



Town of Scarborough, Maine

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RUTH D. PORTER
FINANCE DIRECTOR
TREASURER

TOWN OF SCARBOROUGH Executive Summary for the period ending June 30, 2020

The fourth quarter of this fiscal year has ended. The sun has been shining and the weather warm. The Public Safety staff are now working in the new public safety facility. The Pandemic continues to affect our home and working lives. Virtual meetings are beginning to feel normal. From March 23rd through May 26th, staff worked remotely from home. The IT department worked furiously to provide the tools necessary to allow this to happen and we are grateful for their knowledge and skills. Effective May 4th, most non-union staff hours were reduced to 20 hours per week, the goal being to provide cost savings to the town. The reduced hours are expected to end July 31st. With staff hours still reduced, the town offices reopened to the public on May 27th on a limited basis.

This is an executive summary with attached quarterly financial reports to provide a high-level review of the town's finances for this quarter and for year end. The year end process is still in motion and the numbers provided are unaudited and will continue to change over the next few months.

The Town recently issued \$7,040,000 in new bonds to cover the various capital improvement projects approved over the past few years. Additionally, the Town negotiated an advance refunding of our 2010 through 2013 bonds. We refunded \$43,355,000 and re-issued \$42,315,000 for principal savings of \$1,040,000 and interest cost savings of \$2,372,528 over the life of the bonds.

Positive indicators: Scarborough has completed another fiscal year. Total expenditures are at 93.3% of budget and revenues are 93.6% collected. Since customers could not come to town hall to register their vehicles, there was much anxiety that our Excise revenue collections would fall below projections. As excise revenues are the second largest revenue source for the town, this concern was valid. As it turns out, we not only made our estimated revenue, but we also exceeded it by over \$55,500. Even though all vehicles should be registered as of June 30th, we know that the reduced office and staff hours as well as the number of vehicles that need to be registered, has meant long wait lines for the citizens to register their vehicles. I truly appreciate the patience and empathy the citizens expressed as they came to town hall to wait 1 or 2 hours to register their vehicles and request other services. In anticipation that June 30th and earlier registrations will continue into July, we will record those registrations as FY20 revenues.

Building permits also exceeded their estimates by almost \$33,000. Plumbing and electrical permits also exceeded estimates. Parking violation revenues are 184% collected. State Revenue Sharing also exceeded estimates by more than \$130,000. As mentioned in prior summaries, tax

revenues are recorded when billed and not when collected. A tax receivable is then recorded on the balance sheet and this is where we determine how much has been received. Tax collections through June are at 98.9% collected. As of July 30th, tax collections are at 99.2%. As a result of the pandemic, most Community Services child care and summer programs were cancelled and this created budget savings to the Town. Expenditures for school and town operating are at 93.3% spent.

To the extent possible, the Assistant Town Manager, Larissa, assisted citizens with the State's Rapid Renewal program, to reduce their time waiting in line to re-register their vehicles. She also assisted them with online tax payment processing launched recently with great success. The next phase of the online payment functionality will be with code enforcement permits.

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. The 2019 operating budget total was \$88,086,163. 10% of this amount is \$8,808,616.

The 2020 operating budget total is \$94,056,204. 10% of this amount is \$9,405,620. If the town were to close its books as of these financials, the Unassigned Fund Balance would be \$8,566,864 or 9.1% of the required 10%.

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.

Negative indicators: Because of the pandemic and the social distancing requirements, Community Services cancelled many of their programs resulting in their inability to reach their estimated revenues by almost \$800,000. The general assistance costs have increased and this budget is overspent by about \$60,000. While the State reimburses the town for a portion of these expenditures and those revenues will exceed estimates, the reimbursements will not cover the over-expenditure. Legal and employer insurance expenditures totaled \$320,401 and \$813,000 respectively compared to budgets of \$113,000 and \$673,824. Abatements due to the recent revaluations and settlements are at \$870,978. Overlay is used to offset abatements and for FY2020 is budgeted at \$298,892.

On December 13th, the Town Manager instituted a curtailment of non-essential spending to mitigate and help offset these over expenditures. With the total operating expenditures presently at 91.5% for just the municipal expenditures; we are working toward covering most of the over expenditures.

The Scarborough residents have shown an amazing resilience in their ability to pay for the services the Town has to offer. I commend them and believe it is this ability that has helped Scarborough weather this pandemic crisis.

TOWN OF SCARBOROUGH
TOWN GENERAL FUND BALANCE SHEET

	<u>Unaudited</u> <u>June 30, 2020</u>	<u>Audited</u> <u>June 30, 2019</u>	<u>Variance</u>
<u>ASSETS</u>			
Cash	18,356,397	20,610,507	(2,254,110)
Taxes Receivable	1,101,890	1,129,014	(27,124)
Accts Receivable	327,159	988,426	(661,267)
Due From Other Funds	2,561,069	2,459,044	102,025
Inventories	27,679	27,679	(0.47)
Total Assets and Outflows	22,374,194	25,214,670	(2,840,476)
<u>LIABILITIES</u>			
Accounts Payables	2,510,018	4,582,112	(2,072,094)
Accrued Payroll	5,000,331	5,359,389	(359,058)
Prepaid Items	345		345
Deferred Tax Revenues	913,993	913,993	0.25
Taxes Collected In Advance	70,639	52,947	17,692
Total Liabilities and Inflows	8,495,327	10,908,441	(2,413,114)
<u>FUND BALANCE</u>			
Fund Balance Unassigned	8,566,864	8,211,760	355,104
Fund Balance Restricted	199,778	199,778	0.48
Fund Balance Reserved	5,070,810	5,867,012	(796,203)
Fuel Inventory Reserve	27,679	27,679	(0.47)
Actual Revenues	88,414,053	-	88,414,053
Actual Expenditures	88,400,317	-	88,400,317
Fund Balance	13,878,867	14,306,229	(427,362)
Total Liabilities and Fund Balance	22,374,194	25,214,670	(2,840,476)

Town of Scarborough
Comparative Year To Date Expenditures (Unaudited)

	<u>6/30/2020</u>			<u>6/30/2019</u>		
	<u>Revised</u> <u>Appropriation</u>	<u>YTD</u> <u>Expended</u>	<u>Percent</u> <u>Used</u>	<u>Revised</u> <u>Appropriation</u>	<u>YTD</u> <u>Expended</u>	<u>Percent</u> <u>Used</u>
1100 General Fund						
55 Legislative	11,573	8,679	75.0%	11,573	11,572	100.0%
56 Executive	2,751,195	3,120,566	113.5%	2,666,238	3,006,901	112.8%
57 Finance	1,146,953	1,060,983	92.7%	1,095,711	1,070,308	97.7%
58 Management Information Systems	1,459,862	1,335,054	91.6%	1,444,398	1,393,661	96.5%
59 Planning	1,107,322	981,987	88.9%	1,056,153	951,804	90.1%
62 Community Services	2,615,535	2,156,089	82.4%	2,470,411	2,569,353	104.0%
63 Library	1,164,166	1,164,166	100.0%	1,152,091	1,152,091	100.0%
66 Public Health & Welfare	33,633	92,637	275.4%	32,314	19,514	60.4%
68 SEDCo	246,644	228,565	92.7%	240,693	239,311	99.4%
71 Fire Services	5,643,939	5,220,003	92.6%	5,323,655	5,149,519	96.7%
72 Police Services	7,210,338	6,593,632	91.5%	6,652,346	6,429,009	96.6%
81 Public Works	6,947,868	6,262,309	90.8%	6,770,365	7,006,492	103.5%
85 Debt	6,145,997	6,210,552	101.1%	5,579,904	5,599,114	100.3%
91 County Tax	2,956,659	2,956,659	100.0%	2,827,079	2,827,079	100.0%
94 Capital Equipment	2,375,819	1,215,505	51.4%	1,485,901	1,459,518	98.2%
97 Other	1,371,129	841,030	61.3%	1,693,189	1,070,410	63.2%
Total General Fund Expenditures	43,188,632	39,448,417	91.5%	40,502,021	39,955,656	98.7%
Fund 7150 Adult Education	202,311	181,487	89.7%	188,501	184,654	98.0%
Fund 7100 Total School General Fund	51,426,993	48,770,413	94.8%	48,526,504	47,904,271	98.7%
Total School General Fund Expenditure	51,629,304	48,951,900	94.8%	48,715,005	48,088,925	98.7%
Grand Total	94,817,936	88,400,317	93.3%	89,217,026	88,044,581.34	98.7%

12 Months = 100.00%

NOTES:

Curtailment Order from the Town Manager resulting in lower costs for FY20, however year end adjustments are still in process (for example: accrued wages, year end fund transfers, accts receivables and payables, etc).

56: \$8,000 recreation complex study, Legal expenditures are \$320,401 on a budget of \$113,000, Employer Insurance expenditures are \$813,000 on a budget of \$673,824, Paid Vac/Sick is overspent but covered by assigned fund balances, \$41,691 for generator repairs.

63: Library is paid quarterly and they have received their annual allotment.

66: Public Health & Welfare - General Assistance overspent.

94: Capital Equipment - curtailment and timing of purchases.

Town of Scarborough
Comparative Year To Date Revenues (Unaudited)

	<u>6/30/2020</u>			<u>6/30/2019</u>		
	<u>Revised</u>			<u>Revised</u>		
	<u>Estimated</u>	<u>Actual YTD</u>	<u>%</u>	<u>Estimated</u>	<u>Actual YTD</u>	<u>%</u>
<u>1100 General Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Collected</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Collected</u>
90 Taxes	27,483,464	26,801,711	97.5%	26,946,812	27,117,752	93.6%
91 Interest On Delinquent Taxes	97,500	90,150	92.5%	97,965	104,520	46.3%
92 Licenses And Permits	699,480	735,354	105.1%	700,980	716,931	65.8%
93 Intergovernmental Revenues	3,406,016	3,258,115	95.7%	3,261,100	3,382,334	83.4%
94 Charge For Services	6,639,097	5,241,614	79.0%	6,303,393	6,367,242	70.7%
95 Fines Forfeits And Assessments	71,000	97,222	136.9%	71,500	93,529	83.6%
96 Miscellaneous Revenues	823,848	533,333	64.7%	693,163	1,279,629	97.0%
99 Other Financing Sources	3,628,175	634,608	17.5%	2,281,850	1,643,247	17.7%
Total General Fund Revenues	42,848,580	37,392,107	87.3%	40,356,763	40,705,183	100.9%
Fund 7150 Adult Education	202,311	168,586	83.3%	188,501	187,968	80.4%
Fund 7100 Total School General Fund	51,426,993	50,853,359	98.9%	48,526,504	47,620,366	97.2%
Total School General Fund Revenues	51,629,304	51,021,945	98.8%	48,715,005	47,808,334	98.1%
Grand Total	94,477,884	88,414,053	93.6%	89,071,768	88,513,517	99.4%

Property Taxes Collected: 98.91%
Collections as of 07-30-20: 99.21%
12 Months = 100.00%

NOTES:

90: Taxes include property & excise taxes, senior tax relief and abatements. Property taxes are recorded as revenue when the bills are issued.

Senior Tax Relief: Budgeted \$210,000 and spent \$211,457. \$745,978 in abatements.

91: Town Council reduced the interest rate on Delinquent Taxes budgeted at 9%. FY20 interest revenues are \$90,150 compared to \$104,520 for

92: Licenses & Permits: Building, Electrical and Plumbing permit revenues are higher for FY20 than in FY19.

93: Intergovernmental Revenues: State Revenues (Homestead, Veterans, Gen Assist) due in June but rec'd in July 2020. Once all intergovernmental revenues are received actual revenues will exceed estimates by approx \$140,000.

94: Charge for Services: Year End adjustments in process, expected reduced revenues due to pandemic including Summer Rec, Child Care, Youth Programs, Special Police revenues, vehicle maint reimb from depts, inspection fees.

95: Fines & Forfeitures: Most revenues are parking violation fines.

99: Other Financing Sources: Year end transfers in process.

**Town of Scarborough
Through June 30, 2020**

	<u>Original Appropriation</u>	<u>Revised Budget</u>	<u>YTD Expended</u>	<u>Encumb</u>	<u>Available Budget</u>	<u>Percent Used</u>
<u>Other Town Fund Expenditures</u>						
Fund 1200 Total Special Revenue Fund	-	-	3,497,958	-	(3,497,958)	100.0%
Fund 1300 Total Capital Projects Fund	1,251,000	1,251,000	322,187	-	928,813	25.8%
Fund 1310 Total Capital Projects Fund	895,000	922,400	1,854,575	-	(932,175)	201.1%
Fund 1310 Public Safety Building	-	101,831	13,885,852	6,139	(13,790,161)	13642.2%
Fund 1500 Total Cemetery Permanent Fund	-	-	-	-	-	0.0%
Total Town Other Fund Exp	2,146,000	2,275,231	19,560,573	6,139	(17,291,481)	860.0%

<u>Other School Fund Expenditures</u>						
Fund 72xx Total School Special Revenue Fund	-	-	1,118,722	-	(1,118,722)	100.0%
Fund 7300 Total School Capital Projects Fund	-	-	36,276	-	(36,276)	100.0%
Fund 7400 Total School Capital Projects Fund	2,441,070	2,441,070	2,944,117	-	(503,047)	120.6%
Fund 7600 Total School Nutrition Program	1,746,555	1,746,555	1,630,860	-	115,695	93.4%
Fund 7800 Total School Scholarship Funds	-	-	6,500	-	(6,500)	100.0%
Total School Other Fund Exp	4,187,625	4,187,625	5,736,475	-	(1,548,850)	137.0%

	<u>Original Estimated Revenue</u>	<u>Revised Estimated Revenue</u>	<u>Actual YTD Revenue</u>	<u>Remaining Revenue</u>	<u>% Collected</u>
<u>Other Town Fund Revenues</u>					
Fund 1200 Total Special Revenue Fund	-	-	3,160,385	(3,160,385)	100.0%
Fund 1300 Total Capital Projects Fund	1,251,000	1,251,000	78,256	1,172,744	6.3%
Fund 1310 Total Capital Projects Fund	895,000	895,000	702,719	192,281	78.5%
Fund 1310 Public Safety Building	-	-	-	-	100.0%
Fund 1500 Total Cemetery Permanent Fund	-	-	3,296	(3,296)	100.0%
Total Town Other Fund Rev	2,146,000	2,146,000	3,944,657	(1,798,657)	183.8%

<u>Other School Fund Revenues</u>					
Fund 72xx Total School Special Revenue Fund	-	-	531,388	(531,388)	0.0%
Fund 7300 Total School Capital Projects Fund	-	-	-	-	100.0%
Fund 7400 Total School Capital Projects Fund	2,441,070	2,441,070	175,287	2,265,783	7.2%
Fund 7600 Total School Nutrition Program	1,746,555	1,746,555	1,157,545	589,010	66.3%
Fund 7800 Total School Scholarship Funds	-	-	2,943	(2,943)	100.0%
Total School Other Fund Rev	4,187,625	4,187,625	1,867,162	2,320,463	44.6%

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>YTD Activity</u>	<u>Remaining Bal</u>	<u>Percentage</u>
Grand Totals Expenditures	100,811,509	101,280,792	113,697,365	(12,498,379)	112.3%
Grand Totals Revenues	100,811,509	100,811,509	94,225,872	6,585,638	93.5%

**Town of Scarborough
Year To Date Education Expenditures
Through June 30, 2020**

Education:	Original <u>Appropriation</u>	Revised <u>Budget</u>	YTD <u>Expended</u>	<u>Encumb</u>	Available <u>Budget</u>	Percent <u>Used</u>
Regular instruction	31,424,414	31,424,414	30,053,839	-	1,370,575	95.6%
Improvement of instruction	1,016,939	1,016,939	948,771	-	68,168	93.3%
Special services	4,700,486	4,700,486	4,118,833	895	580,758	87.6%
General & special administration	267,948	267,948	275,542	-	(7,594)	102.8%
Board of education	34,973	34,973	33,863	-	1,110	96.8%
Office of the superintendent	766,255	766,255	797,916	-	(31,661)	104.1%
Business administration	2,236,427	2,236,427	2,064,960	-	171,467	92.3%
Transportation	1,731,562	1,731,562	1,551,759	-	179,803	89.6%
Operation and maintenance of plant	4,003,876	4,003,876	3,671,324	-	332,552	91.7%
Adult Education	202,311	202,311	181,487	-	20,824	89.7%
Food Service Allocation	-	-	-	-	-	0.0%
Debt service	5,244,113	5,244,113	5,253,605	-	(9,492)	100.2%
Total Education	51,629,304	51,629,304	48,951,900	895	2,676,509	94.8%

<u>Selected Revenues</u>	<u>Estimated Revenue</u>	<u>Actual YTD Revenue</u>	<u>% Collected</u>
Excise Tax Collections	6,150,000	6,205,585	100.9%
State Revenue Sharing	1,252,000	1,382,247	110.4%
Rescue Revenues	1,250,000	1,250,000	100.0%
LRAP-Local Road Assist.	322,381	331,444	102.8%
Investment Interest	165,000	106,541	64.6%
Building Permits	475,000	507,947	106.9%
Plumbing Permits	45,000	49,055	109.0%
Electrical Permits	60,000	84,584	141.0%
Education Subsidy	3,366,032	3,273,967	97.3%

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Town General Fund Revenues by Department

Executive (TM, HR, TC)	626,616	370,196	59.1%
Fund Balance	-	-	0.0%
Finance	6,311,525	5,567,588	88.2%
Property Taxes	21,295,864	21,295,864	100.0%
MIS	765,397	351,348	45.9%
Planning	688,603	742,958	107.9%
Community Serv	2,347,500	1,627,766	69.3%
SEDCO	-	-	100.0%
Fire Dept	1,420,500	1,400,207	98.6%
Police Dept	908,586	845,630	93.1%
Public Works	1,462,598	1,305,765	89.3%
Debt	1,768,585	120,018	6.8%
Intergovernmental	3,403,216	3,255,176	95.6%
TIFs and Interfund Transfers	1,849,590	509,590	27.6%
	<u>42,848,580</u>	<u>37,392,107</u>	87.3%