

# TOWN OF CAPE ELIZABETH

## FINANCIAL OVERVIEW

Presented by:

Casey Leonard and Jennifer Connors

*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 unmodified opinion, which means the financial statements are fairly stated in all material respects. Further, the Town reported no significant deficiencies or material weaknesses related to its internal controls. The remainder of this publication is dedicated to providing you with the financial results for fiscal year 2014. 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.

### **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*.

Please contact us at 207-773-2986 or 1-800-486-1784  
20 Long Creek Drive, South Portland, ME 04106

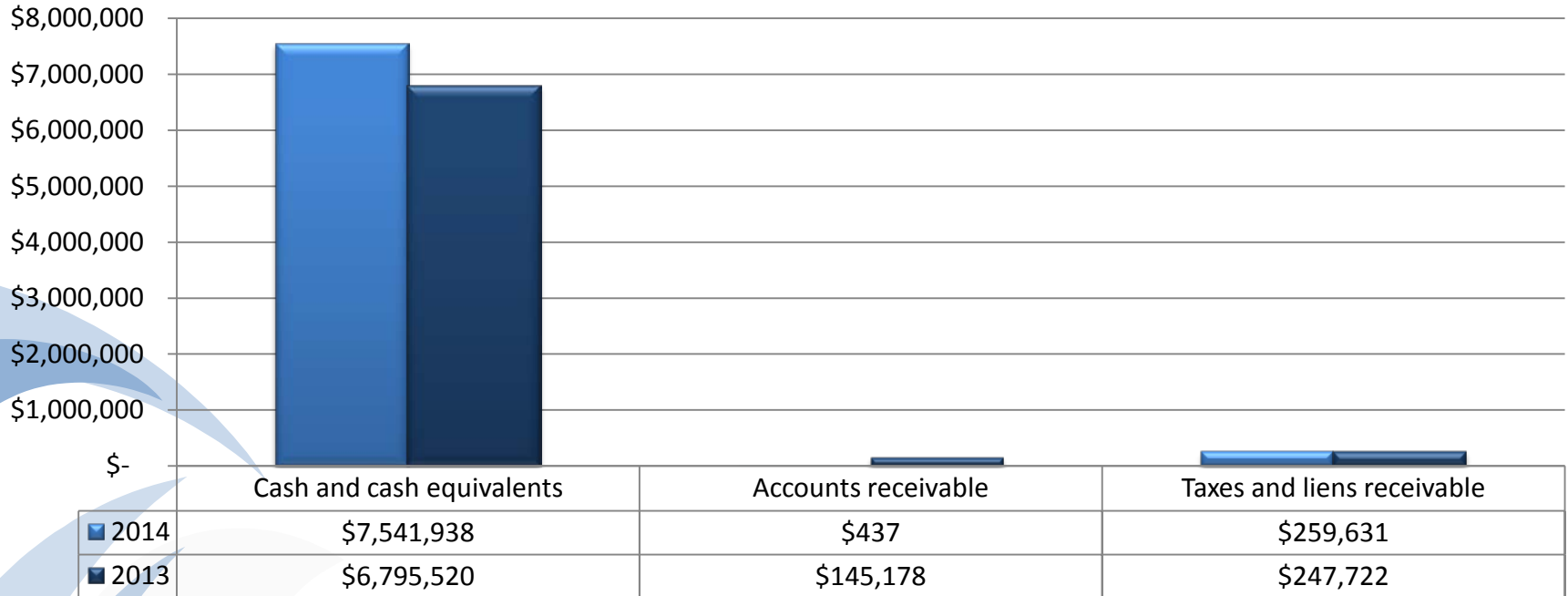
### **INSIDE**

2. General Fund – Assets
3. General Fund – Liabilities and Deferred Inflows of Resources
4. General Fund – Equity
5. General Fund – Revenues
6. General Fund – Expenditures
7. General Fund – Revenues – School Department Only
8. General Fund – Expenditures – School Department Only
9. Property Tax Collection Rates
10. Fund Balance Analysis, FY 2005 – FY 2014
11. Unassigned Fund Balance as a Percentage of Budget



# TOWN OF CAPE ELIZABETH

## GENERAL FUND – ASSETS



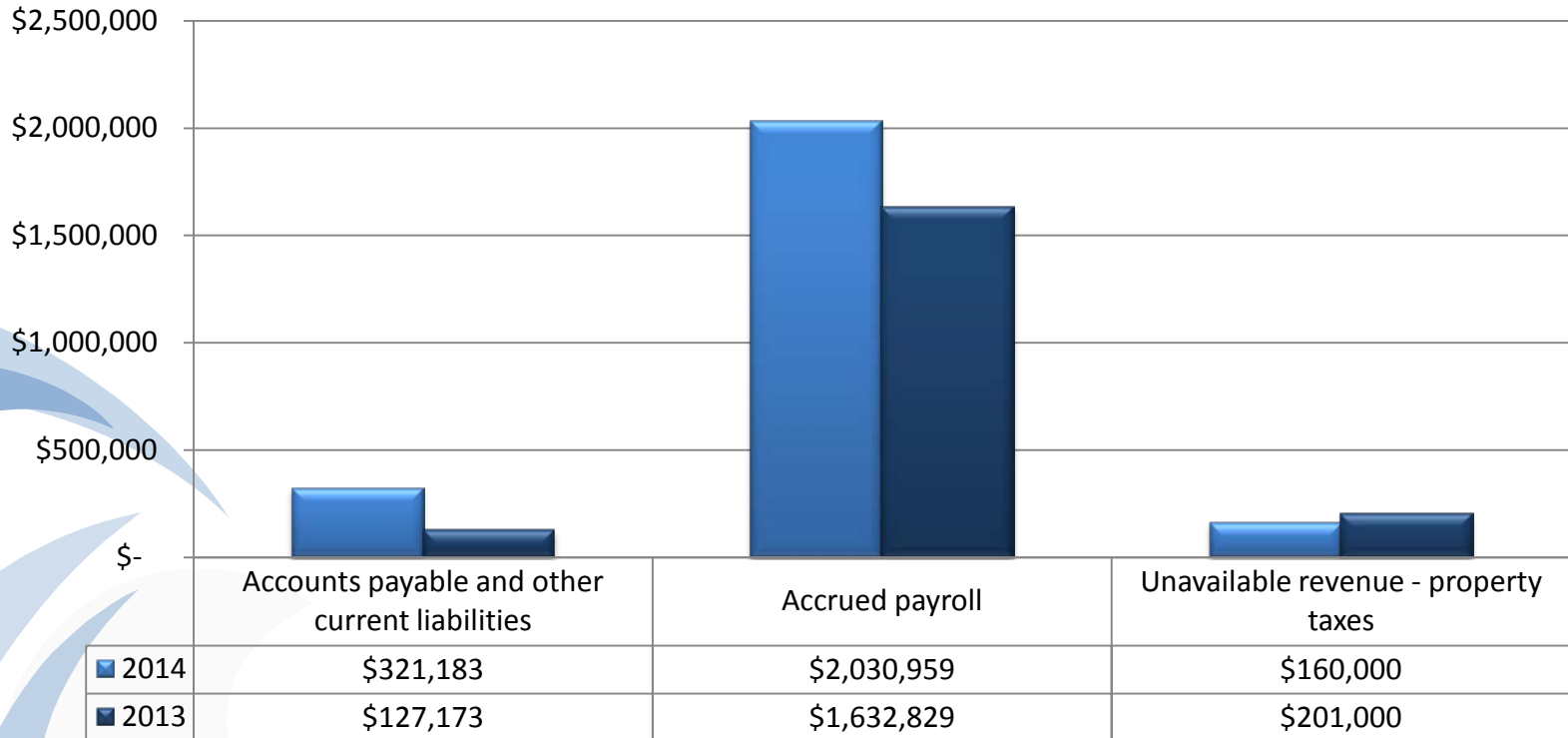
### SUMMARY OF SIGNIFICANT CHANGES

- The 2014 **cash balance** (which is net of interfund loans payable) increased by approximately \$746K. This was due to revenues exceeding expenditures, the collection of prior year receivables, and the timing of payments on current year liabilities.
- **Accounts receivable** decreased by approximately \$145k due to the timing of payments received at year end.
- Outstanding **taxes and liens** had a slight increase due to the timing of collections at year end.



# TOWN OF CAPE ELIZABETH

## GENERAL FUND – LIABILITIES AND DEFERRED INFLOWS OF RESOURCES



### SUMMARY OF SIGNIFICANT CHANGES

- Changes in **accounts payable** and **accrued payroll** are the result of the timing of payments at year end. Accrued payroll represent wages earned prior to June 30, but paid in July and August, the largest portion of which is composed of summer salaries and benefits for teachers (\$1,843,868).
- **Unavailable revenue – property taxes** 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

- **Nonspendable fund balance for the Town** represents the long term advance to the library project fund.
- **Restricted fund balance for the Town** includes unspent grant and donation balances.
- **Restricted fund balance for Education** decreased by \$300K from 2013 to 2014 primarily due to the increase in the liability for accrued summer salaries and benefits.
- **Assigned fund balance** changes annually based on the status of projects and appropriations. Full detail is available in the footnotes of the financial statements.
- **Town unassigned fund balance** decreased by \$235K primarily due to the \$241K interfund advance to the library project fund.

# TOWN OF CAPE ELIZABETH

## GENERAL FUND - REVENUES

	Budget	Actual	Variance
Taxes	\$ 28,752,057	\$28,929,688	\$177,631
Licenses and permits	127,000	192,108	65,108
Intergovernmental	3,393,349	3,442,636	49,287
Investment income	45,000	13,418	(31,582)
Other revenues	367,500	427,857	60,357
<b>Total revenues</b>	<b>32,684,906</b>	<b>33,005,707</b>	<b>320,801</b>
Carry forward balances and subsequent authorizations	558,252	-	(558,252)
Transfer from special revenue funds	277,000	274,736	(2,264)
Utilization of prior year surplus (Town and School)	702,000	-	(702,000)
<b>Total revenues and other sources</b>	<b>\$ 34,222,158</b>	<b>\$ 33,280,443</b>	<b>\$ (941,715)</b>

### *SUMMARY OF SIGNIFICANT VARIANCES*

- **Taxes** exceeded budget due to higher-than-expected excise tax transactions.
- **Licenses and permits revenues** exceeded budget due to higher-than-expected building, electrical and plumbing fees.
- **Investment income** was lower-than-anticipated as interest rates remain low.
- **Other revenues** exceeded the budget due to the receipt of unbudgeted revenues.



# TOWN OF CAPE ELIZABETH

## GENERAL FUND - EXPENDITURES

	Budget	Actual	Variance
General government	\$1,076,453	\$1,000,340	\$76,113
Public works	1,765,102	1,696,555	68,547
Facilities	357,405	357,636	(231)
Public safety	1,894,848	1,820,458	74,390
Cultural and parks	1,002,727	957,257	45,470
Human services	62,000	61,539	461
Education	22,521,078	22,152,487	368,591
Intergovernmental assessments	1,083,326	1,082,835	491
Insurance and benefits	1,133,005	1,093,038	39,967
Unclassified	633,962	148,160	485,802
Debt service (Town)	906,703	927,878	(21,175)
Capital improvements	1,291,149	853,534	437,615
<b>Total expenditures</b>	<b>33,727,758</b>	<b>32,151,717</b>	<b>1,576,041</b>
Transfers to other funds	494,400	735,210	(240,810)
<b>Total expenditures and other sources</b>	<b>\$ 34,222,158</b>	<b>\$ 32,886,927</b>	<b>\$ 1,335,231</b>

### SUMMARY OF SIGNIFICANT VARIANCES

- **General government expenditures** were under budget due to lower-than-expected election payroll costs, as well as small positive budget variances in the various departments that make up general government.
- **Public works expenditures** were under budget due to lower-than-expected salt costs and ecomaine fees.
- **Public safety expenditures** were under budget due to lower-than-anticipated part-time payroll costs in the fire department and gasoline costs in the police department.
- **Cultural and parks expenditures** were under budget due to lower-than-expected costs related to building and stonewall repairs and the greenbelt trail maintenance.
- **Education expenditures** - see slide 8.
- **Unclassified expenditures** were under budget due to lower-than-expected property tax abatements. These were offset to a certain degree by unbudgeted grant expenditures.
- **Capital improvement expenditures** were under budget due to the timing of projects, which will carry over to the next fiscal year.



# TOWN OF CAPE ELIZABETH

## GENERAL FUND – REVENUES – SCHOOL DEPARTMENT ONLY

	Budget	Actual	Variance
State education subsidy	\$ 2,620,194	\$ 2,620,194	-
State agency clients	8,000	6,305	(1,695)
Miscellaneous	70,000	82,896	12,896
<b>Total revenues</b>	<b>2,698,194</b>	<b>2,709,395</b>	<b>11,201</b>
Town appropriation	19,279,884	19,279,884	-
Transfer from special revenue funds	200,000	198,863	(1,137)
Budgeted use of surplus	350,000	-	(350,000)
<b>Total revenues and other sources</b>	<b>\$ 22,528,078</b>	<b>\$ 22,188,142</b>	<b>\$ (339,936)</b>

### SUMMARY OF SIGNIFICANT VARIANCES

- **School Department revenues** had no significant budget to actual variances in FY 2014.

# TOWN OF CAPE ELIZABETH

## GENERAL FUND - EXPENDITURES – SCHOOL DEPARTMENT ONLY

	Budget	Actual	Variance
Regular instruction	10,276,403	9,999,910	276,493
Special education instruction	3,087,756	3,090,418	(2,662)
Career and technical education	46,604	46,604	-
Other instruction	738,963	721,642	17,321
Student and staff support	2,122,848	2,090,409	32,439
System administration	696,351	711,506	(15,155)
School administration	1,142,210	1,066,883	75,327
Transportation	677,130	679,058	(1,928)
Facilities maintenance	2,444,222	2,457,466	(13,244)
Debt service	1,288,591	1,288,591	-
<b>Total expenditures</b>	<b>22,521,078</b>	<b>22,152,487</b>	<b>368,591</b>
Transfers to other funds	7,000	7,000	-
<b>Total expenditures and other sources</b>	<b>22,528,078</b>	<b>22,159,487</b>	<b>368,591</b>

### SUMMARY OF SIGNIFICANT VARIANCES

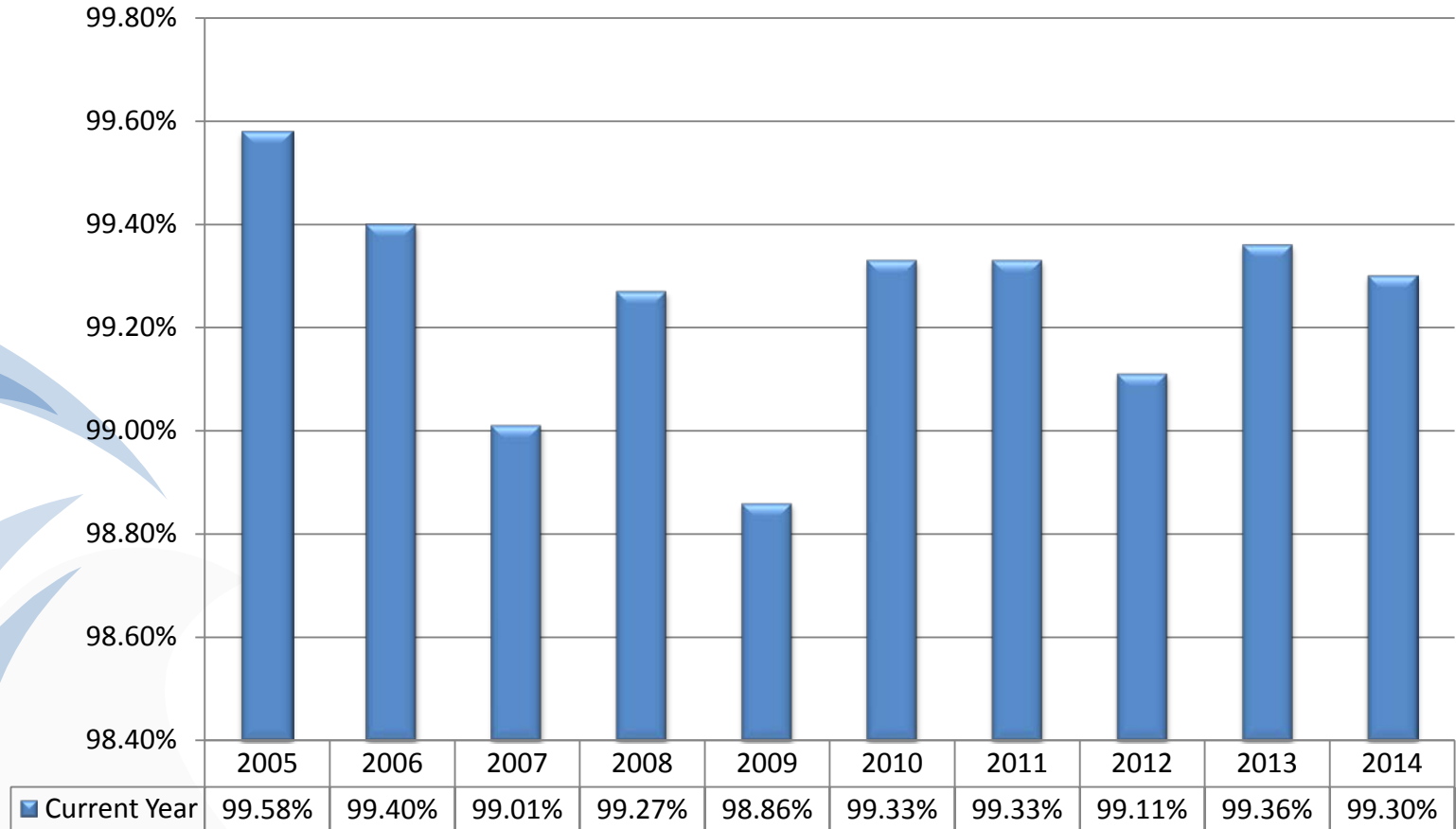
- **Regular instruction** expenditures were under budget due to lower-than-expected health insurance costs, plus budgeted but unused contingency.
- **Student and staff support** expenditures were under budget due to lower-than-anticipated health insurance and legal costs.





# TOWN OF CAPE ELIZABETH

## PROPERTY TAX COLLECTION RATES



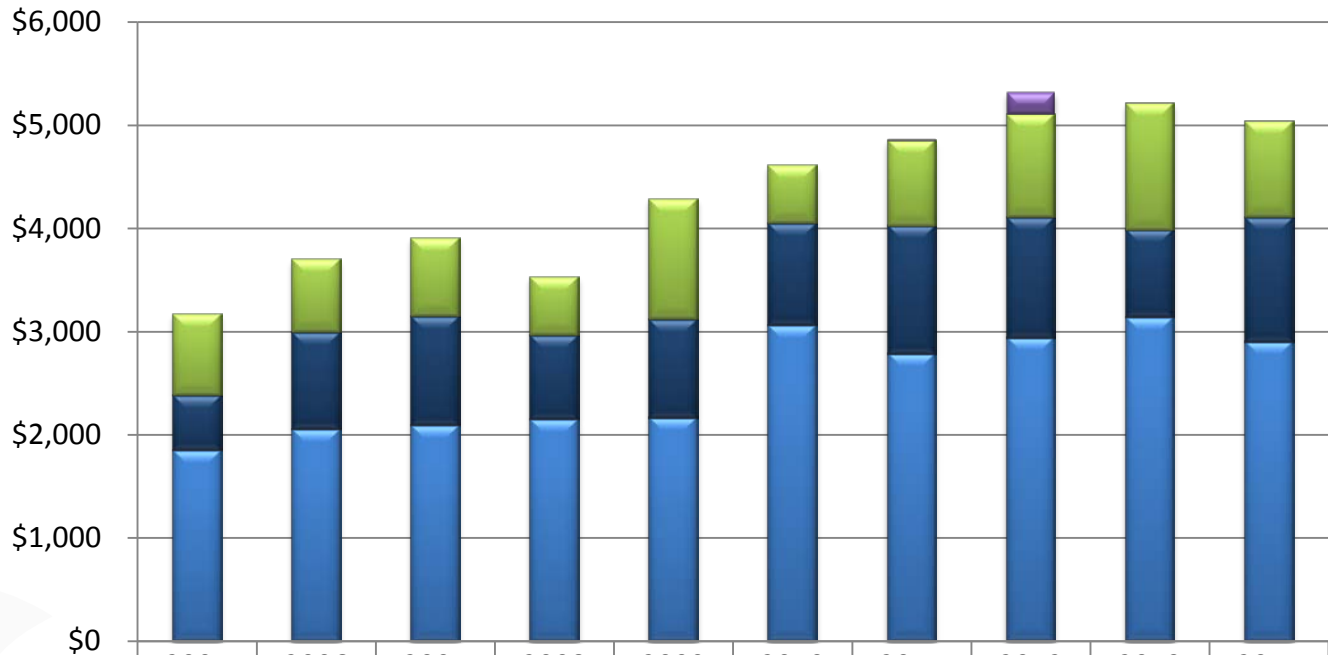
### *SUMMARY OF SIGNIFICANT CHANGES*

- The collection rate decreased to 99.32%, which is consistent with 2010 and 2011 collection rates.



# TOWN OF CAPE ELIZABETH

## FUND BALANCE ANALYSIS, FY 2005 – 2014 (IN THOUSANDS)

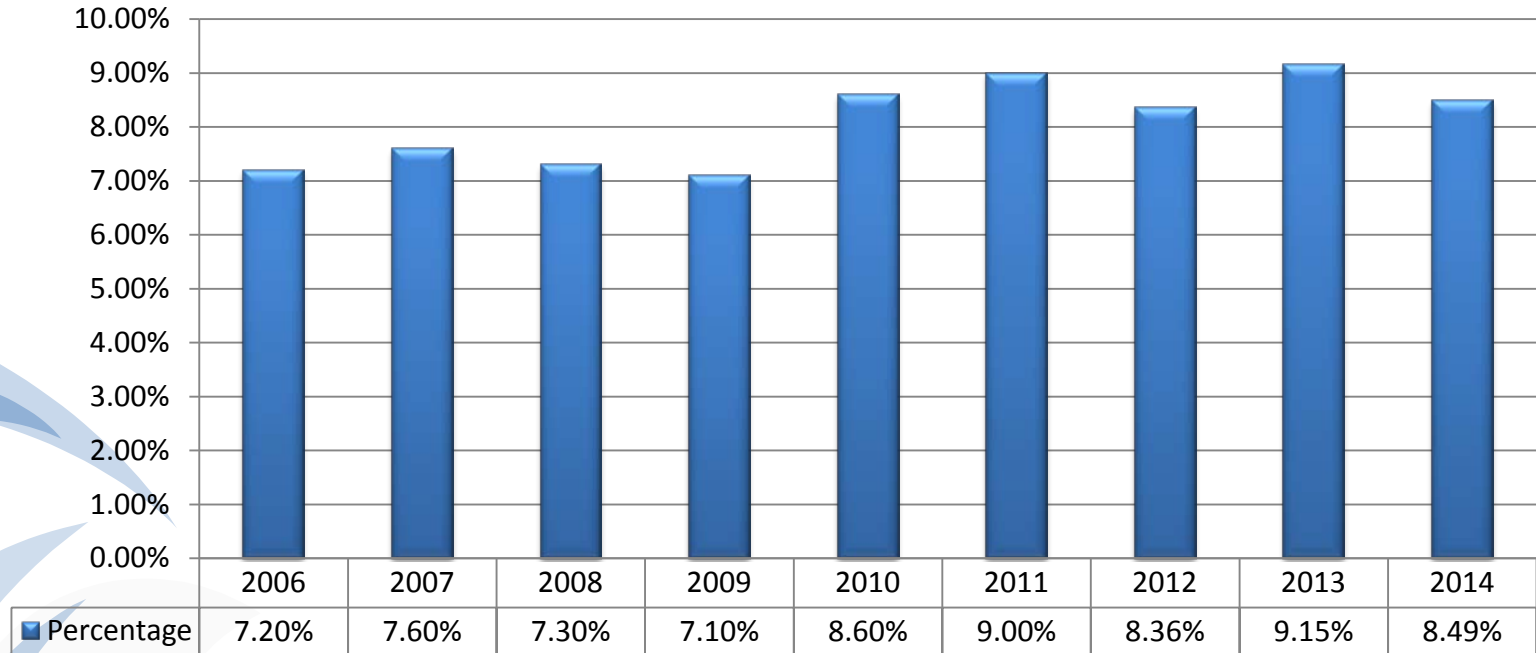


	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
■ Retriected - Town	\$0	\$0	\$0	\$0	\$0	\$0	\$11	\$207	\$3	\$3
■ Restricted - Education	\$788	\$704	\$755	\$562	\$1,170	\$555	\$825	\$1,002	\$1,222	\$922
■ Assigned - Town	\$538	\$945	\$1,057	\$814	\$953	\$987	\$1,241	\$1,166	\$851	\$1,210
■ Unassigned - Town	\$1,845	\$2,050	\$2,093	\$2,152	\$2,165	\$3,065	\$2,787	\$2,938	\$3,139	\$2,905



# TOWN OF CAPE ELIZABETH

## UNASSIGNED FUND BALANCE AS A PERCENTAGE OF BUDGET



### OBSERVATIONS

- Fund balance provides working capital for the Town and enhances its credit worthiness. The Town's policy is to target unassigned fund balance of 8.33% of annual operating revenues. The current percentage calculated in accordance with the Town's policy equals 8.80%.
- RKO generally recommends one to two months of expenditures which equals 8.33% to 16.66%.