

TOWN OF CAPE ELIZABETH, MAINE

Annual Financial Report

For the Year Ended June 30, 2014

DRAFT

TOWN OF CAPE ELIZABETH, MAINE
Annual Financial Report
Year ended June 30, 2014

Table of Contents

	<u>Statement</u>	<u>Page(s)</u>
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-12
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			
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: center; width: 10%;"><u>Schedules</u></th> <th style="text-align: center; width: 20%;"><u>Page</u></th> </tr> </thead> </table>				<u>Schedules</u>	<u>Page</u>
	<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			
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: center; width: 10%;"><u>Tables</u></th> <th style="text-align: center; width: 20%;"><u>Page</u></th> </tr> </thead> </table>				<u>Tables</u>	<u>Page</u>
	<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 – Budgetary Basis	3	79			
General Fund Revenues by Source – Budgetary Basis	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 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, 2014, 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, 2014, 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 _____ 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.

South Portland, Maine

DRAFT

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

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 \$49,205,445. The total net position is \$30,941,376. Net position includes \$22,167,055 net investment in capital assets, \$963,936 in restricted net position and \$7,810,385 in unrestricted net position. For the reporting period, the Town had an increase in the fund balance for total governmental funds (from statement 4) of \$287,547. The fund balance for the General Fund increased \$64,562. The School General Fund balance decreased from \$1,222,214 to \$921,915 due to the increase in accrued summer salaries and related benefits. The Town General Fund unassigned fund balance decreased from \$3,139,462 to \$2,904,699 primarily as a result of a \$240,000 advance to a planned library project, which is to be paid back in FY 2015, assuming the approval of a referendum issue in November 2014.

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

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

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

Governmental Activities Net Position

	2014	2013
Current and other assets	12,684,586	11,891,413
Capital assets	36,520,859	37,005,049
Total assets	49,205,445	48,896,462
Other liabilities	3,910,265	3,324,364
Long-term liabilities	14,353,804	16,578,915
Total liabilities	18,264,069	19,903,279
Net investment in capital assets	22,167,055	20,426,134
Restricted	963,936	1,464,323
Unrestricted	7,810,385	7,102,726
Total net position	30,941,376	28,993,183

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Changes in Net Position

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Sources of Revenues			
Program Revenues:			
Charges for services	\$ 5,458,484	5,079,106	379,378
Operating grants and contributions	5,071,281	4,235,013	836,268
Capital grants and contributions	16,158	756,290	(740,132)
Total program revenues	10,545,923	10,070,409	475,514
General Revenues:			
Property and other taxes	28,888,688	28,125,475	763,213
Grants and contributions not restricted to specific programs	660,298	902,984	(242,686)
Unrestricted investment income	134,699	122,110	12,589
Other	228,934	136,317	92,617
Total general revenues	29,912,619	29,286,886	625,733
Total revenues	40,458,542	39,357,295	1,101,247
Functional Expenses:			
General government	2,203,480	1,319,985	883,495
Public works	2,296,460	2,294,612	1,848
Facilities	357,636	334,992	22,644
Public safety	2,085,617	2,039,980	45,637
Human services	61,539	58,466	3,073
Cultural and parks	957,257	943,137	14,120
Education	26,172,500	24,169,179	2,003,321
School lunch	640,813	630,350	10,463
Intergovernmental assessments	1,082,835	1,019,311	63,524
Unclassified	966,844	2,195,830	(1,228,986)
Sewer	1,387,301	1,495,047	(107,746)
Capital maintenance expenses	151,479	932,659	(781,180)
Interest on debt	146,588	176,221	(29,633)
Total expenses	38,510,349	37,609,769	900,580
Change in net position	1,948,193	1,747,526	200,667
Net position – beginning of year	28,993,183	27,245,657	1,747,526
Net position – end of year	\$ 30,941,376	28,993,183	1,948,193

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Assets

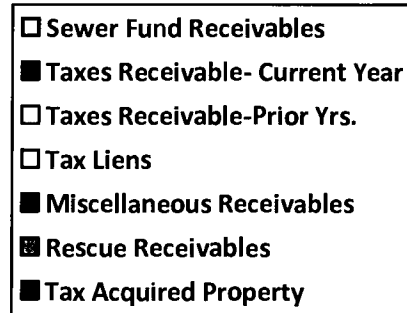
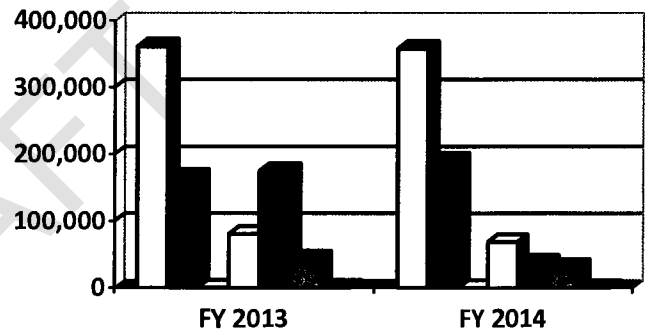
Cash, Cash Equivalents and Investments

The portion of the fund balance in cash, cash equivalents and investments increased \$931,993, from \$10,894,542 to \$11,826,535. The increase is attributable to improved balances in the General Fund from additional revenue and to other governmental fund under spending and revenue improvements.

Receivables

The Town continues to have an excellent record of tax receivables, maintaining the collection rate of the levy for the current year at 99.30%. The taxes receivable amount stayed relatively the same 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 2013	FY 2014
Sewer Fund receivables	361,459	358,021
Taxes receivable-current year	166,402	190,621
Taxes receivable-prior yrs.	284	-
Tax liens	80,830	68,804
Miscellaneous receivables	174,919	37,956
Rescue receivables	44,000	31,330
Tax acquired property	206	206
Total	\$828,100	\$686,938
% Sewer	44%	52%
% Taxes and other	56%	48%



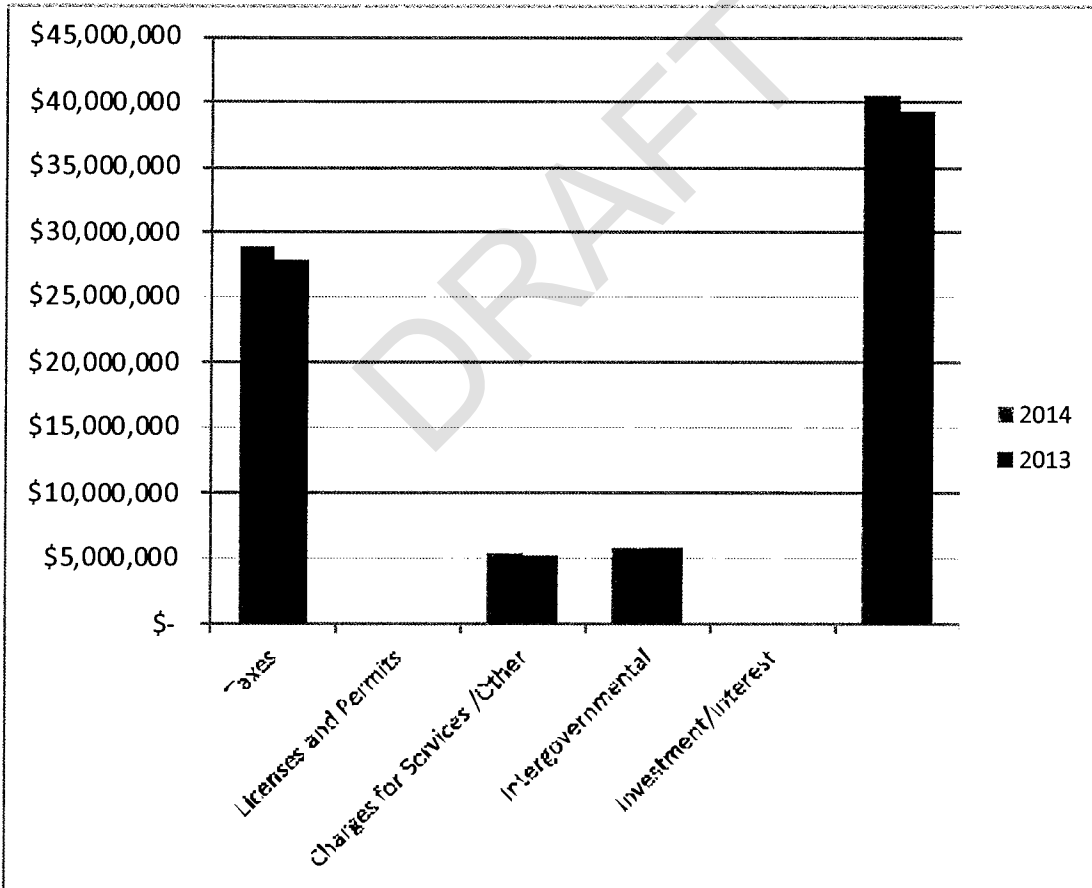
TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Governmental Fund Revenues by Major Source

Property and other taxes amounted to 71.4% of revenue in FY 2014. This compares to 71.1% in FY 2013. Intergovernmental revenues decreased \$146,550 due to state revenue sharing cuts. Investment income increased from \$122,110 to \$134,699. Overall, revenues were up \$1,159,247 or 2.9%. This compared to an increase the year before of 2.7%. The total increase in revenue from taxes this past year was \$977,759 or 3.5% compared with 4.6% the previous year.

Revenues Chart

	2014	2013	\$ Change	% Change
Taxes	\$ 28,929,688	27,951,929	977,759	3.5%
Licenses and Permits	192,108	154,583	37,525	24.3%
Charges for Services /Other	5,495,310	5,217,386	277,924	5.3%
Intergovernmental	5,747,737	5,894,287	(146,550)	-2.5%
Investment/Interest	134,699	122,110	12,589	10.3%
	\$ 40,499,542	39,340,295	1,159,247	2.9%



Governmental Fund Expenditures

Total expenditures increased by \$115,251 or 0.3%. Education spending was up \$1,450,856 or 5.8%. Spending, excluding capital outlay, increased \$1,155,601 or 3.1%.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Expenditures changed as follows:

	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>% Change</u>
General government	\$ 1,000,340	\$ 1,055,123	\$ (54,783)	-5.2%
Public works	1,696,555	1,723,157	(26,602)	-1.5%
Facilities	357,636	334,992	22,644	6.8%
Public safety	1,820,458	1,782,052	38,406	2.2%
Cultural and parks	957,257	943,137	14,120	1.5%
Human services	61,539	58,466	3,073	5.3%
Education	26,470,425	25,019,569	1,450,856	5.8%
Intergovernmental assessments	1,082,835	1,019,311	63,524	6.2%
Unclassified	2,019,757	2,166,373	(146,616)	-6.8%
Sewer	1,387,301	1,495,046	(107,745)	-7.2%
School lunch program	640,813	630,350	10,463	1.7%
Capital outlay	1,715,618	2,755,968	(1,040,350)	-37.7%
Non-school debt service	1,037,831	1,149,570	(111,739)	-9.7%
Total expenditures	\$ 40,248,365	\$ 40,133,114	\$ 115,251	0.3%
Excluding capital outlay	\$ 38,532,747	\$ 37,377,146	\$ 1,155,601	3.1%

Transfers

In FY 2014, \$447,000 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. \$198,863 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 General Fund transferred \$240,000 to the library project fund, which is due to be returned to the General Fund pending a successful referendum vote in November 2014. The Infrastructure Improvement Fund also provided \$100,000 to the library project fund and it is also due to be paid back, pending the library referendum vote.

The Overall Financial Position of the Town

The overall financial condition continued to be healthy in FY 2014. With an improving economy nationally, the tax collection rate stayed above 99% of the current levy. The unassigned General Fund balance remained a healthy \$2.8 million. The ratio of bonded debt to assessed value decreased from .97% to 0.83%. \$2.25 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. 90% of all debt is to be retired in the next ten years with 100% of the debt to be retired in the next 14 years.

The Town's median household income was \$85,604, based on the 2009 – 2012 American Community Survey of the U.S. Census Bureau; 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 4.4% in June 2014, compared to a state unemployment rate of 5.5% and a national rate of 6.1%.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Significant Changes in Individual Fund Balances

	6/30/2014	6/30/2013	\$ Change	% Change
General Fund	\$ 5,279,490	\$ 5,214,928	\$ 64,562	1.2%
School Categorical Funds	54,775	239,609	(184,834)	-77.1%
School Lunch Program	(12,840)	3,859	(16,699)	-432.7%
Sewer User Fund	1,348,972	1,268,073	80,899	6.4%
Community Services Fund	20,491	24,778	(4,287)	-17.3%
Riverside Cemetery Capital Improvements	115,922	106,179	9,743	9.2%
Fort Williams Park Fund	132,927	123,263	9,664	7.8%
Portland Head Light Fund	617,233	629,037	(11,804)	-1.9%
Rescue Fund	255,836	206,108	49,728	24.1%
Cemetery Perpetual Care	331,363	334,939	(3,576)	-1.1%
Library Fund	194,779	180,599	14,180	7.9%
Land Acquisition Fund	81,315	72,747	8,568	11.8%
Spurwink Church Fund	31,620	34,419	(2,799)	-8.1%
Thomas Jordan Fund	1,040,127	952,090	88,037	9.2%
Turf Field	160,513	146,009	14,504	9.9%
Infrastructure Improvement	113,130	191,176	(78,046)	-40.8%
School Improvements	109,000	-	109,000	100.0%
Library Project Fund	140,707	-	140,707	100.0%

The School Categorical Fund decrease was planned as part of the school budget. The School Lunch Program deficit will need to be addressed by the School Board. The Sewer User Fund increase is the result of a fee increase and funds are being planned to be spent for addressing a combined sewer overflow. The Thomas Jordan Fund increased due to its investments. The Rescue Fund was impacted by a significant increase in rescue calls. The Portland Head Light Fund decreased due to a \$75,000 investment in the lighthouse view project of the independent Fort Williams Charitable Foundation. The Infrastructure Improvement Fund was established in FY 2007 and is receiving steady income. The decrease is due to a temporary loan of \$100,000 to the Library Project Fund. The Land Acquisition Fund benefited from a small contribution from the General Fund.

Significant Budget Variances

The annual budget had few significant budget variances this past year. Due to the improving economy; excise tax income and building permit income exceeded estimates. On the expenditure side, school regular instruction costs were under budget and school administration costs also had an under spend leading to the overall school budget being under spent by \$368,591.

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

In the municipal budget, capital improvements were under spent by \$437,615, but this amount was part of the assigned fund balance increase per the carry forward provision in the Town charter.

Revenue	Budgeted	Actual	Variance
Excise Taxes	\$1,716,000	\$1,816,674	\$100,674
Building Permit Income	90,000	151,944	61,944
Expenditures			
School Regular Instruction	10,276,403	9,999,910	276,493
School Administration	1,142,210	1,066,883	75,327
Capital Improvements	1,291,149	853,534	437,615

Capital Improvements

The Town undertook a number of improvements to capital assets during the year. \$397k was spent on sewer and roadway improvements to Charles Road. A project to reconstruct Starboard Drive which, had begun in the previous year, was completed at a total cost of \$533k. The beach parking lot and other nearby improvements occurred within Fort Williams Park at a cost of over \$136,000. The Library Building Committee incurred just over \$200,000 in design costs for a proposed \$4 million dollar renovation and addition to the Thomas Memorial Library, to be considered by the voters in November 2014.

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, 2014 stood at \$13,807,003. This equated to 0.83% of assessed value and to \$1,532 net bonded debt per capita. The ratio of debt service to general governmental expenditures was 6.67% on June 30, 2014, compared to 6.83% on June 30, 2013.

Existing Debt Service Requirements			
Year	Principal	Interest	Total
2015	\$2,009,708	\$ 350,244	\$ 2,359,952
2016	1,402,654	343,133	1,745,787
2017	1,375,648	310,082	1,685,730
2018	1,368,697	228,119	1,596,816
2019	1,361,796	238,887	1,600,683
2020-2024	4,877,392	624,094	5,501,486
2025-2028	1,411,108	79,045	1,490,153
Totals	\$13,807,003	\$ 2,173,604	\$ 15,980,607

TOWN OF CAPE ELIZABETH, MAINE
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Advanced Refunding

On June 30, 2014, the Town issued \$4,190,000 in general obligation bonds with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund \$4,375,000 of outstanding 2004 and 2005 school renovation bonds, which had interest rates ranging from 3.00-4.36% and 3.75-4.20%, respectively. The net proceeds of \$4,575,000 (including a \$200,244 premium after payment of \$75,390 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2004 and 2005 school renovation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The Town advanced refunded the 2004 and 2005 school renovation bonds to reduce its total debt service payments by \$390,411 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$362,126.

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 207-619-6716 or by e-mail at michael.mcgovern@capeelizabeth.org.

BASIC FINANCIAL STATEMENTS

DRAFT

TOWN OF CAPE ELIZABETH, MAINE
Statement of Net Position
June 30, 2014

		Governmental Activities
ASSETS		
Cash and cash equivalents	\$	11,287,273
Investments		539,262
Receivables:		
Accounts		9,431
Due from other governments		37,519
Taxes and liens		259,631
Rescue (net of allowance for uncollectible of \$25,000)		31,330
Sewer fees (net of allowance for uncollectible of \$4,000)		358,021
Prepaid expenses		26,644
Inventory		135,475
Capital assets, not being depreciated		1,551,224
Capital assets, being depreciated		34,969,635
Total assets		49,205,445
LIABILITIES		
Accounts payable and other current liabilities		321,183
Accrued payroll		2,037,048
Compensated absences payable		966,893
Unearned revenues		140,621
Taxes collected in advance		10,374
Accrued interest		60,520
Other postemployment benefits liability		373,626
Noncurrent liabilities:		
Due within one year		2,210,587
Due in more than one year		12,143,217
Total liabilities		18,264,069
NET POSITION		
Net investment in capital assets		22,167,055
Restricted		963,936
Unrestricted		7,810,385
Total net position	\$	30,941,376

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Activities
For the Year Ended June 30, 2014

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	\$ 2,203,480	192,108	-	-	(2,011,372)
Public works	2,296,460	104,296	84,288	16,158	(2,091,718)
Facilities	357,636	220,215	-	-	(137,421)
Public safety	2,085,617	264,822	55,393	-	(1,765,402)
Human services	61,539	-	-	-	(61,539)
Cultural and parks	957,257	-	-	-	(957,257)
Education	26,172,500	1,272,788	4,824,645	-	(20,075,067)
School lunch	640,813	517,159	106,955	-	(16,699)
Intergovernmental assessments	1,082,835	-	-	-	(1,082,835)
Unclassified	966,844	895,488	-	-	(71,356)
Sewer	1,387,301	1,991,608	-	-	604,307
Capital maintenance expenses	151,479	-	-	-	(151,479)
Interest on debt	146,588	-	-	-	(146,588)
Total governmental activities	38,510,349	5,458,484	5,071,281	16,158	(27,964,426)
General revenues:					
Property taxes					27,038,171
Excise taxes					1,816,674
Interest and costs on taxes					33,843
Franchise fees					152,868
Grants and contributions not restricted to specific programs:					
State Revenue Sharing					457,856
Homestead exemption					146,680
Other intergovernmental revenues					55,762
Unrestricted investment earnings					134,699
Miscellaneous revenues					76,066
Total general revenues					29,912,619
Change in net position					1,948,193
Net position - beginning					28,993,183
Net position - ending					\$ 30,941,376

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Balance Sheet
Governmental Funds
June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 10,099,413	1,187,860	11,287,273
Investments	-	539,262	539,262
Receivables:			
Accounts	437	-	437
Due from other governments	-	37,519	37,519
Taxes receivable - current year	190,621	-	190,621
Tax liens	68,804	-	68,804
Tax acquired property	206	-	206
Rescue (net of allowance for uncollectible of \$25,000)	-	31,330	31,330
Sewer fees (net of allowance for uncollectible of \$4,000)	-	358,021	358,021
Prepaid expenditures	-	26,644	26,644
Inventory	-	135,475	135,475
Interfund loans receivable	-	2,624,637	2,624,637
Total assets	\$ 10,359,481	4,940,748	15,300,229
LIABILITIES			
Accounts payable and other current liabilities	321,183	-	321,183
Accrued payroll and benefits	2,030,959	6,089	2,037,048
Unearned revenue - other	-	140,621	140,621
Taxes collected in advance	10,374	-	10,374
Interfund loans payable	2,557,475	58,168	2,615,643
Total liabilities	4,919,991	204,878	5,124,869
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	160,000	-	160,000
Total deferred inflows of resources	160,000	-	160,000
FUND BALANCES			
Nonspendable	240,810	262,119	502,929
Restricted	924,415	39,521	963,936
Committed	-	4,064,221	4,064,221
Assigned	1,209,566	402,686	1,612,252
Unassigned	2,904,699	(32,677)	2,872,022
Total fund balances	5,279,490	4,735,870	10,015,360
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,359,481	4,940,748	

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.	36,520,859
Other long-term assets are not available to pay for current period expenditures and, therefore, are unearned revenues in the funds.	160,000
The deferred amount on refunding bonds that is not an available resource and, therefore, is not reported in the funds.	185,000
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	(966,893)
Accrued interest	(60,520)
Other postemployment benefits liability	(373,626)
Capital leases	(346,557)
Premium on bonds payable	(385,244)
Bonds payable	(13,807,003)
Net position of governmental activities	\$ 30,941,376

TOWN OF CAPE ELIZABETH, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 28,929,688	-	28,929,688
Licenses and permits	192,108	-	192,108
Intergovernmental	5,230,989	516,748	5,747,737
Rental and fees income	-	220,215	220,215
Charges for services	116,027	4,551,804	4,667,831
Investment income	13,418	121,281	134,699
Other	311,830	295,434	607,264
Total revenues	34,794,060	5,705,482	40,499,542
Expenditures:			
Current:			
General government	1,000,340	-	1,000,340
Public works	1,696,555	-	1,696,555
Facilities	357,636	-	357,636
Public safety	1,820,458	-	1,820,458
Cultural and parks	957,257	-	957,257
Human services	61,539	-	61,539
Education	24,269,794	2,200,631	26,470,425
Intergovernmental assessments	1,082,835	-	1,082,835
Insurance and benefits	1,093,038	-	1,093,038
School lunch	-	640,813	640,813
Unclassified	148,160	778,559	926,719
Sewer	-	1,387,301	1,387,301
Capital improvements	942,284	773,334	1,715,618
Debt service:			
Principal and interest	720,703	219,563	940,266
Bond issuance costs	97,565	-	97,565
Total expenditures	34,248,164	6,000,201	40,248,365
Excess (deficiency) of revenues over (under) expenditures	545,896	(294,719)	251,177
Other financing sources (uses):			
Lease proceeds	88,750	57,230	145,980
Refunding bonds issued	4,190,000	-	4,190,000
Premium on refunding bonds issued	200,244	-	200,244
Payment to refunded bond escrow agent	(4,499,854)	-	(4,499,854)
Transfers from other funds	274,736	856,210	1,130,946
Transfers to other funds	(735,210)	(395,736)	(1,130,946)
Total other financing sources (uses)	(481,334)	517,704	36,370
Net change in fund balances	64,562	222,985	287,547
Fund balances, beginning of year	5,214,928	4,512,885	9,727,813
Fund balances, end of year	\$ 5,279,490	4,735,870	10,015,360

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, 2014

Net change in fund balances - total governmental funds (from Statement 4)	\$	287,547
---------------------------------------------------------------------------	----	---------

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

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 depreciation expense (\$1,901,111) and the loss on disposal of assets (\$147,218) exceed capital outlay (\$1,564,139). (484,190)

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. (41,000)

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 (\$13,533); the change in accrued interest (\$56,545); and the change in other postemployment benefits liability (\$82,287). (39,275)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of current year repayments (\$6,436,814), proceeds (\$4,190,000) and premiums (\$200,244). 2,046,570

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 (\$324,521) exceeded capital lease proceeds (\$145,980). 178,541

Change in net position of governmental activities (see Statement 2)	\$	1,948,193
----------------------------------------------------------------------------	-----------	------------------

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, 2014

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 28,752,057	28,752,057	28,929,688	177,631
Licenses and permits	127,000	127,000	192,108	65,108
Intergovernmental	3,393,349	3,393,349	3,442,636	49,287
Investment income	45,000	45,000	13,418	(31,582)
Other	367,500	367,500	427,857	60,357
Total revenues	32,684,906	32,684,906	33,005,707	320,801
Expenditures:				
Current:				
General government	1,025,876	1,076,453	1,000,340	76,113
Public works	1,745,102	1,765,102	1,696,555	68,547
Facilities	357,405	357,405	357,636	(231)
Public safety	1,886,662	1,894,848	1,820,458	74,390
Cultural and parks	991,684	1,002,727	957,257	45,470
Human services	50,400	62,000	61,539	461
Education	22,521,078	22,521,078	22,152,487	368,591
Intergovernmental assessments	1,083,326	1,083,326	1,082,835	491
Insurance and benefits	1,133,005	1,133,005	1,093,038	39,967
Unclassified	621,665	633,962	148,160	485,802
Capital improvements	800,000	1,291,149	853,534	437,615
Debt service	906,703	906,703	927,878	(21,175)
Total expenditures	33,122,906	33,727,758	32,151,717	1,576,041
Deficiency (excess) of revenues over (under) expenditures	(438,000)	(1,042,852)	853,990	1,896,842
Other financing sources (uses):				
Transfer from special revenue funds	277,000	277,000	274,736	(2,264)
Transfer to special revenue funds	(527,000)	(480,400)	(480,400)	-
Transfer to capital projects funds	(14,000)	(14,000)	(254,810)	(240,810)
Carryforward balances and subsequent authorizations	-	558,252	-	(558,252)
Utilization of prior year surplus - School	350,000	350,000	-	(350,000)
Utilization of prior year surplus - Town	352,000	352,000	-	(352,000)
Total other financing sources (uses)	438,000	1,042,852	(460,474)	(1,503,326)
Net change in fund balance	-	-	393,516	393,516
Reconciliation to GAAP:				
Change in encumbrances			(12,290)	
Accrued teacher summer salary benefits			(316,664)	
Fund balance, beginning of year			5,214,928	
Fund balance, end of year	\$		5,279,490	

See accompanying notes to financial statements.

TOWN OF CAPE ELIZABETH, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

		Private- purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$	88,131	192,185
Total assets		88,131	192,185
LIABILITIES			
Interfund loans payable		8,994	-
Due to student groups		-	192,185
Total liabilities		8,994	192,185
NET POSITION			
Held in trust	\$	79,137	-

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, 2014

		Private- purpose Trust Funds
Additions:		
Donations	\$	2,510
Interest earned		903
Total additions		3,413
Deductions:		
Other deductions		12,008
School scholarships		2,510
Total deductions		14,518
Change in net position		(11,105)
Net position, beginning of year		90,242
Net position, end of year	\$	79,137

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 fund:

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

Additionally, the Town reports the following fund type:

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are special 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, 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

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 balance between 100%-115% of the target shall be used to reduce the tax commitment in the next budget.

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2014:

Capital assets	\$ 66,358,241
Accumulated depreciation	(29,837,382)
General obligation bonds and premiums	(13,807,003)
Unamortized premium on bonds	(200,244)
Capital leases	(346,557)
Net investment in capital assets	\$ 22,167,055

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

Budgets are adopted for the General Fund and several of the special revenue funds, and are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for encumbrances, accrued teacher summer benefits, 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 \$1,788,353. These amounts have been included as inter-governmental revenue and education expenditures in the General Fund on Statement 4 (GAAP basis) and on the statement of activities. There is no effect on the fund balance or net position at the end of the year.

Each year, the Town Manager submits to the Town Council a budget for the ensuing fiscal year and an accompanying message. The Manager's message explains the budget both in fiscal terms and in terms of the work programs.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

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.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2014, expenditures exceeded appropriations in the following areas:

Facilities	\$ 231
Debt service	21,175

C. Deficit Fund Balances

At June 30, 2014, the following fund had a deficit fund balance:

School Lunch Program	\$ 12,840
----------------------	-----------

This deficit will be funded by future revenues.

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, 2014, the Town reported deposits of \$11,567,589 with a bank balance of \$12,429,566. 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.

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

CASH DEPOSITS AND INVESTMENTS, CONTINUED

Deposits have been reported as follows:

Reported in governmental funds	\$ 11,287,273
Reported in fiduciary funds	280,316
Total deposits	\$ 11,567,589

B. Investments

At June 30, 2014, the Town had the following investments reported in governmental funds:

	<u>Fair value</u>
Mutual funds (1)	\$ 539,262

(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 5, 2013 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 1, 2013 and April 1, 2014. 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 \$399,497 for the year ended June 30, 2014.

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

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

The following summarizes the 2014 and 2013 levy:

	<u>2014</u>	<u>2013</u>
Assessed valuation:		
Land	\$ 709,511,400	709,184,800
Buildings	942,765,800	937,352,400
Personal property	6,755,800	6,191,800
Total assessed valuation	\$ 1,659,033,000	1,652,729,000
Assessed valuation	1,659,033,000	1,652,729,000
<u>Tax rate (per \$1,000)</u>	<u>16.28</u>	<u>15.84</u>
Commitment	27,009,057	26,179,227

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

PROPERTY TAXES, CONTINUED

Supplemental taxes assessed	\$ 29,114	6,379
Total tax levy	27,038,201	26,185,606
Change in unavailable tax revenues	41,000	(17,000)
Total property tax revenues	27,079,201	26,168,606
Less:		
Collections and abatements	26,888,580	26,002,204
Current year receivables at June 30,		
2014 and 2013	\$ 190,621	166,402

	<u>2014</u>	<u>2013</u>
Due date(s)	10/1/13 4/1/14	10/2/2012 4/2/2013
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	99.30%	99.36%

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2014</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,116,995	7,918	-	1,124,913
Construction in progress	853,043	694,364	1,121,096	426,311
Total capital assets, not being depreciated	1,970,038	702,282	1,121,096	1,551,224
Capital assets, being depreciated:				
Land improvements	669,581	165,528	-	835,109
Buildings and building improvements	39,800,766	240,910	193,460	39,848,216
Furniture and equipment	1,926,790	166,670	192,044	1,901,416
Vehicles	4,842,400	158,750	520,827	4,480,323
Infrastructure	16,490,858	1,251,095	-	17,741,953
Total capital assets being depreciated:	63,730,395	1,982,953	906,331	64,807,017
Less accumulated depreciation for:				
Land improvements	260,393	55,674	-	316,067
Buildings and building improvements	16,442,976	1,145,509	84,800	17,503,685
Furniture and equipment	1,129,846	88,046	180,820	1,037,072
Vehicles	3,220,636	263,291	493,493	2,990,434
Infrastructure	7,641,533	348,591	-	7,990,124
Total accumulated depreciation	28,695,384	1,901,111	759,113	29,837,382
Total capital assets being depreciated, net	35,035,011	81,842	147,218	34,969,635
Governmental activities capital assets, net	\$ 37,005,049	784,124	1,268,314	36,520,859

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

CAPITAL ASSETS, CONTINUED

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

Governmental activities:

General government	\$ 3,370
Public safety	237,825
Public works, including depreciation of general infrastructure assets	588,681
Education	1,031,110
Unclassified	40,125

Total depreciation expense – governmental activities **\$ 1,901,111**

INTERFUND BALANCES

Individual interfund receivables and payables at June 30, 2014 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	2,557,475
Nonmajor special revenue funds:		
School Categorical Programs	22,095	-
School Lunch Program	-	23,830
Sewer User Fund	990,951	-
Community Services Fund	126,871	-
Portland Head Light	501,595	-
Rescue Fund	224,506	-
Riverside Perpetual Care	-	6,988
Library Fund	12,352	-
Thomas Jordan Fund	-	24,201
Spurwink Church Fund	-	3,149
Total nonmajor special revenue funds	1,878,370	58,168
Nonmajor capital project funds:		
Riverside Cemetery Capital Improvements	8,675	-
School Improvements	109,000	-
Library Project	140,707	-
Land Acquisition	81,315	-
Infrastructure Improvement	113,130	-
Turf Field	160,513	-
Fort Williams Park Fund	132,927	-
Total nonmajor capital project funds	746,267	-
Fiduciary funds – private purpose:		
Zimpritch Library Trust	-	8,994
Total fiduciary funds	-	8,994
Totals	\$ 2,624,637	2,624,637

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, 2014 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
<u>General Fund</u>	\$ 274,736	735,210
Nonmajor special revenue funds:		
School Categorical Programs	-	198,863
Sewer User Fund	-	53,339
Portland Head Light	-	7,200
Community Services Fund	468,000	-
Rescue Fund	33,400	7,500
Riverside Perpetual Care	-	1,533
Thomas Jordan Fund	-	22,035
Spurwink Church Fund	-	316
<u>Total nonmajor special revenue funds</u>	<u>501,400</u>	<u>290,786</u>
Nonmajor capital project funds:		
Library Project	340,810	-
Infrastructure Improvement	-	100,000
Turf Field	14,000	-
Fort Williams Park	-	4,950
<u>Total nonmajor capital project funds</u>	<u>354,810</u>	<u>104,950</u>
<u>Totals</u>	<u>\$ 1,130,946</u>	<u>1,130,946</u>

These transfers were budgeted transfers to fund certain activities.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 16,053,817	4,190,000	6,436,814	13,807,003	2,009,708
Premium	-	200,244	-	200,244	18,204
<u>Total bonds payable</u>	<u>16,053,817</u>	<u>4,390,244</u>	<u>6,436,814</u>	<u>14,007,247</u>	<u>2,027,912</u>
Capital leases	525,098	145,980	324,521	346,557	182,675
Other post employment benefits	291,339	88,280	5,993	373,626	-
Accrued compensated absences	953,360	966,893	953,360	966,893	-
Governmental activity					
<u>long-term liabilities</u>	<u>\$ 17,823,614</u>	<u>5,591,397</u>	<u>7,720,688</u>	<u>15,694,323</u>	<u>2,210,587</u>

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

LONG-TERM DEBT

Long-term debt payable at June 30, 2014 is comprised of the following:

	<u>Amount of Original issue</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
General obligation bonds:				
2006 Clean Water Revolving Fund	\$ 3,510,000	1.73%	2026	2,248,503
2006 Sewer bond	1,890,000	1.90%-5.50%	2027	1,228,500
2008 Capital improvements	2,550,000	3.25%-4.13%	2028	1,770,000
2009 Refunding bond	5,850,000	2.00%-2.75%	2020	2,310,000
2011 Refunding bond	2,110,000	2.00%-2.70%	2021	1,440,000
2012 Refunding bond	780,000	2.00%-2.50%	2022	620,000
2014 Refunding bond	4,190,000	2.00%-4.00%	2025	4,190,000
Total				\$ 13,807,003

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, 2014 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>
2015	\$ 2,009,708	350,244	2,359,952
2016	1,402,654	343,133	1,745,787
2017	1,375,648	310,082	1,685,730
2018	1,368,697	228,119	1,596,816
2019	1,361,796	238,887	1,600,683
2020-2024	4,877,392	624,094	5,501,486
2025-2028	1,411,108	79,045	1,490,153
Totals	\$ 13,807,003	\$ 2,173,604	\$ 15,980,607

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.

Advanced Refunding

The Town issued \$4,190,000 in general obligation bonds with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund \$4,375,000 of outstanding 2004 and 2005 school renovation bonds, which had interest rates ranging from 3.00-4.36% and 3.75-4.20%, respectively. The net proceeds of \$4,575,000 (including a \$200,244 premium and after payment of \$75,390 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2004 and 2005 school renovation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The Town advanced refunded the 2004 and 2005 school renovation bonds to reduce its total debt service payments by \$390,411 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$362,126.

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

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, 2014, the Town complied with these limitations.

CAPITAL LEASES

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

The following is a summary of equipment leased under capital lease agreements by the Town as of June 30, 2014:

Computer and technology equipment	\$ 366,565
Boiler	150,000
Buses	176,307

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, 2014:

Fiscal year ending	
<u>June 30,</u>	
2015	\$ 192,770
2016	125,986
2017	44,258
Total minimum lease payments	363,014
<u>Less amounts representing interest</u>	<u>16,457</u>
Present value of future minimum	
<u>lease payments</u>	<u>\$ 346,557</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, 2014 was \$ 84,413.

The following is a schedule of the future minimum rentals on operating leases as of June 30, 2014:

Fiscal year ending	
<u>June 30,</u>	
2015	\$ 80,959
2016	48,893
2017	35,167
2018	2,500
2019	2,500
2020-2024	12,500
<u>2025-2029</u>	<u>2,500</u>
<u>Total of future rental income</u>	<u>\$ 185,019</u>

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

COMMITMENTS

As of June 30, 2014, the Town had ongoing commitments for the Middle School improvements, the Town's share of the Route 77 improvements, and design services for the Library improvements. The contracts had remaining balances of \$423,524, \$271,444, and \$33,069, respectively, as of year-end.

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, 2014, the Town's share is \$1,672,435 (4.36%) of Cumberland County's outstanding debt of \$38,325,000.

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, 2014, the Town was responsible for \$2,410,250 of its portion of PWD's Wastewater Fund Debt (or 8.18% of PWD's \$29,479,540 total Wastewater Fund Debt).

Other Contingencies

Portland Water District Debt - The Water Division of the PWD also provides water to the inhabitants of ten cities and towns within the Greater Portland Area (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, 2014, the Town was contingently responsible for approximately 6.64%, or \$2,822,181, of the PWD's \$42,514,891 Water Fund Debt.

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

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

OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED

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.

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, 2014 based on the most recent information available, includes total assets of \$64,568,980, total liabilities of \$18,893,073 and unrestricted net position of \$16,593,731. The liabilities include an accrual for landfill closure and postclosure care amounting to \$16,191,575. 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.

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, 2014.

POSTCLOSURE CARE COSTS

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

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

FUND BALANCES

At June 30, 2014, portions of the Governmental Funds fund balances were assigned, committed or restricted for future periods or classified as nonspendable for specific amounts as follows:

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Nonspendable:			
General Fund – interfund advance	\$ 240,810	-	240,810
School Categorical Programs – prepaid expenditures	-	15,254	15,254
School Lunch Program – inventory	-	19,837	19,837
Community Services Fund – prepaid expenditures	-	11,390	11,390
Portland Head Light – inventory	-	115,638	115,638
Infrastructure Improvement – interfund advance	-	100,000	100,000
Total nonspendable	240,810	262,119	502,929
Restricted:			
School Categorical Programs	-	39,521	39,521
School Department General Fund	921,915	-	921,915
Town grants and donations	2,500	-	2,500
Total restricted	924,415	39,521	963,936
Committed:			
Town capital projects:			
School Improvements	-	109,000	109,000
Land acquisition fund	-	81,315	81,315
Turf Field fund	-	160,513	160,513
Town special revenue funds:			
Sewer User Fund	-	1,348,972	1,348,972
Community Services Fund	-	9,101	9,101
Portland Head Light	-	501,595	501,595
Rescue Fund	-	255,836	255,836
Riverside Perpetual Care	-	331,363	331,363
Library Fund	-	194,779	194,779
Thomas Jordan Fund	-	1,040,127	1,040,127
Spurwink Church Fund	-	31,620	31,620
Total committed	-	4,064,221	4,064,221

Assigned:

Town capital projects:			
Roadway and drainage repairs	442,905	-	442,905
Library projects	106,337	-	106,337
Fort Williams tree planting	6,030	-	6,030
Police donations	1,877	-	1,877
Cruiser replacement	22,650	-	22,650
Records preservation	5,346	-	5,346
Family fun day	9,635	-	9,635
Town hall meetings spaces/office spaces	25,000	-	25,000
Police Exterior Door Replacement and Separation	22,095	-	22,095
APP Geo Implementation	8,165	-	8,165
Fuel and food donations	3,687	-	3,687

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

FUND BALANCES, CONTINUED

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Sidewalk Improvements	\$ 48,919	-	48,919
250th Anniversary Committee	15,000	-	15,000
Extrication Tool	25,000	-	25,000
Town Hall Electrical System	97,095	-	97,095
2014 Bond Refinancing Fees and Expenses	17,825	-	17,825
Town - re-appropriation of fund balance	352,000	-	352,000
Town capital project funds:			
Riverside Cemetery Capital Improvements	-	115,922	115,922
Library Project	-	140,707	140,707
Infrastructure Improvement	-	13,130	13,130
Fort Williams Park	-	132,927	132,927
Total assigned	\$ 1,209,566	402,686	1,612,252

SUBSEQUENT EVENTS

On August 11, 2014, the Town Council approved a bond resolution of \$4,000,000 to pay for planned renovations at the Thomas Memorial Library. In addition, the Council approved an additional \$200,000 in contingency spending and \$150,000 to move the existing library to a temporary location. The bond issuance is pending voter approval on the November 4, 2014 ballot.

On August 26, 2014, the School Board approved three lease-purchase agreements with TD Bank to finance the boiler replacement project at the Middle School, the purchase of computer equipment and related software, and to purchase two replacement school busses.

RELATED PARTY TRANSACTION

The Town currently leases office space to an individual who is on the Town Council. The annual lease payments are \$3,300 annually through October 30, 2015, with an optional on year renewal at \$3,300 annually.

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, 2014, 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.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED

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, 2013, the most recent actuarial valuation date, the plan was 76.26% funded. The actuarial accrued liability for benefits was \$6.8 million, and the actuarial value of assets was \$5.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,620,304. The covered payroll (annual payroll of active employees covered by the plan) was \$107,074, and the ratio of the UAAL to the covered payroll was 1,513%.

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	6/30/13
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.

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 7.9% 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.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED

The Town's contribution to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2014, 2013, and 2012 were \$61,991, \$59,056, and \$48,204, 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 \$1,788,353 (15.36%) for the fiscal year 2014. The School Department made contributions for the normal cost of the teacher's plan, which in fiscal year 2014 was 2.65%. In addition, the School Department made contributions for federally funded teachers, which in fiscal year 2014 was 18.48% of the teachers' compensation. This cost was charged to the applicable grant.

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, 2014, the Town and School's contributions to the plan totaled \$213,977.

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 \$666,783 for the year ended June 30, 2014.

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

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.

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>FY2014</u>	<u>FY2013</u>	<u>FY2012</u>
Normal Cost	\$ 30,907	25,717	25,717
Amortization of Unfunded	60,753	47,976	47,976
Interest	13,468	10,662	8,229
Adjustment to ARC	(16,848)	(13,306)	(9,787)
Annual Required Contribution	88,280	71,049	72,135
Contributions made	(5,993)	(9,792)	(11,299)
Increase in Net OPEB	82,287	61,257	60,836
Net OPEB Obligation – beginning of year	291,339	230,082	169,246
Net OPEB Obligation – end of year	\$ 373,626	291,339	230,082

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

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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, 2014 and the two preceding years.

Fiscal Year End	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 72,135	15.66%	\$ 230,082
June 30, 2013	71,049	13.78%	291,338
June 30, 2014	88,280	06.79%	373,626

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, 2014 and three preceding years are as follows:

	<u>FY2014</u>	<u>FY2013</u>	<u>FY2012</u>
Actuarial accrued liability	\$ 1,092,569	\$ 862,794	\$ 862,794
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 1,092,569	\$ 862,794	\$ 862,794
Funded ratio	0%	0%	0%
Covered payroll	\$ 2,759,172	\$ 2,640,991	\$ 2,792,351
Unfunded actuarial accrued liability as a percentage of covered payroll	39.60%	32.67%	30.90%

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	1/1/14
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare cost trend rate	4.60%

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>
2012	1/1/11	\$ -	\$862,794	862,794	0.00%	2,792,351	30.90%
2013	1/1/11	-	862,794	862,794	0.00%	2,640,991	32.67%
2014	1/1/14	-	1,092,569	1,092,569	0.00%	2,759,172	39.60%

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>
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%
2014	6/30/13	5,206,111	6,826,415	1,620,304	76.3%	107,074	1513.26%

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, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 10,099,413	9,286,316
Taxes and liens receivable - current year	190,621	166,402
Taxes receivable - prior years	-	284
Tax liens	68,804	80,830
Tax acquired property	206	206
Accounts receivable	437	145,178
Total assets	\$ 10,359,481	9,679,216
LIABILITIES		
Accounts payable and other current liabilities	321,183	127,173
Accrued payroll and benefits	2,030,959	1,632,829
Taxes collected in advance	10,374	12,490
Interfund loans payable	2,557,475	2,490,796
Total liabilities	4,919,991	4,263,288
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	160,000	201,000
Total deferred inflows of resources	160,000	201,000
FUND BALANCES		
Nonspendable - interfund advances	240,810	-
Restricted:		
Town grants and donations	2,500	2,500
School Department General Fund	921,915	1,222,214
Assigned	1,209,566	850,752
Unassigned	2,904,699	3,139,462
Total fund balance	5,279,490	5,214,928
Total liabilities, deferred inflows of resources, and fund balance	\$ 10,359,481	9,679,216

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, 2014
(with comparative actual amounts for the year ended June 30, 2013)

	2014		Variance positive (negative)	2013 Actual
	Revised budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 27,009,057	27,009,057	-	26,179,228
Supplemental taxes	-	29,114	29,114	6,379
Change in deferred taxes	-	41,000	41,000	(17,000)
Excise taxes	1,716,000	1,816,674	100,674	1,749,144
Interest and costs on taxes	27,000	33,843	6,843	34,178
Total taxes	28,752,057	28,929,688	177,631	27,951,929
Licenses and permits:				
Auto registration fees	24,000	24,554	554	24,947
Building, electrical and plumbing fees	90,000	151,944	61,944	113,946
Town clerk fees	13,000	15,610	2,610	15,690
Total licenses and permits	127,000	192,108	65,108	154,583
Intergovernmental:				
State revenue sharing	451,764	457,856	6,092	649,052
Education - State subsidies	2,620,194	2,620,194	-	1,828,806
State agency clients	8,000	6,305	(1,695)	12,240
D.O.T. block grant	81,900	84,288	2,388	81,912
BETE reimbursement	4,531	-	(4,531)	-
Homestead revenue	191,860	146,680	(45,180)	189,050
Federal grants-capital contributions	-	16,158	16,158	756,290
Federal grants-public safety	-	55,393	55,393	66,592
Other miscellaneous - State and Federal	35,100	55,762	20,662	64,882
Total intergovernmental	3,393,349	3,442,636	49,287	3,648,824
Investment income:				
Investment earnings	45,000	13,418	(31,582)	24,632
Total investment income	45,000	13,418	(31,582)	24,632
Other revenues:				
Cable television franchise	155,000	152,868	(2,132)	156,546
Refuse disposal	85,000	104,296	19,296	92,840
School department	70,000	82,896	12,896	84,208
Police specials and fees	11,500	11,731	231	12,321
Library fines and fees	7,000	-	(7,000)	6,573
Miscellaneous donations	-	6,500	6,500	9,500
Miscellaneous	39,000	69,566	30,566	126,817
Total other revenues	367,500	427,857	60,357	488,805
Total revenues	32,684,906	33,005,707	320,801	32,268,773

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

	2014		Variance positive (negative)	2013 Actual
	Revised budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 522,248	507,791	14,457	508,262
Assessing, codes and planning	368,810	345,709	23,101	388,543
Town council	500	356	144	195
Legal and audit	92,000	76,325	15,675	90,419
Elections	29,300	11,201	18,099	21,730
Boards and commissions	13,565	13,083	482	7,281
Public information	50,030	45,875	4,155	38,693
Total general government	1,076,453	1,000,340	76,113	1,055,123
Public works:				
General public works	1,121,106	1,088,445	32,661	1,037,677
Refuse disposal/recycling	643,996	608,110	35,886	685,480
Total public works	1,765,102	1,696,555	68,547	1,723,157
Facilities:				
Facilities and property management	196,552	210,571	(14,019)	197,388
Town hall maintenance	29,470	29,010	460	28,903
Library building	32,226	28,405	3,821	26,236
Town center fire station	23,639	23,178	461	18,910
Cape cottage fire station	7,955	6,703	1,252	5,968
Police station	67,563	59,769	7,794	57,587
Total facilities	357,405	357,636	(231)	334,992
Public safety:				
Fire department	301,400	272,308	29,092	266,569
Police department	1,220,950	1,190,424	30,526	1,167,847
Animal control	23,248	23,248	-	22,981
Public safety communications	167,541	162,540	5,001	157,953
WETeam	25,403	15,741	9,662	18,053
Miscellaneous public protection	152,610	152,600	10	145,654
Emergency preparedness	3,696	3,597	99	2,995
Total public safety	1,894,848	1,820,458	74,390	1,782,052
Cultural and parks:				
Library	515,881	509,408	6,473	503,431
Parks and grounds	464,683	428,022	36,661	418,062
Trees	22,163	19,827	2,336	21,644
Total cultural and parks	1,002,727	957,257	45,470	943,137
Human services	62,000	61,539	461	58,466
Education:				
Regular instruction	10,276,403	9,999,910	276,493	9,423,026
Special education instruction	3,087,756	3,090,418	(2,662)	2,848,739
Career and technical education	46,604	46,604	-	56,003
Other instruction	738,963	721,642	17,321	696,238
Student and staff support	2,122,848	2,090,409	32,439	2,398,122
System administration	696,351	711,506	(15,155)	652,565
School administration	1,142,210	1,066,883	75,327	962,660
Transportation	677,130	679,058	(1,928)	653,607
Facilities maintenance	2,444,222	2,457,466	(13,244)	2,233,434
Debt service	1,288,591	1,288,591	-	1,323,403
Total education	22,521,078	22,152,487	368,591	21,247,797
Intergovernmental assessments	1,083,326	1,082,835	491	1,019,311

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

	2014		Variance positive (negative)	2013 Actual
	Revised budget	Actual		
Expenditures, continued				
Current, continued:				
Insurance and benefits				
Insurance	\$ 97,500	87,962	9,538	87,806
Employee benefits	1,035,505	1,005,076	30,429	990,198
Total insurance and benefits	1,133,005	1,093,038	39,967	1,078,004
Unclassified:				
Abatements/overlay	594,708	58,191	536,517	52,628
Contributions	33,878	19,243	14,635	10,191
Grants	5,376	59,611	(54,235)	104,211
Other	-	11,115	(11,115)	7,504
Total unclassified	633,962	148,160	485,802	174,534
Capital improvements:				
4004 Cruiser replacement	93,424	70,774	22,650	32,115
4009 Roadway & drainage	527,000	413,994	113,006	473,431
4013 Sidewalk improvements	50,518	1,598	48,920	24,432
4021 Computer hardware and software	32,000	36,578	(4,578)	30,520
4023 Loader/backhoe replacement	110,000	107,182	2,818	-
4024 Town Hall roof and external repairs	47,500	42,496	5,004	70,869
4052 Library improvements	106,607	37,191	69,416	30,596
4107 Dump/plow replacement	-	-	-	141,678
4111 Town Hall building	25,000	27,265	(2,265)	27,820
4114 Election equipment	16,000	-	16,000	-
4131 Town center building replacement	30,000	34,350	(4,350)	13,400
4136 Grounds equipment	2,500	-	2,500	-
4147 Police ext. door replacement	5,200	3,104	2,096	-
4269 Police space separation	37,500	4,872	32,628	-
4243 Cemetery stonewall	-	-	-	27,600
5226 Shore road path	-	-	-	941,053
5236 Police radios	-	4,241	(4,241)	-
5259 Holman BB Infield	15,000	14,255	745	-
5260 HS running track	25,000	21,643	3,357	-
5261 Police radar units	2,700	-	2,700	-
5262 Lights bars	1,500	-	1,500	-
5263 Extrication tool replacement	25,000	-	25,000	-
5264 Library folding table	2,400	-	2,400	-
5265 Town Hall electrical system	110,000	12,905	97,095	-
5266 Police card access system	12,500	12,500	-	-
5267 Gull CR/RC buildings	8,500	8,500	-	-
5268 Library lot improvements	5,300	86	5,214	-
PD in vehicle cameras	-	-	-	6,000
Snow blower attachment	-	-	-	6,944
Work zone device trailer	-	-	-	1,720
MS fencing replacement	-	-	-	12,264
Athletic field fencing replacement	-	-	-	9,591
MS baseball infield reconstruction	-	-	-	11,935
CC rental building repairs	-	-	-	11,025
Radar units	-	-	-	1,990
Ladder truck refurbishment	-	-	-	69,460
ID Badge Update	-	-	-	4,380
Robinson Woods	-	-	-	200,000
Capital needs planning	-	-	-	32,329
Transfer station burglary cost	-	-	-	5,289
Fort Williams canopy grant	-	-	-	10,155
Total capital improvements	1,291,149	853,534	437,615	2,196,596

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

	2014		Variance positive (negative)	2013 Actual
	Revised budget	Actual		
Debt service (excluding School Department)				
Principal and interest payments	906,703	905,703	1,000	930,007
Bond issuance costs	-	22,175	(22,175)	-
Total debt service	906,703	927,878	(21,175)	930,007
Total expenditures	33,727,758	32,151,717	1,576,041	32,543,176
Excess (deficiency) of revenues over (under) expenditures	(1,042,852)	853,990	1,896,842	(274,403)
Other financing sources (uses):				
Transfer from special revenue funds	\$ 277,000	274,736	(2,264)	480,000
Transfer to special revenue funds	(480,400)	(480,400)	-	(437,006)
Transfer to capital projects funds	(14,000)	(254,810)	(240,810)	(14,000)
Carryforward balances and subsequent authorizations	558,252	-	(558,252)	-
Utilization of prior year surplus - School	350,000	-	(350,000)	-
Utilization of prior year surplus - Town	352,000	-	(352,000)	-
Total other financing sources (uses)	1,042,852	(460,474)	(1,503,326)	28,994
Net change in fund balance	-	393,516	393,516	(245,409)
Reconciliation to GAAP:				
Change in encumbrances		(12,290)		146,606
Accrued teacher summer salary benefits		(316,664)		-
Fund balance, beginning of year		5,214,928		5,313,731
Fund balance, ending of year	\$	5,279,490		5,214,928

ALL OTHER GOVERNMENTAL FUNDS

TOWN OF CAPE ELIZABETH, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,080,613	107,247	1,187,860
Investments	539,262	-	539,262
Receivables:			
Due from other governments	37,519	-	37,519
Rescue (net of allowance for uncollectible of \$25,000)	31,330	-	31,330
Sewer fees (net of allowance for uncollectible of \$4,000)	358,021	-	358,021
Prepaid expenditures	26,644	-	26,644
Inventory	135,475	-	135,475
Interfund loans receivable	1,878,370	746,267	2,624,637
Total assets	\$ 4,087,234	853,514	4,940,748
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued payroll and benefits	6,089	-	6,089
Unearned revenue - prepaid services	140,621	-	140,621
Interfund loans payable	58,168	-	58,168
Total liabilities	204,878	-	204,878
Fund balances:			
Nonspendable	162,119	100,000	262,119
Restricted	39,521	-	39,521
Committed	3,713,393	350,828	4,064,221
Assigned	-	402,686	402,686
Unassigned	(32,677)	-	(32,677)
Total fund balances	3,882,356	853,514	4,735,870
Total liabilities and fund balances	\$ 4,087,234	853,514	4,940,748

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, 2014

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental:			
Federal and State subsidies	\$ 492,040	-	492,040
Federal commodities	24,708	-	24,708
Investment income	119,456	1,825	121,281
Other:			
Building and park rentals and fees	3,361	216,854	220,215
Sewer assessments	1,991,608	-	1,991,608
Lot sales and fees	40,238	-	40,238
School lunch	517,159	-	517,159
Community services	1,189,892	-	1,189,892
Lighthouse admissions	49,992	-	49,992
Lighthouse gift shop sales	509,824	-	509,824
Rescue charges	253,091	-	253,091
Miscellaneous	161,212	134,222	295,434
Total revenues	5,352,581	352,901	5,705,482
Expenditures:			
Current:			
Educational/recreation program	2,200,631	-	2,200,631
School lunch	640,813	-	640,813
Unclassified:			
Church	6,194	-	6,194
Portland Head Light - operations and staff	213,886	-	213,886
Portland Head Light - gift shop costs	277,953	-	277,953
Rescue expenditures	229,263	-	229,263
Maintenance	45,693	-	45,693
Miscellaneous	5,570	-	5,570
Sewer	1,387,301	-	1,387,301
Capital improvements	327,483	445,851	773,334
Debt service	219,563	-	219,563
Total expenditures	5,554,350	445,851	6,000,201
Deficiency of revenues under expenditures	(201,769)	(92,950)	(294,719)
Other financing sources (uses):			
Lease proceeds	-	57,230	57,230
Transfer to other funds	(290,786)	(104,950)	(395,736)
Transfer from other funds	501,400	354,810	856,210
Total other financing sources	210,614	307,090	517,704
Net change in fund balances	8,845	214,140	222,985
Fund balances, beginning of year	3,873,511	639,374	4,512,885
Fund balances, end of year	\$ 3,882,356	853,514	4,735,870

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, 2014

	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	\$ -	-	-	-	-	-	338,351	182,427	525,066	34,769	1,080,613
Investments	-	-	-	-	-	-	-	-	539,262	-	539,262
Due from other governments	23,515	14,004	-	-	-	-	-	-	-	-	37,519
Rescue receivable (net of allowance for uncollectible of \$25,000)	-	-	-	-	-	31,330	-	-	-	-	31,330
Sewer fees receivable (net of allowance for uncollectible of \$4,000)	-	-	358,021	-	-	-	-	-	-	-	358,021
Prepaid expenditures	15,254	-	-	11,390	-	-	-	-	-	-	26,644
Inventory	-	19,837	-	-	115,638	-	-	-	-	-	135,475
Interfund loans receivable	22,095	-	990,951	126,871	501,595	224,506	-	12,352	-	-	1,878,370
Total assets	\$ 60,864	33,841	1,348,972	138,261	617,233	255,836	338,351	194,779	1,064,328	34,769	4,087,234
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accrued payroll and benefits	6,089	-	-	-	-	-	-	-	-	-	6,089
Unearned revenue - prepaid services	-	22,851	-	117,770	-	-	-	-	-	-	140,621
Interfund loans payable	-	23,830	-	-	-	-	6,988	-	24,201	3,149	58,168
Total liabilities	6,089	46,681	-	117,770	-	-	6,988	-	24,201	3,149	204,878
Fund balances:											
Nonspendable	15,254	19,837	-	11,390	115,638	-	-	-	-	-	162,119
Restricted	39,521	-	-	-	-	-	-	-	-	-	39,521
Committed	-	-	1,348,972	9,101	501,595	255,836	331,363	194,779	1,040,127	31,620	3,713,393
Unassigned	-	(32,677)	-	-	-	-	-	-	-	-	(32,677)
Total fund balances (deficit)	54,775	(12,840)	1,348,972	20,491	617,233	255,836	331,363	194,779	1,040,127	31,620	3,882,356
Total liabilities and fund balances	\$ 60,864	33,841	1,348,972	138,261	617,233	255,836	338,351	194,779	1,064,328	34,769	4,087,234

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, 2014

	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	\$ 409,793	82,247	-	-	-	-	-	-	-	-	492,040
Federal commodities	-	24,708	-	-	-	-	-	-	-	-	24,708
Investment income	-	-	-	-	1,628	-	3,412	1,828	112,238	350	119,456
Other revenues:											
Building and park rentals and fees	-	-	-	-	-	-	-	-	-	3,361	3,361
Sewer assessments	-	-	1,991,608	-	-	-	-	-	-	-	1,991,608
Lot sales and fees	-	-	-	-	-	-	40,238	-	-	-	40,238
School lunch	-	517,159	-	-	-	-	-	-	-	-	517,159
Community services	-	-	-	1,189,892	-	-	-	-	-	-	1,189,892
Lighthouse admissions	-	-	-	-	49,992	-	-	-	-	-	49,992
Lighthouse gift shop sales	-	-	-	-	509,824	-	-	-	-	-	509,824
Rescue charges	-	-	-	-	-	253,091	-	-	-	-	253,091
Miscellaneous	142,688	-	-	-	2,768	-	-	15,756	-	-	161,212
Total revenues	552,481	624,114	1,991,608	1,189,892	564,212	253,091	43,650	17,584	112,238	3,711	5,352,581
Expenditures:											
Current:											
Educational/recreation program	538,452	-	-	1,662,179	-	-	-	-	-	-	2,200,631
School lunch	-	640,813	-	-	-	-	-	-	-	-	640,813
Unclassified:											
Church	-	-	-	-	-	-	-	-	-	6,194	6,194
Portland Head Light - operations and staff	-	-	-	-	213,886	-	-	-	-	-	213,886
Portland Head Light - gift shop costs	-	-	-	-	277,953	-	-	-	-	-	277,953
Rescue expenditures	-	-	-	-	-	229,263	-	-	-	-	229,263
Maintenance	-	-	-	-	-	-	45,693	-	-	-	45,693
Miscellaneous	-	-	-	-	-	-	-	3,404	2,166	-	5,570
Sewer - Operations and maintenance	-	-	16,133	-	-	-	-	-	-	-	16,133
Sewer - Portland Water District assessments	-	-	1,371,168	-	-	-	-	-	-	-	1,371,168
Capital improvements	-	-	250,506	-	76,977	-	-	-	-	-	327,483
Debt service	-	-	219,563	-	-	-	-	-	-	-	219,563
Total expenditures	538,452	640,813	1,857,370	1,662,179	568,816	229,263	45,693	3,404	2,166	6,194	5,554,350
Other financing sources (uses):											
Transfer to other funds	(198,863)	-	(53,339)	-	(7,200)	(7,500)	(1,533)	-	(22,035)	(316)	(290,786)
Transfer from other funds	-	-	-	468,000	-	33,400	-	-	-	-	501,400
Total other sources (uses)	(198,863)	-	(53,339)	468,000	(7,200)	25,900	(1,533)	-	(22,035)	(316)	210,614
Net change in fund balances	(184,834)	(16,699)	80,899	(4,287)	(11,804)	49,728	(3,576)	14,180	88,037	(2,799)	8,845
Fund balances, beginning 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
Fund balances (deficit), end of year	\$ 54,775	(12,840)	1,348,972	20,491	617,233	255,836	331,363	194,779	1,040,127	31,620	3,882,356

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 Improvements

The School Improvements Fund was established to account for monies received and spent in relation to various school building projects.

School Technology

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

Library Project

The Library Project Fund was established to account for monies received and spent in relation to upgrades and improvements at the Town Library.

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, 2014

		Riverside Cemetery Capital Improvements	School Improvements	School Technology	Library Project	Land Acquisition Fund	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
ASSETS										
Cash and cash equivalents	\$	107,247	-	-	-	-	-	-	-	107,247
Interfund loans receivable		8,675	109,000	-	140,707	81,315	113,130	160,513	132,927	746,267
Total assets	\$	115,922	109,000	-	140,707	81,315	113,130	160,513	132,927	853,514
LIABILITIES AND FUND BALANCES										
Liabilities:										
Interfund loans payable		-	-	-	-	-	-	-	-	-
Total liabilities		-	-	-	-	-	-	-	-	-
Fund balances:										
Nonspendable		-	-	-	-	-	100,000	-	-	100,000
Committed		-	109,000	-	-	81,315	-	160,513	-	350,828
Assigned		115,922	-	-	140,707	-	13,130	-	132,927	402,686
Total fund balances		115,922	109,000	-	140,707	81,315	113,130	160,513	132,927	853,514
Total liabilities and fund balances	\$	115,922	109,000	-	140,707	81,315	113,130	160,513	132,927	853,514

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, 2014

	Riverside Cemetery Capital Improvements	School Improvements	School Technology	Library Project	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
Revenues:									
Building and other fees	\$ -	-	-	-	-	47,717	-	169,137	216,854
Investment income	1,068	-	-	-	253	-	504	-	1,825
Other revenues	8,675	109,000	90	-	16,457	-	-	-	134,222
Total revenues	9,743	109,000	90	-	16,710	47,717	504	169,137	352,901
Expenditures:									
Capital improvements	-	-	57,320	200,103	8,142	25,763	-	154,523	445,851
Total expenditures	-	-	57,320	200,103	8,142	25,763	-	154,523	445,851
Other financing sources (uses):									
Lease proceeds	-	-	57,230	-	-	-	-	-	57,230
Transfer to other funds	-	-	-	-	-	(100,000)	-	(4,950)	(104,950)
Transfer from other funds	-	-	-	340,810	-	-	14,000	-	354,810
Total other financing sources (uses)	-	-	57,230	340,810	-	(100,000)	14,000	(4,950)	307,090
Net change in fund balances	9,743	109,000	-	140,707	8,568	(78,046)	14,504	9,664	214,140
Fund balances, beginning of year	106,179	-	-	-	72,747	191,176	146,009	123,263	639,374
Fund balances, end of year	\$ 115,922	109,000	-	140,707	81,315	113,130	160,513	132,927	853,514

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, 2014

	Seaside Cemetery	School Scholarship Trust	Zimpritch Library Trust	Total
ASSETS				
Cash and cash equivalents	\$ -	61,326	26,805	88,131
Total assets	\$ -	61,326	26,805	88,131
LIABILITIES				
Interfund loans payable	-	-	8,994	8,994
Total liabilities	-	-	8,994	8,994
NET POSITION				
Held in trust	-	61,326	17,811	79,137
Total net position	\$ -	61,326	17,811	79,137

TOWN OF CAPE ELIZABETH, MAINE
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private-purpose
For the Year Ended June 30, 2014

		Seaside Cemetery	School Scholarship Trust	Zimpritch Library Trust	Total
Additions:					
Donations	\$	-	-	2,510	2,510
Interest earned		1	640	262	903
Total additions		1	640	2,772	3,413
Deductions:					
Other deductions		504	-	11,504	12,008
School scholarships		-	2,510	-	2,510
Total deductions		504	2,510	11,504	14,518
Change in fiduciary net position		(503)	(1,870)	(8,732)	(11,105)
Net position, beginning of year		503	63,196	26,543	90,242
Net position, end of year	\$	-	61,326	17,811	79,137

TOWN OF CAPE ELIZABETH, MAINE
Agency Funds
Statement of Changes in Balances
For the Year Ended June 30, 2014

	Balances beginning of year	Net additions/ (deductions)	Balances end of year
Activity funds:			
High School Student Activities	\$ 128,017	22,573	150,590
Middle School Student Activities	29,407	1,312	30,719
Pond Cove Student Activities	15,130	(4,254)	10,876
Total	\$ 172,554	19,631	192,185

DRAFT

TOWN OF CAPE ELIZABETH, MAINE
Statement of Changes in Long-term Debt
For the Year Ended June 30, 2014

	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	720,000	80,000	-	80,000	-
2004 School Renovation	3.00 - 4.36%	2024	Var.	3,725,000 (2)	3,725,000	1,755,000	1,970,000	-	1,970,000	-
2005 School Renovation	3.75 - 4.20%	2025	Var.	4,725,000 (2)	4,725,000	1,905,000	2,820,000	-	2,820,000	-
2006 Clean Water Revolving Loan Fund	1.73%	2026	Var.	3,510,000	3,510,000	1,094,183	2,415,817	-	167,314	2,248,503
2006 Sewer bond	1.90% - 5.50%	2027	Var.	1,890,000	1,890,000	567,000	1,323,000	-	94,500	1,228,500
2008 Capital Improvement	3.25% - 4.13%	2028	Var.	2,550,000	2,550,000	650,000	1,900,000	-	130,000	1,770,000
2009 Refunding bond	2.00% - 2.75%	2020	Var.	5,850,000	5,850,000	2,665,000	3,185,000	-	875,000	2,310,000
2011 Refunding bond	2.00% - 2.70%	2021	Var.	2,110,000	2,110,000	225,000	1,660,000	-	220,000	1,440,000
2012 Refunding bond	2.00% - 2.50%	2022	Var.	780,000	780,000	-	700,000	-	80,000	620,000
2014 Refunding bond	2.00 - 4.00%	2025	Var.	4,190,000	4,190,000	-	-	4,190,000	-	4,190,000
Total general obligation bonds				30,130,000	30,130,000	9,581,183	16,053,817	4,190,000	6,436,814	13,807,003
				\$ 30,130,000	30,130,000	9,581,183	16,053,817	4,190,000	6,436,814	13,807,003

(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, 2014 was \$0.

(2) Amounts have been defeased and therefore; are no longer shown as outstanding.

SCHEDULES

DRAFT

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, 2014
(with comparative actual amount for the year ended June 30, 2013)

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Revenues:				
State education subsidy--school	\$ 2,620,194	2,620,194	-	1,828,806
State agency clients	8,000	6,305	(1,695)	-
Miscellaneous	70,000	82,896	12,896	96,448
Total revenues	2,698,194	2,709,395	11,201	1,925,254
Expenditures:				
Current:				
Regular instruction	10,276,403	9,999,910	276,493	9,423,026
Special education instruction	3,087,756	3,090,418	(2,662)	2,848,739
Career and technical education	46,604	46,604	-	56,003
Other instruction	738,963	721,642	17,321	696,238
Student and staff support	2,122,848	2,090,409	32,439	2,398,122
System administration	696,351	711,506	(15,155)	652,565
School administration	1,142,210	1,066,883	75,327	962,660
Transportation	677,130	679,058	(1,928)	653,607
Facilities maintenance	2,444,222	2,457,466	(13,244)	2,233,434
Debt service	1,288,591	1,288,591	-	1,323,403
Total expenditures	22,521,078	22,152,487	368,591	21,247,797
Other financing sources (uses):				
Town appropriation	19,279,884	19,279,884	-	18,923,138
Transfer from Medicaid	200,000	198,863	(1,137)	480,000
Transfer to Turf Field Fund (budgeted in facilities maintenance)	(7,000)	(7,000)	-	(7,000)
Budgeted use of surplus	350,000	-	(350,000)	-
Total other financing sources (uses)	19,822,884	19,471,747	(351,137)	19,396,138
Net change in fund balance	-	28,655	28,655	73,595
Fund balance, beginning of year (budgetary)		940,029		866,434
Fund balance, end of year (budgetary)		968,684		940,029
Reconciliation to GAAP:				
Accrued teacher summer benefits		(316,664)		-
Encumbrances		269,895		282,185
Fund balance, end of year (GAAP)		921,915		1,222,214
Assigned for encumbrances		(269,895)		(282,185)
Reappropriated to subsequent year budget		(400,000)		(350,000)
Restricted school fund balance, end of year	\$	252,020		590,029

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, 2014
(with comparative actual amount for the year ended June 30, 2013)

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Revenues:				
Adult and community education	\$ 149,000	144,383	(4,617)	122,172
Summer program	-	-	-	208,907
Adult gym	-	-	-	4,238
Prepaid summer program	496,605	512,324	15,719	306,536
Senior citizens and adult trips	-	4	4	75,487
After school adventure	-	-	-	12,657
Middle School athletics	-	-	-	4,278
Extended school care	215,500	255,574	40,074	185,339
Rental of facilities	31,000	33,468	2,468	31,628
Fitness center	43,962	45,288	1,326	37,749
Pool	190,000	198,851	8,851	188,730
Total revenues	1,126,067	1,189,892	63,825	1,177,721
Expenditures:				
Administration	223,767	222,139	1,628	194,524
Adult education	137,637	155,036	(17,399)	228,290
Summer program	-	-	-	144,912
Other programs	424,118	447,685	(23,567)	291,709
Extended school care	180,765	206,173	(25,408)	135,660
Facilities rental and maintenance	-	11,593	(11,593)	9,822
Debt service	95,500	95,500	-	98,525
Senior citizens	-	-	-	51,096
Fitness center	53,956	54,654	(698)	56,057
Pool	452,174	441,824	10,350	421,100
Miscellaneous	41,150	27,575	13,575	26,310
Total expenditures	1,609,067	1,662,179	(53,112)	1,658,005
Other financing sources:				
Use of surplus	15,000	-	(15,000)	-
Transfer from Thomas Jordan Fund	21,000	21,000	-	21,000
Town appropriation	447,000	447,000	-	437,006
Total other financing sources	483,000	468,000	(15,000)	458,006
Net change in fund balance	-	(4,287)	(4,287)	(22,278)
Fund balance, beginning of year		24,778		47,056
Fund balance, end of year	\$	20,491		24,778

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, 2014

	Fund balances beginning of year	Program revenues	Program expenditures	Transfers	Fund balances (deficits) end of year
State and Federal Programs:					
Title IA	\$ -	28,648	28,595	-	53
Title IIA	-	17,246	17,246	-	-
Local Entitlement	-	361,092	364,748	-	(3,656)
Pre-School Grant	-	2,807	2,807	-	-
State MaineCare	198,865	-	-	(198,863)	2
Total state and federal programs	198,865	409,793	413,396	(198,863)	(3,601)
Other Programs:					
Admin Recertification Program	681	-	681	-	-
C.E. Education Foundation	1,612	61,702	49,538	-	13,776
Cape Coalition	830	-	-	-	830
Cape Olympians	2,427	2,320	3,821	-	926
Easement Funds	5,000	-	-	-	5,000
Escapade Program	629	-	-	-	629
H1N1 Grant	5,099	-	212	-	4,887
Healthy Schools	1,300	-	1,300	-	-
Laptop/iPad maintenance	4,266	20,020	25,541	-	(1,255)
Nonsuch donation	914	-	914	-	-
PCPA donations	3,725	4,760	4,460	-	4,025
PCPA Grant	210	-	210	-	-
PC Office donation	-	6,775	2,395	-	4,380
School gate receipts-Athletics	-	16,047	15,275	-	772
School gate receipts-Drama	2,025	2,188	4,162	-	51
TEDx program	579	1,034	105	-	1,508
Transition Grant	-	16,067	1,883	-	14,184
Turf field rental	8,682	3,595	4,836	-	7,441
Wellman Workshop	2,043	8,180	9,723	-	500
Wellness Grant	722	-	-	-	722
Total other programs	40,744	142,688	125,056	-	58,376
Total	\$ 239,609	552,481	538,452	(198,863)	54,775

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 debt	Total
2014	\$ 2,203,480	2,296,460	357,636	2,085,617	61,539	957,257	26,172,500	640,813	1,082,835	966,844	1,387,301	151,479	146,588	38,510,349
2013	1,319,985	2,294,612	334,992	2,039,980	58,466	943,137	24,169,179	630,350	1,019,311	2,195,830	1,495,047	932,659	176,221	37,609,769
2012	1,174,591	2,196,861	291,201	1,984,056	46,245	1,281,201	23,643,004	596,544	1,013,039	2,210,612	1,251,089	954,434	277,245	36,920,122
2011	1,257,993	2,237,584	241,459	2,059,682	52,482	1,130,800	23,709,591	571,477	968,416	1,937,776	1,204,064	787,528	396,145	36,554,997
2010	1,294,806	2,246,229	-	1,962,717	47,837	1,105,290	22,926,211	508,626	987,445	1,796,294	1,126,602	769,543	350,919	35,122,519
2009	1,429,466	2,315,932	-	1,894,280	38,715	1,099,461	22,172,897	503,904	1,030,500	1,848,362	1,083,662	1,798,901	456,013	35,672,093
2008	977,400	2,049,562	-	1,948,994	25,532	1,178,081	21,568,634	539,780	956,430	1,969,705	1,072,510	2,105,450	521,619	34,913,697
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

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

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
2014	\$ 5,458,484	5,071,281	16,158	28,888,688	660,298	134,699	228,934	40,458,542
2013	5,079,106	4,235,013	756,290	27,968,929	902,984	122,110	292,863	39,357,295
2012	4,911,542	5,264,981	-	26,819,699	973,187	58,320	379,976	38,407,705
2011	4,820,801	5,693,378	-	25,807,288	934,917	156,228	260,597	37,673,209
2010	5,322,750	4,633,577	-	25,119,671	914,220	158,548	305,294	36,454,060
2009	4,677,204	5,659,716	-	24,788,910	1,044,489	127,421	240,034	36,537,774
2008	4,539,555	5,390,062	202,912	23,380,071	1,148,096	296,566	102,276	35,059,538
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

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

Fiscal year	General government	Public works	Facilities (2)	Public safety	Cultural and Parks	Human services	Education	Intergovernmental assessments	Insurance and benefits	Debt service (1)	Capital improvements	Other expenditures and transfers	Total
2014	\$ 1,000,340	1,696,555	357,636	1,820,458	957,257	61,539	22,152,487	1,082,835	1,093,038	927,878	853,534	883,370	32,886,927
2013	1,055,123	1,723,157	334,992	1,782,052	943,137	58,466	21,247,797	1,019,311	1,078,004	930,007	2,196,596	625,540	32,994,182
2012	965,257	1,643,224	291,201	1,725,819	1,281,201	46,245	20,184,134	1,013,039	1,049,777	1,023,515	1,414,189	396,160	31,033,761
2011	963,702	1,681,078	241,459	1,674,776	1,130,800	52,482	19,332,876	968,416	993,573	1,011,252	926,646	620,299	29,597,359
2010	1,018,929	1,680,662	-	1,702,665	1,105,290	47,837	18,833,280	987,445	932,450	1,158,985	524,960	6,124,200	34,116,703
2009	1,116,039	1,761,263	-	1,742,865	1,192,979	38,715	18,858,306	1,030,500	964,481	1,234,894	674,850	339,720	28,954,612
2008	1,101,715	1,764,844	-	1,763,795	1,180,642	25,532	18,624,631	956,430	941,345	1,141,552	1,407,879	415,025	29,323,390
2007	1,044,204	1,708,817	-	1,634,144	1,104,212	37,184	18,019,154	907,928	860,511	1,069,754	1,276,419	539,742	28,202,069
2006	1,001,864	1,617,744	-	1,555,527	1,007,748	25,833	17,384,139	908,923	773,787	1,041,047	565,427	277,430	26,159,469
2005	978,190	1,632,315	-	1,510,851	955,867	24,251	16,265,351	876,464	802,540	1,117,157	952,293	342,830	25,458,109

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

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

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

Fiscal year	Property Taxes	Other taxes	Licenses and permits	Intergovernmental	Investment income	Other Revenues	Transfers and other financing sources	Total
2014	\$ 27,079,171	1,850,517	192,108	3,442,636	13,418	427,857	274,736	33,280,443
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

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	
2014	\$ 3.66	11.97	0.65	16.28
2013	3.46	11.77	0.61	15.84
2012	3.48	11.10	0.60	15.18
2011	4.13	13.03	0.70	17.86
2010	4.19	12.63	0.72	17.54
2009	4.22	12.46	0.76	17.44
2008	3.84	11.91	0.71	16.46
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

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
2014	\$	27,009,057	26,818,436	99.30%	178,712	26,997,148	99.96%
2013		26,179,228	26,012,826	99.36%	204,471	26,217,297	100.15%
2012		25,093,125	24,869,100	99.11%	145,460	25,014,560	99.69%
2011		24,102,111	23,941,795	99.33%	161,370	24,103,165	100.00%
2010		23,412,446	23,256,304	99.33%	274,301	23,530,605	100.50%
2009		23,076,498	22,813,083	98.86%	152,550	22,965,633	99.52%
2008		21,592,439	21,435,863	99.27%	223,569	21,659,432	100.31%
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%

Note: excludes supplemental taxes.

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
2014	9,015	\$ 1,659,033,000	13,807,003	0.83%	1,532
2013	9,015	1,652,729,000	16,053,817	0.97%	1,781
2012	9,015	1,653,038,500	18,122,786	1.10%	2,010
2011	9,015	1,349,502,300	19,998,958	1.48%	2,218
2010	9,068	1,334,803,100	22,067,420	1.65%	2,434
2009	9,068	1,323,193,700	24,093,100	1.82%	2,657
2008	9,068	1,311,683,600	26,297,891	2.00%	2,900
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

(1) U. S. Bureau of the Census

(2) Amount from Table 7

(3) Excludes capital leases

Table 8

TOWN OF CAPE ELIZABETH, MAINE
Principal Taxpayers
For the Year Ended June 30, 2014

Name	Assessed valuation	% of total tax commitment
Sprague Corporation	\$ 15,052,600	0.91%
Inn By the Sea	13,474,600	0.81%
Health Care Property Investors Inc.	7,104,500	0.43%
Brewer, NC Rev. Trust	5,582,200	0.34%
McGinn, Suzanne	5,470,900	0.33%
Rams Head Partners LLC	5,337,600	0.32%
Central Maine Power	5,095,900	0.31%
1172 LLC	4,789,800	0.29%
Purpoodock Club	4,663,400	0.28%
Miller, Jo Trust	4,055,600	0.24%

DRAFT

TOWN OF CAPE ELIZABETH, MAINE
Computation of Legal Debt Margin
For the Year Ended June 30, 2014

Total estimated actual valuation by State		\$	<u>1,685,300,000</u>
Legal debt margin:			
Debt limitation - 15% of estimated actual valuation			252,795,000
Debt applicable to debt limitation:			
Municipal	7.5%	126,397,500	5,248,642
School	10.0%	168,530,000	5,081,358
Storm and sanitary sewers	7.5%	126,397,500	3,477,003
Airport, water and special districts	3.0%	50,559,000	-
<u>Total</u>	<u>28.0%</u>	<u>471,884,000</u>	<u>13,807,003</u>
Total bonded debt applicable to debt limit			<u>13,807,003</u>
Legal debt margin		\$	<u>238,987,997</u>

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

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)	
2014	\$ 1,652,277,200	6,755,800	1,659,033,000	1,685,300,000	98.44%
2013	1,646,537,200	6,191,800	1,652,729,000	1,685,400,000	98.06%
2012	1,647,128,000	5,910,500	1,653,038,500	1,710,750,000	96.63%
2011	1,343,498,400	6,003,900	1,349,502,300	1,789,750,000	75.40%
2010	1,328,858,200	5,944,900	1,334,803,100	1,784,100,000	74.82%
2009	1,319,023,300	4,170,400	1,323,193,700	1,828,400,000	72.37%
2008	1,306,507,000	5,176,600	1,311,683,600	1,942,000,000	67.54%
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%

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

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
2014	\$ 905,703	1,288,591	2,194,294	32,886,927	6.67%
2013	930,007	1,323,403	2,253,410	32,994,182	6.83%
2012	1,023,515	1,357,916	2,381,431	30,731,943	7.75%
2011	1,011,252	1,391,680	2,402,932	29,383,359	8.18%
2010	1,158,985	1,468,285	2,627,270	28,351,703	9.27%
2009	1,234,894	1,565,811	2,800,705	28,954,612	9.67%
2008	1,141,552	1,620,233	2,761,785	29,323,390	9.42%
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%

(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, 2014

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to government	Amount applicable to government
Direct:			
Town of Cape Elizabeth bonds and notes	\$ 13,807,003	100.00%	13,807,003
Overlapping debt:			
Cumberland County	38,325,000	4.36%	1,672,435
Portland Water District -- sewer debt	29,479,540	8.18%	2,410,250
Contingent debt:			
Portland Water District -- water debt	42,514,891	6.64%	2,822,181