) or 4) assigned for a particular purpose (\$3,315,666).

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

Governmental Fund Balance Comparison

	<u>2020</u>	<u>2019</u>
General Fund	\$ 15,082,960	\$ 14,306,229
Haigis Parkway	(2,288,250)	(1,985,141)
Public Safety Building Construction	(1,805,908)	10,486,550
Other Governmental Funds	8,009,665	7,547,635
Total	\$ 18,998,467	\$ 30,355,273

As noted earlier, governmental funds reported combined fund balances of \$18,998,467, a decrease of \$11,356,806 compared with the prior year fund balances of \$30,355,273. Of the \$14,269,030 reported as unrestricted fund balance (total of committed, assigned and unassigned), \$3,692,035 are for special revenue fund projects authorized for specific purposes. Capital Projects has an unrestricted deficit of \$895,343 that will be funded with the sale of the old public safety building in 2021.

The remaining \$4,729,437 of fund balance is restricted to indicate that it is not available for new spending because it has already been allocated for the following:

\$ 2,930,434	Deficit Fund Balances in Special Revenue Funds
774,327	Town Grants
285,049	Perpetual Care of Municipal Cemeteries
648,587	Education Funding
91,040	Food Service and Fuel Inventory
<u>\$ 4,729,437</u>	Total Governmental Fund Nonspendable and Restricted Fund Balance

Capital Projects Fund Highlights

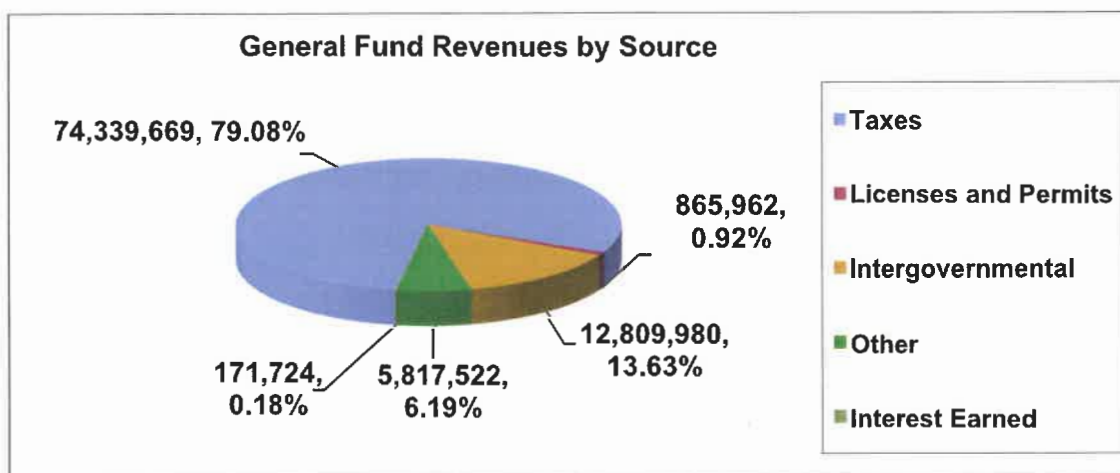
During this fiscal year, the Town of Scarborough's fund balances for Capital Projects decreased \$11,134,961 from \$10,239,418 in 2019 to a deficit \$895,543 in 2020. Expenditures increased \$6,244,318 from \$12,840,178 in 2019 to \$19,084,496 in 2020. This decrease in fund balance and increase in expenditures are due to various projects nearing completion including the new public safety building. Anticipated revenues for the sale of the old public safety building will be received in fiscal year 2021.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

General Fund Highlights

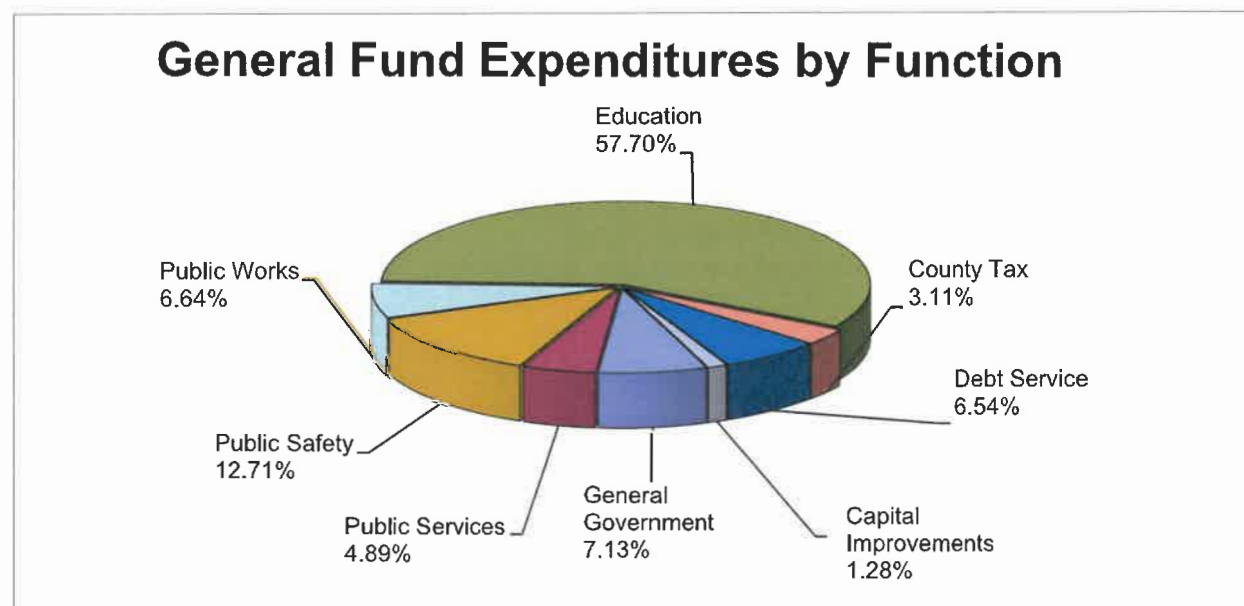
The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2020, total fund balance was \$15,082,960 reflecting an increase of \$776,731 compared to the prior year of \$14,306,229. Unassigned fund balance in the General Fund was \$7,701,960 compared to total fund balance of \$15,082,960. 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 8.07% of total general fund expenditures compared to 8.95% last year, while total fund balance represents 15.81% of that same amount.

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



Property Tax revenues increased \$2,274,488 from 2019 to 2020 compared to the 2018 to 2019 increase of \$3,388,316. A comparison of the actual revenues to estimated revenues can be found on page 44 of the financial statements. The overall revenue shortfall was mostly due to the pandemic and the town unable to provide services from March to June.

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



TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Actual revenues were below the estimates by \$1,301,209 as a result of the pandemic closures during the last quarter of fiscal 2020. Actual expenditures came in below budget by \$4,627,822 for the same reason as the town of Scarborough was unable to provide service to the citizens due to the State of Maine emergency declaration.

Total general fund expenditures increased \$2,355,565 or 2.69% compared to 5.42% for the prior year. The factors for this increase are:

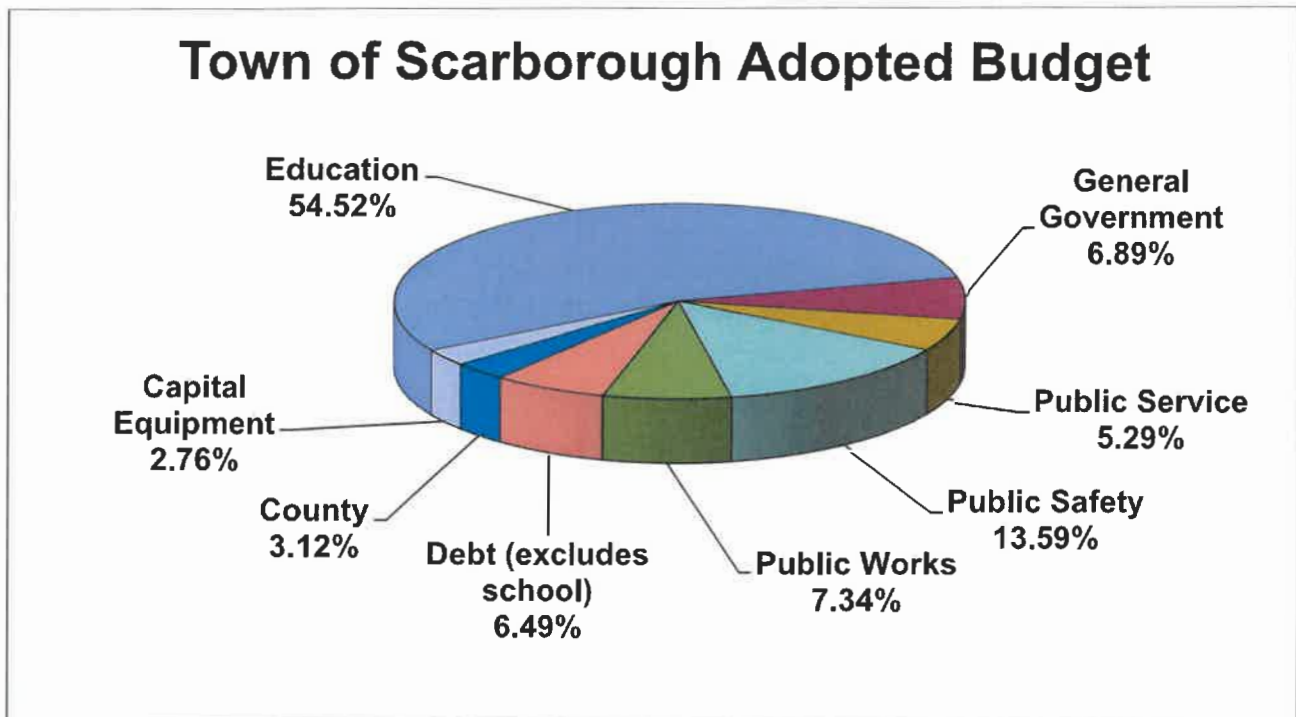
- General Government increased 5.46% due to personnel adjustments, legal fees due to litigation and increasing municipal insurance costs,
- Public Safety increased 4.52% due to the changes in contractual obligations,
- Debt increased 11.25% for increased interest debt payments, and
- County Tax increased 4.58% 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 2020, a total of \$2,615,666 was set aside for the Town for prior year encumbrances and commitments. \$700,000 for the School Department was set aside for carryforward to the 2021 budget.

The adopted operating budget for fiscal year 2020 amounted to \$94,701,497 compared to \$88,697,465 for fiscal year 2019 or a 6.77% increase over the prior year.

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



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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental fund, as of June 30, 2020, amounts to \$167,167,885 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was 9.28%.

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>2020</u>	<u>2019</u>
Land	\$ 7,082,922	\$ 7,293,622
Buildings	98,748,110	78,352,647
Vehicles	6,469,517	6,107,011
Equipment & Furniture	2,613,351	2,741,556
Infrastructure	48,888,229	46,873,915
Construction in Progress	3,365,756	11,607,078
Total	<u>\$ 167,167,885</u>	<u>\$ 152,975,829</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, 2020 related to the construction of the new public safety building, various road improvements and rehabilitation, and purchases for vehicles and equipment.

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

Long-term Debt. As of June 30, 2020, the Town had long-term bonds outstanding of \$102,130,000 compared to \$102,720,000 in the prior year resulting in a .57% decrease. This debt is backed by the full faith and credit of the Town of Scarborough.

During fiscal year ending June 30, 2020, the Town of Scarborough issued \$7,040,000 in bonds. This bond issue financed projects that included vehicle and equipment purchases, building improvements, road reconstruction and rehabilitation, watershed protection, land purchase and portable classrooms. During the year \$7,630,000 in principal debt was paid.

In August 2020, the town advance refunded \$43,355,000 and issued \$42,315,000. Further information can be found in the Notes to the Basic Financial Statements on page 81 of this report.

Interest payments for school and town debt in this fiscal year totaled \$3,784,372 a decrease of \$126,603 from 2019.

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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Outstanding Debt General Obligation Bonds			
	2020	2019	2018
Municipal	\$ 43,293,084	\$ 42,376,225	\$ 38,495,570
Education	54,076,916	54,318,775	57,154,430
Sewer	4,760,000	6,025,000	7,000,000
Total Debt	\$ 102,130,000	\$ 102,720,000	\$ 102,650,000

Moody's Investors Service reviewed and assigned a rating of "Aa3" to the Town of Scarborough, Maine, (the Town) 2020 General Obligation (GO) Bonds. Moody's has affirmed the Aa3 rating on all of the Town's outstanding GO debt per its rating report dated May 5, 2020. Moody's Aa3 rating reflects the Town's high-quality credit position. "*Scarborough, ME (Aa3) benefits from a moderately sized, growing tax base with above average wealth levels, adequate financial reserves, manageable debt burden, and low pension liabilities*".

Standard and Poor's Rating Services (S&P) has affirmed the Town of Scarborough bond rating of "AA+" on the Town's existing GO debt. Additionally, S&P has assigned its "AA+" rating to the Town's series 2020 GO bonds per its rating report dated May 11, 2020. The stable outlook reflects the Town's very strong economy, strong management, adequate budgetary performance, strong budget flexibility, very strong liquidity, strong debt-to-contingent liability position, and institutional framework.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

In adopting the budget for the ensuing fiscal year, the Town of Scarborough's officials considered many factors in making judgments and estimates about the finances of the upcoming year. The budget goals for fiscal year 2021 were to have:

GOALS:

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

However, with the beginning of the pandemic, uncertainty abounded and the goal changed to that of providing for the needs of the community without contributing to the potential burden they may face and the concern of a sluggish economy.

This budget reflects a modest increase of \$669,855 increase in General Purpose Aid to Education (GPA) compared to \$621,628 increase for the 2020 Budget. This is a 19.9% increase from FY2020. The Town of Scarborough is considered a minimal receiver community by the State and therefore only the minimum GPA is received by the Town.

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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

The Town of Scarborough Budget Document for fiscal year 2021 can be found on the Town of Scarborough's website at: <https://budget.scarboroughmaine.org/town-budget/fy2021-budget/fy2021-resources/adopted-fy21-budget.pdf/>

Below is a comparison of the 2019, 2020 and 2021 budgets (excluding carry forwards).

	2021	2020	2019
Administration	\$ 3,186,206	\$ 2,893,635	\$ 2,670,198
Finance Department	1,142,799	1,145,092	1,091,602
Information Systems	1,392,685	1,458,086	1,444,398
Planning Department	1,024,192	1,089,432	1,056,153
Community Services	2,127,738	2,608,210	2,461,721
Library	1,132,963	1,164,166	1,152,091
General Assistance	86,076	33,633	32,314
Economic Development	244,046	246,644	240,693
Fire/Rescue/EMA Department	5,770,261	5,527,520	5,295,093
Public Safety Department	7,085,513	7,000,227	6,661,219
Public Works Department	6,882,168	6,896,283	6,742,788
Debt Service	6,482,918	6,145,997	5,579,904
Capital Equipment	1,540,000	2,311,867	1,408,321
Total Municipal Operating	38,097,565	38,520,792	35,836,495
Education	53,505,801	51,629,304	48,715,005
County Tax	3,188,519	2,956,659	2,827,079
Total Operating Budget	94,791,885	93,106,755	87,378,579
School Food Services	1,777,105	1,746,555	1,548,315
Capital Improvement-Municipal	867,000	2,146,000	1,237,750
Capital Improvement-School	1,813,212	2,441,070	1,238,730
TIFs and Overlay	1,864,341	1,371,129	1,693,189
Total Budget	\$ 101,113,543	\$ 100,811,509	\$ 93,096,563

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

2021	\$4,727,230,976, an increase of \$ 30,769,561 over 2020,
2020	\$4,696,461,376, an increase of \$684,168,803 over 2019,
2019	\$4,012,292,612, an increase of \$226,804,270 over 2018,
2018	\$3,785,488,342, an increase of \$ 9,125,842 over 2017,
2017	\$3,776,362,500, an increase of \$ 30,814,400 over 2016.

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

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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

2021	\$ 700,000
2020	\$ 352,643
2019	\$ 500,000
2018	\$ 2,100,000
2017	\$ 952,888
2016	\$ 425,000
2015	\$ 800,000
2014	\$ 200,000

Additionally, as a result of the pandemic, in the last quarter of 2020, the town furloughed its non-essential part-time employees, shutdown various public service programs and reduced non-essential full-time staff to 20 or 30 hours per week. The savings resulting from these actions for 2020 were anticipated to exceed \$400,000. For the 2021 fiscal year, the Town utilized \$400,000 of unassigned fund balance.

REQUEST FOR INFORMATION

For all those with an interest in the Town of Scarborough, Maine, 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

Municipal Campus

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TOWN OF SCARBOROUGH, MAINE
Statement of Net Position
June 30, 2020

	Governmental Activities	Component Unit Public Library
ASSETS		
Cash and cash equivalents	\$ 13,829,495	426,507
Investments	13,117,644	628,690
Receivables:		
Accounts, net	1,343,356	15,278
Intergovernmental	268,209	-
Taxes receivable	257,139	-
Tax liens	891,262	-
Tax acquired property	7,231	-
Prepays		39,388
Inventory	91,040	1,204
Notes receivable	642,184	-
Capital assets, not being depreciated	10,448,678	-
Capital assets, net	156,719,207	571,767
Total Assets	197,615,445	1,682,834
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	1,770,649	-
Deferred OPEB items	918,669	
Deferred pension items	3,185,798	-
Total deferred outflows of resources	5,875,116	-
LIABILITIES		
Accounts payable and other current liabilities	4,581,889	30,701
Accrued payroll and other related liabilities	5,789,750	64,348
Unearned revenues	68,367	300
Accrued interest	645,609	-
Noncurrent liabilities:		
Due within one year	8,183,017	-
Due in more than one year	118,471,738	-
Total Liabilities	137,740,370	95,349
DEFERRED INFLOWS OF RESOURCES		
Deferred OPEB items	1,030,040	-
Deferred pension items	1,419,535	-
Total deferred inflows of resources	2,449,575	-
NET POSITION		
Net investment in capital assets	64,957,968	571,767
Restricted for:		
Nonexpendable trust principal	179,988	125,513
Expendable trust - income portion	105,061	-
Town grants and projects	774,327	-
Education	1,348,587	-
Unrestricted (Deficit)	(4,065,315)	890,205
Total Net Position	\$ 63,300,616	1,587,485

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Activities
For the year ended June 30, 2020

Functions/programs	Program revenues			Net (expense) revenue and changes in net assets	
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Component unit
					Primary government activities
Primary government:					
Governmental activities:					
General government	\$ 16,045,768	3,365,087	654,794	62,802	(11,963,085)
Public services	4,810,221	2,562,570	55,386	-	(2,192,265)
Public safety	13,043,518	3,606,215	240,568	-	(9,196,735)
Public works	7,996,409	1,707,293	351,444	-	(5,937,672)
Education	55,037,803	1,217,477	10,233,178	-	(43,587,148)
Interest on debt service	3,694,489	-	-	-	(3,694,489)
Total governmental activities	100,628,208	12,458,642	11,535,370	62,802	(76,571,394)
Total primary government	\$ 100,628,208	12,458,642	11,535,370	62,802	(76,571,394)
Component unit:					
Scarborough Public Library	\$ 1,477,326	-	1,559,094	-	81,768
General revenues:					
Property taxes, levied for general purposes				\$	67,677,693
Excise taxes					6,352,261
Payments in lieu of taxes					71,450
Interest and costs on taxes					95,112
Franchise Tax					218,180
Grants and contributions not restricted to specific programs:					
Homestead exemption and business equipment exemption					1,461,557
Other State aid					598,114
State Revenue Sharing					1,382,247
Unrestricted investment earnings					230,534
Other					213,883
Total general revenues					78,301,031
Change in net position					81,768
Net position - beginning, (as restated - primary government)					1,505,717
Net position - ending					63,300,616
				\$	1,587,485

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE

Balance Sheet
Governmental Funds
June 30, 2020

	General	Haigis Parkway Assessments	Public Safety Bldg Construction	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 13,512,531		-	316,964	13,829,495
Investments	4,801,230		310,605	8,005,809	13,117,644
Receivables:					
Accounts, net	772,091			571,265	1,343,356
Intergovernmental	262,259			5,950	268,209
Taxes receivable	257,139			-	257,139
Tax liens	891,262			-	891,262
Interfund loans receivable	4,315,524			831,935	5,147,459
Tax acquired property	7,231			-	7,231
Inventory	31,401			59,639	91,040
Notes receivable	-	642,184	-	-	642,184
Total assets	\$ 24,850,668	642,184	310,605	9,791,562	35,595,019
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	2,900,504		991,891	689,494	4,581,889
Accrued payroll and other related liabilities	5,789,750			-	5,789,750
Accrued compensated absences	91,517			-	91,517
Interfund loans payable	-	2,930,434	1,124,622	1,092,403	5,147,459
Unearned revenues	68,367	-		-	68,367
Total liabilities	8,850,138	2,930,434	2,116,513	1,781,897	15,678,982
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	917,570	-	-	-	917,570
Total deferred inflows of resources	917,570	-	-	-	917,570
Fund balances:					
Nonspendable Permanent Fund Principal				179,988	179,988
Nonspendable Inventory	31,401			59,639	91,040
Restricted for Town	2,930,434			879,388	3,809,822
Restricted for Education	648,587			-	648,587
Committed - General Fund	454,912			-	454,912
Committed - Education	-			422,965	422,965
Committed - Special Revenues	-			5,591,593	5,591,593
Assigned - General Fund	2,615,666			-	2,615,666
Assigned - Education	700,000			-	700,000
Unassigned Town	7,701,960	(2,288,250)	(1,805,908)	876,092	4,483,894
Total fund balances	15,082,960	(2,288,250)	(1,805,908)	8,009,665	18,998,467
Total liabilities, deferred inflows of resources and fund balances	\$ 24,850,668	642,184	310,605	9,791,562	

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.	167,167,885
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	917,570
Deferred charge on refunding is not a financial resource and, therefore, is not reported in the funds	1,770,649
Long-term liabilities, including related deferred inflows and outflows, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds payable, including issuance premiums	(109,437,717)
Capital leases	-
Accrued interest	(645,609)
Landfill liability	(388,034)
Other postemployment benefits liability with related deferred inflows and outflows of resources	(8,484,626)
Net pension liability with related deferred inflows and outflows of resources	(3,701,535)
Accrued compensated absences	(2,896,434)

Net position of governmental activities **\$ 63,300,616**

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2020

	General	Haigis Parkway Assessments	Public Safety Bldg Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 74,339,669	-	-	260,130	74,599,799
Licenses and permits	865,962	-	-	-	865,962
Intergovernmental	12,809,980	-	-	1,974,957	14,784,937
Interest earned	171,724	5,973	51,860	205,081	434,638
Donations	-	-	-	392,063	392,063
Sale of lots	-	-	-	7,380	7,380
Assessments and impact fees	-	-	-	2,767,141	2,767,141
Other	5,817,522	-	6,950	2,307,876	8,132,348
Total revenues	94,004,857	5,973	58,810	7,914,628	101,984,268
Expenditures:					
Current:					
General government	6,785,332	-	-	-	6,785,332
Public services	4,659,552	-	-	-	4,659,552
Public safety	12,101,459	-	-	-	12,101,459
Public works	6,322,048	-	-	-	6,322,048
Education	54,933,315	-	-	2,666,565	57,599,880
County tax	2,956,659	-	-	-	2,956,659
Debt service	6,228,805	-	-	-	6,228,805
Capital improvements	1,215,505	-	13,885,853	6,034,097	21,135,455
Other	185,852	57,118	-	3,391,608	3,634,578
Total expenditures	95,388,527	57,118	13,885,853	12,092,270	121,423,768
Deficiency of revenues over expenditures	(1,383,670)	(51,145)	(13,827,043)	(4,177,642)	(19,439,500)
Other financing sources (uses):					
Transfers in	700,044	118,036	-	1,160,010	1,978,090
Transfers out	(291,102)	(370,000)	-	(1,316,988)	(1,978,090)
Premium received on issued bonds, net of issuance costs	602,694	-	440,000	-	1,042,694
General obligation bonds	1,148,765	-	1,094,585	4,796,650	7,040,000
Total other financing sources (uses)	2,160,401	(251,964)	1,534,585	4,639,672	8,082,694
Net change in fund balances	776,731	(303,109)	(12,292,458)	462,030	(11,356,806)
Fund balances (deficit), beginning of year,	14,306,229	(1,985,141)	10,486,550	7,547,635	30,355,273
Fund balances (deficit), end of year	\$ 15,082,960	(2,288,250)	(1,805,908)	8,009,665	18,998,467

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, 2020

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)	\$	(11,356,806)
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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	\$19,363,248	14,192,056
Depreciation expense	(4,679,316)	
Net book value of dispositions	(491,876)	

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

3,577

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	(36,814)	
Landfill	6,500	
Compensated absences	(229,299)	
OPEB liability with deferred outflows and inflows of resources	(71,860)	
Net pension liability with deferred outflows and inflows of resources	(569,325)	

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

General obligation bond proceeds	\$ (7,040,000)	
General obligation bond payments	7,630,000	
Capital lease principal payments	49,567	
Premiums received on issued bonds	(1,042,694)	
Amortization of bond premiums	337,050	
Amortization of deferred char	(142,315)	(208,392)

Change in net position of governmental activities (see Statement 2)	\$	1,729,637
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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, 2020

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 74,862,952	74,862,952	74,339,669	(523,283)
Licenses and permits	824,255	824,255	865,962	41,707
Intergovernmental	7,563,377	7,563,377	7,680,980	117,603
Interest earned	165,000	165,000	171,724	6,724
Unclassified	6,761,482	6,761,482	5,817,522	(943,960)
Total revenues	90,177,066	90,177,066	88,875,857	(1,301,209)
Expenditures:				
Current:				
General government	6,529,057	6,529,057	6,785,332	(256,275)
Public services	5,012,971	5,012,971	4,659,552	353,419
Public safety	12,870,072	12,870,072	12,101,459	768,613
Public works	6,947,868	6,947,868	6,322,048	625,820
Education	51,629,304	51,629,304	49,804,315	1,824,989
County tax	2,956,659	2,956,659	2,956,659	-
Debt service	6,145,997	6,145,997	6,228,805	(82,808)
Capital improvements	2,609,569	2,609,569	1,215,505	1,394,064
Total expenditures	94,701,497	94,701,497	90,073,675	4,627,822
Excess (deficiency) of revenues over expenditures	(4,524,431)	(4,524,431)	(1,197,818)	3,326,613
Other financing sources (uses):				
Transfers in	1,994,608	1,994,608	700,044	(1,294,564)
Transfers out	(122,788)	(122,788)	(291,102)	(168,314)
Utilization of surplus	1,360,610	1,360,610	-	(1,360,610)
General obligation bonds	1,298,567	1,298,567	1,148,765	(149,802)
Premium received on issued bonds	-	-	602,694	602,694
Use of Bond Premium	350,000	350,000		
Overlay	(356,566)	(356,566)	(185,852)	170,714
Total other financing sources (uses)	4,524,431	4,524,431	1,974,549	(2,199,882)
Net change in fund balances -budgetary basis			776,731	1,126,731
Fund balance, beginning of year			14,306,229	
Fund balance, end of year	\$		15,082,960	

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

		Private-purpose Trust Funds (Scholarships)	Agency Funds
ASSETS			
Cash and cash equivalents	\$	-	754,637
Investments		224,521	-
Total assets		224,521	754,637
LIABILITIES			
Due to student groups		-	754,637
Total liabilities		-	754,637
NET POSITION			
Held in trust	\$	224,521	-

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, 2020

	Private-purpose Trust Funds (Scholarships)
Additions:	
Donations	\$ -
Interest and dividends	6,080
Total additions	6,080
Deductions:	
School scholarships	6,500
Total deductions	6,500
Change in net position	(420)
Net position, beginning of year	222,941
Net position, end of year	\$ 222,521

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 \$242,143, or 97.2% of total revenues, to SEDCO for the year ended June 30, 2020.

Scarborough Public Library (the Library) promotes and maintains library facilities in and for the Town of Scarborough. While the Town does not appoint the Library's board, the Town provides the Library with a majority of its funding and the Library provides services directly to the citizens of the Town. The Town owns the land on which the Library operates and may provide for capital improvements and other support services to the Library. The Town believes that the financial statements would be incomplete without the inclusion of the Library as a discretely presented component unit. The Town provided \$1,164,166 of operating and \$137,360 capital totaling \$1,301,526 or approximately 83% of total revenues, to the Library for the year ended June 30, 2020.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

Scarborough Public Library
48 Gorham Road
Scarborough, ME 04074

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The Town of Scarborough reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following Fiduciary Fund types:

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, and Equity

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

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

1. Nonspendable Fund Balance: (a) Assets that will never convert to cash; (b) assets that will not convert to cash soon enough to affect the current period and (c) resources that must be maintained intact pursuant to legal or contractual requirements. Included in this category are the principal balances that pertain to the permanent funds for the Dunstan and Scarborough Memorial Cemeteries and for the cemetery plot for Mary Tucker.
2. Restricted Fund Balance: The portion of fund balance that reflects resources that are subject to externally enforceable legal requirements typically imposed by parties altogether outside the town. Included in this category are the fund balances for the school department restricted by State Statute and Tax Increment Finance District fund balances.
3. Committed Fund Balance: The portion of fund balance that represents resources whose use is constrained by limitations imposed by the Town Council, by passing an ordinance prior to the end of the fiscal year, as the highest governing body of the Town of Scarborough and can only be removed by the Town Council in the same manner. For example, Impact Fees were approved by the Town Council and can only be removed by the Town Council.
4. Assigned Fund Balance: The portion of fund balance that reflects the Town's intended use of resources established either at the highest governing body or an official designated for this purpose. The Town Council has, by resolution, authorized the Town Manager to assign fund balance. Any funds set aside as Assigned Fund Balance must be reported to the Town Council. The Town Manager has authorized carry forward balances to be used to offset 2021 expenditures. This also includes encumbrances.
5. Unassigned Fund Balance: The portion of fund balance in the general fund in excess of nonspendable, restricted, committed and assigned fund balance. The General Fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, when fund balance is negative, the negative amount is reported as unassigned.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

	Revenues and other <u>sources</u>	Expenditures and other <u>uses</u>
2019-2020 budget as adopted	\$94,477,884	\$94,477,884
Budgetary adjustments:		
Subsequent authorization	-	-
Prior year encumbrances and carry forwards	702,967	702,967
Total adjusted budget	\$95,180,851	\$ 95,180,851

B. Deficit Fund Balance

At June 30, 2020, the following special revenue and capital projects funds had deficit fund balances:

The Haigis Parkway Assessments Fund had a deficit of \$2,288,250. This deficit is expected to grow initially and then be adequately funded in future years with TIF revenues and assessment payments.

The Town Public Safety Building Construction shows a deficit of \$1,805,908 which is expected to be funded through the sale of the old public safety building.

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, 2020, the Town reported deposits of \$14,854,132 with a bank balance of \$14,886,640. Of the Town's bank balances of \$14,886,640, \$289,627 was exposed to custodial credit risk and all other accounts were covered by the F.D.I.C. or were secured by additional collateral pledged on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$13,829,495
Reported in fiduciary funds	754,637
Total deposits	\$14,854,132

At June 30, 2020, the Scarborough Public Library's cash balances was \$426,507, all of which was covered by F.D.I.C. insurance.

B. Investments

At June 30, 2020, the Town had the following investments and maturities:

	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1-5 Years</u>	<u>More than 5 years</u>
Money markets and repurchase agreements	\$13,342,165	\$13,342,165	-	-
Total investments	\$13,342,165	\$13,342,165	-	-

Investments have been reported as follows:

Reported in governmental funds	\$13,117,644
Reported in fiduciary funds	224,521
Total investments	\$13,342,165

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 3, 2019, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. These taxes were due in two installments, 50% on October 15, 2019 and 50% on March 16, 2020. Interest at the rate of 5% per annum was charged on amounts remaining unpaid after October 15th and 1.5% for amounts unpaid after March 16th. Assessed values are periodically established by the Town's Assessor at 100% of the assumed market value as of June 30, 2020 and the Town's value was 98% of the 2020 State valuation of \$4,778,350,000.

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 \$298,892 for the year ended June 30, 2020.

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, 2020 levy:

Assessed value	\$ 4,696,461,376
<u>Tax rate (per \$1,000)</u>	<u>14.70</u>
Commitment	69,037,982
 <u>Supplemental taxes assessed</u>	 <u>54,092</u>
	69,092,074
 <u>Less - collections and abatements</u>	 <u>68,282,423</u>
<u>Receivable at June 30</u>	<u>809,651</u>
 Consisting of:	
Taxes	\$ 62,849
Liens	746,802
<u>Receivable at June 30</u>	<u>\$ 809,651</u>
 Collection rate	 98.83%

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2020 was as follows:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,293,622	\$ 90,720	\$ 301,420	\$ 7,082,922
Construction in progress	11,607,078	15,631,281	23,872,603	3,365,756
<u>Total capital assets, not being depreciated</u>	<u>18,900,700</u>	<u>15,722,001</u>	<u>24,174,023</u>	<u>10,448,678</u>
Capital assets, being depreciated:				
Buildings	103,337,829	22,309,723	152,586	125,494,966
Vehicles	15,556,742	1,607,390	604,952	16,559,180
Equipment and furniture	8,139,088	367,628	120,669	8,386,047
Infrastructure	62,311,046	3,229,109	3,891	65,536,264
<u>Total capital assets being depreciated</u>	<u>189,344,705</u>	<u>27,513,850</u>	<u>882,098</u>	<u>215,976,457</u>
Less accumulated depreciation for:				
Buildings	24,985,181	1,772,925	11,250	26,746,856
Vehicles	9,449,731	1,205,538	565,607	10,089,662
Equipment and furniture	5,397,532	488,975	113,811	5,772,696
Infrastructure	15,437,131	1,211,878	974	16,648,035
<u>Total accumulated depreciation</u>	<u>55,269,575</u>	<u>4,679,316</u>	<u>691,642</u>	<u>59,257,250</u>
<u>Total capital assets being depreciated, net</u>	<u>134,075,130</u>	<u>22,834,534</u>	<u>190,456</u>	<u>156,719,208</u>
<u>Governmental activities capital assets, net</u>	<u>\$152,975,830</u>	<u>\$38,556,535</u>	<u>\$24,364,479</u>	<u>\$167,167,886</u>

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

Governmental activities:	
General government	\$ 314,401
Public services	144,309
Public safety	522,275
Public works, including depreciation of general infrastructure assets	1,655,419
Education	2,042,912
<u>Total depreciation expense – governmental activities</u>	<u>\$ 4,679,316</u>

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

	<u>Library</u>
Buildings	\$1,695,401
Furniture and fixtures	745,741
Books	927,599
Total	3,368,741
Less accumulated depreciation	(2,796,974)
<u>Property and equipment, net</u>	<u>\$ 571,767</u>
<u>Depreciation expense</u>	<u>\$ 110,935</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

INTERFUND BALANCES

Interfund balances result from the sharing of pooled cash and investments. Individual interfund loans receivables and loans payables at June 30, 2020, were as follows:

	Interfund receivables	Interfund payables
<u>General Fund</u>	\$4,315,524	-
Public Safety Construction	-	\$1,124,622
<u>Haigis Parkway</u>	-	2,930,434
Nonmajor Governmental Funds:		
Nonmajor Special Revenue Funds:		
Eastern Trail Alliance (Close the Gap)	-	239,766
School Lunch Program	-	59,406
Credit Enhancement Agreements	-	32,232
Recreational development	175,810	-
Payne Road Impact Fees	4,142	-
Other Impact Fees	20,345	312,103
Rescue equipment	39,922	-
Police Asset Forfeiture	8,287	-
Fire Department Equipment	-	3,440
<u>Departmental grants and programs</u>	-	116,339
Total Nonmajor Special Revenue Funds	248,506	763,286
Nonmajor Capital Project Funds:		
General School Improvements	309,606	328,212
Close the GAP Eastern Trail	239,766	-
No. Scarborough Traffic Signal Improve-Payne Rd D#5	12,480	-
Traffic Signal Improvements	2,498	-
<u>Co-op Parking Improvements</u>	7,079	-
Total Nonmajor Capital Project Funds	571,429	328,212
Nonmajor Permanent Funds		
Scarborough Memorial Cemetery	12,000	-
<u>Dunstan Perpetual Care</u>	-	905
Total Permanent Funds	12,000	905
Total Other Governmental Funds	583,429	329,117
Private-purpose Trust Funds	-	-
Total all funds	\$5,147,459	\$5,147,459

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, 2020, 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	\$ 700,044	\$ 291,102
Haigis Parkway Assessments	118,036	370,000
Nonmajor Governmental Funds	1,160,010	1,316,988
Total	\$1,978,090	\$1,978,090

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, 2020, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$102,720,000	\$7,040,000	\$7,630,000	\$102,130,000	\$8,085,000
Premium	6,602,073	1,042,694	337,050	7,307,717	
Capital leases	49,567	-	49,567	-	-
Compensated absences	2,820,775	320,816	153,640	2,987,951	91,517
Other postemployment					
Benefits liability	8,146,638	226,617		8,373,255	
Net pension liability	5,034,092	433,706		5,467,798	
Landfill post-closure care costs	394,534		6,500	388,034	6,500
Governmental activity					
Long-term liabilities	\$125,767,679	\$9,063,833	\$8,176,757	\$126,654,755	\$8,183,017

As of June 30, 2020, the Town had authorized, but unissued debt totaling \$3,952,281. 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, 2020 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			
2010 Capital improvements	6,002,000	92.37%	7.63%	-	3.50%	2031	2,245,000
2011 Capital improvements	5,600,000	96.28%	3.72%	-	2.25%	2031	1,480,000
2012 Capital improvements	46,545,000	3.84%	81.82%	14.34%	4.00%	2042	33,190,000
2013 Capital improvements	25,685,000	6.32%	93.68%	-	3.00%	2043	20,830,000
2014 Capital improvements	6,505,000	53.70%	46.30%	-	2.00%	2034	2,735,000
2015 Capital improvements	6,085,000	90.43%	9.57%	-	4.00%	2035	3,745,000
2016 Capital improvements	7,540,000	94.27%	5.73%	-	2.00%	2036	4,195,000
2017 Capital improvements	2,755,000	63.85%	36.15%	-	2.00%	2037	2,035,000
2018 Capital Improvements	18,190,000	94.36%	5.64%	-	Varies	2048	17,255,000
2019 Capital Improvements	7,380,000	90.85%	9.15%	-	Varies	2049	7,380,000
2020 Capital improvements	7,040,000	58.36%	41.64%	-	Varies	2041	7,040,000
Total							\$102,130,000

The annual requirements to amortize all debt outstanding as of June 30, 2020 are as follows:

Year ending June 30,	Principal	Interest	Total
2021	8,085,000	3,780,131	11,865,131
2022	8,340,000	3,487,100	11,827,100
2023	8,025,000	3,193,444	11,218,444
2024	6,600,000	2,915,044	9,515,044
2025	5,985,000	2,658,375	8,643,375
2026-2030	26,225,000	9,805,641	36,030,641
2031-2035	19,895,000	5,254,425	25,149,425
2036-2040	10,755,000	2,440,106	13,195,106
2041-2045	6,240,000	744,237	6,984,237
2046-2049	1,980,000	107,550	2,087,550
Totals	\$ 102,130,000	\$34,386,053	\$136,516,053

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.

STATUTORY DEBT LIMIT

The Town is subject to a statutory limitation of its general long-term debt equal to 15% of the State's valuation of the Town. Based on a valuation of \$4,778,350,000, the Town's debt limit is \$716,752,500. The Town's outstanding long-term debt of \$102,130,000 at June 30, 2020 was within the Statutory limit.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. At June 30, 2020, the Town's State valuation of \$4,778,350,000 was 9.48% of the County's State valuation of \$50,417,650,000. The Town's share is 9.48% or \$3,357,416 of Cumberland County's \$35,425,000 long-term debt outstanding as of June 30, 2020.

The Town is also served by the Portland Water District. At June 30, 2020, the Town's share of self-supporting bonded water debt is 14.04% or \$7,828,780 of total debt of \$55,760,544.

Contingencies

ecomaine, formerly Regional Waste Systems, a Maine Corporation with 21 participating municipalities ("Member Municipalities"), including the Town of Scarborough, operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$15,346,550 at June 30, 2020, the most recent data available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 9.17%, or \$1,407,975.

Total Debt and Contingencies

Governmental Unit	As of June 30, 2020			
	Direct debt	Overlapping debt	Contingent debt	Total debt
Town of Scarborough	\$102,130,000	-	-	\$102,130,000
Cumberland County	-	\$ 3,357,416	-	3,357,416
Portland Water District - water debt	-	7,828,780	-	7,828,780
ecomaine landfill closure/ postclosure costs	-	-	\$1,407,975	1,407,975
Totals	\$ 102,130,000	\$11,186,196	\$1,407,975	\$114,724,171

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, 2020, substantially all such calculations have been performed and the Town is in compliance with all known arbitrage requirements.

Grants

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

Litigation

The Town of Scarborough has been involved in litigation over the years. Below is one suit that was resolved.

Maine Life Care Retirement Community, Inc., which owns and operates the Piper Shores retirement community (Map R101, Lots 5 and 2), filed property tax abatement applications regarding the Town Assessor's assessment of its real and personal property for the April 1, 2018 through April 1, 2020 tax years. Following consideration and appeals of the matters, the parties resolved the matter through a Settlement Agreement that resulted in abatement payments for April 1, 2018, April 1, 2019, and April 1, 2020, and which established a prospective value through April 1, 2023, subject to adjustments either up and/or down, based on addition(s) and/or deletion(s) of real property. The Town Assessor also processed an additional abatement payment of +/- \$58,640.09 made to the April 1, 2018 abatement case that was processed on or about October 2020 and which is in addition to the payments outlined in the Settlement Agreement.

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, 2020, approximately 20% of the landfill's total capacity has been used. The estimated total current cost of landfill closure, \$388,034 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, 2020. Additionally, annual monitoring and maintenance costs are estimated to be \$6,500 per year.

The total closure and postclosure care costs of \$388,034 have been accrued in the statement of activities for the year ended June 30, 2020. 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, 2020, the General Fund includes four programs that previously were reported in the financial statements as Special Revenue Funds. This change, which was initially made June 30, 2011, is the result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Activity of these four programs plus two new programs are currently presented in Exhibits A-1, A-2 and A-2 Cont. Additionally, the fund balances reclassified from Special Revenue Funds to the General Fund are all presented as Committed Fund balance in the General Fund as follows:

	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Unemployment Compensation	\$ 183,121	\$ 127,541
HRA Deductible Plan	58,115	80,925
HRA Credit Plan	13,078	19,648
Hurd Park and Ferry Beach	165,283	203,863
Hunnewell House	<u>21,502</u>	<u>22,935</u>
Total reclassification	<u>\$ 441,099</u>	<u>\$ 454,912</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, 2020:

	General Fund	Haigis Parkway Assessment	Public Safety Construction	Nonmajor Governmental
Fund Balances:				
Nonspendable-Permanent Funds	\$ -	\$ -	\$ -	\$ 179,988
Nonspendable-Inventory	31,401	-	-	59,639
	<u>31,401</u>	<u>-</u>	<u>-</u>	<u>239,627</u>
Restricted				
Permanent Fund Interest	-	-	-	105,061
Deficits in Other Funds (Haigis Parkway)	2,930,434	-	-	-
Credit Enhancement Agreements	-	-	-	50,972
Eastern Trail Alliance (Close the Gap)	-	-	-	374,290
Grants and Donations	-	-	-	105,444
Fire Department Equipment	-	-	-	23,945
Police Asset Forfeiture	-	-	-	219,676
Education	648,587	-	-	-
	<u>3,579,021</u>	<u>-</u>	<u>-</u>	<u>879,388</u>
Committed				
Unemp. Comp/Beach Reserve/Hunnewell	354,339	-	-	-
HRA Deductible/Credit Plans	100,573	-	-	-
Impact Fees/Reserves	-	-	-	5,591,593
Education	-	-	-	422,965
	<u>454,912</u>	<u>-</u>	<u>-</u>	<u>6,015,558</u>
Assigned				
Carryforward Balances/Encumbrances	2,615,666	-	-	-
Education	700,000	-	-	-
	<u>3,315,666</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	7,701,960	(2,288,250)	(1,805,908)	876,092
Total Fund Balances	<u>\$15,082,960</u>	<u>\$ (2,288,250)</u>	<u>\$ (1,805,908)</u>	<u>\$ 8,009,665</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

ASSIGNED FUND BALANCES

At June 30, 2020, portions of the General Fund balance were assigned to future periods as follows:

	<u>2020</u>
General Fund:	
State Revenue Sharing	\$ 160,237
Cable Franchise Fees	10,080
Administration – Office Equipment	3,000
Benefits – Municipal Wellness Program	1,850
Accounting – Staffing	5,000
Planning Initiatives (former Comprehensive Plan)	37,465
Planning – Printing & Binding	1,500
CS – Oak Hill Building	16,871
CS – Municipal Building Rebate Revenues	350
Police – New Vehicles	167,878
Police – Full Time Training In-Service	2,100
Marine Resource Office – Inventory Management	12,071
MIS – Core Switch Upgrade	8,210
MIS – Disaster Recovery/Business Continuity	10,000
Assessing – Vision Software	16,550
Planning – New Vehicles	6,500
Library – Security Cameras & Equipment	6,218
Fire Department – Pumper Truck	181,375
Fire Department – Major Vehicle Repairs	24,127
Police Department – Equipment Issue Room Supplies	1,996
Police Department – Traffic Monitoring Cameras	17,509
Public Works – HVAC Improvements/Replacement	46,668
Encumbered purchase orders	58,646
Fund Balance Appropriated for the 2021 Municipal Budget	400,000
Fund Balance Appropriated for the 2021 Education Budget	700,000
Reserve for Accrued Sick Pay	1 419 465
Total General Fund Assigned Fund Balance	\$ 3,315,666

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 239 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 307 participating employers across the state. The plans are included in the annual audit report of the Maine Public Employees Retirement System and can be found online at www.maine.pers.org.

Employee membership data related to the Plans, as of June 30, 2019 was as follows:

	Teachers	PLD
Current participants: Vested and non-vested	39,876	11,731
Terminated participants: Vested	8,188	2,350
Terminated participants: Inactive due refunds	38,640	8,273
Retirees and beneficiaries receiving benefits	<u>36,471</u>	<u>9,534</u>
	<u>123,175</u>	<u>31,888</u>

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

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the Plan's Board of Trustees and is currently 2.69%.

For the year ended June 30, 2020, the Town's total payroll for all employees was \$46,385,887. Total covered payroll was \$26,581,636 for the Teacher Plan and \$8,941,589 for the PLD Plan. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan. Total pension expense in the aggregate for both plans was \$2,778,875 for the year ended June 30, 2020.

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 17.89% 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, 2020, was 4.16% percent of annual teacher payroll, plus 14.95% 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, 2020 were \$1,166,575.

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 7.35-8.1%, police employees and fire/rescue employees contribute between 8.3%-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, 2020, was 10% of annual payroll. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2020 was 12.8% or 16.2%, 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, 2020 were \$1,037,156.

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

Teacher Plan

At June 30, 2020, 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	\$ 524,183
State's proportionate share of the net pension liability associated with the Town of Scarborough School Department	<u>28,538,618</u>
Total	<u>\$ 29,062,801</u>

The net pension liability was measured as of June 30, 2019, 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, 2019, the School Department's proportion was 0.036 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2018.

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, 2020, the School Department recognized pension expense of \$1,102,210 and revenue of \$5,050,000 for support provided by the State. In addition, the School Department 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	\$ 40,774	
Changes of assumptions	15,176	
Net difference between projected and actual earnings on Plan investments		\$ 73,991
Changes in proportion and differences between contributions and proportionate share of contributions	1	15,247
Contributions subsequent to the measurement date	1,166,575	
Total	<u>\$ 1,222,526</u>	<u>\$ 89,238</u>

The \$1,166,575 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, 2020. 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,	
2021	\$ 13,245
2022	(30,129)
2023	(16,628)
2024	225
Total	<u>\$ (33,287)</u>

PLD Plan

At June 30, 2020, the Town and the Town School Department reported a liability of \$4,943,615 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Town and the Town School Department's proportion was 1.62%, which was a decrease of 0.04% from its proportion measured as of June 30, 2018.

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, 2020, the Town and the Town School Department recognized pension expense of \$1,676,665. At June 30, 2020, 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	\$ 585,340	\$1,238,253
Changes of assumptions	250,362	
Net difference between projected and actual earnings on Plan investments		
Changes in proportion and differences between contributions and proportionate share of contributions	90,414	92,044
Contributions subsequent to the measurement date	1,037,156	
Total	<u>\$ 1,963,272</u>	<u>\$ 1,330,297</u>

The \$1,037,156 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, 2020. 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,	
2021	\$ 277,238
2022	(565,743)
2023	(114,892)
2024	(784)
Total	<u>\$ (404,181)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 to June 30, 2015.

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

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

Discount Rate

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

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

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

Teacher Plan

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

	Discount rate	Town School Department's proportionate share of net pension liability
1% decrease	5.75%	\$ 947,709
Current discount rate	6.75%	\$ 524,183
1% increase	7.75%	\$ 171,250

PLD Plan

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

	Discount rate	Town and School Department's proportionate share of net pension liability
1% decrease	5.75%	\$ 11,261,237
Current discount rate	6.75%	\$ 4,943,615
1% increase	7.75%	\$ (965,916)

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 14.33% of the qualified teachers' salaries, plus an additional 3.56% for health insurance. For the year ended June 30, 2020, the total amount of on-behalf payments was approximately \$4,680,000 and was recognized in the fund financial statements plus an additional on-behalf payment amount of \$93,000 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 \$5,050,000.

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 \$309,633 which was 6% of the participating employees and 17% of the Town Manager's current year covered payroll. The covered payroll amounted to \$4,880,083 while the Town's total payroll was \$14,895,604.

Employee's required contributions amounted to \$283,629, 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 \$531,511 and the Town contributions amounted to \$306,547. The Town contributes a match up to 4%. The covered payroll amounted to \$8,026,103.

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

POST-EMPLOYMENT HEALTH CARE

The Town has two OPEB plans which employees participate in for which separate disclosures are provided below. Total pension expense in the aggregate for both plans was \$335,314 for the year ended June 30, 2020.

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, 2020, the following were covered by the benefit terms: Inactive employees or beneficiaries currently receiving benefit payments – 23, Active employees 174, total employees 197.

The Town's total OPEB liability of \$2,951,799 was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2020 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 2.00% 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. The initial healthcare cost trend rate assumptions used for the fiscal year ended June 30, 2020 were non-Medicare of 8.55% and Medicare 7.84%, decreasing to 3.53% and 3.53%, respectively, over a grading period of 20 years. Mortality rates were based on the RP-2014 Total Dataset Healthy Annuitant Mortality Table for males or females. The mortality improvement scale RPEC_2015, with 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, 2020 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, 2019	\$ 3,150,699
Changes for the year:	
Service cost	94,071
Interest	130,878
Changes in benefit terms	(89,811)
Differences between expected and actual experience	412,934
Changes in assumptions or other inputs	(640,639)
Benefit payments	<u>(106,333)</u>
Net changes	<u>(198,900)</u>
Balance at June 30, 2020	<u>\$ 2,951,799</u>

Changes of assumptions or other inputs reflect a decrease of \$640,639. Changes in assumptions or other inputs reflect a change in the discount rate from 4.10% in 2019 to 2.74% in 2020.

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

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

	1% Decrease <u>(1.74%)</u>	Discount Rate <u>(2.74%)</u>	1% Increase <u>(3.74%)</u>
Total OPEB liability	\$ 3,382,360	\$ 2,951,799	\$ 2,597,831

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

The initial healthcare cost trend rate assumptions used for the fiscal year ended June 30, 2020 were non-Medicare of 8.55% and Medicare 7.84%, decreasing to 3.53% and 3.53%, respectively, over a grading period of 20 years. The following presents the Town School Department's proportionate share of the collective net OPEB liability, as well as what the Town School Department's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$ 2,571,416</u>	<u>\$ 2,951,799</u>	<u>\$ 3,428,774</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

For the year ended June 30, 2020, the Town recognized OPEB expense of \$79,827. At June, 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 437,704	
Changes in assumptions		\$ 854,164
Contributions subsequent to the measurement date	54,500	
Total	<u>\$ 492,204</u>	<u>\$ 854,164</u>

The \$54,500 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the Plan year ending June 30, 2020. 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,	
2021	(55,311)
2022	(55,311)
2023	(55,311)
2024	(55,311)
2025	(55,311)
Thereafter	<u>(139,905)</u>
Total	<u>\$ (416,460)</u>

Retiree Group Health Insurance Plan

General Information

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

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

Employee membership data related to the Plan, as of the June 30, 2019 measurement date was, as follows:

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

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

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

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

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

At June 30, 2020, the Town School Department reported a liability of \$5,421,456 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

For the year ended June 30, 2020, the Town School Department recognized OPEB expense of \$255,487. At June 30, 2020, the Town School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Changes of assumptions	\$272,722	\$ 175,876
Net difference between projected and actual earnings on OPEB plan investments		
Contributions subsequent to the measurement date	<u>153,743</u>	
Total	<u>\$ 426,465</u>	<u>\$ 175,876</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$153,743 resulting from Town School Department contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Town School Department OPEB expense, as follows:

Year ended June 30,	
2020	\$ 10,279
2021	10,279
2022	10,279
2023	10,279
2024	10,279
Thereafter	<u>45,451</u>
Total	<u>\$ 96,846</u>

Actuarial assumptions and methods: The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions:

Measurement date:	June 30, 2019
Discount Rate:	3.50% per annum for the year ended June 30, 2019 reporting.
Healthcare cost trend rates:	Non-Medicare – Initial trend of 5.55% grading over 15 years to 3.73% per annum. Medicare – Initial trend rate of 3.72% grading over 15 years to 2.81% per annum.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

Rate of mortality:	<u>Healthy Annuitants:</u> Based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, respectively, both projected using RPEC 2015 model, with ultimate rate of .85% for ages 20-85, grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.
Rate of mortality:	<u>Healthy Employees:</u> Based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using RP-2014 Total Dataset Employee Mortality Table rates after the end of the Total Employee Mortality Table, respectively, both projected using RPEC 2015 model, with ultimate rate of .85% for ages 20-85, grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. <u>Disabled Annuitants:</u> Based on 108% and 105% of the RP-2014 Total Dataset Disabled Annuitant Mortality Table, respectively, for males and females, projected from 2006 base rates using RPEC 2015 model, with ultimate rate of .85% for ages 20-85, grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.
Retiree Contribution Increases:	Assumed to increase at the same rate as incurred claims with constant cost sharing in plan design between employer and retirees.
Rate of mortality:	<u>Healthy Employees:</u> Based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using RP-2014 Total Dataset Employee Mortality Table rates after the end of the Total Employee Mortality Table, respectively, both projected using RPEC 2015 model, with ultimate rate of .85% for ages 20-85, grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020. <u>Disabled Annuitants:</u> Based on 108% and 105% of the RP-2014 Total Dataset Disabled Annuitant Mortality Table, respectively, for males and females, projected from 2006 base rates using RPEC 2015 model, with ultimate rate of .85% for ages 20-85, grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.
Retiree Contribution Increases:	Assumed to increase at the same rate as incurred claims with constant cost sharing in plan design between employer and retirees.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

Since the plan is pay as you go and is not funded, the discount rate used to measure the total OPEB liability for the healthcare plan is based on the Bond Buyer 20 year – Bond General Obligation Index as of June 30, 2019. The discount rate based on the index was 3.50% per annum as of June 30, 2019.

Changes in the Net OPEB Liability

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

	Total OPEB Liability [a]
Balance as of June 30, 2018	<u>\$ 4,995,939</u>
Changes for the year:	
Service cost	52,477
Interest	192,731
Changes in assumptions	318,176
Contributions – employer	
Benefit payments	<u>(137,867)</u>
Net changes	<u>425,517</u>
Balance as of June 30, 2019 (Measurement Date)	
Reporting as of June 30, 2020	<u><u>\$ 5,421,456</u></u>

Sensitivity of the Town School Department proportionate share of the collective net OPEB liability to changes in the discount rate. The following presents the Town School Department's proportionate share of the collective net OPEB liability, as well as what the Town School Department proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.50 percent or 1-percentage-point higher 4.50 percent than the current discount rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Town School Department's proportionate share of the collective net OPEB liability	<u>\$ 6,438,780</u>	<u>\$ 5,421,456</u>	<u>\$ 4,621,192</u>

Sensitivity of the Town School Department's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates. The initial healthcare cost trend rate assumptions used for the fiscal year ended June 30, 2019 were non-Medicare of 5.55% and Medicare 3.72%, decreasing to 3.73% and 2.81%, respectively, over a grading period of 15 years. The following presents the Town School Department's proportionate share of the collective net OPEB liability, as well as what the Town School Department's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Assumed Healthcare Cost Trend Rate	1% Increase
Town School Department's proportionate share of the collective net OPEB liability	<u>\$ 4,532,624</u>	<u>\$ 5,421,456</u>	<u>\$ 6,562,669</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

POST EMPLOYMENT HEALTH CARE, CONTINUED

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

On-Behalf OPEB Payments

The State of Maine contributes on behalf of the Town School Department's retired teachers participating in the plan an amount equal to 45% of the blended single premium for the retiree's healthcare coverage. Using the census data for the measurement period ended June 30, 2019 the estimated on-behalf OPEB subsidy for year ended June 30, 2020 was approximately \$356,000. The amount has been recorded as a revenue and expenditure in the general fund in the statement of revenues, expenditures and changes in fund balances - governmental funds.

TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS

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

For the fiscal year ended June 30, 2020, the Town abated property taxes totaling \$944,505 under the CEA programs and \$122,788 under the TIF programs, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

A 100 percent property tax abatement up to an annual limit of \$825,000 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, and develop a 288-unit rental housing project. The abatement amounted to \$654,225. This CEA is part of the Haigis Parkway TIF District.

A 100 percent property tax abatement up to a limit of \$1,500,000 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 \$55,291 and is the final payment for this credit enhancement. A TIF specific to this property was created for the purposes of the CEA.

The remaining business abatement, Foundation Center (a TIF specific to this property was created for the CEA), totaled \$57,379.

The Town has an agreement for the Haigis Parkway district with total tax captured of \$118,036 which none is currently abated, and the funds are utilized for Town's parkway as an investment site.

The Town entered into a 30-year Downtown Omnibus tax increment financing district with total tax captured of \$4,753. The TIF District includes the new development at the former Scarborough Downs property and the majority of commercial property in Oak Hill. The District's development program assigns 3% of revenues to the Town for economic development purposes.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS, CONTINUED

In addition, a CEA was approved within the TIF District for Crossroads Holdings, LLC, the developer of the Scarborough Downs property. Reimbursement to Crossroads Holdings, LLC totaled \$60,081. The CEA reimburses the developer for a portion of infrastructure costs over a 30-year period. The CEA provides a reimbursement of 40% of the new revenues generated on property within the Crossroads Zoning District for a period of 20 years. The CEA provides a 10% reimbursement to Crossroads Holdings, LLC for an additional 10 years. Development thresholds were included in the CEA which could drop the percentage reimbursement in future years, should the project not proceed as anticipated. Property within the Crossroads Zoning District accounts for about 50% of the Downtown TIF District acreage.

Housing TIF's include the Bessey School I Senior Housing TIF for \$85,439 and Avesta Southgate Affordable Housing TIF for \$32,090. The Bessey School I TIF district program reimburses 100% of the incremental value for a period of 30 years and provided for 54 units of affordable senior housing, on land leased from the Town for \$1 per year for a 99-year term. The Avesta Southgate TIF district program reimburses 50% of the incremental value and assigns the remaining 50% to the Town's affordable housing initiative fund for a period of 17 years and provided for a 38-unit family rental affordable housing project.

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, 2020. 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, 2020:

	Governmental Activities
Capital assets	\$ 226,425,135
Accumulated depreciation	(59,257,250)
Bonds payable	(97,370,000)
Premium liabilities net of amortization	(7,307,717)
Deferred charge on refunding	1,770,649
Unspent bond proceeds	697,151
Net investment in capital assets	\$64,957,968

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued

NET POSITION, CONTINUED

The Town's Bonds payable is \$102,130,000 as stated in the footnote on page 60. For the purpose of determining net investment in capital assets, bonds payable totaling \$4,760,000 have been excluded from this calculation because the Town transferred ownership of the capital assets to other entities.

COMMITMENTS

Construction in progress of \$3,365,756 as of June 30, 2020 consists of building improvements, street light purchase/improvements, traffic signals improvement, road improvements, and Eastern Trail improvements. These projects are expected to be completed during the fiscal years ending June 30, 2020 to June 30, 2021. The additional estimated costs to complete these projects are approximately \$558,694.

SUBSEQUENT EVENT – ADVANCE REFUNDING

Following the fiscal year ended June 30, 2020, on August 4, 2020, the Town issued \$2,855,000 in 2020 General Obligation Refunding Bonds – Series A and \$39,460,000 in 2020 General Obligation Refunding Bonds – Series B (Federally Taxable) (when collectively, the "Refunding Bonds"). The Town used a portion of the proceeds of the Refunding Bonds, plus bond premium: (a) to refund the Refunded 2010 and 2011 Bonds on a current basis, to be redeemed on November 1, 2020, their respective call date, (b) to advance refund, on a federally taxable basis, (i) the Refunded 2012 Bonds to be redeemed on its November 1, 2022 call date; (i) the Refunded 2013 Bonds to be redeemed on its November 1, 2023 call date, and (c) to pay costs of issuance. There is no call premium on the Refunded Bonds.

Proceeds from the Refunding Bonds in the amount of \$42,315,000, representing the Refunding Bonds principal and \$6,040,252, representing bid premium, less \$380,576, representing bond proceeds to finance costs of issuance, underwriter's discount and contingency, for a consolidated \$47,974,676 were deposited in an irrevocable trust with an escrow agent and are invested in U.S. governmental securities to provide all future associated debt service payments, and call premium for the Refunded Bonds.

As a result, the \$43,355,000 of prior general obligation bonds representing the callable portions of the 2010, 2011, 2012 and 2013 will be defeased and the liability for these bonds will be removed from the statement of net position for fiscal year ended June 30, 2021.

The refunding provided a Present Value Savings of \$3,136,490, or 7.234437% and an absolute savings of \$3,412,527.

TOWN OF SCARBOROUGH, MAINE
Schedule Changes in Net OPEB Liability and
Related Ratios – MMEHT Group Health Insurance Plan
Required Supplementary Information
June 30, 2020
(Unaudited)

Other Post-Employment Benefits

	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability			
Service Cost	\$ 94,071	\$ 107,114	\$ 95,617
Interest	130,878	116,667	121,874
Changes in benefit terms	(89,811)		
Difference between expected and actual experience	412,934	-	105,980
Changes in assumptions or other inputs	(640,639)	(305,884)	(70,197)
Benefit payments	<u>(106,333)</u>	<u>(102,243)</u>	<u>(92,711)</u>
Net change in total OPEB liability	(198,900)	(184,346)	160,563
Total OPEB liability - beginning		<u>3,335,048</u>	<u>3,174,482</u>
Total OPEB liability - ending	<u>\$ 2,951,799</u>	<u>\$ 3,150,699</u>	<u>\$ 3,335,045</u>
 Covered payroll		 10,019,117	 10,019,117
 Total OPEB liability as a percentage of covered payroll		 31.4%	 33.3%

Notes to schedule:

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

June 30, 2020	2.74%
June 30, 2019	4.10%

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

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

TOWN OF SCARBOROUGH, MAINE
Schedule Changes in Net OPEB Liability and
Related Ratios – MEABT Group Health Insurance Plan
Required Supplementary Information
June 30, 2020
(Unaudited)

	June 30, 2020	June 30, 2020
Total OPEB liability		
Service Cost	\$ 52,477	\$ 56,620
Interest	192,731	183,504
Differences between expected and actual experience		
Changes in assumptions or other inputs	318,176	(246,226)
Benefit payments	<u>(137,867)</u>	<u>(133,102)</u>
Net change in total OPEB liability	425,517	(139,204)
Total OPEB liability - beginning	<u>4,995,939</u>	<u>5,135,143</u>
Total OPEB liability - ending	<u>\$ 5,421,456</u>	<u>\$ 4,995,939</u>
 Covered employee payroll	 22,094,507	 21,503,170
 Net OPEB liability as a percentage of covered employee payroll	 24.5%	 23.2%

Notes to schedule:

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

June 30, 2020	3.50%
June 30, 2020	3.87%

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

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

TOWN OF SCARBOROUGH, MAINE
Schedule of Proportionate Share of the Net Pension Liability
Required Supplementary Information
June 30, 2020
(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
2020	06-30-2019	0.036%	\$524,183	\$28,538,618	\$29,062,801	\$25,337,964	1.80%	82.73%
2019	06-30-2018	0.037%	\$495,178	\$26,319,136	\$26,814,314	\$24,415,427	2.03%	82.90%
2018	06-30-2017	0.038%	\$552,792	\$27,719,908	\$28,272,700	\$23,568,099	2.35%	80.78%
2017	06-30-2016	0.035%	\$624,320	\$33,161,075	\$33,785,395	\$22,450,059	2.78%	76.21%
2016	06-30-2015	0.042%	\$565,672	\$24,964,846	\$25,530,518	\$21,706,258	2.61%	81.18%
2015	06-30-2014	0.035%	\$378,299	\$19,539,727	\$19,918,026	\$21,156,477	1.78%	84.04%

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

PLD Plan

Fiscal Year	Actuarial Valuation Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position As a Percentage Of the Total Pension Liability
2020	06-30-2019	1.62%	\$4,943,615	\$8,527,341	57.97%	90.62%
2019	06-30-2018	1.66%	\$4,538,914	\$7,843,357	57.87%	91.14%
2018	06-30-2017	1.59%	\$6,516,621	\$7,305,860	89.20%	86.43%
2017	06-30-2016	1.48%	\$7,865,767	\$6,444,728	122.05%	81.61%
2016	06-30-2015	1.53%	\$4,875,343	\$6,287,712	77.54%	88.27%
2015	06-30-2014	1.50%	\$2,310,255	\$6,125,426	37.72%	94.10%

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

TOWN OF SCARBOROUGH, MAINE
Schedule of Contributions
Required Supplementary Information
June 30, 2020
(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
2020	06-30-2019	\$1,166,575	\$1,166,575	\$ 0	\$26,581,636	4.39%
2019	06-30-2018	\$1,055,590	\$1,055,590	\$ 0	\$25,337,964	4.16%
2018	06-30-2017	\$1,018,971	\$1,018,971	\$ 0	\$24,415,427	4.17%
2017	06-30-2016	\$838,381	\$838,381	\$ 0	\$23,568,099	3.56%
2016	06-30-2015	\$649,178	\$649,178	\$ 0	\$22,450,059	2.89%
2015	06-30-2014	\$626,859	\$626,859	\$ 0	\$21,706,258	2.88%

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

PLD Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	06-30-2019	\$1,037,156	\$1,037,156	\$ 0	\$8,941,589	11.60%
2019	06-30-2018	\$990,347	\$990,347	\$ 0	\$8,527,341	11.61%
2018	06-30-2017	\$920,669	\$920,669	\$ 0	\$7,843,357	11.74%
2017	06-30-2016	\$815,586	\$815,586	\$ 0	\$7,305,860	11.16%
2016	06-30-2015	\$694,798	\$694,798	\$ 0	\$6,444,728	10.78%
2015	06-30-2014	\$624,901	\$624,901	\$ 0	\$6,287,712	9.94%

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

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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).

TOWN OF SCARBOROUGH, MAINE
General Fund
Comparative Balance Sheets
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 13,512,531	12,497,354
Investments	4,801,230	8,113,153
Receivables:		
Taxes receivable	257,139	230,667
Tax liens	891,262	891,116
Accounts receivable , net	772,091	707,972
Intergovernmental	262,259	280,454
Inventory	31,401	27,679
Interfund loans receivable	4,315,524	2,459,044
Tax acquired property	7,231	7,231
Total assets	\$ 24,850,668	25,214,670
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other current liabilities	2,900,504	4,582,112
Accrued payroll and other related liabilities	5,789,750	5,205,749
Accrued compensated absence (current)	91,517	153,640
Unearned revenues	68,367	52,947
Total liabilities	8,850,138	9,994,448
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	917,570	913,993
Total deferred inflows of resources	\$ 917,570	913,993
Fund balance:		
Nonspendable inventory	31,401	27,679
Restricted - Town	2,930,434	2,951,105
Restricted - Education	648,587	199,778
Committed - Town	454,912	441,099
Assigned - Town	2,615,666	2,122,165
Assigned - School	700,000	352,643
Unassigned - Town	7,701,960	8,211,760
Total fund balance	15,082,960	14,306,229
Total liabilities, deferred inflows of resources and fund balance	\$ 24,850,668	25,214,670

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, 2020
(with comparative totals for June 30, 2019)

				2020			
		2019		Total		Variance	2019
		carryforward	Budget	Available	Actual	positive (negative)	Actual
Revenues:							
Taxes:							
Property taxes	\$	-	68,367,852	68,367,852	67,677,693	(690,159)	65,402,905
Change in deferred property tax revenue		-	-	-	(3,577)	(3,577)	(70,505)
Excise taxes		-	6,179,700	6,179,700	6,352,261	172,561	6,365,716
Cable franchise tax		-	208,100	208,100	218,180	10,080	219,247
Interest and costs on taxes		-	107,300	107,300	95,112	(12,188)	112,016
Total taxes		-	74,862,952	74,862,952	74,339,669	(523,283)	72,029,379
Licenses and permits:							
Plumbing fees		-	45,000	45,000	49,055	4,055	44,430
Fees and Permits		-	151,330	151,330	131,749	(19,581)	160,884
Building permits		-	475,000	475,000	507,947	32,947	482,041
Electrical permits		-	60,000	60,000	84,584	24,584	70,737
Zoning Board of Appeals		-	7,000	7,000	6,250	(750)	6,386
License plate fees		-	60,925	60,925	71,652	10,727	61,271
Subdivision fees		-	25,000	25,000	14,725	(10,275)	38,556
Total licenses and permits		-	824,255	824,255	865,962	41,707	864,305
Intergovernmental:							
Education state subsidies		-	3,366,032	3,366,032	3,273,967	(92,065)	2,596,959
FEMA/MEMA reimbursement		-	-	-	20,000	20,000	74,364
Federal HIDTA revenues		-	242,500	242,500	240,568	(1,932)	206,980
State Revenue Sharing		-	1,252,000	1,252,000	1,382,247	130,247	912,219
Homestead exemption		-	909,034	909,034	909,034	-	973,151
Business equipment tax exemption		-	552,161	552,161	552,523	362	774,383
LRAP (Local Road Assistance Program)		-	322,381	322,381	331,444	9,063	322,124
ecomaine payment in lieu of taxes		-	71,450	71,450	71,450	-	71,450
General assistance reimbursement		-	11,690	11,690	55,386	43,696	2,652
Adult education State subsidies		-	41,641	41,641	53,043	11,402	28,326
Other Federal and State revenues - School		-	232,000	232,000	193,204	(38,796)	202,247
Other Intergovernmental revenues -Town		-	562,488	562,488	598,114	35,626	732,563
Total intergovernmental		-	7,563,377	7,563,377	7,680,980	117,603	6,897,418
Interest earned		-	165,000	165,000	171,724	6,724	286,272
Unclassified:							
School Department miscellaneous		-	294,500	294,500	188,619	(105,881)	295,160
Adult education		-	60,500	60,500	20,762	(39,738)	61,406
Community services		-	2,139,400	2,139,400	1,448,243	(691,157)	2,121,317
Insurance reimbursements		-	45,000	45,000	149,625	104,625	165,177
Public Violations		-	71,000	71,000	108,237	37,237	93,529
Special duty police/fire		-	91,500	91,500	72,861	(18,639)	92,956
Inspection/review fees		-	177,300	177,300	161,451	(15,849)	144,747
Rescue donations		-	1,250,000	1,250,000	1,250,000	-	1,000,000
Rental income		-	121,836	121,836	121,547	(289)	121,074
Sale of Town-owned property		-	112,500	112,500	62,802	(49,698)	96,626
Salary reimbursement		-	1,344,020	1,344,020	1,219,396	(124,624)	1,313,468
Vehicle fuel reimbursement		-	343,290	343,290	316,725	(26,565)	378,931
Vehicle maintenance reimbursement		-	566,000	566,000	483,371	(82,629)	560,952
Miscellaneous		-	144,636	144,636	213,883	69,247	160,235
Total unclassified		-	6,761,482	6,761,482	5,817,522	(943,960)	6,605,578
Total revenues		-	90,177,066	90,177,066	88,875,857	(1,301,209)	86,682,952

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

		2020					
		2019 carryforward	Budget	Total available	Actual	Variance positive (negative)	2019 Actual
Expenditures:							
Current:							
General government:							
Town Council	\$	-	11,573	11,573	11,367	206	11,573
Administration		325	488,503	488,828	470,255	18,573	466,965
Town Clerk		-	213,572	213,572	208,068	5,504	216,991
Human resources		2,139	310,782	312,921	297,655	15,266	287,101
Personnel benefits		1,850	375,679	377,529	556,665	(179,136)	492,527
Finance		8,466	397,444	405,910	382,586	23,324	375,112
Taxation/Treasury		805	429,487	430,292	390,807	39,485	405,290
Assessing		21,000	318,161	339,161	301,890	37,271	289,906
Management information systems		1,776	1,458,086	1,459,862	1,349,941	109,921	1,393,661
Planning		38,000	1,089,432	1,127,432	994,908	132,524	951,804
General government		-	139,527	139,527	134,321	5,206	115,266
Legal		-	113,000	113,000	336,282	(223,282)	277,522
Risk management		-	673,824	673,824	884,416	(210,592)	724,313
Municipal Building		17,110	369,225	386,335	426,726	(40,391)	379,829
Oak Hill Professional Bldg		-	33,906	33,906	25,650	8,256	31,627
Public information		85	2,800	2,885	1,295	1,590	2,260
Outside agencies		-	12,500	12,500	12,500	-	12,500
Total general government		91,556	6,437,501	6,529,057	6,785,332	(256,275)	6,434,247
Public services:							
Library		-	1,164,166	1,164,166	1,164,166	-	1,152,091
Public health and welfare		-	33,633	33,633	96,975	(63,342)	19,514
Tax Rebates (Credit Enhancement Agree)		-	949,449	949,449	944,505	4,944	743,940
Economic Development Corporation		-	246,644	246,644	242,143	4,501	239,311
Community services		10,869	2,608,210	2,619,079	2,211,763	407,316	2,569,353
Total public services		10,869	5,002,102	5,012,971	4,659,552	353,419	4,724,209
Public safety:							
Fire Department		44,007	3,578,092	3,622,099	3,443,937.00	178,162	3,279,692
Emergency Management		6,000	42,490	48,490	48,591	(101)	38,163
Emergency Medical Services		11,536	1,965,538	1,977,074	1,883,820	93,254	1,818,764
Marine resources/coop		12,071	106,770	118,841	106,179	12,662	96,718
Police Department		119,967	6,983,601	7,103,568	6,618,932	484,636	6,345,190
Total public safety		193,581	12,676,491	12,870,072	12,101,459	768,613	11,578,527
Public works:							
Public Works Department		39,000	3,099,199	3,138,199	2,774,041	364,158	3,248,531
GIS/Engineering services		-	114,090	114,090	108,305	5,785	109,079
Vehicle maintenance		-	1,847,834	1,847,834	1,582,096	265,738	1,813,583
Water charges		-	239,000	239,000	242,982	(3,982)	241,634
Street lighting		-	38,000	38,000	59,807	(21,807)	87,635
Traffic signals		12,585	119,400	131,985	125,500	6,485	100,961
Cemetery care		-	18,100	18,100	17,513	587	21,297
Memorials		-	8,042	8,042	4,929	3,113	8,438
Shade trees		-	2,000	2,000	550	1,450	490
Solid waste program		-	1,410,618	1,410,618	1,406,325	4,293	1,374,844
Total public works		51,585	6,896,283	6,947,868	6,322,048	625,820	7,006,492
Education:							
Adult education		-	202,311	202,311	175,077.00	27,234	184,654
Regular instruction		-	31,463,967	31,463,967	30,482,358	981,609	28,614,690
Improvement of instruction		-	1,016,939	1,016,939	943,084	73,855	774,247
Special services		-	4,700,486	4,700,486	4,474,065	226,421	4,294,992
General & special administration		-	267,948	267,948	275,542	(7,594)	261,332
Board of education		-	34,973	34,973	34,478	495	27,845
Office of the superintendent		-	830,950	830,950	803,378	27,572	724,478
Business administration		-	2,132,179	2,132,179	2,105,256	26,923	2,168,233
Transportation		-	1,731,562	1,731,562	1,576,153	155,409	1,657,656
Operation and maintenance of plant		-	4,003,876	4,003,876	3,681,319	322,557	3,689,726
Debt service		-	5,244,113	5,244,113	5,253,605	(9,492)	5,691,072
Total education		-	51,629,304	51,629,304	49,804,315	1,824,989	48,088,925

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

	2020					2019 Actual
	2019 carryforward	Budget	Total available	Actual	Variance positive (negative)	
Expenditures, continued:						
Current, continued:						
County tax	\$ -	2,956,659	2,956,659	2,956,659	-	2,827,079
Debt service (excluding education):						
Principal	-	4,456,756	4,456,756	4,456,756	-	3,798,979
Interest and other costs	-	1,689,241	1,689,241	1,772,049	(82,808)	1,800,134
Total debt service	-	6,145,997	6,145,997	6,228,805	(82,808)	5,599,113
Capital improvements	297,702	2,311,867	2,609,569	1,215,505	1,394,064	1,459,518
Total expenditures	645,293	94,056,204	94,701,497	90,073,675	4,627,822	87,718,110
Excess (deficiency) of revenues over expenditures	(645,293)	(3,879,138)	(4,524,431)	(1,197,818)	3,326,613	(1,035,158)
Other financing sources (uses):						
Transfers in	-	1,994,608	1,994,608	700,044	(1,294,564)	793,221
Transfers out	-	(122,788)	(122,788)	(291,102)	(168,314)	(344,527)
General obligation bonds	-	1,298,567	1,298,567	1,148,765	(149,802)	690,426
Premium received on issued bonds, net of issuance costs	-	-	-	602,694	602,694	423,393
Use of Bond Premium	-	350,000	350,000	-	(350,000)	-
Overlay	(57,674)	(298,892)	(356,566)	(185,852)	170,714	-
Total other financing sources (uses)	(57,674)	3,221,495	3,163,821	1,974,549	(1,189,272)	1,562,513
Net change in fund balances - budgetary basis	(702,967)	(657,643)	(1,360,610)	776,731	2,137,341	527,355
Utilization of prior year surplus and carrying balances	702,967	657,643	1,360,610	-	(1,360,610)	-
Total Utilization of Fund Balance and Carry forwards	-	-	-	776,731	776,731	527,355
Fund balances, beginning of year				14,306,229		13,765,284
Fund balances, end of year				15,082,960		14,292,639

TOWN OF SCARBOROUGH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 68,857	248,107	-	316,964
Investments	7,062,778	669,078	273,953	8,005,809
Intergovernmental receivable	5,950	-	-	5,950
Accounts receivable	571,265	-	-	571,265
Interfund loans	248,506	571,429	12,000	831,935
Inventory	59,639	-	-	59,639
Notes receivable	-	-	-	-
Total assets	\$ 8,016,995	1,488,614	285,953	9,791,562
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	439,457	250,037	-	689,494
Interfund loans	763,287	328,212	904	1,092,403
Performance bond deposits	-	-	-	-
Total liabilities	1,202,744	578,249	904	1,781,897
Fund balances (deficit):				
Nonspendable trust principal	-	-	179,988	179,988
Nonspendable inventory	59,639	-	-	59,639
Restricted for Town	774,327	-	105,061	879,388
Restricted for Education	-	-	-	-
Committed for Town	5,591,593	-	-	5,591,593
Committed for Education	422,965	-	-	422,965
Unassigned for Town	(34,273)	910,365	-	876,092
Total fund balances (deficit)	6,814,251	910,365	285,049	8,009,665
Total liabilities and fund balances	\$ 8,016,995	1,488,614	285,953	9,791,562

TOWN OF SCARBOROUGH, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,242,931	732,026	-	1,974,957
Contributions	392,063	-	-	392,063
Taxes	-	260,130	-	260,130
Assessments and impact fees	2,767,141	-	-	2,767,141
Sale of lots	-	-	7,380	7,380
Other revenue	2,276,675	31,201	-	2,307,876
Interest revenue	192,986	4,969	7,126	205,081
Total revenues	6,871,796	1,028,326	14,506	7,914,628
Expenditures:				
Current:				
Capital expenditures	835,454	5,198,643	-	6,034,097
Education	2,666,565	-	-	2,666,565
Other	3,391,183	-	425	3,391,608
Total expenditures	6,893,202	5,198,643	425	12,092,270
Excess (deficiency) of revenues over expenditures	(21,406)	(4,170,317)	14,081	(4,177,642)
Other financing sources (uses):				
Transfers in	505,801	654,209	-	1,160,010
Transfers out	(1,193,943)	(123,045)	-	(1,316,988)
Premium received on issued bonds, net of issuance costs	-	-	-	-
General Obligation Bonds	-	4,796,650	-	4,796,650
Total other financing sources (uses)	(688,142)	5,327,814	-	4,639,672
Net change in fund balances	(709,548)	1,157,497	14,081	462,030
Fund balances, beginning of year	7,523,799	(247,132)	270,968	7,547,635
Fund balances, end of year	\$ 6,814,251	910,365	285,049	8,009,665

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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

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

Prouts Landing Conservation

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

Payne Road Improvements

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

Payne Road Impact Fees

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

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

Other Impact Fees:

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

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

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

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

Police Asset Forfeiture

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

Rescue Equipment

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

Fire Department

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

Departmental Grants and Programs

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

School Categorical Programs

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

School Lunch Program

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

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2020

	Recrea- tional Develop- ment	Credit Enhancement Agreements	Scarborough Economic Development Corporation	Eastern Trail Alliance Close the Gap	Prouts Landing Conserva- tion	Payne Road Improvements	Payne Road Impact Fees
ASSETS							
Cash and cash equivalents	-	-	42,423	-	-	-	-
Investments	-	83,204	-	614,056	26,983	76,741	2,417,069
Intergovernmental receivable	-	-	5,950	-	-	-	-
Due from State of Maine	-	-	-	-	-	-	-
Accounts receivable	-	-	1,000	-	-	-	-
Interfund loans receivable	175,810	-	-	-	-	-	4,142
Inventory	-	-	3,774	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Total assets	\$ 175,810	83,204	53,147	614,056	26,983	76,741	2,421,211
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	-	8,817	-	-	-	302,919
Interfund loans payable	-	32,232	-	239,766	-	-	-
Performance bond deposits	-	-	-	-	-	-	-
Total liabilities	-	32,232	8,817	239,766	-	-	302,919
Fund balances:							
Nonspendable	-	-	3,774	-	-	-	-
Restricted	-	50,972	-	374,290	-	-	-
Committed	175,810	-	40,556	-	26,983	76,741	2,118,292
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	175,810	50,972	44,330	374,290	26,983	76,741	2,118,292
Total liabilities and fund balances	\$ 175,810	83,204	53,147	614,056	26,983	76,741	2,421,211

	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	-	-	-	-	5,676	20,758	-	68,857
Investments	1,933,957	211,389	94,946	27,385	1,577,048	-	-	7,062,778
Intergovernmental receivable	-	-	-	-	-	-	-	5,950
Accounts receivable	-	-	24,721	-	37,284	479,915	28,345	571,265
Interfund loans receivable	20,345	8,287	39,922	-	-	-	-	248,506
Inventory	-	-	-	-	-	-	55,865	59,639
Notes receivable	-	-	-	-	-	-	-	-
Total Assets	1,954,302	219,676	159,589	27,385	1,620,008	500,673	84,210	8,016,995
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	-	38,078	-	8,723	77,708	3,212	439,457
Interfund loans payable	312,104	-	-	3,440	116,339	-	59,406	763,287
Performance bond deposits	-	-	-	-	-	-	-	-
Total Liabilities	312,104	-	38,078	3,440	125,062	77,708	62,618	1,202,744
Fund balances:								
Nonspendable	-	219,676	-	23,945	105,444	-	55,865	59,639
Restricted	-	-	-	-	1,389,502	422,965	-	774,327
Committed	1,642,198	-	121,511	-	-	-	-	6,014,558
Unassigned	-	-	-	-	-	-	(34,273)	(34,273)
Total fund balances (deficit)	1,642,198	219,676	121,511	23,945	1,494,946	422,965	21,592	6,814,251
Total liabilities and fund balances	1,954,302	219,676	159,589	27,385	1,620,008	500,673	84,210	8,016,995

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

	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	-	2,198	-	16,882	738	2,098	63,292
Contributions	-	-	249,031	-	-	-	-
Sale of Lots/Land/Equip	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	36,222
Assessments and impact fees	13,000	857,125	-	-	-	-	-
Total revenues	13,000	859,323	249,031	16,882	738	2,098	99,514
Expenditures:							
Construction and acquisitions	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-	-
Other	-	857,577	258,562	28,703	-	-	-
Total expenditures	-	857,577	258,562	28,703	-	-	-
Excess (deficiency) of revenues over expenditures	13,000	1,746	(9,531)	(11,821)	738	2,098	99,514
Other financing sources (uses):							
Transfers in	-	4,752	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(54,430)
Total other financing sources (uses)	-	4,752	-	-	-	-	(54,430)
Net change in fund balances	13,000	6,498	(9,531)	(11,821)	738	2,098	45,084
Fund balances (deficit), beginning of year	162,810	44,474	53,861	386,111	26,245	74,643	2,073,208
Fund balances (deficit), end of year	\$ 175,810	50,972	44,330	374,290	26,983	76,741	2,118,292

	Other Impact Fees	Police Asset Forfeiture	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Lunch Program	Totals
Revenues:								
Intergovernmental	-	78,134	27,133	-	63,567	883,430	190,667	1,242,931
Interest earned	53,434	5,634	1,823	761	46,126	-	-	192,986
Contributions	-	-	-	3,165	-	139,867	-	392,063
Sale of Lots/Land/Equip	-	-	-	-	-	-	-	-
Other	687,256	-	-	-	545,101	-	1,008,096	2,276,675
Assessments and impact fees	-	-	1,897,016	-	-	-	-	2,767,141
Total revenues	740,690	83,768	1,925,972	3,926	654,794	1,023,297	1,198,763	6,871,796
Expenditures:								
Construction and acquisitions	2,498	1,297	-	-	831,659	-	-	835,454
Education	-	-	-	-	-	1,044,792	1,621,773	2,666,565
Benefits paid	-	-	-	-	-	-	-	-
Other	-	-	2,246,341	-	-	-	-	3,391,183
Total expenditures	2,498	1,297	2,246,341	-	831,659	1,044,792	1,621,773	6,893,202
Excess (deficiency) of revenues over expenditures	738,192	82,471	(320,369)	3,926	(176,865)	(21,495)	(423,010)	(21,406)
Other financing sources (uses):								
Transfers in	59,089	-	-	-	-	-	441,960	505,801
Bond Proceeds	-	-	-	-	-	-	-	-
Transfers out	(1,057,534)	(25,000)	(50,000)	(3,440)	(3,539)	-	-	(1,193,943)
Total other financing sources (uses)	(998,445)	(25,000)	(50,000)	(3,440)	(3,539)	-	441,960	(688,142)
Net change in fund balances	(260,253)	57,471	(370,369)	486	(180,404)	(21,495)	18,950	(709,548)
Fund balances (deficit), beginning of year	1,902,451	162,205	491,880	23,459	1,675,350	444,460	2,642	7,523,799
Fund balances (deficit), end of year	1,642,198	219,676	121,511	23,945	1,494,946	422,965	21,592	6,814,251

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, 2020

	Fund balances beginning of year	Revenues		Program expenditures	Fund balances end of year
		Grants	Other		
Federal education grant programs:					
NCLB/Title IA	\$ -	111,107	-	111,107	-
NCLB/Title IIA	-	67,431	-	67,431	-
NCLB/Title IVA	-	6,513	-	6,513	-
Local Entitlement	(27,360)	681,742	-	654,382	-
Preschool handicapped	-	8,037	-	8,037	-
Total federal education grant programs	(27,360)	874,830	-	847,470	-
Other State grant programs:					
PEPG Grant	588	-	-	-	588
Scarborough Education Foundation	2,171	-	35,741	9,154	28,758
Finberg Trust	137,493	-	-	750	136,743
Other Donations	22,631	-	11,996	4,335	30,292
Proficiency Based Graduation	3,083	-	-	-	3,083
Technology Maintenance Fees	298,982	-	67,557	151,121	215,418
School Nutrition Special Programs	6,389	-	24,573	23,204	7,758
CC Admin Certification	483	-	8,600	8,758	325
Total other state grant programs	471,820	-	148,467	197,322	422,965
Total school categorical programs	\$ 444,460	874,830	148,467	1,044,792	422,965

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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, 2020

	General School Improvements	General Town Improvements	Totals
ASSETS			
Cash and cash equivalents	-	248,107	248,107
Investments	\$ 360,613	308,465	669,078
Accounts Receivable	-	-	-
Interfund loans receivable	309,606	261,823	571,429
Total assets	\$ 670,219	818,395	1,488,614
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	47,841	202,196	250,037
Interfund loans payable	328,212	-	328,212
Total liabilities	376,053	202,196	578,249
Fund balance (deficit):			
Restricted	-	-	-
Unassigned	294,166	616,199	910,365
Total fund balance (deficit)	294,166	616,199	910,365
Total liabilities and fund balance	\$ 670,219	818,395	1,488,614

TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2020

	General School Improvements	General Town Improvements	Totals
Revenues:			
Intergovernmental	\$ -	732,026	732,026
Taxes	175,130	85,000	260,130
Interest earned	225	4,744	4,969
Other	-	31,201	31,201
Total revenues	175,355	852,971	1,028,326
Expenditures:			
Capital Improvements	3,018,881	2,179,762	5,198,643
Total expenditures	3,018,881	2,179,762	5,198,643
Excess (deficiency) of revenues over expenditures	(2,843,526)	(1,326,791)	(4,170,317)
Other financing sources (uses):			
Transfers in	474,373	179,836	654,209
Transfers out	(50,625)	(72,420)	(123,045)
Premium received on issued bonds, net of issuance costs	-	-	-
Proceeds of general obligation bonds	2,931,385	1,865,265	4,796,650
Total other financing sources (uses)	3,355,133	1,972,681	5,327,814
Net change in fund balances	511,607	645,890	1,157,497
Fund balances (deficit), beginning of year	(217,441)	(29,691)	(247,132)
Fund balances, end of year	\$ 294,166	616,199	910,365

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, 2020

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
ASSETS				
Investments	\$ 244,779	26,038	3,136	273,953
Interfund loans receivable	12,000	-	-	12,000
Total assets	\$ 256,779	26,038	3,136	285,953
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	-	904	-	904
Total liabilities	-	904	-	904
Fund balances:				
Nonspendable Principal	166,121	13,367	500	179,988
Restricted Expendable Income	90,658	11,767	2,636	105,061
Total fund balances	256,779	25,134	3,136	285,049
Total liabilities and fund balances	\$ 256,779	26,038	3,136	285,953

TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues:				
Interest and dividends	\$ 6,347	705	74	7,126
Sale of lots/perpetual care deposits	7,380	-	-	7,380
Total revenues	13,727	705	74	14,506
Expenditures:				
Earnings retained by General Fund	-	425	-	425
Other	-	-	-	-
Total expenditures	-	425	-	425
Net change in fund balances	13,727	280	74	14,081
Fund balances, beginning of year	243,052	24,854	3,062	270,968
Fund balances, end of year	\$ 256,779	25,134	3,136	285,049

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, 2020

	Shirley Grover Fund	Edith Warga Art Scholarship	Mary Campbell Peterson Fund	Patrick 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	\$ 1,084	98,157	95,000	195	12	1,184	9,670	338	2,460	11,528	1,330	371	3,192	224,521
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,084	98,157	95,000	195	12	1,184	9,670	338	2,460	11,528	1,330	371	3,192	224,521
LIABILITIES AND NET ASSETS														
Liabilities:														
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	-	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000
Total liabilities	-	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000
Net position:														
Nonspendable Principal	1,240	100,000	87,680	-	-	-	-	500	2,026	3,500	-	350	3,810	199,106
Restricted Interest	(156)	(3,843)	7,320	195	12	1,184	9,670	(162)	434	8,028	1,330	21	(618)	23,415
Total net position	1,084	96,157	95,000	195	12	1,184	9,670	338	2,460	11,528	1,330	371	3,192	222,521
Total liabilities and net position	\$ 1,084	98,157	95,000	195	12	1,184	9,670	338	2,460	11,528	1,330	371	3,192	224,521

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2020

	Shirley Grover Fund	Edith Waga Art Scholarship	Mary Campbell Pederson Fund	McFarland Scholarship Fund	Packy Nelson Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Class of 1976 Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
Additions															
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends	29	2,681	2,577	5	5	-	32	286	9	63	274	35	10	79	6,080
Total additions	29	2,681	2,577	5	5	-	32	286	9.00	63	274	35	10	79.0	6,080
Deductions:															
School scholarships	-	4,000	1,000	-	-	-	-	1,500	-	-	-	-	-	-	6,500.00
Total deductions	-	4,000	1,000	-	-	-	-	1,500	-	-	-	-	-	-	6,500.00
Changes in net assets	29	(1,319)	1,577	5	5	-	32	(1,214)	9	63	274	35	10	79	(420.00)
Net position, beginning of year	1,055	97,476	93,423	190	12	12	1,152	10,884	329	2,397	11,254	1,295	361	3,113	222,941
Net position, end of year	\$ 1,084	96,157	95,000	195	12	12	1,184	9,670	338	2,460	11,528	1,330	371	3,192	222,521

TOWN OF SCARBOROUGH, MAINE
Agency Funds
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2020

	Balance			Balance
	July 1, 2019	Additions	Deletions	June 30, 2020
STUDENT ACTIVITIES:				
ASSETS				
Cash	\$ 658,806	669,735	573,904	754,637
LIABILITIES				
Payable to student groups	\$ 658,806	669,735	573,904	754,637

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Town of Scarborough Maine Comprehensive Annual Financial Report



General Long Term Debt

Public Safety Building

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TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-term Debt
For the year ended June 30, 2020

	Interest rate	Final maturity date	Annual principal payments	Balance beginning of year	Current Year		Balance end of Year
					Issued	Retired	
General Obligation Bonds							
2009 Bond Refunding	3.00%	2020	\$ 115,000 in 2020	115,000	-	115,000	-
2010 Capital Improvements	3.75%	2031	345,000 to 2021				
	Varies		280,000 to 2026				
	4.00%		100,000 to 2031	2,590,000	-	345,000	2,245,000
2011 Capital Improvements	2.75%	2031	355,000 to 2021				
	Varies		115,000 to 2026				
	Varies		110,000 to 2031	1,835,000	-	355,000	1,480,000
2012 Capital Improvements	4.00%	2042	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	36,400,000	-	3,210,000	33,190,000
2013 Capital Improvements	4.00%	2043	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	21,600,000	-	770,000	20,830,000
2014 Capital Improvements	2.00%	2034	325,000 to 2021				
	2.00%		310,000 in 2022				
	3.00%		300,000 to 2024				
	3.00%		250,000 to 2029				
	4.00%		50,000 to 2034	3,060,000	-	325,000	2,735,000

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	
General Obligation Bonds							
2015 Capital Improvements	4.00%	2035	430,000 to 2020				
	Varies		335,000 to 2023				
	4.00%		320,000 to 2025				
	Varies		265,000 to 2029				
	3.00%		245,000 in 2030				
	3.00%		165,000 in 2031				
	3.00%		160,000 to 2034				
2016 Capital Improvements	3.00%	2036	150,000 in 2035	4,175,000	-	430,000	3,745,000
	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	4,980,000	-	785,000	4,195,000
	4.00%		360,000 to 2021				
	5.00%		295,000 in 2022				
	5.00%		190,000 in 2023				
	5.00%		185,000 to 2027				
	3.00%		55,000 to 2032				
	3.00%		35,000 to 2037	2,395,000	-	360,000	2,035,000
2018 Capital Improvements	5.00%	2048	935,000 to 2022				
	5.00%		930,000 to 2024				
	5.00%		695,000 to 2027				
	5.00%		690,000 to 2029				
	4.00%		635,000 to 2031				
	Varies		580,000 to 2034				
	4.00%		510,000 to 2039				
2019 Capital Improvements	Varies	2049	500,000 to 2048	18,190,000	-	935,000	17,255,000
	Varies		0 in 2020				
	5.00%		410,000 to 2025				
	Varies		295,000 to 2035				
	3.00%		260,000 to 2040				
2020 Capital Improvements	3.00%		120,000 to 2049	7,380,000	-	-	7,380,000
	Varies		0 in 2020				
	Varies		745,000 to 2026				
	5.00%		370,000 to 2031				
	Varies		215,000 to 2036				
	2.25%		80,000 to 2039				
	2.25%		75,000 to 2040	-	7,040,000		7,040,000
Total bonds				102,720,000	7,040,000	7,630,000	102,130,000
Total long-term debt		\$		102,720,000	7,040,000	7,630,000	102,130,000

Town of Scarborough Maine

Comprehensive Annual Financial Report



Statistical Section

Project of the Year 2020 — Hospice of Southern Maine

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STATISTICAL SECTION

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

Contents

Table

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

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

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Table 1

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 53,031,962	\$ 54,339,258	\$ 49,823,697	\$ 53,887,278	\$ 57,103,811	\$ 59,088,465	\$ 61,708,817	\$ 61,977,397	\$ 57,341,865	\$ 64,957,968
Restricted	1,642,063	1,111,295	3,555,142	4,049,315	3,373,177	5,568,308	3,883,241	2,577,864	1,540,755	2,407,963
Unrestricted	(702,917)	2,127,242	6,347,111	3,907,583	(688,245)	(2,259,046)	(3,775,014)	(6,355,930)	2,688,359	(4,065,315)
Total governmental activities net position	\$ 53,971,108	\$ 57,577,795	\$ 59,725,950	\$ 61,844,176	\$ 59,788,743	\$ 62,397,727	\$ 61,817,044	\$ 58,199,331	\$ 61,570,979	\$ 63,300,616

Notes:

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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Program revenues:										
Charges for services										
General government	\$ 1,851,983	\$ 1,386,497	\$ 1,525,062	\$ 1,868,477	\$ 3,170,678	\$ 3,257,876	\$ 2,821,305	\$ 2,370,489	\$ 3,088,056	\$ 3,365,087
Public services	1,680,722	1,791,859	2,363,475	2,481,387	2,531,113	2,510,082	2,883,349	3,004,909	3,021,376	2,562,570
Public safety	1,632,627	2,069,487	2,449,062	2,156,498	2,731,150	2,780,266	3,094,403	3,075,250	3,424,185	3,606,215
Public works	1,542,707	1,843,317	1,405,040	1,590,382	1,692,802	1,635,542	1,740,432	2,040,177	1,963,528	1,707,293
Education	1,252,673	1,248,055	1,191,085	1,282,369	1,299,774	1,356,477	1,268,370	1,523,725	1,649,528	1,217,477
Interest on debt services	-	-	-	-	-	-	-	-	-	-
Operating grants and activities	11,719,082	11,093,321	9,912,515	9,983,992	8,586,603	8,150,991	9,486,212	7,247,352	7,633,881	11,535,370
Capital grants and contributions	170,480	174,652	97,351	159,089	54,304	149,582	161,912	54,317	96,626	62,802
General revenues:										
Property and excise taxes, levies for general purposes	49,050,813	50,571,377	54,442,643	58,838,156	60,877,879	63,529,063	65,631,946	68,335,117	72,171,334	74,414,696
Grants and contributions not restricted to specific programs	1,904,938	2,473,014	2,656,313	1,352,303	1,908,036	1,796,997	2,206,632	2,880,488	3,552,551	3,655,801
Unrestricted investment earnings	42,024	66,255	42,573	108,862	390,260	84,783	175,917	152,437	525,771	230,534
Total revenues	70,848,049	72,717,834	76,085,119	79,821,515	83,242,599	85,251,659	89,470,478	90,684,261	97,126,836	102,357,845
Expenses:										
General government	12,022,846	11,537,424	11,413,745	11,346,043	14,077,217	12,728,572	14,435,000	13,113,500	16,687,230	16,045,768
Public services	5,041,659	3,868,072	3,851,672	4,188,079	4,658,690	4,733,734	4,923,303	4,996,328	4,752,163	4,810,221
Public safety	7,331,259	8,691,510	8,555,020	9,362,899	9,716,227	10,922,234	11,496,900	12,599,095	11,081,295	13,043,518
Public works	7,245,892	7,805,045	7,874,408	7,617,844	7,713,975	8,048,143	8,245,900	8,116,981	8,257,195	7,996,409
Education	35,275,130	34,346,445	39,167,124	41,772,944	41,617,985	42,774,764	46,499,772	46,873,688	49,389,226	55,037,803
Interest on debt service	2,664,136	2,862,650	3,074,995	3,415,482	3,418,748	3,435,228	3,230,297	3,502,402	3,588,079	3,694,489
Total expenses	69,580,922	69,111,146	73,936,964	77,703,291	81,202,842	82,642,675	88,831,172	89,201,994	93,755,188	100,628,208
Net (expense)/revenue:	1,267,127	3,606,688	2,148,155	2,118,224	2,039,757	2,608,984	639,306	1,482,267	3,371,648	1,729,637
Change in Net Position	\$ 1,267,127	\$ 3,606,688	\$ 2,148,155	\$ 2,118,224	\$ 2,039,757	\$ 2,608,984	\$ 639,306	\$ 1,482,267	\$ 3,371,648	\$ 1,729,637

Table 3

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable Inventory		34	34	48	43	31	13	28	28	31
Restricted for Town	2,685	2,993	3,861	2,838	2,898	2,743	2,958	3,148	2,951	2,930
Restricted for Education	496	440	977	509	540	2,224	242	332	200	649
Committed - General Fund	630	688	374	452	519	503	400	393	441	455
Assigned - General Fund	2,223	1,606	1,825	1,584	2,305	2,140	1,676	1,976	2,122	2,616
Assigned - Education	-	200	200	800	425	426	2,102	501	352	700
Unassigned - General Fund	955	2,093	1,787	3,377	4,973	6,108	6,894	7,387	8,212	7,702
Unreserved	-	-	-	-	-	-	-	-	-	-
Total general fund	\$ 6,989	\$ 8,054	\$ 9,058	\$ 9,608	\$ 11,703	\$ 14,175	\$ 14,285	\$ 13,765	\$ 14,306	\$ 15,083
All Other Governmental Funds										
Nonspendable Permanent Fund Principal	126	129	132	135	147	155	164	168	173	180
Nonspendable Inventory Special Revenues	21	27	27	14	26	36	36	40	43	60
Restricted Special Revenues	852	473	463	651	624	637	645	873	717	774
Restricted Capital Projects	1,941	20,027	22,904	9,495	5,409	2,317	651	15,203	10,486	-
Restricted Permanent Fund Interest	84	84	84	85	86	90	90	91	98	105
Committed - Special Revenues	4,292	4,309	4,362	4,446	4,439	4,752	5,246	6,265	6,751	5,974
Unassigned - Special Revenues	(115)	(262)	(683)	(1,083)	(1,365)	(1,550)	(1,746)	(1,943)	(1,972)	(2,282)
Unassigned - Capital Projects	(434)	(378)	(308)	(206)	(567)	1,527	-	-	(247)	(896)
Total all other governmental funds	\$ 6,767	\$ 24,409	\$ 26,981	\$ 13,537	\$ 8,799	\$ 7,964	\$ 5,086	\$ 20,697	\$ 16,049	\$ 3,915
Total Governmental Funds Fund Balances:	13,756	\$ 32,463	\$ 36,039	\$ 23,145	\$ 20,502	\$ 22,139	\$ 19,371	\$ 34,462	\$ 30,355	\$ 18,998

¹ Fiscal Year 2011 is the initial year of implementation of GASB Statement No. 54.

² In fiscal year 2011 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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 48,957	\$ 50,428	\$ 54,393	\$ 58,826	\$ 61,154	\$ 63,719	\$ 65,949	\$ 68,340	\$ 72,140	\$ 74,600
Licenses and permits	480	494	554	662	756	817	782	939	864	866
Intergovernmental	13,701	13,136	12,024	10,976	12,879	11,672	10,954	10,600	12,480	14,785
Interest earned	125	153	178	230	449	199	426	192	739	434
Other	7,549	8,420	8,883	8,966	10,376	10,418	11,193	11,852	12,613	11,299
Total revenues	70,812	72,631	76,032	79,660	85,614	86,825	89,304	91,923	98,836	101,984
Expenditures										
General government	6,144	4,403	4,957	5,201	4,829	4,951	5,932	7,070	8,005	6,785
Public services	4,831	3,841	3,931	4,146	4,612	4,690	4,922	4,945	4,724	4,660
Public safety	7,318	8,242	8,578	8,879	9,344	10,297	11,116	11,836	11,478	13,873
Public works	5,353	4,598	7,398	6,503	6,506	7,233	7,128	6,750	9,377	6,322
Education (Excludes School Debt)	33,364	33,220	37,295	40,149	45,614	43,681	45,541	46,291	49,401	52,346
Education Debt (Prin & Int)	4,142	3,758	3,653	4,150	4,606	5,119	5,761	5,614	5,691	5,254
County tax	1,923	1,976	2,075	2,194	2,355	2,493	2,569	2,710	2,827	2,957
Debt service (Principal-Town Only)(1)	2,961	5,417	4,942	3,353	3,506	3,760	3,800	3,866	3,868	4,525
Debt service (Interest-Town Only)	1,810	1,151	1,109	1,118	1,100	1,164	1,058	1,008	1,731	1,704
Capital Outlay	6,037	6,347	16,988	21,840	9,942	3,626	4,415	3,636	10,887	19,363
Other	4,014	4,948	1,817	1,775	1,928	2,054	2,639	2,637	3,099	3,635
Total expenditures	77,897	77,901	92,743	99,308	94,342	89,068	94,881	96,363	111,088	121,424
Excess (deficiency) of revenues over (under) expenditures	(7,085)	(5,270)	(16,711)	(19,648)	(8,728)	(2,243)	(5,577)	(4,440)	(12,252)	(19,440)
Other financing sources (uses)										
Transfers in	1,477	2,061	1,845	1,371	1,071	1,410	3,208	1,264	1,368	1,978
Transfers out	(1,477)	(2,061)	(1,845)	(1,371)	(1,071)	(1,410)	(3,208)	(1,264)	(1,368)	(1,978)
Capital Lease proceeds	-	-	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	-	-	-	-
General obligation bonds and capital leases	4,445	21,940	18,620	6,505	6,085	3,755	2,755	18,190	7,380	7,040
Total other financing sources (uses)	4,433	23,975	20,288	6,754	6,085	3,840	2,755	19,531	8,145	8,083
Net change in fund balances	\$ (2,652)	18,705	3,577	(12,894)	(2,643)	1,597	(2,822)	15,091	(4,107)	(11,357)
Debt Service as a percentage of non-capital expenditures	6.64%	9.18%	7.99%	5.77%	5.46%	5.76%	5.37%	5.26%	5.59%	6.10%

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
2011	4,677,260	3,787,489	7,967,270	6,040,273	34,588,320	1,922,952	4,782,598	833,353	64,599,515
2012	4,401,899	3,841,168	8,241,916	6,598,823	34,018,975	1,975,585	5,416,558	924,372	65,419,296
2013	4,591,897	3,931,386	8,577,811	6,681,399	36,110,973	2,075,183	4,942,403	1,257,490	68,168,542
2014	5,059,198	4,146,541	8,879,022	6,502,618	39,078,563	2,193,813	4,470,950	1,146,088	71,476,793
2015	4,829,444	4,612,240	9,514,108	6,506,439	41,496,318	2,355,415	4,605,500	1,192,358	75,111,822
2016	4,904,706	4,690,296	10,125,943	6,677,609	41,218,487	2,493,342	4,923,898	1,037,678	76,071,959
2017	5,337,246	4,852,147	10,845,773	6,529,061	45,161,286	2,568,852	4,857,655	1,148,329	81,300,349
2018	5,994,561	4,576,134	11,220,717	6,749,774	46,315,653	2,709,666	4,873,855	766,814	83,207,174
2019	6,434,247	4,724,209	11,578,527	7,006,492	48,088,925	2,827,079	5,599,113	1,459,518	87,718,110
2020	6,785,332	4,659,552	12,101,459	6,322,048	49,804,315	2,956,659	6,228,805	1,215,505	90,073,675

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
2011	44,662,371	103,811	3,955,357	26,095	195,247	48,942,881
2012	46,132,181	87,811	3,965,932	29,331	198,132	50,413,387
2013	49,774,317	93,691	4,222,208	32,945	194,771	54,317,932
2014	53,664,817	98,390	4,620,362	30,849	191,220	58,605,638
2015	55,621,936	105,060	5,026,029	27,530	191,317	60,971,872
2016	57,470,744	113,124	5,596,389	30,144	190,592	63,400,993
2017	59,523,351	101,590	5,873,919	28,925	200,984	65,728,769
2018	61,957,189	106,100	5,903,828	31,034	208,117	68,206,268
2019	65,332,400	112,016	6,333,746	31,970	219,247	72,029,379
2020	67,674,116	95,112	6,323,543	28,718	218,180	74,339,669

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	Assessed property	Estimated actual value		
2011	3,433,857,700	122,694,200	3,556,551,900	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	3,571,196,300	13.03	100%
2013	3,511,580,900	120,094,400	3,631,675,300	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	3,660,305,700	14.77	100%
2015	3,587,500,600	112,987,600	3,700,488,200	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	3,745,548,100	15.49	100%
2017	3,667,678,200	108,684,300	3,776,362,500	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	3,785,488,342	16.49	100%
2019	3,908,909,212	103,383,400	4,012,292,612	4,012,292,612	4,012,292,612	16.49	100%
2020	4,577,104,776	119,356,600	4,696,461,376	4,696,461,376	4,696,461,376	14.70	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		Overlay	State Revenue Sharing⁽¹⁾	Total Property Tax Rates by Year
				Financing District	Financing District			
2011	4.353	7.894	0.541	0.203	0.203	0.028	(0.390)	12.63
2012	4.432	8.166	0.553	0.211	0.211	0.059	(0.391)	13.03
2013	4.452	8.849	0.571	0.220	0.220	0.100	(0.392)	13.80
2014	4.663	9.479	0.599	0.240	0.240	0.095	(0.306)	14.77
2015	4.649	9.774	0.637	0.245	0.245	0.089	(0.292)	15.10
2016	4.597	10.144	0.666	0.254	0.254	0.132	(0.303)	15.49
2017	4.743	10.563	0.680	0.240	0.240	0.046	(0.353)	15.92
2018	4.698	11.239	0.716	0.224	0.224	0.037	(0.423)	16.49
2019	4.599	11.225	0.705	0.254	0.254	0.168	(0.461)	16.49
2020	4.091	10.147	0.630	0.228	0.228	0.064	(0.460)	14.70

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

TOWN OF SCARBOROUGH, MAINE

Principal Property Taxpayers

Current Year and Ten Years Ago
(amounts expressed in thousands)

		2011				2020			
		Taxable Assessed		Percentage of Total Taxable Assessed		Taxable Assessed		Percentage of Total Taxable Assessed	
Taxpayer		Value	Rank	Value	Rank	Value	Rank	Value	Rank
Maine Life Care Retirement	\$	60,871,400	1	1.71%		\$	82,419,800	1	1.75%
Wal-Mart/Sam's Club		39,987,600	2	1.12%			43,186,300	2	0.92%
New England Expedition		35,132,100	3	0.99%			35,231,700	3	0.74%
MMC Realty Maine Health		27,493,400	4	0.77%			34,720,900	4	0.74%
Hannaford Brothers		25,564,400	5	0.72%			29,781,500	5	0.63%
Scarborough Gallery		22,019,000	6	0.62%			28,927,900	6	0.62%
Gavin Ruotolo		18,598,300	7	0.52%			22,396,800	7	0.48%
Central Maine Power		14,597,500	8	0.41%			22,335,200	8	0.48%
RRE Foxcroft/Coach Lantern		13,253,400	9	0.37%			21,284,600	9	0.45%
Shaw's Supermarkets		12,472,600	10	0.35%			17,439,600	10	0.37%
Total Principal Taxpayers		269,989,700		7.59%			337,724,300		7.19%
Total Assessed Value:		\$	3,556,551,900			\$	4,696,461,376		

Source: Town of Scarborough, Maine Assessor

Table 10

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collections Within Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	44,928,747	44,325,013	98.7%	594,834	44,919,847	99.98%
2012	46,684,211	46,102,831	98.8%	572,949	46,675,780	99.98%
2013	50,125,493	49,483,773	98.7%	631,367	50,115,140	99.98%
2014	54,062,720	53,305,613	98.6%	745,241	54,050,854	99.98%
2015	55,877,372	55,321,988	99.0%	543,062	55,865,050	99.98%
2016	58,018,545	57,331,779	98.8%	670,618	58,002,396	99.97%
2017	60,119,691	59,602,002	99.1%	498,984	60,100,985	99.97%
2018	62,422,707	61,848,681	99.1%	528,625	62,377,306	99.93%
2019	66,162,710	65,462,458	98.9%	533,752	65,996,211	99.75%
2020	69,037,982	68,228,330	98.8%	-	68,228,330	98.83%

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
2011	3,433,857,700	122,694,200	3,556,551,900	12.63	44,928,747
2012	3,455,067,200	116,129,100	3,571,196,300	13.03	46,684,211
2013	3,511,580,900	120,094,400	3,631,675,300	13.80	50,125,493
2014	3,544,777,800	115,527,900	3,660,305,700	14.77	54,062,720
2015	3,587,500,600	112,987,600	3,700,488,200	15.10	55,877,372
2016	3,637,366,300	108,181,800	3,745,548,100	15.49	58,018,545
2017	3,667,678,200	108,684,300	3,776,362,500	15.92	60,119,691
2018	3,678,001,742	107,486,600	3,785,488,342	16.49	62,422,707
2019	3,908,909,212	103,383,400	4,012,292,612	16.49	66,162,710
2020	4,577,104,776	119,356,600	4,696,461,376	14.70	69,037,982

Source: Town of Scarborough Assessor's Office

Table 12

STATUTORY DEBT LIMIT BY STATE AND LOCAL
State of Maine Legal Debt Margin Calculation
June 30, 2020

State Assessed Value:					<u>\$4,778,350,000</u>
Legal Debt Margin Limit of 15% of State Valuation					\$716,752,500
Purpose	State Legal Percent	State Legal Debt Limit	Principal Debt Outstanding	Margin	Actual Percent
Municipal - Other	7.5%	\$358,376,250	\$43,293,084	\$315,083,166	0.91%
Storm or Sanitary Sewer	7.5%	\$358,376,250	\$4,760,000	\$353,616,250	0.10%
School	10.0%	\$477,835,000	\$54,076,916	\$423,758,084	1.13%
Munc Airport, Water, Special District	3.0%	\$143,350,500	\$0	\$143,350,500	0.00%
		Total	<u>\$102,130,000</u>		
Total Bonded Debt Applicable to Debt Limit					<u>\$102,130,000</u>
Legal Debt Margin					<u>\$614,622,500</u>

Note: Statutory debt limit is in accordance with 30 MRSA, Section 5061, as amended.

Table 12A

Town of Scarborough Legal Debt Margin Calculation
June 30, 2020

Scarborough Legal Debt Margin Limit of 8.50% of State Valuation					\$406,159,750
Purpose	Scarborough Legal Percent	Scarborough Legal Debt Limit	Principal Debt Outstanding	Margin	Actual Percent
Municipal - Other	4.0%	\$191,134,000	\$43,293,084	\$147,840,916	0.91%
Storm or Sanitary Sewer	4.0%	\$191,134,000	\$4,760,000	\$186,374,000	0.10%
School	5.0%	\$238,917,500	\$54,076,916	\$184,840,584	1.13%
Munc Airport, Water, Special District	1.5%	\$71,675,250	-	\$71,675,250	0.00%
		Total	<u>\$102,130,000</u>		
Total Bonded Debt Applicable to Debt Limit					<u>\$102,130,000</u>
Legal Debt Margin					<u>\$304,029,750</u>

Note: Statutory debt limit is in accordance with Scarborough's Financial and Fiscal Policy Section I. Debt Management, as amended.

Table 13

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

Fiscal Year	General Obligation Bonds	Other Bond Adjustments	Capital Leases	Total Outstanding Debt	Population*	Percentage of personal income	Debt Per Capita
2011	66,767,000		1,105,143	67,872,143	18,919	8.66%	3,588
2012	82,250,000	2,428,572	687,335	85,365,907	18,786	10.51%	4,544
2013	96,180,000	5,715,066	622,334	102,517,400	18,941	12.53%	5,412
2014	97,895,000	5,474,486	597,722	103,967,208	19,343	12.47%	5,375
2015	98,500,000	5,233,907	395,578	104,129,485	19,602	12.52%	5,312
2016	95,920,000	5,315,488	199,715	101,435,203	19,819	12.20%	5,118
2017	91,630,000	5,049,838	-	96,679,838	19,911	10.62%	4,856
2018	102,650,000	6,125,334	97,939	108,873,273	20,379	11.04%	5,342
2019	102,720,000	6,602,073	49,567	109,371,640	20,991	9.90%	5,210
2020	102,130,000	7,307,717	-	109,437,717	21,428	9.64%	5,107

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

See the Demographic and Economic Statistics on Table 18 for personal income and population data.

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

Table 14

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

Fiscal Year	General Obligation Bonds	Other Bond Adjustments	Total	Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Population*	Percentage of personal income	Debt Per Capita
2011	66,767,000		66,767,000	3,556,551,900	1.88%	18,919	8.66%	3,529
2012	82,250,000	2,428,572	84,678,572	3,571,196,300	2.30%	18,786	10.51%	4,378
2013	96,180,000	5,715,066	101,895,066	3,631,675,300	2.65%	18,941	12.53%	5,078
2014	97,895,000	5,474,486	103,369,486	3,660,305,700	2.67%	19,343	12.47%	5,061
2015	98,500,000	5,233,907	103,733,907	3,700,488,200	2.66%	19,602	12.52%	5,025
2016	95,920,000	5,315,488	101,235,488	3,745,548,100	2.56%	19,819	12.20%	4,840
2017	91,630,000	5,049,838	96,679,838	3,776,362,500	2.43%	19,911	10.62%	4,602
2018	102,650,000	6,125,334	108,775,334	3,785,488,342	2.71%	20,379	11.04%	5,037
2019	102,720,000	6,602,073	109,322,073	4,012,292,612	2.56%	20,991	9.90%	4,894
2020	102,130,000	7,307,717	109,437,717	4,696,461,376	2.17%	21,428	9.64%	4,766

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

See the Demographic and Economic Statistics on Table 18 for personal income and population data.

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

Table 15

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

Fiscal year	Principal	Interest	Total debt service	Total general fund expenditures	Ratio of debt service to general fund expenditures
2011	5,720,000	2,584,375	8,304,375	64,599,515	12.86%
2012	5,972,000	2,432,682	8,404,682	65,419,296	12.85%
2013	5,135,000	2,815,370	7,950,370	68,168,542	11.66%
2014	4,790,000	3,588,569	8,378,569	71,476,793	11.72%
2015	5,480,000	3,505,753	8,985,753	75,111,822	11.96%
2016	6,320,000	2,139,692	8,459,692	76,071,959	11.12%
2017	7,045,000	3,348,228	10,393,228	81,300,349	12.78%
2018	7,170,000	3,227,906	10,397,906	83,207,174	12.50%
2019	7,310,000	3,910,975	11,220,975	87,718,110	12.79%
2020	7,630,000	3,784,372	11,414,372	90,073,675	12.67%

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

Table 16

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 534,623	\$ 533,513	\$ 522,375	\$ 536,918	\$ 451,595	\$ 568,793	\$ 584,903	\$ 610,215	\$ 647,040	\$ 716,753
Total net debt applicable to limit	66,767	84,679	101,895	103,369	103,734	95,920	91,630	102,650	102,720	102,130
Legal debt margin	467,856	448,834	420,480	433,549	347,861	472,873	493,273	507,565	544,320	614,623
Total net debt applicable to the limit as a percentage of debt limit	12.49%	15.87%	19.51%	19.25%	22.97%	16.86%	15.67%	16.82%	15.88%	14.25%

Note: Under state finance law, the Town of Scarborough's outstanding general obligation debt should not exceed 15 percent of total assessed property value.
By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Table 17

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

<u>Fiscal Year</u>	2011	2012 *	2013	2014	2015	2016	2017	2018	2019	2020
Town of Scarborough:										
General Obligation Bonds	66,767	82,250	96,180	97,895	98,500	95,920	91,630	102,650	102,720	102,130
Premium		4,371	5,715	5,474	5,234	5,315	5,050	6,125	6,602	7,308
Capital Leases	1,105	687	623	598	396	200	-	98	50	-
Total Direct Debt	67,872	87,308	102,518	103,967	104,130	101,435	96,680	108,873	109,372	109,438
Cumberland County	126	3,352	3,254	3,458	3,457	3,321	3,464	3,286	3,486	3,357
Portland Water District	3,845	3,933	3,483	5,994	6,454	6,654	6,396	6,926	7,300	7,829
Total Overlapping Debt	3,971	7,285	6,737	9,452	9,911	9,975	9,860	10,212	10,786	11,186
ecomaine Waste Systems:										
Resource recovery system	231	-	-	-	-	-	-	-	-	-
Material recovery facility	120	-	-	-	-	-	-	-	-	-
Landfill closure/postclosure	1,302	1,371	1,405	1,436	1,467	1,504	1,318	1,324	1,381	1,408
Total Contingent Debt	1,653	1,371	1,405	1,436	1,467	1,504	1,318	1,324	1,381	1,408
Total Direct, Overlapping/Contingent	73,496	95,964	110,660	114,855	115,508	112,914	107,858	120,409	121,539	122,032

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

Note: Overlapping debt is calculated from the total outstanding debt of the government, multiplied by the Town's percentage share.

Calculations for the Overlapping and Contingent Debt are provided by the Cumberland County Treasurer's Office, the Portland Water District and ecomaine.

Please see additional information in the Notes to the Financial Statements

* Premium Included on Table as of 2012

Table 18

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

Fiscal Year	Population (a)	Per Capita		Median Age (c)	School Enrollment (d)	Unemployment Rate (e)
		Personal Income (b)	Personal Income (c)			
2011	19,034	771,409,952	40,528	44	3,269	5.50%
2012	19,120	782,428,640	40,922	45	3,205	5.20%
2013	19,299	767,752,818	39,782	45	3,157	4.70%
2014	19,494	785,003,886	40,269	45	3,106	3.70%
2015	19,602	786,804,678	40,139	45	2,989	3.10%
2016	19,819	786,477,377	39,683	45	2,971	2.90%
2017	19,911	862,703,808	43,328	46	2,920	2.80%
2018	20,379	929,954,907	45,633	47	2,948	2.70%
2019	20,991	1,037,417,202	49,422	48	2,999	2.40%
2020	21,428	1,059,014,616	49,422	48	2,873	6.20%

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

Source: U.S. Census Bureau, *Annual Estimates of Resident Population, 2010 to 2019, Vintage 2019 Minor Civil Divisions

2020 Population projected based on average of 1 year and 9-year percentage increases.

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

(c) American Community Survey 5-Year Estimates- latest available is 5-Year 2015-2019 survey.

(d) Enrollment numbers for October of each year, produced by Scarborough School Department, includes out of district students

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

Table 19

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

2011			2020			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	1,371	1	Town of Scarborough	1,260	1	8.8%
Hannaford Brothers	1,000	2	Hannaford	1,100	2	7.7%
US Postal Service	600	3	Abbott (formerly Alere)	926	3	6.5%
NorDX	300	4	Maine Health	500	4	3.5%
Maine Medical Center	300	5	US Postal Service	450	5	3.1%
Wal-Mart	250	6	Wal-Mart	300	6	2.1%
Cabela's	250	7	Johnson & Jordan	292	7	2.0%
Shaw's	200	8	Piper Shores	245	8	1.7%
Piper Shores	200	9	Morrison Center	244	9	1.7%
Sam's Wholesale Club	200	10	Comfort Keepers	180	10	1.3%

* Source: Scarborough Economic Development Corporation (SEDCO)

Latest Estimate of Employment: 14,299 (Source: ME Dept of Labor, Second Quarter, 2020 Covered Employment - all industries)

Note: Qtr 2, 2019 = 16,274

Table 20

TOWN OF SCARBOROUGH, MAINE
Unemployment Data
Last Ten Fiscal Years

Fiscal Year ending June 30,	Portland Metropolitan Statistical Area (PMSA)*	State of Maine	Town of Scarborough	US
2011	6.4%	7.7%	5.5%	9.1%
2012	6.1%	7.3%	5.2%	8.2%
2013	5.4%	6.4%	4.7%	7.5%
2014	4.4%	5.3%	3.7%	6.1%
2015	3.5%	4.2%	3.1%	5.5%
2016	3.1%	3.7%	3.0%	5.1%
2017	2.8%	3.3%	2.6%	4.5%
2018	2.7%	3.2%	2.7%	4.2%
2019	2.3%	2.8%	2.4%	3.8%
2020	6.9%	6.5%	6.2%	11.2%

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Govt:										
Town Clerk										
Certified Copies	5,820	5,068	4,624	5,596	5,577	5,962	5,762	5,077	5,446	5,049
Licenses	545	585	572	861	839	735	821	844	997	162
Permits	919	905	889	930	1,065	1,047	1,134	750	404	279
Beach Passes	2,443	2,701	2,934	2,763	2,665	2,496	4,775	5,603	5,970	5,279
Community Services										
Passports Applications	534	-	459	641	643	665	695	675	648	497
Finance Revenue Office										
Licenses & Permits	817	782	791	670	662	697	702	700	717	498
Tax Bill Issued	9,809	9,516	9,594	9,623	9,623	9,796	9,897	9,993	10,325	10,301
Excise Registrations	25,384	25,637	30,477	29,566	27,728	29,604	29,892	30,065	30,004	25,470
Planning:										
Permits	554	553	621	609	651	774	785	809	785	647
Certificates of Occupancy	176	173	174	217	198	262	267	252	190	256
Public Safety:										
Police:										
Physical arrests	989	1,026	898	826	895	697	521	864	768	582
Traffic violations	819	1,069	1,126	1,007	977	1,333	1,433	1,847	1,541	561
Fire:										
Number of calls answered	1,718	1,733	1,610	1,744	1,832	1,720	2,381	1,340	1,318	1,355
Number of Inspections	3,394	3,583	3,455	3,378	3,192	2,529	3,078	3,319	3,044	2,860
Rescue:										
Number of calls answered	2,125	2,141	2,116	1,950	2,359	3,029	2,900	2,917	2,950	2,876
Public Works:										
Street resurfacing (miles)	6.37	6.45	3.62	5.31	5.90	4.18	5.15	4.62	4.60	7.58
Pot holes repaired (qty used in tons)	24	24	13	29	12	4	48	42	39	74
No. times plows dispatched	26	30	60	35	28	19	21	24	28	26

Source: Town of Scarborough various departments

Note:

FY2020 Street resurfacing miles include Gorham Road
FY2012 Scarborough Public Library Processed Passport Applications

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

Function:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Govt:										
Planning Vehicles	5	4	4	4	4	4	3	4	3	3
Technology Vehicles	3	3	3	4	4	4	3	3	3	3
Public Service:										
Community Services										
Vehicles	5	5	6	7	7	8	8	6	7	8
Parks	4	5	6	6	6	6	6	6	6	6
Public Safety:										
Police:										
Vehicles - Patrol Units	8	12	12	12	12	12	12	14	14	14
Vehicles - Patrol Motorcycles				2	2	2	2	2	2	2
Facilities	1	1	1	1	1	1	1	1	1	1
Fire:										
Vehicles - Response Trucks	10	11	12	12	12	12	12	12	12	13
Marine	2	2	2	2	2	2	2	2	2	4
Facilities	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)	121.92	175.56	174.20	174.92	175.44	175.44	176.80	176.80	177.20	179.08
Streets Lights										1,100.00
Traffic Signals	35	35	37	37	43	43	43	43	43	43
Generators	10	10	10	10	10	11	11	11	11	12
Education:										
Vehicles - Buses	29	28	26	28	29	26	26	29	30	29
Facilities	6	6	6	6	6	6	6	6	6	6

Source: Town of Scarborough various departments

Table 23

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government:										
Full time	37	35	34	32	35	36	37	39	42	39
Part Time	55	57	61	52	64	14	23	12	14	34
Public Services:										
Full time	23	15	15	15	15	15	17	16	13	14
Part Time	146	148	160	139	125	123	156	150	102	53
Public Safety:										
Police										
Full time	52	53	55	53	53	55	67	61	60	61
Part Time	38	28	30	33	28	36	39	36	28	28
Fire										
Full time	5	5	5	8	8	8	9	9	9	6
Part Time	150	153	151	150	160	169	146	154	149	113
Rescue										
Full time	20	20	20	21	23	24	24	24	24	29
Part Time	11	11	10	0	0	0	0	0	0	0
Public Works:										
Full time	31	31	31	31	32	32	36	34	32	29
Part Time	1	1	3	1	1	2	5	8	7	6
Education:										
Full time	460	452	449	443	494	462	507	506	469	535
Part Time	262	302	296	246	327	323	274	307	347	198
Total:	1291	1311	1320	1224	1365	1299	1340	1356	1296	1145

Source: Town of Scarborough

Comments:

As of 2014, Fire/Rescue Part Time are all cross trained.

As of 2016, General Govt part-time count does not include Voter Reg Clerks

Table 24

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

Division	Department	Function	Division	Department	Function
General Government:	Legislative	Town Council	Public Works:	Public Works:	Road/Highway Maintenance
	Administration:	Executive			Vehicle Maintenance
		Assistant Town Manager			Stock Room
		Purchasing			Traffic Signals
		Town Clerk			Engineering/GIS
		Elections			Solid Waste
		Human Resources			Water Charges
		Legal			Street Lighting
		Municipal Insurance			Cemetery Care
		Municipal Building			Memorials
		Oak Hill Prof. Bldg.	Education:		Shade Trees
		Public Information			
	Finance:	Accounting			Primary
		Tax/Treasury			Elementary
		Assessing			Secondary
	Planning:	Planning			Instruction Improvement
		Engineering			Food Services
		Technical Division			Special Services
		Code Enforcement			General & Special Administration
		Zoning & Planning Boards			Board of Education
	Information Syst.				Office of the Superintendent
Public Service:	Community Serv:	Administration			Business Administration
		Recreation			Transportation
		Intergeneration			Operation & Maintenance of Plant
		Grounds Maintenance			Debt Service
		Beach Care			
	Public Assistance	Welfare/Health Assistance			
	Economic Develop.				
	Library				
Public Safety:	Fire:	Fire Suppression			
		Fire Prevention			
		Rescue			
		Emergency Preparedness			
	Police:	Patrol			
		Dispatch			
		Marine Resources			
		Animal Control			
		Social Services Navigator			
Source: Town of Scarborough					

APPENDIX B

PROPOSED FORM OF LEGAL OPINION

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**Bernstein, Shur,
Sawyer & Nelson, P.A.**
100 Middle Street
PO Box 9729
Portland, ME 04104-5029

T (207) 774 - 1200
F (207) 774 - 1127

[DATED]

[PURCHASER]

We have examined the law and certified proceedings submitted in connection with the issuance and sale of the \$4,305,000* aggregate principal amount of 2021 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 September 1, 2021.* Principal of the Bonds will be payable on November 1* of the years in which the Bonds mature and in the principal amounts as set forth below. The Bonds will bear interest from their date, payable semi-annually on November 1* and May 1* in each year, until maturity, or redemption prior to maturity commencing on November 1, 2021, at the respective rates per annum, as follows:

<u>Year of Maturity</u>	<u>Amount^(*)</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Amount^(*)</u>	<u>Interest Rate</u>
2022	\$415,000		2027	\$355,000	
2023	410,000		2028	355,000	
2024	410,000		2029	355,000	
2025	410,000		2030	355,000	
2026	410,000		2031	355,000	

\$475,000^(*) _____ % Term Bond due November 1, 2041, @ _____ to Yield _____ %

* Preliminary, subject to change.

Bonds maturing on and before November 1, 2031 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after November 1, 2032 are subject to redemption prior to their stated dates of maturity, at the option of the Issuer, on and after November 1, 2031, 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, 2041 is subject to mandatory redemption by the Issuer 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>Term Bond due 2041</u>			
<u>Year</u>	<u>Amount^(*)</u>	<u>Year</u>	<u>Amount^(*)</u>
2032	\$75,000	2037	\$20,000
3033	75,000	2038	20,000
2034	75,000	2039	20,000
2035	75,000	2040	20,000
2036	75,000	2041 ^(†)	20,000

NOTE: ^(†) Year of final maturity.

^(*) Preliminary, subject to change.

The Bonds will be issued in fully registered form without coupons and, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company (“DTC”), an automated depository for securities and clearinghouse for securities transactions. Purchases of the Bonds will be made in book-entry form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. The Bonds are lettered R and shall be numbered from one (1) upwards.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Noncompliance with such requirements may cause interest on the Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs. The Issuer, in executing its certificates and documents, has certified to the effect that the Issuer will comply with the provisions and procedures set forth therein and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for purposes of federal income tax, be excluded from the gross income of the owners

thereof. In rendering this opinion, we have assumed that the Issuer will comply with the provisions and procedures set forth in its certificates and documents.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer has been duly created and validly exists as a public municipal corporation under and pursuant to the laws of the State of Maine.
2. The Issuer is duly authorized to issue the Bonds which have been duly and validly authorized and issued in accordance with law and constitute valid general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied, subject to certain procedural limitations under Section 5721-A of the Maine Revised Statutes as amended and supplemented to date, without limit as to rate or amount upon all the property located within the territorial limits of the Issuer and taxable by it, except to any extent that the Issuer may enter into an agreement under Title 30-A, Chapter 223, Subchapter V, of the Maine Revised Statutes, as amended, to share any portion of its assessed valuation with another municipality and except to the extent that the Issuer may establish municipal development districts or affordable housing districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the tax increment revenues on retained captured assessed values of which may not be available for payment of debt service on the Bonds.
3. Under existing statutes and court decisions interest on the Bonds is excluded from gross income for federal income tax purposes, is exempt from taxation within the State of Maine under existing law, and is not a specific preference item for purposes of the federal alternative minimum tax. Such interest will, however, be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the alternative minimum tax and the foreign branch profits tax. The opinions set forth in this paragraph 3 are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal or state tax consequences arising with respect to the Bonds.
4. The Bonds will constitute "qualified tax-exempt obligations" under Section 265(b) of the Code.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined an executed Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

APPENDIX C

**PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT**

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**TOWN OF SCARBOROUGH, MAINE
PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the Town of Scarborough, Maine (the "Issuer") of its \$3,725,000 2021 General Obligation Bonds, dated as of September 1, 2021 (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 August 17, 2021 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 or (c) is the Holder.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

"Holders" shall mean the registered Holders of the Bonds, as recorded in the registration books of the Registrar.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005.

"State" shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2020, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings "TOWN FINANCES,"

“INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements; however, if audited financial statements are not available by the required time, the Issuer will provide audited financial statements when they 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.

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) unless otherwise required by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of Holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in this subparagraph (12), 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.);
- (13) 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, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, material;
- (15) Incurrence of a Financial Obligation of the Issuer 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 the Holders, if material; and

- (16) 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.

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. The Issuer hereby agrees that all documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.
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 events as set forth in Section 2 in accordance with the Rule.
7. The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The

name, address and telephone number of the initial contact person is: Gina M. Clukey, Treasurer, Town of Scarborough, 259 U.S. Route 1 (04074), PO Box 360, Scarborough, ME 04070-0360; Telephone: (207) 730-4088.

Dated: _____, 20__

TOWN OF SCARBOROUGH,
MAINE

By: _____
Its Treasurer