

TOWN OF CAPE ELIZABETH, MAINE

Annual Financial Report

For the Year Ended June 30, 2013

TOWN OF CAPE ELIZABETH, MAINE
Annual Financial Report
Year ended June 30, 2013

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 Financial Statements		23-42
Required Supplementary Information:		
Schedule of Funding Progress -- Retiree Healthcare Plan and Town Pension Plan		43
	<u>Exhibit</u>	<u>Page</u>
Combining and Individual Fund Statements:		
General Fund:		
Comparative Balance Sheets	A-1	45
Statement of Revenues, Expenditures and Changes in Fund Balance --		
Budget and Actual -- Budgetary Basis	A-2	46-49
All Other Governmental Funds:		
Combining Balance Sheet	B-1	53
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances	B-2	54
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C-1	57
Combining Statement of Revenues, Expenditures and Changes in Fund		
Balances	C-2	58
Nonmajor Capital Project Fund:		
Combining Balance Sheet	D-1	61
Combining Statement of Revenues, Expenditures and Changes in Fund		
Balances	D-2	62

TOWN OF CAPE ELIZABETH, MAINE
Annual Financial Report

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page(s)</u>
Private-purpose Trust Funds:		
Combining Statement of Fiduciary Net Position	E-1	65
Combining Statement of Changes in Fiduciary Net Position	E-2	66
Agency Funds:		
Statement of Changes in Balances	E-3	67
Statement of Changes in Long-term Debt	F	68
	<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	71
Community Services – Special Revenue Fund - Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual	2	72
School Department Special Revenue Funds – School Categorical Programs – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	3	73
	<u>Tables</u>	<u>Page</u>
Statistical Section:		
Government-wide Expenses by Function	1	77
Government-wide Revenues	2	78
General Fund Expenditures by Function	3	79
General Fund Revenues by Source	4	80
Property Tax Rates – All Direct and Overlapping	5	81
Property Tax Levies and Collections	6	82
Assessed and Estimated Actual Value of Property	7	83
Principal Taxpayers	8	84
Computation of Legal Debt Margin	9	85
Ratio of Net General Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	10	86
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures	11	87
Computation of Direct, Overlapping and Contingent Debt	12	88

Independent Auditor's Report

To the Town Council
Town of Cape Elizabeth, Maine

Report on the 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, 2013, and the related notes to the financial statements, which collectively comprise the Town'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, 2013, 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 and the schedule of funding progress 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 the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

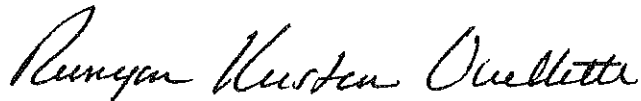
The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in 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 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 September 2, 2013 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.



September 2, 2013
South Portland, Maine

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

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. The total assets for all governmental activity equal \$48,896,462. The total net position is \$28,993,183. Net position includes \$20,426,134 net investment in capital assets, \$2,732,396 in restricted net position and \$5,834,653 in unrestricted net position. For the reporting period, the Town had a decrease in the fund balance for total governmental funds (from statement 4) of \$705,263. The fund balance for the General Fund on a budgetary basis decreased \$245,409. This is attributable to the planned utilization of carry forward balances. The School General Fund balance increased from \$1,002,013 to \$1,222,214 as a result of budgetary savings. The Town General Fund unassigned fund balance increased \$201,205.

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 and liabilities (including infrastructure). 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 activities is presented:

- Governmental Activities – Most of the Town's basic services are reported here, including the General Government, Public Safety, Public Works, Health, Sanitation and Welfare, Recreation, Education and Libraries. 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 one kind of fund; governmental, which uses the following accounting methods:

- *Governmental Funds* – Most 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, 2013

The Town as Trustee

Reporting the Town's Fiduciary Responsibilities

The Town is the trustee, or *fiduciary*, for trust funds. These assets, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in the separate *Statements of Fiduciary Net Position* and *Changes in Fiduciary Net Position*. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Comparison of Information from Current Year and Prior Year

THE TOWN AS A WHOLE

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

Governmental Activities Net Position

	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 11,891,413	12,513,276
Capital assets	37,005,049	36,835,902
Total assets	48,896,462	49,349,178
<hr/>		
Other liabilities	3,324,364	3,212,249
Long-term liabilities	16,578,915	18,891,272
Total liabilities	19,903,279	22,103,521
<hr/>		
Net investment in capital assets	20,426,134	18,252,324
Restricted	2,732,396	3,021,539
Unrestricted	5,834,653	5,971,794
Total net position	\$ 28,993,183	27,245,657

Assets

Cash, Cash Equivalents and Investments

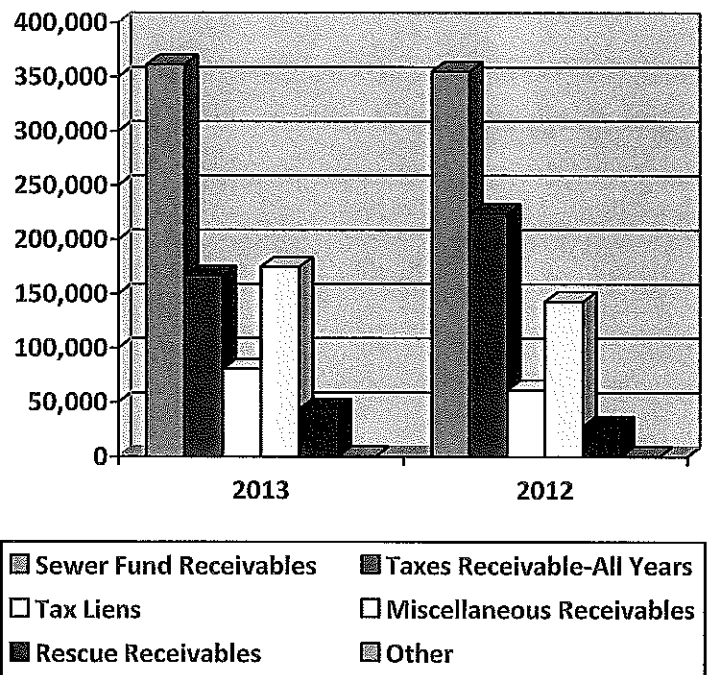
The portion of the fund balance in cash, cash equivalents and investments decreased \$665,917, from \$11,560,459 to \$10,894,542. The decrease is attributable to spending down assigned fund balances.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Receivables

The Town continues to have an excellent record of tax receivables, maintaining the collection rate of the levy for the current year at 99.36%. The taxes receivable decreased from the prior year, due to continuing cooperation from taxpayers and an unemployment rate significantly below the national average. The sewer receivable increased slightly. The Town places tax liens on uncollected sewer fees, so eventually the entire receivable is paid.

	FY 2012	FY 2013
Sewer Fund Receivables	\$ 355,072	361,459
Taxes Receivable-Current Year	224,025	166,402
Taxes Receivable-Prior Yrs.	186	284
Tax Liens	61,374	80,830
Miscellaneous Receivables	142,877	174,919
Rescue Receivables	28,160	44,000
Tax Acquired Property	206	206
Total	\$ 811,900	828,100
% Sewer	44%	44%
% Taxes etc.	56%	56%



TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Changes in Net Position

	<u>2013</u>	<u>2012</u>	<u>Change</u>
<u>Sources of Revenues</u>			
Program Revenues:			
Charges for services	\$ 5,079,106	4,911,542	167,564
Operating grants and contributions	4,235,013	5,264,981	(1,029,968)
Capital grants and contributions	756,290	-	756,290
Total program revenues	10,070,409	10,176,523	(106,114)
General Revenues:			
Property and other taxes	28,125,475	26,976,824	1,148,651
Grants and contributions not restricted to specific programs	902,984	973,187	(70,203)
Unrestricted investment income	122,110	58,320	63,790
Other	136,317	222,851	(86,534)
Total general revenues	29,286,886	28,231,182	1,055,704
Total revenues	39,357,295	38,407,705	949,590
Functional Expenses:			
General government	1,319,985	1,174,591	145,394
Public works	2,294,612	2,196,861	97,751
Facilities	334,992	291,201	43,791
Public safety	2,039,980	1,984,056	55,924
Human services	58,466	46,245	12,221
Cultural and parks	943,137	1,281,201	(338,064)
Education	24,169,179	23,643,004	526,175
School lunch	630,350	596,544	33,806
Intergovernmental assessments	1,019,311	1,013,039	6,272
Unclassified	2,195,830	2,210,612	(14,782)
Sewer	1,495,047	1,251,089	243,958
Capital maintenance	932,659	954,434	(21,775)
Interest on debt	176,221	277,245	(101,024)
Total expenses	37,609,769	36,920,122	689,647
Increase in net position	1,747,526	1,487,583	259,943
Net position – beginning of year	27,245,657	25,758,074	1,487,583
Net position – end of year	\$ 28,993,183	27,245,657	1,747,526

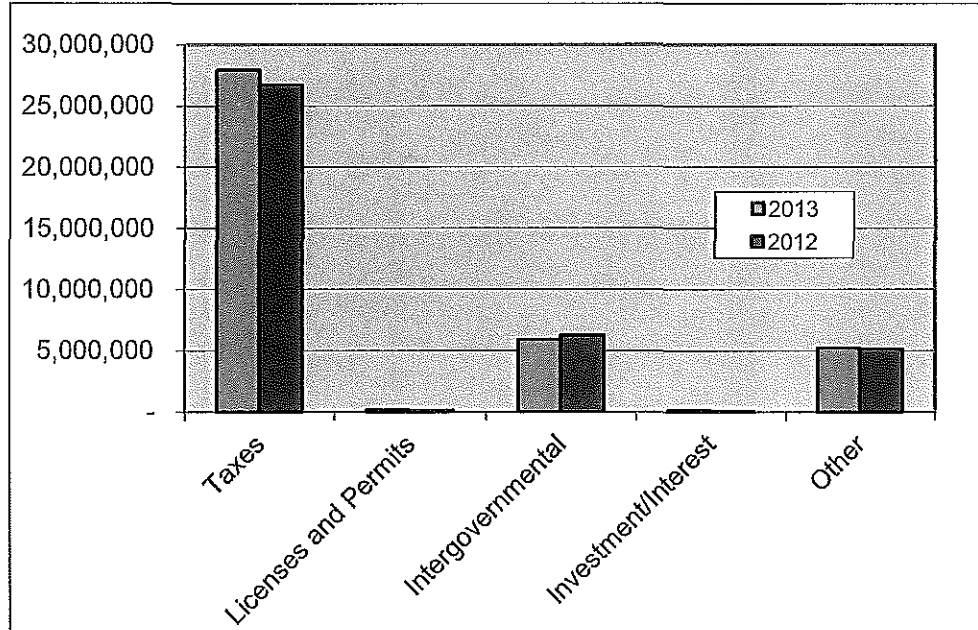
TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Governmental Fund Revenues by Major Source

Property and other taxes amounted to 71.1% of revenue in FY 2013. This compares to 69.8% in FY 2012. Intergovernmental revenues decreased \$343,881 due to state budget cuts and a decline in MaineCare support. Investment income increased from \$58,320 to \$122,110. Overall, revenues were up \$1,030,590 or 2.7%. The total increase in revenue from taxes this past year was \$1,230,230 or 4.6 % compared with 3.4% the previous year.

Revenues Chart

	2013	2012	\$ Change	% Change
Taxes	\$ 27,951,929	26,721,699	1,230,230	4.6%
Licenses and Permits	154,583	140,616	13,967	9.9%
Intergovernmental	5,894,287	6,238,168	(343,881)	-5.5%
Investment/Interest	122,110	58,320	63,790	109.4%
Other	5,217,386	5,150,902	66,484	1.3%
	\$ 39,340,295	38,309,705	1,030,590	2.7%



TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Governmental Fund Expenditures

Total expenditures increased by \$1,653,740, or 4.3%. The increase was due to more spending for capital outlay, for schools and for sewers. Spending, excluding capital outlay, increased \$852,554 or 2.3%.

Expenditures changed as follows:

	2013	2012	\$ Change	% Change
General Government	\$ 1,055,123	965,257	89,866	9.3%
Public Works	1,723,157	1,643,224	79,933	4.9%
Facilities	334,992	291,201	43,791	15.0%
Public Safety	1,782,052	1,725,819	56,233	3.3%
Cultural and Parks	943,137	1,281,201	(338,064)	-26.4%
Human Services	58,466	46,245	12,221	26.4%
Education	25,019,569	24,316,858	702,711	2.9%
Intergovernmental Assessments	1,019,311	1,013,039	6,272	0.6%
Unclassified	2,166,373	2,151,037	15,336	0.7%
Sewer	1,495,047	1,251,089	243,958	19.5%
School Lunch Program	630,350	596,544	33,806	5.7%
Capital Outlay	2,755,968	1,954,783	801,185	41.0%
Non-School Debt Service	1,149,570	1,243,078	(93,508)	-7.5%
Total Expenditures	\$ 40,133,115	38,479,375	1,653,740	4.3%
Excluding Capital Outlay	\$ 37,377,147	36,524,592	852,555	2.3%

Transfers

In FY 2013, \$437,006 was transferred from the General Fund to the Community Services Fund as a planned contribution and the Community Services Fund received a \$21,000 grant from the Thomas Jordan Fund. The General Fund transferred a budgeted \$14,000 to the Turf Field Fund. \$480,000 was transferred from the school categorical funds for Medicaid. This was also planned as part of the transition away from reliance of funds from the American Recovery and Reinvestment Act (ARRA) funds. The subsequent FY 2014 school budget was adopted with a transfer of \$200,000.

The Overall Financial Position of the Town

The overall financial condition continued to be healthy in FY 2013. Despite a continuing tough economy nationally, the tax collection rate stayed above 99% of the current levy. The unassigned general fund balance remained a healthy \$3.1 million. The ratio of bonded debt to assessed value decreased from 1.10% to 0.97%. \$2.07 million was retired. The infrastructure is in good condition with police, fire, public works and community facilities having been built or substantially remodeled over the last 12 years. All school buildings have been recently renovated. 81% of all debt is to be retired in the next ten years with 100% of the debt to be retired in the next 15 years.

The Town's median household income in 1999 was \$72,359, the highest in Maine. Property values have moderated in the last three years after significant increases in previous years. Unemployment in the Portland MSA was at 5.6% in June 2013, compared to a state unemployment rate of 6.6% and a national rate of 7.6%.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Significant Changes in Individual Fund Balances

	06/30/13	06/30/12	\$ Change	% Change
General Fund	\$ 5,214,928	5,313,731	(98,803)	-1.9%
School Categorical Funds	239,609	712,708	(473,099)	-66.4%
School Lunch Program	3,859	13,507	(9,648)	-71.4%
Sewer User Fund	1,268,073	1,299,931	(31,858)	-2.5%
Community Services Fund	24,778	47,056	(22,278)	-47.3%
Riverside Cemetery Capital Improvements	106,179	93,461	12,718	13.6%
Fort Williams Park Fund	123,263	178,909	(55,646)	-31.1%
Portland Head Light Fund	629,037	518,081	110,956	21.4%
Rescue Fund	206,108	194,526	11,582	6.0%
Cemetery Perpetual Care	334,939	346,019	(11,080)	-3.2%
Library Fund	180,599	173,406	7,193	4.1%
Land Acquisition Fund	72,747	213,379	(140,632)	-65.9%
Spurwink Church Fund	34,419	34,724	(305)	-0.9%
Thomas Jordan Fund	952,090	886,538	65,552	7.4%
Turf Field	146,009	131,304	14,705	11.2%
Infrastructure Improvement	191,176	168,102	23,074	13.7%
School Technology	-	107,694	(107,694)	100.0%

The General Fund and Fort Williams Park decreases reflects planned reductions in carry forward balances as projects were undertaken in FY 2013 including the Shore Road pathway. The Thomas Jordan Fund increased due to its investments. The Portland Head Light Fund increased due to good sales at the gift shop. The Community Services Fund decreased primarily due to revenue shortfalls at the fitness center. The Infrastructure Improvement Fund was established in FY 2007 and is receiving steady income. The Land Acquisition Fund assisted the Cape Elizabeth Land Trust with a property purchase.

The Sewer User Fund is benefiting from a three year implementation of sewer fee increases intended to meet the debt service expense of Portland Water District sewer plant upgrades begun in September 2010. The Portland Water District borrowed approximately \$2.5 million from the Maine State Revolving Loan Fund Program at a minimal interest rate. Funds which had been purposefully accumulated the past few years for capital needs are now being used for those needs.

Significant Budget Variances

There were no significant negative budget variances.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

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, 2013 stood at \$16,053,817. This equated to 0.97% of assessed value and to \$1,781 net bonded debt per capita. The ratio of debt service to general governmental expenditures was 6.83% on June 30, 2013 compared to 7.75% on June 30, 2012.

Existing Debt Service Requirements			
Year	Principal	Interest	Total
2014	\$ 2,061,814	480,535	2,542,349
2015	1,969,708	428,449	2,398,157
2016	1,407,654	381,448	1,789,102
2017	1,385,648	340,584	1,726,232
2018	1,388,697	299,762	1,688,459
2019-2023	5,586,068	888,895	6,474,963
2024-2028	2,254,228	156,531	2,410,759
Totals	\$ 16,053,817	2,976,204	19,030,021

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 Michael McGovern, Town Manager at the Town of Cape Elizabeth, 320 Ocean House Rd., Cape Elizabeth, Maine 04107, or by phone at 207-799-5251 or by e-mail at michael.mcgovern@capeelizabeth.org

BASIC FINANCIAL STATEMENTS

TOWN OF CAPE ELIZABETH, MAINE
Statement of Net Position
June 30, 2013

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 10,345,064
Investments	549,478
Receivables:	
Accounts	174,919
Taxes and liens	247,722
Rescue (net of allowance for uncollectible of \$35,000)	44,000
Sewer fees (net of allowance for uncollectible of \$4,000)	361,459
Prepaid expenses	11,691
Inventory	157,080
Capital assets, not being depreciated	1,970,038
Capital assets, being depreciated	35,035,011
Total assets	48,896,462
LIABILITIES	
Accounts payable and other current liabilities	127,173
Accrued payroll	1,632,829
Compensated absences payable	953,360
Unearned revenues	190,108
Taxes collected in advance	12,490
Accrued interest	117,065
Other postemployment benefits liability	291,339
Noncurrent liabilities:	
Due within one year	2,336,472
Due in more than one year	14,242,443
Total liabilities	19,903,279
NET POSITION	
Net investment in capital assets	20,426,134
Restricted	1,464,323
Unrestricted	7,102,726
Total net position	\$ 28,993,183

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Activities
For the Year Ended June 30, 2013

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	\$ 1,319,985	154,583	-	-	(1,165,402)
Public works	2,294,612	92,840	81,912	756,290	(1,363,570)
Facilities	334,992	194,410	-	-	(140,582)
Public safety	2,039,980	253,586	66,592	-	(1,719,802)
Human services	58,466	-	-	-	(58,466)
Cultural and parks	943,137	6,573	-	-	(936,564)
Education	24,169,179	1,261,929	3,990,943	-	(18,916,307)
School lunch	630,350	525,136	95,566	-	(9,648)
Intergovernmental assessments	1,019,311	-	-	-	(1,019,311)
Unclassified	2,195,830	763,023	-	-	(1,432,807)
Sewer	1,495,047	1,827,026	-	-	331,979
Capital maintenance expenses	932,659	-	-	-	(932,659)
Interest on debt	176,221	-	-	-	(176,221)
Total governmental activities	37,609,769	5,079,106	4,235,013	756,290	(27,539,360)
General revenues:					
Property taxes					26,185,607
Excise taxes					1,749,144
Interest and costs on taxes					34,178
Franchise fees					156,546
Grants and contributions not restricted to specific programs:					
State Revenue Sharing					649,052
Homestead exemption					189,050
Other intergovernmental revenues					64,882
Unrestricted investment earnings					122,110
Miscellaneous revenues					136,317
Total general revenues					29,286,886
Change in net position					1,747,526
Net position - beginning					27,245,657
Net position - ending					\$ 28,993,183

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE

Balance Sheet
Governmental Funds
June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 9,286,316	1,058,748	10,345,064
Investments	-	549,478	549,478
Receivables:			
Accounts	145,178	29,741	174,919
Taxes receivable - prior years	284	-	284
Taxes receivable - current year	166,402	-	166,402
Tax liens	80,830	-	80,830
Tax acquired property	206	-	206
Rescue (net of allowance for uncollectible of \$35,000)	-	44,000	44,000
Sewer fees (net of allowance for uncollectible of \$4,000)	-	361,459	361,459
Prepaid expenditures	-	11,691	11,691
Inventory	-	157,080	157,080
Interfund loans receivable	-	2,492,824	2,492,824
Total assets	\$ 9,679,216	4,705,021	14,384,237
LIABILITIES			
Accounts payable and other current liabilities	127,173	-	127,173
Accrued payroll	1,632,829	-	1,632,829
Unearned revenue - other	-	190,108	190,108
Taxes collected in advance	12,490	-	12,490
Interfund loans payable	2,490,796	2,028	2,492,824
Total liabilities	4,263,288	192,136	4,455,424
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	201,000	-	201,000
Total deferred inflows of resources	201,000	-	201,000
FUND BALANCES			
Nonspendable	-	168,771	168,771
Restricted	1,224,714	239,609	1,464,323
Committed	-	3,696,730	3,696,730
Assigned	850,752	420,618	1,271,370
Unassigned	3,139,462	(12,843)	3,126,619
Total fund balances	5,214,928	4,512,885	9,727,813
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,679,216	4,705,021	
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.			37,005,049
Other long-term assets are not available to pay for current period expenditures and, therefore, are unearned revenues in the funds.			201,000
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			(953,360)
Accrued interest			(117,065)
Other postemployment benefits liability			(291,339)
Capital leases			(525,098)
Bonds payable			(16,053,817)
Net position of governmental activities			\$ 28,993,183

TOWN OF CAPE ELIZABETH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 27,951,929	-	27,951,929
Licenses and permits	154,583	-	154,583
Intergovernmental	5,450,440	443,847	5,894,287
Investment income	24,632	97,478	122,110
Other	488,805	4,728,581	5,217,386
Total revenues	34,070,389	5,269,906	39,340,295
Expenditures:			
Current:			
General government	1,055,123	-	1,055,123
Public works	1,723,157	-	1,723,157
Facilities	334,992	-	334,992
Public safety	1,782,052	-	1,782,052
Cultural and parks	943,137	-	943,137
Human services	58,466	-	58,466
Education	22,902,807	2,116,762	25,019,569
Intergovernmental assessments	1,019,311	-	1,019,311
School lunch	-	630,350	630,350
Unclassified	1,252,538	913,835	2,166,373
Sewer	-	1,495,047	1,495,047
Capital improvements	2,284,153	471,815	2,755,968
Debt service	930,007	219,563	1,149,570
Total expenditures	34,285,743	5,847,372	40,133,115
Deficiency of revenues under expenditures	(215,354)	(577,466)	(792,820)
Other financing sources (uses):			
Lease proceeds	87,557	-	87,557
Transfers from other funds	480,000	472,006	952,006
Transfers to other funds	(451,006)	(501,000)	(952,006)
Total other financing sources (uses)	116,551	(28,994)	87,557
Net change in fund balances	(98,803)	(606,460)	(705,263)
Fund balances, beginning of year	5,313,731	5,119,345	10,433,076
Fund balances, end of year	\$ 5,214,928	4,512,885	9,727,813

See accompanying notes to 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, 2013

Net change in fund balances - total governmental funds (from Statement 4)	\$	(705,263)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

<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 (\$2,052,182) exceeded depreciation expense (\$1,883,035) in the current period.</p>		169,147
<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>		17,000
<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 (\$1,400); the change in accrued interest (\$14,142); and the change in other postemployment benefits liability (\$61,257).</p>		(45,715)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond 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 of current year repayments (\$2,068,969).</p>		2,068,969
<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 (\$330,945) exceeded capital lease proceeds (\$87,557).</p>		243,388

Change in net position of governmental activities (see Statement 2)	\$	1,747,526
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See accompanying notes to 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, 2013

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 27,866,028	27,866,028	27,951,929	85,901
Licenses and permits	116,000	116,000	154,583	38,583
Intergovernmental	2,986,976	2,986,976	3,648,824	661,848
Investment income	25,000	25,000	24,632	(368)
Other	446,500	446,500	488,805	42,305
Total revenues	31,440,504	31,440,504	32,268,773	828,269
Expenditures:				
Current:				
General government	1,031,444	1,085,212	1,055,123	30,089
Public works	1,786,024	1,802,566	1,723,157	79,409
Facilities	349,961	349,961	334,992	14,969
Public safety	1,860,867	1,871,395	1,782,052	89,343
Cultural and parks	1,011,654	1,116,773	943,137	173,636
Human services	50,400	59,400	58,466	934
Education	21,758,817	21,758,817	21,247,797	511,020
Intergovernmental assessments	1,019,484	1,019,484	1,019,311	173
Unclassified	1,573,255	1,575,255	1,252,538	322,717
Capital improvements	693,248	2,297,920	2,196,596	101,324
Debt service	934,344	934,344	930,007	4,337
Total expenditures	32,069,498	33,871,127	32,543,176	1,327,951
Deficiency of revenues under expenditures	(628,994)	(2,430,623)	(274,403)	2,156,220
Other financing sources (uses):				
Transfer from special revenue funds	480,000	480,000	480,000	-
Transfer to special revenue funds	(437,006)	(437,006)	(437,006)	-
Transfer to capital projects funds	(14,000)	(14,000)	(14,000)	-
Carryforward balances and subsequent authorizations	-	1,801,629	-	(1,801,629)
Utilization of prior year surplus - School	250,000	250,000	-	(250,000)
Utilization of prior year surplus - Town	350,000	350,000	-	(350,000)
Total other financing sources	628,994	2,430,623	28,994	(2,401,629)
Net change in fund balance	-	-	(245,409)	(245,409)
Reconciliation to GAAP:				
Change in encumbrances			146,606	
Fund balance, beginning of year			5,313,731	
Fund balance, end of year	\$		5,214,928	

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

		Private- purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$	90,242	172,554
Total assets		90,242	172,554
LIABILITIES			
Due to student groups		-	172,554
Total liabilities		-	172,554
Net Position			
Held in trust	\$	90,242	-

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	Private- purpose Trust Funds
Additions:	
Interest earned	\$ 713
Donations	7,887
Total additions	8,600
Deductions:	
School scholarships	2,615
Total deductions	2,615
Change in net position	5,985
Net position, beginning of year	84,257
Net position, end of year	\$ 90,242

See accompanying notes to 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.

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. The Museum is reported as a special revenue fund and does not issue separate financial statements.

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:

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 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 funds:

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 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 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 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 of Resources - In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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, as well as issuance costs if material to basic financial statements, 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

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.

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.

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 between 100%-115% of the target shall be used to reduce the tax commitment in the next budget to be considered by the Town Council. 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 the result will be an undesignated fund balance (a.k.a. unassigned) that is a percentage of operating revenues lower than the prior year's percentage.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

E. Net Position

Net position represents the difference between assets and liabilities. 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.

The Town's net investment in capital assets was calculated as follows at June 30, 2013:

Capital assets	\$ 65,700,433
Accumulated depreciation	(28,695,384)
Bonds and notes payable	(16,053,817)
Capital leases	(525,098)
<u>Net investment in capital assets</u>	<u>\$ 20,426,134</u>

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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 \$1,801,616. 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.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

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.

The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments. The revised budget presented for the General Fund in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund (Statement 6) includes various adjustments as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses)</u>
2012-2013 budget as originally adopted	\$ 32,215,568	32,215,568	-
Overlay/abatements	453,936	453,936	-
Local homestead exemption	(149,000)	(149,000)	-
Interfund transfers	(480,000)	(14,000)	466,000
Utilization of prior year balances:			
Town	(350,000)	-	350,000
School	(250,000)	-	250,000
Assigned carry-forward balances – Town	-	1,016,474	1,016,474
Community services and pool local allocations	-	(437,006)	(437,006)
Budgetary adjustments:			
Subsequent authorizations and transfers	-	785,155	785,155
Total adjusted budget	\$ 31,440,504	33,871,127	2,430,623

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

CASH 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, 2013, the Town reported deposits of \$10,607,860 with a bank balance of \$11,393,853. 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	\$ 10,345,064
Reported in fiduciary funds	262,796
Total deposits	<u>\$ 10,607,860</u>

B. Investments

At June 30, 2013, the Town had the following investments reported in governmental funds:

	<u>Fair value</u>
Mutual funds (1)	\$ 549,478

(1) Mutual funds are not considered securities and are exempt from credit risk disclosure.

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

PROPERTY TAXES

Property taxes for the current year were committed on August 1, 2012 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 2, 2012 and April 2, 2013. 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 \$304,937 for the year ended June 30, 2013.

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.

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

PROPERTY TAXES, CONTINUED

The following summarizes the 2013 and 2012 levy:

	<u>2013</u>	<u>2012</u>
Assessed valuation:		
Land	\$ 709,184,800	710,072,900
Buildings	937,352,400	937,055,100
Personal property	6,191,800	5,910,500
Total assessed valuation	\$1,652,729,000	1,653,038,500
Assessed valuation	1,652,729,000	1,653,038,500
Tax rate (per \$1,000)	15.84	15.18
Commitment	26,179,227	25,093,125
Supplemental taxes assessed	6,379	8,871
Total tax levy	26,185,606	25,101,996
Change in unavailable tax revenues	(17,000)	(98,000)
Total property tax revenues	26,168,606	25,003,996
Less:		
Collections and abatements	26,002,204	24,779,971
Current year receivables at June 30, 2013 and 2012	\$ 166,402	224,025

	<u>2013</u>	<u>2012</u>
Due date(s)	10/2/12 4/2/13	10/4/2011 4/3/2012
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	99.32%	99.11%

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance June 30, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2013</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,116,995	-	-	1,116,995
Construction in progress	209,918	1,680,697	1,037,572	853,043
Total capital assets, not being depreciated	1,326,913	1,680,697	1,037,572	1,970,038
Capital assets, being depreciated:				
Land improvements	669,581	-	-	669,581
Buildings and building improvements	39,800,766	-	-	39,800,766
Furniture and equipment	1,833,164	93,626	-	1,926,790
Vehicles	4,635,322	277,859	70,781	4,842,400
Infrastructure	15,453,286	1,037,572	-	16,490,858
Total capital assets being depreciated:	62,392,119	1,409,057	70,781	63,730,395

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

CAPITAL ASSETS, CONTINUED

Less accumulated depreciation for:				
Land improvements	\$ 215,754	44,639	-	260,393
Buildings and building improvements	15,299,329	1,143,647	-	16,442,976
Furniture and equipment	1,040,676	89,170	-	1,129,846
Vehicles	3,011,542	279,875	70,781	3,220,636
Infrastructure	7,315,829	325,704	-	7,641,533
Total accumulated depreciation	26,883,130	1,883,035	70,781	28,695,384
Total capital assets being depreciated, net	35,508,989	(473,978)	-	35,035,011
Governmental activities capital assets, net	\$ 36,835,902	1,206,719	1,037,572	37,005,049

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

Governmental activities:	
General government	\$ 199,110
Public safety	257,928
Public works, including depreciation of general infrastructure assets	571,455
Education	825,085
Unclassified	29,457
Total depreciation expense – governmental activities	\$ 1,883,035

INTERFUND BALANCES

Individual interfund receivables and payables at June 30, 2013 were as follows:

	Interfund receivables	Interfund payables
General Fund	\$ -	2,490,796
Nonmajor special revenue funds:		
School Categorical Programs	218,203	-
School Lunch Program	-	2,028
Sewer User Fund	906,614	-
Community Services Fund	184,045	-
Portland Head Light	488,659	-
Rescue Fund	162,108	-
Total nonmajor special revenue funds	1,959,629	2,028
Nonmajor capital project funds:		
Land Acquisition Fund	72,747	-
Infrastructure Improvement	191,176	-
Turf Field	146,009	-
Fort Williams Park Fund	123,263	-
Total nonmajor capital project funds	533,195	-
Totals	\$ 2,492,824	2,492,824

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

INTERFUND BALANCES, CONTINUED

With the exception of certain trust funds and permanent 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.

Individual fund transfers for the year ended June 30, 2013 were as follows:

	Transfers <u>in</u>	Transfers <u>out</u>
General Fund	\$ 480,000	451,006
Nonmajor special revenue funds:		
School Categorical Programs	-	480,000
Community Services Fund	458,006	-
Thomas Jordan Fund	-	21,000
Total nonmajor special revenue funds	458,006	501,000
Nonmajor capital projects fund:		
Turf Field	14,000	-
Totals	\$ 952,006	952,006

These transfers were budgeted transfers to fund certain activities.

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, 2013, the Town complied with these limitations.

COMMITMENTS

As of June 30, 2013, the Town had ongoing commitments for the improvements of Starboard Drive and Charles Road. The construction contracts had remaining balances of \$79,049 and \$209,361 respectively, as of year-end.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Governmental activities:					
General obligation bonds	\$ 18,122,786	-	2,068,969	16,053,817	2,061,814
Capital leases	768,486	87,557	330,945	525,098	274,658
Other post employment benefits	230,082	71,049	9,792	291,339	-
Accrued compensated absences	954,760	953,360	954,760	953,360	-
Governmental activity					
long-term liabilities	\$ 20,076,114	1,111,966	3,364,466	17,823,614	2,336,472

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

LONG-TERM DEBT

Long-term debt payable at June 30, 2013 is comprised of the following:

	Amount of <u>Original issue</u>	Interest <u>rate</u>	Final maturity <u>date</u>	Balance end of <u>year</u>
General obligation bonds				
2004 School Revolving Renovation Fund (1)	\$ 800,000	0%	2014	80,000
2004 School Renovation	3,725,000	3.00-4.36%	2024	1,970,000
2006 School Renovation	4,725,000	3.75-4.20%	2025	2,820,000
2006 Clean Water Revolving Fund	3,510,000	1.73%	2026	2,415,817
2006 Sewer bond	1,890,000	1.90%-5.50%	2027	1,323,000
2008 Capital improvements	2,550,000	3.25%-4.13%	2028	1,900,000
2009 Refunding bond	5,850,000	2.00%-2.75%	2020	3,185,000
2011 Refunding bond	2,110,000	2.00%-2.70%	2021	1,660,000
2012 Refunding bond	780,000	2.00%-2.50%	2022	700,000
Total general obligation bonds				<u>16,053,817</u>
Total				\$ 16,053,817

- (1) The original amount of this note was for \$1,000,000, of which the State has forgiven \$200,000. The Town's outstanding portion at June 30, 2013 was \$80,000.

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, 2013 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>
2014	\$ 2,061,814	480,535	2,542,349
2015	1,969,708	428,449	2,398,157
2016	1,407,654	381,448	1,789,102
2017	1,385,648	340,584	1,726,232
2018	1,388,697	299,762	1,688,459
2019-2023	5,586,068	888,895	6,474,963
2024-2028	2,254,228	156,531	2,410,759
Totals	\$ 16,053,817	\$2,976,204	\$ 19,030,021

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.

CAPITAL LEASES

The Town has entered into eight lease agreements as lessee for financing of computers and technology equipment, a boiler, buses and a van. 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.

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

CAPITAL LEASES, CONTINUED

The following is a summary of equipment leased under capital lease agreements by the Town as of June 30, 2013:

Computer and technology equipment	\$ 726,301
Boiler	150,000
Buses	259,606
Van	25,325

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, 2013:

Fiscal year ending	
<u>June 30,</u>	
2014	\$ 290,125
2015	142,907
2016	76,124
2017	44,258
Total minimum lease payments	553,414
<u>Less amounts representing interest</u>	<u>28,316</u>
Present value of future minimum	
<u>lease payments</u>	<u>\$ 525,098</u>

OPERATING LEASES

The Town has twelve operating lease agreements for rental of Town-owned buildings and land. Rental income from these operating leases for the year ended June 30, 2013 was \$ 51,777.

The following is a schedule of the future minimum rentals on operating leases as of June 30, 2013:

Fiscal year ending	
<u>June 30,</u>	
2014	\$ 62,927
2015	56,429
2016	55,961
2017	31,430
2018	15,793
2019-2023	12,500
<u>2024-2028</u>	<u>5,000</u>
<u>Total of future rental income</u>	<u>\$ 240,040</u>

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, 2013, the Town's share is \$1,608,478 (4.36%) of Cumberland County's outstanding debt of \$36,925,000.

TOWN OF CAPE ELIZABETH, MAINE
Notes to 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 (the "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, 2013, the Town was responsible for \$2,544,500 of its portion of PWD's Wastewater Fund Debt (or 8.86% of PWD's \$28,725,760 total Wastewater Fund Debt).

Other Contingencies

Portland Water District - The Water Division of the PWD also provides water to the inhabitants of ten cities and towns within the Greater Portland Area (the "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 (the "Act"), and pursuant to an agreement with nine of the ten PWD municipalities, the exception being the Town of Standish (the "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 (the "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, 2013, the Town was contingently responsible for approximately 6.65%, or \$2,065,931, of the PWD's \$31,085,441 Water Fund Debt.

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, 2013 based on the most recent information available, includes total assets of \$60,282,199, total liabilities of \$17,775,424 and unrestricted net position of \$11,281,110. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,951,872. 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.

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

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, 2013.

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.

FUND BALANCES

At June 30, 2013, 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:			
Portland Head Light - inventory	\$ -	140,378	140,378
School Lunch program - inventory	-	16,702	16,702
Community services prepaid expenditures	-	11,691	11,691
Total nonspendable	-	168,771	168,771
Restricted:			
School Department grants	-	239,609	239,609
School Department General Fund	1,222,214	-	1,222,214
Town grants and donations	2,500	-	2,500
Total restricted	1,224,714	239,609	1,464,323
Committed:			
Town capital projects:			
Land acquisition fund	-	72,747	72,747
Turf Field fund	-	146,009	146,009
Town special revenue funds:			
Sewer Fund – user fees	-	1,268,073	1,268,073
Community Services fund	-	13,087	13,087
Portland Head Light	-	488,659	488,659
Rescue fund	-	206,108	206,108
Riverside perpetual care fund	-	334,939	334,939
Library fund	-	180,599	180,599

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

FUND BALANCES, CONTINUED

	General Fund	Other Governmental Funds	Total
Thomas Jordan fund	\$ -	952,090	952,090
Spurwink church fund	-	34,419	34,419
Total restricted	-	3,696,730	3,696,730

Assigned:

Town capital projects:

Roadway and drainage repairs	232,000	-	232,000
Library projects	101,707	-	101,707
Fort Williams tree planting	11,043	-	11,043
Police donations	8,186	-	8,186
Cruiser replacement	58,424	-	58,424
Records preservation	4,577	-	4,577
Family fun day	6,921	-	6,921
Town hall meetings spaces/office spaces	25,000	-	25,000
Election equipment	16,000	-	16,000
APP Geo Implementation	11,000	-	11,000
Fuel and food donations	5,376	-	5,376
Sidewalk Improvements	20,518	-	20,518
Town - re-appropriation of fund balance	350,000	-	350,000

Town capital project funds:

Riverside Cemetery capital improvements	-	106,179	106,179
Infrastructure improvement	-	191,176	191,176
Fort Williams park	-	123,263	123,263
Total assigned	\$ 850,752	420,618	1,271,370

SUBSEQUENT EVENTS

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.

Recently, 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. At this time, the costs are not estimable and therefore, the Town has not recorded a liability for the estimated project costs.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)

Maine Public Employees Retirement System - District Group

The Town participates in the Maine Public Employees Retirement System, which is a single-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement, disability, and death benefits to plan members and beneficiaries. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the state legislature. The authority to establish and amend benefit provisions rests with the state legislature.

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 of June 30, 2013, the Town had three active covered employees, zero vested, inactive employee and 50 vested/retired employees.

Except for police officers and sergeants, the Town has elected not to participate in the Maine Public Employees Retirement System Consolidated Plan. New employees not eligible to participate in the Maine Public Employees Retirement System participate in the Town's ICMA Plan.

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.

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).

Funding Status and Progress - As of June 30, 2012, the most recent actuarial valuation date, the plan was 87.22% funded. The actuarial accrued liability for benefits was \$6.1 million, and the actuarial value of assets was \$5.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$780,810. The covered payroll (annual payroll of active employees covered by the plan) was \$122,815, and the ratio of the UAAL to the covered payroll was 636%.

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Significant methods and assumptions were as follows:

Actuarial valuation date	6/30/12
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	12 years closed

Actuarial assumptions:

Investment rate of return	7.25%
Annual rate of salary increase	3.50%
Annual cost of living increase	3.12%
Average retirement age	60

For determining plan costs, assets are valued at "actuarial value". The actuarial value recognizes the assumed rate of investment return, plus one-third of the difference between the actual rate and the assumed rate.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED

Maine PERS - Consolidated Plan – Police Officers and Sergeants

Description of the Plan - Effective July 1, 2008, the Town of Cape Elizabeth began offering participation in the Maine PERS Special Plan 2-C of the Consolidated Plan for all police officers and sergeants. The Maine Public Employees Retirement Consolidated Plan is a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. Any officers and sergeants participating in this plan are responsible for any applicable buyback costs. Joining and buyback opportunities and deadlines are determined by Maine PERS. The Town does permit employee funded buybacks in accordance with Maine PERS regulations. The employee is responsible for the employee costs as determined by Maine PERS.

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The authority to establish and amend benefit provisions rests with the state legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the Town is required to contribute an actuarially determined rate. The current rate is 7.5% of annual covered payroll for the Special Plan 2-C. The contribution rates of plan members and the Town of Cape Elizabeth are established and may be amended by the State legislature.

The Town's contribution to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2013, 2012, and 2011 were \$59,056, \$48,204, and \$64,890, respectively.

Maine Public Employees Retirement System - Teacher's Group

Description of Plan - All schoolteachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature.

The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 7.65% of their compensation to the retirement system. The same statute requires the State of Maine Department of Education, to contribute the employer contribution which amounts to \$1,801,616 (15.86%) for the fiscal year 2013. There is no contribution required by the School except for federally funded teachers, for which the School contributed 16.33% of their compensation. This cost is charged to the applicable grant.

TOWN OF CAPE ELIZABETH, MAINE
Notes to 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, 2013, the Town and School's contributions to the plan totaled \$208,327.

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 \$663,082 for the year ended June 30, 2013.

OTHER POST EMPLOYMENT BENEFITS

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the Town of Cape Elizabeth, Maine for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be 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 October 2011.

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 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>FY2013</u>	<u>FY2012</u>	<u>FY2011</u>
Normal Cost	\$ 25,717	25,717	25,717
Amortization of Unfunded	47,976	47,976	47,976
Interest	10,662	8,229	6,008
Adjustment to ARC	(13,306)	(9,787)	(6,577)
Annual Required Contribution	71,049	72,135	73,124
Contributions made	(9,792)	(11,299)	(17,614)
Increase in Net OPEB	61,257	60,836	55,510
Net OPEB Obligation – beginning of year	230,082	169,246	113,736
Net OPEB Obligation – end of year	\$ 291,339	230,082	169,246

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, 2013 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, 2011	\$ 73,124	24.09%	\$ 169,246
June 30, 2012	72,135	15.66%	230,082
June 30, 2013	71,049	13.78%	291,338

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 year ending June 30, 2013 and three preceding years are as follows:

	<u>FY2013</u>	<u>FY2012</u>	<u>FY2011</u>
Actuarial accrued liability	\$ 862,794	\$ 862,794	\$ 862,794
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 862,794	\$ 862,794	\$ 862,794
Funded ratio	0%	0%	0%
Covered payroll	\$ 2,640,991	\$ 2,792,351	\$ 2,647,373
Unfunded actuarial accrued liability as a percentage of covered payroll	32.67%	30.90%	32.59%

TOWN OF CAPE ELIZABETH, MAINE
Notes to 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	1/1/11
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0% - 9.6%

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 Accrued 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>
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%

Town Pension Plan

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued 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>
2011	6/30/10	\$5,783,951	6,068,206	284,255	95.3%	117,988	240.92%
2012	6/30/11	5,604,485	6,210,278	605,793	90.2%	115,544	524.29%
2013	6/30/12	5,326,973	6,107,783	780,810	87.2%	122,815	635.76%

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, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 9,286,316	10,026,311
Taxes and liens receivable - current year	166,402	224,025
Taxes receivable - prior years	284	186
Tax liens	80,830	61,374
Tax acquired property	206	206
Accounts receivable	145,178	77,118
Total assets	\$ 9,679,216	10,389,220
LIABILITIES		
Accounts payable and other current liabilities	127,173	161,860
Accrued payroll	1,632,829	1,548,333
Taxes collected in advance	12,490	8,624
Interfund loans payable	2,490,796	3,172,672
Total liabilities	4,263,288	4,891,489
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	201,000	184,000
Total deferred inflows of resources	201,000	184,000
FUND BALANCES		
Restricted:		
Town grants and donations	2,500	6,887
School Department General Fund	1,222,214	1,002,013
Unspent bond proceeds	-	200,000
Assigned	850,752	1,166,474
Unassigned	3,139,462	2,938,357
Total fund balance	5,214,928	5,313,731
Total liabilities, deferred inflows of resources, and fund balance	\$ 9,679,216	10,389,220

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, 2013
(with comparative actual amounts for the year ended June 30, 2012)

	2013		Variance positive (negative)	2012 Actual
	Revised budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 26,179,228	26,179,228	-	25,093,125
Supplemental taxes	-	6,379	6,379	8,871
Change in deferred taxes	-	(17,000)	(17,000)	(98,000)
Excise taxes	1,646,800	1,749,144	102,344	1,691,116
Interest and costs on taxes	40,000	34,178	(5,822)	26,587
Total taxes	27,866,028	27,951,929	85,901	26,721,699
Licenses and permits:				
Auto registration fees	24,000	24,947	947	24,581
Building, electrical and plumbing fees	80,000	113,946	33,946	101,237
Town clerk fees	12,000	15,690	3,690	14,798
Total licenses and permits	116,000	154,583	38,583	140,616
Intergovernmental:				
State revenue sharing	640,000	649,052	9,052	631,898
Education - State subsidies	2,025,679	1,828,806	(196,873)	2,297,953
State agency clients	10,000	12,240	2,240	9,113
D.O.T. block grant	84,000	81,912	(2,088)	83,952
BETE reimbursement	3,147	-	(3,147)	-
Homestead revenue	189,050	189,050	-	218,553
Federal grants-capital contributions	-	756,290	756,290	-
Federal grants-public safety	-	66,592	66,592	-
Other miscellaneous - State and Federal	35,100	64,882	29,782	122,736
Total intergovernmental	2,986,976	3,648,824	661,848	3,364,205
Investment income:				
Investment earnings	25,000	24,632	(368)	49,116
Total investment income	25,000	24,632	(368)	49,116
Other revenues:				
Cable television franchise	155,000	156,546	1,546	157,125
Refuse disposal	70,000	92,840	22,840	107,029
School department	77,000	84,208	7,208	63,986
Police specials and fees	11,000	12,321	1,321	13,571
Library fines and fees	6,500	6,573	73	8,501
Miscellaneous donations	-	9,500	9,500	117,250
Community pool and fitness center	-	-	-	195,961
Miscellaneous	127,000	126,817	(183)	105,601
Total other revenues	446,500	488,805	42,305	769,024
Total revenues	31,440,504	32,268,773	828,269	31,044,660

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

	2013		Variance positive (negative)	2012 Actual
	Revised budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 518,550	508,262	10,288	493,913
Assessing, codes and planning	372,837	388,543	(15,706)	349,759
Town council	500	195	305	40
Legal and audit	92,000	90,419	1,581	53,175
Elections	40,732	21,730	19,002	22,490
Boards and commissions	13,565	7,281	6,284	9,018
Public information	47,028	38,693	8,335	36,862
Total general government	1,085,212	1,055,123	30,089	965,257
Public works:				
General public works	1,083,190	1,037,677	45,513	922,046
Refuse disposal/recycling	719,376	685,480	33,896	721,178
Total public works	1,802,566	1,723,157	79,409	1,643,224
Facilities:				
Facilities and property management	193,868	197,388	(3,520)	160,921
Town hall maintenance	29,224	28,903	321	23,094
Library building	29,717	26,236	3,481	27,586
Town center fire station	23,467	18,910	4,557	19,232
Cape cottage fire station	7,920	5,968	1,952	5,410
Police station	65,765	57,587	8,178	54,958
Total facilities	349,961	334,992	14,969	291,201
Public safety:				
Fire department	297,640	266,569	31,071	254,706
Police department	1,208,250	1,167,847	40,403	1,127,172
Animal control	22,981	22,981	-	22,311
Public safety communications	161,852	157,953	3,899	155,684
WETeam	24,103	18,053	6,050	18,115
Miscellaneous public protection	152,873	145,654	7,219	144,705
Emergency preparedness	3,696	2,995	701	3,126
Total public safety	1,871,395	1,782,052	89,343	1,725,819
Cultural and parks:				
Library	600,183	503,431	96,752	459,624
Parks and grounds	494,529	418,062	76,467	429,830
Community pool	-	-	-	366,744
Trees	22,061	21,644	417	25,003
Total cultural and parks	1,116,773	943,137	173,636	1,281,201
Human services	59,400	58,466	934	46,245
Education:				
Regular instruction	9,677,009	9,423,026	253,983	8,856,763
Special education instruction	3,003,009	2,848,739	154,270	2,830,478
Career and technical education	56,003	56,003	-	45,136
Other instruction	700,059	696,238	3,821	632,985
Student and staff support	2,427,558	2,398,122	29,436	2,319,182
System administration	661,789	652,565	9,224	634,298
School administration	1,014,515	962,660	51,855	969,575
Transportation	657,105	653,607	3,498	646,530
Facilities maintenance	2,238,366	2,233,434	4,932	1,891,271
Debt service	1,323,404	1,323,403	1	1,357,916
Total education	21,758,817	21,247,797	511,020	20,184,134
Intergovernmental assessments	1,019,484	1,019,311	173	1,013,039

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

	2013		Variance positive (negative)	2012 Actual
	Revised budget	Actual		
Expenditures, continued				
Current, continued:				
Unclassified:				
Abatements/overlay	\$ 453,936	52,628	401,308	128,299
Insurance	97,900	87,806	10,094	94,801
Employee benefits	1,004,167	990,198	13,969	954,976
Contributions	12,500	10,191	2,309	5,940
Grants	6,752	104,211	(97,459)	55,685
Other	-	7,504	(7,504)	5,243
Total unclassified	1,575,255	1,252,538	322,717	1,244,944
Debt service (excluding School Department)	934,344	930,007	4,337	1,023,515
Capital improvements:				
Cruiser replacement	90,539	32,115	58,424	32,045
Roadway & drainage	453,580	473,431	(19,851)	327,152
Sidewalk improvements	42,443	24,432	18,011	5,764
Computer hardware and software	35,000	30,520	4,480	12,170
Town Hall roof and external repairs	70,750	70,869	(119)	26,487
Library improvements	44,516	30,596	13,920	13,617
Dump/plow replacement	150,000	141,678	8,322	-
Town Hall building	25,000	27,820	(2,820)	39,266
Election equipment	16,000	-	16,000	-
Town center building replacement	13,643	13,400	243	-
Cemetery stonewall	45,000	27,600	17,400	-
Shore road path	915,414	941,053	(25,639)	118,926
PD in vehicle cameras	6,000	6,000	-	-
Snow blower attachment	8,000	6,944	1,056	-
Work zone device trailer	2,500	1,720	780	-
Harbor master boat	10,000	-	10,000	-
MS fencing replacement	13,000	12,264	736	-
Athletic field fencing replacement	10,000	9,591	409	-
MS baseball infield reconstruction	12,000	11,935	65	-
CC rental building repairs	12,000	11,025	975	-
Radar units	3,000	1,990	1,010	-
Ladder truck refurbishment	75,000	69,460	5,540	-
ID Badge Update	4,380	4,380	-	-
Robinson Woods	200,000	200,000	-	-
Capital needs planning	30,000	32,329	(2,329)	-
Transfer station burglary cost	-	5,289	(5,289)	-
Fort Williams canopy grant	10,155	10,155	-	-
Public works miscellaneous equipment	-	-	-	9,753
Revaluation	-	-	-	747
Public works building repairs	-	-	-	9,669
Fire station repairs	-	-	-	25,740
Pool building repairs	-	-	-	15,491
Municipal energy project	-	-	-	51,278
Pool work	-	-	-	14,664
Fort Williams park	-	-	-	37,677
Future open space	-	-	-	38,275
Fire Department breathing apparatus	-	-	-	66,879
Pool boiler	-	-	-	39,916
Town hall area/server	-	-	-	4,529
Rebuild loader engine	-	-	-	11,607
Replace 1970 road grader	-	-	-	136,081
Public works used truck chassis	-	-	-	18,288
Library project design	-	-	-	44,350
Network server	-	-	-	26,000
Total capital improvements	2,297,920	2,196,596	101,324	1,126,371
Total expenditures	33,871,127	32,543,176	1,327,951	30,544,950
Excess (deficiency) of revenues over (under) expenditures	(2,430,623)	(274,403)	2,156,220	499,710

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

	2013			2012 Actual
	Revised budget	Actual	Variance positive (negative)	
Other financing sources (uses):				
Transfer from special revenue funds	\$ 480,000	480,000	-	-
Transfer to special revenue funds	(437,006)	(437,006)	-	(186,993)
Transfer to capital projects funds	(14,000)	(14,000)	-	(14,000)
Carryforward balances and subsequent authorizations	1,801,629	-	(1,801,629)	-
Proceeds from bonds issued	-	-	-	200,000
Refunding bonds issued	-	-	-	2,690,000
Payment to refunded bond escrow agent	-	-	-	(2,690,000)
Utilization of prior year surplus - School	250,000	-	(250,000)	-
Utilization of prior year surplus - Town	350,000	-	(350,000)	-
Total other financing sources (uses)	2,430,623	28,994	(2,401,629)	(993)
Net change in fund balance	-	(245,409)	(245,409)	498,717
Reconciliation to GAAP:				
Change in encumbrances		146,606		(49,229)
Fund balance, beginning of year		5,313,731		4,864,243
Fund balance, ending of year	\$	5,214,928		5,313,731

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF CAPE ELIZABETH, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 952,569	106,179	1,058,748
Investments	549,478	-	549,478
Receivables:			
Accounts	29,741	-	29,741
Rescue (net of allowance for uncollectible of \$35,000)	44,000	-	44,000
Sewer fees (net of allowance for uncollectible of \$4,000)	361,459	-	361,459
Prepaid expenditures	11,691	-	11,691
Inventory	157,080	-	157,080
Interfund loans receivable	1,959,629	533,195	2,492,824
Total assets	\$ 4,065,647	639,374	4,705,021
LIABILITIES AND FUND BALANCES			
Liabilities:			
Unearned revenue - prepaid services	190,108	-	190,108
Interfund loans payable	2,028	-	2,028
Total liabilities	192,136	-	192,136
Fund balances:			
Nonspendable	168,771	-	168,771
Restricted	239,609	-	239,609
Committed	3,477,974	218,756	3,696,730
Assigned	-	420,618	420,618
Unassigned	(12,843)	-	(12,843)
Total fund balances	3,873,511	639,374	4,512,885
Total liabilities and fund balances	\$ 4,065,647	639,374	4,705,021

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, 2013

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental:			
Federal and State subsidies	\$ 421,739	-	421,739
Federal commodities	22,108	-	22,108
Investment income	95,252	2,226	97,478
Other:			
Building and park rentals and fees	7,135	187,275	194,410
Sewer assessments	1,827,026	-	1,827,026
Sale of cemetery lots	49,047	-	49,047
School lunch	525,136	-	525,136
Community services	1,177,721	-	1,177,721
Lighthouse admissions	49,036	-	49,036
Lighthouse gift shop sales	518,855	-	518,855
Rescue charges	241,265	-	241,265
Miscellaneous	125,520	20,565	146,085
Total revenues	5,059,840	210,066	5,269,906
Expenditures:			
Current:			
Educational/recreation program	2,116,762	-	2,116,762
School lunch	630,350	-	630,350
Unclassified:			
Church	7,735	-	7,735
Portland Head Light - operations and staff	210,045	-	210,045
Portland Head Light - gift shop costs	251,620	-	251,620
Rescue expenditures	229,683	-	229,683
Maintenance	63,064	-	63,064
Miscellaneous	1,688	150,000	151,688
Sewer	1,495,047	-	1,495,047
Capital improvements	144,274	327,541	471,815
Debt service	219,563	-	219,563
Total expenditures	5,369,831	477,541	5,847,372
Deficiency of revenues under expenditures	(309,991)	(267,475)	(577,466)
Other financing sources (uses):			
Transfer to other funds	(501,000)	-	(501,000)
Transfer from other funds	458,006	14,000	472,006
Total other financing sources (uses)	(42,994)	14,000	(28,994)
Net change in fund balances	(352,985)	(253,475)	(606,460)
Fund balances, beginning of year	4,226,496	892,849	5,119,345
Fund balances, end of year	\$ 3,873,511	639,374	4,512,885

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.

Community Services Fund

This fund accounts for revenues and expenditures of the Community Services Program.

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 Rescue.

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 bequests and 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, 2013

	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	\$ -	-	-	-	-	-	334,939	180,599	402,612	34,419	952,569
Investments	-	-	-	-	-	-	-	-	549,478	-	549,478
Accounts receivable	21,406	8,335	-	-	-	-	-	-	-	-	29,741
Rescue receivable (net of allowance for uncollectible of \$35,000)	-	-	-	-	-	44,000	-	-	-	-	44,000
Sewer fees receivable allowance for uncollectible of \$4,000)	-	-	361,459	-	-	-	-	-	-	-	361,459
Prepaid expenditures	-	-	-	11,691	-	-	-	-	-	-	11,691
Inventory	-	16,702	-	-	140,378	-	-	-	-	-	157,080
Interfund loans receivable	218,203	-	906,614	184,045	488,659	162,108	-	-	-	-	1,959,629
Total assets	\$ 239,609	25,037	1,268,073	195,736	629,037	206,108	334,939	180,599	952,090	34,419	4,065,647
LIABILITIES AND FUND BALANCES											
Liabilities:											
Interfund loans payable	-	2,028	-	-	-	-	-	-	-	-	2,028
Unearned revenue - prepaid services	-	19,150	-	170,958	-	-	-	-	-	-	190,108
Total liabilities	-	21,178	-	170,958	-	-	-	-	-	-	192,136
Fund balances:											
Nonspendable	-	16,702	-	11,691	140,378	-	-	-	-	-	168,771
Restricted	239,609	-	-	-	-	-	-	-	-	-	239,609
Committed	-	-	1,268,073	13,087	488,659	206,108	334,939	180,599	952,090	34,419	3,477,974
Unassigned	-	(12,843)	-	-	-	-	-	-	-	-	(12,843)
Total fund balances	239,609	3,859	1,268,073	24,778	629,037	206,108	334,939	180,599	952,090	34,419	3,873,511
Total liabilities and fund balances	\$ 239,609	25,037	1,268,073	195,736	629,037	206,108	334,939	180,599	952,090	34,419	4,065,647

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, 2013

	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	\$ 348,281	73,458	-	-	-	-	-	-	-	-	421,739
Federal commodities	-	22,108	-	-	-	-	-	-	-	-	22,108
Investment income	-	-	-	-	2,270	-	2,937	1,510	88,240	295	95,252
Other revenues:											
Building and park rentals and fees	-	-	-	-	-	-	-	-	-	7,135	7,135
Sewer assessments	-	-	1,827,026	-	-	-	-	-	-	-	1,827,026
Sale of cemetery lots	-	-	-	-	-	-	49,047	-	-	-	49,047
School lunch	-	525,136	-	-	-	-	-	-	-	-	525,136
Community services	-	-	-	1,177,721	-	-	-	-	-	-	1,177,721
Lighthouse admissions	-	-	-	-	49,036	-	-	-	-	-	49,036
Lighthouse gift shop sales	-	-	-	-	518,855	-	-	-	-	-	518,855
Rescue charges	-	-	-	-	-	241,265	-	-	-	-	241,265
Miscellaneous	117,377	-	-	-	2,460	-	-	5,683	-	-	125,520
Total revenues	465,658	620,702	1,827,026	1,177,721	572,621	241,265	51,984	7,193	88,240	7,430	5,059,840
Expenditures:											
Current:											
Educational/recreation program	458,757	-	-	1,658,005	-	-	-	-	-	-	2,116,762
School lunch	-	630,350	-	-	-	-	-	-	-	-	630,350
Unclassified:											
Church	-	-	-	-	-	-	-	-	-	7,735	7,735
Portland Head Light - operations and staff	-	-	-	-	210,045	-	-	-	-	-	210,045
Portland Head Light - gift shop costs	-	-	-	-	251,620	-	-	-	-	-	251,620
Rescue expenditures	-	-	-	-	-	229,683	-	-	-	-	229,683
Maintenance	-	-	-	-	-	-	63,064	-	-	-	63,064
Miscellaneous	-	-	-	-	-	-	-	-	1,688	-	1,688
Sewer - Operations and maintenance	-	-	165,735	-	-	-	-	-	-	-	165,735
Sewer - Portland Water District assessments	-	-	1,329,312	-	-	-	-	-	-	-	1,329,312
Capital improvements	-	-	144,274	-	-	-	-	-	-	-	144,274
Debt service	-	-	219,563	-	-	-	-	-	-	-	219,563
Total expenditures	458,757	630,350	1,858,884	1,658,005	461,665	229,683	63,064	-	1,688	7,735	5,369,831
Other financing sources (uses):											
Transfer to other funds	(480,000)	-	-	-	-	-	-	-	(21,000)	-	(501,000)
Transfer from other funds	-	-	-	458,006	-	-	-	-	-	-	458,006
Total other sources (uses)	(480,000)	-	-	458,006	-	-	-	-	(21,000)	-	(42,994)
Net change in fund balances	(473,099)	(9,648)	(31,858)	(22,278)	110,956	11,582	(11,080)	7,193	65,552	(305)	(352,985)
Fund balances, beginning of year	712,708	13,507	1,299,931	47,056	518,081	194,526	346,019	173,406	886,538	34,724	4,226,496
Fund balances, end of year	\$ 239,609	3,859	1,268,073	24,778	629,037	206,108	334,939	180,599	952,090	34,419	3,873,511

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 other than those employed in the delivery of services accounted for in enterprise funds.

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

Riverside Cemetery Capital Improvements

The Riverside Capital Improvement Fund was established in 1993 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.

School Technology

This fund is used to account for the lease proceeds and subsequent expenditures for school technology, including computer equipment.

Land Acquisition Fund

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 was established in 2007. The 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. It was established in 2007 with a \$50,000 capitalization by the Town. The Town Council and School Board each budget \$7,000 annually as a contribution to this interest bearing fund.

Fort Williams Park Fund

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, 2013

		Riverside Cemetery Capital Improvements	School Technology	Land Acquisition Fund	Infrastructure Improvement	Turf Field	Fort Williams Park Fund	Total
ASSETS								
Cash and cash equivalents	\$	106,179	-	-	-	-	-	106,179
Interfund loans receivable		-	-	72,747	191,176	146,009	123,263	533,195
Total assets	\$	106,179	-	72,747	191,176	146,009	123,263	639,374
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		-	-	-	-	-	-	-
Total liabilities		-	-	-	-	-	-	-
Fund balances:								
Committed		-	-	72,747	-	146,009	-	218,756
Assigned		106,179	-	-	191,176	-	123,263	420,618
Total fund balances		106,179	-	72,747	191,176	146,009	123,263	639,374
Total liabilities and fund balances	\$	106,179	-	72,747	191,176	146,009	123,263	639,374

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, 2013

	Riverside Cemetery Capital Improvements	School Technology	Land Acquisition Fund	Infrastructure Improvement	Turf Field	Fort Williams Park Fund	Total
Revenues:							
Building and other fees	\$ -	-	-	36,114	-	151,161	187,275
Investment income	793	-	728	-	705	-	2,226
Other revenues	11,925	-	8,640	-	-	-	20,565
Total revenues	12,718	-	9,368	36,114	705	151,161	210,066
Expenditures:							
Donations	-	-	150,000	-	-	-	150,000
Capital improvements	-	107,694	-	13,040	-	206,807	327,541
Total expenditures	-	107,694	150,000	13,040	-	206,807	477,541
Other financing uses:							
Transfer from other funds	-	-	-	-	14,000	-	14,000
Total other financing uses	-	-	-	-	14,000	-	14,000
Net change in fund balances	12,718	(107,694)	(140,632)	23,074	14,705	(55,646)	(253,475)
Fund balances, beginning of year	93,461	107,694	213,379	168,102	131,304	178,909	892,849
Fund balances, end of year	\$ 106,179	-	72,747	191,176	146,009	123,263	639,374

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUNDS

AGENCY FUNDS

TOWN OF CAPE ELIZABETH, MAINE
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Private-purpose
June 30, 2013

	Seaside Cemetery	School Scholarship Trust	Zimpritch Library Trust	Total
ASSETS				
Cash and cash equivalents	\$ 503	63,196	26,543	90,242
Total assets	\$ 503	63,196	26,543	90,242
Net Position				
Held in trust	503	63,196	26,543	90,242
Total net position	\$ 503	63,196	26,543	90,242

TOWN OF CAPE ELIZABETH, MAINE
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private-purpose
For the Year Ended June 30, 2013

		Seaside Cemetery	School Scholarship Trust	Zimpritch Library Trust	Total
Additions:					
Interest earned	\$	4	551	158	713
Donations		-	100	7,787	7,887
Total additions		4	651	7,945	8,600
Deductions:					
School scholarships		-	2,615	-	2,615
Total deductions		-	2,615	-	2,615
Change in fiduciary net position		4	(1,964)	7,945	5,985
Net position, beginning of year		499	65,160	18,598	84,257
Net position, end of year	\$	503	63,196	26,543	90,242

TOWN OF CAPE ELIZABETH, MAINE
 Agency Funds
 Statement of Changes in Balances
 For the Year Ended June 30, 2013

		Balances beginning of year	Net additions/ (deductions)	Balances end of year
Activity funds:				
High School Student Activities	\$	123,909	4,108	128,017
Middle School Student Activities		29,069	338	29,407
Pond Cove Student Activities		20,231	(5,101)	15,130
Total	\$	173,209	(655)	172,554

TOWN OF CAPE ELIZABETH, MAINE
Statement of Changes in Long-term Debt
For the Year Ended June 30, 2013

	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:										
2004 School Revolving Renovation Fund	0%	2014	Var.	800,000 (1)	800,000	640,000	160,000	-	80,000	80,000
2004 School Renovation	3.00-4.36%	2024	Var.	3,725,000	3,725,000	1,575,000	2,150,000	-	180,000	1,970,000
2006 School Renovation	3.75-4.20%	2025	Var.	4,725,000	4,725,000	1,670,000	3,055,000	-	235,000	2,820,000
2006 Clean Water Revolving Loan Fund	1.73%	2026	Var.	3,510,000	3,510,000	929,714	2,580,286	-	164,469	2,415,817
2006 Sewer bond	1.90%-5.50%	2027	Var.	1,890,000	1,890,000	472,500	1,417,500	-	94,500	1,323,000
2008 Capital Improvement	3.25%-4.13%	2028	Var.	2,550,000	2,550,000	520,000	2,030,000	-	130,000	1,900,000
2009 Refunding bond	2.00% - 2.75%	2020	Var.	5,850,000	5,850,000	1,785,000	4,065,000	-	880,000	3,185,000
2011 Refunding bond	2.00% - 2.70%	2021	Var.	2,110,000	2,110,000	225,000	1,885,000	-	225,000	1,660,000
2012 Refunding bond	2.00% - 2.50%	2022	Var.	780,000	780,000	-	780,000	-	80,000	700,000
Total general obligation bonds				25,940,000	25,940,000	7,817,214	18,122,786	-	2,068,969	16,053,817
				\$ 25,940,000	25,940,000	7,817,214	18,122,786	-	2,068,969	16,053,817

(1) The original amount of this note was for \$1,000,000, of which \$200,000 has been forgiven by the State. The Town's outstanding portion at June 30, 2013 was \$80,000.

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, 2013
(with comparative actual amount for the year ended June 30, 2012)

	2013		Variance positive (negative)	2012 Actual
	Budget	Actual		
Revenues:				
State education subsidy--school	\$ 2,025,679	1,828,806	(196,873)	2,297,953
Miscellaneous	87,000	96,448	9,448	73,099
Total revenues	2,112,679	1,925,254	(187,425)	2,371,052
Expenditures:				
Current:				
Regular instruction	9,677,009	9,423,026	253,983	8,856,763
Special education instruction	3,003,009	2,848,739	154,270	2,830,478
Career and technical education	56,003	56,003	-	45,136
Other instruction	700,059	696,238	3,821	632,985
Student and staff support	2,427,558	2,398,122	29,436	2,319,182
System administration	661,789	652,565	9,224	634,298
School administration	1,014,515	962,660	51,855	969,575
Transportation	657,105	653,607	3,498	646,530
Facilities maintenance	2,238,366	2,233,434	4,932	1,891,271
Debt service	1,323,404	1,323,403	1	1,357,916
Total expenditures	21,758,817	21,247,797	511,020	20,184,134
Other financing sources (uses):				
Town appropriation	18,923,138	18,923,138	-	18,046,201
Transfer from Medicaid	480,000	480,000	-	-
Transfer to Turf Field Fund (budgeted in facilities maintenance)	(7,000)	(7,000)	-	(7,000)
Budgeted use of surplus	250,000	-	(250,000)	-
Total other financing sources (uses)	19,646,138	19,396,138	(250,000)	18,039,201
Net change in fund balance	-	73,595	73,595	226,119
Fund balance, beginning of year (budgetary)		866,434		640,315
Fund balance, end of year (budgetary)		940,029		866,434
Reconciliation to GAAP:				
Add back encumbrances		282,185		135,579
Fund balance, end of year (GAAP)		1,222,214		1,002,013
Assigned for encumbrances		(282,185)		(135,579)
Reappropriated to subsequent year budget		(350,000)		(250,000)
Restricted school fund balance, end of year	\$	590,029		616,434

TOWN OF CAPE ELIZABETH, MAINE
Community Services - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2013
(with comparative actual amount for the year ended June 30, 2012)

	2013		Variance positive (negative)	2012 Actual
	Budget	Actual		
Revenues:				
State receipts--adult education	\$ -	-	-	31,599
Adult and community education	115,000	122,172	7,172	120,225
Summer program	205,300	208,907	3,607	193,361
Adult gym	5,500	4,238	(1,262)	5,919
Prepaid summer program	204,000	306,536	102,536	192,605
Senior citizens and adult trips	28,400	75,487	47,087	31,976
After school adventure	50,000	12,657	(37,343)	50,852
Middle School athletics	-	4,278	4,278	31,647
Extended school care	179,712	185,339	5,627	193,961
Rental of facilities	31,000	31,628	628	50,089
Fitness center	58,000	37,749	(20,251)	47,155
Pool	183,800	188,730	4,930	-
Miscellaneous	-	-	-	256
Total revenues	1,060,712	1,177,721	117,009	949,645
Expenditures:				
Administration	199,093	194,524	4,569	201,779
Adult education	216,673	228,290	(11,617)	227,765
Summer program	162,259	144,912	17,347	136,642
Other programs	197,495	291,709	(94,214)	209,262
Extended school care	145,205	135,660	9,545	127,991
Facilities rental and maintenance	41,450	9,822	31,628	24,418
Debt service	97,510	98,525	(1,015)	120,000
Senior citizens	17,745	51,096	(33,351)	34,894
Middle School athletics	-	-	-	27,224
Fitness center	42,475	56,057	(13,582)	60,144
Pool	433,813	421,100	12,713	-
Miscellaneous	-	26,310	(26,310)	10,053
Total expenditures	1,553,718	1,658,005	(104,287)	1,180,172
Other financing sources:				
Use of surplus	35,000	-	(35,000)	-
Transfer from Thomas Jordan Fund	21,000	21,000	-	21,000
Town appropriation	437,006	437,006	-	186,993
Total other financing sources	493,006	458,006	(35,000)	207,993
Net change in fund balance	-	(22,278)	(22,278)	(22,534)
Fund balance, beginning of year		47,056		69,590
Fund balance, end of year	\$	24,778		47,056

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, 2013

	Fund balances beginning of year	Program revenues	Program expenditures	Transfers	Fund balances end of year
State and Federal Programs:					
Title IA	\$ -	28,929	28,929	-	-
Title IIA	-	44,182	44,182	-	-
Local Entitlement	2,676	220,141	222,817	-	-
Pre-School Grant	-	4,654	4,654	-	-
ARRA-Jobs Creation Grant	-	50,375	50,375	-	-
State MaineCare	678,865	-	-	(480,000)	198,865
Total state and federal programs	681,541	348,281	350,957	(480,000)	198,865
Other Programs:					
Administrative Recertification	1,844	8,200	9,363	-	681
Cape Coalition	830	-	-	-	830
CS Sun Screen Grant	4,500	-	4,500	-	-
Escapade Program	629	-	-	-	629
PCPA Grant	605	-	395	-	210
Laptop/iPad Maintenance	4,482	12,217	12,433	-	4,266
PCPA Donations	4,825	5,950	7,050	-	3,725
H1N1 Grant	5,099	-	-	-	5,099
Easement funds	-	5,000	-	-	5,000
Healthy Schools	1,300	-	-	-	1,300
Wellness Grant	722	-	-	-	722
Cape Olympians	1,611	2,480	1,664	-	2,427
School gate receipts-Athletics	-	14,979	14,979	-	-
School gate receipts-Drama	1,454	7,964	7,393	-	2,025
Turf field rental	-	9,964	1,282	-	8,682
TEDx program	-	6,880	6,301	-	579
Wellman workshop	-	10,950	8,907	-	2,043
Nonsuch donation	-	914	-	-	914
C.E. Education Foundation	3,266	31,879	33,533	-	1,612
Total other programs	31,167	117,377	107,800	-	40,744
Total	\$ 712,708	465,658	458,757	(480,000)	239,609

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.

Table 1

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	Unclassified	Sewer	Capital maintenance expenses	Interest on long-term debt	Total	
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
2007		1,285,025	1,577,438	-	1,836,578	37,184	1,104,212	20,586,488	509,629	907,928	1,859,966	1,046,395	708,414	574,772	32,034,029
2006		1,215,395	1,198,183	-	1,413,509	25,833	1,005,198	19,921,496	540,263	908,923	1,609,494	1,044,147	526,803	712,276	30,121,520
2005		1,199,990	1,722,222	-	1,456,877	24,251	955,527	18,524,705	556,757	876,464	1,973,055	1,046,826	1,111,066	580,196	30,027,936
2004		1,213,750	1,308,371	-	1,625,315	33,470	937,103	17,479,621	560,492	833,973	1,658,965	1,049,399	1,125,483	564,860	28,390,802

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

Table 2

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

Fiscal year	Program Revenues			General Revenues				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous	Total
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
2007	4,329,199	5,251,083	1,320,882	22,762,308	1,089,740	468,693	182,433	35,404,338
2006	4,320,831	4,682,643	41,684	22,168,265	1,170,205	219,501	322,800	32,925,929
2005	4,385,977	4,278,248	245,107	21,352,762	1,069,133	80,731	651,615	32,063,573
2004	3,957,043	4,108,658	-	19,746,018	912,694	124,776	292,654	29,141,843

Table 3

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

Fiscal year	General government	Public works	Facilities (2)	Public safety	Cultural and Parks	Human services	Education	Intergovernmental assessments	Debt service (1)	Capital improvements	Other expenditures and transfers	Total
2013	\$ 1,055,123	1,723,157	334,992	1,782,052	943,137	58,466	21,247,797	1,019,311	930,007	2,196,596	1,703,544	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	1,023,515	1,414,189	1,445,937	31,033,761
2011	963,702	1,681,078	241,459	1,674,776	1,130,800	52,482	19,332,876	968,416	1,011,252	926,646	1,613,872	29,597,359
2010	1,018,929	1,680,662	-	1,702,665	1,105,290	47,837	18,833,280	987,445	1,158,985	524,960	7,056,650	34,116,703
2009	1,116,039	1,761,263	-	1,742,865	1,192,979	38,715	18,858,306	1,030,500	1,234,894	674,850	1,304,201	28,954,612
2008	1,101,715	1,764,844	-	1,763,795	1,180,642	25,532	18,624,631	956,430	1,141,552	1,407,879	1,356,370	29,323,390
2007	1,044,204	1,708,817	-	1,634,144	1,104,212	37,184	18,019,154	907,928	1,069,754	1,276,419	1,400,253	28,202,069
2006	1,001,864	1,617,744	-	1,555,527	1,007,748	25,833	17,384,139	908,923	1,041,047	565,427	1,051,217	26,159,469
2005	978,190	1,632,315	-	1,510,851	955,867	24,251	16,265,351	876,464	1,117,157	952,293	1,145,370	25,458,109
2004	921,003	1,368,989	-	1,479,148	943,217	33,470	15,095,013	833,973	1,117,653	1,017,485	1,084,398	23,894,349

(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.

Table 4

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

Fiscal year	Property Taxes	Other taxes	Licenses and permits	Intergovernmental	Investment income	Other Revenues	Transfers and other financing sources	Total
2013	\$ 26,168,607	1,783,322	154,583	3,648,824	24,632	488,805	480,000	32,748,773
2012	25,003,996	1,717,703	140,616	3,364,205	49,116	769,024	3,177,818	34,222,478
2011	24,164,104	1,683,184	128,899	2,998,682	33,343	610,951	136,161	29,755,324
2010	23,415,310	1,704,361	148,480	2,290,148	88,070	702,968	6,179,270	34,528,607
2009	23,051,800	1,710,410	140,388	3,829,825	157,421	632,510	77,202	29,599,556
2008	21,592,164	1,787,907	209,615	4,146,634	215,040	842,871	232,803	29,027,034
2007	20,907,345	1,810,663	177,603	3,875,650	281,058	1,208,468	65,480	28,326,267
2006	20,325,648	1,842,617	200,246	3,506,598	178,700	605,493	66,224	26,725,526
2005	19,569,130	1,776,632	207,022	3,055,218	61,273	988,926	240,244	25,898,445
2004	18,011,051	1,750,967	219,503	2,863,105	32,602	624,379	283,286	23,784,893

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	School and Community Services	County		
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
2007		3.78	11.70	0.68	16.16
2006		3.59	11.65	0.68	15.92
2005		3.32	11.35	0.67	15.34
2004		3.15	10.40	0.65	14.20

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 end collections	Percent of current levy collected	Current year collections of prior year taxes	Total collections	Tax collections as percent of each year's levy
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%
2007		20,907,615	20,700,615	99.01%	102,547	20,803,162	99.50%
2006		20,325,647	20,203,369	99.40%	93,925	20,297,294	99.86%
2005		19,576,130	19,494,446	99.58%	90,516	19,584,962	100.05%
2004		18,011,051	17,934,733	99.58%	112,990	18,047,723	100.20%

Note: excludes supplemental taxes.

Table 7

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)	
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%
2007	1,291,025,600	5,320,414	1,296,346,014	1,756,550,000	73.80%
2006	1,270,558,500	6,097,800	1,276,656,300	1,580,600,000	80.77%
2005	1,270,176,100	5,859,700	1,276,035,800	1,424,950,000	89.55%
2004	1,260,569,600	5,735,700	1,266,305,300	1,217,450,000	104.01%

(1) Estimated actual valuation amounts are the state equalized values published by the Maine Bureau of Property Taxation.

Table 8

TOWN OF CAPE ELIZABETH, MAINE
Principal Taxpayers
For the Year Ended June 30, 2013

Name	Assessed valuation	% of total tax commitment
Sprague Corporation	\$ 13,825,300	0.84%
Inn By the Sea	11,187,600	0.68%
Haffenreffer, RF IV	5,863,700	0.35%
Health Care Property Investors Inc	5,786,300	0.35%
Purpoodock Club	4,612,600	0.28%
Rams Head Partners LLC/John Higgins	4,579,900	0.28%
McGinn Suzanne	4,138,400	0.25%
Cutler, Eliot R	4,057,200	0.25%
Central Maine Power	3,553,900	0.22%
Hansen, Lisa	3,419,600	0.21%

TOWN OF CAPE ELIZABETH, MAINE
Computation of Legal Debt Margin
For the Year Ended June 30, 2013

Total estimated actual valuation by State				\$	<u>1,685,400,000</u>
Legal debt margin:					
Debt limitation - 15% of estimated actual valuation					252,810,000
Debt applicable to debt limitation:					
	Municipal	7.5%	126,405,000	5,946,380	
	School	10.0%	168,540,000	6,368,620	
	Storm and sanitary sewers	7.5%	126,405,000	3,738,817	
	Airport, water and special districts	3.0%	50,562,000	-	
	Total	28.0%	471,912,000	16,053,817	
Total bonded debt applicable to debt limit					16,053,817
Legal debt margin				\$	<u>236,756,183</u>

NOTE: Statutory debt limit is in accordance with 30 MRSA, Section 5061, as amended.

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
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
2007	9,068	1,296,346,014	25,939,635	2.00%	2,861
2006	9,068	1,276,656,300	28,139,873	2.20%	3,103
2005	9,068	1,276,035,800	20,095,675	1.57%	2,216
2004	9,068	1,266,305,300	17,499,962	1.38%	1,930

(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	Ratio of debt service to general governmental expenditures
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%
2007		1,069,754	1,670,233	2,739,987	28,202,069	9.72%
2006		1,041,047	1,659,191	2,700,238	26,159,469	10.32%
2005		1,117,157	1,287,460	2,404,617	25,458,109	9.45%
2004		1,117,653	934,184	2,051,837	23,656,290	8.67%

(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, 2013

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to government	Amount applicable to government
Direct:			
Town of Cape Elizabeth bonds and notes	\$ 16,053,817	100.00%	16,053,817
Overlapping debt:			
Cumberland County	36,925,000	4.36%	1,608,475
Portland Water District -- sewer debt	28,725,760	8.86%	2,544,500
Contingent debt:			
Portland Water District -- water debt	31,085,441	6.65%	2,065,931