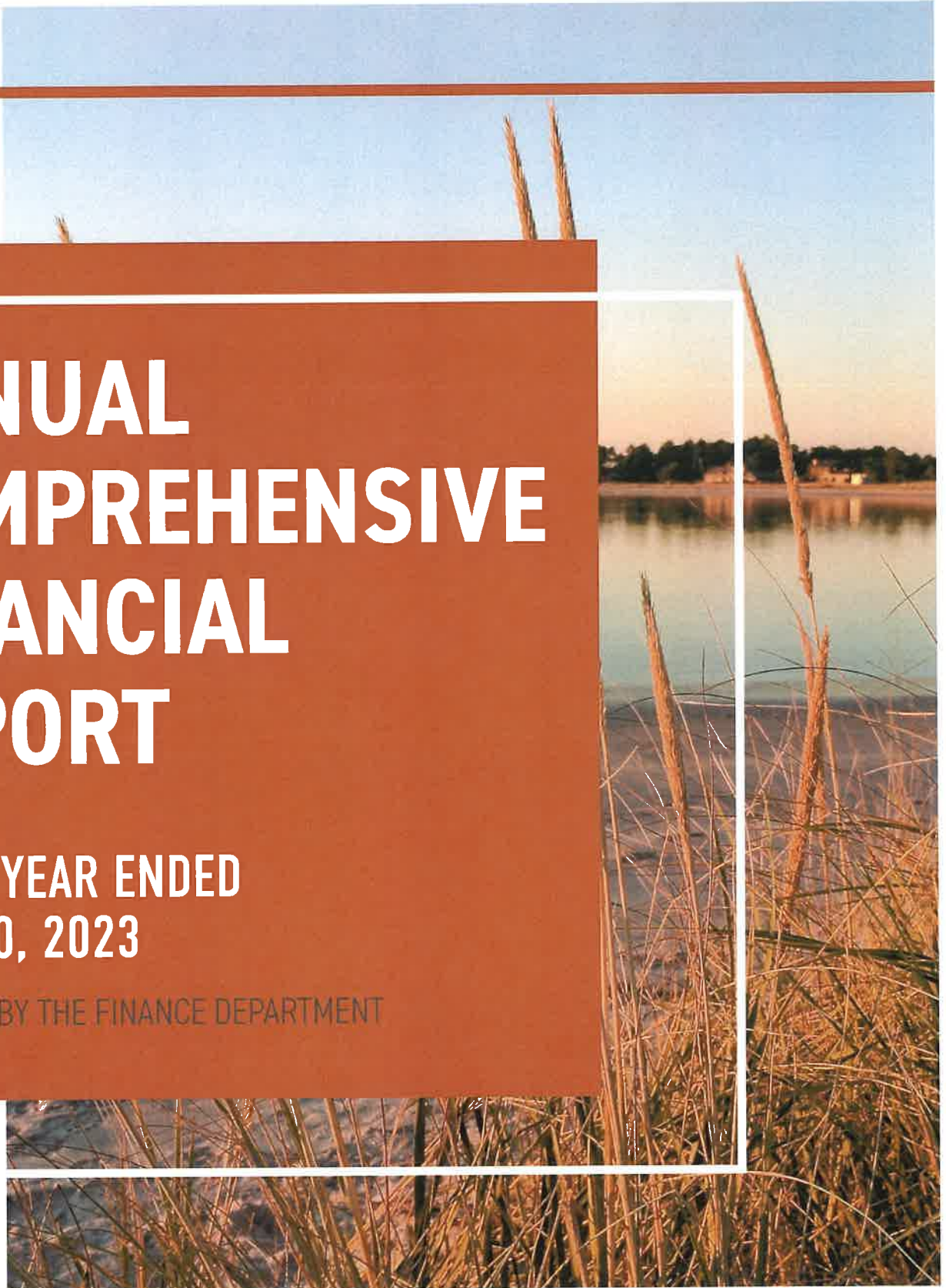


TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2023**

PREPARED BY THE FINANCE DEPARTMENT



TOWN OF SCARBOROUGH, MAINE

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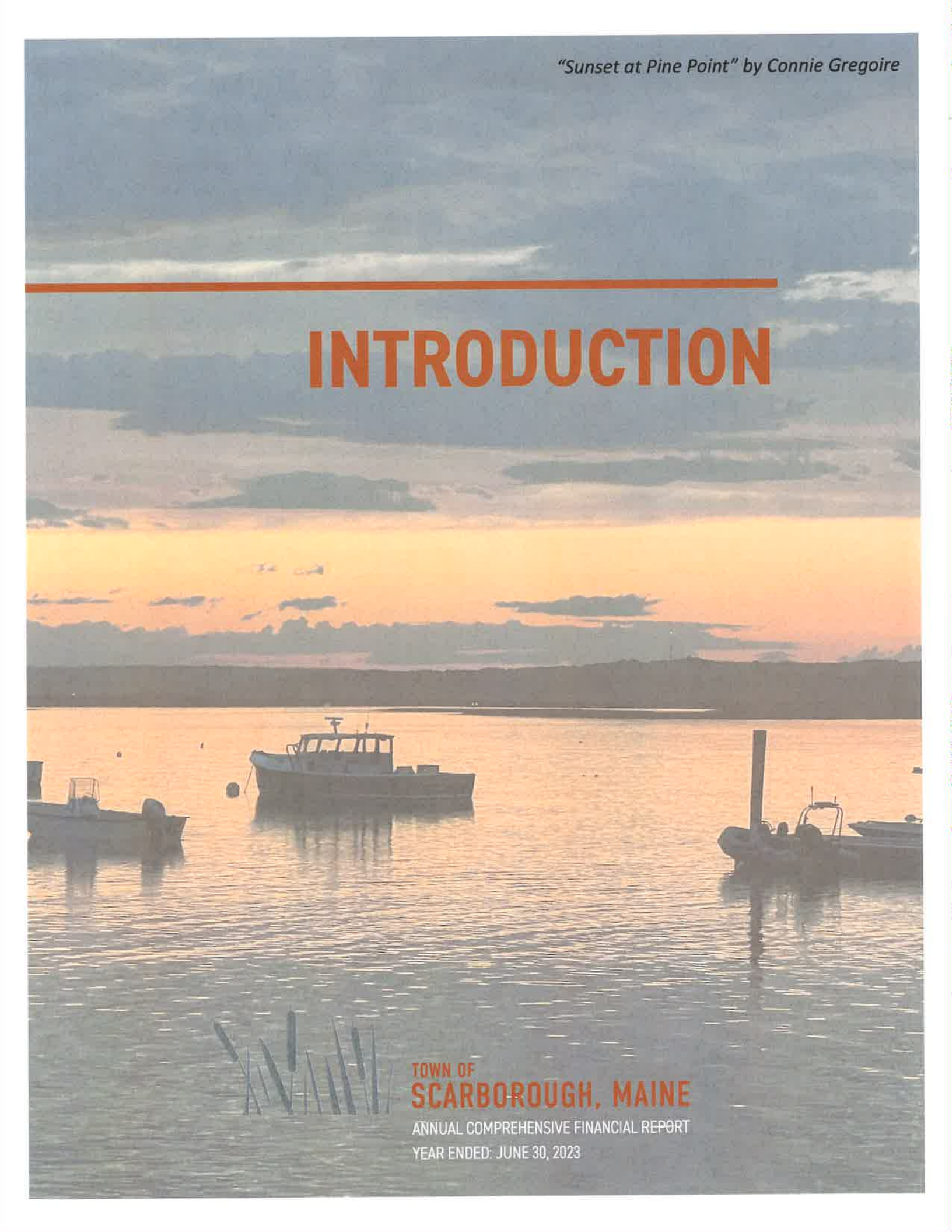
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"Sunset at Pine Point" by Connie Gregoire

INTRODUCTION



TOWN OF
SCARBOROUGH, MAINE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2023



December 13, 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, 2023.

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

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

Independent Auditor's 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 responsible for passing ordinances, adopting the annual budget, appointing committees, and hiring both the



Town Manager and the Town Assessor. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the government, and for appointing the administrators of the various departments.

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

The Scarborough Public Library is a discretely presented component unit in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Town of Scarborough and to differentiate their financial position and results of operations and cash flows from those of the Town. The 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

Scarborough continues to be on solid foundation within what some would call a conflicting, but improving, national economic outlook. Discussion of a potential national recession continues but is less fervent than last year. Inflation appears to be moderating and national unemployment rates are low.

Scarborough's population is increasing, due in part, to new housing units being constructed. These housing units include both single family and multi-family rentals, thus diversifying our housing stock. The growth in housing is helping to alleviate the regional housing shortage. Much more housing throughout the region is needed.

Population in Scarborough surpassed 23,000 according to the 2022 Census Bureau's Current Annual Population Estimation Program. The Town is now the 6th largest community in Maine.

While the Town is pleased to welcome new housing and residents to the Town, it is of primary concern to the Town Council to ensure that the fiscal impact of the growth is managed. They adopted a new Rate of Growth Ordinance, which modernized the previous ordinance. It addresses the needs of the housing market over a three-year period, rather than a single year, thus providing flexibility while still managing growth.

Employment in the first quarter of 2023 is down slightly, due mostly to a dip in the manufacturing sector. This dip was anticipated as Abbott, our largest manufacturer, adjusted its production in a post pandemic world.

We anticipate that manufacturing will pick back up this year as the Innovation District at The Downs builds out. This section of The Downs project is dedicated to production space with its largest new tenant, IDEXX, moving in this year. IDEXX just completed the approximately 100,000 square foot building this summer.

The Downs continues to add new homes and new businesses as they progress to full buildout of 2,000 housing units and millions of square feet of commercial and industrial space. This summer, the first of the Town Center types of development were approved, with a new multi-use structure and on a separate lot, a new, nearly 10,000 square foot venue for Allagash Brewing.

In addition to activities in the Town Center at The Downs, COSTCO will make its first appearance in the State of Maine with a location at The Downs, off of Payne Road. The much-anticipated opening occurred on November 17, 2023.

Another important win for the Town and The Downs is the decision by InterMed to open a new surgery center at the Downs. That announcement came in August of 2023.

Hannaford opened a second store in Scarborough at the former Shaws' location on Payne Road. The reimagined store opened on October 6. With two retail stores and their corporate headquarters, Hannaford remains the Town's largest private employer.

This year has also seen the replacement of a longtime, stressed building on Route One – the former Cliff's Antique Store. This structure has been vacant for several years and is now being rebuilt from the foundation up with 2 retail spaces. One of the retail spaces will house a bakery/coffee shop, something very appealing and desired by residents.



A new building in the Marden's parking lot will also add to the mix of retail for the Scarborough residents. The separate building will house a Starbucks and a yet to be named additional retailer.

The outlook for Scarborough is excellent over the next few years as The Downs continues to buildout in both residential and commercial areas. The Town is also experiencing new investment and expansion by existing businesses like Hannaford. While there is an excellent economic outlook, managing the Town is an important aspect of this positive outlook. The Town is looking at investments in many areas, but transportation, climate resiliency and additional school facilities are at the top of the list.

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 Equipment Replacement – This initiative funds the replacement of two rescue units with a third unit scheduled for replacement in fiscal year 2025.

School Facilities Maintenance – This five-year initiative funds a major renovation to both the exterior and interior of school buildings. Projects will include roof restoration, exterior/interior finishes, security and access management, grounds maintenance, and heating, cooling and ventilation repairs.

Major Road Replacement and Upgrades – This initiative funds the replacement of a section of Mitchell Road. In addition, Spurwink Road will receive traffic and pedestrian improvements.

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 front-end loader with plow 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 the 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. Additional adaptive traffic controls were installed at the Route 1 and Gorham Road intersection. 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 September 15, 2023, Moody's Investors Service assigned and affirmed the Town an Aa3 rating on the Town's general obligation bonds. Standard and Poor's assigned and affirmed an AA+ rating with a stable outlook on September 19, 2023.

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 2023 value by \$142,494,100 from 2022. For the 2023 tax year, the valuation was \$4,988,176,876 compared to the 2022 valuation of \$4,845,682,776. The Town has experienced consistent growth in total valuation, adding nearly one billion dollars of additional valuation over the last five years.

Scarborough Tax-Base Breakdown FY19 - FY23

	Taxable Assessed Value					Total	Total
	Residential	Commercial	Industrial	Personal Prop	Total Taxable	Residential	Non-Residential
FY19 (4/1/2018)	3,018,158,600	716,098,212	174,652,400	103,383,400	4,012,292,612	3,018,158,600	994,134,012
% of Total	75.2%	17.8%	4.4%	2.6%		75.2%	24.8%
FY20 (4/1/2019)	3,624,026,500	774,495,976	178,582,300	119,356,600	4,696,461,376	3,624,026,500	1,072,434,876
% of Total	77.2%	16.5%	3.8%	2.5%		77.2%	22.8%
FY21 (4/1/2020)	3,621,912,300	814,980,776	178,159,600	112,178,300	4,727,230,976	3,621,912,300	1,105,318,676
% of Total	76.6%	17.2%	3.8%	2.4%		76.6%	23.4%
FY22 (4/1/2021)	3,699,245,300	841,175,876	195,189,400	110,072,200	4,845,682,776	3,699,245,300	1,146,437,476
% of Total	76.3%	17.4%	4.0%	2.3%		76.3%	23.7%
FY23 (4/1/2022)	3,776,715,000	883,636,376	217,166,800	110,658,700	4,988,176,876	3,776,715,000	1,211,461,876
% of Total	75.7%	17.7%	4.4%	2.2%		75.7%	24.3%

The Town has consistently high property tax collections, with a collection rate of 99.2% in FY23.

**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, 2022. This is the eighteenth-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, reading 'Norm E Kildow', positioned above the printed name and title.

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

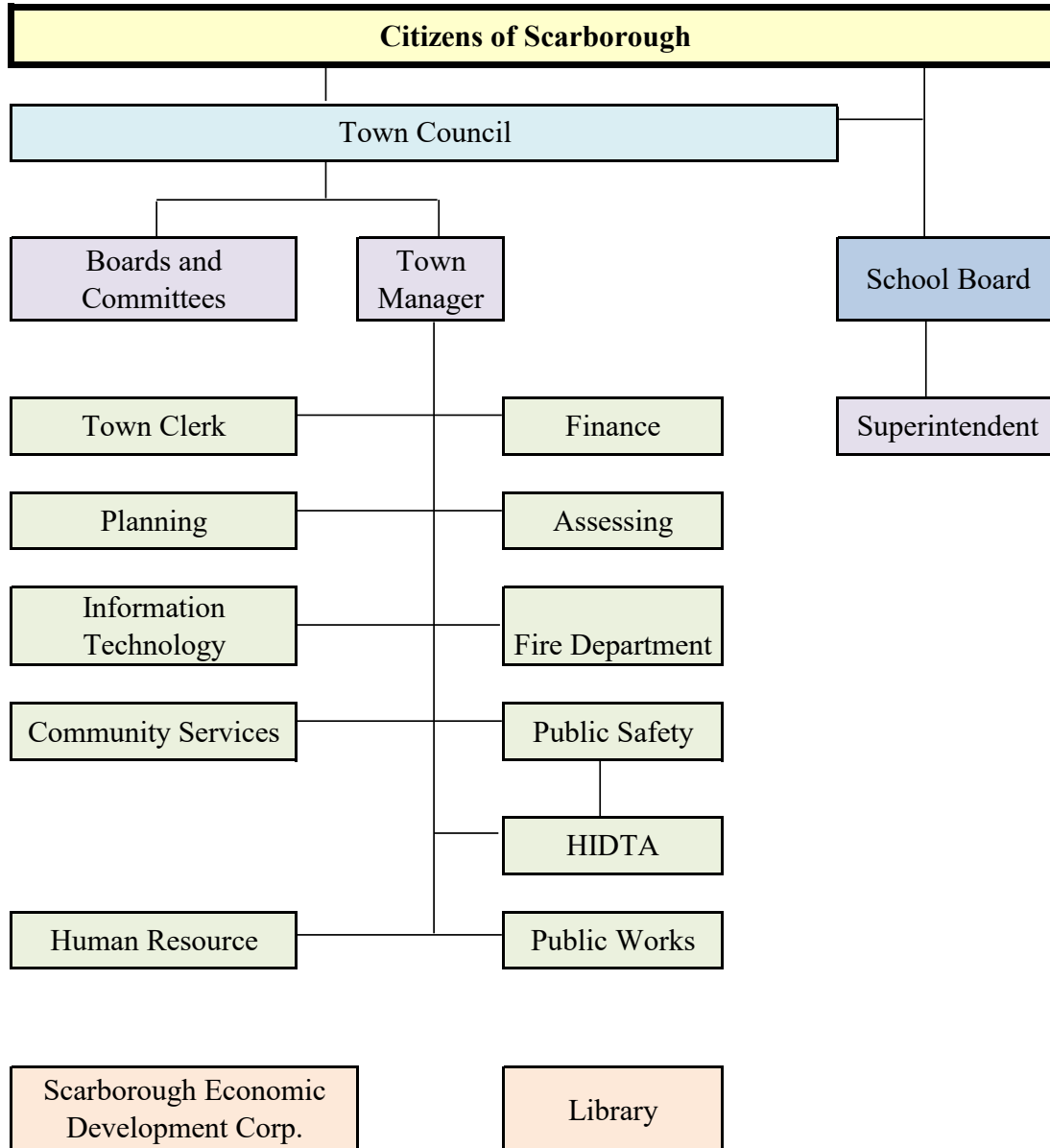
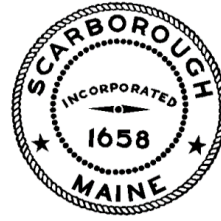
June 30, 2022

Christopher P. Morill

Executive Director/CEO

Town of Scarborough, Maine

Organizational Chart



Principal Executive Officers 2022-2023

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 - Chair	Elected - 3 Year Term	11/2023
	Jean-Marie Caterina	Elected - 3 Year Term	11/2023
	John R. Cloutier	Elected - 3 Year Term	11/2023
	Donald Hamill – Vice Chair	Elected – 3 Year Term	11/2024
	Karen Shupe	Elected - 3 Year Term	11/2025
	Nick McGee	Elected - 3 Year Term	11/2024
	April Sither	Elected - 3 Year Term	11/2025
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	Norman E. Kildow	Appointed/Indefinite	N/A
Treasurer	Jennifer Lord	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	Douglas Howard	Appointed/Indefinite	N/A
Town Planner	Autumn Spear	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	06/2024
	Frayla Tarpinian – Vice Chair	Elected - 3 Year Term	06/2026
	John Kelleher, III	Elected - 3 Year Term	06/2025
	Brian Maiorino	Elected - 3 Year Term	06/2024
	Jenna Leong	Elected - 3 Year Term	06/2025
	Carolyn Gammon	Elected - 3 Year Term	06/2026
	Jillian Trapini-Huff	Elected - 3 Year Term	06/2025
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	Christopher Rohde	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
Director of School Nutrition	Peter Esposito	Appointed/Indefinite	N/A
Director of Adult Education	Marianne Doyle	Appointed/Indefinite	N/A

"Higgins Rosa Rugosa" by Claire Stretch

FINANCIAL SECTION



TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2023



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, 2023, 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, 2023, 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 statements 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. The financial statements of the Scarborough Public Library were not audited in accordance with *Government Auditing Standards*. 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

Implementation of an Accounting Standard

As reported in Note 23, during the year ended June 30, 2023, the Town adopted Governmental Accounting Standard Board Statement No. 96, *Subscription Based Information Technology Arrangements (SBITAs)*. The implementation of this standard increased assets and liabilities for right-of-use subscriptions by \$1,072,209 at July 1, 2022.

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 14-26, budgetary comparison information on pages 77-80, the Schedule of Changes in Net OPEB Liability and Related Ratios – MMEHT Group Health Insurance Plan on page 81, the Schedule of Changes in Net OPEB Liability and Related Ratios – MEABT Group Health Insurance Plan on page 82, the Schedule of Proportionate Share of the Net Pension Liability on page 83 and the Schedule of Contributions on page 83 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 85-102 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 December 13, 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
December 13, 2023

"Path to Pine Point Beach" by Jean McQuaid

MANAGEMENT DISCUSSION & ANALYSIS

TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2023

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis
June 30, 2023

As management of the Town of Scarborough (the “Town”), we are presenting our narrative overview and analysis of the Town’s financial activities during the fiscal year ended June 30, 2023. 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 exceeded liabilities and deferred inflows of resources at the close of this most recent fiscal year by \$96,826,469 (net position).
- The Town’s total net position increased \$13,769,935 from \$83,056,534 to \$96,826,469. This represents a 16.6% increase over last year’s net position.
- As of June 30, 2023, the Town’s governmental funds reported combined fund balances of \$21,629,997 a decrease of \$3,768,265 compared with the prior year of \$25,398,262. Approximately 28.92% of this amount or \$6,255,831 is available for spending at the Town’s discretion (*assigned and unassigned fund balance*).
- Total nonspendable fund balance decreased by \$21,231 from \$306,687 to \$285,456. Restricted fund balance decreased by \$1,535,432 from \$9,126,722 to \$7,591,290. Total committed fund balance increased by \$1,133,167 from \$6,364,253 to \$7,497,420. Assigned fund balance increased by \$358,147 from \$2,775,508 to \$3,133,655. Finally, the unassigned fund balance for the governmental funds decreased by \$3,702,916 from \$6,825,092 to \$3,122,176.
- With respect to fund balances in the governmental funds, of the \$13,753,251 reported as committed (authorized by town council), assigned (authorized by town manager) and unassigned fund balance, \$6,903,338 are special revenue funds authorized for specific purposes, and the remaining amount of \$6,849,913 is available for the discrete purposes for which these funds are collected.

The Town of Scarborough consolidated its Fund Balance Policy into the Financial and Fiscal Policy, adopted September 5, 2018. The new policy retained the goals initially set in 2016. The policy establishes an unassigned fund balance goal of 10.00% of the prior years’ operating budget. The Operating Budget for fiscal 2022 totaled \$100,579,907. As of June 30, 2023, unassigned fund balance for the general fund was \$10,549,179 or 10.49% of the prior years’ operating budget compared to 10.04% as of June 30, 2022.

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 \$8,365,000 from the prior year. General obligation bonds retired were \$8,365,000. The Town did not issue bonds in fiscal year 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

TOWN OF SCARBOROUGH, MAINE

Management Discussion and Analysis, Continued

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

The statement of net position presents information on all Town 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 is improving or deteriorating.

The statement of activities presents information showing how the Town'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 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 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 (known as the *primary government*), but also the legally separate Public Library for which the Town is financially accountable. Financial information is reported separately from the financial information presented for the Town itself. The government-wide financial statements can be found on pages 26-27 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, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. The Town 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 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, General Town Improvements, and the Haigis Parkway which are considered major funds. Data from the remaining 20 funds (Special Revenue, General School Improvements and Permanent) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in Exhibit C-1 through Exhibit E-2. The basic governmental funds financial statements can be found on pages 28-31 of this report.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Capital Projects Funds. The Capital Projects Fund was established to account for resources obtained and expended for the acquisition and improvement of major capital facilities, land improvements and purchases. The Town'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 Improvements is a major fund. The General School Improvements fund is not a major fund. The non-major capital projects fund financial statements are found on pages 94-95 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's programs, that is, for the benefit of the government or its citizenry. The Town established Permanent funds for the following purposes:

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

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

The permanent fund financial statements can be found on pages 96-97 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's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Town reports one private purpose trust fund (scholarships). The private purpose trust fund is used to report all of the Scarborough School Department's scholarship programs. Student Activity Funds previously reported in an Agency fund have now been consolidated in the Special Revenue funds and are used to account for funds raised by and on behalf of the various student groups organized within the Scarborough School Department.

The basic fiduciary fund financial statements can be found on pages 32-33 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 34-75.

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 84-101 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of the Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$96,826,469 as of June 30, 2023 compared to \$83,056,534 for June 30, 2022.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

By far, the largest portion of the Town'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 uses these capital assets to provide services to Town citizens; consequently, these assets are not available for future spending. Although the Town'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's Net Position for the current year and the prior two years.

	Net Position Governmental Activities		
	2023	2022	2021
Assets:			
Current and other assets	\$ 35,063,237	\$ 39,568,157	\$ 32,122,197
Long term assets	687,648	540,436	432,621
Capital and Lease Assets, Net	<u>179,346,581</u>	<u>169,487,827</u>	<u>172,620,231</u>
Total Assets	<u>215,097,466</u>	<u>209,596,420</u>	<u>205,175,049</u>
 Total deferred outflows of resources	<u>12,200,678</u>	<u>13,413,594</u>	<u>11,191,725</u>
Total Deferred outflows	<u>12,200,678</u>	<u>13,413,594</u>	<u>11,191,725</u>
 Liabilities:			
Long term liabilities outstanding	113,060,157	116,621,137	124,871,150
Other liabilities	<u>13,107,097</u>	<u>14,101,976</u>	<u>10,482,676</u>
Total Liabilities	<u>126,167,254</u>	<u>130,723,113</u>	<u>135,353,826</u>
 Total deferred inflows of resources	<u>4,304,421</u>	<u>9,230,367</u>	<u>1,078,838</u>
Total Deferred inflows	<u>4,304,421</u>	<u>9,230,367</u>	<u>1,078,838</u>
 Net position:			
Net investment in capital assets	92,279,914	75,907,216	77,301,217
Restricted	5,578,654	6,701,889	4,256,367
Unrestricted	<u>(1,032,099)</u>	<u>447,429</u>	<u>(1,623,474)</u>
Total Net Position	<u>\$ 96,826,469</u>	<u>\$ 83,056,534</u>	<u>\$ 79,934,110</u>

\$5,578,654 or 5.8% of the Town'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

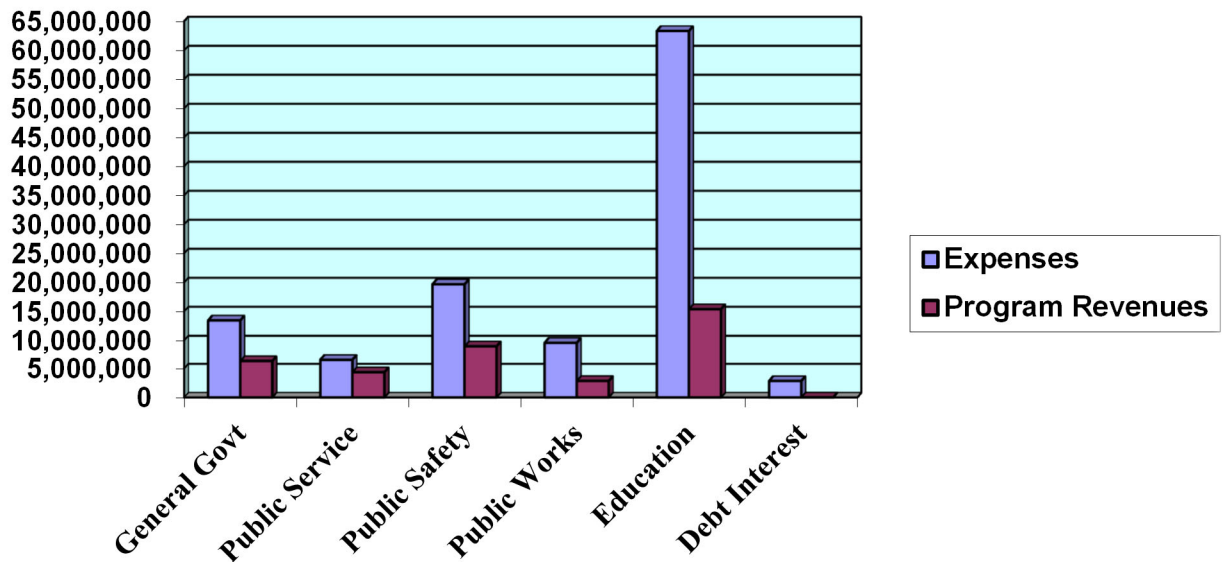
GOVERNMENTAL ACTIVITIES. The increase pertaining to the Town's net position of \$13,769,935 is due to the governmental activities of the Town. The Town's tax revenues increased by \$5,339,320. The property tax increase is due in part to the increase in the overall assessed valuation of the Town of \$142,494,100 up from \$4,845,682,776 to \$4,988,176,876, again due to the continued aforementioned growth in the town. The increase in the Town's property value allows the Town to maintain services without excessive increases in the tax rate.

Key components of this net position increase are shown below.

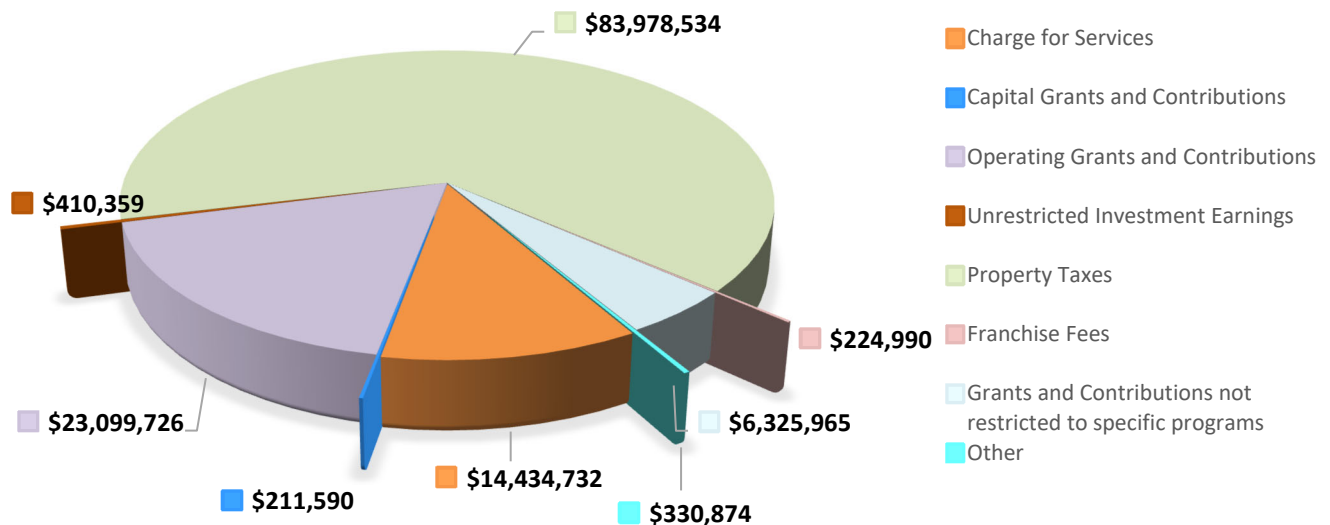
	2023	2022
Revenues:		
Program Revenues:		
Charge for services	\$ 14,434,732	\$ 13,813,314
Operating grants and contributions	23,099,726	21,528,206
Capital grants and contributions	211,590	28,125
General Revenues:		
Property and excise taxes, levied for general purposes	83,978,534	78,639,214
Franchise Tax	224,990	222,411
Grants and contributions not restricted to specific programs	6,325,965	5,379,098
Unrestricted investment earnings	410,359	2,628
Other	330,874	256,687
Total revenues	129,016,770	119,869,683
Expenses:		
General government	13,424,532	17,343,009
Public Services	6,461,889	5,669,872
Public Safety	19,651,186	19,040,785
Public Works	9,558,623	10,167,312
Education	63,327,400	61,315,985
Interest on Debt Service	2,823,205	3,212,033
Total expenses	115,246,835	116,748,996
 Increase in net position	 13,769,935	 3,120,687
 Net position beginning	 83,056,534	 79,935,847
 Net position ending	 \$ 96,826,469	 \$ 83,056,534

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Expenses and Program Revenues - Governmental Activities (\$)



REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



FINANCIAL ANALYSIS OF THE TOWN'S FUNDING

As noted earlier, the Town 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'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'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.

At June 30, 2023, the Town's governmental funds reported combined fund balances of \$21,629,997. This is a decrease of \$3,768,265 in comparison with the prior year. Approximately 14.43% of total fund balance or \$3,122,176 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 (\$285,456), 2) restricted for particular purposes (\$7,591,290), 3) committed for particular purposes (\$7,497,420) or 4) assigned for a particular purpose (\$3,133,655).

The revenues generated for the Haigis Parkway from 15-year special sewer assessment payments and tax increment financing revenues were used to pay the long-term debt service payments on the Haigis Parkway infrastructure construction. The deficit fund balance is anticipated to decrease over time because the debt associated with improvements in the Tax Increment Financing ("TIF") district was fully retired.

Governmental Fund Balance Comparison

	<u>2023</u>	<u>2022</u>
General Fund	\$ 19,271,964	\$ 18,743,890
Haigis Parkway	(2,685,388)	(2,680,578)
General Town Improvements	(3,569,444)	(692,876)
Other Governmental Funds	8,612,865	10,027,826
Total	\$ 21,629,997	\$ 25,398,262

As noted earlier, governmental funds reported combined fund balances of \$21,629,997, a decrease of \$3,768,265 compared with the prior year fund balances of \$25,398,262. Of the \$13,753,251 reported as unrestricted fund balance (total of committed, assigned and unassigned), \$6,903,338 are for special revenue fund projects authorized for specific purposes. General Town Improvements has an unrestricted deficit of \$3,569,444 that will be funded with the bond issue in FY24. See Note 2 for discussion of deficit fund balances.

The remaining \$7,876,746 of fund balance is restricted to indicate that it is not available for new spending because it has already been allocated for the following:

\$ 2,785,219	Deficit Fund Balances in Special Revenue Funds
1,550,267	Town Grants
309,213	Perpetual Care of Municipal Cemeteries
3,150,759	Education Funding
81,288	Food Service and Fuel Inventory
<u>\$ 7,876,746</u>	Total Governmental Fund Nonspendable and Restricted Fund Balance

During this fiscal year, the Town's deficit fund balances for General Town Improvements Capital Projects increased \$2,876,568 from a deficit of \$692,876 in 2022 to a deficit \$3,569,444 in 2023. Expenditures increased \$3,646,981 from \$1,646,605 in 2022 to \$5,293,586 in 2023. The increase in expenditures is due to the various improvement projects including the \$1,051,972 for various road paving projects and \$2,574,793 for the Gorham Road Construction Project. During this fiscal year, the Town's fund balances for General School Improvements Capital Projects decreased \$1,460,903 from \$288,732 in 2022 to a deficit \$1,172,171 in 2023.

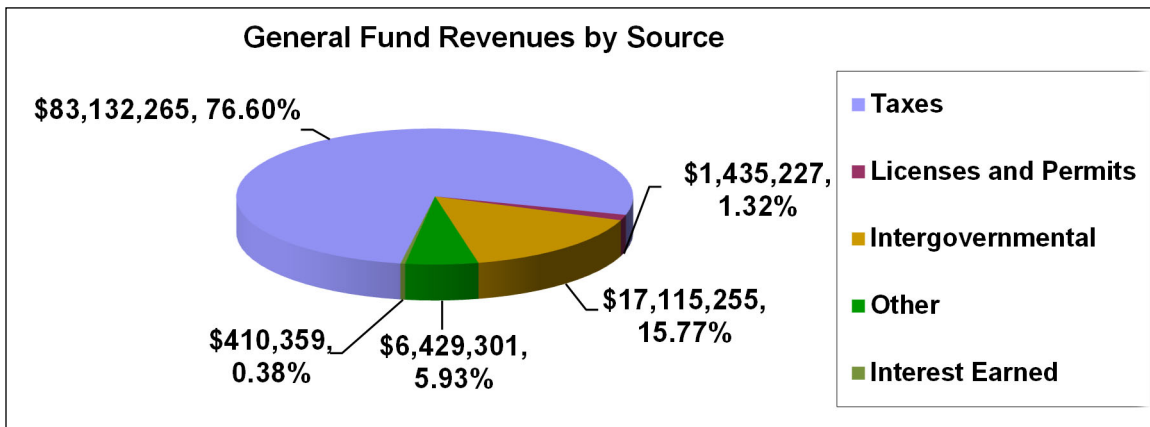
TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Expenditures increased \$1,233,696 from \$1,652,304 in 2022 to \$2,886,000 in 2023. The increase in expenditures is due to the school improvement projects including the \$643,027 for the turf track replacement project and the \$211,623 for expenditures related to the long-range facilities planning. These deficit fund balances will be funded by proceeds from the issuance of bonds in FY2024.

General Fund Highlights

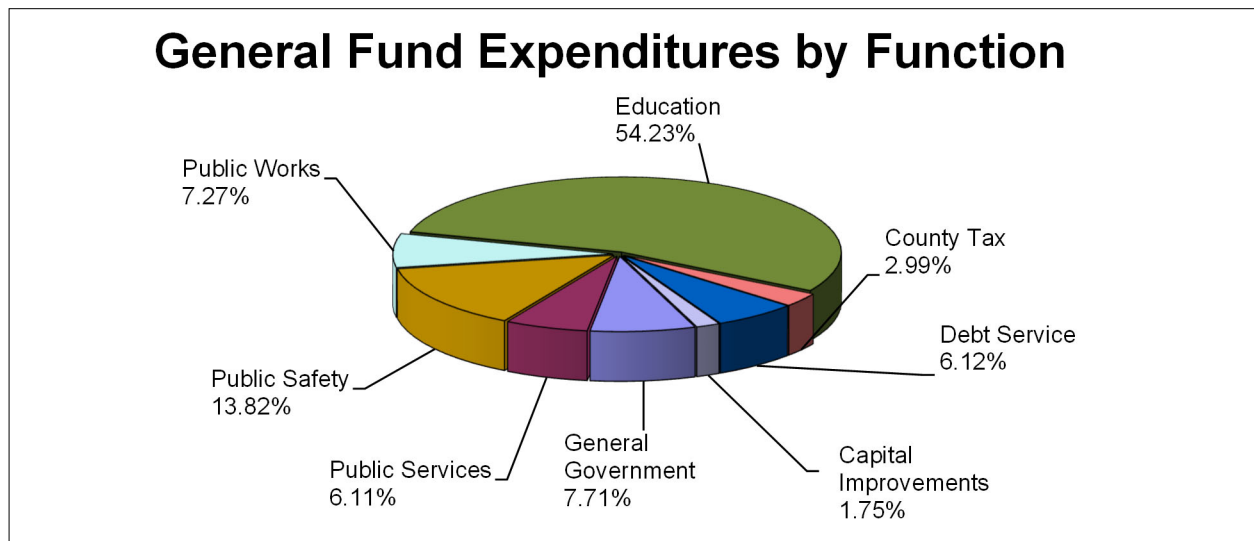
The General Fund is the chief operating fund of the Town. As of June 30, 2023, total fund balance was \$19,271,964 reflecting an increase of \$528,074 compared to the prior year of \$18,743,890. Unassigned fund balance in the General Fund was \$10,549,179 compared to total fund balance of \$19,271,964. 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 9.67% of current year's total general fund expenditures compared to 9.64% last year, while total fund balance represents 17.66% of that same amount.

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



Property Tax revenues increased \$4,260,793 from 2022 to 2023 compared to the 2021 to 2022 increase of \$2,318,738. A comparison of the actual revenues to estimated revenues can be found on page 76 of the financial statements. Actual overall revenues exceeded estimates by \$1,525,129 and is mostly due to the increase in actual licenses and permits revenues collected, intergovernmental revenues realized and interest earnings.

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 \$1,525,129, primarily due to intergovernmental revenues \$530,176 and interest earnings \$310,359 higher than estimated. Actual expenditures, although higher than 2022, were below budget by \$4,605,275 primarily due turnover in personnel and vacancies of positions.

Total general fund expenditures increased \$6,438,766 or 6.27% compared to 6.92% for the prior year. The factors for this increase are:

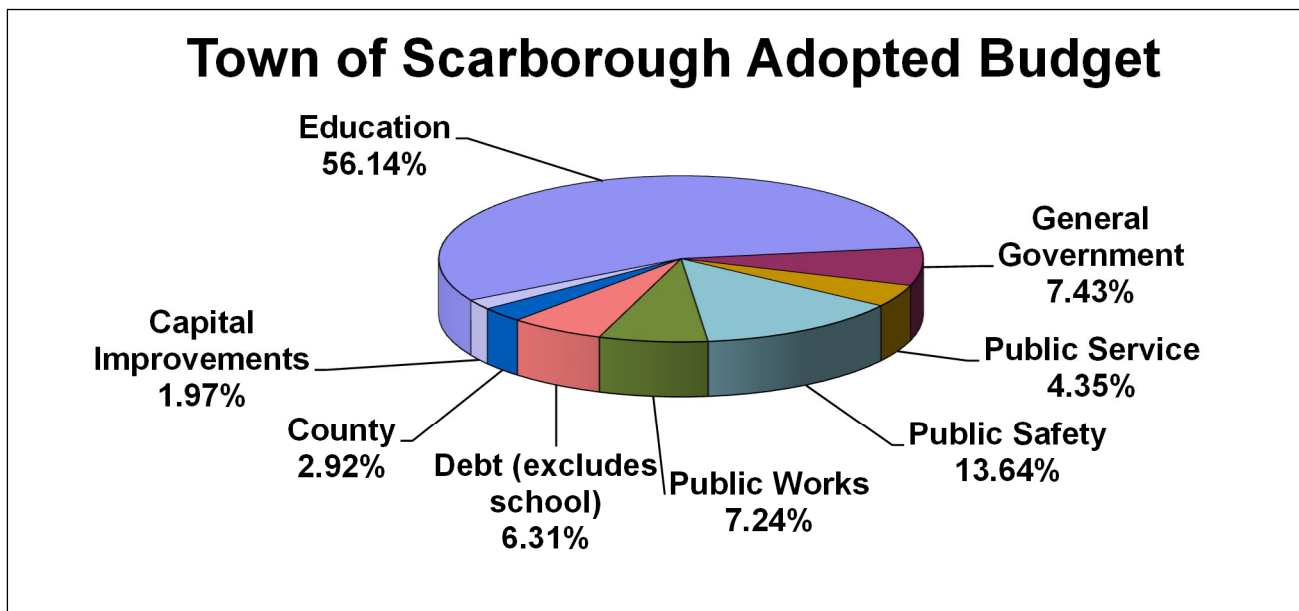
- General Government increased 4.12% resulting from a 2.7% cost of living increase, 1.25-4% step pay increase (dependent upon work group and eligibility), and a 5-7% increase municipal insurance costs (depending upon the plan chosen).
- Public Services increased 14.45% due to the continued restoration of community services and an increase in public health and welfare costs.
- Public Safety increased 9.52% due to increased staffing and the contractual increases related to salaries.
- Public Works increased 7.16% resulting from increased personnel and insurance costs discussed above coupled with increased tipping fees for solid waste disposal.
- Education increased 5.64% due to contractual increases within collective bargaining agreements with Bus Drivers, Custodians, and Food Service workers coupled with a 7.9% increase in health insurance costs.
- Capital Improvements increased 13.17% for the purchase of a new loader costing \$316,568.

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 2023, a total of \$1,603,655 was set aside for the Town for prior year encumbrances and commitments. \$1,530,000 for the School Department was set aside for carryforward to the 2024 budget.

The adopted operating budget for fiscal year 2023 amounted to \$106,721,420 compared to \$100,579,907 for fiscal year 2022 or a 6.11% increase over the prior year.

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



Per the Town'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 assets), for its governmental fund, as of June 30, 2023, amounts to \$179,346,581 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, infrastructure, construction in progress, right-of-use leased assets and right-of-use subscription assets. The total increase in the Town's investment in capital assets for the current fiscal year was 5.15%.

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

Capital Assets
(net of depreciation and amortization)

	<u>2023</u>	<u>2022</u>
Land	\$ 8,201,594	\$ 7,337,802
Buildings	93,402,676	94,835,179
Vehicles	7,527,857	5,953,605
Equipment and Furniture	3,605,346	2,542,003
Infrastructure	59,002,548	55,320,773
Construction in Progress	6,292,551	2,947,129
Right-of-Use Leased Assets	382,893	551,336
Right-of-Use Subscription Assets	931,116	1,072,209
Total	<u>\$ 179,346,581</u>	<u>\$ 170,560,036</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, 2023 included various road improvements and rehabilitation, and purchases for vehicles and equipment.

Additional information on the Town's capital assets can be found in the Notes to the Basic Financial Statements on page 46 of this report.

Long-term Debt. As of June 30, 2023, the Town had long-term bonds outstanding of \$79,690,000 compared to \$88,055,000 in the prior year resulting in a 9.5% decrease. This debt is backed by the full faith and credit of the Town.

During fiscal year ending June 30, 2023, the Town did not issue any bonds. Additionally, during the year, \$8,365,000 in principal debt was paid. Further information can be found in the Notes to the Basic Financial Statements on page 48 of this report.

Interest payments for school and town debt in this fiscal year totaled \$3,236,209 a decrease of \$250,673 from 2022.

Additional information relating to the Town's long-term debt can be found in the Notes to Financial Statements on pages 49-52 of this report.

TOWN OF SCARBOROUGH, MAINE
Management Discussion and Analysis, Continued

Outstanding Debt
General Obligation Bonds

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Municipal	\$ 35,864,558	\$ 38,744,063	\$ 43,293,084
Education	43,825,443	47,679,065	54,076,916
Sewer	-	1,631,872	4,760,000
	<hr/>		
Total Debt	\$ 79,690,000	\$ 88,055,000	\$ 102,130,000

Moody's Investors Service reviewed and assigned a rating of "Aa3" to the Town of Scarborough, Maine, (the Town) 2023 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 September 15, 2023. 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 bond rating of "AA+" on the Town's existing GO debt. Additionally, S&P has assigned its "AA+" rating to the Town's series 2023 GO bonds per its rating report dated September 19, 2023. Their rating reflects the Town's "growing tax base, consistent budgetary performance, strong management with good financial management, and moderate debt profile. Environmental, social, and governance risks are in-line with our view of the sector standard for coastal communities."

Additional information on both of these bond ratings can be found on the Town's website at: <https://www.scarboroughmaine.org/departments/finance/accounting/bond-ratings-documents>.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town continually monitors trends and emerging policies from the State of Maine with a prudent eye to any potential impact to the Town'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's officials considered many factors in making judgments and estimates about the finances of the upcoming year. The budget goals for fiscal year 2024 were:

- Sustainability, conservation, and climate change.
- Strategic capital and facilities planning.
- Housing choice and homelessness.
- Traffic and transportation.
- Public engagement and communications.

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 is considered a minimal receiver community by the State and therefore only the minimum GPA is received by the Town.

In cooperation with the Scarborough School Department, the Town 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 Budget Document for fiscal year 2024 can be found on the Town's website at: <https://resources.finalsite.net/images/v1689856811/scarboroughmaineorg/pqebdkrsyupotmxnkhjt/FY24AdoptedBudget.pdf>

Below is a comparison of the 2024, 2023 and 2022 budgets (excluding carry forwards).

	2024	2023	2022
Administration	\$ 3,846,941	\$ 3,549,723	\$ 3,421,056
Finance Department	1,503,966	1,340,642	1,310,158
Information Systems	1,918,277	1,770,270	1,592,423
Planning Department	965,408	1,268,469	1,224,512
Community Services	3,615,790	3,154,946	2,903,859
Library	1,287,748	1,108,633	1,071,119
General Assistance	182,860	116,010	105,813
Economic Development	284,512	267,914	258,326
Fire/Rescue/EMA Department	7,236,335	6,610,275	6,206,496
Public Safety Department	8,271,341	7,948,193	7,572,003
Public Works Department	8,220,004	7,724,242	7,378,497
Engineering	593,640	-	-
Debt Service	5,061,028	6,733,651	6,287,816
Capital Equipment	2,598,500	2,097,543	2,303,242
Total Municipal Operating	45,586,350	43,690,511	41,635,320
Education	62,235,290	59,911,498	55,862,654
County Tax	3,481,081	3,119,411	3,081,933
Total Operating Budget	111,302,721	106,721,420	100,579,907
School Food Services	2,313,735	2,041,000	1,806,963
Capital Improvement-Municipal	4,305,800	6,167,329	4,760,500
Capital Improvement-School	* 140,456,583	2,313,283	3,638,901
TIFs and Overlay	3,515,000	3,878,883	2,143,417
Total Budget	\$ 261,893,839	\$ 121,121,915	\$ 112,929,688

*Includes \$137,500,000 for K-3 School Building Project which was rejected by public referendum held on November 8, 2023.

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

2024	\$5,130,670,976, an increase of \$142,494,100 over 2023,
2023	\$4,988,176,876, an increase of \$142,494,100 over 2022,
2022	\$4,845,682,776, an increase of \$118,451,180 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,

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 recognizes the importance of maintaining an appropriate level of fund balance. Below is a listing of the approved use of school fund balance since 2016:

2023	\$ 1,530,000
2022	\$ 1,030,000
2021	\$ 702,527
2020	\$ 352,643
2019	\$ 500,764
2018	\$ 2,102,464
2017	\$ 426,253
2016	\$ 425,000

While the school estimated a use of fund balance in fiscal years 2022 and 2023, nothing was utilized.

REQUEST FOR INFORMATION

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.

"Sunset at Fisherman's Co-op" by Jean McQuaid

BASIC FINANCIAL STATEMENTS

TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2023

TOWN OF SCARBOROUGH, MAINE

STATEMENT 1

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities	Component Unit Public Library
Assets		
Cash and cash equivalents	\$ 19,333,894	\$ 971,443
Investments	12,271,299	749,616
Receivables:		
Accounts, net	598,253	5,036
Intergovernmental	1,770,171	--
Taxes receivable	343,077	--
Tax liens	657,309	--
Tax acquired property	7,231	--
Prepays	715	29,915
Inventory	81,288	1,681
Lease receivable	587,817	--
Notes receivable	99,831	--
Lease asset, net	382,893	--
Subscription asset, net	931,116	--
Capital assets, not being depreciated	14,494,145	--
Capital assets, net	<u>163,538,427</u>	<u>493,820</u>
Total Assets	<u>215,097,466</u>	<u>2,251,511</u>
Deferred Outflows of Resources		
Deferred charge on refunding	5,234,928	--
Deferred OPEB items	1,994,300	--
Deferred pension items	<u>4,971,450</u>	<u>--</u>
Total Deferred Outflows of Resources	<u>12,200,678</u>	<u>--</u>
Liabilities		
Accounts payable and other current liabilities	6,039,406	16,967
Accrued payroll and other related liabilities	5,339,154	46,735
Unearned revenues	1,222,378	--
Accrued interest	506,159	--
Noncurrent liabilities:		
Due within one year	8,389,976	--
Due in more than one year	<u>104,670,181</u>	<u>--</u>
Total Liabilities	<u>126,167,254</u>	<u>63,702</u>
Deferred Inflows of Resources		
Deferred OPEB items	1,517,299	--
Deferred pension items	2,196,172	--
Deferred lease items	<u>590,950</u>	<u>--</u>
	<u>4,304,421</u>	<u>--</u>
Net Position		
Net investment in capital assets	92,279,914	493,820
Restricted for:		
Nonexpendable trust principal	204,168	306,837
Expendable trust - income portion	105,045	--
Town grants and projects	1,550,267	--
Education	3,719,174	--
Unrestricted	<u>(1,032,099)</u>	<u>1,387,152</u>
Total Net Position	<u>\$ 96,826,469</u>	<u>\$ 2,187,809</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SCARBOROUGH, MAINE

STATEMENT 2

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Public Library
Primary Government:						
Governmental activities:						
General government	\$ 13,424,532	\$ 3,032,898	\$ 3,008,449	\$ 211,590	\$ (7,171,595)	\$ --
Public services	6,461,889	4,075,114	257,723	--	(2,129,052)	--
Public safety	19,651,186	3,242,391	5,720,852	--	(10,687,943)	--
Public works	9,558,623	2,511,519	317,636	--	(6,729,468)	--
Education	63,327,400	1,572,810	13,795,066	--	(47,959,524)	--
Interest on debt service	2,823,205	--	--	--	(2,823,205)	--
Total Governmental Activities	<u>115,246,835</u>	<u>14,434,732</u>	<u>23,099,726</u>	<u>211,590</u>	<u>(77,500,787)</u>	<u>--</u>
Total Primary Government	<u>\$ 115,246,835</u>	<u>\$ 14,434,732</u>	<u>\$ 23,099,726</u>	<u>\$ 211,590</u>	<u>(77,500,787)</u>	<u>--</u>
Component Unit:						
Scarborough Public Library	<u>\$ 1,407,802</u>	<u>\$ --</u>	<u>\$ 1,210,243</u>			(197,559)
General Revenues:						
Property taxes, levied for general purposes					76,437,809	--
Excise taxes					7,402,098	--
Payments in lieu of taxes					71,429	--
Interest and costs on taxes					67,198	--
Franchise tax					224,990	--
Grants and contributions not restricted to specific programs:						
Homestead exemption and business equipment exemption					2,319,279	--
Other State aid					566,191	--
State revenue sharing					3,440,495	--
Unrestricted investment earnings					410,359	--
Other					330,874	--
Total General Revenues					<u>91,270,722</u>	<u>--</u>
Change in Net Position					13,769,935	(197,559)
Net Position - Beginning					<u>83,056,534</u>	<u>2,385,368</u>
Net Position - Ending					<u>\$ 96,826,469</u>	<u>\$ 2,187,809</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SCARBOROUGH, MAINE

STATEMENT 3

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2023

	General	Haigis Parkway Assessments	General Town Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 15,755,571	\$ --	\$ 1,074,774	\$ 2,503,549	\$ 19,333,894
Investments	1,864,600	--	103,392	10,303,307	12,271,299
Receivables:					
Accounts, net	550,812	--	--	47,441	598,253
Intergovernmental	520,355	--	--	1,249,816	1,770,171
Taxes receivable	343,077	--	--	--	343,077
Tax liens	657,309	--	--	--	657,309
Interfund loans receivable	10,380,500	--	--	970,626	11,351,126
Tax acquired property	7,231	--	--	--	7,231
Prepaid expenses	--	--	--	715	715
Inventory	20,655	--	--	60,633	81,288
Lease receivable	587,817	--	--	--	587,817
Notes receivable	--	99,831	--	--	99,831
Total Assets	<u>\$ 30,687,927</u>	<u>\$ 99,831</u>	<u>\$ 1,178,166</u>	<u>\$ 15,136,087</u>	<u>\$ 47,102,011</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and other current liabilities	\$ 4,465,275	\$ --	\$ 1,395,821	\$ 178,310	\$ 6,039,406
Accrued payroll and other related liabilities	5,339,154	--	--	--	5,339,154
Interfund loans payable	--	2,785,219	3,351,789	5,214,118	11,351,126
Unearned revenues	91,584	--	--	1,130,794	1,222,378
Total Liabilities	<u>9,896,013</u>	<u>2,785,219</u>	<u>4,747,610</u>	<u>6,523,222</u>	<u>23,952,064</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	929,000	--	--	--	929,000
Unavailable revenue - leases	590,950	--	--	--	590,950
Total Deferred Inflows of Resources	<u>1,519,950</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,519,950</u>
Fund Balances:					
Nonspendable Permanent Fund Principal	--	--	--	204,168	204,168
Nonspendable Inventory	20,655	--	--	60,633	81,288
Restricted for Town	2,785,219	--	--	1,655,312	4,440,531
Restricted for Education	2,189,174	--	--	961,585	3,150,759
Committed - General Fund	594,082	--	--	--	594,082
Committed - Education	--	--	--	714,522	714,522
Committed - Special Revenues	--	--	--	6,188,816	6,188,816
Assigned - General Fund	1,603,655	--	--	--	1,603,655
Assigned - Education	1,530,000	--	--	--	1,530,000
Unassigned Town	10,549,179	(2,685,388)	(3,569,444)	(1,172,171)	3,122,176
Total Fund Balances	<u>19,271,964</u>	<u>(2,685,388)</u>	<u>(3,569,444)</u>	<u>8,612,865</u>	<u>21,629,997</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 30,687,927</u>	<u>\$ 99,831</u>	<u>\$ 1,178,166</u>	<u>\$ 15,136,087</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF SCARBOROUGH, MAINE

STATEMENT 3

BALANCE SHEET GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2023

	<u>Total Governmental Funds</u>
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.	179,346,581
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	929,000
Deferred charge on refunding is not a financial resource and, therefore, is not reported in the funds	5,234,928
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	(91,175,127)
Accrued interest	(506,159)
Landfill liability	(1,621,901)
Other postemployment benefits liability with related deferred inflows and outflows of resources	(9,105,121)
Net pension liability with related deferred inflows and outflows of resources	(2,595,697)
Right of use asset liability	(396,690)
Right of use subscription liability	(899,065)
Accrued compensated absences	(4,014,277)
Net Position of Governmental Activities	<u><u>\$ 96,826,469</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SCARBOROUGH, MAINE

STATEMENT 4

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Haigis Parkway Assessments	General Town Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 83,132,265	\$ --	\$ 202,000	\$ 625,000	\$ 83,959,265
Licenses and permits	1,435,227	--	--	--	1,435,227
Intergovernmental	17,115,255	--	--	10,758,712	27,873,967
Interest earned	410,359	688	358	172,412	583,817
Donations	--	--	--	655,261	655,261
Assessments and impact fees	--	--	--	4,210,905	4,210,905
Other	6,429,301	--	1,297,380	2,398,817	10,125,498
Total Revenues	<u>108,522,407</u>	<u>688</u>	<u>1,499,738</u>	<u>18,821,107</u>	<u>128,843,940</u>
Expenditures:					
Current:					
General government	8,044,187	--	--	--	8,044,187
Public services	6,374,322	--	--	--	6,374,322
Public safety	14,422,450	--	--	--	14,422,450
Public works	7,586,752	--	--	--	7,586,752
Education	61,367,236	--	--	7,050,496	68,417,732
County tax	3,119,411	--	--	--	3,119,411
Debt service	6,388,650	--	--	--	6,388,650
Capital improvements	1,823,768	--	5,293,586	1,085,532	8,202,886
Other	--	--	--	10,055,815	10,055,815
Total Expenditures	<u>109,126,776</u>	<u>--</u>	<u>5,293,586</u>	<u>18,191,843</u>	<u>132,612,205</u>
(Deficiency)/Excess of Revenues Over Expenditures	<u>(604,369)</u>	<u>688</u>	<u>(3,793,848)</u>	<u>629,264</u>	<u>(3,768,265)</u>
Other Financing Sources (Uses):					
Transfers in	3,996,190	--	917,280	811,436	5,724,906
Transfers out	(2,863,747)	(5,498)	--	(2,855,661)	(5,724,906)
Total Other Financing Sources (Uses)	<u>1,132,443</u>	<u>(5,498)</u>	<u>917,280</u>	<u>(2,044,225)</u>	<u>--</u>
Net Change in Fund Balances	528,074	(4,810)	(2,876,568)	(1,414,961)	(3,768,265)
Fund Balance (Deficit) - Beginning of Year	<u>18,743,890</u>	<u>(2,680,578)</u>	<u>(692,876)</u>	<u>10,027,826</u>	<u>25,398,262</u>
Fund Balance (Deficit) - End of Year	<u>\$ 19,271,964</u>	<u>\$ (2,685,388)</u>	<u>\$ (3,569,444)</u>	<u>\$ 8,612,865</u>	<u>\$ 21,629,997</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SCARBOROUGH, MAINE

STATEMENT 5

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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)	\$	(3,768,265)
---	-----------	--------------------

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	\$15,128,559	8,786,545
Depreciation/amortization expense	(6,256,731)	
Net book value of dispositions	(85,283)	

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

172,830

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		51,641
Compensated absences, net		(243,425)
OPEB liability with deferred outflows and inflows of resources		(431,072)
Net pension liability with deferred outflows and inflows of resources		139,164

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 payments	8,365,000	
Amortization of bond premiums	745,729	
Amortization of deferred charge	(384,366)	
Amortization of right of use lease liability	163,010	
Amortization of right of use subscription liability	173,144	9,062,517

Change in Net Position of Governmental Activities (See Statement 2)	\$	<u>13,769,935</u>
--	-----------	--------------------------

The accompanying notes are an integral part of these financial statements.

TOWN OF SCARBOROUGH, MAINE**STATEMENT 6****STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS****JUNE 30, 2023**

	Private-Purpose Trust Funds (Scholarships)
Assets	
Investments	<u>\$ 217,800</u>
Total Assets	<u>217,800</u>
Liabilities	
Due to student groups	<u>4,050</u>
Total Liabilities	<u>4,050</u>
Net Position	
Held in trust	<u><u>\$ 213,750</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SCARBOROUGH, MAINE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

STATEMENT 7

JUNE 30, 2023

	Private-purpose Trust Funds (Scholarships)
	<u> </u>
Additions:	
Interest, dividends and change in fair value (net)	\$ 4,671
Total Additions	<u> 4,671</u>
 Deductions:	
School scholarships	<u> 3,250</u>
Total Deductions	<u> 3,250</u>
 Change in Net Position	<u> 1,421</u>
 Net Position - Beginning of Year	<u> 212,329</u>
 Net Position - End of Year	<u> \$ 213,750</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Scarborough (“Town”) 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:

REPORTING ENTITY

The 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. 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 \$271,353, or 97% of total revenues, to SEDCO for the year ended June 30, 2023.

Scarborough Public Library (the Library) promotes and maintains library facilities in and for the Town. 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.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REPORTING ENTITY (CONTINUED)

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 \$1,108,633 of operating or approximately 84% of total revenues and other support to the Library for the year ended June 30, 2023.

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

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.

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

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

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

The Town reports the following major governmental funds:

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

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

The General Town Improvements Fund accounts for Town authorized capital projects.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND EQUITY (CONTINUED)

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.

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 and subscriptions are amortized over the length of the lease or subscription 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.

The Town reviews the carrying value of its long-lived assets to ensure that any impairment issues are identified and appropriately reflected in the financial statements. Should the expected cash flows be less than the carrying value, an impairment loss would be recognized to reduce the carrying value. There was no impairment loss recorded during fiscal year 2023.

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.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND EQUITY (CONTINUED)

Long-term Obligations (Continued)

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 assets 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.

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 assets 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.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND EQUITY (CONTINUED)

Fund Balances (Continued)

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 2024 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.

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 the Town'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.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND EQUITY (CONTINUED)

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.

Recently Adopted Accounting Pronouncements

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This pronouncement had no impact on the financial statements of the Town.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* establishes standards of accounting to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement,

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND EQUITY (CONTINUED)

Recently Adopted Accounting Pronouncements (Continued)

a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in exchange or exchange-like transaction. This pronouncement had no impact on the financial statements of the Town.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability, (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. See Note 23 for the impact to the financial statements as of July 1, 2022 as the result of adoption.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 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 (RSI-1) includes various adjustments as follows:

	Revenues and Other Sources	Expenditures and Other Uses
2022-2023 budget as adopted	\$ 109,674,660	\$ 109,674,660
Budgetary Adjustments:		
Subsequent authorization	--	--
Prior year encumbrances and carry forwards	<u>1,607,462</u>	<u>1,607,462</u>
Total Adjusted Budget	<u><u>\$ 111,282,122</u></u>	<u><u>\$ 111,282,122</u></u>

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

BUDGETARY INFORMATION (CONTINUED)

At June 30, 2023, the following special revenue and capital projects funds had deficit fund balances:

The Haigis Parkway Assessments Fund reports a deficit fund balance of \$2,685,388. This deficit is expected to be adequately funded in future years with TIF revenues and assessment payments.

The Town Improvements Fund reports a deficit fund balance of \$3,569,444 which is expected to be funded through the bonding process. Bonds were scheduled to be issued in the spring of fiscal 2023, however the bonds were not issued until after June 30, 2023 in October 2023 (fiscal year 2024).

The General School Improvements Fund reports a deficit fund balance of \$1,172,171 which is expected to be funded through the bonding process. Bonds were scheduled to be issued in the spring of fiscal 2023, however the bonds were not issued until after June 30, 2023 in October 2023 (fiscal year 2024).

NOTE 3 – DEPOSITS AND INVESTMENTS

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, 2023, the Town reported deposits of \$19,333,894 with a bank balance of \$20,801,676. Of the Town's bank balances of \$20,801,676, all accounts were covered by the F.D.I.C. or were secured by additional collateral pledged on behalf of the Town by the respective banking institutions.

INVESTMENTS

At June 30, 2023, 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	\$ 12,489,099	\$ 11,058,274	\$ 1,430,825	\$ --
Total Investments	<u>\$ 12,489,099</u>	<u>\$ 11,058,274</u>	<u>\$ 1,430,825</u>	<u>\$ --</u>

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Investments have been reported as follows:

Reported in governmental funds	\$ 12,271,299
Reported in fiduciary funds	<u>217,800</u>
Total Investments	<u>\$ 12,489,099</u>

For fair value measurement purposes all investments are categorized as Level 1, there are no investments categorized as Level 2 or Level 3. The Town holds \$5,553,487 of money market deposit accounts at June 30, 2023 of which all accounts were covered by F.D.I.C or were secured by additional collateral pledged on behalf of the Town by the respective banking institutions.

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.

NOTE 4 – PROPERTY TAX

Property taxes for the current year were committed on August 25, 2022, 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 17, 2022 and 50% on March 15, 2023. Interest at the rate of 4% per annum was charged on amounts remaining unpaid after October 17th and March 15th. Assessed values are periodically established by the Town's Assessor at 100% of the assumed market value as of June 30, 2023 and the Town's value was 99% of the 2023 State valuation of \$5,592,350,000.

The Town is permitted by the laws of the State of Maine to levy up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$333,958 for the year ended June 30, 2023.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 – PROPERTY TAX (CONTINUED)

Tax liens are placed on real property within eight to 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, 2023 levy:

Assessed value	\$ 4,988,176,876
Tax rate (per \$1,000)	<u>15.39</u>
Commitment	76,768,042
Supplemental taxes assessed	<u>62,013</u>
	76,830,055
Less - collections and abatements	<u>76,248,783</u>
Receivable at June 30, 2023	<u><u>\$ 581,272</u></u>
Consisting of:	
Taxes	\$ 52,755
Liens	<u>528,517</u>
Receivable at June 30, 2023	<u><u>\$ 581,272</u></u>
Collection rate	99.2%

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2023 was as follows:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023
Governmental Activities				
Capital Assets - Not Being Depreciated/Amortized				
Land	\$ 7,337,802	\$ 863,792	\$ --	\$ 8,201,594
Construction in progress	2,947,129	4,160,821	815,399	6,292,551
Total Capital Assets - Not Being Depreciated/Amortized	<u>10,284,931</u>	<u>5,024,613</u>	<u>815,399</u>	<u>14,494,145</u>
Capital Assets - Being Depreciated/Amortized				
Buildings	125,551,403	971,610	--	126,523,013
Vehicles	16,667,457	2,811,915	966,727	18,512,645
Equipment and furniture	9,117,869	1,774,683	112,694	10,779,858
Infrastructure	74,716,373	5,191,790	--	79,908,163
Right-of-use lease assets	720,551	1,130	--	721,681
Right-of-use subscription assets	1,072,209	168,217	--	1,240,426
Total Capital Asset - Being Depreciated/Amortized	<u>227,845,862</u>	<u>10,919,345</u>	<u>1,079,421</u>	<u>237,685,786</u>
Less Accumulated Depreciation/Amortization				
Buildings	30,716,224	2,404,113	--	33,120,337
Vehicles	10,713,852	1,156,380	885,444	10,984,788
Equipment and furniture	6,575,866	707,340	108,694	7,174,512
Infrastructure	19,395,600	1,510,015	--	20,905,615
Right-of-use lease assets	169,215	169,573	--	338,788
Right-of-use subscription assets	--	309,310	--	309,310
Total Accumulated Depreciation/Amortization	<u>67,570,757</u>	<u>6,256,731</u>	<u>994,138</u>	<u>72,833,350</u>
Total Capital Assets Being Depreciated/Amortized, net	<u>160,275,105</u>	<u>4,662,614</u>	<u>85,283</u>	<u>164,852,436</u>
Total Governmental Activities Capital Assets, net	<u>\$ 170,560,036</u>	<u>\$ 9,687,227</u>	<u>\$ 900,682</u>	<u>\$ 179,346,581</u>

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

Governmental Activities

General government	\$ 1,330,475
Public services	102,789
Public safety	593,859
Public works, including depreciation of general infrastructure assets	1,971,871
Education	<u>2,257,737</u>
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 6,256,731</u>

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6 – INTERFUND BALANCES

Interfund balances result from the sharing of pooled cash and investments. Individual interfund loans receivables and loans payables at June 30, 2023, were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 10,380,500	\$ --
Haigis Parkway	--	2,785,219
General Town Improvements	--	3,351,789
Nonmajor Governmental Funds		
Nonmajor Special Revenue Funds		
Eastern Trail Alliance (Close the Gap)	261,246	--
Recreational development	410,286	--
Payne Road impact fees	--	267,066
Other impact fees	--	1,360,083
Rescue equipment	287,894	--
Police asset forfeiture	--	25,557
Credit Enhancement Agreements	1,112	--
School categorical programs	--	808,322
School lunch program	--	75
American Rescue Plan	308	--
Fire Department equipment	--	--
Departmental grants and programs	--	834,487
Total Nonmajor Special Revenue Funds	<u>960,846</u>	<u>3,295,590</u>
Nonmajor Capital Project Funds		
General School improvements	--	1,918,464
Nonmajor Permanent Funds		
Scarborough Memorial Cemetery	9,780	--
Dunstan Perpetual Care	--	64
Total Permanent Funds	<u>9,780</u>	<u>64</u>
Total Other Governmental Funds	<u>970,626</u>	<u>5,214,118</u>
Total All Funds	<u>\$ 11,351,126</u>	<u>\$ 11,351,126</u>

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6 – INTERFUND BALANCES (CONTINUED)

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, 2023, the balances represent how much was due to or from the General Fund.

NOTE 7 – INTERFUND TRANSFERS

	Transfers In	Transfers Out
General Fund	\$ 3,996,190	\$ 2,863,747
Haigis Parkway Assessments	--	5,498
General Town Improvements	917,280	--
Nonmajor Governmental Funds	811,436	2,855,661
Total	<u>\$ 5,724,906</u>	<u>\$ 5,724,906</u>

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

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 88,055,000	\$ --	\$ 8,365,000	\$ 79,690,000	\$ 6,895,000
Premium	12,230,856	--	745,729	11,485,127	--
Compensated absences	3,770,852	2,494,536	2,251,111	4,014,277	1,003,569
Other postemployment benefits liability	10,269,483	--	687,361	9,582,122	--
Net pension liability	113,345	5,257,630	--	5,370,975	--
Right-of-use subscription liability	1,072,209	168,162	341,306	899,065	315,544
Right-of-use lease liability	559,700	--	163,010	396,690	170,863
Landfill post-closure care costs	1,621,901	--	--	1,621,901	5,000
Governmental Activity - Long-Term Liabilities	<u>\$ 117,693,346</u>	<u>\$ 7,920,328</u>	<u>\$ 12,553,517</u>	<u>\$ 113,060,157</u>	<u>\$ 8,389,976</u>

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

As of June 30, 2023, the Town had authorized, but unissued debt totaling \$11,670,592. 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, 2023 is \$17,820,000.

NOTE 9 – BONDS PAYABLE

Bonds payable at June 30, 2023 is comprised of the following:

	Amount Originally Issued	Percentage Applicable to			Interest Rate	Final Maturity Date	Balance End of Year
		Town	School	Sewer			
2013 Capital improvements	\$ 25,685,000	16.78%	83.22%	0.00%	5.00%	2024	\$ 715,000
2014 Capital improvements	6,505,000	53.10%	46.90%	0.00	3.00-4.00%	2034	1,800,000
2015 Capital improvements	6,085,000	93.35%	6.65%	0.00	2.00-4.00%	2035	2,740,000
2016 Capital improvements	7,540,000	96.00%	4.00%	0.00	2.00-4.00%	2036	2,515,000
2017 Capital improvements	2,755,000	70.27%	29.73%	0.00	3.00-5.00%	2037	1,190,000
2018 Capital improvements	18,190,000	97.13%	2.87%	0.00	3.00-5.00%	2048	14,455,000
2019 Capital improvements	7,380,000	93.19%	6.81%	0.00	3.00-5.00%	2049	6,150,000
2020 Capital improvements	7,040,000	62.20%	37.80%	0.00	2.00-5.00%	2041	5,550,000
2020A Capital improvements	2,855,000	97.19%	2.81%	0.00	2.25-4.00%	2031	2,085,000
2020B Capital improvements	39,460,000	3.71%	96.29%	0.00	2.33-4.00%	2043	39,115,000
2021 Capital improvements	3,725,000	67.28%	32.72%	0.00	2.00-5.00%	2042	3,375,000
Total							<u><u>\$ 79,690,000</u></u>

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 – BONDS PAYABLE (CONTINUED)

The annual requirements to amortize all debt outstanding as of June 30, 2023 are as follows:

June 30,	Principal	Interest	Total
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	5,430,000	1,957,647	7,387,647
2029-2033	23,935,000	6,599,615	30,534,615
2034-2038	13,390,000	2,777,268	16,167,268
2039-2043	8,825,000	1,149,734	9,974,734
2044-4048	3,100,000	281,437	3,381,437
2049	<u>120,000</u>	<u>1,800</u>	<u>121,800</u>
Totals	<u>\$ 79,690,000</u>	<u>\$ 22,973,028</u>	<u>\$ 102,663,028</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, 2023, substantially all such calculations have been performed and the Town is in compliance with all known arbitrage requirements.

NOTE 10 – 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.

NOTE 11 – 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 \$5,592,350,000, the Town's debt limit is \$838,852,500. The Town's outstanding long-term debt of \$79,690,000 at June 30, 2023 was within the Statutory limit.

NOTE 12 – RIGHT-OF-USE ASSETS AND RECEIVABLES

The Town has entered into various leases as the lessee and lessor for property such as office equipment and parking facilities with terms expiring from 2024 through 2029.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 – RIGHT-OF-USE ASSETS AND RECEIVABLES (CONTINUED)

GOVERNMENTAL ACTIVITIES – LESSEE

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

Years Ending June 30,	Principal	Interest
2024	\$ 170,863	\$ 6,660
2025	178,918	3,010
2026	46,584	172
2027	325	3
Total	<u>\$ 396,690</u>	<u>\$ 9,845</u>

GOVERNMENTAL ACTIVITIES – LESSOR

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

Years Ending June 30,	Principal	Interest
2024	\$ 166,881	\$ 7,505
2025	171,380	5,627
2026	101,030	3,669
2027	94,442	1,983
2028	50,971	442
Thereafter	3,113	38
Total	<u>\$ 587,817</u>	<u>\$ 19,264</u>

NOTE 13 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

The Town has entered into various SBITAs with terms expiring from 2024 through 2026 using a discount rate of 2.28% (incremental borrowing rate). At June 30, 2023 the Town has recognized a right-of-use asset, net of \$931,116 and a subscription liability of \$899,065. Future payments to amortize the subscription liability are as follows:

Years Ending June 30,	Principal	Interest
2024	\$ 315,544	\$ 20,220
2025	312,522	12,883
2026	270,999	6,166
Total	<u>\$ 899,065</u>	<u>\$ 39,269</u>

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 – 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, 2023, the Town's State valuation of \$5,592,350,000 was 8.57% of the County's State valuation of \$65,268,050,000. The Town's share is 8.57% or \$2,564,609 of Cumberland County's \$29,931,418 long-term debt outstanding as of June 30, 2023.

The Town is also served by the Portland Water District. At June 30, 2023, the Town's share of self-supporting bonded water debt is 12.56% or \$7,353,066 of total water debt of \$58,543,519.

CONTINGENCIES

ecomaine, formerly Regional Waste Systems, a Maine Corporation with 21 participating municipalities ("Member Municipalities"), including the Town, operates a licensed balefill and ashfill site for which projected landfill closure and postclosure care costs approximate \$18,000,767 at June 30, 2023, the most recent data available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 9.38%, or \$1,687,647.

TOTAL DEBT AND CONTINGENCIES

Governmental Unit	As of June 30, 2023			
	Direct Debt	Overlapping Debt	Contingent Debt	Total Debt
Town of Scarborough	\$ 79,690,000	\$ --	\$ --	\$ 79,690,000
Cumberland County	--	2,564,609	--	2,564,609
Portland Water District - water debt	--	7,353,066	--	7,353,066
ecomaine landfill closure/postclosure costs	--	--	1,687,647	1,687,647
Totals	<u>\$ 79,690,000</u>	<u>\$ 9,917,675</u>	<u>\$ 1,687,647</u>	<u>\$ 91,295,322</u>

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 – OVERLAPPING DEBT AND OTHER CONTINGENCIES (CONTINUED)

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, 2023.

NOTE 15 – 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, 2023, 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, 2023. 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, 2023. 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.

NOTE 16 – FUND BALANCE CHANGES

For the period ending June 30, 2023, 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:

	June 30, 2023	June 30, 2022
Unemployment Compensation	\$ 188,359	\$ 181,857
HRA deductible plan	92,910	90,950
HRA credit plan	27,888	28,783
Hurd Park and Ferry Beach	263,943	245,528
Hunnewell House	<u>20,982</u>	<u>20,086</u>
Total Reclassification	<u><u>\$ 594,082</u></u>	<u><u>\$ 567,204</u></u>

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 16 – FUND BALANCE CHANGES (CONTINUED)

The following is a schedule of fund balance classifications for the governmental funds as June 30, 2023:

	General Fund	Haigis Parkway Assessment	General Town Improvements	Nonmajor Governmental
Fund Balances				
Nonspendable -Permanent Funds	\$ --	\$ --	\$ --	\$ 204,168
Nonspendable -Inventory	<u>20,655</u>	<u>--</u>	<u>--</u>	<u>60,633</u>
	<u>20,655</u>	<u>--</u>	<u>--</u>	<u>264,801</u>
Restricted:				
Permanent fund interest	--	--	--	105,045
Deficits in other funds (Haigis Parkway)	2,785,219	--	--	--
Credit Enhancement Agreements	--	--	--	106,878
Eastern Trail Alliance (Close the Gap)	--	--	--	816,871
Grants and donations	--	--	--	405,833
Fire Department equipment	--	--	--	15,937
Police asset forfeiture	--	--	--	204,748
Education	<u>2,189,174</u>	<u>--</u>	<u>--</u>	<u>961,585</u>
	<u>4,974,393</u>	<u>--</u>	<u>--</u>	<u>2,616,897</u>
Committed:				
Unemployment Comp/Beach Reserve/Hunnewell	473,284	--	--	--
HRA deductible/credit plans	120,798	--	--	--
Impact fees/reserves	--	--	--	6,188,816
Education	<u>--</u>	<u>--</u>	<u>--</u>	<u>714,522</u>
	<u>594,082</u>	<u>--</u>	<u>--</u>	<u>6,903,338</u>
Assigned:				
Carryforward balances/encumbrances	1,603,655	--	--	--
Education	<u>1,530,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
	<u>3,133,655</u>	<u>--</u>	<u>--</u>	<u>--</u>
Unassigned	<u>10,549,179</u>	<u>(2,685,388)</u>	<u>(3,569,444)</u>	<u>(1,172,171)</u>
Total Fund Balances	<u>\$ 19,271,964</u>	<u>\$ (2,685,388)</u>	<u>\$ (3,569,444)</u>	<u>\$ 8,612,865</u>

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 17 – ASSIGNED FUND BALANCES

At June 30, 2023, portions of the General Fund balance were assigned to future periods as follows:

General Fund:

Information Technology - Computer Hardware	\$ 8,000
Information Technology - Computer Software	8,000
Police - New Vehicle	15,665
Police - K-9 Replacement	2,000
Police - PD FY22 Swat Ballistic Vests	10,500
Police - Traffic Monitoring Cameras	17,509
Police - Polygraph Update	1,385
Police - FY23 Utility Vehicle	2,952
Planning - New Vehicles	6,500
CS - Athletic Fields	30,000
CS - Tennis Court Rehab	9,710
CS - Infield Preparation	7,900
CS - Eastern Trail	1,000
CS - New Equipment	10,000
Fire Dept - New Fire Dept Pumper Truck	24,046
Fire - FY22 FD Knox Box Safe Replace	2,847
Fire - Fire Vehicle Replacement	9,415
Fire - Fire Ambulance Replacement	314,968
Encumbered Purchase Orders	371,258
Reserve for Accrued Sick Pay	750,000
Education	1,530,000
	<u>\$ 3,133,655</u>

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 18 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM – CONSOLIDATED RETIREMENT PENSION PLAN

PLAN DESCRIPTIONS

The Town contributes to the Maine Public Employees Retirement System (MPERS), as part of the State Employee and Teacher Plan (the Teacher Plan) and also the Participating Local District Consolidated Plan (the PLD plan) or (the Plans) which are cost sharing multiple employer defined benefit pension plans. The Plans were established as the administrator of a public employee retirement system under the Laws of the State of Maine. Within the Town of Scarborough, the School Department's teaching certified employees plus other qualified educators, are eligible to participate in the Teacher Plan. The Teacher Plan covers 239 participating employers. The Town's Police, Fire/Rescue and certain other Town employees and the Town's school custodians, school lunch personnel, and other non-teacher personnel including, some educational technicians (Ed Techs), central office employees, and secretarial employees have the option to participate in the PLD Plan. The PLD Plan covers 311 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.mainebers.org.

Employee membership data related to the Plans, as of June 30, 2022 was as follows:

	Teachers	PLD
Current participants: Vested and non-vested	40,141	12,362
Terminated participants: Vested	8,843	2,724
Terminated participants: Inactive due refunds	38,807	10,080
Retirees and beneficiaries receiving benefits	38,408	10,400
	<u>126,199</u>	<u>35,566</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.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 18 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM – CONSOLIDATED RETIREMENT PENSION PLAN (CONTINUED)

PLAN DESCRIPTIONS (CONTINUED)

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 1.52%.

For the year ended June 30, 2023, the Town's total payroll for all employees was \$45,095,304. Total covered payroll was \$32,480,161 for the Teacher Plan and \$12,300,835 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 \$139,364 for the year ended June 30, 2023.

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 14.89% of annual Teacher wages, excluding wages covered by grants, which pays for the unfunded liability for the teachers. Employer contribution rates are determined through actuarial valuations. The School Department's required contribution rate for the year ended June 30, 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, 2023 were \$1,247,161.

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 6.85%-7.60%, police employees and fire/rescue employees contribute 9.7% 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, 2023, was 10.2% of annual payroll. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2023 was 13.4% or 14.7%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town of Scarborough's contributions to the Plan for the year ended June 30, 2023 were \$1,458,564.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 18 – 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

TEACHER PLAN

At June 30, 2023, 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	\$ 945,577
State's proportionate share of the net pension liability associated with the Town of Scarborough School Department	<u>29,960,339</u>
Total	<u>\$ 30,905,916</u>

The net pension liability was measured as of June 30, 2022, 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, 2022, the School Department's proportion was 0.063679 percent, which was a decrease of 0.011267 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School Department recognized pension expense of \$5,150,903 and revenue of \$4,191,106 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:

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 18 – 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)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,105	\$ --
Net difference between projected and actual earnings on Plan investments	--	186,234
Changes in proportion and differences between contributions and proportionate share of contributions	214,176	152,574
Changes in assumptions	183,609	--
Contributions subsequent to the measurement date	1,247,161	--
Total	<u>\$ 1,692,051</u>	<u>\$ 338,808</u>

The \$1,247,161 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, 2024. 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:

Year Ended June 30:	
2024	\$ 286,818
2025	(115,359)
2026	(153,215)
2027	87,838
	<u>\$ 106,082</u>

PLD PLAN

At June 30, 2023, the Town and the Town School Department reported a liability of \$4,425,398 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the Town and the Town School Department's proportion was 1.664713%, which was an increase of 0.044808% from its proportion measured as of June 30, 2021.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 18 – 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, 2023, the Town and the Town School Department recognized pension benefit of \$214,938. At June 30, 2023, 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	\$ 822,432	\$ --
Net difference between projected and actual earnings on Plan investments	--	1,857,364
Changes in proportion and differences between contributions and proportionate share of contributions	100,200	--
Changes in assumptions	898,203	--
Contributions subsequent to the measurement date	1,458,564	--
Total	<u>\$ 3,279,399</u>	<u>\$ 1,857,364</u>

The \$1,458,564 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, 2024. 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:

Year Ended June 30:	
2024	\$ 616,467
2025	(371,478)
2026	(1,153,898)
2027	872,380
	<u>\$ (36,529)</u>

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 18 – 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

The total pension liability in the June 30, 2022 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.

The actuarial assumptions used in the June 30, 2022 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:

Asset Class	Long-Term Expected Real Rate of Return
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	3.20%
Alternative Credit	7.40%
Diversifiers	5.90%

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 18 – 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)

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.

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%	\$ 1,851,665
Current discount rate	6.50%	\$ 945,577
1% increase	7.50%	\$ (191,165)

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:

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 18 – 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 (CONTINUED)

PLD PLAN (CONTINUED)

	Discount Rate	Town/School Department's Proportionate Share of Net Pension Liability (Asset)
1% decrease	5.50%	\$ 13,073,886
Current discount rate	6.50%	\$ 4,425,398
1% increase	7.50%	\$ (2,722,885)

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.

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 publishes information annually showing the actual State contribution to each school district. For the year ended June 30, 2022, the total amount of on-behalf payments was approximately \$4,191,106 and was recognized in the fund financial statements.

SUMMARY OF PENSION EXPENSE (BENEFIT), DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO ALL PENSIONS OF THE TOWN

	Teachers	PLD	Total
Deferred outflows	\$ 1,692,051	\$ 3,279,399	\$ 4,971,450
Deferred inflows	338,808	1,857,364	2,196,172
Net pension liability	945,577	4,425,398	5,370,975
Pension expense (benefit)	75,774	(214,938)	(139,164)

NOTE 19 – 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.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 19 – DEFINED CONSTRUCTION PENSION PLAN (CONTINUED)

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 18% 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 \$324,316 which was 6% of the participating employees and 18% of the Town Manager's current year covered payroll. The covered payroll amounted to \$4,535,565 while the Town's total payroll was \$15,012,248. Employee's required contributions amounted to \$261,856, 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 \$569,464 and the Town contributions amounted to \$331,254. The Town contributes a match up to 4%. The covered payroll amounted to \$10,476,683.

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.

NOTE 20 – POST-EMPLOYMENT HEALTH CARE

The Town has two OPEB plans which employees participate in, pension expense was \$431,072 for the year ended June 30, 2023.

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.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 20 – POST-EMPLOYMENT HEALTH CARE (CONTINUED)

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 \$3,563,400 was measured as of January 1, 2023 and was determined by an actuarial valuation as of January 1, 2022, rolled forward to January 1, 2023.

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 3.00% was used along with an aggregate payroll increase of 2.75%. Merit payroll increases, mortality, termination, disability and retirement assumptions relied on the Plan'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, 2023 were non-Medicare of 7.95% and Medicare 7.26%, decreasing to 4.55% and 4.55%, 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, receptively, for males and females. The proposed 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. 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.

The discount rate was updated to reflect the December 29, 2022 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was increased to reflect the increase 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.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 20 – POST-EMPLOYMENT HEALTH CARE (CONTINUED)

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at June 30, 2022	\$ 3,889,940
Changes for the year:	
Service cost	109,282
Interest	81,142
Changes in assumptions	(395,783)
Benefit payments	(121,181)
Net changes	(326,540)
Balance at June 30, 2023	\$ 3,563,400

Changes of assumptions reflect a decrease of \$395,783. Changes in assumptions reflect a change in the discount rate from 2.06% in 2022 to 3.72% in 2023.

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

The following table shows how the total OPEB liabilities would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate used for the Health Plan is 3.72%.

	1% Decrease (2.72%)	Current Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability	\$ 4,084,762	\$ 3,563,400	\$ 3,156,509

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, 2023 were non-Medicare of 7.95% and Medicare 7.26%, decreasing to 4.55% and 4.55%, 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	\$ 3,072,261	\$ 3,563,400	\$ 4,183,196

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 20 – POST-EMPLOYMENT HEALTH CARE (CONTINUED)

CHANGES IN THE TOTAL OPEB LIABILITY (CONTINUED)

For the year ended June 30, 2023, the Town recognized expense of \$177,334. At June, 30, 2023, 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	\$ 787,545	\$ --
Changes in assumptions	114,307	892,293
Contributions subsequent to the measurement date	66,052	--
Total	<u>\$ 967,904</u>	<u>\$ 892,293</u>

The \$66,052 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, 2024. 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:	
2024	\$ (13,090)
2025	(13,090)
2026	(13,091)
2027	(17,067)
2028	16,916
Thereafter	48,981
	<u>\$ 9,559</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

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 20 – POST-EMPLOYMENT HEALTH CARE (CONTINUED)

GENERAL INFORMATION

Department's participation in the MEABT plan is considered its own post-retirement benefit plan, based on its own census data or participants in the trust. The MEABT does not issue a separate financial report for its OPEB. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employee membership data related to the Plan, as of the June 30, 2022 measurement date was, as follows:

Active members	461
Retirees under age 65	13
Retirees over age 65	131
Total	605

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

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

Contributions. The Town School Department's contribution comes in the form of an implied subsidy. The retiree is eligible for a State subsidy of 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, 2023, the Town School Department reported a liability of \$6,018,722 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 20 – 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, 2023, the Town School Department recognized expense of \$498,468. At June 30, 2023, 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	\$ 139,770	\$ 517,146
Changes in assumptions	768,539	107,860
Contributions subsequent to the measurement date	118,087	--
Total	<u>\$ 1,026,396</u>	<u>\$ 625,006</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$118,087 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, 2024. 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:

Year Ended June 30:	
2023	\$ 108,840
2024	108,839
2025	144,013
2026	98,561
2027	(84,505)
Thereafter	(92,445)
	<u>\$ 283,303</u>

Actuarial assumptions and methods: The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions:

Measurement date:	June 30, 2022
Discount Rate:	3.54% per annum for the year ended June 30, 2022 reporting.
Healthcare cost trend rates:	Non-Medicare – Initial trend of 7.96% applied in 2023 and 6.83% grading over 19 years to 4.00% per annum. Medicare – Initial trend rate of 0.00% applied in 2023 and 5.62% applied in 2024, grading over 18 years to 4.29% per annum.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 20 – 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, 2022. The discount rate based on the index was 3.54% per annum as of June 30, 2022.

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 20 – 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, 2021	\$ 6,379,543
Changes for the year:	
Service cost	247,592
Interest	142,036
Changes in assumptions	(43,760)
Differences between expected and actual experience	(603,337)
Benefit payments	(103,352)
Net changes	(360,821)
Balance at June 30, 2022 (for June 30, 2023 reporting)	\$ 6,018,722

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 (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 7,082,177	\$ 6,018,722	\$ 5,163,987

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, 2022 were non-Medicare of 7.95% applied in 2023 and Medicare 0.00% applied in 2023 and 5.62% applied in 2024, decreasing to 4.00% and 4.29%, 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:

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 20 – POST-EMPLOYMENT HEALTH CARE (CONTINUED)

CHANGES IN THE NET OPEB LIABILITY (CONTINUED)

	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB liability	\$ 5,085,543	\$ 6,018,722	\$ 7,202,466

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, 2022 the estimated on-behalf OPEB subsidy for year ended June 30, 2023 was approximately \$591,631. 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.

SUMMARY OF OPEB EXPENSE (BENEFIT), DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO ALL PENSIONS OF THE TOWN

	MMEHT	MEABT	Total
Deferred outflows	\$ 967,904	\$ 1,026,396	\$ 1,994,300
Deferred inflows	892,293	625,006	1,517,299
Net OPEB liability	3,563,400	6,018,722	9,582,122
OPEB expense	177,334	253,738	431,072

NOTE 21 – TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS

The Town entered into property tax abatement agreements (credit enhancement agreements or "CEA") 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, 2023, the Town abated property taxes totaling \$1,587,540 under the CEA and TIF programs, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 21 – TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS (CONTINUED)

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 final abatement amounted to \$547,190. 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 \$60,072.

The Town has an agreement for the Haigis Parkway District with total tax captured of \$796,509 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 \$60,769. 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.

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 \$805,750. 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 \$78,155, the Bessey Commons II Affordable Housing TIF for \$60,617 and Avesta Southgate Affordable Housing TIF for \$35,756. 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 Bessey Common II TIF district program reimburses 100% of the incremental value for a period of 30 years. 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.

NOTE 22 – 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

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 22 – RISK MANAGEMENT (CONTINUED)

potential claims liabilities, which should be recorded at June 30, 2023. 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.

NOTE 23 – 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, 2023:

	Governmental Activities
Capital assets	\$ 250,217,824
Right-of-use lease assets	721,681
Right-of-use subscription assets	1,240,426
Accumulated depreciation and amortization	(72,833,350)
Bonds payable	(79,690,000)
Premium liabilities net of amortization	(11,485,127)
Deferred charge on refunding	5,234,928
Subscription liability	(899,065)
Lease liability	(396,690)
Unspent bond proceeds	<u>169,287</u>
Net investment in capital assets	<u><u>\$ 92,279,914</u></u>

TOWN OF SCARBOROUGH, MAINE

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 23 – NET POSITION (CONTINUED)

Restatement of Beginning Fund Balance and Net Position

Beginning net position was adjusted as a result of implementation of GASB Statement No. 96, *Subscription Based Information Technology Arrangements (SBITAs)*.

Fund balance at July 1, 2022 was restated, as follows:

Governmental Activities	
Net Position as originally stated at July 1, 2022	\$ 83,056,534
Restatement for right of use subscription assets for the implementation of GASB 96	1,072,209
Restatement for subscription liability for the implementation of GASB 96	<u>(1,072,209)</u>
Net Position at July 1, 2022, as restated	<u>\$ 83,056,534</u>

NOTE 24 – COMMITMENTS

Construction in progress of \$6,292,551 as of June 30, 2023 consists of building improvements, street light purchase/improvements, traffic signals improvement, road improvements, Eastern Trail improvements, turf project and high school running track. These projects are expected to be completed during the fiscal year ending June 30, 2024 or beyond. The additional estimated costs to complete these projects are approximately \$313,210.

NOTE 25 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 13, 2023, which is the date the financial statements were available for issuance. No events other than those described below have been identified requiring recognition or disclosure in the financial statements.

On October 5, 2023, the Town issued \$9,034,000 in 2023 General Obligation Bonds of which \$6,602,423 was used to reimburse the Town for various capital improvement expenditures and \$2,431,577 was used to reimburse the Town for various school capital improvement expenditures.

"Turning of the Tide" by John Thurlow

REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2023

TOWN OF SCARBOROUGH, MAINE

RSI-1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (BUDGETARY BASIS) GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 83,039,648	\$ 83,039,648	\$ 83,132,265	\$ 92,617
Licenses and permits	1,210,085	1,210,085	1,435,227	225,142
Intergovernmental	11,799,342	11,799,342	12,329,518	530,176
Interest earned	100,000	100,000	410,359	310,359
Unclassified	7,212,466	7,212,466	7,579,301	366,835
Total revenues	103,361,541	103,361,541	104,886,670	1,525,129
Expenditures:				
Current:				
General government	8,059,696	8,027,682	8,044,187	(16,505)
Public services	6,226,906	6,248,338	6,374,322	(125,984)
Public safety	14,721,691	14,731,734	14,422,450	309,284
Public works	7,813,389	7,813,928	7,586,752	227,176
Education	58,985,856	58,985,856	56,581,499	2,404,357
County tax	3,119,411	3,119,411	3,119,411	-
Debt service	6,733,651	6,733,651	6,388,650	345,001
Capital improvements	3,285,714	3,285,714	1,823,768	1,461,946
Total expenditures	108,946,314	108,946,314	104,341,039	4,605,275
Excess (deficiency) of revenues over expenditures	(5,584,773)	(5,584,773)	545,631	6,130,404
Other financing sources (uses):				
Transfers in	3,669,119	3,669,119	2,846,190	(822,929)
Transfers out	(2,001,850)	(2,001,850)	(2,863,747)	(861,897)
Utilization of surplus	3,446,462	3,446,462	-	(3,446,462)
General obligation bonds	805,000	805,000	-	(805,000)
Overlay	(333,958)	(333,958)	-	333,958
Total other financing sources (uses)	5,584,773	5,584,773	(17,557)	(5,602,330)
Net change in fund balances - budgetary basis	-	-	528,074	528,074
Fund balance, beginning of year	-	-	18,743,890	-
Fund balance, end of year	\$ -	\$ -	\$ 19,271,964	\$ -

TOWN OF SCARBOROUGH, MAINE

RSI-2

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (BUDGETARY BASIS) DETAILED FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	2023						2022
	2022 Carryforward	Budget	Budget Transfers	Total Available	Actual	Variance Positive (Negative)	Actual
Revenues:							
Taxes:							
Property taxes	\$ --	\$ 75,601,048	\$ --	\$ 75,601,048	\$ 75,437,979	\$ (163,069)	\$ 71,347,443
Change in deferred property tax revenue	--	--	--	--	--	--	81,276
Excise taxes	--	7,131,500	--	7,131,500	7,402,098	270,598	7,163,126
Cable franchise tax	--	230,000	--	230,000	224,990	(5,010)	222,411
Interest and costs on taxes	--	77,100	--	77,100	67,198	(9,902)	57,216
Total Taxes	--	83,039,648	--	83,039,648	83,132,265	92,617	78,871,472
Licenses and permits:							
Plumbing fees	--	45,000	--	45,000	45,175	175	49,775
Fees and Permits	--	261,445	--	261,445	232,422	(29,023)	195,830
Building permits	--	700,000	--	700,000	916,953	216,953	794,294
Electrical permits	--	95,000	--	95,000	135,923	40,923	92,562
Zoning Board of Appeals	--	7,000	--	7,000	5,500	(1,500)	4,605
License plate fees	--	76,640	--	76,640	90,104	13,464	91,465
Subdivision fees	--	25,000	--	25,000	9,150	(15,850)	--
Total Licenses and Permits	--	1,210,085	--	1,210,085	1,435,227	225,142	1,228,531
Intergovernmental:							
Education state subsidies	--	5,003,528	--	5,003,528	5,031,553	28,025	5,477,071
Federal HIDTA revenues	--	245,000	--	245,000	256,557	11,557	269,548
State Revenue Sharing	--	3,135,000	--	3,135,000	3,440,495	305,495	3,060,007
Homestead exemption	--	1,490,804	--	1,490,804	1,490,804	--	1,394,418
Business equipment tax exemption	--	827,989	--	827,989	828,475	486	786,591
LRAP (Local Road Assistance Program)	--	319,948	--	319,948	317,636	(2,312)	318,948
ecomaine payment in lieu of taxes	--	71,450	--	71,450	71,429	(21)	71,429
General assistance reimbursement	--	64,470	--	64,470	257,723	193,253	43,055
Adult education State subsidies	--	36,225	--	36,225	36,149	(76)	48,979
Other Federal and State revenues - School	--	60,000	--	60,000	32,506	(27,494)	-
Other Intergovernmental revenues - Town	--	544,928	--	544,928	566,191	21,263	138,082
Total Intergovernmental	--	11,799,342	--	11,799,342	12,329,518	530,176	11,608,128
Interest earned	--	100,000	--	100,000	410,359	310,359	2,628
Unclassified:							
School Department miscellaneous	--	288,000	--	288,000	254,374	(33,626)	251,148
Adult education	--	54,145	--	54,145	43,123	(11,022)	43,294
Community services	--	2,326,100	--	2,326,100	2,238,477	(87,623)	1,824,394
Insurance reimbursements	--	100,000	--	100,000	130,398	30,398	162,969
Public Violations	--	94,700	--	94,700	61,663	(33,037)	99,782
Special duty police/fire	--	88,500	--	88,500	236,061	147,561	122,698
Inspection/review fees	--	229,752	--	229,752	308,827	79,075	204,410
Rescue donations	--	1,150,000	--	1,150,000	1,150,000	--	1,150,000
Rental/Lease income	--	152,841	--	152,841	143,818	(9,023)	142,135
Sale of Town-owned property	--	75,000	--	75,000	211,590	136,590	28,125
Salary reimbursement	--	1,471,350	--	1,471,350	1,309,206	(162,144)	1,652,998
Vehicle fuel reimbursement	--	463,350	--	463,350	561,931	98,581	359,393
Vehicle maintenance reimbursement	--	585,825	--	585,825	598,959	13,134	530,303
Miscellaneous	--	132,903	--	132,903	330,874	197,971	256,687
Total Unclassified	--	7,212,466	--	7,212,466	7,579,301	366,835	6,828,336
Total Revenues	--	103,361,541	--	103,361,541	104,886,670	1,525,129	98,539,095

TOWN OF SCARBOROUGH, MAINE

RSI-2

GENERAL FUND (CONTINUED) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (BUDGETARY BASIS) DETAILED FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	2023					Variance Positive (Negative)
	2022 Carryforward	Budget	Budget Transfers	Total Available	Actual	
Expenditures:						
Current:						
General government:						
Town Council	\$ --	\$ 11,573	\$ --	\$ 11,573	\$ 11,367	\$ 206
Administration	1,151	520,950	4,236	526,337	453,713	72,624
Town Clerk	--	282,768	3,643	286,411	326,644	(40,233)
General government	--	139,357	--	139,357	150,909	(11,552)
Legal	--	113,000	--	113,000	171,184	(58,184)
Human resources	1,385	318,816	5,306	325,507	340,789	(15,282)
Risk management	--	873,594	--	873,594	970,247	(96,653)
Personnel benefits	3,940	541,953	(104,815)	441,078	607,494	(166,416)
Public information	--	500	--	500	--	500
Municipal Building	21,420	441,420	2,340	465,180	528,533	(63,353)
Oak Hill Professional Bldg	--	33,846	--	33,846	36,293	(2,447)
Alger Building	5,000	25,400	--	30,400	4,383	26,017
Public Safety Building	7,120	234,046	811	241,977	208,281	33,696
Finance	5,427	452,521	717	458,665	421,530	37,135
Taxation/Treasury	30,580	478,675	3,115	512,370	500,904	11,466
Assessing	--	409,446	4,693	414,139	388,376	25,763
Management information systems	16,389	1,770,270	11,419	1,798,078	1,667,957	130,121
Planning	55,180	1,251,469	36,521	1,343,170	1,243,083	100,087
Outside agencies	--	12,500	--	12,500	12,500	--
Total General Government	147,592	7,912,104	(32,014)	8,027,682	8,044,187	(16,505)
Public services:						
Library	--	1,108,633	--	1,108,633	1,108,633	--
Public health and welfare	--	116,010	--	116,010	292,778	(176,768)
Tax Rebates (Credit Enhancement Agree	--	1,543,076	--	1,543,076	1,588,736	(45,660)
Economic Development Corporation	--	267,914	596	268,510	271,353	(2,843)
Community services	36,327	3,154,946	20,836	3,212,109	3,112,822	99,287
Total Public Services	36,327	6,190,579	21,432	6,248,338	6,374,322	(125,984)
Public safety:						
Fire Department	56,893	4,135,546	1,257	4,193,696	4,353,318	(159,622)
Emergency Management	--	41,365	--	41,365	39,072	2,293
Emergency Medical Services	8,736	2,433,364	--	2,442,100	2,373,485	68,615
Marine resources/coop	21,447	50,817	--	72,264	44,073	28,191
Police Department	76,149	7,897,374	8,786	7,982,309	7,612,502	369,807
Total Public Safety	163,225	14,558,466	10,043	14,731,734	14,422,450	309,284
Public works:						
Public Works Department	52,938	3,528,531	7,459	3,588,928	3,201,427	387,501
GIS/Engineering services	8,750	158,038	(16,246)	150,542	144,240	6,302
Vehicle maintenance	10,459	2,030,073	9,326	2,049,858	2,206,039	(156,181)
Water charges	--	270,000	--	270,000	266,364	3,636
Street lighting	--	45,000	--	45,000	60,850	(15,850)
Traffic signals	--	114,700	--	114,700	110,625	4,075
Cemetery care	--	18,100	--	18,100	13,236	4,864
Memorials	--	8,600	--	8,600	8,265	335
Shade trees	--	2,500	--	2,500	558	1,942
Solid waste program	--	1,565,700	--	1,565,700	1,575,148	(9,448)
Total Public Works	72,147	7,741,242	539	7,813,928	7,586,752	227,176
Education:						
Adult education	--	184,370	--	184,370	153,920	30,450
Regular instruction	--	24,755,751	--	24,755,751	24,210,600	545,151
Special education	--	11,064,123	--	11,064,123	10,665,109	399,014
Other instruction	--	1,545,865	--	1,545,865	1,474,353	71,512
Student and staff support	--	5,856,337	--	5,856,337	5,611,641	244,696
System administration	--	1,451,500	--	1,451,500	1,333,640	117,860
School administration	--	1,920,485	--	1,920,485	1,903,176	17,309
Transportation	--	1,893,021	--	1,893,021	1,772,443	120,578
Facilities maintenance	--	4,601,844	--	4,601,844	4,244,058	357,786
Debt service	--	5,712,560	--	5,712,560	5,212,559	500,001
Total Education	--	58,985,856	--	58,985,856	56,581,499	2,404,357

TOWN OF SCARBOROUGH, MAINE

RSI-2

GENERAL FUND (CONTINUED) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (BUDGETARY BASIS) DETAILED FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	2023					Variance
	2022		Budget	Total		Positive
	Carryforward	Budget	Transfers	Available	Actual	(Negative)
Expenditures, Continued:						
Current, continued:						
County tax	\$ --	\$ 3,119,411	\$ --	\$ 3,119,411	\$ 3,119,411	\$ --
Debt service (excluding education):						
Principal	--	5,177,261	--	5,177,261	4,957,260	220,001
Interest and other costs	--	1,556,390	--	1,556,390	1,431,390	125,000
Total Debt Service	--	6,733,651	--	6,733,651	6,388,650	345,001
Capital improvements	1,188,171	2,097,543	--	3,285,714	1,823,768	1,461,946
Total Expenditures	1,607,462	107,338,852	--	108,946,314	104,341,039	4,605,275
Excess (Deficiency) of Revenues Over Expenditures	(1,607,462)	(3,977,311)	--	(5,584,773)	545,631	6,130,404
Other Financing Sources (Uses):						
Transfers in	--	3,669,119	--	3,669,119	2,846,190	(822,929)
Transfers out	--	(2,001,850)	--	(2,001,850)	(2,863,747)	(861,897)
General obligation bonds	--	805,000	--	805,000	--	(805,000)
Premium received on issued bonds, net of issuance costs	--	--	--	--	--	--
Overlay	--	(333,958)	--	(333,958)	--	333,958
Total Other Financing Sources (Uses)	--	2,138,311	--	2,138,311	(17,557)	(2,155,868)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,607,462)	(1,839,000)	--	(3,446,462)	528,074	3,974,536
Utilization of prior year surplus and carrying balances	1,607,462	1,839,000	--	3,446,462	--	(3,446,462)
Net change in fund balances - budgetary basis	--	--	--	--	528,074	528,074
Fund balances - Beginning of Year	\$ --	\$ --	\$ --	\$ --	\$ 18,743,890	\$ --
Fund balances - End of Year	\$ --	\$ --	\$ --	\$ --	\$ 19,271,964	\$ --

TOWN OF SCARBOROUGH, MAINE

RSI-3

STATEMENT OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – MMEHT GROUP HEALTH INSURANCE PLAN REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023 (UNAUDITED)

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability						
Service Cost	\$ 109,282	\$ 114,702	\$ 99,093	\$ 94,071	\$ 107,114	\$ 95,617
Interest	81,142	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	(395,783)	(26,039)	171,460	(640,639)	(305,884)	(70,197)
Benefit payments	(121,181)	(115,018)	(110,594)	(106,333)	(102,243)	(92,711)
Net change in total OPEB liability	(326,540)	696,092	242,049	(198,900)	(184,346)	160,563
Total OPEB liability - Beginning	3,889,940	3,193,848	2,951,799	3,150,699	3,335,048	3,174,482
Total OPEB liability - Ending	\$ 3,563,400	\$ 3,889,940	\$ 3,193,848	\$ 2,951,799	\$ 3,150,702	\$ 3,335,045
Covered Employee Payroll	\$ 10,941,840	\$ 10,941,840	\$ 10,669,667	\$ 10,019,117	\$ 10,019,117	\$ 10,019,117
Total OPEB liability as a percentage of covered employee payroll	32.6%	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, 2023	3.72%
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

RSI-4

STATEMENT OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – MEABT GROUP HEALTH INSURANCE PLAN REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023

(UNAUDITED)

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB liability					
Service Cost	\$ 247,592	\$ 157,414	\$ 62,895	\$ 52,477	\$ 56,620
Interest	142,036	137,955	189,285	192,731	183,504
Changes in benefit terms	--	--	(660,868)	--	--
Difference between expected and actual experience	(603,337)	--	244,596	--	--
Changes in assumptions or other inputs	(43,760)	55,547	1,036,880	318,176	(246,226)
Benefit payments	(103,352)	(111,883)	(153,734)	(137,867)	(133,102)
Net change in total OPEB liability	(360,821)	239,033	719,054	425,517	(139,204)
Total OPEB liability - Beginning	6,379,543	6,140,510	5,421,456	4,995,939	5,135,143
Total OPEB liability - Ending	<u>\$ 6,018,722</u>	<u>\$ 6,379,543</u>	<u>\$ 6,140,510</u>	<u>\$ 5,421,456</u>	<u>\$ 4,995,939</u>
Covered Employee Payroll	28,012,715	21,508,485	19,578,067	22,094,507	21,503,170
Total OPEB liability as a percentage of covered employee payroll	21.5%	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, 2023	3.54%
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

RSI-5

STATEMENT OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023 (UNAUDITED)

Maine Public Employees Retirement System

Teacher Plan

Fiscal Year	Actuarial Valuation Date	Town Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Covered Payroll	Town Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	6/30/2022	0.064%	\$ 945,577	\$ 29,960,339	\$ 30,905,916	\$ 31,796,884	2.97%	86.68%
2022	6/30/2021	0.075%	633,921	16,630,393	17,264,314	26,669,756	2.38%	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
2023	6/30/2022	1.66%	\$ 4,425,398	\$ 8,405,668	52.65%	93.26%
2022	6/30/2021	-1.62%	(520,576)	7,353,891	-7.08%	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

RSI-6

STATEMENT OF CONTRIBUTIONS REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023 (UNAUDITED)

Teachers Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	6/30/2022	\$ 1,247,161	\$ 1,247,161	\$ --	\$ 31,796,884	3.92%
2022	6/30/2021	1,136,007	1,136,007	--	26,669,756	4.26%
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
2023	6/30/2022	\$ 1,458,564	\$ 1,458,564	\$ --	\$ 8,405,668	17.35%
2022	6/30/2021	1,317,439	1,317,439	--	7,353,891	17.91%
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%

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

"Pine Point" by Lisa Weatherbee

OTHER SUPPLEMENTARY INFORMATION

TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2023

TOWN OF SCARBOROUGH, MAINE

EXHIBIT A-1

GENERAL FUND COMPARATIVE BALANCE SHEETS

JUNE 30, 2023 AND 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 15,755,571	\$ 16,593,480
Investments	1,864,600	8,208,442
Receivables:		
Taxes receivable	343,077	292,452
Tax liens	657,309	536,866
Accounts receivable , net	550,812	575,295
Intergovernmental	520,355	422,726
Inventory	20,655	15,379
Interfund loans receivable	10,380,500	3,864,203
Tax acquired property	7,231	7,231
Lease receivable	587,817	411,552
Total Assets	<u>\$ 30,687,927</u>	<u>\$ 30,927,626</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable and other current liabilities	\$ 4,465,275	\$ 4,219,219
Accrued payroll and other related liabilities	5,339,154	6,716,511
Unearned revenues	91,584	81,851
Total Liabilities	<u>9,896,013</u>	<u>11,017,581</u>
Deferred Inflows of Resources		
Unavailable revenue-property taxes	929,000	756,170
Unavailable revenue - leases	590,950	409,985
Total Deferred Inflows of Resources	<u>\$ 1,519,950</u>	<u>\$ 1,166,155</u>
Fund balance:		
Nonspendable inventory	20,655	15,379
Restricted - Town	2,785,219	2,809,462
Restricted - Education	2,189,174	2,643,009
Committed - Town	594,082	567,204
Assigned - Town	1,603,655	1,745,508
Assigned - School	1,530,000	1,030,000
Unassigned - Town	10,549,179	9,933,328
Total Fund Balance	<u>19,271,964</u>	<u>18,743,890</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 30,687,927</u>	<u>\$ 30,927,626</u>

TOWN OF SCARBOROUGH, MAINE

EXHIBIT A-2

GENERAL FUND COMBINING BALANCE SHEETS

JUNE 30, 2023

	Town General Fund	School General Fund	Total General Fund
Assets			
Cash and cash equivalents	\$ 6,233,450	\$ 9,522,121	\$ 15,755,571
Investments	1,864,600	--	1,864,600
Receivables:			
Accounts, net	481,957	68,855	550,812
Intergovernmental	520,355	--	520,355
Taxes receivable	343,077	--	343,077
Tax liens	657,309	--	657,309
Interfund loans	11,198,020	(817,520)	10,380,500
Tax acquired property	7,231	--	7,231
Inventory	20,655	--	20,655
Lease receivable	587,817	--	587,817
Total Assets	<u>\$ 21,914,471</u>	<u>\$ 8,773,456</u>	<u>\$ 30,687,927</u>
Liabilities, Deferred Inflows and Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 3,702,268	\$ 763,007	\$ 4,465,275
Accrued payroll and other related liabilities	1,047,879	4,291,275	5,339,154
Unearned revenues	91,584	--	91,584
Total Liabilities	<u>4,841,731</u>	<u>5,054,282</u>	<u>9,896,013</u>
Deferred Inflows of Resources			
Unavailable revenue - leases	929,000	--	929,000
Unavailable revenue - property taxes	590,950	--	590,950
Total Deferred Inflows of Resources	<u>1,519,950</u>	<u>--</u>	<u>1,519,950</u>
Fund Balances			
Non-spendable	20,655	--	20,655
Restricted	2,785,219	2,189,174	4,974,393
Committed	594,082	--	594,082
Assigned	1,603,655	1,530,000	3,133,655
Unassigned	10,549,179	--	10,549,179
Total Fund Balances	<u>15,552,790</u>	<u>3,719,174</u>	<u>19,271,964</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 21,914,471</u>	<u>\$ 8,773,456</u>	<u>\$ 30,687,927</u>

TOWN OF SCARBOROUGH, MAINE

EXHIBIT A-3

GENERAL FUND COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2023

	Town General Fund	School General Fund	Total General Fund
Revenues:			
Taxes	\$ 31,182,307	\$ 51,949,958	\$ 83,132,265
Licenses and permits	1,435,227	--	1,435,227
Intergovernmental	7,265,459	9,849,796	17,115,255
Interest earned	410,359	--	410,359
Other	6,015,654	413,647	6,429,301
Total Revenues:	<u>46,309,006</u>	<u>62,213,401</u>	<u>108,522,407</u>
Expenditures:			
Current:			
General government	8,044,187	--	8,044,187
Public services	6,374,322	--	6,374,322
Public safety	14,422,450	--	14,422,450
Public works	7,586,752	--	7,586,752
Education	--	61,367,236	61,367,236
County tax	3,119,411	--	3,119,411
Debt service	6,388,650	--	6,388,650
Capital improvements	1,823,768	--	1,823,768
Total Expenditures	<u>47,759,540</u>	<u>61,367,236</u>	<u>109,126,776</u>
Excess of revenues (under) over expenditures before other financing sources (uses)	<u>(1,450,534)</u>	<u>846,165</u>	<u>(604,369)</u>
Other financing sources (uses)			
Transfers from other funds	3,996,190	--	3,996,190
Transfers to other funds	(2,063,747)	(800,000)	(2,863,747)
Other Financing Sources (Uses):	<u>1,932,443</u>	<u>(800,000)</u>	<u>1,132,443</u>
Net Change in Fund Balances	481,909	46,165	528,074
Fund Balances - Beginning of Year	<u>15,070,881</u>	<u>3,673,009</u>	<u>18,743,890</u>
Fund Balances - End of Year	<u>\$ 15,552,790</u>	<u>\$ 3,719,174</u>	<u>\$ 19,271,964</u>

"What Homer Saw" by Randi Hogan

OTHER NONMAJOR GOVERNMENTAL FUNDS



TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2023

TOWN OF SCARBOROUGH, MAINE

EXHIBIT B-1

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,697,734	\$ 805,815	\$ --	\$ 2,503,549
Investments	10,003,810	--	299,497	10,303,307
Intergovernmental receivable	1,249,816	--	--	1,249,816
Accounts receivable	47,441	--	--	47,441
Interfund loans	960,846	--	9,780	970,626
Prepaid expenses	715	--	--	715
Inventory	60,633	--	--	60,633
Total Assets	<u>\$ 14,020,995</u>	<u>\$ 805,815</u>	<u>\$ 309,277</u>	<u>\$ 15,136,087</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 118,788	\$ 59,522	\$ --	\$ 178,310
Interfund loans	3,295,590	1,918,464	64	5,214,118
Unearned revenues	1,130,794	--	--	1,130,794
Total Liabilities	<u>4,545,172</u>	<u>1,977,986</u>	<u>64</u>	<u>6,523,222</u>
Fund Balances (Deficit)				
Nonspendable trust principal	--	--	204,168	204,168
Nonspendable inventory	60,633	--	--	60,633
Restricted for Town	1,550,267	--	105,045	1,655,312
Restricted for Education	961,585	--	--	961,585
Committed for Town	6,188,816	--	--	6,188,816
Committed for Education	714,522	--	--	714,522
Unassigned for Town	--	(1,172,171)	--	(1,172,171)
Total Fund Balances (Deficit)	<u>9,475,823</u>	<u>(1,172,171)</u>	<u>309,213</u>	<u>8,612,865</u>
	<u>\$ 14,020,995</u>	<u>\$ 805,815</u>	<u>\$ 309,277</u>	<u>\$ 15,136,087</u>

TOWN OF SCARBOROUGH, MAINE

EXHIBIT B-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues				
Intergovernmental	\$ 10,758,712	\$ --	\$ --	\$ 10,758,712
Contributions	655,261	--	--	655,261
Taxes	--	625,000	--	625,000
Assessments and impact fees	4,210,905	--	--	4,210,905
Other revenue	2,398,817	--	--	2,398,817
Interest revenue	165,894	97	6,421	172,412
Total Revenues	<u>18,189,589</u>	<u>625,097</u>	<u>6,421</u>	<u>18,821,107</u>
Expenditures				
Current:				
Capital expenditures	1,085,532	--	--	1,085,532
Education	4,164,496	2,886,000	--	7,050,496
Other	10,055,815	--	--	10,055,815
Total Expenditures	<u>15,305,843</u>	<u>2,886,000</u>	<u>--</u>	<u>18,191,843</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures Before Other Financing Sources (Uses)	<u>2,883,746</u>	<u>(2,260,903)</u>	<u>6,421</u>	<u>629,264</u>
Other Financing Sources (Uses)				
Transfers in	11,436	800,000	--	811,436
Transfers out	<u>(2,855,661)</u>	<u>--</u>	<u>--</u>	<u>(2,855,661)</u>
Total Other Financing Sources (Uses)	<u>(2,844,225)</u>	<u>800,000</u>	<u>--</u>	<u>(2,044,225)</u>
Net Change in Fund Balances	39,521	(1,460,903)	6,421	(1,414,961)
Fund Balances (Deficit) - Beginning of Year	<u>9,436,302</u>	<u>288,732</u>	<u>302,792</u>	<u>10,027,826</u>
Fund Balances (Deficit) - End of Year	<u>\$ 9,475,823</u>	<u>\$ (1,172,171)</u>	<u>\$ 309,213</u>	<u>\$ 8,612,865</u>

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, 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 administered 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.

TOWN OF SCARBOROUGH, MAINE

EXHIBIT C-1

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2023

	Recreational Development	Credit Enhancement Agreements	Scarborough Economic Development Corporation	Eastern Trail Alliance Close the Gap	Prouts Landing Conservation	Payne Road Improvements	Payne Road Impact Fees
Assets							
Cash and cash equivalents	\$ --	\$ --	\$ 34,403	\$ --	\$ --	\$ --	\$ 313,764
Investments	--	105,766	--	553,811	26,994	76,773	2,116,239
Intergovernmental receivable	--	--	20,517	--	--	--	--
Accounts receivable	--	--	1,000	1,814	--	--	--
Interfund loans receivable	410,286	1,112	--	261,246	--	--	--
Prepaid Expenses	--	--	715	--	--	--	--
Inventory	--	--	5,063	--	--	--	--
Total Assets	<u>\$ 410,286</u>	<u>\$ 106,878</u>	<u>\$ 61,698</u>	<u>\$ 816,871</u>	<u>\$ 26,994</u>	<u>\$ 76,773</u>	<u>\$ 2,430,003</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ --	\$ --	\$ 13,337	\$ --	\$ --	\$ --	\$ --
Interfund loans payable	--	--	--	--	--	--	267,066
Unearned revenues	--	--	--	--	--	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>13,337</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>267,066</u>
Fund Balances							
Nonspendable	--	--	5,063	--	--	--	--
Restricted	--	106,878	--	816,871	--	--	--
Committed	410,286	--	43,298	--	26,994	76,773	2,162,937
Unassigned	--	--	--	--	--	--	--
Total Fund Balances	<u>410,286</u>	<u>106,878</u>	<u>48,361</u>	<u>816,871</u>	<u>26,994</u>	<u>76,773</u>	<u>2,162,937</u>
Total Liabilities and Fund Balances	<u>\$ 410,286</u>	<u>\$ 106,878</u>	<u>\$ 61,698</u>	<u>\$ 816,871</u>	<u>\$ 26,994</u>	<u>\$ 76,773</u>	<u>\$ 2,430,003</u>

TOWN OF SCARBOROUGH, MAINE

EXHIBIT C-1

COMBINING BALANCE SHEET (CONTINUED) NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2023

	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	\$ --	\$ --	\$ --	\$ --	\$ 9,237	1,192,790	\$ 146,872	\$ --	668	\$ 1,697,734
Investments	3,167,997	230,305	63,081	20,057	2,510,213	2,088	--	1,130,486	--	10,003,810
Intergovernmental receivable	--	--	--	--	--	877,907	345,893	--	5,499	1,249,816
Accounts receivable	--	--	--	--	44,627	--	--	--	--	47,441
Interfund loans receivable	--	--	287,894	--	--	--	--	308	--	960,846
Prepaid expenses	--	--	--	--	--	--	--	--	--	715
Inventory	--	--	--	--	--	--	55,570	--	--	60,633
Total Assets	<u>\$ 3,167,997</u>	<u>\$ 230,305</u>	<u>\$ 350,975</u>	<u>\$ 20,057</u>	<u>\$ 2,564,077</u>	<u>\$ 2,072,785</u>	<u>\$ 548,335</u>	<u>\$ 1,130,794</u>	<u>\$ 6,167</u>	<u>\$ 14,020,995</u>
Liabilities and Fund Balances										
Liabilities										
Accounts payable	\$ --	\$ --	\$ 584	\$ 4,120	\$ 19,701	\$ 76,081	\$ 4,965	\$ --	\$ --	\$ 118,788
Interfund loans payable	1,360,083	25,557	--	--	834,487	808,322	75	--	--	3,295,590
Unearned revenues	--	--	--	--	--	--	--	1,130,794	--	1,130,794
Total Liabilities	<u>1,360,083</u>	<u>25,557</u>	<u>584</u>	<u>4,120</u>	<u>854,188</u>	<u>884,403</u>	<u>5,040</u>	<u>1,130,794</u>	<u>--</u>	<u>4,545,172</u>
Fund Balances										
Nonspendable	--	--	--	--	--	--	55,570	--	--	60,633
Restricted	--	204,748	--	15,937	399,666	961,585	--	--	6,167	2,511,852
Committed	1,807,914	--	350,391	--	1,310,223	226,797	487,725	--	--	6,903,338
Unassigned	--	--	--	--	--	--	--	--	--	--
Total Fund Balances	<u>1,807,914</u>	<u>204,748</u>	<u>350,391</u>	<u>15,937</u>	<u>1,709,889</u>	<u>1,188,382</u>	<u>543,295</u>	<u>--</u>	<u>6,167</u>	<u>9,475,823</u>
Total Liabilities and Fund Balances	<u>\$ 3,167,997</u>	<u>\$ 230,305</u>	<u>\$ 350,975</u>	<u>\$ 20,057</u>	<u>\$ 2,564,077</u>	<u>\$ 2,072,785</u>	<u>\$ 548,335</u>	<u>\$ 1,130,794</u>	<u>\$ 6,167</u>	<u>\$ 14,020,995</u>

TOWN OF SCARBOROUGH, MAINE

EXHIBIT C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	Recreational Development	Credit Enhancement Agreements	Scarborough Economic Development Corporation	Eastern Trail Alliance Close the Gap	Prouts Landing Conservation	Payne Road Improvements	Payne Road Impact Fees
Revenues							
Intergovernmental	\$ --	\$ --	\$ --	\$ 440,382	\$ --	\$ --	\$ --
Interest earned	--	1,791	45	(120)	580	1,648	47,121
Contributions	--	--	281,133	--	--	--	--
Other	--	--	--	--	--	--	--
Assessments and impact fees	69,370	1,552,980	--	--	--	--	19,410
Total Revenues	<u>69,370</u>	<u>1,554,771</u>	<u>281,178</u>	<u>440,262</u>	<u>580</u>	<u>1,648</u>	<u>66,531</u>
Expenditures							
Construction and acquisitions	--	--	--	58,000	--	--	--
Education	--	--	--	--	--	--	--
Benefits paid	--	--	--	--	--	--	--
Other	--	1,552,980	279,838	--	--	--	--
Total Expenditures	<u>--</u>	<u>1,552,980</u>	<u>279,838</u>	<u>58,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under)							
Expenditures Before Other Financing Sources (Uses)	<u>69,370</u>	<u>1,791</u>	<u>1,340</u>	<u>382,262</u>	<u>580</u>	<u>1,648</u>	<u>66,531</u>
Other Financing Sources (Uses)							
Transfers in	--	11,436	--	--	--	--	--
Transfers out	(35,265)	--	--	(14,788)	--	--	(346,088)
Total Other Financing Sources (Uses)	<u>(35,265)</u>	<u>11,436</u>	<u>--</u>	<u>(14,788)</u>	<u>--</u>	<u>--</u>	<u>(346,088)</u>
Net Change in Fund Balances	34,105	13,227	1,340	367,474	580	1,648	(279,557)
Fund Balances - Beginning of Year	<u>376,181</u>	<u>93,651</u>	<u>47,021</u>	<u>449,397</u>	<u>26,414</u>	<u>75,125</u>	<u>2,442,494</u>
Fund Balances - End of Year	<u>\$ 410,286</u>	<u>\$ 106,878</u>	<u>\$ 48,361</u>	<u>\$ 816,871</u>	<u>\$ 26,994</u>	<u>\$ 76,773</u>	<u>\$ 2,162,937</u>

TOWN OF SCARBOROUGH, MAINE

EXHIBIT C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ --	\$ --	\$ --	\$ --	\$ 641,885	\$ 1,633,555	\$ 1,905,163	\$ 673,432	\$ 5,464,295	\$ 10,758,712
Interest earned	52,486	3,988	1,355	893	56,107	--	--	--	--	165,894
Contributions	--	--	--	3,725	--	370,403	--	--	--	655,261
Other	727,483	56,734	--	--	339,287	911,273	364,040	--	--	2,398,817
Assessments and impact fees	--	--	2,569,145	--	--	--	--	--	--	4,210,905
Total Revenues	<u>779,969</u>	<u>60,722</u>	<u>2,570,500</u>	<u>4,618</u>	<u>1,037,279</u>	<u>2,915,231</u>	<u>2,269,203</u>	<u>673,432</u>	<u>5,464,295</u>	<u>18,189,589</u>
Expenditures										
Construction and acquisitions	--	18,281	2,285	22,427	984,539	--	--	--	--	1,085,532
Education	--	--	--	--	--	1,954,109	2,210,387	--	--	4,164,496
Benefits paid	--	--	--	--	29,684	--	--	--	--	29,684
Other	--	--	1,318,261	--	3,604	799,227	--	613,140	5,459,081	10,026,131
Total Expenditures	<u>--</u>	<u>18,281</u>	<u>1,320,546</u>	<u>22,427</u>	<u>1,017,827</u>	<u>2,753,336</u>	<u>2,210,387</u>	<u>613,140</u>	<u>5,459,081</u>	<u>15,305,843</u>
Excess (Deficiency) of Revenues Over (Under)										
Expenditures Before Other Financing Sources (Uses)	<u>779,969</u>	<u>42,441</u>	<u>1,249,954</u>	<u>(17,809)</u>	<u>19,452</u>	<u>161,895</u>	<u>58,816</u>	<u>60,292</u>	<u>5,214</u>	<u>2,883,746</u>
Other Financing Sources (Uses)										
Transfers in	--	--	--	--	--	--	--	--	--	11,436
Transfers out	<u>(932,164)</u>	<u>(10,000)</u>	<u>(1,150,000)</u>	<u>--</u>	<u>(307,064)</u>	<u>--</u>	<u>--</u>	<u>(60,292)</u>	<u>--</u>	<u>(2,855,661)</u>
Total Other Financing Sources (Uses)	<u>(932,164)</u>	<u>(10,000)</u>	<u>(1,150,000)</u>	<u>--</u>	<u>(307,064)</u>	<u>--</u>	<u>--</u>	<u>(60,292)</u>	<u>--</u>	<u>(2,844,225)</u>
Net Change in Fund Balances	(152,195)	32,441	99,954	(17,809)	(287,612)	161,895	58,816	--	5,214	39,521
Fund Balances - Beginning of Year	<u>1,960,109</u>	<u>172,307</u>	<u>250,437</u>	<u>33,746</u>	<u>1,997,501</u>	<u>1,026,487</u>	<u>484,479</u>	<u>--</u>	<u>953</u>	<u>9,436,302</u>
Fund Balances - End of Year	<u>\$ 1,807,914</u>	<u>\$ 204,748</u>	<u>\$ 350,391</u>	<u>\$ 15,937</u>	<u>\$ 1,709,889</u>	<u>\$ 1,188,382</u>	<u>\$ 543,295</u>	<u>\$ --</u>	<u>\$ 6,167</u>	<u>\$ 9,475,823</u>

TOWN OF SCARBOROUGH, MAINE

EXHIBIT C-3

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – SCHOOL CATEGORICAL FUNDS NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ --	\$ 94,541	\$ --	\$ 94,541	\$ --	\$ --
NCLB/Title IIA	--	135,018	--	135,018	--	--
NCLB/Title IVA	--	233	--	233	--	--
ESSER II Funds	--	90,658	--	90,658	--	--
ESSER III Funds	(23,514)	549,874	--	526,360	--	--
Local Entitlement	--	662,910	--	664,670	--	(1,760)
ARP IDEA	--	87,320	--	87,320	--	--
Preschool handicapped	--	13,001	--	13,001	--	--
Total Federal Education Grant Programs	(23,514)	1,633,555	--	1,611,801	--	(1,760)
Other State Grant Programs						
PEPG Grant	588	--	--	--	--	588
Scarborough Education Foundation	23,853	--	17,227	18,538	--	22,542
Fineberg Trust	136,743	--	--	--	--	136,743
Other Donations	31,938	--	7,973	5,413	--	34,498
Proficiency Based Graduation	3,083	--	--	--	--	3,083
Technology Maintenance Fees	4,491	--	27,555	--	--	32,046
School Nutrition Special Programs	(1,567)	--	14,305	16,132	--	(3,394)
Student Activity Funds	849,539	--	911,273	799,227	--	961,585
CC Admin Certification	1,333	--	9,890	8,776	--	2,447
MLTI State Grant	--	--	293,453	293,449	--	4
Total Other State Grant Programs	1,050,001	--	1,281,676	1,141,535	--	1,190,138
Total School Categorical Programs	<u>\$ 1,026,487</u>	<u>\$ 1,633,555</u>	<u>\$ 1,281,676</u>	<u>\$ 2,753,336</u>	<u>\$ --</u>	<u>\$ 1,188,382</u>

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.

TOWN OF SCARBOROUGH, MAINE**EXHIBIT D-1****BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS****JUNE 30, 2023**

	<u>General School Improvements</u>
Assets	
Cash and cash equivalents	\$ 805,815
Total Assets	<u>\$ 805,815</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 59,522
Interfund loans payable	<u>1,918,464</u>
Total Liabilities	<u>1,977,986</u>
Fund Balance (Deficit)	
Unassigned	<u>(1,172,171)</u>
Total Fund Balance (Deficit)	<u>(1,172,171)</u>
Total Liabilities and Fund Balance	<u>\$ 805,815</u>

TOWN OF SCARBOROUGH, MAINE

EXHIBIT D-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR CAPITAL PROJECT FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	<u>General School Improvements</u>
Revenues	
Taxes	\$ 625,000
Interest earned	97
Total Revenues	<u>625,097</u>
Expenditures	
Capital improvements	<u>2,886,000</u>
Total Expenditures	<u>2,886,000</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(2,260,903)</u>
Other Financing Sources (Uses)	
Transfers in	<u>800,000</u>
Total Other Financing Sources	<u>800,000</u>
Net Change in Fund Balance	(1,460,903)
Fund Balance (Deficit) - Beginning of Year	<u>288,732</u>
Fund Balance (Deficit) - End of Year	<u>\$ (1,172,171)</u>

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

EXHIBIT E-1

COMBINING BALANCE SHEET NONMAJOR PERMANENT FUNDS

JUNE 30, 2023

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Assets				
Investments	\$ 271,399	\$ 24,962	\$ 3,136	\$ 299,497
Interfund loans receivable	9,780	--	--	9,780
Total Assets	<u>\$ 281,179</u>	<u>\$ 24,962</u>	<u>\$ 3,136</u>	<u>\$ 309,277</u>
Liabilities and Fund Balances				
Liabilities				
Interfund loans payable	\$ --	\$ 64	\$ --	\$ 64
Total Liabilities	<u>--</u>	<u>64</u>	<u>--</u>	<u>64</u>
Fund Balances				
Nonspendable principal	190,301	13,367	500	204,168
Restricted expendable income	90,878	11,531	2,636	105,045
Total Fund Balances	<u>281,179</u>	<u>24,898</u>	<u>3,136</u>	<u>309,213</u>
Total Liabilities and Fund Balances	<u>\$ 281,179</u>	<u>\$ 24,962</u>	<u>\$ 3,136</u>	<u>\$ 309,277</u>

TOWN OF SCARBOROUGH, MAINE**EXHIBIT E-2****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS****FOR THE YEAR ENDED JUNE 30, 2023**

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues				
Interest, dividends and change in fair value (net)	\$ 5,818	\$ 536	\$ 67	\$ 6,421
Total Revenues	<u>5,818</u>	<u>536</u>	<u>67</u>	<u>6,421</u>
Net Change in Fund Balances	5,818	536	67	6,421
Fund Balances - Beginning of Year	<u>275,361</u>	<u>24,362</u>	<u>3,069</u>	<u>302,792</u>
Fund Balances - End of Year	<u>\$ 281,179</u>	<u>\$ 24,898</u>	<u>\$ 3,136</u>	<u>\$ 309,213</u>

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.

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.

Mary Campbell Pederson 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.

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

EXHIBIT F-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2023

	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
Assets														
Investments	\$ 1,084	\$ 93,657	\$ 94,532	\$ 195	\$ 12	\$ 1,184	\$ 8,165	\$ 338	\$ 2,460	\$ 11,278	\$ 1,331	\$ 371	\$ 3,193	\$ 217,800
Due from student groups	--	--	--	--	--	--	--	--	--	--	--	700	--	700
Total Assets	<u>\$ 1,084</u>	<u>\$ 93,657</u>	<u>\$ 94,532</u>	<u>\$ 195</u>	<u>\$ 12</u>	<u>\$ 1,184</u>	<u>\$ 8,165</u>	<u>\$ 338</u>	<u>\$ 2,460</u>	<u>\$ 11,278</u>	<u>\$ 1,331</u>	<u>\$ 1,071</u>	<u>\$ 3,193</u>	<u>\$ 218,500</u>
Liabilities and Net Position														
Liabilities														
Due to student groups	\$ --	\$ 1,000	\$ 500	\$ --	\$ --	\$ --	\$ 3,000	\$ --	\$ --	\$ 250	\$ --	\$ --	\$ --	\$ 4,750
Total Liabilities	<u>--</u>	<u>1,000</u>	<u>500</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,000</u>	<u>--</u>	<u>--</u>	<u>250</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,750</u>
Net Position														
Nonspendable principal	1,240	100,000	87,680	--	--	--	--	500	2,026	3,500	--	350	3,810	199,106
Restricted interest	(156)	(7,343)	6,352	195	12	1,184	5,165	(162)	434	7,528	1,331	721	(617)	14,644
Total Net Position	<u>1,084</u>	<u>92,657</u>	<u>94,032</u>	<u>195</u>	<u>12</u>	<u>1,184</u>	<u>5,165</u>	<u>338</u>	<u>2,460</u>	<u>11,028</u>	<u>1,331</u>	<u>1,071</u>	<u>3,193</u>	<u>213,750</u>
Total Liabilities and Net Position	<u>\$ 1,084</u>	<u>\$ 93,657</u>	<u>\$ 94,532</u>	<u>\$ 195</u>	<u>\$ 12</u>	<u>\$ 1,184</u>	<u>\$ 8,165</u>	<u>\$ 338</u>	<u>\$ 2,460</u>	<u>\$ 11,278</u>	<u>\$ 1,331</u>	<u>\$ 1,071</u>	<u>\$ 3,193</u>	<u>\$ 218,500</u>

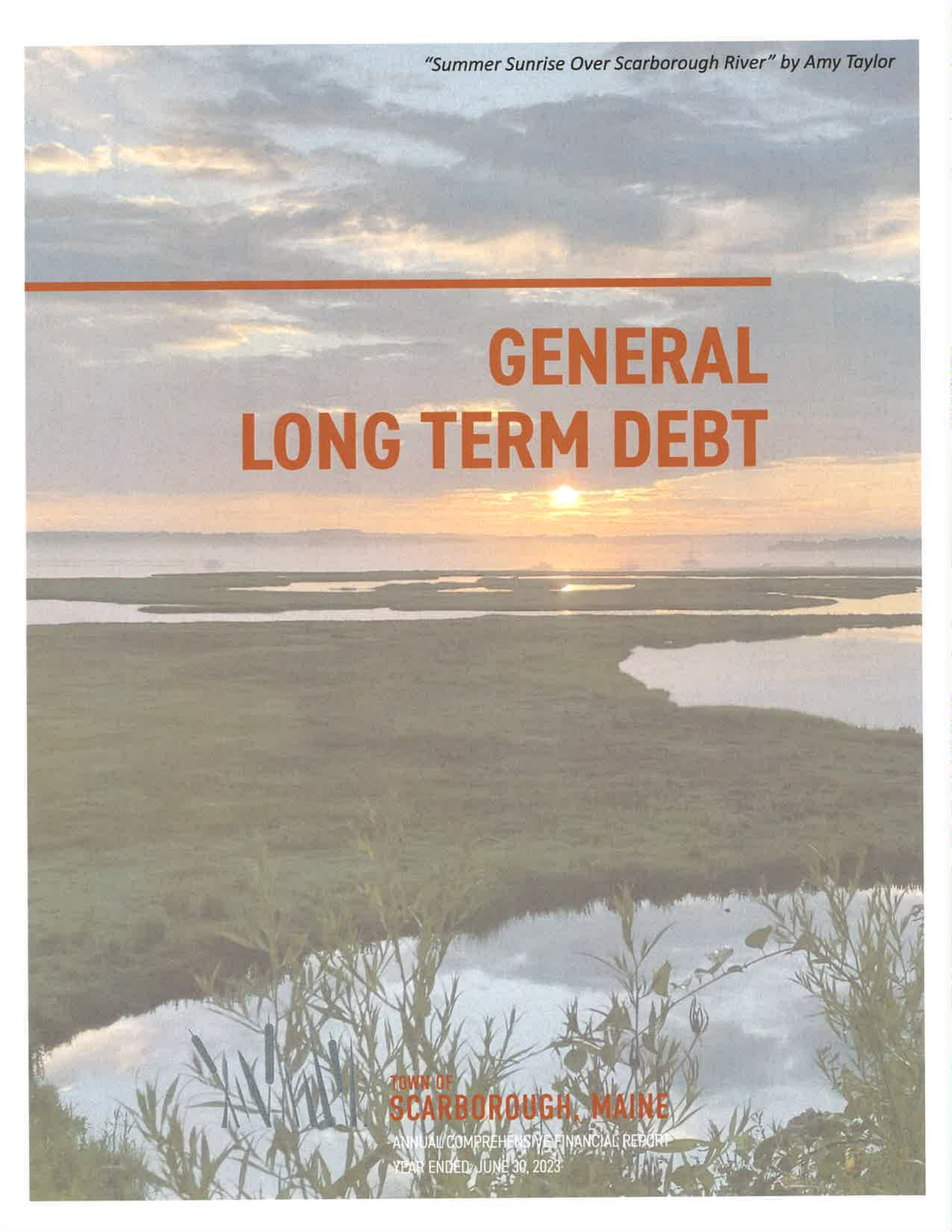
TOWN OF SCARBOROUGH, MAINE

EXHIBIT F-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	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														
Interest and dividends	\$ 23	\$ 2,010	\$ 2,028	\$ 4	\$ --	\$ 25	\$ 175	\$ 7	\$ 53	\$ 241	\$ 29	\$ 8	\$ 68	\$ 4,671
Total Additions	<u>23</u>	<u>2,010</u>	<u>2,028</u>	<u>4</u>	<u>--</u>	<u>25</u>	<u>175</u>	<u>7</u>	<u>53</u>	<u>241</u>	<u>29</u>	<u>8</u>	<u>68</u>	<u>4,671</u>
Deductions														
School scholarships	--	1,000	500	--	--	--	1,500	--	--	250	--	--	--	3,250
Total Deductions	<u>--</u>	<u>1,000</u>	<u>500</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,500</u>	<u>--</u>	<u>--</u>	<u>250</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,250</u>
Changes in Net Position	23	1,010	1,528	4	--	25	(1,325)	7	53	(9)	29	8	68	1,421
Net Position - Beginning of Year	<u>1,061</u>	<u>91,647</u>	<u>92,504</u>	<u>191</u>	<u>12</u>	<u>1,159</u>	<u>6,490</u>	<u>331</u>	<u>2,407</u>	<u>11,037</u>	<u>1,302</u>	<u>1,063</u>	<u>3,125</u>	<u>212,329</u>
Net Position - End of Year	<u>\$ 1,084</u>	<u>\$ 92,657</u>	<u>\$ 94,032</u>	<u>\$ 195</u>	<u>\$ 12</u>	<u>\$ 1,184</u>	<u>\$ 5,165</u>	<u>\$ 338</u>	<u>\$ 2,460</u>	<u>\$ 11,028</u>	<u>\$ 1,331</u>	<u>\$ 1,071</u>	<u>\$ 3,193</u>	<u>\$ 213,750</u>



"Summer Sunrise Over Scarborough River" by Amy Taylor

GENERAL LONG TERM DEBT

TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

TOWN OF SCARBOROUGH, MAINE

EXHIBIT G-1

STATEMENT OF CHANGES IN GENERAL LONG-TERM DEBT GENERAL LONG-TERM DEBT

FOR THE YEAR ENDED JUNE 30, 2023

	Interest Rate	Final Maturity Date	Annual Principal Payments	Balance Beginning of Year	Current Year		Balance End of Year
					Issued	Retired	
General Obligation Bonds							
2012 Capital Improvements	3.00%	2023	\$3,520,000 in 2023	\$ 3,520,000	\$ --	\$ 3,520,000	\$ --
2013 Capital Improvements	Varies	2024	765,000 in 2023				
	Varies		715,000 in 2024	1,480,000	--	765,000	715,000
2014 Capital Improvements	2.00%	2034	300,000 in 2023				
	3.00%		300,000 to 2024				
	3.00%		250,000 to 2029				
	4.00%		50,000 to 2034	2,100,000	--	300,000	1,800,000
2015 Capital Improvements	Varies	2035	335,000 in 2023				
	4.00%		320,000 to 2025				
	Varies		265,000 to 2029				
	3.00%		245,000 to 2030				
	3.00%		165,000 in 2031				
	3.00%		160,000 to 2034				
	3.00%		150,000 in 2035	3,075,000	--	335,000	2,740,000
2016 Capital Improvements	2.00%	2036	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	2,950,000	--	435,000	2,515,000
2017 Capital Improvements	5.00%	2037	190,000 in 2023				
	5.00%		185,000 to 2027				
	3.00%		55,000 to 2032				
	3.00%		35,000 to 2037	1,380,000	--	190,000	1,190,000
2018 Capital Improvements	5.00%	2048	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	15,385,000	--	930,000	14,455,000

TOWN OF SCARBOROUGH, MAINE

EXHIBIT G-1

STATEMENT OF CHANGES IN GENERAL LONG-TERM DEBT (CONTINUED) GENERAL LONG-TERM DEBT

FOR THE YEAR ENDED JUNE 30, 2023

	Interest Rate	Final Maturity Date	Annual Principal Payments	Balance Beginning of Year	Current Year		Balance End of Year
General Obligation Bonds							
2019 Capital Improvements	5.00%	2049	\$410,000 to 2025				
	Varies		295,000 to 2035				
	3.00%		260,000 to 2040				
	3.00%		120,000 to 2049	\$ 6,560,000	--	\$ 410,000	\$ 6,150,000
2020 Capital Improvements	Varies		745,000 to 2026				
	5.00%		370,000 to 2031				
	Varies		215,000 to 2036				
	2.25%		80,000 to 2039				
	2.25%		75,000 to 2040	6,295,000	--	745,000	5,550,000
2020 Advance Refunding A	4.00%	2031	385,000 to 2025				
	2.50%		380,000 in 2026				
	2.25%		195,000 in 2027				
	2.25%		185,000 to 2031	2,470,000	--	385,000	2,085,000
2020 Advance Refunding B	3.00%	2043	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				
	2.87%		535,000 in 2043	39,115,000	--	--	39,115,000
2021 Capital Improvements	5.00%		350,000 to 2027				
	5.00%		300,000 to 2032				
	2.00%		75,000 to 2037				
	2.00%		20,000 to 2042	3,725,000	--	350,000	3,375,000
				88,055,000	--	8,365,000	79,690,000
				\$ 88,055,000	\$ --	\$ 8,365,000	\$ 79,690,000

"Winslow Homer Studio" by Brett Coffin

STATISTICAL SECTION



TOWN OF
SCARBOROUGH, MAINE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2023

STATISTICAL SECTION

This part of the Town'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.

TOWN OF SCARBOROUGH, MAINE

TABLE 1

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net investment in capital assets	\$ 92,279,914	\$ 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
Restricted	5,578,654	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
Unrestricted	(1,032,099)	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
Total Governmental Activities Net Position	<u>\$ 96,826,469</u>	<u>\$ 83,056,534</u>	<u>\$ 79,935,847</u>	<u>\$ 63,300,616</u>	<u>\$ 61,570,979</u>	<u>\$ 58,199,331</u>	<u>\$ 61,817,044</u>	<u>\$ 62,397,727</u>	<u>\$ 59,788,743</u>	<u>\$ 61,844,176</u>

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.
- 4) Total Net Position as restated for the fiscal year ended June 30, 2021. The Restatement resulted from implementation of GASB Statement No. 87 in addition to reversal of compensated absences on fund statements.
- 5) Total Net Position as restated for the fiscal year ended June 30, 2022. The Restatement resulted from implementation of GASB Statement No. 96.

TOWN OF SCARBOROUGH, MAINE

TABLE 2

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Program Revenues										
Charges for services										
General government	\$ 3,032,898	\$ 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
Public services	4,075,114	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
Public safety	3,242,391	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
Public works	2,511,519	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
Education	1,572,810	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
Interest on debt services	--	--	--	--	--	--	--	--	--	--
Operating grants and activities	23,099,726	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
Capital grants and contributions	211,590	28,125	7,772,007	62,802	96,626	54,317	161,912	149,582	54,304	159,089
General revenues										
Property and excise taxes, levies for general purposes	84,203,524	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
Grants and contributions not restricted to specific programs	6,656,839	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
Unrestricted investment earnings	410,359	2,628	177,290	230,534	525,771	152,437	175,917	84,783	390,260	108,862
Total Revenues	<u>129,016,770</u>	<u>119,869,683</u>	<u>120,753,801</u>	<u>102,357,845</u>	<u>97,126,836</u>	<u>90,684,261</u>	<u>89,470,478</u>	<u>85,251,659</u>	<u>83,242,599</u>	<u>79,821,515</u>
Expenses										
General government	13,424,532	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
Public services	6,461,889	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
Public safety	19,651,186	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
Public works	9,558,623	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
Education	63,327,400	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
Interest on debt service	2,823,205	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
Total Expenses	<u>115,246,835</u>	<u>116,748,996</u>	<u>106,034,095</u>	<u>100,628,208</u>	<u>93,755,188</u>	<u>89,201,994</u>	<u>88,831,172</u>	<u>82,642,675</u>	<u>81,202,842</u>	<u>77,703,291</u>
Change in Net Position	<u>\$ 13,769,935</u>	<u>\$ 3,120,687</u>	<u>\$ 14,719,706</u>	<u>\$ 1,729,637</u>	<u>\$ 3,371,648</u>	<u>\$ 1,482,267</u>	<u>\$ 639,306</u>	<u>\$ 2,608,984</u>	<u>\$ 2,039,757</u>	<u>\$ 2,118,224</u>

TOWN OF SCARBOROUGH, MAINE

TABLE 3

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING) (AMOUNTS EXPRESSED IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable Inventory	\$ 21	\$ 15	\$ 29	\$ 31	\$ 28	\$ 28	\$ 13	\$ 31	\$ 43	\$ 48
Restricted for Town	2,785	2,809	2,923	2,930	2,951	3,148	2,958	2,743	2,898	2,838
Restricted for Education	2,189	2,643	2,050	649	200	332	242	2,224	540	509
Committed - General Fund	594	567	549	455	441	393	400	503	519	452
Assigned - General Fund	1,604	1,746	2,876	2,616	2,122	1,976	1,676	2,140	2,305	1,584
Assigned - Education	1,530	1,030	1,030	700	352	501	2,102	426	425	800
Unassigned - General Fund	<u>10,549</u>	<u>9,934</u>	<u>6,294</u>	<u>7,702</u>	<u>8,212</u>	<u>7,387</u>	<u>6,894</u>	<u>6,108</u>	<u>4,973</u>	<u>3,377</u>
Total General Fund	<u>19,272</u>	<u>18,744</u>	<u>15,751</u>	<u>15,083</u>	<u>14,306</u>	<u>13,765</u>	<u>14,285</u>	<u>14,175</u>	<u>11,703</u>	<u>9,608</u>
All Other Governmental Funds										
Nonspendable Permanent Fund Principal	204	204	194	180	173	168	164	155	147	135
Nonspendable Inventory Special Revenues	60	87	48	60	43	40	36	36	26	14
Restricted Special Revenues	2,512	3,575	1,633	774	717	873	645	637	624	651
Restricted Capital Projects	--	--	--	--	10,486	15,203	651	2,317	5,409	9,495
Restricted Permanent Fund Interest	105	99	104	105	98	91	90	90	86	85
Committed - Special Revenues	6,903	5,797	6,805	5,974	6,751	6,265	5,246	4,752	4,439	4,446
Unassigned - Special Revenues	(2,685)	(2,704)	(2,796)	(2,282)	(1,972)	(1,943)	(1,746)	(1,550)	(1,365)	(1,083)
Unassigned - Capital Projects	<u>(4,742)</u>	<u>(404)</u>	<u>(1,298)</u>	<u>(896)</u>	<u>(247)</u>	<u>--</u>	<u>--</u>	<u>1,527</u>	<u>(567)</u>	<u>(206)</u>
Total All Other Governmental Funds	<u>2,357</u>	<u>6,654</u>	<u>4,690</u>	<u>3,915</u>	<u>16,049</u>	<u>20,697</u>	<u>5,086</u>	<u>7,964</u>	<u>8,799</u>	<u>13,537</u>
Total Governmental Funds Fund Balances	<u>\$ 21,629</u>	<u>\$ 25,398</u>	<u>\$ 20,441</u>	<u>\$ 18,998</u>	<u>\$ 30,355</u>	<u>\$ 34,462</u>	<u>\$ 19,371</u>	<u>\$ 22,139</u>	<u>\$ 20,502</u>	<u>\$ 23,145</u>

TOWN OF SCARBOROUGH, MAINE

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING) (AMOUNTS EXPRESSED IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Taxes	\$ 83,959	\$ 79,789	\$ 77,012	\$ 74,600	\$ 72,140	\$ 68,340	\$ 65,949	\$ 63,719	\$ 61,154	\$ 58,826
Licenses and permits	1,435	1,229	1,067	866	864	939	782	817	756	662
Intergovernmental	27,874	26,362	21,600	14,785	12,480	10,600	10,954	11,672	12,879	10,976
Interest earned	584	(141)	171	434	739	192	426	199	449	230
Other	14,992	12,712	13,744	11,299	12,613	11,852	11,193	10,418	10,376	8,966
Total Revenues	128,844	119,951	113,594	101,984	98,836	91,923	89,304	86,825	85,614	79,660
Expenditures										
General government	8,044	7,724	6,133	6,785	8,005	7,070	5,932	4,951	4,829	5,201
Public services	6,374	5,569	4,663	4,660	4,724	4,945	4,922	4,690	4,612	4,146
Public safety	14,422	18,550	6,852	13,873	11,478	11,836	11,116	10,297	9,344	8,879
Public works	7,587	7,080	5,367	6,322	9,377	6,750	7,128	7,233	6,506	6,503
Education (Excludes School Debt)	63,205	58,315	57,508	52,346	49,401	46,291	45,541	43,681	45,614	40,149
Education Debt (Prin & Int)	5,213	5,511	5,145	5,254	5,691	5,614	5,761	5,119	4,606	4,150
County tax	3,119	3,082	3,188	2,957	2,827	2,710	2,569	2,493	2,355	2,194
Debt service (Principal-Town Only (1))	4,958	4,730	4,903	4,525	3,868	3,866	3,800	3,760	3,506	3,353
Debt service (Interest-Town Only)	1,431	1,631	1,768	1,704	1,731	1,008	1,058	1,164	1,100	1,118
Capital Outlay	8,203	4,292	12,953	19,363	10,887	3,636	4,415	3,626	9,942	21,840
Other	10,056	4,047	4,426	3,635	3,099	2,637	2,639	2,054	1,928	1,775
Total Expenditures	132,612	120,531	112,906	121,424	111,088	96,363	94,881	89,068	94,342	99,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,768)	(580)	688	(19,440)	(12,252)	(4,440)	(5,577)	(2,243)	(8,728)	(19,648)
Other Financing Sources (Uses)										
Transfers in	5,725	3,709	4,877	1,978	1,368	1,264	3,208	1,410	1,071	1,371
Transfers out	(5,725)	(3,709)	(4,877)	(1,978)	(1,368)	(1,264)	(3,208)	(1,410)	(1,071)	(1,371)
Capital Lease proceeds	--	--	--	--	--	--	--	--	--	249
Refunding bond issued	--	--	42,315	--	--	--	--	3,785	--	--
Payment to refunding bond escrow agent	--	--	(47,975)	--	--	--	--	(3,972)	--	--
Premium received on refunded debt	--	--	5,660	--	--	--	--	187	--	--
Premium received on issued debt	--	651	--	1,043	765	1,341	--	85	--	--
General obligation bonds and capital leases	--	3,725	--	7,040	7,380	18,190	2,755	3,755	6,085	6,505
Total Other Financing Sources (Uses)	--	4,376	--	8,083	8,145	19,531	2,755	3,840	6,085	6,754
Net Change in Fund Balances	\$ (3,768)	\$ 3,796	\$ 688	\$ (11,357)	\$ (4,107)	\$ 15,091	\$ (2,822)	\$ 1,597	\$ (2,643)	\$ (12,894)
Debt Service as a Percentage of Non-Capital Expenditures	5.14%	5.47%	6.67%	6.10%	5.59%	5.26%	5.37%	5.76%	5.46%	5.31%

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

TOWN OF SCARBOROUGH, MAINE

TABLE 5

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
2023	\$ 8,044,187	\$ 6,374,322	\$ 14,422,450	\$ 7,586,752	\$ 56,581,499	\$ 3,119,411	\$ 6,388,650	\$ 1,823,768	\$ 104,341,039
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

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

TOWN OF SCARBOROUGH, MAINE

TABLE 6

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
2023	\$ 75,437,979	\$ 67,198	\$ 7,369,371	\$ 32,727	\$ 224,990	\$ 83,132,265
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

TOWN OF SCARBOROUGH, MAINE

TABLE 7

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		
2023	\$ 4,877,518,176		\$ 110,658,700		\$ 4,988,176,876	\$ 4,988,176,876	15.39	100%
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%

Source: Town of Scarborough Assessor's Office.

TOWN OF SCARBOROUGH, MAINE

TABLE 8

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

Fiscal Year	Town	School	County Tax	Tax Increment		State Revenue Sharing	Total Property Tax Rates by Year
				Financing District	Overlay		
2023	4.060	10.556	0.625	0.711	0.067	(0.628)	15.39
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

TOWN OF SCARBOROUGH, MAINE

TABLE 9

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND TEN YEARS AGO (AMOUNTS EXPRESSED IN THOUSANDS)

2023				2014			
<u>Taxpayer</u>	<u>Taxable Assessed</u>		<u>Percentage of Total Taxable Assessed</u>	<u>Taxpayer</u>	<u>Taxable Assessed</u>		<u>Percentage of Total Taxable Assessed</u>
	<u>Value</u>	<u>Rank</u>	<u>Value</u>		<u>Value</u>	<u>Rank</u>	<u>Value</u>
Maine Life Care Retirement	\$ 88,384,000	1	1.77%	Maine Life Care Retirement	\$ 64,586,700	1	1.76%
Central Maine Power	54,083,300	2	1.08%	New England Expedition	39,155,100	2	1.06%
The Residences at Gateway Commons LLC	43,426,100	3	0.87%	Walmart/Sams Club	38,756,800	3	1.06%
Hannaford Brothers	29,327,500	4	0.59%	Hannaford Brothers	24,820,100	4	0.68%
Walmart/Sams Club	22,757,100	5	0.46%	Scarborough Gallery	23,349,100	5	0.64%
New England Expedition-Scarborough LLC	22,341,300	6	0.45%	MMC Realty Maine Health	22,707,200	6	0.62%
Abbott Diagnostics Scarborough Inc	19,160,000	7	0.38%	Central Maine Power	20,316,000	7	0.56%
Waterstone Scarborough LLC	17,904,400	8	0.36%	Gavin Ruotolo	18,823,400	8	0.51%
Coach Lantern Apartments LLC	15,344,400	9	0.31%	RRE Foxcroft/RRE Coach Lantern	13,229,000	9	0.36%
Foxcroft Apartments LLC	13,937,800	10	0.28%	Shaw's	12,901,400	10	0.35%
Total Principal Taxpayers	<u>\$ 326,665,900</u>		<u>6.55%</u>		<u>\$ 278,644,800</u>		<u>7.61%</u>
 Total Assessed Value:				 Total Assessed Value:			
<u>\$ 4,988,176,876</u>				<u>\$ 3,660,305,700</u>			

Source: Town of Scarborough, Maine Assessor

TOWN OF SCARBOROUGH, MAINE

TABLE 10

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 Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 76,830,055	\$ 76,248,783	99.2%	\$ --	\$ 76,248,783	99.24%
2022	72,782,713	72,358,011	99.4%	3,888	72,361,899	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%	671,747	66,134,206	99.96%
2018	62,422,707	61,848,681	99.1%	546,863	62,395,544	99.96%
2017	60,119,691	59,602,002	99.1%	502,755	60,104,757	99.98%
2016	58,018,545	57,331,779	98.8%	673,685	58,005,464	99.98%
2015	55,877,372	55,321,988	99.0%	544,739	55,866,727	99.98%
2014	54,062,720	53,305,613	98.6%	745,484	54,051,097	99.98%

Source: Town of Scarborough Tax Collector's Office.

TOWN OF SCARBOROUGH, MAINE**TABLE 11****ASSESSED VALUATIONS AND TAX LEVIES
LAST TEN FISCAL YEARS**

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate	Tax Levy
2023	\$ 4,877,518,176	\$ 110,658,700	\$ 4,988,176,876	15.39	\$ 76,768,042
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

TABLE 12

STATUTORY DEBT LIMIT BY STATE AND LOCAL

STATE OF MAINE LEGAL DEBT MARGIN CALCULATION JUNE 30, 2023

State Assessed Value :					<u>\$ 5,592,350,000</u>
Legal Debt Margin Limit of 15% of State Valuation					\$ 838,852,500
Purpose	State Legal Percent	State Legal Debt Limit	Principal Debt Outstanding	Margin	Actual Percent
Municipal - Other	7.5%	\$ 419,426,250	\$ 35,853,269	\$ 383,572,981	0.64%
Storm or Sanitary Sewer	7.5%	419,426,250	--	419,426,250	0.00%
School	10.0%	559,235,000	43,836,731	515,398,269	0.78%
Munc Airport, Water,Special District	3.0%	167,770,500	--	167,770,500	0.00%
Total			<u>\$ 79,690,000</u>		
Total Bonded Debt Applicable to Debt Limit					<u>\$ 79,690,000</u>
Legal Debt Margin					<u>\$ 759,162,500</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, 2023

Scarborough Legal Debt Margin Limit of 8.50% of State Valuation					\$475,349,750
Purpose	Scarborough Legal Percent	Scarborough Legal Debt Limit	Principal Debt Outstanding	Margin	Actual Percent
Municipal - Other	4.0%	\$ 223,694,000	\$ 35,853,269	\$ 187,840,731	0.64%
Storm or Sanitary Sewer	4.0%	223,694,000	--	223,694,000	0.00%
School	5.0%	279,617,500	43,836,731	235,780,769	0.78%
Munc Airport, Water,Special District	1.5%	83,885,250	--	83,885,250	0.00%
Total			<u>\$ 79,690,000</u>		
Total Bonded Debt Applicable to Debt Limit					<u>\$ 79,690,000</u>
Legal Debt Margin					<u>\$ 395,659,750</u>

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

TOWN OF SCARBOROUGH, MAINE

TABLE 13

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Other Bond Adjustments	Right of Use Lease/Subscription Liabilities (1)(2)	Total Outstanding Debt	Population*	Percentage of Personal Income	Debt Per Capita
2023	\$ 79,690,000	\$ 11,485,127	\$ 1,295,755	\$ 92,470,882	23,218	6.04%	\$ 3,983
2022	88,055,000	12,230,856	1,631,909	101,917,765	22,568	6.86%	4,516
2021	92,660,000	12,272,554	715,177	105,647,731	22,135	8.47%	4,773
2020	102,130,000	7,307,717	--	109,437,717	19,494	9.64%	5,614
2019	102,720,000	6,602,073	49,567	109,371,640	19,602	9.90%	5,580
2018	102,650,000	6,125,334	97,939	108,873,273	19,819	11.04%	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	12.20%	4,977
2015	98,500,000	5,233,907	395,578	104,129,485	20,991	12.52%	4,961
2014	97,895,000	5,474,486	597,722	103,967,208	19,343	12.47%	5,375

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.

(2) - FY2022 reflects restatement for implementation of GASB 96 on July 1, 2022.

TOWN OF SCARBOROUGH, MAINE

TABLE 14

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
2023	\$ 79,690,000	\$ 11,485,127	\$ 91,175,127	\$ 4,988,176,876	1.60%	23,218	6.04%	\$ 3,432
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%	22,135	8.47%	4,186
2020	102,130,000	7,307,717	109,437,717	4,696,461,376	2.17%	19,494	9.64%	5,239
2019	102,720,000	6,602,073	109,322,073	4,012,292,612	2.56%	19,602	9.90%	5,240
2018	102,650,000	6,125,334	108,775,334	3,785,488,342	2.71%	19,819	11.04%	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	12.20%	4,707
2015	98,500,000	5,233,907	103,733,907	3,700,488,200	2.66%	20,991	12.52%	4,692
2014	97,895,000	5,474,486	103,369,486	3,660,305,700	2.67%	19,343	12.47%	5,061

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.

TOWN OF SCARBOROUGH, MAINE

TABLE 15

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
2023	\$ 8,365,000	\$ 3,236,209	\$ 11,601,209	\$ 109,126,776	10.63%
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%

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

TOWN OF SCARBOROUGH, MAINE

TABLE 16

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt limit	\$ 475,349	\$ 424,043	\$ 721,140	\$ 716,753	\$ 647,040	\$ 610,215	\$ 584,903	\$ 568,793	\$ 451,595	\$ 536,918
Total net debt applicable to limit	79,690	88,055	92,660	102,130	102,720	102,650	91,630	95,920	103,734	103,369
Legal debt margin	395,659	335,988	628,480	614,623	544,320	507,565	493,273	472,873	347,861	433,549
Total net debt applicable to the limit as a percentage of debt limit	16.76%	20.77%	12.85%	14.25%	15.88%	16.82%	15.67%	16.86%	22.97%	19.25%

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

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

TOWN OF SCARBOROUGH, MAINE

TABLE 17

DIRECT, OVERLAPPING AND CONTINGENT DEBT LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town of Scarborough										
General Obligation Bonds	\$ 79,690	\$ 88,055	\$ 92,660	\$ 102,130	\$ 102,720	\$ 102,650	\$ 91,630	\$ 95,920	\$ 98,500	\$ 97,895
Premium	11,485	12,231	12,273	7,308	6,602	6,125	5,050	5,315	5,234	5,474
Right of Use Lease/Subscription Liabilities (1)(2)	<u>1,296</u>	<u>1,632</u>	<u>716</u>	<u>--</u>	<u>50</u>	<u>98</u>	<u>--</u>	<u>200</u>	<u>396</u>	<u>598</u>
Total Direct Debt	<u>92,471</u>	<u>101,918</u>	<u>105,649</u>	<u>109,438</u>	<u>109,372</u>	<u>108,873</u>	<u>96,680</u>	<u>101,435</u>	<u>104,130</u>	<u>103,967</u>
 Cumberland County	 2,564	 2,720	 3,357	 3,357	 3,486	 3,286	 3,464	 3,321	 3,457	 3,458
Portland Water District	<u>7,353</u>	<u>7,650</u>	<u>7,343</u>	<u>7,829</u>	<u>7,300</u>	<u>6,926</u>	<u>6,396</u>	<u>6,654</u>	<u>6,454</u>	<u>5,994</u>
Total Overlapping Debt	<u>9,917</u>	<u>10,370</u>	<u>10,700</u>	<u>11,186</u>	<u>10,786</u>	<u>10,212</u>	<u>9,860</u>	<u>9,975</u>	<u>9,911</u>	<u>9,452</u>
 ecomaine Waste Systems										
Landfill closure/postclosure	<u>1,687</u>	<u>1,622</u>	<u>1,442</u>	<u>1,408</u>	<u>1,381</u>	<u>1,324</u>	<u>1,318</u>	<u>1,504</u>	<u>1,467</u>	<u>1,436</u>
Total Contingent Debt	<u>1,687</u>	<u>1,622</u>	<u>1,442</u>	<u>1,408</u>	<u>1,381</u>	<u>1,324</u>	<u>1,318</u>	<u>1,504</u>	<u>1,467</u>	<u>1,436</u>
 Total Direct, Overlapping/Contingent	<u>\$ 104,075</u>	<u>\$ 113,910</u>	<u>\$ 117,791</u>	<u>\$ 122,032</u>	<u>\$ 121,539</u>	<u>\$ 120,409</u>	<u>\$ 107,858</u>	<u>\$ 112,914</u>	<u>\$ 115,508</u>	<u>\$ 114,855</u>

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.

(2) - FY2022 reflects restatement for implementaiton of GASB 96 on July 1, 2022.

TOWN OF SCARBOROUGH, MAINE

TABLE 18

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)
2023	23,218	\$ 1,320,245,134	\$ 56,863	47	2,850	2.20%
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%

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

Source: U.S. Census Bureau

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

(c) American Community Survey 5-Year Estimates - latest available is 5-Year 2017-2021 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.

(e) State of Maine Department of Labor, Division of Economic Analysis and Research, unemployment based on June 2023 data.

TOWN OF SCARBOROUGH, MAINE

TABLE 19

PRINCIPAL EMPLOYERS CURRENT YEAR AND TEN YEARS AGO

2023			Percentage of total Town Employment	2014		
Employer	Employees	Rank		Employer	Employees *	Rank
Town of Scarborough	1,334	1	8.0%	Hannaford Brothers	1,308	1
Hannaford Brothers	1,300	2	7.8%	Town of Scarborough	1,282	2
MaineHealth	500	3	3.0%	US Postal Service	589	3
US Postal Service	450	4	2.7%	Maine Medical Center	389	4
Abbott (formerly Alere)	420	5	2.5%	Wal-Mart	327	5
Johnson & Jordan	304	6	1.8%	Cabela's	285	6
Wal-Mart	300	7	1.8%	NorDX	207	7
Piper Shores	276	8	1.7%	Piper Shores	207	8
Morrison Center	244	9	1.5%	Sam's Wholesale Club	188	9
Cabela's	163	10	1.0%	Alere	187	10

* Source: Scarborough Economic Development Corporation (SEDCO).

TOWN OF SCARBOROUGH, MAINE

TABLE 20

UNEMPLOYMENT DATA LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Portland Metropolitan Statistical Area (PMSA)*	State of Maine	Town of Scarborough	US
2023	2.2%	2.5%	2.2%	3.8%
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.

TOWN OF SCARBOROUGH, MAINE

TABLE 21

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Function										
General Government										
Town Clerk										
Certified copies	5,373	5,997	4,444	5,049	5,446	5,077	5,762	5,962	5,577	5,596
Licenses	1,383	1,140	1,117	162	997	844	821	735	839	861
Permits	296	296	306	279	404	750	1,134	1,047	1,065	930
Beach passes	7,962	7,691	7,458	5,279	5,970	5,603	4,775	2,496	2,665	2,763
Community Services										
Passport applications	948	838	321	497	648	675	695	665	643	641
Finance Revenue Office										
Hunting & fishing licenses	401	480	500	499	719	700	702	857	1,146	1,203
ATV/snowmobile registrations	481	540	565	541	581	634	628	406	738	743
Tax bill issued	10,752	10,721	10,589	10,301	10,325	9,993	9,897	9,796	9,623	9,623
Excise registrations	31,247	28,350	25,651	25,470	30,004	30,065	29,892	29,604	27,728	29,566
Planning										
Permits	724	761	885	647	785	809	785	774	651	609
Certificates of Occupancy	338	269	257	256	190	252	267	262	198	217
Public Safety										
Police										
Physical arrests	754	786	732	582	768	864	521	697	895	826
Traffic violations	765	1,230	772	561	1,541	1,847	1,433	1,333	977	1,007
Fire										
Number of calls answered	1,807	1,342	1,327	1,355	1,318	1,340	2,381	1,720	1,832	1,744
Number of inspections	2,230	4,871	2,886	2,860	3,044	3,319	3,078	2,529	3,192	3,378
Rescue										
Number of calls answered	3,323	3,529	2,990	2,876	2,950	2,917	2,900	3,029	2,359	1,950
Public Works										
Street resurfacing (miles)	7	6	7	8	5	5	5	4	6	5
Pot holes repaired (qty used in tons)	149	81	93	74	39	42	48	4	12	29
No. times plows dispatched	22	11	17	26	28	24	21	19	28	35

Source: Town of Scarborough various departments

TOWN OF SCARBOROUGH, MAINE

TABLE 22

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
Planning vehicles	3	3	3	3	3	4	3	4	4	4
Technology vehicles	3	3	3	3	3	3	3	4	4	4
Public Service										
Community services										
Vehicles	8	8	8	8	7	6	8	8	7	7
Parks	6	6	6	6	6	6	6	6	6	6
Public Safety										
Police										
Vehicles - patrol units	16	16	16	14	14	14	12	12	12	12
Vehicles - patrol motorcycles	2	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	14	13	12	12	12	12	12	12
Marine	4	4	4	4	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)	183	182	181	179	177	177	177	175	175	175
Street lights	1,122	1,100	1,100	1,100						
Traffic signals	36	36	43	43	43	43	43	43	43	37
Generators	10	10	9	12	11	11	11	11	10	10
Education										
Vehicles - buses	29	29	30	29	30	29	26	26	29	28
Facilities	6	6	6	6	6	6	6	6	6	6

Source: Town of Scarborough various departments.

TOWN OF SCARBOROUGH, MAINE

TOWN GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

TABLE 23

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
Full time	45	42	37	39	42	39	37	36	35	32
Part time	17	10	28	34	14	12	23	14	64	52
Public Services										
Full time	19	17	15	14	13	16	17	15	15	15
Part time	56	64	39	53	102	150	156	123	125	139
Public Safety										
Police										
Full time	59	60	61	61	60	61	67	55	53	53
Part time	25	27	32	28	28	36	39	36	28	33
Fire										
Full time	6	6	5	6	9	9	9	8	8	8
Part time	91	111	121	113	149	154	146	169	160	150
Rescue										
Full time	36	35	32	29	24	24	24	24	23	21
Part time	--	--	--	--	--	--	--	--	--	--
Public Works										
Full time	36	28	32	29	32	34	36	32	32	31
Part time	5	3	5	6	7	8	5	2	1	1
Education										
Full time	565	562	548	533	522	524	512	514	512	511
Part time	118	120	132	147	151	144	151	155	155	138
Total	<u>1,078</u>	<u>1,085</u>	<u>1,087</u>	<u>1,092</u>	<u>1,153</u>	<u>1,211</u>	<u>1,222</u>	<u>1,183</u>	<u>1,211</u>	<u>1,184</u>

Source: Town of Scarborough

TOWN OF SCARBOROUGH, MAINE

TABLE 24

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			
		Finance:		Accounting	Education:
		Tax/Treasury		Elementary	
		Assessing		Secondary	
	Planning:	Planning		Instruction Improvement	
		Code Enforcement		Food Services	
		Zoning & Planning Boards		Special Services	
	Engineering and Technical Services:			General & Special Administration	
	Information System			Board of Education	
Public Service:	Community Serv:	Administration		Office of the Superintendent	
		Recreation		Business Administration	
		Intergeneration		Transportation	
		Grounds Maintenance		Operation & Maintenance of Plant	
		Beach Care		Debt Service	
	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.