

Executive Summary for the period ending December 31, 2017

We are six months into the fiscal year 2018. Where has the time gone? After six months, all things being equal, we should be at 50% collected or spent. Our expenditures are at 57% spent and revenues are approximately 85% collected for the General Fund, which includes the town, school and adult education. Total expenditures include the full payment of the County Tax of \$2.7m and all of the principal debt payment of \$7.170m. Tax collections are at 54.4% collected compared to the prior two years of 50.1% in December 2016 and 51.1% in December 2015. Taxes collected in advance have increased by \$48,435 from last year. This increase, I believe, relates to the federal tax reform bill passed in December. Some citizens desired to maximize their 2017 income tax deductions for income tax reporting purposes and paid their second half property tax payment in December.

On an annual basis, we update the total fund balance. Unassigned Fund Balance increased slightly from FY16 of \$6,107,559 to FY17 of \$6,893,626. Per our fund balance policy, the Town's goal is 10% of the prior year operating budget. As of the end of FY17, the 2016 Operating Budget was \$77,616,047. Thus, the unassigned fund balance goal is \$7,761,605. Per the June 30, 2017 financial statements, unassigned fund balance is \$6,893,626. This puts the Town's Unassigned Fund balance at 8.88% of the 2016 operating budget.

Six months into the 2018 fiscal year, Scarborough continues to be on track. 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.

Positive indicators include the community services department preparing fields and grounds in house compared to contracting those for those costs, resulting in significant savings to the Town. The purchasing function was moved from the Finance Department to the Assistant Town Manager resulting in a savings over the first six months in Finance of \$32,568, although the Assistant Town Manager's budget has seen an equal increase for this service. Due to the timing of the quarterly payment to the Library in 2018, only two quarters of payments show compared to three quarters in 2017. The Public Works department has spent a fair amount from their paving budget this year compared to the prior year. With Public Works maintaining local community's vehicle maintenance, our expenditures are up and we do see a corresponding offset in the Public Work's revenues. Departments continue to play catch up with their capital expenditures since the delay of an approved school budget earlier this year.

On the revenue side, building permits are outpacing last year at this time by more than \$90,000. Intergovernmental revenues show higher than last year due to the timing of the BETE revenue. We received almost \$700,000 in December for BETE. As anticipated, we have received approximately \$25,000 more in State Revenue Sharing than last year. As mentioned above, charge for services revenues are higher than the prior year due to the other municipalities

reimbursing Public Works for their service repairs. Excise revenues are currently showing 54.5% collected and about \$83,141 higher than FY17.

Negative indicators: Perhaps I am wearing rose colored glasses but legal costs seem to be the one area to watch. We have expended \$75,978 in FY18 compared to \$39,272 in FY17 for this same time period. The legal budget is \$105,000. In FY17, we overspent this budget by \$74,958.

In summary, through the second quarter of this fiscal year, departments have been diligent in tracking their revenues and expenditure costs.

TOWN OF SCARBOROUGH

TOWN GENERAL FUND BALANCE SHEET

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Variance</u>
<u>ASSETS</u>			
Cash	14,750,874.43	10,404,240.43	4,346,634
Taxes Receivable	28,901,353.98	30,090,211.16	(1,188,857)
Accts Receivable	625,380.43	711,306.39	(85,926)
Due From Other Funds	2,506,595.20	2,672,474.44	(165,879)
Inventories	12,598.01	31,300.86	(18,703)
Total Assets and Outflows	<u>46,796,802.05</u>	<u>43,909,533.28</u>	<u>2,887,269</u>
<u>LIABILITIES</u>			
Accounts Payables	1,822,215.70	1,692,707.30	129,508
Accrued Payroll	4,520,705.40	4,345,035.88	175,670
Prepaid Items	0.00	0.00	0
Deferred Tax Revenues	786,088.76	863,099.70	(77,011)
Taxes Collected In Advance	271,239.14	222,804.13	48,435
Total Liabilities and Inflows	<u>7,400,249.00</u>	<u>7,123,647.01</u>	<u>276,602</u>
<u>FUND BALANCE</u>			
Fund Balance Unrestrictd	9,407,400.64	9,327,004.95	80,396
Fund Balance Reserved	4,478,813.99	4,375,231.43	103,583
Fuel Inventory Reserve	12,598.01	31,300.86	(18,703)
Actual Revenues	71,914,874.52	68,638,893.10	3,275,981
Actual Expenditures	46,417,134.11	45,586,544.07	830,590
Fund Balance	<u>39,396,553.05</u>	<u>36,785,886.27</u>	<u>2,610,667</u>
Total Liabilities and Fund Balance	<u>46,796,802.05</u>	<u>43,909,533.28</u>	<u>2,887,269</u>

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

	<u>12/31/2017</u>			<u>12/31/2016</u>		
	<u>Revised Estimated Revenue</u>	<u>Actual YTD Revenue</u>	<u>% Collected</u>	<u>Revised Estimated Revenue</u>	<u>Actual YTD Revenue</u>	<u>% Collected</u>
<u>1100 General Fund</u>						
90 Taxes	25,508,095	22,641,930	88.8%	25,408,946	22,809,690	89.8%
91 Interest On Delinquent Taxes	89,000	36,419	40.9%	88,000	30,301	34.4%
92 Licenses And Permits	645,680	376,168	58.3%	596,480	278,467	46.7%
93 Intergovernmental Revenues	2,923,418	2,051,771	70.2%	2,840,502	1,179,450	41.5%
94 Charge For Services	5,760,260	2,391,445	41.5%	5,555,292	2,199,825	39.6%
95 Fines Forfeits And Assessments	71,500	55,665	77.9%	65,550	40,774	62.2%
96 Miscellaneous Revenues	619,197	231,445	37.4%	566,556	247,254	43.6%
99 Other Financing Sources	1,735,705	424,600	24.5%	1,612,958	5,000	0.3%
Total General Fund Revenues	<u>37,352,855</u>	<u>28,209,442</u>	<u>75.5%</u>	<u>36,734,284</u>	<u>26,790,761</u>	<u>72.9%</u>
Fund 7150 Adult Education	182,701	141,062	77.2%	182,805	142,609	78.0%
Fund 7100 Total School General Fund	47,125,168	43,564,370	92.4%	45,855,067	41,705,523	91.0%
Total School General Fund Revenues	<u>47,307,869</u>	<u>43,705,432</u>	<u>92.4%</u>	<u>46,037,872</u>	<u>41,848,132</u>	<u>90.9%</u>
Grand Total	<u>84,660,724</u>	<u>71,914,875</u>	<u>84.9%</u>	<u>82,772,156</u>	<u>68,638,893</u>	<u>82.9%</u>

Property Taxes Collected: 54.41%
Collections as of 01-31-18: 55.94%
6 Months = 50.00%

2017 Property Taxes Collected Dec 2016: 50.79%
2016 Property Taxes Collected Dec 2015: 51.10%

NOTES:

- 90:** Taxes include property and excise taxes. Property taxes are recorded as revenue when the bills are issued.
- 91:** Interest rate remains at 7% for unpaid property taxes - this is set by the State.
- 92:** Licenses & Permits Building Permits are the main reason for this increase over last year.
- 93:** Intergovernmental Revenues BETE revenue received.
- 94:** Charge for Services mostly as a result of the vehicle maintenance reimbursements
- 99:** School Impact Fee Transfer - normally processed at year end.

**Town of Scarborough
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**Town of Scarborough
Year To Date Expenditures
Through December 31, 2017**

	<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	-	-	1,416,387	-	(1,416,387)	100.0%
Fund 1300 Total Capital Projects Fund	275,900	255,900	234,099	5,878	15,923	93.8%
Fund 1310 Total Capital Projects Fund	3,582,850	3,582,850	1,147,447	264,062	2,171,341	39.4%
Fund 1500 Total Cemetery Permanent Fund	-	-	-	-	-	0.0%
Total Town Other Fund Exp	3,858,750	3,838,750	2,797,934	269,940	770,876	79.9%

<u>Other School Fund Expenditures</u>						
Fund 72xx Total School Special Revenue Fund	1,123,902	1,123,902	487,622	12,181	624,100	44.5%
Fund 7300 Total School Capital Projects Fund	110,000	110,000	-	-	110,000	0.0%
Fund 7400 Total School Capital Projects Fund	1,286,200	1,286,200	681,845	53,751	550,604	57.2%
Fund 7600 Total School Nutrition Program	1,521,802	1,521,802	680,997	270,959	569,845	62.6%
Fund 7800 Total School Scholarship Funds	-	-	-	-	-	100.0%
Total School Other Fund Exp	4,041,904	4,041,904	1,850,465	336,891	1,854,548	54.1%

**Year To Date Revenues
Through December 31, 2017**

	<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	-	-	1,606,367	(1,606,367)	100.0%
Fund 1300 Total Capital Projects Fund	275,900	255,900	80,970	174,930	31.6%
Fund 1310 Total Capital Projects Fund	3,582,850	3,582,850	14,730	3,568,120	0.4%
Fund 1500 Total Cemetery Permanent Fund	-	-	1,199	(1,199)	100.0%
Total Town Other Fund Rev	3,858,750	3,838,750	1,703,266	2,135,484	44.4%

<u>Other School Fund Revenues</u>					
Fund 72xx Total School Special Revenue Fund	1,123,902.37	1,123,902	176,062	947,840	15.7%
Fund 7300 Total School Capital Projects Fund	110,000	110,000	0	110,000	0.0%
Fund 7400 Total School Capital Projects Fund	1,286,200	1,286,200	53,100	1,233,100	4.1%
Fund 7600 Total School Nutrition Program	1,521,802	1,521,802	683,658	838,144	44.9%
Fund 7800 Total School Scholarship Funds	-	-	1,071	(1,071)	100.0%
Total School Other Fund Rev	4,041,904	4,041,904	913,891	3,128,013	22.6%

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>YTD Activity</u>	<u>Remaining Bal</u>	<u>Percentage</u>
Grand Totals Expenditures	92,892,379	92,541,379	51,065,533	38,775,135	58.1%
Grand Totals Revenues	92,892,379	92,541,379	74,532,032	18,009,347	80.5%

Town of Scarborough
Year To Date Education Expenditures
Through December 31, 2017

Education:	<u>Original</u>	<u>Revised</u>	<u>YTD</u>		<u>Available</u>	<u>Percent</u>
	<u>Appropriation</u>	<u>Budget</u>	<u>Expended</u>	<u>Encumb</u>	<u>Budget</u>	<u>Used</u>
Regular instruction	28,068,091	27,892,549	14,367,024	52,389	13,473,135	51.7%
Improvement of instruction	943,675	913,675	480,885	12,980	419,810	54.1%
Special services	4,162,949	4,141,207	1,753,039	25,667	2,362,501	43.0%
General & special administration	246,043	246,043	124,465	-	121,578	50.6%
Board of education	32,723	32,723	20,048	-	12,675	61.3%
Office of the superintendent	705,950	710,550	397,020	10,774	302,756	57.4%
Business administration	2,225,025	2,161,709	1,106,642	50	1,055,017	51.2%
Transportation	1,615,051	1,615,051	645,162	121	969,768	40.0%
Operation and maintenance of plant	3,808,090	3,808,090	1,778,721	168,360	1,861,009	51.1%
Adult Education	182,701	182,701	89,755	36	92,910	49.1%
Food Service Allocation	-	-	-	-	-	0.0%
Debt service	5,603,571	5,603,571	4,529,836	-	1,073,735	80.8%
Total Education	47,593,869	47,307,869	25,292,597	270,377	21,744,895	54.0%

<u>Selected Revenues</u>	<u>Estimated Revenue</u>	<u>Actual YTD Revenue</u>	<u>% Collected</u>
Excise Tax Collections	5,600,000	3,050,423	54.5%
State Revenue Sharing	837,993	424,520	50.7%
Rescue Revenues	900,000	450,000	50.0%
LRAP-Local Road Assist.	354,978	-	0.0%
Building Permits	425,000	291,352	68.6%
Investment Interest	41,500	15,270	36.8%
Plumbing Permits	41,000	23,873	58.2%
Electrical Permits	57,000	30,385	53.3%
Education Subsidy	2,150,151	1,066,774	49.6%

Town General Fund Revenues by Department

Executive (TM, HR, TC)	544,936	135,030	24.8%
Fund Balance	-	-	0.0%
Finance	5,716,900	2,929,384	51.2%
Property Taxes	19,797,611	19,797,611	100.0%
MIS	505,425	-	0.0%
Planning	624,250	402,729	64.5%
Senior Programs	33,000	18,913	57.3%
Community Serv	2,149,836	948,547	44.1%
SEDCO	-	-	100.0%
Fire Dept	989,400	544,005	55.0%
Police Dept	797,981	424,819	53.2%
Public Works	1,553,568	545,374	35.1%
Debt	728,735	-	0.0%
Intergovernmental	2,914,243	2,048,365	70.3%
TIFs and Interfund Transfer:	996,970	414,600	41.6%
	<u>37,352,855</u>	<u>28,209,377</u>	75.5%