

# 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 2010. 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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## **About this presentation**

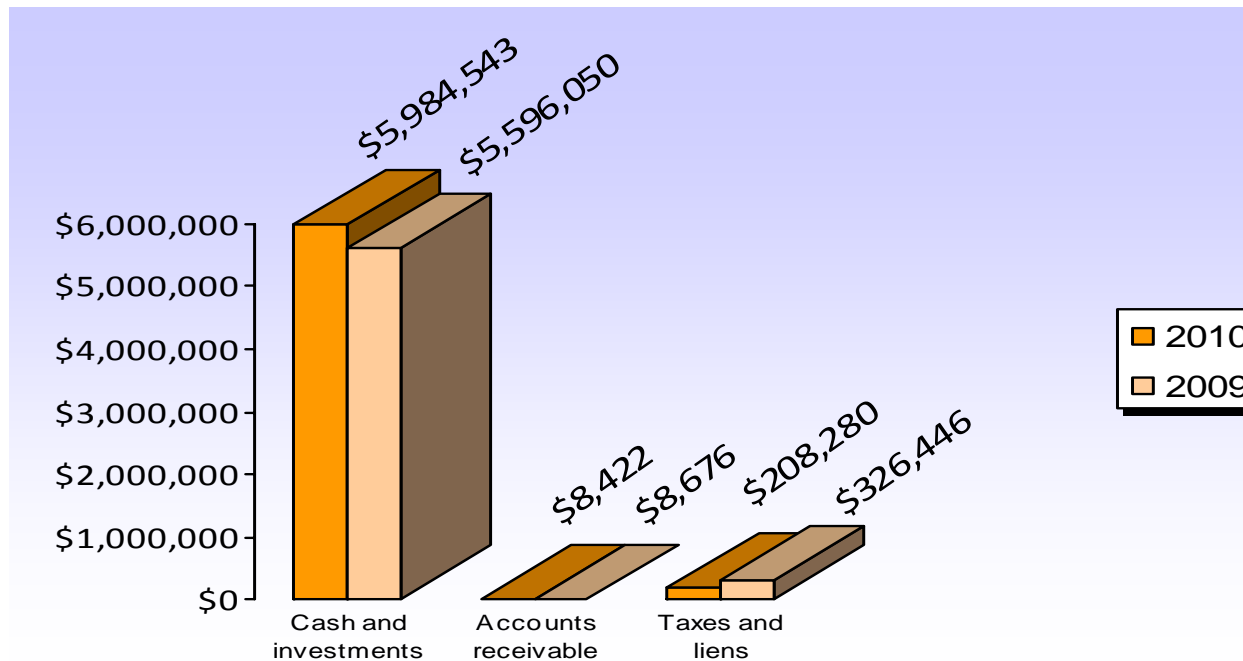
This presentation is intended as a tool to assist the Town Council and management in understanding its financial operating results. The information contained in this publication should be read in conjunction with the audited financial statements and related disclosures and should not be used for any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

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Town of Cape Elizabeth, Maine  
October 4, 2010

# TOWN OF CAPE ELIZABETH

## GENERAL FUND ASSETS

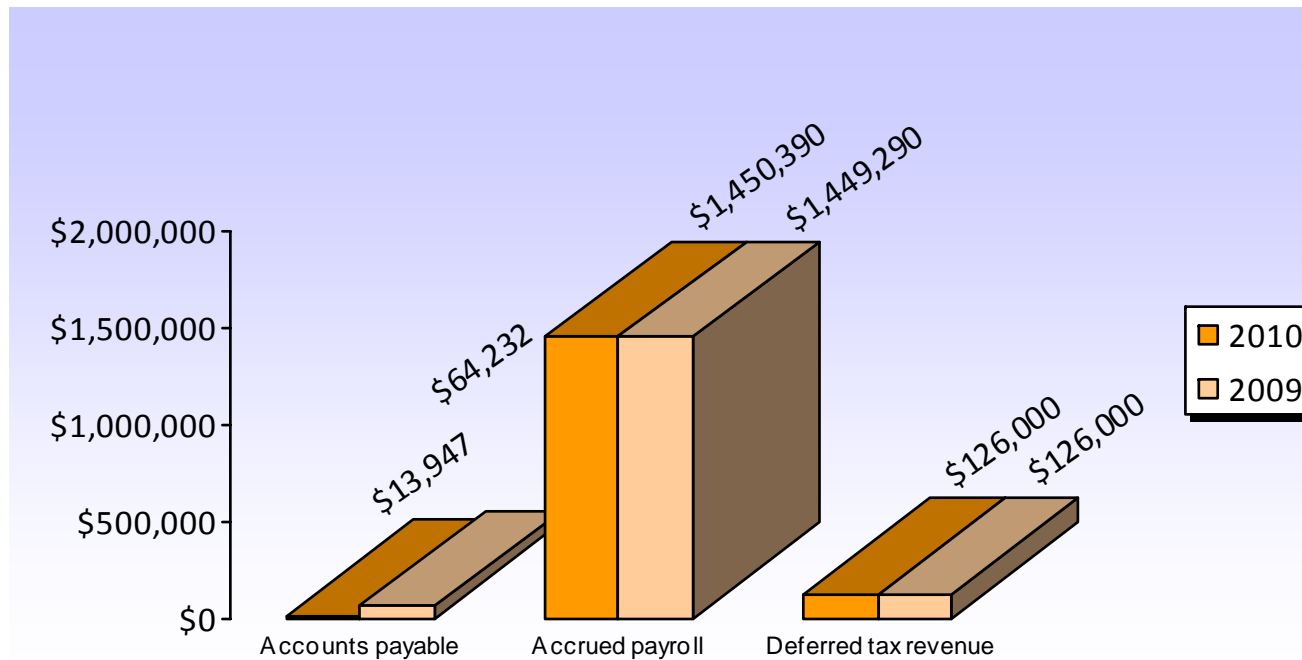


### SUMMARY OF SIGNIFICANT CHANGES

- ❖ The 2010 cash and investments balance (which is net of interfund loans payable) increased by approximately \$388K. The increase was primarily the result of an excess of revenues and other financing sources over expenditures.
- ❖ Outstanding taxes and liens decreased as the result of a .98% increase in the total collection rate, from 99.52% in FY 09' to 100.50% in FY 10'. The current year collection rate remained very high at 99.33%, a .47% increase from 2009.

# TOWN OF CAPE ELIZABETH

## GENERAL FUND LIABILITIES

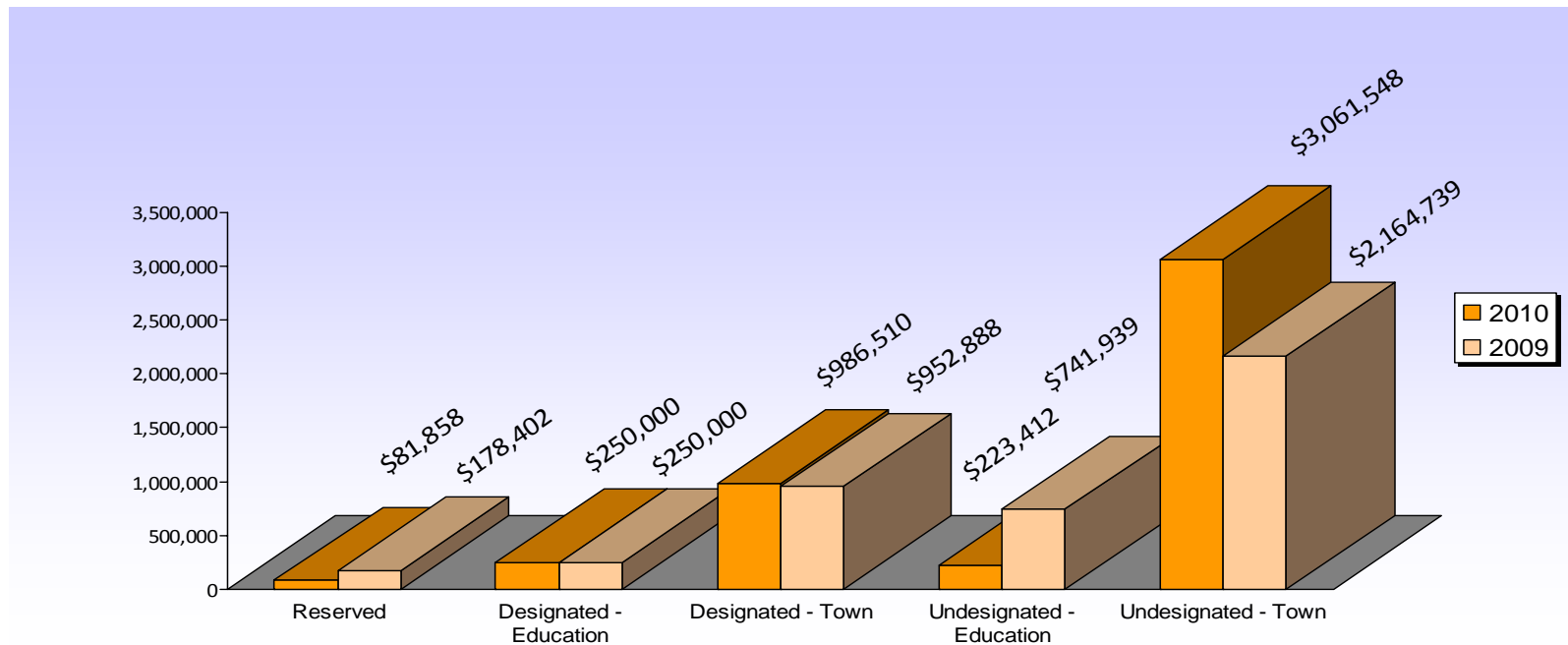


### SUMMARY OF SIGNIFICANT CHANGES

- ❖ Changes in accounts payable and accrued payroll are simply a result of the timing of payments at year end. Accrued wages represent payroll earned prior to June 30, but paid in July and August, the largest portion of which is composed of teacher summer salaries (\$1,292,077).
- ❖ 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 per Generally Accepted Accounting Principles.

# 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 page 29 of the financial statements.
- ❖ School undesignated fund balance decreased by \$519K from 2009 to 2010 due to unfavorable budget variances in revenues and a budgeted use of surplus, offset by favorable budget variances in expenditures. Whereas Town undesignated fund balance increased by \$897K over the same period as a result of favorable budget variances in both revenues and expenditures, offset by an increase in designated fund balance at year-end and a budgeted use of fund balance.

# TOWN OF CAPE ELIZABETH

## GENERAL FUND REVENUES

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes	24,984,947	25,119,671	134,724
Licenses and permits	107,000	148,480	41,480
Intergovernmental	2,841,417	2,290,148	(551,269)
Investment income	60,000	88,070	28,070
Other revenues	535,000	702,968	167,968
<b>Total revenues</b>	<b>28,528,364</b>	<b>28,349,337</b>	<b>(179,027)</b>
Transfers from other funds	154,810	329,270	174,460
Carryforward balances and subsequent authorizations	407,588	-	(407,588)
Utilization of prior year surplus (Town and School)	660,000	-	(660,000)
Refunding bonds issued	5,850,000	5,850,000	-
<b>Total revenues and other sources</b>	<b>35,600,762</b>	<b>34,528,607</b>	<b>(1,072,155)</b>

- ❖ **Tax revenues** exceeded its budget due to higher-than-expected excise tax receipts and interest and costs on taxes.
- ❖ **Intergovernmental revenues** were under budget due to curtailments in State education subsidies.
- ❖ **Other revenues** exceeded its budget due mostly to the receipt of higher-than-expected revenues related to the cable television franchise, as well as unbudgeted savings related to the bond refunding.

# TOWN OF CAPE ELIZABETH

## GENERAL FUND EXPENDITURES

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General government	1,120,176	1,018,929	101,247
Public works	1,832,948	1,680,662	152,286
Public safety	1,845,803	1,702,665	143,138
Cultural and parks	1,138,712	1,105,290	33,422
Human services	52,484	47,837	4,647
Education	19,298,966	18,833,280	465,686
Intergovernmental assessments	988,408	987,445	963
Unclassified	1,420,712	1,061,250	359,462
Debt service (Town)	1,249,116	1,158,985	90,131
Capital improvements	748,037	524,960	223,077
<b>Total expenditures</b>	<b>29,695,362</b>	<b>28,121,303</b>	<b>1,574,059</b>
Transfers to other funds	140,400	230,400	(90,000)
Payment to refunded bond escrow agent	5,765,000	5,765,000	-
<b>Total expenditures and other uses</b>	<b>35,600,762</b>	<b>34,116,703</b>	<b>1,484,059</b>

- ❖ **Public works expenditures** were under budget due to lower-than-expected fees paid to ecomaine for trash hauling.
- ❖ Total **education expenditures** were under budget by \$466k, of which greater detail is provided on page 8 of this presentation.
- ❖ **Unclassified expenditures** were under budget primarily due to lower-than-expected property tax abatements.
- ❖ **Capital improvement expenditures** were under budget primarily due to lower-than-expected road and sidewalk project costs.

# TOWN OF CAPE ELIZABETH

## GENERAL FUND REVENUES – SCHOOL ONLY

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
State education subsidy	1,872,152	1,250,711	(621,441)
Miscellaneous	82,999	170,227	87,228
<b>Total revenues</b>	<b>1,955,151</b>	<b>1,420,938</b>	<b>(534,213)</b>
Transfers from other funds	154,810	154,810	-
Town Appropriation	16,746,005	16,746,005	-
Budgeted Use of Surplus	450,000	-	(450,000)
<b>Total revenues and other sources</b>	<b>19,305,966</b>	<b>18,321,753</b>	<b>(984,213)</b>

❖ **State education subsidy** was under budget due to unexpected curtailments.

# TOWN OF CAPE ELIZABETH

## GENERAL FUND EXPENDITURES – SCHOOL ONLY

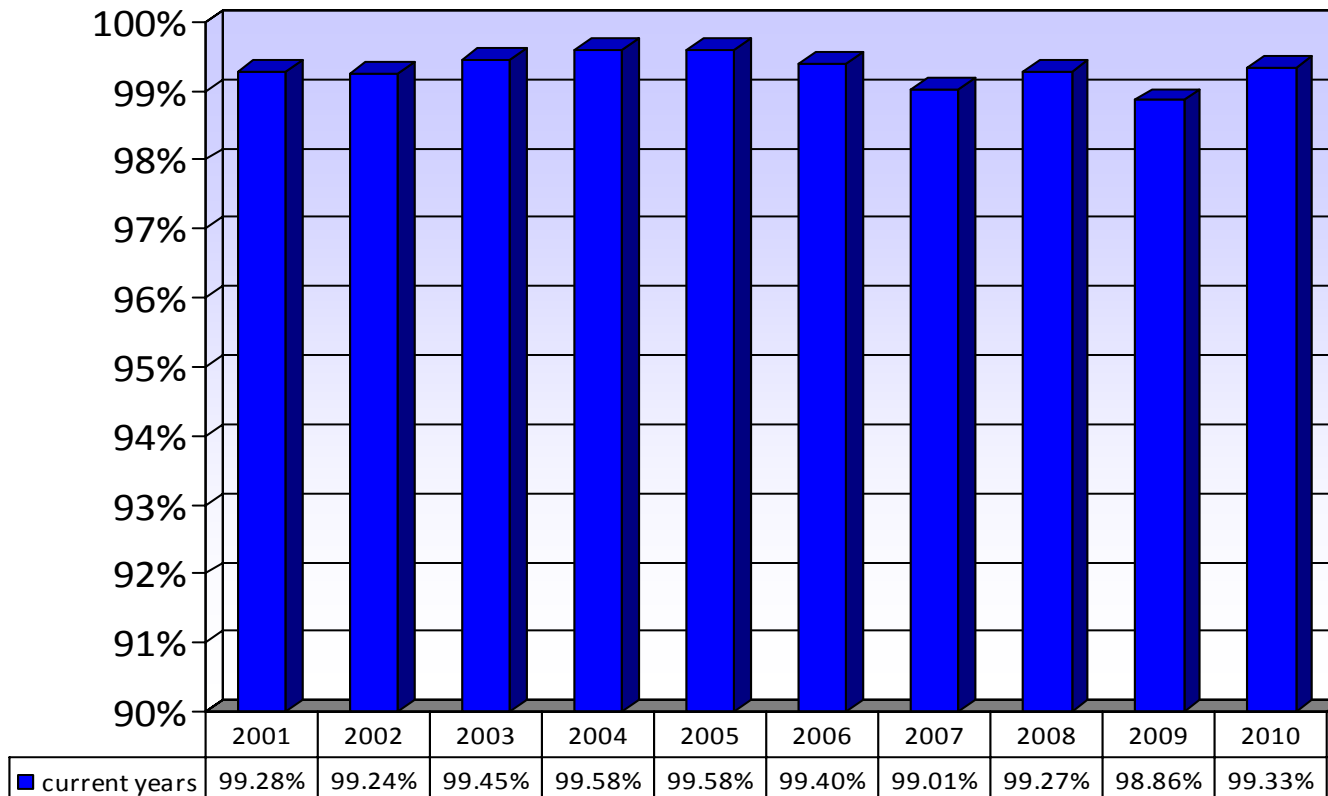
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Regular Instruction	8,265,997	8,206,946	59,051
Special Education Instruction	2,552,275	2,552,275	-
Career and Technical Education	46,242	46,242	-
Other Instruction	584,972	563,767	21,205
Student and Staff Support	2,230,127	2,156,975	73,152
System Administration	593,899	569,730	24,169
School Administration	957,271	887,987	69,284
Transportation	625,156	609,871	15,285
Facilities Maintenance	1,942,512	1,771,202	171,310
Debt Service	1,500,515	1,468,285	32,230
<b>Total expenditures</b>	<b>19,298,966</b>	<b>18,833,280</b>	<b>465,686</b>
Transfers to other funds	7,000	7,000	-
<b>Total expenditures and transfers</b>	<b>19,305,966</b>	<b>18,840,280</b>	<b>465,686</b>

- ❖ **Facilities management** costs were under budget due to lower-than-expected repairs and maintenance, utility and capital improvement expenditures.



# TOWN OF CAPE ELIZABETH

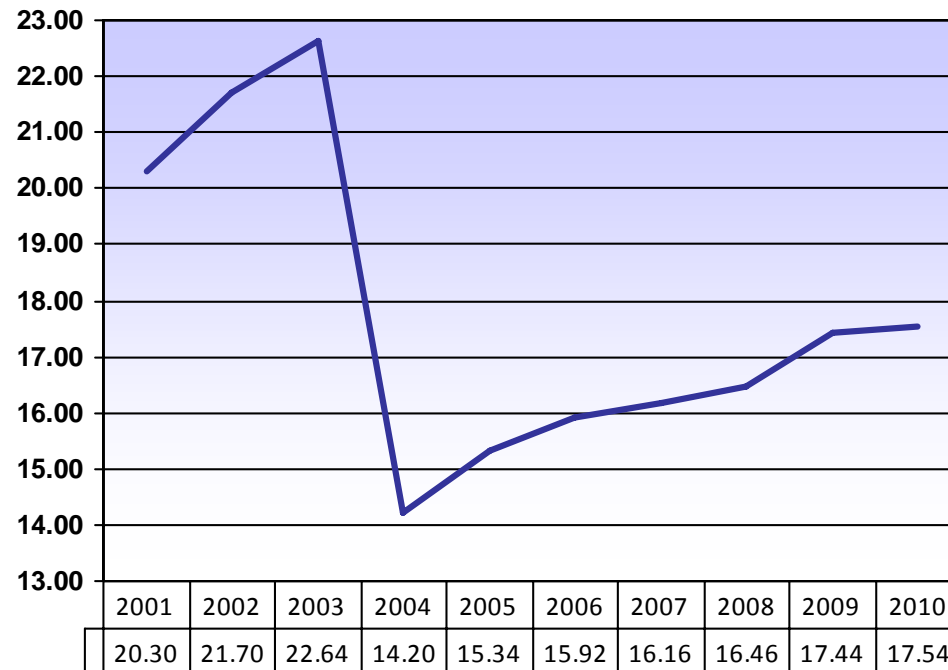
## PROPERTY TAX COLLECTION RATES



❖ The collection rate increased from 2009 to 2010, and remains very high at 99.33%.

# TOWN OF CAPE ELIZABETH

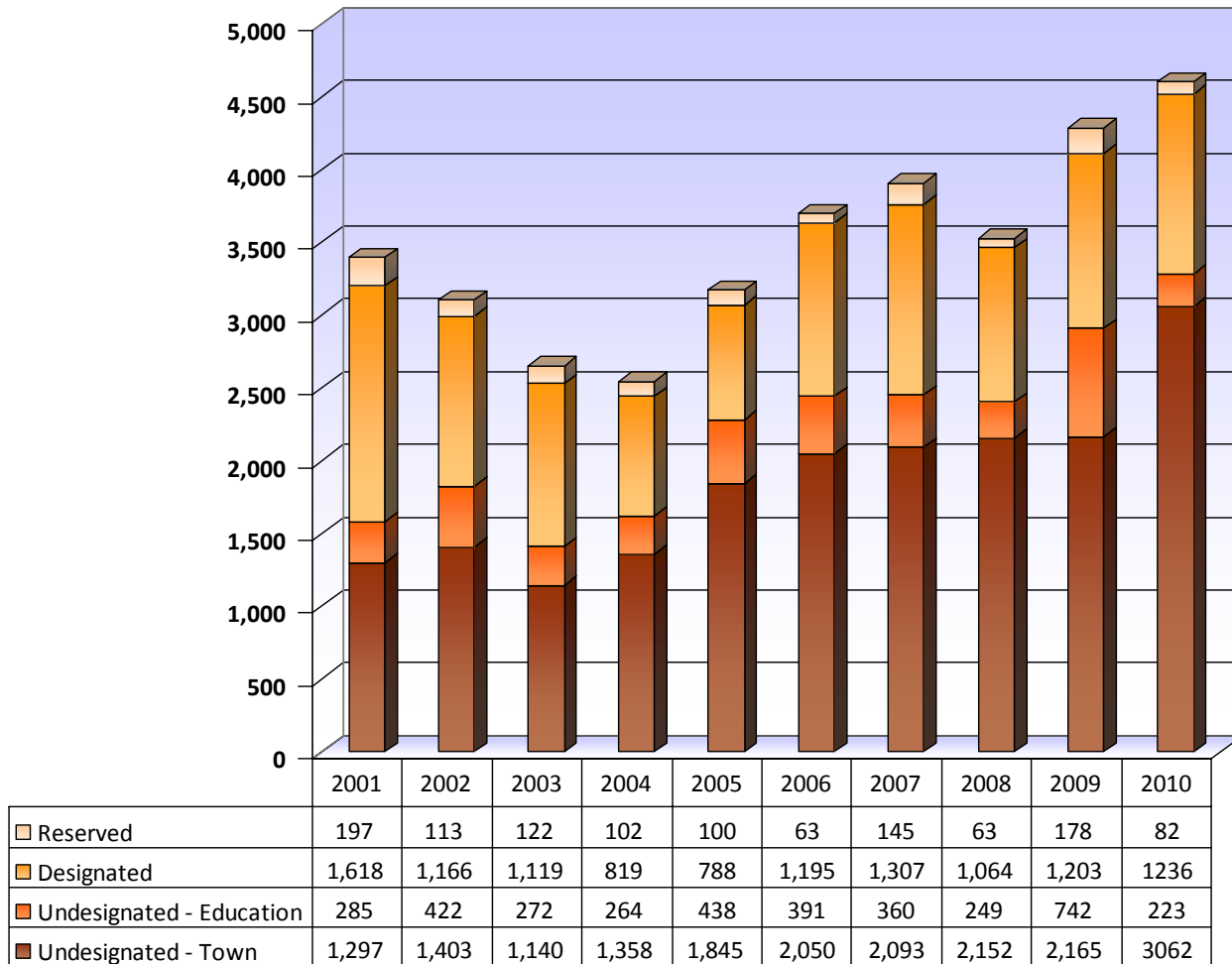
## PROPERTY TAX RATES



- ❖ The Town performed a revaluation in FY 2004, which resulted in a decrease of the property tax rate. The rate has steadily increased over the past six years.

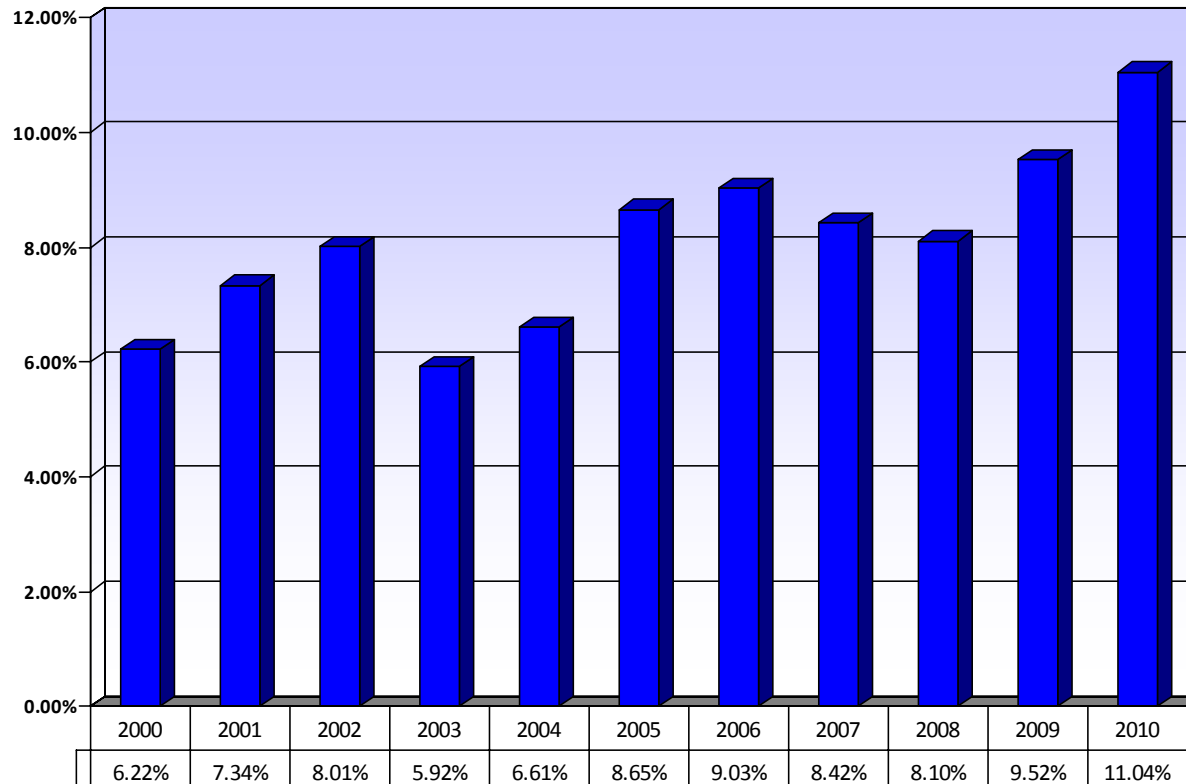
# TOWN OF CAPE ELIZABETH

## FUND BALANCE ANALYSIS, FY 2001 – 2010 (in thousands)



# TOWN OF CAPE ELIZABETH

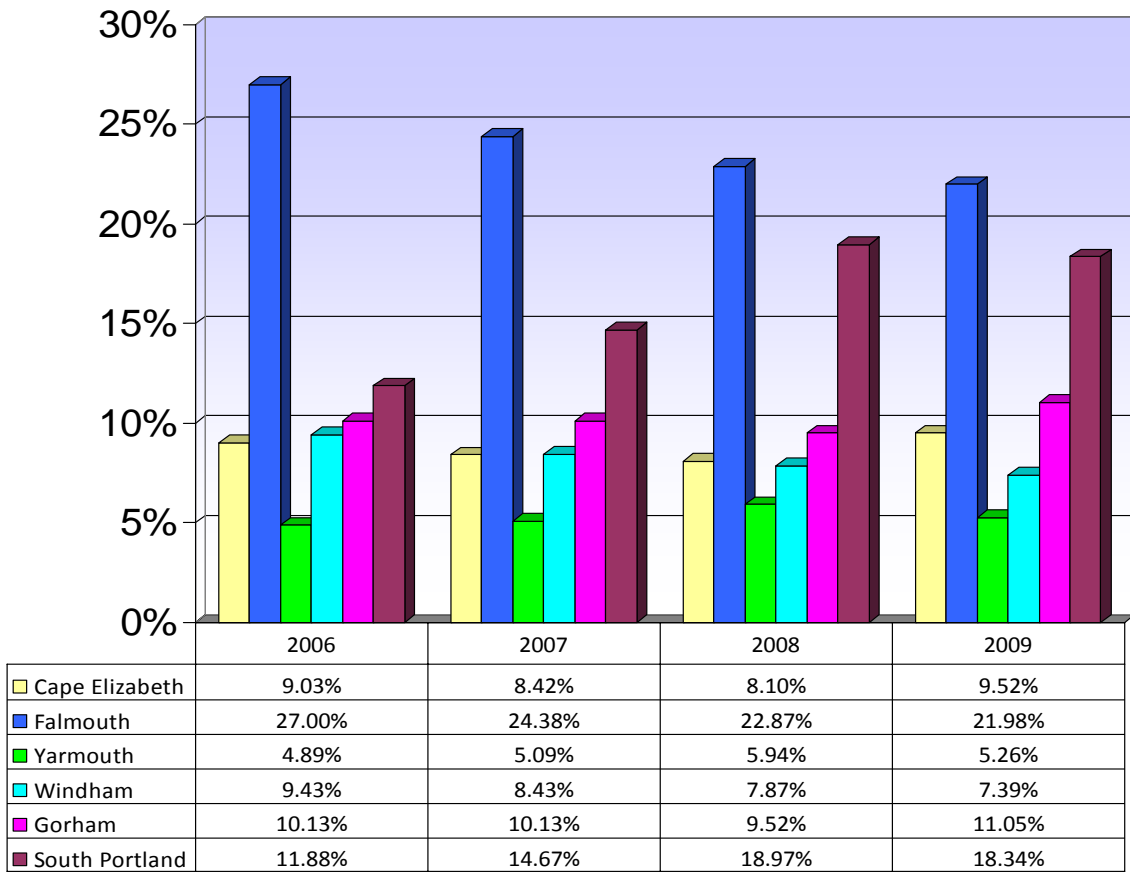
## UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF BUDGET



- ❖ Fund balance provides working capital for the Town and enhances its credit worthiness. The Town's policy is to maintain undesignated fund balance of 8.33% of annual operating revenues. The current percentage calculated in accordance with the Town's policy equals 11.59%.
- ❖ Credit agencies typically look for a minimum ratio of undesignated fund balance to budget of 20%. RKO recommends one and a half to two months of expenditures which equals 12.5% to 16.66%.

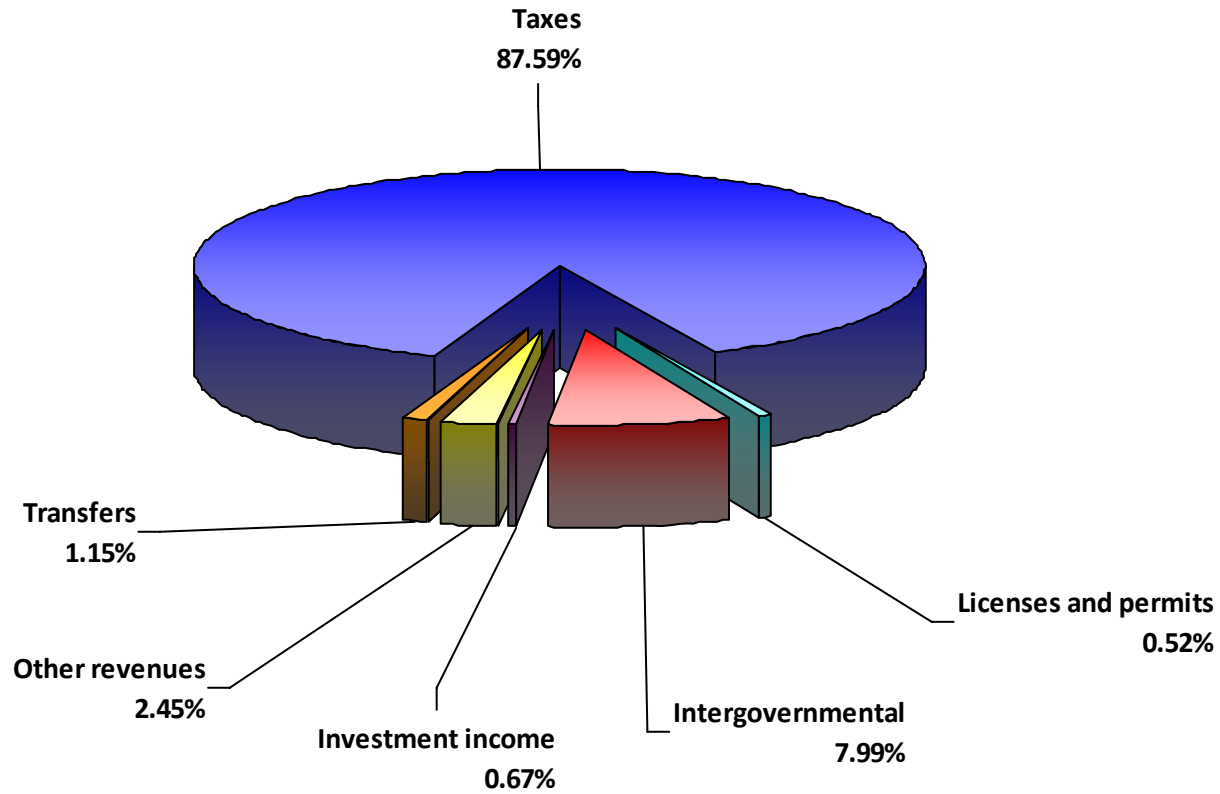
# TOWN OF CAPE ELIZABETH

## UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF BUDGET – AS COMPARED TO OTHER LOCAL COMMUNITIES, FY 2006 - 2009



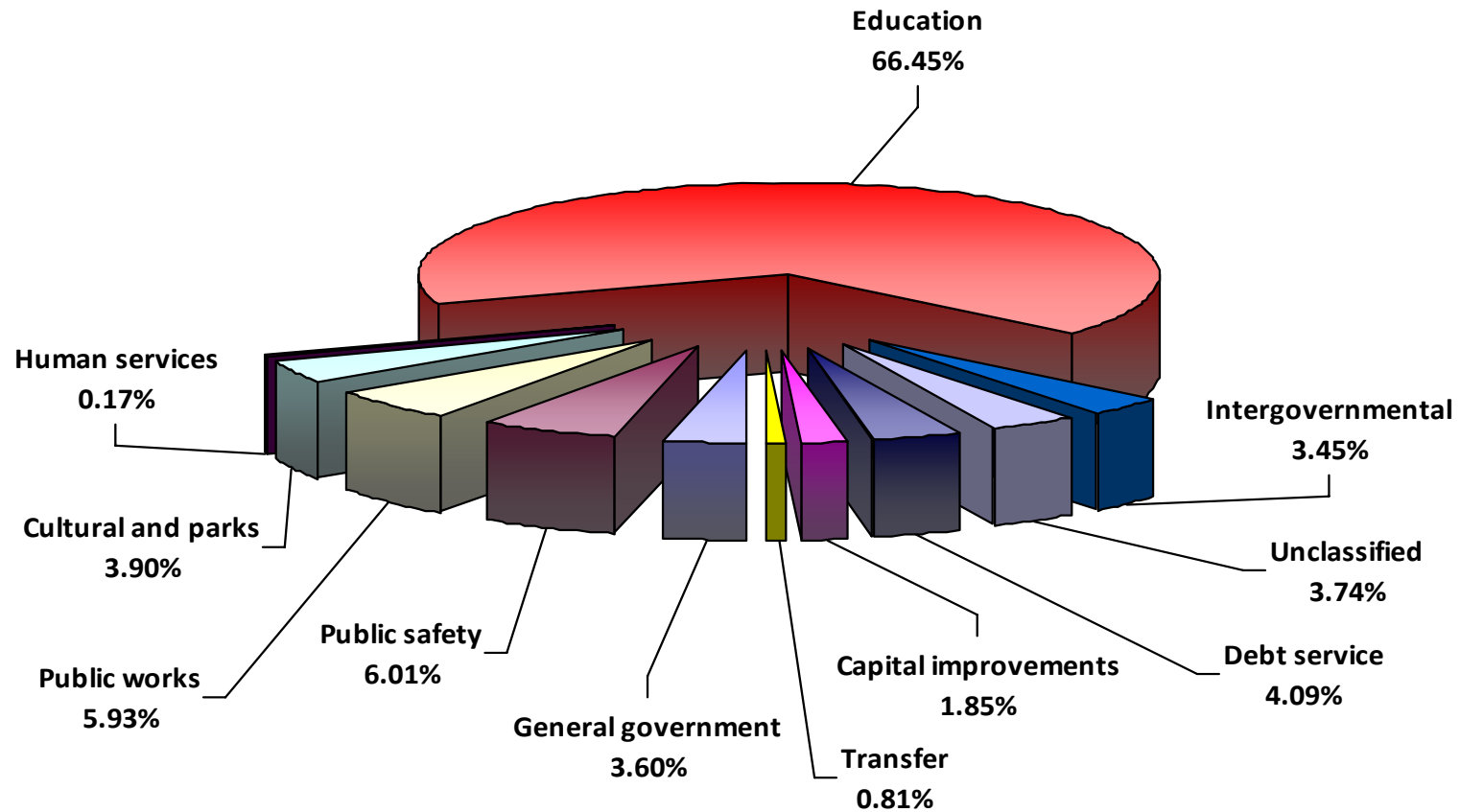
# TOWN OF CAPE ELIZABETH

## 2010 GENERAL FUND REVENUES



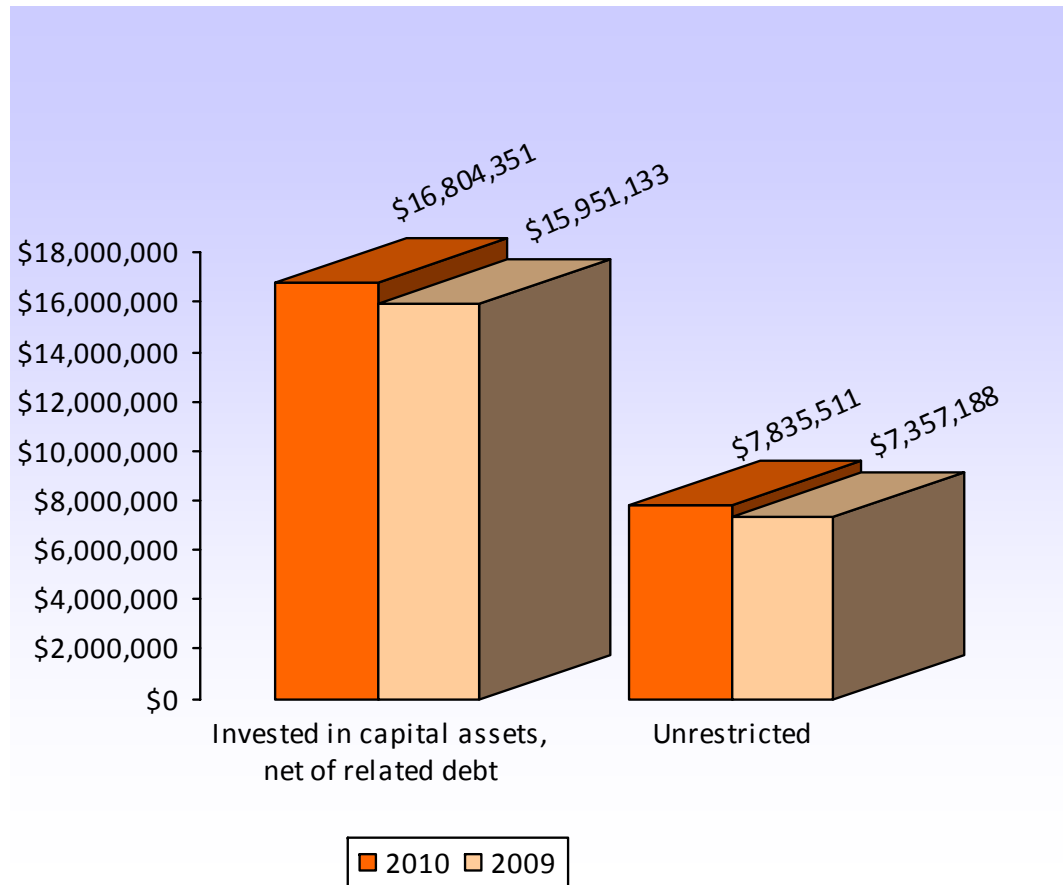
# TOWN OF CAPE ELIZABETH

## 2010 GENERAL FUND EXPENDITURES



# TOWN OF CAPE ELIZABETH

## COMPONENTS OF ENTITY-WIDE NET ASSETS



### SIGNIFICANT GOVERNMENT-WIDE FINANCIAL STATEMENT ADJUSTMENTS

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