

**TOWN OF CAPE ELIZABETH, MAINE**

**Annual Financial Report**

**For the Year Ended June 30, 2016**

**TOWN OF CAPE ELIZABETH, MAINE**  
**Annual Financial Report**  
**Year ended June 30, 2016**

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## 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, 2016, and the related notes to the financial statements, which collectively comprise the Town of Cape Elizabeth, Maine's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cape Elizabeth, Maine, as of June 30, 2016, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

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

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2016 on our consideration of the Town of Cape Elizabeth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Cape Elizabeth, Maine's internal control over financial reporting and compliance.



September 21, 2016  
South Portland, Maine

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

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## 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 activities equal \$58,061,900. The total net position is \$35,894,526. Net position includes a \$26,607,096 net investment in capital assets, \$2,979,620 in restricted net position and \$6,307,810 in unrestricted net position. For the reporting period, the Town had a decrease in fund balance for total governmental funds (from statement 4) of \$2,326,785. The fund balance for the General Fund increased \$620,745. The School General Fund balance increased from \$1,188,133 to \$1,488,649 due to lower than anticipated expenditures. The Town General Fund unassigned fund balance increased from \$3,238,780 to \$3,571,452 primarily because of revenues exceeding expenditures.

## The Statement of Net Position and the Statement of Activities

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

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

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

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

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

## Fund Financial Statements

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

- *Governmental Funds* - All of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.
- *Fiduciary Funds* - Fiduciary funds are used to account for resources held for the benefit of parties outside the Town and student groups. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is on a full-accrual basis. The Fiduciary Statement of Net Position is included in this report as Statement 7.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

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**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**

	<b>2016</b>	<b>2015</b>	<b>Change</b>
Current and other assets	\$ 15,821,863	\$ 18,252,106	-2,430,243
Capital assets	42,240,037	38,703,257	3,536,780
<b>Total assets</b>	<b>58,061,900</b>	<b>56,955,363</b>	<b>1,106,537</b>
<b>Deferred outflows related to pensions</b>	751,851	731,200	20,651
Other liabilities	2,676,616	2,777,923	-101,307
Long-term liabilities	19,863,431	21,328,728	-1,465,297
<b>Total liabilities</b>	<b>22,540,047</b>	<b>24,106,651</b>	<b>-1,566,604</b>
<b>Deferred inflows related to pensions</b>	379,178	586,938	-207,760
Net investment in capital assets	26,607,096	24,416,159	2,190,937
Restricted	2,979,620	1,257,341	1,722,279
Unrestricted	6,307,810	7,319,474	-1,011,664
<b>Total net position</b>	<b>\$ 35,894,526</b>	<b>\$ 32,992,974</b>	<b>2,901,552</b>



**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

**Change in Net Position**

	<u>2016</u>	<u>2015</u>	<u>Change</u>
<b>Sources of Revenues</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 5,376,624	5,276,990	99,634
Operating grants and contributions	5,881,899	5,322,051	559,848
Capital grants and contributions	627,895	1,041,223	(413,328)
<b>Total program revenues</b>	<b>11,886,418</b>	<b>11,640,264</b>	<b>246,154</b>
<b>General Revenues:</b>			
Property and other taxes	30,532,097	30,029,072	503,025
Grants and contributions not restricted to specific programs	715,532	733,544	(18,012)
Unrestricted investment income	18,565	52,501	(33,936)
Other	329,841	248,206	81,635
<b>Total general revenues</b>	<b>31,596,035</b>	<b>31,063,323</b>	<b>532,712</b>
<b>Total revenues</b>	<b>43,482,453</b>	<b>42,703,587</b>	<b>778,866</b>
<b>Functional Expenses:</b>			
General government	3,704,929	2,994,466	710,463
Public works	2,246,236	2,328,806	(82,570)
Facilities	342,480	355,912	(13,432)
Public safety	2,435,989	2,377,070	58,919
Human services	83,591	61,511	22,080
Cultural and parks	1,668,963	1,602,266	66,697
Education	27,132,972	26,181,942	951,030
School lunch	702,672	620,153	82,519
Sewer	1,505,188	1,411,108	94,080
Capital maintenance expenses	459,621	515,136	(55,515)
Interest on debt	260,985	311,373	(50,388)
<b>Total expenses</b>	<b>40,543,626</b>	<b>38,759,743</b>	<b>1,783,883</b>
<b>Change in net position</b>	<b>2,938,827</b>	<b>3,943,844</b>	<b>(1,005,017)</b>
<b>Net position – beginning of year, restated</b>	<b>32,955,699</b>	<b>29,049,130</b>	<b>3,906,569</b>
<b>Net position – end of year</b>	<b>\$ 35,894,526</b>	<b>32,992,974</b>	<b>2,901,552</b>

**Assets**

**Cash, Cash Equivalents and Investments**

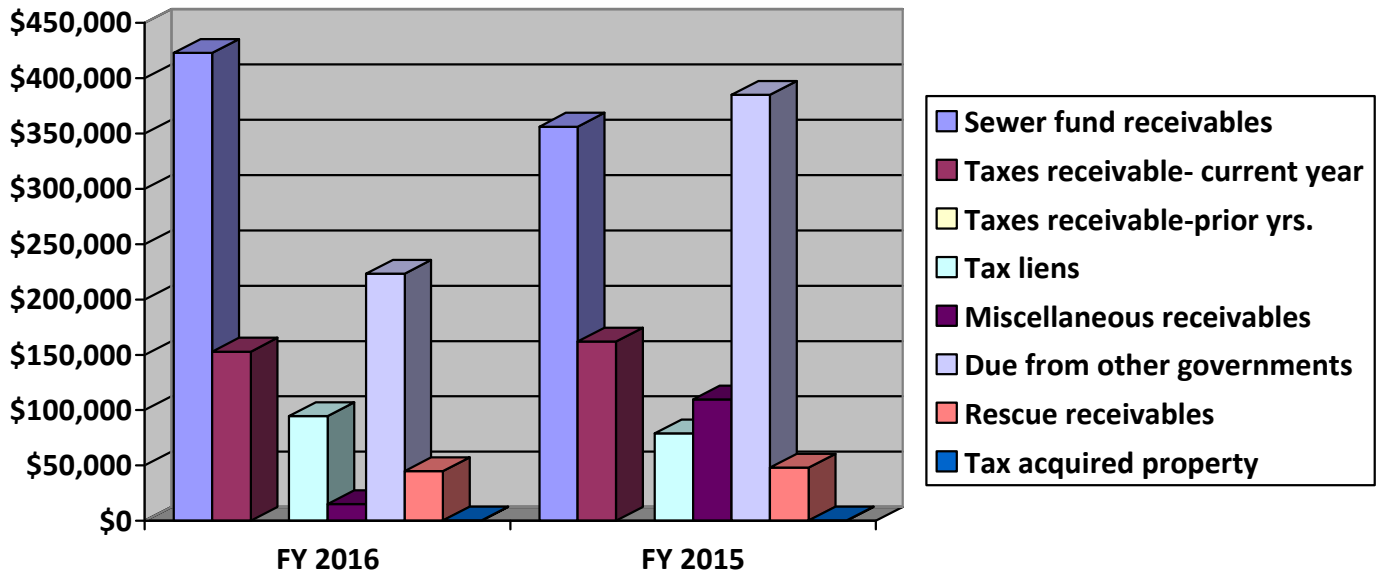
Cash, cash equivalents, and investments decreased \$2,254,856, from \$16,406,495 to \$14,151,639. The decrease is attributable to the expenditure of \$3.21 million of bond proceeds received in the prior year for a new public library but spent in the current year. Otherwise cash increased as expenditures were considerably below budget in the school department and revenues exceeded budget.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

**Receivables**

The Town continues to have an excellent record of tax receivables, maintaining the collection rate of the levy for the current year at 99.41%. 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 decreased slightly. The Town places liens on uncollected sewer fees, so eventually the entire receivable is paid.

	<b>FY 2016</b>	<b>FY 2015</b>
Sewer fund receivables	\$ 422,916	356,263
Taxes receivable- current year	153,003	162,212
Tax liens	94,440	76,878
Miscellaneous receivables	12,188	109,459
Due from other governments	223,446	385,037
Rescue receivables	44,654	48,061
Tax acquired property	206	206
<b>Total</b>	<b>\$ 950,853</b>	<b>1,138,116</b>
% Sewer	44%	31%
% Taxes and other	56%	69%



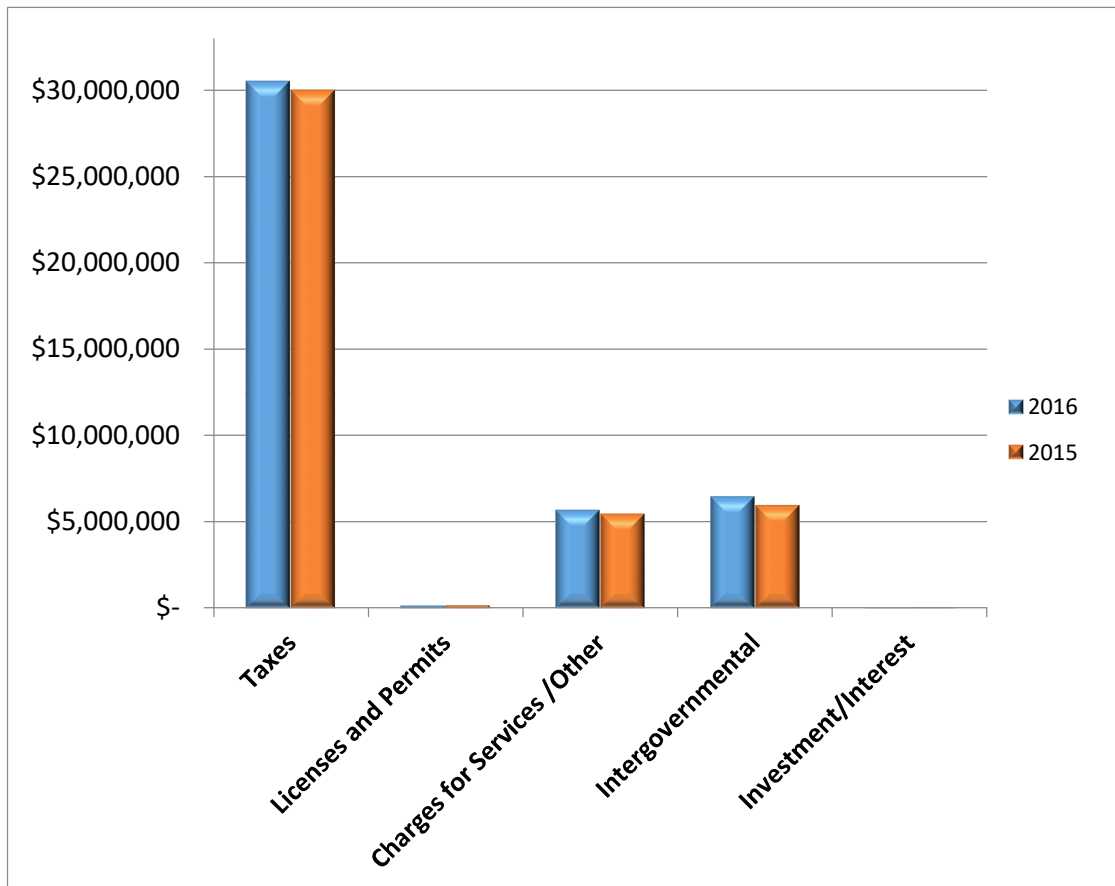
**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

**Governmental Fund Revenues by Major Source**

Property and other taxes amounted to 71.1% of revenue in FY 2016. This compares to 71.9% in FY 2015. Intergovernmental revenues increased \$497,150 due to an increase in state school subsidy. Investment income decreased from \$52,501 to \$18,565. Overall, revenues were up \$1,186,755 or 2.8%. This compared to an increase the year before of 3.0%. The total increase in revenue from taxes this past year was \$516,025 or 1.7% compared with 3.7% the previous year.

**Revenues Chart**

	<b>2016</b>	<b>2015</b>	<b>\$ Change</b>	<b>% Change</b>
Taxes	\$ 30,510,097	\$ 29,994,072	516,025	1.7%
Licenses and Permits	182,400	201,491	(19,091)	-9.5%
Charges for Services /Other	5,704,015	5,477,408	226,607	4.1%
Intergovernmental	6,480,306	5,983,156	497,150	8.3%
Investment/Interest	18,565	52,501	(33,936)	-64.6%
	<b>\$ 42,895,383</b>	<b>41,708,628</b>	<b>1,186,755</b>	<b>2.8%</b>



**Governmental Fund Expenditures**

Total expenditures increased by \$2,882,479 or 6.7%. Education spending was up \$138,585 or 0.5%. Spending, excluding capital outlay, increased \$685,100 or 1.7%.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

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Expenditures changed as follows:

	<b>2016</b>	<b>2015</b>	<b>\$ Change</b>	<b>% Change</b>
General government	\$ 1,162,182	1,099,424	62,758	5.7%
Public works	1,548,041	1,678,117	(130,076)	-7.8%
Facilities	342,480	355,912	(13,432)	-3.8%
Public safety	2,207,623	2,081,178	126,445	6.1%
Cultural and parks	1,586,437	1,517,518	68,919	4.5%
Human services	83,591	61,511	22,080	35.9%
Education	26,816,147	26,677,562	138,585	0.5%
Intergovernmental assessments	1,203,042	1,130,272	72,770	6.4%
Unclassified	1,309,651	1,428,567	(118,916)	-8.3%
Sewer	1,505,188	1,411,108	94,080	6.7%
School lunch program	702,672	620,153	82,519	13.3%
Capital outlay	5,919,646	3,722,267	2,197,379	59.0%
Non-school debt service	1,492,927	1,213,559	279,368	23.0%
<b>Total expenditures</b>	<b>\$ 45,879,627</b>	<b>42,997,148</b>	<b>2,882,479</b>	<b>6.7%</b>
<b>Excluding capital outlay</b>	<b>\$ 39,959,981</b>	<b>39,274,881</b>	<b>685,100</b>	<b>1.7%</b>

**Transfers**

In FY 2016, \$533,790 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 \$20,000 to the Turf Field Fund. \$115,193 was transferred from the School general fund balance to the school lunch balance to cover a year-end deficit. The General Fund provided a planned \$32,914 to the Land Acquisition Fund. The general fund transferred \$11,520 in taxes raised for the purpose of the Tax Incremental Fund (TIF) to that fund. The Sewer User Fund, Portland Head Light Fund, Fort Williams Park Capital Fund, the Riverside Perpetual Care Fund, the Rescue Fund, the Thomas Jordan Fund, and the Spurwink Church Fund provided a total of \$75,863 to the General Fund to pay for services such as payroll and accounting provided by the General Fund.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

**Significant Changes in Individual Fund Balances**

	<b>6/30/2016</b>	<b>6/30/2015 (restated)</b>	<b>\$ Change</b>	<b>% Change</b>
General Fund	\$ 6,348,701	5,727,956	620,745	10.8%
School Categorical Funds	87,877	66,708	21,169	31.7%
School Lunch Program	-	286	(286)	-100.0%
Sewer User Fund	1,654,969	1,627,184	27,785	1.7%
Community Services Fund	(32,485)	2,782	(35,267)	-1267.7%
Riverside Cemetery Capital Improvements	138,098	127,735	10,363	8.1%
Fort Williams Park Fund	355,982	252,178	103,804	41.2%
Portland Head Light Fund	802,369	708,070	94,299	13.3%
Rescue Fund	242,767	295,246	(52,479)	-17.8%
Cemetery Perpetual Care	339,518	335,034	4,484	1.3%
Library Fund	273,749	245,533	28,216	11.5%
Land Acquisition Fund	142,984	111,470	31,514	28.3%
Spurwink Church Fund	27,421	29,088	(1,667)	-5.7%
Thomas Jordan Fund	997,662	1,035,811	(38,149)	-3.7%
Turf Field	194,915	174,915	20,000	11.4%
Infrastructure Improvement	306,788	263,875	42,913	16.3%
School Bonded Projects	1,111,143	1,733,402	(622,259)	-35.9%
Library Project Fund	52,228	2,645,718	(2,593,490)	-98.0%
TIF Town Center Fund	11,520	-	11,520	100%

The School Lunch Program finances will need to be addressed by the School Board as the fund needed a year-end transfer. The Sewer User Fund increase is the result of a fee increase and funds are being planned to be spent to address a combined sewer overflow. The Thomas Jordan Fund decreased due to a significant decrease in investment income as the fund had unrealized losses on its investment portfolio. The Rescue Fund had fewer calls and higher expenditures due to the expansion of the 24/7 per diem coverage. The Portland Head Light Fund increased as a result of sales at the gift shop and museum admissions. The Infrastructure Improvement Fund was established in FY 2007 and is receiving steady income. The Land Acquisition Fund benefited from a small contribution from the General Fund. The School Bonded Projects Fund and Library Project Fund amounts are being spent down as the projects are now underway and the balances will be at or near zero one year from the issuance of this report. The Community Services fund will be absorbed into the General Fund in FY 2017. The TIF Fund was established in FY 2016.

**Significant Budget Variances**

The annual budget had few significant budget variances this past year. Due to the improving economy, excise tax income and building permit income exceeded estimates. State revenue sharing also unexpectedly was above the amount projected by the state. Refuse disposal income was down due to less use of our facilities by commercial haulers. On the expenditure side, school regular and special education instruction costs were under budget leading to the overall school budget being under spent by \$524,233. In the municipal budget, capital improvements were under spent by \$419,179, but this amount was part of the assigned fund balance increase per the carry forward provision in the Town charter.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

<b>Revenues:</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
Excise Taxes	\$1,916,000	2,082,448	166,448
Building And Other Permits	125,000	144,299	19,299
State Revenue Sharing	416,000	456,950	40,950
<b>Expenditures:</b>			
School Regular Instruction	10,991,828	10,796,862	194,966
School Special Education Instruction	3,104,307	2,992,055	112,252
Capital Improvements	1,935,934	1,516,755	419,179

**Capital Improvements**

The Town undertook a number of improvements to capital assets during the year. \$666k was spent on roadway and drainage work. \$179,966 was spent to replace a loader/backhoe. \$85,000 was spent on modernizing the air handling and water purification system at the community pool. The library renovation project itself expended \$3,158,560.

**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, 2016 stood at \$15,569,641. This equated to 0.93% of assessed value and to \$1,727 net bonded debt per capita. The ratio of debt service to general governmental expenditures was 5.59% on June 30, 2016, compared to 6.16% on June 30, 2015. The Town Council authorized additional debt to be incurred in FY 2017 with \$700,000 for pool improvements. A citizen referendum in June 2016 approved \$1,400,000 for recycling center improvements.

<b>Existing Debt Service Requirements</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 1,650,648	474,257	2,124,905
2018	1,643,697	386,794	2,030,491
2019	1,636,796	389,312	2,026,108
2020	1,624,950	342,380	1,967,330
2021	1,343,158	285,356	1,628,514
2022-2026	4,895,892	854,324	5,750,216
2027-2031	1,694,500	302,428	1,996,928
2032-2035	1,080,000	83,025	1,163,025
<b>Totals</b>	<b>\$15,569,641</b>	<b>\$3,117,876</b>	<b>\$18,687,517</b>

**The Overall Financial Position of the Town**

The overall financial condition continued to be healthy in FY 2016. With an improving economy nationally, the tax collection rate stayed above 99% of the current levy. The unassigned General Fund balance increased to a healthy \$3.5 million. The ratio of bonded debt to assessed value decreased from 1.03% to 0.93% as \$1.678 million was retired. The infrastructure is in good condition with police, fire, public works, library and community facilities having been built or substantially remodeled since 2000. All school buildings have been recently renovated. 85% of all debt is to be retired in the next ten years with 100% of the debt to be retired in the next 20 years.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

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The Town's median household income was \$85,604, based on the 2009 – 2012 American Community Survey of the U.S. Census Bureau. Property values have moderated in the last four years after significant increases in previous years. Unemployment in the Portland MSA was at 3.0% in June 2015, compared to a state unemployment rate of 3.7% and a national rate of 4.9%.

**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](mailto:michael.mcgovern@capeelizabeth.org).

# **BASIC FINANCIAL STATEMENTS**



**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 14,151,639
Investments	550,295
Receivables:	
Accounts	15,108
Due from other governments	223,446
Taxes and liens	247,649
Rescue (net of allowance for uncollectible of \$9,000)	44,654
Sewer fees (net of allowance for uncollectible of \$4,000)	422,916
Prepaid expenses	6,729
Inventory	159,427
Capital assets, not being depreciated	6,735,617
Capital assets, being depreciated	35,504,420
Total assets	58,061,900
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	751,851
Total deferred outflows of resources	751,851
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	202,878
Accrued payroll and benefits	2,199,766
Unearned revenues	135,992
Taxes collected in advance	10,021
Accrued interest	127,959
Noncurrent liabilities:	
Due within one year	1,911,089
Due in more than one year	17,952,342
Total liabilities	22,540,047
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	379,178
Total deferred inflows of resources	379,178
<b>NET POSITION</b>	
Net investment in capital assets	26,607,096
Restricted	2,979,620
Unrestricted	6,307,810
<b>Total net position</b>	<b>\$ 35,894,526</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

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
<b>Governmental activities:</b>					
General government	\$ 3,704,929	182,400	-	-	(3,522,529)
Public works	2,246,236	70,724	78,096	62,825	(2,034,591)
Facilities	342,480	240,432	-	-	(102,048)
Public safety	2,435,989	282,415	5,598	-	(2,147,976)
Human services	83,591	-	-	-	(83,591)
Cultural and parks	1,668,963	695,019	25,716	565,070	(383,158)
Education	27,132,972	1,223,400	5,669,676	-	(20,239,896)
School lunch	702,672	484,380	102,813	-	(115,479)
Sewer	1,505,188	2,197,854	-	-	692,666
Capital maintenance expenses	459,621	-	-	-	(459,621)
Interest on debt	260,985	-	-	-	(260,985)
<b>Total governmental activities</b>	<b>40,543,626</b>	<b>5,376,624</b>	<b>5,881,899</b>	<b>627,895</b>	<b>(28,657,208)</b>
General revenues:					
					28,421,890
					2,082,448
					27,759
					150,433
Grants and contributions not restricted to specific programs:					
					456,950
					189,309
					69,273
					18,565
					179,408
					<b>31,596,035</b>
					2,938,827
					32,955,699
					<b>\$ 35,894,526</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,930,395	1,221,244	14,151,639
Investments	-	550,295	550,295
Receivables:			
Accounts	12,188	-	12,188
Due from other governments	48,417	175,029	223,446
Taxes receivable - current year	153,003	-	153,003
Tax liens	94,440	-	94,440
Tax acquired property	206	-	206
Rescue (net of allowance for uncollectible of \$9,000)	-	44,654	44,654
Sewer fees (net of allowance for uncollectible of \$4,000)	-	422,916	422,916
Prepaid expenditures	-	6,729	6,729
Inventory	-	159,427	159,427
Interfund loans receivable	-	4,381,916	4,381,916
<b>Total assets</b>	<b>\$ 13,238,649</b>	<b>6,962,210</b>	<b>20,200,859</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	202,878	-	202,878
Accrued payroll and benefits	2,199,766	-	2,199,766
Unearned revenue - other	-	135,992	135,992
Taxes collected in advance	10,021	-	10,021
Interfund loans payable	4,260,283	118,713	4,378,996
<b>Total liabilities</b>	<b>6,672,948</b>	<b>254,705</b>	<b>6,927,653</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	217,000	-	217,000
<b>Total deferred inflows of resources</b>	<b>217,000</b>	<b>-</b>	<b>217,000</b>
<b>FUND BALANCES</b>			
Nonspendable	-	138,591	138,591
Restricted	1,491,149	1,488,471	2,979,620
Committed	-	4,316,242	4,316,242
Assigned	1,286,100	800,868	2,086,968
Unassigned	3,571,452	(36,667)	3,534,785
<b>Total fund balances</b>	<b>6,348,701</b>	<b>6,707,505</b>	<b>13,056,206</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 13,238,649</b>	<b>6,962,210</b>	
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.			42,240,037
Other long-term assets are not available to pay for current period expenditures and, therefore, are unearned revenues in the funds.			217,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:			
Compensated absences payable			(1,063,211)
Accrued interest			(127,959)
Other postemployment benefits liability			(532,685)
Net pension liability and related deferred inflows and outflows of resources			(1,150,778)
Capital leases			(665,703)
Premium on bonds payable			(508,740)
Bonds payable			(15,569,641)
<b>Net position of governmental activities</b>			<b>\$ 35,894,526</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 30,510,097	-	30,510,097
Licenses and permits	182,400	-	182,400
Intergovernmental	5,829,938	650,368	6,480,306
Rental and fees income	-	240,432	240,432
Charges for services	89,587	4,770,623	4,860,210
Investment income (loss)	20,225	(1,660)	18,565
Local grants and contributions	-	179,950	179,950
Other	400,989	22,434	423,423
Total revenues	37,033,236	5,862,147	42,895,383
Expenditures:			
Current:			
General government	1,162,182	-	1,162,182
Public works	1,548,041	-	1,548,041
Facilities	336,258	6,222	342,480
Public safety	1,891,592	316,031	2,207,623
Cultural and parks	998,939	587,498	1,586,437
Human services	72,977	10,614	83,591
Education	24,485,518	2,330,629	26,816,147
Intergovernmental assessments	1,203,042	-	1,203,042
Insurance and benefits	1,246,828	-	1,246,828
School lunch	-	702,672	702,672
Unclassified	55,879	6,944	62,823
Sewer	-	1,505,188	1,505,188
Capital outlay	1,609,144	4,310,502	5,919,646
Debt service:			
Principal and interest	1,181,063	311,864	1,492,927
Total expenditures	35,791,463	10,088,164	45,879,627
Excess (deficiency) of revenues over (under) expenditures	1,241,773	(4,226,017)	(2,984,244)
Other financing sources (uses):			
Lease proceeds	92,389	-	92,389
Capital contributions	-	565,070	565,070
Transfers to other funds	(713,417)	713,417	-
Total other financing sources (uses)	(621,028)	1,278,487	657,459
Net change in fund balances	620,745	(2,947,530)	(2,326,785)
Fund balances, beginning of year, restated	5,727,956	9,655,035	15,382,991
<b>Fund balances, end of year</b>	<b>\$ 6,348,701</b>	<b>6,707,505</b>	<b>13,056,206</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2016**

Net change in fund balances - total governmental funds (from Statement 4)	\$	(2,326,785)
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$5,460,025) exceeded depreciation expense (\$1,917,482) and the loss on disposal of assets (\$5,763).</p>		
		3,536,780
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable revenues - property taxes.</p>		
		22,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. This is the change in accrued compensated absences (\$59,304); the change in accrued interest (\$13,124); the change in other postemployment benefits liability (\$78,529); and the change in the net pension liability, including changes in deferred inflows and outflows (\$90,593).</p>		
		(215,302)
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of current year repayments (\$1,677,654) and amortization on premiums (\$36,599).</p>		
		1,714,253
<p>Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which capital lease payments (\$300,270) exceeded capital lease proceeds (\$92,389).</p>		
		207,881
<b>Change in net position of governmental activities (see Statement 2)</b>		<b>\$ 2,938,827</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2016**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 30,350,589	30,350,589	30,510,097	159,508
Licenses and permits	164,000	164,000	182,400	18,400
Intergovernmental	4,151,529	4,151,529	4,272,996	121,467
Investment income	45,000	45,000	20,225	(24,775)
Other	502,501	502,501	490,576	(11,925)
Total revenues	35,213,619	35,213,619	35,476,294	262,675
<b>Expenditures:</b>				
Current:				
General government	1,823,115	1,843,295	1,162,182	681,113
Public works	1,658,317	1,658,317	1,548,041	110,276
Facilities	362,089	374,744	336,258	38,486
Public safety	2,012,659	2,012,859	1,891,592	121,267
Cultural and parks	1,045,469	1,076,455	998,939	77,516
Human services	52,607	80,000	72,977	7,023
Education	23,526,649	23,411,456	22,887,223	524,233
Intergovernmental assessments	1,203,210	1,203,210	1,203,042	168
Insurance and benefits	1,282,000	1,282,000	1,246,828	35,172
Unclassified	15,500	42,468	55,879	(13,411)
Capital improvements	950,000	1,935,934	1,516,755	419,179
Debt service	1,185,780	1,185,780	1,181,063	4,717
Total expenditures	35,117,395	36,106,518	34,100,779	2,005,739
Excess (deficiency) of revenues over (under) expenditures	96,224	(892,899)	1,375,515	2,268,414
<b>Other financing sources (uses):</b>				
Transfer to special revenue funds	(533,790)	(648,983)	(648,983)	-
Transfer to capital projects funds	(64,434)	(64,434)	(64,434)	-
Carryforward balances and subsequent authorizations	-	1,104,316	-	(1,104,316)
Utilization of prior year surplus - School	150,000	150,000	-	(150,000)
Utilization of prior year surplus - Town	352,000	352,000	-	(352,000)
Total other financing sources (uses)	(96,224)	892,899	(713,417)	(1,606,316)
Net change in fund balance	-	-	662,098	662,098
Reconciliation to GAAP:				
Change in encumbrances			(41,353)	
Fund balance, beginning of year, restated			5,727,956	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>6,348,701</b>	

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

		Private- purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$	77,358	224,400
Interfund loans receivable		40	-
Total assets		77,398	224,400
<b>LIABILITIES</b>			
Interfund loans payable		2,960	-
Due to student groups		-	224,400
Total liabilities		2,960	224,400
<b>NET POSITION</b>			
Held in trust	\$	<b>74,438</b>	-

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2016**

		<b>Private- purpose Trust Funds</b>
<b>Additions:</b>		
Donations	\$	910
Interest earned		529
Total additions		1,439
<b>Deductions:</b>		
Other deductions		3,330
School scholarships		1,560
Total deductions		4,890
Change in net position		(3,451)
Net position, beginning of year		77,889
<b>Net position, end of year</b>	<b>\$</b>	<b>74,438</b>

*See accompanying notes to basic financial statements.*



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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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 Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

The Town reports the following major governmental fund:

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

Additionally, the Town reports the following fund type:

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

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

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

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

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

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

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

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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The Town's net investment in capital assets was calculated as follows at June 30, 2016:

Capital assets	\$ 75,703,899
Accumulated depreciation	(33,463,862)
General obligation bonds and premiums	(16,078,381)
Capital leases	(665,703)
Unspent bond proceeds	1,111,143
<b>Net investment in capital assets</b>	<b>\$ 26,607,096</b>

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STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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**A. Budgets**

Budgets are adopted for the General Fund and several of the special revenue funds, and are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for encumbrances and Maine Public Employees Retirement on-behalf payments. Maine Public Employees Retirement contributions are made by the State of Maine on behalf of the Cape Elizabeth School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under accounting principles generally accepted in the United States of America of \$1,556,942. These amounts have been included as inter-governmental revenue and education expenditures in the General Fund on Statement 4 (GAAP basis) and on the statement of activities. There is no effect on the fund balance or net position at the end of the year.

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

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

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

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

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

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STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

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**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2016, expenditures exceeded appropriations in the following areas:

Unclassified	\$ 13,411
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**C. Deficit Fund Balances**

At June 30, 2016, the following fund had a deficit fund balance:

Community Services	\$ 32,485
iPad Maintenance	4,182

These deficits will be funded by future revenues.

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DEPOSITS AND INVESTMENTS

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**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, 2016, the Town reported deposits of \$14,453,397 with a bank balance of \$15,381,679. None of the Town's bank balances were exposed to custodial credit risk as they were covered by FDIC or additional insurance purchased on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 14,151,639
Reported in fiduciary funds	301,758
<b><u>Total deposits</u></b>	<b><u>\$ 14,453,397</u></b>

**B. Investments**

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

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

The Town has the following recurring fair value measurements as of June 30, 2016:

- (1) Mutual funds of \$550,295 are valued using quoted prices (Level 1 input)
  
- (1) Mutual funds are not considered securities and therefore, are exempt from credit risk disclosures.

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

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**PROPERTY TAXES**

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Property taxes for the current year were committed on August 10, 2015 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, 2015 and April 1, 2016. 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 \$447,967 for the year ended June 30, 2016.

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 2016 and 2015 levy:

	<u>2016</u>	<u>2015</u>
Assessed valuation:		
Land	\$ 713,981,000	710,394,000
Buildings	962,067,700	951,422,800
Personal property	6,806,100	6,918,100
	<b>\$ 1,682,854,800</b>	<b>1,668,734,900</b>
Assessed valuation	\$ 1,682,854,800	1,668,734,900
Tax rate (per \$1,000)	16.88	16.80
Commitment	28,406,589	28,034,747
Supplemental taxes assessed	15,301	-
Total tax levy	28,421,890	28,034,747
Change in unavailable tax revenues	(22,000)	(35,000)
Total property tax revenues	28,399,890	27,999,747
Less:		
Collections and abatements	28,246,887	27,837,535
<b>Current year receivables at June 30,</b>		
<b>2016 and 2015</b>	<b>\$ 153,003</b>	<b>162,212</b>
Due date(s)	10/1/2015 4/1/2016	10/2/2014 4/2/2015
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	99.41%	99.43%



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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2016</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,124,913	-	-	1,124,913
Construction in progress	1,779,344	4,269,529	438,169	5,610,704
<b>Total capital assets, not being depreciated</b>	<b>2,904,257</b>	<b>4,269,529</b>	<b>438,169</b>	<b>6,735,617</b>
Capital assets, being depreciated:				
Land improvements	841,703	132,595	-	974,298
Buildings and building improvements	40,621,622	450,123	-	41,071,745
Furniture and equipment	2,033,034	106,059	-	2,139,093
Vehicles	4,839,287	395,353	203,787	5,030,853
Infrastructure	19,207,758	544,535	-	19,752,293
<b>Total capital assets being depreciated:</b>	<b>67,543,404</b>	<b>1,628,665</b>	<b>203,787</b>	<b>68,968,282</b>
Less accumulated depreciation for:				
Land improvements	371,906	60,272	-	432,178
Buildings and building improvements	18,674,493	1,073,747	-	19,748,240
Furniture and equipment	1,127,217	92,090	-	1,219,307
Vehicles	3,203,915	295,510	198,024	3,301,401
Infrastructure	8,366,873	395,863	-	8,762,736
<b>Total accumulated depreciation</b>	<b>31,744,404</b>	<b>1,917,482</b>	<b>198,024</b>	<b>33,463,862</b>
<b>Total capital assets being depreciated, net</b>	<b>35,799,000</b>	<b>(288,817)</b>	<b>5,763</b>	<b>35,504,420</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 38,703,257</b>	<b>3,980,712</b>	<b>443,932</b>	<b>42,240,037</b>

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

Governmental activities:	
General government	\$ 8,068
Public safety	226,211
Public works, including depreciation of general infrastructure assets	692,432
Education	946,529
Cultural and parks	44,242
<b>Total depreciation expense – governmental activities</b>	<b>\$ 1,917,482</b>

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

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**INTERFUND BALANCES**

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Individual interfund receivables and payables at June 30, 2016 were as follows:

	<u>Interfund loans receivables</u>	<u>Interfund loans payables</u>
<b>General Fund</b>	\$ -	4,260,283
<b>Nonmajor special revenue funds:</b>		
School Categorical Programs	-	67,532
School Lunch Program	-	17,702
Sewer User Fund	1,232,053	-
Community Services Fund	74,024	-
Portland Head Light	663,778	-
Rescue Fund	198,113	-
Riverside Perpetual Care	2,237	-
Library Fund	26,626	-
Thomas Jordan Fund	-	31,613
Spurwink Church Fund	-	1,866
<b>Total nonmajor special revenue funds</b>	<b>2,196,831</b>	<b>118,713</b>
<b>Nonmajor capital project funds:</b>		
Riverside Cemetery Capital Improvements	9,525	-
Tax Increment Financing	11,520	-
School Bonded Projects	1,111,143	-
Library Project	52,228	-
Land Acquisition	142,984	-
Infrastructure Improvement	306,788	-
Turf Field	194,915	-
Fort Williams Park	355,982	-
<b>Total nonmajor capital project funds</b>	<b>2,185,085</b>	<b>-</b>
<b>Fiduciary funds:</b>		
School Scholarship Trust	40	-
Zimpritch Library Trust	-	2,960
<b>Total fiduciary funds</b>	<b>40</b>	<b>2,960</b>
<b>Totals</b>	<b>\$ 4,381,956</b>	<b>4,381,956</b>

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

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

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**INTERFUND BALANCES, CONTINUED**

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Individual fund transfers for the year ended June 30, 2016 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	713,417
<b>Nonmajor special revenue funds:</b>		
School Lunch Program	115,193	-
Community Services Fund	554,790	-
Thomas Jordan Fund	-	21,000
<u>Total nonmajor special revenue funds</u>	<u>669,983</u>	<u>21,000</u>
<b>Nonmajor capital project funds:</b>		
Tax Increment Financing	11,520	-
Land Acquisition	32,914	-
Turf Field	20,000	-
<u>Total nonmajor capital project funds</u>	<u>64,434</u>	<u>-</u>
<b>Totals</b>	<b>\$ 734,417</b>	<b>734,417</b>

These transfers were budgeted transfers to fund certain activities, except for the transfer to the School Lunch Fund, in which case a transfer was done to cover the year-end deficit.

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2016 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 17,247,295	-	1,677,654	15,569,641	1,650,648
Premium	545,339	-	36,599	508,740	36,599
<u>Total bonds payable</u>	<u>17,792,634</u>	<u>-</u>	<u>1,714,253</u>	<u>16,078,381</u>	<u>1,687,247</u>
Capital leases	873,584	92,389	300,270	665,703	223,842
Net pension liability	1,204,447	319,004	-	1,523,451	-
Other postemployment benefits	454,156	85,377	6,848	532,685	-
Accrued compensated absences	1,003,907	59,304	-	1,063,211	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 21,328,728</b>	<b>556,074</b>	<b>2,021,371</b>	<b>19,863,431</b>	<b>1,911,089</b>

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

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**LONG-TERM DEBT**

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Long-term debt payable at June 30, 2016 is comprised of the following:

	<u>Amount of Original issue</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
General obligation bonds:				
2006 Clean Water Revolving Fund	\$ 3,510,000	1.73%	2026	1,905,141
2006 Sewer bond	1,890,000	1.90%-5.50%	2027	1,039,500
2008 Capital improvements	2,550,000	3.25%-4.13%	2028	1,510,000
2009 Refunding bond	5,850,000	2.00%-2.75%	2020	1,155,000
2011 Refunding bond	2,110,000	2.00%-2.70%	2021	1,000,000
2012 Refunding bond	780,000	2.00%-2.50%	2022	460,000
2014 Refunding bond	4,190,000	2.00%-4.00%	2025	3,325,000
2015 General obligation bond	5,450,000	3.00%-3.25%	2035	5,175,000
				<b><u>\$ 15,569,641</u></b>

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, 2016 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>
2017	\$ 1,650,648	474,257	2,124,905
2018	1,643,697	386,794	2,030,491
2019	1,636,796	389,312	2,026,108
2020	1,624,950	342,380	1,967,330
2021	1,343,158	285,356	1,628,514
2022-2026	4,895,892	854,324	5,750,216
2027-2031	1,694,500	302,428	1,996,928
2032-2035	1,080,000	83,025	1,163,025
	<b><u>\$ 15,569,641</u></b>	<b><u>3,117,876</u></b>	<b><u>18,687,517</u></b>

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

In prior years, the Town defeased school renovation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2016, \$3,545,000 of defeased bonds remain outstanding.

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**STATUTORY DEBT LIMIT**

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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, 2016, the Town complied with these limitations.

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

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**CAPITAL LEASES**

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

The following is a summary of equipment leased under capital lease agreements by the Town as of June 30, 2016:

Boilers	\$ 730,000
Buses	362,973
Copiers	201,551
Computers and technology equipment	171,014

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

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2016:

Fiscal year ending	
<u>June 30,</u>	
2017	\$ 241,565
2018	97,112
2019	65,632
2020	65,632
2021	65,632
2022-2024	<u>196,895</u>
Total minimum lease payments	732,468
<u>Less amounts representing interest</u>	<u>(66,765)</u>
<b>Present value of future minimum</b>	
<b>    <u>lease payments</u></b>	<b><u>\$ 665,703</u></b>

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**COMMITMENTS**

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As of June 30, 2016, the Town had ongoing commitments for the Library improvements. The contracts had remaining balances of \$95,000 as of year-end.

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES**

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**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, 2016, the Town's share is \$1,612,010 (4.51%) of Cumberland County's outstanding debt of \$35,735,000.

**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.

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

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED**

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The PWD owns and operates a sewer interceptor system, all pumping stations within the Town and a treatment plant in the Town for sewage delivered to the plant by the Town, for which the Town pays a monthly fee.

The Town is responsible for the entire debt service required to finance the PWD's treatment plant at the Spurwink Avenue Treatment Plant (Wastewater Fund Debt). All Town users of the wastewater system pay monthly fees, based upon water volume, to support expenditures from the Sewer Fund, which are paid for these services. At June 30, 2016, the Town was responsible for \$2,381,750 of its portion of PWD's Wastewater Fund Debt (or 5.89% of PWD's \$40,247,101 total Wastewater Fund Debt).

**Other Contingencies**

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

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

Such assessment is allocated pro-rata, to each Section 6103 Member municipality based upon 100% of its respective equalized State Valuation. On this basis, at June 30, 2016, the Town was contingently responsible for approximately 6.81%, or \$3,227,347, of the PWD's \$47,391,288 Water Fund Debt.

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

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

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

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

In July 2015, the Town Council voted to allocate \$350,000 of the Sewer User Fund to mitigate the combined sewer overflow at Ottawa Road.

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

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED**

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**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, 2015 based on the most recent information available, includes total assets of \$62,510,802 total liabilities of \$18,994,187 and unrestricted net position of \$14,477,555. The liabilities include an accrual for landfill closure and postclosure care amounting to \$16,746,994. 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.

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**RISK MANAGEMENT**

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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, 2016.

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**POSTCLOSURE CARE COSTS**

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

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

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**FUND BALANCES**

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At June 30, 2016, portions of the Governmental Funds fund balances were assigned, committed or restricted for future periods or classified as nonspendable for specific amounts as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Nonspendable:</b>			
Portland Head Light – inventory	\$ -	138,591	138,591
Total nonspendable	-	138,591	138,591
<b>Restricted:</b>			
Tax increment financing	-	11,520	11,520
School bonded projects	-	1,111,143	1,111,143
School categorical programs	-	92,059	92,059
School Department general fund	1,488,649	-	1,488,649
Library fund	-	273,749	273,749
Town grants and donations	2,500	-	2,500
Total restricted	1,491,149	1,488,471	2,979,620
<b>Committed:</b>			
<b>Capital projects:</b>			
Library project	-	52,228	52,228
Land acquisition fund	-	142,984	142,984
Turf Field fund	-	194,915	194,915
<b>Town special revenue funds:</b>			
Sewer user fund	-	1,654,969	1,654,969
Portland Head Light	-	663,778	663,778
Rescue fund	-	242,767	242,767
Riverside perpetual care	-	339,518	339,518
Thomas Jordan fund	-	997,662	997,662
Spurwink church fund	-	27,421	27,421
Total committed	-	4,316,242	4,316,242
<b>Assigned:</b>			
<b>Capital projects:</b>			
Roadway and drainage repairs	325,000	-	325,000
Library building	150,000	-	150,000
Fort Williams stone wall repairs	12,000	-	12,000
Police cruiser replacement	20,000	-	20,000
Records preservation	4,000	-	4,000
Family fun day	9,500	-	9,500
Town hall meetings spaces/office spaces	125,000	-	125,000
APP Geo Implementation	23,000	-	23,000
Code enforcement software	12,500	-	12,500
Fuel donations	4,300	-	4,300
Community services supplies	15,000	-	15,000
Sidewalk improvements	72,000	-	72,000



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

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**FUND BALANCES, CONTINUED**

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	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
Assigned, continued:			
250th Anniversary Committee	\$ 10,000	-	10,000
Greenbelt trails maintenance	1,800	-	1,800
Preschool playground equipment	50,000	-	50,000
Pool rust and mold stainless steel changeover	50,000	-	50,000
Winter moth tree removal and replacement	50,000	-	50,000
Town - re-appropriation of fund balance	352,000	-	352,000
Town capital project funds:			
Riverside Cemetery capital improvements	-	138,098	138,098
Infrastructure improvement	-	306,788	306,788
Fort Williams Park	-	355,982	355,982
<b>Total assigned</b>	<b>\$ 1,286,100</b>	<b>800,868</b>	<b>2,086,968</b>

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**TAX INCREMENT FINANCING DISTRICT**

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Under Maine law, the Town has established a Tax Increment Financing District (TIF) to finance improvements within the Town of Cape Elizabeth. The District specifically encompasses the Town center and surrounding areas. The purpose of the District is to fund certain improvements to the Town center, including improved sidewalk connections, a study and plan for storm water improvements, open space, improved visual appeal, and infrastructure improvements. TIF improvements are to be funded through a combination of funds previously set aside for infrastructure improvements, grants, and the incremental value multiplied by the tax rate. The incremental value is defined as the increase of the current valuation over the original assessed value of \$11,729,600. For the year ended June 30, 2016, taxes raised are \$11,520 and there were no TIF related expenditures.

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)**

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***General Information about the Pension Plan***

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

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

**Benefits Provided** - The PLD, Withdrawn PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit.

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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

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

**Consolidated PLD Plan** - Employees are required to contribute 7.50% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2016 was 8.90% of annual pay for the Special Plan 2-C. Contributions to the pension plan from the Town were \$77,326 for the year ended June 30, 2016.

**SET Plan** - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2016, was 13.38% of annual payroll of which 3.36% of payroll was required from the Town and 10.02% was required from the State. Contributions to the pension plan from the Town were \$416,839 for the year ended June 30, 2016.

**Withdrawn Plan** - Employees are required to contribute 6.50% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2016 was 278% of annual pay for the Withdrawn PLD. The amounts paid include "catch up" amounts to fully fund the IUUAL. Contributions to the pension plan from the Town were \$123,252 for the year ended June 30, 2016.

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

The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities for the consolidated PLD and SET plans were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

**Consolidated PLD Plan** - At June 30, 2016, the Town reported a liability of \$523,211 for its proportionate share of the net pension liability. At June 30, 2015, the Town's proportion of the PLD Plan was 0.16%.

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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**SET Plan** - At June 30, 2016, the Town reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 127,262
State's proportionate share of the net pension liability associated with the Town	14,033,346
<b>Total</b>	<b>\$ 14,160,608</b>

At June 30, 2015, the Town's proportion of the SET Plan was 0.0094%.

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2014	\$ 6,463,498	5,568,136	895,362
Changes for the year:			
Service cost	12,215	-	12,215
Interest	446,047	-	446,047
Differences between expected and actual experience	(258,728)	-	(258,728)
Change in assumption	59,714	-	59,714
Contributions – employer	-	181,126	(181,126)
Contributions – employee	-	6,770	(6,770)
Net investment income	-	98,648	(98,648)
Benefit payments, including refunds of employee contributions	(552,867)	(552,867)	-
Administrative expense	-	(4,912)	4,912
Net changes	(293,619)	(271,235)	(22,384)
<b>Balance at June 30, 2015</b>	<b>\$ 6,169,879</b>	<b>5,296,901</b>	<b>872,978</b>

For the year ended June 30, 2016, the Town recognized pension expense of \$175,536 for the Consolidated PLD Plan, \$274,586 for the withdrawn PLD plan, and \$1,616,693 for the SET plan, with revenue of \$1,243,072 for support provided by the State.

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED**

At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	333,894
Changes of assumptions	49,744	-
Net difference between projected and actual earnings on pension plan investments	-	45,284
Changes in proportion and differences between Town contributions and proportionate share of contributions	84,690	-
Town contributions subsequent to the measurement date	617,417	-
<b>Total</b>	<b>\$ 751,851</b>	<b>\$ 379,178</b>

An amount of \$617,417 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2017.

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

<u>Year ended June 30:</u>	
2017	\$ (77,808)
2018	(77,808)
2019	(77,807)
2020	(11,321)

**Actuarial Assumptions** - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Consolidated PLD Plan</u>	<u>SET Plan</u>	<u>Withdrawn PLD Plan</u>
Inflation	3.5%	3.5%	3.5%
Salary Increases, per year	3.5% to 9.5%	3.5% to 13.5%	3.5%
Investment return, per annum, compounded annually	7.125%	7.125%	7.125%
Cost of living benefit increases, per annum	2.55%	2.55%	3.12%

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED**

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%
<b>Total</b>	<b>100%</b>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.125% for the PLD Plan, the SET Plan, and the withdrawn PLD.

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

**Sensitivity of the Town's proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate** - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.125% for the PLD Plan, the withdrawn PLD, and the SET Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.125% for PLD Plan and withdrawn PLD; and 6.125% for SET Plan) or 1 percentage-point higher (8.125% for PLD Plan, the withdrawn PLD; and the SET Plan) than the current rate:

<u>Consolidated PLD Plan</u>	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
Town's proportionate share of the net pension liability	\$ 1,042,391	\$ 523,211	\$ 30,996

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS), CONTINUED**

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<b><u>SET Plan</u></b>	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
Town's proportionate share of the net pension liability	\$222,806	\$ 127,262	\$ 47,685
<b><u>Withdrawn PLD Plan</u></b>	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
Net pension liability	\$ 1,373,030	\$ 872,978	\$ 411,689

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

**Payables to the Pension Plan** - None as of June 30, 2016.

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

At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Active employees	<u>2</u>
<b><u>Total employees</u></b>	<b><u>46</u></b>

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

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**RETIREMENT PLANS**

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**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, 2016, the Town and School's contributions to the plan totaled \$248,869.

**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.

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

**RETIREMENT PLANS, CONTINUED**

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 \$724,833 for the year ended June 30, 2016.

**OTHER POSTEMPLOYMENT BENEFITS**

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

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

The Health Trust contracted with an outside consultant to assist in the determination and valuation of the District's OPEB liability under GASB Statement 45. The consultants completed the latest OPEB liability actuarial valuation in August 2014.

**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>2016</u>	<u>2015</u>	<u>2014</u>
Normal Cost	\$ 30,907	30,907	30,907
Amortization of Unfunded	60,753	60,753	60,753
Adjustment to ARC	(26,264)	(21,607)	(16,848)
Interest	19,981	16,760	13,468
Annual Required Contribution	\$ 85,377	86,813	88,280

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

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**Net OPEB Obligation** – The Town’s net OPEB obligation was calculated as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
OPEB liability, July 1, 2015	\$ 454,156	373,626	291,339
Annual required contributions	85,377	86,813	88,280
Less: Actual contributions	(6,848)	(6,283)	(5,993)
OPEB liability, June 30, 2016	\$ 532,685	454,156	373,626

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, 2016 and the two preceding years.

<u>Fiscal Year End</u>	<u>Annual OPEB Costs</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 88,280	6.79%	373,626
June 30, 2015	86,813	7.24%	454,156
June 30, 2016	85,377	8.02%	532,685

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

	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>
Actuarial accrued liability	\$ 1,092,569	1,092,569	1,092,569
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 1,092,569	1,092,569	1,092,569
Funded ratio	0%	0%	0%
Covered payroll	\$ 3,339,287	\$ 3,030,023	2,759,172
Unfunded actuarial accrued liability as a percentage of covered payroll	32.72%	36.06%	39.60%

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.



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

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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%

**SUBSEQUENT EVENT**

In February 2016, the Town council approved the issuance of bonds of \$1,400,000 for improvements and upgrades at the Town recycling center and \$700,000 in bonds for improvements to the Donald Richards community pool. As of June 30, 2016, these bonds had not yet been issued. In addition, on September 13, 2016, the School Board authorized a lease purchase agreement for the purchase of a school bus for \$90,782.

**PRIOR PERIOD ADJUSTMENT**

In FY 2015, the School Department recorded a receivable and related revenue in its Local Entitlement special revenue fund for expenditures incurred under the grant but not yet reimbursed by the Department of Education. In FY 2016, the School Department determined that the Department of Education disallowed those expenditures as they were incurred prior to the approval of the FY 2015 Local Entitlement application. As these costs were not allowed under the Local Entitlement grant, the expenditures should have been reclassified from the School Categorical Programs special revenue fund to the General Fund. The School Department has decided to restate the beginning fund balance in the General Fund by the amount of the disallowed costs.

The following is a summary of the effect of the restatements:

	General Fund Fund Balance (Ex. A-2 and Stmt. 4)	Governmental Activities Net Position (Stmt. 2)
Fund balance/net position as previously reported	\$ 5,765,231	32,992,974
Local Entitlement expenditures disallowed	(37,275)	(37,275)
<b>Fund balance, net position as restated</b>	<b>\$ 5,727,956</b>	<b>32,955,699</b>

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

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**Retiree Healthcare Plan**

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

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

	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>		
Service cost	\$ 12,215	18,040
Interest	446,047	476,464
Differences between expected and actual experience	(258,728)	(312,353)
Changes in assumption	59,714	-
Benefit payments, including refunds of employee contributions	(552,867)	(545,068)
Net change in total pension liability	(293,619)	(362,917)
Total pension liability – beginning	6,463,498	6,826,415
<b>Total pension liability – ending (a)</b>	<b>\$ 6,169,879</b>	<b>6,463,498</b>
<b>Plan Fiduciary Net Position</b>		
Contributions – employer	\$ 181,126	114,468
Contributions – employee	6,770	9,199
Net investment income	98,648	836,690
Benefit payments, including refunds of employee contributions	(552,867)	(545,068)
Administrative expense	(4,912)	(4,252)
Net change in plan fiduciary net position	(271,235)	411,037
Plan fiduciary net position – beginning	5,568,136	5,157,099
<b>Plan fiduciary net position – ending (b)</b>	<b>\$ 5,296,901</b>	<b>5,568,136</b>
<b>Town's net pension liability – ending (a) – (b)</b>	<b>\$ 872,978</b>	<b>895,362</b>
Plan fiduciary net position as a percentage of the total pension liability	85.85%	86.15%
Covered payroll	\$ 44,264	104,158
Town's net pension liability as a percentage of covered-employee payroll	1,972%	860%

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

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

Last 10 Fiscal Years\*\*

	<u>2016*</u>	<u>2015*</u>
<b><u>PLD Plan</u></b>		
Town's proportion of the net pension liability	0.1640%	0.1788%
Town's proportionate share of the net pension liability \$	523,211	275,173
Town's covered-employee payroll	868,832	807,643
Town's proportion share of the net pension liability as a percentage of its covered-employee payroll	60.22%	34.07%
Plan fiduciary net position as a percentage of of the total pension liability	88.27%	94.10%
<b><u>SET Plan</u></b>		
Town's proportion of the net pension liability	0.0094%	0.0031%
Town's proportionate share of the net pension liability	127,262	33,912
State's proportionate share of the net pension liability associated with the Town	14,033,346	11,196,388
<b>Total</b>	<b><u>\$ 14,160,608</u></b>	<b><u>11,230,300</u></b>
Town's covered-employee payroll	\$ 12,405,910	12,030,288
Town's proportion share of the net pension liability as a percentage of its covered-employee payroll	1.03%	0.28%
Plan fiduciary net position as a percentage of of the total pension liability	81.18%	83.91%

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

\*\*Only two years of information available.

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

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

Last 10 Fiscal Years\*\*

	<u>2016</u>	<u>2015</u>
<b><u>Consolidated PLD Plan</u></b>		
Contractually required contribution	\$ 77,326	67,035
Contributions in relation to the contractually required contribution	(77,326)	(67,035)
<b><u>Contribution deficiency (excess)</u></b>	<u>-</u>	<u>-</u>
Town's covered-employee payroll	\$868,832	807,643
Contributions as a percentage of covered- Employee payroll	8.97%	8.32%
<b><u>SET Plan</u></b>		
Contractually required contribution	\$ 416,839	318,802
Contributions in relation to the contractually required contribution	(416,839)	(318,802)
<b><u>Contribution deficiency (excess)</u></b>	<u>-</u>	<u>-</u>
Town's covered-employee payroll	\$12,405,910	12,030,288
Contributions as a percentage of covered- Employee payroll	3.36%	2.65%
<b><u>Withdrawn PLD Plan</u></b>		
Actuarially determined contribution*	\$ 123,252	181,236
Contributions in relation to the Actuarially determined contribution	(123,252)	(181,236)
<b><u>Contribution deficiency (excess)</u></b>	<u>\$ -</u>	<u>-</u>
Town's covered-employee payroll	\$ 44,264	104,158
Contributions as a percentage of covered- Employee payroll	278%	174%

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

\*\*Only two years of information available.

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

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**Changes of benefit terms** - None

**Changes of assumptions** - For the PLD Plan, the discount rate was decreased from 7.25% to 7.125% and the cost of living benefit increase assumption was changed from 3.12% to 2.55%.

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

Valuation date: Actuarially determined contribution rates are calculated as of June 30 2014, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal/Term Cost Method
Amortization method	Level Percentage of Payroll
Remaining amortization period	Open basis over 15 years
Asset valuation method	Actuarial value
Inflation	3.5%
Salary increases	3.5%
Investment rate of return	7.125%
Retirement age	Age 60 for employees in regular plans; earliest age eligible for unreduced benefits for employees in special plans.
Mortality	For non-disabled retirees of the participating local districts, the RP 2000 Tables projected forward to 2015 using Scale AA are used; for active members the ages are set back two years; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

## **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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 12,930,395	15,191,270
Taxes and liens receivable - current year	153,003	162,212
Tax liens	94,440	76,878
Tax acquired property	206	206
Accounts receivable	60,605	109,459
<b>Total assets</b>	<b>\$ 13,238,649</b>	<b>15,540,025</b>
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	202,878	330,375
Accrued payroll and benefits	2,199,766	2,159,428
Taxes collected in advance	10,021	18,612
Interfund loans payable	4,260,283	7,071,379
<b>Total liabilities</b>	<b>6,672,948</b>	<b>9,579,794</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	217,000	195,000
<b>Total deferred inflows of resources</b>	<b>217,000</b>	<b>195,000</b>
<b>FUND BALANCE</b>		
Restricted:		
Town grants and donations	2,500	2,500
School Department General Fund	1,488,649	1,188,133
Assigned	1,286,100	1,335,818
Unassigned	3,571,452	3,238,780
<b>Total fund balance</b>	<b>6,348,701</b>	<b>5,765,231</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 13,238,649</b>	<b>15,540,025</b>



**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, 2016**  
**(with comparative actual amounts for the year ended June 30, 2015)**

	2016		Variance positive (negative)	2015 Actual
	Revised budget	Actual		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 28,406,589	28,406,589	-	28,034,747
Supplemental taxes	-	15,301	15,301	-
Change in deferred taxes	-	(22,000)	(22,000)	(35,000)
Excise taxes	1,916,000	2,082,448	166,448	1,961,487
Interest and costs on taxes	28,000	27,759	(241)	32,838
<b>Total taxes</b>	<b>30,350,589</b>	<b>30,510,097</b>	<b>159,508</b>	<b>29,994,072</b>
<b>Licenses and permits:</b>				
Auto registration fees	24,000	24,681	681	24,846
Building, electrical and plumbing fees	125,000	144,299	19,299	161,626
Town clerk fees	15,000	13,420	(1,580)	15,019
<b>Total licenses and permits</b>	<b>164,000</b>	<b>182,400</b>	<b>18,400</b>	<b>201,491</b>
<b>Intergovernmental:</b>				
State revenue sharing	416,000	456,950	40,950	439,951
Education - State subsidies	3,403,682	3,403,683	1	2,482,137
State agency clients	7,000	7,262	262	4,753
D.O.T. block grant	77,300	78,096	796	77,300
BETE reimbursement	8,138	8,139	1	4,385
Homestead revenue	189,309	189,309	-	239,136
Federal grants-capital contributions	-	62,825	62,825	81,264
Federal grants-public safety	100	5,598	5,498	81,983
Other miscellaneous - State and Federal	50,000	61,134	11,134	50,072
<b>Total intergovernmental</b>	<b>4,151,529</b>	<b>4,272,996</b>	<b>121,467</b>	<b>3,460,981</b>
<b>Investment income:</b>				
Investment earnings	45,000	20,225	(24,775)	23,408
<b>Total investment income</b>	<b>45,000</b>	<b>20,225</b>	<b>(24,775)</b>	<b>23,408</b>
<b>Other revenues:</b>				
Cable television franchise	150,000	150,433	433	154,215
Refuse disposal	95,000	70,724	(24,276)	87,574
School department activity fees	64,500	63,425	(1,075)	66,920
School department miscellaneous	2,000	7,723	5,723	26,585
Police specials and fees	11,000	18,863	7,863	15,538
Miscellaneous donations	-	200	200	-
Miscellaneous	180,001	179,208	(793)	93,991
<b>Total other revenues</b>	<b>502,501</b>	<b>490,576</b>	<b>(11,925)</b>	<b>444,823</b>
<b>Total revenues</b>	<b>35,213,619</b>	<b>35,476,294</b>	<b>262,675</b>	<b>34,124,775</b>

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

	2016		Variance positive (negative)	2015 Actual
	Revised budget	Actual		
Expenditures:				
Current:				
General government:				
Administration	\$ 581,188	578,158	3,030	553,014
Assessing, codes and planning	435,823	397,801	38,022	387,249
Town council	500	320	180	77
Legal and audit	77,000	76,998	2	71,300
Elections	29,790	14,800	14,990	16,716
Boards and commissions	15,006	9,895	5,111	10,380
Public information	56,821	50,321	6,500	45,726
Abatements/overlay	647,167	33,889	613,278	14,962
Total general government	1,843,295	1,162,182	681,113	1,099,424
Public works:				
General public works	1,171,046	1,098,723	72,323	1,225,027
Refuse disposal/recycling	487,271	449,318	37,953	453,090
Total public works	1,658,317	1,548,041	110,276	1,678,117
Facilities:				
Facilities and property management	225,000	224,181	819	203,935
Town hall maintenance	26,016	19,124	6,892	27,297
Library building	26,433	23,211	3,222	22,534
Town center fire station	26,306	19,275	7,031	30,013
Cape cottage fire station	6,640	4,871	1,769	6,695
Police station	64,349	45,596	18,753	58,646
Total facilities	374,744	336,258	38,486	349,120
Public safety:				
Fire department	321,871	264,640	57,231	276,458
Police department	1,294,108	1,251,067	43,041	1,224,398
Animal control	24,500	24,499	1	23,696
Public safety communications	177,548	172,547	5,001	167,499
WETeam	24,267	15,312	8,955	10,874
Miscellaneous public protection	165,913	159,475	6,438	158,990
Emergency preparedness	4,652	4,052	600	3,278
Total public safety	2,012,859	1,891,592	121,267	1,865,193
Cultural and parks:				
Library	535,005	532,470	2,535	522,629
Parks and grounds	517,125	441,293	75,832	442,388
Trees	24,325	25,176	(851)	20,880
Total cultural and parks	1,076,455	998,939	77,516	985,897
Human services	80,000	72,977	7,023	59,086
Education:				
Regular instruction	10,991,828	10,796,862	194,966	10,856,620
Special education instruction	3,104,307	2,992,055	112,252	3,000,850
Career and technical education	55,153	54,641	512	40,626
Other instruction	832,408	827,743	4,665	772,030
Student and staff support	2,287,397	2,232,158	55,239	2,143,060
System administration	719,162	704,678	14,484	772,774
School administration	1,175,259	1,131,337	43,922	1,121,631
Transportation	754,046	730,273	23,773	732,792
Facilities maintenance	2,816,590	2,742,172	74,418	2,327,260
Other	3,287	3,286	1	-
Debt service	672,019	672,018	1	1,133,775
Total education	23,411,456	22,887,223	524,233	22,901,418
Intergovernmental assessments	1,203,210	1,203,042	168	1,130,272

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

	2016			2015 Actual
	Revised budget	Actual	Variance positive (negative)	
Expenditures, continued				
Current, continued:				
Insurance and benefits				
Insurance	\$ 103,000	99,105	3,895	90,973
Employee benefits	1,179,000	1,147,723	31,277	1,117,550
Total insurance and benefits	1,282,000	1,246,828	35,172	1,208,523
Unclassified:				
Contributions	39,500	24,663	14,837	36,161
Grants	2,968	24,539	(21,571)	177,242
Other	-	6,677	(6,677)	6,641
Total unclassified	42,468	55,879	(13,411)	220,044
Capital improvements:				
4004 Cruiser replacement	82,178	62,164	20,014	41,471
4009 Roadway & drainage	835,748	666,095	169,653	445,921
4013 Sidewalk improvements	73,620	975	72,645	298
4021 Computer hardware and software	25,000	23,960	1,040	20,663
4023 Loader/backhoe replacement	180,000	179,996	4	-
4024 Town Hall roof and external repairs	25,000	19,800	5,200	6,181
4052 Library improvements	239,238	87,554	151,684	182,098
4107 Dump/plow replacement	-	245	(245)	161,458
4111 Town Hall building	75,000	-	75,000	6,010
4131 Town center building replacement	-	-	-	5,400
4136 Grounds equipment	20,000	15,058	4,942	23,323
4147 Police ext. door replacement	-	-	-	2,499
4269 Police space separation	-	-	-	5,121
5236 Police radios	20,000	15,048	4,952	-
5249 Athletic field fencing replacement	-	-	-	5,994
5263 Extrication tool replacement	25,000	17,187	7,813	-
5265 Town Hall electrical system	-	-	-	72,837
5270 Replace fire chief's vehicle	-	-	-	38,061
5271 Town Hall roof replacement	-	-	-	24,980
5272 Public works utility cart	-	-	-	19,693
5273 Town Hall card access system	-	-	-	16,508
5274 Front end loader overhaul	-	-	-	11,405
5276 Athletic fields electrical upgrades	8,900	8,349	551	-
5277 Town Hall exterior lighting upgrades	-	-	-	7,558
5278 Oil tank code upgrades	-	-	-	2,918
5279 Traffic signal equipment replacement	-	-	-	4,535
5280 Transfer trailer replacement	-	-	-	64,068
5281 Town Hall mold remediation	-	-	-	68,266
5282 Tech location	-	-	-	34,464
5283 Recycling center study & modification	25,000	42,834	(17,834)	72,092
5284 Engine 3 bodywork	30,000	18,400	11,600	-
5285 FWP firehouse window replacement	7,000	6,650	350	-
5286 FW firehouse brickwork	4,500	4,300	200	-
5287 PD computer replacement	11,000	10,929	71	-
5288 PD bullet-proof vests	5,000	5,000	-	-
5289 PW ext. lighting upgrades	12,500	11,955	545	-
5290 PW pick-up truck replacement	40,000	29,053	10,947	-
5291 PW front end artic overhaul	15,000	14,992	8	-
5292 PW parks trailer replacement	4,000	3,509	491	-
5293 HS tennis court repairs	32,000	28,918	3,082	-
5294 Plaisted Field backstop	16,000	15,535	465	-
5295 TC Fire St. brickwork	10,000	7,539	2,461	-
5296 T.H. ext. lighting upgrade	7,000	4,950	2,050	-
5297 Generator pad relocation	10,000	3,295	6,705	-
5299 Richards pool study	17,000	12,470	4,530	-
5300 Spurwink rod and gun licensing	-	14,624	(14,624)	-
5301 T.C. fire station renovation	25,000	25,593	(593)	-
5302 PW truck replacement	55,250	32,695	22,555	-
5303 Spurwink accident	-	42,083	(42,083)	-
5305 Pool dectrow project	-	85,000	(85,000)	-
Total capital improvements	1,935,934	1,516,755	419,179	1,343,822

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

	2016			2015 Actual
	Revised budget	Actual	Variance positive (negative)	
Debt service (excluding School Department)				
Principal and interest payments	\$ 1,185,780	1,181,063	4,717	887,347
Bond issuance costs	-	-	-	12,750
Total debt service	1,185,780	1,181,063	4,717	900,097
Total expenditures	36,106,518	34,100,779	2,005,739	33,741,013
Excess (deficiency) of revenues over (under) expenditures	(892,899)	1,375,515	2,268,414	383,762
Other financing sources (uses):				
Transfer from special revenue funds	-	-	-	74,379
Transfer from capital projects	-	-	-	240,810
Transfer to special revenue funds	(648,983)	(648,983)	-	(532,000)
Transfer to capital projects funds	(64,434)	(64,434)	-	(46,914)
Carryforward balances and subsequent authorizations	1,104,316	-	(1,104,316)	-
Utilization of prior year surplus - School	150,000	-	(150,000)	-
Utilization of prior year surplus - Town	352,000	-	(352,000)	-
Total other financing sources (uses)	892,899	(713,417)	(1,606,316)	(263,725)
Net change in fund balance	-	662,098	662,098	120,037
Reconciliation to GAAP:				
Change in encumbrances		(41,353)		49,040
Accrued teacher summer salary benefits		-		316,664
Fund balance, beginning of year, restated		5,727,956		5,279,490
<b>Fund balance, ending of year</b>	<b>\$</b>	<b>6,348,701</b>		<b>5,765,231</b>

**ALL OTHER GOVERNMENTAL FUNDS**

**TOWN OF CAPE ELIZABETH, MAINE**  
**Combining Balance Sheet**  
**All Other Governmental Funds**  
**June 30, 2016**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,092,671	128,573	1,221,244
Investments	550,295	-	550,295
Receivables:			
Due from other governments	175,029	-	175,029
Rescue (net of allowance for uncollectible of \$9,000)	44,654	-	44,654
Sewer fees (net of allowance for uncollectible of \$4,000)	422,916	-	422,916
Prepaid expenditures	6,729	-	6,729
Inventory	159,427	-	159,427
Interfund loans receivable	2,196,831	2,185,085	4,381,916
<b>Total assets</b>	<b>\$ 4,648,552</b>	<b>2,313,658</b>	<b>6,962,210</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Unearned revenue - prepaid services	135,992	-	135,992
Interfund loans payable	118,713	-	118,713
<b>Total liabilities</b>	<b>254,705</b>	<b>-</b>	<b>254,705</b>
Fund balances:			
Nonspendable	138,591	-	138,591
Restricted	365,808	1,122,663	1,488,471
Committed	3,926,115	390,127	4,316,242
Assigned	-	800,868	800,868
Unassigned	(36,667)	-	(36,667)
<b>Total fund balances</b>	<b>4,393,847</b>	<b>2,313,658</b>	<b>6,707,505</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,648,552</b>	<b>2,313,658</b>	<b>6,962,210</b>

**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, 2016**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental:			
Federal and State subsidies	\$ 630,677	-	630,677
Federal commodities	19,691	-	19,691
Investment income (loss)	(2,498)	838	(1,660)
Other:			
Building and park rentals and fees	4,355	236,077	240,432
Sewer assessments	2,197,854	-	2,197,854
Lot sales and fees	49,509	9,525	59,034
School lunch	484,380	-	484,380
Community services	1,144,052	-	1,144,052
Lighthouse admissions	59,174	-	59,174
Lighthouse gift shop sales	562,577	-	562,577
Rescue charges	263,552	-	263,552
Local grants and contributions	179,950	-	179,950
Miscellaneous	22,434	-	22,434
Total revenues	5,615,707	246,440	5,862,147
Expenditures:			
Current:			
Educational/recreation program	2,330,629	-	2,330,629
School lunch	702,672	-	702,672
Cultural and parks:			
Library	8,199	-	8,199
Portland Head Light - operations and staff	298,618	-	298,618
Portland Head Light - gift shop costs	233,959	-	233,959
Cemetery maintenance	46,722	-	46,722
Facilities	6,222	-	6,222
Human services	10,614	-	10,614
Public safety	316,031	-	316,031
Sewer	1,505,188	-	1,505,188
Unclassified	-	6,944	6,944
Capital improvements	445,867	3,864,635	4,310,502
Debt service	311,864	-	311,864
Total expenditures	6,216,585	3,871,579	10,088,164
Deficiency of revenues under expenditures	(600,878)	(3,625,139)	(4,226,017)
Other financing sources:			
Capital contributions	-	565,070	565,070
Transfer from other funds	648,983	64,434	713,417
Total other financing sources	648,983	629,504	1,278,487
Net change in fund balances	48,105	(2,995,635)	(2,947,530)
Fund balances, beginning of year	4,345,742	5,309,293	9,655,035
<b>Fund balances, end of year</b>	<b>\$ 4,393,847</b>	<b>2,313,658</b>	<b>6,707,505</b>

# 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 ambulance service.

### **Riverside Perpetual Care**

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

### **Library Fund**

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

### **Thomas Jordan Fund**

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



## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS, CONTINUED**

#### **Spurwink Church Fund**

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

**TOWN OF CAPE ELIZABETH, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2016**

	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
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	-	-	-	-	-	337,281	247,123	478,980	29,287	1,092,671
Investments	-	-	-	-	-	-	-	-	550,295	-	550,295
Due from other governments	155,409	19,620	-	-	-	-	-	-	-	-	175,029
Rescue receivable (net of allowance for uncollectible of \$9,000)	-	-	-	-	-	44,654	-	-	-	-	44,654
Sewer fees receivable (net of allowance for uncollectible of \$4,000)	-	-	422,916	-	-	-	-	-	-	-	422,916
Prepaid expenditures	-	-	-	6,729	-	-	-	-	-	-	6,729
Inventory	-	20,836	-	-	138,591	-	-	-	-	-	159,427
Interfund loans receivable	-	-	1,232,053	74,024	663,778	198,113	2,237	26,626	-	-	2,196,831
<b>Total assets</b>	<b>\$ 155,409</b>	<b>40,456</b>	<b>1,654,969</b>	<b>80,753</b>	<b>802,369</b>	<b>242,767</b>	<b>339,518</b>	<b>273,749</b>	<b>1,029,275</b>	<b>29,287</b>	<b>4,648,552</b>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Unearned revenue - prepaid services	-	22,754	-	113,238	-	-	-	-	-	-	135,992
Interfund loans payable	67,532	17,702	-	-	-	-	-	-	31,613	1,866	118,713
<b>Total liabilities</b>	<b>67,532</b>	<b>40,456</b>	<b>-</b>	<b>113,238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,613</b>	<b>1,866</b>	<b>254,705</b>
Fund balances (deficit):											
Nonspendable	-	-	-	-	138,591	-	-	-	-	-	138,591
Restricted	92,059	-	-	-	-	-	-	273,749	-	-	365,808
Committed	-	-	1,654,969	-	663,778	242,767	339,518	-	997,662	27,421	3,926,115
Unassigned	(4,182)	-	-	(32,485)	-	-	-	-	-	-	(36,667)
<b>Total fund balances (deficit)</b>	<b>87,877</b>	<b>-</b>	<b>1,654,969</b>	<b>(32,485)</b>	<b>802,369</b>	<b>242,767</b>	<b>339,518</b>	<b>273,749</b>	<b>997,662</b>	<b>27,421</b>	<b>4,393,847</b>
<b>Total liabilities and fund balances</b>	<b>\$ 155,409</b>	<b>40,456</b>	<b>1,654,969</b>	<b>80,753</b>	<b>802,369</b>	<b>242,767</b>	<b>339,518</b>	<b>273,749</b>	<b>1,029,275</b>	<b>29,287</b>	<b>4,648,552</b>

**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, 2016**

	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
<b>Revenues:</b>											
<b>Intergovernmental:</b>											
Federal and state subsidies	\$ 547,555	83,122	-	-	-	-	-	-	-	-	630,677
Federal commodities	-	19,691	-	-	-	-	-	-	-	-	19,691
Investment income (loss)	-	-	-	-	-	-	2,247	1,590	(6,535)	200	(2,498)
<b>Other revenues:</b>											
Building and park rentals and fees	-	-	-	-	-	-	-	-	-	4,355	4,355
Sewer assessments	-	-	2,197,854	-	-	-	-	-	-	-	2,197,854
Lot sales and fees	-	-	-	-	-	-	49,509	-	-	-	49,509
School lunch	-	484,380	-	-	-	-	-	-	-	-	484,380
Community services	-	-	-	1,144,052	-	-	-	-	-	-	1,144,052
Lighthouse admissions	-	-	-	-	59,174	-	-	-	-	-	59,174
Lighthouse gift shop sales	-	-	-	-	562,577	-	-	-	-	-	562,577
Rescue charges	-	-	-	-	-	263,552	-	-	-	-	263,552
Local grants and contributions	154,234	-	-	-	-	-	-	25,716	-	-	179,950
Miscellaneous	8,200	-	-	-	5,125	-	-	9,109	-	-	22,434
<b>Total revenues</b>	<b>709,989</b>	<b>587,193</b>	<b>2,197,854</b>	<b>1,144,052</b>	<b>626,876</b>	<b>263,552</b>	<b>51,756</b>	<b>36,415</b>	<b>(6,535)</b>	<b>4,555</b>	<b>5,615,707</b>
<b>Expenditures:</b>											
<b>Current:</b>											
Educational/recreation program	688,820	-	-	1,641,809	-	-	-	-	-	-	2,330,629
School lunch	-	702,672	-	-	-	-	-	-	-	-	702,672
<b>Culture and parks:</b>											
Library	-	-	-	-	-	-	-	8,199	-	-	8,199
Portland Head Light - operations and staff	-	-	-	-	298,618	-	-	-	-	-	298,618
Portland Head Light - gift shop costs	-	-	-	-	233,959	-	-	-	-	-	233,959
Cemetery maintenance	-	-	-	-	-	-	46,722	-	-	-	46,722
<b>Facilities:</b>											
Spurwink church	-	-	-	-	-	-	-	-	-	6,222	6,222
Human services	-	-	-	-	-	-	-	-	10,614	-	10,614
<b>Public safety:</b>											
Rescue expenditures	-	-	-	-	-	316,031	-	-	-	-	316,031
<b>Sewer:</b>											
Sewer - operations and maintenance	-	-	77,428	-	-	-	-	-	-	-	77,428
Sewer - Portland Water District assessments	-	-	1,427,760	-	-	-	-	-	-	-	1,427,760
Capital outlay	-	-	445,317	-	-	-	550	-	-	-	445,867
Debt service	-	-	219,564	92,300	-	-	-	-	-	-	311,864
<b>Total expenditures</b>	<b>688,820</b>	<b>702,672</b>	<b>2,170,069</b>	<b>1,734,109</b>	<b>532,577</b>	<b>316,031</b>	<b>47,272</b>	<b>8,199</b>	<b>10,614</b>	<b>6,222</b>	<b>6,216,585</b>
<b>Other financing sources (uses):</b>											
Transfers (to) from other funds	-	115,193	-	554,790	-	-	-	-	(21,000)	-	648,983
<b>Total other sources (uses)</b>	<b>-</b>	<b>115,193</b>	<b>-</b>	<b>554,790</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,000)</b>	<b>-</b>	<b>648,983</b>
<b>Net change in fund balances</b>	<b>21,169</b>	<b>(286)</b>	<b>27,785</b>	<b>(35,267)</b>	<b>94,299</b>	<b>(52,479)</b>	<b>4,484</b>	<b>28,216</b>	<b>(38,149)</b>	<b>(1,667)</b>	<b>48,105</b>
<b>Fund balances, beginning of year</b>	<b>66,708</b>	<b>286</b>	<b>1,627,184</b>	<b>2,782</b>	<b>708,070</b>	<b>295,246</b>	<b>335,034</b>	<b>245,533</b>	<b>1,035,811</b>	<b>29,088</b>	<b>4,345,742</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 87,877</b>	<b>-</b>	<b>1,654,969</b>	<b>(32,485)</b>	<b>802,369</b>	<b>242,767</b>	<b>339,518</b>	<b>273,749</b>	<b>997,662</b>	<b>27,421</b>	<b>4,393,847</b>

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

### **Tax Increment Financing**

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

### **School Bonded Projects**

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

### **Library Project**

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

### **Land Acquisition**

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

### **Infrastructure Improvement**

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

### **Turf Field**

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

### **Fort Williams Park**

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

**TOWN OF CAPE ELIZABETH, MAINE**  
**Nonmajor Capital Project Fund**  
**Combining Balance Sheet**  
**June 30, 2016**

	Riverside Cemetery Capital Improvements	Tax Increment Financing	School Bonded Projects	Library Project	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 128,573	-	-	-	-	-	-	-	128,573
Interfund loans receivable	9,525	11,520	1,111,143	52,228	142,984	306,788	194,915	355,982	2,185,085
<b>Total assets</b>	<b>\$ 138,098</b>	<b>11,520</b>	<b>1,111,143</b>	<b>52,228</b>	<b>142,984</b>	<b>306,788</b>	<b>194,915</b>	<b>355,982</b>	<b>2,313,658</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Interfund loans payable	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:									
Restricted	-	11,520	1,111,143	-	-	-	-	-	1,122,663
Committed	-	-	-	52,228	142,984	-	194,915	-	390,127
Assigned	138,098	-	-	-	-	306,788	-	355,982	800,868
<b>Total fund balances</b>	<b>138,098</b>	<b>11,520</b>	<b>1,111,143</b>	<b>52,228</b>	<b>142,984</b>	<b>306,788</b>	<b>194,915</b>	<b>355,982</b>	<b>2,313,658</b>
<b>Total liabilities and fund balances</b>	<b>\$ 138,098</b>	<b>11,520</b>	<b>1,111,143</b>	<b>52,228</b>	<b>142,984</b>	<b>306,788</b>	<b>194,915</b>	<b>355,982</b>	<b>2,313,658</b>

**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, 2016**

	Riverside Cemetery Capital Improvements	Tax Increment Financing	School Bonded Projects	Library Project	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
Revenues:									
Building and other fees	\$ -	-	-	-	-	42,913	-	193,164	236,077
Investment income	838	-	-	-	-	-	-	-	838
Cemetery lot sales	9,525	-	-	-	-	-	-	-	9,525
<b>Total revenues</b>	<b>10,363</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,913</b>	<b>-</b>	<b>193,164</b>	<b>246,440</b>
Expenditures:									
Current:									
Unclassified	-	-	-	6,944	-	-	-	-	6,944
Capital improvements	-	-	622,259	3,151,616	1,400	-	-	89,360	3,864,635
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>622,259</b>	<b>3,158,560</b>	<b>1,400</b>	<b>-</b>	<b>-</b>	<b>89,360</b>	<b>3,871,579</b>
Other financing sources:									
Capital contributions	-	-	-	565,070	-	-	-	-	565,070
Transfer from other funds	-	11,520	-	-	32,914	-	20,000	-	64,434
<b>Total other financing sources</b>	<b>-</b>	<b>11,520</b>	<b>-</b>	<b>565,070</b>	<b>32,914</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>629,504</b>
<b>Net change in fund balances</b>	<b>10,363</b>	<b>11,520</b>	<b>(622,259)</b>	<b>(2,593,490)</b>	<b>31,514</b>	<b>42,913</b>	<b>20,000</b>	<b>103,804</b>	<b>(2,995,635)</b>
Fund balances, beginning of year	127,735	-	1,733,402	2,645,718	111,470	263,875	174,915	252,178	5,309,293
<b>Fund balances, end of year</b>	<b>\$ 138,098</b>	<b>11,520</b>	<b>1,111,143</b>	<b>52,228</b>	<b>142,984</b>	<b>306,788</b>	<b>194,915</b>	<b>355,982</b>	<b>2,313,658</b>

**FIDUCIARY FUNDS**

**PRIVATE-PURPOSE TRUST FUNDS**

**AGENCY FUNDS**

**TOWN OF CAPE ELIZABETH, MAINE**  
**Combining Statement of Fiduciary Net Position**  
**Private-purpose Trust Funds**  
**June 30, 2016**

	School Scholarship Trust	Zimpritch Library Trust	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 58,926	18,432	77,358
Interfund loans receivable	40	-	40
<b>Total assets</b>	<b>\$ 58,966</b>	<b>18,432</b>	<b>77,398</b>
<b>LIABILITIES</b>			
Interfund loans payable	-	2,960	2,960
<b>Total liabilities</b>	<b>-</b>	<b>2,960</b>	<b>2,960</b>
<b>NET POSITION</b>			
Held in trust	58,966	15,472	74,438
<b>Total net position</b>	<b>\$ 58,966</b>	<b>15,472</b>	<b>74,438</b>



**TOWN OF CAPE ELIZABETH, MAINE**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Private-purpose Trust Funds**  
**For the Year Ended June 30, 2016**

	School Scholarship Trust	Zimpritch Library Trust	Total
Additions:			
Donations	\$ 540	370	910
Interest earned	399	130	529
Total additions	939	500	1,439
Deductions:			
Other deductions	-	3,330	3,330
School scholarships	1,560	-	1,560
Total deductions	1,560	3,330	4,890
Change in net position	(621)	(2,830)	(3,451)
Net position, beginning of year	59,587	18,302	77,889
<b>Net position, end of year</b>	<b>\$ 58,966</b>	<b>15,472</b>	<b>74,438</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Agency Funds**  
**Statement of Changes in Balances**  
**For the Year Ended June 30, 2016**

		<b>Balances beginning of year</b>	<b>Net additions/ (deductions)</b>	<b>Balances end of year</b>
Activity funds:				
High School Student Activities	\$	169,161	10,742	179,903
Middle School Student Activities		36,132	(3,627)	32,505
Pond Cove Student Activities		10,091	1,901	11,992
<b>Total</b>	<b>\$</b>	<b>215,384</b>	<b>9,016</b>	<b>224,400</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Changes in Long-term Debt**  
**For the Year Ended June 30, 2016**

	Interest rate	Final maturity date	Annual principal payments	Amounts authorized	Amount issued	Retired previous years	Balance beginning of year	Current Year		Balance end of year	
								Issued	Retired		
General obligation bonds:											
2006 Clean Water Revolving Loan Fund	1.73%	2026	Var.	\$ 3,510,000	3,510,000	1,431,705	2,078,295	-	173,154	1,905,141	
2006 Sewer bond	1.90% - 5.50%	2027	Var.	1,890,000	1,890,000	756,000	1,134,000	-	94,500	1,039,500	
2008 Capital Improvement	3.25% - 4.13%	2028	Var.	2,550,000	2,550,000	910,000	1,640,000	-	130,000	1,510,000	
2009 Refunding bond	2.00% - 2.75%	2020	Var.	5,850,000	5,850,000	4,400,000	1,450,000	-	295,000	1,155,000	
2011 Refunding bond	2.00% - 2.70%	2021	Var.	2,110,000	2,110,000	890,000	1,220,000	-	220,000	1,000,000	
2012 Refunding bond	2.00% - 2.50%	2022	Var.	780,000	780,000	240,000	540,000	-	80,000	460,000	
2014 Refunding bond	2.00% - 4.00%	2025	Var.	4,190,000	4,190,000	455,000	3,735,000	-	410,000	3,325,000	
2015 General obligation bond	3.00%-3.25%	2035	Var.	5,750,000	5,450,000	-	5,450,000	-	275,000	5,175,000	
Total general obligation bonds					26,630,000	26,330,000	9,082,705	17,247,295	-	1,677,654	15,569,641
				\$	<b>26,630,000</b>	<b>26,330,000</b>	<b>9,082,705</b>	<b>17,247,295</b>	-	<b>1,677,654</b>	<b>15,569,641</b>

# **SCHEDULES**

**TOWN OF CAPE ELIZABETH, MAINE**  
**School Department - General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2016**  
**(with comparative actual amount for the year ended June 30, 2015)**

	2016			Variance positive (negative)	2015 Actual
	Original Budget	Final Budget	Actual		
<b>Revenues:</b>					
Town appropriation	\$ 19,909,467	19,909,467	19,909,467	-	20,234,595
State education subsidy--school	3,403,682	3,403,682	3,403,683	1	2,482,137
State agency clients	7,000	7,000	7,262	262	4,753
Activity fees	64,500	64,500	63,425	(1,075)	66,920
Miscellaneous	2,000	2,000	7,723	5,723	26,585
<b>Total revenues</b>	<b>23,386,649</b>	<b>23,386,649</b>	<b>23,391,560</b>	<b>4,911</b>	<b>22,814,990</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Regular instruction	11,087,797	10,991,828	10,796,862	194,966	10,856,620
Special education instruction	3,126,818	3,104,307	2,992,055	112,252	3,000,850
Career and technical education	55,153	55,153	54,641	512	40,626
Other instruction	832,408	832,408	827,743	4,665	772,030
Student and staff support	2,287,397	2,287,397	2,232,158	55,239	2,143,060
System administration	719,162	719,162	704,678	14,484	772,774
School administration	1,175,259	1,175,259	1,131,337	43,922	1,121,631
Transportation	754,046	754,046	730,273	23,773	732,792
Facilities maintenance	2,806,590	2,816,590	2,742,172	74,418	2,327,260
Other	10,000	3,287	3,286	1	-
Debt service	672,019	672,019	672,018	1	1,133,775
<b>Total expenditures</b>	<b>23,526,649</b>	<b>23,411,456</b>	<b>22,887,223</b>	<b>524,233</b>	<b>22,901,418</b>
<b>Other financing sources (uses):</b>					
Transfer from Town unassigned fund balance	-	-	-	-	50,942
Transfer to Turf Field Fund (budgeted in facilities maintenance)	(10,000)	(10,000)	(10,000)	-	(7,000)
Transfer to School Lunch Fund (budgeted in other)	-	(115,193)	(115,193)	-	(57,000)
Budgeted use of surplus	150,000	150,000	-	(150,000)	-
<b>Total other financing sources (uses)</b>	<b>140,000</b>	<b>24,807</b>	<b>(125,193)</b>	<b>(150,000)</b>	<b>(13,058)</b>
<b>Net change in fund balance - budgetary basis</b>	<b>-</b>	<b>-</b>	<b>379,144</b>	<b>379,144</b>	<b>(99,486)</b>
<b>Fund balance, beginning of year - budgetary basis, restated</b>			<b>831,923</b>		<b>968,684</b>
<b>Fund balance, end of year - budgetary basis</b>			<b>1,211,067</b>		<b>869,198</b>
<b>Reconciliation to GAAP basis:</b>					
Accrued teacher summer benefits			-		316,664
Less: prior year encumbrances			(318,935)		(269,895)
Add: current year encumbrances			277,582		318,935
<b>Net change in fund balance - GAAP basis</b>			<b>337,791</b>		<b>266,218</b>
<b>Fund balance, beginning of year - GAAP basis, restated</b>			<b>1,150,858</b>		<b>921,915</b>
<b>Fund balance, end of year - GAAP basis</b>	<b>\$</b>		<b>1,488,649</b>		<b>1,188,133</b>

**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, 2016**  
**(with comparative actual amount for the year ended June 30, 2015)**

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
<b>Revenues:</b>				
Adult programs	\$ 155,000	126,431	(28,569)	134,066
Youth programs	549,599	490,795	(58,804)	501,061
Cape care	240,000	250,921	10,921	231,596
Rental of facilities	31,000	35,891	4,891	34,914
Fitness center	48,500	44,562	(3,938)	42,256
Pool	204,250	194,244	(10,006)	193,066
Other	-	1,208	1,208	2,819
<b>Total revenues</b>	<b>1,228,349</b>	<b>1,144,052</b>	<b>(84,297)</b>	<b>1,139,778</b>
<b>Expenditures:</b>				
Administration	343,278	323,213	20,065	200,509
Adult programs	110,828	96,925	13,903	145,049
Youth programs	393,468	392,618	850	400,908
Cape care	193,370	141,440	51,930	207,520
Community center facility	78,551	83,206	(4,655)	70,474
Debt service	92,300	92,300	-	93,900
Fitness center	56,140	59,710	(3,570)	55,918
Pool	530,204	544,697	(14,493)	469,209
<b>Total expenditures</b>	<b>1,798,139</b>	<b>1,734,109</b>	<b>64,030</b>	<b>1,643,487</b>
<b>Other financing sources:</b>				
Use of surplus	15,000	-	(15,000)	-
Transfer from Thomas Jordan Fund	21,000	21,000	-	21,000
Town appropriation	533,790	533,790	-	465,000
<b>Total other financing sources</b>	<b>569,790</b>	<b>554,790</b>	<b>(15,000)</b>	<b>486,000</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(35,267)</b>	<b>(35,267)</b>	<b>(17,709)</b>
Fund balance, beginning of year		2,782		20,491
<b>Fund balance (deficit), end of year</b>	<b>\$</b>	<b>(32,485)</b>		<b>2,782</b>

**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, 2016**

		Fund balances beginning of year, restated	Program revenues	Program expenditures	Fund balances (deficit) end of year
<b>State and Federal Programs:</b>					
Title IA	\$	53	39,199	39,199	53
Title IIA		-	35,865	35,865	-
Local entitlement		-	449,590	449,590	-
Preschool grant		-	3,823	3,823	-
Transition grant		16,729	19,078	6,487	29,320
Total state and federal programs		16,782	547,555	534,964	29,373
<b>Other Programs:</b>					
Authorfest		-	147	50	97
Athletic equipment replacement		-	8,000	-	8,000
C.E. education foundation		10,259	25,185	33,953	1,491
Cape coalition		830	-	-	830
Cape olympians		747	1,165	1,209	703
Easement funds		2,274	-	-	2,274
Escapade program		629	-	-	629
H1N1 grant		4,887	-	-	4,887
iPad maintenance		-	61,560	65,742	(4,182)
Kate Libby fund		210	-	-	210
Kids culinary grant		-	583	583	-
PC office donation		2,933	-	-	2,933
PCPA donations		5,465	8,200	8,840	4,825
PEPG development grant		-	4,600	4,600	-
School gate receipts-athletics		6,782	25,022	24,962	6,842
School gate receipts-drama		296	11,642	10,430	1,508
Special ed workshop		3,704	-	-	3,704
TEDx program		1,509	5,233	161	6,581
Turf field rental		8,679	10,497	2,661	16,515
Wellness grant		722	600	665	657
Total other programs		49,926	162,434	153,856	58,504
<b>Total</b>		<b>\$ 66,708</b>	<b>709,989</b>	<b>688,820</b>	<b>87,877</b>

## **STATISTICAL INFORMATION**

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



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

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

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

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

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

Fiscal year	Program Revenues			General Revenues				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous	
2016	\$ 5,376,624	5,881,899	627,895	30,532,097	715,532	18,565	329,841	43,482,453
2015	5,276,990	5,322,051	1,041,223	30,029,072	733,544	52,501	248,206	42,703,587
2014	5,458,484	5,071,281	16,158	28,888,688	660,298	134,699	228,934	40,458,542
2013	5,079,106	4,235,013	756,290	27,968,929	902,984	122,110	292,863	39,357,295
2012	4,911,542	5,264,981	-	26,819,699	973,187	58,320	379,976	38,407,705
2011	4,820,801	5,693,378	-	25,807,288	934,917	156,228	260,597	37,673,209
2010	5,322,750	4,633,577	-	25,119,671	914,220	158,548	305,294	36,454,060
2009	4,677,204	5,659,716	-	24,788,910	1,044,489	127,421	240,034	36,537,774
2008	4,539,555	5,390,062	202,912	23,380,071	1,148,096	296,566	102,276	35,059,538
2007	4,329,199	5,251,083	1,320,882	22,762,308	1,089,740	468,693	182,433	35,404,338

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

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

(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**

<b>Fiscal year</b>	<b>Property Taxes</b>	<b>Other taxes</b>	<b>Licenses and permits</b>	<b>Intergovernmental</b>	<b>Investment income</b>	<b>Other Revenues</b>	<b>Transfers and other financing sources</b>	<b>Total</b>
2016	\$ 28,399,890	2,110,207	182,400	4,272,996	20,225	490,576	-	35,476,294
2015	27,999,747	1,994,325	201,491	3,460,981	23,408	444,823	315,189	34,439,964
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

Table 5

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

Fiscal year end	Direct		Overlapping	Total tax rate	
	Town	Education and Community Services	County		
2016	\$	3.92	12.26	0.70	16.88
2015		3.66	12.47	0.67	16.80
2014		3.66	11.97	0.65	16.28
2013		3.46	11.77	0.61	15.84
2012		3.48	11.10	0.60	15.18
2011		4.13	13.03	0.70	17.86
2010		4.19	12.63	0.72	17.54
2009		4.22	12.46	0.76	17.44
2008		3.84	11.91	0.71	16.46
2007		3.78	11.70	0.68	16.16

Table 6

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

<b>Fiscal year</b>	<b>Current year's tax levy</b>	<b>Current year's collections</b>	<b>Percent of current levy collected</b>	<b>Current year collections of prior year taxes</b>	<b>Total collections</b>	<b>Tax collections as percent of each year's levy</b>
2016	\$ 28,406,589	28,234,999	99.41%	144,676	28,379,675	99.91%
2015	28,034,747	27,872,535	99.43%	182,548	28,055,083	100.07%
2014	27,009,057	26,818,436	99.30%	178,712	26,997,148	99.96%
2013	26,179,228	26,012,826	99.36%	204,471	26,217,297	100.15%
2012	25,093,125	24,869,100	99.11%	145,460	25,014,560	99.69%
2011	24,102,111	23,941,795	99.33%	161,370	24,103,165	100.00%
2010	23,412,446	23,256,304	99.33%	274,301	23,530,605	100.50%
2009	23,076,498	22,813,083	98.86%	152,550	22,965,633	99.52%
2008	21,592,439	21,435,863	99.27%	223,569	21,659,432	100.31%
2007	20,907,615	20,700,615	99.01%	102,547	20,803,162	99.50%

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

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

Fiscal year	Real estate assessed value	Personal property assessed value	Total		Ratio of total assessed value to total estimated actual value
			Assessed value	Estimated actual value (1)	
2016	\$ 1,676,048,700	6,806,100	1,682,854,800	1,840,800,000	91.42%
2015	1,661,816,800	6,918,100	1,668,734,900	1,723,250,000	96.84%
2014	1,652,277,200	6,755,800	1,659,033,000	1,685,300,000	98.44%
2013	1,646,537,200	6,191,800	1,652,729,000	1,685,400,000	98.06%
2012	1,647,128,000	5,910,500	1,653,038,500	1,710,750,000	96.63%
2011	1,343,498,400	6,003,900	1,349,502,300	1,789,750,000	75.40%
2010	1,328,858,200	5,944,900	1,334,803,100	1,784,100,000	74.82%
2009	1,319,023,300	4,170,400	1,323,193,700	1,828,400,000	72.37%
2008	1,306,507,000	5,176,600	1,311,683,600	1,942,000,000	67.54%
2007	1,291,025,600	5,320,414	1,296,346,014	1,756,550,000	73.80%

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

Table 8

**TOWN OF CAPE ELIZABETH, MAINE**  
**Principal Taxpayers**  
**For the Year Ended June 30, 2016**

Name	Assessed valuation	% of total tax commitment
Sprague Corporation	\$ 13,937,200	0.84%
Inn By the Sea	13,474,600	0.81%
Health Care Property Investors Inc.	5,830,700	0.35%
Brewer, NC Rev. Trust	5,582,200	0.33%
McGinn, Suzanne	5,470,900	0.33%
Rams Head Partners LLC	5,337,600	0.32%
Central Maine Power	5,174,300	0.31%
Purpoodock Club	4,937,700	0.30%
1172 LLC	4,789,800	0.29%
Miller, Jo Trust	4,055,600	0.24%



**TOWN OF CAPE ELIZABETH, MAINE**  
**Computation of Legal Debt Margin**  
**For the Year Ended June 30, 2016**

Total estimated actual valuation by State		\$	<u>1,840,800,000</u>
Legal debt margin:			
Debt limitation - 15% of estimated actual valuation			276,120,000
Debt applicable to debt limitation:			
Municipal	7.5%	138,060,000	7,453,655
School	10.0%	184,080,000	5,171,345
Storm and sanitary sewers	7.5%	138,060,000	2,944,641
Airport, water and special districts	3.0%	55,224,000	-
Total	28.0%	515,424,000	15,569,641
Total bonded debt applicable to debt limit			<u>15,569,641</u>
<b>Legal debt margin</b>			<b>\$ 260,550,359</b>

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

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

Fiscal year	Population (1)	Assessed value (2)	Net bonded debt (3)	Ratio of net bonded debt to assessed value	Net bonded debt per capita
2016	9,015	\$ 1,682,854,800	15,569,641	0.93%	1,727
2015	9,015	1,668,734,900	17,247,295	1.03%	1,913
2014	9,015	1,659,033,000	13,807,003	0.83%	1,532
2013	9,015	1,652,729,000	16,053,817	0.97%	1,781
2012	9,015	1,653,038,500	18,122,786	1.10%	2,010
2011	9,015	1,349,502,300	19,998,958	1.48%	2,218
2010	9,068	1,334,803,100	22,067,420	1.65%	2,434
2009	9,068	1,323,193,700	24,093,100	1.82%	2,657
2008	9,068	1,311,683,600	26,297,891	2.00%	2,900
2007	9,068	1,296,346,014	25,939,635	2.00%	2,861

(1) U. S. Bureau of the Census

(2) Amount from Table 7

(3) Excludes capital leases

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

Fiscal year	Municipal debt service(1)	School debt service	Total debt service - bonded debt	Total general governmental expenditures and transfers out	Ratio of debt service to general governmental expenditures and transfers out
2016	\$ 1,181,063	764,318	1,945,381	34,814,196	5.59%
2015	887,347	1,227,675	2,115,022	34,319,927	6.16%
2014	905,703	1,288,591	2,194,294	32,886,927	6.67%
2013	930,007	1,323,403	2,253,410	32,994,182	6.83%
2012	1,023,515	1,357,916	2,381,431	30,731,943	7.75%
2011	1,011,252	1,391,680	2,402,932	29,383,359	8.18%
2010	1,158,985	1,468,285	2,627,270	28,351,703	9.27%
2009	1,234,894	1,565,811	2,800,705	28,954,612	9.67%
2008	1,141,552	1,620,233	2,761,785	29,323,390	9.42%
2007	1,069,754	1,670,233	2,739,987	28,202,069	9.72%

(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, 2016**

<b>Jurisdiction</b>		<b>Net general obligation bonded debt outstanding</b>	<b>Percentage applicable to government</b>	<b>Amount applicable to government</b>
Direct:				
Town of Cape Elizabeth bonds and notes	\$	15,569,641	100.00%	15,569,641
Overlapping debt:				
Cumberland County		35,735,000	4.51%	1,612,010
Portland Water District -- sewer debt		40,427,101	5.89%	2,381,750
Contingent debt:				
Portland Water District -- water debt		47,391,288	6.81%	3,227,347