

TOWN OF CAPE ELIZABETH

Financial Overview

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RUNYON KERSTEEN OUELLETTE

Recently, the Town of Cape Elizabeth completed the financial audit process. The School Department is part of the Town and has been included in the Town's financial statements.

We are pleased to report that the Town received an unqualified opinion, which means the financial statements are fairly stated in all material respects.

Further, the Town reported no material weakness with its internal controls.

The remainder of this publication is dedicated to providing you with the financial results for fiscal year 2007.

We hope you find this information useful and understandable.

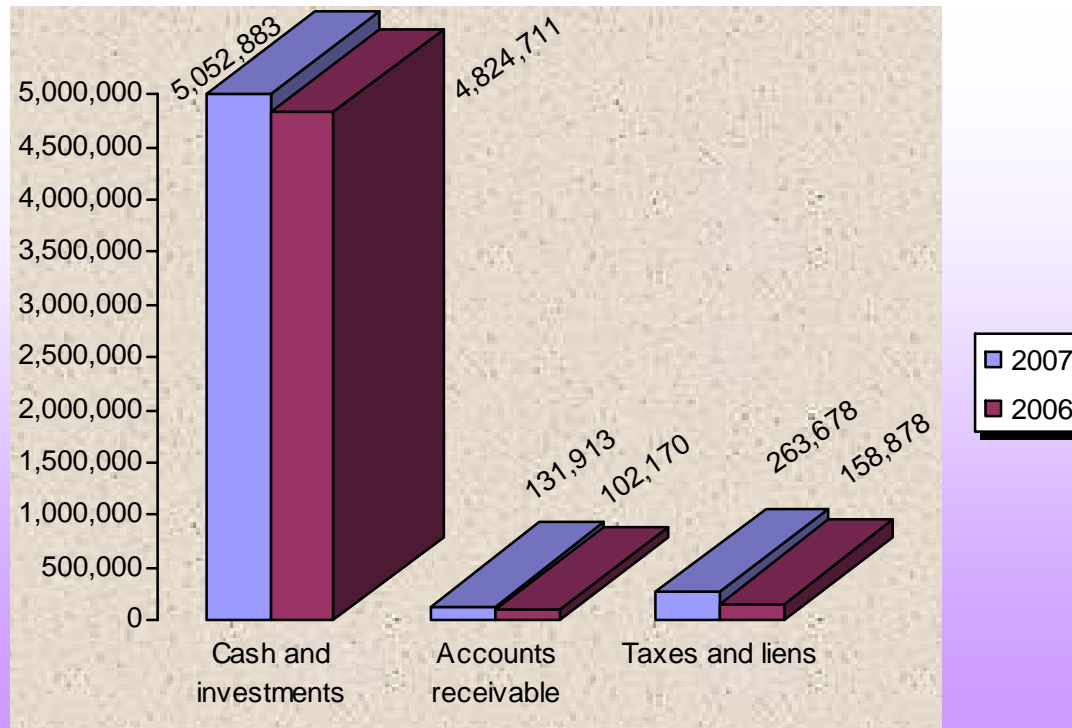
Finally, we wish to express our appreciation to all those who were so helpful to us during the audit process. It truly is a pleasure working with your staff.

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TOWN OF CAPE ELIZABETH

General Fund Assets



SUMMARY OF SIGNIFICANT CHANGES

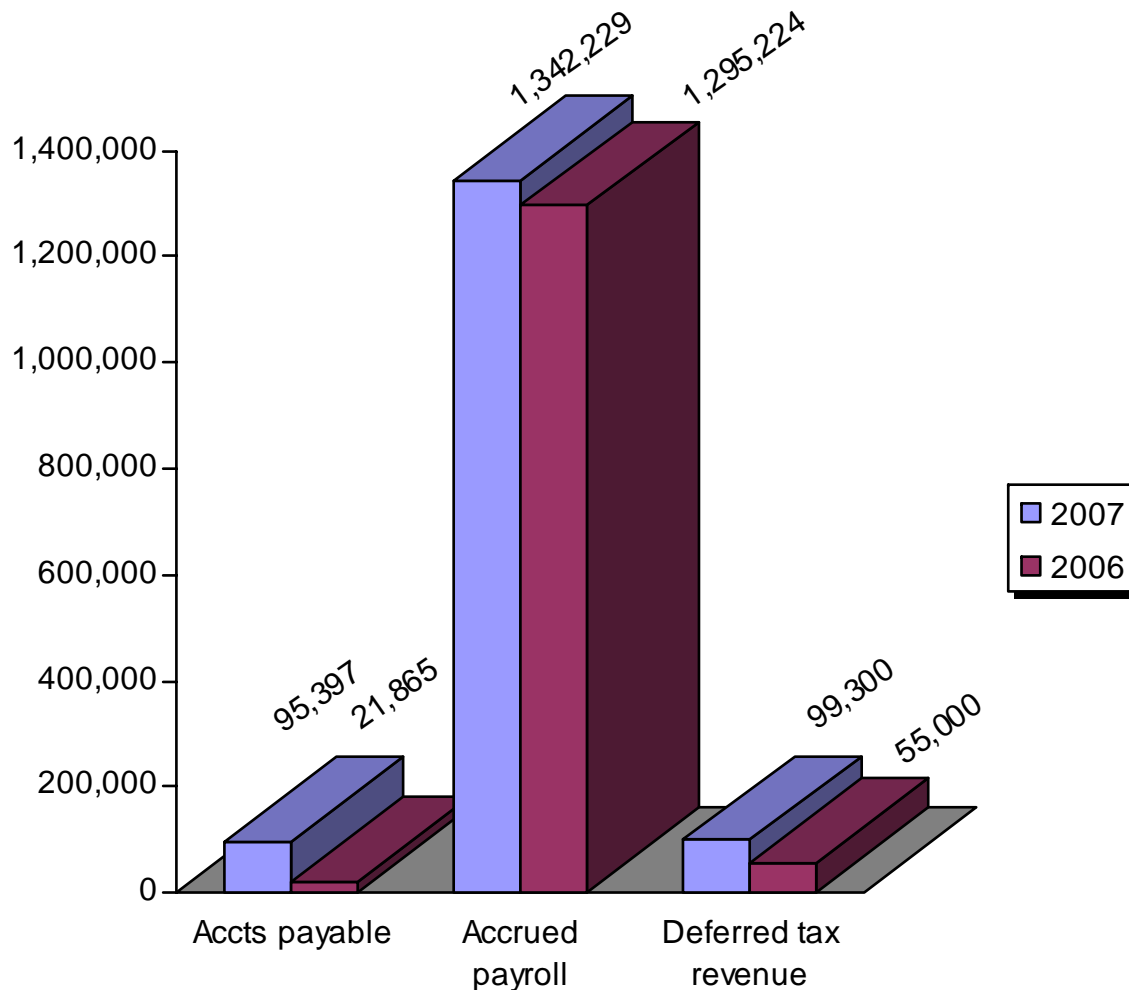
- The 2007 cash balance (which is net of the interfund loan payable) increased by approximately \$228K. The increase was primarily the result of an excess of revenues over expenditures of \$124K, reflecting positive revenue and expenditure budget variances.
- Outstanding taxes and liens increased as result of a .36% decrease in the total collection rate, from 99.86% in FY 06' to 99.50% in FY 07'. The current year collection rate remained very high at 99.01%, a slight decrease from 2006.

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SUMMARY OF SIGNIFICANT CHANGES

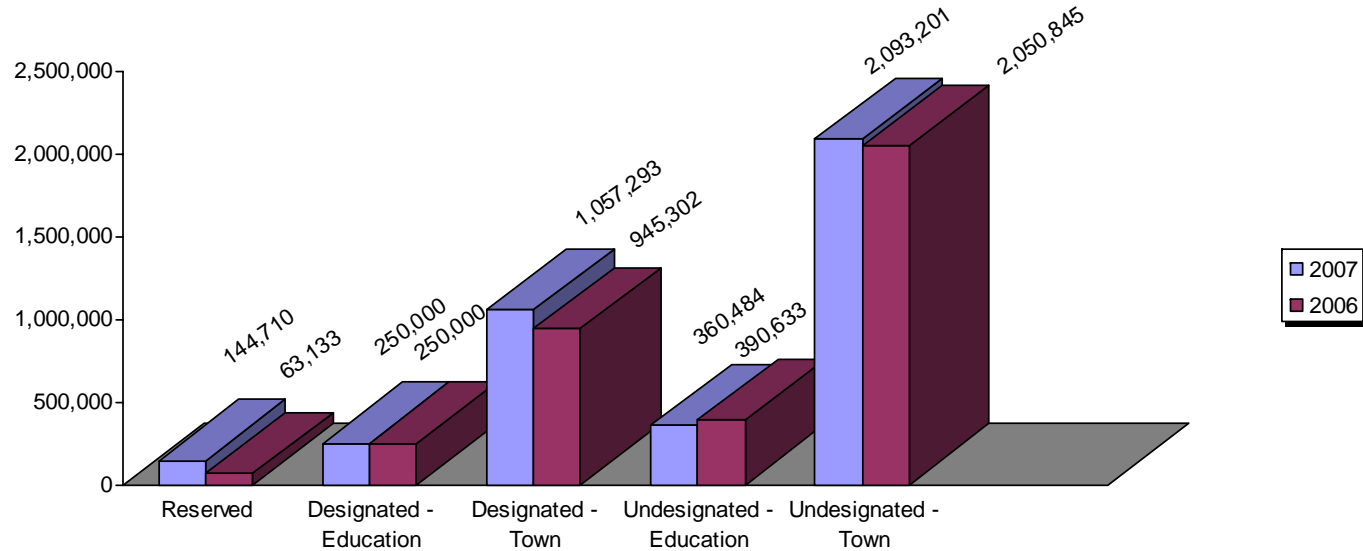
- Changes in accounts payable and accrued payroll are simply a result of the timing of payments at year end. Accrued wages represent payroll earned in June of 2007, but paid in July of 2007, the largest portion of which is teacher summer salaries (\$1,206,518).
- Deferred tax revenue represents taxes still unpaid 60 days after the end of the year. These amounts are not recognized as revenues in the current year.

GENERAL FUND LIABILITIES



TOWN OF CAPE ELIZABETH

GENERAL FUND EQUITY



SUMMARY OF SIGNIFICANT CHANGES

- Designated fund balance changes annually based on the status of projects and appropriations. Full detail is available on pages 30 and 31 of the financial statements.
- School undesignated fund balance decreased by \$30,000 from 2006 to 2007 due to a budgeted use of surplus, offset by favorable budget variances in both revenues and expenditures. Whereas, Town undesignated fund balance increased by \$42,000 over the same period as a result of favorable budget variances in both revenues and expenditures, partially offset by a budgeted use of fund balance.

TOWN OF CAPE ELIZABETH

GENERAL FUND REVENUES

	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
<i>Taxes</i>	22,790,452	22,718,008	(72,444)
<i>Licenses and permits</i>	149,000	177,603	28,603
<i>Intergovernmental</i>	3,725,925	3,875,650	149,725
<i>Investment earnings</i>	110,000	281,058	171,058
<i>Other revenue</i>	1,185,200	1,208,468	23,268
<i>Total revenues</i>	27,960,577	28,260,787	300,210
<i>Transfers</i>	65,480	65,480	-
<i>Total revenues and other sources</i>	28,026,057	28,326,267	300,210
<i>Carryforward balances and subsequent authorizations</i>	654,691	-	(654,691)
<i>Utilization of prior year surplus (Town and School)</i>	460,000	-	(460,000)
<i>Total revenues and other sources</i>	29,140,748	28,326,267	(814,481)

SUMMARY OF SIGNIFICANT CHANGES

- Tax revenue was under budget due to lower than expected excise tax collections and the change in deferred tax revenue.
- Intergovernmental revenues exceeded the budget due to the receipt of unbudgeted state and federal revenues.
- Investment income exceeded budget due to higher than expected rates of returns.

TOWN OF CAPE ELIZABETH

GENERAL FUND EXPENDITURES

	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
<i>General government</i>	1,123,622	1,044,204	79,418
<i>Public works</i>	1,722,060	1,708,817	13,243
<i>Public safety</i>	1,761,764	1,634,144	127,620
<i>Cultural and parks</i>	1,105,047	1,104,212	835
<i>Human services</i>	40,000	37,184	2,816
<i>Education</i>	18,244,294	18,019,154	225,140
<i>Intergovt. assessments</i>	908,689	907,920	769
<i>Unclassified</i>	1,237,977	1,181,953	56,024
<i>Debt service (Town)</i>	1,069,755	1,069,754	1
<i>Capital improvements</i>	1,775,540	1,276,419	499,121
<i>Transfers</i>	152000	218300	(66,300)
<i>Total expenditures and transfers</i>	29,140,748	28,202,061	938,687

- Public safety was under budget due most notably to lower then expected overtime payroll and gasoline costs in the Police Department.
- Capital expenditures were under budget due to the budgeting of multi-year projects which were not completed in the current year. The unspent amounts have been carried forward to the next year as designated fund balance.

TOWN OF CAPE ELIZABETH

GENERAL FUND REVENUES - SCHOOL ONLY

	<i>Budget</i>	<i>2007 Actual</i>	<i>Variance</i>
<i>State Education Subsidy</i>	2,655,082	2,655,082	-
<i>Town Appropriation</i>	15,176,732	15,176,732	-
<i>Transfers</i>	65,480	65,480	-
<i>Miscellaneous</i>	97,000	108,011	11,011
<i>Total revenues and transfers</i>	17,994,294	18,005,305	11,011
<i>Budgeted Use of Surplus</i>	250,000	-	(250,000)
<i>Total revenues and other sources</i>	18,244,294	18,005,305	(238,989)

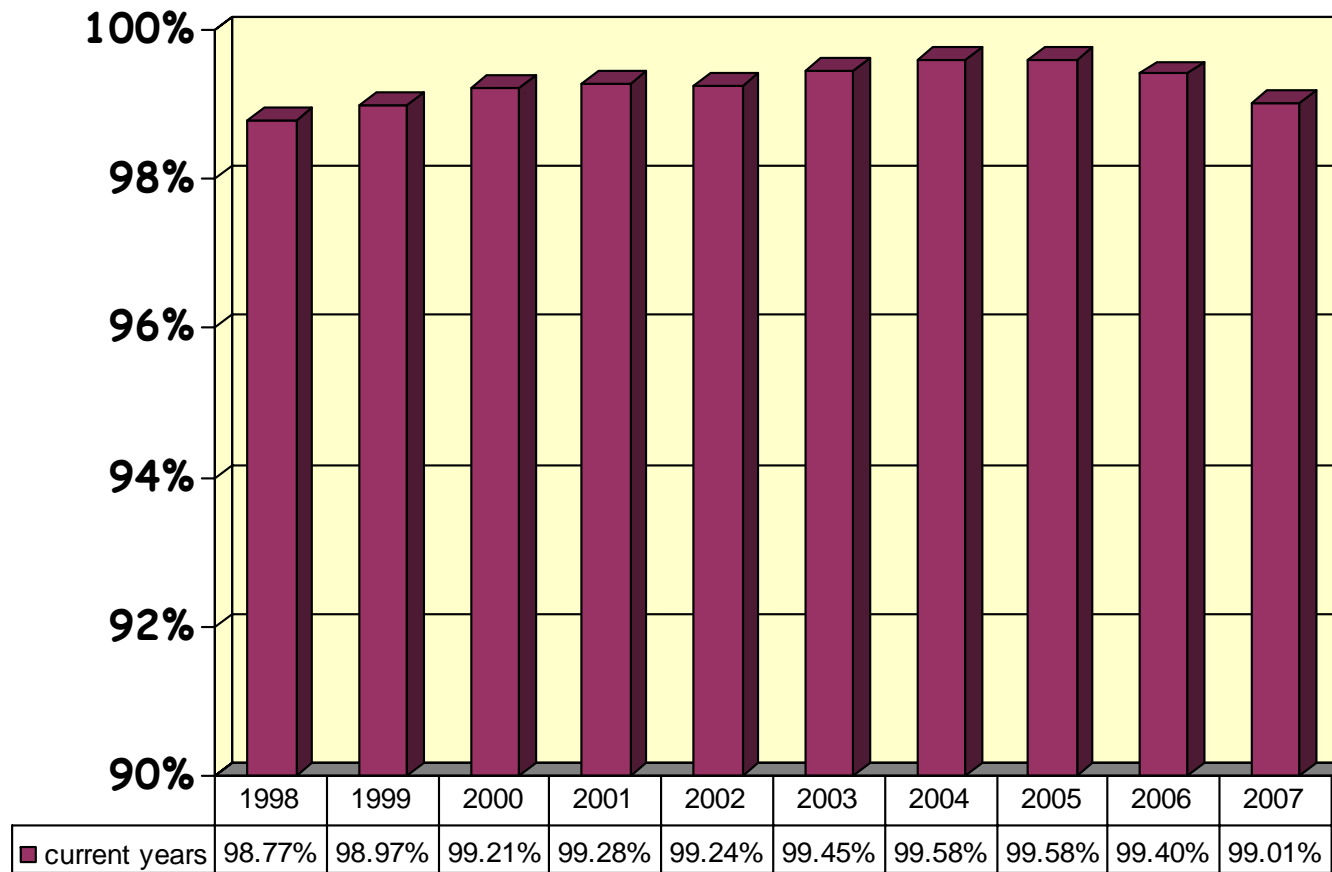
TOWN OF CAPE ELIZABETH

GENERAL FUND EXPENDITURES - SCHOOL ONLY

	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
<i>Elementary School</i>	3,469,818	3,420,487	49,331
<i>Middle School</i>	3,726,203	3,664,814	61,389
<i>High School</i>	4,529,340	4,491,860	37,480
<i>Office of Superintendent</i>	560,871	555,172	5,699
<i>Athletics</i>	439,502	441,792	(2,290)
<i>Facilities Management K-12</i>	1,655,277	1,677,040	(21,763)
<i>System Support</i>	241,793	217,887	23,906
<i>Volunteer Services</i>	22,663	22,664	(1)
<i>Health Services</i>	198,375	200,800	(2,425)
<i>Transportation</i>	561,259	572,046	(10,787)
<i>District Wide</i>	1,098,960	1,084,359	14,601
<i>Uncommitted Balance</i>	70,000	-	70,000
<i>Debt Service</i>	1,670,233	1,670,233	-
<i>Total expenditures and transfers</i>	18,244,294	18,019,154	225,140

TOWN OF CAPE ELIZABETH

PROPERTY TAX COLLECTION RATES

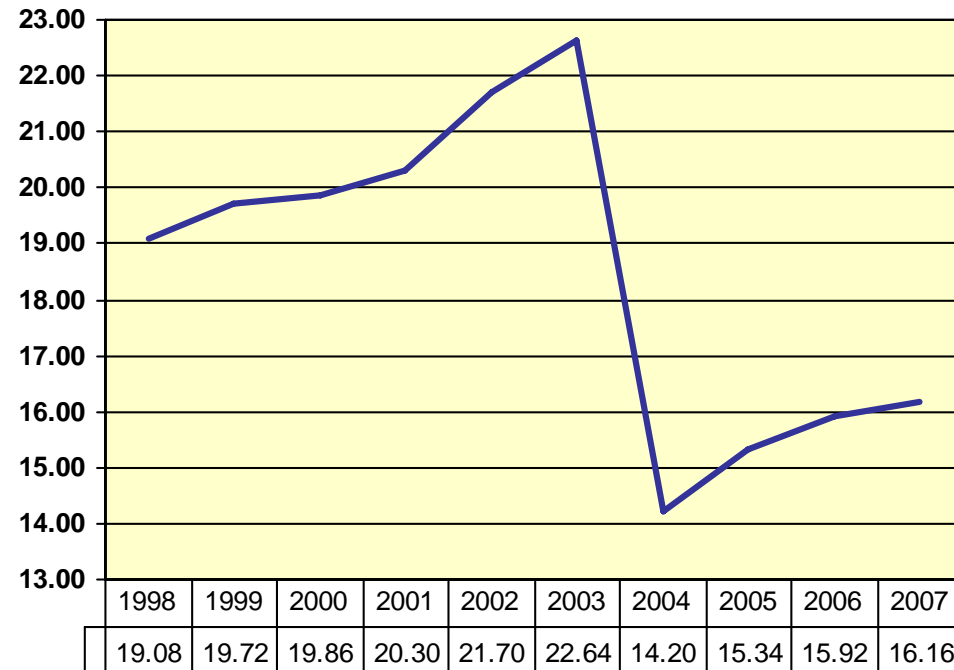


OBSERVATIONS

- The collection rate decreased from 2006 to 2007, but is still at an outstanding 99.01%.

TOWN OF CAPE ELIZABETH

PROPERTY TAX RATES

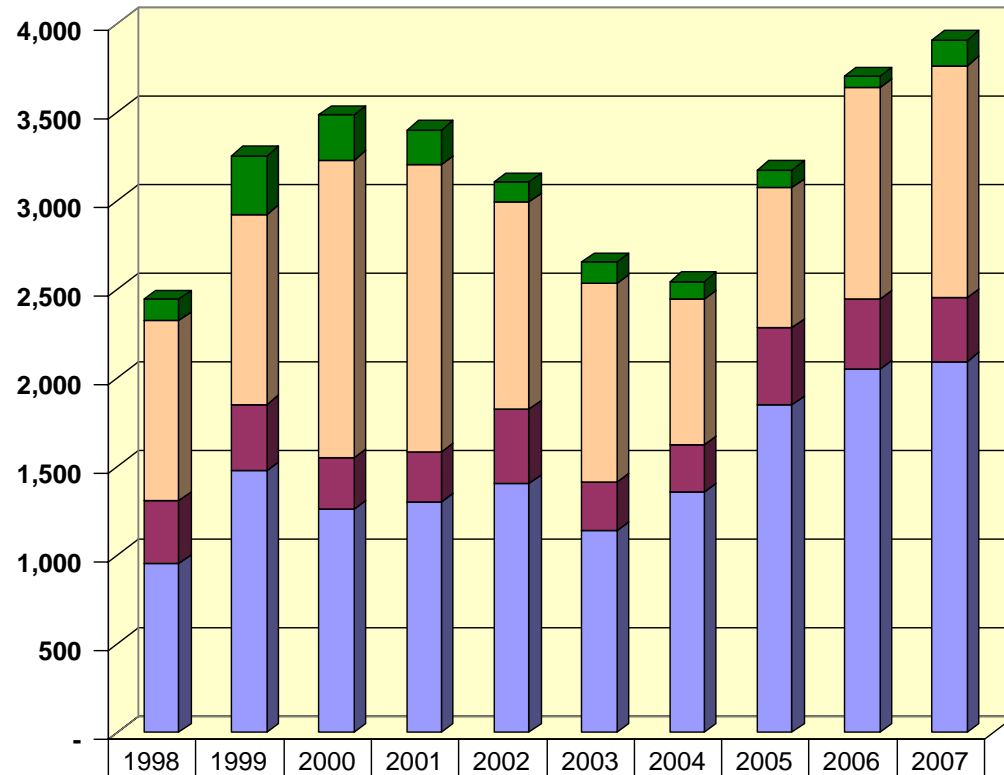


OBSERVATIONS

- A revaluation took place in FY 04', resulting in a decrease of the property tax rate. The rate has steadily increased over the past three years.

TOWN OF CAPE ELIZABETH

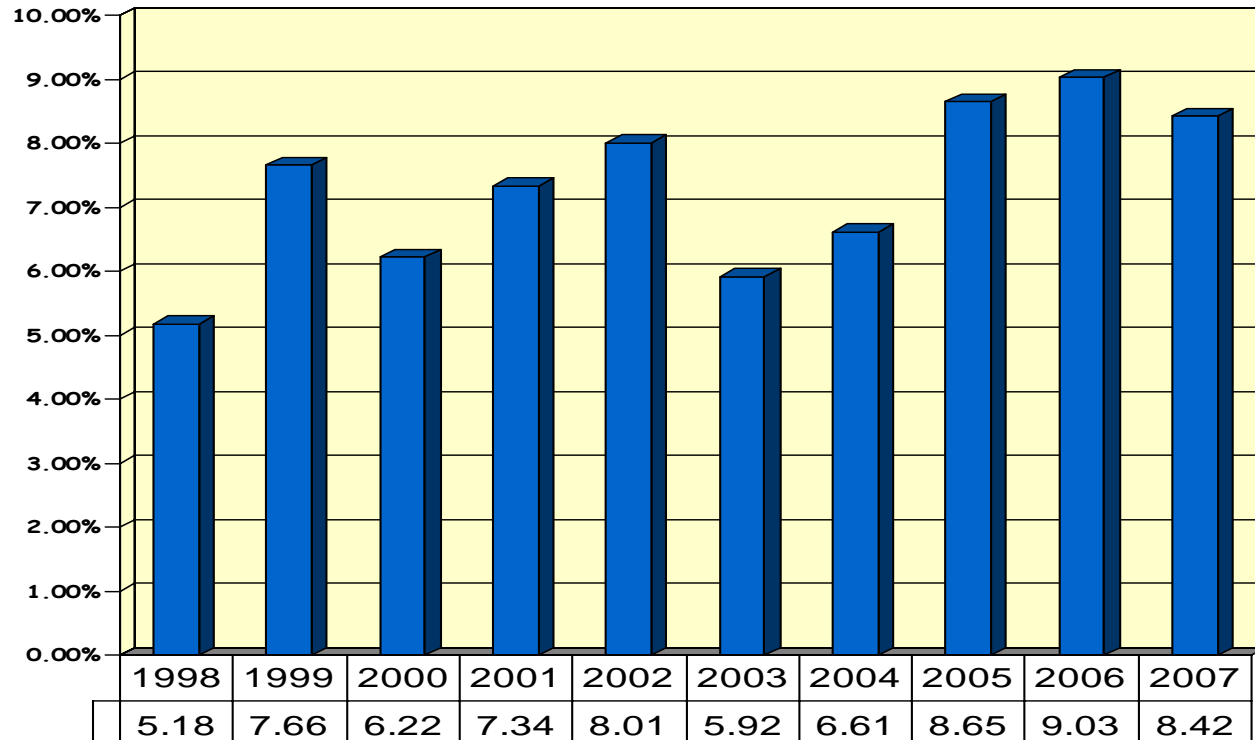
FUND BALANCE ANALYSIS FY 1998 - 2007 (thousands)



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Reserved	122	330	253	197	113	122	102	100	63	145
Designated	1,013	1,071	1,681	1,618	1,166	1,119	819	788	1,195	1,307
Undesignated - Education	354	376	286	285	422	272	264	438	391	360
Undesignated - Town	954	1,475	1,261	1,297	1,403	1,140	1,358	1,845	2,050	2,093

TOWN OF CAPE ELIZABETH

UNDESIGNATED FUND BALANCE AS A % OF BUDGET

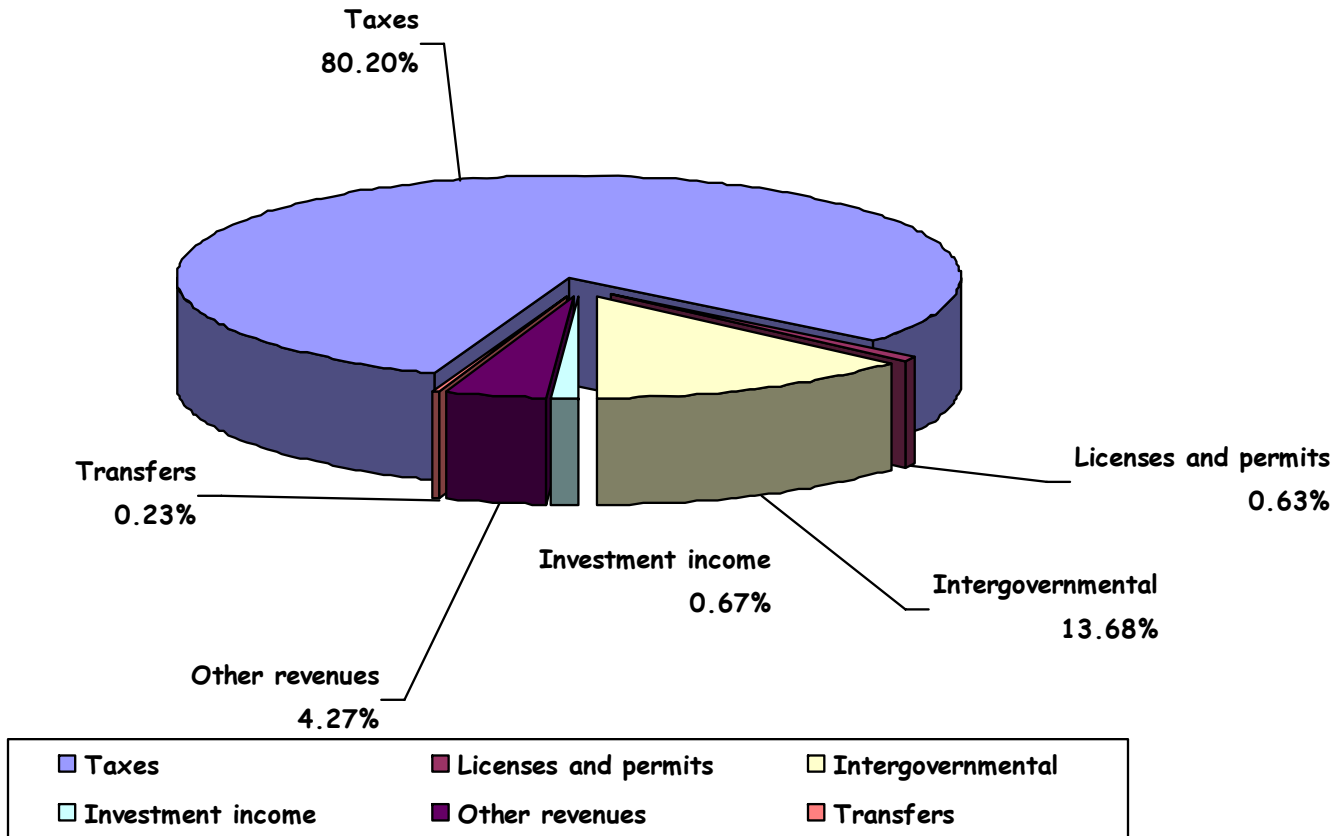


OBSERVATIONS

- Fund balance provides working capital for the Town and enhances its credit worthiness. The Town's policy is to maintain undesignated fund balance at 8.33% of annual operating revenues. The current percentage is 8.42%, which is calculated in accordance with the Town's policy.
- Credit agencies typically look for a minimum ratio of undesignated balance to budget of 5%. RKO recommends one month of expenditures, which equals 8.33%.

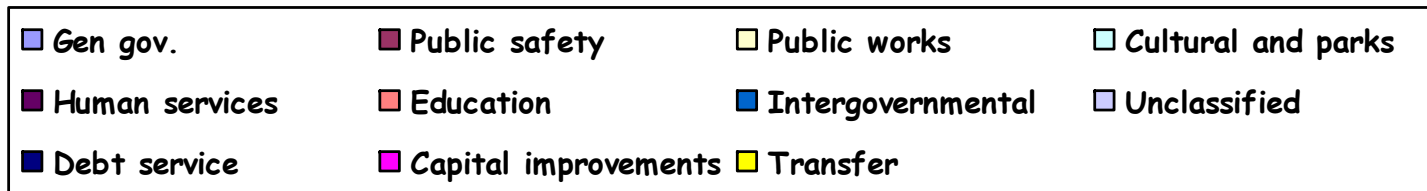
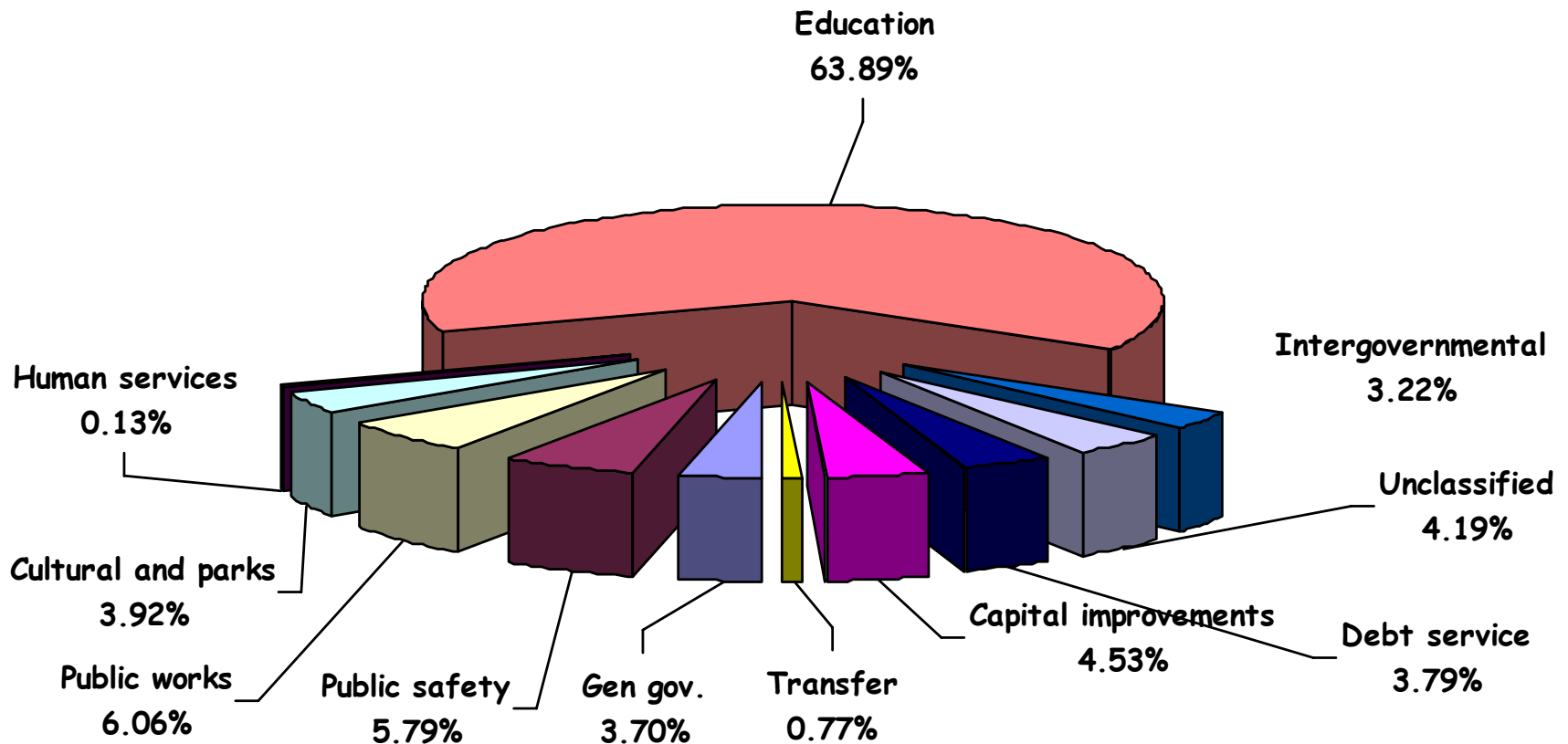
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2007 REVENUES - GENERAL FUND



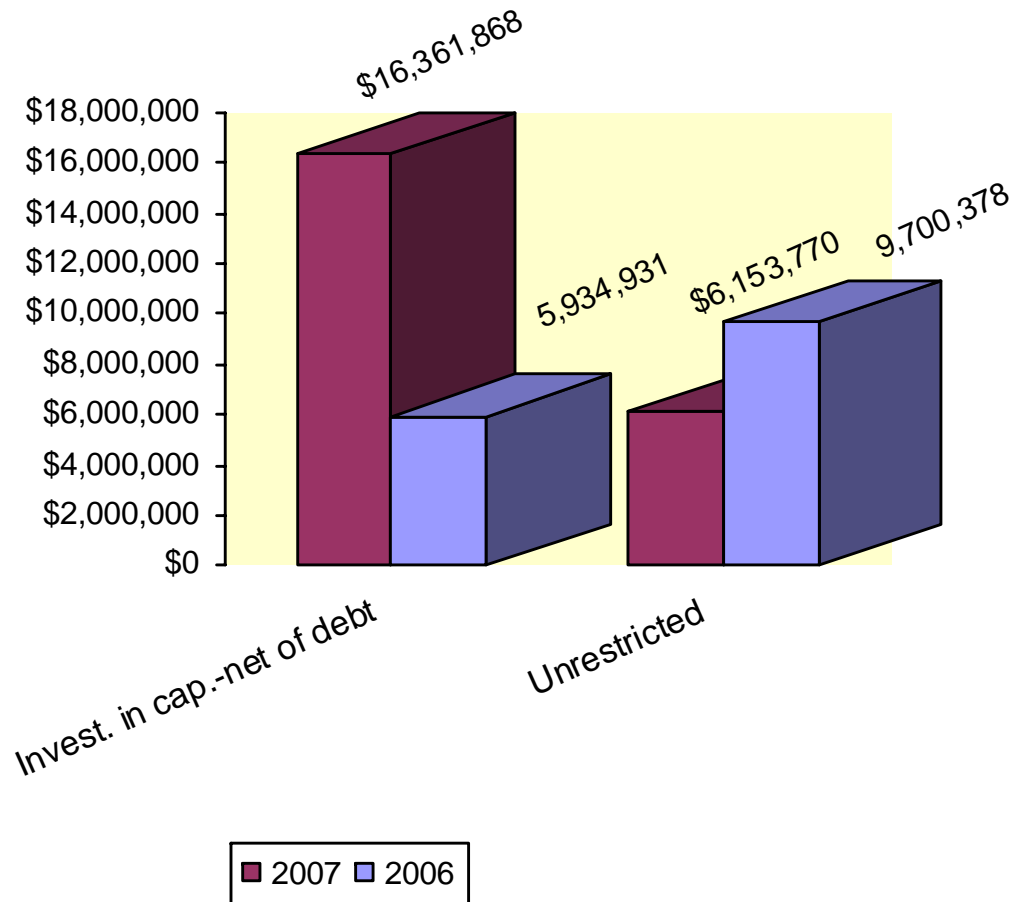
TOWN OF CAPE ELIZABETH

2007 EXPENDITURES - GENERAL FUND



TOWN OF CAPE ELIZABETH

COMPONENTS OF NET ASSETS - Entity-wide (Statement 1)



SIGNIFICANT RECONCILING GASB 34 ADJUSTMENTS

- Recording fixed assets net of accumulated depreciation.
- Eliminating interfund balances.
- Eliminating deferred revenue.
- Recording long-term debt, capital leases and accrued vacation/sick.

TOWN OF CAPE ELIZABETH

FINAL WORDS

This presentation is intended as a tool to assist the Town Council 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

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DEBT PER CAPITA - LAST 10 FISCAL YEARS

