

Town of Cape Elizabeth

FINANCIAL OVERVIEW

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RUNYON KERSTEEN OUELLETTE

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About this presentation

This presentation is intended as a tool to assist the Town Council, School Board and management in understanding its financial operating results. The information contained in this publication should be read in conjunction with the audited financial statements and related disclosures and should not be used for any other purposes without the expressed consent of *RUNYON KERSTEEN OUELLETTE*.

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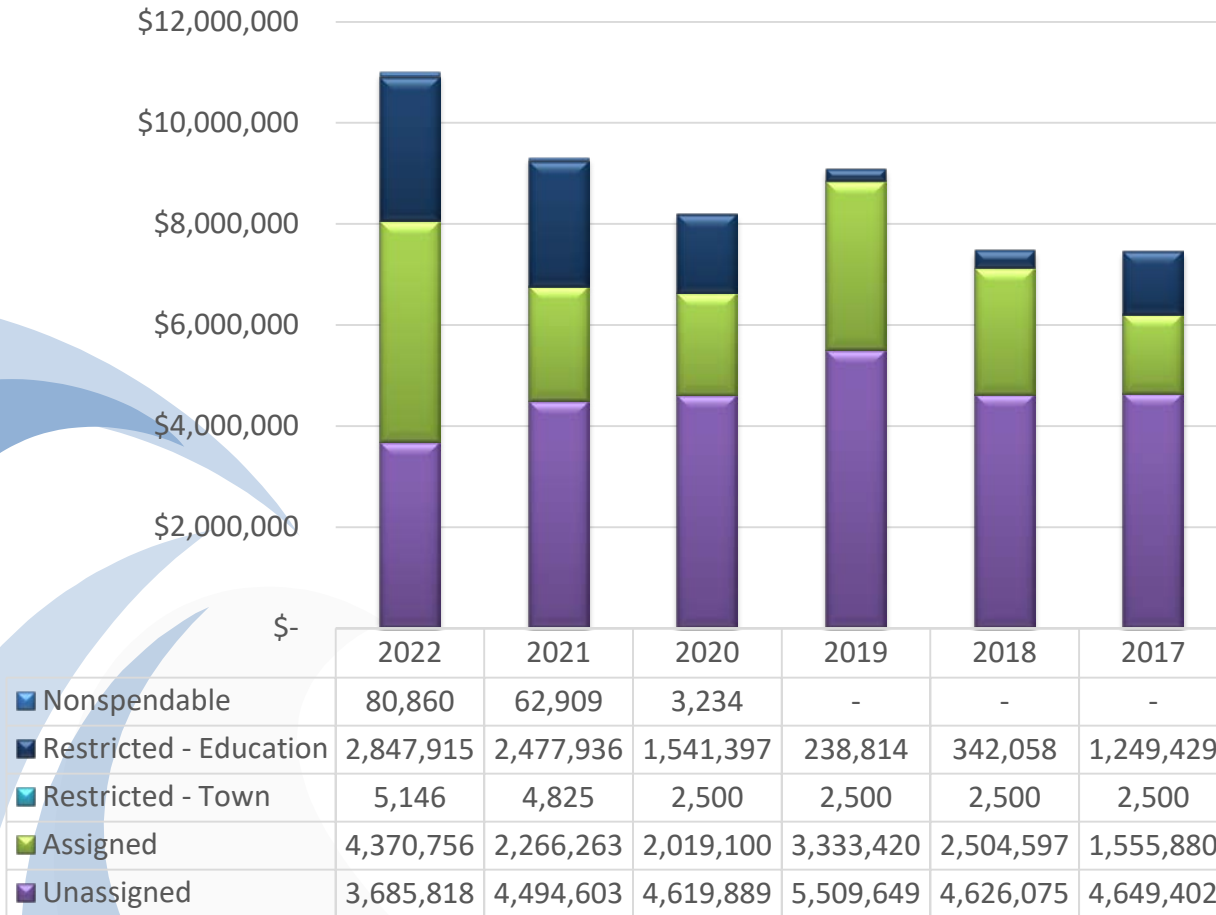
Town of Cape Elizabeth

SUMMARY OF AUDIT RESULTS

- Timing of Audit
 - Pre-audit work conducted on June 13-14, 2022
 - Audit performed the week of August 22, 2022
 - Reports issued March 31, 2023
 - Financial Statement Opinion – Unmodified
- Report Required by *Government Auditing Standards (GAS)*
 - No Material Weaknesses, No Significant Deficiencies
- Report Required by the Uniform Guidance
 - Child Nutrition Cluster
 - Two Findings: Meal Counts (Allowable Costs) and Reporting
 - Coronavirus State and Local Fiscal Recovery Funds (ARPA)
 - No Compliance Findings

Town of Cape Elizabeth

General Fund – Fund Balance



- **Nonspendable fund balance** includes prepaid expenditures and the net balance of lease receivables.
- **Restricted fund balance for the Town** includes unspent grant and donation balances.
- **Restricted fund balance for Education** increased \$369,979 from 2021 to 2022.
- **Assigned fund balance** includes approved carry forwards and budgeted use of fund balance and increased \$2.1 million from 2021 to 2022.
- **Unassigned fund balance** represents the remaining fund balance not restricted or assigned for specific purposes.
- **Total fund balance** increased by \$1,683,959 from 2021 to 2022.

Town of Cape Elizabeth

GENERAL FUND - REVENUES

| | Budget | Actual | Variance |
|--|---------------------|-------------------|--------------------|
| Taxes | \$ 38,189,667 | 38,101,990 | (87,677) |
| Licenses and permits | 262,700 | 318,679 | 55,979 |
| Intergovernmental | 5,264,918 | 5,528,670 | 263,752 |
| Charges for Services | 2,452,030 | 2,493,845 | 41,815 |
| Investment income | 45,000 | 39,045 | (5,955) |
| Other revenues | 218,865 | 354,764 | 135,899 |
| Total revenues | 46,433,180 | 46,836,993 | 403,813 |
| Carry forward balances and subsequent authorizations | 1,312,334 | - | (1,312,334) |
| Utilization of prior year surplus (Town) | 2,172,676 | - | (2,172,676) |
| Financed purchase proceeds | 1,009,000 | 1,109,000 | 100,000 |
| Transfers in | 453,398 | 438,398 | (15,000) |
| Total revenues and other sources | \$51,380,588 | 48,384,391 | (2,996,197) |

- **Taxes** were lower than budgeted due to a decrease in excise tax. New vehicle registrations declined due to availability.
- **Licenses and permits revenue** was higher than budgeted due to continued demand for building permits due to new construction and renovations.
- **Intergovernmental revenues** were higher than budgeted mostly due to increased state revenue sharing and education subsidy. These amounts were offset by lower revenues related to general assistance and grants that were budgeted but not yet received.
- **Other revenues** were higher than anticipated due to the receipt of unbudgeted, miscellaneous revenues (e.g. sale of Town vehicles, insurance recoveries, etc.).

Town of Cape Elizabeth

GENERAL FUND - EXPENDITURES

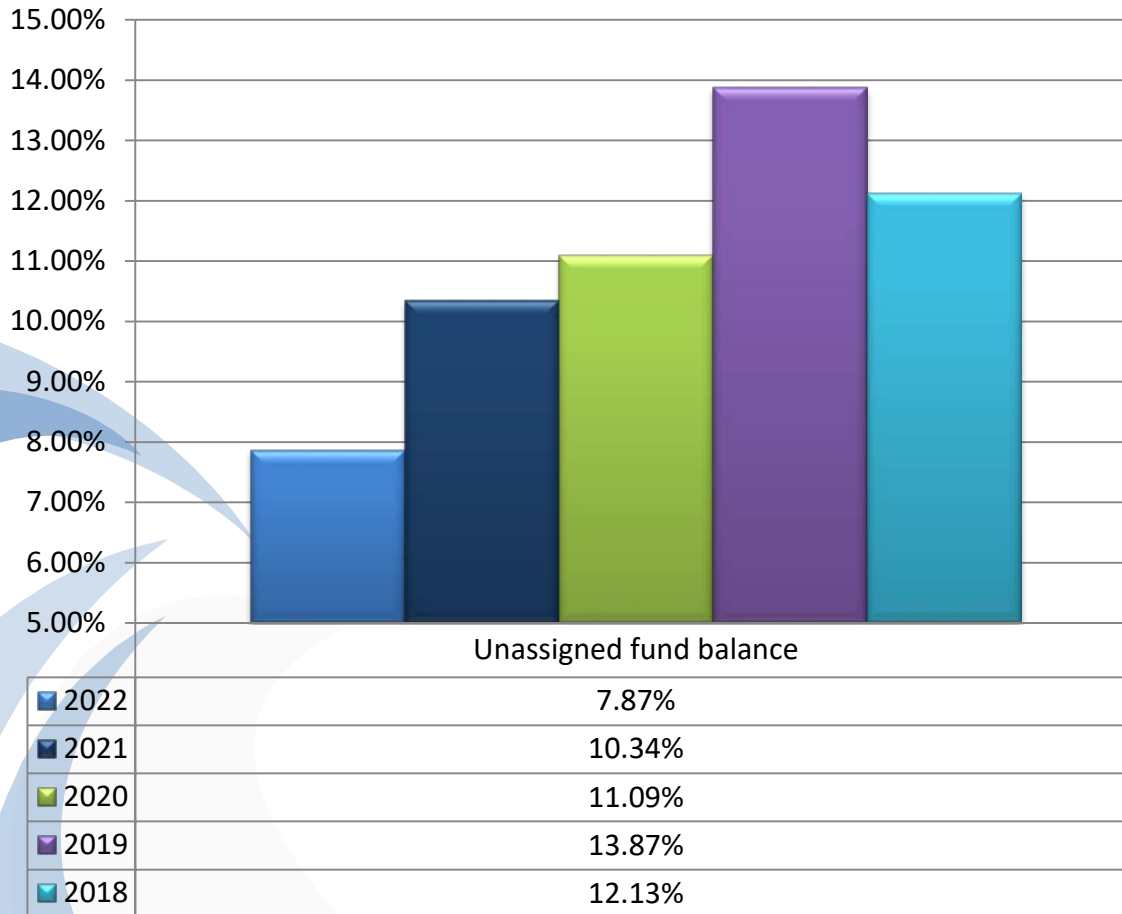
| | Budget | Actual | Variance |
|---|-------------------|-------------------|------------------|
| General government | \$ 1,612,304 | 1,463,302 | 149,002 |
| Insurance and benefits | 1,851,590 | 1,848,544 | 3,046 |
| Public works | 2,657,628 | 2,369,833 | 287,795 |
| Facilities | 969,614 | 933,599 | 36,015 |
| Public safety | 3,669,875 | 3,172,041 | 497,834 |
| Cultural and parks | 1,624,324 | 1,544,207 | 80,117 |
| Library | 595,179 | 595,026 | 153 |
| Human services | 205,200 | 146,182 | 59,018 |
| Education | 29,595,842 | 28,679,792 | 916,050 |
| Intergovernmental and overlay | 1,849,874 | 1,607,013 | 242,861 |
| Unclassified | 348,309 | 62,869 | 285,440 |
| Capital improvements | 4,110,926 | 1,738,922 | 2,372,004 |
| Debt service | 1,586,922 | 1,579,901 | 7,021 |
| Total expenditures | 50,677,587 | 45,741,231 | 4,936,356 |
| Transfers to other funds | 703,001 | 959,201 | (256,200) |
| Total expenditures and transfers out | 51,380,588 | 46,700,432 | 4,680,156 |

- **General government expenditures** were under budget due to the inclusion of part-time workers in the budget that were not needed.
- **Public works expenditures** were under budget due to less overtime, lower than anticipated costs related to road treatment, lower ecomaine fees and budgeted repairs at Fort Williams Park that did not occur.
- **Public safety expenditures** were under budget due to several vacancies that were not filled, anticipated overtime that was not required, and lower than anticipated costs related to equipment maintenance, supplies, and training.
- **Cultural and Parks expenditures** were under budget due to the inclusion of part-time workers in the budget that were not needed.
- **Education expenditures** – see slide 7.
- **Intergovernmental and overlay expenditures** were under budget as overlay was only used to offset abatements of \$19K.
- **Unclassified expenditures** were under budget due to the timing of the projects for the revaluation and other studies.
- **Capital improvements expenditures** were under budget due to planned purchases that have not yet taken place and the timing of projects. Unspent amounts will be carried forward to the next fiscal year.



Town of Cape Elizabeth

General Fund – Unassigned Fund Balance as a Percentage of Revenues



- **Current Town Fund Balance Policy** sets a targeted unassigned fund balance of 12.5% of annual General Fund revenues.
- **The Targeted Unassigned Fund Balance** based on the FY 2022 revenues would be \$5,854,624.
- **The FY 2022 Unassigned Fund Balance** of \$3,685,818 is currently \$2,168,806 lower than the Town's targeted unassigned fund balance.

TOWN OF CAPE ELIZABETH

GENERAL FUND – REVENUES – SCHOOL DEPARTMENT ONLY

| | Budget | Actual | Variance |
|---|-------------------|-------------------|------------------|
| Town appropriation | \$27,298,408 | 26,865,731 | (432,677) |
| State education subsidy | 1,740,104 | 2,608,293 | 868,189 |
| Other state funds | 8,085 | 7,675 | (410) |
| Activity fees | 64,000 | 65,183 | 1,183 |
| Rental Income | 2,000 | - | (2,000) |
| Miscellaneous | 4,500 | 17,910 | 13,410 |
| Total revenues | 29,117,097 | 29,564,792 | 447,695 |
| Utilization of Fund Balance | 740,000 | - | (740,000) |
| Total revenues and other sources | 29,857,097 | 29,564,792 | (292,305) |

- **Town Appropriation** was lower than anticipated due to additional State education subsidy approved after the local budget passed.
- **State Subsidy** was more than anticipated as additional subsidy was approved by the State after the local budget was passed.
- **Total revenues** were within 1.5 % of the budget.

TOWN OF CAPE ELIZABETH

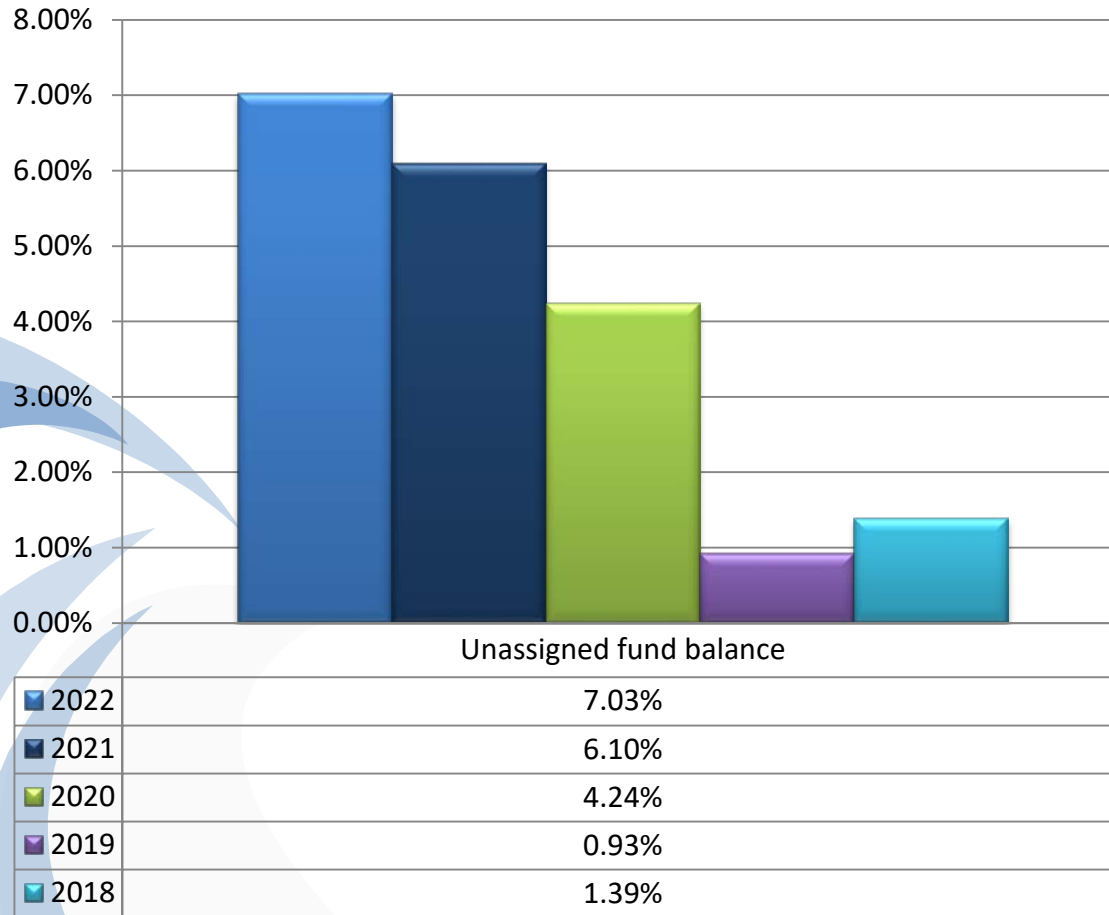
GENERAL FUND - EXPENDITURES – SCHOOL DEPARTMENT ONLY

| | Budget | Actual | Variance |
|---|---------------------|-------------------|----------------|
| Regular instruction | \$14,517,576 | 14,164,425 | 353,151 |
| Special education instruction | 4,100,464 | 3,919,242 | 181,222 |
| Other instruction | 1,005,972 | 887,715 | 118,257 |
| Student and staff support | 2,993,992 | 2,831,235 | 162,757 |
| System administration | 868,002 | 867,515 | 487 |
| School administration | 1,285,666 | 1,195,611 | 90,055 |
| Transportation | 863,620 | 869,962 | (6,342) |
| Facilities maintenance | 3,521,150 | 3,504,687 | 16,463 |
| Debt service | 439,400 | 439,400 | - |
| Total expenditures | 29,595,842 | 28,679,792 | 916,050 |
| Transfers out | 261,255 | 508,255 | (247,000) |
| Total expenditures and transfers out | \$29,857,097 | 29,188,047 | 669,050 |

- **Regular instruction expenditures** were under budget due to unfilled positions and enrollment in health insurance that differed from what was budgeted.
- **Special education expenditures** were under budget due to unfilled positions, lower costs for health insurance and legal services than anticipated.
- **Other instruction expenditures** were under budget due to lower costs for athletic equipment, supplies, and health insurance than anticipated.
- **Student and staff support** expenditures were under budget as costs related to course reimbursements, staff development, library supplies, and travel were all less than anticipated.
- **School administration expenditures** were under budget due primarily to lower than anticipated wages and benefits for hourly staff.
- **Total expenditures** were 3.1% less than originally budgeted.

Town of Cape Elizabeth

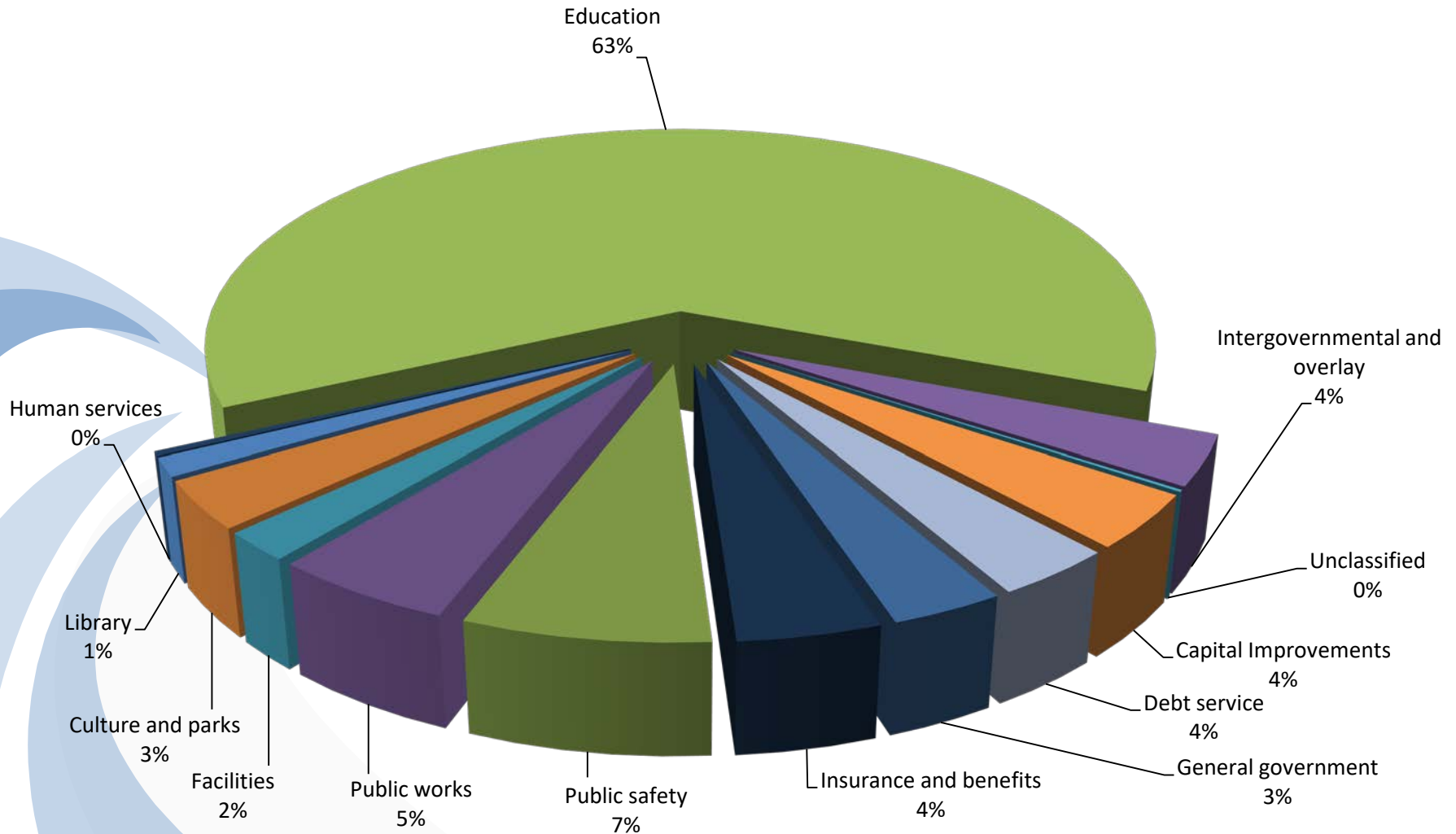
General Fund – School Department Fund Balance as a Percentage of Budget



- The State of Maine currently allows school departments to carry up to 9% of their budget as an unassigned balance.
- The School Department's unassigned fund balance of \$2,097,915 is 7.03% of the budget and is less than the State's threshold.
- The School Department has already assigned \$750,000 of its fund balance to be used in the FY 2023 budget.

Town of Cape Elizabeth

General Fund – 2022 Expenditure Distribution



Town of Cape Elizabeth

General Fund – 2021 Expenditure Distribution

