

TOWN OF CAPE ELIZABETH, MAINE

Annual Financial Report

For the Year Ended June 30, 2017

TOWN OF CAPE ELIZABETH, MAINE
Annual Financial Report
Year ended June 30, 2017

Table of Contents

	<u>Statement</u>	<u>Page(s)</u>
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-11
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	15
Statement of Activities	2	16
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	19
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	6	20
Statement of Fiduciary Net Position – Fiduciary Funds	7	21
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	8	22
Notes to Basic Financial Statements		23-47
Required Supplementary Information:		
Schedule of Funding Progress – Retiree Healthcare Plan		48
Schedule of Changes in the Town's Net Pension Liability and Related Ratios		49
Schedule of Town's Proportionate Share of the Net Pension Liability		50
Schedule of Town Contributions		51
Notes to Required Supplementary Information		52-53
	<u>Exhibit</u>	<u>Page</u>
Combining and Individual Fund Financial Statements:		
General Fund:		
Comparative Balance Sheets	A-1	55
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis	A-2	56-59
All Other Governmental Funds:		
Combining Balance Sheet	B-1	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	64
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C-1	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	68

TOWN OF CAPE ELIZABETH, MAINE
Annual Financial Report
Year ended June 30, 2017

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page(s)</u>
Nonmajor Capital Project Fund:		
Combining Balance Sheet	D-1	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	72
Private-purpose Trust Funds:		
Combining Statement of Fiduciary Net Position	E-1	75
Combining Statement of Changes in Fiduciary Net Position	E-2	76
Agency Funds:		
Statement of Changes in Balances	E-3	77
Statement of Changes in Long-term Debt	F	78
	<u>Schedules</u>	<u>Page</u>
School Department – General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis	1	81
School Department Special Revenue Funds – School Categorical Programs – Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	2	82
Schedule of Expenditures of Federal Awards	3	83
	<u>Tables</u>	<u>Page</u>
Statistical Section:		
Government-wide Expenses by Function	1	87
Government-wide Revenues	2	88
General Fund Expenditures by Function – Budgetary Basis	3	89
General Fund Revenues by Source – Budgetary Basis	4	90
Property Tax Rates – All Direct and Overlapping	5	91
Property Tax Levies and Collections	6	92
Assessed and Estimated Actual Value of Property	7	93
Principal Taxpayers	8	94
Computation of Legal Debt Margin	9	95
Ratio of Net General Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	10	96
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures	11	97
Computation of Direct, Overlapping and Contingent Debt	12	98

Independent Auditor's Report

To the Town Council
Town of Cape Elizabeth, Maine

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cape Elizabeth, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Cape Elizabeth, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cape Elizabeth, Maine, as of June 30, 2017, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress for the Retiree Healthcare Plan, the Schedule of Changes in the Town's Net Pension Liability and Related Ratios, the Schedule of the Town's Proportionate Share of the Net Pension Liability, and the Schedule of the Town's Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cape Elizabeth, Maine's basic financial statements. The combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Maine Department of Education and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017 on our consideration of the Town of Cape Elizabeth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Cape Elizabeth, Maine's internal control over financial reporting and compliance.



December 1, 2017
South Portland, Maine

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Introduction

As the Town Manager of the Town of Cape Elizabeth, Maine, I am pleased to provide a Management Discussion and Analysis as part of our annual financial statements. The financial statements contained herein show all of the governmental and fiduciary funds of the Town of Cape Elizabeth, Maine.

Financial Highlights

- The total assets for all governmental activities equal \$61,083,590.
- The total net position is \$37,992,902. Net position includes a \$27,910,058 net investment in capital assets, \$1,736,395 in restricted net position and \$8,346,449 in unrestricted net position.
- For the reporting period, the Town had an increase in fund balance for total governmental funds (from statement 4) of \$1,451,365.
- The fund balance for the General Fund increased \$1,108,510.
- The School General Fund balance decreased from \$1,488,649 to \$1,249,429 due to use of surplus to offset the tax impact of the school budget.
- The Town General Fund unassigned fund balance increased from \$3,571,452 to \$4,649,402 primarily because of revenues exceeding expenditures.

The Statement of Net Position and the Statement of Activities

These statements provide an overview of the government as a whole. All of the current year's revenues are taken into account, regardless of when cash is received.

The *Statement of Net Position* provides a picture of the difference between assets (including infrastructure) and deferred outflows of resources, and liabilities and deferred inflows of resources. This is called *Net Position*. The *Statement of Activities* provides a look at how the net position has changed from the prior year to the current year.

In most years, increases or decreases in net position can show whether the Town is improving or deteriorating. Other factors need to be considered, such as changes in the Town's property tax base and the condition of the roads, to assess the overall health of the Town.

In the *Statement of Net Position* and the *Statement of Activities*, only one type of activity is presented:

- Governmental Activities - All of the Town's basic services are reported here, including the General Government, Public Works, Facilities, Public Safety, Human Services, Culture and Parks, Education, Sewer, and Other Services. Property taxes, intergovernmental revenue (primarily revenues from the State of Maine), and user fees finance most of these activities.

Fund Financial Statements

The *Fund Financial Statements* provide details of the Town's most significant funds, not the Town as a whole. The Town has two kinds of funds – governmental and fiduciary, which use the following accounting methods:

- *Governmental Funds* - All of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

- *Fiduciary Funds* - Fiduciary funds are used to account for resources held for the benefit of parties outside the Town and student groups. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is on a full-accrual basis. The Fiduciary Statement of Net Position is included in this report as Statement 7.

Comparison of Information from Current Year and Prior Year

The Town as a Whole

The following is a condensed version of the Statement of Net Position. The analysis below focuses on the net position of the Town's governmental activities.

Governmental Activities Net Position

	2017	2016	Change
Current and other assets	\$17,181,991	\$ 15,821,863	\$1,360,128
Capital assets	43,901,599	42,240,037	1,661,562
Total assets	61,083,590	58,061,900	3,021,690
Deferred outflows related to pensions	710,709	751,851	(41,142)
Other liabilities	2,707,182	2,676,616	30,566
Long-term liabilities	21,021,694	19,863,431	1,158,263
Total liabilities	23,728,876	22,540,047	1,188,829
Deferred inflows related to pensions	72,521	379,178	(306,657)
Net investment in capital assets	27,910,058	26,607,096	1,302,962
Restricted	1,736,395	2,979,620	(1,243,225)
Unrestricted	8,346,449	6,307,810	2,038,639
Total net position	\$ 37,992,902	\$ 35,894,526	\$ 2,098,376

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Change in Net Position

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Sources of Revenues			
Program Revenues:			
Charges for services	\$ 5,636,885	5,376,624	260,261
Operating grants and contributions	5,540,255	5,881,899	(341,644)
Capital grants and contributions	131,725	627,895	(496,170)
Total program revenues	11,308,865	11,886,418	(577,553)
General Revenues:			
Property and other taxes	31,851,564	30,532,097	1,319,467
Grants and contributions not restricted to specific programs	717,890	715,532	2,358
Unrestricted investment income	133,304	18,565	114,739
Other	343,808	329,841	13,967
Total general revenues	33,046,566	31,596,035	1,450,531
Total revenues	44,355,431	43,482,453	872,978
Functional Expenses:			
General government	4,006,432	3,704,929	301,503
Public works	2,254,680	2,246,236	8,444
Facilities	734,445	342,480	391,965
Public safety	2,716,510	2,435,989	280,521
Human services	53,958	83,591	(29,633)
Cultural and parks	3,192,225	1,668,963	1,523,262
Education	26,290,674	27,132,972	(842,298)
School lunch	740,240	702,672	37,568
Sewer	1,529,221	1,505,188	24,033
Capital maintenance expenses	420,720	459,621	(38,901)
Interest on debt	317,950	260,985	56,965
Total expenses	42,257,055	40,543,626	1,713,429
Change in net position	2,098,376	2,938,827	(840,451)
Net position – beginning of year	35,894,526	32,955,699	2,938,827
Net position – end of year	\$ 37,992,902	35,894,526	2,098,376

Assets

Cash and Cash Equivalents

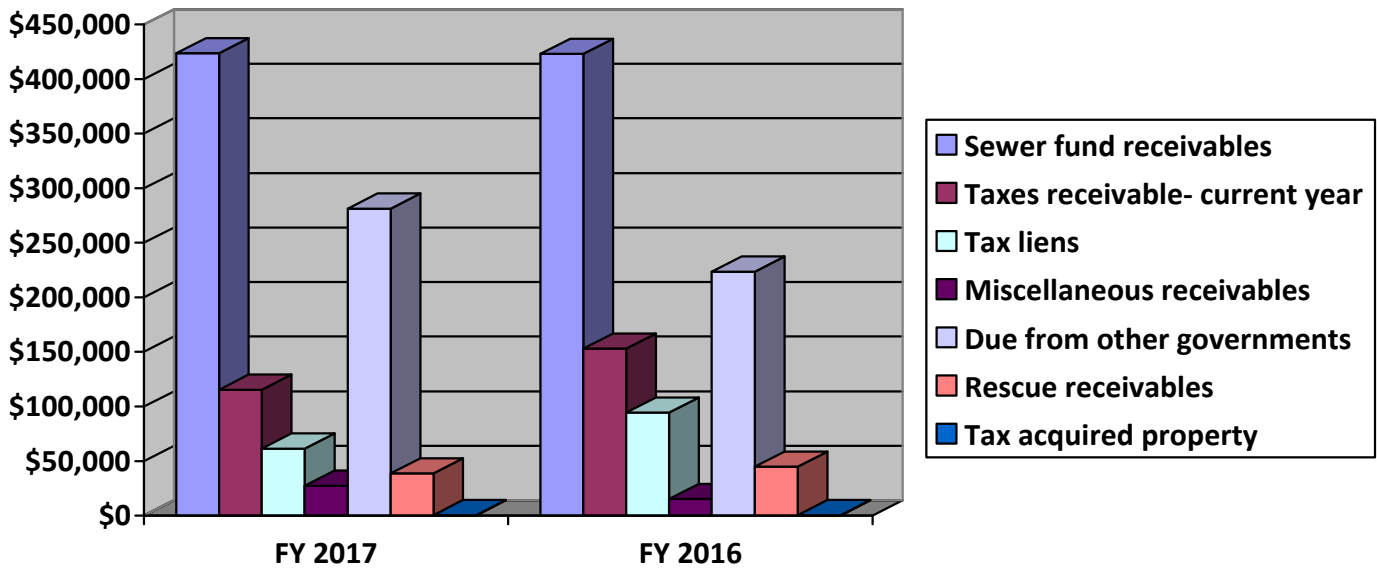
Cash and cash equivalents increased \$1,249,833, from \$14,151,639 to \$15,401,472. The increase is attributable to \$2.1 million in bond proceeds received in the current year for Town projects, some of which has not yet been spent. Otherwise cash increased as expenditures were considerably below budget and revenues exceeded forecasted amounts.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Receivables

The Town continues to have an excellent record of tax receivables, maintaining the collection rate of the levy for the current year at 99.62%. The taxes receivable amount decreased from the prior year, due to continuing cooperation from taxpayers, less delinquency, and an unemployment rate significantly below the national average. The sewer receivable increased slightly. The Town places liens on uncollected sewer fees, so eventually the entire receivable is paid.

	FY 2017	FY 2016
Sewer fund receivables	\$ 423,566	422,916
Taxes receivable- current year	115,254	153,003
Tax liens	61,404	94,440
Miscellaneous receivables	27,450	12,188
Due from other governments	281,207	223,446
Rescue receivables	38,570	44,654
Tax acquired property	206	206
Total	\$ 947,657	950,853
% Sewer	45%	44%
% Taxes and other	55%	56%



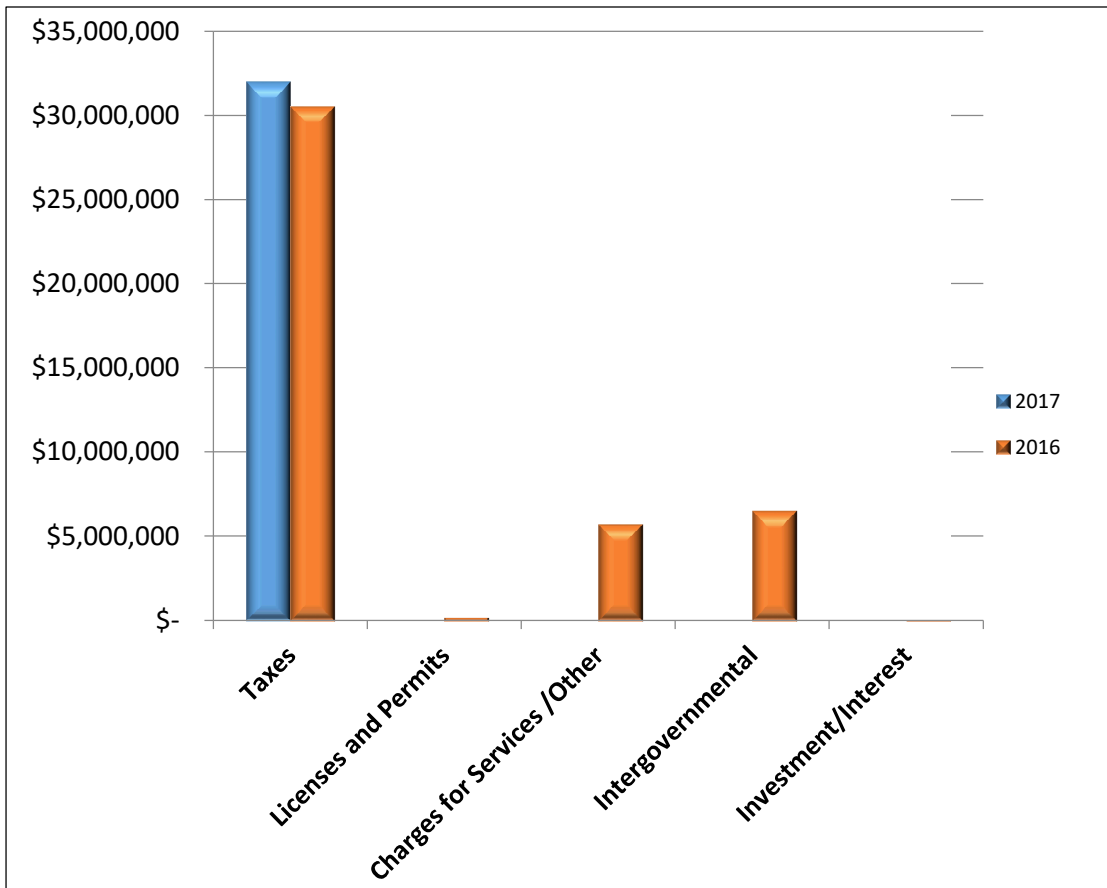
TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Governmental Fund Revenues by Major Source

Property and other taxes amounted to 71.9% of revenue in FY 2017. This compares to 71.1% in FY 2016. Intergovernmental revenues decreased \$275,422 due to a decrease in State school subsidy and State revenue sharing. Investment income increased from \$18,565 to \$133,304. Overall, revenues were up \$1,559,048 or 3.6%. This compared to an increase the year before of 2.8%. The total increase in revenue from taxes this past year was \$1,450,467 or 4.8% compared with 1.7% the previous year.

Revenues Chart

	2017	2016	\$ Change	% Change
Taxes	\$ 31,960,564	30,510,097	1,450,467	4.8%
Licenses and Permits	289,417	182,400	107,017	58.7%
Charges for Services /Other	5,866,262	5,704,015	162,247	2.8%
Intergovernmental	6,204,884	6,480,306	(275,422)	-4.3%
Investment/Interest	133,304	18,565	114,739	618.0%
	\$ 44,454,431	42,895,383	1,559,048	3.6%



TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Governmental Fund Expenditures

Expenditures changed as follows:

	2017	2016	\$ Change	% Change
General government	\$ 1,216,443	1,162,182	54,261	4.7%
Public works	1,596,387	1,548,041	48,346	3.1%
Facilities	734,445	342,480	391,965	114.4%
Public safety	2,402,061	2,207,623	194,438	8.8%
Cultural and parks	2,883,067	1,586,437	1,296,630	81.7%
Human services	53,958	83,591	(29,633)	-35.4%
Education	26,407,792	26,816,147	(408,355)	-1.5%
Intergovernmental assessments	1,268,866	1,203,042	65,824	5.5%
Insurance and benefits	1,335,329	1,246,828	88,501	7.1%
Unclassified	56,901	62,823	(5,922)	-9.4%
Sewer	1,529,221	1,505,188	24,033	1.6%
School lunch program	740,240	702,672	37,568	5.3%
Capital outlay	3,562,996	5,919,646	(2,356,650)	-39.8%
Non-school debt service	1,479,054	1,492,927	(13,873)	-0.9%
Total expenditures	\$ 45,266,760	45,879,627	(612,867)	-1.3%

Total expenditures decreased by \$612,867 or 1.3%. Education spending decreased \$408,355 or 1.5%. Spending, excluding capital outlay, increased \$1,743,783 or 4.4%.

Transfers

In FY 2017, \$32,485 was transferred from the General Fund to the Community Services Fund to cover the fund's beginning deficit. The Community Services Department was reported in the General Fund in FY 2017. The General Fund transferred a budgeted \$20,000 to the Turf Field Fund. \$87,359 was transferred from the School General Fund balance to the School Lunch Program to cover a year-end deficit. The General Fund provided a planned \$32,914 to the Land Acquisition Fund. The General Fund transferred \$11,811 in taxes raised for the purpose of the Tax Incremental Financing (TIF) Fund to that fund.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Significant Changes in Individual Fund Balances

	6/30/2017	6/30/2016	\$ Change	% Change
General Fund	\$ 7,457,211	6,348,701	1,108,510	17.5%
School Categorical Funds	92,461	87,877	4,584	5.2%
Sewer User Fund	1,910,341	1,654,969	255,372	15.4%
Community Services Fund	-	(32,485)	32,485	-100.0%
Riverside Cemetery Capital Improvements	154,505	138,098	16,407	11.9%
Fort Williams Park Fund	459,019	355,982	103,037	28.9%
Portland Head Light	869,807	802,369	67,438	8.4%
Rescue Fund	53,485	242,767	(189,282)	-78.0%
Riverside Perpetual Care	361,380	339,518	21,862	6.4%
Library Fund	275,584	273,749	1,835	0.7%
Land Acquisition Fund	21,957	142,984	(121,027)	-84.6%
Spurwink Church Fund	23,731	27,421	(3,690)	-13.5%
Thomas Jordan Fund	1,075,851	997,662	78,189	7.8%
Turf Field	214,915	194,915	20,000	10.3%
Infrastructure Improvement	391,708	306,788	84,920	27.7%
School Bonded Projects	93,090	1,111,143	(1,018,053)	-91.6%
Library Project Fund	48,630	52,228	(3,598)	-6.9%
Town Bonded Projects	980,565	-	980,565	100.0%
Tax Increment Financing	23,331	11,520	11,811	100%

The School Lunch Program finances will need to be addressed by the School Board as the fund needed a year-end transfer. The Sewer User Fund increase is the result of a fee increase and funds are planned to be spent to address a combined sewer overflow. The Thomas Jordan Fund increased due to improved market conditions. The Rescue Fund had fewer calls and higher expenditures due to the expansion of the 24/7 per diem coverage. The Portland Head Light Fund increased as a result of sales at the gift shop and museum admissions. The Infrastructure Improvement Fund was established in FY 2007 and is receiving steady income. The Land Acquisition Fund benefited from a small contribution from the General Fund, and it also had an expenditure related to land acquisition for open space. The School Bonded Projects Fund and Library Project Fund amounts are being spent down as the projects are now underway and the balances will be at or near zero one year from the issuance of this report. The Community Services Fund was absorbed into the General Fund for FY 2017. The TIF Fund was established in FY 2016, and receives annual transfers from the General Fund related to the property tax amounts received from the Town Center TIF District.

Significant Budget Variances

The annual budget had few significant budget variances this past year. Due to the improving economy, excise tax income and building permit income exceeded estimates. State revenue sharing was \$6,316 below the amount projected by the state. Assessing services revenue was down due to the relationship for services ending mid-year. On the expenditure side, school regular and special education instruction costs were at expected amounts, while transportation cost were under budget leading to the overall school budget being under spent by \$175,477. In the municipal budget, capital improvements were under spent by \$899,038, but this amount was part of the assigned fund balance increase per the carry forward provision in the Town charter.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Revenues:	Budgeted	Actual	Variance
Excise Taxes	\$ 2,035,000	2,205,662	170,662
Building And Other Permits	125,000	250,258	125,258
Education State Subsidies	2,624,954	2,673,547	48,593
Expenditures:			
Assessing, Codes and Planning	463,815	372,009	91,806
Fire Department	371,815	294,938	76,877
School Department Transportation	822,358	710,985	111,373
Capital Improvements	1,792,500	893,462	899,038

Capital Improvements

The Town undertook a number of improvements to capital assets during the year. \$292k was spent on roadway and drainage work. \$173,646 was spent on dump truck/plow replacements. \$56,600 was spent on a new van for community services, and \$51,941 for grounds equipment replacement.

Long-term Debt Activity

In the early part of the past decade, the Town completed a new police station, a new public works garage, a new community center, new Town center fire station, a new kindergarten wing of the elementary school and renovations to the high school. Net bonded debt as of June 30, 2017 stood at \$16,018,993. This equated to 0.95% of assessed value and to \$1,777 net bonded debt per capita. The ratio of debt service to general governmental expenditures was 4.74% on June 30, 2017, compared to 5.59% on June 30, 2016.

The Overall Financial Position of the Town

The overall financial condition continued to be healthy in FY 2017. With an improving economy nationally, the tax collection rate stayed above 99% of the current levy. The unassigned General Fund balance increased to a healthy \$4.6 million. The ratio of bonded debt to assessed value stayed relatively unchanged. The infrastructure is in good condition with police, fire, public works, library, and community facilities having been built or substantially remodeled since 2000. The most recent school renovation work was at the high school six years ago, with projected renovation work needed at all three facilities in the near term. 85% of all debt is to be retired in the next ten years with 100% of the debt to be retired in the next 20 years.

The Town's median household income was \$85,604, based on the 2009 – 2012 American Community Survey of the U.S. Census Bureau. Property values have continued to show stable appreciation. Unemployment in the Portland MSA was at 2.8% in July 2017, compared to a state unemployment rate of 3.7% and a national rate of 4.3%.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Matthew E Sturgis, Town Manager at the Town of Cape Elizabeth, 320 Ocean House Rd., Cape Elizabeth, Maine 04107, or by phone at 207-619-6716 or by e-mail at matthew.sturgis@capeelizabeth.org

BASIC FINANCIAL STATEMENTS

TOWN OF CAPE ELIZABETH, MAINE
Statement of Net Position
June 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 15,401,472
Investments	655,715
Receivables:	
Accounts	27,450
Due from other governments	281,207
Taxes and liens	176,864
Rescue (net of allowance for uncollectible of \$7,000)	38,570
Sewer fees (net of allowance for uncollectible of \$4,000)	423,566
Inventory	177,147
Capital assets, not being depreciated	6,262,470
Capital assets, being depreciated	37,639,129
Total assets	61,083,590
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	710,709
Total deferred outflows of resources	710,709
LIABILITIES	
Accounts payable and other current liabilities	137,670
Accrued payroll and benefits	2,223,251
Unearned revenues	197,217
Taxes collected in advance	8,282
Accrued interest	140,762
Noncurrent liabilities:	
Due within one year	1,938,248
Due in more than one year	19,083,446
Total liabilities	23,728,876
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	72,521
Total deferred inflows of resources	72,521
NET POSITION	
Net investment in capital assets	27,910,058
Restricted	1,736,395
Unrestricted	8,346,449
Total net position	\$ 37,992,902

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Activities
For the Year Ended June 30, 2017

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities
Governmental activities:					
General government	\$ 4,006,432	321,204	-	-	(3,685,228)
Public works	2,254,680	65,241	76,980	121,725	(1,990,734)
Facilities	734,445	459,115	-	-	(275,330)
Public safety	2,716,510	257,477	7,113	-	(2,451,920)
Human services	53,958	-	-	-	(53,958)
Cultural and parks	3,192,225	1,732,148	22,096	10,000	(1,427,981)
Education	26,290,674	94,013	5,322,228	-	(20,874,433)
School lunch	740,240	541,043	111,838	-	(87,359)
Sewer	1,529,221	2,166,644	-	-	637,423
Capital maintenance expenses	420,720	-	-	-	(420,720)
Interest on debt	317,950	-	-	-	(317,950)
Total governmental activities	42,257,055	5,636,885	5,540,255	131,725	(30,948,190)
General revenues:					
					29,613,103
					2,205,662
					32,799
					140,629
Grants and contributions not restricted to specific programs:					
					410,284
					233,851
					73,755
					133,304
					203,179
					33,046,566
					Change in net position
					2,098,376
					Net position - beginning
					35,894,526
					Net position - ending
					\$ 37,992,902

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Balance Sheet
Governmental Funds
June 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 14,175,071	1,226,401	15,401,472
Investments	-	655,715	655,715
Receivables:			
Accounts	27,450	-	27,450
Due from other governments	28,280	252,927	281,207
Taxes receivable - current year	115,254	-	115,254
Tax liens	61,404	-	61,404
Tax acquired property	206	-	206
Rescue (net of allowance for uncollectible of \$7,000)	-	38,570	38,570
Sewer fees (net of allowance for uncollectible of \$4,000)	-	423,566	423,566
Inventory	-	177,147	177,147
Interfund loans receivable	-	4,530,205	4,530,205
Total assets	\$ 14,407,665	7,304,531	21,712,196
LIABILITIES			
Accounts payable and other current liabilities	140,590	2,600	143,190
Accrued payroll and benefits	2,188,151	35,100	2,223,251
Unearned revenue	175,407	21,810	197,217
Taxes collected in advance	8,282	-	8,282
Interfund loans payable	4,330,024	194,661	4,524,685
Total liabilities	6,842,454	254,171	7,096,625
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	108,000	-	108,000
Total deferred inflows of resources	108,000	-	108,000
FUND BALANCES			
Nonspendable	-	151,669	151,669
Restricted	1,251,929	484,466	1,736,395
Committed	-	5,408,993	5,408,993
Assigned	1,555,880	1,005,232	2,561,112
Unassigned	4,649,402	-	4,649,402
Total fund balances	7,457,211	7,050,360	14,507,571
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,407,665	7,304,531	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			43,901,599
Other long-term assets are not available to pay for current period expenditures and, therefore, are unearned revenues in the funds.			108,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:			
Compensated absences payable			(1,313,132)
Accrued interest			(140,762)
Other postemployment benefits liability			(598,308)
Net pension liability and related deferred inflows and outflows of resources			(1,406,870)
Capital leases			(501,757)
Premium on bonds payable			(544,446)
Bonds payable			(16,018,993)
Net position of governmental activities			\$ 37,992,902

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 31,960,564	-	31,960,564
Licenses and permits	289,417	-	289,417
Intergovernmental	5,643,629	561,255	6,204,884
Rental and fees income	-	276,617	276,617
Charges for services	1,412,108	3,653,544	5,065,652
Local grants and contributions	-	174,986	174,986
Other	343,808	5,199	349,007
Investment income	22,729	110,575	133,304
Total revenues	39,672,255	4,782,176	44,454,431
Expenditures:			
Current:			
General government	1,202,343	14,100	1,216,443
Public works	1,596,387	-	1,596,387
Facilities	727,644	6,801	734,445
Public safety	1,935,217	466,844	2,402,061
Cultural and parks	2,251,089	631,978	2,883,067
Human services	50,663	3,295	53,958
Education	25,810,069	597,723	26,407,792
Intergovernmental assessments	1,268,866	-	1,268,866
Insurance and benefits	1,335,329	-	1,335,329
Unclassified	56,901	-	56,901
School lunch	-	740,240	740,240
Sewer	-	1,529,221	1,529,221
Capital outlay	1,081,257	2,481,739	3,562,996
Debt service:			
Principal and interest	1,224,193	254,861	1,479,054
Total expenditures	38,539,958	6,726,802	45,266,760
Excess (deficiency) of revenues over (under) expenditures	1,132,297	(1,944,626)	(812,329)
Other financing sources (uses):			
Proceeds from lease	90,782	-	90,782
Proceeds from bonds	-	2,100,000	2,100,000
Premium on issuance of bonds	-	72,912	72,912
Transfers to other funds	(114,569)	114,569	-
Total other financing sources (uses)	(23,787)	2,287,481	2,263,694
Net change in fund balances	1,108,510	342,855	1,451,365
Fund balances, beginning of year	6,348,701	6,707,505	13,056,206
Fund balances, end of year	\$ 7,457,211	7,050,360	14,507,571

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds (from Statement 4)	\$	1,451,365
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$3,705,126) exceeded depreciation expense (\$2,034,064) and the loss on disposal of assets (\$9,500).</p>		
		1,661,562
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable revenues - property taxes.</p>		
		(109,000)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. This is the change in accrued compensated absences (\$249,921); the change in accrued interest (\$12,803); the change in other postemployment benefits liability (\$65,623); and the change in the net pension liability, including changes in deferred inflows and outflows (\$256,092).</p>		
		(584,439)
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount by which current year proceeds (\$2,100,000) and premium on bonds issued (\$72,912) exceed current year repayments (\$1,650,648) and amortization on premiums (\$37,206).</p>		
		(485,058)
<p>Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which capital lease payments (\$254,728) exceeded capital lease proceeds (\$90,782).</p>		
		163,946
Change in net position of governmental activities (see Statement 2)		\$ 2,098,376

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2017

	Budgeted amounts		Actual	Variance with final budget positive negative
	Original	Final		
Revenues:				
Taxes	\$ 31,677,103	31,677,103	31,960,564	283,461
Licenses and permits	164,500	164,500	289,417	124,917
Intergovernmental	3,471,809	3,471,809	3,506,445	34,636
Charges for services	1,478,115	1,478,115	1,412,108	(66,007)
Other	329,515	329,515	343,808	14,293
Investment income	35,000	35,000	22,729	(12,271)
Total revenues	37,156,042	37,156,042	37,535,071	379,029
Expenditures:				
Current:				
General government	1,908,538	1,948,038	1,202,343	745,695
Public works	1,701,405	1,701,405	1,596,387	105,018
Facilities	747,765	797,765	727,644	70,121
Public safety	2,090,879	2,090,879	1,935,217	155,662
Cultural and parks	2,330,655	2,484,455	2,251,089	233,366
Human services	53,659	53,659	50,663	2,996
Education	23,959,063	23,959,063	23,786,659	172,404
Intergovernmental assessments	1,268,646	1,268,646	1,268,866	(220)
Insurance and benefits	1,487,000	1,487,000	1,335,329	151,671
Unclassified	12,500	32,715	56,901	(24,186)
Capital improvements	950,000	1,792,500	893,462	899,038
Debt service	1,368,908	1,368,908	1,224,193	144,715
Total expenditures	37,879,018	38,985,033	36,328,753	2,656,280
Excess (deficiency) of revenues over (under) expenditures	(722,976)	(1,828,991)	1,206,318	3,035,309
Other financing sources (uses):				
Transfer from special revenue funds	25,000	25,000	25,000	-
Transfer from capital projects	-	-	85,000	85,000
Transfer to special revenue funds	(72,299)	(72,299)	(159,844)	(87,545)
Transfer to capital projects funds	(54,725)	(54,725)	(64,725)	(10,000)
Carryforward balances and subsequent authorizations	-	1,106,015	-	(1,106,015)
Utilization of prior year surplus - School	450,000	450,000	-	(450,000)
Utilization of prior year surplus - Town	375,000	375,000	-	(375,000)
Total other financing uses	722,976	1,828,991	(114,569)	(1,943,560)
Net change in fund balance	-	-	1,091,749	1,091,749
Reconciliation to GAAP:				
Change in encumbrances			16,761	
Fund balance, beginning of year			6,348,701	
Fund balance, end of year	\$		7,457,211	

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private- purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 92,819	232,785
Total assets	92,819	232,785
LIABILITIES		
Interfund loans payable	5,520	-
Due to student groups	-	232,785
Total liabilities	5,520	232,785
NET POSITION		
Held in trust	\$ 87,299	-

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

		Private- purpose Trust Funds
Additions:		
Donations	\$	17,085
Interest earned		433
Total additions		17,518
Deductions:		
Other deductions		2,122
School scholarships		2,535
Total deductions		4,657
Change in net position		12,861
Net position, beginning of year		74,438
Net position, end of year	\$	87,299

See accompanying notes to basic financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Cape Elizabeth, Maine was incorporated in 1765 and operates under a Council-Manager form of government, adopted by charter in 1967. Cape Elizabeth is located approximately five miles southeast of Portland along the southern Maine coast. The Council is comprised of seven members elected at-large for staggered three-year terms.

The accounting policies of the Town of Cape Elizabeth, Maine conform to accounting principles generally accepted in the United States of America as applicable to government entities. The following is a summary of the more significant of such policies:

A. Reporting Entity

This report includes all funds of the Town. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended component unit. The Museum at the Portland Head Light is a nonprofit 501 (c)(3), which is governed by a board of directors made up of Town Councilors. In addition, the management of the Town is responsible for the operations of the Museum and the Museum is treated as a department of the Town. The Museum is reported as a special revenue fund and does not issue separate financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among programs, functions, and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for property taxes and one year for all others. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental fund:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Town reports the following fund type:

Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. The funds are used to account for assets that the Town holds for others in an agency capacity.

Private-purpose trust funds are used to account for resources legally held in trust for the benefit of others.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are special revenue funds overhead reimbursements and charges between the Town's sewer fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Equity

Cash and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits and time deposits. Investments are stated at fair value.

Interfund Loans Receivable/Payable - Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans or as interfund advances (i.e., the noncurrent portion of interfund loans).

Inventory - Inventory in the Portland Head Light Fund and the School Lunch Program consists of gift shop merchandise, food, and supplies and is valued at the lower of cost (first-in, first-out basis) or market, and is offset with a non-spendable fund balance for inventories. Inventories of the School Lunch Program include the value of the U. S. Department of Agriculture commodities donated to the program.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of one year and with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the assets' estimated useful lives ranging from three to 60 years.

Deferred Inflows and Outflows of Resources - In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report a deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences - Under the terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. All vacation and sick time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan), Maine Public Employees Retirement System Participating Local District (Withdrawn PLD) Plan, and Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity - Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent.

The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources that are subject to limitations the government imposes on itself at its highest level of decision-making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Town Council has the responsibility for committing fund balance amounts by vote and likewise would be required to modify or rescind those commitments by a similar vote. For assigned fund balance amounts, the Town Manager has the authority to assign unspent budgeted amounts to specific purposes in the General Fund at year-end. The Town Council approves the assigned amounts either before or after year-end.

Currently, the Town has a fund balance policy under which the Town will seek to have an unassigned General Fund fund balance of 8.33% of annual General Fund operating revenues. If the unassigned municipal (excluding schools) fund balance target is exceeded, excess fund balance between 100%-115% of the target shall be used to reduce the tax commitment in the next budget.

Any amount over 115% of the target may be committed or assigned for any capital need or unanticipated expenditures or may be placed in an assigned fund for future property tax relief. In addition, in those years in which the General Fund fund balance is less than the targeted percentage, the balance may not be used to support the annual budget or for capital needs if unassigned fund balance as a percentage of operating revenues would be lower than prior year's unassigned fund balance as a percentage of the prior year's operating revenues.

Should there be multiple sources of funding available for a particular purpose, it is the Town's policy to expend currently budgeted resources first, and then use other sources in the order of restricted, then committed, then assigned amounts.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses in the reimbursing fund as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Use of Estimates - Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Comparative Data/Reclassifications - Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Net Position - Net position represents the difference between assets, deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Town's net investment in capital assets was calculated as follows at June 30, 2017:

Capital assets	\$ 79,399,025
Accumulated depreciation	(35,497,426)
General obligation bonds and premiums	(16,563,439)
Capital leases	(501,757)
Unspent bond proceeds	1,073,655
Net investment in capital assets	\$ 27,910,058

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

Budgets are adopted for the General Fund and several of the special revenue funds, and are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for encumbrances and Maine Public Employees Retirement on-behalf payments. Maine Public Employees Retirement contributions are made by the State of Maine on behalf of the Cape Elizabeth School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under accounting principles generally accepted in the United States of America of \$2,040,171. These amounts have been included as inter-governmental revenue and education expenditures in the General Fund on Statement 4 (GAAP basis) and on the statement of activities. There is no effect on the fund balance or net position at the end of the year.

Each year, the Town Manager submits to the Town Council a budget for the ensuing fiscal year and an accompanying message. The Manager's message explains the budget both in fiscal terms and in terms of the work programs. It outlines the proposed financial policies of the Town for the coming fiscal year, describes the important features of the budget, indicates any major changes from the current year in financial policies, expenditures, and revenues, together with the reasons for such changes, summarizes the Town's debt position, and includes such other material as the Manager deems desirable. It also describes the tax impact of the proposed budget.

The School Department prepares a budget based on the 11 budget categories required by the Maine Department of Education. The budget goes to a public referendum and is passed either in part or in whole; and those parts that do not pass are resubmitted to public vote. Once all categories of the School Department budget pass the public vote, it is adopted by School Board vote and incorporated in the Town's budget. Hearings are held to obtain public comments on the Town's budget. The budget is legally enacted by a council order for the total Town and the total School appropriation.

In addition, separate orders are adopted for the Community Services Fund, Sewer Fund, Portland Head Light Fund, Spurwink Church Fund, Riverside Cemetery Fund, Rescue Fund, and the Thomas Jordan Fund. The level of control (level at which expenditures may not exceed budget) is the Department. Once adopted, only the Town Council can amend the budget.

At the end of the fiscal year, every General Fund appropriation that has not been expended or encumbered will lapse, except for appropriations for capital expenditures, which do not lapse until the purposes for which they were appropriated have been accomplished or abandoned.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2017, expenditures exceeded appropriations in the following areas:

Intergovernmental assessments	\$ 220
Unclassified	24,186

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does have a deposit policy for custodial credit risk that requires that the FDIC insure the deposit of funds in institutions. Any funds deposited above the \$250,000 insurance limit must be collateralized by the financial institution, or the excess funds be placed with other financial institutions. As of June 30, 2017, the Town reported deposits of \$15,727,076 with a bank balance of \$16,821,711. None of the Town's bank balances were exposed to custodial credit risk as they were covered by FDIC or additional insurance purchased on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 15,401,472
Reported in fiduciary funds	325,604
<u>Total deposits</u>	<u>\$ 15,727,076</u>

B. Investments

Interest Rate Risk: The Town, in accordance with its investment policy, strives to maximize its return on investments while avoiding assuming unreasonable investment risks.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2017:

(1) Mutual funds of \$655,715 are valued using quoted prices (Level 1 input). In addition, mutual funds are not considered securities and therefore, are exempt from credit risk disclosures.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

PROPERTY TAXES

Property taxes for the current year were committed on August 5, 2016 on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Interest was charged at 7% on all taxes unpaid as of October 3, 2016 and April 3, 2017. Assessed values are periodically established by the Town's Assessor at 100% of assumed market value.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$381,136 for the year ended June 30, 2017.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remained unpaid.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as unavailable revenues – property taxes.

The following summarizes the 2017 and 2016 levy:

	<u>2017</u>	<u>2016</u>
Assessed valuation:		
Land	\$ 704,880,300	713,981,000
Buildings	976,646,100	962,067,700
Personal property	6,791,900	6,806,100
Total assessed valuation	\$ 1,688,318,300	1,682,854,800
Assessed valuation	\$ 1,688,318,300	1,682,854,800
Tax rate (per \$1,000)	17.54	16.88
Commitment	29,613,103	28,406,589
Supplemental taxes assessed	-	15,301
Total tax levy	29,613,103	28,421,890
Change in unavailable tax revenues	109,000	(22,000)
Total property tax revenues	29,722,103	28,399,890
Less:		
Collections and abatements	29,606,849	28,246,887
Current year receivables at June 30,		
2017 and 2016	\$ 115,254	153,003
Due date(s)	10/3/2016 4/3/2017	10/1/2015 4/1/2016
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	99.62%	99.53%

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,124,913	149,918	-	1,274,831
Construction in progress	5,610,704	1,766,965	2,390,030	4,987,639
Total capital assets, not being depreciated	6,735,617	1,916,883	2,390,030	6,262,470
Capital assets, being depreciated:				
Artwork	-	10,000	-	10,000
Land improvements	974,298	28,000	10,000	992,298
Buildings and building improvements	41,071,745	3,158,655	-	44,230,400
Furniture and equipment	2,139,093	410,150	-	2,549,243
Vehicles	5,030,853	277,054	-	5,307,907
Infrastructure	19,752,293	294,414	-	20,046,707
Total capital assets being depreciated:	68,968,282	4,178,273	10,000	73,136,555
Less accumulated depreciation for:				
Artwork	-	250	-	250
Land improvements	432,178	65,690	500	497,368
Buildings and building improvements	19,748,240	1,152,384	-	20,900,624
Furniture and equipment	1,219,307	108,170	-	1,327,477
Vehicles	3,301,401	303,242	-	3,604,643
Infrastructure	8,762,736	404,328	-	9,167,064
Total accumulated depreciation	33,463,862	2,034,064	500	35,497,426
Total capital assets being depreciated, net	35,504,420	2,144,209	9,500	37,639,129
Governmental activities capital assets, net	\$ 42,240,037	4,061,092	2,399,530	43,901,599

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 16,880
Public safety	240,629
Public works, including depreciation of general infrastructure assets	658,293
Education	837,580
Cultural and parks	280,682
Total depreciation expense – governmental activities	\$ 2,034,064

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

INTERFUND BALANCES

Individual interfund receivables and payables at June 30, 2017 were as follows:

	<u>Interfund loans receivables</u>	<u>Interfund loans payables</u>
General Fund	\$ -	4,330,024
Nonmajor special revenue funds:		
School Categorical Programs	-	99,769
School Lunch Program	-	29,265
Sewer User Fund	1,486,775	-
Portland Head Light	720,738	-
Rescue Fund	14,915	-
Riverside Perpetual Care	22,240	-
Library Fund	27,099	-
Thomas Jordan Fund	-	59,909
Spurwink Church Fund	-	5,718
Total nonmajor special revenue funds	2,271,767	194,661
Nonmajor capital project funds:		
Riverside Cemetery Capital Improvements	25,223	-
Tax Increment Financing	23,331	-
School Bonded Projects	93,090	-
Library Project	48,630	-
Town Bonded Projects	980,565	-
Land Acquisition	21,957	-
Infrastructure Improvement	391,708	-
Turf Field	214,915	-
Fort Williams Park	459,019	-
Total nonmajor capital project funds	2,258,438	-
Fiduciary funds:		
School Scholarship Trust	-	2,438
Zimpritch Library Trust	-	3,082
Total fiduciary funds	-	5,520
 Totals	 \$ 4,530,205	 4,530,205

With the exception of certain trust funds, all cash of the Town is co-mingled in centralized cash accounts maintained within the General Fund, the practice of which results in the interfund balances listed above.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

INTERFUND BALANCES, CONTINUED

Individual fund transfers for the year ended June 30, 2017 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	114,569
Nonmajor special revenue funds:		
School Lunch Program	87,359	-
Community Services Fund	32,485	-
Rescue Fund	40,000	-
Thomas Jordan Fund	-	25,000
<u>Total nonmajor special revenue funds</u>	<u>159,844</u>	<u>25,000</u>
Nonmajor capital project funds:		
Tax Increment Financing	11,811	-
Town Bonded Projects	-	85,000
Land Acquisition	32,914	-
Turf Field	20,000	-
<u>Total nonmajor capital project funds</u>	<u>64,725</u>	<u>85,000</u>
<u>Totals</u>	<u>\$ 224,569</u>	<u>224,569</u>

These transfers were budgeted transfers to fund certain activities, except for the transfer to the School Lunch Fund and the transfer from the Town bonded projects. The transfer to the School Lunch fund was done to cover the year-end deficit, and the transfer from the Town bonded projects was to reimburse pre-construction costs paid out of the General Fund.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 15,569,641	2,100,000	1,650,648	16,018,993	1,783,697
Premium	508,740	72,912	37,206	544,446	40,245
<u>Total bonds payable</u>	<u>16,078,381</u>	<u>2,172,912</u>	<u>1,687,854</u>	<u>16,563,439</u>	<u>1,823,942</u>
Capital leases	665,703	90,782	254,728	501,757	114,306
Net pension liability	1,523,451	521,607	-	2,045,058	-
Other postemployment benefits	532,685	65,623	-	598,308	-
Accrued compensated absences	1,063,211	249,921	-	1,313,132	-
<u>Governmental activity long-term liabilities</u>	<u>\$ 19,863,431</u>	<u>3,100,845</u>	<u>1,942,582</u>	<u>21,021,694</u>	<u>1,938,248</u>

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT

Long-term debt payable at June 30, 2017 is comprised of the following:

	<u>Amount of Original issue</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
General obligation bonds:				
2006 Clean Water Revolving Fund	\$ 3,510,000	1.73%	2026	1,728,993
2006 Sewer bond	1,890,000	1.90%-5.50%	2027	945,000
2008 Capital improvements	2,550,000	3.25%-4.13%	2028	1,380,000
2009 Refunding bond	2,899,639	2.00%-2.75%	2020	865,000
2011 Refunding bond	2,110,000	2.00%-2.70%	2021	800,000
2012 Refunding bond	780,000	2.00%-2.50%	2022	380,000
2014 Refunding bond	4,190,000	2.00%-4.00%	2025	2,920,000
2015 General obligation bond	5,450,000	3.00%-3.25%	2035	4,900,000
2016 General obligation bond	2,100,000	3.00%-4.00%	2037	2,100,000
				\$ 16,018,993

The Town is in compliance with all significant limitations and restrictions contained in the various bond indentures.

The annual requirements to amortize all debt outstanding at June 30, 2017 are as follows. Such amounts exclude overlapping debt requirements, but include School debt requirements to be reimbursed by the State of Maine.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,783,697	475,964	2,259,661
2019	1,776,796	451,962	2,228,758
2020	1,764,950	399,430	2,164,380
2021	1,483,158	336,806	1,819,964
2022	1,286,422	289,560	1,575,982
2023-2027	4,938,970	857,336	5,796,306
2028-2032	1,825,000	335,531	2,160,531
2033-2037	1,160,000	79,438	1,239,438
	\$ 16,018,993	3,226,027	19,245,020

The State of Maine currently reimburses the Town for a portion of financing costs of school building and school bus purchases. Continuation of such reimbursements is dependent upon continued appropriations by the State Legislature.

In prior years, the Town defeased school renovation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2017, \$3,130,000 of defeased bonds remain outstanding.

STATUTORY DEBT LIMIT

In accordance with Maine law, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. At June 30, 2017, the Town complied with these limitations.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL LEASES

The Town has entered into nine lease agreements as lessee for financing of computers and technology equipment, copiers, boilers and buses. The lease agreements contain fiscal funding clauses that permit the Town to terminate the agreements on an annual basis if funds are not appropriated. However, these lease agreements qualify as capital leases, and therefore, have been recorded in the Town's statement of net position at the present value of the future minimum lease payments as of the date of their inception.

The following is a summary of equipment leased under capital lease agreements by the Town as of June 30, 2017:

Boilers	\$ 580,000
Buses	365,005
Copiers	201,551
Computers and technology equipment	113,694

The computer and technology equipment and copiers were not capitalized as they are below the Town's capitalization threshold.

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2017:

Fiscal year ending	
<u>June 30,</u>	
2018	\$ 127,999
2019	96,517
2020	65,632
2021	65,632
2022	65,632
2023-2024	<u>131,263</u>
Total minimum lease payments	552,675
<u>Less amounts representing interest</u>	<u>(50,918)</u>
Present value of future minimum	
 <u>lease payments</u>	<u>\$ 501,757</u>

COMMITMENTS

As of June 30, 2017, the Town had ongoing commitment for the Recycling Center project with a balance-of-contract remaining of \$847,293 as of June 30, 2017. The Town also had various other projects that had not yet been completed as of June 30, 2017, for which the outstanding contracts were insignificant.

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

Cumberland County - The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's state valuation to the County's state valuation. At June 30, 2017, the Town's share is \$1,701,593 (4.55%) of Cumberland County's outstanding debt of \$37,435,000.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

Portland Water District - The Town is served by the Wastewater Division of the Portland Water District (PWD), a wholly separate quasi-municipal entity whose operations are not part of the Town, for treatment of its wastewater. The Town owns and maintains the collector sewer lines and is responsible for the cost of their maintenance, improvements, and expansion. The PWD owns and operates a sewer interceptor system, all pumping stations within the Town and a treatment plant in the Town for sewage delivered to the plant by the Town, for which the Town pays a monthly fee.

The Town is responsible for the entire debt service required to finance the PWD's treatment plant at the Spurwink Avenue Treatment Plant (Wastewater Fund Debt). All Town users of the wastewater system pay monthly fees, based upon water volume, to support expenditures from the Sewer Fund, which are paid for these services. At June 30, 2017, the Town was responsible for \$2,550,500 of its portion of PWD's Wastewater Fund Debt (or 6.27% of PWD's \$40,709,282 total Wastewater Fund Debt).

Other Contingencies

Portland Water District Debt - The Water Division of the PWD also provides water to the inhabitants of ten cities and towns within the Greater Portland Area (PWD Municipalities), including the Town. The Water Division's debt is not a debt or obligation of the Town. However, under Title 35-A, Section 6103 of the Maine Revised Statutes, as amended (Act), and pursuant to an agreement with nine of the ten PWD municipalities, the exception being the Town of Standish (Section 6103 Members), in compliance with subsection 6 of the Act, the PWD possesses authority for taxation in the event of default in the payment of the indebtedness of the PWD incurred for water purposes (Water Fund Debt).

In the event of a default by PWD in the payment of the principal of, in interest on, its Water Fund Debt, the Trustees of the PWD have the authority to issue a warrant for payment of amounts necessary to cure the default to the assessors in each section 6103 Member municipality within the PWD, including the Town.

Such assessment is allocated pro-rata, to each Section 6103 Member municipality based upon 100% of its respective equalized State Valuation. On this basis, at June 30, 2017, the Town was contingently responsible for approximately 6.83%, or \$3,140,439, of the PWD's \$45,980,073 Water Fund Debt.

Portland Water District Combined Sewer Overflows - The Portland Water District currently owns and operates the Ottawa Road Pump Station, which processes sanitary waste for both the Town of Cape Elizabeth and the City of South Portland. In 2009, the State of Maine Department of Environmental Protection (DEP) contacted the three entities about combined sewer outflows (CSOs) associated with the pump station.

Combined sewer overflows occur during storm events when a mixture of wastewater and storm water runoff overflows the combined sewer collection system before receiving treatment at a licensed wastewater treatment facility. These discharges of diluted untreated wastewater violate both State and Federal water pollution laws. Municipalities or Sewer Districts that have CSOs are required to license them with the DEP. License requirements direct these communities to evaluate their CSO problems and determine cost effective solutions to abate them.

The three entities submitted a master plan for the CSOs from the pump station to the DEP, which the DEP approved in July 2013 and authorized the three entities to begin working on the abatement of CSOs. The plan is to be implemented over five years, beginning in fiscal year 2014 and ending in fiscal year 2018. The costs will be split 33% for the City of South Portland and 67% between the Town of Cape Elizabeth and the Water District.

In 2017, the Town recognized \$158,897 in expenditures related to the combined sewer overflow at Ottawa Road.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

ecomaine - ecomaine is a solid waste management corporation service 40 municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 21 member communities, ecomaine creates electricity through its processing of waste and operates an extensive recycling program.

The Town is a member community in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore; has not reported an asset in these financial statements in connection with its participation in ecomaine.

Selected balance sheet information for ecomaine for the year ended June 30, 2017 based on the most recent information available, includes total assets of \$64,040,233 total liabilities of \$17,454,918 and unrestricted net position of \$18,547,554. The liabilities include an accrual for landfill closure and postclosure care amounting to \$14,564,514. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date. The separate audited financial statements of ecomaine may be obtained from the Town's finance office.

School Department Contingency - In 2017, a parent of a special education student filed for due process seeking reimbursement for expenses incurred as a result of placing the student in a private school. The due process hearing has been scheduled in January 2018. The outcome of the due process hearing is unknown at this time, although possible remedies should the parent prevail would include reimbursement of private school tuition and related costs, including travel, compensatory education, and/or attorney fees.

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town carries commercial insurance, either participates in a public entity risk pool, or is effectively self-insured. Currently, the Town participates in a public entity and self-insured risk pool sponsored by the Maine Municipal Association.

Based on the coverage provided by the pools described above, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2017.

POSTCLOSURE CARE COSTS

Under existing state law, Maine communities have to close existing landfills under a state approved plan and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town closed its existing landfill during 1998 and the transfer station was modified to handle and transport future materials. The Town has estimated that there will be no significant postclosure care costs.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

FUND BALANCES

At June 30, 2017, portions of the Governmental Funds fund balances were assigned, committed or restricted for future periods or classified as nonspendable for specific amounts as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Non-major special revenue funds:			
Portland Head Light – inventory	\$ -	151,669	151,669
Total nonspendable	-	151,669	151,669
Restricted:			
Education	1,249,429	-	1,249,429
Town grants and donations	2,500	-	2,500
Nonmajor special revenue funds:			
School grants	-	92,461	92,461
Library	-	275,584	275,584
Nonmajor capital project funds:			
Tax increment financing	-	23,331	23,331
School bonded projects	-	93,090	93,090
Total restricted	1,251,929	484,466	1,736,395
Committed:			
Nonmajor special revenue funds:			
Sewer	-	1,910,341	1,910,341
Portland Head Light	-	718,138	718,138
Rescue	-	53,485	53,485
Riverside perpetual care	-	361,380	361,380
Thomas Jordan	-	1,075,851	1,075,851
Spurwink church	-	23,731	23,731
Nonmajor capital project funds:			
Library project	-	48,630	48,630
Town bonded projects	-	980,565	980,565
Land acquisition	-	21,957	21,957
Turf field	-	214,915	214,915
Total committed	-	5,408,993	5,408,993
Assigned:			
Capital projects:			
Records preservation	4,500	-	4,500
GIS improvements	20,700	-	20,700
Code enforcement software	8,681	-	8,681
Debt service payment	144,714	-	144,714
Contracted PSAP	4,999	-	4,999
Minor equipment, fire department truck body	6,000	-	6,000
Pavement markings	25,000	-	25,000
Part time payroll	5,300	-	5,300

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

FUND BALANCES, CONTINUED

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
Assigned, continued:			
Family fun day	\$ 11,700	-	11,700
Richards pool building maintenance	15,000	-	15,000
Professional services	5,000	-	5,000
Greenbelt trails maintenance	24,200	-	24,200
Professional services	22,700	-	22,700
Fort Williams park building repairs	8,000	-	8,000
Fort Williams park stonewall repairs	5,000	-	5,000
Professional services	39,800	-	39,800
Police cruiser replacement	7,100	-	7,100
Roadway and drainage repairs	293,800	-	293,800
Sidewalk improvements	48,700	-	48,700
Computer upgrades	3,800	-	3,800
Town hall exterior repairs	12,500	-	12,500
Original library building	142,500	-	142,500
Town hall meeting spaces/office spaces	105,200	-	105,200
Police radios	5,000	-	5,000
PD computer replacement	5,000	-	5,000
Wetteam boat replacement	80,000	-	80,000
Town hall main stairwell	63,250	-	63,250
Harbors committee	8,888	-	8,888
Paper streets technical study	3,350	-	3,350
2019 comprehensive plan	54,011	-	54,011
Fuel donation account	4,487	-	4,487
Community services supplies	15,000	-	15,000
Town – re-appropriation of fund balance	352,000	-	352,000
Nonmajor capital project funds:			
Riverside Cemetery capital improvements	-	154,505	154,505
Infrastructure improvement	-	391,708	391,708
Fort Williams Park	-	459,019	459,019
Total assigned	\$ 1,555,880	1,005,232	2,561,112

TAX INCREMENT FINANCING DISTRICT

Under Maine law, the Town has established a Tax Increment Financing District (TIF) to finance improvements within the Town of Cape Elizabeth. The District specifically encompasses the Town center and surrounding areas. The purpose of the District is to fund certain improvements to the Town center, including improved sidewalk connections, a study and plan for storm water improvements, open space, improved visual appeal, and infrastructure improvements. TIF improvements are to be funded through a combination of funds previously set aside for infrastructure improvements, grants, and the incremental value multiplied by the tax rate. The incremental value is defined as the increase of the current valuation over the original assessed value of \$673,400. For the year ended June 30, 2017, taxes raised are \$11,811 and there were no TIF related expenditures.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)

General Information about the Pension Plan

Plan Description - The Town's police officers and sergeants are provided a pension through the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and teaching-certified employees of the Town are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS). In addition, all Town employees who were previously in the Town's District Group (prior to the Town opting out of the Maine Public Employees Retirement System) are eligible to participate in the system as part of a withdrawn Participating Local District, a single employer agent defined benefit pension plan. Benefit terms are established in Maine statute. MEPEERS issues a publicly available financial report that can be obtained at www.mainepeers.org for the PLD and SET plans.

New employees not eligible to participate in the Maine Public Employees Retirement System participate in the Town's ICMA Plan.

Benefits Provided - The PLD, Withdrawn PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). For SET members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan). Under the withdrawn PLD, employees are eligible for normal retirement upon attaining age 60 with ten or more years of service or after completing 25 or more years of creditable service prior to age 60.

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Consolidated PLD Plan - Employees are required to contribute 8.00% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2017 was 9.10% of annual pay for the Special Plan 2-C. Contributions to the pension plan from the Town were \$79,005 for the year ended June 30, 2017.

SET Plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2017, was 13.38% of annual payroll of which 3.36% of payroll was required from the Town and 10.02% was required from the State. Contributions to the pension plan from the Town were \$427,368 for the year ended June 30, 2017.

Withdrawn Plan - Employees are required to contribute 6.50% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2017 was 1,575.40% of annual pay for the Withdrawn PLD. The amounts paid include "catch up" amounts to fully fund the IUUAL. Contributions to the pension plan from the Town were \$97,368 for the year ended June 30, 2017.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities for the consolidated PLD and SET plans were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

Consolidated PLD Plan - At June 30, 2017, the Town reported a liability of \$875,619 for its proportionate share of the net pension liability. At June 30, 2016, the Town's proportion of the PLD Plan was 0.1648%.

SET Plan - At June 30, 2017, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 215,232
State's proportionate share of the net pension liability associated with the Town	18,455,085
Total	\$ 18,670,317

At June 30, 2016, the Town's proportion of the SET Plan was 0.0122%.

Changes in the Withdrawn PLD net pension liability are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2016	\$ 6,169,879	5,296,901	872,978
Changes for the year:			
Service cost	12,145	-	12,145
Interest	419,966	-	419,966
Differences between expected and actual experience	(267,896)	-	(267,896)
Change in assumption	49,534	-	49,534
Contributions – employer	-	123,168	(123,168)
Contributions – employee	-	2,877	(2,877)
Net investment income	-	10,948	(10,948)
Benefit payments, including refunds of employee contributions	(582,633)	(582,633)	-
Administrative expense	-	(4,473)	4,473
Net changes	(368,884)	(450,113)	81,229
Balance at June 30, 2017	\$ 5,800,995	4,846,788	954,207

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

For the year ended June 30, 2017, the Town recognized pension expense of \$124,400 for the Consolidated PLD Plan, \$177,580 for the withdrawn PLD plan, and \$1,832,324 for the SET plan, with revenue of \$1,274,471 for support provided by the State.

At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	41,945
Changes of assumptions	88,335	-
Net difference between projected and actual earnings on pension plan investments	-	30,576
Changes in proportion and differences between Town contributions and proportionate share of contributions	18,633	-
Town contributions subsequent to the measurement date	603,741	-
Total	\$ 710,709	72,521

An amount of \$603,741 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2018	\$ (187)
2019	(24,461)
2020	62,986
2021	(3,891)

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Consolidated PLD Plan</u>	<u>SET Plan</u>	<u>Withdrawn PLD Plan</u>
Inflation	2.75%	2.75%	2.75%
Salary Increases, per year	2.75% to 9.00%	2.75 to 14.50%	2.75%
Investment return, per annum, compounded annually	6.875%	6.875%	6.875%
Cost of living benefit increases, per annum	2.20%	2.20%	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 6.875% for the PLD Plan, the SET Plan, and the withdrawn PLD.

The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED

Sensitivity of the Town's proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the PLD Plan, the withdrawn PLD, and the SET Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875% for PLD Plan, withdrawn PLD; and the SET Plan) or 1 percentage-point higher (7.875% for PLD Plan, the withdrawn PLD; and the SET Plan) than the current rate:

<u>Consolidated PLD Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$ 1,453,287	\$ 875,619	\$ 331,668
 <u>SET Plan</u>	 1% Decrease <u>(5.875%)</u>	 Current Discount Rate <u>(6.875%)</u>	 1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$344,642	\$ 215,232	\$ 107,371
 <u>Withdrawn PLD Plan</u>	 1% Decrease <u>(5.875%)</u>	 Current Discount Rate <u>(6.875%)</u>	 1% Increase <u>(7.875%)</u>
Net pension liability	\$ 1,534,306	\$ 954,207	\$ 426,844

Pension Plan Fiduciary Net Position - Detailed information about the Consolidated PLD and SET pension plans' fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2017.

Maine Public Employees Retirement System - District Group (Withdrawn PLD)

At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	41
<u>Active employees</u>	<u>1</u>
 <u>Total employees</u>	 <u>42</u>

This plan is not available to any non-participating current employees or new hires. Vested participants are entitled to a retirement benefit equal to a fraction (2%) of the average final compensation multiplied by the years of membership service (discounted for early retirement).

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

RETIREMENT PLANS

Defined Contribution Plan

The Town offers its regular employees and certain school employees not participating in the Maine Public Employees Retirement System a defined contribution money purchase plan created in accordance with Internal Revenue Code Section 401(a). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate and are vested from the date of employment.

The Town matches the employees' contribution to the plan up to 7% of compensation for the plan year. For the year ended June 30, 2017, the Town and School's contributions to the plan totaled \$256,605.

Deferred Compensation Plan

The Town of Cape Elizabeth offers all its employees not participating in Maine Public Employees Retirement System a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets are not included in the Town's financial statements.

Other

Additionally, the Town participates in the Social Security Retirement Program. The Town's contribution to Social Security (including Medicare) was approximately \$747,499 for the year ended June 30, 2017.

OTHER POSTEMPLOYMENT BENEFITS

In accordance with GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Town has recognized the long-term cost of retirement health care and obligations for other postemployment benefits as determined on an actuarial basis and reported similar to pension plans.

The Town of Cape Elizabeth is a member of the Maine Municipal Employees Health Trust. The Trust is a multiple employer Voluntary Employee's Beneficiary Association. The Town is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332.

The Health Trust contracted with an outside consultant to assist in the determination and valuation of the District's OPEB liability under GASB Statement 45. The consultants completed the latest OPEB liability actuarial valuation in August 2017.

Plan Descriptions - In addition to providing pension benefits, the Town provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage. The Town of Cape Elizabeth has the authority to establish and amend the participation requirements. The MMEHT has the authority to establish and amend the benefits provided and the contribution requirements.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Funding Policy and Annual OPEB Cost - GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

The following table represents the OPEB costs for the year and the annual required contribution:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Normal cost	\$ 32,448	30,907	30,907
Amortization of unfunded	48,669	60,753	60,753
Adjustment to ARC	(30,805)	(26,264)	(21,607)
Interest	22,913	19,981	16,760
Annual required contribution	\$ 73,225	85,377	86,813

Net OPEB Obligation - The Town's net OPEB obligation was calculated as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
OPEB liability, July 1, 2016	\$ 532,685	454,156	373,626
Annual required contributions	73,225	85,377	86,813
Less: Actual contributions	(7,602)	(6,848)	(6,283)
OPEB liability, June 30, 2017	\$ 598,308	532,685	454,156

The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017 and the two preceding years.

<u>Fiscal Year End</u>	<u>Annual OPEB Costs</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 86,813	7.24%	454,156
June 30, 2016	85,377	8.02%	532,685
June 30, 2017	73,225	10.38%	598,308

Funding Status and Funding Progress - The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30th are as follows:

	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Actuarial accrued liability	\$ 875,245	1,092,569	1,092,569
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 875,245	1,092,569	1,092,569
Funded ratio	0%	0%	0%
Covered payroll	\$ 3,074,090	\$ 3,339,287	3,030,023
Unfunded actuarial accrued liability as a percentage of covered payroll	28.47%	32.72%	36.06%

TOWN OF CAPE ELIZABETH, MAINE
Notes to Basic Financial Statements, Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions - Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	2.75%
Healthcare cost trend rate	8.50 to 10.00%

SUBSEQUENT EVENT

In June 2017, the Town and School Board approved lease purchase agreements with Androscoggin Bank for printers and photocopiers of \$46,343 for the Town and \$139,809 for the School Department. The lease terms for both leases are five years at an interest rate of 3.01%.

In September 2017, the School Board approved a lease purchase agreement with Androscoggin Bank for one bus of \$90,596. The lease term is for three years at an interest rate of 2.77%.

TOWN OF CAPE ELIZABETH, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Retiree Healthcare Plan

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) /c]</u>
2009	1/1/09	\$ -	921,348	921,348	0.00%	3,079,336	29.92%
2010	1/1/09	-	921,348	921,348	0.00%	2,864,373	34.80%
2011	1/1/11	-	862,794	862,794	0.00%	2,647,373	32.59%
2012	1/1/11	-	862,794	862,794	0.00%	2,792,351	30.90%
2013	1/1/11	-	862,794	862,794	0.00%	2,640,991	32.67%
2014	1/1/14	-	1,092,569	1,092,569	0.00%	2,759,172	39.60%
2015	1/1/14	-	1,092,569	1,092,569	0.00%	3,030,023	36.06%
2016	1/1/14	-	1,092,569	1,092,569	0.00%	3,339,287	32.72%
2017	1/1/17	-	875,245	875,245	0.00%	3,074,090	28.47%

TOWN OF CAPE ELIZABETH, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the Town's Net Pension Liability and Related Ratios

	Withdrawn PLD		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service cost	\$ 12,145	12,215	18,040
Interest	419,966	446,047	476,464
Difference between expected and actual experience	(267,896)	(228,728)	(312,353)
Changes in assumption	49,534	59,714	-
Benefit payments, including refunds of employee contributions	(582,633)	(552,867)	(545,068)
Net change in total pension liability	(368,884)	(293,619)	(362,917)
Total pension liability – beginning	6,169,879	6,463,498	6,826,415
Total pension liability – ending (a)	\$ 5,800,995	6,169,879	6,463,498
Plan Fiduciary Net Position			
Contributions – employer	123,168	181,126	114,468
Contributions – employee	2,877	6,770	9,199
Net investment income	10,948	98,648	836,690
Benefit payments, including refunds of employee contributions	(582,633)	(552,867)	(545,068)
Administration expense	(4,473)	(4,912)	(4,252)
Net change in plan fiduciary net position	(450,113)	(271,235)	411,037
Plan fiduciary net position – beginning	5,296,901	5,568,136	5,157,099
Plan fiduciary net position – ending (b)	\$ 4,846,788	5,296,901	5,568,136
Town's net pension liability – ending (a) – (b)	\$ 954,207	872,978	895,362
Plan fiduciary net position as a percentage of the total pension liability	83.55%	85.85%	86.15%
Covered payroll	6,181	44,264	104,158
Town's net pension liability as a percentage of covered payroll	15,438%	1,972%	860%

TOWN OF CAPE ELIZABETH, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Town's Proportionate Share of the Net Pension Liability

Maine Public Employees Retirement System Consolidated Plan (PLD)
and State Employee and Teacher Plan (SET)

Last 10 Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Consolidated PLD Plan</u>			
Town's proportion of the net pension liability	0.1648%	0.1640%	0.1788%
Town's proportionate share of the net pension liability	\$ 875,619	523,211	275,173
Town's covered payroll	868,832	807,643	784,698
Town's proportionate share of the net pension liability as a percentage of its covered payroll	100.78%	64.78%	35.07%
<u>SET Plan</u>			
Town's proportion of the net pension liability	0.00122%	0.0094%	0.0031%
Town's proportionate share of the net pension liability	215,232	127,262	33,912
State's proportionate share of the net pension liability associated with the Town	18,455,085	14,033,346	11,196,388
Total	\$ 18,670,317	14,160,608	11,230,300
Town's covered payroll	\$ 12,405,910	12,030,288	11,642,925
Town's proportionate share of the net pension liability as a percentage of its covered payroll	1.73%	1.06%	0.29%

* The amounts presented for each fiscal year were determined as of the prior fiscal year.

**Only three years of information available.

TOWN OF CAPE ELIZABETH, MAINE
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Town Contributions

**Maine Public Employees Retirement System Consolidated Plan (PLD), Withdrawn PLD Plan
and State Employee and Teacher Plan (SET)**

Last 10 Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Consolidated PLD Plan</u>			
Contractually required contributions	\$ 79,005	77,326	67,035
Contributions in relation to the contractually required contribution	(79,005)	(77,326)	(67,035)
<u>Contribution deficiency (excess)</u>	\$ -	-	-
Town's covered payroll	868,191	868,832	807,643
Contributions as a percentage of covered payroll	9.10%	8.90%	8.32%
<u>SET Plan</u>			
Contractually required contributions	\$ 427,368	416,839	318,802
Contributions in relation to the contractually required contribution	(427,368)	(416,839)	(318,802)
<u>Contribution deficiency (excess)</u>	\$ -	-	-
Town's covered payroll	12,719,270	12,405,910	12,030,288
Contributions as a percentage of covered payroll	3.36%	3.36%	2.65%
<u>Withdrawn PLD Plan</u>			
Actuarially determined contributions*	\$ 97,368	123,252	181,236
Contributions in relation to the actuarially required contribution	(97,368)	(123,252)	(181,236)
<u>Contribution deficiency (excess)</u>	\$ -	-	-
Town's covered payroll	6,181	44,264	104,158
Contributions as a percentage of covered payroll	1,575%	278%	174%

*Amount includes a "catch up" monthly amount to fully fund the IUUAL.

**Only three years of information available.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Required Supplementary Information

Changes of benefit terms - None

Changes of Assumptions - The following are changes in actuarial assumptions for the Consolidated PLD Plan used in the most recent valuation:

	<u>2017</u>	<u>2016</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.50%
Salary increases	2.75 to 9.00%	3.50% to 9.00%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

Changes of Assumptions - The following are changes in actuarial assumptions for the SET Plan used in the most recent valuation:

	<u>2017</u>	<u>2016</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.50%
Salary increases	2.75% to 14.50%	3.50% to 13.50%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, for the PLD Consolidated and Teacher Plans, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA; which changed to mortality rates based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.

TOWN OF CAPE ELIZABETH, MAINE
Notes to Required Supplementary Information, Continued

Notes to the Schedule of Changes in the Town's Net Pension Liability and Related Ratios

Valuation date: Actuarially determined contribution rates are calculated as of June 30 2015, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal/Term Cost Method
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	12 years
Asset valuation method	Actuarial value
Inflation	2.75%
Salary increases	2.75%
Investment rate of return	6.875%
Retirement age	Age 60 for employees in regular plans; earliest age eligible for unreduced benefits for employees in special plans.
Mortality	104% male and 120% female of the RP2014 total dataset mortality; projected generationally using RPEC 2015 model with ultimate rate of 0.85% at 2020.

Changes of Assumptions - The following are changes in actuarial assumptions for the Withdrawn PLD Plan used in the most recent valuation:

	<u>2017</u>	<u>2016</u>
Discount rate	6.875%	7.125%
Inflation	2.75%	3.50%
Salary increases	2.75%	3.50%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, mortality rates were based on the RP2000 mortality projected to 2015 and blended 50% male/50% female; which changed to 104% male and 120% female of the RP2014 total dataset mortality, projected generationally using RPEC_2015 model with ultimate rate of 0.85% at 2020.

GENERAL FUND

The General Fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. Most governmental services are provided by the General Fund including general government, public works, public safety, education, recreation, health and welfare, and assessments from other governmental agencies.

TOWN OF CAPE ELIZABETH, MAINE
General Fund
Comparative Balance Sheets
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 14,175,071	12,930,395
Accounts receivable	27,450	60,605
Due from other governments	28,280	-
Taxes receivable - current year	115,254	153,003
Tax liens	61,404	94,440
Tax acquired property	206	206
Total assets	\$ 14,407,665	13,238,649
LIABILITIES		
Accounts payable and other current liabilities	140,590	202,878
Accrued payroll and benefits	2,188,151	2,199,766
Taxes collected in advance	8,282	10,021
Unearned revenue	175,407	-
Interfund loans payable	4,330,024	4,260,283
Total liabilities	6,842,454	6,672,948
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	108,000	217,000
Total deferred inflows of resources	108,000	217,000
FUND BALANCE		
Restricted:		
Town grants and donations	2,500	2,500
School Department General Fund	1,249,429	1,488,649
Assigned	1,555,880	1,286,100
Unassigned	4,649,402	3,571,452
Total fund balance	7,457,211	6,348,701
Total liabilities, deferred inflows of resources, and fund balance	\$ 14,407,665	13,238,649

TOWN OF CAPE ELIZABETH, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis
For the Year Ended June 30, 2017
(with comparative actual amounts for the year ended June 30, 2016)

	2017			2016 Actual
	Revised budget	Actual	Variance positive (negative)	
Revenues:				
Taxes:				
Property taxes	\$ 29,613,103	29,613,103	-	28,406,589
Supplemental taxes	-	-	-	15,301
Change in deferred taxes	-	109,000	109,000	(22,000)
Excise taxes	2,035,000	2,205,662	170,662	2,082,448
Interest and costs on taxes	29,000	32,799	3,799	27,759
Total taxes	31,677,103	31,960,564	283,461	30,510,097
Licenses and permits:				
Auto registration fees	24,500	24,898	398	24,681
Building, electrical and plumbing fees	125,000	250,258	125,258	144,299
Town clerk fees	15,000	14,261	(739)	13,420
Total licenses and permits	164,500	289,417	124,917	182,400
Intergovernmental:				
State revenue sharing	416,600	410,284	(6,316)	456,950
Education - state subsidies	2,624,954	2,673,547	48,593	3,403,683
State agency clients	-	6,203	6,203	7,262
D.O.T. block grant	77,300	76,980	(320)	78,096
BETE reimbursement	11,707	-	(11,707)	8,139
Homestead revenue	284,148	233,851	(50,297)	189,309
Federal grants-capital contributions	-	24,712	24,712	62,825
Federal grants-public safety	-	7,113	7,113	5,598
Other miscellaneous - State and Federal	57,100	73,755	16,655	61,134
Total intergovernmental	3,471,809	3,506,445	34,636	4,272,996
Charges for services:				
Community services programs	1,047,000	1,018,339	(28,661)	-
Community services pool fees	204,250	182,498	(21,752)	-
Refuse disposal	90,000	65,241	(24,759)	70,724
Scarborough assessing services	53,732	31,787	(21,945)	-
School department activity fees	67,418	64,770	(2,648)	63,425
School department miscellaneous	4,715	29,243	24,528	7,723
Library fines and fees	-	315	315	-
Police specials and fees	11,000	19,915	8,915	18,863
Total charges for services	1,478,115	1,412,108	(66,007)	160,735
Other revenues:				
Cable television franchise	150,000	140,629	(9,371)	150,433
Miscellaneous donations	-	500	500	200
Miscellaneous	179,515	202,679	23,164	179,208
Total other revenues	329,515	343,808	14,293	329,841
Investment income:				
Investment earnings	35,000	22,729	(12,271)	20,225
Total investment income	35,000	22,729	(12,271)	20,225
Total revenues	37,156,042	37,535,071	379,029	35,476,294

TOWN OF CAPE ELIZABETH, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis, Continued

	2017			2016 Actual
	Revised budget	Actual	Variance positive (negative)	
Expenditures:				
Current:				
General government:				
Administration	\$ 591,484	548,553	42,931	578,158
Assessing, codes and planning	463,815	372,009	91,806	397,801
Town council	500	180	320	320
Legal and audit	79,000	73,700	5,300	76,998
Elections	34,785	33,730	1,055	14,800
Boards and commissions	24,506	6,361	18,145	9,895
Public information	60,812	52,697	8,115	50,321
Personnel transitions	-	103,455	(103,455)	-
Abatements/overlay	693,136	11,658	681,478	33,889
Total general government	1,948,038	1,202,343	745,695	1,162,182
Public works:				
General public works	1,197,279	1,153,688	43,591	1,098,723
Refuse disposal/recycling	504,126	442,699	61,427	449,318
Total public works	1,701,405	1,596,387	105,018	1,548,041
Facilities:				
Facilities and property management	222,120	226,459	(4,339)	224,181
Town hall maintenance	21,998	19,552	2,446	19,124
Library building	42,575	34,968	7,607	23,211
Community center building	148,953	105,089	43,864	-
Donald Richards pool facility	272,606	277,440	(4,834)	-
Town center fire station	21,414	14,337	7,077	19,275
Cape cottage fire station	6,449	4,468	1,981	4,871
Police station	61,650	45,331	16,319	45,596
Total facilities	797,765	727,644	70,121	336,258
Public safety:				
Fire department	371,815	294,938	76,877	264,640
Police department	1,324,242	1,265,304	58,938	1,251,067
Animal control	25,128	25,127	1	24,499
Public safety communications	182,775	177,776	4,999	172,547
WETeam	24,267	10,554	13,713	15,312
Miscellaneous public protection	158,000	157,374	626	159,475
Emergency preparedness	4,652	4,144	508	4,052
Total public safety	2,090,879	1,935,217	155,662	1,891,592
Cultural and parks:				
Library	545,425	490,593	54,832	532,470
Community services	1,300,311	1,296,361	3,950	-
Parks and grounds	564,287	430,774	133,513	441,293
Trees	74,432	33,361	41,071	25,176
Total cultural and parks	2,484,455	2,251,089	233,366	998,939
Human services	53,659	50,663	2,996	72,977
Education:				
Regular instruction	11,279,872	11,279,872	-	10,796,862
Special education instruction	3,211,809	3,211,809	-	2,992,055
Career and technical education	55,172	54,660	512	54,641
Other instruction	862,936	843,639	19,297	827,743
Student and staff support	2,429,434	2,385,139	44,295	2,232,158
System administration	756,264	756,264	-	704,678
School administration	1,139,730	1,139,730	-	1,131,337
Transportation	822,358	710,985	111,373	730,273
Facilities maintenance	3,162,832	3,162,832	-	2,742,172
Other	2,839	2,839	-	3,286
Debt service	522,000	522,000	-	672,018
Total education	24,245,246	24,069,769	175,477	22,887,223
Intergovernmental assessments	1,268,646	1,268,866	(220)	1,203,042

TOWN OF CAPE ELIZABETH, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis, Continued

	2017		Variance positive (negative)	2016 Actual
	Revised budget	Actual		
Expenditures, continued				
Current, continued:				
Insurance and benefits				
Insurance	\$ 105,000	103,054	1,946	99,105
Employee benefits	1,382,000	1,232,275	149,725	1,147,723
Total insurance and benefits	1,487,000	1,335,329	151,671	1,246,828
Unclassified:				
Contributions	32,000	20,122	11,878	24,663
Grants	715	28,425	(27,710)	24,539
Other	-	8,354	(8,354)	6,677
Total unclassified	32,715	56,901	(24,186)	55,879
Capital improvements:				
4004 Cruiser replacement	54,000	46,809	7,191	62,164
4009 Roadway and drainage	586,000	292,123	293,877	666,095
4013 Sidewalk improvements	112,000	63,253	48,747	975
4021 Computer hardware and software	75,000	72,740	2,260	23,960
4023 Loader/backhoe replacement	-	-	-	179,996
4024 Town Hall repairs	221,000	45,569	175,431	19,800
4052 Library improvements	150,000	7,403	142,597	87,554
4107 Dump/plow replacement	175,000	173,646	1,354	245
4136 Grounds equipment	55,000	51,941	3,059	15,058
5236 Police radios	5,000	-	5,000	15,048
5258 Fort Williams canopy grant	-	7,299	(7,299)	-
5263 Extrinsic tool replacement	-	-	-	17,187
5276 Athletic fields electrical upgrades	-	-	-	8,349
5279 Traffic signal equipment replacement	12,500	14,690	(2,190)	-
5283 Recycling center study and modification	-	-	-	42,834
5284 Engine 3 bodywork	-	-	-	18,400
5285 FWP firehouse window replacement	-	-	-	6,650
5286 FW firehouse brickwork	-	-	-	4,300
5287 PD computer replacement	5,000	-	5,000	10,929
5288 PD bullet-proof vests	-	-	-	5,000
5289 PW ext. lighting upgrades	-	-	-	11,955
5290 PW pick-up truck replacement	-	-	-	29,053
5291 PW front end artic overhaul	-	-	-	14,992
5292 PW parks trailer replacement	-	-	-	3,509
5293 HS tennis court repairs	-	-	-	28,918
5294 Plaisted Field backstop	-	-	-	15,535
5295 TC Fire St. brickwork	-	-	-	7,539
5296 T.H. ext. lighting upgrade	-	-	-	4,950
5297 Generator pad relocation	-	-	-	3,295
5299 Richards pool study	-	-	-	12,470
5300 Spurwink rod and gun licensing	-	-	-	14,624
5301 T.C. fire station renovation	24,500	24,981	(481)	25,593
5302 PW truck replacement	-	-	-	32,695
5303 Spurwink accident	-	-	-	42,083
5304 WETeam boat replacement	80,000	-	80,000	-
5306 Fort Williams Park basketball	50,000	-	50,000	-
5307 Fort Williams Park tennis court	27,000	-	27,000	-
5308 Rotary mower replacement	5,000	2,999	2,001	-
5309 Gas operated metal cutter	5,000	3,215	1,785	-
5312 Community services van	65,000	56,600	8,400	-
5313 Harbors committee	15,000	6,059	8,941	-
5314 343 Ocean house road repairs	15,500	16,500	(1,000)	-
5315 Paper street technical study	-	6,646	(6,646)	-
5316 2019 comprehensive plan	55,000	989	54,011	-
5305 Pool dectrow project	-	-	-	85,000
Total capital improvements	1,792,500	893,462	899,038	1,516,755

TOWN OF CAPE ELIZABETH, MAINE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budgetary Basis, Continued

	2017			2016 Actual
	Revised budget	Actual	Variance positive (negative)	
Debt service (excluding School Department)				
Principal and interest payments	\$ 1,368,908	1,224,193	144,715	1,181,063
Total debt service	1,368,908	1,224,193	144,715	1,181,063
Total expenditures	39,271,216	36,611,863	2,659,353	34,100,779
Excess (deficiency) of revenues over (under) expenditures	(2,115,174)	923,208	3,038,382	1,375,515
Other financing sources (uses):				
Transfer to school general fund	286,183	283,110	(3,073)	-
Transfer from special revenue funds	25,000	25,000	-	-
Transfer from capital projects	-	85,000	85,000	-
Transfer to special revenue funds	(72,299)	(159,844)	(87,545)	(648,983)
Transfer to capital projects funds	(54,725)	(64,725)	(10,000)	(64,434)
Carryforward balances and subsequent authorizations	1,106,015	-	(1,106,015)	-
Utilization of prior year surplus - School	450,000	-	(450,000)	-
Utilization of prior year surplus - Town	375,000	-	(375,000)	-
Total other financing sources (uses)	2,115,174	168,541	(1,946,633)	(713,417)
Net change in fund balance	-	1,091,749	1,091,749	662,098
Reconciliation to GAAP:				
Change in encumbrances		16,761		(41,353)
Fund balance, beginning of year		6,348,701		5,727,956
Fund balance, ending of year	\$	7,457,211		6,348,701

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF CAPE ELIZABETH, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,097,119	129,282	1,226,401
Investments	655,715	-	655,715
Receivables:			
Due from other governments	252,927	-	252,927
Rescue (net of allowance for uncollectible of \$7,000)	38,570	-	38,570
Sewer fees (net of allowance for uncollectible of \$4,000)	423,566	-	423,566
Inventory	177,147	-	177,147
Interfund loans receivable	2,271,767	2,258,438	4,530,205
Total assets	\$ 4,916,811	2,387,720	7,304,531
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	2,600	-	2,600
Accrued payroll and benefits	35,100	-	35,100
Unearned revenue - prepaid services	21,810	-	21,810
Interfund loans payable	194,661	-	194,661
Total liabilities	254,171	-	254,171
Fund balances:			
Nonspendable	151,669	-	151,669
Restricted	368,045	116,421	484,466
Committed	4,142,926	1,266,067	5,408,993
Assigned	-	1,005,232	1,005,232
Total fund balances	4,662,640	2,387,720	7,050,360
Total liabilities and fund balances	\$ 4,916,811	2,387,720	7,304,531

TOWN OF CAPE ELIZABETH, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Other Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental:			
Federal and State subsidies	\$ 532,886	-	532,886
Federal commodities	28,369	-	28,369
Charges for services:			
Building and park rentals and fees	2,950	273,667	276,617
Sewer assessments	2,166,644	-	2,166,644
Lot sales and fees	66,791	15,698	82,489
School lunch	541,043	-	541,043
Lighthouse admissions	60,263	-	60,263
Lighthouse gift shop sales	565,543	-	565,543
Rescue charges	237,562	-	237,562
Local grants and contributions	174,986	-	174,986
Miscellaneous	5,199	-	5,199
Investment income	109,866	709	110,575
Total revenues	4,492,102	290,074	4,782,176
Expenditures:			
Current:			
General government	-	14,100	14,100
Education	597,723	-	597,723
School lunch	740,240	-	740,240
Cultural and parks:			
Library	21,966	-	21,966
Portland Head Light - operations and staff	250,371	-	250,371
Portland Head Light - gift shop costs	312,853	-	312,853
Cemetery maintenance	46,788	-	46,788
Facilities	6,801	-	6,801
Human services	3,295	-	3,295
Public safety	466,844	-	466,844
Sewer	1,529,221	-	1,529,221
Capital outlay	162,489	2,319,250	2,481,739
Debt service	219,562	35,299	254,861
Total expenditures	4,358,153	2,368,649	6,726,802
Excess (deficiency) of revenues over (under) expenditures	133,949	(2,078,575)	(1,944,626)
Other financing sources (uses):			
Proceeds from bonds	-	2,100,000	2,100,000
Premium on issuance of bonds	-	72,912	72,912
Transfers from (to) other funds	134,844	(20,275)	114,569
Total other financing sources (uses)	134,844	2,152,637	2,287,481
Net change in fund balances	268,793	74,062	342,855
Fund balances, beginning of year	4,393,847	2,313,658	6,707,505
Fund balances, end of year	\$ 4,662,640	2,387,720	7,050,360

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are established to account for resources obtained and expended for specific purposes that are restricted by law or administrative actions.

Special revenue funds are established for the following purposes:

School Categorical Programs

This fund accounts for various federal and state programs administered by the School Department.

School Lunch Program

This fund accounts for revenues and expenditures for school lunch purposes.

Sewer User Fund

This fund accounts for monies received from sewer user fees, sewer connection fees, and contributions from the General Fund to this fund pursuant to the Town sewer ordinance. The fund also accounts for all sewer related expenditures.

Portland Head Light

The Portland Head Light Fund accounts for the museum at Portland Head Light (a nonprofit 501(c)(3) organization), and the collection of donations and other funds for the Portland Head Light.

Rescue Fund

This fund accounts for revenues from ambulance billings and expenditures related to the ambulance service.

Riverside Perpetual Care

The Riverside Memorial Park Trust Fund was established in 1945. The Treasurer of the Town receives and accounts for all funds collected. Disbursements are made in accordance with a budget approved by the Town Council each year.

Library Fund

The Library Fund accounts for various donations to the Thomas Memorial Library. Funds are disbursed to cover various library needs.

Thomas Jordan Fund

The Thomas Jordan Trust accounts for funds received from the Thomas Jordan investment, which is available to benefit the poor of the Town of Cape Elizabeth.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS, CONTINUED

Spurwink Church Fund

The Spurwink Church Trust was established on February 14, 1983 by action of the Cape Elizabeth Town Council. The purposes of the Trust are to provide funds for the upkeep, maintenance and general repair of the Spurwink Church, and the premises upon which it is located, to provide funds for approved programs which may be held at the church, and for such other purposes which are not inconsistent with the above purposes and applicable law. Revenues are primarily derived from rental charges for use of the Church. Disbursements may be made only upon authorization of the Cape Elizabeth Town Council.

TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2017

	School Categorical Programs	School Lunch Program	Sewer User Fund	Community Services Fund	Portland Head Light	Rescue Fund	Riverside Perpetual Care	Library Fund	Thomas Jordan Fund	Spurwink Church Fund	Totals
ASSETS											
Cash and cash equivalents	\$ -	-	-	-	-	-	339,140	248,485	480,045	29,449	1,097,119
Investments	-	-	-	-	-	-	-	-	655,715	-	655,715
Due from other governments	227,330	25,597	-	-	-	-	-	-	-	-	252,927
Rescue receivable (net of allowance for uncollectible of \$7,000)	-	-	-	-	-	38,570	-	-	-	-	38,570
Sewer fees receivable (net of allowance for uncollectible of \$4,000)	-	-	423,566	-	-	-	-	-	-	-	423,566
Inventory	-	25,478	-	-	151,669	-	-	-	-	-	177,147
Interfund loans receivable	-	-	1,486,775	-	720,738	14,915	22,240	27,099	-	-	2,271,767
Total assets	\$ 227,330	51,075	1,910,341	-	872,407	53,485	361,380	275,584	1,135,760	29,449	4,916,811
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	-	-	-	-	2,600	-	-	-	-	-	2,600
Accrued payroll and benefits	35,100	-	-	-	-	-	-	-	-	-	35,100
Unearned revenue - prepaid services	-	21,810	-	-	-	-	-	-	-	-	21,810
Interfund loans payable	99,769	29,265	-	-	-	-	-	-	59,909	5,718	194,661
Total liabilities	134,869	51,075	-	-	2,600	-	-	-	59,909	5,718	254,171
Fund balances:											
Nonspendable	-	-	-	-	151,669	-	-	-	-	-	151,669
Restricted	92,461	-	-	-	-	-	-	275,584	-	-	368,045
Committed	-	-	1,910,341	-	718,138	53,485	361,380	-	1,075,851	23,731	4,142,926
Total fund balances	92,461	-	1,910,341	-	869,807	53,485	361,380	275,584	1,075,851	23,731	4,662,640
Total liabilities and fund balances	\$ 227,330	51,075	1,910,341	-	872,407	53,485	361,380	275,584	1,135,760	29,449	4,916,811

TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	School Categorical Programs	School Lunch Program	Sewer User Fund	Community Services Fund	Portland Head Light	Rescue Fund	Riverside Perpetual Care	Library Fund	Thomas Jordan Fund	Spurwink Church Fund	Totals
Revenues:											
Intergovernmental:											
Federal and state subsidies	\$ 449,417	83,469	-	-	-	-	-	-	-	-	532,886
Federal commodities	-	28,369	-	-	-	-	-	-	-	-	28,369
Charges for services:											
Building and park rentals and fees	-	-	-	-	-	-	-	-	-	2,950	2,950
Sewer assessments	-	-	2,166,644	-	-	-	-	-	-	-	2,166,644
Lot sales and fees	-	-	-	-	-	-	66,791	-	-	-	66,791
School lunch	-	541,043	-	-	-	-	-	-	-	-	541,043
Lighthouse admissions	-	-	-	-	60,263	-	-	-	-	-	60,263
Lighthouse gift shop sales	-	-	-	-	565,543	-	-	-	-	-	565,543
Rescue charges	-	-	-	-	-	237,562	-	-	-	-	237,562
Local grants and contributions	152,890	-	-	-	-	-	-	22,096	-	-	174,986
Miscellaneous	-	-	-	-	4,856	-	-	343	-	-	5,199
Investment income	-	-	-	-	-	-	1,859	1,362	106,484	161	109,866
Total revenues	602,307	652,881	2,166,644	-	630,662	237,562	68,650	23,801	106,484	3,111	4,492,102
Expenditures:											
Current:											
Education	597,723	-	-	-	-	-	-	-	-	-	597,723
School lunch	-	740,240	-	-	-	-	-	-	-	-	740,240
Culture and parks:											
Library	-	-	-	-	-	-	-	21,966	-	-	21,966
Portland Head Light - operations and staff	-	-	-	-	250,371	-	-	-	-	-	250,371
Portland Head Light - gift shop costs	-	-	-	-	312,853	-	-	-	-	-	312,853
Cemetery maintenance	-	-	-	-	-	-	46,788	-	-	-	46,788
Facilities:											
Spurwink church	-	-	-	-	-	-	-	-	-	6,801	6,801
Human services	-	-	-	-	-	-	-	-	3,295	-	3,295
Public safety:											
Rescue expenditures	-	-	-	-	-	466,844	-	-	-	-	466,844
Sewer:											
Sewer - operations and maintenance	-	-	72,777	-	-	-	-	-	-	-	72,777
Sewer - Portland Water District assessments	-	-	1,456,444	-	-	-	-	-	-	-	1,456,444
Capital outlay	-	-	162,489	-	-	-	-	-	-	-	162,489
Debt service	-	-	219,562	-	-	-	-	-	-	-	219,562
Total expenditures	597,723	740,240	1,911,272	-	563,224	466,844	46,788	21,966	3,295	6,801	4,358,153
Other financing sources (uses):											
Transfers (to) from other funds	-	87,359	-	32,485	-	40,000	-	-	(25,000)	-	134,844
Total other sources (uses)	-	87,359	-	32,485	-	40,000	-	-	(25,000)	-	134,844
Net change in fund balances	4,584	-	255,372	32,485	67,438	(189,282)	21,862	1,835	78,189	(3,690)	268,793
Fund balances, beginning of year	87,877	-	1,654,969	(32,485)	802,369	242,767	339,518	273,749	997,662	27,421	4,393,847
Fund balances, end of year	\$ 92,461	-	1,910,341	-	869,807	53,485	361,380	275,584	1,075,851	23,731	4,662,640

NONMAJOR GOVERNMENTAL FUND

CAPITAL PROJECT FUNDS

Capital project funds are established to account for resources obtained and expended for the acquisition of major capital facilities.

The Town's capital project fund was established for the following purpose:

Riverside Cemetery Capital Improvements

The Riverside Capital Improvement Fund is used to account for monies received for the purpose of cemetery expansion and improvement. Fifty percent of funds received for lot sales are recognized as revenues of this fund. Funds are used for capital improvements and equipment purchases.

Tax Increment Financing

The Tax Increment Financing Fund is used to account for taxes raised for the TIF fund and the approved capital improvement expenditures for Town Center improvements.

School Bonded Projects

The School Bonded Projects Fund was established to account for bond proceeds and expenditures of those proceeds for approved school capital projects.

Library Project

The Library Project Fund is used to account for bond proceeds, donations and other funds raised for improvements at the Thomas Memorial Library, as well as related expenditures.

Town Bonded Projects

The Town Bonded Project Fund was established to account for bond proceeds and expenditures of those proceeds for approved town capital projects.

Land Acquisition

The Land Acquisition Fund receives donations, appropriations and the proceeds from the sale of Town property. In 1988, the Town Council voted to establish a policy that the account should recognize interest income on the fund principal, allocated to the account on an annual basis. Funds may be expended only with the authorization of the Town Council and are used for land purchases.

Infrastructure Improvement

This fund accounts for revenue from 30% of the building permits in excess of \$2,500 in estimated building value is placed in this account. Expenditures from the fund are made for improvements to the municipal infrastructure.

Turf Field

This fund is for the replacement of the monofilament surface of Hannaford Field. The Town Council and School Board each budget \$7,000 annually as a contribution to this interest-bearing fund.

Fort Williams Park

This fund accounts for revenues from Fort Williams Park, which are used for the maintenance of the park.

TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Capital Project Fund
Combining Balance Sheet
June 30, 2017

		Riverside Cemetery Capital Improvements	Tax Increment Financing	School Bonded Projects	Library Project	Town Bonded Projects	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
ASSETS											
Cash and cash equivalents	\$	129,282	-	-	-	-	-	-	-	-	129,282
Interfund loans receivable		25,223	23,331	93,090	48,630	980,565	21,957	391,708	214,915	459,019	2,258,438
Total assets	\$	154,505	23,331	93,090	48,630	980,565	21,957	391,708	214,915	459,019	2,387,720
LIABILITIES AND FUND BALANCES											
Liabilities:											
Interfund loans payable		-	-	-	-	-	-	-	-	-	-
Total liabilities		-	-	-	-	-	-	-	-	-	-
Fund balances:											
Restricted		-	23,331	93,090	-	-	-	-	-	-	116,421
Committed		-	-	-	48,630	980,565	21,957	-	214,915	-	1,266,067
Assigned		154,505	-	-	-	-	-	391,708	-	459,019	1,005,232
Total fund balances		154,505	23,331	93,090	48,630	980,565	21,957	391,708	214,915	459,019	2,387,720
Total liabilities and fund balances	\$	154,505	23,331	93,090	48,630	980,565	21,957	391,708	214,915	459,019	2,387,720

TOWN OF CAPE ELIZABETH, MAINE
Nonmajor Capital Project Fund
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	Riverside Cemetery Capital Improvements	Tax Increment Financing	School Bonded Projects	Library Project	Town Bonded Projects	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
Revenues:										
Building and other fees	\$ -	-	-	-	-	-	84,920	-	188,747	273,667
Cemetery lot sales	15,698	-	-	-	-	-	-	-	-	15,698
Investment income	709	-	-	-	-	-	-	-	-	709
Total revenues	16,407	-	-	-	-	-	84,920	-	188,747	290,074
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	14,100	14,100
Capital outlay	-	-	1,018,053	3,598	1,072,048	153,941	-	-	71,610	2,319,250
Debt service	-	-	-	-	35,299	-	-	-	-	35,299
Total expenditures	-	-	1,018,053	3,598	1,107,347	153,941	-	-	85,710	2,368,649
Other financing sources (uses):										
Proceeds from bonds	-	-	-	-	2,100,000	-	-	-	-	2,100,000
Premium on issuance of bonds	-	-	-	-	72,912	-	-	-	-	72,912
Transfers from (to) other funds	-	11,811	-	-	(85,000)	32,914	-	20,000	-	(20,275)
Total other financing sources (uses)	-	11,811	-	-	2,087,912	32,914	-	20,000	-	2,152,637
Net change in fund balances	16,407	11,811	(1,018,053)	(3,598)	980,565	(121,027)	84,920	20,000	103,037	74,062
Fund balances, beginning of year	138,098	11,520	1,111,143	52,228	-	142,984	306,788	194,915	355,982	2,313,658
Fund balances, end of year	\$ 154,505	23,331	93,090	48,630	980,565	21,957	391,708	214,915	459,019	2,387,720

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUNDS

AGENCY FUNDS

TOWN OF CAPE ELIZABETH, MAINE
Combining Statement of Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2017

	School Scholarship Trust	Zimpritch Library Trust	Total
ASSETS			
Cash and cash equivalents	\$ 74,285	18,534	92,819
Total assets	\$ 74,285	18,534	92,819
LIABILITIES			
Interfund loans payable	2,438	3,082	5,520
Total liabilities	2,438	3,082	5,520
NET POSITION			
Held in trust	71,847	15,452	87,299
Total net position	\$ 71,847	15,452	87,299

TOWN OF CAPE ELIZABETH, MAINE
Combining Statement of Changes in Fiduciary Net Position
Private-purpose Trust Funds
For the Year Ended June 30, 2017

	School Scholarship Trust	Zimpritch Library Trust	Total
Additions:			
Donations	\$ 15,085	2,000	17,085
Interest earned	331	102	433
Total additions	15,416	2,102	17,518
Deductions:			
Other deductions	-	2,122	2,122
School scholarships	2,535	-	2,535
Total deductions	2,535	2,122	4,657
Change in net position	12,881	(20)	12,861
Net position, beginning of year	58,966	15,472	74,438
Net position, end of year	\$ 71,847	15,452	87,299

TOWN OF CAPE ELIZABETH, MAINE
Agency Funds
Statement of Changes in Balances
For the Year Ended June 30, 2017

		Balances beginning of year	Net additions/ (deductions)	Balances end of year
Activity funds:				
High School Student Activities	\$	179,903	1,430	181,333
Middle School Student Activities		32,505	8,080	40,585
Pond Cove Student Activities		11,992	(1,125)	10,867
Total	\$	224,400	8,385	232,785

TOWN OF CAPE ELIZABETH, MAINE
Statement of Changes in Long-term Debt
For the Year Ended June 30, 2017

	Interest rate	Final maturity date	Annual principal payments	Amounts authorized	Amount issued	Retired previous years	Balance beginning of year	Current Year		Balance end of year
								Issued	Retired	
General obligation bonds:										
2006 Clean Water Revolving Loan Fund	1.73%	2026	Var.	\$ 3,510,000	3,510,000	1,604,859	1,905,141	-	176,148	1,728,993
2006 Sewer bond	1.90% - 5.50%	2027	Var.	1,890,000	1,890,000	850,500	1,039,500	-	94,500	945,000
2008 Capital Improvements	3.25% - 4.13%	2028	Var.	2,550,000	2,550,000	1,040,000	1,510,000	-	130,000	1,380,000
2009 Refunding bond	2.00% - 2.75%	2020	Var.	2,899,639	2,899,639	1,744,639	1,155,000	-	290,000	865,000
2011 Refunding bond	2.00% - 2.70%	2021	Var.	2,110,000	2,110,000	1,110,000	1,000,000	-	200,000	800,000
2012 Refunding bond	2.00% - 2.50%	2022	Var.	780,000	780,000	320,000	460,000	-	80,000	380,000
2014 Refunding bond	2.00% - 4.00%	2025	Var.	4,190,000	4,190,000	865,000	3,325,000	-	405,000	2,920,000
2015 General obligation bond	3.00% - 3.25%	2035	Var.	5,750,000	5,450,000	275,000	5,175,000	-	275,000	4,900,000
2016 General obligation bond	3.00% - 4.00%	2037	Var.	2,100,000	2,100,000	-	-	2,100,000	-	2,100,000
Total general obligation bonds				25,779,639	25,479,639	7,809,998	15,569,641	2,100,000	1,650,648	16,018,993
				\$ 25,779,639	25,479,639	7,809,998	15,569,641	2,100,000	1,650,648	16,018,993

SCHEDULES

TOWN OF CAPE ELIZABETH, MAINE
School Department - General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Budgetary Basis
For the Year Ended June 30, 2017
(with comparative actual amount for the year ended June 30, 2016)

	2017			Variance positive (negative)	2016 Actual
	Original Budget	Final Budget	Actual		
Revenues:					
Town appropriation	\$ 20,854,275	20,854,275	20,854,274	(1)	19,909,467
State education subsidy--school	2,624,954	2,624,954	2,673,547	48,593	3,403,683
State agency clients	-	-	6,203	6,203	7,262
Activity fees	67,418	67,418	64,770	(2,648)	63,425
Miscellaneous	4,715	4,715	29,243	24,528	7,723
Total revenues	23,551,362	23,551,362	23,628,037	76,675	23,391,560
Expenditures:					
Current:					
Regular instruction	11,400,565	11,279,872	11,279,872	-	10,796,862
Special education instruction	3,005,866	3,211,809	3,211,809	-	2,992,055
Career and technical education	55,172	55,172	54,660	512	54,641
Other instruction	862,936	862,936	843,639	19,297	827,743
Student and staff support	2,544,843	2,429,434	2,385,139	44,295	2,232,158
System administration	745,285	756,264	756,264	-	704,678
School administration	1,125,134	1,139,730	1,139,730	-	1,131,337
Transportation	822,358	822,358	710,985	111,373	730,273
Facilities maintenance	3,161,087	3,162,832	3,162,832	-	2,742,172
Other	-	2,839	2,839	-	3,286
Debt service	522,000	522,000	522,000	-	672,018
Total expenditures	24,245,246	24,245,246	24,069,769	175,477	22,887,223
Other financing sources (uses):					
Transfer from Town	286,183	286,183	283,110	(3,073)	-
Transfer to Turf Field Fund (budgeted in facilities maintenance)	(10,000)	(10,000)	(10,000)	-	(10,000)
Transfer to School Lunch Fund (budgeted in other)	(32,299)	(32,299)	(87,359)	(55,060)	(115,193)
Budgeted use of surplus	450,000	450,000	-	(450,000)	-
Total other financing sources (uses)	693,884	693,884	185,751	(508,133)	(125,193)
Net change in fund balance - budgetary basis	-	-	(255,981)	(255,981)	379,144
Fund balance, beginning of year - budgetary basis			1,211,067		831,923
Fund balance, end of year - budgetary basis			955,086		1,211,067
Reconciliation to GAAP basis:					
Less: prior year encumbrances			(277,582)		(318,935)
Add: current year encumbrances			294,343		277,582
Net change in fund balance - GAAP basis			(239,220)		337,791
Fund balance, beginning of year - GAAP basis			1,488,649		1,150,858
Fund balance, end of year - GAAP basis	\$		1,249,429		1,488,649

TOWN OF CAPE ELIZABETH, MAINE
School Department Special Revenue Funds
School Categorical Programs
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

		Fund balances (deficit) beginning of year	Program revenues	Program expenditures	Fund balances end of year
State and Federal Programs:					
Title IA	\$	53	35,423	35,423	53
Title IIA		-	46,273	46,273	-
Local entitlement		-	349,483	349,453	30
Transition grant		29,320	18,238	2,520	45,038
Total state and federal programs		29,373	449,417	433,669	45,121
Other Programs:					
Authorfest		97	-	-	97
Athletic equipment replacement		8,000	-	5,778	2,222
C.E. education foundation		1,491	55,749	53,541	3,699
Cape coalition		830	-	-	830
Cape olympians		703	335	690	348
Easement funds		2,274	-	-	2,274
Escapade program		629	-	-	629
H1N1 grant		4,887	-	-	4,887
iPad maintenance		(4,182)	51,607	43,468	3,957
Kate Libby fund		210	-	-	210
PC office donation		2,933	-	-	2,933
PCPA donations		4,825	-	1,450	3,375
School gate receipts-athletics		6,842	31,160	21,699	16,303
School gate receipts-drama		1,508	1,369	2,688	189
Special ed workshop		3,704	-	-	3,704
TEDx program		6,581	7,805	14,386	-
Festival of curiosity		-	3,420	3,420	-
Turf field rental		16,515	945	16,634	826
Wellness grant		657	500	300	857
Total other programs		58,504	152,890	164,054	47,340
Total	\$	87,877	602,307	597,723	92,461

TOWN OF CAPE ELIZABETH, MAINE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass- through Number	Total Federal Expenditures	Cluster/ CFDA Totals	Passed Through to Subrecipients
U. S. Department of Education, passed through Maine Department of Education:					
Title I Grants to Local Educational Agencies	84.010	3107	\$ 35,423	-	-
Title IIA Supporting Effective Instruction	84.367	3042	46,273	-	-
Special Education Cluster:					
Special Education Grants to States	84.027	3046	349,453	349,453	-
Total U. S. Department of Education			431,149	349,453	-
U. S. Department of Agriculture, passed through Maine Department of Education:					
Child Nutrition Cluster:					
National School Lunch Program	10.555	3022/3024	64,411	-	-
Breakfast Program	10.553	3014	13,209	-	-
Donated commodities	10.555	N/A	28,369	105,989	-
Total U. S. Department of Agriculture			105,989	105,989	-
U. S. Department of Justice, passed through the Maine Department of Health and Human Services, passed through Cumberland County, Maine:					
2016 Enforcing Underage Drinking Laws Program	16.727	N/A	195	-	-
Total U. S. Department of Justice			195	-	-
U.S. Department of Transportation, passed through the Maine Bureau of Highway Safety:					
2016 State and Community Highway Safety (Young Driver)	20.600	SA16-008	380	-	-
passed through the City of Westbrook:					
2017 Evidence Based Impaired Driving	20.616	N/A	1,426	-	-
2017 Click It or Ticket	20.616	N/A	1,580	3,006	-
Total U.S. Department of Transportation			3,386	3,006	-
U.S. Environmental Protection Agency, passed through the Maine Department of Environmental Protection, passed through the Cumberland County Soil and Water Conservation District:					
2012 Performance Partnership grant	66.605	BG-99182904	24,588	-	-
Total U.S. Environmental Protection Agency			24,588	-	-
Total federal awards			\$ 565,307	458,448	-

STATISTICAL INFORMATION

The following statistical tables are provided to give a historical perspective and to assist in assessing the current financial status of the Town. The tables do not provide full financial information for prior years and are provided for supplementary analysis purposes only.

TOWN OF CAPE ELIZABETH, MAINE
Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal year	General government	Public works	Facilities (1)	Public safety	Human services	Cultural and parks	Education	School lunch	Inter-governmental assessments (2)	Unclassified (2)	Sewer	Capital maintenance expenses	Interest on debt	Total
2017	\$ 4,006,432	2,254,680	734,445	2,716,510	53,958	3,192,225	26,290,674	740,240	-	-	1,529,221	420,720	317,950	42,257,055
2016	3,704,929	2,246,236	342,480	2,435,989	83,591	1,668,963	27,132,972	702,972	-	-	1,505,188	459,621	260,985	40,543,926
2015	2,994,466	2,328,806	355,912	2,377,070	61,511	1,602,266	26,181,942	620,153	-	-	1,411,108	515,136	311,373	38,759,743
2014	2,203,480	2,296,460	357,636	2,085,617	61,539	957,257	26,172,500	640,813	1,082,835	966,844	1,387,301	151,479	146,588	38,510,349
2013	1,319,985	2,294,612	334,992	2,039,980	58,466	943,137	24,169,179	630,350	1,019,311	2,195,830	1,495,047	932,659	176,221	37,609,769
2012	1,174,591	2,196,861	291,201	1,984,056	46,245	1,281,201	23,643,004	596,544	1,013,039	2,210,612	1,251,089	954,434	277,245	36,920,122
2011	1,257,993	2,237,584	241,459	2,059,682	52,482	1,130,800	23,709,591	571,477	968,416	1,937,776	1,204,064	787,528	396,145	36,554,997
2010	1,294,806	2,246,229	-	1,962,717	47,837	1,105,290	22,926,211	508,626	987,445	1,796,294	1,126,602	769,543	350,919	35,122,519
2009	1,429,466	2,315,932	-	1,894,280	38,715	1,099,461	22,172,897	503,904	1,030,500	1,848,362	1,083,662	1,798,901	456,013	35,672,093
2008	977,400	2,049,562	-	1,948,994	25,532	1,178,081	21,568,634	539,780	956,430	1,969,705	1,072,510	2,105,450	521,619	34,913,697

(1) The Town started budgeting facilities separately from other functions in 2011.

(2) Intergovernmental assessments and unclassified expenses were reclassified to other functions in 2015.

TOWN OF CAPE ELIZABETH, MAINE
Government-wide Revenues
Last Ten Fiscal Years

Fiscal year	Program Revenues			General Revenues				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous	
2017	\$ 5,636,885	5,540,255	131,725	31,851,564	717,890	133,304	343,808	44,355,431
2016	5,376,624	5,881,899	627,895	30,532,097	715,532	18,565	329,841	43,482,453
2015	5,276,990	5,322,051	1,041,223	30,029,072	733,544	52,501	248,206	42,703,587
2014	5,458,484	5,071,281	16,158	28,888,688	660,298	134,699	228,934	40,458,542
2013	5,079,106	4,235,013	756,290	27,968,929	902,984	122,110	292,863	39,357,295
2012	4,911,542	5,264,981	-	26,819,699	973,187	58,320	379,976	38,407,705
2011	4,820,801	5,693,378	-	25,807,288	934,917	156,228	260,597	37,673,209
2010	5,322,750	4,633,577	-	25,119,671	914,220	158,548	305,294	36,454,060
2009	4,677,204	5,659,716	-	24,788,910	1,044,489	127,421	240,034	36,537,774
2008	4,539,555	5,390,062	202,912	23,380,071	1,148,096	296,566	102,276	35,059,538

TOWN OF CAPE ELIZABETH, MAINE
General Fund Expenditures by Function
Budgetary Basis
Last Ten Fiscal Years

Fiscal year	General government	Public works	Facilities (2)	Public safety	Cultural and Parks	Human services	Education	Intergovernmental assessments	Insurance and benefits	Debt service (1)	Capital improvements	Other expenditures and transfers	Total
2017	\$ 1,202,343	1,596,387	727,644	1,935,217	2,251,089	50,663	23,786,659	1,268,866	1,335,329	1,224,193	893,462	281,470	36,553,322
2016	1,162,182	1,548,041	336,258	1,891,592	998,939	72,977	22,887,223	1,203,042	1,246,828	1,181,063	1,516,755	769,296	34,814,196
2015	1,099,424	1,678,117	349,120	1,865,193	985,897	59,086	22,901,418	1,130,272	1,208,523	900,097	1,343,822	798,958	34,319,927
2014	1,000,340	1,696,555	357,636	1,820,458	957,257	61,539	22,152,487	1,082,835	1,093,038	927,878	853,534	883,370	32,886,927
2013	1,055,123	1,723,157	334,992	1,782,052	943,137	58,466	21,247,797	1,019,311	1,078,004	930,007	2,196,596	625,540	32,994,182
2012	965,257	1,643,224	291,201	1,725,819	1,281,201	46,245	20,184,134	1,013,039	1,049,777	1,023,515	1,414,189	396,160	31,033,761
2011	963,702	1,681,078	241,459	1,674,776	1,130,800	52,482	19,332,876	968,416	993,573	1,011,252	926,646	620,299	29,597,359
2010	1,018,929	1,680,662	-	1,702,665	1,105,290	47,837	18,833,280	987,445	932,450	1,158,985	524,960	6,124,200	34,116,703
2009	1,116,039	1,761,263	-	1,742,865	1,192,979	38,715	18,858,306	1,030,500	964,481	1,234,894	674,850	339,720	28,954,612
2008	1,101,715	1,764,844	-	1,763,795	1,180,642	25,532	18,624,631	956,430	941,345	1,141,552	1,407,879	415,025	29,323,390

(1) Debt service does not include debt service expenditures for Education related issues, which are included in education.

(2) The Town started budgeting facilities separately from other functions in 2011.

TOWN OF CAPE ELIZABETH, MAINE
General Fund Revenues by Source
Budgetary Basis
Last Ten Fiscal Years

Fiscal year	Property Taxes	Other taxes	Licenses and permits	Intergovernmental	Charges for services (1)	Investment income	Other Revenues	Transfers and other financing sources	Total
2017	\$ 29,722,103	2,238,461	289,417	3,506,445	1,412,108	22,729	343,808	-	37,535,071
2016	28,399,890	2,110,207	182,400	4,272,996	160,735	20,225	329,841	-	35,476,294
2015	27,999,747	1,994,325	201,491	3,460,981	196,617	23,408	248,206	315,189	34,439,964
2014	27,079,171	1,850,517	192,108	3,442,636	198,923	13,418	228,934	274,736	33,280,443
2013	26,168,607	1,783,322	154,583	3,648,824	195,942	24,632	292,863	480,000	32,748,773
2012	25,003,996	1,717,703	140,616	3,364,205	389,048	49,116	379,976	3,177,818	34,222,478
2011	24,164,104	1,683,184	128,899	2,998,682	350,354	33,343	260,597	136,161	29,755,324
2010	23,415,310	1,704,361	148,480	2,290,148	397,674	88,070	305,294	6,179,270	34,528,607
2009	23,051,800	1,710,410	140,388	3,829,825	521,011	157,421	111,499	77,202	29,599,556
2008	21,592,164	1,787,907	209,615	4,146,634	471,022	215,040	371,849	232,803	29,027,034

(1) In 2017, the Community Services special revenue fund was closed and related revenues were moved to the General Fund.

Table 5

TOWN OF CAPE ELIZABETH, MAINE
Property Tax Rates - All Direct and Overlapping
Last Ten Fiscal Years

Fiscal year end	Direct		Overlapping	Total tax rate	
	Town	Education and Community Services	County		
2017	\$	4.46	12.40	0.68	17.54
2016		3.92	12.26	0.70	16.88
2015		3.66	12.47	0.67	16.80
2014		3.66	11.97	0.65	16.28
2013		3.46	11.77	0.61	15.84
2012		3.48	11.10	0.60	15.18
2011		4.13	13.03	0.70	17.86
2010		4.19	12.63	0.72	17.54
2009		4.22	12.46	0.76	17.44
2008		3.84	11.91	0.71	16.46

Table 6

TOWN OF CAPE ELIZABETH, MAINE
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal year	Current year's tax levy	Current year's collections	Percent of current levy collected	Current year collections of prior year taxes	Total collections	Tax collections as percent of each year's levy
2017	\$ 29,613,103	29,497,849	99.62%	186,931	29,684,780	100.24%
2016	28,406,589	28,268,887	99.53%	144,676	28,413,563	100.02%
2015	28,034,747	27,872,535	99.43%	182,548	28,055,083	100.07%
2014	27,009,057	26,818,436	99.30%	178,712	26,997,148	99.96%
2013	26,179,228	26,012,826	99.36%	204,471	26,217,297	100.15%
2012	25,093,125	24,869,100	99.11%	145,460	25,014,560	99.69%
2011	24,102,111	23,941,795	99.33%	161,370	24,103,165	100.00%
2010	23,412,446	23,256,304	99.33%	274,301	23,530,605	100.50%
2009	23,076,498	22,813,083	98.86%	152,550	22,965,633	99.52%
2008	21,592,439	21,435,863	99.27%	223,569	21,659,432	100.31%

Note: excludes supplemental taxes and the change in unavailable taxes.

TOWN OF CAPE ELIZABETH, MAINE
Assessed and Estimated Actual Value of Property
Last Ten Fiscal Years

Fiscal year	Real estate assessed value	Personal property assessed value	Total		Ratio of total assessed value to total estimated actual value
			Assessed value	Estimated actual value (1)	
2017	\$ 1,681,526,400	6,791,900	1,688,318,300	1,915,450,000	88.14%
2016	1,676,048,700	6,806,100	1,682,854,800	1,840,800,000	91.42%
2015	1,661,816,800	6,918,100	1,668,734,900	1,723,250,000	96.84%
2014	1,652,277,200	6,755,800	1,659,033,000	1,685,300,000	98.44%
2013	1,646,537,200	6,191,800	1,652,729,000	1,685,400,000	98.06%
2012	1,647,128,000	5,910,500	1,653,038,500	1,710,750,000	96.63%
2011	1,343,498,400	6,003,900	1,349,502,300	1,789,750,000	75.40%
2010	1,328,858,200	5,944,900	1,334,803,100	1,784,100,000	74.82%
2009	1,319,023,300	4,170,400	1,323,193,700	1,828,400,000	72.37%
2008	1,306,507,000	5,176,600	1,311,683,600	1,942,000,000	67.54%

(1) Estimated actual valuation amounts are the state equalized values published by the Maine Revenue Services, Property Tax Division.

Table 8

TOWN OF CAPE ELIZABETH, MAINE
Principal Taxpayers
For the Year Ended June 30, 2017

Name	Assessed valuation	% of total tax commitment
Sprague Corporation	\$ 18,193,300	1.08%
Inn By the Sea	13,054,400	0.77%
Health Care Property Investors Inc.	5,924,700	0.35%
Central Maine Power	5,500,000	0.33%
Smith, David D.	5,488,600	0.33%
McGinn Suzanne P.	5,470,900	0.32%
Rams Head Partners	5,337,600	0.32%
1172 LLC	4,789,800	0.28%
Purpoodock Club	4,293,100	0.25%
Miller, Jo Trust	4,055,600	0.24%

TOWN OF CAPE ELIZABETH, MAINE
Computation of Legal Debt Margin
For the Year Ended June 30, 2017

Total estimated actual valuation by State		\$	<u>1,915,450,000</u>
Legal debt margin:			
Debt limitation - 15% of estimated actual valuation			287,317,500
Debt applicable to debt limitation:			
Municipal	7.5%	143,658,750	8,687,602
School	10.0%	191,545,000	4,657,398
Storm and sanitary sewers	7.5%	143,658,750	2,673,993
Airport, water and special districts	3.0%	57,463,500	-
Total	28.0%	536,326,000	16,018,993
Total bonded debt applicable to debt limit			16,018,993
Legal debt margin			\$ 271,298,507

NOTE: Statutory debt limit is in accordance with MRS 30-A, § 5701.

TOWN OF CAPE ELIZABETH, MAINE
Ratio of Net General Obligation Bonded Debt
to Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal year	Population (1)	Assessed value (2)	Net bonded debt (3)	Ratio of net bonded debt to assessed value	Net bonded debt per capita
2017	9,015	\$ 1,688,318,300	16,018,993	0.95%	1,777
2016	9,015	1,682,854,800	15,569,641	0.93%	1,727
2015	9,015	1,668,734,900	17,247,295	1.03%	1,913
2014	9,015	1,659,033,000	13,807,003	0.83%	1,532
2013	9,015	1,652,729,000	16,053,817	0.97%	1,781
2012	9,015	1,653,038,500	18,122,786	1.10%	2,010
2011	9,015	1,349,502,300	19,998,958	1.48%	2,218
2010	9,068	1,334,803,100	22,067,420	1.65%	2,434
2009	9,068	1,323,193,700	24,093,100	1.82%	2,657
2008	9,068	1,311,683,600	26,297,891	2.00%	2,900

(1) U. S. Bureau of the Census

(2) Amount from Table 7

(3) Excludes capital leases

TOWN OF CAPE ELIZABETH, MAINE
Ratio of Annual Debt Service Expenditures
for General Obligation Bonded Debt
to Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal year	Municipal debt service(1)	School debt service	Total debt service - bonded debt	Total general governmental expenditures and transfers out	Ratio of debt service to general governmental expenditures and transfers out
2017	\$ 1,224,193	522,000	1,746,193	36,836,432	4.74%
2016	1,181,063	764,318	1,945,381	34,814,196	5.59%
2015	887,347	1,227,675	2,115,022	34,319,927	6.16%
2014	905,703	1,288,591	2,194,294	32,886,927	6.67%
2013	930,007	1,323,403	2,253,410	32,994,182	6.83%
2012	1,023,515	1,357,916	2,381,431	30,731,943	7.75%
2011	1,011,252	1,391,680	2,402,932	29,383,359	8.18%
2010	1,158,985	1,468,285	2,627,270	28,351,703	9.27%
2009	1,234,894	1,565,811	2,800,705	28,954,612	9.67%
2008	1,141,552	1,620,233	2,761,785	29,323,390	9.42%

(1) Excludes sewer user debt paid in special revenue funds and school debt service budgeted in facilities maintenance.

TOWN OF CAPE ELIZABETH, MAINE
Computation of Direct, Overlapping and Contingent Debt
For the Year Ended June 30, 2017

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to government	Amount applicable to government
Direct:			
Town of Cape Elizabeth bonds and notes	\$ 16,018,993	100.00%	16,018,993
Overlapping debt:			
Cumberland County	37,435,000	4.55%	1,701,593
Portland Water District -- sewer debt	40,709,282	6.27%	2,550,500
Contingent debt:			
Portland Water District -- water debt	45,980,073	6.83%	3,140,439