



In the opinion of Bernstein Shur Sawyer & Nelson, P.A., of Portland, Maine, Bond Counsel ("Bond Counsel"), and assuming continuing compliance with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code") and 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 Code. In addition, such interest is not an item of tax preference for purposes of calculating the alternative minimum tax under the Code; however, for tax years beginning after December 31, 2023, such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of 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, interest paid on the Bonds is exempt from taxation within the State of Maine (the "State"). **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
\$9,034,000
2023 GENERAL OBLIGATION BONDS
Dated: Date of Delivery
Due: November 1, as shown below

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2024	\$819,000	5.00%	3.45	2032	\$670,000	4.00%	3.18
2025	815,000	5.00	3.34	3033	670,000	5.00	3.20
2026	815,000	5.00	3.22	2034	310,000	5.00	3.28 ^(*)
2027	805,000	5.00	3.16	2035	310,000	5.00	3.40 ^(*)
2028	805,000	5.00	3.13	2036	310,000	5.00	3.53 ^(*)
2029	670,000	5.00	3.13	2037	310,000	5.00	3.65 ^(*)
2030	670,000	5.00	3.12	3038	310,000	4.00	4.05
2031	670,000	5.00	3.14				

\$75,000^(†) 4.25% Term Bond due November 1, 2043, @ 98.667 to Yield 4.35%

The Town of Scarborough, Maine 2023 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, and with one denomination of \$4,000 that will mature in 2024. 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 Trust Company, National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on May 1, 2024 and semi-annually on each November 1 or May 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 (collectively, "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—PROPERTY TAXATION - 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 Finance Director 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, 2033 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after November 1, 2034 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2033 as more fully set forth herein (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" 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 in New York City, New York on or about October 5, 2023.

BAIRD

NOTE: ^(*) Priced at the stated yield to the October 15, 2033 optional redemption date at a redemption price of 100%.

^(†) 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 Finance Director 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 Finance Director 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 Finance Director 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.

Norman E. Kildow
Finance Director
Town of Scarborough, Maine

**OFFICIAL STATEMENT
TOWN OF SCARBOROUGH, MAINE
\$9,034,000
2023 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 2023 General Obligation Bonds (the “Bonds”).

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be issued only as fully-registered bonds without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000 or any integral multiple thereof, and with one denomination of \$4,000 that will mature in 2024. 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 May 1, 2024, and semi-annually thereafter on November 1 or May 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 October 5 2023. 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>
\$819,000	2024	806075T49	\$670,000	2032	806075U47
815,000	2025	806075T56	670,000	2033	806075U54
815,000	2026	806075T64	310,000	2034	806075U62
805,000	2027	806075T72	310,000	2035	806075U70
805,000	2028	806075T80	310,000	2036	806075U88
670,000	2029	806075T98	310,000	2037	806075U96
670,000	2030	806075U21	310,000	2038	806075V20
670,000	2031	806075U39			

\$75,000^(†) Term Bond due November 1, 2043 (CUSIP: 806075V38)

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 Trust Company, 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, 2033 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after November 1, 2034 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2033, 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, 2043 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 2043</u>	
<u>Year</u>	<u>Amount</u>
2039	\$15,000
2040	15,000
2041	15,000
2042	15,000
2043 ^(†)	15,000

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 his or her address as the same shall last appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondholder actually receives notice. The failure of the Town to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner.

Each notice of redemption shall specify the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed.

The Town shall notify the Securities Depository (see "THE BONDS - BOOK-ENTRY-ONLY SYSTEM" herein) in the same manner as the Bondholders, with a request that the Securities Depository notify its Participants who in turn notify the beneficial owners of such Bonds. Any failure on the part of the Securities Depository, or failure on the part of a nominee of a Beneficial Owner (having received notice from the Town, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption of such Bond.

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

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

Cancellation

All Bonds 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.

Bond Orders adopted by the Town Council at its meetings listed below, ratified the approval to issue the Bonds to provide funds to finance the projects (the "Projects", listed below). The 20-day Section 901.5 override period expired on September 5, 2023.

<u>Order #</u>	<u>First Reading</u>	<u>Second Reading</u>	<u>Amount to Bond</u>
19-060	8/28/2019	9/4/2019	\$340,000
20-033	3/4/2020	4/1/2020	14,339
21-052	6/2/2021	6/16/2021	163,761
23-082	7/19/2023	8/16/2023	9,116,463
			<u>\$9,634,563</u>

The Projects, by Years to Bond

<u>CIP Year and Unit</u>	<u>Project</u>	<u>Amount to Bond</u>	<u>Order Number</u>	<u>Years to Bond</u>
2023 School	New Tech Equip.	\$27,708	23-082	3
2024 Muni	FD Replace Turnout Gear	150,000	23-082	5
2019 School	DW tech refresh	9,830	21-052	5
2021 School	EC Modular Classrooms	49,970	21-052	5
2021 School	Facilities Support Equip.	32,065	21-052	5
2021 School	PH Modular Classrooms	8,229	21-052	5
2022 School	Furnishings Replace & Renew	103,752	23-082	5
2023 School	District-wide Equip./Infrastructure	211,088	23-082	5
2023 School	Implement Bus Tracking Software	98,681	23-082	5
2022 Muni	FD Replace '96 Fire Engine	695,000	23-082	10
2022 Muni	PW Street Sweeper	237,008	23-082	10
2022 Muni	PW Plow Truck	235,177	23-082	10
2022 Muni	PW Sidewalk Machine	174,817	23-082	10
2023 Muni	PW Front End Loader/Plow	286,808	23-082	10
2023 Muni	PW Loader/Backhoe	155,533	23-082	10
2023 Muni	PW Sidewalk Machine	150,000	23-082	10
2023 Muni	PW Plow Truck	111,405	23-082	10
2024 Muni	PW Excavator	235,000	23-082	10
2024 Muni	FD Portable Radio Replace.	100,000	23-082	10
2019 School	Kitchen Equip	14,339	20-033	10
2021 School	Furnishings Replace & Renew	50,000	21-052	10
2021 School	Outfit New Classroom Spaces	13,667	21-052	10
2022 School	HS STEM Lab Retrofit	359,535	23-082	10
2022 School	School Bus	359,100	23-082	10
2023 School	School Buses	407,950	23-082	10
2023 School	District-Wide Energy Improve.	54,253	23-082	10
2022 Muni	PW Gorham Rd - Phase III	1,930,098	23-082	15
2023 Muni	PW Mid-Level Paving	652,549	23-082	15
2023 Muni	Black Point Road Paving	265,000	23-082	15
2023 Muni	PW Shop Floor Resurfacing	252,910	23-082	15
2024 Muni	PW Mid-level Paving	919,800	23-082	15
2024 Muni	FD Major Station Maint.	100,000	23-082	15
2024 Muni	PL Planning Office Renov.	65,000	23-082	15
2022 School	Turf field and Track Replace.	778,291	23-082	15
2020 Muni	Libby Property	200,000	19-060	20
2020 Muni	91 Burnham Road	140,000	19-060	20
		\$9,634,563 ^(*)		

NOTE: ^(*) Par amount of Bonds, plus allocable net Original Issue Premium in the amount of \$600,000, provided Issue Proceeds to finance the Projects.

Amortization of the Projects

Due Nov. 1,	3 Yrs School	5 Yrs Muni	School	10 Yrs Muni	School	15 Yrs Muni	School	20 Yrs Muni	Totals
2024	\$8,806	\$28,603	\$97,940	\$226,935	\$120,023	\$270,060	\$49,471	\$17,162	\$819,000
2025	8,804	28,596	97,917	226,884	119,996	266,187	49,459	17,158	815,000
2026	8,804	28,596	97,917	226,884	119,996	266,187	49,459	17,158	815,000
2027		28,580	97,860	226,752	119,926	265,304	49,430	17,148	805,000
2028		28,580	97,860	226,752	119,925	265,305	49,430	17,148	805,000
2029				224,609	118,792	260,651	48,963	16,986	670,000
2030				224,609	118,792	260,651	48,963	16,986	670,000
2031				224,609	118,792	260,651	48,963	16,986	670,000
2032				224,609	118,792	260,651	48,963	16,986	670,000
2033				224,609	118,792	260,651	48,963	16,986	670,000
2034						248,987	45,956	15,057	310,000
2035						248,987	45,956	15,057	310,000
2036						248,987	45,956	15,057	310,000
2037						248,987	45,956	15,057	310,000
2038						248,987	45,956	15,057	310,000
2039								15,000	15,000
2040								15,000	15,000
2041								15,000	15,000
2042								15,000	15,000
2043								15,000	15,000
Bonds	26,414	142,956	489,495	2,257,249	1,193,825	3,881,230	721,843	320,989	9,034,000
Premium^(*)	<u>1,294</u>	<u>7,044</u>	<u>24,120</u>	<u>122,936</u>	<u>65,019</u>	<u>304,127</u>	<u>56,448</u>	<u>19,011</u>	<u>600,000</u>
Issue	\$27,708	\$150,000	\$513,615	\$2,380,185	\$1,258,844	\$4,185,357	\$778,291	\$340,000	\$9,634,000

NOTE: (*) Indicates use of Allocable Bid Premium. Does not include Bid Premium used for Costs of Issuance.

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 Finance Director 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 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 Bernstein Shur Sawyer & Nelson, P.A., Bond Counsel (“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 purposes of federal income taxation pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference under the Code; however, for tax years beginning after December 31, 2023, such interest will be taken into account in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of 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 may be sold at an issue price that is less than the stated redemption price of such Bonds at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) (the “Discount Bonds”). 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 Bernstein Shur Sawyer & Nelson, P.A., of Portland, Maine (see the form of opinion in 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, but that for tax years beginning after December 31, 2023, such interest will be taken into account included in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 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

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances,

in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners. The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

RATINGS

The Bonds are rated "Aa3" by Moody's Investors Service ("Moody's") and "AA+" by S&P Global Ratings ("S&P"). The Town has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently. Except as set forth in the Continuing Disclosure Agreement set forth in APPENDIX C and referred to under "THE BONDS – CONTINUING DISCLOSURE" herein, the Town has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in, or withdrawal of, any rating of the Bonds or to oppose any such change or withdrawal.

CONTINUING DISCLOSURE

In order to assist the underwriter of the Bonds in complying with the Securities and Exchange Commission's ("SEC") Rule 15c2-12 (the "Rule"), the Town will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, if material. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA"). The covenants will be contained in a "Continuing Disclosure Agreement" (the "Agreement"; or "CDA"), the proposed form of which is provided in APPENDIX C. The Agreement will be executed by the Finance Director of the Town, and incorporated by reference in the Bonds. Except for the discussions 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>
2022	06/01/2023	336
2021	03/31/2022	274
2020	04/14/2021	288
2019	01/31/2020	215
2018	01/31/2019 ⁽¹⁾	215

NOTE: ⁽¹⁾ Modified February 4, 2019.

Operating Data	Date	Days after
<u>FY ended June 30,</u>	<u>Filed</u>	<u>Fiscal Period end</u>
2022	by 10/03/2023	460
2021	08/18/2021	49
2020	07/09/2020	9
2019	06/07/2019	<270 days
2018	02/06/2018	<270 days

The 2020, 2021 and 2022 Financial Filings

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”*

Similar delays from the Town’s audit firms were experienced as shown below:

<u>Financial Statements</u> <u>FY ended June 30,</u>	<u>Audit Received</u> <u>by the Town</u>	<u>Date</u> <u>Filed on EMMA</u>
2022	05/31/2023	06/01/2023
2021	03/31/2022	03/31/2022
2020	04/13/2021	04/14/2021

A Voluntary Filing of the Town was posted August 24, 2023 providing the above explanations.

Operating Data Filings

The Town historically sells its bonds to finance its annual CIP (as defined herein) in May through June of each year and posts its Official Statement each year to satisfy its CDA requirement to post Operating Data. These filings typically occur < 270 days after the end of each fiscal year, respectively. However, a staff shortage, exacerbated by the sudden illness of the Finance Director, negated an issuance in 2022, thus an Official Statement was not published in 2022. The Official Statement for the Bonds of the 2023 financing is expected to be posted on or before the sale date + 10 business days, or October 3, 2023 to satisfy the Operating Data postings for the fiscal year ended June 30, 2022 and 2023.

A Late Filing of the Town was posted August 24, 2023 providing the above explanation and, with this filing, to direct users of EMMA to find annual Operating Data in the Official Statements section on EMMA.

Assurances of Future Compliance

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*”.

The Town has 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 Finance Director, 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

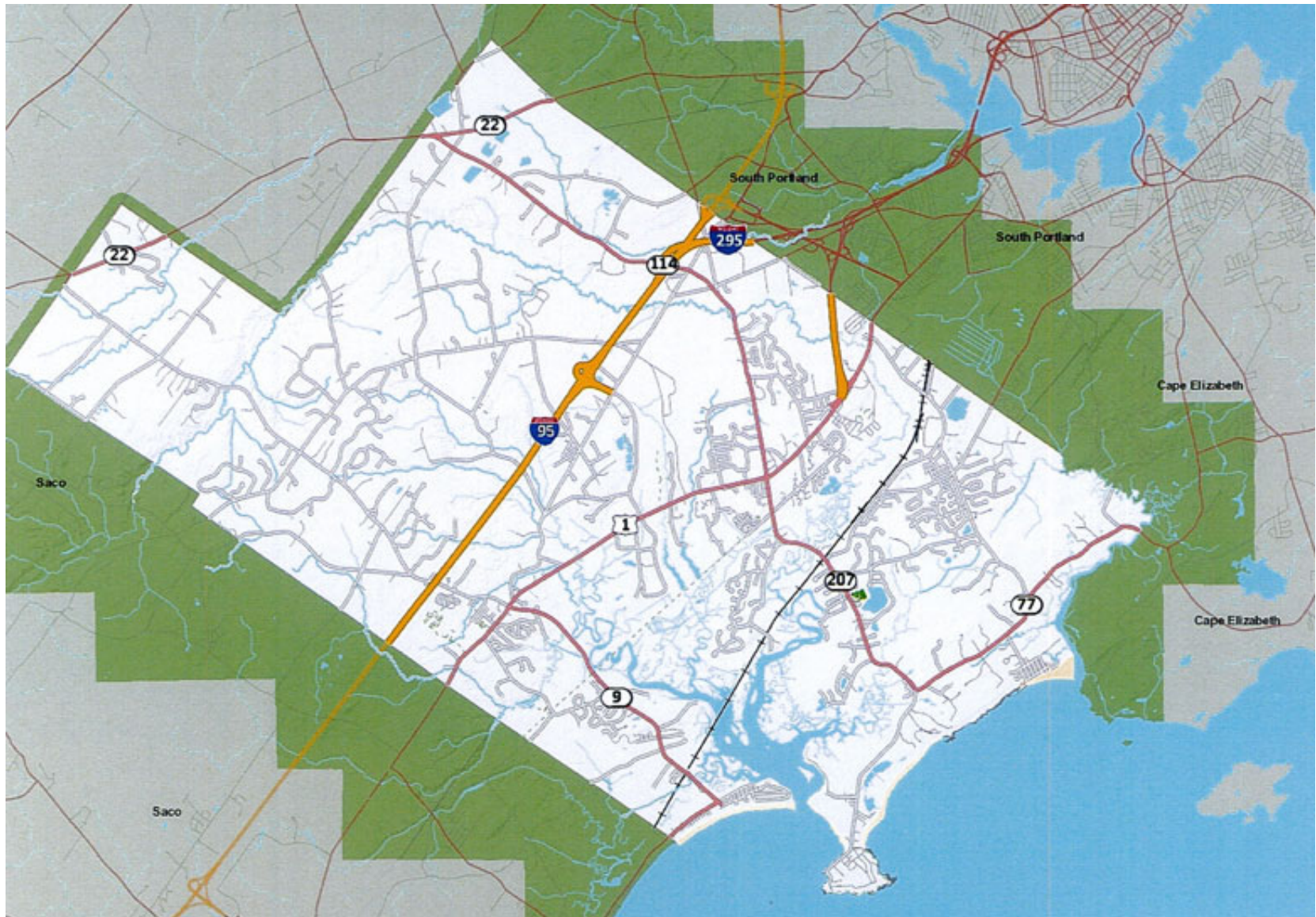
The Bonds will be certified as to their genuineness by U.S. Bank Trust Company, National Association, Boston, Massachusetts, which certificate will appear on the Bonds.

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 Finance Director to the effect that he has examined this Official Statement and the financial and other data contained therein and that, to the best of his 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, he has no reason to believe that such information is materially inaccurate or misleading.

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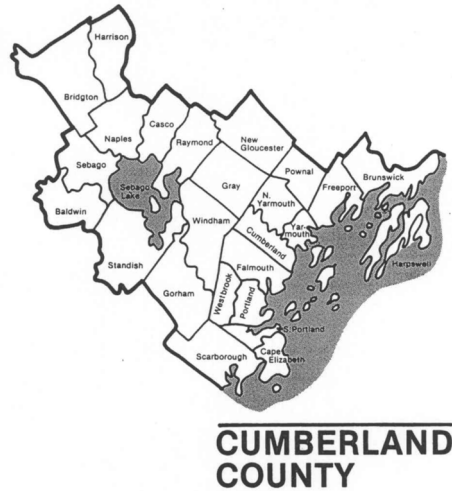
Map of the Town of Scarborough, Maine



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 8, 2022, effective December 1, 2022, (the “Charter”). The Charter provides for a *Council/Manager* form of government with a seven-member Town Council, elected at-large who serve for three-year staggered terms. The Charter grants to the Town Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the Town’s property, affairs and government; to preserve the public peace, health and safety; to establish personnel policies; to give effect to any vote of the Town authorizing the issuance of debt; and to provide for an annual audit of the Town’s accounts. Voter approval is required for a single capital improvement that requires the issuance of \$400,000 or more of debt. The Town Manager is the chief administrative officer of the Town.

MUNICIPAL SERVICES

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

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

Public Safety

The Police Department is staffed by employees which include a Police Chief, one Deputy Chief, two Lieutenants, seven Sergeants, four detectives, one Evidence Technician, one Community Resource Officer, two School Resource Officers, two Special Enforcement Officers, one Evidence Technician, 15 Patrol Officers, and two full-time civilian personnel. In addition, the Town employs a Marine Resource Officer/Harbor Master, one Social Services Manager, one Law Enforcement Diversion Case Manager. one

Animal Control Officer, 16 Dispatchers, and eight part-time Reserve Officers. The Department maintains 34 vehicles, which are in excellent repair.

The Scarborough Fire Department operates from a central public safety building and five neighborhood sub-stations. The department is led by a full-time Fire Chief, and three full-time Deputy Fire Chiefs. The department's personnel include two full-time Administrative Assistants, four career shift commanders (Captains), eight career Lieutenants, 24 career Firefighter/EMS providers and 91 per-diem and call firefighters. Through its Fire Department, the town operates seven Engines, two Aerial Ladder Trucks, three Advanced Life Support Ambulances, four Chief Officer Staff vehicles, three ancillary vehicles and three Marine Units.

In the spring of 2020, the Police Department and Fire Department moved into a new 53,000^{f2} 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. Projected landfill closure and post-closure care costs approximate \$17,442,939 at June 30, 2022, the most recent data available. The Town's proportionate share of these estimated landfill closure and post-closure care costs is 9.3%, or \$1,621,901. 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, 276 teachers and 315 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⁾	213
Eight Corners School	K-2	280 ⁽¹⁾	228
Pleasant Hill School	K-2	180 ⁽¹⁾	198
Wentworth School	3-5	800	675
Scarborough Middle	6-8	800 ⁽¹⁾	668
Scarborough High	9-12	1,200	906

NOTE: ⁽¹⁾ Includes Portable Classrooms. ⁽²⁾ "Current Year Pupils" October 1, 2022.

Enrollment Trends

Oct. 1	Grades					Attending Enrollment⁽¹⁾
	K-2	3-5	6-8	9-12	Tuition	
2022	639	675	668	906	0	2,888
2021	629	629	700	815	0	2,873
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

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 543 full-time and various part-time personnel, and approximately 872 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</u>
SPBA	Police	38	July 1, 2021	June 30, 2024
SPA	Dispatchers	15	July 1, 2021	June 30, 2024
SPA	Paramedics	36	July 1, 2021	June 30, 2024
Teamsters	Public Works Operations	15	July 1, 2021	June 30, 2024
SEA	Teachers & Professionals	329	Sept. 1, 2022	Aug. 31, 2025
SAA	School Administrators	11	July 1, 2022	June 30, 2024
SESPA	Education Support	149	July 1, 2021	June 30, 2024
SEA	School Custodians & Food Service	56	July 1, 2021	June 30, 2024
SEA	Bus Drivers	24	July 1, 2021	June 30, 2024

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.

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 80,300 items of print and physical audiovisual materials, plus 20,938 E-books, 9,698 audio and 1,749 video titles for available for downloading. The Library averages over 2,060 visitors per week. Circulation for fiscal year 2023 included approximately 167,100 physical items. A Library Director oversees a staff of seven other full-time and 13 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.



Commuter Trends

<u>Scarborough Workers Live In</u>	<u>Commuters to Scarborough</u>		<u>Scarborough Residents Work In</u>	<u>Scarborough Workers</u>	
Scarborough	2,856	19.69%	Portland	3,088	31.05%
Portland	1,679	11.58%	Scarborough	2,856	28.72%
South Portland	1,479	10.20%	South Portland	1,640	16.49%
Saco	1,027	7.08%	Westbrook	589	5.92%
Westbrook	653	4.50%	Saco	207	2.08%
Biddeford	616	4.25%	Biddeford	179	1.80%
Gorham	605	4.17%	Falmouth	173	1.74%
Old Orchard Beach	433	2.99%	Cape Elizabeth	148	1.49%
Buxton	416	2.87%	Freeport	108	1.09%
Windham	399	2.75%	Gorham	104	1.05%
Falmouth	395	2.72%	Brunswick	69	0.69%
Cape Elizabeth	355	2.45%	Kennebunk	49	0.49%
Cumberland	290	2.00%	Windham	44	0.44%
Standish	185	1.28%	Somersworth NH	42	0.42%
Gray	143	0.99%	Buxton	38	0.38%
Waterboro	135	0.93%	Old Orchard Beach	37	0.37%
Kennebunk	131	0.90%	Dover NH	35	0.35%
Brunswick	123	0.85%	Augusta	34	0.34%
Limington	123	0.85%	Kittery	33	0.33%
Sanford	122	0.84%	Canton MA	33	0.33%
Arundel	120	0.83%	Sanford	30	0.30%
Hollis	118	0.81%	Boston MA	29	0.29%
Lyman	109	0.75%	New Gloucester	27	0.27%
Auburn	106	0.73%	Lewiston	25	0.25%
Raymond	91	0.63%	Yarmouth	25	0.25%
Lewiston	76	0.52%	Waltham MA	24	0.24%
New Gloucester	74	0.51%	Newington NH	24	0.24%
Yarmouth	73	0.50%	Casco	22	0.22%
Lisbon	70	0.48%	North Hampton NH	21	0.21%
Freeport	70	0.48%	South Berwick	19	0.19%
Casco	65	0.45%	Manchester NH	19	0.19%
North Yarmouth	65	0.45%	Bucksport	18	0.18%
Durham	61	0.42%	Lawrence MA	18	0.18%
Limerick	60	0.41%	Alfred	17	0.17%
Sebago	57	0.39%	Portsmouth NH	17	0.17%
Dayton	50	0.34%	Cumberland	15	0.15%
Baldwin	48	0.33%	Standish	15	0.15%
Hiram	48	0.33%	Gray	12	0.12%
Turner	43	0.30%	E C'tl Franklin UT	12	0.12%
Bath	41	0.28%	Waterboro	12	0.12%
Poland	36	0.25%	Nashua NH	10	0.10%
All Other	<u>858</u>	<u>5.92%</u>	All Other	<u>29</u>	<u>0.29%</u>
Total	14,504	100.00%	Total	9,946	100.00%

SOURCE: U.S. Department of Commerce, Bureau of Census - Tables 3 & 4. Residence MCD/County to Workplace MCD/County Commuting Flows for the United States: 5-Year ACS, 2011-2015, the latest information available.

<u>Representative Larger Employers</u>	<u>Type of Business</u>	<u>Approximate Employees</u>	<u>% All Town Employees</u>
Town of Scarborough	Municipal Government	1,309	8.0%
Hannaford Bros.	Supermarket - Corp Office	1,108	6.8%
Maine Med Center	Health Care	525	3.2%
US Postal Service	USPO Distribution Center	444	2.7%
NorDX	Clinical Laboratory	293	1.8%
Cabel's	Sporting Goods	275	1.7%
Wal-Mart	Retail Department Store	250	1.5%
Shaw's	Grocery	215	1.3%
Sam's Club	Wholesale Items	200	1.2%
Piper Shores	Nursing Home	192	1.2%

Retail Trade

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

	<u>Business/ Operating</u>	<u>Building Supply</u>	<u>Food Store</u>	<u>General Mdse.</u>	<u>Other Retail</u>	<u>Auto/ Transp.</u>	<u>Rest. & Lodging</u>	<u>Group Total</u>	<u>Consumer Sales</u>
2022	86,372.7	90,761.1	57,375.1	275,772.2	61,351.3	103,347.5	108,806.6	783,786.4	697,413.8
2021	83,507.0	89,409.3	51,597.3	253,044.2	102,481.0	73,426.6	96,681.3	750,146.7	666,639.7
2020	64,891.0	84,565.5	48,137.8	205,042.5	88,342.3	61,154.4	67,455.1	619,588.6	554,697.6
2019	70,311.3	64,808.7	51,170.3	228,822.2	83,289.5	53,650.9	89,580.0	641,632.8	571,321.5
2018	65,328.4	61,246.3	47,007.8	226,677.0	83,210.1	47,568.6	89,136.7	620,175.0	554,846.6
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

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

Building Permits

<u>Year Ended Dec. 31,</u>	<u>Commercial (\$/000)</u>				<u>Residential (\$/000)</u>				<u>Total (\$/000)</u>	
	<u>New Construction</u>		<u>Alterations</u>		<u>New Construction</u>		<u>Alterations</u>		<u>Permits</u>	<u>Cost</u>
	<u>Permits</u>	<u>Cost</u>	<u>Permits</u>	<u>Cost</u>	<u>Permits</u>	<u>Cost</u>	<u>Permits</u>	<u>Cost</u>		
2022	9	\$204,953	60	\$317,806	92	\$259,246	562	\$259,053	723	\$1,041,057
2021	16	131,480	88	60,650	146	364,026	601	219,400	851	775,555
2020	9	110,432	74	119,607	82	175,566	552	150,326	717	555,932
2019	11	62,648	70	65,998	129	242,474	562	144,011	772	515,132
2018	6	15,777	78	55,096	90	250,870	617	173,854	791	495,597
2017	9	23,371	84	133,193	93	197,174	576	128,000	762	481,738
2016	13	27,255	93	128,168	92	136,711	508	113,253	706	405,386
2015	5	82,997	82	68,360	100	157,613	535	140,198	722	449,168
2014	4	13,968	69	50,567	70	128,536	412	100,197	555	293,269
2013	4	24,397	80	29,681	77	121,727	407	104,750	568	280,555

ECONOMIC CHARACTERISTICS

Population	Town of <u>Scarborough</u>	<u>% Change Since Last Census</u>		
		<u>Town</u>	<u>State</u>	<u>USA</u>
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
2020	22,562	19.3	1.2	6.3

Population Characteristics	<u>Town of Scarborough</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
Median age (years)	47.7	42.2	44.7	38.1
% under 5 years	3.9%	4.7%	4.7%	6.0%
% under 18 years	19.4%	18.3%	18.5%	22.3%
% 65 and over	20.7%	19.0%	21.2%	16.5%
Persons/household	2.39	2.35	2.32	2.62

Income	<u>Town of Scarborough</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
Median household income	\$102,742	\$76,014	\$59,489	\$64,994
Per capita income	\$52,133	\$41,822	\$33,774	\$35,384
% below poverty level	2.8%	8.6%	10.6%	11.4%

Housing	<u>Town of Scarborough</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
% owner occupied	80.4%	69.3%	72.3%	64.0%
Owner occupied med. value	\$376,100	\$288,800	\$198,000	\$229,800
Median gross rent	\$1,399	\$1,193	\$873	\$1,096
Households	8,462	123,384	569,551	122,354,219

SOURCE: 2020 Census, U.S. Department of Commerce, Bureau of the Census.

Unemployment	<u>Town of Scarborough</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
2022	2.3%	2.4%	3.0%	3.6%
2021	4.8	4.0	5.5	4.6
2020	2.4	5.3	5.4	8.1
2019	2.6	2.4	3.0	3.7
2018	2.3	2.7	3.4	3.9
2017	2.7	2.5	3.3	4.4
2016	3.0	2.9	3.9	4.9
2015	3.9	3.4	4.4	5.3
2014	4.7	4.4	5.7	6.2
2013	6.7	5.3	6.7	7.4

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

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>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
EXPENDITURES					
General government	\$6,437,501	\$6,745,882	\$7,548,149	\$8,045,114	\$8,417,452
Public services	5,002,102	4,833,533	5,793,057	4,531,493	5,188,050
Public safety	12,676,491	12,855,774	13,778,499	14,558,468	15,507,676
Public works	6,896,283	6,882,168	7,413,005	7,724,242	8,806,144
Education	51,629,304	53,505,801	55,862,654	58,985,856	62,235,290
County Tax	2,956,659	3,188,519	3,081,933	3,119,411	3,481,081
Debt service	6,145,997	6,482,918	6,482,918	6,733,651	5,061,028
CIP	<u>2,311,867</u>	<u>1,540,000</u>	<u>1,540,000</u>	<u>3,285,713</u>	<u>2,256,100</u>
TOTAL EXPENDITURES	94,056,204	96,034,595	101,500,215	106,983,948	110,952,821
REVENUES					
Taxes	74,862,952	75,719,837	78,720,352	80,466,622	84,001,163
Licenses and permits	824,255	927,695	1,059,900	1,064,590	1,109,200
Intergovernmental	7,563,377	8,432,124	11,442,460	12,184,587	11,274,811
Interest earned	165,000	100,000	125,000	100,000	200,000
Other	<u>6,761,482</u>	<u>6,984,332</u>	<u>6,941,527</u>	<u>6,655,191</u>	<u>3,804,067</u>
TOTAL REVENUES	90,177,066	92,163,988	98,289,239	100,470,990	100,389,241
OTHER SOURCES					
Operating transfers	1,871,820	1,056,112	992,870	3,544,925	3,265,000
Prior year fund balance	657,643	1,427,527	(59,950)	1,500,000	1,500,000
Overlay	(298,892)	(446,823)	492,729	333,958	250,000
Bond and note proceeds	<u>1,648,567</u>	<u>1,833,791</u>	<u>1,785,327</u>	<u>1,134,075</u>	<u>5,548,580</u>
TOTAL OTHER	3,879,138	3,870,607	3,210,976	6,512,958	10,563,580
TOTAL BUDGET	<u>\$94,056,204</u>	<u>\$96,034,595</u>	<u>\$101,500,215</u>	<u>\$106,983,948</u>	<u>\$110,952,821</u>

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>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
State Personal Income Factor:	2.77%	2.89%	3.30%	3.78%	4.31%
Town Prop Growth Factor:	<u>5.65%</u>	<u>14.57%</u>	<u>0.65%</u>	<u>2.44%</u>	<u>2.86%</u>
Growth Limitation Factor:	8.42%	17.46%	3.95%	6.22%	7.17%
Property Tax Levy Limit:	\$19,993,224	\$23,483,591	\$22,914,573	\$24,339,508	\$25,815,327
Property Tax Levy:	<u>17,053,076</u>	<u>16,288,052</u>	<u>17,179,052</u>	<u>17,114,796</u>	<u>18,305,624</u>
Over/(below) Levy Limit:	(\$2,940,148)	(\$7,195,539)	(\$5,735,521)	(\$7,224,712)	(\$7,509,703)

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 afore mention 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> (103.0 - Financial Policies).

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⁽¹⁾

Fiscal Year Ended June 30,					
	2019	2020	2021	2022	2023
Committed, Assigned & Unassigned					
General Fund Balance (Current Year)	\$11,127,667	\$11,472,538	\$11,908,600	\$13,276,040	\$13,974,861
Total Revenues (Current Year)	90,776,202	91,249,323	98,215,569	101,219,514	107,663,589
Fund Balance as % Revenues	12.26%	12.57%	12.12%	13.12%	12.98%
Assigned & Unassigned General Fund					
Balance	\$10,686,568	\$11,017,626	\$10,330,000	\$11,678,836	\$13,603,603
Total Revenues (Current Year)	90,776,202	91,249,323	98,215,569	101,219,514	107,663,589
Fund Balance as % Revenues	11.77%	12.07%	10.52%	11.54%	12.64%

Fund Balance as % Budgeted Expenses⁽¹⁾

Fiscal Year Ended June 30,					
	2019	2020	2021	2022	2023
Unassigned General Fund Balance	\$8,211,7600	\$7,701,960	\$7,453,447	\$9,933,328	\$10,828,095
Budgeted Expenses (Prior Year)	83,673,671	88,086,163	94,056,204	98,931,048	106,964,768
Fund Balance as % Prior Year Exp.	9.81%	8.74%	7.92%	10.04%	10.12%

NOTE: ⁽¹⁾ Fiscal year ended June 30, 2023 information is as yet unaudited.

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 Marcum LLP of Providence, Rhode Island ("Marcum") for this review.

The Town's fiscal year 2022 Annual Financial Report, audited by Marcum is presented as APPENDIX A to this Official Statement. The Town has not requested the consent of Marcum 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, 2021. This is the 17th 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, 2022 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,)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS					
Cash and cash equivalents	\$16,593,480	\$9,112,852	\$13,512,531	\$12,497,354	\$13,948,390
Investments	8,208,442	11,222,583	4,801,230	8,113,153	3,962,077
Receivables:					
Accounts receivable	575,295	255,257	772,091	707,972	711,768
Intergovernmental	422,726	431,856	262,259	280,454	297,184
Taxes receivable	292,452	274,242	257,139	230,667	183,262
Tax liens	536,866	662,181	891,262	891,116	753,888
Inter-fund receivable	3,864,203	5,528,184	4,315,524	2,459,044	2,766,235
Tax acquired property	7,231	7,231	7,231	7,231	7,231
Inventory	15,379	28,774	31,401	27,679	28,179
Lease receivable	411,552	0	0	0	0
TOTAL ASSETS	<u>30,927,626</u>	<u>27,523,160</u>	<u>24,850,668</u>	<u>25,214,670</u>	<u>22,658,214</u>
LIABILITIES					
Accounts payable	4,219,219	4,026,495	2,900,504	4,582,112	2,568,884
Accrued wages	6,716,511	6,625,528	5,789,750	5,205,749	4,922,906
Accrued absences	0	214,202	91,517	153,640	213,160
Unearned revenues	81,851	68,835	68,367	52,947	344,492
TOTAL LIABILITIES	<u>11,017,581</u>	<u>10,935,060</u>	<u>8,850,138</u>	<u>9,994,448</u>	<u>8,049,442</u>
DEFERRED					
Unavailable property taxes	756,170	837,446	917,570	913,993	843,488
Unavailable lease	409,985	0	0	0	0
TOTAL DEFERRED	<u>1,166,155</u>	<u>837,446</u>	<u>917,570</u>	<u>913,993</u>	<u>843,488</u>
EQUITY					
Fund balances:					
Non-spendable	15,379	28,774	31,401	27,679	28,179
Restricted	5,452,471	4,972,431	3,579,021	3,150,883	3,480,798
Committed	567,204	548,600	454,912	441,099	393,512
Assigned	2,775,508	3,906,553	3,315,666	2,474,808	2,475,852
Unassigned	9,933,328	6,294,296	7,701,960	8,211,760	7,386,943
TOTAL EQUITY	<u>18,743,890</u>	<u>15,750,654</u>	<u>15,082,960</u>	<u>14,306,229</u>	<u>13,765,284</u>
TOTAL LIABILITIES AND EQUITY	<u>\$30,927,626</u>	<u>\$27,523,160</u>	<u>\$24,850,668</u>	<u>\$25,214,670</u>	<u>\$22,658,214</u>

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,)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES					
Taxes	\$78,871,472	\$76,592,633	\$74,339,669	\$72,029,379	\$68,206,268
Licenses and permits	1,228,531	1,066,965	865,962	864,305	939,441
Intergovernmental	15,453,547	14,461,955	12,809,980	10,990,668	9,160,919
Interest earned	2,628	177,290	171,724	286,272	133,021
Other	5,663,336	5,916,726	5,817,522	6,605,578	5,810,412
TOTAL REVENUES	<u>101,219,514</u>	<u>98,215,569</u>	<u>94,004,857</u>	<u>90,776,202</u>	<u>84,250,061</u>
EXPENDITURES					
General government	7,724,048	6,937,918	6,785,332	6,420,657	5,665,182
Public services	5,569,316	4,716,102	4,659,552	4,724,209	4,945,601
Public safety	13,169,023	12,586,754	12,101,459	11,578,527	11,220,717
Public works	7,079,988	6,479,704	6,322,048	7,006,492	6,749,774
Education	58,091,049	55,734,904	54,933,315	52,182,175	49,704,053
County tax	3,081,933	3,188,519	2,956,659	2,827,079	2,709,666
Debt service	6,361,083	6,671,686	6,228,805	5,599,113	4,873,855
Capital improvements	1,611,570	1,336,203	1,215,505	1,459,518	766,814
Other	0	4,254	185,852	0	(249)
TOTAL EXPENDITURES	<u>102,688,010</u>	<u>97,656,044</u>	<u>95,388,527</u>	<u>91,797,770</u>	<u>86,635,413</u>
EXCESS OF REVENUES OVER EXPENDITURES	(1,468,496)	559,525	(1,383,670)	(1,021,568)	(2,385,352)
OTHER FINANCING SOURCES:					
Operating transfers in	2,368,095	982,977	700,044	793,221	877,657
Operating transfers out	(850,841)	(874,808)	(291,102)	(344,527)	(290,540)
Refunding bonds	0	42,315,000			
Premium	651,252	5,659,676	602,694	423,393	606,146
Refunding escrow	0	(47,974,676)			
Bond or note proceeds	1,134,075	0	1,148,765	690,426	672,585
TOTAL OTHER FINANCING:	<u>3,302,581</u>	<u>108,169</u>	<u>2,160,401</u>	<u>1,562,513</u>	<u>1,865,848</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	1,834,085	667,694	776,731	540,945	(519,504)
FUND BALANCE, BEGINNING OF YEAR	<u>16,909,803</u>	<u>15,082,960</u>	<u>14,306,229</u>	<u>13,765,284</u>	<u>14,284,788</u>
FUND BALANCE, END OF YEAR	<u>\$18,743,888</u>	<u>\$15,750,654</u>	<u>\$15,082,960</u>	<u>\$14,306,229</u>	<u>\$13,765,284</u>

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 2023/2024 due dates will be October 16, 2023 and March 15, 2024. 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, at the rate of 8.0% per annum, 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 08/31/2022 ⁽¹⁾
2023	\$5,592,350	\$4,988,177	\$15.39	\$76,768	---- In Process ----		
2022	4,988,750	4,845,683	15.02	72,782	\$72,353	99.41%	99.42%
2021	4,807,600	4,727,231	14.86	70,247	69,709	99.23	99.78
2020	4,778,350	4,696,461	14.70	69,038	68,282	98.83	99.93
2019	4,313,600	4,012,293	16.49	66,163	65,495	98.96	99.95
2018	4,068,100	3,785,488	16.49	62,715	61,849	99.08	99.96
2017	3,899,350	3,776,363	15.92	59,855	59,602	99.14	99.97
2016	3,791,950	3,745,548	15.49	58,019	57,332	98.82	99.98
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	99.98

SOURCE: ⁽¹⁾ TOWN OF SCARBOROUGH, MAINE 2022 ACFR, Table 10, page 105.

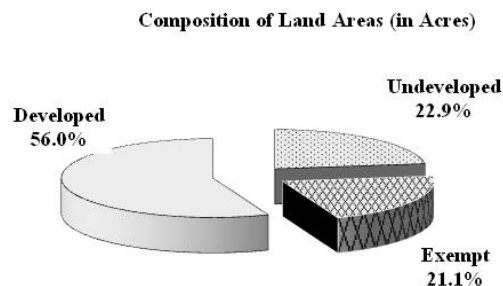
Largest Taxpayers

Taxpayer	Business	As of April 1, 2023				
		Real Estate	Personal Property	Assessed Total	Property Tax	% of Levy
Maine Life Care	Retirement Com	\$105,202,300	\$1,363,900	\$106,566,200	\$1,701,862	2.07%
Central Maine Power	Utility	51,492,000	60,100	51,552,100	823,287	1.00
Residences at Gateway	Real Estate	43,358,900	61,300	43,420,200	693,421	0.84
Hannaford Bros.	Corporate	27,838,400	11,043,700	38,882,100	620,947	0.76
IDEXX Distribution Inc.	Commercial	30,042,900	376,100	30,419,000	485,791	0.59
Wal-Mart/Sam's Club	Wholesale/Retail	20,465,200	2,232,500	22,697,700	362,482	0.44
New England Expedition	Retail/Restaurants	21,328,100	-	21,328,100	340,610	0.41
ABBOTT Diagnostics	Bioscience	19,081,600	1,675,700	20,757,300	331,494	0.40
Waterstone Scar. LLC	Shopping Center	17,904,400	-	17,904,400	285,933	0.35
Coach Lantern Apart. LLC	Real Estate	15,240,600	105,100	15,345,700	245,070	0.30
Top Ten Taxpayers and % of Total				\$368,872,800	\$5,890,897	7.17%

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.

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



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

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			Total From State
			Homestead Exemption	General Assist.	BETE	
2022	\$3,060,007	\$5,477,071	\$1,394,418	\$43,055	\$786,591	\$10,761,142
2021	1,839,811	4,032,961	1,335,625	78,010	604,540	7,890,947
2020	1,382,247	3,273,967	909,034	55,386	552,523	6,173,157
2019	912,219	2,744,404	973,151	2,652	774,383	5,406,809
2018	850,349	2,055,549	764,666	10,135	691,748	4,372,447

TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS

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

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

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

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, 2023 the Town’s equalized state valuation (“Equalized State Valuation” or “ESV”) was \$5,592,350,000. The 15% statutory debt limit is \$838,852,500; the Local debt limit is \$475,349,750. On June 30, 2022 the Town’s long-term debt was \$88,055,000 or 1.57% of the 2023 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, 2022 (audited) and projected for June 30, 2023 (unaudited) and for June 30, 2024 (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 6/30/2022</u>	<u>Projected 6/30/2023</u>	<u>Projected 6/30/2024</u>
2012	5/8/2012	46,545,000	11/1/2041	\$3,520,000	\$0	\$0
2013	4/1/2013	25,685,000	11/1/2042	1,480,000	715,000	0
2014	5/15/2014	6,505,000	11/1/2033	2,100,000	1,800,000	1,500,000
2015	5/1/2015	6,085,000	11/1/2034	3,075,000	2,740,000	2,420,000
2016	5/12/2016	7,540,000	11/1/2035	2,950,000	2,515,000	2,085,000
2017	6/8/2017	2,755,000	11/1/2036	1,380,000	1,190,000	1,005,000
2018	3/1/2018	18,190,000	11/1/2047	15,385,000	14,455,000	13,525,000
2019	6/20/2019	7,380,000	11/1/2048	6,560,000	6,150,000	5,740,000
2020	5/28/2020	7,040,000	11/1/2040	6,295,000	5,550,000	4,805,000
2020A	8/4/2020	2,855,000	11/1/2030	2,470,000	2,085,000	1,700,000
2020B	8/4/2020	39,460,000	11/1/2042	39,115,000	39,115,000	36,990,000
2021	9/1/2021	3,725,000	11/1/2041	<u>3,725,000</u>	<u>3,375,000</u>	<u>3,025,000</u>
Sub-Total Projected				\$88,055,000	\$79,690,000	\$72,795,000
2023	10/5/2023	9,034,000		<u>0</u>	<u>0</u>	<u>9,034,000</u>
Total Projected				\$88,055,000	\$79,390,000	\$81,829,000

DEBT RATIOS

Fiscal Yr. End June 30,	Population⁽¹⁾	Equalized State Val. (000)	Assessed Valuation (000)	Total Debt	Debt as % Eq. Val.	Per Capita Debt
2022	22,568	\$4,988,750	\$4,845,683	\$88,055,000	1.77%	\$3,901.76
2021	19,299	4,807,600	4,727,231	92,660,000	1.93	4,801.29
2020	19,494	4,778,350	4,696,461	102,130,000	2.14	5,239.05
2019	16,602	4,313,600	4,012,293	102,720,000	2.38	6,187.21
2018	19,819	4,068,100	3,785,488	102,650,000	2.52	5,179.37
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

SOURCE: ⁽¹⁾ Population - U.S. Department of Commerce, Bureau of Census.

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

Yr. End June 30,	2012	2013	2014	2015	2016	2016	2017	2018	2019	2020	2020A	2020B	2021	Sub- Total	2023	Total
2023	3,520	765	300	335	155	280	190	930	410	745	385	0	350	8,365	0	8,365
2024		715	300	320	150	280	185	930	410	745	385	2,125	350	6,895	0	6,895
2025			250	320	125	270	185	695	410	745	385	2,525	350	6,260	819	7,079
2026			250	265	125	270	185	695	295	745	380	2,555	350	6,115	815	6,930
2027			250	265	70	270	185	695	295	370	195	2,675	350	5,620	815	6,435
2028			250	265	70	265	55	690	295	370	190	2,680	300	5,430	805	6,235
2029			250	265	70	95	55	690	295	370	185	2,640	300	5,215	805	6,020
2030			50	245	65	0	55	635	295	370	185	2,700	300	4,900	670	5,570
2031			50	165	65	0	55	635	295	370	180	2,770	300	4,885	670	5,555
2032			50	160	65	0	55	580	295	215		2,855	300	4,575	670	5,245
2033			50	160	65	0	35	580	295	215		2,885	75	4,360	670	5,030
2034			50	160	65	0	35	580	295	215		2,225	75	3,700	670	4,370
2035				150	65	0	35	510	295	215		1,740	75	3,085	310	3,395
2036					65	0	35	510	260	215		1,230	75	2,390	310	2,700
2037							35	510	260	80		1,200	75	2,160	310	2,470
2038								510	260	80		1,185	20	2,055	310	2,365
2039								510	260	80		1,170	20	2,040	310	2,350
2040								500	260	75		1,155	20	2,010	15	2,025
2041								500	120	75		1,140	20	1,855	15	1,870
2042								500	120			1,125	20	1,765	15	1,780
2043								500	120			535		1,155	15	1,170
2044								500	120					620	15	635
2045								500	120					620		620
2046								500	120					620		620
2047								500	120					620		620
2048								500	120					620		620
2049									120					120		120
6/30/2022	3,520	1,480	2,100	3,075	1,220	1,730	1,380	15,385	6,560	6,295	2,470	39,115	3,725	88,055	0	97,089
pd	(3,520)	(765)	(300)	(335)	(155)	(280)	(190)	(930)	(410)	(745)	(385)	0	(350)	(8,365)	0	(8,365)
6/30/2023	0	715	1,800	2,740	1,065	1,450	1,190	14,455	6,150	5,550	2,085	39,115	3,375	79,690	0	88,724
pd	0	(715)	(300)	(320)	(150)	(280)	(185)	(930)	(410)	(745)	(385)	(2,125)	(350)	(6,895)	0	(6,895)
6/30/2024	0	0	1,500	2,420	915	1,170	1,005	13,525	5,740	4,805	1,700	36,990	3,025	72,795	9,034	82,429

DEBT SERVICE COMPONENT OF OPERATING EXPENSES

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023⁽¹⁾</u>
Total Current Year Debt Service:	\$11,220,975	\$11,414,372	\$11,687,321	\$11,816,882	\$11,601,209
Budgeted Operating Expense:	87,718,110	90,073,675	92,467,790	98,831,018	107,118,688
Debt Service as % Oper. Expense:	12.79%	12.67%	12.64%	11.96%	10.83%

NOTE: ⁽¹⁾ Fiscal year ended June 30, 2023 information is as yet unaudited.

PROJECTED DEBT SERVICE REQUIREMENTS

Fiscal Yr. End <u>June 30,</u>	Prior Debt			Projected Debt (This Issue)			Total Debt Service
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Pro-forma Interest</u>	<u>Total</u>	
2023	\$8,365,000	\$4,853,034	\$13,218,034	\$0	\$0	\$0	\$13,218,034
2024	6,895,000	3,631,409	10,526,409	0	252,543	252,543	10,778,952
2025	6,260,000	2,671,734	8,931,734	819,000	420,863	1,239,863	10,171,597
2026	6,115,000	2,412,909	8,527,909	815,000	380,013	1,195,013	9,722,922
2027	5,620,000	2,178,500	7,798,500	815,000	339,263	1,154,263	8,952,762
2028	5,430,000	1,957,647	7,387,647	805,000	298,763	1,103,763	8,491,409
2029	5,215,000	1,738,172	6,953,172	805,000	258,513	1,063,513	8,016,684
2030	4,900,000	1,530,684	6,430,684	670,000	221,638	891,638	7,322,322
2031	4,885,000	1,317,928	6,202,928	670,000	188,138	858,138	7,061,066
2032	4,575,000	1,103,478	5,678,478	670,000	154,638	824,638	6,503,116
2033	4,360,000	909,353	5,269,353	670,000	124,488	794,488	6,063,841
2034	3,700,000	736,853	4,436,853	670,000	94,338	764,338	5,201,191
2035	3,085,000	615,857	3,700,857	310,000	69,838	379,838	4,080,695
2036	2,390,000	541,174	2,931,174	310,000	54,338	364,338	3,295,512
2037	2,160,000	474,542	2,634,542	310,000	38,838	348,838	2,983,380
2038	2,055,000	408,842	2,463,842	310,000	23,338	333,338	2,797,180
2039	2,040,000	344,648	2,384,648	310,000	9,388	319,388	2,704,036
2040	2,010,000	282,703	2,292,703	15,000	2,869	17,869	2,310,572
2041	1,855,000	225,107	2,080,107	15,000	2,231	17,231	2,097,339
2042	1,765,000	170,886	1,935,886	15,000	1,594	16,594	1,952,480
2043	1,155,000	126,390	1,281,390	15,000	956	15,956	1,297,346
2044	620,000	98,238	718,238	15,000	319	15,319	733,556
2045	620,000	77,450	697,450				697,450
2046	620,000	56,350	676,350				676,350
2047	620,000	35,250	655,250				655,250
2048	620,000	14,150	634,150				634,150
2049	120,000	1,800	121,800				121,800
TOTAL	\$88,055,000	\$28,515,088	\$116,570,088	\$9,034,000	\$2,936,899	\$11,970,899	\$128,540,987

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, 2022 the Town's equalized State Valuation of \$4,988,750,000 is 8.76% of the County's equalized State Valuation of \$56,590,050,000 for that period. The Town's share is 8.76%, or \$2,720,156, of the County's \$30,491,420 long-term debt projected outstanding as of December 31, 2022 (audited).

CONTINGENT DEBT

Portland Water District

The Water Division of the Portland Water District ("PWD") also provides water to the inhabitants of 11 cities and towns and one water district within the Greater Portland Area (the "PWD Municipalities"), including the Town. The Water Division's debt is not a debt or obligation of the PWD Municipalities. However, under Title 35-A, Section 6103 of the Maine Revised Statutes, as amended (previously codified at Title 30, Section 3211 of the Maine Revised Statutes, as amended) (the "Act"), and pursuant to an

agreement with ten of the 12 PWD Municipalities, (the “Section 6103 Members”; the exceptions being the Town of Standish and the Yarmouth Water District), in compliance with subsection 6 of the Act, the PWD possesses authority for taxation in the event of default in the payment of the indebtedness of the PWD incurred for water purposes (the “Water System Debt”). In the event of a default by PWD in the payment of the principal of, or interest on, its Water System Debt, the Trustees of the PWD have the authority to issue a warrant for payment of amounts necessary to cure the default to the assessors in each Section 6103 Member municipality within the PWD, including the Town. Such assessment would be allocated, pro-rata, to each Section 6103 Member municipality based upon 100% of its respective equalized State Valuation. On this basis, at June 30, 2022, the Town was contingently responsible for approximately 13.01%, or \$7,650,460 of the PWD’s \$64,304,455 Water System Debt outstanding as of December 31, 2022 (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, 2022, 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, 2022 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 \$17,442,939 at June 30, 2022, the most current information available. The Town’s proportionate share of these estimated landfill closure and post-closure care costs is 9.3% or \$6,621,613.

TOTAL GENERAL OBLIGATION, OVERLAPPING AND CONTINGENT DEBT

	<u>Direct Debt</u>	<u>Overlapping</u>	<u>Contingent</u>	<u>Total Debt</u>
Town of Scarborough	\$88,055,000			\$88,055,000
County of Cumberland		\$2,720,156		2,720,156
Portland Water District			\$7,650,460	7,650,460
ecomaine (RRS)			0	0
ecomaine (MRF)			0	0
ecomaine (Landfill) ^(c)			1,621,613	1,621,613
Total	\$88,055,000	\$2,720,156	\$9,272,073	\$100,047,229
Debt as % 2022 ESV	1.77%	0.05%	0.19%	2.01%
Debt per Capita	\$3,901.76	\$120.53	\$410.85	\$4,433.15

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.

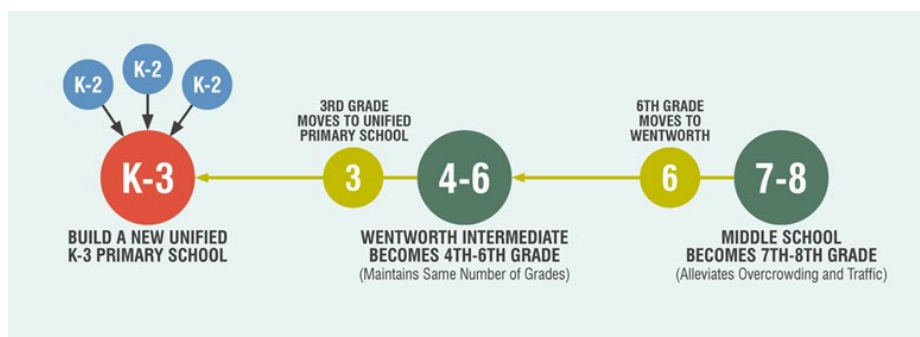
The issuance of debt, however, is subject to the prior review and approval of the Town Council. Section 901.3 of the Town’s Charter provides for a petition for overrule of Council action of orders or resolves authorizing bond issues of \$100,000 or more for a single capital improvement or capital equipment 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⁾.

Authorized But Unissued

Order #23-082, passed by the Council at its meeting held on August 16, 2023, approved the issuance of debt, in the amount of \$11,670,592, to be bonded. The Bonds of this financing will include financing \$9,634,000 of this authorization. This leaves \$2,036,592 of authorized but unissued debt following the financing of the Bonds. Other than Bonds of this financing the Town does not plan to issue additional debt that would be financed through bond issues for the next year.

K-8 Strategic Facilities Project

Since 2017, the Town’s School Department and Board of Education (“BoE”) have been actively considering options to provide a system wide solution for school facilities. To this end, a School Building Committee and consultants have recommended, and the BoE has approved, the construction of a new Unified K-3 Primary School as well as renovations to the Middle School, collectively referred to as the “K-8 Strategic Facilities Project”, as graphically presented below.



On September 6, 2023, the Town Council approved Order # 23-091 for a referendum request to place a question to the Town’s voters to authorize the issuance of bonds, an amount not to exceed \$160,000,000.00 to provide funds for the purchase of land, off-site improvements and to construct and equip a new Unified K-3 Primary School and renovations to the Middle School to execute the K-8 Strategic Facilities Project. The question will be voted on by the Town’s voters at the Town’s regular municipal election to be held on November 7, 2023. Should the question pass, the Town expects to start construction in the fall of 2024 with substantial completion by June 2027. Preliminary estimates are that the bonds would be issued on or after January 2025.

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 2022 ACFR, pages 54 *et seq.* 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 \$303,065 which was 6% of the participating employees and 17% of the Town Manager's current year covered payroll. The covered payroll amounted to \$4,870,073 while the Town's total payroll was \$14,895,604. Employees required contributions amounted to \$272,689, 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 \$641,156 and the Town contributions amounted to \$318,708. The Town contributes a match up to 4%. The covered payroll amounted to \$10,870,073. 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 2022 ACFR, pages 61 *et seq.* herein.

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.

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.

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. The following map displays the Coastal Floodplain of the Town.



APPENDIX A

**TOWN OF SCARBOROUGH, MAINE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE
YEAR ENDED JUNE 30, 2022**

(With Report of Independent Auditors' Thereon)

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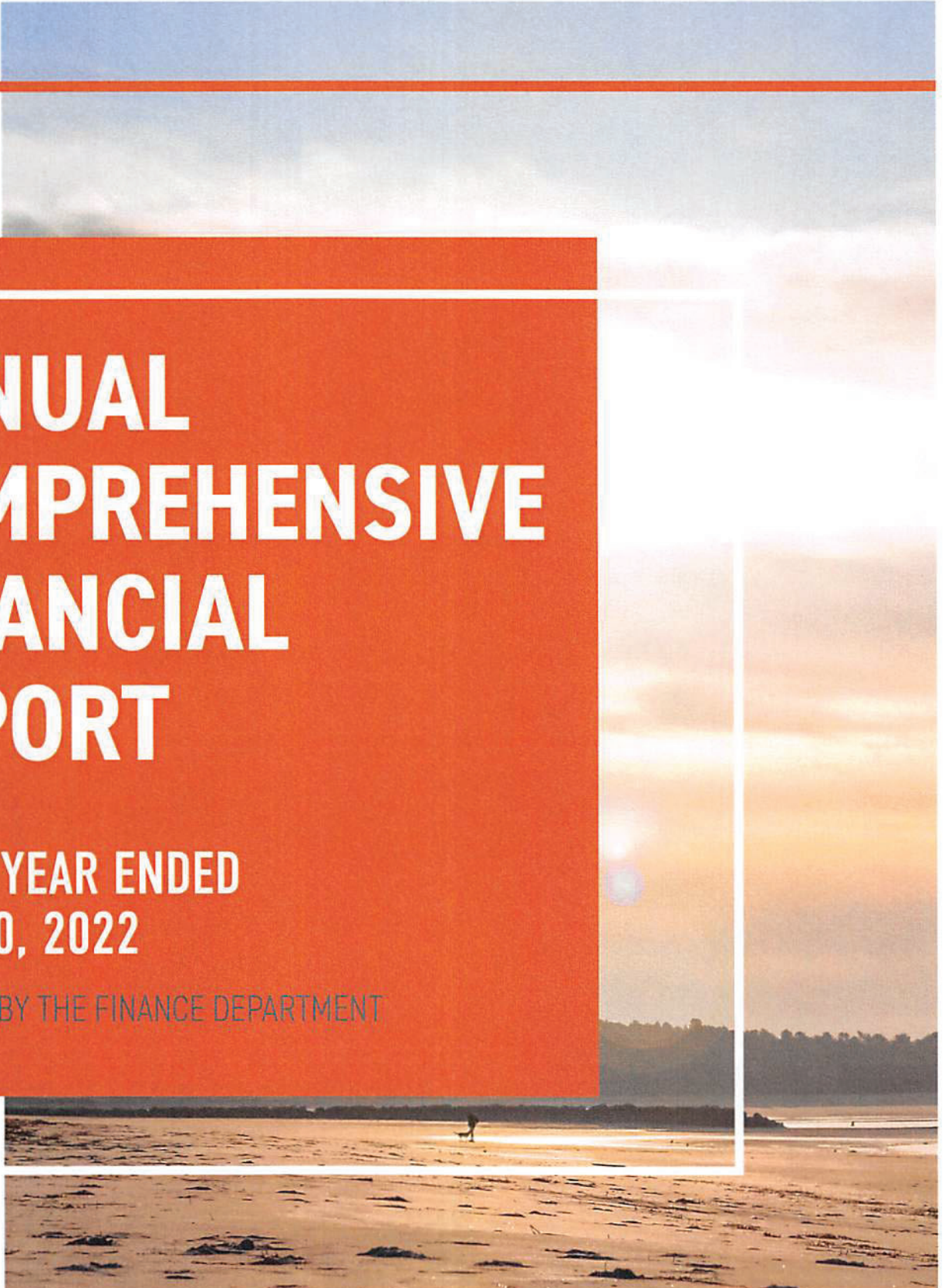


TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2022**

PREPARED BY THE FINANCE DEPARTMENT



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TOWN OF SCARBOROUGH, MAINE
Comprehensive Annual Financial Report
Year Ended June 30, 2022

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TOWN OF SCARBOROUGH, MAINE
Comprehensive Annual Financial Report
Year Ended June 30, 2022

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INTRODUCTION

TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED: JUNE 30, 2022

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May 31, 2023

Distinguished Members of the Town Council and Citizens of the Town of Scarborough
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 annual comprehensive financial report of the Town of Scarborough, Maine for the fiscal year ended June 30, 2022.

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 ensures all the data is accurate in all material respects and reported in a manner that presents fairly the financial position of the Town of Scarborough.

All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities are included.

The annual comprehensive financial report is prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). 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.

Independent Auditors' Report

The Town Charter requires an annual financial audit by independent certified public accountants appointed by the Town Council. The basic financial statements and related notes have been audited by Marcum LLP, an independent firm of Certified Public Accountants. Marcum LLP concluded that there was a reasonable basis to render an unmodified opinion on the basic financial statements of the Town, concluding that the basic financial statements are fairly presented in conformity with U.S. GAAP. This audit is designed to meet the requirements of Government Auditing Standards and the Uniform Guidance.

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 responsi-



ble 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 Scarborough Public Library's 14-member Board of Trustees include twelve members appointed by its own board members, one representative from the Friends of the Scarborough Library Board (a 501(c)(3) corporation) and one 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 any SEDCO debt outstanding is paid entirely with the resources of the Town. Additionally, SEDCO issues its own separate financial statements.

Financial statements for the following entities excluded from 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

Budgetary Process and Controls

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

Despite the relentless national drumbeat of an impending recession, Scarborough is on solid foundation with new development projects, increasing employment and increasing population. The Town continues to attract new residents and new businesses.

While the Town is in an enviable position, we are keenly aware of regional and state issues that have the potential to impact our future. Housing, or more precisely, the lack of housing, at all price levels is an issue confronting every town in Maine. The lack of housing supply has far reaching impacts on the economy and on the social fabric of Southern Maine.

The lack of available housing in areas with a robust increase in jobs certainly affects the availability of workers in almost every industry and type of job. Scarborough's unemployment rate for June 2022 was 2.2%. The State of Maine's unemployment rate was 2.6% for this time period. This low unemployment rate continues into 2023.

The continued complaint from many companies around the region has been the lack of available workforce. The lack of housing is not the only reason for the mismatch between available workers and available jobs, but it exacerbates the situation. Certainly, an aging population with many baby boomers hitting retirement age is a major factor. We should note that the youngest members of the baby boom generation were born in 1964 and won't hit retirement until the 2029-2030 timeframe. As the tail end of the Boomers step into retirement, the chase for replacement workers is on.

The number of people experiencing homelessness is also on the rise and related to the general lack of housing in the region. Folks experiencing homelessness are in Scarborough and the town is facing the issue head on. The Town is seeking funding through the Community Development Block Grant program to better understand the needs. The Town has also contributed financially to regional solutions.

The third aspect of the lack of housing is the pressure on the price of housing. The pressures were exacerbated by the pandemic, and Scarborough often finds the median sales price of a home bumping up against \$500,000.

While the lack of housing continues to be a rallying cry statewide, Scarborough added 1,724 new housing units between 2010 and 2020. Only Portland added more housing during this period. Scarborough gained in its share of Cumberland County's housing stock going from 7.2% of all housing in 2010 to 7.7% of housing in 2020.

Scarborough has also added multifamily housing during this period which adds to the diversity of the housing stock. Population continues to increase in Scarborough, with latest estimate from the US Census Bureau hitting 22,562. We are now the 7th largest community in Maine.

It should be noted that the increase in housing and population comes with impacts on services and facilities. The Town is actively looking at growth management through its 2021 Comprehensive Plan and through a revised rate of growth ordinance, reflecting the current growth patterns.

In the more traditional measures of economic development, the town has regained all employment lost during the 2020 pandemic job losses. In fact, we are well above the pre-pandemic 2019 levels, with nearly 17,000 jobs based in Scarborough. (Maine Department of Labor, Quarter 2, 2022 statistics)



Median Household Income in 2021 according to the American Community Survey 2021 5-year survey is up to \$105,960. This level of income places us in the top tier of communities in the county and in the state.

Retail sales have also rebounded from the pandemic impacts. Total retail sales in Scarborough reached \$784 million in 2022 - an increase of 27% over 2020 numbers. The good news is that sales in both restaurants and lodgings have rebounded over pre-pandemic levels. All conditions are ripe for a productive 2023 summer season. Southern Maine continues to be a strong attraction to out of state visitors. Scarborough is uniquely attractive with multiple beaches, the Eastern Trail, and a significant investment in preserved lands through the Scarborough Land Trust.

In terms of physical development, continued development at The Downs, particularly in the sold-out Innovation District, has resulted in an increase in the non-residential tax base, which has contributed to a stable tax rate for citizens and businesses. Over the past year, Costco received approval for their site at The Downs, the first ever Costco in Maine. Costco will certainly draw visitors from all over the region. The economic development opportunity is to see how we can engage the Costco visitors in other economic activities within the Town.

Over the next year, plans for the village center for The Downs will continue to develop, with some of the first structures starting the development review process in early 2023.

While The Downs will play a major role in the Town's future development, other areas continue to attract investment. Mussey Road is the site of a new apartment development as well as a proposed hotel. Other industrial land in that area continues to attract interest. The light industrial area to the west of the turnpike is also an area to watch over the next few years, with land changing hands. Investment in the Dunstan area continues to grow, with continued activity at Dunstan Crossing.

Lastly, the winding down of the pandemic will affect one of our major employers – Abbott Laboratories. They produced one of the dominant COVID test kits on the market. There will likely be some changes in their employment numbers as they move toward other Point of Service test kits.

Major Initiatives:

For the year

The Town is pleased to have initiated or continued several projects independently and in conjunction with private partners during the year. These projects provide enhancements for the general public with anticipated positive impacts on revenue and expenditure trends in the future.

Major Fire Station Maintenance and Fire Engine Replacement - This initiative funds major fire station maintenance projects at our five neighborhood stations. Projects include replacing the overhead doors at Engine 1 and Engine 6 stations, replace steel entry and other doors at all stations over four years, conducting the required internal inspection of the fire sprinkler systems at each station, and replacing a 1996 Ferrara engine in service for 26 years.

Community Services Facilities Maintenance – This initiative funds a major renovation to the Hurd Park beach house. Parking meters were purchased and installed at the Ferry Beach and Hurd Park lots. In addition, a Hurd Park study was funded to address traffic flow and congestion, pedestrian safety, deteriora-



ting parking infrastructure, offer multiple options for restroom choices, improve accessibility to the beach, create a picnic area and develop a leasable area for food truck options.

Police Equipment and K-9 Unit Replacement – This initiative funds the replacement of eight mobile data units, five SWAT Ballistic Vests that are beyond the recommended replacement date, and the replacement of aging police K-9 partners no longer physically able to perform police duties.

Public Works Equipment Replacement – This initiative funds the annual plan for the replacement of one plow truck (with gear), one pickup truck, and one piece of specialized large equipment. The current year plan included replacement of a street sweeper which was due for replacement.

For the Future

The Town completed a town-wide pavement condition survey in FY19 of all paved roads. This survey was conducted in house with a nationally recognized pavement management program. This software establishes a number of possible funding scenarios by utilizing the collected data. For our purposes we have chosen a funding scenario that enables the Town to maintain all roads at a condition rating of 75 % out of 100%. The study indicates that the current pavement condition index (PCI) is at an average of 75% town wide. This survey provides the Town with the ability to forecast road rehabilitation costs well into the future. The primary purpose 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.

The installation of the adaptive traffic controls at the Dunstan intersections has been a great success; resulting in tangible traffic flow improvements. Data indicates a 24% reduction in wait and travel times through the 3 intersections at Dunstan corner. We plan to continue the installation of these state-of-the-art traffic controls at other busy intersections in Scarborough.

Long Term Financial Planning.

The Scarborough Town Council adopted a Capital Projects Reserve Policy on May 19, 2021. The purpose of this reserve is to provide an additional method to fund capital items as recommended in the Financial and Fiscal Policy adopted in FY 2020. Initial funding for this reserve is to come from excess revenues over general fund estimates.

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.

FINANCIAL INFORMATION

Bond Rating

In their report dated August 12, 2021, Standard and Poor's assigned and affirmed an AA+ rating with a stable outlook to the Town's general obligation bonds. Moody's Investors Service assigned and affirmed the Town an Aa3 rating in their report dated August 12, 2021.



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 2022 value by \$118,451,800 from 2021. For the 2022 tax year, the valuation was \$4,845,682,776 compared to the 2021 valuation of \$4,727,230,976. The Town has experienced consistent growth in total valuation, adding over one billion dollars of additional valuation over the last five years.

Scarborough Tax-Base Breakdown FY18 - FY22

	Taxable Assessed Value				
	Residential	Commercial	Industrial	Personal Prop	Total Taxable
FY18 (4/1/2017)	3,009,369,200	552,029,542	116,603,000	107,486,600	3,785,488,342
% of Total	79.5%	14.6%	3.1%	2.8%	
FY19 (4/1/2018)	3,018,158,600	716,098,212	174,652,400	103,383,400	4,012,292,612
% of Total	75.2%	17.8%	4.4%	2.6%	
FY20 (4/1/2019)	3,624,026,500	774,495,976	178,582,300	119,356,600	4,696,461,376
% of Total	77.2%	16.5%	3.8%	2.5%	
FY21 (4/1/2020)	3,621,912,300	814,980,776	178,159,600	112,178,300	4,727,230,976
% of Total	76.6%	17.2%	3.8%	2.4%	
FY22 (4/1/2021)	3,699,245,300	841,175,876	195,189,400	110,072,200	4,845,682,776
% of Total	76.3%	17.4%	4.0%	2.3%	

The Town has consistently high property tax collections, with a collection rate of 99.2% in FY22.

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Scarborough for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This is the seventeenth-consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**Acknowledgements**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire Finance Revenue and Accounting staff. 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 Marcum LLP for their efforts and guidance during this engagement.

A handwritten signature in black ink that reads "Norm E. Kildow". The signature is fluid and cursive, with the first name "Norm" and last name "Kildow" clearly distinguishable.

Norman E. Kildow, CPA, MBA, CPFO
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Scarborough
Maine**

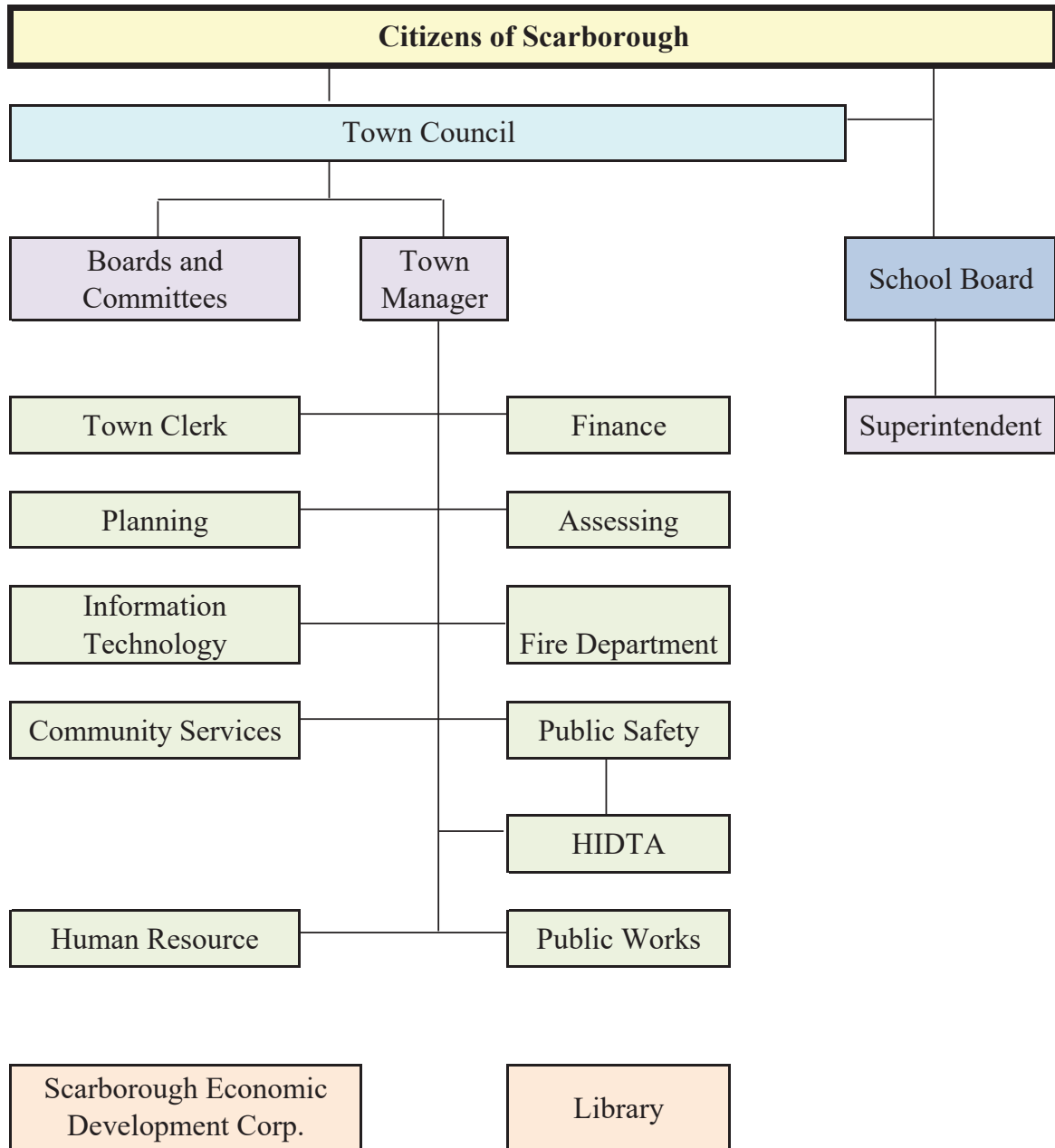
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Town of Scarborough, Maine
Organizational Chart



Principal Executive Officers 2021-2022

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:	Jonathan Anderson	Elected - 3 Year Term	11/2023
	Jean-Marie Caterina	Elected - 3 Year Term	11/2023
	John R, Cloutier - Chair	Elected - 3 Year Term	11/2023
	Donald Hamill	Elected – 3 Year Term	11/2024
	Kenneth Johnson – Vice Chair	Elected - 3 Year Term	11/2022
	Nick McGee	Elected - 3 Year Term	11/2024
	April Sither	Elected - 3 Year Term	11/2022
Municipal Employees:			
Town Manager	Thomas J. Hall	Appointed - 3 Year Term	12/31/2023
Assistant Town Manager	Liam Gallagher	Appointed/Indefinite	N/A
Town Clerk/Registrar of Voters	Yolande P. Justice	Appointed/Indefinite	N/A
Chief of Police	Mark Holmquist	Appointed/Indefinite	N/A
Fire Chief	Rich Kindelan	Appointed/Indefinite	N/A
Finance Director	Ruth D. Porter	Appointed/Indefinite	N/A
Treasurer	Kristie Bradbury	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	Eric Sanderson	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:	Shannon Lindstrom - Chair	Elected - 3 Year Term	11/2023
	Alicia Giftos – Vice Chair	Elected - 1 Year Term	11/2022
	John Kelleher, III	Elected - 3 Year Term	11/2024
	Vacant	Elected - 3 Year Term	11/2023
	Jenna Leong	Elected - 3 Year Term	11/2024
	Kristen Turner	Elected - 3 Year Term	11/2022
	Jillian Trapini-Huff	Elected – 3 Year Term	11/2024
Superintendent of Schools	Geoff Bruno	Appointed – 3 Year Term	06/30/2024
Assistant Superintendent of Schools/Adult Education Director	Diane Nadeau	Appointed/Indefinite	N/A
Business Office Manager	Kate Bolton	Appointed/Indefinite	N/A
Director of Curriculum and Assessment	Monique Culbertson	Appointed/Indefinite	N/A
Director of Special Services	Alison Marchese	Appointed/Indefinite	N/A
Federal Project Administrators:	Monique Culbertson	Appointed/Indefinite	N/A
	Kate Bolton	Appointed/Indefinite	N/A
Director of Buildings, Grounds and Maintenance	Todd Jepson	Appointed/Indefinite	N/A
School Lunch Director	Peter Esposito	Appointed/Indefinite	N/A

FINANCIAL SECTION



TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Scarborough, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Scarborough, Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statement of the Scarborough Public Library, the discretely presented component unit, were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the discretely presented component unit, are based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Scarborough, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in the restatement note on pages 70-71, the financial statements reflect three restatements: (a) due to the implementation of GASB 87 *Leases*, the reversal of compensated absences that had previously been reported on the General Fund statement, (c) the inclusion of a fund previously not recorded in the fund financial statements and (c) our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Scarborough, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Town of Scarborough, Maine's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Scarborough, Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15-27, budgetary comparison information on pages 73-76, the Schedule of Changes in Net OPEB Liability and Related Ratios – MMEHT Group Health Insurance Plan on page 77, the Schedule of Changes in Net OPEB Liability and Related Ratios – MEABT Group Health Insurance Plan on page 78, the Schedule of Proportionate Share of the Net Pension Liability on page 79 and the Schedule of Contributions on page 80 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scarborough, Maine's basic financial statements. The combining and individual nonmajor fund financial statements on pages 81-93 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic

financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2023 on our consideration of the Town of Scarborough, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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, Maine'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.

Marcum LLP

Providence, RI
May 31, 2023



MANAGEMENT DISCUSSION & ANALYSIS



TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2022

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TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis
June 30, 2022

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, 2022. 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 \$83,056,534 (net position).
- The Town's total net position increased \$3,120,687 from \$79,935,847 to \$83,056,534. This represents a 3.9% increase over last year's net position.
- As of June 30, 2022, the Town's governmental funds reported combined fund balances of \$25,398,262 an increase of \$3,796,144 compared with the prior year of \$21,602,118 (as restated). Approximately 37.80% of this amount or \$9,600,600 is available for spending at the Town's discretion (*assigned and unassigned fund balance*).
- Total nonspendable fund balance increased by \$35,187 from \$271,500 to \$306,687. Restricted fund balance increased by \$2,415,557 from \$6,711,165 to \$9,126,722. Total committed fund balance decreased by \$988,939 from \$7,353,192 to \$6,364,253. Assigned fund balance decreased by \$1,131,045 from \$3,906,553 to \$2,775,508. Finally, the unassigned fund balance for the governmental funds increased by \$3,465,384 from \$3,359,708 to \$6,825,092.
- With respect to fund balances in the governmental funds, of the \$15,964,853 reported as committed (authorized by town council), assigned (authorized by town manager) and unassigned fund balance, \$3,092,957 are special revenue funds authorized for specific purposes, and the remaining amount of \$12,871,896 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 General Fund fund balance goal of 10.00% of the prior years' operating budget. The Operating Budget for fiscal 2021 totaled \$98,931,048. As of June 30, 2022, unassigned fund balance for the general fund was \$9,933,328 or 10.04% of the prior years' operating budget compared to 7.92% as of June 30, 2021 (as restated).

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 \$4,605,000 from the prior year. General obligation bonds retired were \$8,330,000. The Town issued bonds totaling \$3,725,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

TOWN OF SCARBOROUGH, MAINE

Management Discussion and Analysis, Continued

other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

The government-wide financial statements include not only the Town of Scarborough (known as the *primary government*), but also the legally separate Public Library for which the Town of Scarborough is financially accountable. Financial information is reported separately from the financial information presented for the Town of Scarborough itself. The government-wide financial statements can be found on pages 28-29 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 23 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 and Haigis Parkway Assessments which are considered major funds. Data from the remaining 22 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 combin-

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

ing statements in Exhibit A-1 through Exhibit E-2. The basic governmental funds financial statements can be found on pages 30-31 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 88-89 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 Funds are 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 90-91 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 the private purpose trust fund. Private purpose trust funds are used to report all of the Scarborough School Department's scholarship programs.

The basic fiduciary fund financial statements can be found on pages 92-93 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 35-72.

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 81-93 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 \$83,056,534 as of June 30, 2022 compared to \$79,935,847 for June 30, 2021.

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>2022</u>	<u>2021</u>	<u>2020</u>
Assets:			
Current and other assets	\$ 39,568,157	\$ 32,123,934	\$ 29,805,376
Long term assets	540,436	432,621	642,184
Capital Assets, Net	<u>169,487,827</u>	<u>172,620,231</u>	<u>167,167,885</u>
Total Assets	<u>209,596,420</u>	<u>205,176,786</u>	<u>197,615,445</u>
 Total deferred outflows of resources	<u>13,413,594</u>	<u>11,191,725</u>	<u>5,875,116</u>
Total Deferred outflows	<u>13,413,594</u>	<u>11,191,725</u>	<u>5,875,116</u>
 Liabilities:			
Long term liabilities outstanding	116,621,137	124,871,150	126,654,755
Other liabilities	<u>14,101,976</u>	<u>10,482,676</u>	<u>11,085,615</u>
Total Liabilities	<u>130,723,113</u>	<u>135,353,826</u>	<u>137,740,370</u>
 Total deferred inflows of resources	<u>9,230,367</u>	<u>1,078,838</u>	<u>2,449,575</u>
Total Deferred inflows	<u>9,230,367</u>	<u>1,078,838</u>	<u>2,449,575</u>
 Net position:			
Net investment in capital assets	75,907,216	77,301,217	64,957,968
Restricted	6,701,889	4,256,367	3,162,600
Unrestricted	<u>447,429</u>	<u>(1,621,737)</u>	<u>(4,065,315)</u>
Total Net Position	<u>\$ 83,056,534</u>	<u>\$ 79,935,847</u>	<u>\$ 64,055,253</u>

\$6,701,936 or 8.1% 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

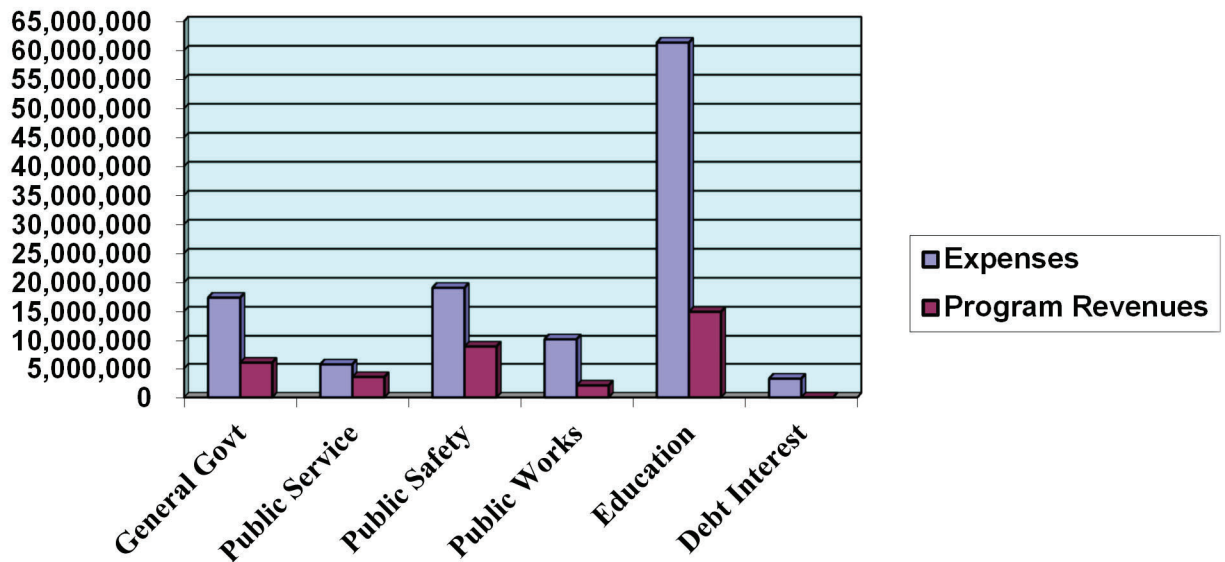
GOVERNMENTAL ACTIVITIES. The increase pertaining to the Town of Scarborough's net position of \$3,120,687 is due to the governmental activities of the Town. The Town of Scarborough's tax revenues increased by \$2,284,941. The property tax increase is due in part to the increase in the overall assessed valuation of the Town of \$118,451,800, up from \$4,727,230,976 to \$4,845,682,776 again due to the continued aforementioned growth in the town. The increase in the town's property value allows the Town of Scarborough to maintain services without excessive increases in the tax rate. Capital grants and contributions decreased by \$7,743,882 from \$7,772,007 to \$28,125 due to a donation in FY 2021 from a developer for road improvements.

Key components of this net position increase are shown below.

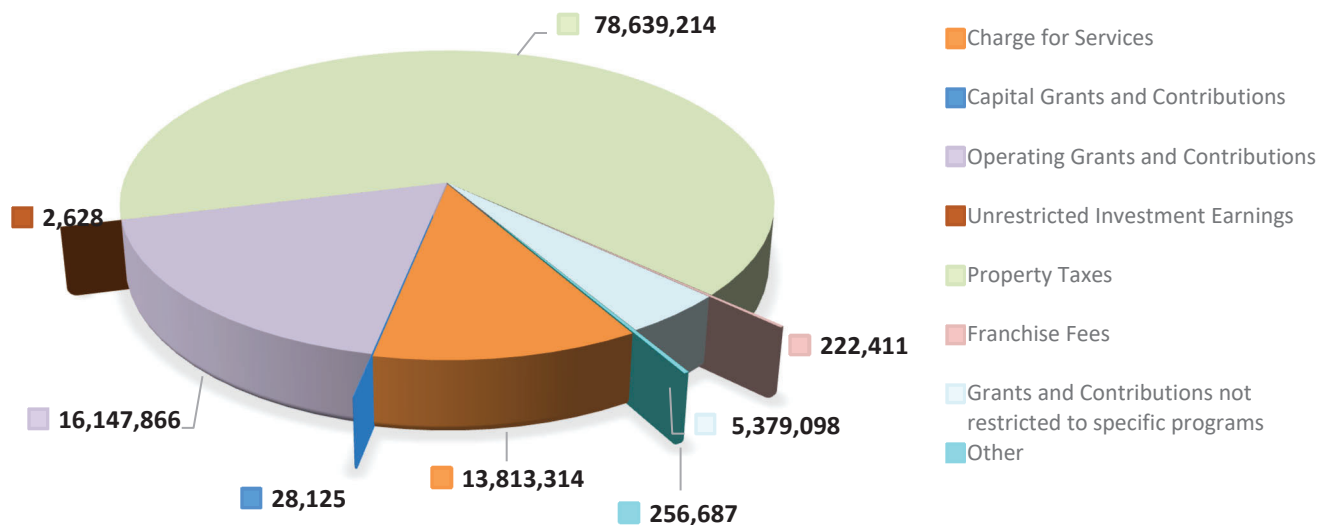
Town of Scarborough's Changes in Net Position

	<u>2022</u>	<u>2021</u>
Revenues:		
Program Revenues:		
Charge for services	\$ 13,813,314	\$ 13,110,301
Operating grants and contributions	21,528,206	18,539,857
Capital grants and contributions	28,125	7,772,007
General Revenues:		
Property and excise taxes, levied for general purposes	78,639,214	76,354,273
Franchise Tax	222,411	229,665
Grants and contributions not restricted to specific programs	5,379,098	4,389,235
Unrestricted investment earnings	2,628	177,290
Other	256,687	181,173
Total revenues	119,869,683	120,753,801
Expenses:		
General government	17,343,009	18,182,207
Public Services	5,669,872	4,787,771
Public Safety	19,040,785	12,965,441
Public Works	10,167,312	8,228,353
Education	61,315,985	57,697,386
Interest on Debt Service	3,212,033	3,012,049
Total expenses	116,748,996	104,873,207
Increase in net position	3,120,687	15,880,594
Net position beginning (as restated-primary government)	79,935,847	64,055,253
Net position ending	\$ 83,056,534	\$ 79,935,847

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.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

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

At June 30, 2022, the Town of Scarborough's governmental funds reported combined fund balances of \$25,398,262. This is an increase of \$3,796,144 in comparison with the prior year. Approximately 26.87% of total fund balance or \$6,825,092 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 (\$306,687), 2) restricted for particular purposes (\$9,126,722), 3) committed for particular purposes (\$6,364,253) or 4) assigned for a particular purpose (\$2,775,508).

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>2022</u>	<u>2021</u>
General Fund	\$ 18,743,890	\$ 16,909,805
Haigis Parkway	(2,680,578)	(2,490,191)
Other Governmental Funds	9,334,950	7,182,504
Total	\$ 25,398,262	\$ 21,602,118

As noted earlier, governmental funds reported combined fund balances of \$25,398,262, an increase of \$3,796,144 compared with the prior year fund balances of \$21,602,118. Of the \$15,964,853 reported as unrestricted fund balance (total of committed, assigned and unassigned), \$5,773,535 are for special revenue fund projects authorized for specific purposes. Capital Projects has an unrestricted deficit of \$404,144 that will be funded with the proposed bond issue in FY23.

The remaining \$9,433,409 of fund balance is restricted to indicate that it is not available for new spending because it has already been allocated for the following:

\$ 2,809,462	Deficit Fund Balances in Special Revenue Funds
2,726,088	Town Grants
302,792	Perpetual Care of Municipal Cemeteries
3,492,548	Education Funding
102,519	Food Service and Fuel Inventory
<u>\$ 9,433,409</u>	Total Governmental Fund Nonspendable and Restricted Fund Balance

Capital Projects Fund Highlights

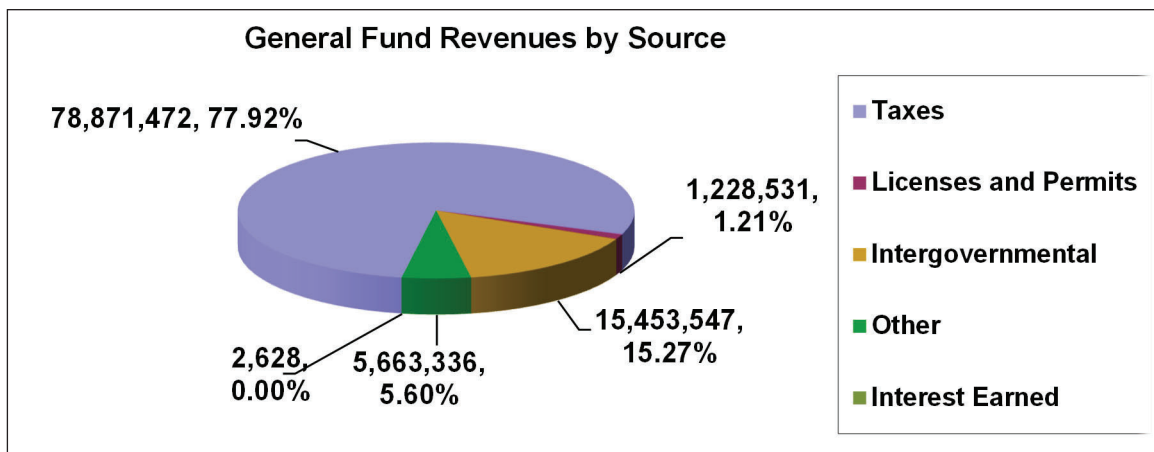
During this fiscal year, the Town of Scarborough's deficit fund balances for Capital Projects decreased \$893,648 from a deficit of \$1,297,792 in 2021 to a deficit \$404,144 in 2022. Expenditures increased \$503,824 from \$2,795,085 in 2021 to \$3,298,909 in 2022. This decrease in the deficit fund balance is due to proceeds from issuance of bonds. The increase in expenditures is due to the school improvement projects including the \$263,883 for the high school science lab retrofit and the \$359,100 for the purchase of three school buses.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

General Fund Highlights

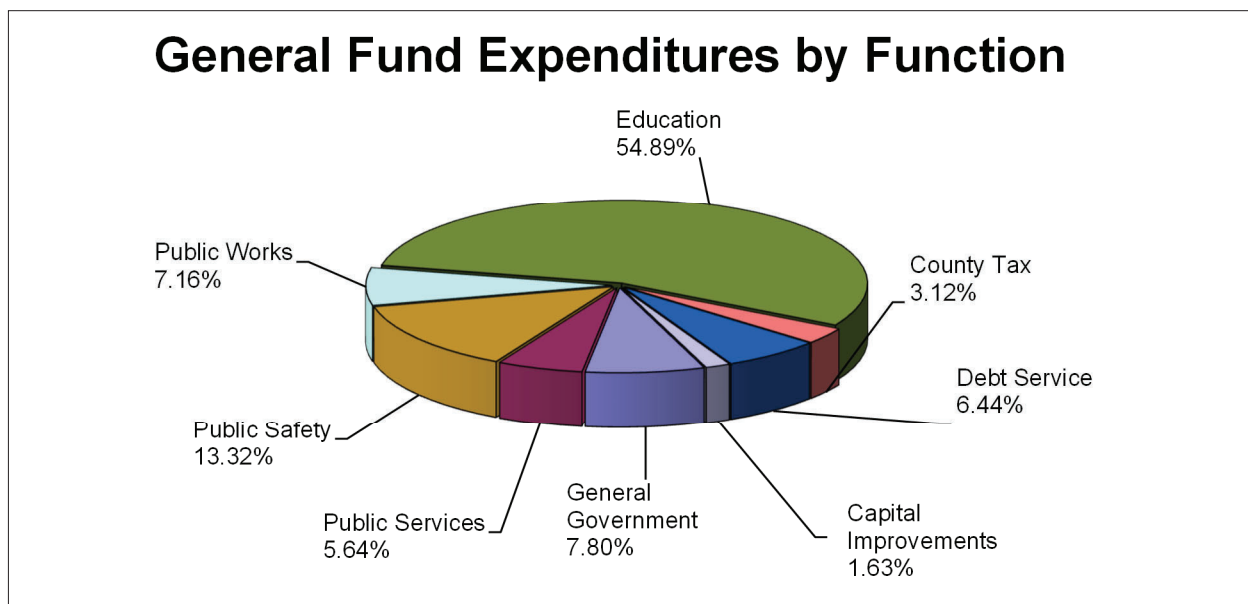
The General Fund is the chief operating fund of the Town of Scarborough. As of June 30, 2022, total fund balance was \$18,743,890 reflecting an increase of \$1,834,085 compared to the prior year of \$16,909,805. Unassigned fund balance in the General Fund was \$9,933,328 compared to total fund balance of \$18,743,890. 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 9.64% of current year's total general fund expenditures compared to 7.63% last year, while total fund balance represents 18.19% of that same amount.

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



Property Tax revenues increased \$2,318,738 from 2021 to 2022 compared to the 2020 to 2021 increase of \$1,351,012. A comparison of the actual revenues to estimated revenues can be found on page 73 of the financial statements. Actual overall revenues exceeded estimates by \$249,856 and is mostly due to the increase in actual excise, licenses and permits revenues collected.

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 above the estimate by \$249,856, primarily due to excise taxes \$133,126 higher than estimated. Actual expenditures, although higher than 2021, were below budget by \$3,393,724 due turnover in personnel and vacancies of positions.

Total general fund expenditures increased \$6,393,228 or 6.92% compared to 2.62% for the prior year. The factors for this increase are:

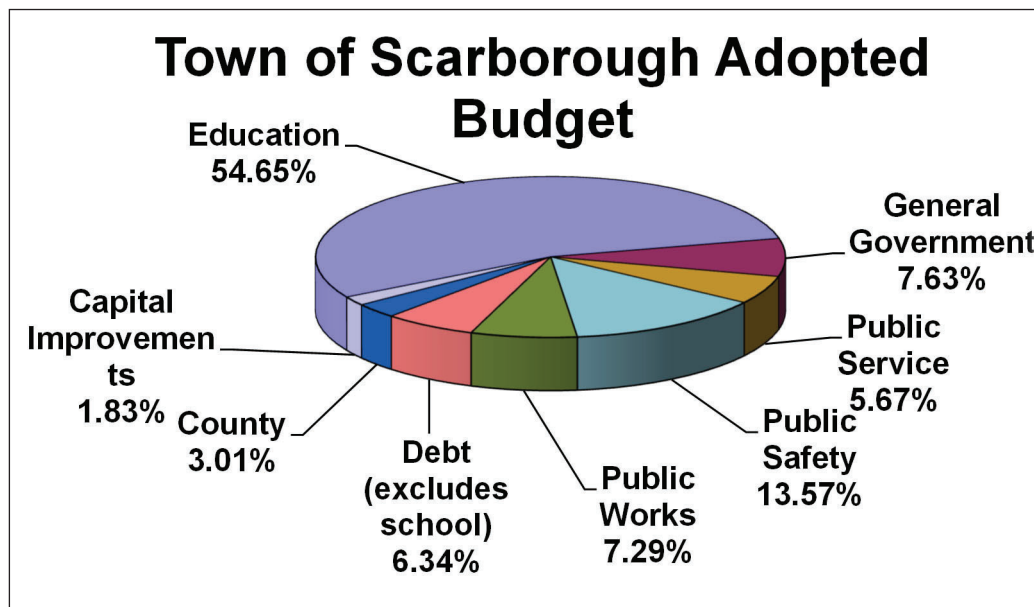
- General Government increased 11.16% resulting from a 2.7% cost of living increase, 1.25-4% step pay increase (dependent upon work group and eligibility), and a 5-7% increase municipal insurance costs (depending upon the plan chosen),
- Public Services increased 18.09% due to the restoration of community services and programs after the end COVID pandemic restrictions,
- Public Safety increased 4.63% due to increased staffing and the contractual increases in salaries.
- Public Works increased 9.26% resulting from increased personnel and insurance costs discussed above coupled with increased tipping fees for solid waste disposal.
- Education increased 7.37% due to new collective bargaining agreements with Bus Drivers, Custodians, and Food Service works coupled with a 7.9% increase in health insurance costs.
- Capital Improvements increased 20.61% for the purchase of a new street sweeper costing \$236,184.

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 2022, a total of \$1,745,508 was set aside for the Town for prior year encumbrances, sick accruals and commitments. \$1,030,000 for the School Department was set aside for carryforward to the 2023 budget.

The adopted operating budget for fiscal year 2022 amounted to \$102,224,742 compared to \$96,655,629 for fiscal year 2021 or a 5.76% 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 (including right of use leased assets), for its governmental fund, as of June 30, 2022, amounts to \$169,487,827 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, infrastructure and right of use leased assets. The total decrease in the Town's investment in capital assets for the current fiscal year was 1.81%.

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

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

	<u>2022</u>	<u>2021</u>
Land	\$ 7,337,802	\$ 7,264,093
Buildings	94,835,179	96,372,514
Vehicles	5,953,605	7,084,759
Equipment & Furniture	2,542,003	3,143,055
Infrastructure	55,320,773	56,768,315
Construction in Progress	2,947,129	1,987,494
Right of Use Leased Assets	551,336	-
Total	<u>\$ 169,487,827</u>	<u>\$ 172,620,230</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, 2022 completing 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 45 of this report.

Long-term Debt. As of June 30, 2022, the Town had long-term bonds outstanding of \$88,055,000 compared to \$92,660,000 in the prior year resulting in a 5% decrease. This debt is backed by the full faith and credit of the Town of Scarborough.

During fiscal year ending June 30, 2022, the Town of Scarborough issued \$3,725,000 in bonds. Additionally, during the year, \$8,330,000 in principal debt was paid. Further information can be found in the Notes to the Basic Financial Statements on page 47 of this report.

Interest payments for school and town debt in this fiscal year totaled \$3,486,882 an increase of \$229,561 from 2021.

Additional information relating to the Town's long-term debt can be found in the Notes to Financial Statements on pages 47-50 of this report.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

	Outstanding Debt General Obligation Bonds		
	2022	2021	2020
Municipal	\$ 38,744,063	\$ 39,722,644	\$ 43,293,084
Education	47,679,065	49,597,356	54,076,916
Sewer	1,631,872	3,340,000	4,760,000
Total Debt	\$ 88,055,000	\$ 92,660,000	\$ 102,130,000

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 August 12, 2021. Moody's "Aa3 rating reflects the town's *"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 2021 GO bonds per its rating report dated August 12, 2021. Their rating reflects the Town's "consistently produces at least balanced financial results, leading to maintenance of a strong reserve position. Environmental impacts from changing weather patterns could result in budgetary or tax base pressure over the long term, but we believe management is proactively addressing the risks given the town's budget and capital planning."

Additional information on both of these bond ratings can be found on the Town of Scarborough's website at: <https://www.scarboroughmaine.org/departments/finance/accounting/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. After two years of uncertainty in our national and local economy, the budget goals for fiscal year 2023 were:

GOALS:

- Restore programs and services to pre-pandemic levels.
- Be responsive to citizen needs as outlined in the 2021 community survey.
- New investments in Public Safety and Education.
- Approve a Town wide budget that keeps the tax rate increase to less than or around 3%.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

This budget reflects an increase of \$30,445 increase in General Purpose Aid to Education (GPA) compared to \$867,113 increase for the 2022 Budget. This is a 0.61% increase from FY2022. The Town of Scarborough is considered a minimal receiver community by the State; 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

The Town of Scarborough Budget Document for fiscal year 2023 can be found on the Town of Scarborough's website at: <https://resources.finalsite.net/images/v1674849911/scarboroughmaineorg/acelenfwwqmdtrje6u4/FY23AdoptedBudget.pdf>

Below is a comparison of the 2021, 2022 and 2023 budgets (excluding carry forwards).

	2023	2022	2021
Administration	\$ 3,549,723	\$ 3,421,056	\$ 3,186,206
Finance Department	1,340,642	1,310,158	1,142,799
Information Systems	1,770,270	1,592,423	1,392,685
Planning Department	1,268,469	1,224,512	1,024,192
Community Services	3,154,946	2,903,859	2,127,738
Library	1,108,633	1,071,119	1,132,963
General Assistance	116,010	105,813	86,076
Economic Development	267,914	258,326	244,046
Fire/Rescue/EMA Department	6,610,275	6,206,496	5,770,261
Public Safety Department	7,948,193	7,572,003	7,085,513
Public Works Department	7,724,242	7,378,497	6,882,168
Debt Service	6,733,651	6,287,816	6,482,918
Capital Equipment	2,097,543	2,303,242	1,540,000
Total Municipal Operating	43,690,511	41,635,320	38,097,565
Education	59,911,498	55,862,654	53,505,801
County Tax	3,119,411	3,081,933	3,188,519
Total Operating Budget	106,721,420	100,579,907	94,791,885
School Food Services	2,041,000	1,806,963	1,777,105
Capital Improvement-Municipal	6,167,329	4,760,500	867,000
Capital Improvement-School	2,313,283	3,638,901	1,813,212
TIFs and Overlay	3,878,883	2,143,417	1,864,341
Total Budget	\$ 121,121,915	\$ 112,929,688	\$ 101,113,543

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

2023	\$4,964,134,576, an increase of \$118,451,800 over 2022,
2022	\$4,845,682,776, an increase of \$118,451,800 over 2021,
2021	\$4,727,230,976, an increase of \$30,769,561 over 2020,
2020	\$4,696,461,415, an increase of \$684,168,803 over 2019,
2019	\$4,012,292,612, an increase of \$226,804,270 over 2018,

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 2015:

2022	\$ 1,030,000
2021	\$ 702,527
2020	\$ 352,643
2019	\$ 500,764
2018	\$ 2,102,464
2017	\$ 426,253
2016	\$ 425,000
2015	\$ 800,000

While the school estimated a use of fund balance in fiscal 2022, nothing was utilized.

IMPLEMENTATION OF ACCOUNTING STANDARD

The Town implemented GASB Statement No. 87, Leases, effective for the year ended June 30, 2022. This Statement establishes standards of accounting for leases by lessees and lessors on financial statements of state and local governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. See NET POSITION Note on Pages 70-71 for the impact to the financial statements as of July 1, 2021 as a result of the adoption.

RESTATEMENT

The Town restated its net position as of June 30, 2021 due to an accounting error related to compensated absences in addition to establishing a fund that was previously not reported in the fund financial statements in error. The impact of the restatement was a \$1.1 million increase in net position. See NET POSITION Note on Page 71 for the impact to the financial statements for the correction of the error.

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 nkildow@scarboroughmaine.org.

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BASIC FINANCIAL STATEMENTS



**TOWN OF
SCARBOROUGH, MAINE**

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2022

TOWN OF SCARBOROUGH, MAINE
Statement of Net Position
June 30, 2022

	Governmental Activities	Component Unit Public Library
ASSETS		
Cash and cash equivalents	\$ 18,957,080	\$ 938,741
Investments	16,968,905	715,714
Receivables:		
Accounts, net	1,031,683	24,631
Intergovernmental	1,671,421	63,189
Taxes receivable	292,452	-
Tax liens	536,866	-
Tax acquired property	7,231	-
Prepays	-	39,599
Inventory	102,519	1,342
Lease receivable	411,552	-
Notes receivable	128,884	-
Lease asset, net	551,336	-
Capital assets, not being depreciated	10,284,931	-
Capital assets, net	158,651,560	655,459
Total Assets	209,596,420	2,438,675
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	5,619,294	-
Deferred OPEB items	2,352,621	-
Deferred pension items	5,441,679	-
Total deferred outflows of resources	13,413,594	-
LIABILITIES		
Accounts payable and other current liabilities	4,953,876	12,510
Accrued payroll and other related liabilities	6,716,511	40,797
Unearned revenues	1,873,789	-
Accrued interest	557,800	-
Noncurrent liabilities:		
Due within one year	9,476,632	-
Due in more than one year	107,144,505	-
Total Liabilities	130,723,113	53,307
DEFERRED INFLOWS OF RESOURCES		
Deferred OPEB items	757,187	-
Deferred pension items	8,063,195	-
Deferred lease items	409,985	-
Total deferred inflows of resources	9,230,367	-
NET POSITION		
Net investment in capital assets	75,907,216	655,459
Restricted for:		
Nonexpendable trust principal	204,168	250,744
Expendable trust - income portion	98,624	-
Town grants and projects	2,726,088	-
Education	3,673,009	-
Unrestricted	447,429	1,479,165
Total Net Position	\$ 83,056,534	\$ 2,385,368

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Activities
For the Year Ended June 30, 2022

		Program revenues			Net (Expense) Revenue and Changes in net position	
			Operating	Capital	Primary	Component
Functions/programs	Expenses	Charges for	Grants and	Grants and	Government	Unit
		Services	Contributions	Contributions	Governmental	Public
					Activities	Library
Primary government:						
Governmental activities:						
General government	\$ 17,343,009	\$ 4,079,787	\$ 1,862,994	\$ 28,125	\$ (11,372,103)	\$ -
Public services	5,669,872	3,471,252	43,055	-	(2,155,565)	-
Public safety	19,040,785	3,273,682	5,649,888	-	(10,117,215)	-
Public works	10,167,312	1,736,170	318,948	-	(8,112,194)	-
Education	61,315,985	1,252,423	13,653,321	-	(46,410,241)	-
Interest on debt service	3,212,033	-	-	-	(3,212,033)	-
Total governmental activities	116,748,996	13,813,314	21,528,206	28,125	(81,379,351)	-
Total primary government	\$ 116,748,996	13,813,314	21,528,206	28,125	(81,379,351)	-
Component unit:						
Scarborough Public Library	\$ 1,382,488	\$ -	\$ 1,899,591	\$ -	-	517,103
General revenues:						
Property taxes, levied for general purposes					71,347,443	-
Excise taxes					7,163,126	-
Payments in lieu of taxes					71,429	-
Interest and costs on taxes					57,216	-
Franchise Tax					222,411	-
Grants and contributions not restricted to specific programs:						
Homestead exemption and business equipment exemption					2,181,009	-
Other State aid					138,082	-
State Revenue Sharing					3,060,007	-
Unrestricted investment earnings					2,628	-
Other					256,687	-
Total general revenues					84,500,038	-
Change in net position					3,120,687	517,103
Net position - beginning, (as restated - primary government)					79,935,847	1,868,265
Net position - ending					\$ 83,056,534	\$ 2,385,368

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE

Balance Sheet
Governmental Funds
June 30, 2022

	General	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 16,593,480	\$ -	\$ 2,363,600	\$ 18,957,080
Investments	8,208,442	-	8,760,463	16,968,905
Receivables:				
Accounts, net	575,295	-	456,388	1,031,683
Intergovernmental	422,726	-	1,248,695	1,671,421
Taxes receivable	292,452	-	-	292,452
Tax liens	536,866	-	-	536,866
Interfund loans receivable	3,864,203	-	1,940,064	5,804,267
Tax acquired property	7,231	-	-	7,231
Inventory	15,379	-	87,140	102,519
Lease receivable	411,552	-	-	411,552
Notes receivable	-	128,884	-	128,884
Total assets	\$ 30,927,626	\$ 128,884	\$ 14,856,350	\$ 45,912,860
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other current liabilities	\$ 4,219,219	\$ -	\$ 734,657	\$ 4,953,876
Accrued payroll and other related liabilities	6,716,511	-	-	6,716,511
Interfund loans payable	-	2,809,462	2,994,805	5,804,267
Unearned revenues	81,851	-	1,791,938	1,873,789
Total liabilities	11,017,581	2,809,462	5,521,400	19,348,443
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	756,170	-	-	756,170
Unavailable revenue - leases	409,985	-	-	409,985
Total deferred inflows of resources	1,166,155	-	-	1,166,155
Fund balances:				
Nonspendable Permanent Fund Principal	-	-	204,168	204,168
Nonspendable Inventory	15,379	-	87,140	102,519
Restricted for Town	2,809,462	-	2,824,712	5,634,174
Restricted for Education	2,643,009	-	849,539	3,492,548
Committed - General Fund	567,204	-	-	567,204
Committed - Education	-	-	601,719	601,719
Committed - Special Revenues	-	-	5,195,330	5,195,330
Assigned - General Fund	1,745,508	-	-	1,745,508
Assigned - Education	1,030,000	-	-	1,030,000
Unassigned Town	9,933,328	(2,680,578)	(427,658)	6,825,092
Total fund balances	18,743,890	(2,680,578)	9,334,950	25,398,262
Total liabilities, deferred inflows of resources and fund balances	\$ 30,927,626	\$ 128,884	\$ 14,856,350	
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.				169,487,827
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				756,170
Deferred charge on refunding is not a financial resource and, therefore, is not reported in the funds				5,619,294
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				(100,285,856)
Accrued interest				(557,800)
Landfill liability				(1,621,901)
Other postemployment benefits liability with related deferred inflows and outflows of resources				(8,674,049)
Net pension liability with related deferred inflows and outflows of resources				(2,734,861)
Right of use asset liability				(559,700)
Accrued compensated absences				(3,770,852)
Net position of governmental activities				\$ 83,056,534

TOWN OF SCARBOROUGH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General	Haigis Parkway Assessments	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 78,871,472	\$ -	\$ 917,851	\$ 79,789,323
Licenses and permits	1,228,531	-	-	1,228,531
Intergovernmental	15,453,547	-	10,908,186	26,361,733
Interest earned	2,628	17,263	(160,575)	(140,684)
Donations	-	-	302,394	302,394
Sale of lots	-	-	9,780	9,780
Assessments and impact fees	-	-	4,361,178	4,361,178
Other	5,663,336	-	2,375,368	8,038,704
Total revenues	101,219,514	17,263	18,714,182	119,950,959
Expenditures:				
Current:				
General government	7,724,048	-	-	7,724,048
Public services	5,569,316	-	-	5,569,316
Public safety	13,169,023	-	-	13,169,023
Public works	7,079,988	-	-	7,079,988
Education	58,091,049	-	5,734,869	63,825,918
County tax	3,081,933	-	-	3,081,933
Debt service	6,361,083	-	-	6,361,083
Capital improvements	1,611,570	-	2,680,239	4,291,809
Other	-	-	9,427,949	9,427,949
Total expenditures	102,688,010	-	17,843,057	120,531,067
(Deficiency)/Excess of revenues over expenditures	(1,468,496)	17,263	871,125	(580,108)
Other financing sources (uses):				
Transfers in	2,368,095	162,350	1,178,970	3,709,415
Transfers out	(850,841)	(370,000)	(2,488,574)	(3,709,415)
Issuance of general obligation bonds	1,134,075	-	2,590,925	3,725,000
Premium received on general obligation bonds, net of issuance costs	651,252	-	-	651,252
Total other financing sources (uses)	3,302,581	(207,650)	1,281,321	4,376,252
Net change in fund balances	1,834,085	(190,387)	2,152,446	3,796,144
Fund balances (deficit), beginning of year (as restated)	16,909,805	(2,490,191)	7,182,504	21,602,118
Fund balances (deficit), end of year	\$ 18,743,890	\$ (2,680,578)	\$ 9,334,950	\$ 25,398,262

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, 2022

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)	\$	3,796,144
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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	\$1,979,328	(3,852,955)
Depreciation expense	(5,559,804)	
Net book value of dispositions	(103,264)	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(81,276)
--	----------

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	22,087	
Landfill	(1,214,466)	
Compensated absences, net	(636,680)	
OPEB liability with deferred outflows and inflows of resources	(482,976)	
Net pension liability with deferred outflows and inflows of resources	1,147,838	

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	\$ (3,725,000)	
General obligation bond payments	8,330,000	
Premiums received on issued bonds	(651,252)	
Amortization of bond premiums	692,950	
Amortization of deferred charge	(384,578)	
Amortization of right of use lease liability	160,851	4,422,971

Change in net position of governmental activities (see Statement 2)	\$	3,120,687
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See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

		Private-purpose Trust Funds (Scholarships)
<hr/>		
ASSETS		
Investments	\$	213,129
<hr/>		
Total assets		213,129
<hr/>		
LIABILITIES		
Due to student groups		800
<hr/>		
Total liabilities		800
<hr/>		
NET POSITION		
Held in trust	\$	212,329
<hr/>		

TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Private-purpose Trust Funds (Scholarships)
Additions:	
Donations	\$ 700
Interest, dividends and change in fair value (net)	(4,094)
Total additions	(3,394)
Deductions:	
School scholarships	1,750
Total deductions	1,750
Change in net position	(5,144)
Net position, beginning of year	217,473
Net position, end of year	\$ 212,329

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements
For the Year Ended June 30, 2022

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 (Town) 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 \$259,687, or 99% of total revenues, to SEDCO for the year ended June 30, 2022.

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 \$1,071,119 of operating or approximately 54% of total revenues, to the Library for the year ended June 30, 2022.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

A. Reporting Entity (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
For the Year Ended June 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

The Town reports the following major governmental funds:

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

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

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.

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
For the Year Ended June 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, and Equity

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

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

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

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

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

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

Inventory – Inventory consists of the School Lunch Program food and supplies to be used for resale and is recorded at the lower of cost or 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
For the Year Ended June 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, and Equity (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. Right of use assets are amortized over the length of the lease term. 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 future periods 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
For the Year Ended June 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, and Equity (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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items that qualify 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, other post-employment benefits (OPEB) and leases as a lessor. Also, the government has two types, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, these items, unavailable revenue and leases as a lessor, is reported in the governmental funds balance sheet and it is from property taxes and leases as a lessor. 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 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 2023 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
For the Year Ended June 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, and Equity (Continued)

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

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 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
For the Year Ended June 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Liabilities, and Equity (Continued)

Recently Adopted Accounting Pronouncements – GASB Statement No. 87, Leases establishes standards of accounting and financial reporting for lease and lessors on financial statements of state and local governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. See NET POSITION footnote for the impact to the financial statements as of July 1, 2021, as the result of implementing GASB Statement No. 87.

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 amounts 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>
2021-2022 budget as adopted	\$101,710,440	\$101,710,440
Budgetary adjustments:		
Subsequent authorization	-	-
Prior year encumbrances and carry forwards	724,527	724,527
Total adjusted budget	\$102,434,967	\$102,434,967

B. Deficit Fund Balance

At June 30, 2022, the following special revenue and capital projects funds had deficit fund balances:

The Haigis Parkway Assessments Fund had a deficit of \$2,680,578. This deficit is expected to grow initially and then be adequately funded in future years with TIF revenues and assessment payments.

The Town Improvements Fund shows deficit of \$692,876 which is expected to be funded through the bonding process. Bonds are normally issued in the spring of fiscal year 2022, however the bonds were not issued before June 30, 2022. Bonds are anticipated to be issued in the spring of fiscal year 2023.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

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, 2022, the Town reported deposits of \$18,957,080 with a bank balance of \$20,323,879. Of the Town's bank balances of \$20,323,879, \$1,574 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.

At June 30, 2022, the Scarborough Public Library's cash balances was \$938,741, of which \$551,470 was not covered by F.D.I.C. insurance or collateralized. The Library has not experienced any losses on such accounts.

B. Investments

At June 30, 2022, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years	More than 5 years
Money markets and repurchase agreements	\$17,182,034	\$12,177,306	\$5,004,728	\$ -
Total investments	\$17,182,034	\$12,177,306	\$5,004,728	\$ -

Investments have been reported as follows:

Reported in governmental funds	\$16,968,905
Reported in fiduciary funds	213,129
Total investments	\$17,182,034

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
For the Year Ended June 30, 2022

PROPERTY TAX

Property taxes for the current year were committed on August 12, 2021, 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, 2021 and 50% on March 15, 2022. Interest at the rate of 6% per annum was charged on amounts remaining unpaid after October 15th and March 15th. Assessed values are periodically established by the Town's Assessor at 100% of the assumed market value as of June 30, 2022 and the Town's value was 99% of the 2022 State valuation of \$4,988,750,000.

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 \$492,729 for the year ended June 30, 2022.

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, 2022 levy:

Assessed value	\$ 4,845,682,776
<u>Tax rate (per \$1,000)</u>	<u>15.02</u>
Commitment	72,782,155

<u>Supplemental taxes assessed</u>	<u>4,744</u>
	72,786,899

<u>Less - collections and abatements</u>	<u>72,358,011</u>
<u>Receivable at June 30</u>	<u>\$ 428,888</u>

Consisting of:	
Taxes	\$ 35,205
Liens	393,683
<u>Receivable at June 30</u>	<u>\$ 428,888</u>

Collection rate	99.4%
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TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2022 was as follows:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Governmental Activities				
Capital assets, not being depreciated/amortized:				
Land	\$ 7,264,093	\$ 73,709	\$ -	\$ 7,337,802
Construction in progress	1,987,494	959,635	-	2,947,129
Total capital assets, not being depreciated/amortized	9,251,587	1,033,344	-	10,284,931
Capital assets, being depreciated/amortized:				
Buildings	124,712,460	838,943	-	125,551,403
Vehicles	17,730,672	-	1,063,215	16,667,457
Equipment and furniture	9,140,907	99,143	122,181	9,117,869
Infrastructure	74,708,475	7,898	-	74,716,373
Right of use assets	715,177	5,374	-	720,551
Total capital assets, being depreciated/amortized	227,007,691	951,358	1,185,396	226,773,653
Less accumulated depreciation/amortization for:				
Buildings	28,339,946	2,376,278	-	30,716,224
Vehicles	10,645,913	1,078,132	1,010,193	10,713,852
Equipment and furniture	5,997,852	649,953	71,939	6,575,866
Infrastructure	17,940,159	1,455,441	-	19,395,600
Right of use assets	-	169,215	-	169,215
Total accumulated depreciation/amortization	62,923,870	5,729,019	1,082,132	67,570,757
Total capital assets being depreciated/amortized, net	164,083,821	(4,777,661)	103,264	159,202,896
Total governmental activities capital assets, net	\$ 173,335,408	\$ (3,744,317)	\$ 103,264	\$ 169,487,827

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

Governmental activities	
General government	\$ 1,005,556
Public services	100,556
Public safety	490,638
Public works, including depreciation of general infrastructure assets	1,872,858
Education	2,259,411
Total depreciation/amortization expense - governmental activities	<u>\$ 5,729,019</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

INTERFUND BALANCES

Interfund balances result from the sharing of pooled cash and investments. Individual interfund loans receivables and loans payables at June 30, 2022, were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$3,864,203	-
Haigis Parkway	-	2,809,462
Nonmajor Governmental Funds:		
Nonmajor Special Revenue Funds:		
Eastern Trail Alliance (Close the Gap)	261,907	-
Recreational development	376,181	-
Payne Road impact fees	7,188	-
Other impact fees	-	617,292
Rescue equipment	188,909	-
Police asset forfeiture	-	15,000
Credit enhancement agreements	-	10,324
School categorical programs	-	1,103,601
American rescue plan	1,095,499	
Fire Department equipment	600	-
Departmental grants and programs	-	182,835
Total Nonmajor Special Revenue Funds	1,930,284	1,929,052
Nonmajor Capital Project Funds:		
General School improvements	-	1,038
General Town improvements	-	1,064,651
Total Nonmajor Capital Project Funds	-	1,065,689
Nonmajor Permanent Funds		
Scarborough Memorial Cemetery	9,780	-
Dunstan Perpetual Care	-	64
Total Permanent Funds	9,780	64
Total Other Governmental Funds	1,940,064	2,994,805
Total all funds	\$5,804,267	\$5,804,267

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, 2022, the balances represent how much was due to or from the General Fund.

INTERFUND TRANSFERS

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 2,368,095	\$ 850,841
Haigis Parkway Assessments	162,350	370,000
Nonmajor Governmental Funds	1,178,970	2,488,574
Total	\$3,709,415	\$3,709,415

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

INTERFUND TRANSFERS, CONTINUED

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, 2022, 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	\$92,660,000	\$3,725,000	\$8,330,000	\$88,055,000	\$ 8,365,000
Premium	12,272,554	651,252	692,950	12,230,856	-
Compensated absences	3,348,374	1,059,158	636,680	3,770,852	942,713
Other postemployment Benefits liability	9,258,022	1,011,461	-	10,269,483	-
Net pension liability	6,924,765	-	6,811,420	113,345	-
Right of use lease liability	715,177	5,374	160,851	559,700	163,919
Landfill post-closure care costs	407,435	1,214,466	-	1,621,901	5,000
Governmental activity					
Long-term liabilities	\$125,586,327	\$7,666,711	\$16,631,901	\$116,621,137	\$9,476,632

As of June 30, 2022, the Town had authorized, but unissued debt totaling \$11,541,175. The General Fund typically pays all governmental activities long-term debt service requirements including accrued compensated absences.

Advance Refunding

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, 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 to pay costs of issuance. There is no call premium on the Refunded Bonds. Accordingly, the escrow trust fund, as well as the defeased bonds, are not reflected in the Town’s financial statements.

The balance of the in-substance defeased bonds at June 30, 2022 is \$40,330,000.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

BONDS PAYABLE

Bonds payable at June 30, 2022 is comprised of the following:

General Obligation Notes and Bonds	Amount originally <u>issued</u>	<u>Percentage applicable to</u>			Interest <u>rate</u>	Final maturity <u>date</u>	Balance end of <u>year</u>
		<u>Town</u>	<u>School</u>	<u>Sewer</u>			
2012 Capital improvements	\$46,545,000	4.16%	49.48%	46.36%	3.00%	2023	\$ 3,520,000
2013 Capital improvements	25,685,000	20.22%	79.78%	-	5.00%	2024	1,480,000
2014 Capital improvements	6,505,000	53.30%	46.70%	-	3.00%-4.00%	2034	2,100,000
2015 Capital improvements	6,085,000	91.21%	8.79%	-	2.00%-4.00%	2035	3,075,000
2016 Capital improvements	7,540,000	94.34%	5.66%	-	2.00%-4.00%	2036	2,950,000
2017 Capital improvements	2,755,000	67.14%	32.86%	-	3.00%-5.00%	2037	1,380,000
2018 Capital improvements	18,190,000	95.17%	4.83%	-	3.00%-5.00%	2048	15,385,000
2019 Capital improvements	7,380,000	91.54%	8.46%	-	3.00%-5.00%	2049	6,560,000
2020 Capital improvements	7,040,000	58.36%	41.64%	-	2.00%-5.00%	2041	6,295,000
2020A Capital improvements	2,855,000	96.57%	3.43%	-	2.25%-4.00%	2031	2,470,000
2020B Capital improvements	39,460,000	3.71%	96.29%	-	2.33%-4.00%	2043	39,115,000
2021 Capital Improvements	3,725,000	67.32%	32.68%	-	2.00%-5.00%	2042	3,725,000
Total							<u>\$ 88,055,000</u>

The annual requirements to amortize all debt outstanding as of June 30, 2022 are as follows:

Year ending	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$	8,365,000	\$ 3,236,209	\$ 11,601,209
2024		6,895,000	2,942,384	9,837,384
2025		6,260,000	2,671,734	8,931,734
2026		6,115,000	2,412,909	8,527,909
2027		5,620,000	2,178,500	7,798,500
2028-2032		25,005,000	7,647,909	32,652,909
2033-2037		15,695,000	3,277,779	18,972,779
2038-2042		9,725,000	1,432,186	11,157,186
2043-2047		3,635,000	393,677	4,028,677
2048-2049		740,000	15,950	755,950
Totals	<u>\$</u>	<u>88,055,000</u>	<u>\$26,209,237</u>	<u>\$ 114,264,237</u>

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.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

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 \$4,988,750,000, the Town's debt limit is \$748,312,500. The Town's outstanding long-term debt of \$88,055,000 at June 30, 2022 was within the Statutory limit.

RIGHT-OF-USE ASSETS AND RECEIVABLES – GASB 87 IMPLEMENTATION

As described in Summary of Significant Accounting Policies, lease changes were incorporated into the Town's fiscal year 2022 financial statements and did not have an effect on opening net position. The Town has entered into various leases as the lessee and lessor for property such as office equipment and parking facilities.

Governmental Activities – Lessee

Annual requirements to amortize the lease liability and related interest are as follows:

Years Ending June 30,	Principal	Interest
2023	\$ 163,919	\$ 10,123
2024	170,644	6,640
2025	178,693	2,996
2026	46,354	163
2027	90	-
Total	<u>\$ 559,700</u>	<u>\$ 19,922</u>

Governmental Activities – Lessor

Future payments due to the Town under non-cancelable agreements are as follows:

Years Ending June 30,	Principal	Interest
2023	\$ 136,531	\$ 2,122
2024	106,088	1,515
2025	107,275	945
2026	33,483	366
2027	23,316	133
Thereafter	4,859	92
Total	<u>\$ 411,552</u>	<u>\$ 5,173</u>

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, 2022, the Town's State valuation of \$4,988,750,000 was 8.82% of the County's State valuation of \$56,590,050,000. The Town's share is 8.82% or \$2,720,156 of Cumberland County's \$30,856,174 long-term debt outstanding as of June 30, 2022.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

Overlapping Debt, Continued

The Town is also served by the Portland Water District. At June 30, 2022, the Town's share of self-supporting bonded water debt is 13.01% or \$7,650,460 of total water debt of \$58,804,455.

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 \$17,442,939 at June 30, 2022, the most recent data available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 9.3%, or \$1,621,901.

Total Debt and Contingencies

Governmental Unit	As of June 30, 2022			
	Direct Debt	Overlapping Debt	Contingent Debt	Total Debt
Town of Scarborough	\$ 88,055,000	\$ -	\$ -	\$ 88,055,000
Cumberland County	-	2,720,156	-	2,720,156
Portland Water District - water debt	-	7,650,460	-	7,650,460
ecomaine landfill closure/postclosure costs	-	-	1,621,901	1,621,901
Totals	<u>\$ 88,055,000</u>	<u>\$ 10,370,616</u>	<u>\$ 1,621,613</u>	<u>\$ 100,047,517</u>

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, 2022, substantially all such calculations have been performed and the Town is in compliance with all known arbitrage requirements.

Grants

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

Litigation

There is no litigation threatened or pending as of June 30, 2022.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

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 until the landfill reaches its capacity. As of June 30, 2022, the Town has used less than 25% of the landfill's total capacity. The estimated total current cost of landfill closure, \$1,621,901 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, 2022. Additionally, annual monitoring and maintenance costs are estimated to be \$5,000 per year.

The total closure and postclosure care costs of \$1,621,901 have been accrued in the statement of activities for the year ended June 30, 2022. The State of Maine may provide partial funding for certain closure costs; however, future funding is uncertain. 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, 2022, the General Fund includes five 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 five programs are currently presented in Statement 1. 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, 2021</u>	<u>June 30, 2022</u>
Unemployment Compensation	\$ 103,565	\$ 181,857
HRA Deductible Plan	109,599	90,950
HRA Credit Plan	29,740	28,783
Hurd Park and Ferry Beach	285,282	245,528
Hunnewell House	<u>20,414</u>	<u>20,086</u>
Total reclassification	<u>\$ 548,600</u>	<u>\$ 567,204</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

FUND BALANCE CHANGES, CONTINUED

The following is a schedule of fund balance classifications for the governmental funds as June 30, 2022:

	General <u>Fund</u>	Haigis Parkway <u>Assessment</u>	Nonmajor <u>Governmental</u>
Fund Balances:			
Nonspendable -Permanent Funds	\$ -	\$ -	\$ 204,168
Nonspendable -Inventory	15,379	-	87,140
	<u>15,379</u>	<u>-</u>	<u>291,308</u>
Restricted:			
Permanent fund interest	-	-	98,624
Deficits in other funds (Haigis Parkway)	2,809,462	-	-
Credit Enhancement Agreements	-	-	93,651
Eastern Trail Alliance (Close the Gap)	-	-	449,397
Grants and donations	-	-	1,976,034
Fire Department equipment	-	-	33,746
Police asset forfeiture	-	-	172,307
High intensity drug trafficking areas	-	-	953
Education	2,643,009	-	849,539
	<u>5,452,471</u>	<u>-</u>	<u>3,674,251</u>
Committed:			
Unemployment Comp/Beach Reserve/Hunnewell	447,471	-	-
HRA deductible/credit plans	119,733	-	-
Impact fees/reserves	-	-	5,195,330
Education	-	-	601,719
	<u>567,204</u>	<u>-</u>	<u>5,797,049</u>
Assigned:			
Carryforward balances/encumbrances	1,745,508	-	-
Education	1,030,000	-	-
	<u>2,775,508</u>	<u>-</u>	<u>-</u>
Unassigned	<u>9,933,328</u>	<u>(2,680,578)</u>	<u>(427,658)</u>
Total Fund Balance	<u>\$ 18,743,890</u>	<u>\$ (2,680,578)</u>	<u>\$ 9,334,950</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

ASSIGNED FUND BALANCES

At June 30, 2022, portions of the General Fund balance were assigned to future periods as follows:

General Fund:

Benefits - Employee Recognition	\$ 3,941
Community Services -Municipal Bldg Voting Booths & Bdlg Repairs	21,420
Community Services -Pub Safety Bldg Scrubber	7,120
Finance Department - Credit Card Services	30,000
Information Technology - Computer Hardware	2,471
Information Technology - Computer Hardware	5,241
Comprehensive Plan - Zoning/Planning Initiatives	28,000
Planning - Sudivision Engineering	15,000
Rescue - Incentive Pay	5,000
Fire Prevention - Manager Full Time Regular Pay	24,500
Police - New Vehicle	3,113
Police - Vehicle Parts	3,710
Police - Vehicle Labor	13,438
PD Marine - MRO Overtime	1,604
PD Marine - MRO Training Costs	95
PD Marine - MRO Clothing	348
PD Marine - MRO Crane Repair	5,457
PD Marine - MRO Pier Transfer	952
PD Marine - MRO Inventory Management	12,071
PD Marine - MRO New Equipment	920
CS - Athletic Fields	23,350
CS - Building Repairs Mem Park	5,000
CS - Building Maint Alger	5,000
PW - Building Maint	4,110
MIS Disaster Recovery/Business Continuity	10,000
MIS Core Switch Upgrade	8,209
Planning - New Vehicles	6,500
Library - Security Cameras and Equipment	6,218
Municipal Building - Schl Air Handler Project	12,000
Municipal Building - Generator Plug-In	10,000
Parks - FY 23 Utility Vehicle	15,000
Parks - CS 4x4 Ton Dump Truck	5,322
Parks - FY23 CS Tractor/Front End Loader	910
Fire Dept. - Major Vehicle Repairs	84
Fire Dept - New Fire Dept Pumper Truck	38,081
Fire - FY22 FD knox Box Safe Replace	2,847
Fire - Fire Vehicle Replacement	15,000
Police - Equipment Issue Room Supplies	193
Police - K-9 Replacement	2,000
Police - PD FY22 Swat Ballistic Vests	6,699
Police - Traffic Monitoring Cameras	17,509
Public Works - FY22 Beach Rack Rehab	24
Public Works - FY22 GIS Aerial Imagery	36,000
Public Works - PW Cloosed Circuit TV Upgrade	26,922
Public Works - 22 Street Sweeper #4201	33,816
Public Works - PW 0222 Pick Up Truck #4052	2,938
Public Works - PW New Plow Truck	117,630
Public Works - FY22 Sidewalk Machine w/Attachments	12,055
CE Traffic - FY22 RT1 Adaptv Traffic Signal	346,750
Public Works - HVAC Improvement/Replacement	40,940
Reserve for Accrued Sick Pay	750,000
Education	1,030,000
	<u>\$ 2,775,508</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

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 237 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 301 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.maineopers.org.

Employee membership data related to the Plans, as of June 30, 2021 was as follows:

	<u>Teachers</u>	<u>PLD</u>
Current participants: Vested and non-vested	40,099	11,704
Terminated participants: Vested	8,387	2,563
Terminated participants: Inactive due refunds	38,393	9,479
Retirees and beneficiaries receiving benefits	<u>37,690</u>	<u>10,093</u>
	<u>124,569</u>	<u>33,839</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 or age 65 depending on the date the member joined the system. 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 1.92%.

For the year ended June 30, 2022, the Town's total payroll for all employees was \$40,543,461. Total covered payroll was \$31,796,884 for the Teacher Plan and \$8,405,668 for the PLD Plan. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan. Total pension benefit in the aggregate for both plans was \$1,147,838 for the year ended June 30, 2022.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

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 14.33% 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, 2022, was 3.84% percent of annual teacher payroll, plus 14.89% 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, 2022 were \$1,390,042.

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, 2022, was 10.32% of annual payroll. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2022 was 13.4% or 15.2%, 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, 2022 were \$1,049,279.

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

Teacher Plan

At June 30, 2022, 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	\$ 633,921
State's proportionate share of the net pension liability associated with the Town of Scarborough School Department	<u>16,630,393</u>
Total	<u>\$17,264,314</u>

The net pension liability was measured as of June 30, 2021, 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, 2021, the School Department's proportion was 0.074946 percent, which was a increase of 0.041534 percent from its proportion measured as of June 30, 2020.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

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

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

Teacher Plan (Continued)

For the year ended June 30, 2022, the School Department recognized pension expense of \$1,264,511 and revenue of \$3,726,454 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 experience	\$ 9,396	\$ 12,959
Net difference between projected and actual earnings on Plan investments	-	863,769
Changes in proportion and differences between contributions and proportionate share of contributions	428,353	11,864
Changes in assumptions	432,197	-
Contributions subsequent to the measurement date	1,136,007	-
Total	<u>\$ 2,005,953</u>	<u>\$ 888,592</u>

The \$1,136,007 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense) as follows:

<u>Year Ended June 30:</u>	
2023	\$ 179,092
2024	239,235
2025	(196,209)
2026	(240,764)
	<u>\$ (18,646)</u>

PLD Plan

At June 30, 2022, the Town and the Town School Department reported an asset of \$520,576 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the Town and the Town School Department's proportion was 1.619905%, which was an increase of 0.014269% from its proportion measured as of June 30, 2020.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

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

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

PLD Plan (Continued)

For the year ended June 30, 2022, the Town and the Town School Department recognized pension benefit of \$94,740. At June 30, 2022, 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 experience	\$ 336,750	\$ 35,382
Net difference between projected and actual earnings on Plan investments	-	7,095,643
Changes in proportion and differences between contributions and proportionate share of contributions	33,486	43,578
Changes in assumptions	1,748,051	-
Contributions subsequent to the measurement date	1,317,439	-
Total	<u>\$ 3,435,726</u>	<u>\$ 7,174,603</u>

The \$1,317,439 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense (reduction in expense) as follows:

<u>Year Ended June 30:</u>	
2023	\$ (815,938)
2024	(653,418)
2025	(1,615,222)
2026	(1,971,738)
	<u>\$ (5,056,316)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2021 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 2.80%-13.03% and PLD Plan 2.75%-11.48%, per year
Investment rate of return	Teachers Plan 6.50% and PLD Plan 6.50%, per annum, compounded annually

Mortality rates were based on the 2010 Public Plan Teacher Benefits - Weighted Healthy Retiree Mortality Table and 2010 Public Plan General Benefits- Weighted Healthy Retiree Mortality Table, for males or females, projected generationally using the RPEC_2020 model.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

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

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 to June 30, 2020.

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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	6.00%
U.S Government	2.30%
Private Equity	7.60%
Real Assets	
Real Estate	5.20%
Infrastructure	5.30%
Natural Resources	5.00%
Traditional Credit	3.00%
Alternative Credit	7.20%
Diversifiers	5.90%

Discount Rate

The discount rate used to measure the total pension liability was 6.50% 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
For the Year Ended June 30, 2022

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 6.5% percent, as well as what the School Department's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	Discount Rate	Town/School Department's Proportionate Share of Net Pension Liability (Asset)
1% decrease	5.50%	\$ 1,664,750
Current discount rate	6.50%	\$ 633,921
1% increase	7.50%	\$ (224,348)

PLD Plan

The following presents the Town and the School Department's proportionate share of the net pension asset calculated using the discount rate of 6.5% 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 (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	Discount Rate	Town/School Department's Proportionate Share of Net Pension Liability (Asset)
1% decrease	5.50%	\$ 7,408,098
Current discount rate	6.50%	\$ (520,576)
1% increase	7.50%	\$ (7,078,634)

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
For the Year Ended June 30, 2022

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, 2021, the total amount of on-behalf payments was approximately \$3,726,454 and was recognized in the fund financial statements.

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 \$303,065 which was 6% of the participating employees and 17% of the Town Manager's current year covered payroll. The covered payroll amounted to \$4,870,073 while the Town's total payroll was \$15,740,146. Employee's required contributions amounted to \$272,689, 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 \$641,156 and the Town contributions amounted to \$318,708. The Town contributes a match up to 4%. The covered payroll amounted to \$10,870,073.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

DEFINED CONTRIBUTION PENSION PLAN, CONTINUED

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 expense in the aggregate for both plans was \$482,976 for the year ended June 30, 2022.

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, 2022, the following were covered by the benefit terms: Inactive employees or beneficiaries currently receiving benefit payments – 24, Active employees 169, total employees 193.

The Town's total OPEB liability of \$3,889,940 was measured as of January 1, 2022 and was determined by an actuarial valuation as of January 1, 2022.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2022 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 2.40% 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, 2016 through June 30, 2020's experience study. The initial healthcare cost trend rate assumptions used for the fiscal year ended June 30, 2022 were non-Medicare of 7.67% and Medicare 8.60%, decreasing to 3.53% and 3.53%, respectively, over a grading period of 20 years. Rates of mortality are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2010 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

POST EMPLOYMENT HEALTH CARE, CONTINUED

The discount rate was updated to reflect the December 30, 2021 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index. The actuarial assumptions used in the January 1, 2022 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, 2016 through June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 3,193,848
Changes for the year:	
Service cost	114,702
Interest	68,928
Changes in assumptions	(26,039)
Differences between expected and actual experience	653,519
Benefit payments	(115,018)
Net changes	696,092
Balance at June 30, 2022	\$ 3,889,940

Changes of assumptions reflect a decrease of \$26,039. Changes in assumptions reflect a change in the discount rate from 2.12% in 2021 to 2.06% in 2022.

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 2.06%.

	1% Decrease (1.06%)	Current Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB liability	\$ 4,491,480	\$ 3,889,940	\$ 3,399,018

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, 2022 were non-Medicare of 7.67% and Medicare 8.60%, 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	Current Health Care Trend Rates	1% Increase
Total OPEB liability	\$ 3,356,116	\$ 3,889,940	\$ 4,566,879

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

POST EMPLOYMENT HEALTH CARE, CONTINUED

For the year ended June 30, 2022, the Town recognized expense of \$210,118. At June, 30, 2022, 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	\$ 910,555	\$ -
Changes in assumptions	133,358	651,661
Contributions subsequent to the measurement date	60,590	-
Total	<u>\$ 1,104,503</u>	<u>\$ 651,661</u>

The \$60,590 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, 2023. 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:		
2023	\$	26,488
2024		26,488
2025		26,488
2026		26,487
2027		22,511
Thereafter		263,790
	<u>\$</u>	<u>392,252</u>

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
For the Year Ended June 30, 2022

POST EMPLOYMENT HEALTH CARE, CONTINUED

Employee membership data related to the Plan, as of the June 30, 2021 measurement date was, as follows:

Active members	458
Retirees under age 65	13
Retirees over age 65	145
Total	<u>616</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 55% 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 45% 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, 2022, the Town School Department reported a liability of \$6,379,543 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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
For the Year Ended June 30, 2022

POST EMPLOYMENT HEALTH CARE, CONTINUED

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

For the year ended June 30, 2022, the Town School Department recognized expense of \$496,651. At June 30, 2022, 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	\$ 174,712	\$ -
Changes in assumptions	970,054	105,526
Contributions subsequent to the measurement date	<u>103,352</u>	<u>-</u>
Total	<u>\$ 1,248,118</u>	<u>\$ 105,526</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$103,352 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Town School Department expense, as follows:

<u>Year Ended June 30:</u>	
2023	\$ 201,282
2024	201,282
2025	201,281
2026	236,455
2027	191,003
Thereafter	<u>7,937</u>
	<u>\$ 1,039,240</u>

Actuarial assumptions and methods: The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Measurement date:	June 30, 2021
Discount Rate:	2.16% per annum for the year ended June 30, 2021 reporting.
Healthcare cost trend rates:	Non-Medicare – Initial trend of 6.21% applied in 2020 and 6.83% applied in 2022, grading over 18 years to 3.25% per annum. Medicare – Initial trend rate of 0.00% applied in 2021 and 6.30% applied in 2022, grading over 18 years to 3.25% per annum.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

POST EMPLOYMENT HEALTH CARE, CONTINUED

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

Rate of mortality:

Healthy Annuitants: Based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows:

- 98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80
- 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

Rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.

Healthy Employees: Based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

Disabled Annuitants: Based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits Weighted Disabled Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model described in the healthy annuitant mortality.

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, 2021. The discount rate based on the index was 2.16% per annum as of June 30, 2021.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

POST EMPLOYMENT HEALTH CARE, CONTINUED

Changes in the Net OPEB Liability

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

	Total OPEB Liability
Balance at June 30, 2020	\$ 6,140,510
Changes for the year:	
Service cost	157,414
Interest	137,955
Changes in assumptions	55,547
Differences between expected and actual experience	-
Benefit payments	(111,883)
Net changes	239,033
Balance at June 30, 2021 (for June 30, 2022 reporting)	\$ 6,379,543

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 1.16 percent or 1-percentage-point higher 3.16 percent than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 7,640,572	\$ 6,379,543	\$ 5,382,219

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, 2021 were non-Medicare of 6.21% applied in 2020 and 6.83% applied in 2022, and Medicare 0.00% applied in 2021 and 6.30% applied in 2022, decreasing to 3.25% and 3.25%, respectively, over a grading period of 18 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	Current Health Care Trend Rates	1% Increase
Total OPEB liability	\$ 5,251,807	\$ 6,379,543	\$ 7,848,262

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

POST EMPLOYMENT HEALTH CARE, CONTINUED

Changes in the Net OPEB Liability (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 55% of the blended single premium for the retiree's healthcare coverage. Using the census data for the measurement period ended June 30, 2021 the estimated on-behalf OPEB subsidy for year ended June 30, 2022 was approximately \$118,965. 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, 2022, the Town abated property taxes totaling \$1,598,917 under the CEA and 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 \$825,000. This CEA is part of the Haigis Parkway TIF District.

The remaining business abatement, Foundation Center (a TIF specific to this property was created for the CEA), totaled \$58,628.

The Town has an agreement for the Haigis Parkway District with total tax captured of \$162,350 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 \$34,397. 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
For the Year Ended June 30, 2022

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 \$40,751. 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 \$76,480 and Avesta Southgate Affordable Housing TIF for \$34,543. 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, 2022. 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 and right of use assets, net of accumulated depreciation/amortization, 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, 2022:

	<u>Governmental Activities</u>
Capital assets	\$ 236,338,033
Right of use lease assets	720,551
Accumulated depreciation and amortization	(67,570,757)
Bonds payable	(86,665,000)
Premium liabilities net of amortization	(12,230,856)
Deferred charge on refunding	5,619,294
Lease liability	(559,700)
Unspent bond proceeds	<u>255,651</u>
Net investment in capital assets	<u>\$75,907,216</u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

NET POSITION, CONTINUED

The Town's Bonds payable is \$88,055,000 as stated in the footnote on page 47. For the purpose of determining net investment in capital assets, bonds payable totaling \$1,390,000 have been excluded from this calculation because the Town transferred ownership of the capital assets to other entities.

Restatement of Beginning Fund Balance and Net Position

Beginning net position was adjusted as a result of implementation of GASB Statement No. 87, *Leases* in addition to reversal of accrued compensated that had been recorded in the General Fund in fiscal year 2021, during the year ended June 30, 2022. Beginning net position was increased by \$1,159,151, as a result of these entries.

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

Fund balance at July 1, 2021 was restated, as follows:

Governmental Activities	
Net Position as originally stated at July 1, 2021	\$ 78,774,959
Restatement for establishment of HIDTA in fund financial statements	1,737
Restatement for right of use assets for the implementation of GASB 87	715,177
Restatement for lease liability for the implementation of GASB 87	(715,177)
Restatement for lease receivables for the implementation of GASB 87	370,697
Restatement for deferred lease receivables for the implementation of GASB 87	(370,697)
Restatement for accrued compensated absences recorded in the General Fund	<u>1,159,151</u>
Net Position at July 1, 2021, as restated	<u><u>\$ 79,935,847</u></u>
General Fund	
Fund Balance as originally stated at July 1, 2021	\$ 15,750,654
Restatement for lease receivables for the implementation of GASB 87	370,697
Restatement for deferred lease receivables for the implementation of GASB 87	(370,697)
Restatement for accrued compensated absences recorded in the General Fund	<u>1,159,151</u>
Fund Balance at July 1, 2021, as restated	<u><u>\$ 16,909,805</u></u>
Other Governmental Funds	
Fund Balance as originally stated at July 1, 2021	\$ 7,180,767
Restatement for High Intensity Drug Trafficking Areas (HIDTA) fund previously not reported	<u>1,737</u>
Fund Balance at July 1, 2021, as restated	<u><u>\$ 7,182,504</u></u>

TOWN OF SCARBOROUGH, MAINE
Notes to Financial Statements, Continued
For the Year Ended June 30, 2022

COMMITMENTS

Construction in progress of \$2,947,129 as of June 30, 2022 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, 2022 to June 30, 2023. The additional estimated costs to complete these projects are approximately \$57,045.

SUBSEQUENT EVENT

Subsequent events have been evaluated through May 31, 2023, which is the date the financial statements were available for issuance. No events have been identified requiring recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 78,720,352	\$ 78,720,352	\$ 78,871,472	\$ 151,120
Licenses and permits	1,059,900	1,059,900	1,228,531	168,631
Intergovernmental	11,442,460	11,442,460	11,608,128	165,668
Interest earned	125,000	125,000	2,628	(122,372)
Unclassified	6,941,527	6,941,527	6,828,336	(113,191)
Total revenues	98,289,239	98,289,239	98,539,095	249,856
Expenditures:				
Current:				
General government	7,800,178	7,800,178	7,712,475	87,703
Public services	5,799,275	5,799,275	5,569,316	229,959
Public safety	13,874,448	13,874,448	13,169,023	705,425
Public works	7,453,945	7,453,945	7,079,988	373,957
Education	55,866,156	55,866,156	54,245,630	1,620,526
County tax	3,081,933	3,081,933	3,081,933	-
Debt service	6,482,918	6,482,918	6,361,083	121,835
Capital improvements	1,865,889	1,865,889	1,611,570	254,319
Total expenditures	102,224,742	102,224,742	98,831,018	3,393,724
Excess (deficiency) of revenues over expenditures	(3,935,503)	(3,935,503)	(291,923)	3,643,580
Other financing sources (uses):				
Transfers in	1,203,095	1,203,095	1,203,095	-
Transfers out	(210,225)	(210,225)	(862,414)	(652,189)
Utilization of surplus	664,577	664,577	-	(664,577)
General obligation bonds	1,134,075	1,134,075	1,134,075	-
Premium received on issued bonds	651,252	651,252	651,252	-
Overlay	492,729	492,729	-	(492,729)
Total other financing sources (uses)	3,935,503	3,935,503	2,126,008	(1,809,495)
Net change in fund balances - budgetary basis	-	-	1,834,085	1,834,085
Fund balance, beginning of year (as restated)	-	-	16,909,805	-
Fund balance, end of year	\$ -	\$ -	\$ 18,743,890	\$ -

See accompanying notes to financial statements.

TOWN OF SCARBOROUGH, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) Detailed
For the Year Ended June 30, 2022
(with Comparative Totals for June 30, 2021)

		2022					
		2021	Total			Variance	2021
		carryforward	Budget	Available	Actual	positive (negative)	Actual
Revenues:							
Taxes:							
Property taxes	\$	-	\$ 71,392,305	\$ 71,392,305	\$ 71,347,443	\$ (44,862)	\$ 69,028,705
Change in deferred property tax revenue		-	-	-	81,276	81,276	80,124
Excise taxes		-	7,030,000	7,030,000	7,163,126	133,126	7,174,929
Cable franchise tax		-	219,000	219,000	222,411	3,411	229,665
Interest and costs on taxes		-	79,047	79,047	57,216	(21,831)	79,210
Total taxes		-	78,720,352	78,720,352	78,871,472	151,120	76,592,633
Licenses and permits:							
Plumbing fees		-	45,000	45,000	49,775	4,775	45,623
Fees and Permits		-	218,350	218,350	195,830	(22,520)	233,233
Building permits		-	625,000	625,000	794,294	169,294	738,067
Electrical permits		-	70,000	70,000	92,562	22,562	100,384
Zoning Board of Appeals		-	7,000	7,000	4,605	(2,395)	6,250
License plate fees		-	69,550	69,550	91,465	21,915	94,367
Subdivision fees		-	25,000	25,000	-	(25,000)	(150,959)
Total licenses and permits		-	1,059,900	1,059,900	1,228,531	168,631	1,066,965
Intergovernmental:							
Education state subsidies		-	4,903,083	4,903,083	5,477,071	573,988	4,032,961
FEMA/MEMA reimbursement		-	-	-	-	-	65,175
Federal HIDTA revenues		-	245,000	245,000	269,548	24,548	234,934
State Revenue Sharing		-	2,950,000	2,950,000	3,060,007	110,007	1,839,811
Homestead exemption		-	1,394,418	1,394,418	1,394,418	-	1,335,625
Business equipment tax exemption		-	786,133	786,133	786,591	458	604,540
LRAP (Local Road Assistance Program)		-	309,920	309,920	318,948	9,028	309,920
ecomaine payment in lieu of taxes		-	71,450	71,450	71,429	(21)	71,429
General assistance reimbursement		-	57,750	57,750	43,055	(14,695)	78,010
Adult education State subsidies		-	36,969	36,969	48,979	12,010	47,886
Other Federal and State revenues - School		-	60,000	60,000	-	(60,000)	18,405
Other Intergovernmental revenues - Town		-	627,737	627,737	138,082	(489,655)	609,259
Total intergovernmental		-	11,442,460	11,442,460	11,608,128	165,668	9,247,955
Interest earned		-	125,000	125,000	2,628	(122,372)	177,290
Unclassified:							
School Department miscellaneous		-	263,000	263,000	251,148	(11,852)	131,049
Adult education		-	47,189	47,189	43,294	(3,895)	26,543
Community services		-	2,261,725	2,261,725	1,824,394	(437,331)	1,373,554
Insurance reimbursements		-	55,000	55,000	162,969	107,969	184,208
Public Violations		-	94,700	94,700	99,782	5,082	122,618
Special duty police/fire		-	88,500	88,500	122,698	34,198	57,279
Inspection/review fees		-	192,200	192,200	204,410	12,210	351,501
Rescue donations		-	1,150,000	1,150,000	1,150,000	-	1,250,000
Rental/Lease income		-	149,189	149,189	142,135	(7,054)	118,317
Sale of Town-owned property		-	113,832	113,832	28,125	(85,707)	86,668
Salary reimbursement		-	1,446,722	1,446,722	1,652,998	206,276	1,211,617
Vehicle fuel reimbursement		-	327,220	327,220	359,393	32,173	297,960
Vehicle maintenance reimbursement		-	592,050	592,050	530,303	(61,747)	524,239
Miscellaneous		-	160,200	160,200	256,687	96,487	181,173
Total unclassified		-	6,941,527	6,941,527	6,828,336	(113,191)	5,916,726
Total revenues		-	98,289,239	98,289,239	98,539,095	249,856	93,001,569

TOWN OF SCARBOROUGH, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) Detailed, Continued
For the Year Ended June 30, 2022

	2022						2021 Actual
	2021 Carryforward	Budget	Total Available	Actual	Variance Positive (Negative)		
Expenditures:							
Current:							
General government:							
Town Council	\$ -	\$ 11,573	\$ 11,573	\$ 10,875	\$ 698	\$ 11,572	
Administration	-	504,232	504,232	499,508	4,724	455,925	
Town Clerk	-	267,281	267,281	271,491	(4,210)	270,195	
General government	10,000	141,635	151,635	157,995	(6,360)	116,660	
Legal	-	113,000	113,000	154,361	(41,361)	127,197	
Human resources	1,250	304,633	305,883	295,123	10,760	304,869	
Risk management	-	955,118	955,118	1,022,053	(66,935)	1,037,526	
Personnel benefits	-	437,621	437,621	860,324	(422,703)	598,151	
Public information	-	500	500	-	500	-	
Municipal Building	121,011	416,778	537,789	485,240	52,549	408,201	
Oak Hill Professional Bldg	9,500	33,846	43,346	31,284	12,062	24,145	
Alger Building	-	25,400	25,400	8,727	16,673	4,294	
Public Safety Building	5,883	197,439	203,322	195,160	8,162	97,498	
Finance	9,750	438,326	448,076	403,062	45,014	394,831	
Taxation/Treasury	-	473,152	473,152	460,691	12,461	407,128	
Assessing	-	398,680	398,680	366,977	31,703	318,027	
Management information systems	30,209	1,592,423	1,622,632	1,452,876	169,756	1,323,926	
Planning	64,426	1,224,012	1,288,438	1,036,728	251,710	1,025,273	
Outside agencies	-	12,500	12,500	-	12,500	12,500	
Total general government	252,029	7,548,149	7,800,178	7,712,475	87,703	6,937,918	
Public services:							
Library	6,218	1,071,119	1,077,337	1,071,119	6,218	1,132,963	
Public health and welfare	-	105,813	105,813	97,571	8,242	140,995	
Tax Rebates (Credit Enhancement Agree)	-	1,453,940	1,453,940	1,404,357	49,583	1,241,479	
Economic Development Corporation	-	258,326	258,326	259,687	(1,361)	239,900	
Community services	-	2,903,859	2,903,859	2,736,582	167,277	1,960,765	
Total public services	6,218	5,793,057	5,799,275	5,569,316	229,959	4,716,102	
Public safety:							
Fire Department	13,777	4,129,951	4,143,728	4,152,782	(9,054)	3,863,935	
Emergency Management	-	42,925	42,925	-	42,925	108,287	
Emergency Medical Services	-	2,033,620	2,033,620	2,109,243	(75,623)	1,770,268	
Marine resources/coop	12,071	118,476	130,547	-	130,547	68,146	
Police Department	70,101	7,453,527	7,523,628	6,906,998	616,630	6,776,118	
Total public safety	95,949	13,778,499	13,874,448	13,169,023	705,425	12,586,754	
Public works:							
Public Works Department	40,940	3,368,445	3,409,385	3,831,681	(422,296)	2,872,510	
GIS/Engineering services	-	119,182	119,182	129,389	(10,207)	98,331	
Vehicle maintenance	-	1,934,628	1,934,628	1,335,523	599,105	1,658,935	
Water charges	-	261,500	261,500	86,485	175,015	244,410	
Street lighting	-	36,500	36,500	57,457	(20,957)	28,311	
Traffic signals	-	109,600	109,600	86,351	23,249	87,707	
Cemetery care	-	18,100	18,100	44,232	(26,132)	20,148	
Memorials	-	8,600	8,600	1,609	6,991	4,327	
Shade trees	-	2,000	2,000	3,610	(1,610)	2,400	
Solid waste program	-	1,554,450	1,554,450	1,503,651	50,799	1,462,625	
Total public works	40,940	7,413,005	7,453,945	7,079,988	373,957	6,479,704	
Education:							
Adult education	-	179,639	179,639	147,602	32,037	123,616	
Regular instruction	-	34,409,226	34,409,226	33,309,785	1,099,441	31,299,704	
Improvement of instruction	-	923,657	923,657	802,517	121,140	841,736	
Special services	3,502	5,211,216	5,214,718	5,089,792	124,926	4,593,031	
General & special administration	-	289,513	289,513	276,586	12,927	268,323	
Board of education	-	44,418	44,418	32,472	11,946	39,967	
Office of the superintendent	-	833,420	833,420	798,773	34,647	689,074	
Business administration	-	2,362,777	2,362,777	2,276,730	86,047	2,254,468	
Transportation	-	1,880,687	1,880,687	1,824,217	56,470	1,385,287	
Operation and maintenance of plant	-	4,190,725	4,190,725	4,175,748	14,977	3,881,226	
Debt service	-	5,537,376	5,537,376	5,511,408	25,968	5,144,472	
Total education	3,502	55,862,654	55,866,156	54,245,630	1,620,526	50,520,904	

TOWN OF SCARBOROUGH, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) Detailed, Continued
For the Year Ended June 30, 2022

	2022						2021 Actual
	2021 Carryforward	Budget	Total Available	Actual	Variance Positive (Negative)		
Expenditures, continued:							
Current, continued:							
County tax	\$ -	\$ 3,081,933	\$ 3,081,933	\$ 3,081,933	\$ -	\$	3,188,519
Debt service (excluding education):							
Principal	-	4,781,991	4,781,991	4,729,834	52,157		4,903,293
Interest and other costs	-	1,700,927	1,700,927	1,631,249	69,678		1,768,393
Total debt service	-	6,482,918	6,482,918	6,361,083	121,835		6,671,686
Capital improvements	325,889	1,540,000	1,865,889	1,611,570	254,319		1,336,203
Total expenditures	724,527	101,500,215	102,224,742	98,831,018	3,393,724		92,437,790
Excess (deficiency) of revenues over expenditures	(724,527)	(3,210,976)	(3,935,503)	(291,923)	3,643,580		563,779
Other financing sources (uses):							
Transfers in	-	1,203,095	1,203,095	1,203,095	-		982,977
Transfers out	-	(210,225)	(210,225)	(862,414)	(652,189)		(874,808)
General obligation bonds	-	1,134,075	1,134,075	1,134,075	-		-
Refunding bonds issued	-	-	-	-	-		42,315,000
Premium received on refunded bonds, net of issuance costs	-	-	-	-	-		5,659,676
Premium received on issued bonds, net of issuance costs	-	651,252	651,252	651,252	-		-
Payment to refunding bond escrow agent	-	-	-	-	-		(47,974,676)
Overlay	-	492,729	492,729	-	(492,729)		(4,254)
Total other financing sources (uses)	-	3,270,926	3,270,926	2,126,008	(1,144,918)		103,915
Net change in fund balances - budgetary basis	(724,527)	59,950	(664,577)	1,834,085	2,498,662		667,694
Utilization of prior year surplus and carrying balances	724,527	(59,950)	664,577	-	(664,577)		-
Total Utilization of Fund Balance and Carry forwards	-	-	-	1,834,085	1,834,085		667,694
Fund balances, beginning of year (as restated)	\$ -	\$ -	\$ -	\$ 16,909,805	\$ -	\$	15,082,960
Restatement	-	-	-	-	-		1,159,151
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 18,743,890	\$ -	\$	16,909,805

TOWN OF SCARBOROUGH, MAINE
Schedule Changes in Net OPEB Liability and
Related Ratios – MMEHT Group Health Insurance Plan
Required Supplementary Information
June 30, 2022
(Unaudited)

RSI-3

Other Post-Employment Benefits					
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability					
Service Cost	\$ 114,702	\$ 99,093	\$ 94,071	\$ 107,114	\$ 95,617
Interest	68,928	82,090	130,878	116,667	121,874
Changes in benefit terms	-	-	(89,811)	-	-
Difference between expected and actual experience	653,519	-	412,934	-	105,980
Changes in assumptions or other inputs	(26,039)	171,460	(640,639)	(305,884)	(70,197)
Benefit payments	(115,018)	(110,594)	(106,333)	(102,243)	(92,711)
Net change in total OPEB liability	696,092	242,049	(198,900)	(184,346)	160,563
Total OPEB liability - beginning	3,193,848	2,951,799	3,150,699	3,335,048	3,174,482
Total OPEB liability - ending	\$ 3,889,940	\$ 3,193,848	\$ 2,951,799	\$ 3,150,702	\$ 3,335,045
Covered Payroll	\$ 10,941,840	\$ 10,669,667	\$ 10,019,117	\$ 10,019,117	\$ 10,019,117
Total OPEB liability as a percentage of covered payroll	35.6%	29.9%	27.7%	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, 2022	2.06%
June 30, 2021	2.12%
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.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

This schedule is presented to illustrate requirement 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, 2022
(Unaudited)

RSI-4

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB liability				
Service Cost	\$ 157,414	\$ 62,895	\$ 52,477	\$ 56,620
Interest	137,955	189,285	192,731	183,504
Changes in benefit terms	-	(660,868)	-	-
Difference between expected and actual experience	-	244,596	-	-
Changes in assumptions or other inputs	55,547	1,036,880	318,176	(246,226)
Benefit payments	(111,883)	(153,734)	(137,867)	(133,102)
Net change in total OPEB liability	239,033	719,054	425,517	(139,204)
Total OPEB liability - beginning	6,140,510	5,421,456	4,995,939	5,135,143
Total OPEB liability - ending	<u>\$ 6,379,543</u>	<u>\$ 6,140,510</u>	<u>\$ 5,421,456</u>	<u>\$ 4,995,939</u>
Covered-Employee Payroll	21,508,485	19,578,067	22,094,507	21,503,170
Total OPEB liability as a percentage of covered payroll	29.7%	31.0%	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, 2022	2.16%
June 30, 2021	2.21%
June 30, 2020	3.50%
June 30, 2019	3.87%

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

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

This schedule is presented to illustrate requirement 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 Proportionate Share of the Net Pension Liability
Required Supplementary Information
June 30, 2022
(Unaudited)

RSI-5

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
2022	6/30/2021	0.078%	\$ 663,921	\$ 16,630,393	\$ 17,294,314	\$ 31,796,884	2.09%	92.12%
2021	6/30/2020	0.033%	545,368	32,390,164	32,935,532	26,581,636	2.05%	81.03%
2020	6/30/2019	0.036%	524,183	28,538,618	29,062,801	25,337,964	1.80%	82.73%
2019	6/30/2018	0.037%	495,178	26,319,136	26,814,314	24,415,427	2.03%	82.90%
2018	6/30/2017	0.038%	552,792	27,719,908	28,272,700	23,568,099	2.35%	80.78%
2017	6/30/2016	0.035%	624,320	33,161,075	33,785,395	22,450,059	2.78%	76.21%
2016	6/30/2015	0.042%	565,672	24,964,846	25,530,518	21,706,258	2.61%	81.18%
2015	6/30/2014	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/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	6/30/2021	-1.62%	\$ (520,576)	\$ 8,405,668	-6.19%	100.86%
2021	6/30/2020	1.61%	6,379,397	8,941,589	71.35%	88.35%
2020	6/30/2019	1.62%	4,943,615	8,527,341	57.97%	90.62%
2019	6/30/2018	1.66%	4,538,914	7,843,357	57.87%	91.14%
2018	6/30/2017	1.59%	6,516,621	7,305,860	89.20%	86.43%
2017	6/30/2016	1.48%	7,865,767	6,444,728	122.05%	81.61%
2016	6/30/2015	1.53%	48,753,463	6,287,712	77.54%	88.27%
2015	6/30/2014	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, 2022
(Unaudited)

RSI-6

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
2022	6/30/2021	\$ 1,136,007	\$ 1,136,007	\$ -	\$ 31,796,884	3.57%
2021	6/30/2020	1,292,742	1,292,742	-	26,669,756	4.85%
2020	6/30/2019	1,166,575	1,166,575	-	26,581,636	4.39%
2019	6/30/2018	1,055,590	1,055,590	-	25,337,964	4.16%
2018	6/30/2017	1,018,971	1,018,971	-	24,415,427	4.17%
2017	6/30/2016	838,381	838,381	-	23,568,099	3.56%
2016	6/30/2015	649,178	649,178	-	22,450,059	2.89%
2015	6/30/2014	626,859	626,859	-	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
2022	6/30/2021	\$ 1,317,439	\$ 1,317,439	\$ -	\$ 8,405,668	15.67%
2021	6/30/2020	1,108,280	1,108,280	-	7,353,891	15.07%
2020	6/30/2019	1,037,156	1,037,156	-	8,941,589	11.60%
2019	6/30/2018	990,347	990,347	-	8,527,341	11.61%
2018	6/30/2017	920,669	920,669	-	7,843,357	11.74%
2017	6/30/2016	815,586	815,586	-	7,305,860	11.16%
2016	6/30/2015	694,798	694,798	-	6,444,728	10.78%
2015	6/30/2014	624,901	624,901	-	6,287,712	9.94%

OTHER SUPPLEMENTARY INFORMATION

OTHER NONMAJOR GOVERNMENTAL FUNDS

TOWN OF SCARBOROUGH, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,684,719	\$ 678,881	\$ -	\$ 2,363,600
Investments	8,364,309	103,078	293,076	8,760,463
Intergovernmental receivable	1,248,695	-	-	1,248,695
Accounts receivable	456,388	-	-	456,388
Interfund loans	1,930,284	-	9,780	1,940,064
Inventory	87,140	-	-	87,140
Total assets	\$ 13,771,535	\$ 781,959	\$ 302,856	\$ 14,856,350
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 614,243	\$ 120,414	\$ -	\$ 734,657
Interfund loans	1,929,052	1,065,689	64	2,994,805
Unearned revenues	1,791,938	-	-	1,791,938
Total liabilities	4,335,233	1,186,103	64	5,521,400
Fund balances (deficit):				
Nonspendable trust principal	-	-	204,168	204,168
Nonspendable inventory	87,140	-	-	87,140
Restricted for Town	2,726,088	-	98,624	2,824,712
Restricted for Education	849,539	-	-	849,539
Committed for Town	5,195,330	-	-	5,195,330
Committed for Education	601,719	-	-	601,719
Unassigned for Town	(23,514)	(404,144)	-	(427,658)
Total fund balances (deficit)	9,436,302	(404,144)	302,792	9,334,950
Total liabilities and fund balances	\$ 13,771,535	\$ 781,959	\$ 302,856	\$ 14,856,350

TOWN OF SCARBOROUGH, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 10,908,186	\$ -	\$ -	\$ 10,908,186
Contributions	302,394	-	-	302,394
Taxes	-	917,851	-	917,851
Assessments and impact fees	4,361,178	-	-	4,361,178
Sale of lots	-	-	9,780	9,780
Other revenue	2,330,867	44,501	-	2,375,368
Interest revenue	(155,232)	294	(5,637)	(160,575)
Total revenues	17,747,393	962,646	4,143	18,714,182
Expenditures:				
Current:				
Capital expenditures	1,033,634	1,646,605	-	2,680,239
Education	4,082,565	1,652,304	-	5,734,869
Other	9,427,885	-	64	9,427,949
Total expenditures	14,544,084	3,298,909	64	17,843,057
Excess (deficiency) of revenues over expenditures	3,203,309	(2,336,263)	4,079	871,125
Other financing sources (uses):				
Transfers in	219,035	959,935	-	1,178,970
Transfers out	(2,167,625)	(320,949)	-	(2,488,574)
General Obligation Bonds	-	2,590,925	-	2,590,925
Total other financing sources (uses)	(1,948,590)	3,229,911	-	1,281,321
Net change in fund balances	1,254,719	893,648	4,079	2,152,446
Fund balances (deficit), beginning of year	8,181,583	(1,297,792)	298,713	7,182,504
Fund balances (deficit), end of year	\$ 9,436,302	\$ (404,144)	\$ 302,792	\$ 9,334,950

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.

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.

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

Other Impact Fees - Continued:

The Ordinance requires the Town treasurer to deposit impact fees collected pursuant to this Ordinance in special revenue non-lapsing accounts dedicated for funding the improvements for which the fee is collected. Impact fees collected by the Town under this ordinance may only be used for financing facility improvements which the Town Council has determined are necessary by new development. Included in this impact fees are:

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

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

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

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

Police Asset Forfeiture

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

Rescue Equipment

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

Fire Department

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

Departmental Grants and Programs

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

School Categorical Programs

This fund accounts for various federal, states, and other programs administrated by the School Department. Included here are the school's Agency Funds. These are custodial in nature and do not present results of operations or have a measurement focus. The Town's agency funds are student activity funds.

School Lunch Program

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

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

American Rescue Plan

This fund accounts for revenues and expenditures related to the Federal American Rescue Plan grant funding as provided under the law.

High Intensity Drug Trafficking Areas (HIDTA)

This fund accounts for revenues and expenditures under the HITDA grant program for which the Town serves as the administrator to various local and regional law enforcement agencies.

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TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2022

		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	\$	-	\$	-	\$	33,985	\$	-	\$	-	\$	313,764		
Investments		-		103,975		-		187,490		26,414		75,125	2,124,664	
Intergovernmental receivable		-		-		16,437		-		-		-	-	
Accounts receivable		-		-		1,301		-		-		-	-	
Interfund loans receivable		376,181		-		-		261,907		-		-	7,188	
Inventory		-		-		3,918		-		-		-	-	
Total assets	\$	376,181	\$	103,975	\$	55,641	\$	449,397	\$	26,414	\$	75,125	\$	2,445,616
LIABILITIES AND FUND BALANCES														
Liabilities:														
Accounts payable	\$	-	\$	-	\$	8,620	\$	-	\$	-	\$	-	\$	3,122
Interfund loans payable		-		10,324		-		-		-		-		-
Unearned revenues		-		-		-		-		-		-		-
Total liabilities		-		10,324		8,620		-		-		-		3,122
Fund balances:														
Nonspendable		-		-		3,918		-		-		-		-
Restricted		-		93,651		-		449,397		-		-		-
Committed		376,181		-		43,103		-		26,414		75,125		2,442,494
Unassigned		-		-		-		-		-		-		-
Total fund balances (deficit)		376,181		93,651		47,021		449,397		26,414		75,125		2,442,494
Total liabilities and fund balances	\$	376,181	\$	103,975	\$	55,641	\$	449,397	\$	26,414	\$	75,125	\$	2,445,616

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet (Continued)
June 30, 2022

	Other Impact Fees	Police Asset Forfeiture	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Lunch Program	American Rescue Plan	High Intensity Drug Trafficking Areas	Totals
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 5,676	\$ 1,017,681	\$ 312,660	\$ -	\$ 953	\$ 1,684,719
Investments	2,577,401	187,307	61,727	33,146	2,183,147	86,034	-	717,879	-	8,364,309
Intergovernmental receivable	-	-	-	-	-	1,095,050	130,208	7,000	-	1,248,695
Accounts receivable	-	-	-	-	455,087	-	-	-	-	456,388
Interfund loans receivable	-	-	188,909	600	-	-	-	1,095,499	-	1,930,284
Inventory	-	-	-	-	-	-	83,222	-	-	87,140
Total Assets	\$ 2,577,401	\$ 187,307	\$ 250,636	\$ 33,746	\$ 2,643,910	\$ 2,198,765	\$ 526,090	\$ 1,820,378	\$ 953	\$ 13,771,535
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ 199	\$ -	\$ 463,574	\$ 68,677	\$ 41,611	\$ 28,440	\$ -	\$ 614,243
Interfund loans payable	617,292	15,000	-	-	182,835	1,103,601	-	-	-	1,929,052
Unearned revenues	-	-	-	-	-	-	-	1,791,938	-	1,791,938
Total Liabilities	617,292	15,000	199	-	646,409	1,172,278	41,611	1,820,378	-	4,335,233
Fund balances:										
Nonspendable	-	-	-	-	-	-	83,222	-	-	87,140
Restricted	-	172,307	-	33,746	1,976,034	849,539	-	-	953	3,575,627
Committed	1,960,109	-	250,437	-	21,467	200,462	401,257	-	-	5,797,049
Unassigned	-	-	-	-	-	(23,514)	-	-	-	(23,514)
Total fund balances (deficit)	1,960,109	172,307	250,437	33,746	1,997,501	1,026,487	484,479	-	953	9,436,302
Total liabilities and fund balances	\$ 2,577,401	\$ 187,307	\$ 250,636	\$ 33,746	\$ 2,643,910	\$ 2,198,765	\$ 526,090	\$ 1,820,378	\$ 953	\$ 13,771,535

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

	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	-	(1,289)	-	(3,770)	(507)	(1,441)	(40,168)
Contributions	-	-	261,794	-	-	-	-
Other	-	-	-	-	-	-	-
Assessments and impact fees	116,250	1,369,090	-	-	-	-	15,200
Total revenues	116,250	1,367,801	261,794	(3,770)	(507)	(1,441)	(24,968)
Expenditures:							
Construction and acquisitions	22,509	-	-	17,761	-	-	-
Education	-	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-	-
Other	-	1,379,414	259,795	-	-	-	-
Total expenditures	22,509	1,379,414	259,795	17,761	-	-	-
Excess (deficiency) of revenues over expenditures	93,741	(11,613)	1,999	(21,531)	(507)	(1,441)	(24,968)
Other financing sources (uses):							
Transfers in	-	34,397	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	34,397	-	-	-	-	-
Net change in fund balances	93,741	22,784	1,999	(21,531)	(507)	(1,441)	(24,968)
Fund balances (deficit), beginning of year, as restated	282,440	70,867	45,022	470,928	26,921	76,566	2,467,462
Fund balances (deficit), end of year	\$ 376,181	\$ 93,651	\$ 47,021	\$ 449,397	\$ 26,414	\$ 75,125	\$ 2,442,494

TOWN OF SCARBOROUGH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended June 30, 2022

	Other Impact Fees	Police Asset Forfeiture	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Lunch Program	American Rescue Plan	High Intensity Drug Trafficking Areas	Totals
Revenues:										
Intergovernmental	-	-	-	-	1,004,559	1,924,492	2,323,325	275,470	5,380,340	10,908,186
Interest earned	(48,921)	(3,594)	(1,181)	(636)	(53,725)	-	-	-	-	(155,232)
Contributions	-	-	-	6,565	-	34,035	-	-	-	302,394
Other	736,196	-	-	-	636,690	748,489	209,492	-	-	2,330,867
Assessments and impact fees	-	-	2,860,638	-	-	-	-	-	-	4,361,178
Total revenues	687,275	(3,594)	2,859,457	5,929	1,587,524	2,707,016	2,532,817	275,470	5,380,340	17,747,393
Expenditures:										
Construction and acquisitions	-	3,652	-	-	989,712	-	-	-	-	1,033,634
Education	-	-	-	-	-	2,024,763	2,057,802	-	-	4,082,565
Benefits paid	-	-	-	-	76,703	-	-	-	-	76,703
Other	-	-	1,190,201	-	219,691	645,487	-	275,470	5,381,124	9,351,182
Total expenditures	-	3,652	1,190,201	-	1,286,106	2,670,250	2,057,802	275,470	5,381,124	14,544,084
Excess (deficiency) of revenues over expenditures	687,275	(7,246)	1,669,256	5,929	301,418	36,766	475,015	-	(784)	3,203,309
Other financing sources (uses):										
Transfers in	-	-	-	-	132,491	52,147	-	-	-	219,035
Transfers out	(655,285)	(15,000)	(1,150,000)	-	(347,340)	-	-	-	-	(2,167,625)
Total other financing sources (uses)	(655,285)	(15,000)	(1,150,000)	-	(214,849)	52,147	-	-	-	(1,948,590)
Net change in fund balances	31,990	(22,246)	519,256	5,929	86,569	88,913	475,015	-	(784)	1,254,719
Fund balances (deficit), beginning of year, as restated	1,928,119	194,553	(268,819)	27,817	1,910,932	937,574	9,464	-	1,737	8,181,583
Fund balances (deficit), end of year	1,960,109	172,307	250,437	33,746	1,997,501	1,026,487	484,479	-	953	9,436,302

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, 2022

	Fund Balances Beginning of Year	Revenues		Program Expenditures	Transfers In/(Out)	Fund Balances End of Year
		Grants	Other			
Federal education grant programs:						
NCLB/Title IA	\$ -	\$ 137,772	\$ -	\$ 137,772	\$ -	\$ -
NCLB/Title IIA	-	66,942	-	66,942	-	-
NCLB/Title IID	-	-	-	-	-	-
Title III	-	-	-	-	-	-
NCLB/Title IVA	-	137	-	137	-	-
ESSER I Funds	-	58,317	-	58,317	-	-
ESSER II Funds	-	348,237	-	348,237	-	-
ESSER III Funds	(24,260)	380,424	-	379,678	-	(23,514)
CRF #1 Funds	(324)	324	-	-	-	-
Local Entitlement	(52,147)	752,407	-	752,407	52,147	-
ARP IDEA/Pre-K	-	85,446	-	85,446	-	-
Preschool handicapped	-	11,660	-	11,660	-	-
Total federal education grant programs	(76,731)	1,841,666	-	1,840,596	52,147	(23,514)
Other State grant programs:						
PEPG Grant	588	-	-	-	-	588
Scarborough Education Foundation	25,555	-	10,996	12,698	-	23,853
Finberg Trust	136,743	-	-	-	-	136,743
Other Donations	30,331	-	10,109	8,502	-	31,938
Proficiency Based Graduation	3,083	-	-	-	-	3,083
Technology Maintenance Fees	64,338	-	605	60,452	-	4,491
School Nutrition Special Programs	6,886	-	2,550	11,003	-	(1,567)
Student Activity Funds	746,537	-	748,489	645,487	-	849,539
CC Admin Certification	244	-	9,775	8,686	-	1,333
MLTI State Grant	-	-	83,150	83,150	-	-
Total other state grant programs	1,014,305	-	865,674.00	829,978.00	-	1,050,001
Total school categorical programs	\$ 937,574	\$ 1,841,666	\$ 865,674	\$ 2,670,574	\$ 52,147	\$ 1,026,487

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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.

TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Fund
Balance Sheet
June 30, 2022

	General School Improvements	General Town Improvements	Totals
ASSETS			
Cash and cash equivalents	\$ 365,919	\$ 312,962	\$ 678,881
Investments	-	103,078	103,078
Total assets	\$ 365,919	416,040	781,959
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	76,149	44,265	120,414
Interfund loans payable	1,038	1,064,651	1,065,689
Total liabilities	77,187	1,108,916	1,186,103
Fund balance (deficit):			
Unassigned	288,732	(692,876)	(404,144)
Total fund balance (deficit)	288,732	(692,876)	(404,144)
Total liabilities and fund balances	\$ 365,919	\$ 416,040	\$ 781,959

TOWN OF SCARBOROUGH, MAINE
Nonmajor Capital Project Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2022

	General School Improvements	General Town Improvements	Totals
Revenues:			
Taxes	\$ 655,351	\$ 262,500	\$ 917,851
Interest earned	197	97	294
Other	-	44,501	44,501
Total revenues	655,548	307,098	962,646
Expenditures:			
Capital Improvements	1,652,304	1,646,605	3,298,909
Total expenditures	1,652,304	1,646,605	3,298,909
Excess (deficiency) of revenues over expenditures	(996,756)	(1,339,507)	(2,336,263)
Other financing sources (uses):			
Transfers in	600,041	359,894	959,935
Transfers out	(1,079)	(319,870)	(320,949)
Proceeds of general obligation bonds	1,247,280	1,343,645	2,590,925
Total other financing sources (uses)	1,846,242	1,383,669	3,229,911
Net change in fund balance	849,486	44,162	893,648
Fund balances (deficit), beginning of year	(560,754)	(737,038)	(1,297,792)
Fund balances (deficit), end of year	\$ 288,732	\$ (692,876)	\$ (404,144)

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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.

TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2022

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
ASSETS				
Investments	\$ 265,581	\$ 24,426	\$ 3,069	\$ 293,076
Interfund loans receivable	9,780	-	-	9,780
Total assets	\$ 275,361	\$ 24,426	\$ 3,069	\$ 302,856
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	\$ -	\$ 64	\$ -	\$ 64
Total liabilities	-	64	-	64
Fund balances:				
Nonspendable Principal	190,301	13,367	500	204,168
Restricted Expendable Income	85,060	10,995	2,569	98,624
Total fund balances	275,361	24,362	3,069	302,792
Total liabilities and fund balances	\$ 275,361	\$ 24,426	\$ 3,069	\$ 302,856

TOWN OF SCARBOROUGH, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

		Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues:					
Interest, dividends and change in fair value (net)	\$	(5,107)	\$ (470)	\$ (60)	\$ (5,637)
Sale of lots/perpetual care deposits		9,780	-	-	9,780
Total revenues		4,673	(470)	(60)	4,143
Expenditures:					
Earnings retained by General Fund		-	64	-	64
Total expenditures		-	64	-	64
Net change in fund balances		4,673	(534)	(60)	4,079
Fund balances, beginning of year		270,688	24,896	3,129	298,713
Fund balances, end of year	\$	275,361	\$ 24,362	\$ 3,069	\$ 302,792

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, 2022

	Shirley Grover Fund	Edith Warga Art Scholarship	Mary Campbell Peterson Fund	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Class of 1976 Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
ASSETS														
Investments	\$ 1,061	\$ 91,647	\$ 92,504	\$ 191	\$ 12	\$ 1,159	\$ 7,990	\$ 331	\$ 2,407	\$ 11,037	\$ 1,302	\$ 363	\$ 3,125	\$ 213,129
Due from student groups	-	-	-	-	-	-	-	-	-	-	-	700	-	700
Total assets	\$ 1,061	\$ 91,647	\$ 92,504	\$ 191	\$ 12	\$ 1,159	\$ 7,990	\$ 331	\$ 2,407	\$ 11,037	\$ 1,302	\$ 1,063	\$ 3,125	\$ 213,829
LIABILITIES AND NET POSITION														
Liabilities:														
Due to student groups	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500
Total liabilities	-	-	-	-	-	-	1,500	-	-	-	-	-	-	1,500
Net position:														
Nonspendable Principal	1,240	100,000	87,680	-	-	-	-	500	2,026	3,500	-	350	3,810	199,106
Restricted Interest	(179)	(8,353)	4,824	191	12	1,159	6,490	(169)	381	7,537	1,302	713	(685)	13,223
Total net position	1,061	91,647	92,504	191	12	1,159	6,490	331	2,407	11,037	1,302	1,063	3,125	212,329
Total liabilities and net position	\$ 1,061	\$ 91,647	\$ 92,504	\$ 191	\$ 12	\$ 1,159	\$ 7,990	\$ 331	\$ 2,407	\$ 11,037	\$ 1,302	\$ 1,063	\$ 3,125	\$ 213,829

TOWN OF SCARBOROUGH, MAINE
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Shirley Grover Fund	Edith Warga Art Scholarship	Mary Campbell Pederson Fund	Packy McFarland Scholarship Fund	Roy Nelson Scholarship Fund	Daniel Tranchemontagne Scholarship Fund	Virginia Jackson Scholarship Fund	Evelyn J. Chaddon Mem. Scholarship Fund	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Class of 1976 Scholarship Fund	Kathy Pearson Scholarship Fund	Totals
Additions														
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	700	\$ -	700
Interest and dividends	(21)	(1,759)	(1,777)	(3)	-	(22)	(153)	(6)	(47)	(214)	(25)	(7)	(60)	(4,094)
Total additions	(21)	(1,759)	(1,777)	(3)	-	(22)	(153)	(6)	(47)	(214)	(25)	693	(60)	(3,394)
Deductions:														
School scholarships	-	-	-	-	-	-	1,500	-	-	250	-	-	-	1,750
Total deductions	-	-	-	-	-	-	1,500	-	-	250	-	-	-	1,750
Changes in net position	(21)	(1,759)	(1,777)	(3)	-	(22)	(1,653)	(6)	(47)	(464)	(25)	693	(60)	(5,144)
Net position, beginning of year	1,082	93,406	94,281	194	12	1,181	8,143	337	2,454	11,501	1,327	370	3,185	217,473
Net position, end of year	\$ 1,061	\$ 91,647	\$ 92,504	\$ 191	\$ 12	\$ 1,159	\$ 6,490	\$ 331	\$ 2,407	\$ 11,037	\$ 1,302	\$ 1,063	\$ 3,125	\$ 212,329

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GENERAL LONG TERM DEBT



TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2022

TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-Term Debt
For the year ended June 30, 2022

	Interest Rate	Final Maturity Date	Annual Principal Payments	Balance Beginning of Year	Current Year		Balance End of Year
<u>General Obligation Bonds</u>							
2012 Capital Improvements	3.00%	2023	\$3,685,000 in 2022				
	5.00%		3,520,000 in 2023	\$ 7,205,000	\$ -	\$ 3,685,000	\$ 3,520,000
2013 Capital Improvements	Varies	2024	765,000 to 2023				
	Varies		715,000 in 2024	2,245,000		765,000	1,480,000
2014 Capital Improvements	2.00%	2034	310,000 in 2022				
	3.00%		300,000 to 2024				
	3.00%		250,000 to 2029				
	4.00%		50,000 to 2034	2,410,000	-	310,000	2,100,000
2015 Capital Improvements	Varies	2035	335,000 to 2023				
	4.00%		320,000 to 2025				
	Varies		265,000 to 2029				
	3.00%		245,000 in 2030				
	3.00%		165,000 in 2031				
	3.00%		160,000 to 2034				
	3.00%		150,000 in 2035	3,410,000	-	335,000	3,075,000
2016 Capital Improvements	2.00%	2036	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				
	3.00%		65,000 to 2036	3,415,000	-	465,000	2,950,000
2017 Capital Improvements	5.00%	2037	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	1,675,000	-	295,000	1,380,000
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				
	Varies		500,000 to 2048	16,320,000	-	935,000	15,385,000

TOWN OF SCARBOROUGH, MAINE
Statement of Changes in Long-Term Debt, Continued
For the Year Ended June 30, 2022

For the Year Ended June 30, 2022							
	Interest Rate	Final Maturity Date	Annual Principal Payments	Balance Beginning of Year	Current Year		Balance End of Year
<u>General Obligation Bonds</u>							
2019 Capital Improvements	5.00%	2049	410,000 to 2025	6,970,000	-	410,000	6,560,000
	Varies		295,000 to 2035				
	3.00%		260,000 to 2040				
	3.00%		120,000 to 2049				
2020 Capital Improvements	Varies		745,000 to 2026	7,040,000	-	745,000	6,295,000
	5.00%		370,000 to 2031				
	Varies		215,000 to 2036				
	2.25%		80,000 to 2039				
2020 Advance Refunding A	2.25%	2031	75,000 to 2040	2,855,000	-	385,000	2,470,000
	4.00%		0 in 2021				
	4.00%		385,000 to 2025				
	2.50%		380,000 in 2026				
2020 Advance Refunding B	2.25%	2043	195,000 in 2027	39,115,000	-	-	
	2.25%		185,000 to 2031				
	3.00%		345,000 in 2021				
	3.00%		0 to 2023				
	4.00%		2,125,000 in 2024				
	4.00%		2,525,000 in 2025				
	4.00%		2,555,000 in 2027				
	4.00%		2,675,000 in 2027				
	4.00%		2,680,000 in 2028				
	4.00%		2,640,000 in 2029				
	4.00%		2,700,000 in 2030				
	5.00%		2,770,000 in 2031				
	5.00%		2,855,000 in 2032				
	5.00%		2,885,000 in 2033				
	5.00%		2,225,000 in 2034				
	2.33%		1,740,000 in 2035				
	2.38%		1,230,000 in 2036				
	2.87%		1,200,000 in 2037				
	2.87%		1,185,000 in 2038				
	2.87%		1,170,000 in 2039				
	2.87%		1,155,000 in 2040				
	2.87%		1,140,000 in 2041				
	2.87%		1,125,000 in 2042				
	2021 Capital Improvements		2.87%				
5.00%		350,000 to 2027					
5.00%		300,000 to 2032					
2.00%		75,000 to 2037					
	2.00%		20,000 to 2042				
Total bonds				92,660,000	3,725,000	8,330,000	88,055,000
Total long-term debt				\$ 92,660,000	\$ 3,725,000	\$ 8,330,000	\$ 88,055,000

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STATISTICAL SECTION



TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED: JUNE 30, 2022

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STATISTICAL SECTION

This part of the Town of Scarborough's annual comprehensive financial 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 annual comprehensive financial reports for the relevant year.

Table 1

TOWN OF SCARBOROUGH, MAINE
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities:										
Net investment in capital assets	\$75,907,216	\$77,301,217	\$64,957,968	\$57,341,865	\$61,977,397	\$61,708,817	\$59,088,465	\$57,103,811	\$53,887,278	\$49,823,697
Restricted	6,701,889	5,417,255	2,407,963	1,540,755	2,577,864	3,883,241	5,568,308	3,373,177	4,049,315	3,555,142
Unrestricted	447,429	(2,782,625)	(4,065,315)	2,688,359	(6,355,930)	(3,775,014)	(2,259,046)	(688,245)	3,907,583	6,347,111
Total governmental activities net position	\$83,056,534	\$79,935,847	\$63,300,616	\$61,570,979	\$58,199,331	\$61,817,044	\$62,397,727	\$59,788,743	\$61,844,176	\$59,725,950

Notes:

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

Table 2

TOWN OF SCARBOROUGH, MAINE
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Program revenues:										
Charges for services										
General government	\$4,079,787	\$3,397,720	\$3,365,087	\$3,088,056	\$2,370,489	\$2,821,305	\$3,257,876	\$3,170,678	\$1,868,477	\$1,525,062
Public services	3,471,252	2,837,944	2,562,570	3,021,376	3,004,909	2,883,349	2,510,082	2,531,113	2,481,387	2,363,475
Public safety	3,273,682	3,873,513	3,606,215	3,424,185	3,075,250	3,094,403	2,780,266	2,731,150	2,156,498	2,449,062
Public works	1,736,170	2,243,752	1,707,293	1,963,528	2,040,177	1,740,432	1,635,542	1,692,802	1,590,382	1,405,040
Education	1,252,423	757,372	1,217,477	1,649,528	1,523,725	1,268,370	1,356,477	1,299,774	1,282,369	1,191,085
Interest on debt services	-	-	-	-	-	-	-	-	-	-
Operating grants and activities	21,528,206	18,539,857	11,535,370	7,633,881	7,247,352	9,486,212	8,150,991	8,586,603	9,983,992	9,912,515
Capital grants and contributions	28,125	7,772,007	62,802	96,626	54,317	161,912	149,582	54,304	159,089	97,351
General revenues:										
Property and excise taxes, levies for general purposes	78,861,625	76,583,938	74,414,696	72,171,334	68,335,117	65,631,946	63,529,063	60,877,879	58,838,156	54,442,643
Grants and contributions not restricted to specific programs	5,635,785	4,570,408	3,655,801	3,552,551	2,880,488	2,206,632	1,796,997	1,908,036	1,352,303	2,656,313
Unrestricted investment earnings	2,628	177,290	230,534	525,771	152,437	175,917	84,783	390,260	108,862	42,573
Total revenues	119,869,683	120,753,801	102,357,845	97,126,836	90,684,261	89,470,478	85,251,659	83,242,599	79,821,515	76,085,119
Expenses:										
General government	17,343,009	19,203,342	16,045,768	16,687,230	13,113,500	14,435,000	12,728,572	14,077,217	11,346,043	11,413,745
Public services	5,669,872	4,787,771	4,810,221	4,752,163	4,996,328	4,923,303	4,733,734	4,658,690	4,188,079	3,851,672
Public safety	19,040,785	12,965,441	13,043,518	11,081,295	12,599,095	11,496,900	10,922,234	9,716,227	9,362,899	8,555,020
Public works	10,167,312	8,228,353	7,996,409	8,257,195	8,116,981	8,245,900	8,048,143	7,713,975	7,617,844	7,874,408
Education	61,315,985	57,837,139	55,037,803	49,389,226	46,873,688	46,499,772	42,774,764	41,617,985	41,772,944	39,167,124
Interest on debt service	3,212,033	3,012,049	3,694,489	3,588,079	3,502,402	3,230,297	3,435,228	3,418,748	3,415,482	3,074,995
Total expenses	116,748,996	106,034,095	100,628,208	93,755,188	89,201,994	88,831,172	82,642,675	81,202,842	77,703,291	73,936,964
Net (expense)/revenue:	3,120,687	14,719,706	1,729,637	3,371,648	1,482,267	639,306	2,608,984	2,039,757	2,118,224	2,148,155
Change in Net Position	\$3,120,687	\$14,719,706	\$1,729,637	\$3,371,648	\$1,482,267	\$639,306	\$2,608,984	\$2,039,757	\$2,118,224	\$2,148,155

Table 3

TOWN OF SCARBOROUGH, MAINE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable Inventory	\$ 15	\$ 29	\$ 31	\$ 28	\$ 28	\$ 13	\$ 31	\$ 43	\$ 48	\$ 34
Restricted for Town	2,809	2,923	2,930	2,951	3,148	2,958	2,743	2,898	2,838	3,861
Restricted for Education	2,643	2,050	649	200	332	242	2,224	540	509	977
Committed - General Fund	567	549	455	441	393	400	503	519	452	374
Assigned - General Fund	1,746	2,876	2,616	2,122	1,976	1,676	2,140	2,305	1,584	1,825
Assigned - Education	1,030	1,030	700	352	501	2,102	426	425	800	200
Unassigned - General Fund	9,934	6,294	7,702	8,212	7,387	6,894	6,108	4,973	3,377	1,787
Total general fund	18,744	15,751	15,083	14,306	13,765	14,285	14,175	11,703	9,608	9,058
All Other Governmental Funds										
Nonspendable Permanent Fund Principal	204	194	180	173	168	164	155	147	135	132
Nonspendable Inventory Special Revenues	87	48	60	43	40	36	36	26	14	27
Restricted Special Revenues	3,575	1,633	774	717	873	645	637	624	651	463
Restricted Capital Projects	-	-	-	10,486	15,203	651	2,317	5,409	9,495	22,904
Restricted Permanent Fund Interest	99	104	105	98	91	90	90	86	85	84
Committed - Special Revenues	5,797	6,805	5,974	6,751	6,265	5,246	4,752	4,439	4,446	4,362
Unassigned - Special Revenues	(2,704)	(2,796)	(2,282)	(1,972)	(1,943)	(1,746)	(1,550)	(1,365)	(1,083)	(683)
Unassigned - Capital Projects	(404)	(1,298)	(896)	(247)	-	-	1,527	(567)	(206)	(308)
Total all other governmental funds	6,654	4,690	3,915	16,049	20,697	5,086	7,964	8,799	13,537	26,981
Total Governmental Funds Fund Balances:	\$ 25,398	\$ 20,441	\$ 18,998	\$ 30,355	\$ 34,462	\$ 19,371	\$ 22,139	\$ 20,502	\$ 23,145	\$ 36,039

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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Taxes	\$ 79,789	\$ 77,012	\$ 74,600	\$ 72,140	\$ 68,340	\$ 65,949	\$ 63,719	\$ 61,154	\$ 58,826	\$ 54,393
Licenses and permits	1,229	1,067	866	864	939	782	817	756	662	554
Intergovernmental	26,362	21,600	14,785	12,480	10,600	10,954	11,672	12,879	10,976	12,024
Interest earned	(141)	171	434	739	192	426	199	449	230	178
Other	12,712	13,744	11,299	12,613	11,852	11,193	10,418	10,376	8,966	8,883
Total revenues	119,951	113,594	101,984	98,836	91,923	89,304	86,825	85,614	79,660	76,032
Expenditures										
General government	7,724	6,133	6,785	8,005	7,070	5,932	4,951	4,829	5,201	4,957
Public services	5,569	4,663	4,660	4,724	4,945	4,922	4,690	4,612	4,146	3,931
Public safety	18,550	6,852	13,873	11,478	11,836	11,116	10,297	9,344	8,879	8,578
Public works	7,080	5,367	6,322	9,377	6,750	7,128	7,233	6,506	6,503	7,398
Education (Excludes School Debt)	58,315	57,508	52,346	49,401	46,291	45,541	43,681	45,614	40,149	37,295
Education Debt (Prin & Int)	5,511	5,145	5,254	5,691	5,614	5,761	5,119	4,606	4,150	3,653
County tax	3,082	3,188	2,957	2,827	2,710	2,569	2,493	2,355	2,194	2,075
Debt service (Principal-Town Only ⁽¹⁾)	4,730	4,903	4,525	3,868	3,866	3,800	3,760	3,506	3,353	4,942
Debt service (Interest-Town Only)	1,631	1,768	1,704	1,731	1,008	1,058	1,164	1,100	1,118	1,109
Capital Outlay	4,292	12,953	19,363	10,887	3,636	4,415	3,626	9,942	21,840	16,988
Other	4,047	4,426	3,635	3,099	2,637	2,639	2,054	1,928	1,775	1,817
Total expenditures	120,531	112,906	121,424	111,088	96,363	94,881	89,068	94,342	99,308	92,743
Excess (deficiency) of revenues over (under) expenditures	(580)	688	(19,440)	(12,252)	(4,440)	(5,577)	(2,243)	(8,728)	(19,648)	(16,711)
Other financing sources (uses)										
Transfers in	3,709	4,877	1,978	1,368	1,264	3,208	1,410	1,071	1,371	1,845
Transfers out	(3,709)	(4,877)	(1,978)	(1,368)	(1,264)	(3,208)	(1,410)	(1,071)	(1,371)	(1,845)
Capital Lease proceeds	-	-	-	-	-	-	-	-	249	365
Refunding bond issued	-	42,315	-	-	-	-	3,785	-	-	7,065
Payment to refunding bond escrow agent	-	(47,975)	-	-	-	-	(3,972)	-	-	(7,347)
Premium received on refunded debt	-	5,660	-	-	-	-	187	-	-	322
Premium received on issued debt	651	-	1,043	765	1,341	-	85	-	-	1,263
General obligation bonds and capital leases	3,725	-	7,040	7,380	18,190	2,755	3,755	6,085	6,505	18,620
Total other financing sources (uses)	4,376	-	8,083	8,145	19,531	2,755	3,840	6,085	6,754	20,288
Net change in fund balances	\$ 3,796	\$ 688	\$ (11,357)	\$ (4,107)	\$ 15,091	\$ (2,822)	\$ 1,597	\$ (2,643)	\$ (12,894)	\$ 3,577
Debt Service as a percentage of non-capital expenditures	5.47%	6.67%	6.10%	5.59%	5.26%	5.37%	5.76%	5.46%	5.77%	7.99%

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
2022	\$ 7,724,048	\$ 5,569,316	\$ 13,169,023	\$ 7,079,988	\$ 58,091,049	\$ 3,081,933	\$ 6,361,083	\$ 1,611,570	\$ 102,688,010
2021	6,937,918	4,716,102	12,586,754	6,479,704	50,520,904	3,188,519	6,671,686	1,336,203	92,437,790
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
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
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
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
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
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
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
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

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
2022	\$ 71,428,719	\$ 57,216	\$ 7,132,628	\$ 30,498	\$ 222,411	\$ 78,871,472
2021	69,108,829	79,210	7,140,356	34,573	229,665	76,592,633
2020	67,674,116	95,112	6,323,543	28,718	218,180	74,339,669
2019	65,332,400	112,016	6,333,746	31,970	219,247	72,029,379
2018	61,957,189	106,100	5,903,828	31,034	208,117	68,206,268
2017	59,523,351	101,590	5,873,919	28,925	200,984	65,728,769
2016	57,470,744	113,124	5,596,389	30,144	190,592	63,400,993
2015	55,621,936	105,060	5,026,029	27,530	191,317	60,971,872
2014	53,664,817	98,390	4,620,362	30,849	191,220	58,605,638
2013	49,774,317	93,691	4,222,208	32,945	194,771	54,317,932

Table 7

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

Fiscal Year	Real Property	Personal Property	Totals		Direct Tax Rate	Ratio of Total Assessed Value to Total Estimated Actual Value
	Assessed Property	Assessed Property	Assessed Property	Estimated Actual Value		
2022	\$ 4,735,610,576	\$ 110,072,200	\$ 4,845,682,776	\$ 4,845,682,776	15.02	100%
2021	4,615,052,676	112,178,300	4,727,230,976	4,727,230,976	14.86	100%
2020	4,577,104,776	119,356,600	4,696,461,376	4,696,461,376	14.70	100%
2019	3,908,909,212	103,383,400	4,012,292,612	4,012,292,612	16.49	100%
2018	3,678,001,742	107,486,600	3,785,488,342	3,785,488,342	16.49	100%
2017	3,667,678,200	108,684,300	3,776,362,500	3,776,362,500	15.92	100%
2016	3,637,366,300	108,181,800	3,745,548,100	3,745,548,100	15.49	100%
2015	3,587,500,600	112,987,600	3,700,488,200	3,700,488,200	15.10	100%
2014	3,544,777,800	115,527,900	3,660,305,700	3,660,305,700	14.77	100%
2013	3,511,580,900	120,094,400	3,631,675,300	3,631,675,300	13.80	100%

Source: Town of Scarborough Assessor's Office.

Table 8

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

Fiscal Year	Town	School	County Tax	Tax Increment Financing District	Overlay	State Revenue Sharing	Total Property Tax Rates by Year
2022	4.154	10.396	0.636	0.341	0.102	(0.608)	15.02
2021	4.024	10.346	0.675	0.300	0.095	(0.578)	14.86
2020	4.091	10.147	0.630	0.228	0.064	(0.460)	14.70
2019	4.599	11.225	0.705	0.254	0.168	(0.461)	16.49
2018	4.698	11.239	0.716	0.224	0.037	(0.423)	16.49
2017	4.743	10.563	0.680	0.240	0.046	(0.353)	15.92
2016	4.597	10.144	0.666	0.254	0.132	(0.303)	15.49
2015	4.649	9.774	0.637	0.245	0.089	(0.292)	15.10
2014	4.663	9.479	0.599	0.240	0.095	(0.306)	14.77
2013	4.452	8.849	0.571	0.220	0.100	(0.392)	13.80

Table 9

TOWN OF SCARBOROUGH, MAINE

Principal Property Taxpayers

Current Year and Ten Years Ago

(Amounts Expressed in Thousands)

2022				2013			
<u>Taxpayer</u>	Taxable		Percentage of	Taxable		Percentage of	
	Assessed	Rank		Assessed	Rank		
	<u>Value</u>		<u>Value</u>		<u>Value</u>		<u>Value</u>
Maine Life Care Retirement	\$ 80,076,000	1	1.65%	Maine Life Care Retirement	\$ 64,586,700	1	1.78%
Central Maine Power	46,181,400	2	0.95%	Walmart/Sams Club	38,756,800	2	1.07%
The Residences at Gateway Commons LLC	43,633,300	3	0.90%	New England Expedition	35,155,100	3	0.96%
Walmart/Sams Club	36,536,600	4	0.75%	Hannaford Brothers	24,820,100	4	0.68%
Hannaford Brothers	27,486,800	5	0.57%	Scarborough Gallery	23,349,100	5	0.64%
New England Expedition-Scarborough LLC	22,341,300	6	0.46%	MMC Realty Maine Health	22,707,200	6	0.63%
Abbott Diagnostics Scarborough Inc	19,413,700	7	0.40%	Central Maine Power	20,316,000	7	0.56%
Waterstone Scarborough LLC	17,904,400	8	0.37%	Gavin Ruotolo	18,823,400	8	0.52%
Scarborough ME Senior Property LLC	14,591,500	9	0.30%	RRE Foxcroft/RRE Coach Lantern	13,229,000	9	0.36%
NAGD NNN Low (SCA-ME) LP	12,570,400	10	0.26%	Shaw's	12,901,400	10	0.36%
Total Principal Taxpayers	<u>\$ 320,735,400</u>		<u>6.62%</u>		<u>\$ 274,644,800</u>		<u>7.56%</u>
Total Assessed Value:	<u>\$4,845,682,776</u>				<u>\$3,631,675,300</u>		

Source: Town of Scarborough, Maine Assessor

Table 10

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year		Collections/Abatements Within Year of Levy		Collections/ Abatements in Subsequent Years	Total Collections/Abatements to	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2022	\$	72,782,155	\$ 72,358,011	99.4%	\$ -	\$ 72,358,011	99.42%
2021		70,246,652	69,709,390	99.2%	381,616	70,091,006	99.78%
2020		69,037,982	68,228,330	98.8%	760,707	68,989,037	99.93%
2019		66,162,710	65,462,458	98.9%	668,123	66,130,582	99.95%
2018		62,422,707	61,848,681	99.1%	546,629	62,395,310	99.96%
2017		60,119,691	59,602,002	99.1%	502,473	60,104,475	99.97%
2016		58,018,545	57,331,779	98.8%	673,477	58,005,256	99.98%
2015		55,877,372	55,321,988	99.0%	544,490	55,866,478	99.98%
2014		54,062,720	53,305,613	98.6%	745,241	54,050,854	99.98%
2013		50,125,493	49,483,773	98.7%	631,366	50,115,139	99.98%

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
2022	\$ 4,735,610,576	\$ 110,072,200	\$ 4,845,682,776	15.02	\$ 72,782,155
2021	4,615,052,676	112,178,300	4,727,230,976	14.86	70,246,652
2020	4,577,104,776	119,356,600	4,696,461,376	14.70	69,037,982
2019	3,908,909,212	103,383,400	4,012,292,612	16.49	66,162,710
2018	3,678,001,742	107,486,600	3,785,488,342	16.49	62,422,707
2017	3,667,678,200	108,684,300	3,776,362,500	15.92	60,119,691
2016	3,637,366,300	108,181,800	3,745,548,100	15.49	58,018,545
2015	3,587,500,600	112,987,600	3,700,488,200	15.10	55,877,372
2014	3,544,777,800	115,527,900	3,660,305,700	14.77	54,062,720
2013	3,511,580,900	120,094,400	3,631,675,300	13.80	50,125,493

Source: Town of Scarborough Assessor's Office

TOWN OF SCARBOROUGH, MAINE
STATUTORY DEBT LIMIT BY STATE AND LOCAL
State of Maine Legal Debt Margin Calculation
June 30, 2022

State Assessed Value:					<u>\$4,988,750,000</u>
Legal Debt Margin Limit of 15% of State Valuation					<u>\$748,312,500</u>
Purpose	State Legal Percent	State Legal Debt Limit	Principal Debt Outstanding	Margin	Actual Percent
Municipal - Other	7.5%	\$ 374,156,250	\$38,744,063	\$335,412,187	0.78%
Storm or Sanitary Sewer	7.5%	\$ 374,156,250	\$1,631,872	\$372,524,378	0.03%
School	10.0%	\$ 498,875,000	47,679,065	\$451,195,935	0.96%
Munc Airport, Water,Special District	3.0%	\$ 149,662,500	-	\$149,662,500	0.00%
		Total	<u>\$88,055,000</u>		
Total Bonded Debt Applicable to Debt Limit					<u>\$88,055,000</u>
Legal Debt Margin					<u>\$660,257,500</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, 2022

Scarborough Legal Debt Margin Limit of 8.50% of State Valuation					<u>\$424,043,750</u>
Purpose	Scarborough Legal Percent	Scarborough Legal Debt Limit	Principal Debt Outstanding	Margin	Actual Percent
Municipal - Other	4.0%	\$199,550,000	\$38,744,063	\$160,805,937	0.78%
Storm or Sanitary Sewer	4.0%	\$199,550,000	\$1,631,872	\$197,918,128	0.03%
School	5.0%	\$249,437,500	\$47,679,065	\$201,758,435	0.96%
Munc Airport, Water,Special District	1.5%	\$74,831,250	-	\$74,831,250	0.00%
		Total	<u>\$88,055,000</u>		
Total Bonded Debt Applicable to Debt Limit					<u>\$88,055,000</u>
Legal Debt Margin					<u>\$335,988,750</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	Right of Use Lease Liabilities (1)	Total Outstanding Debt	Population*	Percentage of Personal Income	Debt Per Capita
2022	\$ 88,055,000	\$ 12,230,856	\$ 559,700	\$ 100,845,556	22,568	6.86%	\$ 4,469
2021	92,660,000	12,272,554	715,177	105,647,731	19,299	12.07%	5,474
2020	102,130,000	7,307,717	-	109,437,717	19,494	13.01%	5,614
2019	102,720,000	6,602,073	49,567	109,371,640	19,602	13.06%	5,580
2018	102,650,000	6,125,334	97,939	108,873,273	19,819	13.05%	5,493
2017	91,630,000	5,049,838	-	96,679,838	19,911	10.62%	4,856
2016	95,920,000	5,315,488	199,715	101,435,203	20,379	10.31%	4,977
2015	98,500,000	5,233,907	395,578	104,129,485	20,991	9.49%	4,961
2014	97,895,000	5,474,486	597,722	103,967,208	19,343	9.24%	5,375
2013	96,180,000	5,715,066	622,334	102,517,400	18,941	8.79%	5,412

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

(1) - FY2021 reflects restatement for implementation of GASB 87 on July 1, 2021. Leases prior to FY2021 reflected as capital leases.

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
2022	\$ 88,055,000	\$ 12,230,856	\$ 100,285,856	\$ 4,845,682,776	1.82%	22,568	6.86%	\$ 3,902
2021	92,660,000	12,272,554	104,932,554	4,727,230,976	1.96%	19,299	12.07%	4,801
2020	102,130,000	7,307,717	109,437,717	4,696,461,376	2.17%	19,494	13.01%	5,239
2019	102,720,000	6,602,073	109,322,073	4,012,292,612	2.56%	19,602	13.06%	5,240
2018	102,650,000	6,125,334	108,775,334	3,785,488,342	2.71%	19,819	13.05%	5,179
2017	91,630,000	5,049,838	96,679,838	3,776,362,500	2.43%	19,911	10.62%	4,602
2016	95,920,000	5,315,488	101,235,488	3,745,548,100	2.56%	20,379	10.31%	4,707
2015	98,500,000	5,233,907	103,733,907	3,700,488,200	2.66%	20,991	9.49%	4,692
2014	97,895,000	5,474,486	103,369,486	3,660,305,700	2.67%	19,343	9.24%	5,061
2013	96,180,000	5,715,066	101,895,066	3,631,675,300	2.65%	18,941	8.79%	5,078

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 Fund Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
2022	\$ 8,330,000	\$ 3,486,882	\$ 11,816,882	\$ 102,688,010	11.51%
2021	8,430,000	3,257,322	11,687,322	92,437,790	12.64%
2020	7,630,000	3,784,372	11,414,372	90,073,675	12.67%
2019	7,310,000	3,910,975	11,220,975	87,718,110	12.79%
2018	7,170,000	3,227,906	10,397,906	83,207,174	12.50%
2017	7,045,000	3,348,228	10,393,228	81,300,349	12.78%
2016	6,320,000	2,139,692	8,459,692	76,071,959	11.12%
2015	5,480,000	3,505,753	8,985,753	75,111,822	11.96%
2014	4,790,000	3,588,569	8,378,569	71,476,793	11.72%
2013	5,135,000	2,815,370	7,950,370	68,168,542	11.66%

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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt limit	\$ 424,043	\$ 721,140	\$ 716,753	\$ 647,040	\$ 610,215	\$ 584,903	\$ 568,793	\$ 451,595	\$ 536,918	\$ 522,375
Total net debt applicable to limit	88,055	92,660	102,130	102,720	102,650	91,630	95,920	103,734	103,369	101,895
Legal debt margin	335,988	628,480	614,623	544,320	507,565	493,273	472,873	347,861	433,549	420,480
Total net debt applicable to the limit as a percentage of debt limit	20.77%	12.85%	14.25%	15.88%	16.82%	15.67%	16.86%	22.97%	19.25%	19.51%

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>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Town of Scarborough:										
General Obligation Bonds	88,055	92,660	102,130	102,720	102,650	91,630	95,920	98,500	97,895	96,180
Premium	12,231	12,273	7,308	6,602	6,125	5,050	5,315	5,234	5,474	5,715
Right of Use Lease Liabilities (1)	560	716	-	50	98	-	200	396	598	623
Total Direct Debt	100,846	105,649	109,438	109,372	108,873	96,680	101,435	104,130	103,967	102,518
Cumberland County	2,720	3,357	3,357	3,486	3,286	3,464	3,321	3,457	3,458	3,254
Portland Water District	7,650	7,343	7,829	7,300	6,926	6,396	6,654	6,454	5,994	3,483
Total Overlapping Debt	10,370	10,700	11,186	10,786	10,212	9,860	9,975	9,911	9,452	6,737
ecomaine Waste Systems:										
Resource recovery system	-	-	-	-	-	-	-	-	-	-
Material recovery facility	-	-	-	-	-	-	-	-	-	-
Landfill closure/postclosure	1,622	1,442	1,408	1,381	1,324	1,318	1,504	1,467	1,436	1,405
Total Contingent Debt	1,622	1,442	1,408	1,381	1,324	1,318	1,504	1,467	1,436	1,405
Total Direct, Overlapping/Contingent	112,838	117,791	122,032	121,539	120,409	107,858	112,914	115,508	114,855	110,660

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.

(1) - FY2021 reflects restatement for implementation of GASB 87 on July 1, 2021. Leases prior to FY2021 reflected as capital leases.

Table 18

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

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Median Age (c)	School Enrollment (d)	Unemployment Rate (e)
2022	22,568	\$ 1,283,284,184	\$ 56,863	48	2,913	2.20%
2021	22,135	1,093,955,970	49,422	48	2,884	4.24%
2020	21,428	1,059,014,616	49,422	48	2,873	6.20%
2019	20,991	1,037,417,202	49,422	48	2,999	2.40%
2018	20,379	929,954,907	45,633	47	2,948	2.70%
2017	19,911	862,703,808	43,328	46	2,920	2.80%
2016	19,819	786,477,377	39,683	45	2,971	2.90%
2015	19,602	786,804,678	40,139	45	2,989	3.10%
2014	19,494	785,003,886	40,269	45	3,106	3.70%
2013	19,299	767,752,818	39,782	45	3,157	4.70%

(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.

2021 Population is based on the recently released 2020 Census, which is higher than 2020 estimates

(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. This remains the current source of per capita.

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

2021 enrollment numbers are for September

(e) State of Maine Department of Labor, Division of Economic Analysis and Research,
unemployment based on June 2021 data

Table 19

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

2022			Percentage of total Town Employment	2013		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>		<u>Employer</u>	<u>Employees *</u>	<u>Rank</u>
Town of Scarborough	1,309	1	8.0%	Town of Scarborough	1,337	1
Hannaford Brothers	1,108	2	6.8%	Hannaford Brothers	1,014	2
Maine Medical Center	525	3	3.2%	US Postal Service	589	3
US Postal Service	444	4	2.7%	Maine Medical Center	389	4
NorDX	293	5	1.8%	Wal-Mart	380	5
Cabela's	275	6	1.7%	Cabela's	314	6
Wal-Mart	250	7	1.5%	NorDX	207	7
Shaw's	215	8	1.3%	Piper Shores	207	8
Sam's Wholesale Club	200	9	1.2%	Alere	200	9
Piper Shores	192	10	1.2%	Sam's Wholesale Club	180	10

* Source: Scarborough Economic Development Corporation (SEDCO)

Latest Estimate of Employment: 15037 (Source: ME Dept of Labor, Second Quarter, 2021 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
2022	2.7%	2.6%	2.2%	3.6%
2021	4.6%	6.1%	4.2%	6.1%
2020	6.9%	6.5%	6.2%	11.2%
2019	2.3%	2.8%	2.4%	3.8%
2018	2.7%	3.2%	2.7%	4.2%
2017	2.8%	3.3%	2.6%	4.5%
2016	3.1%	3.7%	3.0%	5.1%
2015	3.5%	4.2%	3.1%	5.5%
2014	4.4%	5.3%	3.7%	6.1%
2013	5.4%	6.4%	4.7%	7.5%

Data Source: The Maine Department of Labor, Labor Force Statistics by Geography, Not Seasonally adjusted
 Scarborough is within the Portland-South Portland-Biddeford Labor Market Area (LMA).

Data is for June of each year.

Table 21

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Function:										
General Govt:										
Town Clerk										
Certified copies	5,997	4,444	5,049	5,446	5,077	5,762	5,962	5,577	5,596	4,624
Licenses	1,140	1,117	162	997	844	821	735	839	861	572
Permits	296	306	279	404	750	1,134	1,047	1,065	930	889
Beach passes	7,691	7,458	5,279	5,970	5,603	4,775	2,496	2,665	2,763	2,934
Community Services										
Passport applications	838	321	497	648	675	695	665	643	641	459
Finance Revenue Office										
Hunting & fishing licenses	480	500	499	719	700	702	857	1,146	1,203	791
ATV/snowmobile registrations	540	565	541	581	634	628	406	738	743	739
Tax bill issued	10,721	10,589	10,301	10,325	9,993	9,897	9,796	9,623	9,623	9,594
Excise registrations	28,350	25,651	25,470	30,004	30,065	29,892	29,604	27,728	29,566	30,477
Planning:										
Permits	761	885	647	785	809	785	774	651	609	621
Certificates of Occupancy	269	257	256	190	252	267	262	198	217	174
Public Safety:										
Police:										
Physical arrests	786	732	582	768	864	521	697	895	826	898
Traffic violations	1,230	772	561	1,541	1,847	1,433	1,333	977	1,007	1,126
Fire:										
Number of calls answered	1,342	1,327	1,355	1,318	1,340	2,381	1,720	1,832	1,744	1,610
Number of inspections	4,871	2,886	2,860	3,044	3,319	3,078	2,529	3,192	3,378	3,455
Rescue:										
Number of calls answered	3,529	2,990	2,876	2,950	2,917	2,900	3,029	2,359	1,950	2,116
Public Works:										
Street resurfacing (miles)	6.48	7.06	7.58	4.60	4.62	5.15	4.18	5.90	5.31	3.62
Pot holes repaired (qty used in tons)	81	93	74	39	42	48	4	12	29	13
No. times plows dispatched	11	17	26	28	24	21	19	28	35	60

Source: Town of Scarborough various departments

Note:

FY2020 Street resurfacing miles include Gorham Road

Table 22

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Function:										
General Govt:										
Planning vehicles	3	3	3	3	4	3	4	4	4	4
Technology vehicles	3	3	3	3	3	3	4	4	4	3
Public Service:										
Community services										
Vehicles	8	8	8	7	6	8	8	7	7	6
Parks	6	6	6	6	6	6	6	6	6	6
Public Safety:										
Police:										
Vehicles - patrol units	16	16	14	14	14	12	12	12	12	12
Vehicles - patrol motorcycles	2	2	2	2	2	2	2	2	2	
Facilities	1	1	1	1	1	1	1	1	1	1
Fire:										
Vehicles - response trucks	14	14	13	12	12	12	12	12	12	12
Marine	4	4	4	2	2	2	2	2	2	2
Facilities	6	6	6	6	6	6	6	6	6	6
Rescue:										
Vehicles - response trucks	3	3	3	3	3	3	3	3	3	3
Public Works:										
Streets (miles)	182.18	181.12	179.08	177.20	176.80	176.80	175.44	175.44	174.92	174.20
Street lights	1,100	1,100	1,100							
Traffic signals	36	43	43	43	43	43	43	43	37	37
Generators	10	9	12	11	11	11	11	10	10	10
Education:										
Vehicles - buses	29	30	29	30	29	26	26	29	28	26
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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Government:											
	Full time	42	37	39	42	39	37	36	35	32	34
	Part time	10	28	34	14	12	23	14	64	52	61
Public Services:											
	Full time	17	15	14	13	16	17	15	15	15	15
	Part time	64	39	53	102	150	156	123	125	139	160
Public Safety:											
Police											
	Full time	60	61	61	60	61	67	55	53	53	55
	Part time	27	32	28	28	36	39	36	28	33	30
Fire											
	Full time	6	5	6	9	9	9	8	8	8	5
	Part time	111	121	113	149	154	146	169	160	150	151
Rescue											
	Full time	35	32	29	24	24	24	24	23	21	20
	Part time	0	0	0	0	0	0	0	0	0	10
Public Works:											
	Full time	28	32	29	32	34	36	32	32	31	31
	Part time	3	5	6	7	8	5	2	1	1	3
Education:											
	Full time	562	548	533	522	524	512	514	512	511	495
	Part time	120	132	147	151	144	151	155	155	138	145
Total:		1085	1087	1092	1153	1211	1222	1183	1211	1184	1215

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 Registration 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.			Shade Trees
		Public Information	Education:		
	Finance:	Accounting			Primary
		Tax/Treasury			Elementary
		Assessing			Secondary
	Planning:	Planning			Instruction Improvement
		Code Enforcement			Food Services
		Zoning & Planning Boards			Special Services
	Engineering and				General & Special Administration
	Technical Services:				Board of Education
	Information System				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

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APPENDIX B

**PROPOSED FORM
OF
LEGAL OPINION**

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

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

[DATED]

[PURCHASER]

We have examined the law and certified proceedings submitted in connection with the issuance and sale of the \$9,634,000* aggregate principal amount of 2023 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 October 5, 2023.* 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 May 1, 2024, at the respective rates per annum, as follows:

* Preliminary, subject to change.

Dated: Date of Delivery		Due: November 1, as shown below	
Year of		Year of	
<u>Maturity</u>	<u>Amount</u>^(*)	<u>Maturity</u>	<u>Amount</u>^(*)
2024	\$859,000	2032	\$710,000
2025	855,000	3033	710,000
2026	855,000	2034	350,000
2027	845,000	2035	350,000
2028	845,000	2036	350,000
2029	710,000	2037	350,000
2030	710,000	3038	350,000
2031	710,000		
\$75,000 ^{(†)(*)} _____ % Term Bond due November 1, 2043			

Bonds maturing on and before November 1, 2033 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after November 1, 2034 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2033, 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, 2043 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 2043</u>	
<u>Year</u>	<u>Amount</u>^(*)
2039	\$15,000
2040	15,000
2041	15,000
2042	15,000
2043 ^(†)	15,000

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 \$4,000 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 \$9,034,000 2023 General Obligation Bonds, dated as of October 5, 2023 (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 September 20, 2023 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, 2024, 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: Norman E. Kildow, Finance Director, Town of Scarborough, 259 U.S. Route 1 (04074), PO Box 360, Scarborough, ME 04070-0360; Telephone: (207) 730-4081.

Dated: _____, 20__

TOWN OF SCARBOROUGH,
MAINE

By: _____
Its Treasurer