MOODY'S RATINGS

Rating Action: Moody's Ratings assigns Aa2 to the Town of Scarborough, ME GOs

03 Feb 2026

New York, February 03, 2026 -- Moody's Ratings (Moody's) has assigned Aa2 ratings to Town of Scarborough, Maine's $4.7 million 2026 General Obligation Bonds - Series A and $4.7 million 2026 General Obligation Bonds - Series B. We maintain the Aa2 issuer rating and the Aa2 rating on the town's outstanding rated general obligation unlimited tax (GOULT) debt. At the end of fiscal 2025, the town had $91 million of debt outstanding.

RATINGS RATIONALE

The Aa2 issuer rating reflects a moderately sized, growing tax base with above average wealth levels, adequate financial reserves, and very manageable long term liabilities. Over the next several years, the town will construct a new K-3 building and finance other school projects that are projected to cost approximately $140 million and will be locally funded. The expected issuance associated with these projects is significant compared to the town's outstanding debt burden and will likely move long-term liabilities to over 150% of revenue and fixed costs above 10% of revenue. However, the town has a history of stable and generally improving finances, and its current long term liability ratio compares favorably to the Aa median.

The lack of distinction between the GOULT and the issuer rating reflects the town's ability to levy property taxes without limit as to rate or amount in order to pay debt service.

RATING OUTLOOK

We do not assign outlooks to local government credits with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Significant diversification and improvement to the tax base

- Sustained increase in reserves above 25% of revenues

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Trend of operating deficits resulting in reserve declines below 10% of revenue

- Growth in long term liabilities above 300% of revenue

PROFILE

Scarborough has a population of 24,446 and is located on the southern coast of Maine, approximately seven miles south of Portland.

METHODOLOGY

The principal methodology used in these ratings was US Cities and Counties published in December 2025 and available at https://ratings.moodys.com/rmc-documents/455983. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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