OFFICIAL STATEMENT DATED FEBRUARY 19, 2026

NEW ISSUE

MOORS & CABOT INVESTMENTS

Banking & Advisory Group

Moody's: Aa2
S&P: AA+

In the opinion of Pierce Atwood LLP, Portland, Maine, Bond Counsel ("Bond Counsel"), and assuming continuing compliance with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code") and with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Series B Bonds (the "Series B Bonds" or the "Bonds")) (as defined below) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest on the Bonds is not an item of tax preference for purposes of calculating the alternative minimum tax under the Section 55 of the Code; however, such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, interest paid on the Bonds and the Notes (as defined below) is exempt from taxation within the State of Maine (the "State"). **The Town *will* designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE BONDS—TAX MATTERS" and "APPENDIX B" herein.

TOWN OF SCARBOROUGH, MAINE
$4,535,000
2026 GENERAL OBLIGATION BONDS - SERIES B

Dated: Date of Delivery **Due: November 1,**

Year of Maturity	Amount	Interest Rate	Yield or Price	Year of Maturity	Amount	Interest Rate	Yield or Price
2026	$155,000	5.00%	2.00	2041	$150,000	4.00%	3.30(†)
2027	155,000	5.00	2.06	2042	150,000	4.00	3.43(†)
2028	155,000	5.00	2.07	2043	150,000	4.00	3.58(†)
2029	155,000	5.00	2.13	2044	150,000	4.00	3.73(†)
2030	155,000	5.00	2.17	2045	150,000	4.00	3.89(†)
2031	155,000	5.00	2.22	2046	150,000	4.00	100
2032	155,000	5.00	2.31	2047	150,000	4.00	4.03
2033	150,000	5.00	2.36	2048	150,000	4.00	4.09
2034	150,000	5.00	2.43	2049	150,000	4.00	4.12
2035	150,000	5.00	2.54	2050	150,000	4.00	4.15
2036	150,000	4.00	2.65(†)	2051	150,000	4.00	4.18
2037	150,000	4.00	2.80(†)	2052	150,000	4.00	4.21
2038	150,000	4.00	2.92(†)	2053	150,000	4.125	4.23
2039	150,000	4.00	3.09(†)	2054	150,000	4.125	4.25
2040	150,000	4.00	3.15(†)	2055	150,000	4.125	4.27

NOTE: (†) Priced at stated yield to the November 1, 2035 optional redemption date at a redemption price of 100%.

The Bonds will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds and the Notes. Purchases of the Bonds or the Notes will be made in book-entry form, in the minimum denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Bonds and the Notes will be paid to DTC by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on November 1, 2026 and semi-annually on each May 1 or November 1 thereafter until maturity, or redemption prior to maturity.

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the Town of Scarborough, Maine (the "Town") and, unless paid from other sources are payable as to both principal and interest from *ad valorem* taxes that may be levied without limit as to rate or amount upon all the property within the territorial limits of the Town and taxable by it; except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the Town establishes or has established development districts either as tax increment financing districts or affordable housing development districts (collectively, "development districts") pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds or the Notes. See "TOWN FINANCES—PROPERTY TAXATION—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein. The Town's Finance Director has certified that the Town has no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality exist. The Town has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the economic development projects and programs described in the development programs adopted with respect to such districts. Within the limits established by statute, the Town has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. Bond Counsel's opinion will indicate that the enforceability of the obligations of the Town, including the Bonds and the Notes, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds and the Notes to the original purchasers.

Bonds maturing on and before November 1, 2035 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after November 1, 2036 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2035 as more fully set forth herein. See "THE BONDS—DESCRIPTION OF THE BONDS - Optional Redemption Prior to Maturity" herein.

The Bonds are offered when, as and if issued, subject to the approval of legality by Pierce Atwood LLP, of Portland, Maine, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York City, New York, on or about March 5, 2026.

ROOSEVELT & CROSS, INC. & ASSOCIATES

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

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

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

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CONCERNING OFFICIAL STATEMENT

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

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

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

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

Norman E. Kildow
Finance Director
Town of Scarborough, Maine

OFFICIAL STATEMENT

TOWN OF SCARBOROUGH, MAINE
$4,535,000 2026 GENERAL OBLIGATION BONDS - SERIES B

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Scarborough, Maine (the "Town" or "Scarborough") in connection with the sale of its 2026 General Obligation Bonds - Series B (the "Series B Bonds", or the "Bonds").

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds, Separate Plans of Financing

The Town has sold two series of bonds and one series of notes in February 2026. Pursuant to Section 1.150-1(c) of the Code, the Series A Bonds and the Series B Bonds were not be sold at substantially the same time, as they were sold not less than 15 days apart and are, therefore, separate plans of financings and separate issues. The Preliminary Official Statement for the Bonds of these financings was consolidated for purposes of the sales of the Bonds, but with separate Notices of Sale specifically relating to each series. The Town has and will provide separate final Official Statements, unique to each series of Bonds, within ten days following each sale date.

The Series B Bonds

The Bonds will be issued only as fully-registered bonds without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York ("DTC" or the "Securities Depository"). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of $5,000 or any integral multiple thereof. The Bonds will be dated on the date of delivery and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months) payable on November 1, 2026, and semi-annually thereafter on May 1 or November 1 of each year until maturity, or redemption prior to maturity. It is expected that the Bonds in definitive form will be available for delivery at DTC for the Series B Bonds, on or about March 5, 2026.

Amount	November 1,	CUSIP	Amount	November 1,	CUSIP
$155,000	2026	806075Z83	$150,000	2041	8060752P1
155,000	2027	806075Z91	150,000	2042	8060752Q9
155,000	2028	8060752A4	150,000	2043	8060752R7
155,000	2029	8060752B2	150,000	2044	8060752S5
155,000	2030	8060752C0	150,000	2045	8060752T3
155,000	2031	8060752D8	150,000	2046	8060752U0
155,000	2032	8060752E6	150,000	2047	8060752V8
150,000	2033	8060752F3	150,000	2048	8060752W6
150,000	2034	8060752G1	150,000	2049	8060752X4
150,000	2035	8060752H9	150,000	2050	8060752Y2
150,000	2036	8060752J5	150,000	2051	8060752Z9
150,000	2037	8060752K2	150,000	2052	8060753A3
150,000	2038	8060752L0	150,000	2053	8060753B1
150,000	2039	8060752M8	150,000	2054	8060753C9
150,000	2040	8060752N6	150,000	2055	8060753D7

Optional Redemption of the Bonds Prior to Maturity

Bonds maturing on and before November 1, 2035 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after November 1, 2026 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2035, as a whole or in part at any time, in such order of maturity as the Town, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

GENERAL PROVISIONS REGARDING REDEMPTION OF THE BONDS

Notice of Redemption

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

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

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

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

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

Cancellation of Bonds

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

Partial Redemption of Bonds

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

MANNER OF PAYMENT OF THE BONDS

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

RECORD DATE; PAYMENT

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

AUTHORIZATION AND PURPOSE

The authority to issue the Bonds is granted under Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, subject to Sections 901.3 and 907 of the Town Charter (as defined herein). Section 901.3 of the Charter provides that orders or resolves authorizing bond issues of $100,000 or more for making a capital improvement or acquiring a single item of capital equipment, if a petition meeting the requirements of Section 901.5 of the Charter is submitted to the Town Clerk within 20 days following the enactment of such an order or resolve, are subject to overrule by referendum (referred to herein as the "Section 901 Overrule Process"). Section 907 of the Charter provides that orders or resolves authorizing bond issues of $600,000 or more for making a capital improvement or acquiring a single item of capital equipment (with limited exceptions) require voter referendum approval (referred to herein as the "Section 907 Referendum Requirement"). The Bonds of this financing complies with the provisions of the Charter.

The Schools Projects

Pursuant to Order #25-072 adopted by the Town Council on August 20, 2025, and approved by the voters of the Town at a referendum election on November 4, 2025, the Town authorized bonds in the amount of $129,850,000, to finance a new Eight Corners Primary School and to renovate/expand Pleasant Hill School, Blue Point School, Wentworth School, and the Middle School to remove all portable classrooms (the "Schools Projects"). Pursuant to Order #25-073 adopted by the Town Council on August 20, 2025, and approved by the voters of the Town at a referendum election on November 4, 2025, the Town also authorized bonds in the amount of $10,000,000 to remove all portable classrooms and to finance an expansion of the Middle School to accommodate expected additional enrollment (the "Middle School Projects"). The Town's current estimated cost allocation among the various School Projects is set out in the following table. The Series B Bonds will provide initial funds for the design and engineering of the Schools Projects.

Anticipated Schools Projects Cost Allocation

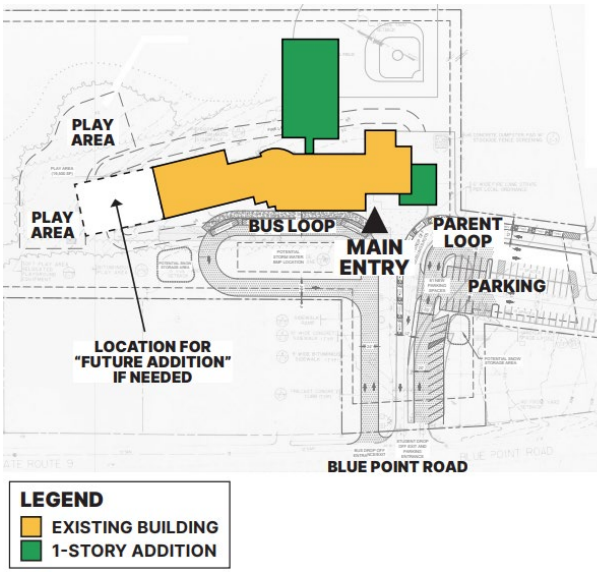
	Estimated	Enrollment	
School	Cost	Current	Projected
Blue Point:	$22,900,000	208	232
Eight Corners:	47,100,000	243	380
Pleasant Hill:	27,400,000	179	224
Wentworth Intermediate:	3,600,000	658	936
Scarborough Middle:	28,700,000	651	744
Rounding:	150,000		
Subtotal:	129,850,000	1,939	2,516
Scarborough Middle:	10,000,000		240
Total:	$139,850,000		2,756

Amortization of the Series B Bonds

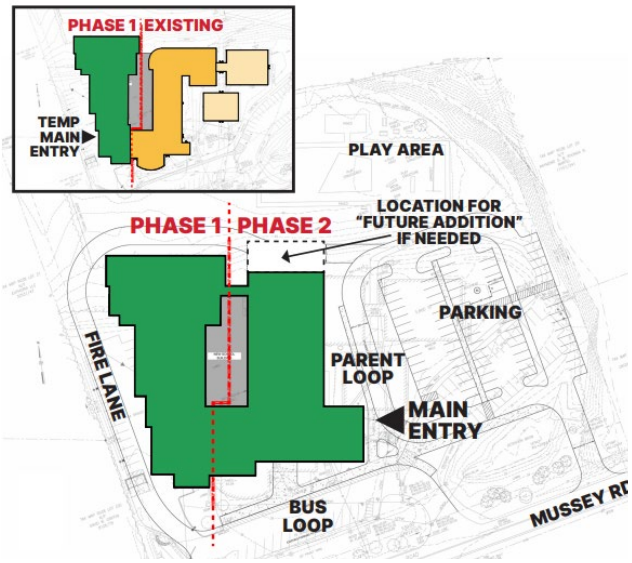
Maturity	Amount	Maturity	Amount
11/1/2026	$155,000	11/1/2041	$150,000
11/1/2027	155,000	11/1/2042	150,000
11/1/2028	155,000	11/1/2043	150,000
11/1/2029	155,000	11/1/2044	150,000
11/1/2030	155,000	11/1/2045	150,000
11/1/2031	155,000	11/1/2046	150,000
11/1/2032	155,000	11/1/2047	150,000
11/1/2033	150,000	11/1/2048	150,000
11/1/2034	150,000	11/1/2049	150,000
11/1/2035	150,000	11/1/2050	150,000
11/1/2036	150,000	11/1/2051	150,000
11/1/2037	150,000	11/1/2052	150,000
11/1/2038	150,000	11/1/2053	150,000
11/1/2039	150,000	11/1/2054	150,000
11/1/2040	150,000	11/1/2055	150,000
			$4,535,000 [(1)]

NOTE: [(1)] Reflects the allocable par amount of Bonds, plus allocable net Original Issue Premium in the amount of $165,000.

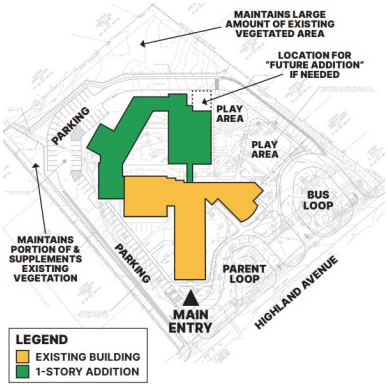
Current and Proposed Floor Plans



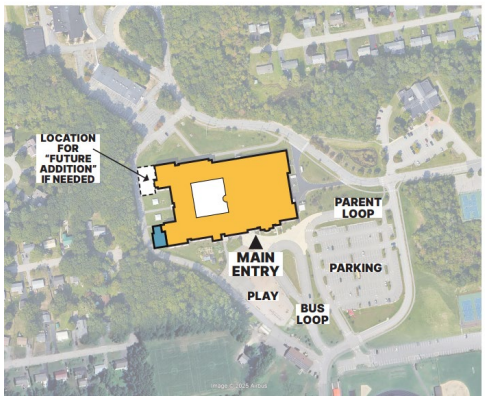
Blue Point Elementary



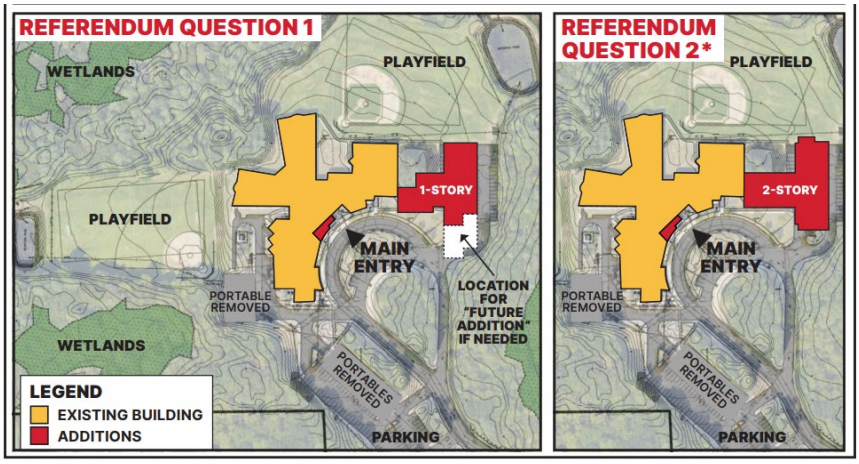
Eight Corners Elementary



Pleasant Hill Elementary



Wentworth Intermediate



Scarborough Middle School

SOURCE OF PAYMENT AND REMEDIES

General

The Bonds are general obligations of the Town and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the "State") have the right to tax their inhabitants to pay municipal indebtedness. The Bonds are payable as to both principal and interest from *ad valorem* taxes that may then be levied without limit as to rate or amount upon all the taxable property within its territorial limits, except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the Town establishes or has established development districts as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds . See "TOWN FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein. The Town has established certain tax increment financing districts and elected to retain development districts pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, in the future, including the retention of a portion of the tax increment on the captured assessed value of the property in these districts to pay costs of the development project within the districts. Within the limits established by statute, the Town has the right to designate additional development districts pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.

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

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

TAX MATTERS

Exclusion of Interest on the Bonds from Gross Income for Federal Income Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the

Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the Town to comply with such requirements may cause interest on the Bonds to be included in the gross income of the holders thereof for federal income tax purposes retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs or is ascertained.

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

In the opinion of Pierce Atwood LLP, Bond Counsel ("Bond Counsel"), under existing statutes, regulations and court decisions interest on the Bonds is excludable from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference item for purposes of calculating the alternative minimum tax under the Section 55 of the Code, however, such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel will rely upon the Town's representations made with respect to the use of the proceeds of the Bonds, and the projects financed with the Bonds, and the Town's covenant that it will comply with the Code. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

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

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

Bonds Designated as Qualified Tax-Exempt Obligations

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

Original Issue Discount

Certain maturities of the Bonds (the "Discount Bonds") may be sold at an issue price that is less than the stated redemption price of the Discount Bonds at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at which each of the Discount Bonds is sold and the stated redemption price payable at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) of each of the Discount Bonds constitutes original issue discount. Pursuant to Section 1288 of the Code, original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount properly allocable to the original and each subsequent owner of the Discount Bonds will be treated as interest excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Bonds.

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

Original Issue Premium

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

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

Additional Federal Income Tax Consequences

Prospective purchasers of the Bonds, but not the Notes, should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

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

Changes in Federal Tax Law

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

Opinion of Bond Counsel

The legal opinion of Pierce Atwood LLP, of Portland, Maine (see APPENDIX B herein) will be furnished to the original purchaser of the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the original purchaser of the Bonds.

Extent of Opinion

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

BOOK-ENTRY-ONLY SYSTEM

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

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

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through

which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

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

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

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

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

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

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

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

RATINGS

The Bonds are rated "Aa2" by Moody's Ratings ("Moody's") and "AA+" by S&P Global Ratings ("S&P"). The Town has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently.

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

CONTINUING DISCLOSURE

In order to assist the underwriter of the Bonds in complying with the Securities and Exchange Commission's ("SEC") Rule 15c2-12 (the "Rule"), the Town will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, if material. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA"). The covenants will be contained in a "Continuing Disclosure Agreement" (the "Agreement"; or "CDA"), the proposed form of which is provided in APPENDIX C. The Agreement will be executed by the Finance Director of the Town, and incorporated by reference in the Bonds. Except for the discussions below, the Town has never failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the Rule.

The 2020, 2021 and 2022 Financial Filings

The following is an extract from a Voluntary Filing of the Town (not to be construed as a "Late Filing"; rather as informational only), posted April 14, 2021, to "explain the exception to filing financial data on a timely basis":

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

FY ended June 30,	Audit Received by the Town	Date Filed on EMMA	Days
2025	12/17/2025	12/18/2025	171
2024	11/26/2024	11/27/2024	150
2023	12/13/2023	12/15/2023	168
2022	05/31/2023	06/01/2023	336
2021	03/31/2022	03/31/2022	274

Operating Data Filings

The Town typically sells bonds annually to finance its CIP in the spring of each year, and posts its Official Statement each year to satisfy its CDA requirement to post Operating Data. These filings typically occur less than 270 days after the end of each fiscal year. However, because of a staff shortage, exacerbated by the sudden illness of the Finance Director, the Town did not issued bonds in 2022. Thus, no Official Statement for the Town was published for that period. The Official Statement for the Town's 2023 Bonds was posted on October 5, 2023. This filing satisfied the Town's Operating Data filing requirement for the fiscal years ended June 30, 2022 and 2023. The Town also filed a Late Filing on August 24, 2023, which Filing provided the above explanation. That Late Filing also directed users of EMMA to find the Town's annual Operating Data in the Official Statements section on EMMA. Finally, the Town has filed the Official Statement for the Bonds on a timely basis to satisfy its Operating Data filing requirement for the fiscal year ended June 30, 2025.

Assurances of Future Compliance

Following a late filing for fiscal year ended June 30, 2003, the Town amended Section 215.1 of its Charter on November 2, 2004, effective December 1, 2004, to provide that "*The audit shall be completed and delivered to the Town Council not later than December 30th following the end of the municipal year...*" Furthermore, the Town has incorporated a Post-Issuance Reporting and Compliance portion of its Financial and Fiscal Policy, adopted by the Town Council on September 5, 2018 (replacing a prior Post-Issuance Compliance Policy, adopted by the Town Council on March 21, 2012).

CUSIP® IDENTIFICATION NUMBERS

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

MUNICIPAL ADVISOR

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

STATUTORY REFERENCES

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

CONDITIONS PRECEDENT TO DELIVERY

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

No Litigation

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

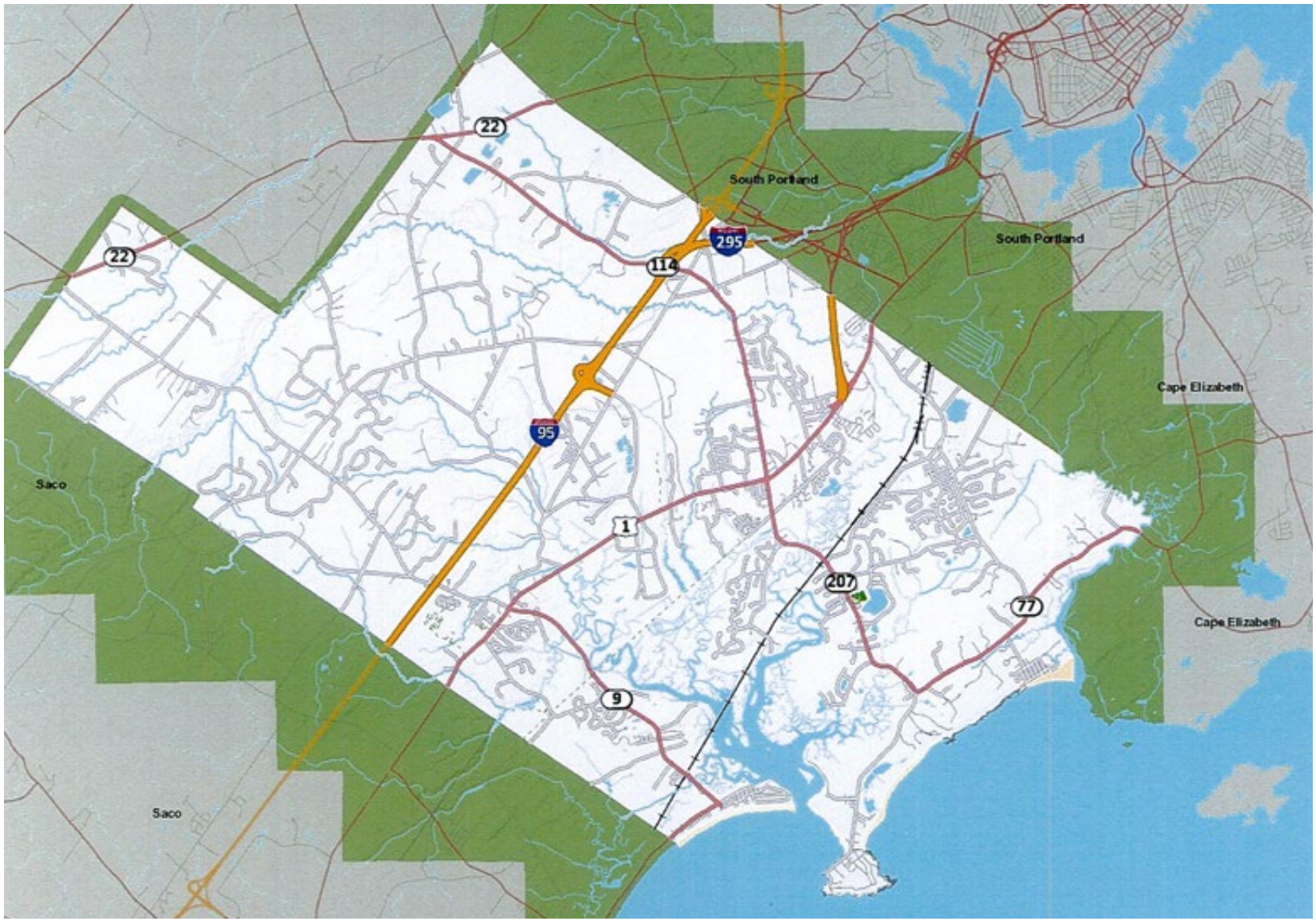
Approval of Legality

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

Certification of the Bonds

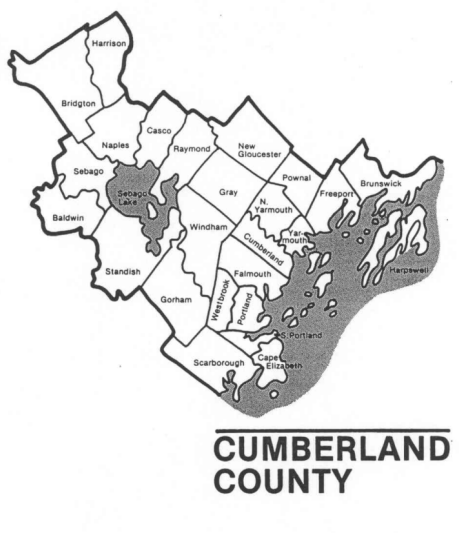
The Bonds will be certified as to their genuineness by U.S. Bank Trust Company, National Association, Boston, Massachusetts, which certificate will appear on the Bonds.

Map of the Town of Scarborough, Maine



TOWN OF SCARBOROUGH

GENERAL



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

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

A 1,500-acre tract of land between Prouts Neck, then called Black Point, and the Spurwink River was granted to Capt. Thomas Cammock, a nephew of the English Earl of Warwick. The Indian name for the area was "Owascoag", which signifies the place of much grass. In 1633, Capt. Cammock and his wife moved from Richmond's Island to Prouts Neck, and Capt. Cammock was the first legal proprietor in Scarborough. In the course of a few years other settlers joined Cammock, mostly as tenants. By 1650 there were 50 homes at the Black Point settlement. In 1651 there developed a further principal settlement inland, named Dunstan. The Town was incorporated as the sixth town in the Province of Maine on July 14, 1658 and was named for Old Scarborough, England. By October, 1676 Scarborough comprised three settlements of more than 100 houses but the Town was wholly abandoned in 1690. A resettlement appears to have been in 1702, by a band of seven persons who came in a sloop from Lynn, Massachusetts. Scarborough is the birthplace of William King (1768-1852), the State's first governor. The studio and home of the famous artist Winslow Homer are located at Prouts Neck. The Black Point Inn, built by the Kaler family in 1878 and originally known as "The Southgate", is also located at Prouts Neck and is included in the National Registry of Historic Hotels of America. The Scarborough Marsh, a great salt marsh in the Town comprised of approximately 3,100 acres, is Maine's largest tidal marsh.

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

GOVERNMENT

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

The Town operates under a charter adopted November 3, 1992, effective July 1, 1993 and amended most recently by voter approval on November 8, 2022, effective December 1, 2022, (the "Charter"). The Charter provides for a *Council/Manager* form of government with a seven-member Town Council, elected at-large who serve for three-year staggered terms. The Charter grants to the Town Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the Town's property, affairs and government; to preserve the public peace, health and safety; to establish personnel policies; to give effect to any vote of the Town authorizing the issuance of debt; and to provide for an annual audit of the Town's accounts. Voter approval is required for bond issues of greater than $600,000 for a capital improvement or the acquisition of a single item of capital equipment. The Town Manager is the chief administrative officer of the Town.

MUNICIPAL SERVICES

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

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

Public Safety

As of June 30, 2025, the Police Department was staffed by 61 full-time and 39 part-time employees which include a Police Chief, one Deputy Chief, two Lieutenants, seven Sergeants, four detectives, one Evidence Technician, one Community Resource Officer, two School Resource Officers, two Special Enforcement

Officers, one Evidence Technician, 19 Patrol Officers, and two full-time civilian personnel. In addition, the Town employs a Marine Resource Officer/Harbor Master, one Social Services Manager, one Law Enforcement Diversion Case Manager. one Animal Control Officer, 16 Dispatchers, and 39 part-time Reserve Officers. The Department maintains 34 vehicles, which are in excellent repair.

The Scarborough Fire Department operates from a central public safety building and five neighborhood sub-stations. As of June 30, 2025, the department has 46 full-time and 88 part-time employees led by a full-time Fire Chief, and three full-time Deputy Fire Chiefs. The department's personnel include two full-time Administrative Assistants, four career shift commanders (Captains), eight career Lieutenants, 24 career Firefighter/EMS providers and 88 per-diem and call firefighters. Through its Fire Department, the town operates seven Engines, two Aerial Ladder Trucks, three Advanced Life Support Ambulances, four Chief Officer Staff vehicles, three ancillary vehicles and three Marine Units.

Public Works

As of June 30, 2025, the Public Works Department had 31 full-time and seven part-time employees and is comprised of five divisions. The ***Administrative Division*** includes a Director of Public Works, who oversees all of the department's divisions, a Deputy Director, and Administrative Coordinator and a Receptionist. The ***Operations Division*** is comprised of a Supervisor and 18 crew members. Core maintenance responsibilities include all Town-owned roads including drainage features, sidewalks, signs, beaches, boat landings, cemeteries, trees and for waste collection and recycling. The ***Vehicle Maintenance Division*** consists of a Supervisor, an Assistant Supervisor, one welder-fabricator, and five fleet technicians. This division is responsible for the maintenance of all Town-owned vehicles including Fire Trucks, Rescue Vehicles, Police Cruisers, School Buses, Public Works vehicles and equipment, Electrical Department trucks, Code Enforcement vehicles, Community Services and Harbormaster equipment. The town-wide fuel distribution program is maintained by the Public Works Department. In addition, the department has assumed the added responsibility for maintenance on fire and rescue vehicles and equipment for a number of surrounding municipalities. The ***Stockroom Division*** is comprised of one Stockroom Manager. This position serves the Vehicle Maintenance staff, completes and processes the entirety of ordering & receiving, as well as maintains the part room inventory. The ***Traffic/Electrical Division*** is manned by one person who oversees the town-wide alarm system, traffic signals and associated equipment.

In 1996 the Town ceased using its landfill for solid waste disposal, and has closed the site in conformance with the State of Maine Department of Environmental Protection procedures, but is permitted to continue operating a demolition debris landfill at the site, in its existing capacity, per the Continuing Operations Agreement instituted in June of 2010. As of June 30, 2025, the Town has used less than 25% of the landfill's total capacity. Projected landfill closure and post-closure care costs is estimated to cost approximately $1,650,000 at June 30, 2025, the most recent data available. Additionally, annual monitoring and maintenance costs are currently estimated to be $5,000 per year. The State may provide partial funding for certain closure costs; however, future funding is uncertain.

The Town transports its solid waste to ecomaine's facility which maintains a waste-to-energy resource recovery system for which the Member Municipalities (as defined herein) are obligated severally to deliver certain of the solid waste produced within each such Member Municipality to ecomaine for processing. In 1991, six participating municipalities entered into an agreement with ecomaine, along with its Member Municipalities, to establish a Material Recycling Facility at ecomaine's demolition debris and recycling facility in Gorham. See "INDEBTEDNESS – CONTINGENT DEBT – ecomaine" herein.

PUBLIC EDUCATION

The Town operates its educational program for grades K through 12 under its own supervision. Article IV of the Town's Charter, as amended, provides that the Department of Education for the Town be administered by a Board of Education (the "School Board") comprised of seven members, who are elected by the voters of the Town at-large for three-year staggered terms. The School Board performs all duties and functions in regard to the care and management of the public schools of the Town. The School Board prepares and submits its budget to the Town Manager, who includes it in the budget process. See also "TOWN FINANCES - BUDGETARY PROCESS" section herein. The staff consists of a Superintendent, an Assistant Superintendent one Director of Business & Finance, one Director of Special Education, one Director of Curriculum/Assessment, one Director of Facilities & Maintenance, 10 Principals or Assistant Principals, 3022 teachers and 314 other professional and non-professional staff.

Schools	Grade	Estimated Capacity	Enrollment[2]
Blue Point School	K-2	250[1]	214
Eight Corners School	K-2	280[1]	241
Pleasant Hill School	K-2	180[1]	180
Wentworth School	3-5	800	663
Scarborough Middle	6-8	800[1]	661
Scarborough High	9-12	1,200	901

NOTE: [1] Includes Portable Classrooms.
[2] State of Maine Department of Education, "Current Year Pupils" October 1, 2025.

Enrollment Trends

	Grades					Attending
Oct. 1	K-2	3-5	6-8	9-12	Tuition	Enrollment[1]
2025	635	663	661	901	0	2,860
2024	611	679	651	916	0	2,857
2023	639	675	670	911	0	2,895
2022	629	631	703	917	0	2,880
2021	607	614	709	942	0	2,872
2020	653	665	696	983	0	2,997
2019	608	661	675	1,002	0	2,946
2018	567	675	717	979	0	2,938
2017	587	670	716	994	2	2,969
2016	581	639	746	1,021	2	2,989

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

Technical Education

Title 20-A, Chapter 313, of the Maine Revised Statutes, as amended, provides for "applied technology education" or a course or program of education which is designed to create or improve job-related skills that are part of a secondary school curriculum. The programs may be offered via an applied technology center (a "Center") or an applied technology region (a "Region"). A Center (a "CTE Center") is comprised of a single school administrative unit ("SAU") and its obligations are those of the unit.

Students from Scarborough High School are able to enroll in classes at two different area CTE Centers: Portland Arts and Technology High School ("PATHS") and Westbrook Regional Vocational Center ("WRVC"). The law regarding the funding of CTE Centers was changed by Chapter 226 of the Private and Special Laws of Maine (1999) such that CTE Centers are funded through a CTE allocation paid by the State and paid directly to the CTE Region; or an SAU that has a CTE Center. The CTE funding statute still allows CTEs to assess members if their budget needs exceed the State CTE allocation; and to have cost sharing agreements.

LABOR RELATIONS

The Town employs approximately 583 full-time and various part-time personnel, and approximately 743 employees who are employed by the School Department. The following lists the various bargaining units that are represented by a union, and the status of its current contract. Town employees not included in the below table are not represented by unions. The various contracts for employees represented by unions are effective and expire as follows:

			Date of Contract	
Union[(1)]	**Bargaining Unit**	**Members**	**Effective**	**Expiration**
SPBA	Police	42	July 1, 2024	June 30, 2027
SPA	Dispatchers	15	July 1, 2024	June 30, 2027
SPA	Paramedics	48	July 1, 2024	June 30, 2027
Teamsters	Public Works Operations	16	July 1, 2024	June 30, 2027
SEA	Teachers & Professionals	345	Sept. 1, 2025	Aug. 31, 2028
SAA	School Administrators	11	July 1, 2025	June 30, 2028
SESPA	Education Support	162	July 1, 2024	June 30, 2026
SEA	School Custodians & Food Service	59	July 1, 2024	June 30, 2027
SEA	Bus Drivers	24	July 1, 2024	June 30, 2027

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

THE SCARBOROUGH PUBLIC LIBRARY

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

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

The Scarborough Public Library operates as a private, non-profit, tax-exempt entity. A 14-member Board of Trustees (comprised of Town residents including one member of the Town Council and an appointment of the Friends of the Scarborough Library) is responsible for policy, planning and fiscal control of the Corporation. Funds to operate the library come primarily, but not exclusively, from the Town. Each year, a library budget is presented to the Town Council using the same procedures required of Town departments. The library's current collection exceeds 78,069 items of print and physical audiovisual materials, plus 19,867 E-books, 14,695 audio and just shy of 6,206 video titles for available for downloading. The Library averages over 2,110 visitors per week. Circulation for fiscal year 2025 included approximately 166,492 physical items. A Library Director oversees a staff of seven other full-time and 14 part-time employees, assisted by 26 various volunteers.

ECONOMY

Former Portland Metropolitan Statistical Area

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



Commuter Trends

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

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

Representative Larger Employers	Type of Business	Approximate Employees	% All Town Employees
Town of Scarborough	Municipal Government	1,326	7.3%
Hannaford Bros.	Supermarket - Corp Office	1,300	7.2%
MaineHealth	Health Care	500	2.8%
US Postal Service	USPO Distribution Center	500	2.8%
Abbott	Diagnostic Laboratory	420	2.3%
Wal-Mart	Retail Department Store	350	1.9%
Johnson & Jordan	Mechanical Contractor	320	1.7%
Piper Shores	Nursing Home	276	1.5%
Morrison Center	Educational and Clinical Services	244	1.4%
Costcos	Wholesale club	225	1.3%

Retail Trade

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

Cal. Year	Business/ Operating	Building Supply	Food Store	General Mdse.	Other Retail	Auto/ Transp.	Rest. & Lodging	Group Total
2024	87,240.5	81,121.3	68,913.9	252,944.4	128,884.5	116,048.9	120,119.4	855,272.9
2023	92,687.6	90,215.0	63,344.8	262,045.8	63,125.4	108,904.0	116,646.0	796,968.6
2022	90,027.4	90,973.3	57,375.1	275,838.6	61,805.7	103,356.4	109,058.6	788,435.1
2021	83,507.0	89,409.3	51,597.3	253,044.2	102,481.0	73,426.6	96,681.3	750,146.7
2020	64,891.0	84,565.5	48,137.8	205,042.5	88,342.3	61,154.4	67,455.1	619,588.6
2019	70,311.3	64,808.7	51,170.3	228,822.2	83,289.5	53,650.9	89,580.0	641,632.8
2018	65,328.4	61,246.3	47,007.8	226,677.0	83,204.9	47,568.6	89,136.7	620,169.8
2017	60,919.1	64,442.1	43,320.6	221,658.4	85,611.5	44,011.0	87,957.8	607,920.4
2016	55,250.7	54,612.2	39,874.9	217,972.6	88,494.2	42,935.0	81,273.7	580,413.3
2015	58,094.3	51,084.4	30,295.6	169,451.0	85,946.0	40,547.4	76,929.7	512,348.5

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

Building Permits

Year Ended Dec. 31,	Commercial ($/000)				Residential ($/000)				Total ($/000)	
	New Construction		Alterations		New Construction		Alterations			
	Permits	Cost	Permits	Cost	Permits	Cost	Permits	Cost	Permits	Cost
2024	11	$108,652	69	$167,357	71	$274,460	598	$267,581	749	$818,049
2023	5	35,406	80	270,266	49	116,147	526	191,535	660	613,354
2022	9	204,953	60	317,806	92	259,246	562	259,053	723	1,041,057
2021	16	131,480	88	60,650	146	364,026	601	219,400	851	775,555
2020	9	110,432	74	119,607	82	175,566	552	150,326	717	555,932
2019	11	62,648	70	65,998	129	242,474	562	144,011	772	515,132
2018	6	15,777	78	55,096	90	250,870	617	173,854	791	495,597
2017	9	23,371	84	133,193	93	197,174	576	128,000	762	481,738
2016	13	27,255	93	128,168	92	136,711	508	113,253	706	405,386
2015	5	82,997	82	68,360	100	157,613	535	140,198	722	449,168

DEMOGRAPHIC CHARACTERISTICS

Population	Town of Scarborough	% Change Since Last Census		
		Town	State	USA
1980	11,347	44.6	13.4%	11.4%
1990	12,518	10.3	9.2	9.8
2000	16,970	35.6	3.8	13.2
2010	18,919	11.5	4.2	8.9
2020	22,562	19.3	1.2	6.3

Population Characteristics	Town of Scarborough	Cumberland County	State of Maine	USA
Median age (years)	47.4	42.5	44.8	39.1
% under 5 years	3.1%	4.57%	4.47%	5.5%
% under 18 years	17.9%	17.8%	17.85%	21.7%
% 65 and over	23.3%	20.70%	23.02%	17.7%
Persons/household	2.44	2.23	2.20	2.50

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

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

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

Unemployment	Town of Scarborough	Cumberland County	State of Maine	USA
2024	2.4%	2.5%	3.1%	4.0%
2023	2.3	2.4	2.9	3.6
2022	2.3	2.4	3.0	3.6
2021	4.8	4.0	5.5	4.6
2020	2.4	5.3	5.4	8.1
2019	2.6	2.4	3.0	3.7
2018	2.3	2.7	3.4	3.9
2017	2.7	2.5	3.3	4.4
2016	3.0	2.9	3.9	4.9
2015	3.9	3.4	4.4	5.3

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

TOWN FINANCES

BUDGETARY PROCESS

Article V of the Town's Charter provides for a budget process. The fiscal year (or "budget year") of the Town begins on the first day of July and ends on the thirtieth day of June of the following year. The Charter provides that the Town Manager submit a budget to the Council at least 60 days prior to the beginning of each budget year. The budget is compiled from detailed information furnished by the School Committee, administrative officers and boards designated by the Town Manager. The proposed budget is reviewed by the Council, with the prerogative of amendment (except the Council has only total, not line item, appropriation authority for the Department of Education). The Council orders a public hearing with prior public notification. The Charter directs the Council to adopt their budget prior to the first day of the next budget year. If the Council fails to adopt the budget no later than 60 days of its submission to the Council, the budget as presented by the Town Manager and the Board of Education automatically becomes the budget for the fiscal year. Upon adoption of the budget, a property tax levy is then established and filed with the Town Assessor. The following table sets forth the trends in the General Fund's budgets for the Town for the last four fiscal years and for the current fiscal year.

Budgets for Fiscal Year Ending June 30,

	2022	2023	2024	2025	2026
EXPENDITURES					
General government	$7,548,149	$8,045,114	$8,417,452	$10,157,620	$10,011,533
Public services	5,793,057	4,531,493	5,188,050	5,523,670	5,989,649
Public safety	13,778,499	14,558,468	15,507,676	16,030,652	18,721,997
Public works	7,413,005	7,724,242	8,806,144	9,234,283	10,083,952
Education	55,862,654	58,985,856	62,235,290	66,042,207	71,299,485
County Tax	3,081,933	3,119,411	3,481,081	3,630,186	3,989,800
Debt service	6,482,918	6,733,651	5,061,028	5,058,942	4,870,080
CIP	1,540,000	3,285,713	2,256,100	214,000	223,000
TOTAL EXPENDITURES	101,500,215	106,983,948	110,952,821	115,891,560	125,189,496
REVENUES					
Taxes	78,720,352	80,466,622	84,001,163	87,751,577	97,460,004
Licenses and permits	1,059,900	1,064,590	1,109,200	1,121,135	1,382,330
Intergovernmental	11,442,460	12,184,587	11,274,811	14,631,516	14,858,912
Interest earned	125,000	100,000	200,000	700.000	1,000,000
Other	6,941,527	6,655,191	3,804,067	6,910,563	3,891,963
TOTAL REVENUES	98,289,239	100,470,990	100,389,241	111,114,791	118,593,209
OTHER SOURCES					
Operating transfers	992,870	3,544,925	3,265,000	2,761,318	4,365,287
Prior year fund balance	(59,950)	1,500,000	1,500,000	1,500,000	1,531,000
Overlay	492,729	333,958	250,000	515,451	200,000
Bond and note proceeds	1,785,327	1,134,075	5,548,580	0	500,000
TOTAL OTHER	3,210,976	6,512,958	10,563,580	4,776,769	6,596,287
TOTAL BUDGET	$101,500,215	$106,983,948	$110,952,821	$115,891,560	$125,189,496

FINANCIAL AND FISCAL POLICY

On September 5, 2018, the Town adopted a comprehensive Financial and Fiscal Policy (the "Policy") to replace previously separate Investment, Fund Balance, Debt and Capital Planning policies. The Policy was amended on November 1, 2019. In adopting the Policy, the Town Council has simultaneously repealed the Town Council Debt Management Policy adopted by the Town Council on March 21, 2012; the Town Council Investment Policy adopted by the Town Council on March 21, 2012; the Town Council Fund Balance Policy adopted by the Town Council on September 17, 1997, as amended on January 20, 2010 and replaced the document adopted by the Town Council on November 2, 2016 and the Town Council Capital Planning Policy adopted by the Town Council on September 9, 2016 and replaces all Policies with the afore mention Financial and Fiscal Policy adopted by the Town Council on September 5, 2018. Among many components of the Policy, the following synopses discuss the Investment, Debt Management, Fund Balance and Capital Improvement Planning policies.

Investment Policy

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

Debt Management Policy

Implementation of, and adherence to, a Debt Policy is a recommended practice by the Government Finance Officers Association. The Town's Policy provides guidelines regarding the timing and purpose for which debt may be issued, and presents the types of permissible debt and the methods of sale that may be used. In the Policy, the Town confirms its obligation to fully and timely repay all debt as an essential requirement for entry into the capital markets. The policy is available in its entirety on the Town's website site at: *http://www.scarboroughmaine.org/town-government/town-ordinances* (103.0 - Financial Policies).

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

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

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

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

Unassigned Fund Balance Policy

On November 6, 2024, the Town amended its Fund Balance Policy, being replaced by an Unassigned Fund Balance Policy. The policy identifies that Unassigned Fund Balance is the residual amount of Fund Balance in the General Fund. It represents the resources available for future spending. An appropriate level of Unassigned Fund Balance should be maintained in the General Fund in order to cover unexpected expenditures and revenue shortfalls. The Town aspires to reach an Unassigned Fund Balance of 16.67% (two months or 1/6) of the prior year's Operating Budget.

Until the Town reaches this goal, the minimum Unassigned Fund Balance Policy shall be set to maintain the level of Unassigned Fund Balance equal to 10.00% of the Town's Operating Budget for the prior fiscal year and consideration should be given to raise the minimum level of Unassigned Fund Balance until the aspirational goal is met. Once the Town achieves an unassigned fund balance greater than 12.0% but less than 16.67% of Scarborough's Operating Budget, any excess above 12% may be assigned by any combination to one of the following:

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

In the event of projected revenue shortfalls, it is the responsibility of the Town Manager to report the projections to the Town Council's Finance Committee on a quarterly basis and to include an outline of recommended Management actions to address any shortfall. Once the Town achieves an Unassigned Fund Balance greater than 16.67% of the Town's Operating Budget, any excess above 16.67% must be assigned by any combination to one above. 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.

Fund Balance as % Budgeted Expenses [(1)]

	Fiscal Year Ended June 30,				
	2021	**2022**	**2023**	**2024**	**2025**
Unassigned General Fund Balance	$7,453,447	$9,933,328	$10,549,179	$15,902,211	$18,818,073
Budgeted Expenses (Prior Year)	94,056,204	98,931,048	102,765,326	109,958,118	116,202,956
Fund Balance as % Prior Year Exp.	7.92%	10.04%	10.27%	14.46%	16.19%

Fund Balance as % Revenues

	Fiscal Year Ended June 30,				
	2021	**2022**	**2023**	**2024**	**2025**
Committed, Assigned & Unassigned General Fund Balance (Current Year)	$11,908,600	$13,276,040	$14,276,916	$20,515,974	$21,993,684
Total Revenues (Current Year)	98,215,569	101,219,514	108,522,407	118,924,209	123,273,432
Fund Balance as % Revenues	12.12%	13.12%	13.16%	17.25%	17.84%
Assigned & Unassigned General Fund Balance	$10,330,000	$11,678,836	$13,682,834	$19,921,892	$21,385,869
Total Revenues (Current Year)	98,215,569	101,219,514	108,522,407	118,924,209	123,273,432
Fund Balance as % Revenues	10.52%	11.54%	12.61%	16.75%	17.35%

NOTE: [(1)] Pursuant to the Town's Unassigned Fund Balance Policy.

Capital Improvement Plan

The Town's Capital Planning Policy is implemented by the Town Manager and the Treasurer when developing comprehensive capital planning management guidelines and is reviewed by the Town Manager and the Treasurer at least annually. A multi-year capital improvement budget shall be prepared and submitted to the Finance Committee, separate from the operating budget, annually. The capital budget shall provide a list of projects and the means of financing and cover a five-year period of time. The projects included in the capital budget should be part of the Town's capital improvement program. To be considered for bonding, projects must be included in the Capital Improvement Budget as part of the capital improvements or capital equipment. .Orders or resolves authorizing $100,000 or more for making a capital improvement or acquiring a single item of capital equipment are subject to the Section 901 Overrule Process. Orders or resolves authorizing bond issues of $600,000 or more for making a capital improvement or acquiring a single item of capital equipment (with limited exceptions) are subject to the Section 907 Referendum Requirement.

NOTE: The Town's current Capital Improvement Plan is available on the Town's website site at: *https://www.scarboroughmaine.org/budget/fy2026-budget.* 305th page *et. seq*.

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Section 204.6 of the Town's Charter provide for independent annual audits of the Town's accounts and establish procedures for such audits. The Town, in conformance with this statute and its Charter currently engages the services of CBIZ CPAs P.C. (formerly Marcum) of Providence, Rhode Island ("CBIZ") for this review.

The Town's fiscal year 2025 Annual Financial Report, audited by CBIZ is presented as APPENDIX A to this Official Statement. The Town has not requested the consent of CBIZ for the incorporation of the Financial Statements included in APPENDIX A, nor has it been received.

The Government Finance Officers Association (the "GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Town for its "Annual Comprehensive Financial Report" ("ACFR") for the fiscal year ended June 30, 2024. This is the 20th year that the Town has received this prestigious award. In order to be awarded the certificate, the Town published an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles ("GAAP") and applicable legal requirements.

FUNDS

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

Governmental Fund Types

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

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

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

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

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

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

Permanent Funds.

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

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

	2025	2024	2023	2022	2021
ASSETS					
Cash and cash equivalents	$15,937,748	$15,066,956	$15,755,571	$16,593,480	$9,112,852
Investments	13,214,143	15,336,090	1,864,600	8,208,442	11,222,583
Receivables:					
Accounts receivable	691,849	813,909	550,182	575,295	255,257
Intergovernmental	427,053	527,165	520,355	422,726	431,856
Taxes receivable	431,874	417,578	343,077	292,452	274,242
Tax liens	710,111	982,202	657,309	536,866	662,181
Inter-fund receivable	6,430,541	4,677,802	10,380,500	3,864,203	5,528,184
Tax acquired property	0	0	7,231	7,231	7,231
Inventory	25,823	29,739	20,655	15,379	28,774
Lease receivable	251,164	420,937	587,817	411,552	0
TOTAL ASSETS	38,120,306	38,272,378	30,687,297	30,927,626	27,523,160
LIABILITIES					
Accounts payable	4,932,261	5,405,800	4,465,275	4,219,219	4,026,495
Accrued wages	7,783,385	6,942,283	5,339,154	6,716,511	6,625,528
Accrued absences	0	0	0	0	214,202
Unearned revenues	72,985	76,623	91,584	81,851	68,835
TOTAL LIABILITIES	12,788,631	12,424,706	9,896,013	11,017,581	10,935,060
DEFERRED					
Unavailable property taxes	919,412	1,169,500	929,000	756,170	837,446
Unavailable lease	256,245	421,797	590,950	409,985	0
TOTAL DEFERRED	1,175,657	1,591,297	1,519,950	1,166,155	837,446
EQUITY					
Fund balances:					
Non-spendable	25,823	29,739	20,655	15,379	28,774
Restricted	2,120,509	3,710,662	4,974,393	5,452,471	4,972,431
Committed	607,815	594,082	594,082	567,204	548,600
Assigned	2,583,798	4,019,681	3,133,655	2,775,508	3,906,553
Unassigned	18,818,073	15,902,211	10,549,179	9,933,328	6,294,296
TOTAL EQUITY	24,156,018	24,256,375	19,271,964	18,743,890	15,750,654
TOTAL LIABILITIES AND EQUITY	$38,120,306	$38,272,378	$30,687,927	$30,927,626	$27,523,160

Prepared from Audited Financial Statements.

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

	2025	2024	2023	2022	2021
REVENUES					
Taxes	$93,358,848	$88,195,669	$83,132,265	$78,871,472	$76,592,633
Licenses and permits	1,272,805	1,283,811	1,435,227	1,228,531	1,066,965
Intergovernmental	19,761,014	19,012,562	17,115,255	15,453,547	14,461,955
Interest earned	1,258,651	1,138,953	410,359	2,628	177,290
Other	7,622,114	6,695,871	6,429,301	5,663,336	5,916,726
TOTAL REVENUES	123,273,432	116,326,866	108,522,407	101,219,514	98,215,569
EXPENDITURES					
General government	8,935,844	8,027,460	8,044,187	7,724,048	6,937,918
Public services	7,631,107	7,185,489	6,374,322	5,569,316	4,716,102
Public safety	17,494,407	15,417,291	14,422,450	13,169,023	12,586,754
Public works	8,588,330	8,356,511	7,586,752	7,079,988	6,479,704
Education	68,985,949	65,274,671	61,367,236	58,091,049	55,734,904
County tax	3,630,186	3,481,081	3,119,411	3,081,933	3,188,519
Debt service	5,337,521	4,685,656	6,388,650	6,361,083	6,671,686
Capital improvements	2,940,754	1,085,289	1,823,768	1,611,570	1,336,203
Other	0	0	0	0	4,254
TOTAL EXPENDITURES	123,544,098	113,513,448	109,126,776	102,688,010	97,656,044
EXCESS OF REVENUES OVER EXPENDITURES	(270,666)	2,813,418	(604,369)	(1,468,496)	559,525
OTHER FINANCING SOURCES:					
Operating transfers in	3,606,751	2,438,650	3,996,190	2,368,095	982,977
Operating transfers out	(5,237,727)	(2,865,000)	(2,863,747)	(850,841)	(874,808)
Refunding bonds	0	1,930,185	0	0	42,315,000
Premium	67,789	667,158	0	651,252	5,659,676
Refunding escrow	0	0	0	0	(47,974,676)
Bond or note proceeds	1,733,496	0	0	1,134,075	0
TOTAL OTHER FINANCING:	170,309	2,170,993	1,132,443	3,302,581	108,169
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(100,357)	4,984,411	528,074	1,834,085	667,694
FUND BALANCE, BEGINNING OF YEAR	24,256,375	19,271,964	18,743,890	16,909,803	15,082,960
FUND BALANCE, END OF YEAR	$24,156,018	$24,256,375	$19,271,964	$18,743,888	$15,750,654

Prepared from Audited Financial Statements

PROPERTY TAXATION

Tax Due Dates

The principal tax of the Town is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The Town's Tax Collector receives the tax commitment from the Town Assessor, with assessed values as of April 1 of each year, after which time the tax bills are due in two installments. For fiscal 2025/2026 due dates are be October 15, 2025 and March 16, 2026. All taxes paid after the due dates are subject to interest, established under Title 36, Section 505(4) of the Maine Revised Statutes, as amended, at the rate of 7.5% per annum, as set by the Town.

Real Estate Taxes

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

Business Personal Property Taxes

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

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

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.

2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town's tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality's 64% "personal property factor".

3. Municipal Retention TIF Districts – Certain TIF districts that were enacted prior to April 1, 2008 entitle a municipality to receive reimbursement at a rate of up to 100% for exempt business equipment that is TIF exempt business equipment as defined in Title 36, Section 691(1)(G) of the Maine Revised Statutes, as amended. The increased reimbursement percentage is based on the tax increment percentage allocated to the municipality, as provided in Title 36, Section 694(2)(C) of the Maine Revised Statutes, as amended.

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

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

Tax Levy and Collections

					Collections (after Supplements and Abatements)		
Fiscal Yr. End June 30,	Eq. State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Commit. (000)	Year End (000)	% of Levy	% of Levy A/O 08/31/2025
2025	$7,568,500	$7,821,453	$10.93	85,488	84,913	99.29%	99.3%
2024	6,548,950	5,256,323	15.97	83,943	83,044	98.93	99.8
2023	5,592,350	4,988,177	15.39	76,830	76,665	99.24	100.0
2022	4,988,750	4,845,683	15.02	72,782	72,462	99.42	99.6
2021	4,807,600	4,727,231	14.86	70,247	70,097	99.24	99.8
2020	4,778,350	4,696,461	14.70	69,038	69,989	98.83	99.9
2019	4,313,600	4,012,293	16.49	66,163	66,396	98.94	100.0
2018	4,068,100	3,785,488	16.49	62,715	62,423	99.08	100.0
2017	3,899,350	3,776,363	15.92	59,855	60,105	99.14	100.0
2016	3,791,950	3,745,548	15.49	58,019	58,005	98.80	100.0

SOURCE: TOWN OF SCARBOROUGH, MAINE 2025 ACFR, Note 4, page 56, Table 7, page 143 and Table 10, page 146.

Largest Taxpayers (2025)

Taxpayer	Business	Assessed Total	Property Tax	% of Levy
Maine Life Care	Retirement Com	$118,774,500	$1,298,205	1.52%
Residences at Gateway	Real Estate	64,406,400	703,962	0.82%
IDEXX Distribution	Commercial	61,524,400	672,462	0.79%
Central Maine Power	Utility	59,302,200	648,173	0.76%
Hannaford Bros.	Corporate	55,673,100	608,507	0.71%
New England Expedition	Retail/Restaurants	36,367,800	397,500	0.46%
Costco	Wholesale/Retail	29,438,500	321,763	0.38%
Abbott Diagnostics	Bioscience	28,416,400	310,591	0.36%
Wal-Mart	Wholesale/Retail	23,196,500	253,538	0.30%
Waterstone Scar. LLC	Shopping Center	20,467,400	223,709	0.26%
Top Ten Taxpayers and % of Total		**$497,567,200**	**$5,438,410**	**6.36%**

REVENUES FROM THE STATE

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

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

Fiscal Yr. End June 30,	State Revenue Sharing	School Subsidy	Reimbursements			Total From State
			Homestead Exemption	General Assist.	BETE	
2025	$3,491,905	$8,095,473	$1,146,449	$163,530	$835,737	$17,733,094
2024	3,708,404	5,957,196	1,554,641	260,570	867,298	12,348,109
2023	3,440,495	5,031,553	1,490,804	257,723	828,475	11,049,050
2022	3,060,007	5,477,071	1,394,418	43,055	786,591	10,761,142
2021	1,839,811	4,032,961	1,335,625	78,010	604,540	7,890,947

TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS

Chapter 206 and former 207 (now repealed) of Title 30-A of the Maine Revised Statutes, as amended, enable a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a municipal development and tax increment financing ("TIF") district or an affordable housing municipal development and tax increment financing district (a "housing district") for a period of up to 30 years and adopts a development program (the "Development Program") stating the means and objectives for the

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

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

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

INDEBTEDNESS

LIMITATIONS AND EXCLUSIONS

Statutory

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, "No municipality shall incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm and sewer purposes to an amount outstanding at any time not exceeding 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set."

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

Local

The "Debt Administration and Financing" section of the *Town's Financial and Fiscal Policy*, adopted September 5, 2018 and amended on November 1, 2019, establishes Local Debt Limits, such that the Town shall not incur, debt, which would cause its total debt outstanding at any time, for the following to be exceeded for: School purposes: 5%; Storm or Sanitary: 4%; Airport, water & special districts: 1.50%; Other purposes: 4%; Total debt outstanding not to exceed 8.50% of its last equalized State valuation.

On January 1, 2025 the Town's equalized state valuation ("Equalized State Valuation" or "ESV") was $7,568,500,000. The 15% statutory debt limit is $1,135,275; the Local debt limit (8.50% ESV) is $643,322,500. On June 30, 2025 the Town's long-term debt was $78,455,000 or 1.04% of the 2025 Equalized State Valuation.

The Town will certify on the date of issue of the Bonds that the Town has not exceeded the foregoing debt limits and that issuance of the Bonds will not cause the Town to exceed such debt limits.

DEBT SUMMARY

The Town's long-term debt payable at June 30, 2025 (audited) and projected for June 30, 2026 (unaudited), are comprised of the following issues:

Series	Date of Issue	Issue Amount	Date of Final Mat	As of 6/30/2025	(Paid 2025/2026)	Projected 6/30/2026
2014	5/15/2014	$6,505,000	11/1/2033	$1,250,000	($250,000)	$1,000,000
2015	5/1/2015	6,085,000	11/1/2034	2,100,000	(265,000)	1,835,000
2016	5/12/2016	7,540,000	11/1/2035	1,690,000	(395,000)	1,295,000
2017	6/8/2017	2,755,000	11/1/2036	820,000	(185,000)	635,000
2018	3/1/2018	18,190,000	11/1/2047	12,830,000	(695,000)	12,135,000
2019	6/20/2019	7,380,000	11/1/2048	5,330,000	(295,000)	5,035,000
2020	5/28/2020	7,040,000	11/1/2040	4,060,000	(745,000)	3,315,000
2020A	8/4/2020	2,855,000	11/1/2030	1,315,000	(380,000)	935,000
2020B	8/4/2020	39,460,000	11/1/2042	34,465,000	(2,555,000)	31,910,000
2021	9/1/2021	3,725,000	11/1/2041	2,675,000	(350,000)	2,325,000
2023	10/5/2023	9,034,000	11/1/2043	8,215,000	(815,000)	7,400,000
2025	2/20/2025	3,705,000	11/1/2044	3,705,000	(335,000)	3,370,000
	Sub-Total Projected			$78,455,000	($7,265,000)	$71,190,000
2026A	2/19/2026	4,325,000	11/1/2045	0	0	4,325,000
2026B	3/5/2026	4,535,000	11/1/2055	0	0	4,535,000
	Total Projected			$78,455,000	($7,265,000)	$80,050,000

DEBT RATIOS

Fiscal Yr. End June 30,	Population	Equalized State Val. (000)	Assessed Valuation (000)	Total Debt	Debt as % Eq. Val.	Per Capita Debt
2025	24,446	$7,568,500	$7,821,453	$78,455,006	1.04%	$3,209.32
2024	24,010	6,548,950	5,256,323	81,829,000	1.25%	3,408.12
2023	23,656	5,592,350	4,988,177	76,690,000	1.37%	3,241.88
2022	23,218	4,988,750	4,845,683	88,055,000	1.77%	3,792.53
2021	22,713	4,807,600	4,727,231	92,660,000	1.93%	4,079.60
2020	22,135	4,778,350	4,696,461	102,130,000	2.14%	4,613.96
2019	20,991	4,313,600	4,012,293	102,720,000	2.38%	4,893.53
2018	20,379	4,068,100	3,785,488	102,650,000	2.52%	5,037.05
2017	19,911	3,899,350	3,776,363	91,630,000	2.35%	4,601.98
2016	19,819	3,791,950	3,745,548	95,920,000	2.53%	4,839.80

PROJECTED PRINCIPAL PAYMENTS, BY ISSUE ($/000)

Yr. End June 30,	2014	2015	2016	2017	2018	2019	2020	2020A	2020B	2021	2023	2025	2026A	2026B	Total
2025	250	320	395	185	695	410	745	385	2,525	350	819	0	0	0	7,079
2026	250	265	395	185	695	295	745	380	2,555	350	815	335	0	0	7,265
2027	250	265	340	185	695	295	370	195	2,675	350	815	330	505	155	7,425
2028	250	265	335	55	690	295	370	190	2,680	300	805	330	505	155	7,225
2029	250	265	165	55	690	295	370	185	2,640	300	805	330	505	155	7,010
2030	50	245	65	55	635	295	370	185	2,700	300	670	330	505	155	6,560
2031	50	165	65	55	635	295	370	180	2,770	300	670	215	505	155	6,430
2032	50	160	65	55	580	295	215		2,855	300	670	215	195	155	5,810
2033	50	160	65	35	580	295	215		2,885	75	670	215	195	155	5,595
2034	50	160	65	35	580	295	215		2,225	75	670	215	195	150	4,930
2035		150	65	35	510	295	215		1,740	75	310	215	195	150	3,955
2036			65	35	510	260	215		1,230	75	310	165	195	150	3,210
2037				35	510	260	80		1,200	75	310	165	165	150	2,950
2038					510	260	80		1,185	20	310	165	165	150	2,845
2039					510	260	80		1,170	20	310	165	165	150	2,830
2040					500	260	75		1,155	20	15	165	165	150	2,505
2041					500	120	75		1,140	20	15	30	165	150	2,215
2042					500	120			1,125	20	15	30		150	1,960
2043					500	120			535		15	30		150	1,350
2044					500	120					15	30		150	815
2045					500	120						30		150	800
2046					500	120								150	770
2047					500	120								150	770
2048					500	120								150	770
2049						120								150	270
2050														150	150
2051														150	150
2052														150	150
2053														150	150
2054														150	150
2055														150	150
2056														150	150
6/30/2024	1,500	2,420	2,085	1,005	13,525	5,740	4,805	1,700	36,990	3,025	9,034	3,705	4,325	4,535	94,394
pd	(250)	(320)	(395)	(185)	(695)	(410)	(745)	(385)	(2,525)	(350)	(819)	0	0	0	(7,079)
6/30/2025	1,250	2,100	1,690	820	12,830	5,330	4,060	1,315	34,465	2,675	8,215	3,705	4,325	4,535	87,315
pd	(250)	(265)	(395)	(185)	(695)	(295)	(745)	(380)	(2,555)	(350)	(815)	(335)	0	0	(7,265)
6/30/2026	1,000	1,835	1,295	635	12,135	5,035	3,315	935	31,910	2,325	7,400	3,370	4,325	4,535	80,050

DEBT SERVICE COMPONENT OF OPERATING EXPENDITURES

	2021	2022	2023	2024	2025
Total Current Year Debt Service:	$11,687,322	$11,816,882	$11,601,209	$10,089,928	$10,171,597
Budgeted Operating Expense:	96,034,595	101,500,215	107,338,852	112,002,721	119,378,176
Debt Service as % Oper. Expense:	12.17%	11.64%	10.81%	9.01%	8.52%

PROJECTED DEBT SERVICE REQUIREMENTS

Fiscal YE		Prior Debt			Projected Debt		Total Debt
June 30,	Principal	Interest	Total	Series A	Series B	Total	Service
2025	$7,898,000	$3,513,459	$11,411,459	$0	$0	$0	$11,411,459
2026	8,080,000	3,370,167	11,450,167	0	0	0	11,450,167
2027	7,580,000	3,003,762	10,583,762	743,955	379,131	1,123,086	11,706,848
2028	7,370,000	2,685,409	10,055,409	676,775	340,688	1,017,463	11,072,872
2029	7,155,000	2,368,934	9,523,934	651,525	332,938	984,463	10,508,397
2030	6,570,000	2,071,197	8,641,197	626,275	325,188	951,463	9,592,659
2031	6,440,000	1,777,816	8,217,816	601,025	317,438	918,463	9,136,278
2032	6,130,000	1,485,616	7,615,616	273,525	309,688	583,213	8,198,828
2033	5,915,000	1,220,441	7,135,441	263,775	301,938	565,713	7,701,153
2034	5,255,000	976,891	6,231,891	254,025	289,313	543,338	6,775,228
2035	3,920,000	798,026	4,718,026	244,275	281,813	526,088	5,244,113
2036	3,175,000	685,549	3,860,549	234,525	274,313	508,838	4,369,387
2037	2,945,000	581,317	3,526,317	195,525	267,563	463,088	3,989,405
2038	2,840,000	478,017	3,318,017	188,100	261,563	449,663	3,767,680
2039	2,825,000	379,323	3,204,323	181,500	255,563	437,063	3,641,386
2040	2,205,000	297,741	2,502,741	174,900	249,563	424,463	2,927,203
2041	1,915,000	234,970	2,149,970	168,300	243,563	411,863	2,561,832
2042	1,825,000	178,273	2,003,273		237,563	237,563	2,240,836
2043	1,215,000	131,302	1,346,302		231,563	231,563	1,577,865
2044	680,000	100,675	780,675		225,563	225,563	1,006,238
2045	650,000	78,050	728,050		219,563	219,563	947,613
2046	620,000	56,350	676,350		213,563	213,563	889,913
2047	620,000	35,250	655,250		207,563	207,563	862,813
2048	620,000	14,150	634,150		201,563	201,563	835,713
2049	120,000	1,800	121,800		195,563	195,563	317,363
2050					189,563	189,563	189,563
2051					183,563	183,563	183,563
2052					177,563	177,563	177,563
2053					171,563	171,563	171,563
2054					165,469	165,469	165,469
2055					159,281	159,281	159,281
2056					153,094	153,094	153,094
TOTAL	$94,568,000	$26,524,484	$121,092,484	$5,478,005	$7,362,849	$12,840,854	$133,933,338

OVERLAPPING DEBT

County of Cumberland

The Town is subject to an annual assessment of its proportional share of the County of Cumberland's (the "County") expenses, including debt repayment, as determined by the percentage of the Town's equalized State Valuation to the County's equalized State Valuation. At January 1, 2025 the Town's equalized State Valuation of $7,568,500,000 was 8.79% of the County's equalized State Valuation of $86,112,550,000; or $2,443,401 of the County's $27,686,649 long-term debt outstanding as of June 30, 2025 (audited).

CONTINGENT DEBT

Portland Water District

The Water Division of the Portland Water District ("PWD") also provides water to the inhabitants of 11 cities and towns and one water district within the Greater Portland Area (the "PWD Municipalities"), including the Town. The Water Division's debt is not a debt or obligation of the PWD Municipalities.

However, under Title 35-A, Section 6103 of the Maine Revised Statutes, as amended (previously codified at Title 30, Section 3211 of the Maine Revised Statutes, as amended) (the "Act"), and pursuant to an agreement with ten of the 12 PWD Municipalities, (the "Section 6103 Members"; the exceptions being the Town of Standish and the Yarmouth Water District), in compliance with subsection 6 of the Act, the PWD possesses authority for taxation in the event of default in the payment of the indebtedness of the PWD incurred for water purposes (the "Water System Debt"). In the event of a default by PWD in the payment of the principal of, or interest on, its Water System Debt, the Trustees of the PWD have the authority to issue a warrant for payment of amounts necessary to cure the default to the assessors in each Section 6103 Member municipality within the PWD, including the Town. Such assessment would be allocated, pro-rata, to each Section 6103 Member municipality based upon 100% of its respective equalized State Valuation. On this basis, at June 30, 2025, the Town was contingently responsible for approximately 13.01%, or $8,478,436 of the PWD's $129,147,998 Water System Debt outstanding as of June 30, 2025 (audited).

ecomaine

ecomaine (formerly Regional Waste Systems, Inc.), a Maine Corporation, is a solid waste management corporation serving participating municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 27 member communities, ecomaine creates electricity through its processing of waste and operates an extensive recycling program. The Town is a member community in ecomaine. Interlocal Waste Handling Agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The obligations of each municipality as set forth in such agreements are secured by the full faith and credit of the municipality, subject to certain limitations. On June 30, 2025, ecomaine had no debt outstanding.

On December 10, 2025 ecomaine closed on a bond issue in the amount of $39,455,000, plus allocable bid premium, to provide funds to finance a new Materials Recovery Facility ("MRF") ($27,164,000); landfills and pump stations ($6,405,032); Waste to Energy facilities ("WTE") ($7,030,968); and various rolling stock to be used at the facility ($1,300,000). For the year ended June 30, 2025, the Town delivered 11.02% of the recycling tonnage and 11.29% of the total waste tonnage received by ecomaine from participating municipalities.

The Interlocal Agreement requires that the Town pay a proportionate share of the debt of ecomaine based on the percentage of solid waste processed from the Town by ecomaine. Based upon the most recent fiscal year, the town would be contingently liable for $4,453,440 of the debt to be issued by ecomaine. The Town's share of this debt will be calculated annually based on the percentage of solid waste to be processed and other factors affecting the cost to operate ecomaine, and may be subject to change as a result.

TOTAL GENERAL OBLIGATION, OVERLAPPING AND CONTINGENT DEBT

	Direct Debt	Overlapping	Contingent	Total Debt
Town of Scarborough	$78,455,000			$78,455,000
County of Cumberland		$2,443,401		2,443,401
Portland Water District			$8,478,436	8,478,436
ecomaine (MRF)			4,453,440	4,453,440
ecomaine (Post-closure)			1,830,514	1,830,514
Total	**$78,455,000**	**$2,443,401**	**$14,762,390**	**$95,660,791**
Debt as % 2025 ESV	**1.04%**	**0.03%**	**0.20%**	**1.26%**
Debt per Capita	**$3,209.32**	**$99.95**	**$603.88**	**$3,913.15**

FUTURE FINANCING

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

The issuance of debt, however, is subject to the prior review and approval of the Town Council. In addition, orders or resolves authorizing $100,000 or more for making a capital improvement or acquiring a single item of capital equipment are subject to the Section 901 Overrule Process. Orders or resolves authorizing bond issues of $600,000 or more for making a capital improvement or acquiring a single item of capital equipment (with limited exceptions) are subject to the Section 907 Referendum Requirement.

Authorized But Unissued

Annually, the Town approves various capital projects either through the budget process or by voter referendum. Funding for these projects may come from property taxes, leases, reserves and bonds. At its December 3, 2025 meeting, the Town Council was presented with a list that comprised recommendations for financing various CIP projects from the current and prior fiscal years, including projects that are to be funded with voter-authorized 2019 and 2024 land bonds, design and engineering work with respect to the 2025 voter-authorized bonds for the Schools Projects. Order #25-115, passed by the Council at its meeting held on December 17, 2025, authorized the issuance of Series A debt, in the amount of $12,947,887, to be bonded. A portion of the CIP Projects, in the amount of $4,699,975, will be financed from proceeds of the Series A Bonds. The remaining authorized CIP projects, in the amount of $8,247,912, will be financed on an interim basis from the proceeds of the Notes, that are expected to be refunded, on a current basis, in February 2027.

The Series B Bonds are anticipated to be issued on or about March 5, 2026. Following issuance of the Series B Bonds, bonds in the amount of $125,150,000 remains authorized but unissued for the Schools Projects. Bonds in the amount of $10,000,000 remains authorized but unissued for the Middle School Project. Based on the projected implementation schedule below, the Town may issue a portion of the bonds authorized for the Middle School Project in late-2026 or early-2027.

Schools Projects

The following schematic displays the current plan of implementing the Schools Projects (see "THE BONDS – AUTHORIZATION AND PURPOSE – Schools Projects" herein). The Town will plan short-term or long-term financing(s) following the completion of the designs, and will issue bonds as funds are required.

Approximate Implementation Schedule



RETIREMENT

A. CONSOLIDATED RETIREMENT PENSION PLAN

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, the School Department's teaching-certified employees plus other qualified educators, are eligible to participate in the Teacher Plan. The Teacher Plan covers 241 participating employers. The Town's Police, Fire/Rescue and certain other Town employees and the Town's school custodians, school nutrition personnel, and other non-teacher personnel including, some educational technicians, central office employees, and secretarial employees have the option to participate in the PLD Plan. The PLD Plan covers 336 participating employers across the state. The plans are included in the annual audit report of MPERS and can be found online at *www.mainepers.org*.

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 provide disability and death benefits which are established by statute for State employee members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the Plan's Board of Trustees, currently 3.88%. For the year ended June 30, 2025, the Town's total payroll for all employees was $63,542,694. Total covered payroll was $37,760,239 for the Teacher Plan and $12,394,961 for the PLD Plan. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan. Total pension expense in the aggregate for both plans was $2,898,845 for the year ended June 30, 2025. The Town reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its ACFR. See APPENDIX A – TOWN OF SCARBOROUGH, MAINE 2025 ACFR, NOTE 18, pages 68 *et seq*. therein.

B. DEFINED CONTRIBUTION PENSION PLAN

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

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions and forfeitures of other participant's benefits that may be allocated to such participant's account. All full-time municipal employees of the Town have the option of participating in either the ICMA Money Purchase Plan or the Maine Public Employees Retirement System. Contributions made by the employer, into the ICMA Money Purchase Plan, vest upon completion of three years of service. An employee who leaves the employment of the Town is entitled to all contributions and earned income in his/her account at that time. Each employee must contribute a minimum of 6% of his/her gross earnings to the pension plan, while the Town is required to contribute an amount equal to 6% of the employee's gross earnings. The Town Manager has a separate plan that requires the Town to contribute 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 $312,397 which was 6% of the participating employees and 18% of the Town Manager's current year covered payroll. The covered payroll amounted to $4,824,729 while the Town's total payroll was $17,125,796. Employees required contributions amounted to $278,026, which was 6% of the Town's current year covered payroll.

The Town reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its ACFR. See APPENDIX A – TOWN OF SCARBOROUGH, MAINE 2025 ACFR, NOTE 19, pages 76 *et seq*. therein.

C. OTHER POST-EMPLOYMENT BENEFITS

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

Health Insurance

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

MMEHT provides healthcare benefits for retirees and their dependents. Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B. Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the Town makes no actual contributions. The Town reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its ACFR. See APPENDIX A – TOWN OF SCARBOROUGH, MAINE 2025 ACFR, NOTE 20, pages 77 *et seq*. therein.

LITIGATION

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

ENVIRONMENTAL MATTERS

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

Climate Change

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

The Coastal Floodplain of the Town.



APPENDIX A

TOWN OF SCARBOROUGH, MAINE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE
YEAR ENDED JUNE 30, 2025

(With Report of Independent Auditors' Thereon)

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TOWN OF
SCARBOROUGH, MAINE



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025

PREPARED BY THE FINANCE DEPARTMENT

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TOWN OF SCARBOROUGH, MAINE

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TOWN OF SCARBOROUGH, MAINE

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TOWN OF SCARBOROUGH, MAINE

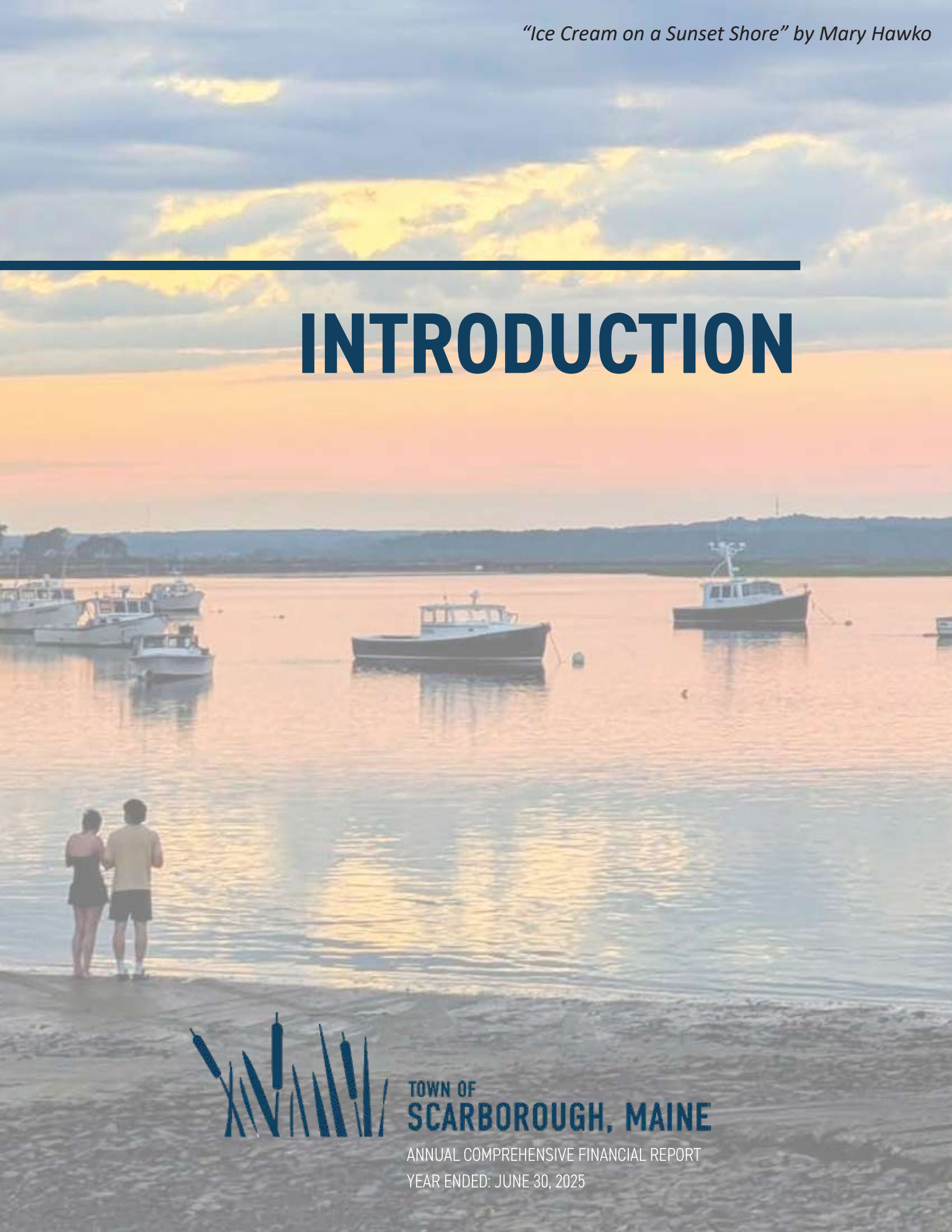
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"Ice Cream on a Sunset Shore" by Mary Hawko

INTRODUCTION

TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED: JUNE 30, 2025

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December 17, 2025

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, 2025.

Responsibility for the accuracy, completeness, and reliability of the financial information, including all disclosures, rests with the Town of Scarborough ("the Town") and its management. Management has established a framework of internal controls to ensure that all the data is accurate in all material respects and reported in a manner that presents fairly the financial position of the Town. 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 auditors' report. The MD&A provides a narrative introduction, overview, and analysis of the Town's financial statements. The MD&A complements this letter of transmittal, and we encourage readers to view the MD&A in conjunction with the letter of transmittal.

Independent Auditors' Report

The Town Charter requires an annual financial audit by independent certified public accountants appointed by the Town Council. The basic financial statements and related notes have been audited by CBIZ CPAs P.C., an independent firm of Certified Public Accountants 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 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. The Town 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 has

two component units, the Scarborough Economic Development Corporation (SEDCO) and the Scarborough Public Library ("the Library").

The Library is a discretely presented component unit presented in a separate column in the government wide financial statements to emphasize that they are legally separate from the Town and to differentiate their financial position and results of operations and cash flows from those of the Town. The Library's 14-member Board of Trustees include 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.

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. The General Fund has a legally adopted annual budget. The legal level of budgetary control (level at which expenditures may not exceed budget) is established at the Department level. 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.

ECONOMIC CONDITION AND FUTURE OUTLOOK

The 2025 third quarter economic forecast from the Deloitte Global Research Center characterized the national economy as having a "rapidly changing economic environment" where the "economic and policy environment remains very fluid." That's a fancy way of saying, the future is not crystal clear, and things can change on a dime at the national level.

According to Deloitte, two of the key assumptions that will determine the final outlook over the next few years at both the national and regional levels are tariff and immigration policies.

In their baseline forecast, Deloitte notes that the full impact of tariffs has not occurred yet, since many businesses had built up inventories ahead of the tariffs. As those inventories dimmish, the full impact of the tariffs will hit the economy. As of August 2025, the statutory tariff rate was 18.6%, but the actual average tariff was 10% due, in part, to the inventory stockpiles.

Deloitte anticipates the statutory tariff rate will drop to around 15% by the middle of 2026. They assume that net migration into the United States will drop from a Congressional Budget Office projection of 6.8 million people between 2025 and 2030 to 3.3 million. The drop in net migration dampens the forecast as there are fewer workers to contribute to the economy.

The impact of the tariffs and reduced net migration results in an increase in the personal consumption expenditures index for 2026. In addition, wage growth moderates and unemployment ticks up. Real gross domestic product is expected to slow to 1.5% in 2026 from 1.8% projected in 2025.

Two alternative forecasts were also developed. As to be expected, the downside forecast anticipates a larger increase in tariffs (20%) while the optimistic forecast assumes 7.5% for the statutory tariff rate. Immigration goes to zero in the downside forecast, while it increases by 1.4 million people over the baseline in the optimistic forecast.

So, what does all of this mean for Maine and New England? Maine, like other states is certainly impacted by tariffs and immigration, but industry specific issues are also at work. TD Bank suggests that the New England economy cooled in 2025, largely due to a reduced visitor industry, loss of federal research dollars and trade uncertainty. They expect real GDP growth to hit 1.5% this year in New England, with Maine at 1.2%. For New England, job and labor force growth have remained stagnant, with an unemployment rate that hit its highest level since mid-2016 outside of the pandemic.

In Maine hospitality jobs are down by 1.4%. International traveler inflows to the region from May to July of 2025 were down 33% year over year, based on US Customs & Border Patrol data; however, an increase out of state U. S. visitors offset some of the international decline. Health care has acted as a stabilizing force, but new job growth remains relatively weak in 2025.

To zero in on the Maine outlook, the September edition of Maine Economic Indicators shows the following table comparing Maine to New England and the US.

Reference Period		Maine	New England	United States
2024	Total Population	1,405,012	15,386,085	340,110,988
2023-2034	Annual Population % Change	0.4%	0.8%	1.0%
2020-2024	Cumulative Population % Change	3.1%	1.7%	2.6%
2024	Average Earnings per Job	$ 67,720	$ 88,260	$ 78,096
2023-2024	Average Earnings per Job % Change	4.7%	4.8%	4.7%
August 2025	Unemployment Rate	3.2%	4.1%	4.3%
August 2025	Total Private Nonfarm Employment	553,900	6,613,500	135,972,000
August 2025	Labor Force	705,600	8,335,700	170,778,000
August 2025	Labor Force Participation Rate	59.8%	N/A	62.3%
2024	Net Migration	10,525	123,328	2,786,119
2024	Median Household Income	$ 76,442	$ 96,257	$ 81,604

Maine's real GDP grew 2.4% at an annualized rate in the second quarter of 2025. The industrial sectors contributing to the growth included health care and social assistance (+0.60 percentage points); professional, scientific, and technical services (+0.56 percentage points); and real estate and rental and leasing (+0.51 percentage points). These gains were partially offset by declines in other industries, including retail trade (-0.96 percentage points), federal civilian government (-0.43 percentage points), and utilities (-0.27 percentage points).

Scarborough and the Region

National and Maine economic trends are certainly in play at the regional and Town level, but Scarborough is experiencing growth in jobs and housing based on public and private investment in the community.

The Town continues to be a substantial contributor to the State's economic base. Population is growing (24,500 in 2025), buildings are going vertical, and retail sales are up.

Over the past ten years Scarborough added 3,464 wage and salary jobs topping out at 18,041 for the average employment in 2024. Between 2023 and 2024, jobs increased by 1,230.

Over this same ten-year period, our establishments grew by 373 (net new establishments between 2014 and 2024). The Town has a wide range of different sizes of establishments. While there are some large employers like Hannaford and Maine Health, the average size of a Scarborough business is 12.7 employees.

Health care continues to make up the largest industrial sector with 22% of the total wage & salary jobs in 2024. For 2014, health care made up 19% of total jobs. A new project by Maine Health is in the development phase now adding new space in the South Borough area along the South Portland border. Another project by Intermed is under construction at The Downs. Retail is the next largest sector, but it's share of the total jobs is decreasing – 17% in 2014 and 15% in 2024. Interestingly, despite the turmoil on the hospitality industry, the percentage of jobs in hospitality has remained at 8% over the decade.

As we look at the Town's economy, diversification is definitely one of the Town's strengths. As mentioned above, the largest industrial sector is health care and social assistance, topping out at 22% of the jobs, and 10% of the total establishments. The balance of the jobs is spread among many different sectors providing the economy with a certain level of stability for the future. Industries with more than 1,000 employees in town include: Construction, Manufacturing, Retail Trade, Professional, Scientific and Technical Services, Management of Companies, Health Care, and Hospitality.

Leading Industries in 2024			
Industry	**% of Jobs**	**% of Establishments**	**% of Total Wages**
Health Care and Social Assistance	22%	10%	25%
Retail Trade	15%	9%	9%
Management of Companies	9%	6%	12%
Construction	8%	9%	9%
Hospitality	8%	5%	3%
Transportation & Warehousing	5%	5%	2%
Leading Industries in 2014			
Industry	**% of Jobs**	**% of Establishments**	**% of Total Wages**
Health Care and Social Assistance	19%	11%	17%
Retail Trade	17%	11%	11%
Construction	8%	9%	10%
Hospitality	8%	7%	3%
Transportation and Warehousing	7%	9%	2%
Management of Companies	6%	2%	12%
Note: Transportation and Warehousing was a leading industry in 2014 but not 2024			
Management of Companies was a leading industry in 2024 but not 2014			

One last note on jobs in the Town is the level of government employment, in particular the number of federal employees. According to the Maine Department of Labor, we have 520 federal jobs in the Town, almost all of which are in Transportation. The data set does not give a profile of the number of employees who may be impacted by a federal shutdown. A conservative assumption is that all 520 employees may be subject to a shutdown and have wages frozen.

Moving from jobs to the built environment, as of April 1, 2025, the Town is home to 10.9 million square feet of office, retail, services and industrial space. Of that total, approximately 8.5% (920,783 square feet) has been built since 2021. This accounting is based on Town Assessing Records.

While The Downs has provided opportunity for the commercial increase, new structures have occurred throughout the Town including Oak Hill, Dunstan and Payne Road.

For housing, during this same period of 2021 to 2025, the Town added 999 residential units (not counting assisted living units). Approximately half of the 999 new units were in apartment buildings of 5 or more units per structure. If you look at building permits issued between 2021 and 2024, just over 1,039 permits were issued. The total number of residential units in 2025 was 11,201 units with an additional 746 assisted living units, based on assessing files.

Using a rough calculation of acreage, single family units within the assessing data set had an overall density of .52 units per acre. For apartments, that density for 2025 rises to 6.85 units per acre. A total residential density within Scarborough was .68 for all units except for assisted living.

Even though we have added to our housing stock since the pandemic, the price of housing has not come down. In 2025, based on 160 sales to date, the average price of a single family home in the Town was $819,000. To afford an $819,000 home, your annual income would need to be approximately $275,000, depending on your down payment. Based on 40 Condo sales, the average sales price of a condominium unit hit $533,000, requiring an annual income of approximately $178,000. This market makes it difficult for new home buyers or anyone without a significant source of down payment.

Another indicator of economic health is retail sales. Since the pandemic, retail sales increased 38% over 2020. Taxable retail sales in the Town increased 6.6% from 2023 to 2024, topping out at $855.3 million. The taxable sales generated $50.3 million in sales tax for the State of Maine.

Lastly, the community is investing in the future to preserve and protect the vulnerable areas of the Town and to preserve land for the future. In partnership with the Land Trust the Town continues to make progress toward their “30by30” goal of preserving 30% of land by 2030. This type of investment is important to residents and businesses alike. The completion of the Eastern Trail in Scarborough is another milestone investment in our future, some ten years in the making. Further, the Town recognizes the vulnerability of the coastal areas and potential flooding in many areas throughout the Town. A vulnerability study was completed in 2025.

The Town is benefitting from some robust economic activity resulting in increased job opportunities, more space for new businesses and new homes. However, there is a growing concern over the impact of growth that the community must identify and address. Housing affordability, investments in schools and potential impacts from new state laws regarding land use also loom on the horizon and will need to be addressed in 2025 and 2026.

For the Future

One of the Town Council’s 2023 goals was to conserve 30% of the Town’s land by 2030, referred to as "30x30". Some key components of the 30x30 goal are determining how much of Scarborough is already conserved and where there are opportunities for conservation. In 2025, the Town completed the Open Space Plan. This plan envisions a vibrant and sustainable network of parks, trails, and natural areas that reflect the town’s unique character while promoting environmental stewardship and community well-being. By strategically expanding and enhancing its open spaces, the plan seeks to foster a sense of place, strengthen community bonds, and protect the town’s distinctive landscapes for generations to come. In identifying important areas to protect, the Town ensures that important benefits these lands provide are preserved for future generations and that those services continue to provide economic benefit to the community.

This Open Space Plan was developed by the Open Space Ad-Hoc Committee, in partnership with representatives from multiple Town Departments and community organizations. This plan acknowledges the limited nature of town funding. One source of funding the Town has available to them is the Land Acquisition Reserve Fund. This funding source was created in 2000 and is funded by voter approved bond measures. The Land Acquisition Reserve Fund was supported by voter approval in 2019 for $2.5 million. As of June 30, 2024, the 2019 authorization had been exhausted. In November 2024, Scarborough citizens passed another $6 million authorization to replenish the Land Acquisition Reserve Fund. Approximately $1.5 million of the 2024 authorization has already been spent or committed to spend.

The Town's Vulnerability Assessment, which was included as part of Scarborough's Fiscal Year 2024 budget, is a crucial step in developing a comprehensive understanding of Town vulnerabilities and adaptation strategies to improve resiliency in the face of predicted environmental stressors, such as flood hazards and sea-level rise. Scarborough, like other coastal communities, is feeling the impacts of sea level rise, storm surge, and increased precipitation. Recent storms were devastating to residents, properties, and infrastructure, and point to the need to address the Town's most at-risk areas and infrastructure. Town-wide public meetings began in August 2024 and are ongoing.

A Town-wide Transportation Assessment was completed in June 2025. The last Town-wide Transportation Study was completed in 2006. Over the past two decades, infrastructure, development patterns, and priorities have changed. The Town's primary goal is to create a multi-modal transportation network that promotes health, safety, economic viability, quality of life, and accessibility for residents, pedestrians, bicyclists, transit riders, and motorists. Safety and mobility are key pillars guiding the Town and balancing these needs are vital to the success of achieving the Town's transportation goals.

Long Term Financial Planning.

Scarborough utilizes a five-year Capital Improvement Plan. This plan encompasses a scheduled equipment replacement program as well as proposed building construction/improvements, land and infrastructure improvements, land acquisition for capital purposes, open space, and existing farmland preservation. The plan is updated annually. Significant influence on the five-year plan comes from the Open Space Plan, the Vulnerability Assessment, and the Town-wide Transportation Study.

FINANCIAL INFORMATION

Bond Rating

In their report dated January 29, 2025, Moody's Investors Service upgraded the Town to a Aa2 rating on the Town's general obligation bonds. Standard and Poor's assigned and affirmed an AA+ rating with a stable outlook on January 30, 2025.

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 2025 value by $2,678,870,124 from 2024. For the 2025 tax year, the valuation was $7,821,453,300 compared to the 2024 valuation of $5,142,583,176.

The Town has experienced consistent growth in total valuation, adding over three billion dollars of additional valuation over the last five years.

	Taxable Assessed Value					Total	Total
	Residential	Commercial	Industrial	Personal Prop	Total Taxable	Residential	Non-Residential
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%
FY24 (4/1/2023)	3,847,211,900	937,189,576	247,722,500	110,459,200	5,142,583,176	3,847,211,900	1,295,371,276
% of Total	74.8%	18.2%	4.8%	2.1%		74.8%	25.2%
FY25 (4/1/2024)	5,943,601,900	1,357,680,200	371,227,100	148,944,100	7,821,453,300	5,943,601,900	1,877,851,400
% of Total	76.0%	17.4%	4.7%	1.9%		76.0%	24.0%

The Town has consistently high property tax collections, with a collection rate of 99.3% in FY25.

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 for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This is the twentieth 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 annual comprehensive 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.

The Town's Assessing Office is the 2025 winner of the Public Information Award from the International Association of Assessors (IAAO). The IAAO is a nonprofit, educational, and research association for government assessment officials. It is the assessing industry's leading organization in advancing fair and equitable property appraisal, administration, and property tax policy through professional development, research, standards and technical assistance.

The Public Information Program Award is presented to an assessment jurisdiction that has developed and implemented an effective system for distributing information to taxpayers and other stakeholders. The awards are an important recognition of Assessing professionals who strive to meet the highest standards in their line of work.

The Town's Assessing Office won the Public Information Program Award for its 2024 Post Revaluation Report titled "Best Practices for Communication and Public Outreach." The award recognizes their comprehensive community engagement and outreach program to inform residents and foster transparency throughout the 2024 Town-wide property revaluation process. The Assessing Office created a 30-page report and 330 pages of supplemental appendix materials detailing how the Town developed and implemented an effective system for distributing information to taxpayers and other stakeholders during this time.

The Town is the sole winner of the Public Information Program Award this year and is the only jurisdiction in Maine to ever win it since its inception in 1984.

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 CBIZ CPAs P.C. for their efforts and guidance during this engagement.



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

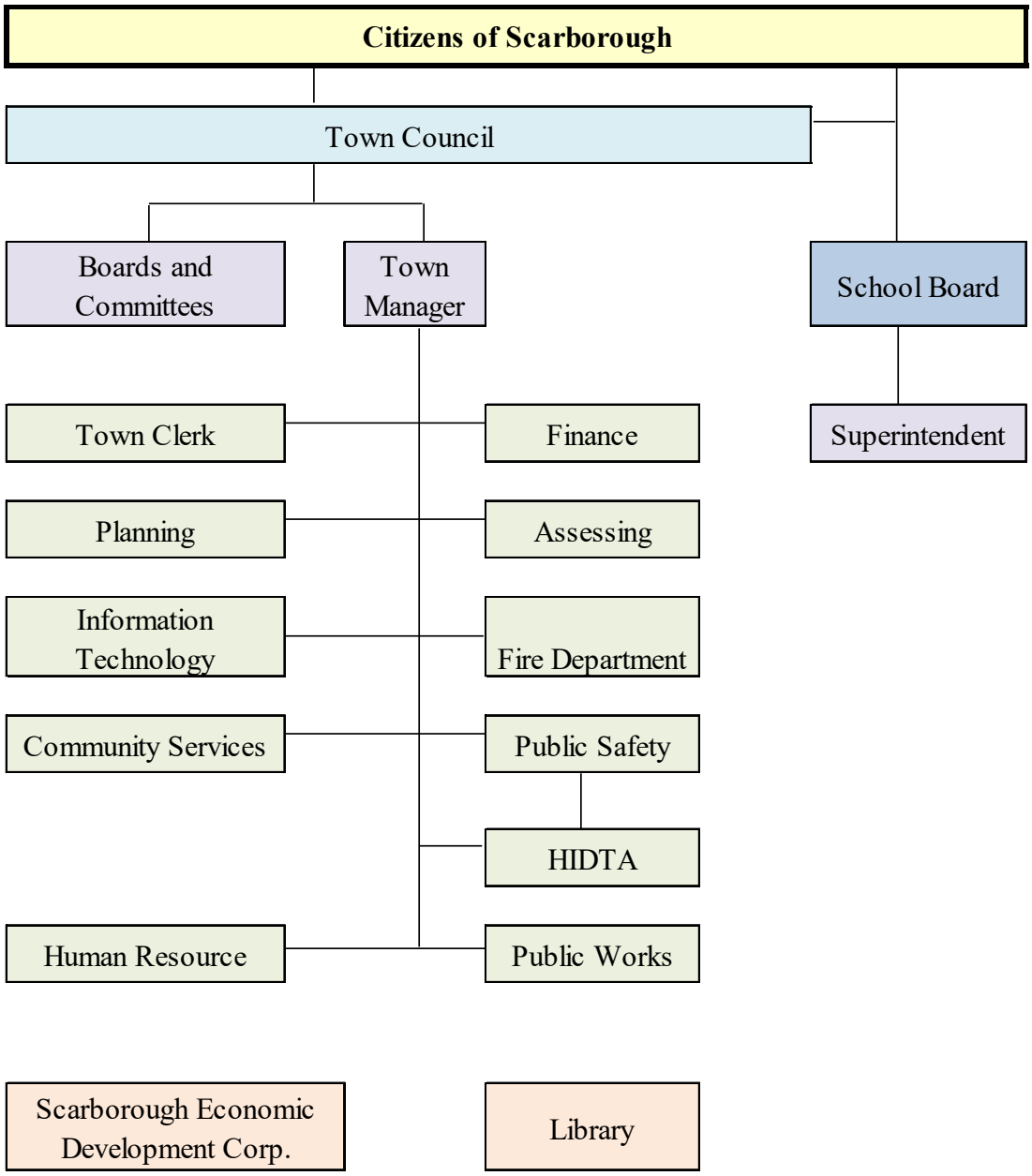
June 30, 2024

Christopher P. Morrill

Executive Director/CEO

Town of Scarborough, Maine

Organizational Chart



Principal Executive Officers 2024-2025

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

OFFICE	NAME	MANNER OF SELECTION/TERM	TERM EXPIRES
Town Council Members:	April Sither – Chair	Elected - 3 Year Term	11/2025
	Jonathan Anderson - Chair	Elected - 3 Year Term	11/2026
	Larry Cain	Elected - 1 Year Term	11/2026
	Scott Doherty	Elected - 3 Year Term	11/2027
	Bill Donovan	Elected - 2 Year Term	11/2026
	Cory Fellows	Elected - 3 Year Term	11/2027
	Karin Shupe	Elected - 3 Year Term	11/2025
Municipal Employees:			
Town Manager	Thomas J. Hall	Appointed - 3 Year Term	12/31/2026
Assistant Town Manager	Liam Gallagher	Appointed/Indefinite	N/A
Town Clerk/Registrar of Voters	Kristen Barth	Appointed/Indefinite	N/A
Chief of Police	Mark Holmquist	Appointed/Indefinite	N/A
Fire Chief	Rich Kindelan	Appointed/Indefinite	N/A
Finance Director	Norman Kildow	Appointed/Indefinite	N/A
Treasurer	Donna Rosacha	Appointed/Indefinite	N/A
Tax Collector	Lisa Saulle	Appointed/Indefinite	N/A
Assessor	Nicholas Cloutier	Appointed/Indefinite	N/A
Community Services Director	Nicholas Cliche	Appointed/Indefinite	N/A
Human Resource/GA Director	Liam Gallagher	Appointed/Indefinite	N/A
Director of Public Works	Doug Howard	Appointed/Indefinite	N/A
Planning Director	Autumn Speer	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 Department Employees:			
School Board Members:	Shannon Lindstrom - Chair	Elected - 3 Year Term	06/2027
	Frayla Tarpinian - Vice Chair	Elected - 3 Year Term	06/2026
	Charlotte Jacobs	Elected - 3 Year Term	06/2028
	John Kelleher, III	Elected - 3 Year Term	06/2028
	Mitchell Rockenstire	Elected - 3 Year Term	06/2026
	Jillian Trapini-Huff	Elected - 3 Year Term	06/2028
	Vacant	Elected – 2 Year Term	06/2027
Superintendent of Schools	Diane Nadeau	Appointed – 3 Year Term	06/30/2027
Asst. Superintendent of Schools	Raymond Grogan	Appointed/Indefinite	N/A
Director of Business and Finance	Kate Bolton	Appointed/Indefinite	N/A
Director of Curriculum and Assessment	Katie Vetro	Appointed/Indefinite	N/A
Director of Special Services	Chris Rohde	Appointed/Indefinite	N/A
Federal Project Administrators:	Katie Vetro	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

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“Beauty of Scarborough” by Dawn Freedman

FINANCIAL SECTION



TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2025

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CBIZ CPAs P.C.

100 Westminster Street
Suite 500
Providence, RI 02903

P: 401.600.4500

Independent Auditors' Report

To the Honorable 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 (the "Entity"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Entity'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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Entity, as of June 30, 2025, 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.

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 Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards"*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 and Note 25 to the financial statements, in 2025, the Entity adopted new accounting guidance, GASB Statement 101 *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 Entity'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 Entity'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 Entity'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, budgetary comparison information, the Schedule of Changes in Net OPEB Liability and Related Ratios – MMEHT Group Health Insurance Plan, the Schedule of Changes in Net OPEB Liability and Related Ratios – MEABT Group Health Insurance Plan, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions 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 GAAS, 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 Entity's basic financial statements. The combining and individual nonmajor fund financial statements and supplemental budgetary data 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements and supplemental budgetary data is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matter

Report on Summarized Comparative Information

The financial statements of the Town of Scarborough, Maine as of and for the year ended June 30, 2024, were audited by Marcum LLP, whose report dated November 26, 2024, expressed an unmodified opinion on those statements. In our opinion, the summarized June 30, 2024, comparative general fund balance sheet presented on page 98, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section and the comparative information of the prior year general und balance sheet 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 17, 2025 our consideration of the Entity'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 Entity'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 the Entity's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Providence, RI
December 17, 2025

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"Marsh Reflections" by Amy Taylor

MANAGEMENT DISCUSSION & ANALYSIS

TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2025

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, 2025. 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 $108,250,914 (net position).

- The Town's total net position increased $6,330,210 from $101,920,704 to $108,250,914. This represents a 6.2% increase over last year's net position.

- As of June 30, 2025, the Town's governmental funds reported combined fund balances of $29,735,036 a decrease of $1,243,220 compared with the prior year of $30,978,256. Approximately 60.1% of this amount or $17,871,907 is available for spending at the Town's discretion (*assigned and unassigned fund balance*).

- Total nonspendable fund balance increased by $18,397 from $346,031 to $364,428. Restricted fund balance decreased by $96,144 from $6,522,251 to $6,426,107. Total committed fund balance decreased by $1,808,203 from $6,880,797 to $5,072,594. Assigned fund balance decreased by $1,385,883 from $4,019,681 to $2,633,798. Finally, the unassigned fund balance for the governmental funds increased by $2,028,613 from $13,209,496 to $15,238,109.

- With respect to fund balances in the governmental funds, of the $22,944,501 reported as committed (authorized by town council), assigned (authorized by town manager) and unassigned fund balance, $4,460,186 are special revenue funds authorized for specific purposes, and the remaining amount of $18,484,315 is available for the discrete purposes for which these funds are collected.

The Town consolidated its Fund Balance Policy into the Financial and Fiscal Policy, adopted September 5, 2018 and amended on November 6, 2024. 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 2024 totaled $111,302,721. As of June 30, 2025, unassigned fund balance for the general fund was $18,818,073 or 16.9% of the prior years' operating budget compared to 14.9% as of June 30, 2024.

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 $3,374,000 from the prior year. General obligation bonds retired were $7,079,000. The Town issued bonds totaling $3,705,000.

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.

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

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

Both of the government-wide financial statements (Statements 1 and 2) distinguish functions of the Town 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 38-39 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 Assessments 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 40-43 of this report.

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

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

The General Town Improvement Fund is a major fund and the General School Improvement is not a major fund. The non-major capital projects fund financial statements are found on pages 114-115 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 118-119 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 44-45 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 46-88.

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 98-134 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 $108,250,914 as of June 30,2025 compared to $101,920,704 for June 30, 2024.

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 Scarborough 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

	2025	2024	2023
Assets:		(restated)	
Current and other assets	$ 45,775,094	$ 46,741,451	$ 35,063,237
Long term assets	298,315	484,858	687,648
Capital Assets	189,877,647	182,900,012	179,346,581
Total Assets	235,951,056	230,126,321	215,097,466
Total deferred outflows of resources	12,112,854	11,588,359	12,200,678
Total Deferred outflows	12,112,854	11,588,359	12,200,678
Liabilities:			
Long term liabilities outstanding	120,854,202	121,654,845	113,060,157
Other liabilities	15,731,005	15,190,505	13,107,097
Total Liabilities	136,585,207	136,845,350	126,167,254
Total deferred inflows of resources	3,227,789	2,948,626	4,304,421
Total Deferred inflows	3,227,789	2,948,626	4,304,421
Net position:			
Net investment in capital assets	101,834,602	92,958,668	92,279,914
Restricted	6,656,450	5,671,453	5,578,654
Unrestricted	(240,138)	3,290,583	(1,032,099)
Total Net Position	$ 108,250,914	$ 101,920,704	$ 96,826,469

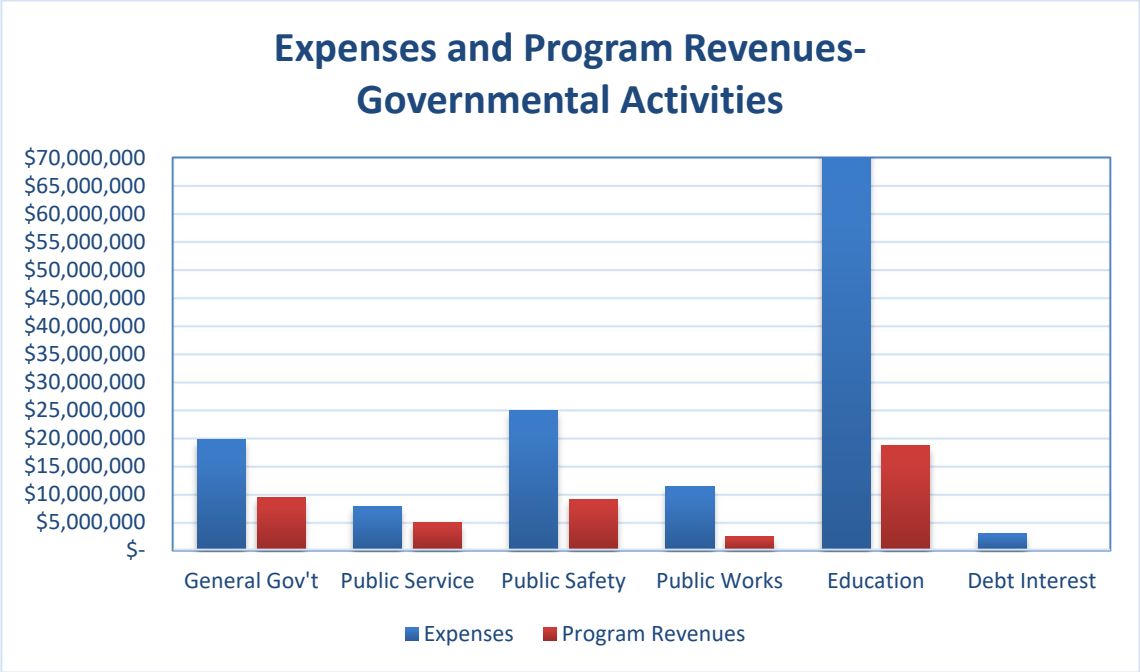
$6,656,450 or 6.1% of the Town's net position represents resources that are subject to external restrictions on how they may be used.

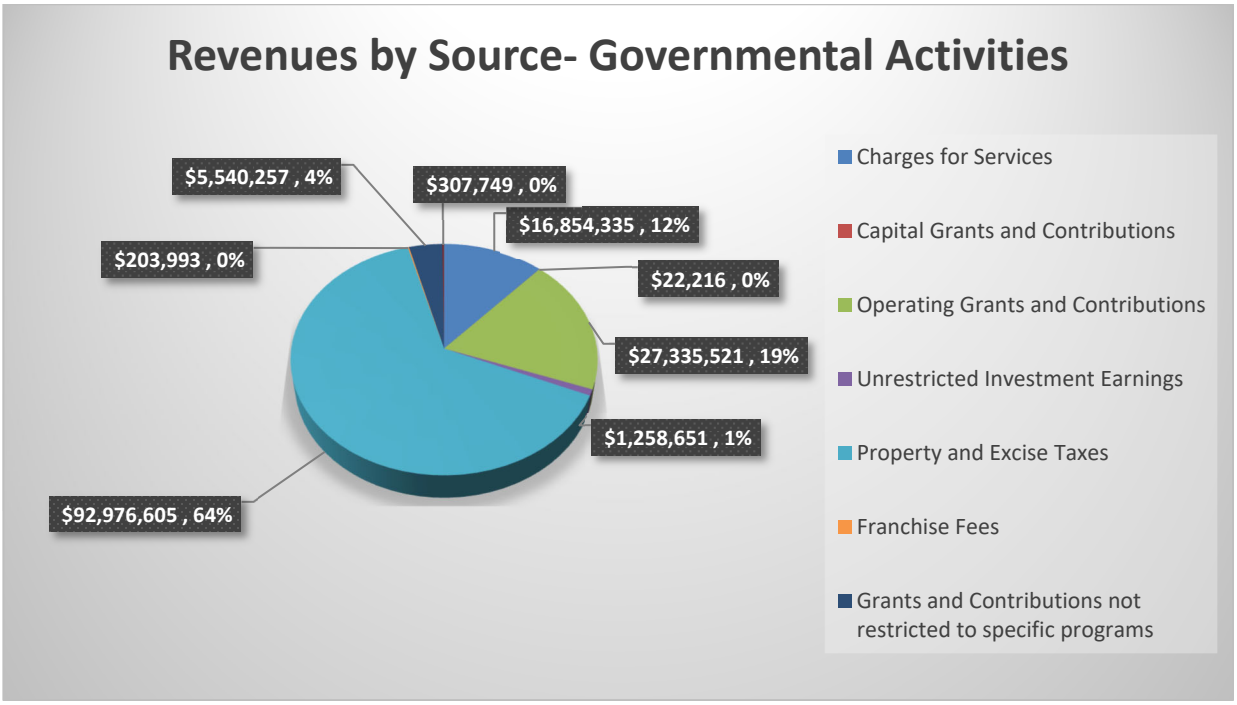
GOVERNMENTAL ACTIVITIES. The increase pertaining to the Town's net position of $6,330,210 is due to the governmental activities of the Town. Total revenue from governmental activities increased $8,092,922 from $136,406,405 for 2024 to $144,499,327 for 2025. The Town's tax revenues increased by $3,959,228. The property tax increase is due in part to the increase in the overall assessed valuation of the Town of $2,678,870,124 up from $5,142,583,176 (net of State Property Stabilization Program of $113,739,762) to $7,821,453,300, again due to the continued aforementioned growth in the town. Residential properties which make up 76% of the total taxable assessed value increased 54.5% over the prior year. The increase in the town's property value allows the Town to maintain services without excessive increases in the tax rate. Operating grants and contributions increased 19.1% from $22,945,387 to $27,335,521 due to an increase in revenues from state and federal programs. Total expenses for governmental activities increased $11,605,466 from $126,563,651 for 2024 to $138,169,117 for 2025. The areas that reported the most significant increases were for General Government, Public Safety and Education. The increase in Public Safety of $2,879,242 (13.81%) was due to increases in staffing needs particularly for fire and EMS services. For Education, the increase is largely attributable to contractual salary and wage adjustments, health insurance and increased needs in the areas of special services and management information systems.

Key components of this net position increase are shown below.

Changes in Net Position

	2025	2024
Revenues:		
Program Revenues:		
Charge for services	$ 16,854,335	$ 15,970,900
Operating grants and contributions	27,335,521	22,945,387
Capital grants and contributions	22,216	77,864
General Revenues:		
Property and excise taxes, levied for general purposes	92,976,605	89,017,377
Franchise Tax	203,993	216,221
Grants and contributions not restricted to specific programs	5,540,257	6,672,861
Unrestricted investment earnings	1,258,651	1,138,953
Other	307,749	366,842
Total revenues	144,499,327	136,406,405
Expenses:		
General government	19,618,140	16,522,733
Public Services	7,779,157	7,326,003
Public Safety	24,815,000	20,931,320
Public Works	11,249,288	10,668,658
Education	71,891,482	68,169,152
Interest on Debt Service	2,816,050	2,945,785
Total expenses	138,169,117	126,563,651
Increase in net position	6,330,210	9,842,754
Net position beginning (as restated)	101,920,704	96,826,469
Net position ending	**$ 108,250,914**	**$ 106,669,223**


Expenses and Program Revenues-
Governmental Activities
$70,000,000
$65,000,000
$60,000,000
$55,000,000
$50,000,000
$45,000,000
$40,000,000
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-
General Gov't
Public Service
Public Safety
Public Works
Education
Debt Interest
Expenses
Program Revenues


Revenues by Source- Governmental Activities
$5,540,257 , 4%
$307,749 , 0%
$16,854,335 , 12%
$203,993 , 0%
$22,216 , 0%
$27,335,521 , 19%
$1,258,651 , 1%
$92,976,605 , 64%
Charges for Services
Capital Grants and Contributions
Operating Grants and Contributions
Unrestricted Investment Earnings
Property and Excise Taxes
Franchise Fees
Grants and Contributions not restricted to specific programs

FINANCIAL ANALYSIS OF THE TOWN'S FUNDING

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

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, 2025, the Town's governmental funds reported combined fund balances of $29,735,036. This is a decrease of $1,243,220 in comparison with the prior year. Approximately 51.2% of total fund balance or $15,238,109 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 ($364,428), 2) restricted for particular purposes ($6,442,109), 3) committed for particular purposes ($5,072,594) or 4) assigned for a particular purpose ($2,633,798).

The revenues generated for the Haigis Parkway from 15-year special sewer assessment payments and tax increment financing revenues were used to reimburse the Town's general fund for the prior long-term debt service payments on the Haigis Parkway infrastructure construction. The previous deficit fund balance was fully funded because the debt associated with improvements in the TIF district was paid off.

Governmental Fund Balance Comparison

	2025	2024
General Fund	$ 24,156,018	$ 24,256,375
Haigis Parkway	136,421	(1,519,712)
General Town Improvements	(2,363,878)	(1,238,174)
Other Govermental Funds	7,806,475	9,479,767
Total	**$ 29,735,036**	**$ 30,978,256**

As noted earlier, governmental funds reported combined fund balances of $29,735,036, a decrease of $1,243,220 compared with the prior year fund balances of $30,978,256. Of the $22,944,501 reported as unrestricted fund balance (total of committed, assigned and unassigned), $4,460,186 are for special revenue fund projects authorized for specific purposes. General Town Improvements and General School Improvements Funds have fund balance deficits of $2,363,878 and $1,208,644, respectively that will be funded with the bond issue in FY26. See Note 2 for discussion of deficit fund balances.

The remaining $6,790,535 of fund balance is restricted to indicate that it is not available for new spending because it has already been allocated for the following:

2,707,963	Town Grants
386,248	Perpetual Care of Municipal Cemeteries
3,536,064	Education Funding
160,260	Food Service and Fuel Inventory
$ 6,790,535	Total Governmental Fund Nonspendable and Restricted Fund Balance

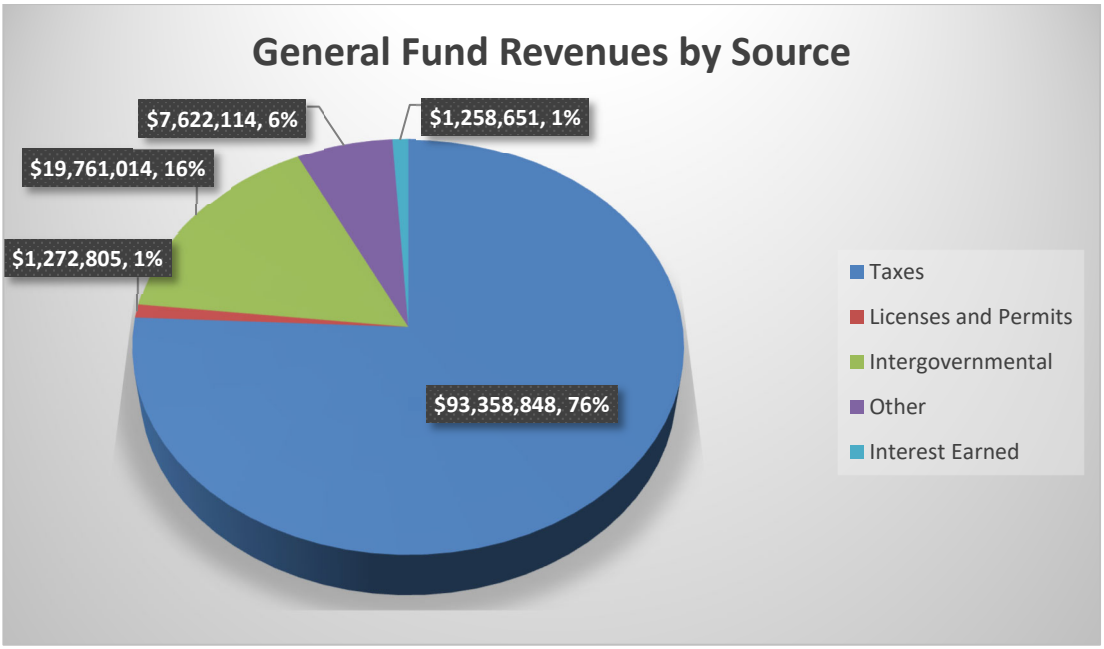
During this fiscal year, the Town's deficit fund balances for General Town Improvements Capital Projects increased $1,125,704 from a deficit of $1,238,174 in 2024 to a deficit $2,363,878 in 2025. Expenditures increased $1,541,572 from $5,976,825 in 2024 to $7,518,397 in 2025. The increase in expenditures is due to the various improvement projects including for various road paving projects, acquisition of land for $1,410,000 and $878,818 to replace fire pumper.

During this fiscal year, the Town's fund balances for General School Improvements Capital Projects decreased $1,273,815 from $65,171 in 2024 to a deficit of $1,208,644 in 2025. Expenditures increased $1,482,212 from $3,053,018 in 2024 to $4,535,230 in 2025. The increase in expenditures is due to the school improvement projects including the security and access management improvements throughout the district buildings, and turf field and track replacement. The deficit fund balances for General Town Improvements Capital Projects Fund and the General School Improvements Capital Projects Fund will be funded by proceeds from the issuance of bonds in FY 2026.

General Fund Highlights

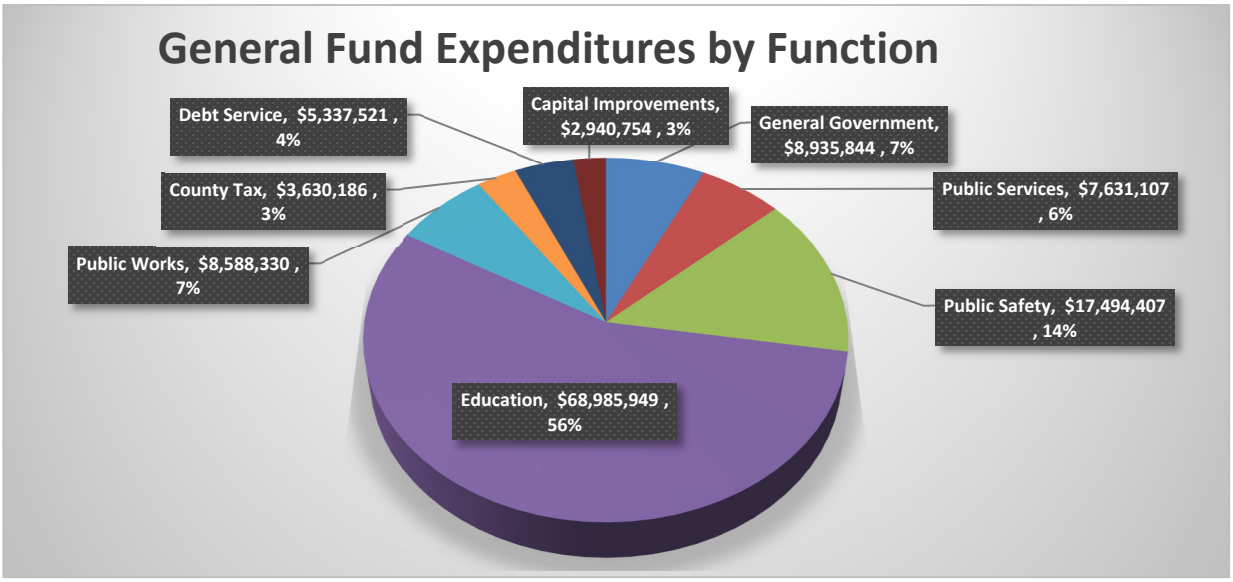
The General Fund is the chief operating fund of the Town. As of June 30, 2025, total fund balance was $24,156,018 reflecting a decrease of $100,357 compared to the prior year of $24,256,375. Unassigned fund balance in the General Fund was $18,818,073 compared to total fund balance of $24,156,018. As 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 15.22% of current year's total general fund expenditures compared to 14.01% last year, while total fund balance represents 19.55% of that same amount.

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



Property Tax revenues increased $5,392,788 from 2024 to 2025 compared to the 2023 to 2024 increase of $5,063,404. A comparison of the actual revenues to estimated revenues can be found on page 90 of the financial statements. Actual overall revenues exceeded estimates by $1,452,302 and is mostly due to the increase in actual property and excise taxes collected, intergovernmental revenues realized and interest earnings.

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



Actual revenues were above the estimate by $1,452,302, primarily due to taxes $271,738, intergovernmental revenues $430,088 and interest earnings $558,651 higher than estimated. Actual expenditures, although higher than 2024, were below budget by $2,740,011 primarily due turnover in personnel and vacancies of positions, as well as capital improvements not completed and carried forward to 2026.

Total general fund expenditures increased $10,030,650 or 8.84% compared to 4.02% for the prior year. The factors for this increase are:

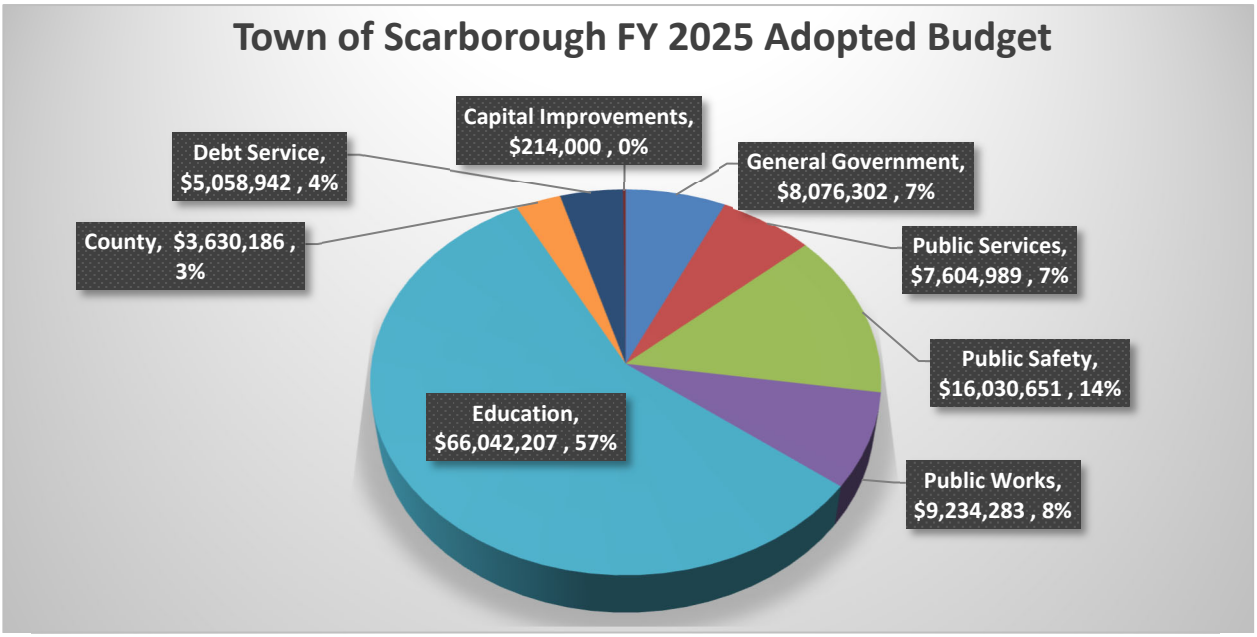
- General government increased 11.32% largely due to the increase in costs of management information systems for computer hardware and software maintenance.
- Public Services increased 6.20% due to the continued expansion of community services programs and an increase in tax rebates in conjunction with Credit Enhancement Agreements.
- Public Safety increased 13.47% due to increased staffing needs and the contractual increases related to salaries particularly in the areas of fire and EMS services.
- Public Works increased 2.77% resulting from increased personnel and the contractual increases related to salaries.
- Education increased 5.69% due to contractual wage increases, as well as an increase in health insurance costs and a significant increase in funding for staffing and student services to meet special education requirements.
- County tax increased 4.28% due to an increase in county tax levy apportionment.
- Debt service increased 13.91% due to the first principal payment of $819,000 made on the 2023 General Obligation Bonds.
- Capital Improvements increased 170.96% for the acquisition of body worn and cruiser cameras lease and subscription.

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 2025, a total of $1,052,798 was set aside for the Town for prior year encumbrances and commitments. $1,531,000 for the School Department was set aside for carryforward to the 2026 budget.

The adopted operating budget for fiscal year 2025 amounted to $115,891,560 compared to $111,302,721 for fiscal year 2024 or a 4.1% 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.

In November 2024, the Town amended the Fund Balance policy. The Town aspires to reach an Unassigned Fund Balance of 16.67% (two months or 1/6) of the prior year's Operating Budget. Until the Town reaches this goal, the minimum Fund Balance Policy shall be set to maintain the level of Unassigned Fund Balance equal to 10.00% of the Town's Operating Budget for the prior fiscal year. As the Town increases its Unassigned Fund Balance, consideration should be given to raise the minimum level of Unassigned Fund Balance until the aspirational goal is met.

Once the Town achieves an unassigned fund balance greater than 12.0% but less than 16.67% of Scarborough's Operating Budget, any excess above 12% may be assigned by any combination to one of the following:

- Retained in non-spendable and restricted accounts that offset unfunded liabilities, and/or
- Retained in assigned accounts that may be used in future budget cycles as a property tax rate stabilization; available for use during a catastrophic event, and/or
- Funding future capital expenditures and/or projects, and/or
- Retirement of debt, and/or
- Taxpayer refund.

Once the Town achieves an Unassigned Fund Balance greater than 16.67% of the Town's Operating Budget, any excess above 16.67% must be assigned by any combination to one above.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets, for its governmental activities, as of June 30, 2025, amounts to $189,877,647 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, vehicles, improvements, machinery, equipment, infrastructure, 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 3.81%.

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

Capital Assets
(net of depreciation and amortization)

	2025	2024
Land	$ 10,444,418	$ 9,011,693
Buildings	91,189,661	92,165,378
Vehicles	9,650,435	7,289,479
Equipment and Furniture	5,096,609	3,744,819
Infrastructure	62,139,721	61,894,965
Construction in Progress	9,203,059	7,644,919
Right-of-Use Leased Assets	692,333	213,315
Right-of-Use Subscription Assets	1,461,411	935,444
Total	$ 189,877,647	$ 182,900,012

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, 2025 various road improvements and rehabilitation, building renovations including flooring and roof replacement, HVAC improvements, turf field and track replacement and roof replacements 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 57 of this report.

Long-term Debt. As of June 30, 2025, the Town had long-term bonds outstanding of $78,455,000 compared to $81,829,000 in the prior year resulting in a 4.1% decrease. This debt is backed by the full faith and credit of the Town.

During fiscal year ending June 30, 2025, the Town issued $3,705,000 of bonds. Additionally, during the year, $7,079,000 in principal debt was paid. Further information can be found in the Notes to the Basic Financial Statements on page 59-60 of this report.

Interest payments for school and town debt in this fiscal year totaled $3,092,597 a decrease of $102,331 from 2024.

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

Outstanding Debt
General Obligation Bonds

	2025	2024	2023
Municipal	$ 36,775,367	$ 39,307,465	$ 35,864,558
Education	41,679,633	42,521,535	43,825,442
Total Debt	$ 78,455,000	$ 81,829,000	$ 79,690,000

Moody's Investors Service reviewed and assigned a rating of "Aa2" to the Town of Scarborough, Maine (the Town) 2025 General Obligation (GO) Bonds. Moody's has upgraded to the Aa2 rating on all of the own's outstanding GO debt per its rating report dated January 29, 2025. Moody's "Aa2 rating reflects the town's *"moderately sized, growing tax base with above average wealth levels, adequate though improving financial reserves, and manageable long-term 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 2025 GO bonds per its rating report dated January 30, 2025. Their rating reflects the Town's "strong tax base and conservative budget management. The town has a track record of sustaining sufficient reserves that compares well with that of peers."

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 Scarborough's local economy. In addition, both management and elected officials are involved and serve on committees that pro-actively follow state legislative policies and work closely with the local representatives in our State's Capitol.

In adopting the budget for the ensuing fiscal year, the Town's officials considered many factors in making judgments and estimates about the finances of the upcoming year. The budget goals for fiscal year 2026 were to maintain level municipal services, except for three strategic investments in staff, while prioritizing new school investments to meet student needs and new state/federal requirements. The following areas were specifically targeted in the budget goals:

- Increase staffing to provide a third full-time (24/7) ambulance service.
- Absorbing the full impact of municipal collective bargaining agreements signed in the prior year.
- Significant resources for school collective bargaining agreements expected to be finalized in fiscal year 2026.
- The higher share of the cost of the county government that is distributed to towns due to the Town's revaluation increasing relatively faster than other towns within the county.

The fiscal year 2026 capital budget was developed with a goal of maintaining current services. With that in mind, a school building committee worked simultaneously to develop a solution for the anticipated growth in school enrollment the next five years. Two bond referendum questions were submitted to the voters to fund various upgrades to facilities serving kindergarten through middle school students. Those referendum questions passed in November 2025. Future capital budgets will reflect construction spending to implement the school solution.

The Town Budget Document for fiscal year 2026 can be found on the Town's website at: https://www.scarboroughmaine.org/budget/fy2026.

Below is a comparison of the 2026, 2025 and 2024 budgets (excluding carry forwards)**:**

	2026	2025	2024
Administration	$ 4,383,418	$ 4,953,404	$ 3,769,164
Finance Department	1,569,542	1,478,132	1,503,966
Information Systems	2,653,989	2,373,829	1,918,277
Planning Department	1,067,772	1,010,913	965,408
Community Services	4,185,766	3,874,514	3,615,790
Library	1,476,158	1,340,938	1,287,748
General Assistance	336,812	341,342	260,637
Economic Development	327,725	308,218	284,512
Fire/Rescue/EMA Department	8,472,206	7,563,022	7,236,335
Public Safety Department	10,249,791	8,467,630	8,271,341
Public Works Department	9,226,942	8,581,246	8,220,004
Engineering	857,010	653,037	593,640
Debt Service	4,870,080	5,058,942	5,061,028
Capital Equipment	223,000	214,000	2,598,500
Total Municipal Operating	49,900,211	46,219,167	45,586,350
Education	71,299,485	66,042,207	62,235,290
County Tax	3,989,800	3,630,186	3,481,081
Total Operating Budget	125,189,496	115,891,560	111,302,721
School Food Services	2,529,344	2,391,656	2,313,735
Capital Improvements- Municipal	5,835,732	11,473,942	4,305,800
Capital Improvements- School *	5,324,000	6,158,475	140,456,583
TIFs and Overlay	7,019,000	7,280,000	5,335,533
Total Budget	$ 145,897,572	$ 143,195,633	$ 263,714,372

*2024 Budget 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:

2026 $7,969,935,900, an increase of $148,482,600 over 2025
2025 $7,821,453,300, an increase of $2,678,870,124 over 2024
2024 $5,142,583,176 (net of State Property Stabilization Program of $113,739,762), an increase of $154,406,300 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,

Maine municipalities have taxing authority for property taxes alone. Only, the State of Maine can assess sales and income taxes.

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:

2025	$ 1,581,000
2024	$ 1,535,000
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, 2023 and 2024, nothing was utilized.

REQUEST FOR INFORMATION

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

"Seagull and Kayaker Under a Smokey Sun" by Brett Coffin

BASIC FINANCIAL STATEMENTS



TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED: JUNE 30, 2025

TOWN OF SCARBOROUGH, MAINE

STATEMENT 1

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities	Component Unit Public Library
Assets		
Cash and cash equivalents	$ 18,804,641	$ 1,145,964
Investments	22,042,122	2,015,803
Receivables:		
Accounts, net	2,776,835	--
Intergovernmental	846,251	--
Taxes receivable	431,874	--
Tax liens	710,111	--
Prepaids	3,000	32,018
Inventory	160,260	431
Lease receivable	251,164	--
Notes receivable	47,151	--
Capital assets, not being depreciated/amortized	19,647,477	--
Capital assets, net	170,230,170	418,508
Total Assets	235,951,056	3,612,724
Deferred Outflows of Resources		
Deferred charge on refunding	4,466,196	--
Deferred OPEB items	2,436,968	--
Deferred pension items	5,209,690	--
Total Deferred Outflows of Resources	12,112,854	--
Liabilities		
Accounts payable and other current liabilities	6,755,537	--
Accrued payroll and other related liabilities	7,783,385	93,661
Unearned revenues	623,794	--
Accrued interest	568,289	--
Noncurrent liabilities:		
Due within one year	10,729,943	--
Due in more than one year	110,124,259	--
Total Liabilities	136,585,207	93,661
Deferred Inflows of Resources		
Deferred OPEB items	1,818,560	--
Deferred pension items	1,152,984	--
Deferred lease items	256,245	--
Total Deferred Inflows of Resources	3,227,789	--
Net Position		
Net investment in capital assets	101,834,602	418,508
Restricted for:		
Nonexpendable trust principal	204,168	1,677,616
Expendable trust - income portion	182,080	--
Town grants and projects	2,618,693	--
Education	3,651,509	--
Unrestricted	(240,138)	1,422,939
Total Net Position	$ 108,250,914	$ 3,519,063

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, 2025

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit Public Library
Primary Government:						
Governmental activities:						
General government	$ 19,618,140	$ 4,752,300	$ 4,628,478	$ 22,216	$ (10,215,146)	$ --
Public services	7,779,157	4,725,548	163,530	--	(2,890,079)	--
Public safety	24,815,000	3,687,963	5,363,717	--	(15,763,320)	--
Public works	11,249,288	1,947,490	398,074	--	(8,903,724)	--
Education	71,891,482	1,741,034	16,781,722	--	(53,368,726)	--
Interest on debt service	2,816,050	--	--	--	(2,816,050)	--
Total Governmental Activities	138,169,117	16,854,335	27,335,521	22,216	(93,957,045)	--
Total Primary Government	$ 138,169,117	$ 16,854,335	$ 27,335,521	$ 22,216	(93,957,045)	--
Component Unit:						
Scarborough Public Library	$ 1,568,552	$ --	$ 3,041,992	$ --		1,473,440
General Revenues:						
Property taxes, levied for general purposes					84,985,557	--
Excise taxes					7,785,623	--
Payments in lieu of taxes					71,838	--
Interest and costs on taxes					133,587	--
Franchise tax					203,993	--
Grants and contributions not restricted to specific programs:						
Homestead exemption and business equipment exemption					1,982,186	--
Other State aid					66,166	--
State revenue sharing					3,491,905	--
Unrestricted investment earnings					1,258,651	73,791
Other					307,749	--
Total General Revenues					100,287,255	73,791
Change in Net Position					6,330,210	1,547,231
Net Position - Beginning (previously reported)					106,669,223	1,971,832
Adoption of GASB Statement No. 101 (Note 26)					(4,748,519)	--
Net Position - Beginning (as restated)					101,920,704	1,971,832
Net Position - Ending					$ 108,250,914	$ 3,519,063

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

TOWN OF SCARBOROUGH, MAINE

STATEMENT 3

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2025

	General	Haigis Parkway Assessments	General Town Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 15,937,748	$ --	$ --	$ 2,866,893	$ 18,804,641
Investments	13,214,143	--	100,733	8,727,246	22,042,122
Receivables:					
Accounts, net	691,849	--	218,000	1,866,986	2,776,835
Intergovernmental	427,053	--	--	419,198	846,251
Taxes receivable	431,874	--	--	--	431,874
Tax liens	710,111	--	--	--	710,111
Interfund loans receivable	6,430,541	89,270	--	123,295	6,643,106
Prepaid items	--	--	--	3,000	3,000
Inventory	25,823	--	--	134,437	160,260
Lease receivable	251,164	--	--	--	251,164
Notes receivable	--	47,151	--	--	47,151
Total Assets	$ 38,120,306	$ 136,421	$ 318,733	$ 14,141,055	$ 52,716,515
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and other current liabilities	$ 4,932,261	$ --	$ 497,505	$ 1,325,771	$ 6,755,537
Accrued payroll and other related liabilities	7,783,385	--	--	--	7,783,385
Interfund loans payable	--	--	2,185,106	4,458,000	6,643,106
Unearned revenues	72,985	--	--	550,809	623,794
Total Liabilities	12,788,631	--	2,682,611	6,334,580	21,805,822
Deferred Inflows of Resources					
Unavailable revenue - property taxes	919,412	--	--	--	919,412
Unavailable revenue - leases	256,245	--	--	--	256,245
Total Deferred Inflows of Resources	1,175,657	--	--	--	1,175,657
Fund Balances:					
Nonspendable Permanent Fund Principal	--	--	--	204,168	204,168
Nonspendable Inventory	25,823	--	--	134,437	160,260
Restricted for Town	--	89,270	--	2,800,773	2,890,043
Restricted for Education	2,120,509	--	--	1,415,555	3,536,064
Committed - General Fund	451,289	--	--	--	451,289
Committed - Education	156,526	--	--	353,941	510,467
Committed - Special Revenues	--	47,151	--	4,063,687	4,110,838
Assigned - General Fund	1,052,798	--	--	--	1,052,798
Assigned - Education	1,531,000	--	--	50,000	1,581,000
Unassigned Town	18,818,073	--	(2,363,878)	(1,216,086)	15,238,109
Total Fund Balances	24,156,018	136,421	(2,363,878)	7,806,475	29,735,036
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 38,120,306	$ 136,421	$ 318,733	$ 14,141,055	

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

TOWN OF SCARBOROUGH, MAINE

STATEMENT 3

BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2025

	Governmental Funds
Governmental Fund Balance	29,735,036
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.	189,877,647
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	919,412
Deferred charge on refunding is not a financial resource and, therefore, is not reported in the funds	4,466,196
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	(89,357,466)
Accrued interest	(568,289)
Landfill liability	(1,650,000)
Other postemployment benefits liability with related deferred inflows and outflows of resources	(10,063,863)
Net pension liability with related deferred inflows and outflows of resources	(2,740,982)
Right of use asset liability	(688,609)
Right of use subscription liability	(1,283,144)
Accrued compensated absences	(10,395,024)
Net Position of Governmental Activities	$ 108,250,914

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, 2025

	General	Haigis Parkway Assessments	General Town Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 93,358,848	$ --	$ --	$ 31,000	$ 93,389,848
Licenses and permits	1,272,805	--	--	--	1,272,805
Intergovernmental	19,761,014	--	--	11,082,890	30,843,904
Interest earned	1,258,651	396	3,812	496,425	1,759,284
Donations	--	--	--	403,893	403,893
Sale of lots	--	--	--	22,200	22,200
Assessments and impact fees	--	--	--	5,519,617	5,519,617
Other	7,622,114	--	985,834	2,929,916	11,537,864
Total Revenues	123,273,432	396	989,646	20,485,941	144,749,415
Expenditures:					
Current:					
General government	8,935,844	--	--	--	8,935,844
Public services	7,631,107	--	--	--	7,631,107
Public safety	17,494,407	--	--	--	17,494,407
Public works	8,588,330	--	--	--	8,588,330
Education	68,985,949	--	--	3,780,593	72,766,542
County tax	3,630,186	--	--	--	3,630,186
Debt service	5,337,521	--	--	--	5,337,521
Capital improvements	2,940,754	--	7,518,397	7,072,212	17,531,363
Other	--	--	--	9,762,125	9,762,125
Total Expenditures	123,544,098	--	7,518,397	20,614,930	151,677,425
(Deficiency)/Excess of Revenues Over Expenditures	(270,666)	396	(6,528,751)	(128,989)	(6,928,010)
Other Financing Sources (Uses):					
Transfers in	3,606,751	1,655,737	4,073,945	--	9,336,433
Transfers out	(5,237,727)	--	--	(4,098,706)	(9,336,433)
Issuance of general obligation bonds	--	--	1,276,613	2,428,387	3,705,000
Premium received on general obligation bonds, net of issuance costs	67,789	--	52,489	126,016	246,294
Proceeds from right of use lease assets	715,719	--	--	--	715,719
Proceeds from right of use subscription assets	1,017,777	--	--	--	1,017,777
Total Other Financing Sources (Uses)	170,309	1,655,737	5,403,047	(1,544,303)	5,684,790
Net Change in Fund Balances	(100,357)	1,656,133	(1,125,704)	(1,673,292)	(1,243,220)
Fund Balance (Deficit) - Beginning of Year	24,256,375	(1,519,712)	(1,238,174)	9,479,767	30,978,256
Fund Balance (Deficit) - End of Year	$ 24,156,018	$ 136,421	$ (2,363,878)	$ 7,806,475	$ 29,735,036

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, 2025

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)		$ (1,243,220)
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	$14,048,784	6,977,635
Depreciation/amortization expense	(7,011,306)	
Net book value of dispositions	(59,843)	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(250,088)
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		(34,540)
Landfill postclosure costs		(28,099)
Compensated absences, net		(1,716,646)
OPEB liability with deferred outflows and inflows of resources		(414,834)
Net pension liability with deferred outflows and inflows of resources		471,517
The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayments of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
General obligation bond proceeds	$ (3,705,000)	
General obligation bond payments	7,079,000	
Premiums received on issued bonds	(246,294)	
Proceeds from right of use lease assets	(715,719)	
Proceeds from right of use subscription assets	(1,017,777)	
Amortization of bond premiums	756,396	
Amortization of deferred charge	(384,366)	
Amortization of right of use lease liability	252,937	
Amortization of right of use subscription liability	549,308	2,568,485
Change in Net Position of Governmental Activities (See Statement 2)		$ 6,330,210

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, 2025

	Private-Purpose Trust Funds (Scholarships)
Assets	
Investments	$ 249,996
Accounts receivable	15,000
Due from student groups	36,700
Total Assets	301,696
Net Position	
Restricted	$ 301,696

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

TOWN OF SCARBOROUGH, MAINE

STATEMENT 7

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Private-purpose Trust Funds (Scholarships)
Additions:	
Donations	$ 71,000
Interest, dividends and change in fair value (net)	13,347
Total Additions	84,347
Deductions:	
School scholarships	37,500
Total Deductions	37,500
Change in Net Position	46,847
Net Position - Beginning of Year	254,849
Net Position - End of Year	$ 301,696

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

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 $312,025, or 96% of total revenues, to SEDCO for the year ended June 30, 2025.

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.

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 $1,549,951 of operating or approximately 51% of total revenues and other support to the Library for the year ended June 30, 2025.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND FUND BALANCE

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).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND FUND BALANCE (CONTINUED)

Inventory – Inventory consists of the School Nutrition 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 2025.

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 based on service. 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 and includes applicable tax and retirement liabilities, where required in accordance with GASB Statement No. 101, *Compensated Absences*.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND FUND BALANCE (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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND BALANCE (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 2026 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND BALANCE (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. 101, *Compensated Absences*, establishes standards to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. See Note 25 for the impact to the financial statements as of July 1, 2024 as the result of adoption.

GASB Statement No. 102, *Certain Risk Disclosures*, establishes standards to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. See Note 22 for additional disclosures required as the result of adoption of this Statement.

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
2024-2025 budget as adopted	$ 122,598,011	$ 122,598,011
Budgetary Adjustments:		
Prior year encumbrances and carry forwards	1,900,639	1,900,639
Total Adjusted Budget	$ 124,498,650	$ 124,498,650

At June 30, 2025, the following capital projects funds had deficit fund balances:

The Town Improvements Fund reports a deficit fund balance of $2,363,878 which is expected to be funded through the bonding process.

The School Improvements Fund reports a deficit fund balance of $1,208,644 which is expected to be funded through the bonding process.

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, 2025, the Town reported deposits of $18,804,641 with a bank balance of $19,751,194. Of the Town's bank balances of $19,751,194, $19,643,025 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 and $108,169 was uninsured.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS

At June 30, 2025, 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	$ 22,292,118	$ 15,305,226	$ 6,986,892	$ --
Total Investments	$ 22,292,118	$ 15,305,226	$ 6,986,892	$ --

Investments have been reported as follows:

Reported in govermental funds	$ 22,042,122
Reported in fiduciary funds	249,996
Total Investments	$ 22,292,118

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 $11,321,916 of money market deposit accounts at June 30, 2025 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 21, 2024, on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. These taxes were due in two installments, 50% on October 15, 2024 and 50% on March 17, 2025. Interest at the rate of 8% per annum was charged on amounts remaining unpaid after October 15th and March 17th. Assessed values are periodically established by the Town's Assessor at 100% of the assumed market value as of June 30, 2025 and the Town's value was 100% of the 2024 State valuation of $6,548,950,000.

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 $515,451 for the year ended June 30, 2025.

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 FY2025 levy at June 30, 2025:

Assessed value	$ 7,821,453,300
Tax rate (per $1,000)	10.93
Commitment	85,488,485
Supplemental taxes assessed	29,817
	85,518,302
Less - collections and abatements	84,913,032
Receivable at June 30, 2025	$ 605,270
Consisting of:	
Taxes	$ 47,225
Liens	558,045
Receivable at June 30, 2025	$ 605,270
Collection rate	99.3%

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2025 was as follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Governmental Activities				
Capital Assets - Not Being Depreciated/Amortized				
Land	$ 9,011,693	$ 1,432,725	$ --	$ 10,444,418
Construction in progress	7,644,919	2,471,247	913,107	9,203,059
Total Capital Assets - Not Being Depreciated/Amortized	16,656,612	3,903,972	913,107	19,647,477
Capital Assets - Being Depreciated/Amortized				
Buildings	127,260,227	1,529,889	--	128,790,116
Vehicles	18,729,080	3,737,524	1,131,305	21,335,299
Equipment and furniture	10,324,931	2,111,450	32,573	12,403,808
Infrastructure	84,607,329	1,945,560	--	86,552,889
Right-of-use lease assets	721,681	715,719	713,927	723,473
Right-of-use subscription assets	1,617,781	1,017,777	15,605	2,619,953
Total Capital Asset - Being Depreciated/Amortized	243,261,029	11,057,919	1,893,410	252,425,538
Less Accumulated Depreciation/Amortization				
Buildings	35,094,849	2,505,606	--	37,600,455
Vehicles	11,439,601	1,327,019	1,081,756	11,684,864
Equipment and furniture	6,580,112	749,366	22,279	7,307,199
Infrastructure	22,712,364	1,700,804	--	24,413,168
Right-of-use lease assets	508,366	236,701	713,927	31,140
Right-of-use subscription assets	682,337	491,810	15,605	1,158,542
Total Accumulated Depreciation/Amortization	77,017,629	7,011,306	1,833,567	82,195,368
Total Capital Assets Being Depreciated/Amortized, net	166,243,400	4,046,613	59,843	170,230,170
Total Governmental Activities Capital Assets, net	$ 182,900,012	$ 7,950,585	$ 972,950	$ 189,877,647

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

Governmental Activities	
General government	$ 1,522,306
Public services	120,761
Public safety	719,560
Public works, including depreciation of general infrastructure assets	2,252,466
Education	2,396,213
Total Depreciation/Amortization Expense - Governmental Activities	$ 7,011,306

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, 2025, were as follows:

	Interfund Receivables	Interfund Payables
General Fund	$ 6,430,541	$ --
Haigis Parkway	89,270	--
General Town Improvements	--	2,185,106
Nonmajor Governmental Funds		
Nonmajor Special Revenue Funds		
Eastern Trail Alliance (Close the Gap)	--	165,687
Recreational development	82,636	--
Payne Road impact fees	--	1,778,005
Other impact fees	8,520	--
Rescue equipment	27,619	--
Police asset forfeiture	--	6,359
Credit Enhancement Agreements	--	97,749
School categorical programs	--	249,897
Departmental grants and programs	--	989,352
Total Nonmajor Special Revenue Funds	118,775	3,287,049
Nonmajor Capital Project Funds		
General School improvements	--	1,170,951
Nonmajor Permanent Funds		
Scarborough Memorial Cemetery	4,520	--
Total Permanent Funds	4,520	--
Total Other Governmental Funds	123,295	4,458,000
Total All Funds	$ 6,643,106	$ 6,643,106

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, 2025, the balances represent how much was due to or from the General Fund.

NOTE 7 – INTERFUND TRANSFERS

	Transfers In	Transfers Out
General Fund	$ 3,606,751	$ 5,237,727
Haigis Parkway Assessments	1,655,737	--
General Town Improvements	4,073,945	--
Nonmajor Governmental Funds	--	4,098,706
Total	$ 9,336,433	$ 9,336,433

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 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, 2025, was as follows:

	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	$ 81,829,000	$ 3,705,000	$ 7,079,000	$ 78,455,000	$ 7,265,000
Premium	11,412,568	246,294	756,396	10,902,466	--
Compensated absences	8,678,378	1,716,646 (net)	--	10,395,024	2,598,756
Other postemployment benefits liability	11,113,137	--	430,866	10,682,271	250,000
Net pension liability	5,959,359	838,329	--	6,797,688	--
Right-of-use subscription liability	814,675	1,017,777	549,308	1,283,144	432,270
Right-of-use lease liability	225,827	715,719	252,937	688,609	178,917
Landfill post-closure care costs	1,621,901	28,099	--	1,650,000	5,000
Governmental Activity - Long-Term Liabilities	$ 121,654,845	$ 8,267,864	$ 9,068,507	$ 120,854,202	$ 10,729,943

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

As of June 30, 2025, the Town had authorized, but unissued debt totaling $14,765,437.

NOTE 9 – BONDS PAYABLE

Bonds payable at June 30, 2025 is comprised of the following:

	Amount Originally Issued	Percentage Applicable to Town	Percentage Applicable to School	Interest Rate	Final Maturity Date	Balance End of Year
2014 Capital improvements	$ 6,505,000	53.10%	46.90%	3.00-4.00%	2034	$ 1,250,000
2015 Capital improvements	6,085,000	94.32%	5.68%	2.00-4.00%	2035	2,100,000
2016 Capital improvements	7,540,000	97.32%	2.68%	2.00-4.00%	2036	1,690,000
2017 Capital improvements	2,755,000	71.07%	28.93%	3.00-5.00%	2037	820,000
2018 Capital improvements	18,190,000	98.31%	1.69%	3.00-5.00%	2048	12,830,000
2019 Capital improvements	7,380,000	94.19%	5.81%	3.00-5.00%	2049	5,330,000
2020 Capital improvements	7,040,000	65.01%	34.99%	2.00-5.00%	2041	4,060,000
2020A Capital improvements	2,855,000	97.71%	2.29%	2.25-4.00%	2031	1,315,000
2020B Capital improvements	39,460,000	3.60%	96.40%	2.33-4.00%	2043	34,465,000
2021 Capital improvements	3,725,000	68.21%	31.79%	2.00-5.00%	2042	2,675,000
2023 Capital Improvements	9,034,000	73.08%	26.92%	4.00-5.00%	2044	8,215,000
2025 Capital Improvements	3,705,000	34.46%	65.54%	2.50-5.00%	2045	3,705,000
Total						$ 78,455,000

NOTE 9 – BONDS PAYABLE (CONTINUED)

The annual requirements to amortize all debt outstanding as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 7,265,000	$ 2,990,155	$ 10,255,155
2027	6,765,000	2,664,500	9,429,500
2028	6,565,000	2,386,647	8,951,647
2029	6,350,000	2,110,422	8,460,422
2030	5,900,000	1,849,559	7,749,559
2031-2035	24,670,000	5,627,350	30,297,350
2036-2040	12,735,000	2,293,178	15,028,178
2041-2045	6,225,000	718,170	6,943,170
2046-2050	1,980,000	107,550	2,087,550
Totals	$ 78,455,000	$ 20,747,531	$ 99,202,531

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, 2025, 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 $7,568,500,000, the Town's debt limit is $1,135,275,000. The Town's outstanding long-term debt of $78,455,000 at June 30, 2025 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, land leases, body-worn and cruiser cameras and parking facilities with terms expiring from 2026 through 2034.

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
2026	$ 110,002	$ 20,857
2027	65,772	18,660
2028	67,540	16,563
2029	69,701	14,402
2030	71,484	12,170
2031-2035	304,110	25,104
Total	$ 688,609	$ 107,756

GOVERNMENTAL ACTIVITIES – LESSOR

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

Years Ending June 30,	Principal	Interest
2026	$ 101,408	$ 3,891
2027	94,865	2,160
2028	51,441	572
2029	2,288	112
2030	1,162	38
Total	$ 251,164	$ 6,773

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

The Town has entered into various SBITAs with terms expiring from 2026 through 2034 using a discount rate of 2.28% (incremental borrowing rate). At June 30, 2025 the Town has recognized a right-of-use asset, net of $1,461,411 and a subscription liability of $1,283,144. Future payments to amortize the subscription liability are as follows:

Years Ending June 30,	Principal	Interest
2026	$ 470,169	$ 36,977
2027	90,616	26,422
2028	93,561	23,477
2029	96,602	20,436
2030	99,742	17,296
2031-2035	432,454	35,699
Total	$ 1,283,144	$ 160,307

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, 2025, the Town's 2025 State valuation of $7,568,500,000 was 8.79% of the County's State valuation of $76,597,050,000. The Town's share is 8.55% or $2,367,173 of Cumberland County's $27,686,649 long-term debt outstanding as of June 30, 2025.

The Town is also served by the Portland Water District. At June 30, 2025, the Town's share of self-supporting bonded water debt is 13.01% or $8,478,436 of total water debt of $129,147,998.

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 $19,173,138 at June 30, 2025, the most recent data available. The Town's proportionate share of these estimated landfill closure and postclosure care costs is 9.55%, or $1,830,514.

TOTAL DEBT AND CONTINGENCIES

Governmental Unit	As of June 30, 2025 Direct Debt	Overlapping Debt	Contingent Debt	Total Debt
Town of Scarborough	$ 78,455,000	$ --	$ --	$ 78,455,000
Cumberland County	--	2,367,173	--	2,367,173
Portland Water District - water debt	--	8,478,436	--	8,478,436
ecomaine landfill closure/postclosure costs	--	--	1,830,514	1,830,514
Totals	$ 78,455,000	$ 10,845,609	$ 1,830,514	$ 91,131,123

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, 2025.

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, 2025, the Town has used less than 25% of the landfill's total capacity. The estimated total current cost of landfill closure, $1,650,000 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, 2025. Additionally, annual monitoring and maintenance costs are estimated to be $5,000 per year.

The total closure and postclosure care costs of $1,650,000 have been accrued in the statement of activities for the year ended June 30, 2025. 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

The following is a schedule of fund balance classifications for the governmental funds as June 30, 2025:

	General Fund	Haigis Parkway Assessment	General Town Improvements	Nonmajor Governmental
Fund Balances				
Nonspendable -Permanent Funds	$ --	$ --	$ --	$ 204,168
Nonspendable -Inventory	25,823	--	--	134,437
	25,823	--	--	338,605
Restricted:				
Permanent fund interest	--	--	--	182,080
Interfund loan	--	89,270	--	--
Credit Enhancement Agreements	--	--	--	23,187
Eastern Trail Alliance (Close the Gap)	--	--	--	833,105
Grants and donations	--	--	--	1,456,109
HIDTA	--	--	--	293
Fire Department equipment	--	--	--	25,636
Police asset forfeiture	--	--	--	280,363
Education	2,120,509	--	--	1,415,555
	2,120,509	89,270	--	4,216,328
Committed:				
Unemployment Comp/Beach Reserve/Hunnewell	312,438	--	--	--
HRA deductible/credit plans	138,851	--	--	--
Impact fees/reserves	--	47,151	--	4,063,687
Education	156,526	--	--	353,941
	607,815	47,151	--	4,417,628
Assigned:				
Carryforward balances/encumbrances	1,052,798	--	--	--
Education	1,531,000	--	--	50,000
	2,583,798	--	--	50,000
Unassigned	18,818,073	--	(2,363,878)	(1,216,086)
Total Fund Balances	$ 24,156,018	$ 136,421	$ (2,363,878)	$ 7,806,475

NOTE 17 – ASSIGNED FUND BALANCES

At June 30, 2025, portions of the General Fund balance were assigned to future periods as follows:

Asst Manager- Training	$	1,437
Municipal Bldg- Bldg Maint/Repair		12,229
Information Technology - Computer Hardware		9,921
Information Technology - Computer Software		42,640
Information Technology - Dept Requests		10,193
Comprehensive Plan - Zoning/Planning Initiatives		20,000
Community Services - Property Maintenance		42,488
Community Services - Parks/Grounds		12,984
Community Services - NRPA Staff training		5,000
Engineering - Part Time Pay (GIS Intern)		5,000
Engineering - Contracted Services		12,706
Engineering - New Equipment		5,025
Encumbered Purchase Orders		273,175
Reserve for Accrued Sick Pay		600,000
Education		1,531,000
	$	2,583,798

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 241 participating employers. The Town's Police, Fire/Rescue and certain other Town employees and the Town's school custodians, school nutrition 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 336 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.mainepers.org.

Employee membership data related to the Plans, as of June 30, 2024 was as follows:

	Teachers	PLD
Current participants: Vested and non-vested	40,932	13,561
Terminated participants: Vested	9,410	2,953
Terminated participants: Inactive due refunds	38,789	10,253
Retirees and beneficiaries receiving benefits	39,535	10,853
	128,666	37,620

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.

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 3.88%.

For the year ended June 30, 2025, the Town's total payroll for all employees was $63,542,694. Total covered payroll was $37,760,239 for the Teacher Plan and $12,394,961 for the PLD Plan. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan. Total pension expense in the aggregate for both plans was $2,898,845 for the year ended June 30, 2025.

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 14.51% 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, 2024, was 4.47% percent of annual teacher payroll, plus 15.10% 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, 2025 were $1,538,841.

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 6.75%-7.50%, police employees and fire/rescue employees contribute 10.1% and 9.2%, respectively 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, 2024, was 10.2% of annual payroll. The Police and Fire/Rescue required contribution rate for the year ended June 30, 2023 was 12.8% or 14.8%, 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, 2024 were $1,745,930.

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, 2025, 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	$	473,321
State's proportionate share of the net pension liability associated with the Town of Scarborough School Department		30,256,266
Total	$	30,729,587

The net pension liability was measured as of June 30, 2024, 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, 2024, the School Department's proportion was 0.034494 percent, which was a decrease of 0.092745 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School Department recognized pension expense of $1,242,497 and revenue of $4,565,801 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:

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	$ 47,876	$ --
Net difference between projected and actual earnings on Plan investments	--	36,049
Changes in proportion and differences between contributions and proportionate share of contributions	--	369,649
Contributions subsequent to the measurement date	1,538,841	--
Total	$ 1,586,717	$ 405,698

The $1,538,841 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, 2026. 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:	
2026	$ (207,564)
2027	(53,681)
2028	(89,635)
2029	(6,942)
	$ (357,822)

PLD PLAN

At June 30, 2025, the Town and the Town School Department reported a liability of $6,324,367 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, the Town and the Town School Department's proportion was 1.580099%, which was a decrease of 0.010527% from its proportion measured as of 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, 2025, the Town and the Town School Department recognized pension expense of $1,656,348. At June 30, 2025, 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	$ 1,877,043	$ --
Net difference between projected and actual earnings on Plan investments	--	657,571
Changes in proportion and differences between contributions and proportionate share of contributions	--	89,714
Contributions subsequent to the measurement date	1,745,930	--
Total	$ 3,622,973	$ 747,285

The $1,745,930 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, 2026. 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:	
2026	$ (177,877)
2027	1,522,703
2028	(87,647)
2029	(127,421)
	$ 1,129,758

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, 2024 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, 2024 valuation were based on the results of an actuarial experience study for the period of June 30, 2016 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	5.60%
U.S Government	2.20%
Private Equity	7.20%
Real Assets	
Real Estate	5.80%
Infrastructure	5.30%
Natural Resources	5.10%
Traditional Credit	2.70%
Alternative Credit	6.40%
Diversifiers	4.80%

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%	$ 993,156
Current discount rate	6.50%	$ 473,321
1% increase	7.50%	$ (40,647)

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:

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%	$ 15,802,324
Current discount rate	6.50%	$ 6,324,367
1% increase	7.50%	$ (1,484,383)

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, 2024, the total amount of on-behalf payments was approximately $4,565,801 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	$ 1,586,717	$ 3,622,973	$ 5,209,690
Deferred inflows	405,698	747,285	1,152,983
Net pension liability	473,321	6,324,367	6,797,688
Pension expense (benefit)	1,242,497	1,656,348	2,898,845

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.

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 $312,397 which was 6% of the participating employees and 18% of the Town Manager’s current year covered payroll. The covered payroll amounted to $4,824,729 while the Town's total payroll was $17,125,796. Employee's required contributions amounted to $278,026, 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 $643,726 and the Town contributions amounted to $319,790. The Town contributes a match up to 4%. The covered payroll amounted to $12,301,066.

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 $807,397 for the year ended June 30, 2025.

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

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

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

Plan membership. At January 1, 2024, the following were covered by the benefit terms: Inactive employees or beneficiaries currently receiving benefit payments – 25, Active employees 169, total employees 194.

The Town's total OPEB liability of $4,875,623 was measured as of January 1, 2025 and was determined by an actuarial valuation as of January 1, 2024, rolled forward to January 1, 2025.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. General inflation of 2.38% 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, 2024 were non-Medicare of 10.14% and Medicare 7.66%, decreasing to 3.81% and 3.81%, 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 26, 2024 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, 2024 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.

NOTE 20 – POST-EMPLOYMENT HEALTH CARE (CONTINUED)

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at June 30, 2024	$ 4,885,119
Changes for the year:	
Service cost	130,307
Interest	160,022
Changes in assumptions	(84,521)
Benefit payments	(215,304)
Net changes	(9,496)
Balance at June 30, 2025	$ 4,875,623

Changes of assumptions reflect a decrease of $84,521. Changes in assumptions reflect a change in the discount rate from 3.26% in 2024 to 4.08% in 2025.

Sensitivity of the total OPEB liability to changes in the discount rate.
The following table shows how the total OPEB liabilities would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate used for the Health Plan is 4.08%.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB liability	$ 5,532,868	$ 4,875,623	$ 4,334,005

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, 2025 were non-Medicare of 10.14% and Medicare 7.66%, decreasing to 3.81% and 3.81%, respectively, over a grading period of 20 years. The following presents the Town's proportionate share of the collective net OPEB liability, as well as what the Town'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	$ 4,253,316	$ 4,875,623	$ 5,651,778

NOTE 20 – POST-EMPLOYMENT HEALTH CARE (CONTINUED)

CHANGES IN THE TOTAL OPEB LIABILITY (CONTINUED)

For the year ended June 30, 2025, the Town recognized expense of $391,793. At June 30, 2025, 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	$ 856,586	$ --
Changes in assumptions	745,185	658,060
Contributions subsequent to the measurement date	119,811	--
Total	$ 1,721,582	$ 658,060

The $119,811 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, 2026. 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:	
2026	$ 101,463
2027	97,487
2028	131,470
2029	156,776
2030	137,724
Thereafter	318,791
	$ 943,711

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

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, 2024 measurement date was, as follows:

Active members	459
Retirees under age 65	16
Retirees over age 65	152
Total	627

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 60% 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 40% 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.

NOTE 20 – POST-EMPLOYMENT HEALTH CARE (CONTINUED)

OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

At June 30, 2025, the Town School Department reported a liability of $5,806,648 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024.

For the year ended June 30, 2024, the Town School Department recognized expense of $415,604. At June 30, 2025, 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	$ 69,886	$ 1,059,261
Changes in assumptions	480,400	101,239
Contributions subsequent to the measurement date	165,100	--
Total	$ 715,386	$ 1,160,500

Of the total amount reported as deferred outflows of resources related to OPEB, $165,100 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, 2026. 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:	
2026	$ 43,109
2027	(2,343)
2028	(185,409)
2029	(193,349)
2030	(100,906)
Thereafter	(171,316)
	$ (610,214)

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)

Actuarial assumptions and methods: The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions:

Measurement date:	June 30, 2024
Discount Rate:	3.93% per annum for the year ended June 30, 2024 reporting.
Healthcare cost trend rates:	Non-Medicare – Initial trend of 9.00% applied in 2025 and 6.83% grading over 20 years to 4.50% per annum. Medicare – Initial trend rate of 6.00% applied in 2024, grading over 20 years to 4.50% per annum.
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, 2024. The discount rate based on the index was 3.93% per annum as of June 30, 2024.

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, 2023	$ 6,228,018
Changes for the year:	
Service cost	176,504
Interest	231,165
Difference beyween expected and actual experience	(816,568)
Changes in assumptions	131,304
Benefit payments	(143,775)
Net changes	(421,370)
Balance at June 30, 2024 (for June 30, 2025 reporting)	$ 5,806,648

Sensitivity of the Town School Department proportionate share of the collective net OPEB liability to changes in the discount rate.

The following presents the Town School Department's proportionate share of the collective net OPEB liability, as well as what the Town School Department proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.93 percent or 1-percentage-point higher 4.93 percent than the current discount rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	$ 6,785,130	$ 5,806,648	$ 5,022,208

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, 2025 were non-Medicare of 9.00% applied in 2025 and Medicare 6.00% applied in 2025 and 5.62% decreasing to 4.50%, respectively, over a grading period of 19 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:

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	$ 4,951,694	$ 5,806,648	$ 6,892,144

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 60% of the blended single premium for the retiree's healthcare coverage. Using the census data for the measurement period ended June 30, 2024 the estimated on-behalf OPEB subsidy for year ended June 30, 2025 was approximately $606,636. 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

	MEABT	MMEHT	Total
Deferred outflows	$ 715,386	$ 1,721,582	$ 2,436,968
Deferred inflows	1,160,500	658,060	1,818,560
Net OPEB liability	5,806,648	4,875,623	10,682,271
OPEB expense	415,604	391,793	807,397

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, 2025, the Town abated property taxes totaling $1,739,386 under the CEA and TIF programs, including the following tax abatement agreements:

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

The business office retail abatement, Foundation Center (a TIF specific to this property was created for the CEA), totaled $48,198.

The Town has an agreement for the Haigis Parkway District with total tax captured of $1,655,737 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 $59,541. 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 $1,393,765. 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 $86,814, the Bessey Commons II Affordable Housing TIF for $77,525, Avesta Southgate Affordable Housing TIF for $40,284 and Avesta US Route One Affordable Housing TIF for $33,259. 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. The Developer of Avesta US Route One intends to construct an affordable rental housing project. The Avesta US Route One TIF district program reimburses 75% of the increased assessed value as captured assessed value for a period of 20 years.

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 potential claims liabilities, which should be recorded at June 30, 2025. 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 22 – RISK MANAGEMENT (CONTINUED)

The Town (reporting entity) is the largest employer within the Town. The reporting entity represents approximately nine percent of the total employment of the entire Town. Scarborough Schools represents approximately 50% of the reporting entity's employment. The next largest employer is Hannaford Brothers, a regional grocery store chain. Hannaford's total employment represents approximately eight percent of the Town's total employment. The remainder of the ten largest employers in the Town represent three percent or less, individually, of the Town's total employment. The Town does not have a high concentration of employment in any one company.

The Town is situated on the southern coast of Maine. Being located on the Atlantic Ocean, the Town is subjected to the general climate risks of being a coastal community. There are no specific environmental mandates the Town is subject to.

The Town participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. As of June 30, 2025, significant amounts of grant expenditures have not been audited by the various grantor agencies; however, the Town believes that disallowed expenditures, if any, based upon subsequent audits will not have a material impact on the overall financial position of the Town. The Town is a risk of delays in the receipt of funding from grantor agencies in the event of any type of temporary shutdown of a grantor agency. Such delays in funding would not have a significant impact on the operations of the Town.

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, 2025:

NOTE 23 – NET POSITION (CONTINUED)

	Governmental Activities
Capital assets, not being depreciated.amortized	$ 19,647,477
Capital assets, depreciated/amortized	252,425,538
Accumulated depreciation and amortization	(82,195,368)
Bonds payable	(78,455,000)
Premium liabilities net of amortization	(10,902,466)
Deferred charge on refunding	4,466,196
Subscription liability	(1,283,144)
Lease liability	(688,609)
Capital Related Accounts Payable and retainage	(1,354,313)
Unspent bond proceeds	174,291
Net investment in capital assets	$ 101,834,602

NOTE 24 – COMMITMENTS

Construction in progress of $9,203,059 as of June 30, 2025 consists of building improvements, traffic signals improvement, road improvements, Eastern Trail improvements, generator replacement projects, turf project and high school running track. These projects are expected to be completed during the fiscal year ending June 30, 2026 or beyond. The additional estimated costs to complete these projects are approximately $6,243,886.

NOTE 25 – RESTATEMENT

Effective for the fiscal year ended June 30, 2025, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. GASB 101 establishes new requirements for the recognition and measurement of liabilities related to compensated absences.

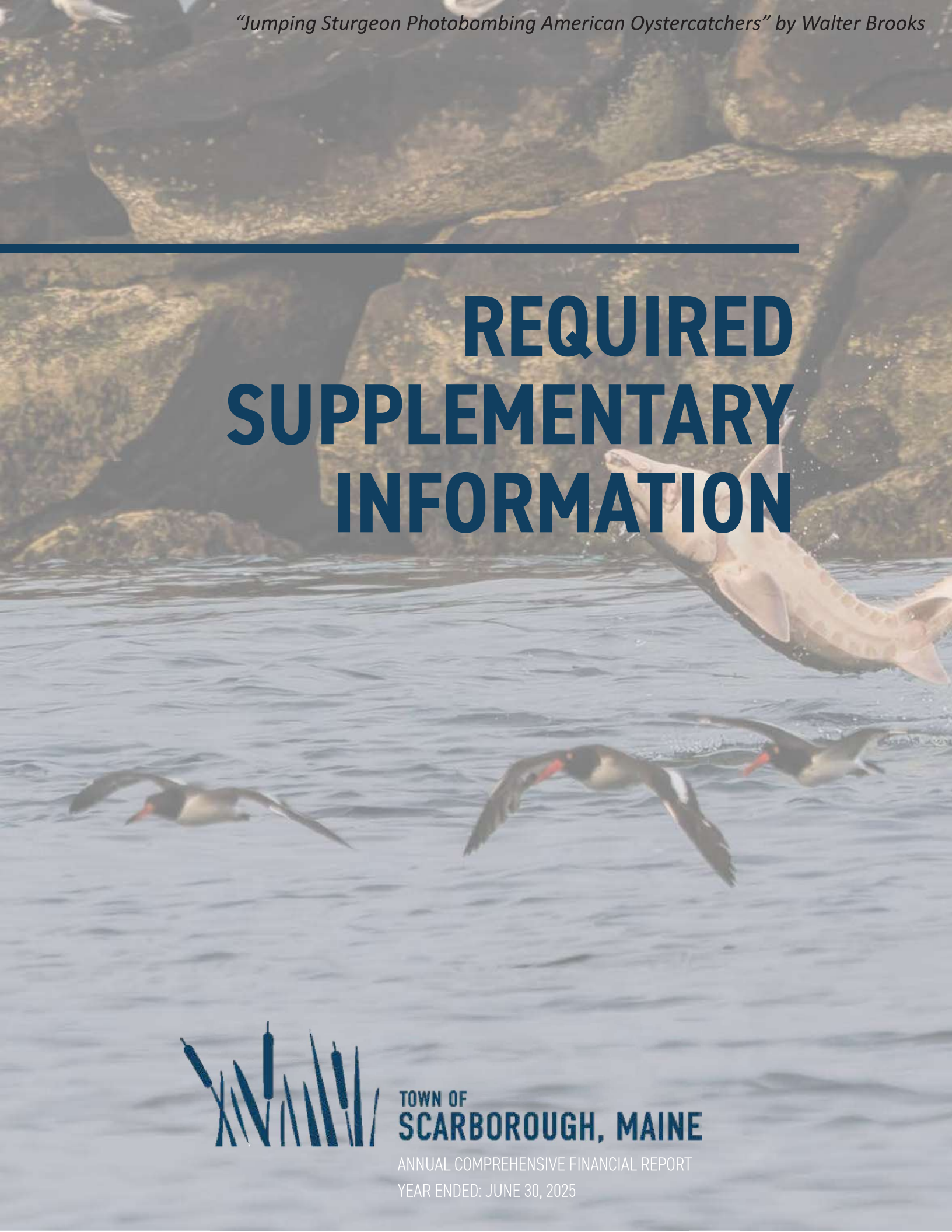
The implementation of GASB 101 required the Town to change its method of accounting for compensated absences, resulting in a restatement of the beginning net position as of July 1, 2024. The effect of this restatement is as follows:

	Governmental Activities
Net Position as originally stated at July 1, 2024	$ 106,669,223
Restatement for compensated absences resulting from the implementation of GASB 101	(4,748,519)
Net Position at July 1, 2024, as restated	$ 101,920,704

NOTE 26 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 17, 2025, 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 November 4, 2025, two bond referendum questions authorizing issuance of general obligation bonds to fund school improvements were passed by a vote of the citizens. Referendum Question #1 authorizes borrowing up to $129.85 million to replace the existing Eight Corners School to accommodate up to 380 kindergarten through 2nd grade students, renovate Blue Point School to accommodate up to 232 kindergarten through 2nd grade students and remove portable classrooms, renovate Pleasant Hill School to accommodate up to 224 kindergarten through 2nd grade students and remove portable classrooms, construct a small addition to Wentworth School to accommodate increased enrollment expected in 2031-2032, and renovate as well as construct additions to the Middle School to accommodate the current 6th-8th grade population in the building, remove portable classrooms, and enlarge an undersized cafeteria. Referendum Question #2 authorizes borrowing up to $10 million for further expansion of the Middle School to accommodate increased 6th-8th grade enrollment expected beginning 2034-2035.



"Jumping Sturgeon Photobombing American Oystercatchers" by Walter Brooks

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED: JUNE 30, 2025

TOWN OF SCARBOROUGH, MAINE

RSI-1

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 93,087,110	$ 93,087,110	$ 93,358,848	$ 271,738
Licenses and permits	1,277,235	1,277,235	1,272,805	(4,430)
Intergovernmental	14,158,489	14,158,489	14,588,577	430,088
Interest earned	700,000	700,000	1,258,651	558,651
Unclassified	8,981,859	8,981,859	9,178,114	196,255
Total revenues	118,204,693	118,204,693	119,656,995	1,452,302
Expenditures:				
Current:				
General government	9,939,557	9,361,255	8,935,844	425,411
Public services	7,624,381	7,624,381	7,631,107	(6,726)
Public safety	16,188,453	16,695,051	17,494,407	(799,356)
Public works	9,353,504	9,425,208	8,588,330	836,878
Education	66,042,207	66,042,207	63,813,512	2,228,695
County tax	3,630,186	3,630,186	3,630,186	-
Debt service	5,058,942	5,058,942	5,337,521	(278,579)
Capital improvements	1,540,946	1,540,946	1,207,258	333,688
Total expenditures	119,378,176	119,378,176	116,638,165	2,740,011
Excess (deficiency) of revenues over expenditures	(1,173,483)	(1,173,483)	3,018,830	4,192,313
Other financing sources (uses):				
Transfers in	2,858,318	2,858,318	2,206,751	(651,567)
Transfers out	(4,605,023)	(4,605,023)	(5,393,727)	(788,704)
Utilization of surplus	3,435,639	3,435,639	-	(3,435,639)
Premium received on issued bonds	-	-	67,789	67,789
Overlay	(515,451)	(515,451)	-	515,451
Total other financing sources (uses)	1,173,483	1,173,483	(3,119,187)	(4,292,670)
Net change in fund balances - budgetary basis	-	-	(100,357)	(100,357)
Fund balance, beginning of year	-	-	24,256,375	-
Fund balance, end of year	$ -	$ -	$ 24,156,018	$ -

See notes to required supplementary information.

TOWN OF SCARBOROUGH, MAINE

RSI-2

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – MMEHT GROUP HEALTH INSURANCE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025
(UNAUDITED)

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability								
Service Cost	$ 130,307	$ 90,288	$ 109,282	$ 114,702	$ 99,093	$ 94,071	$ 107,114	$ 95,617
Interest	160,022	133,482	81,142	68,928	82,090	130,878	116,667	121,874
Changes in benefit terms	--	--	--	--	--	(89,811)	--	--
Difference between expected and actual experience	--	393,827	--	653,519	--	412,934	--	105,980
Changes in assumptions or other inputs	(84,521)	836,226	(395,783)	(26,039)	171,460	(640,639)	(305,884)	(70,197)
Benefit payments	(215,304)	(132,104)	(121,181)	(115,018)	(110,594)	(106,333)	(102,243)	(92,711)
Net change in total OPEB liability	(9,496)	1,321,719	(326,540)	696,092	242,049	(198,900)	(184,346)	160,563
Total OPEB liability - Beginning	4,885,119	3,563,400	3,889,940	3,193,848	2,951,799	3,150,699	3,335,048	3,174,482
Total OPEB liability - Ending	$ 4,875,623	$ 4,885,119	$ 3,563,400	$ 3,889,940	$ 3,193,848	$ 2,951,799	$ 3,150,702	$ 3,335,045
Covered Employee Payroll	$ 12,198,317	$ 12,198,317	$ 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	40.0%	40.0%	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, 2025	4.08%
June 30, 2024	3.26%
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%

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-3

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – MEABT GROUP HEALTH INSURANCE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025
(UNAUDITED)

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB liability							
Service Cost	$ 176,504	$ 215,488	$ 247,592	$ 157,414	$ 62,895	$ 52,477	$ 56,620
Interest	231,165	218,619	142,036	137,955	189,285	192,731	183,504
Changes in benefit terms	--	--	--	--	(660,868)	--	--
Difference between expected and actual experience	(816,568)	--	(603,337)	--	244,596	--	--
Changes in assumptions or other inputs	131,304	(106,724)	(43,760)	55,547	1,036,880	318,176	(246,226)
Benefit payments	(143,775)	(118,087)	(103,352)	(111,883)	(153,734)	(137,867)	(133,102)
Net change in total OPEB liability	(421,370)	209,296	(360,821)	239,033	719,054	425,517	(139,204)
Total OPEB liability - Beginning	6,228,018	6,018,722	6,379,543	6,140,510	5,421,456	4,995,939	5,135,143
Total OPEB liability - Ending	$ 5,806,648	$ 6,228,018	$ 6,018,722	$ 6,379,543	$ 6,140,510	$ 5,421,456	$ 4,995,939
Covered Employee Payroll	27,748,350	28,713,033	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	20.9%	21.7%	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, 2025	3.93%
June 30, 2024	3.65%
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%

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

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025
(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 Employee Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	6/30/2024	0.034%	$ 473,321	$ 30,256,266	$ 30,729,587	$ 33,624,674	1.41%	88.42%
2024	6/30/2023	0.054%	883,749	32,263,487	33,147,236	32,480,161	2.72%	86.82%
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%

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 Employee Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	6/30/2024	1.58%	$ 6,324,367	$ 10,714,857	59.02%	91.06%
2024	6/30/2023	1.59%	5,075,610	9,616,271	52.78%	92.34%
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%	4,875,343	6,287,712	77.54%	88.27%

TOWN OF SCARBOROUGH, MAINE

RSI-5

SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025
(UNAUDITED)

Fiscal Year	Actuarial Valuation Date	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Employee Covered Payroll	Contributions as a Percentage of Employee Covered Payroll
2025	6/30/2024	$ 1,538,841	$ 1,538,841	--	$ 37,760,239	4.08%
2024	6/30/2023	1,387,460	1,387,460	--	33,624,674	4.13%
2023	6/30/2022	1,247,161	1,247,161	--	32,480,161	3.84%
2022	6/30/2021	1,136,007	1,136,007	--	31,796,884	3.57%
2021	6/30/2020	1,292,742	1,292,742	--	26,669,756	4.85%
2020	6/30/2019	1,166,575	1,166,575	--	26,581,636	4.39%
2019	6/30/2018	1,055,590	1,055,590	--	25,337,964	4.16%
2018	6/30/2017	1,018,971	1,018,971	--	24,415,427	4.17%
2017	6/30/2016	838,381	838,381	--	23,568,099	3.56%
2016	6/30/2015	649,178	649,178	--	22,450,059	2.89%

PLD Plan

Fiscal Year	Actuarial Valuation Date	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Employee Covered Payroll	Contributions as a Percentage of Employee Covered Payroll
2025	6/30/2024	$ 1,745,930	$ 1,745,930	--	$ 12,394,961	14.09%
2024	6/30/2023	1,545,520	1,545,520	--	10,714,857	14.42%
2023	6/30/2022	1,458,564	1,458,564	--	9,616,271	15.17%
2022	6/30/2021	1,317,439	1,317,439	--	8,405,668	15.67%
2021	6/30/2020	1,108,280	1,108,280	--	7,353,891	15.07%
2020	6/30/2019	1,037,156	1,037,156	--	8,941,589	11.60%
2019	6/30/2018	990,347	990,347	--	8,527,341	11.61%
2018	6/30/2017	920,669	920,669	--	7,843,357	11.74%
2017	6/30/2016	815,586	815,586	--	7,305,860	11.16%
2016	6/30/2015	694,798	694,798	--	6,444,728	10.78%

TOWN OF SCARBOROUGH, MAINE

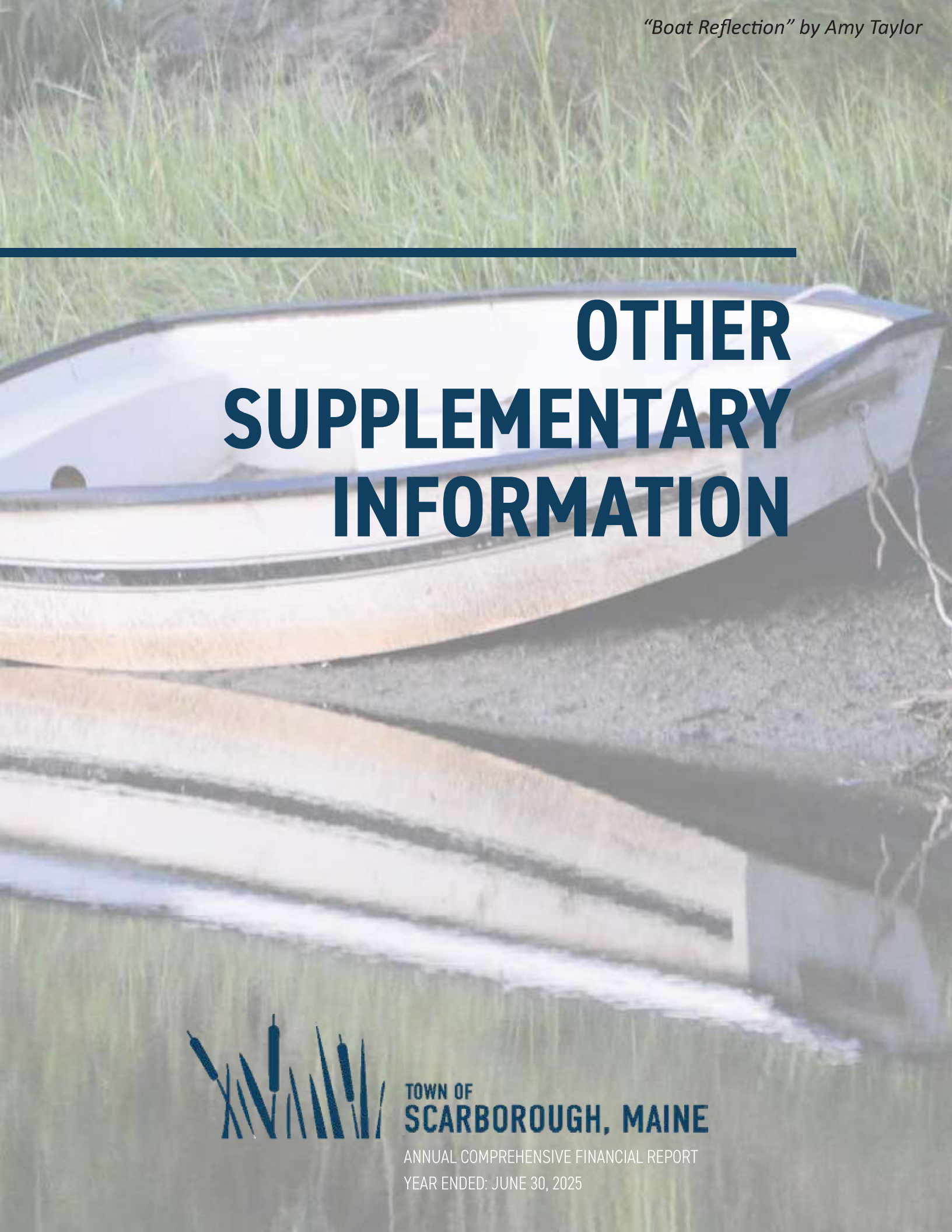
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025
(UNAUDITED)

BUDGETARY TO GAAP BASIS RECONCILIATION

The following reconciliation summarizes the difference for the Town's General Fund between budgetary and GAAP basis accounting principles for the fiscal year ended June 30, 2025.

Total Revenues and Other Financing Sources	$ 121,931,535
Budgetary revenues are different than GAAP revenues because of the following reconciling items:	
Pension and OPEB State on-behalf payments	5,172,437
Lease and subscription proceeds not recorded for budget	1,733,496
Budgetary use of fund balance not recorded for GAAP	(156,000)
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Statement 4	$ 128,681,468
Total Expenditures and Other Financing Uses	$ 122,031,892
Budgetary expenditures are different than GAAP expenditures because of the following reconciling items:	
Pension and OPEB State on-behalf payments	5,172,437
Lease and subscription capital outlay not recorded for budget	1,733,496
Budgetary use of fund balance not recorded for GAAP	(156,000)
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Statement 4	$ 128,781,825

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"Boat Reflection" by Amy Taylor

OTHER SUPPLEMENTARY INFORMATION

TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2025

TOWN OF SCARBOROUGH, MAINE

EXHIBIT A-1

GENERAL FUND
COMPARATIVE BALANCE SHEETS

JUNE 30, 2025 AND 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 15,937,748	$ 15,066,956
Investments	13,214,143	15,336,090
Receivables:		
Taxes receivable	431,874	417,578
Tax liens	710,111	982,202
Accounts receivable , net	691,849	813,909
Intergovernmental	427,053	527,165
Inventory	25,823	29,739
Interfund loans receivable	6,430,541	4,677,802
Lease receivable	251,164	420,937
Total Assets	$ 38,120,306	$ 38,272,378
Liabilities and Fund Balance		
Liabilities:		
Accounts payable and other current liabilities	$ 4,932,261	$ 5,405,800
Accrued payroll and other related liabilities	7,783,385	6,942,283
Unearned revenues	72,985	76,623
Total Liabilities	12,788,631	12,424,706
Deferred Inflows of Resources		
Unavailable revenue-property taxes	919,412	1,169,500
Unavailable revenue - leases	256,245	421,797
Total Deferred Inflows of Resources	$ 1,175,657	$ 1,591,297
Fund balance:		
Nonspendable inventory	25,823	29,739
Restricted - Town	--	1,583,633
Restricted - Education	2,120,509	2,127,029
Committed - Town	451,289	594,082
Committed - Education	156,526	--
Assigned - Town	1,052,798	2,484,681
Assigned - School	1,531,000	1,535,000
Unassigned - Town	18,818,073	15,902,211
Total Fund Balance	24,156,018	24,256,375
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 38,120,306	$ 38,272,378

TOWN OF SCARBOROUGH, MAINE

EXHIBIT A-2

GENERAL FUND
COMBINING BALANCE SHEETS

JUNE 30, 2025

	Town General Fund	School Unrestricted Fund	Total General Fund
Assets			
Cash and cash equivalents	$ 4,162,713	$ 11,775,035	$ 15,937,748
Investments	13,214,143	--	13,214,143
Receivables:			
Accounts, net	678,445	13,404	691,849
Intergovernmental	427,053	--	427,053
Taxes receivable	431,874	--	431,874
Tax liens	710,111	--	710,111
Interfund loans	7,130,582	(700,041)	6,430,541
Inventory	25,823	--	25,823
Lease receivable	251,164	--	251,164
Total Assets	$ 27,031,908	$ 11,088,398	$ 38,120,306
Liabilities, Deferred Inflows and Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	$ 4,079,180	$ 853,081	$ 4,932,261
Accrued payroll and other related liabilities	1,356,103	6,427,282	7,783,385
Unearned revenues	72,985	--	72,985
Total Liabilities	5,508,268	7,280,363	12,788,631
Deferred Inflows of Resources			
Unavailable revenue - property taxes	919,412	--	919,412
Unavailable revenue - leases	256,245	--	256,245
Total Deferred Inflows of Resources	1,175,657	--	1,175,657
Fund Balances			
Non-spendable	25,823	--	25,823
Restricted	--	2,120,509	2,120,509
Committed	451,289	156,526	607,815
Assigned	1,052,798	1,531,000	2,583,798
Unassigned	18,818,073	--	18,818,073
Total Fund Balances	20,347,983	3,808,035	24,156,018
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 27,031,908	$ 11,088,398	$ 38,120,306

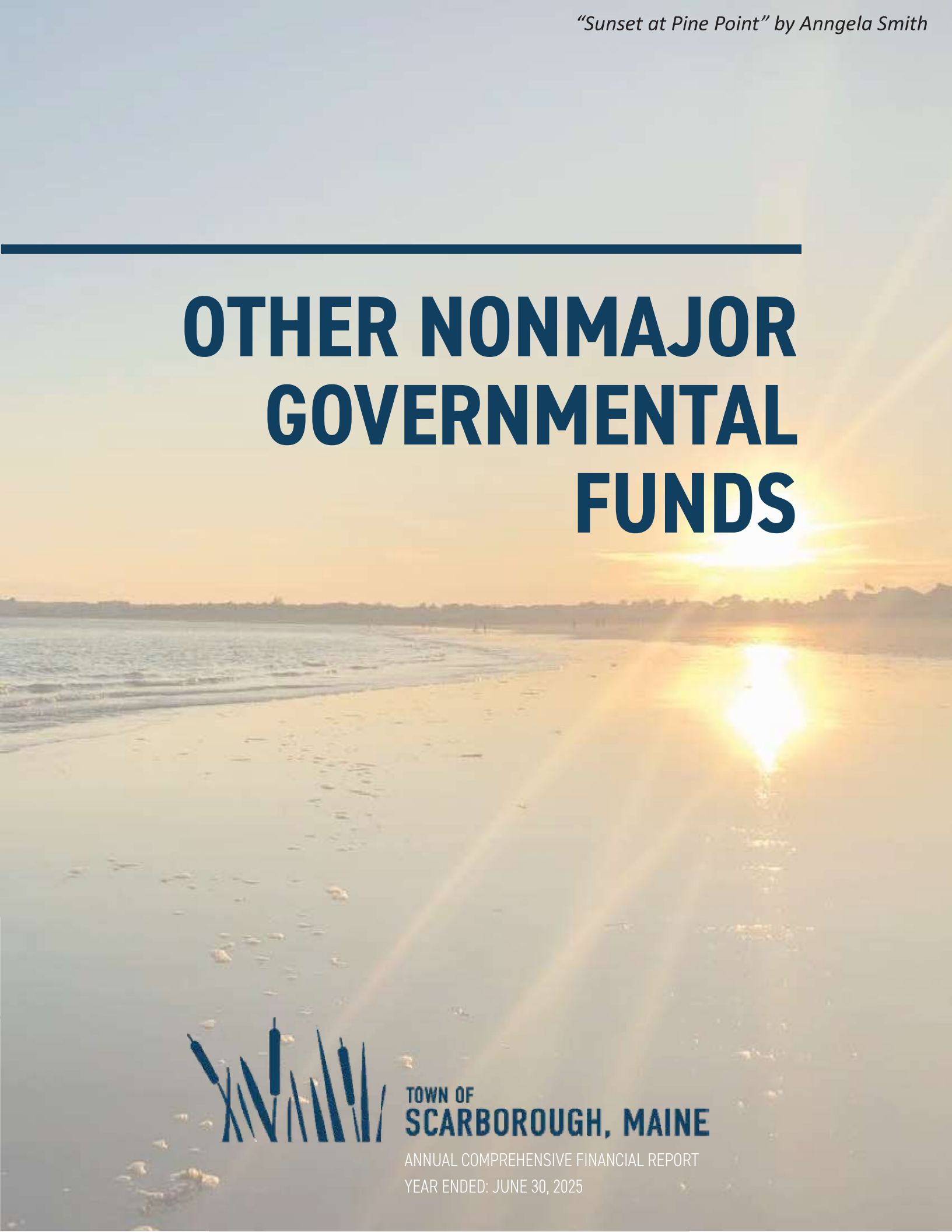
TOWN OF SCARBOROUGH, MAINE

EXHIBIT A-3

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

FOR THE YEAR ENDED JUNE 30, 2025

	Town General Fund	School Unrestricted Fund	Total General Fund
Revenues:			
Taxes	$ 37,227,906	$ 56,130,942	$ 93,358,848
Licenses and permits	1,272,805	--	1,272,805
Intergovernmental	6,493,104	13,267,910	19,761,014
Interest earned	1,258,651	--	1,258,651
Other	7,189,011	433,103	7,622,114
Total Revenues:	53,441,477	69,831,955	123,273,432
Expenditures:			
Current:			
General government	8,935,844	--	8,935,844
Public services	7,631,107	--	7,631,107
Public safety	17,494,407	--	17,494,407
Public works	8,588,330	--	8,588,330
Education	--	68,985,949	68,985,949
County tax	3,630,186	--	3,630,186
Debt service	5,337,521	--	5,337,521
Capital improvements	2,940,754	--	2,940,754
Total Expenditures	54,558,149	68,985,949	123,544,098
Excess of revenues (under) over expenditures before other financing sources (uses)	(1,116,672)	846,006	(270,666)
Other financing sources (uses)			
Transfers from other funds	3,606,751	--	3,606,751
Transfers to other funds	(4,537,727)	(700,000)	(5,237,727)
Issuance of general obligation bonds	--	--	--
Premium received on general oblligation bonds, net of issuance costs	67,789	--	67,789
Proceeds from right of use lease assets	715,719	--	715,719
Proceeds from right of use subscription assets	1,017,777	--	1,017,777
Other Financing Sources (Uses):	870,309	(700,000)	170,309
Net Change in Fund Balances	(246,363)	146,006	(100,357)
Fund Balances - Beginning of Year	20,594,346	3,662,029	24,256,375
Fund Balances - End of Year	$ 20,347,983	$ 3,808,035	$ 24,156,018



OTHER NONMAJOR GOVERNMENTAL FUNDS

TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2025

TOWN OF SCARBOROUGH, MAINE

EXHIBIT B-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2025

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
Assets				
Cash and cash equivalents	$ 2,166,893	$ 700,000	$ --	$ 2,866,893
Investments	8,345,518	--	381,728	8,727,246
Intergovernmental receivable	419,198	--	--	419,198
Accounts receivable	1,866,986	--	--	1,866,986
Interfund loans	118,775	--	4,520	123,295
Prepaid items	3,000	--	--	3,000
Inventory	134,437	--	--	134,437
Total Assets	$ 13,054,807	$ 700,000	$ 386,248	$ 14,141,055
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 588,078	$ 737,693	$ --	$ 1,325,771
Interfund loans	3,287,049	1,170,951	--	4,458,000
Unearned revenues	550,809	--	--	550,809
Total Liabilities	4,425,936	1,908,644	--	6,334,580
Fund Balances				
Nonspendable trust principal	--	--	204,168	204,168
Nonspendable inventory	134,437	--	--	134,437
Restricted for Town	2,618,693	--	182,080	2,800,773
Restricted for Education	1,415,555	--	--	1,415,555
Committed for Town	4,063,687	--	--	4,063,687
Committed for Education	353,941	--	--	353,941
Assigned for Education	50,000	--	--	50,000
Unassigned for Town	(7,442)	(1,208,644)	--	(1,216,086)
Total Fund Balances	8,628,871	(1,208,644)	386,248	7,806,475
Total Liabilities and Fund Balances	$ 13,054,807	$ 700,000	$ 386,248	$ 14,141,055

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, 2025

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues				
Intergovernmental	$ 11,082,890	$ --	$ --	$ 11,082,890
Contributions	403,893	--	--	403,893
Taxes	--	31,000	--	31,000
Assessments and impact fees	5,519,617	--	--	5,519,617
Sale of lots/land/equipment	--	--	22,200	22,200
Other revenue	2,929,916	--	--	2,929,916
Interest revenue	476,994	12	19,419	496,425
Total Revenues	20,413,310	31,012	41,619	20,485,941
Expenditures				
Current:				
Capital expenditures	2,536,982	4,535,230	--	7,072,212
Education	3,780,593	--	--	3,780,593
Other	9,762,125	--	--	9,762,125
Total Expenditures	16,079,700	4,535,230	--	20,614,930
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	4,333,610	(4,504,218)	41,619	(128,989)
Other Financing Sources (Uses)				
Transfers (out)/in	(4,774,706)	676,000	--	(4,098,706)
Issuance of general obligation bonds	--	2,428,387	--	2,428,387
Premium received on general obligation bonds, net of issuance costs	--	126,016	--	126,016
Total Other Financing Sources (Uses)	(4,774,706)	3,230,403	--	(1,544,303)
Net Change in Fund Balances	(441,096)	(1,273,815)	41,619	(1,673,292)
Fund Balances (Deficit) - Beginning of Year	9,069,967	65,171	344,629	9,479,767
Fund Balances (Deficit) - End of Year	$ 8,628,871	$ (1,208,644)	$ 386,248	$ 7,806,475

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NONMAJOR SPECIAL REVENUE FUNDS

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

Special revenue funds are established for the following purposes:

Recreational Development

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

Credit Enhancement Agreements

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

Scarborough Economic Development Corporation (SEDCO)

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

Eastern Trail Alliance Close The Gap

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

Prouts Landing Conservation

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

Payne Road Improvements

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

Payne Road Impact Fees

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

Other Impact Fees:

The purpose of this fund is to account for all "Impact Fees" that are collected pursuant to the *Development Impact Fee Ordinance* adopted by the Town Council. The Ordinance requires the Town Treasurer to maintain all of these fees in a separate impact fee account and that the account is segregated from the Town's general revenues.

NONMAJOR SPECIAL REVENUE FUNDS, CONTINUED

Other Impact Fees - Continued:

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

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

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

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

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

Police Asset Forfeiture

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

Rescue Equipment

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

Fire Department

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

Departmental Grants and Programs

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

School Categorical Programs

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

School Nutrition Program

This fund accounts for revenues and expenditures for the School Nutrition 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, 2025

	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	$ --	$ --	$ 35,450	$ --	$ --	$ --	$ 313,764
Investments	--	120,936	--	897,996	29,798	84,749	1,424,832
Intergovernmental receivable	--	--	12,049	--	--	--	--
Accounts receivable	--	--	75	100,796	--	--	195,475
Interfund loans receivable	82,636	--	--	--	--	--	--
Prepaid items	--	--	3,000	--	--	--	--
Inventory	--	--	--	--	--	--	--
Total Assets	$ 82,636	$ 120,936	$ 50,574	$ 998,792	$ 29,798	$ 84,749	$ 1,934,071
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ --	$ --	$ 2,874	$ --	$ --	$ --	$ --
Interfund loans payable	--	97,749	--	165,687	--	--	1,778,005
Unearned revenues	--	--	--	--	--	--	--
Total Liabilities	--	97,749	2,874	165,687	--	--	1,778,005
Fund Balances							
Nonspendable	--	--	--	--	--	--	--
Restricted	--	23,187	--	833,105	--	--	--
Committed	82,636	--	47,700	--	29,798	84,749	156,066
Assigned	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--
Total Fund Balances	82,636	23,187	47,700	833,105	29,798	84,749	156,066
Total Liabilities and Fund Balances	$ 82,636	$ 120,936	$ 50,574	$ 998,792	$ 29,798	$ 84,749	$ 1,934,071

TOWN OF SCARBOROUGH, MAINE

EXHIBIT C-1

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2025

	Other Impact Fees	Police Asset Forfeiture	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Nutrition Program	American Rescue Plan	High Intensity Drug Trafficking Areas	Totals
Assets										
Cash and cash equivalents	$ --	$ --	$ --	$ --	$ 9,237	$ 1,413,500	$ 394,649	$ --	$ 293	$ 2,166,893
Investments	1,743,668	290,322	501,898	25,636	3,223,553	2,130	--	--	--	8,345,518
Intergovernmental receivable	--	--	--	--	--	319,996	87,153	--	--	419,198
Accounts receivable	--	--	--	--	1,570,640	--	--	--	--	1,866,986
Interfund loans receivable	8,520	--	27,619	--	--	--	--	--	--	118,775
Prepaid items	--	--	--	--	--	--	--	--	--	3,000
Inventory	--	--	--	--	--	--	134,437	--	--	134,437
Total Assets	$ 1,752,188	$ 290,322	$ 529,517	$ 25,636	$ 4,803,430	$ 1,735,626	$ 616,239	$ --	$ 293	$ 13,054,807
Liabilities and Fund Balances										
Liabilities										
Accounts payable	$ --	$ 3,600	$ 99	$ --	$ 426,028	$ 77,616	$ 77,861	$ --	$ --	$ 588,078
Interfund loans payable	--	6,359	--	--	989,352	249,897	--	--	--	3,287,049
Unearned revenues	--	--	--	--	550,809	--	--	--	--	550,809
Total Liabilities	--	9,959	99	--	1,966,189	327,513	77,861	--	--	4,425,936
Fund Balances										
Nonspendable	--	--	--	--	--	--	134,437	--	--	134,437
Restricted	--	280,363	--	25,636	1,456,109	1,415,555	--	--	293	4,034,248
Committed	1,752,188	--	529,418	--	1,381,132	--	353,941	--	--	4,417,628
Assigned	--	--	--	--	--	--	50,000	--	--	50,000
Unassigned	--	--	--	--	--	(7,442)	--	--	--	(7,442)
Total Fund Balances	1,752,188	280,363	529,418	25,636	2,837,241	1,408,113	538,378	--	293	8,628,871
Total Liabilities and Fund Balances	$ 1,752,188	$ 290,322	$ 529,517	$ 25,636	$ 4,803,430	$ 1,735,626	$ 616,239	$ --	$ 293	$ 13,054,807

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, 2025

	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	$ --	$ --	$ --	$ 153,524	$ --	$ --	$ --
Interest earned	--	6,305	45	45,177	1,577	4,487	108,286
Contributions	--	--	312,026	--	--	--	--
Other	--	--	12,106	--	--	--	--
Assessments and impact fees	41,100	1,667,517	--	--	--	--	948,455
Total Revenues	41,100	1,673,822	324,177	198,701	1,577	4,487	1,056,741
Expenditures							
Construction and acquisitions	--	--	--	193,874	--	--	--
Education	--	--	--	--	--	--	--
Benefits paid	--	--	--	--	--	--	--
Other	--	1,678,147	324,366	--	--	--	--
Total Expenditures	--	1,678,147	324,366	193,874	--	--	--
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	41,100	(4,325)	(189)	4,827	1,577	4,487	1,056,741
Other Financing Sources (Uses)							
Transfers in	--	--	--	--	--	--	--
Transfers out	(132,000)	(85,455)	--	--	--	--	(2,495,802)
Total Other Financing Sources (Uses)	(132,000)	(85,455)	--	--	--	--	(2,495,802)
Net Change in Fund Balances	(90,900)	(89,780)	(189)	4,827	1,577	4,487	(1,439,061)
Fund Balances - Beginning of Year	173,536	112,967	47,889	828,278	28,221	80,262	1,595,127
Fund Balances - End of Year	$ 82,636	$ 23,187	$ 47,700	$ 833,105	$ 29,798	$ 84,749	$ 156,066

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, 2025

	Other Impact Fees	Police Asset Forfeiture	Rescue Equipment	Fire Department	Departmental Grants & Programs	School Categorical Programs	School Nutrition Program	American Rescue Plan	High Intensity Drug Trafficking Areas	Totals
Revenues										
Intergovernmental	$ --	$ --	$ --	$ --	$ 2,140,173	$ 1,312,519	$ 2,051,352	$ 316,586	$ 5,108,736	$ 11,082,890
Interest earned	115,289	14,630	26,096	1,331	153,771	--	--	--	--	476,994
Contributions	--	--	--	6,350	--	85,517	--	--	--	403,893
Sale of Lots/Land/Equip	--	--	--	--	--	--	--	--	--	--
Other	424,170	92,983	--	--	1,028,302	1,027,188	345,167	--	--	2,929,916
Assessments and impact fees	--	--	2,862,545	--	--	--	--	--	--	5,519,617
Total Revenues	539,459	107,613	2,888,641	7,681	3,322,246	2,425,224	2,396,519	316,586	5,108,736	20,413,310
Expenditures										
Construction and acquisitions	--	30,259	1,256	--	2,311,593	--	--	--	--	2,536,982
Education	--	--	--	--	--	1,368,401	2,412,192	--	--	3,780,593
Benefits paid	--	--	--	--	26,307	--	--	--	--	26,307
Other	--	--	1,358,755	--	20,142	923,696	--	316,586	5,114,126	9,735,818
Total Expenditures	--	30,259	1,360,011	--	2,358,042	2,292,097	2,412,192	316,586	5,114,126	16,079,700
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	539,459	77,354	1,528,630	7,681	964,204	133,127	(15,673)	--	(5,390)	4,333,610
Other Financing Sources (Uses)										
Transfers in	--	--	--	--	--	--	--	--	--	--
Transfers out	(581,449)	(5,000)	(1,475,000)	--	--	--	--	--	--	(4,774,706)
Total Other Financing Sources (Uses)	(581,449)	(5,000)	(1,475,000)	--	--	--	--	--	--	(4,774,706)
Net Change in Fund Balances	(41,990)	72,354	53,630	7,681	964,204	133,127	(15,673)	--	(5,390)	(441,096)
Fund Balances - Beginning of Year	1,794,178	208,009	475,788	17,955	1,873,037	1,274,986	554,051	--	5,683	9,069,967
Fund Balances - End of Year	$ 1,752,188	$ 280,363	$ 529,418	$ 25,636	$ 2,837,241	$ 1,408,113	$ 538,378	$ --	$ 293	$ 8,628,871

TOWN OF SCARBOROUGH, MAINE

EXHIBIT C-3

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

FOR THE YEAR ENDED JUNE 30, 2025

	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	$ --	$ 170,172	$ --	$ 170,172	$ --	$ --
NCLB/Title IIA	--	9,480	--	9,480	--	--
NCLB/Title III	--	11,592	--	11,592	--	--
Local Entitlement	(1,147)	866,516	--	865,369	--	--
Local Entitlement Preschool	--	13,192	--	13,192	--	--
Preschool Development Grant	--	160,292	--	160,292	--	--
MOLI	--	17,309	--	17,309	--	--
ARP Literacy Grant	--	22,983	--	22,983	--	--
ARP Summer Learning Grant	--	40,983	--	40,983	--	--
Total Federal Education Grant Programs	(1,147)	1,312,519	--	1,311,372	--	--
Other State Grant Programs						
PEPG Grant	588	--	--	588	--	--
Scarborough Education Foundation	28,033	--	14,371	16,284	--	26,120
Fineberg Trust	136,743	--	--	--	--	136,743
Other Donations	38,860	--	5,868	5,298	--	39,430
Proficiency Based Graduation	3,083	--	--	3,083	--	--
Technology Maintenance Fees	62,875	--	50,659	14,293	--	99,241
School Nutrition Special Programs	(4,935)	--	6,454	6,951	--	(5,432)
Student Activity Funds	1,006,331	--	1,027,188	923,696	--	1,109,823
CC Admin Certification	4,551	--	8,165	8,518	--	4,198
Homelessness Prevention grant	--	--	--	2,010	--	(2,010)
MLTI State Grant	4	--	--	4	--	--
Total Other State Grant Programs	1,276,133	--	1,112,705	980,725	--	1,408,113
Total School Categorical Programs	$ 1,274,986	$ 1,312,519	$ 1,112,705	$ 2,292,097	$ --	$ 1,408,113

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, 2025

	General School Improvements
Assets	
Cash and cash equivalents	$ 700,000
Total Assets	$ 700,000
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 737,693
Interfund loans payable	1,170,951
Total Liabilities	1,908,644
Fund Balance (Deficit)	
Unassigned	(1,208,644)
Total Fund Balance (Deficit)	(1,208,644)
Total Liabilities and Fund Balance	$ 700,000

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, 2025

	General School Improvements
Revenues	
Taxes	$ 31,000
Interest earned	12
Total Revenues	31,012
Expenditures	
Capital improvements	4,535,230
Total Expenditures	4,535,230
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(4,504,218)
Other Financing Sources (Uses)	
Transfers in	676,000
Premium received on issued bonds, net of issuance costs	126,016
Proceeds of general obligation bonds	2,428,387
Total Other Financing Sources	3,230,403
Net Change in Fund Balance	(1,273,815)
Fund Balance - Beginning of Year	65,171
Fund Balance (Deficit) - End of Year	$ (1,208,644)

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NONMAJOR PERMANENT FUNDS

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

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

Scarborough Memorial Cemetery

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

Dunstan Perpetual Care

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

Mary A. Tucker Fund

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

TOWN OF SCARBOROUGH, MAINE

EXHIBIT E-1

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS

JUNE 30, 2025

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Assets				
Investments	$ 350,791	$ 27,480	$ 3,457	$ 381,728
Interfund loans receivable	4,520	--	--	4,520
Total Assets	$ 355,311	$ 27,480	$ 3,457	$ 386,248
Liabilities and Fund Balances				
Fund Balances				
Nonspendable principal	190,301	13,367	500	204,168
Restricted expendable income	165,010	14,113	2,957	182,080
Total Fund Balances	355,311	27,480	3,457	386,248
Total Liabilities and Fund Balances	$ 355,311	$ 27,480	$ 3,457	$ 386,248

TOWN OF SCARBOROUGH, MAINE

EXHIBIT E-2

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Scarborough Memorial Cemetery	Dunstan Perpetual Care	Mary A. Tucker Fund	Totals
Revenues				
Interest, dividends and change in fair value (net)	$ 17,784	$ 1,453	$ 182	$ 19,419
Sale of lots/perpetual care deposits	22,200	--	--	22,200
Total Revenues	39,984	1,453	182	41,619
Net Change in Fund Balances	39,984	1,453	182	41,619
Fund Balances - Beginning of Year	315,327	26,027	3,275	344,629
Fund Balances - End of Year	$ 355,311	$ 27,480	$ 3,457	$ 386,248

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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.

Teachout/Phillips Merit Scholarship Fund

A scholarship fund established to provide a yearly $10,000 scholarship to a Scarborough High School senior planning to continue their education in STEM fields. Selection is based on both financial need and academic merit.

IDEXX Scholarship Fund

A scholarship fund established to provide up to six yearly $2,500 scholarships to Scarborough High School seniors planning to continue their education. Two scholarships are made available in each of three categories: for the children of first responders, for students pursuing education in STEM fields, and for students with financial need.

TOWN OF SCARBOROUGH, MAINE

EXHIBIT F-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2025

	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
Assets								
Investments	$ 1,197	$ 104,847	$ 101,685	$ 215	$ 14	$ 1,307	$ 2,687	$ 373
Due from student groups	--	--	--	--	--	--	--	--
Accounts receivable	--	--	--	--	--	--	--	--
Total Assets	$ 1,197	$ 104,847	$ 101,685	$ 215	$ 14	$ 1,307	$ 2,687	$ 373
Liabilities and Net Position								
Liabilities								
Due to student groups	$ --	$ 5,000	$ --	$ --	$ --	$ --	$ --	$ --
Total Liabilities	--	5,000	--	--	--	--	--	--
Net Position								
Restricted	1,197	99,847	101,685	215	14	1,307	2,687	373
Total Net Position	1,197	99,847	101,685	215	14	1,307	2,687	373
Total Liabilities and Net Position	$ 1,197	$ 104,847	$ 101,685	$ 215	$ 14	$ 1,307	$ 2,687	$ 373

TOWN OF SCARBOROUGH, MAINE

EXHIBIT F-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2025

	S. Dwight Howard Mem. Scholarship Fund	Bertha Libby-Lary Scholarship Fund	Academic Decathlon Scholarship Fund	Class of 1976 Scholarship Fund	Kathy Pearson Scholarship Fund	Lewis Phillips Scholarship Fund	SHS Idexx Scholarship Fund	Totals
Assets								
Investments	$ 2,713	$ 11,892	$ 1,468	$ 410	$ 3,521	$ 14,832	$ 2,835	$ 249,996
Due from student groups	--	--	--	700	--	56,000	--	56,700
Accounts receivable	--	--	--	--	--	--	15,000	15,000
Total Assets	$ 2,713	$ 11,892	$ 1,468	$ 1,110	$ 3,521	$ 70,832	$ 17,835	$ 321,696
Liabilities and Net Position								
Liabilities								
Due to student groups	$ --	$ --	$ --	$ --	$ --	$ --	$ 15,000	$ 20,000
Total Liabilities	--	--	--	--	--	--	15,000	20,000
Net Position								
Restricted	2,713	11,892	1,468	1,110	3,521	70,832	2,835	301,696
Total Net Position	2,713	11,892	1,468	1,110	3,521	70,832	2,835	301,696
Total Liabilities and Net Position	$ 2,713	$ 11,892	$ 1,468	$ 1,110	$ 3,521	$ 70,832	$ 17,835	$ 321,696

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, 2025

	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
Additions							
Donations	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Interest and dividends	63	5,473	5,406	11	1	69	201
Total Additions	63	5,473	5,406	11	1	69	201
Deductions							
School scholarships	--	2,500	1,000	--	--	--	1,500
Total Deductions	--	2,500	1,000	--	--	--	1,500
Changes in Net Position	63	2,973	4,406	11	1	69	(1,299)
Net Position - Beginning of Year	1,134	96,874	97,279	204	13	1,238	3,986
Net Position - End of Year	$ 1,197	$ 99,847	$ 101,685	$ 215	$ 14	$ 1,307	$ 2,687

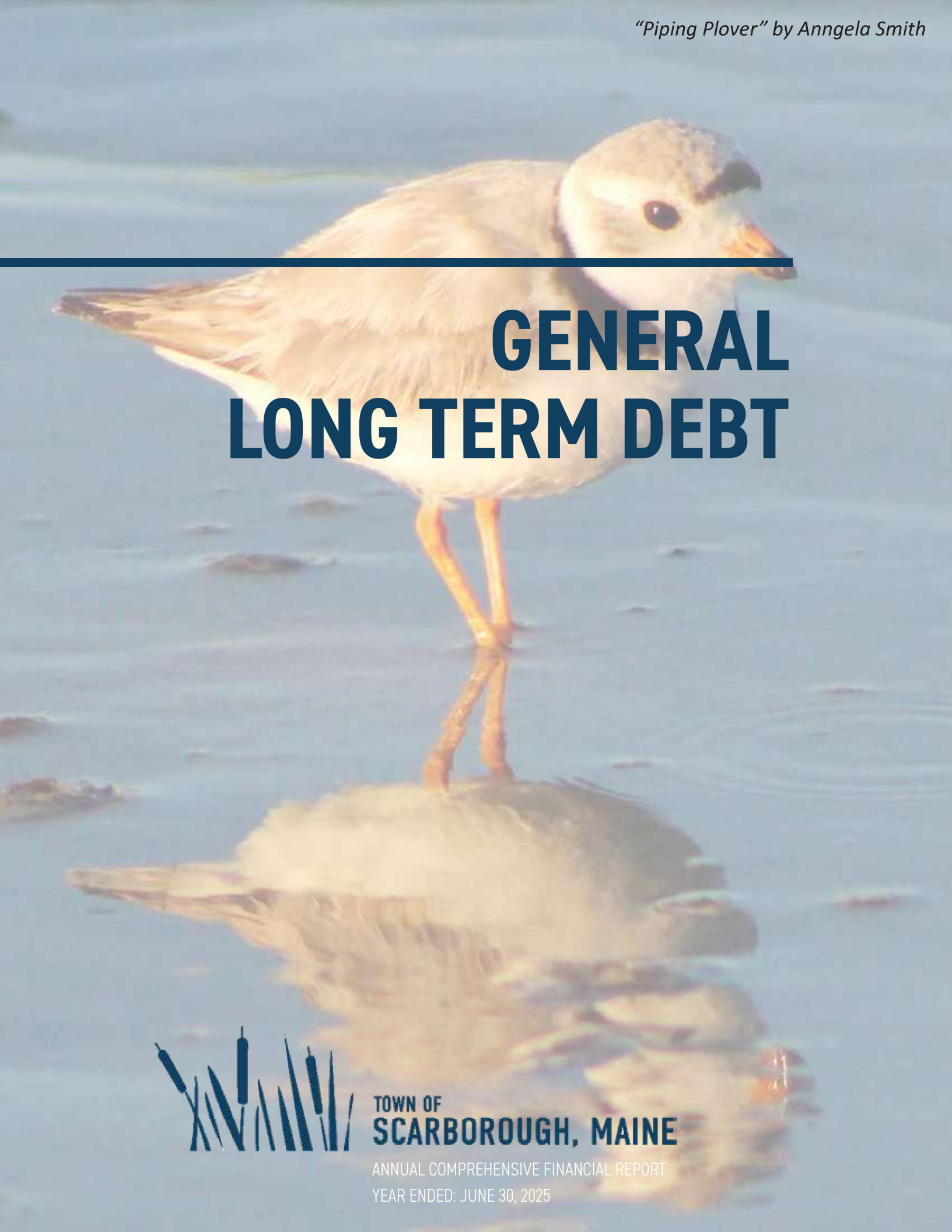
TOWN OF SCARBOROUGH, MAINE

EXHIBIT F-2

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

FOR THE YEAR ENDED JUNE 30, 2025

	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	Lewis Phillips Scholarship Fund	SHS Idexx Scholarship Fund	Totals
Additions									
Donations	$ --	$ --	$ --	$ --	$ --	$ --	$ 56,000	$ 15,000	$ 71,000
Interest and dividends	19	143	625	77	22	186	784	267	13,347
Total Additions	19	143	625	77	22	186	56,784	15,267	84,347
Deductions									
School scholarships	--	--	--	--	--	--	--	32,500	37,500
Total Deductions	--	--	--	--	--	--	--	32,500	37,500
Changes in Net Position	19	143	625	77	22	186	56,784	(17,233)	46,847
Net Position - Beginning of Year	354	2,570	11,267	1,391	1,088	3,335	14,048	20,068	254,849
Net Position - End of Year	$ 373	$ 2,713	$ 11,892	$ 1,468	$ 1,110	$ 3,521	$ 70,832	$ 2,835	$ 301,696



"Piping Plover" by Anngela Smith

GENERAL LONG TERM DEBT

TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2025

TOWN OF SCARBOROUGH, MAINE

EXHIBIT G-1

SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT

FOR THE YEAR ENDED JUNE 30, 2025

	Interest Rate	Final Maturity Date	Annual Principal Payments	Balance Beginning of Year	Current Year Issued	Current Year Retired	Balance End of Year
General Obligation Bonds							
2014 Capital Improvements	3.00%	2034	$250,000 to 2029				
	4.00%		50,000 to 2034	$ 1,500,000	$ --	$ 250,000	$ 1,250,000
2015 Capital Improvements	4.00%	2035	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	2,420,000	--	320,000	2,100,000
2016 Capital Improvements	3.00%	2036	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	2,085,000	--	395,000	1,690,000
2017 Capital Improvements	5.00%	2037	185,000 to 2027				
	3.00%		55,000 to 2032				
	3.00%		35,000 to 2037	1,005,000	--	185,000	820,000
2018 Capital Improvements	5.00%	2048	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	13,525,000	--	695,000	12,830,000
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	5,740,000	--	410,000	5,330,000
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	4,805,000	--	745,000	4,060,000
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	1,700,000	--	385,000	1,315,000

TOWN OF SCARBOROUGH, MAINE

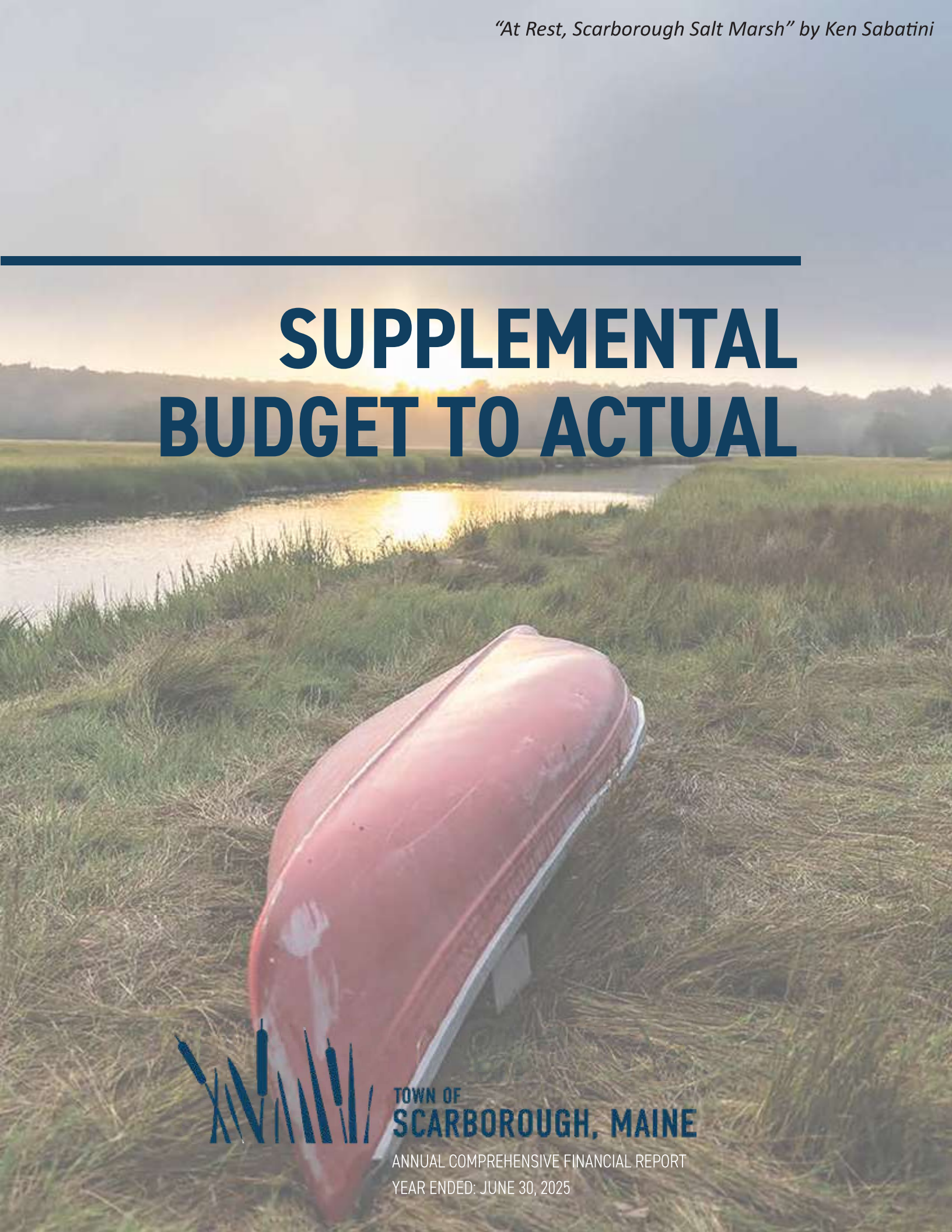
EXHIBIT G-1

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

FOR THE YEAR ENDED JUNE 30, 2025

	Interest Rate	Final Maturity Date	Annual Principal Payments	Balance Beginning of Year	Current Year Issued	Current Year Retired	Balance End of Year
General Obligation Bonds							
2020 Advance Refunding B	4.00%	2043	$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	$ 36,990,000	$ --	$ 2,525,000	$ 34,465,000
2021 Capital Improvements	5.00%	2042	350,000 to 2027				
	5.00%		300,000 to 2032				
	2.00%		75,000 to 2037				
	2.00%		20,000 to 2042	3,025,000	--	350,000	2,675,000
2023 Capital Improvements	5.00%	2044	819,000 in 2025				
	5.00%		815,000 to 2026				
	5.00%		805,000 to 2029				
	5.00%		670,000 to 2032				
	4.00%		670,000 in 2033				
	5.00%		670,000 in 2034				
	5.00%		310,000 to 2038				
	4.00%		310,000 in 2039				
	4.25%		15,000 to 2044	9,034,000	--	819,000	8,215,000
2025 Capital Improvements	5.00%	2045	335,000 in 2026				
			330,000 to 2030				
			215,000 to 2035				
			165,000 to 2040				
			30,000 to 2045	--	3,705,000	--	3,705,000
				81,829,000	3,705,000	7,079,000	78,455,000
				$ 81,829,000	$ 3,705,000	$ 7,079,000	$ 78,455,000

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"At Rest, Scarborough Salt Marsh" by Ken Sabatini

SUPPLEMENTAL BUDGET TO ACTUAL

TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED: JUNE 30, 2025

TOWN OF SCARBOROUGH, MAINE

EXHIBIT H-1

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) DETAILED
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	2025						
	2024 Carryforward	Budget	Budget Transfers	Total Available	Actual	Variance Positive (Negative)	2024 Actual
Revenues:							
Taxes:							
Property taxes	$ --	$ 85,155,460	$ --	$ 85,155,460	$ 85,235,645	$ 80,185	$ 79,842,857
Excise taxes	--	7,632,000	--	7,632,000	7,785,623	153,623	8,010,282
Cable franchise tax	--	235,000	--	235,000	203,993	(31,007)	216,221
Interest and costs on taxes	--	64,650	--	64,650	133,587	68,937	126,309
Total Taxes	--	93,087,110	--	93,087,110	93,358,848	271,738	88,195,669
Licenses and permits:							
Plumbing fees	--	45,000	--	45,000	45,672	672	37,350
Fees and Permits	--	313,385	--	313,385	338,772	25,387	273,997
Building permits	--	700,000	--	700,000	678,416	(21,584)	762,840
Electrical permits	--	105,000	--	105,000	103,690	(1,310)	100,737
Zoning Board of Appeals	--	7,000	--	7,000	5,000	(2,000)	3,750
License plate fees	--	91,850	--	91,850	96,580	4,730	94,962
Subdivision fees	--	15,000	--	15,000	4,675	(10,325)	10,175
Total Licenses and Permits	--	1,277,235	--	1,277,235	1,272,805	(4,430)	1,283,811
Intergovernmental:							
Federal HIDTA revenues	--	250,000	--	250,000	254,981	4,981	250,583
State Revenue Sharing	--	3,246,097	--	3,246,097	3,491,905	245,808	3,708,404
Homestead exemption	--	1,146,434	--	1,146,434	1,146,449	15	1,554,641
Business equipment tax exemption	--	835,205	--	835,205	835,737	532	867,298
LRAP (Local Road Assistance Program)	--	317,636	--	317,636	398,074	80,438	366,304
ecomaine payment in lieu of taxes	--	71,450	--	71,450	71,838	388	71,429
General assistance reimbursement	--	157,502	--	157,502	163,530	6,028	260,570
Adult education State subsidies	--	65,569	--	65,569	64,424	(1,145)	68,284
Other Federal and State revenues - School	--	7,954,696	--	7,954,696	8,095,473	140,777	6,194,795
Other Intergovernmental revenues - Town	--	113,900	--	113,900	66,166	(47,734)	542,518
Total Intergovernmental	--	14,158,489	--	14,158,489	14,588,577	430,088	13,884,826
Interest earned	--	700,000	--	700,000	1,258,651	558,651	1,138,953
Unclassified:							
School Department miscellaneous	--	316,000	--	316,000	329,222	13,222	281,566
Adult education	--	40,000	--	40,000	39,457	(543)	23,431
Community services	--	2,766,906	--	2,766,906	2,727,153	(39,753)	2,328,852
Insurance reimbursements	--	191,000	--	191,000	176,030	(14,970)	98,857
Public Violations	--	76,700	--	76,700	66,332	(10,368)	81,007
Special duty police/fire	--	129,000	--	129,000	427,294	298,294	207,413
Inspection/review fees	--	328,460	--	328,460	190,402	(138,058)	281,741
Rescue donations	--	1,400,000	--	1,400,000	1,400,000	--	1,200,000
Rental/Lease income	--	195,061	--	195,061	202,840	7,779	217,363
Sale of Town-owned property	--	159,500	--	159,500	22,216	(137,284)	77,864
Salary reimbursement	--	2,091,215	--	2,091,215	2,100,119	8,904	1,493,544
Vehicle fuel reimbursement	--	561,917	--	561,917	452,766	(109,151)	506,653
Vehicle maintenance reimbursement	--	628,900	--	628,900	580,534	(48,366)	730,738
Miscellaneous	--	97,200	--	97,200	307,749	210,549	366,842
Use of fund balance	--	--	--	--	156,000	156,000	--
Total Unclassified	--	8,981,859	--	8,981,859	9,178,114	196,255	7,895,871
Total Revenues	--	118,204,693	--	118,204,693	119,656,995	1,452,302	112,399,130

TOWN OF SCARBOROUGH, MAINE

EXHIBIT H-1

GENERAL FUND (CONTINUED)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) DETAILED
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

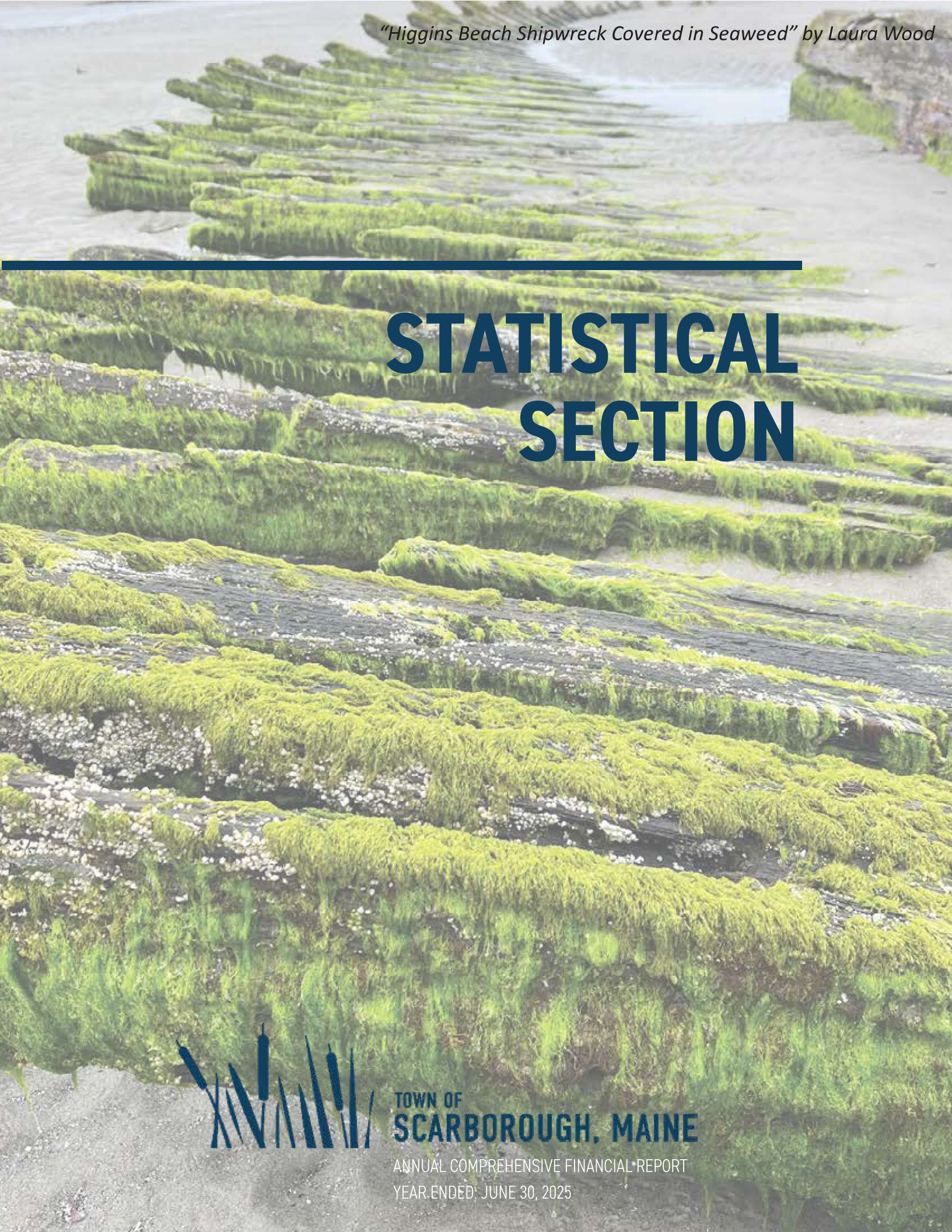
	2025						
	2024 Carryforward	Budget	Budget Transfers	Total Available	Actual	Variance Positive (Negative)	2024 Actual
Expenditures:							
Current:							
General government:							
Town Council	$ --	$ 19,108	$ --	$ 19,108	$ 18,815	$ 293	$ 16,173
Administration	--	565,691	--	565,691	504,349	61,342	476,164
Town Clerk	5,615	384,397	--	390,012	477,354	(87,342)	423,797
General government	--	182,500	--	182,500	184,213	(1,713)	165,760
Legal	--	119,000	--	119,000	115,280	3,720	133,452
Human resources	--	384,953	--	384,953	378,269	6,684	371,304
Risk management	--	903,500	--	903,500	1,051,870	(148,370)	896,074
Personnel benefits	--	1,479,005	(578,302)	900,703	546,634	354,069	537,506
Public information	--	500	--	500	--	500	--
Municipal Building	--	569,261	--	569,261	595,565	(26,304)	596,151
Oak Hill Professional Bldg	--	28,400	--	28,400	25,902	2,498	27,917
Alger Building	--	900	--	900	368	532	5,302
Washington Ave Storage	--	1,000	--	1,000	105	895	400
Public Safety Building	--	302,690	--	302,690	218,494	84,196	185,387
Finance	--	487,434	--	487,434	465,188	22,246	448,778
Taxation/Treasury	--	517,211	--	517,211	534,101	(16,890)	474,839
Assessing	--	473,487	--	473,487	463,337	10,150	447,005
Management information systems	96,268	2,373,829	--	2,470,097	2,392,297	77,800	1,909,718
Planning	21,395	1,010,913	--	1,032,308	951,203	81,105	895,233
Outside agencies	--	12,500	--	12,500	12,500	--	16,500
Total General Government	123,278	9,816,279	(578,302)	9,361,255	8,935,844	425,411	8,027,460
Public services:							
Library	--	1,340,938	--	1,340,938	1,340,938	--	1,287,748
Public health and welfare	--	341,342	--	341,342	335,550	5,792	437,958
Tax Rebates (Credit Enhancement Agreement)	--	1,739,977	--	1,739,977	1,741,060	(1,083)	1,431,915
Economic Development Corporation	--	308,218	--	308,218	312,026	(3,808)	287,431
Community services	19,392	3,874,514	--	3,893,906	3,901,533	(7,627)	3,740,437
Total Public Services	19,392	7,604,989	--	7,624,381	7,631,107	(6,726)	7,185,489
Public safety:							
Fire Department	9,087	4,291,313	204,036	4,504,436	4,480,103	24,333	4,628,249
Emergency Management	--	42,354	--	42,354	39,157	3,197	31,270
Emergency Medical Services	19,943	3,229,355	--	3,249,298	3,633,660	(384,362)	2,721,999
Marine resources/coop	--	182,386	--	182,386	179,978	2,408	59,843
Police Department	128,772	8,285,243	302,562	8,716,577	9,161,509	(444,932)	7,975,930
Total Public Safety	157,802	16,030,651	506,598	16,695,051	17,494,407	(799,356)	15,417,291
Public works:							
Public Works Department	84,737	3,861,337	71,704	4,017,778	3,408,569	609,209	3,202,699
GIS/Engineering services	--	--	--	--	2,149	(2,149)	262
Waterfront maintenance	--	400	--	400	299	101	--
Technical/Engineering Department	--	653,037	--	653,037	626,043	26,994	585,176
Vehicle maintenance	24,161	2,280,059	--	2,304,220	2,224,063	80,157	2,321,592
Water charges	--	295,000	--	295,000	314,615	(19,615)	293,655
Street lighting	--	54,000	--	54,000	64,402	(10,402)	56,813
Traffic signals	5,490	128,000	--	133,490	120,189	13,301	86,419
Cemetery care	--	18,850	--	18,850	27,045	(8,195)	18,366
Memorials	--	8,600	--	8,600	9,892	(1,292)	5,053
Shade trees	--	25,000	--	25,000	23,076	1,924	17,547
Solid waste program	4,833	1,910,000	--	1,914,833	1,767,988	146,845	1,768,929
Total Public Works	119,221	9,234,283	71,704	9,425,208	8,588,330	836,878	8,356,511
Education:							
Adult education	--	214,129	--	214,129	198,474	15,655	181,138
Regular instruction	--	27,651,145	--	27,651,145	26,972,393	678,752	25,736,457
Special education	--	13,527,143	--	13,527,143	12,927,458	599,685	11,441,768
Other instruction	--	1,777,157	14,000	1,791,157	1,780,520	10,637	1,577,815
Student and staff support	--	6,624,496	--	6,624,496	6,318,331	306,165	5,887,591
System administration	--	1,532,309	--	1,532,309	1,411,072	121,237	1,503,049
School administration	--	2,044,429	--	2,044,429	2,042,012	2,417	1,911,587
Transportation	--	2,181,439	(14,000)	2,167,439	2,104,783	62,656	1,894,543
Facilities maintenance	--	5,296,481	--	5,296,481	5,163,450	133,031	4,530,097
Debt service	--	5,193,479	--	5,193,479	4,895,019	298,460	5,482,890
Total Education	--	66,042,207	--	66,042,207	63,813,512	2,228,695	60,146,935

TOWN OF SCARBOROUGH, MAINE

EXHIBIT H-1

GENERAL FUND (CONTINUED)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) DETAILED
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	2025						
	2024 Carryforward	Budget	Budget Transfers	Total Available	Actual	Variance Positive (Negative)	2024 Actual
Expenditures, Continued:							
Current, continued:							
County tax	$ --	$ 3,630,186	$ --	$ 3,630,186	$ 3,630,186	$ --	$ 3,481,081
Debt service (excluding education):							
Principal	--	1,459,440	--	1,459,440	3,808,569	(2,349,129)	3,145,739
Interest and other costs	--	3,599,502	--	3,599,502	1,528,952	2,070,550	1,539,917
Total Debt Service	--	5,058,942	--	5,058,942	5,337,521	(278,579)	4,685,656
Capital improvements	1,480,946	60,000	--	1,540,946	1,207,258	333,688	1,085,289
Total Expenditures	1,900,639	117,477,537	--	119,378,176	116,638,165	2,740,011	108,385,712
Excess (Deficiency) of Revenues Over Expenditures	(1,900,639)	727,156	--	(1,173,483)	3,018,830	4,192,313	4,013,418
Other Financing Sources (Uses):							
Transfers in	--	2,858,318	--	2,858,318	2,206,751	(651,567)	2,438,650
Transfers out	--	(4,605,023)	--	(4,605,023)	(5,393,727)	(788,704)	(4,065,000)
General obligation bonds	--	--	--	--	--	--	1,930,185
Premium received on issued bonds, net of issuance costs	--	--	--	--	67,789	67,789	667,158
Overlay	--	(515,451)	--	(515,451)	--	515,451	--
Total Other Financing Sources (Uses)	--	(2,262,156)	--	(2,262,156)	(3,119,187)	(857,031)	970,993
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,900,639)	(1,535,000)	--	(3,435,639)	(100,357)	3,335,282	4,984,411
Utilization of prior year surplus and carrying balances	1,900,639	1,535,000	--	3,435,639	--	(3,435,639)	--
Net change in fund balances - budgetary basis	--	--	--	--	(100,357)	(100,357)	4,984,411
Fund balances - Beginning of Year	$ --	$ --	$ --	$ --	$ 24,256,375	$ --	$ 19,271,964
Fund balances - End of Year	$ --	$ --	$ --	$ --	$ 24,156,018	$ --	$ 24,256,375



"Higgins Beach Shipwreck Covered in Seaweed" by Laura Wood

STATISTICAL SECTION

TOWN OF
SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED: JUNE 30, 2025

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 1-5
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity 6-11
These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity 12-17
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.

Demographic and Economic Information 18-23
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information 24-31
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.

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities										
Net investment in capital assets	$ 101,834,602	$ 92,958,668	$ 92,279,914	$ 75,907,216	$ 77,301,217	$ 64,957,968	$ 57,341,865	$ 61,977,397	$ 61,708,817	$ 59,088,465
Restricted	6,656,450	5,671,455	5,578,654	6,701,889	5,417,255	2,407,963	1,540,755	2,577,864	3,883,241	5,568,308
Unrestricted	(240,138)	3,290,581	(1,032,099)	447,429	(2,782,625)	(4,065,315)	2,688,359	(6,355,930)	(3,775,014)	(2,259,046)
Total Governmental Activities Net Position	$ 108,250,914	$ 101,920,704	$ 96,826,469	$ 83,056,534	$ 79,935,847	$ 63,300,616	$ 61,570,979	$ 58,199,331	$ 61,817,044	$ 62,397,727

Notes:

1) Total Net Position as restated for the fiscal year ended June 30, 2017. The Restatement resulted from implementation of GASB Statement No. 75.
2) 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.
3) 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.
4) Total Net Position as restated for the fiscal year ended June 30, 2022. The Restatement resulted from implementation of GASB Statement No. 96.
5) Total Net Position as restated for the fiscal year ended June 30, 2024. The Restatement resulted from implementation of GASB Statement No. 101.

TOWN OF SCARBOROUGH, MAINE

TABLE 2

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Program Revenues										
Charges for services										
General government	$ 4,752,300	$ 4,292,629	$ 3,032,898	$ 4,079,787	$ 3,397,720	$ 3,365,087	$ 3,088,056	$ 2,370,489	$ 2,821,305	$ 3,257,876
Public services	4,725,548	4,025,346	4,075,114	3,471,252	2,837,944	2,562,570	3,021,376	3,004,909	2,883,349	2,510,082
Public safety	3,687,963	3,479,537	3,242,391	3,273,682	3,873,513	3,606,215	3,424,185	3,075,250	3,094,403	2,780,266
Public works	1,947,490	2,372,878	2,511,519	1,736,170	2,243,752	1,707,293	1,963,528	2,040,177	1,740,432	1,635,542
Education	1,741,034	1,800,510	1,572,810	1,252,423	757,372	1,217,477	1,649,528	1,523,725	1,268,370	1,356,477
Operating grants and activities	27,335,521	22,945,387	23,099,726	21,528,206	18,539,857	11,535,370	7,633,881	7,247,352	9,486,212	8,150,991
Capital grants and contributions	22,216	77,864	211,590	28,125	7,772,007	62,802	96,626	54,317	161,912	149,582
General revenues										
Property and excise taxes, levies for general purposes	93,180,598	89,233,598	84,203,524	78,861,625	76,583,938	74,414,696	72,171,334	68,335,117	65,631,946	63,529,063
Grants and contributions not restricted to specific programs	5,848,006	7,039,703	6,656,839	5,635,785	4,570,408	3,655,801	3,552,551	2,880,488	2,206,632	1,796,997
Unrestricted investment earnings	1,258,651	1,138,953	410,359	2,628	177,290	230,534	525,771	152,437	175,917	84,783
Total Revenues	144,499,327	136,406,405	129,016,770	119,869,683	120,753,801	102,357,845	97,126,836	90,684,261	89,470,478	85,251,659
Expenses										
General government	19,618,140	16,522,733	13,424,532	17,343,009	19,203,342	16,045,768	16,687,230	13,113,500	14,435,000	12,728,572
Public services	7,779,157	7,326,003	6,461,889	5,669,872	4,787,771	4,810,221	4,752,163	4,996,328	4,923,303	4,733,734
Public safety	24,815,000	20,931,320	19,651,186	19,040,785	12,965,441	13,043,518	11,081,295	12,599,095	11,496,900	10,922,234
Public works	11,249,288	10,668,658	9,558,623	10,167,312	8,228,353	7,996,409	8,257,195	8,116,981	8,245,900	8,048,143
Education	71,891,482	68,169,152	63,327,400	61,315,985	57,837,139	55,037,803	49,389,226	46,873,688	46,499,772	42,774,764
Interest on debt service	2,816,050	2,945,785	2,823,205	3,212,033	3,012,049	3,694,489	3,588,079	3,502,402	3,230,297	3,435,228
Total Expenses	138,169,117	126,563,651	115,246,835	116,748,996	106,034,095	100,628,208	93,755,188	89,201,994	88,831,172	82,642,675
Change in Net Position	$ 6,330,210	$ 9,842,754	$ 13,769,935	$ 3,120,687	$ 14,719,706	$ 1,729,637	$ 3,371,648	$ 1,482,267	$ 639,306	$ 2,608,984

TOWN OF SCARBOROUGH, MAINE

TABLE 3

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable Inventory	$ 26	$ 30	$ 21	$ 15	$ 29	$ 31	$ 28	$ 28	$ 13	$ 31
Restricted for Town	--	1,583	2,785	2,809	2,923	2,930	2,951	3,148	2,958	2,743
Restricted for Education	2,121	2,127	2,189	2,643	2,050	649	200	332	242	2,224
Committed - General Fund	451	594	594	567	549	455	441	393	400	503
Committed - Education	156	--	--	--	--	--	--	--	--	--
Assigned - General Fund	1,053	2,485	1,604	1,746	2,876	2,616	2,122	1,976	1,676	2,140
Assigned - Education	1,531	1,535	1,530	1,030	1,030	700	352	501	2,102	426
Unassigned - General Fund	18,818	15,902	10,549	9,934	6,294	7,702	8,212	7,387	6,894	6,108
Total General Fund	24,156	24,256	19,272	18,744	15,751	15,083	14,306	13,765	14,285	14,175
All Other Governmental Funds										
Nonspendable Permanent Fund Principal	204	204	204	204	194	180	173	168	164	155
Nonspendable Inventory Special Revenues	134	112	60	87	48	60	43	40	36	36
Restricted Special Revenues	4,124	2,672	2,512	3,575	1,633	774	717	873	645	637
Restricted Capital Projects	--	--	--	--	--	--	10,486	15,203	651	2,317
Restricted Permanent Fund Interest	182	140	105	99	104	105	98	91	90	90
Committed - Special Revenues	4,465	6,287	6,903	5,797	6,805	5,974	6,751	6,265	5,246	4,752
Assigned - Special Revenues	50	--	--	--	--	--	--	--	--	--
Unassigned - Special Revenues	(7)	(1,455)	(2,685)	(2,704)	(2,796)	(2,282)	(1,972)	(1,943)	(1,746)	(1,550)
Unassigned - Capital Projects	(3,573)	(1,238)	(4,742)	(404)	(1,298)	(896)	(247)	--	--	1,527
Total All Other Governmental Funds	5,579	6,722	2,357	6,654	4,690	3,915	16,049	20,697	5,086	7,964
Total Governmental Funds Fund Balances	$ 29,735	$ 30,978	$ 21,629	$ 25,398	$ 20,441	$ 18,998	$ 30,355	$ 34,462	$ 19,371	$ 22,139

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes	$ 93,390	$ 89,925	$ 83,959	$ 79,789	$ 77,012	$ 74,600	$ 72,140	$ 68,340	$ 65,949	$ 63,719
Licenses and permits	1,273	1,284	1,435	1,229	1,067	866	864	939	782	817
Intergovernmental	30,843	29,000	27,874	26,362	21,600	14,785	12,480	10,600	10,954	11,672
Interest earned	1,759	1,560	584	(141)	171	434	739	192	426	199
Other	17,484	14,397	14,992	12,712	13,744	11,299	12,613	11,852	11,193	10,418
Total Revenues	144,749	136,166	128,844	119,951	113,594	101,984	98,836	91,923	89,304	86,825
Expenditures										
General government	8,936	8,027	8,044	7,724	6,133	6,785	8,005	7,070	5,932	4,951
Public services	7,631	7,185	6,374	5,569	4,663	4,660	4,724	4,945	4,922	4,690
Public safety	17,494	15,417	14,422	18,550	6,852	13,873	11,478	11,836	11,116	10,297
Public works	8,588	8,357	7,587	7,080	5,367	6,322	9,377	6,750	7,128	7,233
Education (Excludes School Debt)	67,872	63,432	63,205	58,315	57,508	52,346	49,401	46,291	45,541	43,681
Education Debt (Prin & Int)	4,895	5,483	5,213	5,511	5,145	5,254	5,691	5,614	5,761	5,119
County tax	3,630	3,481	3,119	3,082	3,188	2,957	2,827	2,710	2,569	2,493
Debt service (Principal-Town Only (1)	3,809	3,146	4,958	4,730	4,903	4,525	3,868	3,866	3,800	3,760
Debt service (Interest-Town Only)	1,529	1,540	1,431	1,631	1,768	1,704	1,731	1,008	1,058	1,164
Capital Outlay	17,531	11,508	8,203	4,292	12,953	19,363	10,887	3,636	4,415	3,626
Other	9,762	8,943	10,056	4,047	4,426	3,635	3,099	2,637	2,639	2,054
Total Expenditures	151,677	136,519	132,612	120,531	112,906	121,424	111,088	96,363	94,881	89,068
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,928)	(353)	(3,768)	(580)	688	(19,440)	(12,252)	(4,440)	(5,577)	(2,243)
Other Financing Sources (Uses)										
Transfers in	9,336	7,301	5,725	3,709	4,877	1,978	1,368	1,264	3,208	1,410
Transfers out	(9,336)	(7,301)	(5,725)	(3,709)	(4,877)	(1,978)	(1,368)	(1,264)	(3,208)	(1,410)
Subscription and lease proceeds	1,733	--	--	--	--	--	--	--	--	--
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	246	667	--	651	--	1,043	765	1,341	--	85
General obligation bonds and capital leases	3,705	9,034	--	3,725	--	7,040	7,380	18,190	2,755	3,755
Total Other Financing Sources (Uses)	5,684	9,701	--	4,376	--	8,083	8,145	19,531	2,755	3,840
Net Change in Fund Balances	$ (1,244)	$ 9,348	$ (3,768)	$ 3,796	$ 688	$ (11,357)	$ (4,107)	$ 15,091	$ (2,822)	$ 1,597
Debt Service as a Percentage of Non-Capital Expenditures	**3.98%**	**3.75%**	**5.14%**	**5.47%**	**6.67%**	**6.10%**	**5.59%**	**5.26%**	**5.37%**	**5.76%**

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
2025	$ 8,935,844	$ 7,631,107	$ 17,494,407	$ 8,588,330	$ 63,813,512	$ 3,630,186	$ 5,337,521	$ 1,207,258	$ 116,638,165
2024	8,027,460	7,185,489	15,417,291	8,356,511	60,146,935	3,481,081	4,685,656	1,085,289	108,385,712
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

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
2025	$ 85,235,645	$ 133,587	$ 7,753,476	$ 31,877	$ 203,993	$ 93,358,578
2024	79,842,857	126,309	7,977,254	33,028	216,221	88,195,669
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

TOWN OF SCARBOROUGH, MAINE

TABLE 7

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property Assessed Property		Personal Property Assessed Property	Totals Assessed Property	Totals Estimated Actual Value	Direct Tax Rate	Ratio of Total Assessed Value to Total Estimated Actual Value
2025	$ 7,672,509,200		$ 148,944,100	$ 7,821,453,300	$ 7,821,453,300	10.93	100%
2024	5,145,863,738		110,459,200	5,256,322,938	5,256,322,938	15.97	100%
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%

* Assessed value includes a one time State of Maine Property Tax Stabilization LD 290 with an assessed value of $113,739,762

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 Financing District	Overlay	State Revenue Sharing	Total Property Tax Rates by Year
2025	2.840	7.180	0.464	0.794	0.066	(0.415)	10.93
2024	4.265	10.758	0.677	0.925	0.050	(0.706)	15.97
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

TOWN OF SCARBOROUGH, MAINE

TABLE 9

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

2025				2016			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Maine Life Care Inc	$ 118,774,500	1	1.52%	Maine Life Care Retirement	$ 64,736,700	1	1.73%
The Residences at Gateway Commons LLC	64,406,400	2	0.82%	Wal-Mart/Sam's Club	37,638,900	2	0.99%
Idexx Distribution Inc	61,524,400	3	0.79%	Central Maine Power	31,955,300	3	0.85%
Central Maine Power Co	59,302,200	4	0.76%	New England Expedition	30,303,600	4	0.81%
Hannaford Brothers Co	55,673,100	5	0.71%	Hannaford Brothers	22,974,500	5	0.61%
New England Expedition-Scarborough LLC	36,367,800	6	0.46%	Scarborough Gallery	20,401,000	6	0.54%
Costco Wholesale Corporation	29,438,500	7	0.38%	MMC Realty Maine Health	19,573,700	7	0.52%
Abbott Diagnostics Scarborough Inc	28,416,400	8	0.36%	Gavin Ruotolo	18,982,800	8	0.51%
Wal-Mart Real Estate Business Trust	23,196,500	9	0.30%	RRE Foxcroft/Coach Lantern	13,124,200	9	0.35%
Waterstone Scarborough LLC	20,467,400	10	0.26%	Shaw's Supermarket	11,884,000	10	0.32%
Total Principal Taxpayers	$ 497,567,200		6.36%		$ 271,574,700		7.24%
Total Assessed Value:	$ 7,821,453,300				$ 3,745,548,100		

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
2025	$ 85,518,302	$ 84,913,032	99.3%	$ -	$ 84,913,032	99.3%
2024	83,943,477	83,044,478	98.9%	735,681	83,780,159	99.8%
2023	76,830,055	76,248,783	99.2%	542,958	76,791,741	100.0%
2022	72,782,713	72,358,011	99.4%	105,583	72,463,594	99.6%
2021	70,246,652	69,709,390	99.2%	387,877	70,097,267	99.8%
2020	69,037,982	68,228,330	98.8%	760,895	68,989,225	99.9%
2019	66,162,710	65,462,458	98.9%	671,747	66,134,206	100.0%
2018	62,422,707	61,848,681	99.1%	546,940	62,395,621	100.0%
2017	60,119,691	59,602,002	99.1%	502,824	60,104,826	100.0%
2016	58,018,545	57,331,779	98.8%	673,685	58,005,464	100.0%

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
2025	$ 7,672,509,200	$ 148,944,100	$ 7,821,453,300	10.93	$ 85,518,302
2024	5,145,863,738	110,459,200	5,256,322,938	15.97	83,943,477
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

Source: Town of Scarborough Assessor's Office.

TOWN OF SCARBOROUGH, MAINE

TABLE 12

STATUTORY DEBT LIMIT BY STATE AND LOCAL

State Assessed Value:	$ 7,568,500,000
Legal Debt Margin Limit of 15% of State Valuation	$ 1,135,275,000

Purpose	State Legal Percent	State Legal Debt Limit	Principal Debt Outstanding	Margin	Actual Percent
Municipal - Other	7.5%	$ 567,637,500	$ 36,775,367	$ 530,862,133	0.49%
Storm or Sanitary Sewer	7.5%	567,637,500	--	567,637,500	0.00%
School	10.0%	756,850,000	41,679,633	715,170,367	0.55%
Munc Airport, Water,Special District	3.0%	227,055,000	--	227,055,000	0.00%
		Total	$ 78,455,000		

Total Bonded Debt Applicable to Debt Limit	$ 78,455,000
Legal Debt Margin	$ 1,056,820,000

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

TABLE 12A

TOWN OF SCARBOROUGH LEGAL DEBT MARGIN CALCULATION
June 30, 2025

Scarborough Legal Debt Margin Limit of 8.50% of State Valuation	**$643,322,500**

Purpose	Scarborough Legal Percent	Scarborough Legal Debt Limit	Principal Debt Outstanding	Margin	Actual Percent
Municipal - Other	4.0%	$ 302,740,000	$ 36,775,367	$ 265,964,633	0.49%
Storm or Sanitary Sewer	4.0%	302,740,000	--	302,740,000	0.00%
School	5.0%	378,425,000	41,679,633	336,745,367	0.55%
Munc Airport, Water,Special District	1.5%	113,527,500	--	113,527,500	0.00%
		Total	$ 78,455,000		

Total Bonded Debt Applicable to Debt Limit	$ 78,455,000
Legal Debt Margin	$ 564,867,500

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 Liability (1)(2)	Right of Use Subscription Liability (1)(2)	Total Outstanding Debt	Population*	Percentage of Personal Income	Debt Per Capita
2025	$ 78,455,006	$ 10,902,466	$ 688,609	$ 1,283,144	$ 91,329,225	24,446	4.71%	$ 3,736
2024	81,829,000	11,412,568	225,827	814,675	94,282,070	24,010	5.00%	3,927
2023	79,690,000	11,485,127	396,690	899,065	92,470,882	23,656	5.31%	3,909
2022	88,055,000	12,230,856	559,700	1,631,909	102,477,465	23,218	5.97%	4,414
2021	92,660,000	12,272,554	715,177	--	105,647,731	22,713	7.17%	4,651
2020	102,130,000	7,307,717	--	--	109,437,717	22,135	8.85%	4,944
2019	102,720,000	6,602,073	49,567	--	109,371,640	20,991	9.90%	5,210
2018	102,650,000	6,125,334	97,939	--	108,873,273	20,379	11.04%	5,342
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	19,819	12.20%	5,118

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: Scarborough Economic Development Corporation (SEDCO)

(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 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
2025	$ 78,455,006	$ 10,902,466	$ 89,357,472	$ 7,821,453,300	1.00%	24,446	4.71%	$ 3,209
2024	81,829,000	11,412,568	93,241,568	5,256,322,938	1.56%	24,010	5.00%	3,408
2023	79,690,000	11,485,127	91,175,127	4,988,176,876	1.60%	23,656	5.31%	3,369
2022	88,055,000	12,230,856	100,285,856	4,845,682,776	1.82%	23,218	5.97%	3,793
2021	92,660,000	12,272,554	104,932,554	4,727,230,976	1.96%	22,713	7.17%	4,080
2020	102,130,000	7,307,717	109,437,717	4,696,461,376	2.17%	22,135	8.85%	4,614
2019	102,720,000	6,602,073	109,322,073	4,012,292,612	2.56%	20,991	9.90%	4,894
2018	102,650,000	6,125,334	108,775,334	3,785,488,342	2.71%	20,379	11.04%	5,037
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%	19,819	12.20%	4,840

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 SERVCE 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
2025	$ 7,079,000	$ 3,092,597	$ 10,171,597	$ 123,544,098	8.23%
2024	6,895,000	3,194,928	10,089,928	113,513,448	8.89%
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%

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt limit	$ 643,322	$ 556,660	$ 475,349	$ 424,043	$ 721,140	$ 716,753	$ 647,040	$ 610,215	$ 584,903	$ 568,793
Total net debt applicable to limit	78,455	81,829	79,690	88,055	92,660	102,130	102,720	102,650	91,630	95,920
Legal debt margin	564,867	474,831	395,659	335,988	628,480	614,623	544,320	507,565	493,273	472,873
Total net debt applicable to the limit as a percentage of debt limit	12.20%	14.70%	16.76%	20.77%	12.85%	14.25%	15.88%	16.82%	15.67%	16.86%

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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town of Scarborough										
General Obligation Bonds	$ 78,455	$ 81,829	$ 79,690	$ 88,055	$ 92,660	$ 102,130	$ 102,720	$ 102,650	$ 91,630	$ 95,920
Premium	10,902	11,412	11,485	12,231	12,273	7,308	6,602	6,125	5,050	5,315
Right of Use Lease/Subscription Liabilities (1)(2)	1,972	1,041	1,296	1,632	716	--	50	98	--	200
Total Direct Debt	91,329	94,282	92,471	101,918	105,649	109,438	109,372	108,873	96,680	101,435
Cumberland County	2,367	2,560	2,564	2,720	3,357	3,357	3,486	3,286	3,464	3,321
Portland Water District	8,478	8,266	7,353	7,650	7,343	7,829	7,300	6,926	6,396	6,654
Total Overlapping Debt	10,845	10,826	9,917	10,370	10,700	11,186	10,786	10,212	9,860	9,975
ecomaine Waste Systems										
Landfill closure/postclosure	1,831	1,754	1,687	1,622	1,442	1,408	1,381	1,324	1,318	1,504
Total Contingent Debt	1,831	1,754	1,687	1,622	1,442	1,408	1,381	1,324	1,318	1,504
Total Direct, Overlapping/Contingent	$ 104,005	$ 106,862	$ 104,075	$ 113,910	$ 117,791	$ 122,032	$ 121,539	$ 120,409	$ 107,858	$ 112,914

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)
2025	24,446	$ 1,665,482,712	$ 68,129	48.4	2,860	1.90%
2024	24,010	1,637,385,960	68,196	48.4	2,857	2.20%
2023	23,656	1,501,730,192	63,482	47.7	2,895	2.20%
2022	23,218	1,473,925,076	63,482	48.0	2,880	2.20%
2021	22,713	1,291,529,319	56,863	48.0	2,872	4.24%
2020	22,135	1,153,963,955	52,133	47.7	2,997	6.20%
2019	20,991	1,037,417,202	49,422	48.1	2,946	2.40%
2018	20,379	929,954,907	45,633	47.1	2,938	2.70%
2017	19,911	862,703,808	43,328	45.8	2,969	2.80%
2016	19,819	786,477,377	39,683	45.1	2,989	2.90%

(a) For 2025: SEDCO; for all other years 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) United States Census Bureau. 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 2024 data.

TOWN OF SCARBOROUGH, MAINE

TABLE 19

PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

2025				2016		
Employer	**Employees**	**Rank**	**Percentage of total Town Employment**	**Employer**	**Employees ***	**Rank**
Town of Scarborough	1,326	1	7.35%	Town of Scarborough	1,288	1
Hannaford	1,300	2	7.21%	Hannaford Brothers	1,052	2
Maine Health	500	3	2.77%	US Postal Service	589	3
US Postal Service	500	4	2.77%	Maine Medical Center	389	4
Abbott	420	5	2.33%	Wal-Mart	349	5
Wal-Mart	350	6	1.94%	Cabela's	250	6
Johnson & Johnson	320	7	1.77%	NorDX	216	7
Piper Shores	276	8	1.53%	Piper Shores	209	8
Morrison Center	244	9	1.35%	Alere	200	9
Costco	225	10	1.25%	Sam's Wholesale Club	188	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
2025	2.2%	2.6%	1.9%	4.4%
2024	2.4%	2.8%	2.2%	4.3%
2023	2.1%	2.4%	2.2%	3.6%
2022	2.2%	2.5%	2.2%	3.6%
2021	4.6%	5.2%	4.2%	6.1%
2020	6.5%	6.6%	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%

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

PUBLIC EDUCATION DATA
LAST TEN YEARS

School	Grade	Estimated Capacity	Enrollment^									
			FY2025	FY2024	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016
Blue Point School	K-2	250*	214	205	213	208	196	203	197	172	190	190
Eight Corners School	K-2	280*	241	214	228	228	226	245	223	224	223	218
Pleasant Hill School	K-2	180*	180	192	198	193	185	205	188	171	174	173
Wentworth School	3-5	800	663	679	675	631	614	665	661	675	670	639
Scarborough Middle School	6-8	800*	661	651	670	703	709	696	675	717	716	747
Scarborough High School	9-12	1200	901	916	911	917	942	983	1002	979	996	1022

Note: *Includes Portable Classrooms.

^ State of Maine Department of Education "Current Year Pupils" as of October 1st.

Enrollment Trends

October 1st	Grades					Attending Enrollment+
	K-2	3-5	6-8	9-12	Tuition	
FY 2025	635	663	661	901	0	2,860
FY 2024	611	679	651	916	0	2,857
FY 2023	639	675	670	911	0	2,895
FY 2022	629	631	703	917	0	2,880
FY 2021	607	614	709	942	0	2,872
FY 2020	653	665	696	983	0	2,997
FY 2019	608	661	675	1,002	0	2,946
FY 2018	567	675	717	979	0	2,938
FY 2017	587	670	716	994	2	2,969
FY 2016	581	639	746	1,021	2	2,989

Note: +Attending Enrollment is an attending student count, or a head count of students, based on where the students are educated. Public school district attending counts include: students from the local school district attending schools in the local school district, plus students from outside the school district who are tutitioned from other school districts.

TOWN OF SCARBOROUGH, MAINE

TABLE 22

RETAIL SALES AND BUILDING PERMIT DATA
LAST TEN YEARS

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

Year Ended Dec 31,	Business/ Operating	Building Supply	Food Store	General Mdse.	Other Retail	Auto/ Transp.	Rest. & Lodging	Group Total	Consumer Sales
2024	87,240.4	81,121.2	68,913.9	252,944.4	128,884.4	116,048.9	120,119.3	855,272.5	768,032.3
2023	92,677.4	90,209.0	63,344.7	268,097.3	62,701.5	108,745.6	116,904.1	802,679.6	710,002.4
2022	90,027.3	90,973.3	57,375.1	275,838.5	61,805.6	103,356.4	109,058.6	788,435.1	698,407.7
2021	83,507.0	89,409.3	51,597.3	253,044.2	102,481.0	73,426.6	96,681.3	750,146.7	666,639.7
2020	64,891.0	84,565.5	48,137.8	205,042.5	88,342.3	61,154.4	67,455.1	619,588.6	554,697.6
2019	70,311.3	64,808.7	51,170.3	228,822.2	83,289.5	53,560.9	89,580.0	641,632.8	571,321.5
2018	65,328.4	61,246.3	47,007.8	226,677.0	83,210.1	47,568.6	89,136.7	620,175.0	554,846.6
2017	60,919.1	64,442.1	43,320.6	221,658.4	85,611.5	44,011.0	87,957.8	607,920.4	547,001.3
2016	55,250.7	54,612.2	39,874.9	217,972.6	88,494.2	42,935.0	81,273.7	580,413.3	525,162.7
2015	58,094.3	51,084.4	30,295.6	169,451.0	85,946.0	40,547.4	76,929.4	512,348.5	454,254.2

Source: State of Maine, Department of Taxation, Sales Tax Division

Building Permits

Year Ended Dec 31,	Commercial ($/000)				Residential ($/000)				Total ($/000)	
	New Construction		Alterations		New Construction		Alterations			
	Permits	Costs	Permits	Costs	Permits	Costs	Permits	Costs	Permits	Costs
2024	11	108,652	69	167,357	71	274,460	598	267,581	749	818,049
2023	5	35,406	80	270,266	49	116,147	526	191,535	660	613,354
2022	9	204,953	60	317,806	92	259,246	562	259,053	723	1,041,058
2021	16	131,480	88	60,650	146	364,026	601	219,400	851	775,556
2020	9	110,432	74	119,607	82	175,566	552	150,326	717	555,931
2019	11	62,648	70	65,998	129	242,474	562	144,011	772	515,131
2018	6	15,777	78	55,096	90	250,870	617	173,854	791	495,597
2017	9	23,371	84	133,193	93	197,174	576	128,000	762	481,738
2016	13	27,255	93	128,168	92	136,711	508	113,253	706	405,387
2015	5	82,997	82	68,360	100	157,613	535	140,198	722	449,168

Source: Town of Scarborough, Planning and Codes Department

TOWN OF SCARBOROUGH, MAINE

TABLE 23

POPULATION CHARACTERISTICS DATA
LAST TEN YEARS

Town of Scarborough

	2025*	2024	2023	2022	2021	2020	2019	2018	2017	2016
Median Age (years)	48.4	48.4	47.7	48	48	47.7	48.1	47.1	45.8	45.1
% under 5 years	2.8%	2.8%	3.1%	3.1%	3.7%	3.9%	4.2%	3.9%	3.8%	3.7%
% under 18 years	16.3%	16.3%	17.9%	17.9%	19.0%	19.4%	21.1%	22.0%	22.5%	21.0%
% 65 and over	23.7%	23.7%	23.3%	23.3%	21.8%	20.7%	22.1%	20.8%	19.5%	19.0%
Persons/Households	2.34	2.34	2.44	2.39	2.39	2.39	2.17	2.33	2.47	2.56

Cumberland County

	2025*	2024	2023	2022	2021	2020	2019	2018	2017	2016
Median Age (years)	42.1	42.1	42.5	42.4	41.8	42.1	42.5	42.1	41.6	42.2
% under 5 years	4.6%	4.6%	4.5%	4.6%	4.7%	4.8%	4.7%	4.6%	4.8%	5.0%
% under 18 years	17.8%	17.8%	17.8%	17.8%	18.1%	18.6%	18.1%	18.6%	19.0%	19.2%
% 65 and over	21.0%	21.0%	20.7%	20.7%	19.5%	18.5%	19.1%	18.4%	18.0%	17.2%
Persons/Households	2.28	2.28	2.23	2.24	2.29	2.32	2.29	2.31	2.41	2.40

State of Maine

	2025*	2024	2023	2022	2021	2020	2019	2018	2017	2016
Median Age (years)	44.8	44.8	44.8	44.7	44.7	44.8	45	44.9	44.8	44.6
% under 5 years	4.4%	4.4%	4.4%	4.5%	4.6%	4.7%	4.7%	4.8%	4.8%	4.8%
% under 18 years	17.8%	17.8%	17.8%	18.1%	18.3%	18.6%	18.5%	18.7%	18.9%	19.1%
% 65 and over	23.0%	23.0%	23.0%	22.4%	21.8%	21.3%	21.2%	20.6%	20.0%	19.4%
Persons/Households	2.27	2.27	2.20	2.23	2.25	2.29	2.28	2.28	2.40	2.44

USA

	2025*	2024	2023	2022	2021	2020	2019	2018	2017	2016
Median Age (years)	39.3	39.3	39.1	38.9	38.8	38.5	38.4	38.2	38	37.9
% under 5 years	5.5%	5.5%	5.5%	5.6%	5.6%	5.8%	6.0%	6.1%	6.1%	6.2%
% under 18 years	21.7%	21.7%	21.7%	21.7%	21.9%	22.2%	22.3%	22.4%	22.6%	22.8%
% 65 and over	17.7%	17.7%	17.7%	17.3%	16.9%	16.5%	16.5%	16.0%	15.6%	15.2%
Persons/Households	2.54	2.54	2.49	2.50	2.54	2.60	2.61	2.63	2.65	2.65

Source: United States Census Bureau

*Note: The 2025 data will not be available until December 2025 and will be revised when the numbers are released.

TOWN OF SCARBOROUGH, MAINE

TABLE 24

FUND BALANCE DATA
LAST TEN YEARS

	Fund Balance as % Revenues Fiscal Years Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Committed, Assigned & Unassigned General Fund Balance	21,993,684	20,515,974	14,276,916	13,276,040	11,908,600	11,472,538	11,127,667	10,256,307	11,072,395	9,177,030
Total Revenues	123,273,432	118,924,209	108,522,407	101,527,517	98,215,569	94,004,857	90,776,202	84,250,061	82,167,224	80,145,388
Fund Balance as % Revenues	17.84%	17.25%	13.16%	13.08%	12.12%	12.20%	12.26%	12.17%	13.48%	11.45%
Assigned & Unassigned General Fund Balance	21,385,869	19,921,892	13,682,834	12,708,836	11,360,000	11,017,626	10,686,568	9,862,795	10,672,154	8,674,267
Total Revenues	123,273,432	118,924,209	108,522,407	101,527,517	98,215,569	94,004,857	90,776,202	84,250,061	82,167,224	80,145,388
Fund Balance as % Revenues	17.35%	16.75%	12.61%	12.52%	11.57%	11.72%	11.77%	11.71%	12.99%	10.82%

	Fund Balance as % Prior Year Budgeted Operating Expenses Fiscal Years Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Unassigned General Fund Balance	18,818,073	15,902,211	10,549,179	9,933,328	7,453,447	7,701,960	8,211,760	7,386,943	6,893,626	6,107,559
Prior Year Budgeted Operating Expenses	116,202,956	109,958,118	102,765,326	98,931,048	94,056,204	88,086,163	83,673,671	81,894,558	77,616,047	73,497,116
Fund Balance as % Budget Expenses	16.19%	14.46%	10.27%	10.04%	7.92%	8.74%	9.81%	9.02%	8.88%	8.31%

TOWN OF SCARBOROUGH, MAINE

TABLE 25

TAX LEVY AND COLLECTIONS
LAST TEN YEARS

Fiscal Year end June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Commitment (000)	Collections (after Supplements and Abatements) Year End (000)	% of Levy	% of Levy A/O 6/30
2025	7,568,500	7,821,453	10.93	85,488	84,859	99.26%	99.29%
2024	6,548,950	5,256,323	15.97	83,943	83,044	98.93%	98.93%
2023	5,592,350	4,988,177	15.39	76,830	76,665	99.79%	99.24%
2022	4,988,750	4,845,683	15.02	72,782	72,462	99.56%	99.42%
2021	4,807,600	4,727,231	14.86	70,247	70,097	99.79%	99.24%
2020	4,778,350	4,696,461	14.70	69,038	68,989	99.93%	98.83%
2019	4,313,600	4,012,293	16.49	66,163	66,134	99.96%	98.94%
2018	4,068,100	3,785,488	16.49	62,423	62,396	99.96%	99.08%
2017	3,899,350	3,776,363	15.92	60,120	60,105	99.98%	99.14%
2016	3,791,950	3,745,548	15.49	58,019	58,005	99.98%	98.80%

Source: Town of Scarborough, Assessor and Tax Collector

TOWN OF SCARBOROUGH, MAINE

TABLE 26

DEBT RATIOS
LAST TEN YEARS

Fiscal Year End June 30,	Population*	Equalized State Val. (000)	Assessed Valuation (000)	Total Debt	Debt as % Eq. Val.	Per Capita Debt
2025	24,466	7,568,500	7,821,453	78,455,006	1.04%	$ 3,206.70
2024	24,010	6,548,950	5,256,323	81,829,000	1.25%	$ 3,408.12
2023	23,656	5,592,350	4,988,177	79,690,000	1.42%	3,368.70
2022	23,218	4,988,750	4,845,683	88,055,000	1.77%	3,792.53
2021	22,713	4,807,600	4,727,231	92,660,000	1.93%	4,079.60
2020	22,135	4,778,350	4,696,461	102,130,000	2.14%	4,613.96
2019	20,991	4,313,600	4,012,293	102,720,000	2.38%	4,893.53
2018	20,379	4,068,100	3,785,488	102,650,000	2.52%	5,037.05
2017	19,911	3,899,350	3,776,363	91,630,000	2.35%	4,601.98
2016	19,819	3,791,950	3,745,548	95,920,000	2.53%	4,839.80

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

TOWN OF SCARBOROUGH, MAINE

TABLE 27

DEBT SERVICE COMPONENT OF OPERATING EXPENSES
LAST TEN YEARS

	Debt Service as % Operating Expense Fiscal Years Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Total Current Year Debt Service:	10,171,597	10,089,928	11,601,209	11,816,882	11,687,322	11,414,372	11,220,975	10,397,906	10,393,228	8,459,692
Budgeted Operating Expenses:	119,378,176	112,002,721	107,338,852	101,500,215	96,034,595	94,056,204	88,086,163	84,369,326	82,428,257	78,176,950
Debt Service as % of Operating Expense:	8.52%	9.01%	10.81%	11.64%	12.17%	12.14%	12.74%	12.32%	12.61%	10.82%

Note: Our fiscal policy defines budgeted operating expenses to include debt service and capital outlay included in the general fund.

TOWN OF SCARBOROUGH, MAINE

TABLE 28

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function										
General Government										
Town Clerk										
Certified copies	6,285	5,653	5,373	5,997	4,444	5,049	5,446	5,077	5,762	5,962
Licenses	4,169	1,396	1,383	1,140	1,117	162	997	844	821	735
Permits	249	338	296	296	306	279	404	750	1,134	1,047
Beach passes	7,921	7,620	7,962	7,691	7,458	5,279	5,970	5,603	4,775	2,496
Community Services										
Passport applications	971	993	948	838	321	497	648	675	695	665
Finance Revenue Office										
Hunting & fishing licenses	246	390	401	480	500	499	719	700	702	857
ATV/snowmobile registrations	398	408	481	540	565	541	581	634	628	406
Tax bill issued	10,773	10,752	10,721	10,721	10,301	10,325	9,993	9,944	9,897	9,796
Excise registrations	30,500	30,237	31,247	28,350	25,651	25,470	30,004	30,065	29,892	29,604
Planning										
Permits	743	641	724	761	885	647	785	809	785	774
Certificates of Occupancy	234	288	338	269	257	256	190	252	267	262
Public Safety										
Police										
Physical arrests	663	762	754	786	732	582	768	864	521	697
Traffic violations	2,236	1,125	765	1,230	772	561	1,541	1,847	1,433	1,333
Fire										
Number of calls answered	1,822	3,456	1,807	1,342	1,327	1,355	1,318	1,340	2,381	1,720
Number of inspections	781	691	2,230	4,871	2,886	2,860	3,044	3,319	3,078	2,529
Rescue										
Number of calls answered	3,520	3,388	3,323	3,529	2,990	2,876	2,950	2,917	2,900	3,029
Public Works										
Street resurfacing (miles)	3	10	7	6	7	8	5	5	5	4
Pot holes repaired (qty used in tons)	172	152	149	81	93	74	39	42	48	4
No. times plows dispatched	21	12	22	11	17	26	28	24	21	19

Source: Town of Scarborough various departments

TOWN OF SCARBOROUGH, MAINE

TABLE 29

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
Planning vehicles	4	4	3	3	3	3	3	4	3	4
Technology vehicles	3	3	3	3	3	3	3	3	3	4
Public Service										
Community services										
Vehicles	9	9	8	8	8	8	7	6	8	8
Parks	6	6	6	6	6	6	6	6	6	6
Public Safety										
Police										
Vehicles - patrol units	16	16	16	16	16	14	14	14	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	13	13	14	14	14	13	12	12	12	12
Marine	4	4	4	4	4	4	2	2	2	2
Facilities	6	6	6	6	6	6	6	6	6	6
Rescue										
Vehicles - response trucks	4	3	3	3	3	3	3	3	3	3
Public Works										
Streets (miles)	183	183	183	182	181	179	177	177	177	175
Street lights	1,127	1,125	1,122	1,100	1,100	1,100				
Traffic signals	36	36	36	36	43	43	43	43	43	43
Generators	10	10	10	10	9	12	11	11	11	11
Education										
Vehicles - buses	32	32	29	29	30	29	30	29	26	26
Vehicles - passenger vans	11	10	8	8	8	5	4	4	3	3
Facilities	6	6	6	6	6	6	6	6	6	6

Source: Town of Scarborough various departments.

TOWN OF SCARBOROUGH, MAINE

TABLE 30

TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
Full time	49	47	45	42	37	39	42	39	37	36
Part time	39	23	17	10	28	34	14	12	23	14
Public Services										
Full time	22	21	19	17	15	14	13	16	17	15
Part time	203	136	56	64	39	53	102	150	156	123
Public Safety										
Police										
Full time	61	58	59	60	61	61	60	61	67	55
Part time	39	25	25	27	32	28	28	36	39	36
Fire										
Full time	6	6	6	6	5	6	9	9	9	8
Part time	88	77	91	111	121	113	149	154	146	169
Rescue										
Full time	38	38	36	35	32	29	24	24	24	24
Part time	--	--	--	--	--	--	--	--	--	--
Public Works										
Full time	31	28	36	28	32	29	32	34	36	32
Part time	7	5	5	3	5	6	7	8	5	2
Education										
Full time	598	575	565	562	548	533	522	524	512	514
Part time	145	127	118	120	132	147	151	144	151	155
Total	1,326	1,166	1,078	1,085	1,087	1,092	1,153	1,211	1,222	1,183

Source: Town of Scarborough

TOWN OF SCARBOROUGH, MAINE

TABLE 31

DEPARTMENT LISTINGS BY DIVISION, DEPARTMENT AND FUNCTION

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

Source: Town of Scarborough.

CBIZ CPAs P.C.

100 Westminster Street
Suite 500
Providence, RI 02903

P: 401.600.4500

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Town Council
Town of Scarborough, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Scarborough, Maine (the "Entity"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements, and have issued our report thereon dated December 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Entity's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

Providence, RI
December 17, 2025

“Sandbar at Dusk” by Wendy Demers



TOWN OF SCARBOROUGH, MAINE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED: JUNE 30, 2025

APPENDIX B

PROPOSED FORM
OF
LEGAL OPINION

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PIERCE ATWOOD LLP

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Portland, ME 04101-1110

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Upon issuance and delivery of the Series B Bonds described herein, Pierce Atwood, LLP, Portland, Maine, Bond Counsel, proposes to issue its opinion in substantially the following form:

[Dated date of delivery]

Town of Scarborough
Scarborough, Maine 04047

RE: Town of Scarborough, Maine | $4,700,000* 2026 General Obligation Bonds - Series B

Ladies and Gentlemen:

We have acted as Bond Counsel for the Town of Scarborough, Maine (the "Town") in connection with the issuance of the Town's $4,700,000* 2026 General Obligation Bonds - Series B dated _____, 2026 (the "Series B Bonds"). In such capacity, we have examined the law, including Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, the Town Charter and the record of proceedings submitted to us by the Town in connection with the execution, issue and delivery of the Series B Bonds, including among other documents and materials, certified copies of the following Orders adopted by the Town Council on the date indicated and, where applicable, approved by the voters of the Town at a municipal referendum election held on the date indicated, authorizing issuance of the Series B Bonds (collectively, the "Authorizing Votes"), and all other authority thereto enabling.

Order No.	Date Adopted	Referendum Date (if applicable)
25-115	12/17/25	N/A
25-072	8/20/25	11/4/25

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials without undertaking to verify such facts by independent investigations. We have assumed the genuineness of all signatures, the authenticity and completeness of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as copies.

We understand the Series B Bonds are dated _____, 2026, and have been issued as serial bonds in the denominations, bearing interest payable on November 1, 2026 and semi-

*Preliminary, subject to change.

annually on each May 1 or November 1 thereafter until maturity, or redemption prior to maturity, and maturing on November 1 of each year as follows:

Nov. 1	Amount*	Interest Rate	Nov. 1	Amount*	Interest Rate
2026	$160,000		2041	$155,000	
2027	$160,000		2042	$155,000	
2028	$160,000		2043	$155,000	
2029	$160,000		2044	$155,000	
2030	$160,000		2045	$155,000	
2031	$160,000		2046	$155,000	
2032	$160,000		2047	$155,000	
2033	$160,000		2048	$155,000	
2034	$160,000		2049	$155,000	
2035	$160,000		2050	$155,000	
2036	$155,000		2051	$155,000	
2037	$155,000		2052	$155,000	
2038	$155,000		2053	$155,000	
2039	$155,000		2054	$155,000	
2040	$155,000		2055	$155,000	

Series B Bonds maturing on and before November 1, 2035 are not subject to optional redemption prior to their stated dates of maturity. Series B Bonds maturing on or after November 1, 2036 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2035, as a whole or in part at any time, in such order of maturity as the Town, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

The Series B Bonds should be signed by the Treasurer of the Town and the Chair of the Town Council, and sealed with the seal of the Town attested by its Clerk, and should bear the signed certificate of the certifying agent identified thereon.

We note that the Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements regarding the amount, use, investment and expenditure of the proceeds of the Series B Bonds, the timely payment of certain investment earnings to the U.S. Treasury, and the use of the improvement financed with the proceeds of the Series B Bonds that must be met on a continuing basis subsequent to issuance of the Series B Bonds in order that interest on the Series B Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code.

In rendering the opinions set forth in paragraphs 3 and 5 hereinbelow, we have examined and relied upon the Arbitrage and Use of Proceeds Certificate, the General Certificate of the Treasurer and the Certificate Regarding Qualified and Designated Status (collectively, the "Tax Certificates"), each dated _____, 2026, and delivered concurrently with the Series B Bonds, which Tax Certificates contain certain covenants, representations, certifications and provisions regarding compliance with the requirements of the Code. The Town, in executing such Tax Certificates, (a) has set forth facts, estimates, circumstances and reasonable expectations of the Town as of the date hereof as to future events regarding the amount, use, investment and expenditure of the proceeds of the Series B Bonds and the

*Preliminary, subject to change.

use of the improvements financed and refinanced with the proceeds of the Series B Bonds that are material for purposes of Section 141 and Section 148 of the Code, and (b) has certified that the information therein is true, accurate, correct and complete and that the Town will comply with the covenants, representations, certifications and provisions set forth therein and with the requirements of the Code, and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Series B Bonds is and will remain excludable from the gross income of the owners thereof, for federal income tax purposes. In rendering the opinions set forth in paragraphs 3 and 5 hereinbelow, we have relied upon the representations, certifications, facts, estimates, circumstances and reasonable expectations of the Town set forth in such Tax Certificates, and we have assumed that the Town will comply with the requirements of the Code and with the covenants, representations and certifications set forth in such Tax Certificates. The Town's failure to comply with such requirements may cause interest on the Series B Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance of the Series B Bonds, regardless of when such noncompliance occurs.

We also note that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series B Bonds should consult their tax advisors as to applicability of any such collateral consequences.

With reference to the Series B Bonds, based upon the record of proceedings, documents, materials and information discussed above and assuming no material change thereto, we are of the opinion that:

1. Under the Constitution and laws of the State of Maine, the Town has been duly created and validly exists as a body corporate and politic and a municipality of the State of Maine under the name of the Town of Scarborough, with lawful power and authority to adopt the Authorizing Votes and to issue the Series B Bonds.

2. The Series B Bonds are in proper form, have been duly authorized and executed by the Town and, subject to due authentication, are valid and binding general obligations of the Town, enforceable in accordance with their terms. The Series B Bonds are payable from *ad valorem* taxes that may be levied without limit as to rate or amount upon all taxable property within the Town, except to the extent that (a) the Town has or may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, or (b) the Town establishes or has established municipal development districts or municipal affordable housing districts pursuant to Title 30-A, Chapters 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Series B Bonds.

3. In reliance on and assuming compliance by the Town with the Tax Certificates and the requirements of the Code, under existing law, interest payable on the Series B Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not a specific preference item under the Code for purposes of computing the alternative minimum tax under Section 55 of the

Code; provided, however, that such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

4. Pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, interest paid on the Series B Bonds is exempt from taxation within the State of Maine.

5. The Series B Bonds constitute "qualified tax-exempt obligations" under Section 265(b) of the Code.

The foregoing opinions are qualified to the extent that the enforceability of the obligations of the Town, including the Series B Bonds, is subject to or may be limited by bankruptcy, insolvency, moratorium, and other laws and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) affecting the rights and remedies of creditors generally, and that the availability of equitable relief may be subject to the discretion of the Court before which it is requested.

We have not examined and assume no responsibility for the financial condition of the Town and nothing set forth herein shall be construed as assurance as to the Town's financial condition or ability to make required debt service payments on the Series B Bonds.

We have not examined any documents or information relating to the Town, and are not passing upon and do not assume any responsibilities for the completeness, accuracy or adequacy of any statements made in any Preliminary Official Statement or Official Statement, other offering material or information prepared or provided by the Town with respect to the Series B Bonds, and we express no opinion, advice or representation to any person with respect to any such Preliminary Official Statement or Official Statement, other offering material or information, or the adequacy thereof.

The opinions rendered herein are given and speak as of the date hereof. We have addressed only the laws of the United States and of the State of Maine referenced herein and the opinions stated herein are limited solely to the matters expressly set forth above. We assume no obligation to update, revise or supplement opinions rendered herein to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. No assurance can be given that future legislation or common law will not contain provisions or create precedent which could directly or indirectly affect the matters set forth herein.

Very truly yours,

PIERCE ATWOOD LLP

APPENDIX C

PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT

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TOWN OF SCARBOROUGH, MAINE
PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT

In connection with the issuance by the Town of Scarborough, Maine (the "Issuer") of its $4,535,000 2026 General Obligation Bonds – Series B, dated as of March 5, 2026,the "Bonds, and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the "Rule"), the Issuer hereby covenants under this Continuing Disclosure Agreement (the "Agreement") that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access ("EMMA") system at *www.emma.msrb.org*. The Issuer reserves the right to incorporate by reference its Official Statement dated February 19, 2026 relating to the Bonds (the "Official Statement"), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

In addition to the definitions set forth above in the undertaking, which apply to any capitalized term used in this Agreement unless otherwise defined, if used the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean the financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 1 of this Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes or (c) is the Holder.

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

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

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

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

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

"State" shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings "TOWN FINANCES," "INDEBTEDNESS," "RETIREMENT" and in APPENDIX A to the Official Statement and such other Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements; however, if audited financial statements are not available by the required time, the Issuer will provide audited financial statements when they become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a "late filing". Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) unless otherwise required by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

    (1) Principal and interest payment delinquencies;
    (2) Non-payment related defaults, if material;
    (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
    (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
    (5) Substitution of credit or liquidity providers, or their failure to perform;
    (6) Adverse tax opinions, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
    (7) Modifications to the rights of Holders of the Bonds, if material;
    (8) Bond calls, if material, and tender offers;
    (9) Defeasances;
    (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
    (11) Rating changes;
    (12) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in this subparagraph (12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);
    (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
    (14) Appointment of a successor or additional trustee or the change of name of a trustee, material;

(15) Incurrence of a Financial Obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect the Holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Section 1 herein. The Issuer hereby agrees that all documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any Beneficial Owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a Dissemination Agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the Beneficial Owners of the Bonds, (d) to modify the contents, presentation and format of the Annual Financial Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

   Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Bonds or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.

6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of events as set forth in Section 2 in accordance with the Rule.

7. The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Norman E. Kildow, Finance Director, Town of Scarborough, 259 U.S. Route 1 (04074), PO Box 360, Scarborough, ME 04070-0360; Telephone: (207) 730-4081.

TOWN OF SCARBOROUGH,
MAINE

Dated: _____ ____, 20__

By:_____
Its Treasurer