



Town of Scarborough, Maine

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FINANCE DIRECTOR
TREASURER

TOWN OF SCARBOROUGH Executive Summary for the period ending March 31, 2022

Spring is finally here and the warmer weather is coming! Finance has finalized the FY2021 audit and now budget season is upon us.

Vacant positions are slowly filling but new vacant positions occur continuously. 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 third quarter of FY22.

Positive indicators: On average, after this third quarter, one would expect the town to have collected revenues or processed expenditures at 75%. Total expenditures are 73.9% spent after nine months including the school department, which is where the expenditures should be. The town has received 102.9% of the Local Road Assistance Program which is distributed by the State. Excise tax revenues are currently at 75.2% collected. Licenses and permits are 79.2% collected due mostly to building, plumbing and electrical permits. Fines and violations are 80.7% collected. While the various charge for services revenue lines show only 57.0% collected, Community Service revenues have almost doubled what was collected at this same time last year mostly due to programs coming back online. The Public Works Department's vehicle maintenance of other communities now includes the addition of the City of Westbrook Fire Department. Miscellaneous revenues show 110.6% 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. Intergovernmental revenue is still trending above average at 76.1% collected in part due to the Town receiving more than anticipated for the Local Road Assistance Program and higher State Revenue Sharing.

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 third quarter 2021 to 2022 are showing the Town with higher assets, mostly due to cash and the collection of taxes. Liabilities are also higher with an increase in accounts payable and overall the Town remains stable.

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%. As defined in the Fund Balance Policy, the FY21 Operating Budget total is

\$96,034,595, thus making the Unassigned fund balance 10% goal to be \$9,603,459 for FY22. With the issuance of the June 30, 2021 audited financial statements, the Unassigned Fund Balance is \$6,294,296 or 6.76% of the prior year's operating budget. This was mostly due to issuing bonds in September 2021 instead of May 2021 as has been the practice in the past.

Negative indicators: As mentioned, the unassigned fund balance has fallen below the Town's policy.

A few departments expenditures are above the spending average of 75%, including Executive 88.2% and Public Works is showing 82.8% expended through March 31, 2022. This is mostly due to union negotiations and winter storms. The Public Works department 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.

I would like to take this time to acknowledge the continued hard work of all Town employees and recognize the accomplishments of Chief Mike Thurlow who retired in January 2022.

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

	<u>March 31, 2022</u>	<u>March 31, 2021</u>	<u>Variance</u>
<u>ASSETS</u>			
Cash	39,580,745	35,095,545	4,485,201
Taxes Receivable	2,715,665	2,534,362	181,303
Accts Receivable	120,734	36,061	84,673
Due From Other Funds	2,209,786	2,733,984	(524,199)
Inventories	28,774	31,401	(2,626)
Total Assets and Outflows	<u>44,655,704</u>	<u>40,431,353</u>	<u>4,224,351</u>
<u>LIABILITIES</u>			
Accounts Payables	4,148,037	2,244,309	1,903,729
Accrued Payroll	6,130,762	5,544,087	586,674
Prepaid Items	-	9,828	(9,828)
Deferred Tax Revenues	837,446	917,570	(80,124)
Taxes Collected In Advance	32,681	17,111	15,569
Total Liabilitites and Inflows	<u>11,148,926</u>	<u>8,732,905</u>	<u>2,416,021</u>
<u>FUND BALANCE</u>			
Fund Balance Unrestricted	8,733,625	8,409,195	324,430
Fund Balance Reserved	6,439,654	6,187,454	252,201
Fuel Inventory Reserve	28,774	31,401	(2,626)
Actual Revenues	92,284,520	86,329,361	5,955,159
Actual Expenditures	73,979,796	69,258,963	4,720,833
Fund Balance	<u>33,506,778</u>	<u>31,698,447</u>	<u>1,808,331</u>
Total Liabilities and Fund Balance	<u>44,655,704</u>	<u>40,431,353</u>	<u>4,224,351</u>

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

	<u>3/31/2022</u>			<u>3/31/2021</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>
<u>1100 General Fund</u>						
55 Legislative	11,573	8,385	72.5%	11,573	5,992	51.8%
56 Executive	3,410,138	3,005,897	88.2%	3,175,530	2,356,817	74.2%
57 Finance	1,314,927	888,415	68.2%	1,145,261	781,830	68.5%
58 Management Information Systems	1,603,775	963,980	66.3%	1,394,461	994,715	72.5%
59 Planning	1,227,012	734,095	60.0%	1,026,692	654,669	64.0%
62 Community Services	2,905,735	2,020,449	70.0%	2,127,738	1,295,182	61.2%
63 Library	1,071,119	803,339	75.0%	1,132,963	849,722	75.0%
66 Public Health & Welfare	105,813	67,025	63.3%	86,076	99,794	115.9%
68 SEDCO	258,326	178,561	69.1%	244,046	162,640	66.6%
71 Fire Services	6,261,923	4,522,914	72.9%	5,777,278	4,043,529	70.0%
72 Police Services	7,583,068	4,877,976	66.6%	7,088,141	4,824,633	68.1%
81 Public Works	7,452,764	4,992,032	82.8%	6,915,606	4,587,560	78.3%
85 Debt	6,287,816	5,598,910	89.0%	6,482,918	5,875,136	90.6%
86 Storm Related Expenditures	229	229	100.0%	-	70,759	0.0%
91 County Tax	3,081,933	3,081,933	100.0%	3,188,519	3,188,519	100.0%
94 Capital Equipment	2,507,669	1,379,852	73.7%	1,546,736	1,138,893	87.0%
97 Other	2,143,417	523,247	24.4%	1,864,341	728,573	39.1%
Total General Fund Expenditures	47,227,236	33,647,238	75.5%	43,207,879	31,658,962	75.7%
Fund 7150 Adult Education	179,639	106,395	60.0%	194,558	91,515	47.2%
Fund 7100 Total School General Fund	55,686,517	40,226,162	72.6%	53,312,138	37,508,486	70.6%
Total School General Fund Expenditures	55,866,156	40,332,557	72.6%	53,506,696	37,600,001	70.5%
Grand Total	103,093,392	73,979,796	73.9%	96,714,575	69,258,963	72.9%

9 Months = 75.00%

NOTES:

Overall: Non-union & part time furloughed time (avg 20 hrs/week) ended 07/24/20. Staffing not fully funded in FY21. Increase in benefit costs

55: The Town paid three quarters of Town councilors pay in FY22

56: Legal services (95%), citizen satisfaction survey (\$19,995) and sick/vacation payouts

62: Community Services: Continuation of restoring programs affected by COVID in FY21

71: Fire Dept union contract adjustments

72: Police Dept union contract adjustments

81: PW staffing - Union contract adjustments and storms

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

94: FY22 \$72,000 on solar array buyout & FY22 street sweeper purchase for \$218,575.

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

	<u>3/31/2022</u>			<u>3/31/2021</u>		
	Revised			Revised		
	Estimated	Actual YTD	%	Estimated	Actual YTD	%
<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	29,127,939	27,107,972	93.1%	27,335,611	26,304,075	96.2%
91 Interest On Delinquent Taxes	70,000	24,139	34.5%	97,500	29,114	29.9%
92 Licenses And Permits	921,480	730,139	79.2%	794,880	666,697	83.9%
93 Intergovernmental Revenues	5,855,256	4,456,105	76.1%	4,476,411	3,454,912	77.2%
94 Charge For Services	6,810,789	3,883,759	57.0%	6,515,892	3,254,296	49.9%
95 Fines Forfeits And Assessments	94,700	76,468	80.7%	87,700	94,582	107.8%
96 Miscellaneous Revenues	881,421	975,005	110.6%	792,719	355,187	44.8%
99 Other Financing Sources	3,099,085	1,146,754	37.0%	3,049,711	584,100	19.2%
Total General Fund Revenues	46,860,670	38,400,340	81.9%	43,150,425	34,742,962	80.5%
Fund 7150 Adult Education	179,639	133,544	74.3%	194,558	150,385	77.3%
Fund 7100 Total School General Fund	55,683,015	53,750,635	96.5%	53,311,243	51,436,013	96.5%
Total School General Fund Revenues	55,862,654	53,884,180	96.5%	53,505,801	51,586,398	96.4%
Grand Total	102,723,324	92,284,520	89.8%	96,656,226	86,329,361	89.3%

Property Taxes Collected: 96.88%
 Collections as of 04-11-2022: 97.30%
9 Months = 75.00%

FY2021 Property Taxes Collected March 2021: **97.11%**
 FY2020 Property Taxes Collected March 2020: **94.36%**
 FY2019 Property Taxes Collected March 2019: **96.56%**
 FY2018 Property Taxes Collected March 2018: **96.55%**
 FY2017 Property Taxes Collected March 2017: **96.34%**

NOTES:

- 90:** Property taxes not fully allocated between town and school in FY21.
- 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 \$2,123,949 & Local Road Assistance was higher than expected from the State.
- 95:** Fines & Forfeits: FY22 collections are lower than FY21's for parking violations causing the reduction in revenues.
- 96:** Includes premium on FY22 Bond of \$3.725m.

Town of Scarborough
Year To Date Expenditures Through March 31, 2022

	<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	-	21,188	2,284,224	474,051	(2,737,087)	13018.2%
Fund 1300 Total Capital Projects Fund	235,500	235,500	300,760	-	(65,260)	127.7%
Fund 1310 Total Capital Projects Fund	4,525,000	4,525,000	691,306	23,452	3,810,242	15.8%
Fund 1500 Total Cemetery Permanent Fund	-	-	-	-	-	0.0%
Total Town Other Fund Exp	4,760,500	4,781,688	3,276,290	497,503	1,007,895	78.9%

<u>Other School Fund Expenditures</u>						
Fund 72xx Total School Special Revenue Fund	-	-	1,541,212	8,433	(1,549,645)	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	3,355,702	1,184,053	432,219	1,739,431	48.2%
Fund 7600 Total School Nutrition Program	1,806,963	1,806,963	1,451,620	131,476	223,867	87.6%
Fund 7800 Total School Scholarship Funds	-	-	250	-	(250)	100.0%
Total School Other Fund Exp	5,445,864	5,448,915	4,177,135	572,128	699,653	87.2%

Year To Date Expenditures Through March 31, 2022

	<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	-	-	3,758,698	(3,758,698)	100.0%
Fund 1300 Total Capital Projects Fund	235,500	235,500	607,772	(372,272)	258.1%
Fund 1310 Total Capital Projects Fund	4,525,000	4,525,000	998,672	3,526,328	22.1%
Fund 1500 Total Cemetery Permanent Fund	-	-	517	(517)	100.0%
Total Town Other Fund Rev	4,760,500	4,760,500	5,365,659	(605,159)	112.7%

<u>Other School Fund Revenues</u>					
Fund 72xx Total School Special Revenue Fund	-	-	643,254	(643,254)	100.0%
Fund 7300 Total School Capital Projects Fund	-	-	2	(2)	100.0%
Fund 7400 Total School Capital Projects Fund	3,638,901	3,638,901	1,902,765	1,736,136	52.3%
Fund 7600 Total School Nutrition Program	1,806,963	1,806,963	1,470,632	336,331	81.4%
Fund 7800 Total School Scholarship Funds	-	-	1,106	(1,106)	100.0%
Total School Other Fund Rev	5,445,864	5,445,864	4,017,759	1,428,105	73.8%

	<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	113,323,995	81,433,220	28,616,216	74.7%
Grand Totals Revenues	112,929,688	112,929,688	101,667,938	11,261,750	90.0%

Year To Date Education Expenditures
Through March 31, 2022

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	24,745,177	31,277	9,607,662	72.1%
Improvement of instruction	977,217	977,217	644,342	11,661	321,215	67.1%
Special services	5,157,656	5,161,158	3,449,044	87,505	1,624,609	68.5%
General & special administration	289,513	289,513	204,062	-	85,451	70.5%
Board of education	44,418	44,418	31,062	-	13,356	69.9%
Office of the superintendent	833,720	833,420	602,590	-	230,830	72.3%
Business administration	2,362,477	2,362,777	1,723,434	55	639,288	72.9%
Transportation	1,905,797	1,905,797	1,204,305	-	701,492	63.2%
Operation and maintenance of plant	4,190,725	4,190,725	3,045,207	85,479	1,060,039	74.7%
Adult Education	179,639	179,639	106,395	1,365	71,879	60.0%
Food Service Allocation	-	-	-	-	-	0.0%
Debt service	5,537,376	5,537,376	4,576,940	-	960,436	82.7%
Total Education	55,862,654	55,866,156	40,332,557	217,342	15,316,257	72.6%

<u>Selected Revenues</u>	<u>Estimated Revenue</u>	<u>Actual YTD Revenue</u>	<u>% Collected</u>
Excise Tax Collections	7,000,000	5,261,332	75.2%
State Revenue Sharing	2,950,000	2,123,949	72.0%
Rescue Revenues	1,150,000	670,833	58.3%
LRAP-Local Road Assist.	309,920	318,948	102.9%
Building Permits	625,000	533,993	85.4%
Investment Interest	125,000	667,520	534.0%
Plumbing Permits	45,000	37,446	83.2%
Electrical Permits	70,000	59,055	84.4%
Education Subsidy	4,903,083	4,050,097	82.6%

Town General Fund Revenues by Department

Executive (TM, HR, TC)	754,569	329,646	43.7%
Fund Balance	-	-	0.0%
Finance	7,044,377	5,724,683	81.3%
Property Taxes	22,141,892	22,141,892	100.0%
MIS	794,049	333,492	42.0%
Planning	889,603	687,408	77.3%
Community Serv	2,480,725	1,386,225	55.9%
General Assist. Misc Rev	-	-	0.0%
SEDCO	-	-	0.0%
Fire Dept	1,358,000	791,179	58.3%
Police Dept	1,014,492	634,275	62.5%
Public Works	1,466,482	784,419	53.5%
Debt	1,976,565	1,134,075	57.4%
Intergovernmental	5,852,396	4,453,047	76.1%
TIFs and Interfund Transfer:	1,087,520	-	0.0%
	46,860,670	38,400,340	81.9%