



Town of Scarborough, Maine

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RUTH D. PORTER
FINANCE DIRECTOR
TREASURER

TOWN OF SCARBOROUGH

Executive Summary for the period ending September 30, 2021

What a wonderful summer we have had! I hope everyone was able to enjoy the summer. And now fall is in the air and the leaves are beginning to show their fall colors. How beautiful.

After what has seemed like a very long year, fiscal 2021 has come to an end; although conversely, this first quarter of fiscal year 2022 (FY22) seems to have flown by. The Finance accounting staff have begun work on the FY2021 annual audit. The Town Council approved the FY22 Budget and the voters approved the School's Budget. The Assessor and his staff finalized the commitment and set the tax rate at \$15.02 compared to \$14.86 in FY21. This is a 1.08% tax rate increase over the prior year. The Finance tax staff have verified, prepared and mailed the tax bills and those tax payments have started arriving. Finance accounting staff, working with our Municipal Advisor, issued bonds totaling \$3.725m in September. The Charter Review Committee has completed its work and has submitted their recommendations to the Town Council. School has started and students are back in the school buildings. The town continues to struggle to fill vacant positions. While more people have been getting vaccinated against COVID now that the Delta variant of the virus has come to Maine. And still, our front-line employees in the town hall, continue to welcome and serve our citizens. We appreciate their sacrifice and dedication as they continue to come in contact with customers.

Herewith, please view this executive summary with attached quarterly financial reports to provide a high-level overview of the town's finances through this first quarter of FY22. As mentioned, the town issued \$3.725m bonds and the town maintained its Aa3 and AA+ bond ratings from Moody's and S&P, respectively. Total outstanding debt as of September 30, 2021, is \$96.385m and this includes the new \$3.725m debt issued in September.

Positive indicators: The town is anticipated to receive \$2,216,981 for the American Rescue Plan Overall and have requested one half of this amount. Since some of the expenditures relate to premium pay for some municipal employees that covers payrolls from prior fiscal years, some of the funds will be recorded as FY21 revenues and the rest as FY22 revenues. On average, after this first quarter, one would expect the town to have collected revenues or processed expenditures at 25%. Total expenditures are 21.1% spent after three months. A few departments above the average 25% include Community Services (27%) and Public Works (49.8%). The town has received 76% of the homestead reimbursement from the State. Excise tax revenues are currently at 26% collected. Planning Permits are at 38% collected due mostly to building permits. Fines and violations, mostly related to parking violations are 32% collected. While the various charge for services revenue lines show only 19% collected, we have more than doubled what was collected at this same time last year. This is mostly due to CS's programs coming back online and the PW's dept's vehicle maintenance of other communities. Miscellaneous revenues

show 96.9% collected and is related directly to the premium received on the bonds issued in September. Finally, property taxes are accrued at commitment and a receivable is created for the tax collections. Therefore, the year to date revenues show the full committed amount and not the amounts actually collected.

The assets and liabilities are mostly determined by the timing of the expenditures and revenues and as such, I will focus on the expenditures and revenues. As a general indicator of fund balance, actual revenues and expenditures can measure the anticipated changes that could affect total fund balance. As the balance sheet shows, changes from the first quarter 2021 to 2022 have not changed significantly.

Annually, the unassigned fund balance is updated. Per our fund balance policy, the Town's goal is to maintain unassigned fund balance equal to 10% of the prior year operating budget, not to fall below 8.33%. The 2021 operating budget total is \$96,034,595 thus making the fund balance 10% goal to be \$9,603,459 for FY22. Because FY21 year end adjustments are still in motion, unassigned fund balance is still a moving target at this time.

Negative indicators: Community Service (CS) expenditures show 27% spent and revenues at 24% collected. This disparity has to do with the timing of the revenues since the registration process for CS begins in the prior year. Public Works shows about 50% spent, however, the PW's dept generally utilizes the financial purchase order system and encumbers many of their accounts such as solid waste and vehicle maintenance purchases. Since the funds are encumbered, they are not available for other spending and therefore contribute to the larger than normal percentage spent. Interest on unpaid property taxes are at 3% collected. Some of this has to do with taxpayers paying their taxes and also the reduction in the interest rate in FY20 for unpaid taxes. Additionally, this revenue should increase as the property tax foreclosure process begins in November/December.

I would like to take this time to acknowledge the retirement of Police Chief Rob Moulton after 43 years of service and Deputy Finance Director Gina Clukey after 32 years of service. Their service to the Town of Scarborough is greatly appreciated and both have helped to move Scarborough into the future. We wish them both well in their future endeavours.

**TOWN OF SCARBOROUGH
TOWN GENERAL FUND BALANCE SHEET**

	<u>September 30, 2021</u>	<u>September 30, 2020</u>	<u>Variance</u>
<u>ASSETS</u>			
Cash	24,041,374	17,560,042	6,481,332
Taxes Receivable	61,291,833	61,076,542	215,291
Accts Receivable	125,708	516,948	(391,239)
Due From Other Funds	2,850,408	2,563,482	286,926
Inventories	31,401	27,679	3,722
Total Assets and Outflows	<u>88,340,724</u>	<u>81,744,692</u>	<u>6,596,032</u>
<u>LIABILITIES</u>			
Accounts Payables	4,272,577	3,751,656	520,920
Accrued Payroll	5,925,742	5,576,500	349,243
Prepaid Items	9,828	-	9,828
Deferred Tax Revenues	837,446	913,993	(76,547)
Taxes Collected In Advance	244	3,853	(3,609)
Total Liabilities and Inflows	<u>11,045,837</u>	<u>10,238,297</u>	<u>807,540</u>
<u>FUND BALANCE</u>			
Fund Balance Unrestricted	9,561,176	7,672,328	1,888,848
Fund Balance Reserved	6,187,454	5,070,810	1,116,644
Fuel Inventory Reserve	31,401	27,679	3,722
Actual Revenues	80,370,025	75,667,441	4,702,585
Actual Expenditures	18,855,169	16,931,862	1,923,307
Fund Balance	<u>77,294,887</u>	<u>71,506,395</u>	<u>5,788,492</u>
Total Liabilities and Fund Balance	<u>88,340,724</u>	<u>81,744,692</u>	<u>6,596,032</u>

**Town of Scarborough
Comparative Year To Date Expenditures**

	<u>9/30/2021</u>			<u>9/30/2020</u>		
	<u>Revised</u>	<u>YTD</u>	<u>Percent</u>	<u>Revised</u>	<u>YTD</u>	<u>Percent</u>
<u>1100 General Fund</u>	<u>Appropriation</u>	<u>Expended</u>	<u>Used</u>	<u>Appropriation</u>	<u>Expended</u>	<u>Used</u>
55 Legislative	11,573	2,762	23.9%	11,573	206	1.8%
56 Executive	3,596,475	872,053	24.3%	3,226,713	500,231	15.5%
57 Finance	1,305,694	286,572	22.1%	1,144,209	230,758	20.4%
58 Management Information Systems	1,592,423	361,327	22.6%	1,338,293	305,401	23.6%
59 Planning	1,220,454	232,247	19.0%	1,038,027	209,381	20.4%
62 Community Services	2,898,048	778,988	27.0%	2,129,666	404,367	19.3%
63 Library	1,071,119	267,780	25.0%	1,152,963	283,241	24.6%
66 Public Health & Welfare	105,813	25,176	23.8%	86,076	20,378	23.7%
68 SEDCo	258,326	48,750	18.9%	246,051	46,937	19.1%
71 Fire Services	6,161,749	1,412,614	23.3%	5,754,862	1,294,834	22.7%
72 Police Services	7,448,954	1,545,485	20.8%	7,094,837	1,566,825	22.1%
81 Public Works	7,373,634	1,183,689	49.8%	6,903,287	1,123,388	47.3%
85 Debt	6,287,816	55,610	0.9%	6,482,918	127,337	2.0%
86 Storm Related Expenditures	-	229	0.0%	-	1,311	0.0%
91 County Tax	3,081,933	-	0.0%	3,188,519	-	0.0%
94 Capital Equipment	2,303,242	285,745	16.1%	1,546,736	24,125	1.6%
97 Other	2,143,417	69,027	3.2%	1,864,341	81,753	4.4%
Total General Fund Expenditures	46,860,670	7,428,055	21.4%	43,209,071	6,220,473	19.4%
Fund 7150 Adult Education	179,639	36,117	20.1%	194,558	25,911	13.6%
Fund 7100 Total School General Fund	55,683,015	11,390,997	20.9%	53,312,138	10,685,479	20.5%
Total School General Fund Expenditures	55,862,654	11,427,114	20.9%	53,506,696	10,711,389	20.5%
Grand Total	102,723,324	18,855,169	21.1%	96,715,767	16,931,862	20.0%

3 Months = 25.00%

NOTES:

Overall: Non-union & part time furloughed time (avg 20 hrs/week) ended July 24, 2020. Staffing not fully funded in FY21.

56: 4 FT staff retirements & benefit payouts, higher WC invoice & timing of Property insurance pymt, filled vacant custodial positions

58: MIS Staffing changes - unfilled position recently filled

59: Planning Staffing/Benefite adjustments

62: Community Services: Restoring programs affected by COVID in FY21

71: Fire Dept union contract adjustments

72: Police Chief search ongoing & union contract adjustments

81: PW staffing - furloughed back to full time

85: Debt - Cost of issuance (COI) on Advance Refunding in FY21 & COI for bonds in FY22

94: \$86,177 FY21 final payment on PW plow truck, FY22 \$72,000 on solar array buyout & FY22 rescue boat down payment.

**Town of Scarborough
Comparative Year To Date Revenues**

	<u>9/30/2021</u>			<u>9/30/2020</u>		
	<u>Revised</u>	<u>Actual YTD</u>	<u>%</u>	<u>Revised</u>	<u>Actual YTD</u>	<u>%</u>
	<u>Estimated</u>			<u>Revenue</u>		
<u>1100 General Fund</u>						
90 Taxes	29,127,939	23,982,162	82.3%	27,335,611	72,091,437	263.7%
91 Interest On Delinquent Taxes	70,000	2,055	2.9%	97,500	2,904	3.0%
92 Licenses And Permits	921,480	312,282	33.9%	794,880	165,110	20.8%
93 Intergovernmental Revenues	5,855,256	1,836,783	31.4%	4,476,411	1,466,144	32.8%
94 Charge For Services	6,810,789	1,294,280	19.0%	6,515,892	571,811	8.8%
95 Fines Forfeits And Assessments	94,700	30,594	32.3%	87,700	47,466	54.1%
96 Miscellaneous Revenues	881,421	854,406	96.9%	792,719	218,740	27.6%
99 Other Financing Sources	3,099,085	1,141,575	36.8%	3,049,711	5,000	0.2%
Total General Fund Revenues	46,860,670	29,454,136	62.9%	43,150,425	74,568,612	172.8%
Fund 7150 Adult Education	179,639	66,425	37.0%	194,558	2,561	1.3%
Fund 7100 Total School General Fund	55,683,015	50,849,464	91.3%	53,311,243	1,096,268	2.1%
Total School General Fund Revenues	55,862,654	50,915,889	91.1%	53,505,801	1,098,829	2.1%
Grand Total	102,723,324	80,370,025	78.2%	96,656,226	75,667,441	78.3%

Property Taxes Collected: 16.89%
 Collections as of 10-19-2021: 49.85%
3 Months = 25.00%

FY2021 Property Taxes Collected Sept 2020: **14.14%**
 FY2020 Property Taxes Collected Sept 2019: **11.99%**
 FY2019 Property Taxes Collected Sept 2018: **7.02%**
 FY2018 Property Taxes Collected Sept 2017: **11.13%**
 FY2017 Property Taxes Collected Sept 2016: **10.32%**

NOTES:

- 90:** Property taxes not fully allocated in FY21. FY22 Excise is \$18,000 higher than FY21. Abatements are lower in FY22 than FY21 by \$15,000.
- 91:** Unpaid tax interest rate reduced from 5% to 0% from March to July 2020 and then to 5%. FY22 rate set at 6%.
- 92:** Licenses & Permits: Town Clerk licenses/permits are down however Electrical, Building & Plumbing Rev are all above estimates in FY22.
- 93:** Intergovernmental Revenues: State Rev Sharing is \$305,717 & Homestead is \$60,135 higher in FY22 compared to FY21.
- 94:** Charge for Services: Overall revenues have increased two fold over FY21 as the economy rebounds. \$571,810 in FY21 & \$1,294,280 in FY22.
- 95:** Fines & Forfeits: Parking and False Alarm Violations are below FY21 actual revenues however are at 32.3% collected in FY22.
- 96:** Includes premium on FY22 Bond of \$3.725m.

Town of Scarborough
Year To Date Expenditures Through September 30, 2021

	<u>Original</u> <u>Appropriation</u>	<u>Revised</u> <u>Budget</u>	<u>YTD</u> <u>Expended</u>	<u>Encumb</u>	<u>Available</u> <u>Budget</u>	<u>Percent</u> <u>Used</u>
<u>Other Town Fund Expenditures</u>						
Fund 1200 Total Special Revenue Fund	-	-	801,694	19,775	(821,469)	100.0%
Fund 1300 Total Capital Projects Fund	235,500	235,500	32,415	-	203,085	13.8%
Fund 1310 Total Capital Projects Fund	4,525,000	4,525,000	35,006	8,500	4,481,494	1.0%
Fund 1500 Total Cemetery Permanent Fund	-	-	-	-	-	0.0%
Total Town Other Fund Exp	4,760,500	4,760,500	869,114	28,275	3,863,110	18.9%

<u>Other School Fund Expenditures</u>						
Fund 72xx Total School Special Revenue Fund	-	-	578,007	32,583	(610,590)	100.0%
Fund 7300 Total School Capital Projects Fund	286,250	286,250	-	-	286,250	0.0%
Fund 7400 Total School Capital Projects Fund	3,352,651	3,352,651	558,000	107,747	2,686,904	19.9%
Fund 7600 Total School Nutrition Program	1,806,963	1,806,963	326,051	374,118	1,106,794	38.7%
Fund 7800 Total School Scholarship Funds	-	-	-	-	-	100.0%
Total School Other Fund Exp	5,445,864	5,445,864	1,462,058	514,448	3,469,358	36.3%

Year To Date Revenues Through September 30, 2021

	<u>Original</u> <u>Estimated</u> <u>Revenue</u>	<u>Revised</u> <u>Estimated</u> <u>Revenue</u>	<u>Actual YTD</u> <u>Revenue</u>	<u>Remaining</u> <u>Revenue</u>	<u>%</u> <u>Collected</u>
<u>Other Town Fund Revenues</u>					
Fund 1200 Total Special Revenue Fund	-	-	846,704	(846,704)	100.0%
Fund 1300 Total Capital Projects Fund	235,500	235,500	607,693	(372,193)	258.0%
Fund 1310 Total Capital Projects Fund	4,525,000	4,525,000	998,645	3,526,355	22.1%
Fund 1500 Total Cemetery Permanent Fund	-	-	389	(389)	100.0%
Total Town Other Fund Rev	4,760,500	4,760,500	2,453,432	2,307,068	51.5%

<u>Other School Fund Revenues</u>					
Fund 72xx Total School Special Revenue Fund	-	-	59,116	(59,116)	100.0%
Fund 7300 Total School Capital Projects Fund	-	-	0	(0)	100.0%
Fund 7400 Total School Capital Projects Fund	3,638,901	3,638,901	1,902,638	1,736,263	52.3%
Fund 7600 Total School Nutrition Program	1,806,963	1,806,963	475,640	1,331,323	26.3%
Fund 7800 Total School Scholarship Funds	-	-	304	(304)	100.0%
Total School Other Fund Rev	5,445,864	5,445,864	2,437,698	3,008,166	44.8%

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>YTD Activity</u>	<u>Remaining Bal</u>	<u>Percentage</u>
Grand Totals Expenditures	112,929,688	112,929,688	21,186,341	88,343,652	21.8%
Grand Totals Revenues	112,929,688	112,929,688	85,261,155	27,668,533	75.5%

Town of Scarborough
Year To Date Education Expenditures
Through September 30, 2021

Education:	<u>Original</u>	<u>Revised</u>	<u>YTD</u>	<u>Encumb</u>	<u>Available</u>	<u>Percent</u>
	<u>Appropriation</u>	<u>Budget</u>	<u>Expended</u>		<u>Budget</u>	<u>Used</u>
Regular instruction	34,384,116	34,384,116	7,877,278	147,268	26,359,570	23.3%
Improvement of instruction	977,217	977,217	279,462	42,815	654,940	33.0%
Special services	5,157,656	5,157,656	1,071,943	13,858	4,071,855	21.1%
General & special administration	289,513	289,513	70,908	-	218,605	24.5%
Board of education	44,418	44,418	21,280	-	23,138	47.9%
Office of the superintendent	833,720	833,720	237,935	595	595,190	28.6%
Business administration	2,362,477	2,362,477	566,314	-	1,796,163	24.0%
Transportation	1,905,797	1,905,797	251,282	120	1,654,396	13.2%
Operation and maintenance of plant	4,190,725	4,190,725	1,014,595	44,548	3,131,582	25.3%
Adult Education	179,639	179,639	36,117	-	143,522	20.1%
Food Service Allocation	-	-	-	-	-	0.0%
Debt service	5,537,376	5,537,376	-	-	5,537,376	0.0%
Total Education	55,862,654	55,862,654	11,427,114	249,203	44,186,337	20.9%

<u>Selected Revenues</u>	<u>Estimated Revenue</u>	<u>Actual YTD Revenue</u>	<u>% Collected</u>
Excise Tax Collections	7,000,000	1,838,243.90	26.3%
State Revenue Sharing	2,950,000	716,924.69	24.3%
Rescue Revenues	1,150,000	287,499.99	25.0%
LRAP-Local Road Assist.	309,920	-	0.0%
Building Permits	625,000	249,717.00	40.0%
Investment Interest	125,000	657,351.31	525.9%
Plumbing Permits	45,000	15,152.50	33.7%
Electrical Permits	70,000	19,640.05	28.1%
Education Subsidy	4,903,083	1,359,426.75	27.7%

Town General Fund Revenues by Department

Executive (TM, HR, TC)	754,569	219,270	29.1%
Fund Balance	-	-	0.0%
Finance	7,044,377	2,524,695	35.8%
Property Taxes	22,141,892	22,141,892	100.0%
MIS	794,049	-	0.0%
Planning	889,603	298,228	33.5%
Community Serv	2,480,725	593,469	23.9%
General Assist. Misc Rev	-	-	0.0%
SEDCO	-	-	0.0%
Fire Dept	1,358,000	336,402	24.8%
Police Dept	1,014,492	245,725	24.2%
Public Works	1,466,482	123,597	8.4%
Debt	1,976,565	1,134,075	57.4%
Intergovernmental	5,852,396	1,836,783	31.4%
TIFs and Interfund Transfer:	1,087,520	-	0.0%
	<u>46,860,670</u>	<u>29,454,136.23</u>	62.9%