

**TOWN OF CAPE ELIZABETH, MAINE**

**Annual Financial Report**

**For the Year Ended June 30, 2018**

**TOWN OF CAPE ELIZABETH, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2018**

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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, 2018, 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, 2018, 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.

### ***Change in Accounting Principle***

As described in the notes to basic financial statements, in 2018, the Town adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***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 changes in the Town's net pension liability and related ratios, schedule of Town's proportionate share of the net pension liability, schedule of Town contributions, schedule of changes in the town's total health plan OPEB liability and related ratios, schedule of Town's proportionate share of the net OPEB liability, and schedule of Town's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018 on our consideration of the Town of Cape Elizabeth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Cape Elizabeth, Maine's internal control over financial reporting and compliance.



December 21, 2018  
South Portland, Maine

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

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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.

## Financial Highlights

- The total assets for all governmental activities equal \$59,297,198.
- The total net position is \$37,165,766. Net position includes a \$27,540,441 net investment in capital assets, \$779,741 in restricted net position and \$8,845,584 in unrestricted net position.
- For the reporting period, the Town had a decrease in fund balance for total governmental funds (from statement 4) of \$(1,241,394).
- The fund balance for the General Fund increased \$18,019.
- The School General Fund balance decreased from \$1,249,429 to \$342,058 due to use of surplus to offset the tax impact of the school budget.
- The Town General Fund unassigned fund balance decreased from \$4,649,402 to \$4,626,075 primarily due to an increase in amounts assigned for other purposes.

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

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

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

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

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

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

## Fund Financial Statements

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

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

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

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

**Comparison of Information from Current Year and Prior Year**

**The Town as a Whole**

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

**Governmental Activities Net Position**

	<b>2018</b>	<b>2017 (Restated)</b>	<b>Change</b>
Current and other assets	\$ 16,456,450	\$ 17,181,991	\$ (725,541)
Capital assets	42,840,748	43,901,599	(1,060,851)
<b>Total assets</b>	<b>59,297,198</b>	<b>61,083,590</b>	<b>(1,786,392)</b>
Deferred outflows related to pensions	756,058	710,709	45,349
Deferred outflows related to OPEB	72,539	-	72,539
<b>Total deferred outflows</b>	<b>828,597</b>	<b>710,709</b>	<b>117,888</b>
Other liabilities	3,243,021	2,707,182	535,839
Long-term liabilities	19,581,373	21,609,502	(2,028,129)
<b>Total liabilities</b>	<b>22,824,394</b>	<b>24,316,684</b>	<b>(1,492,290)</b>
Deferred inflows related to pensions	63,153	72,521	(9,368)
Deferred inflows related to OPEB	72,482	-	72,482
<b>Total deferred inflows</b>	<b>135,635</b>	<b>72,521</b>	<b>63,114</b>
Net investment in capital assets	27,540,441	27,910,058	(369,617)
Restricted	779,741	1,736,395	(956,654)
Unrestricted	8,845,584	7,758,641	1,086,943
<b>Total net position</b>	<b>\$ 37,165,766</b>	<b>\$ 37,405,094</b>	<b>\$ (239,328)</b>

The FY 2017 unrestricted net position and long-term liabilities have been restated for the impact of implementing GASB Statement No. 75 related to Other Post-Employment Benefits (OPEB).



**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

**Change in Net Position**

	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b>Sources of Revenues</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 5,833,948	5,636,885	197,063
Operating grants and contributions	4,878,621	5,540,255	(661,634)
Capital grants and contributions	11,145	131,725	(120,580)
<b>Total program revenues</b>	<b>10,723,714</b>	<b>11,308,865</b>	<b>(585,151)</b>
<b>General Revenues:</b>			
Property and other taxes	32,764,038	31,851,564	912,474
Grants and contributions not restricted to specific programs	915,424	717,890	197,534
Unrestricted investment income	174,188	133,304	40,884
Other	298,598	343,808	(45,210)
<b>Total general revenues</b>	<b>34,152,248</b>	<b>33,046,566</b>	<b>1,105,682</b>
<b>Total revenues</b>	<b>44,875,962</b>	<b>44,355,431</b>	<b>520,531</b>
<b>Functional Expenses:</b>			
General government	3,596,329	4,006,432	(410,103)
Public works	3,727,437	2,254,680	1,472,757
Facilities	691,111	734,445	(43,334)
Public safety	2,670,887	2,716,510	(45,623)
Human services	55,521	53,958	1,563
Cultural and parks	3,298,199	3,192,225	105,974
Education	27,340,392	26,290,674	1,049,718
School lunch	810,588	740,240	70,348
Sewer	1,576,605	1,529,221	47,384
Capital maintenance expenses	1,036,685	420,720	615,965
Interest on debt	311,536	317,950	(6,414)
<b>Total expenses</b>	<b>45,115,290</b>	<b>42,257,055</b>	<b>2,858,235</b>
Change in net position	(239,328)	2,098,376	(2,337,704)
Net position – beginning of year, restated	37,405,094	35,894,526	1,510,568
<b>Net position – end of year</b>	<b>\$ 37,165,766</b>	<b>37,992,902</b>	<b>(827,136)</b>

**Assets**

**Cash and Cash Equivalents**

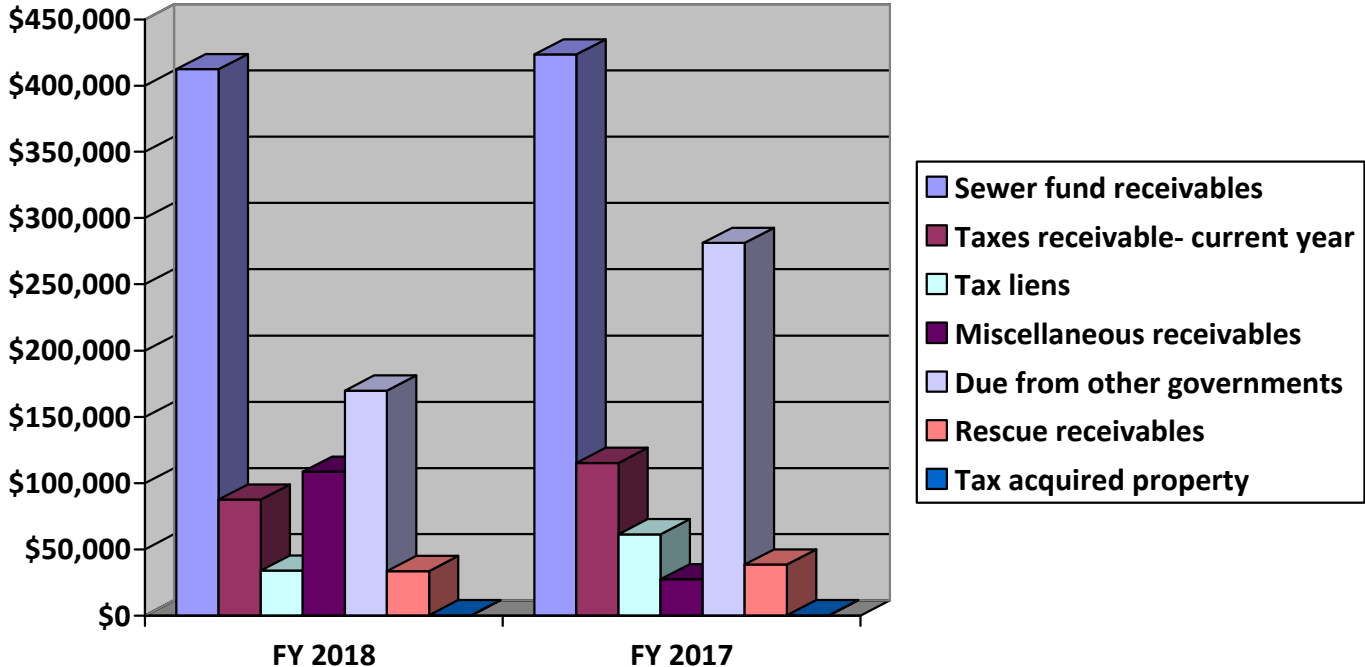
Cash and cash equivalents decreased \$704,691, from \$15,401,472 to \$14,696,781. The decrease is attributable to bond proceeds received in the prior year for Town projects that were spent in the current year.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

**Receivables**

The Town continues to have an excellent record of tax receivables, maintaining the collection rate of the levy for the current year at 99.71%. The taxes receivable amount decreased from the prior year, due to continuing cooperation from taxpayers, less delinquency, and an unemployment rate significantly below the national average. The sewer receivable decreased slightly. The Town places liens on uncollected sewer fees, so eventually the entire receivable is paid.

	<b>FY 2018</b>	<b>FY 2017</b>
Sewer fund receivables	\$ 412,442	\$ 423,566
Taxes receivable- current year	87,622	115,254
Tax liens	33,946	61,404
Miscellaneous receivables	108,661	27,450
Due from other governments	169,909	281,207
Rescue receivables	33,597	38,570
Tax acquired property	206	206
<b>Total</b>	<b>\$ 846,383</b>	<b>\$ 947,657</b>
% Sewer	49%	45%
% Taxes and other	51%	55%



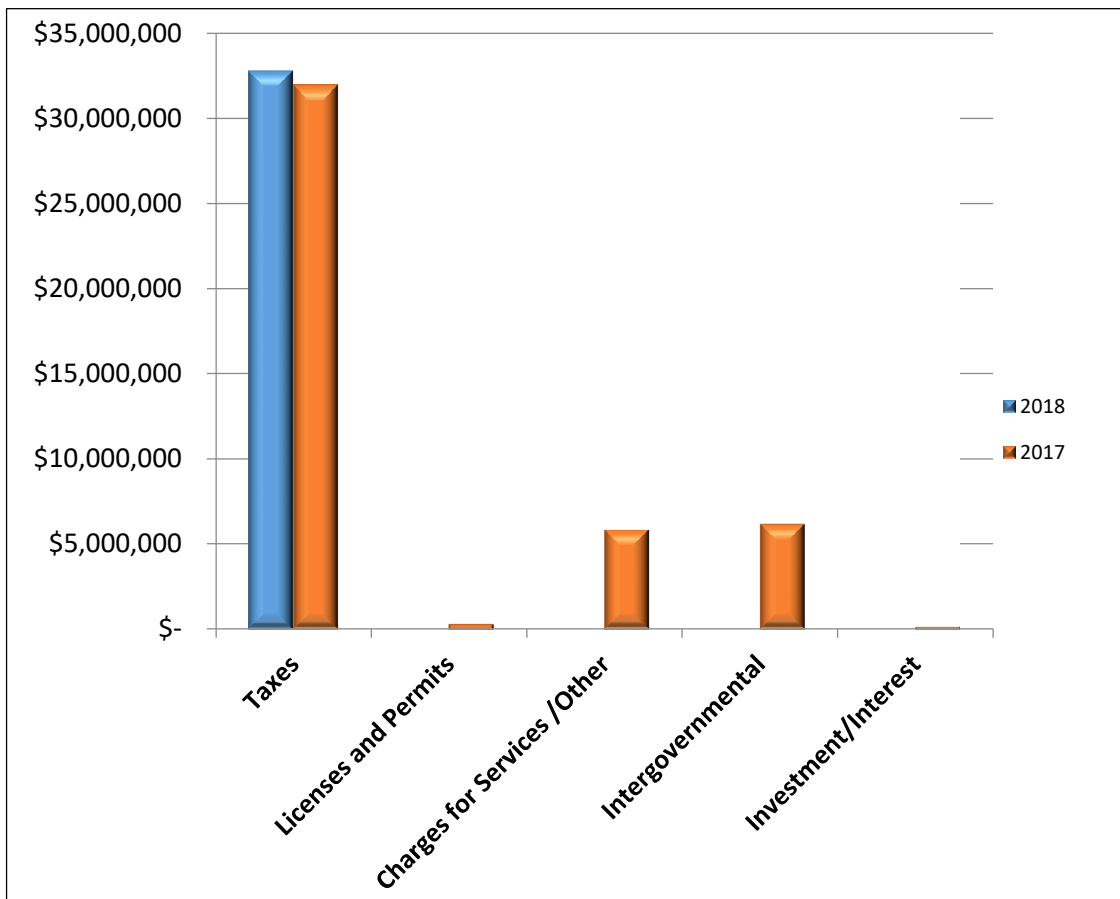
**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

**Governmental Fund Revenues by Major Source**

Property and other taxes amounted to 73.03% of revenue in FY 2018. This compares to 71.9% in FY 2017. Intergovernmental revenues decreased \$461,086 due to a decrease in State school subsidy. Investment income increased from \$133,304 to \$174,188. Overall, revenues were up \$458,131 or 1.02%. This compared to an increase the year before of 3.6%. The total increase in revenue from taxes this past year was \$840,074 or 2.6% compared with 4.8% the previous year.

**Revenues Chart**

	<b>2018</b>	<b>2017</b>	<b>\$ Change</b>	<b>% Change</b>
Taxes	\$ 32,800,638	\$ 31,960,564	840,074	2.6%
Licenses and Permits	266,292	289,417	(23,125)	-8.0%
Charges for Services /Other	5,927,646	5,866,262	61,384	1.0%
Intergovernmental	5,743,798	6,204,884	(461,086)	-7.4%
Investment/Interest	174,188	133,304	40,884	30.7%
	<b>\$ 44,912,562</b>	<b>44,454,431</b>	<b>458,131</b>	<b>1.0%</b>



**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

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**Governmental Fund Expenditures**

Expenditures changed as follows:

	<b>2018</b>	<b>2017</b>	<b>\$ Change</b>	<b>% Change</b>
General government	\$ 2,610,930	\$ 2,551,722	59,208	2.3%
Public works	1,724,877	1,596,387	128,490	8.0%
Facilities	691,111	734,445	(43,334)	-5.9%
Public safety	2,436,202	2,402,061	34,141	1.4%
Cultural and parks	2,910,849	2,883,067	27,782	1.0%
Human services	55,521	53,958	1,563	2.9%
Education	27,063,276	26,407,792	655,484	2.5%
Intergovernmental assessments	1,353,073	1,268,866	84,207	6.6%
Unclassified	28,564	56,901	(28,337)	-49.8%
Sewer	1,576,605	1,529,221	47,384	3.1%
School lunch program	810,588	740,240	70,348	9.5%
Capital outlay	3,520,964	3,562,996	(42,032)	-1.2%
Non-school debt service	1,648,145	1,479,054	169,091	11.4%
<b>Total expenditures</b>	<b>\$ 46,430,705</b>	<b>45,266,710</b>	<b>1,163,995</b>	<b>2.6%</b>
<b>Excluding capital outlay</b>	<b>\$ 42,909,741</b>	<b>41,703,714</b>	<b>1,206,027</b>	<b>2.9%</b>

Total expenditures increased by \$1,163,995 or 2.6%. Education spending increased \$655,484 or 2.5%. Spending, excluding capital outlay, increased \$1,206,027 or 2.9%.

**Transfers**

The General Fund transferred a budgeted \$20,000 to the Turf Field Fund. In FY18 \$173,466 was transferred from the School General Fund balance to the School Lunch Program to cover a year-end deficit. The General Fund provided a planned \$32,914 to the Land Acquisition Fund and \$50,000 to the Rescue Fund. The General Fund transferred \$12,121 in taxes raised for the purpose of the Tax Incremental Financing (TIF) Fund to that fund. In addition, \$426,500 was transferred from the Sewer Fund, Portland Headlight Fund, Thomas Jordan Fund, Infrastructure Fund, and Fort Williams Fund to partially fund planned capital projects.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2018**

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**Significant Changes in Individual Fund Balances**

	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>\$ Change</b>	<b>% Change</b>
General Fund	\$ 7,475,230	\$ 7,457,211	18,019	0.2%
School Categorical Funds	123,617	92,461	31,156	33.7%
Sewer User Fund	1,747,161	1,910,341	(163,180)	-8.5%
Riverside Cemetery Capital Improvements	166,966	154,505	12,461	8.1%
Fort Williams Park Fund	406,002	459,019	(53,017)	-11.6%
Portland Head Light	990,542	869,807	120,735	13.9%
Rescue Fund	(106,510)	53,485	(159,995)	-299.1%
Riverside Perpetual Care	368,550	361,380	7,170	2.0%
Library Fund	269,274	275,584	(6,310)	-2.3%
Land Acquisition Fund	54,871	21,957	32,914	149.9%
Spurwink Church Fund	18,006	23,731	(5,725)	-24.1%
Thomas Jordan Fund	1,139,069	1,075,851	63,218	5.9%
Turf Field	234,915	214,915	20,000	9.3%
Infrastructure Improvement	264,028	391,708	(127,680)	-32.6%
School Bonded Projects	6,840	93,090	(86,250)	-92.7%
Library Project Fund	46,112	48,630	(2,518)	-5.2%
Town Bonded Projects	26,052	980,565	(954,513)	-97.3%
Tax Increment Financing	35,452	23,331	12,121	52.0%

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 decrease is the result of amounts spent to address the combined sewer overflow. The Thomas Jordan Fund increased due to improved market conditions. The Rescue Fund had fewer calls and higher expenditures due to the expansion of the 24/7 per diem coverage. The Portland Head Light Fund increased as a result of sales at the gift shop and museum admissions. The Infrastructure Improvement Fund was established in FY 2007 and decreased due to a planned transfer to the General Fund to fund certain projects. The Land Acquisition Fund increased due to a budgeted annual contribution from the General Fund. The School Bonded Projects Fund and Library Project Fund amounts are nearly spent as the projects are now essentially completed. The TIF Fund was established in FY 2016, and receives annual transfers from the General Fund related to the property tax amounts received from the Town Center TIF District.

**Significant Budget Variances**

The annual budget had few significant budget variances this past year. Due to the improving economy, excise tax income and building permit income exceeded estimates. State revenue sharing was \$9,055 higher than the amount projected. On the expenditure side, school regular instruction costs were at expected amounts, special education instruction costs were over expended due to increased staff requirements, while transportation costs were under budget leading to the overall school budget being under spent by \$8,509. In the municipal budget, capital improvements were under spent by \$978,869, 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, 2018**

<b>Revenues:</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
Excise Taxes	\$ 2,110,441	2,253,099	142,658
Building And Other Permits	145,000	228,240	83,240
Education State Subsidies	2,146,293	2,212,669	66,376
<b>Expenditures:</b>			
Assessing, Codes and Planning	428,426	380,671	47,755
Fire Department	368,440	307,072	61,368
School Department Transportation	713,233	678,188	35,045
Capital Improvements	\$ 2,540,699	1,561,830	978,869

**Capital Improvements**

The Town undertook a number of improvements to capital assets during the year. \$424,595 was spent on roadway and drainage work. \$198,937 was spent on a street sweeper replacement. \$490,255 was spent on the Hill Way / Scott Dyer Road reconstruction project, and \$43,975 for public works utility truck replacement.

**Long-term Debt Activity**

In the early part of the past decade, the Town completed a new police station, a new public works garage, a new community center, new Town center fire station, a new kindergarten wing of the elementary school and renovations to the high school. Net bonded debt as of June 30, 2018 stood at \$14,235,296. This equated to 0.84% of assessed value and to \$1,579 net bonded debt per capita. The ratio of debt service to general governmental expenditures was 4.99% on June 30, 2018, compared to 4.74% on June 30, 2017.

**The Overall Financial Position of the Town**

The overall financial condition continued to be healthy in FY 2018. With an improving economy nationally, the tax collection rate stayed above 99% of the current levy. The unassigned General Fund balance generally stayed the same at a healthy \$4.6 million. The ratio of bonded debt to assessed value stayed relatively unchanged. The infrastructure is in good condition with police, fire, public works, library, and community facilities having been built or substantially remodeled since 2000. The most recent school renovation work was at the high school six years ago, with projected renovation work needed at all three facilities in the near term. 54% of all debt is to be retired in the next ten years with 100% of the debt to be retired in the next 20 years.

The Town's median household income was \$85,604, based on the 2009 – 2012 American Community Survey of the U.S. Census Bureau. Property values have continued to show stable appreciation. Unemployment in the Portland MSA was at 2.8% in July 2018, compared to a state unemployment rate of 3.4% and a national rate of 3.7%.

**Contacting the Town's Financial Management**

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

# **BASIC FINANCIAL STATEMENTS**

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 14,696,781
Investments	750,503
Receivables:	
Accounts	114,014
Due from other governments	169,909
Taxes and liens	121,774
Rescue (net of allowance for uncollectible of \$7,000)	33,597
Sewer fees (net of allowance for uncollectible of \$4,000)	412,442
Inventory	157,430
Capital assets, not being depreciated	1,916,133
Capital assets, being depreciated	40,924,615
<b>Total assets</b>	<b>59,297,198</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	756,058
Deferred outflows of resources related to OPEB	72,539
<b>Total deferred outflows of resources</b>	<b>828,597</b>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	315,646
Accrued payroll and benefits	2,319,981
Unearned revenues	205,211
Taxes collected in advance	278,035
Accrued interest	124,148
Noncurrent liabilities:	
Due within one year	1,967,145
Due in more than one year	17,614,228
<b>Total liabilities</b>	<b>22,824,394</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	63,153
Deferred inflows of resources related to OPEB	72,482
<b>Total deferred inflows of resources</b>	<b>135,635</b>
<b>NET POSITION</b>	
Net investment in capital assets	27,540,441
Restricted	779,741
Unrestricted	8,845,584
<b>Total net position</b>	<b>\$ 37,165,766</b>

*See accompanying notes to basic financial statements.*



**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

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 Governmental activities
<b>Governmental activities:</b>					
General government	\$ 3,596,329	266,292	-	-	(3,330,037)
Public works	3,727,437	74,611	78,228	11,145	(3,563,453)
Facilities	691,111	502,868	-	-	(188,243)
Public safety	2,670,887	243,429	802	-	(2,426,656)
Human services	55,521	-	-	-	(55,521)
Cultural and parks	3,298,199	1,888,057	24,303	-	(1,385,839)
Education	27,340,392	143,571	4,671,153	-	(22,525,668)
School lunch	810,588	532,987	104,135	-	(173,466)
Sewer	1,576,605	2,182,133	-	-	605,528
Capital maintenance expenses	1,036,685	-	-	-	(1,036,685)
Interest on debt	311,536	-	-	-	(311,536)
<b>Total governmental activities</b>	<b>45,115,290</b>	<b>5,833,948</b>	<b>4,878,621</b>	<b>11,145</b>	<b>(34,391,576)</b>
General revenues:					
					30,482,273
					2,253,099
					28,666
					175,826
Grants and contributions not restricted to specific programs:					
					410,576
					418,766
					86,082
					174,188
					122,772
<b>Total general revenues</b>					<b>34,152,248</b>
					(239,328)
					37,405,094
<b>Net position - ending</b>				<b>\$</b>	<b>37,165,766</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,463,863	1,232,918	14,696,781
Investments	-	750,503	750,503
Receivables:			
Accounts	108,661	-	108,661
Due from other governments	-	169,909	169,909
Taxes receivable - current year	87,622	-	87,622
Tax liens	33,946	-	33,946
Tax acquired property	206	-	206
Rescue (net of allowance for uncollectible of \$7,000)	-	33,597	33,597
Sewer fees (net of allowance for uncollectible of \$4,000)	-	412,442	412,442
Inventory	-	157,430	157,430
Interfund loans receivable	-	3,370,791	3,370,791
<b>Total assets</b>	<b>\$ 13,694,298</b>	<b>6,127,590</b>	<b>19,821,888</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	309,686	5,960	315,646
Accrued payroll and benefits	2,281,689	38,292	2,319,981
Unearned revenue	183,402	21,809	205,211
Taxes collected in advance	278,035	-	278,035
Interfund loans payable	3,094,856	270,582	3,365,438
<b>Total liabilities</b>	<b>6,147,668</b>	<b>336,643</b>	<b>6,484,311</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	71,400	-	71,400
<b>Total deferred inflows of resources</b>	<b>71,400</b>	<b>-</b>	<b>71,400</b>
<b>FUND BALANCES</b>			
Nonspendable	-	134,836	134,836
Restricted	344,558	435,183	779,741
Committed	-	4,490,442	4,490,442
Assigned	2,504,597	836,996	3,341,593
Unassigned	4,626,075	(106,510)	4,519,565
<b>Total fund balances</b>	<b>7,475,230</b>	<b>5,790,947</b>	<b>13,266,177</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 13,694,298</b>	<b>6,127,590</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.			42,840,748
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenues in the funds.			71,400
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			(1,456,760)
Accrued interest			(124,148)
Other postemployment benefits liability and related deferred inflows and outflows of resources			(1,225,822)
Net pension liability and related deferred inflows and outflows of resources			(872,630)
Capital leases			(593,702)
Premium on bonds payable			(504,201)
Bonds payable			(14,235,296)
<b>Net position of governmental activities</b>			<b>\$ 37,165,766</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, 2018**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 32,800,638	-	32,800,638
Licenses and permits	266,292	-	266,292
Intergovernmental	5,076,300	667,498	5,743,798
Rental and fees income	-	291,813	291,813
Charges for services	1,483,928	3,788,874	5,272,802
Local grants and contributions	-	61,392	61,392
Other	298,598	3,041	301,639
Investment income	70,108	104,080	174,188
Total revenues	39,995,864	4,916,698	44,912,562
<b>Expenditures:</b>			
<b>Current:</b>			
General government	2,601,795	9,135	2,610,930
Public works	1,724,877	-	1,724,877
Facilities	680,809	10,302	691,111
Public safety	2,001,665	434,537	2,436,202
Cultural and parks	2,246,150	664,699	2,910,849
Human services	46,537	8,984	55,521
Education	26,441,963	621,313	27,063,276
Intergovernmental assessments	1,353,073	-	1,353,073
Unclassified	28,564	-	28,564
School lunch	-	810,588	810,588
Sewer	-	1,576,605	1,576,605
Capital outlay	1,838,579	1,682,385	3,520,964
<b>Debt service:</b>			
Principal and interest	1,428,581	219,564	1,648,145
Total expenditures	40,392,593	6,038,112	46,430,705
Deficiency of revenues under expenditures	(396,729)	(1,121,414)	(1,518,143)
<b>Other financing sources (uses):</b>			
Proceeds from lease	276,749	-	276,749
Transfers from other funds	426,500	288,501	715,001
Transfers to other funds	(288,501)	(426,500)	(715,001)
Total other financing sources (uses)	414,748	(137,999)	276,749
Net change in fund balances	18,019	(1,259,413)	(1,241,394)
Fund balances, beginning of year	7,457,211	7,050,360	14,507,571
<b>Fund balances, end of year</b>	<b>\$ 7,475,230</b>	<b>5,790,947</b>	<b>13,266,177</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, 2018**

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Net change in fund balances - total governmental funds (from Statement 4) \$ (1,241,394)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

These are the changes in capital asset-related amounts:

Capital outlays	2,484,279	
Depreciation	(2,220,249)	
Loss on disposal of capital assets	(1,324,881)	(1,060,851)

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.

(36,600)

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.

These are the changes in the other liability-related amounts:

Accrued interest	16,614	
Accrued compensated absences	(143,628)	
Net pension liability, including related deferred inflows and outflows	534,240	
OPEB liability, including related deferred inflows and outflows	(39,706)	367,520

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 premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These are the changes in long-term debt and related amounts:

Principal payments on bonds and loans	1,783,697	
Amortization of premium on bonds	40,245	1,823,942

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.

These are the changes in capital leases and related amounts:

Proceeds from capital lease issuances	(276,749)	
Principal payments on capital leases	184,804	(91,945)

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**Change in net position of governmental activities (see Statement 2) \$ (239,328)**

*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, 2018**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 32,613,367	32,613,367	32,800,638	187,271
Licenses and permits	185,000	185,000	266,292	81,292
Intergovernmental	3,079,271	3,079,271	3,222,271	143,000
Charges for services	1,378,425	1,378,425	1,483,928	105,503
Other	324,433	324,433	298,598	(25,835)
Investment income	35,000	35,000	70,108	35,108
Total revenues	37,615,496	37,615,496	38,141,835	526,339
<b>Expenditures:</b>				
Current:				
General government	3,409,398	3,505,060	2,601,795	903,265
Public works	1,709,504	1,758,504	1,724,877	33,627
Facilities	796,660	796,660	680,809	115,851
Public safety	2,131,561	2,142,560	2,001,665	140,895
Cultural and parks	2,296,116	2,489,416	2,246,150	243,266
Human services	54,372	54,372	46,537	7,835
Education	24,510,282	24,510,282	24,506,127	4,155
Intergovernmental assessments	1,402,921	1,403,076	1,353,073	50,003
Unclassified	45,414	61,601	28,564	33,037
Capital improvements	1,000,000	2,540,699	1,561,830	978,869
Debt service	1,368,908	1,513,622	1,428,581	85,041
Total expenditures	38,725,136	40,775,852	38,180,008	2,595,844
Deficiency of revenues under expenditures	(1,109,640)	(3,160,356)	(38,173)	3,122,183
<b>Other financing sources (uses):</b>				
Transfer from special revenue funds	25,000	149,500	149,500	-
Transfer from capital projects	-	277,000	277,000	-
Transfer to special revenue funds	(58,239)	(58,239)	(223,466)	(165,227)
Transfer to capital projects funds	(32,121)	(32,121)	(65,035)	(32,914)
Carryforward balances and subsequent authorizations	-	1,203,880	-	(1,203,880)
Utilization of prior year surplus - School	800,000	800,000	-	(800,000)
Utilization of prior year surplus - Town	375,000	820,336	-	(820,336)
Total other financing sources	1,109,640	3,160,356	137,999	(3,022,357)
Net change in fund balance	-	-	99,826	99,826
Reconciliation to GAAP:				
Change in encumbrances			(81,807)	
Fund balance, beginning of year			7,457,211	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>7,475,230</b>	

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

		Private- purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$	88,392	215,548
Total assets		88,392	215,548
<b>LIABILITIES</b>			
Interfund loans payable		5,353	-
Due to student groups		-	215,548
Total liabilities		5,353	215,548
<b>NET POSITION</b>			
Held in trust	\$	<b>83,039</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, 2018**

		<b>Private- purpose Trust Funds</b>
<b>Additions:</b>		
Donations	\$	2,165
Interest earned		511
Total additions		2,676
<b>Deductions:</b>		
Other deductions		4,046
School scholarships		2,890
Total deductions		6,936
Change in net position		(4,260)
Net position, beginning of year		87,299
<b>Net position, end of year</b>	<b>\$</b>	<b>83,039</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.

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

**A. Reporting Entity**

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

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

**B. Government-wide and Fund Financial Statements**

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

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

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

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



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

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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 (e.g., roads, bridges, sidewalks, etc.), 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. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation. The following are the Town's thresholds for capitalization of assets:

Land and improvements	\$25,000
Buildings and improvements	50,000
Furniture/equipment/vehicles	5,000
Infrastructure	150,000

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 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 and net OPEB liabilities, which include the Town's contributions subsequent to the measurement date, which are recognized as reductions of the net pension and OPEB liabilities 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.

**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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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.

**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 has 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, 2018:

Capital assets	\$ 80,118,213
Accumulated depreciation	(37,277,465)
General obligation bonds	(14,235,296)
Premium on bonds	(504,201)
Capital leases	(593,702)
Unspent bond proceeds	32,892
<b>Net investment in capital assets</b>	<b><u>\$ 27,540,441</u></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 \$1,854,029. These amounts have been included as intergovernmental 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 Sewer User Fund, Portland Head Light Fund, Spurwink Church Fund, Riverside Perpetual Care, 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. Deficit Fund Balances**

At June 30, 2018, the following fund had a deficit fund balance:

Special Revenue Funds:	
Rescue Fund	\$ (106,510)

This fund deficit will be covered by future revenue sources or transfers from the General Fund.

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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, 2018, the Town reported deposits of \$15,000,721 with a bank balance of \$16,326,664. 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	\$ 14,696,781
Reported in fiduciary funds	303,940
<b><u>Total deposits</u></b>	<b><u>\$ 15,000,721</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, 2018:

Mutual funds of \$750,503 are valued using quoted prices (Level 1 input). In addition, mutual funds are not considered securities and therefore, are exempt from credit risk disclosures.

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

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**PROPERTY TAXES**

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Property taxes for the current year were committed on August 4, 2017 on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Interest was charged at 7% on all taxes unpaid as of October 2, 2017 and April 2, 2018. Assessed values are periodically established by the Town's Assessor at 98% 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 \$395,655 for the year ended June 30, 2018.

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 2018 and 2017 tax levy:

	<u>2018</u>	<u>2017</u>
Assessed valuation:		
Land	\$ 698,789,700	704,880,300
Buildings	987,093,000	976,646,100
Personal property	7,113,200	6,791,900
	<hr/>	<hr/>
<b>Total assessed valuation</b>	<b>\$ 1,692,995,900</b>	<b>1,688,318,300</b>
	<hr/>	<hr/>
Assessed valuation	\$ 1,692,995,900	1,688,318,300
Tax rate (per \$1,000)	18.00	17.54
Commitment	30,473,926	29,613,103
Supplemental taxes assessed	8,347	-
Total tax levy	30,482,273	29,613,103
Less: Collections and abatements	30,394,651	29,497,849
	<hr/>	<hr/>
<b>Current year receivables at June 30</b>	<b>\$ 87,622</b>	<b>115,254</b>
	<hr/>	<hr/>
Due date(s)	10/2/2017	10/3/2016
	4/2/2018	4/3/2017
Interest rate on delinquent taxes	7.00%	7.00%
Collection rate	99.71%	99.61%

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2018</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,274,831	-	-	1,274,831
Construction in progress	4,987,639	1,716,652	6,062,989	641,302
<b>Total capital assets, not being depreciated</b>	<b>6,262,470</b>	<b>1,716,652</b>	<b>6,062,989</b>	<b>1,916,133</b>
Capital assets, being depreciated:				
Artwork	10,000	-	-	10,000
Land improvements	992,298	1,565,649	-	2,557,947
Buildings and building improvements	44,230,400	4,578,717	-	48,809,117
Furniture and equipment	2,549,243	153,330	-	2,702,573
Vehicles	5,307,907	532,920	218,080	5,622,747
Infrastructure	20,046,707	-	1,547,011	18,499,696
<b>Total capital assets being depreciated:</b>	<b>73,136,555</b>	<b>6,830,616</b>	<b>1,765,091</b>	<b>78,202,080</b>
Less accumulated depreciation for:				
Artwork	250	500	-	750
Land improvements	497,368	71,931	-	569,299
Buildings and building improvements	20,900,624	1,291,683	-	22,192,307
Furniture and equipment	1,327,477	121,736	-	1,449,213
Vehicles	3,604,643	327,053	184,060	3,747,636
Infrastructure	9,167,064	407,346	256,150	9,318,260
<b>Total accumulated depreciation</b>	<b>35,497,426</b>	<b>2,220,249</b>	<b>440,210</b>	<b>37,277,465</b>
<b>Total capital assets being depreciated, net</b>	<b>37,639,129</b>	<b>4,610,367</b>	<b>1,324,881</b>	<b>40,924,615</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 43,901,599</b>	<b>6,327,019</b>	<b>7,387,870</b>	<b>42,840,748</b>

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

Governmental activities:	
General government	\$ 17,125
Public safety	252,499
Public works, including depreciation of general infrastructure assets	677,679
Education	908,113
Cultural and parks	364,833
<b>Total depreciation expense – governmental activities</b>	<b>\$ 2,220,249</b>

In FY 2018, the Town disposed of infrastructure assets that were below the Town's capitalization threshold policy of \$150,000. The current year disposal of infrastructure of \$1,547,011 includes those disposals.



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

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**INTERFUND BALANCES**

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Individual interfund receivable, payable, and transfer balances at June 30, 2018 were as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Interfund payables</u>	<u>Interfund transfers</u>
<b>General Fund</b>	\$ -	3,094,856	137,999
<b>Nonmajor Special Revenue Funds:</b>			
School categorical programs	22,153	-	-
School lunch program	-	24,978	173,466
Sewer user fund	1,334,719	-	(92,000)
Portland Head light	855,706	-	(32,500)
Rescue fund	-	140,107	50,000
Riverside perpetual care	27,545	-	-
Library fund	19,423	-	-
Thomas Jordan fund	-	93,892	(25,000)
Spurwink church fund	-	11,605	-
<b>Total nonmajor special revenue funds</b>	<b>2,259,546</b>	<b>270,582</b>	<b>73,966</b>
<b>Nonmajor Capital Project Funds:</b>			
Riverside cemetery capital improvements	36,973	-	-
Tax increment financing	35,452	-	12,121
School bonded projects	6,840	-	-
Library project	46,112	-	-
Town bonded project	26,052	-	-
Land acquisition	54,871	-	32,914
Infrastructure improvement	264,028	-	(200,000)
Turf field	234,915	-	20,000
Fort Williams park	406,002	-	(77,000)
<b>Total nonmajor capital project funds</b>	<b>1,111,245</b>	<b>-</b>	<b>(211,965)</b>
<b>Fiduciary Funds:</b>			
School scholarship trust	-	225	-
Zimpritch library trust	-	5,128	-
<b>Total fiduciary funds</b>	<b>-</b>	<b>5,353</b>	<b>-</b>
<b>Total</b>	<b>\$ 3,370,791</b>	<b>3,370,791</b>	<b>-</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.

The transfers were budgeted transfers to fund certain activities, except for the transfer to the School Lunch Fund. The transfer to the School Lunch fund was done to cover the year-end deficit.

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

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning balance (restated)	Additions	Reductions	Ending balance	Due within one year
<b>Governmental activities:</b>					
General obligation bonds	\$ 16,018,993	-	1,783,697	14,235,296	1,776,796
Premium	544,446	-	40,245	504,201	40,244
Total bonds payable	16,563,439	-	1,823,942	14,739,497	1,817,040
Capital leases	501,757	276,749	184,804	593,702	150,105
Net pension liability	2,045,058	-	479,523	1,565,535	-
Other postemployment benefits	1,186,116	39,763	-	1,225,879	-
Accrued compensated absences	1,313,132	143,628	-	1,456,760	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 21,609,502</b>	<b>460,140</b>	<b>2,488,269</b>	<b>19,581,373</b>	<b>1,967,145</b>

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**LONG-TERM DEBT**

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Long-term debt payable at June 30, 2018 is comprised of the following:

	Amount of Original issue	Interest rate	Final maturity date	Balance end of year
General obligation bonds:				
2006 Clean water revolving fund	\$ 3,510,000	1.73%	2026	1,549,796
2006 Sewer bond	1,890,000	1.90%-5.50%	2027	850,500
2008 Capital improvements	2,550,000	3.25%-4.13%	2028	1,250,000
2009 Refunding bond	2,899,639	2.00%-2.75%	2020	575,000
2011 Refunding bond	2,110,000	2.00%-2.70%	2021	600,000
2012 Refunding bond	780,000	2.00%-2.50%	2022	300,000
2014 Refunding bond	4,190,000	2.00%-4.00%	2025	2,525,000
2015 General obligation bond	5,450,000	3.00%-3.25%	2035	4,625,000
2016 General obligation bond	2,100,000	3.00%-4.00%	2037	1,960,000
<b>Total</b>				<b>\$ 14,235,296</b>

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

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

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**LONG-TERM DEBT, CONTINUED**

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The annual requirements to amortize all debt outstanding at June 30, 2018 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>
2019	\$ 1,776,796	451,962	2,228,758
2020	1,764,950	399,430	2,164,380
2021	1,483,158	336,806	1,819,964
2022	1,286,422	289,560	1,575,982
2023	1,209,742	245,466	1,455,208
2023-2027	4,194,228	703,501	4,897,729
2028-2032	1,700,000	279,331	1,979,331
2033-2037	820,000	44,007	864,007
<b>Totals</b>	<b>\$ 14,235,296</b>	<b>2,750,063</b>	<b>16,985,359</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, 2018, \$2,715,000 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, 2018, the Town complied with these limitations.

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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, 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, 2018:

Boilers	\$ 580,000
Buses	273,767
Computers and technology equipment	186,153

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

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

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**CAPITAL LEASES, CONTINUED**

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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, 2018:

Fiscal year ending	
<u>June 30,</u>	
2019	\$ 190,557
2020	161,273
2021	131,895
2022	103,949
2023	65,632
2024	65,632
Total minimum lease payments	718,938
Less amounts representing interest	125,236
<b>Present value of future minimum lease payments</b>	<b><u>\$ 593,702</u></b>

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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, 2018, the Town's share is \$1,600,164 (4.50%) of Cumberland County's outstanding debt of \$35,585,000.

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

The Town is responsible for the entire debt service required to finance the PWD's treatment plant at the Spurwink Avenue Treatment Plant (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, 2018, the Town was responsible for \$2,476,250 of its portion of PWD's Wastewater Fund Debt (or 6.32% of PWD's \$39,189,662 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).

**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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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, 2018, the Town was contingently responsible for approximately 6.72%, or \$3,370,145, of the PWD's \$50,150,965 Water Fund Debt.

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

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

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

In 2018, the Town recognized \$335,957 in expenditures related to the combined sewer overflow at Ottawa Road.

**ecomaine** - ecomaine is a solid waste management corporation serving 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, 2018 based on the most recent information available, includes total assets of \$62,899,434 total liabilities of \$17,719,973 and unrestricted net position of \$17,354,190. The liabilities include an accrual for landfill closure and postclosure care amounting to \$14,819,398. 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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**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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**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. In addition, the School Department participates in a public entity risk pool, which is sponsored by the Maine School Management Association (MSMA).

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, 2018.

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**FUND BALANCES**

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At June 30, 2018, portions of the Governmental Funds fund balances were assigned, committed or restricted for future periods or classified as nonspendable for specific amounts as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Portland Head Light – inventory	\$ -	134,836	134,836
Total nonspendable	-	134,836	134,836
Restricted:			
Education	342,058	123,617	465,675
Town grants and donations	2,500	-	2,500
Library	-	269,274	269,274
Tax increment financing	-	35,452	35,452
School bonded projects	-	6,840	6,840
Total restricted	344,558	435,183	779,741
Committed:			
Sewer	-	1,747,161	1,747,161
Portland Head Light	-	855,706	855,706
Riverside perpetual care	-	368,550	368,550
Thomas Jordan	-	1,139,069	1,139,069
Spurwink church	-	18,006	18,006
Library project	-	46,112	46,112
Town bonded projects	-	26,052	26,052
Land acquisition	-	54,871	54,871
Turf field	-	234,915	234,915
Total committed	-	4,490,442	4,490,442
Assigned:			
General government:			
Training	1,800	-	1,800
Records preservation	1,500	-	1,500
Computer maintenance	1,800	-	1,800

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

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**FUND BALANCES, CONTINUED**

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	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Assigned, continued:			
Conferences and meetings	\$ 1,900	-	1,900
GIS improvements	20,000	-	20,000
Code enforcement software	8,500	-	8,500
Debt service	85,041	-	85,041
Family fun day	2,500	-	2,500
Public safety:			
Radio/pager maintenance	2,000	-	2,000
Fire department part time payroll	20,000	-	20,000
Public works and facilities:			
Pavement markers	24,500	-	24,500
Equipment maintenance	4,500	-	4,500
Building maintenance	19,000	-	19,000
Community center maintenance	6,000	-	6,000
Community center building supplies	1,100	-	1,100
Richards pool maintenance	25,000	-	25,000
Greenbelt trails maintenance	18,300	-	18,300
Parks and grounds:			
Fort Williams park tree planting and maintenance	4,300	-	4,300
Tree professional services	30,000	-	30,000
Capital projects:			
Community center capital outlay	81,000	-	81,000
Fort Williams park building repairs	20,000	-	20,000
Fort Williams park stone wall repairs	9,000	-	9,000
Police cruiser replacement	7,391	-	7,391
Roadway and drainage repairs	205,500	-	205,500
Sidewalk improvements	89,500	-	89,500
Original library building	95,000	-	95,000
Town hall meeting spaces/office spaces	102,540	-	102,540
Pool repairs and improvements	63,800	-	63,800
Town center building repairs	50,000	-	50,000
Public works building repairs	95,993	-	95,993
Police department security upgrades	6,200	-	6,200
Police radios	5,000	-	5,000
Community center rental building repairs	13,691	-	13,691
Police department computer replacements	5,000	-	5,000
Town hall main stairwell upgrade	61,500	-	61,500
2019 comprehensive plan	15,022	-	15,022
Park building furnace replacement	6,800	-	6,800
Fort Williams park building painting	18,981	-	18,981
Fort Williams park building roof and siding	21,300	-	21,300
Spurwink church ADA repairs	5,500	-	5,500
Portland Head Light heat pump/gift shop	32,500	-	32,500
Community services washroom and lighting	40,800	-	40,800

**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:			
Spurwink river boardwalk	\$ 37,000	-	37,000
Hill Way and Scott Dyer Road improvements	250,720	-	250,720
Pollack Brook bridge	12,118	-	12,118
Town – re-appropriation of fund balance	875,000	-	875,000
Riverside Cemetery capital improvements	-	166,966	166,966
Infrastructure improvement	-	264,028	264,028
Fort Williams Park	-	406,002	406,002
<b>Total assigned</b>	<b>\$2,504,597</b>	<b>836,996</b>	<b>3,341,593</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. For the year ended June 30, 2018, taxes raised are \$12,121 and there were no TIF related expenditures.

	<u>Original</u> <u>Assessed</u> <u>Value</u>	<u>Current</u> <u>Assessed</u> <u>Value</u>	<u>Captured</u> <u>Value</u>	<u>Captured</u> <u>Tax</u>
TIF District I	\$ 11,276,300	11,949,700	673,400	12,121

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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

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



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

Under the withdrawn PLD, employees are eligible for normal retirement upon attaining age 60 with ten or more years of service or after completing 25 or more years of creditable service prior to age 60.

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

**Consolidated PLD Plan** - Employees are required to contribute 8.00% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2018 was 10.1% of annual pay for the Special Plan 2-C. Contributions to the pension plan from the Town were \$89,623 for the year ended June 30, 2018.

**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, 2018, was 15.05% of annual payroll of which 3.97% of payroll was required from the Town and 11.08% was required from the State. Contributions to the pension plan from the Town were \$532,452 for the year ended June 30, 2018.

**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, 2018 was 0% 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 \$83,508 for the year ended June 30, 2018.

***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, 2017, 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.

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

**Consolidated PLD Plan** - At June 30, 2018, the Town reported a liability of \$631,119 for its proportionate share of the net pension liability. At June 30, 2017, the Town's proportion of the PLD Plan was 0.1541%.

**SET Plan** - At June 30, 2018, 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	\$ 206,754
State's proportionate share of the net pension liability associated with the Town	15,283,420
<b>Total</b>	<b>\$ 15,490,174</b>

At June 30, 2017, the Town's proportion of the SET Plan was 0.0142%.

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, 2017	\$ 5,800,995	4,846,788	954,207
Changes for the year:			
Service cost	4,011	-	4,011
Interest	378,925	-	378,925
Differences between expected and actual experience	69,878	-	69,878
Contributions – employer	-	97,368	(97,368)
Contributions – employee	-	402	(402)
Net investment income	-	582,166	(582,166)
Benefit payments, including refunds of employee contributions	(596,658)	(596,658)	-
Administrative expense	-	(577)	577
Net changes	(143,844)	82,701	(226,545)
<b>Balance at June 30, 2018</b>	<b>\$ 5,657,151</b>	<b>4,929,489</b>	<b>727,662</b>

For the year ended June 30, 2018, the Town recognized pension expense of \$65,762 for the Consolidated PLD Plan, a pension gain of (\$373,286) for the withdrawn PLD plan, and pension expense of \$1,964,902 for the SET plan, with revenue of \$1,486,035 for support provided by the State.

**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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At June 30, 2018, 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	\$ -	21,626
Changes of assumptions	50,475	-
Net difference between projected and actual earnings on pension plan investments	-	36,322
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	5,205
Town contributions subsequent to the measurement date	705,583	-
<b>Total</b>	<b>\$ 756,058</b>	<b>63,153</b>

An amount of \$705,583 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, 2019.

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>	
2019	\$ (20,711)
2020	64,419
2021	1,634
2022	(58,020)

**Actuarial Assumptions** - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
US government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

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

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

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

<u>Consolidated PLD Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$1,266,218	\$631,119	\$152,987

**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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<b><u>SET Plan</u></b>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Town's proportionate share of the net pension liability	\$362,792	\$206,754	\$77,922
<b><u>Withdrawn PLD Plan</u></b>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
Net pension liability	\$1,293,377	\$727,662	\$213,375

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

**Payables to the Pension Plan** - None as of June 30, 2018.

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

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	43
Active employees	-
<b>Total employees</b>	<b>43</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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**OTHER POST EMPLOYMENT BENEFITS**

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***General Information about the OPEB Plans***

**Plan Descriptions** - The Town sponsors three post-retirement benefit plans providing group term life insurance to retiring teachers, police department employees, and other town employees (hereafter referred to as the GTL Plans). The plans are cost-sharing multiple-employer defined benefit OPEB plans administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. MPERS issues a publicly available financial report that is available at [www.maineipers.org](http://www.maineipers.org).

Additionally, the Town sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council has the authority to establish and amend the benefit terms and financing requirements.

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

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Benefits Provided** - Under the GTL Plans, MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plans prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees' average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Under the Health Plan, MMEHT provides healthcare and life insurance benefits for retirees and their dependents. Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

*Employees Covered by Benefit Terms* – At June 30, 2018, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employee entitled to but not yet receiving benefits	-
Active employees	55
Total	60

**Contributions** - Premium rates are determined for both the PLD and SET plans by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims.

PLD OPEB Plans - The Town is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the Town were \$11,095 for the year ended June 30, 2018. Employees are not required to contribute to the PLD OPEB plan.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the Town were \$44,025 for the year ended June 30, 2018. Employers and employees are not required to contribute to the SET OPEB plan.

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

The net OPEB liabilities for the GTL plans were measured as of June 30, 2017 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liabilities was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan - At June 30, 2018, the Town reported a liability of \$189,451 for its proportionate share of the net OPEB liability. At June 30, 2017, the Town's proportion was 1.1313%.

PLD Police OPEB Plan - At June 30, 2018, the Town reported a liability of \$15,564 for its proportionate share of the net OPEB liability. At June 30, 2017, the Town's proportion was 0.0931%.

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

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

SET OPEB Plan - At June 30, 2018, the Town reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the Town was \$485,775 as of June 30, 2018. At June 30, 2017, the Town's proportion was 0.00%.

The Town's total Health Plan OPEB liability of \$1,020,864 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

*Changes in the Total Health Plan OPEB Liability*

		<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$	904,035
Changes for the year:		
Service Cost		34,179
Interest		35,047
Changes of benefit terms		-
Differences between expected and actual experience		71,685
Changes in assumptions or other inputs		(1,774)
Benefit payments		<u>(22,308)</u>
Net changes		<u>116,829</u>
Balance at June 30, 2018	\$	<u><u>1,020,864</u></u>

Change in assumptions reflects a change in the discount rate from 3.78% to 3.44% and a change in valuation method from Projected Unit Credit funding to the Entry Age Normal funding method.

For the year ended June 30, 2018, The Town recognized OPEB expense of \$79,214 related to the Health Plan and gains of (\$6,022) and (\$83) related to the GTL Consolidated PLD and Consolidated PLD – Police, respectively. For the year ended June 30, 2018, the Town recognized OPEB expense of \$44,025, and revenues of \$44,025 for support provided by the State related to the SET OPEB plan. At June 30, 2018, the Town reported no deferred outflows resources nor deferred inflows of resources related to the SET OPEB plan.

At June 30, 2018, The Town reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	61,444	-
Changes in assumptions		-	1,521
Total	\$	<u><u>61,444</u></u>	<u><u>1,521</u></u>

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

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

Deferred outflows of resources and deferred inflows of resources related to the Health Plan will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ 9,988
2020	9,988
2021	9,988
2022	9,988
2023	9,988
Thereafter	9,983

At June 30, 2018, The Town reported deferred outflows of resources and deferred inflows of resources related to the GTL PLD plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	57,127
Net difference between projected and actual earnings on OPEB plan investments	-	9,815
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	4,019
Contributions subsequent to the measurement date	11,095	
Total	\$ 11,095	70,961

\$11,095 is reported as deferred outflows of resources related to the PLD OPEB plans resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plans will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (14,682)
2020	(14,682)
2021	(14,682)
2022	(14,682)
2023	(12,233)

**Actuarial Assumptions and Other Inputs** - The total OPEB liability in the June 30, 2017 actuarial valuations for both the PLD and SET OPEB plans was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	PLD OPEB Plan	SET OPEB Plan
Inflation	2.75%	2.75%
Salary increases	2.75% - 9.00%	2.75% - 14.50%
Investment rate of return	6.875%	6.875%

Mortality rates for both the PLD and SET OPEB plans were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.



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

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

The actuarial assumptions used in the June 30, 2017 valuations for both the PLD and SET OPEB plans were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

**Actuarial Assumptions - Health Plan** - The total OPEB liability in the January 1, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per annum
Salary increases	2.75% per annum
Discount rate	3.44% per annum
Healthcare cost trend rates	8.27% for 2018, decreasing to 4.00% for 2032
Retirees' share of the benefit related costs	100% of projected health insurance premiums

Mortality rates for the Health Plan were based on the RP2014 Total Dataset Healthy Annuity Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2018 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

The long-term expected rate of return on both the PLD and SET OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	16.0%	3.0%
US Government Securities	9.0%	2.3%

**Discount Rate** - The rate used to measure the net OPEB liability for the PLD OPEB plan was 5.41% which is a blend of the assumed long-term expected rate of return of 6.875% and a municipal bond index rate of 3.58%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2017. Projections of the plan's fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2052. Therefore, the portion of the future projected benefit payments after 2052 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

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

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

The rate used to measure the net OPEB liability for the SET OPEB plan was 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The rate used to measure the total OPEB liability for the Health Plan was 3.44%. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

**Sensitivity of the OPEB Liabilities to Changes in the Discount Rates** - The following presents the Town's net OPEB liability related to the Health Plan and net OPEB liabilities related to the GTL plans calculated using the discount rate, as well as what the Town's OPEB liabilities would be if they were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease	Discount Rate	1% Increase
Health Plan OPEB (2.44% - 4.44%)	\$ 1,182,511	1,020,864	889,826
GTL Consolidated PLD (4.41% - 6.41%)	254,255	189,451	138,291
GTL Consolidated PLD – Police (4.41% - 6.41%)	20,888	15,564	11,361

**Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the Town's total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates of 8.27%, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (7.27%) or 1 percentage-point higher (9.27%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 1,145,514	1,020,864	921,753

**OPEB Plan Fiduciary Net Position** - Detailed information about the GTL plans' fiduciary net position is available in a separately issued MPERS financial report.

**RETIREMENT PLANS**

**Defined Contribution Plan**

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

The Town matches the employees' contribution to the plan up to 7% of compensation for the plan year. For the year ended June 30, 2018, the Town and School's contributions to the plan totaled \$253,785.

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

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**RETIREMENT PLANS, CONTINUED**

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**Deferred Compensation Plan**

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

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

**Other**

Additionally, the Town participates in the Social Security Retirement Program. The Town's contribution to Social Security (including Medicare) was approximately \$782,937 for the year ended June 30, 2018.

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**SUBSEQUENT EVENT**

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In September 2018, the Town Council approved a lease purchase agreement with TD Equipment Finance to purchase a ladder truck, an ambulance and a plow/dump truck. The lease is for \$1,500,000 with an interest rate of 2.95% per year and a term of no more than 5 years.

In October 2018, the School Board approved a lease purchase agreement with TD Equipment Finance. The lease is for \$99,949 with an interest rate of 3.49% per year and a term of three years.

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**NEW PRONOUNCEMENT AND RESTATEMENT OF NET POSITION**

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For the fiscal year ended June 30, 2018, the Town has elected to implement GASB Statement No. 75 *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. As a result, the Town has restated beginning net position in the government-wide statement of net position for the addition of the Town's net OPEB liability of \$587,808, which effectively decreased the Town's net position as of July 1, 2017 by \$587,808.

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

<b>Withdrawn PLD</b>				
Last 10 Fiscal Years**				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>				
Service cost	\$ 4,011	12,145	12,215	18,040
Interest	378,925	419,966	446,047	476,464
Difference between expected and actual experience	69,878	(267,896)	(228,728)	(312,353)
Changes in assumptions	-	49,534	59,714	-
Benefit payments, including refunds of employee contributions	(596,658)	(582,633)	(552,867)	(545,068)
Net change in total pension liability	(143,844)	(368,884)	(293,619)	(362,917)
Total pension liability – beginning	5,800,995	6,169,879	6,463,498	6,826,415
<b>Total pension liability – ending (a)</b>	<b>\$ 5,657,151</b>	<b>5,800,995</b>	<b>6,169,879</b>	<b>6,463,498</b>
<b>Plan Fiduciary Net Position</b>				
Contributions – employer	97,368	123,168	181,126	114,468
Contributions – employee	402	2,877	6,770	9,199
Net investment income	582,166	10,948	98,648	836,690
Benefit payments, including refunds of employee contributions	(596,658)	(582,633)	(552,867)	(545,068)
Administration expense	(577)	(4,473)	(4,912)	(4,252)
Net change in plan fiduciary net position	82,701	(450,113)	(271,235)	411,037
Plan fiduciary net position – beginning	4,846,788	5,296,901	5,568,136	5,157,099
<b>Plan fiduciary net position – ending (b)</b>	<b>\$ 4,929,489</b>	<b>4,846,788</b>	<b>5,296,901</b>	<b>5,568,136</b>
<b>Town's net pension liability – ending (a) – (b)</b>	<b>\$ 727,662</b>	<b>954,207</b>	<b>872,978</b>	<b>895,362</b>
Plan fiduciary net position as a percentage of the total pension liability	87.14%	83.55%	85.85%	86.15%
Covered payroll	-	6,181	44,264	104,158
Town's net pension liability as a percentage of covered payroll	N/A	15,438%	1,972%	860%

\*\*Only four years of information available.

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

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

Last 10 Fiscal Years\*\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Consolidated PLD Plan</u></b>				
Town's proportion of the net pension liability	0.1541%	0.1648%	0.1640%	0.1788%
Town's proportionate share of the net pension liability	\$ 631,119	875,619	523,211	275,173
Town's covered payroll	868,191	868,832	807,643	784,698
Town's proportionate share of the net pension liability as a percentage of its covered payroll	72.69%	100.78%	64.78%	35.07%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%
<b><u>SET Plan</u></b>				
Town's proportion of the net pension liability	0.0142%	0.0122%	0.0094%	0.0031%
Town's proportionate share of the net pension liability	206,754	215,232	127,262	33,912
State's proportionate share of the net pension liability associated with the Town	15,283,420	18,455,085	14,033,346	11,196,388
<b><u>Total</u></b>	<b><u>\$ 15,490,174</u></b>	<b><u>18,670,317</u></b>	<b><u>14,160,608</u></b>	<b><u>11,230,300</u></b>
Town's covered payroll	\$ 12,892,814	12,405,910	12,030,288	11,642,925
Town's proportionate share of the net pension liability as a percentage of its covered payroll	1.60%	1.73%	1.06%	0.029%
Plan fiduciary net position as a percentage of the total pension liability	80.78%	76.21%	81.18%	83.91%

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

\*\*Only four 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Consolidated PLD Plan</u></b>				
Contractually required contributions	\$ 89,623	79,005	77,326	67,035
Contributions in relation to the contractually required contribution	(89,623)	(79,005)	(77,326)	(67,035)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
Town's covered payroll	887,359	868,191	868,832	807,643
Contributions as a percentage of covered payroll	10.10%	9.10%	8.90%	8.32%
<b><u>SET Plan</u></b>				
Contractually required contributions	\$ 532,452	433,199	416,839	318,802
Contributions in relation to the contractually required contribution	(532,452)	(433,199)	(416,839)	(318,802)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
Town's covered payroll	13,411,866	12,892,814	12,405,910	12,030,288
Contributions as a percentage of covered payroll	3.97%	3.36%	3.36%	2.65%
<b><u>Withdrawn PLD Plan</u></b>				
Actuarially determined contributions*	\$ 83,508	97,368	123,252	181,236
Contributions in relation to the actuarially required contribution	(83,508)	(97,368)	(123,252)	(181,236)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
Town's covered payroll	-	6,181	44,264	104,158
Contributions as a percentage of covered payroll	N/A	1,575%	278%	174%

\*Amount includes a "catch up" monthly amount to fully fund the IUUAL. There is no payroll associated with the withdrawn plan as all employees have retired as of FY 2018.

\*\*Only four years of information available.

**TOWN OF CAPE ELIZABETH, MAINE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of Changes in the Town's Total Health Plan OPEB Liability and Related Ratios**

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Last 10 Fiscal Years\*

		<u>2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$	34,179
Interest		35,047
Changes of benefit terms		-
Differences between expected and actual experience		71,685
Changes of assumptions or other inputs		(1,774)
Benefit payments		<u>(22,308)</u>
<b>Net change in total OPEB Liability</b>		<u>116,829</u>
Total OPEB liability - beginning		<u>904,035</u>
Total OPEB liability - ending	\$	<u><u>1,020,864</u></u>
Covered-employee payroll	\$	2,910,545
Total OPEB liability as a percentage of covered-employee payroll		35.1%

\* Only one year of information available.

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

Last 10 Fiscal Years\*

**PLD OPEB Plan**

	<b>2018</b>
Town's proportion of the net OPEB liability	1.13%
Town's proportionate share of the net OPEB liability	\$ 189,451
Town's covered-employee payroll	1,073,935
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	17.6%
Plan fiduciary net position as a percentage of the total OPEB liability	47.42%

**PLD OPEB Plan-Police**

	<b>2018</b>
Town's proportion of the net OPEB liability	0.09%
Town's proportionate share of the net OPEB liability	\$ 15,564
Town's covered-employee payroll	422,252
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	3.69%
Plan fiduciary net position as a percentage of the total OPEB liability	47.42%

**SET OPEB Plan**

	<b>2018</b>
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	485,775
Total	485,775
Plan fiduciary net position as a percentage of the total OPEB liability	47.29%

*\*Only one year of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.*



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

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Last 10 Fiscal Years\*

		<u>2018</u>
<b><u>PLD OPEB Plan</u></b>		
Contractually required contribution	\$	8,364
Contributions in relation to the contractually required contribution		<u>(8,364)</u>
Contribution deficiency (excess)	\$	<u><u>-</u></u>
Town's covered-employee payroll	\$	1,041,139
Contributions as a percentage of covered-employee payroll		0.80%
<b><u>PLD OPEB Plan - Police</u></b>		
Contractually required contribution	\$	2,731
Contributions in relation to the contractually required contribution		<u>(2,731)</u>
Contribution deficiency (excess)	\$	<u><u>-</u></u>
Town's covered-employee payroll	\$	425,455
Contributions as a percentage of covered-employee payroll		0.64%

\* Only one year of information available.

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

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**Net Pension Liability**

**Changes of Benefit Terms** - None

**Changes of Assumptions** - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate – PLD	6.875%	7.125%	7.250%
Discount rate – SET	6.875%	7.125%	7.125%
Inflation rate	2.75%	3.50%	3.50%
Salary increases – PLD	2.75-9.00%	3.50-9.50%	3.50-9.50%
Salary increases – SET	2.75-14.50%	3.50-13.50%	3.50-13.50%
Cost of living increases – PLD	2.20%	2.55%	3.12%
Cost of living increases – SET	2.20%	2.55%	2.55%

Mortality rates:

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

In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

*\* This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

**Net OPEB Liability**

**Changes of Benefit Terms** - None

**Changes of Assumptions** - None related to the GTL plan. Under the Health Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Discount Rate</u>
2018	3.44%
2017	3.78%

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

## **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, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,463,863	14,175,071
Accounts receivable	108,661	27,450
Due from other governments	-	28,280
Taxes receivable - current year	87,622	115,254
Tax liens	33,946	61,404
Tax acquired property	206	206
<b>Total assets</b>	<b>\$ 13,694,298</b>	<b>14,407,665</b>
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	309,686	140,590
Accrued payroll and benefits	2,281,689	2,188,151
Taxes collected in advance	278,035	8,282
Unearned revenue	183,402	175,407
Interfund loans payable	3,094,856	4,330,024
<b>Total liabilities</b>	<b>6,147,668</b>	<b>6,842,454</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	71,400	108,000
<b>Total deferred inflows of resources</b>	<b>71,400</b>	<b>108,000</b>
<b>FUND BALANCE</b>		
Restricted:		
Town grants and donations	2,500	2,500
School Department General Fund	342,058	1,249,429
Assigned	2,504,597	1,555,880
Unassigned	4,626,075	4,649,402
<b>Total fund balance</b>	<b>7,475,230</b>	<b>7,457,211</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 13,694,298</b>	<b>14,407,665</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, 2018**  
**(with comparative actual amounts for the year ended June 30, 2017)**

	2018			2017 Actual
	Revised budget	Actual	Variance positive (negative)	
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 30,473,926	30,473,926	-	29,613,103
Supplemental taxes	-	8,347	8,347	-
Change in deferred taxes	-	36,600	36,600	109,000
Excise taxes	2,110,441	2,253,099	142,658	2,205,662
Interest and costs on taxes	29,000	28,666	(334)	32,799
Total taxes	32,613,367	32,800,638	187,271	31,960,564
<b>Licenses and permits:</b>				
Auto registration fees	25,000	24,093	(907)	24,898
Building, electrical and plumbing fees	145,000	228,240	83,240	250,258
Town clerk fees	15,000	13,959	(1,041)	14,261
Total licenses and permits	185,000	266,292	81,292	289,417
<b>Intergovernmental:</b>				
State revenue sharing	401,521	410,576	9,055	410,284
Education - state subsidies	2,146,293	2,212,669	66,376	2,673,547
State agency clients	7,000	4,003	(2,997)	6,203
D.O.T. block grant	78,096	78,228	132	76,980
BETE reimbursement	12,293	-	(12,293)	-
Homestead revenue	373,968	418,766	44,798	233,851
Federal grants-capital contributions	-	11,145	11,145	24,712
Federal grants-public safety	-	802	802	7,113
Other miscellaneous - State and Federal	60,100	86,082	25,982	73,755
Total intergovernmental	3,079,271	3,222,271	143,000	3,506,445
<b>Charges for services:</b>				
Community services programs	1,005,000	1,087,783	82,783	1,018,339
Community services pool fees	197,000	211,055	14,055	182,498
Refuse disposal	80,000	74,611	(5,389)	65,241
Scarborough assessing services	-	-	-	31,787
School department activity fees	63,425	71,508	8,083	64,770
School department miscellaneous	15,000	20,046	5,046	29,243
Library fines and fees	-	38	38	315
Police specials and fees	18,000	18,887	887	19,915
Total charges for services	1,378,425	1,483,928	105,503	1,412,108
<b>Other revenues:</b>				
Cable television franchise	150,433	175,826	25,393	140,629
Miscellaneous donations	-	250	250	500
Miscellaneous	174,000	122,522	(51,478)	202,679
Total other revenues	324,433	298,598	(25,835)	343,808
<b>Investment income:</b>				
Investment earnings	35,000	70,108	35,108	22,729
Total investment income	35,000	70,108	35,108	22,729
Total revenues	37,615,496	38,141,835	526,339	37,535,071

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

	2018			2017 Actual
	Revised budget	Actual	Variance positive (negative)	
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Administration	\$ 586,140	569,284	16,856	548,553
Assessing, codes and planning	428,426	380,671	47,755	372,009
Town council	500	47	453	180
Legal and audit	127,000	124,557	2,443	73,700
Elections	33,032	23,335	9,697	33,730
Boards and commissions	19,506	12,138	7,368	6,361
Insurance	111,500	111,212	288	103,054
Employee benefits	1,368,900	1,291,097	77,803	1,232,275
Public information	64,709	53,927	10,782	52,697
Personnel transitions	-	-	-	103,455
Abatements/overlay	765,347	35,527	729,820	11,658
<b>Total general government</b>	<b>3,505,060</b>	<b>2,601,795</b>	<b>903,265</b>	<b>2,537,672</b>
<b>Public works:</b>				
General public works	1,274,743	1,240,463	34,280	1,153,688
Refuse disposal/recycling	483,761	484,414	(653)	442,699
<b>Total public works</b>	<b>1,758,504</b>	<b>1,724,877</b>	<b>33,627</b>	<b>1,596,387</b>
<b>Facilities:</b>				
Facilities and property management	235,379	269,051	(33,672)	226,459
Town hall maintenance	23,141	19,530	3,611	19,552
Library building	46,046	32,837	13,209	34,968
Community center building	154,850	70,907	83,943	105,089
Donald Richards pool facility	238,145	206,316	31,829	277,440
Town center fire station	27,323	23,272	4,051	14,337
Cape cottage fire station	6,735	5,716	1,019	4,468
Police station	65,041	53,180	11,861	45,331
<b>Total facilities</b>	<b>796,660</b>	<b>680,809</b>	<b>115,851</b>	<b>727,644</b>
<b>Public safety:</b>				
Fire department	368,440	307,072	61,368	294,938
Police department	1,353,331	1,303,666	49,665	1,265,304
Animal control	25,397	25,397	-	25,127
Public safety communications	193,093	186,550	6,543	177,776
WETeam	24,767	12,714	12,053	10,554
Miscellaneous public protection	172,820	162,957	9,863	157,374
Emergency preparedness	4,712	3,309	1,403	4,144
<b>Total public safety</b>	<b>2,142,560</b>	<b>2,001,665</b>	<b>140,895</b>	<b>1,935,217</b>
<b>Cultural and parks:</b>				
Library	539,924	517,297	22,627	490,593
Community services	1,302,935	1,214,721	88,214	1,296,361
Parks and grounds	576,733	481,305	95,428	430,774
Trees	69,824	32,827	36,997	33,361
<b>Total cultural and parks</b>	<b>2,489,416</b>	<b>2,246,150</b>	<b>243,266</b>	<b>2,251,089</b>
<b>Human services</b>	<b>54,372</b>	<b>46,537</b>	<b>7,835</b>	<b>50,663</b>
<b>Education:</b>				
Regular instruction	11,775,113	11,775,113	-	11,279,872
Special education instruction	3,194,073	3,221,596	(27,523)	3,211,809
Career and technical education	72,656	72,656	-	54,660
Other instruction	871,017	871,017	-	843,639
Student and staff support	2,488,024	2,488,024	-	2,385,139
System administration	782,619	782,619	-	756,264
School administration	1,377,575	1,377,575	-	1,139,730
Transportation	713,233	678,188	35,045	710,985
Facilities maintenance	3,028,888	3,028,888	-	3,162,832
Other	3,676	2,689	987	2,839
Debt service	503,900	503,900	-	522,000
<b>Total education</b>	<b>24,810,774</b>	<b>24,802,265</b>	<b>8,509</b>	<b>24,069,769</b>
<b>Intergovernmental assessments</b>	<b>1,403,076</b>	<b>1,353,073</b>	<b>50,003</b>	<b>1,268,866</b>

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

	2018		Variance positive (negative)	2017 Actual
	Revised budget	Actual		
Expenditures, continued				
Current, continued:				
Unclassified:				
Contributions	57,114	21,737	35,377	20,122
Grants	4,487	6,047	(1,560)	28,425
Other	-	780	(780)	8,354
Total unclassified	61,601	28,564	33,037	56,901
Capital improvements:				
4004 Cruiser replacement	42,100	34,709	7,391	46,809
4009 Roadway and drainage	513,800	424,595	89,205	292,123
4013 Sidewalk improvements	98,700	9,122	89,578	63,253
4021 Computer hardware and software	38,800	37,735	1,065	72,740
4024 Town Hall repairs	180,950	25,325	155,625	45,569
4052 Library improvements	142,500	47,084	95,416	7,403
4107 Dump/plow replacement	-	(378)	378	173,646
4127 Pool repairs and improvements	63,800	-	63,800	-
4131 Town center building repairs	58,800	8,765	50,035	-
4136 Grounds equipment	-	-	-	51,941
4143 Public works building repairs	126,500	30,506	95,994	-
4147 Police department security upgrades	6,200	-	6,200	-
5250 CC rental building repairs	14,000	309	13,691	-
5258 Fort Williams canopy grant	-	-	-	7,299
5236 Police radios	5,000	-	5,000	-
5279 Traffic signal equipment replacement	-	-	-	14,690
5286 FW firehouse brickwork	5,000	-	5,000	-
5290 PW pick-up truck replacement	50,000	43,975	6,025	-
5297 Storm damage	-	13,499	(13,499)	-
5301 T.C. fire station renovation	-	-	-	24,981
5304 WETeam boat replacement	80,000	93,378	(13,378)	-
5308 Rotary mower replacement	13,000	12,011	989	2,999
5309 Gas operated metal cutter	-	-	-	3,215
5312 Community services van	-	-	-	56,600
5313 Harbors committee	8,888	16,606	(7,718)	6,059
5314 343 Ocean house road repairs	-	-	-	16,500
5315 Paper street technical study	3,350	898	2,452	6,646
5316 2019 comprehensive plan	54,011	38,848	15,163	989
5317 Park furnace replacement	6,800	-	6,800	-
5318 Fort Williams building painting	19,300	318	18,982	-
5319 Fort Williams building roof and siding	31,900	10,600	21,300	-
5320 Gull crest storage camera	6,500	-	6,500	-
5321 Spurwink church ADA repairs	5,500	-	5,500	-
5322 Portland head light heat pump	32,500	-	32,500	-
5323 Community services washroom and lights	40,800	-	40,800	-
5324 Spurwink river boardwalk	37,000	-	37,000	-
5325 Hill way and scott dyer improvements	615,000	490,255	124,745	-
5326 Street sweeper	215,000	198,937	16,063	-
5327 Middle school baseball field irrigation	18,500	18,368	132	-
5328 Radio repeater replacement	6,500	6,365	135	-
Total capital improvements	2,540,699	1,561,830	978,869	893,462

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

	2018			2017 Actual
	Revised budget	Actual	Variance positive (negative)	
Debt service (excluding School Department)				
Principal and interest payments	\$ 1,513,622	1,428,581	85,041	1,224,193
Total debt service	1,513,622	1,428,581	85,041	1,224,193
Total expenditures	41,076,344	38,476,146	2,600,198	36,611,863
Excess (deficiency) of revenues over (under) expenditures	(3,460,848)	(334,311)	3,126,537	923,208
Other financing sources (uses):				
Transfer to school general fund	300,492	296,138	(4,354)	283,110
Transfer from special revenue funds	149,500	149,500	-	25,000
Transfers from capital projects	277,000	277,000	-	85,000
Transfer to special revenue funds	(58,239)	(223,466)	(165,227)	(159,844)
Transfer to capital projects funds	(32,121)	(65,035)	(32,914)	(64,725)
Carryforward balances and subsequent authorizations	1,203,880	-	(1,203,880)	-
Utilization of prior year surplus - School	800,000	-	(800,000)	-
Utilization of prior year surplus - Town	820,336	-	(820,336)	-
Total other financing sources (uses)	3,460,848	434,137	(3,026,711)	168,541
Net change in fund balance	-	99,826	99,826	1,091,749
Reconciliation to GAAP:				
Change in encumbrances		(81,807)		16,761
Fund balance, beginning of year		7,457,211		6,348,701
<b>Fund balance, ending of year</b>	<b>\$</b>	<b>7,475,230</b>		<b>7,457,211</b>



**ALL OTHER GOVERNMENTAL FUNDS**

**TOWN OF CAPE ELIZABETH, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2018**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,102,925	129,993	1,232,918
Investments	750,503	-	750,503
Receivables:			
Due from other governments	169,909	-	169,909
Rescue (net of allowance for uncollectible of \$7,000)	33,597	-	33,597
Sewer fees (net of allowance for uncollectible of \$4,000)	412,442	-	412,442
Inventory	157,430	-	157,430
Interfund loans receivable	2,259,546	1,111,245	3,370,791
<b>Total assets</b>	<b>\$ 4,886,352</b>	<b>1,241,238</b>	<b>6,127,590</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	5,960	-	5,960
Accrued payroll and benefits	38,292	-	38,292
Unearned revenue - prepaid services	21,809	-	21,809
Interfund loans payable	270,582	-	270,582
<b>Total liabilities</b>	<b>336,643</b>	<b>-</b>	<b>336,643</b>
Fund balances:			
Nonspendable	134,836	-	134,836
Restricted	392,891	42,292	435,183
Committed	4,128,492	361,950	4,490,442
Assigned	-	836,996	836,996
Unassigned	(106,510)	-	(106,510)
<b>Total fund balances</b>	<b>4,549,709</b>	<b>1,241,238</b>	<b>5,790,947</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,886,352</b>	<b>1,241,238</b>	<b>6,127,590</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**All Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2018**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental:	\$ 667,498	-	667,498
Charges for services:			
Building and park rentals and fees	4,415	287,398	291,813
Sewer assessments	2,182,133	-	2,182,133
Lot sales and fees	50,004	11,750	61,754
School programs	52,017	-	52,017
School lunch	532,987	-	532,987
Lighthouse admissions	54,565	-	54,565
Lighthouse gift shop sales	680,876	-	680,876
Rescue charges	224,542	-	224,542
Local grants and contributions	61,392	-	61,392
Miscellaneous	3,041	-	3,041
Investment income	103,369	711	104,080
Total revenues	4,616,839	299,859	4,916,698
Expenditures:			
Current:			
General government	-	9,135	9,135
Education	621,313	-	621,313
School lunch	810,588	-	810,588
Cultural and parks:			
Library	34,967	-	34,967
Portland Head Light	585,033	-	585,033
Cemetery	44,699	-	44,699
Facilities	10,302	-	10,302
Human services	8,984	-	8,984
Public safety	434,537	-	434,537
Sewer	1,576,605	-	1,576,605
Capital outlay	457,144	1,225,241	1,682,385
Debt service	219,564	-	219,564
Total expenditures	4,803,736	1,234,376	6,038,112
Deficiency of revenues under expenditures	(186,897)	(934,517)	(1,121,414)
Other financing sources (uses):			
Transfers from other funds	223,466	65,035	288,501
Transfers to other funds	(149,500)	(277,000)	(426,500)
Total other financing sources (uses)	73,966	(211,965)	(137,999)
Net change in fund balances	(112,931)	(1,146,482)	(1,259,413)
Fund balances, beginning of year	4,662,640	2,387,720	7,050,360
<b>Fund balances, end of year</b>	<b>\$ 4,549,709</b>	<b>1,241,238</b>	<b>\$ 5,790,947</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 or committed by law or administrative actions.

Special revenue funds are established for the following purposes:

### **School Categorical Programs**

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

### **School Lunch Program**

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

### **Sewer User Fund**

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

### **Portland Head Light**

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

### **Rescue Fund**

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

### **Riverside Perpetual Care**

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

### **Library Fund**

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

### **Thomas Jordan Fund**

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

## **NONMAJOR GOVERNMENTAL FUNDS**

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

#### **Spurwink Church Fund**

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

**TOWN OF CAPE ELIZABETH, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2018**

	School Categorical Programs	School Lunch Program	Sewer User 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	\$ -	-	-	-	-	341,005	249,851	482,458	29,611	1,102,925
Investments	-	-	-	-	-	-	-	750,503	-	750,503
Due from other governments	145,716	24,193	-	-	-	-	-	-	-	169,909
Rescue receivable (net of allowance for uncollectible of \$7,000)	-	-	-	-	33,597	-	-	-	-	33,597
Sewer fees receivable (net of allowance for uncollectible of \$4,000)	-	-	412,442	-	-	-	-	-	-	412,442
Inventory	-	22,594	-	134,836	-	-	-	-	-	157,430
Interfund loans receivable	22,153	-	1,334,719	855,706	-	27,545	19,423	-	-	2,259,546
<b>Total assets</b>	<b>\$ 167,869</b>	<b>46,787</b>	<b>1,747,161</b>	<b>990,542</b>	<b>33,597</b>	<b>368,550</b>	<b>269,274</b>	<b>1,232,961</b>	<b>29,611</b>	<b>4,886,352</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	5,960	-	-	-	-	-	-	-	-	5,960
Accrued payroll and benefits	38,292	-	-	-	-	-	-	-	-	38,292
Unearned revenue - prepaid services	-	21,809	-	-	-	-	-	-	-	21,809
Interfund loans payable	-	24,978	-	-	140,107	-	-	93,892	11,605	270,582
<b>Total liabilities</b>	<b>44,252</b>	<b>46,787</b>	<b>-</b>	<b>-</b>	<b>140,107</b>	<b>-</b>	<b>-</b>	<b>93,892</b>	<b>11,605</b>	<b>336,643</b>
Fund balances:										
Nonspendable	-	-	-	134,836	-	-	-	-	-	134,836
Restricted	123,617	-	-	-	-	-	269,274	-	-	392,891
Committed	-	-	1,747,161	855,706	-	368,550	-	1,139,069	18,006	4,128,492
Unassigned	-	-	-	-	(106,510)	-	-	-	-	(106,510)
<b>Total fund balances</b>	<b>123,617</b>	<b>-</b>	<b>1,747,161</b>	<b>990,542</b>	<b>(106,510)</b>	<b>368,550</b>	<b>269,274</b>	<b>1,139,069</b>	<b>18,006</b>	<b>4,549,709</b>
<b>Total liabilities and fund balances</b>	<b>\$ 167,869</b>	<b>46,787</b>	<b>1,747,161</b>	<b>990,542</b>	<b>33,597</b>	<b>368,550</b>	<b>269,274</b>	<b>1,232,961</b>	<b>29,611</b>	<b>4,886,352</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, 2018**

	School Categorical Programs	School Lunch Program	Sewer User Fund	Portland Head Light	Rescue Fund	Riverside Perpetual Care	Library Fund	Thomas Jordan Fund	Spurwink Church Fund	Totals
<b>Revenues:</b>										
Intergovernmental:	\$ 563,363	104,135	-	-	-	-	-	-	-	667,498
Charges for services:										
Building and park rentals and fees	-	-	-	-	-	-	-	-	4,415	4,415
Sewer assessments	-	-	2,182,133	-	-	-	-	-	-	2,182,133
Lot sales and fees	-	-	-	-	-	50,004	-	-	-	50,004
School programs	52,017	-	-	-	-	-	-	-	-	52,017
School lunch	-	532,987	-	-	-	-	-	-	-	532,987
Lighthouse admissions	-	-	-	54,565	-	-	-	-	-	54,565
Lighthouse gift shop sales	-	-	-	680,876	-	-	-	-	-	680,876
Rescue charges	-	-	-	-	224,542	-	-	-	-	224,542
Local grants and contributions	37,089	-	-	-	-	-	24,303	-	-	61,392
Miscellaneous	-	-	-	2,827	-	-	214	-	-	3,041
Investment income	-	-	-	-	-	1,865	4,140	97,202	162	103,369
<b>Total revenues</b>	<b>652,469</b>	<b>637,122</b>	<b>2,182,133</b>	<b>738,268</b>	<b>224,542</b>	<b>51,869</b>	<b>28,657</b>	<b>97,202</b>	<b>4,577</b>	<b>4,616,839</b>
<b>Expenditures:</b>										
Current:										
Education	621,313	-	-	-	-	-	-	-	-	621,313
School lunch	-	810,588	-	-	-	-	-	-	-	810,588
Culture and parks:										
Library	-	-	-	-	-	-	34,967	-	-	34,967
Portland Head Light - operations and staff	-	-	-	241,225	-	-	-	-	-	241,225
Portland Head Light - gift shop costs	-	-	-	343,808	-	-	-	-	-	343,808
Cemetery maintenance	-	-	-	-	-	44,699	-	-	-	44,699
Facilities:										
Spurwink church	-	-	-	-	-	-	-	-	10,302	10,302
Human services	-	-	-	-	-	-	-	8,984	-	8,984
Public safety	-	-	-	-	434,537	-	-	-	-	434,537
Sewer:										
Sewer - operations and maintenance	-	-	72,339	-	-	-	-	-	-	72,339
Sewer - Portland Water District assessments	-	-	1,504,266	-	-	-	-	-	-	1,504,266
Capital outlay	-	-	457,144	-	-	-	-	-	-	457,144
Debt service	-	-	219,564	-	-	-	-	-	-	219,564
<b>Total expenditures</b>	<b>621,313</b>	<b>810,588</b>	<b>2,253,313</b>	<b>585,033</b>	<b>434,537</b>	<b>44,699</b>	<b>34,967</b>	<b>8,984</b>	<b>10,302</b>	<b>4,803,736</b>
<b>Other financing sources (uses):</b>										
Transfers from other funds	-	173,466	-	-	50,000	-	-	-	-	223,466
Transfers to other funds	-	-	(92,000)	(32,500)	-	-	-	(25,000)	-	(149,500)
<b>Total other sources (uses)</b>	<b>-</b>	<b>173,466</b>	<b>(92,000)</b>	<b>(32,500)</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>(25,000)</b>	<b>-</b>	<b>73,966</b>
<b>Net change in fund balances</b>	<b>31,156</b>	<b>-</b>	<b>(163,180)</b>	<b>120,735</b>	<b>(159,995)</b>	<b>7,170</b>	<b>(6,310)</b>	<b>63,218</b>	<b>(5,725)</b>	<b>(112,931)</b>
<b>Fund balances, beginning of year</b>	<b>92,461</b>	<b>-</b>	<b>1,910,341</b>	<b>869,807</b>	<b>53,485</b>	<b>361,380</b>	<b>275,584</b>	<b>1,075,851</b>	<b>23,731</b>	<b>4,662,640</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 123,617</b>	<b>-</b>	<b>1,747,161</b>	<b>990,542</b>	<b>(106,510)</b>	<b>368,550</b>	<b>269,274</b>	<b>1,139,069</b>	<b>18,006</b>	<b>4,549,709</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.

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

### **Riverside Cemetery Capital Improvements**

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

### **Tax Increment Financing**

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

### **School Bonded Projects**

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

### **Library Project**

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

### **Town Bonded Projects**

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

### **Land Acquisition**

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

### **Infrastructure Improvement**

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

### **Turf Field**

This fund is for the replacement of the monofilament surface of Hannaford Field. The Town Council and School Board each budget \$10,000 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, 2018**

	Riverside Cemetery Capital Improvements	Tax Increment Financing	School Bonded Projects	Library Project	Town Bonded Projects	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
<b>ASSETS</b>										
Cash and cash equivalents	\$ 129,993	-	-	-	-	-	-	-	-	129,993
Interfund loans receivable	36,973	35,452	6,840	46,112	26,052	54,871	264,028	234,915	406,002	1,111,245
<b>Total assets</b>	<b>\$ 166,966</b>	<b>35,452</b>	<b>6,840</b>	<b>46,112</b>	<b>26,052</b>	<b>54,871</b>	<b>264,028</b>	<b>234,915</b>	<b>406,002</b>	<b>1,241,238</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>	<b>-</b>
Fund balances:										
Restricted	-	35,452	6,840	-	-	-	-	-	-	42,292
Committed	-	-	-	46,112	26,052	54,871	-	234,915	-	361,950
Assigned	166,966	-	-	-	-	-	264,028	-	406,002	836,996
<b>Total fund balances</b>	<b>166,966</b>	<b>35,452</b>	<b>6,840</b>	<b>46,112</b>	<b>26,052</b>	<b>54,871</b>	<b>264,028</b>	<b>234,915</b>	<b>406,002</b>	<b>1,241,238</b>
<b>Total liabilities and fund balances</b>	<b>\$ 166,966</b>	<b>35,452</b>	<b>6,840</b>	<b>46,112</b>	<b>26,052</b>	<b>54,871</b>	<b>264,028</b>	<b>234,915</b>	<b>406,002</b>	<b>1,241,238</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, 2018**

	Riverside Cemetery Capital Improvements	Tax Increment Financing	School Bonded Projects	Library Project	Town Bonded Projects	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
<b>Revenues:</b>										
Building and other fees	\$ -	-	-	-	-	-	72,320	-	215,078	287,398
Cemetery lot sales	11,750	-	-	-	-	-	-	-	-	11,750
Investment income	711	-	-	-	-	-	-	-	-	711
<b>Total revenues</b>	<b>12,461</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,320</b>	<b>-</b>	<b>215,078</b>	<b>299,859</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	-	-	-	-	-	-	-	-	9,135	9,135
Capital outlay	-	-	86,250	2,518	954,513	-	-	-	181,960	1,225,241
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>86,250</b>	<b>2,518</b>	<b>954,513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191,095</b>	<b>1,234,376</b>
<b>Other financing sources (uses):</b>										
Transfers from other funds	-	12,121	-	-	-	32,914	-	20,000	-	65,035
Transfers to other funds	-	-	-	-	-	-	(200,000)	-	(77,000)	(277,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>12,121</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,914</b>	<b>(200,000)</b>	<b>20,000</b>	<b>(77,000)</b>	<b>(211,965)</b>
<b>Net change in fund balances</b>	<b>12,461</b>	<b>12,121</b>	<b>(86,250)</b>	<b>(2,518)</b>	<b>(954,513)</b>	<b>32,914</b>	<b>(127,680)</b>	<b>20,000</b>	<b>(53,017)</b>	<b>(1,146,482)</b>
<b>Fund balances, beginning of year</b>	<b>154,505</b>	<b>23,331</b>	<b>93,090</b>	<b>48,630</b>	<b>980,565</b>	<b>21,957</b>	<b>391,708</b>	<b>214,915</b>	<b>459,019</b>	<b>2,387,720</b>
<b>Fund balances, end of year</b>	<b>\$ 166,966</b>	<b>35,452</b>	<b>6,840</b>	<b>46,112</b>	<b>26,052</b>	<b>54,871</b>	<b>264,028</b>	<b>234,915</b>	<b>406,002</b>	<b>1,241,238</b>

**FIDUCIARY FUNDS**

**PRIVATE-PURPOSE TRUST FUNDS**

**AGENCY FUNDS**

**TOWN OF CAPE ELIZABETH, MAINE**  
**Private-purpose Trust Funds**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2018**

	School Scholarship Trust	Zimpritch Library Trust	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 69,756	18,636	88,392
<b>Total assets</b>	<b>\$ 69,756</b>	<b>18,636</b>	<b>88,392</b>
<b>LIABILITIES</b>			
Interfund loans payable	225	5,128	5,353
<b>Total liabilities</b>	<b>225</b>	<b>5,128</b>	<b>5,353</b>
<b>NET POSITION</b>			
Held in trust	69,531	13,508	83,039
<b>Total net position</b>	<b>\$ 69,531</b>	<b>13,508</b>	<b>83,039</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Private-purpose Trust Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2018**

	School Scholarship Trust	Zimpritch Library Trust	Total
Additions:			
Donations	\$ 165	2,000	2,165
Interest earned	409	102	511
Total additions	574	2,102	2,676
Deductions:			
Other deductions	-	4,046	4,046
School scholarships	2,890	-	2,890
Total deductions	2,890	4,046	6,936
Change in net position	(2,316)	(1,944)	(4,260)
Net position, beginning of year	71,847	15,452	87,299
<b>Net position, end of year</b>	<b>\$ 69,531</b>	<b>13,508</b>	<b>83,039</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Agency Funds**  
**Statement of Changes in Balances**  
**For the Year Ended June 30, 2018**

	Balances beginning of year	Additions	Deductions	Balances end of year
Activity funds:				
High School Student Activities	\$ 181,333	251,808	261,400	171,741
Middle School Student Activities	40,585	67,109	74,045	33,649
Pond Cove Student Activities	10,867	9,465	10,174	10,158
<b>Total</b>	<b>\$ 232,785</b>	<b>328,382</b>	<b>345,619</b>	<b>215,548</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, 2018**  
**(with comparative actual amount for the year ended June 30, 2017)**

	2018			Variance positive (negative)	2017 Actual
	Original Budget	Final Budget	Actual		
<b>Revenues:</b>					
Town appropriation	\$ 21,866,356	21,546,803	21,546,803	-	20,854,274
State education subsidy--school	1,826,740	2,146,293	2,212,669	66,376	2,673,547
State agency clients	7,000	7,000	4,003	(2,997)	6,203
Other state funds	-	-	9,000	9,000	-
Activity fees	63,425	63,425	71,508	8,083	64,770
Miscellaneous	15,000	15,000	20,046	5,046	29,243
Total revenues	23,778,521	23,778,521	23,864,029	85,508	23,628,037
<b>Expenditures:</b>					
Current:					
Regular instruction	11,929,721	11,775,113	11,775,113	-	11,279,872
Special education instruction	3,138,332	3,194,073	3,221,596	(27,523)	3,211,809
Career and technical education	72,659	72,656	72,656	-	54,660
Other instruction	851,514	871,017	871,017	-	843,639
Student and staff support	2,600,502	2,488,024	2,488,024	-	2,385,139
System administration	759,123	782,619	782,619	-	756,264
School administration	1,149,925	1,377,575	1,377,575	-	1,139,730
Transportation	750,772	713,233	678,188	35,045	710,985
Facilities maintenance	3,050,457	3,028,888	3,028,888	-	3,162,832
Other	3,869	3,676	2,689	987	2,839
Debt service	503,900	503,900	503,900	-	522,000
Total expenditures	24,810,774	24,810,774	24,802,265	8,509	24,069,769
<b>Other financing sources (uses):</b>					
Transfer from Town	300,492	300,492	296,138	(4,354)	283,110
Transfer to Turf Field Fund (budgeted in facilities maintenance)	(10,000)	(10,000)	(10,000)	-	(10,000)
Transfer to School Lunch Fund (budgeted in other)	(58,239)	(58,239)	(173,466)	(115,227)	(87,359)
Budgeted use of surplus	800,000	800,000	-	(800,000)	-
Total other financing sources (uses)	1,032,253	1,032,253	112,672	(919,581)	185,751
Net change in fund balance - budgetary basis	-	-	(825,564)	(825,564)	(255,981)
Fund balance, beginning of year - budgetary basis			955,086		1,211,067
<b>Fund balance, end of year - budgetary basis</b>			<b>129,522</b>		<b>955,086</b>
<b>Reconciliation to GAAP basis:</b>					
Less: prior year encumbrances			(294,343)		(277,582)
Add: current year encumbrances			212,536		294,343
Net change in fund balance - GAAP basis			(907,371)		(239,220)
Fund balance, beginning of year - GAAP basis			1,249,429		1,488,649
<b>Fund balance, end of year - GAAP basis</b>	<b>\$</b>		<b>342,058</b>		<b>1,249,429</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, 2018**

		Fund balances beginning of year	Program revenues	Program expenditures	Fund balances end of year
<b>State and Federal Programs:</b>					
Title IA	\$	53	48,185	48,185	53
Title IIA		-	45,476	45,476	-
Local entitlement		30	456,502	456,532	-
MLTI grant		-	13,200	-	13,200
Transition grant		45,038	-	2,977	42,061
Total state and federal programs		45,121	563,363	553,170	55,314
<b>Other Programs:</b>					
Authorfest		97	-	-	97
Athletic equipment replacement		2,222	12,778	-	15,000
C.E. education foundation		3,699	22,869	23,179	3,389
Cape coalition		830	-	-	830
Cape olympians		348	430	430	348
Easement funds		2,274	-	-	2,274
Escapade program		629	-	-	629
H1N1 grant		4,887	-	-	4,887
HS greenhouse fund		-	511	-	511
iPad maintenance		3,957	26,363	22,014	8,306
Kate Libby fund		210	-	-	210
PC office donation		2,933	-	-	2,933
PCPA donations		3,375	-	3,375	-
School gate receipts-athletics		16,303	19,518	14,541	21,280
School gate receipts-drama		189	5,927	3,585	2,531
Special ed workshop		3,704	-	-	3,704
Turf field rental		826	209	1,019	16
Wellness grant		857	501	-	1,358
Total other programs		47,340	89,106	68,143	68,303
<b>Total</b>	<b>\$</b>	<b>92,461</b>	<b>652,469</b>	<b>621,313</b>	<b>123,617</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass- through Number	Total Federal Expenditures	Cluster/ CFDA Totals	Passed Through to Subrecipients
U. S. Department of Education, passed through Maine Department of Education:					
Title I Grants to Local Educational Agencies	84.010	3107	\$ 48,185		-
Title IIA Supporting Effective Instruction	84.367	3042	45,476		-
Special Education Cluster:					
Special Education Grants to States	84.027	3046	456,532		-
Total Special Education Cluster				456,532	
Total U. S. Department of Education			550,193		-
U. S. Department of Agriculture, passed through Maine Department of Education:					
Child Nutrition Cluster:					
National School Lunch Program	10.555	3022/3024	59,652		-
Breakfast Program	10.553	3014	10,954		-
Donated commodities	10.555	N/A	28,023		-
Total Child Nutrition Cluster				98,629	
Total U. S. Department of Agriculture			98,629		-
U. S. Department of Justice, passed through the Maine Department of Health and Human Services, passed through Cumberland County, Maine:					
2017 Enforcing Underage Drinking Laws Program	16.727	N/A	2,976		-
2018 Enforcing Underage Drinking Laws Program	16.727	N/A	1,195	4,171	-
2017 Justice Assistance Grant	16.738	N/A	953		-
Total U. S. Department of Justice			5,124		-
U.S. Department of Transportation, passed through the Maine Bureau of Highway Safety:					
2017 Click It or Ticket	20.616	N/A	883		-
2018 Click It or Ticket	20.616	N/A	1,251	2,134	-
Total U.S. Department of Transportation			2,134		-
<b>Total federal awards</b>			<b>\$ 656,080</b>		<b>-</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
2018	\$ 3,596,329	3,727,437	691,111	2,670,887	55,521	3,298,199	27,340,392	810,588	-	-	1,576,605	1,036,685	311,536	45,115,290
2017	4,006,432	2,254,680	734,445	2,716,510	53,958	3,192,225	26,290,674	740,240	-	-	1,529,221	420,720	317,950	42,257,055
2016	3,704,929	2,246,236	342,480	2,435,989	83,591	1,668,963	27,132,972	702,972	-	-	1,505,188	459,621	260,985	40,543,926
2015	2,994,466	2,328,806	355,912	2,377,070	61,511	1,602,266	26,181,942	620,153	-	-	1,411,108	515,136	311,373	38,759,743
2014	2,203,480	2,296,460	357,636	2,085,617	61,539	957,257	26,172,500	640,813	1,082,835	966,844	1,387,301	151,479	146,588	38,510,349
2013	1,319,985	2,294,612	334,992	2,039,980	58,466	943,137	24,169,179	630,350	1,019,311	2,195,830	1,495,047	932,659	176,221	37,609,769
2012	1,174,591	2,196,861	291,201	1,984,056	46,245	1,281,201	23,643,004	596,544	1,013,039	2,210,612	1,251,089	954,434	277,245	36,920,122
2011	1,257,993	2,237,584	241,459	2,059,682	52,482	1,130,800	23,709,591	571,477	968,416	1,937,776	1,204,064	787,528	396,145	36,554,997
2010	1,294,806	2,246,229	-	1,962,717	47,837	1,105,290	22,926,211	508,626	987,445	1,796,294	1,126,602	769,543	350,919	35,122,519
2009	1,429,466	2,315,932	-	1,894,280	38,715	1,099,461	22,172,897	503,904	1,030,500	1,848,362	1,083,662	1,798,901	456,013	35,672,093

(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.

Table 2

**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	
2018	\$ 5,833,948	4,878,621	11,145	32,764,038	915,424	174,188	298,598	44,875,962
2017	5,636,885	5,540,255	131,725	31,851,564	717,890	133,304	343,808	44,355,431
2016	5,376,624	5,881,899	627,895	30,532,097	715,532	18,565	329,841	43,482,453
2015	5,276,990	5,322,051	1,041,223	30,029,072	733,544	52,501	248,206	42,703,587
2014	5,458,484	5,071,281	16,158	28,888,688	660,298	134,699	228,934	40,458,542
2013	5,079,106	4,235,013	756,290	27,968,929	902,984	122,110	292,863	39,357,295
2012	4,911,542	5,264,981	-	26,819,699	973,187	58,320	379,976	38,407,705
2011	4,820,801	5,693,378	-	25,807,288	934,917	156,228	260,597	37,673,209
2010	5,322,750	4,633,577	-	25,119,671	914,220	158,548	305,294	36,454,060
2009	4,677,204	5,659,716	-	24,788,910	1,044,489	127,421	240,034	36,537,774

**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>Debt service (1)</b>	<b>Capital improvements</b>	<b>Other expenditures and transfers</b>	<b>Total</b>
2018	\$ 2,601,795	1,724,877	680,809	2,001,665	2,246,150	46,537	24,506,127	1,353,073	1,428,581	1,561,830	317,065	38,468,509
2017	2,537,672	1,596,387	727,644	1,935,217	2,251,089	50,663	23,786,659	1,268,866	1,224,193	893,462	281,470	36,553,322
2016	2,409,010	1,548,041	336,258	1,891,592	998,939	72,977	22,887,223	1,203,042	1,181,063	1,516,755	769,296	34,814,196
2015	2,307,947	1,678,117	349,120	1,865,193	985,897	59,086	22,901,418	1,130,272	900,097	1,343,822	798,958	34,319,927
2014	2,093,378	1,696,555	357,636	1,820,458	957,257	61,539	22,152,487	1,082,835	927,878	853,534	883,370	32,886,927
2013	2,133,127	1,723,157	334,992	1,782,052	943,137	58,466	21,247,797	1,019,311	930,007	2,196,596	625,540	32,994,182
2012	2,015,034	1,643,224	291,201	1,725,819	1,281,201	46,245	20,184,134	1,013,039	1,023,515	1,414,189	396,160	31,033,761
2011	1,957,275	1,681,078	241,459	1,674,776	1,130,800	52,482	19,332,876	968,416	1,011,252	926,646	620,299	29,597,359
2010	1,951,379	1,680,662	-	1,702,665	1,105,290	47,837	18,833,280	987,445	1,158,985	524,960	6,124,200	34,116,703
2009	2,080,520	1,761,263	-	1,742,865	1,192,979	38,715	18,858,306	1,030,500	1,234,894	674,850	339,720	28,954,612

(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>Charges for services (1)</b>	<b>Investment income</b>	<b>Other Revenues</b>	<b>Transfers and other financing sources</b>	<b>Total</b>
2018	\$ 30,518,873	2,281,765	266,292	3,222,271	1,483,928	70,108	298,598	426,500	38,568,335
2017	29,722,103	2,238,461	289,417	3,506,445	1,412,108	22,729	343,808	-	37,535,071
2016	28,399,890	2,110,207	182,400	4,272,996	160,735	20,225	329,841	-	35,476,294
2015	27,999,747	1,994,325	201,491	3,460,981	196,617	23,408	248,206	315,189	34,439,964
2014	27,079,171	1,850,517	192,108	3,442,636	198,923	13,418	228,934	274,736	33,280,443
2013	26,168,607	1,783,322	154,583	3,648,824	195,942	24,632	292,863	480,000	32,748,773
2012	25,003,996	1,717,703	140,616	3,364,205	389,048	49,116	379,976	3,177,818	34,222,478
2011	24,164,104	1,683,184	128,899	2,998,682	350,354	33,343	260,597	136,161	29,755,324
2010	23,415,310	1,704,361	148,480	2,290,148	397,674	88,070	305,294	6,179,270	34,528,607
2009	23,051,800	1,710,410	140,388	3,829,825	521,011	157,421	111,499	77,202	29,599,556

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

Table 5

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

Fiscal year end	Direct		Overlapping	Total tax rate	
	Town	Education and Community Services	County		
2018	\$	4.47	12.74	0.79	18.00
2017		4.40	12.40	0.74	17.54
2016		3.92	12.26	0.70	16.88
2015		3.66	12.47	0.67	16.80
2014		3.66	11.97	0.65	16.28
2013		3.46	11.77	0.61	15.84
2012		3.48	11.10	0.60	15.18
2011		4.13	13.03	0.70	17.86
2010		4.19	12.63	0.72	17.54
2009		4.22	12.46	0.76	17.44



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>
2018	\$ 30,473,926	30,386,304	99.71%	-	30,386,304	99.71%
2017	29,613,103	29,497,849	99.61%	98,579	29,596,428	99.94%
2016	28,406,589	28,268,887	99.52%	136,956	28,405,843	100.00%
2015	28,034,747	27,872,535	99.42%	161,910	28,034,445	100.00%
2014	27,009,057	26,818,436	99.29%	189,729	27,008,165	100.00%
2013	26,179,228	26,012,826	99.36%	165,534	26,178,360	100.00%
2012	25,093,125	24,869,100	99.11%	223,193	25,092,293	100.00%
2011	24,102,111	23,941,795	99.33%	159,427	24,101,222	100.00%
2010	23,412,446	23,256,304	99.33%	155,307	23,411,611	100.00%
2009	23,076,498	22,813,083	98.86%	262,946	23,076,029	100.00%

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)	
2018	\$ 1,685,882,700	7,113,200	1,692,995,900	1,980,850,000	85.47%
2017	1,681,526,400	6,791,900	1,688,318,300	1,915,450,000	88.14%
2016	1,676,048,700	6,806,100	1,682,854,800	1,840,800,000	91.42%
2015	1,661,816,800	6,918,100	1,668,734,900	1,723,250,000	96.84%
2014	1,652,277,200	6,755,800	1,659,033,000	1,685,300,000	98.44%
2013	1,646,537,200	6,191,800	1,652,729,000	1,685,400,000	98.06%
2012	1,647,128,000	5,910,500	1,653,038,500	1,710,750,000	96.63%
2011	1,343,498,400	6,003,900	1,349,502,300	1,789,750,000	75.40%
2010	1,328,858,200	5,944,900	1,334,803,100	1,784,100,000	74.82%
2009	1,319,023,300	4,170,400	1,323,193,700	1,828,400,000	72.37%

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

Table 8

**TOWN OF CAPE ELIZABETH, MAINE**  
**Principal Taxpayers**  
**For the Year Ended June 30, 2018**

Name	Assessed valuation	% of total tax commitment
Sprague Corporation	\$ 16,949,000	1.00%
Inn By the Sea	15,060,200	0.89%
Health Care Property Investors Inc.	6,000,600	0.35%
Central Maine Power	5,908,300	0.35%
1172 LLC	4,789,800	0.28%
Purpoodock Club	4,567,400	0.27%
Miller, Jo Trust	4,055,600	0.24%
McGinn, Suzanne	3,459,900	0.20%
Smith, David	3,250,300	0.19%
Rams' Head Partners	2,474,900	0.15%

**TOWN OF CAPE ELIZABETH, MAINE**  
**Computation of Legal Debt Margin**  
**For the Year Ended June 30, 2018**

Total estimated actual valuation by State		\$	<u>1,980,850,000</u>
Legal debt margin:			
Debt limitation - 15% of estimated actual valuation			297,127,500
Debt applicable to debt limitation:			
Municipal	7.5%	148,563,750	8,532,049
School	10.0%	198,085,000	4,153,451
Storm and sanitary sewers	7.5%	148,563,750	1,549,796
Airport, water and special districts	3.0%	59,425,500	-
Total	28.0%	554,638,000	14,235,296
Total bonded debt applicable to debt limit			14,235,296
<b>Legal debt margin</b>			<b>\$ 282,892,204</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
2018	9,015	\$ 1,692,995,900	14,235,296	0.84%	1,579
2017	9,015	1,688,318,300	16,018,993	0.95%	1,777
2016	9,015	1,682,854,800	15,569,641	0.93%	1,727
2015	9,015	1,668,734,900	17,247,295	1.03%	1,913
2014	9,015	1,659,033,000	13,807,003	0.83%	1,532
2013	9,015	1,652,729,000	16,053,817	0.97%	1,781
2012	9,015	1,653,038,500	18,122,786	1.10%	2,010
2011	9,015	1,349,502,300	19,998,958	1.48%	2,218
2010	9,068	1,334,803,100	22,067,420	1.65%	2,434
2009	9,068	1,323,193,700	24,093,100	1.82%	2,657

(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
2018	\$ 1,428,581	503,900	1,932,481	38,764,647	4.99%
2017	1,224,193	522,000	1,746,193	36,836,432	4.74%
2016	1,181,063	764,318	1,945,381	34,814,196	5.59%
2015	887,347	1,227,675	2,115,022	34,319,927	6.16%
2014	905,703	1,288,591	2,194,294	32,886,927	6.67%
2013	930,007	1,323,403	2,253,410	32,994,182	6.83%
2012	1,023,515	1,357,916	2,381,431	30,731,943	7.75%
2011	1,011,252	1,391,680	2,402,932	29,383,359	8.18%
2010	1,158,985	1,468,285	2,627,270	28,351,703	9.27%
2009	1,234,894	1,565,811	2,800,705	28,954,612	9.67%

(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, 2018**

<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	\$ 14,235,296	100.00%	14,235,296
Overlapping debt:			
Cumberland County	35,585,000	4.50%	1,600,164
Portland Water District -- sewer debt	39,189,662	6.32%	2,476,250
Contingent debt:			
Portland Water District -- water debt	50,150,965	6.72%	3,370,145