

# 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

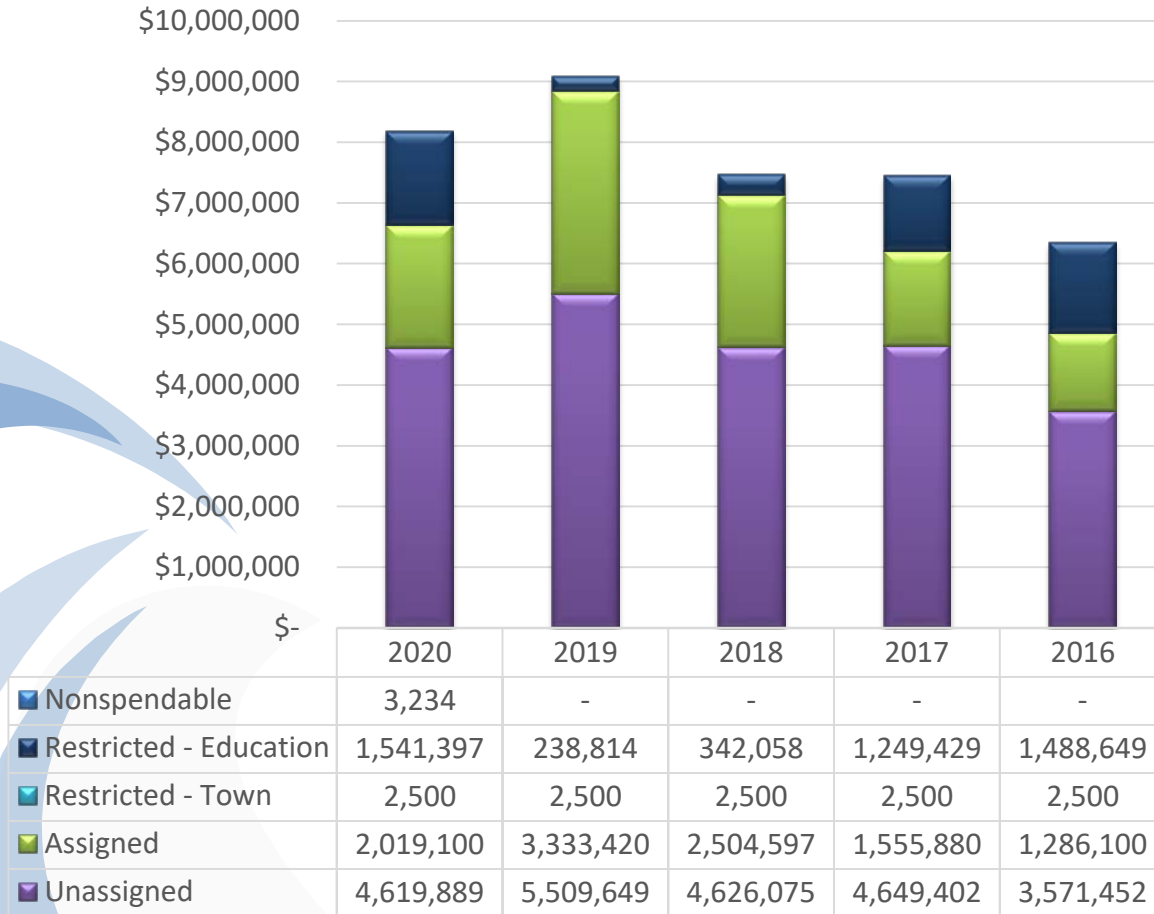
## SUMMARY OF AUDIT RESULTS

- Timing of Audit
  - Pre-audit work conducted on June 8-9, 2020
  - Audit performed the week of August 24, 2020
  - Reports issued January 22, 2021
  - Financial Statement Opinion – Unmodified
- Report Required by *Government Auditing Standards (GAS)*
  - No Material Weaknesses
  - No Significant Deficiencies
  - No Compliance Findings



# Town of Cape Elizabeth

## General Fund – Fund Balance



- **Nonspendable fund balance** includes prepaid expenditures.
- **Restricted fund balance for the Town** includes unspent grant and donation balances.
- **Restricted fund balance for Education** increased \$1,308,424 from 2019 to 2020.
- **Assigned fund balance** changes annually based on the status of projects and appropriations. Full detail is available in the footnotes of the financial statements.
- **Unassigned fund balance** represents the remaining fund balance not restricted or assigned for specific purposes.
- **Total fund balance** decreased by \$892,422 from 2019 to 2020.



# Town of Cape Elizabeth

## GENERAL FUND - REVENUES

	Budget	Actual	Variance
Taxes	\$ 36,165,812	36,317,611	151,799
Licenses and permits	190,000	257,009	67,009
Intergovernmental	3,128,158	3,103,389	(24,769)
Charges for Services	2,024,945	1,549,810	(475,135)
Investment income	50,000	185,748	135,748
Other revenues	266,800	228,159	(38,641)
<b>Total revenues</b>	<b>41,825,715</b>	<b>41,641,726</b>	<b>(183,989)</b>
Carry forward balances and subsequent authorizations	3,996,488	-	(3,996,488)
Utilization of prior year surplus	375,000	-	(375,000)
Bond and bond premium proceeds	1,044,372	1,044,372	-
Lease proceeds	225,000	225,000	-
Transfers in	426,112	416,868	(9,244)
<b>Total revenues and other sources</b>	<b>\$47,892,687</b>	<b>43,327,966</b>	<b>(4,564,721)</b>

- **Taxes** were higher than budgeted due to unbudgeted supplemental taxes and higher than anticipated excise taxes.
- **Licenses and permits revenue** was higher than budgeted due to an increased demand for building permits.
- **Charges for services** were lower than budgeted mostly due to community services programs that were cancelled or delayed due to the pandemic.
- **Investment Income** was higher than anticipated as the estimate for interest revenue was conservative and interest rates increased.



# Town of Cape Elizabeth

## GENERAL FUND - EXPENDITURES

	Budget	Actual	Variance
General government	\$ 1,536,989	1,354,325	182,664
Insurance and benefits	1,676,100	1,639,335	36,765
Public works	2,011,933	1,908,680	103,253
Facilities	800,688	677,691	122,997
Public safety	2,613,158	2,436,814	176,344
Cultural and parks	1,964,565	1,697,014	267,551
Library	562,138	530,408	31,730
Human services	64,510	99,089	(34,579)
Education	26,815,882	25,573,027	1,242,855
Intergovernmental assessments	1,889,850	1,530,646	359,204
Unclassified	220,643	140,318	80,325
Capital improvements	4,752,021	3,715,173	1,036,848
Debt service	2,816,758	2,750,416	66,342
<b>Total expenditures</b>	<b>47,725,235</b>	<b>44,052,936</b>	<b>3,672,299</b>
Transfers to other funds	167,452	167,452	-
<b>Total expenditures and transfers out</b>	<b>\$47,892,687</b>	<b>44,220,388</b>	<b>3,672,299</b>

- **General government expenditures** were under budget as costs related to legal services and the election were lower than anticipated.
- **Public works expenditures** were under budget as increases in solid waste disposal fees were delayed.
- **Facilities expenditures** were under budget as costs related to the Community Center building and the pool were lower than anticipated due to closures.
- **Public safety expenditures** were under budget as due to closures, the police and fire department incurred lower costs related to over time and part time payroll.
- **Cultural and parks expenditures** were under budget as community services programs were either cancelled or delayed due to the pandemic.
- **Capital improvements expenditures** were under budget as many projects were delayed and carried over to the next fiscal year.
- **Debt service expenditures** were under budget due to carryforward amounts that were included in the budget but not fully expended in the current year.



# TOWN OF CAPE ELIZABETH

## GENERAL FUND – REVENUES – SCHOOL DEPARTMENT ONLY

	Budget	Actual	Variance
Town appropriation	\$25,091,933	25,091,933	-
State education subsidy	1,653,599	1,773,718	120,119
State agency clients	6,000	3,916	(2,084)
Other state funds	53,443	9,357	(44,086)
Activity fees	68,845	57,875	(10,970)
Miscellaneous	16,600	19,190	2,590
<b>Total revenues</b>	<b>26,890,420</b>	<b>26,955,989</b>	<b>65,569</b>
<b>Total revenues and other sources</b>	<b>\$26,890,420</b>	<b>26,955,989</b>	<b>65,569</b>

- **State education subsidy** was higher than budgeted due to changes at the State level after the budget was passed.
- **Other state funds** revenue was lower than anticipated due to lower than anticipated expense reimbursements.
- **Activity fees revenue** was lower than anticipated due to school closures.
- **Total revenues** were within .24% of the budget.

# TOWN OF CAPE ELIZABETH

## GENERAL FUND - EXPENDITURES – SCHOOL DEPARTMENT ONLY

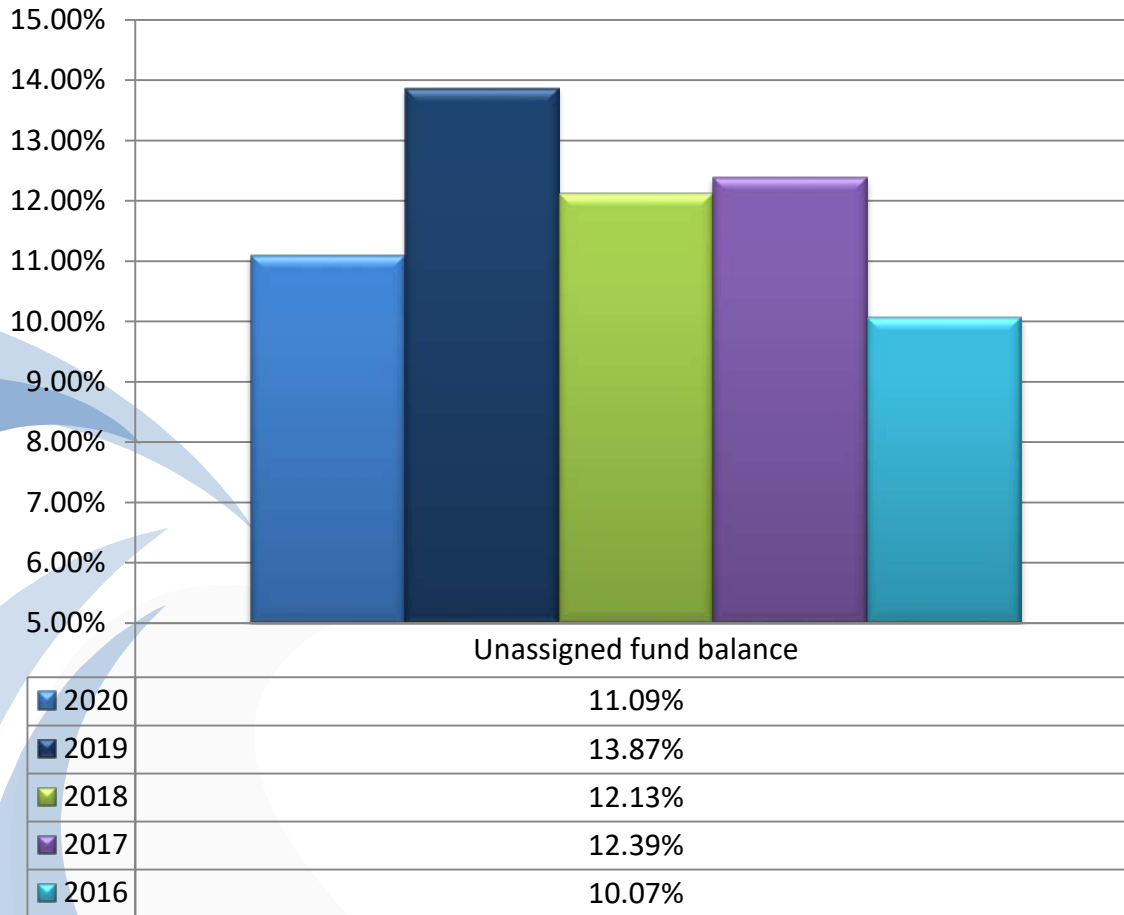
	Budget	Actual	Variance
Regular instruction	12,889,723	12,572,241	317,482
Special education instruction	3,565,248	3,393,677	171,571
Other instruction	936,401	788,120	148,976
Student and staff support	2,887,138	2,684,162	202,976
System administration	766,349	720,984	45,368
School administration	1,221,925	1,168,189	53,736
Transportation	865,640	738,959	126,681
Facilities maintenance	3,207,415	3,030,652	176,763
Other	5,843	5,843	-
Debt service	470,200	470,200	-
<b>Total expenditures</b>	<b>26,815,882</b>	<b>25,573,027</b>	<b>1,242,855</b>
Transfers out	74,538	74,538	-
<b>Total expenditures and transfers out</b>	<b>26,890,420</b>	<b>26,647,565</b>	<b>1,242,855</b>

- **Regular instruction expenditures** were under budget due to budgeted but unused contingency amounts. In addition, fewer teachers and Ed Techs were required than originally budgeted, resulting in lower salary and benefit costs.
- **Special education expenditures** were under budget due to school closures. In addition, health insurance costs were lower than anticipated as enrollment differed from anticipated enrollment.
- **Student and staff support** expenditures were under budget as costs related to professional development, course reimbursement, and technology supplies were lower than anticipated.
- **Transportation expenditures** were under budget due to school closures.
- **Facilities maintenance expenditures** were under budget due to a vacancy that was not filled. In addition, some budgeted project costs were less than anticipated.
- **Total expenditures** were about 5% less than originally budgeted.



# Town of Cape Elizabeth

## General Fund – Unassigned Fund Balance as a Percentage of Revenues

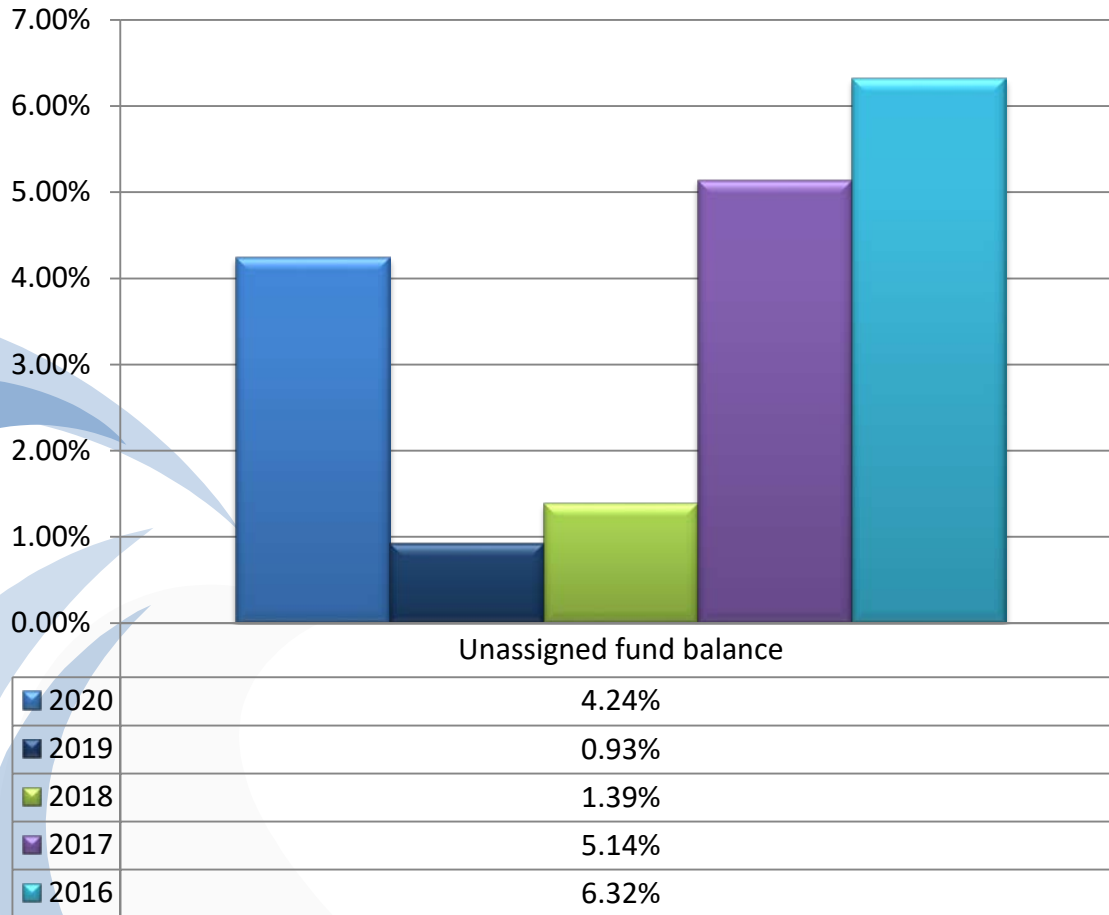


- **Current Town Fund Balance Policy** sets a targeted unassigned fund balance of 8.33% of annual General Fund revenues.
- **The Targeted Unassigned Fund Balance** based on the FY 2020 revenues would be \$3,468,756.
- **The FY 2020 Unassigned Fund Balance** of \$4,619,889 is currently \$1,151,133 higher than the Town's targeted unassigned fund balance. This is a decrease over the prior fiscal year.



# 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 3% of their budget as an unassigned balance.
- The School Department's unassigned fund balance of \$1,141,397 is 4.24% of the budget and exceeds the State's threshold.
- The School Department has already assigned \$400,000 of its fund balance to be used in the FY 2021 budget.