

**TOWN OF CAPE ELIZABETH, MAINE**

**Annual Financial Report**

**For the Year Ended June 30, 2020**

**TOWN OF CAPE ELIZABETH**  
**Annual Financial Report**  
**For the Year Ended June 30, 2020**

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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, 2020, 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, 2020, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the schedules related to the net pension liability, the total OPEB liabilities, and the net OPEB liabilities, 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 January 22, 2021 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 solely 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 the effectiveness of the Town of Cape Elizabeth, Maine's 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 the Town of Cape Elizabeth, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remya Kristen Ouellette". The signature is written in a cursive style with a large initial 'R'.

January 22, 2021  
South Portland, Maine

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2020**

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## Introduction

As the Town Manager of the Town of Cape Elizabeth, 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.

## Financial Highlights

- The total assets for all governmental activities equal \$60,367,551.
- The total net position is \$36,549,138. Net position includes a \$30,878,480 net investment in capital assets, \$2,062,293 in restricted net position and \$3,608,365 in unrestricted net position.
- For the reporting period, the Town had an decrease in fund balance for total governmental funds (from statement 4) of \$1,216,893.
- The fund balance for the General Fund decreased \$898,263.
- The School General Fund balance increased from \$238,814 to \$1,541,397 as education costs were lower than anticipated by \$1.2 million.
- The Town General Fund unassigned fund balance decreased from \$5,509,649 to \$4,619,889 as revenues were lower than anticipated and due to the planned use of fund balance.

## 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.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2020**

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The governmental fund statements provide a detailed *short-term* view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

- *Fiduciary Funds* - Fiduciary funds are used to account for resources held for the benefit of 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>2020</b>	<b>2019</b>	<b>Change</b>
Current and other assets	\$16,724,448	\$ 17,404,599	\$(680,151)
Capital assets	43,643,103	42,121,464	1,521,639
<b>Total assets</b>	<b>60,367,551</b>	<b>59,526,063</b>	<b>841,488</b>
Deferred outflows related to pensions	911,806	865,034	46,772
Deferred outflows related to OPEB	289,154	213,980	75,174
<b>Total deferred outflows</b>	<b>1,200,960</b>	<b>1,079,014</b>	<b>121,946</b>
Other liabilities	3,848,359	3,376,974	471,385
Long-term liabilities	20,649,995	22,205,172	(1,555,177)
<b>Total liabilities</b>	<b>24,498,354</b>	<b>25,582,146</b>	<b>(1,083,792)</b>
Deferred inflows related to pensions	275,340	217,057	58,283
Deferred inflows related to OPEB	245,679	274,200	(28,521)
<b>Total deferred inflows</b>	<b>521,019</b>	<b>491,257</b>	<b>29,762</b>
Net investment in capital assets	30,878,480	27,532,249	3,346,231
Restricted	2,062,293	776,662	1,285,631
Unrestricted	3,608,365	6,222,763	(2,614,398)
<b>Total net position</b>	<b>\$ 36,549,138</b>	<b>\$ 34,531,674</b>	<b>\$ 2,017,464</b>



**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2020**

**Change in Net Position**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
<b>Sources of Revenues</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 5,782,369	5,961,617	(179,248)
Operating grants and contributions	5,167,030	4,118,410	1,048,620
Capital grants and contributions	36,660	53,000	(16,340)
<b>Total program revenues</b>	<b>10,986,059</b>	<b>10,133,027</b>	<b>853,032</b>
<b>General Revenues:</b>			
Property and other taxes	36,415,544	35,071,390	1,344,154
Grants and contributions not restricted to specific programs	1,197,526	993,964	203,562
Unrestricted investment income	231,904	217,798	14,106
Other	208,198	326,475	(118,277)
<b>Total general revenues</b>	<b>38,053,172</b>	<b>36,609,627</b>	<b>1,443,545</b>
<b>Total revenues</b>	<b>49,039,231</b>	<b>46,742,654</b>	<b>2,296,577</b>
<b>Functional Expenses:</b>			
General government	4,775,481	4,239,526	535,955
Public works	2,573,405	2,568,984	4,421
Facilities	727,188	750,630	(23,442)
Public safety	3,259,551	2,880,288	379,263
Human services	105,739	70,751	34,988
Cultural and parks	2,673,921	3,190,210	(516,289)
Library	712,927	540,558	172,369
Education	28,961,953	27,982,396	979,557
School lunch	673,958	730,207	(56,249)
Sewer	1,672,221	1,582,769	89,452
Capital maintenance expenses	619,457	864,640	(245,183)
Interest on debt	265,966	266,856	(890)
<b>Total expenses</b>	<b>47,021,767</b>	<b>45,667,815</b>	<b>1,353,952</b>
<b>Change in net position</b>	<b>2,017,464</b>	<b>1,074,839</b>	<b>942,625</b>
<b>Net position – beginning of year</b>	<b>34,531,674</b>	<b>33,456,835</b>	<b>1,074,839</b>
<b>Net position – end of year</b>	<b>\$ 36,549,138</b>	<b>34,531,674</b>	<b>2,017,464</b>

**Assets**

**Cash and Cash Equivalents**

Cash and cash equivalents decreased \$643,644, from \$15,247,584 to \$14,603,940. The decrease is attributable to the timing of payments on long-term liabilities.

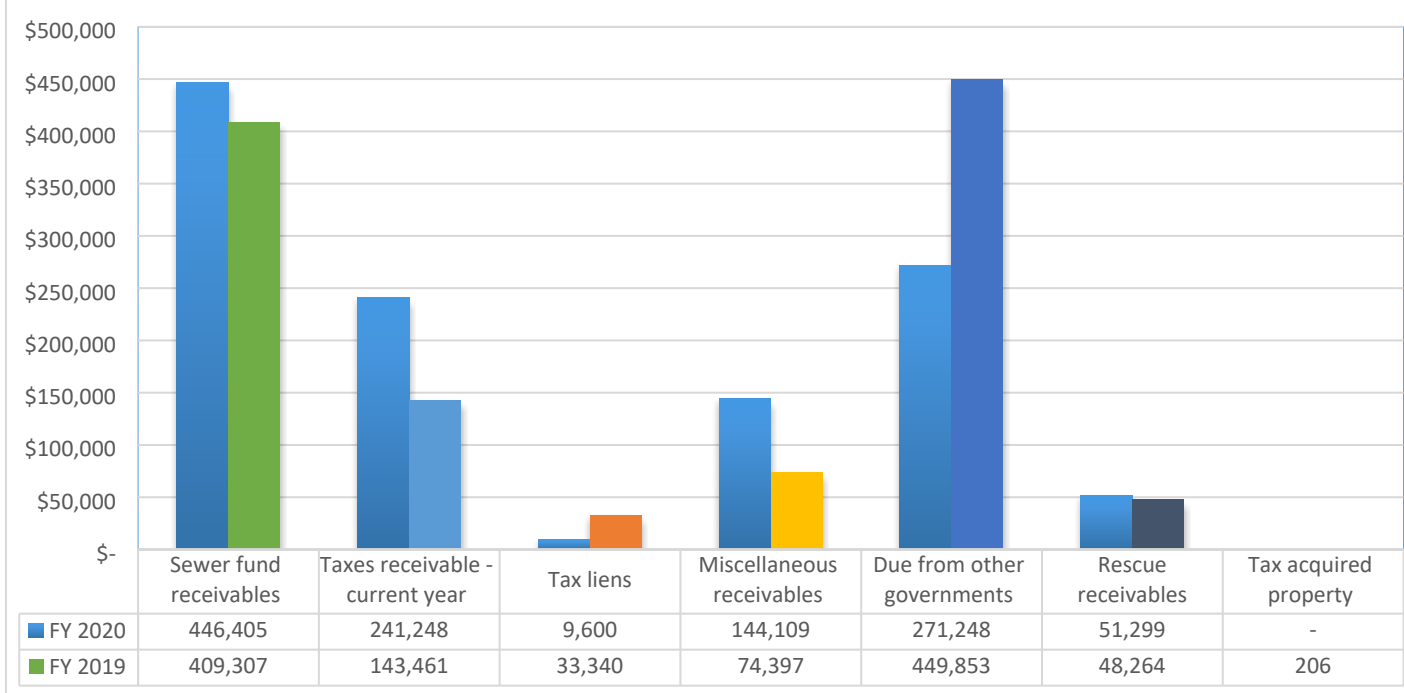
**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2020**

**Receivables**

The Town continues to have an excellent record of tax receivables, maintaining the collection rate of the levy for the current year at 99.29%. The taxes receivable amount increased from the prior year, although it stayed relatively consistent with the prior year due to cooperation from taxpayers. The sewer receivable increased due to the timing of payments from the Portland Water District. The Town places liens on uncollected sewer fees, so eventually the entire receivable is paid.

	<b>FY 2020</b>	<b>FY 2019</b>
Sewer fund receivables	\$ 446,405	\$ 409,307
Taxes receivable- current year	241,248	143,461
Tax liens	9,600	33,340
Miscellaneous receivables	144,109	74,397
Due from other governments	271,248	449,853
Rescue receivables	51,299	48,264
Tax acquired property	-	206
<b>Total</b>	<b>\$1,163,909</b>	<b>\$ 1,158,828</b>
% Sewer	38%	35%
% Taxes and other	62%	65%

**Accounts Receivable**



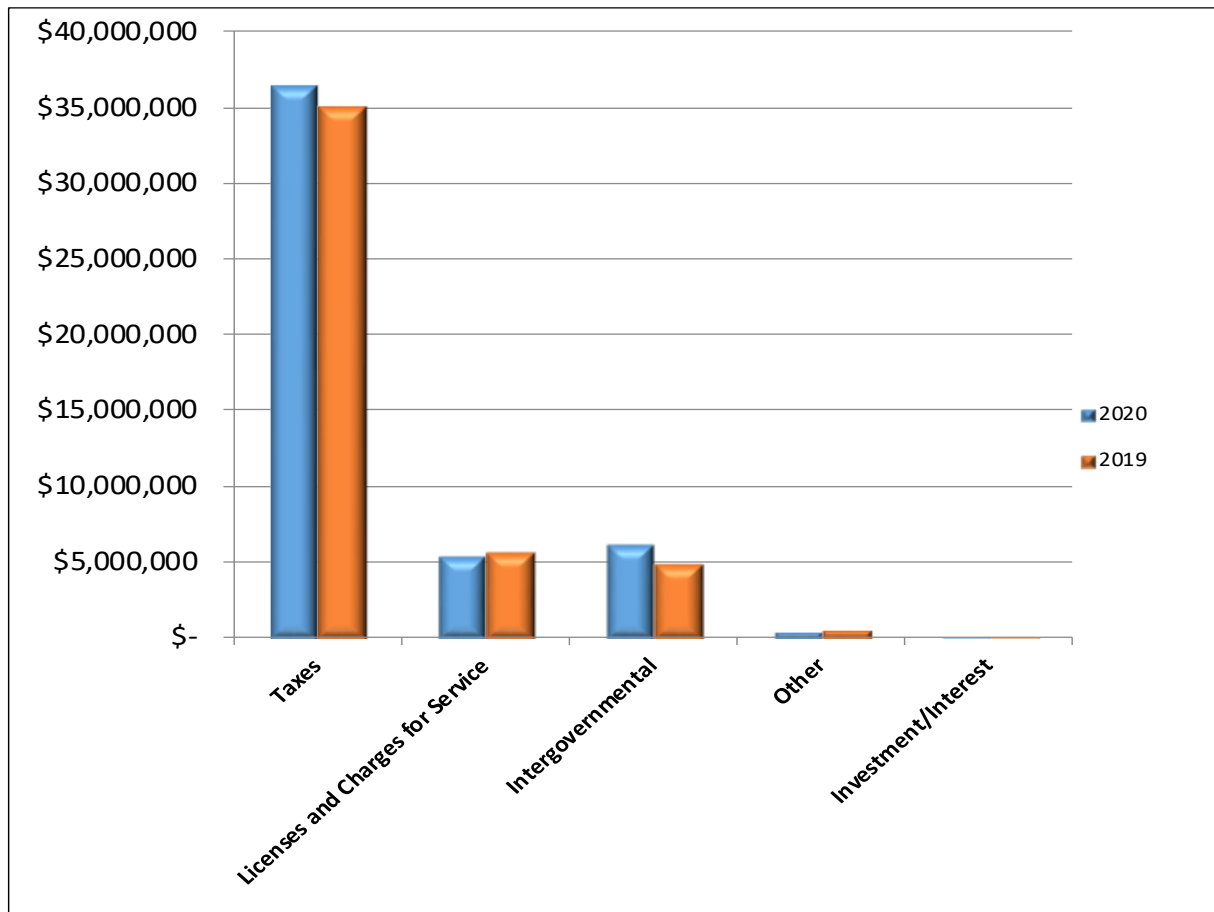
**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2020**

**Governmental Fund Revenues by Major Source**

Property and other taxes amounted to 74.24% of revenue in FY 2020. This compares to 75.00% in FY 2019. Intergovernmental revenues increased \$1,190,253 due to an increase in State revenue sharing and State school subsidy. Charges for services decreased due to a decrease in revenues from community services programs. Overall, revenues were up \$2,319,977 or 5.0%. This compared to an increase the year before of 4.0%. The total increase in revenue from taxes this past year was \$1,367,554 or 3.9% compared with 6.8% the previous year.

**Revenues Chart**

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Taxes	\$ 36,387,144	\$ 35,019,590	1,367,554	3.9%
Licenses and Charges for Service	5,519,854	5,763,668	(243,814)	-4.2%
Intergovernmental	6,251,613	5,061,360	1,190,253	23.5%
Other	620,316	628,438	(8,122)	-1.3%
Investment/Interest	231,904	217,798	14,106	6.5%
	<b>\$ 49,010,831</b>	<b>46,690,854</b>	<b>2,319,977</b>	<b>5.0%</b>



**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2020**

**Governmental Fund Expenditures**

Expenditures changed as follows:

	<b>2020</b>	<b>2019</b>	<b>\$ Change</b>	<b>% Change</b>
General government	\$ 1,361,825	\$ 1,437,742	(75,917)	-5.3%
Insurance and Benefits	1,639,335	1,529,586	109,749	7.2%
Public safety	2,967,541	2,766,199	201,342	7.3%
Public works	1,908,680	1,788,386	120,294	6.7%
Facilities	684,931	750,630	(65,699)	-8.8%
Cultural and parks	2,316,333	2,610,218	(293,885)	-11.3%
Library	577,414	540,558	36,856	6.8%
Human services	105,739	70,751	34,988	49.5%
Education	28,727,100	27,667,381	1,059,719	3.8%
Intergovernmental assessment	1,530,646	1,404,536	126,110	9.0%
Unclassified	140,318	157,038	(16,720)	-10.6%
School lunch program	673,958	730,207	(56,249)	-7.7%
Sewer	1,672,221	1,582,769	89,452	5.7%
Capital outlay	4,523,673	2,608,661	1,915,012	73.4%
Non-school debt service	2,959,524	1,887,798	1,071,726	56.8%
<b>Total expenditures</b>	<b>\$ 51,789,238</b>	<b>47,532,460</b>	<b>4,256,778</b>	<b>9.0%</b>
Excluding capital outlay	<b>\$ 47,265,565</b>	<b>44,923,799</b>	<b>2,341,766</b>	<b>5.2%</b>

Total expenditures increased by \$4,256,778 or 9.0%. Education spending increased \$1,059,719 or 3.8%. Spending, excluding capital outlay, increased \$2,341,766 or 5.2% due to increases on public safety, public works, education, and debt service.

**Transfers**

The School General Fund transferred \$64,538 to the School Lunch Program. The General Fund provided budgeted transfers to the following funds:

- Land Acquisition Fund - \$32,914;
- Rescue Fund - \$50,000;
- Turf Field Fund - \$20,000; and

The General Fund received operating transfers from the following funds:

- Sewer Fund - \$62,129;
- Thomas Jordan Fund - \$25,000;
- Riverside Cemetery – Perpetual Care \$1,632;
- Fort Williams Park CIP - \$8,475;
- Portland Head Light - \$8,220; and
- Spurwink Church - \$300.

In addition, the General Fund received transfers from the following funds to support capital improvement projects:

- Fort Williams Park CIP Fund - \$110,000;
- Portland Headlight Fund, - \$100,000;
- Rescue Fund - \$55,000, and
- Library Project - \$46,112.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2020**

**Significant Changes in Individual Fund Balances**

	<b>6/30/2020</b>	<b>6/30/2019</b>	<b>\$ Change</b>	<b>% Change</b>
General Fund	\$ 8,186,120	\$ 9,084,383	(898,263)	-9.9%
School Grants and Other Programs	120,741	92,977	27,764	29.9%
School Lunch Program	(246,011)	(100,380)	(145,631)	145.1%
Sewer User Fund	2,134,346	1,956,840	177,506	9.1%
Portland Head Light	395,310	570,366	(175,056)	-30.7%
Rescue Fund	(842,747)	(538,601)	(304,146)	56.5%
Other Town Programs	7,258	2,512	4,746	188.9%
Riverside Perpetual Care	408,598	388,865	19,733	5.1%
Library Fund	262,239	282,023	(19,784)	-7.0%
Libby Bequest	73,282	-	73,282	100.0%
Thomas Jordan Fund	1,139,351	1,136,307	3,044	0.3%
Spurwink Church Fund	9,011	13,532	(4,521)	-33.4%
Riverside Cemetery Capital Improvements	192,989	178,129	14,860	8.3%
Tax Increment Financing	146,007	76,474	69,533	90.9%
School Bonded Projects	(46,098)	76,640	(122,738)	-160.1%
Library Project Fund	-	46,112	(46,112)	-100.0%
Town Bonded Projects	26,052	26,052	-	0.0%
Land Acquisition Fund	42,253	(3,089)	45,342	-1467.9%
Infrastructure Improvement	310,279	246,409	63,870	25.9%
Turf Field	274,915	254,915	20,000	7.8%
Fort Williams Park Fund	226,790	247,112	(20,322)	-8.2%
<b>Total</b>	<b>12,820,685</b>	<b>14,037,578</b>	<b>(1,216,893)</b>	

The School Board will address School Lunch Program finances as the fund ended the year with a \$246,011 deficit. The School Board budgeted a transfer of \$105,500 in FY 2021. In FY 2022, we anticipate that the remaining balance will be paid. The Sewer User Fund increase is the result of less spending on capital items. In FY 2021, the Rescue Fund receivables were brought into the General Fund. The Rescue squad is now part of the General Fund for revenues and expenditures. The accumulated deficit of \$842,747 will be reduced over 3 years. In FY 2021, the Town budgeted \$300,000 to reduce this deficit. The Portland Head Light and Fort Williams CIP Funds decreased due to construction projects and the closure of the park due to COVID. The Tax Increment Financing Fund receives annual transfers from the General Fund related to the property tax amounts received from the Town Center TIF District. The Other Town projects grew due to the town receiving funds from the US DOJ – Asset Forfeiture Program; a local scholarship program for the Fire Department and a bequest for improvements at the Library.

**Significant Budget Variances**

The annual budget had few significant budget variances this past year. Due to the improving economy, excise tax income and investment income were exceeding estimates until COVID shut the Town down. Excise tax collections did recover at the end of the year as staff worked with the public to limit in-person registrations and more of the public used online payment services for registrations and tax payments. Recreation programs were suspended and both Fort Williams Park and Portland Head Light Museum were closed. The Town continued to pay staff who were home due to COVID even though revenues were not coming in. Capital improvement projects underspent the budget by \$1,036,848. The Town carried \$953,967 of that amount into FY 2021. During FY 2020, the Town Council adopted an order that appropriations for capital projects and grants would continue until the projects were completed or abandoned. The only carry forward authorization will be for operating budget appropriations.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2020**

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Other General Fund departments with under expenditures include the Police and Fire Departments, Community Services, and several School Department budget categories.

<b>Revenues:</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
Excise Taxes	\$ 2,200,000	\$2,263,813	63,813
Building And Other Permits	150,000	220,758	70,758
Community Services Programs	1,309,000	903,855	(405,145)
Investment Earnings	50,000	185,748	135,748
<b>Expenditures:</b>			
Police Department	1,516,806	1,433,701	83,105
Fire Department	665,302	582,672	82,630
Community Services	1,351,232	1,163,697	187,535
Capital Improvements	4,752,021	3,715,173	1,036,848
School Department:			
Regular Instruction	12,889,723	12,572,241	317,482
Special Education Instruction	3,565,248	3,393,677	171,571
Student and Staff Support	2,887,138	2,684,162	202,976
Facilities Maintenance	3,207,415	3,030,652	176,763

### **Capital Improvements**

The Town undertook a number of improvements to capital assets during the year. The Town spent \$1,074,459 on roadway, drainage, and other infrastructure work that includes \$1,423,586 on the Hill Way / Scott Dyer Road reconstruction projects. The Town spent \$990,075 for a replacement ladder truck; \$176,309 for a front-end loader replacement and an additional \$43,837 for replacement police cruiser. The Town also spent \$504,429 for building and grounds improvements and \$263,682 for a rotary mower, backup generator, server, and police personal protection equipment. Additional information on capital assets can be found in the footnotes to the financial statements.

### **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 and notes as of June 30, 2020 stood at \$10,573,550 of which \$1,182,050 is Sewer Fund debt. This equated to 0.612% of assessed value and to \$1,173 net debt per capita. The ratio of debt service to general governmental expenditures was 7.28% on June 30, 2020, compared to 5.35% on June 30, 2019. Additional information on long-term debt activity can be found in the footnotes to the financial statements.

### **The Overall Financial Position of the Town**

The overall financial condition continued to be healthy in FY 2020. With an improving economy nationally until the appearance of the COVID pandemic, the tax collection rate stayed above 99% of the current levy. The unassigned General Fund balance dipped to \$4.6 million as the Town used \$2.019 million to support the FY 2021 budget. The ratio of bonded debt to assessed value stayed relatively unchanged. During FY 2020, the Town refinanced \$1 million of general obligation debt with the issuance of \$800,000. The infrastructure is in good condition with police, fire, public works, library, and community facilities having been built or substantially remodeled since 2000.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2020**

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The most recent school renovation work was at the high school seven years ago, with projected renovation work needed at all three facilities in the near term. The Town created a building committee to evaluate the state of the schools and make recommendations for renovation or replacement of one or more of the facilities. During the next 10 years, 84.9% of all debt is to be retired with 100% of the debt to be retired in the next 16 years.

The Town's median household income was \$123,116, based on the 2015 – 2019 American Community Survey of the U.S. Census Bureau. Property values have continued to show stable appreciation. Unemployment in the Portland MSA was at 10.1% in July 2020, compared to a state unemployment rate of 9.9% and a national rate of 10.2%.

**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](mailto:matthew.sturgis@capeelizabeth.org).

# **BASIC FINANCIAL STATEMENTS**



**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Net Position**  
**June 30, 2020**

		<b>Governmental Activities</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$	14,603,940
Investments		821,673
Receivables:		
Accounts		357,344
Due from other governments		109,312
Taxes and liens		250,848
Sewer fees		446,405
Prepaid expenses		3,234
Inventory		131,692
Capital assets, not being depreciated		4,099,096
Capital assets, being depreciated		39,544,007
Total assets		60,367,551
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions		911,806
Deferred outflows of resources related to OPEB		289,154
Total deferred outflows of resources		1,200,960
<b>LIABILITIES</b>		
Accounts payable and other current liabilities		642,335
Accrued payroll and benefits		2,960,992
Unearned revenues		148,116
Taxes collected in advance		720
Accrued interest		96,196
Noncurrent liabilities:		
Due within one year		2,088,470
Due in more than one year		18,561,525
Total liabilities		24,498,354
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions		275,340
Deferred inflows of resources related to OPEB		245,679
Total deferred inflows of resources		521,019
<b>NET POSITION</b>		
Net investment in capital assets		30,878,480
Restricted		2,062,293
Unrestricted		3,608,365
<b>Total net position</b>	<b>\$</b>	<b>36,549,138</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities
<b>Governmental activities:</b>					
General government	\$ 4,775,481	257,009	-	-	(4,518,472)
Public works	2,573,405	60,554	79,664	36,660	(2,396,527)
Facilities	727,188	493,524	-	-	(233,664)
Public safety	3,259,551	543,346	2,548	-	(2,713,657)
Culture and parks	2,673,921	1,588,404	27,473	-	(1,058,044)
Library	712,927	2,432	73,282	-	(637,213)
Human services	105,739	-	-	-	(105,739)
Education	28,961,953	212,294	4,827,758	-	(23,921,901)
School lunch	673,958	349,461	114,328	-	(210,169)
Sewer	1,672,221	2,275,345	-	-	603,124
Capital maintenance expenses	619,457	-	41,977	-	(577,480)
Interest on debt	265,966	-	-	-	(265,966)
<b>Total governmental activities</b>	<b>47,021,767</b>	<b>5,782,369</b>	<b>5,167,030</b>	<b>36,660</b>	<b>(36,035,708)</b>
General revenues:					
Property taxes					34,129,139
Excise taxes					2,263,813
Interest and costs on taxes					22,592
Franchise fees					156,213
Grants and contributions not restricted to specific programs:					
State revenue sharing					655,048
Homestead exemption					468,384
Other intergovernmental revenues					74,094
Unrestricted investment earnings					231,904
Miscellaneous revenues					51,985
<b>Total general revenues</b>					<b>38,053,172</b>
Change in net position					2,017,464
Net position - beginning					34,531,674
<b>Net position - ending</b>					<b>\$ 36,549,138</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	General	Sewer User Fund	Rescue Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,526,881	-	-	1,077,059	14,603,940
Investments	-	-	-	821,673	821,673
Receivables:					
Accounts	354,051	-	-	3,293	357,344
Due from other governments	-	-	-	109,312	109,312
Taxes receivable - current year	241,248	-	-	-	241,248
Tax liens	9,600	-	-	-	9,600
Sewer fees	-	446,405	-	-	446,405
Prepaid expenditures	3,234	-	-	-	3,234
Inventory	-	-	-	131,692	131,692
Interfund loans receivable	-	1,688,768	-	1,611,968	3,300,736
<b>Total assets</b>	<b>\$ 14,135,014</b>	<b>2,135,173</b>	<b>-</b>	<b>3,754,997</b>	<b>20,025,184</b>
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	604,787	827	1,504	35,217	642,335
Accrued payroll and benefits	2,937,941	-	-	23,051	2,960,992
Taxes collected in advance	720	-	-	-	720
Unearned revenue	120,076	-	-	28,040	148,116
Interfund loans payable	2,133,770	-	841,243	325,723	3,300,736
<b>Total liabilities</b>	<b>5,797,294</b>	<b>827</b>	<b>842,747</b>	<b>412,031</b>	<b>7,052,899</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	151,600	-	-	-	151,600
<b>Total deferred inflows of resources</b>	<b>151,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,600</b>
<b>FUND BALANCES</b>					
Nonspendable	3,234	-	-	107,815	111,049
Restricted	1,543,897	-	-	518,396	2,062,293
Committed	-	2,134,346	-	2,279,206	4,413,552
Assigned	2,019,100	-	-	730,058	2,749,158
Unassigned	4,619,889	-	(842,747)	(292,509)	3,484,633
<b>Total fund balances</b>	<b>8,186,120</b>	<b>2,134,346</b>	<b>(842,747)</b>	<b>3,342,966</b>	<b>12,820,685</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 14,135,014</b>	<b>2,135,173</b>	<b>-</b>	<b>3,754,997</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.	43,643,103
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenues in the funds.	151,600
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	(1,682,316)
Accrued interest	(96,196)
Other postemployment benefits liability and related deferred inflows and outflows of resources	(5,006,013)
Net pension liability and related deferred inflows and outflows of resources	(517,102)
Finance purchase agreements	(1,604,701)
Premium on bonds payable	(586,372)
Bonds and notes payable	(10,573,550)
<b>Net position of governmental activities</b>	<b>\$ 36,549,138</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, 2020**

	General	Sewer User Fund	Rescue Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 36,317,611	-	-	69,533	36,387,144
Licenses and permits	257,009	-	-	-	257,009
Intergovernmental	5,676,332	-	-	575,281	6,251,613
Rental and fees income	-	-	-	278,099	278,099
Charges for services	1,549,810	2,275,345	231,581	1,206,109	5,262,845
Local grants and contributions	-	-	-	108,372	108,372
Other	228,159	-	-	5,686	233,845
Investment income	185,748	-	-	46,156	231,904
Total revenues	44,214,669	2,275,345	231,581	2,289,236	49,010,831
<b>Expenditures:</b>					
<b>Current:</b>					
General government	1,354,325	-	-	7,500	1,361,825
Insurance and benefits	1,639,335	-	-	-	1,639,335
Public safety	2,436,814	-	530,727	-	2,967,541
Public works	1,908,680	-	-	-	1,908,680
Facilities	677,691	-	-	7,240	684,931
Culture and parks	1,697,014	-	-	619,319	2,316,333
Library	530,408	-	-	47,006	577,414
Human services	99,089	-	-	6,650	105,739
Education	28,151,811	-	-	575,289	28,727,100
Intergovernmental assessments	1,530,646	-	-	-	1,530,646
Unclassified	140,318	-	-	-	140,318
School lunch	-	-	-	673,958	673,958
Sewer	-	1,672,221	-	-	1,672,221
Capital outlay	3,910,873	154,381	-	458,419	4,523,673
<b>Debt service:</b>					
Principal and interest	2,750,416	209,108	-	-	2,959,524
Total expenditures	46,827,420	2,035,710	530,727	2,395,381	51,789,238
Excess (deficiency) of revenues over (under) expenditures	(2,612,751)	239,635	(299,146)	(106,145)	(2,778,407)
<b>Other financing sources (uses):</b>					
Proceeds from financed purchase	420,700	-	-	96,442	517,142
Refunding bonds issued	880,000	-	-	-	880,000
Premium on refunding bonds issued	164,372	-	-	-	164,372
Transfers from other funds	416,868	-	-	117,452	534,320
Transfers to other funds	(167,452)	(62,129)	(5,000)	(299,739)	(534,320)
Total other financing sources (uses)	1,714,488	(62,129)	(5,000)	(85,845)	1,561,514
Net change in fund balances	(898,263)	177,506	(304,146)	(191,990)	(1,216,893)
Fund balances, beginning of year	9,084,383	1,956,840	(538,601)	3,534,956	14,037,578
<b>Fund balances, end of year</b>	<b>\$ 8,186,120</b>	<b>2,134,346</b>	<b>(842,747)</b>	<b>3,342,966</b>	<b>12,820,685</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, 2020**

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Net change in fund balances - total governmental funds (from Statement 4)	\$	(1,216,893)
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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	3,904,216	
Depreciation	(2,374,726)	
Book value of disposed assets	(7,851)	1,521,639

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.

28,400

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	36,957	
Accrued compensated absences	(120,994)	
Net pension liability, including related deferred inflows and outflows	(79,590)	
OPEB liability, including related deferred inflows and outflows	(2,699)	(166,326)

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:

Proceeds from issuance of debt	(880,000)	
Proceeds from premium on debt	(164,372)	
Principal payments on bonds and loans	2,764,950	
Amortization of premium on bonds	41,956	1,762,534

Financed purchase proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of financed purchase 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 financed purchases and related amounts:

Proceeds from financed purchase issuances	(517,142)	
Principal payments on financed purchase agreements	605,252	88,110

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<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>2,017,464</b>
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*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, 2020**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 36,176,523	36,165,812	36,317,611	151,799
Licenses and permits	190,000	190,000	257,009	67,009
Intergovernmental	2,939,515	3,128,158	3,103,389	(24,769)
Charges for services	2,024,945	2,024,945	1,549,810	(475,135)
Other	265,007	266,800	228,159	(38,641)
Investment income	50,000	50,000	185,748	135,748
Total revenues	41,645,990	41,825,715	41,641,726	(183,989)
<b>Expenditures:</b>				
Current:				
General government	1,488,031	1,536,989	1,354,325	182,664
Insurance and benefits	1,666,100	1,676,100	1,639,335	36,765
Public safety	2,609,157	2,613,158	2,436,814	176,344
Public works	2,001,933	2,011,933	1,908,680	103,253
Facilities	750,688	800,688	677,691	122,997
Culture and parks	1,913,665	1,964,565	1,697,014	267,551
Library	562,138	562,138	530,408	31,730
Human services	54,510	64,510	99,089	(34,579)
Education	26,822,181	26,815,882	25,573,027	1,242,855
Intergovernmental assessments	2,185,561	1,889,850	1,530,646	359,204
Unclassified	87,500	220,643	140,318	80,325
Capital improvements	430,800	4,752,021	3,715,173	1,036,848
Debt service	1,707,386	2,816,758	2,750,416	66,342
Total expenditures	42,279,650	47,725,235	44,052,936	3,672,299
Excess (deficiency) of revenues over (under) expenditures	(633,660)	(5,899,520)	(2,411,210)	3,488,310
<b>Other financing sources (uses):</b>				
Proceeds from financed purchases	-	225,000	225,000	-
Refunding bonds issued	-	880,000	880,000	-
Premium on refunding bonds issued	-	164,372	164,372	-
Transfers from other funds	426,112	426,112	416,868	(9,244)
Transfers to other funds	(167,452)	(167,452)	(167,452)	-
Carryforward balances and subsequent authorizations	-	3,996,488	-	(3,996,488)
Utilization of prior year surplus - Town	375,000	375,000	-	(375,000)
Total other financing sources (uses)	633,660	5,899,520	1,518,788	(4,380,732)
Net change in fund balance	-	-	(892,422)	(892,422)
Reconciliation to GAAP:				
Change in encumbrances			(5,841)	
Fund balance, beginning of year			9,084,383	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>8,186,120</b>	

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

		Private- purpose Trust Funds (School - Scholarships)	Agency Fund (Fire- Department)	Agency Funds (School- Activities)
<b>ASSETS</b>				
Cash and cash equivalents	\$	99,766	25,571	227,444
Accounts receivable		81	-	-
Total assets		99,847	25,571	227,444
<b>LIABILITIES</b>				
Due to student groups		-	25,571	227,444
Total liabilities		-	25,571	227,444
<b>NET POSITION</b>				
Held in trust	\$	<b>99,847</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, 2020**

		<b>Private- purpose Trust Funds (Scholarships)</b>
<hr/>		
Additions:		
Donations	\$	13,415
Interest earned		1,993
Total additions		<hr/> 15,408
<hr/>		
Deductions:		
School scholarships		10,370
Total deductions		<hr/> 10,370
<hr/>		
Change in net position		5,038
Net position, beginning of year		94,809
<hr/>		
<b>Net position, end of year</b>	<b>\$</b>	<b>99,847</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 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.

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

**The Rescue Fund** accounts for revenues from rescue billings and expenditures related to the ambulance service.

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.

**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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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.

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.

**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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**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 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. 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.

**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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**Other postemployment benefits (OPEB)** - For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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.

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.

**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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**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 financed purchases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town's net investment in capital assets was calculated as follows at June 30, 2020:

Capital assets	\$ 84,267,725
Accumulated depreciation	(40,624,622)
General obligation bonds	(8,730,000)
Premium on bonds	(586,372)
Notes from direct borrowings	(1,843,550)
Financed purchases	(1,604,701)
<b>Net investment in capital assets</b>	<b>\$ 30,878,480</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 \$2,572,943. 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.

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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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.

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2020, expenditures exceeded appropriations in the following departments:

Public safety communications	\$ 33
Facilities and property management	24,959
Human services	34,579
Other assessments	636
Police station upgrades	5,723
Fort Williams building painting	5,375
Fort Williams building exterior	91

**C. Deficit Fund Balances**

At June 30, 2020 the following fund had a deficit fund balance:

Rescue Fund	\$ 842,747
Nonmajor Special Revenue Funds:	
School Lunch Program	246,011
Nonmajor Capital Project Funds:	
School projects	46,098

These fund deficits will be covered by future revenue sources or transfers from the General Fund.

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

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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, 2020, the Town reported deposits of \$14,956,721 with a bank balance of \$15,237,730. 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	\$ 14,603,940
Reported in fiduciary funds	<u>352,781</u>
<b>Total deposits</b>	<b><u>\$ 14,956,721</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, 2020:

Mutual funds of \$821,673 are valued using quoted prices (Level 1 input). In addition, mutual funds are not considered securities and therefore, are exempt from credit risk disclosures.

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**PROPERTY TAXES**

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Property taxes for the current year were committed on August 9, 2019 on the assessed value listed as of the prior April 1 for all real and personal property located in the Town. Assessed values are periodically established by the Town's Assessor at 85% 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 \$401,607 for the year ended June 30, 2020.

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.



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

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**PROPERTY TAXES, CONTINUED**

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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 2020 and 2019 tax levy:

	<u>2020</u>	<u>2019</u>
Assessed valuation:		
Land	\$ 703,953,076	704,330,600
Buildings	1,018,785,200	1,005,628,600
Personal property	5,226,400	6,512,600
<b>Total assessed valuation</b>	<b>\$ 1,727,964,676</b>	<b>1,716,471,800</b>
Assessed valuation	1,727,964,676	1,716,471,800
Tax rate (per \$1,000)	19.68	19.02
Commitment	34,006,345	32,647,294
Supplemental taxes assessed	122,794	41,720
Total tax levy	34,129,139	32,689,014
Less: Collections and abatements	33,887,891	32,545,553
<b>Current year receivables at June 30</b>	<b>\$ 241,248</b>	<b>143,461</b>
Due date(s)	10/1/2019 4/1/2020	10/1/2018 4/1/2019
Interest rate on delinquent taxes	9.00%	8.00%
Collection rate	99.29%	99.56%

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**CAPITAL ASSETS**

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Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,274,831	-	-	1,274,831
Construction in progress	979,114	2,056,406	211,255	2,824,265
Total capital assets, not being depreciated	2,253,945	2,056,406	211,255	4,099,096
Capital assets, being depreciated:				
Artwork	10,000	-	-	10,000
Land improvements	3,194,271	199,186	-	3,393,457
Buildings and building improvements	48,875,444	271,411	-	49,146,855
Furniture and equipment	2,292,347	501,951	26,273	2,768,025
Vehicles	5,501,658	1,086,517	237,579	6,350,596
Infrastructure	18,499,696	-	-	18,499,696
Total capital assets being depreciated:	78,373,416	2,059,065	263,852	80,168,629

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

**CAPITAL ASSETS, CONTINUED**

Less accumulated depreciation for:				
Artwork	\$ 1,250	500	-	1,750
Land improvements	815,923	229,165	-	1,045,088
Buildings and building improvements	23,554,373	1,390,509	-	24,944,882
Furniture and equipment	1,160,983	160,752	26,273	1,295,462
Vehicles	3,330,314	371,109	229,728	3,471,695
Infrastructure	9,643,054	222,691	-	9,865,745
Total accumulated depreciation	38,505,897	2,374,726	256,001	40,624,622
Total capital assets being depreciated, net	39,867,519	(315,661)	7,851	39,544,007
<b>Governmental activities capital assets, net</b>	<b>\$ 42,121,464</b>	<b>1,740,745</b>	<b>219,106</b>	<b>43,643,103</b>

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

Governmental activities:	
General government	\$ 24,954
Public safety	281,641
Public works, including depreciation of general infrastructure assets	607,129
Facilities	42,257
Education	925,644
Library	135,513
Cultural and parks	357,588
<b>Total depreciation expense – governmental activities</b>	<b>\$ 2,374,726</b>

**INTERFUND BALANCES**

Individual interfund receivable, payable, and transfer balances at June 30, 2020 were as follows:

	Interfund receivables	Interfund payables	Interfund transfers
General Fund	\$ -	2,133,770	249,416
Sewer Fund	1,688,768	-	(62,129)
Rescue Fund	-	841,243	(5,000)
Nonmajor Special Revenue Funds:			
School grants and other programs	83,617	-	-
School lunch program	-	279,475	64,538
Portland Head light	310,048	-	(108,220)
Other town programs	7,258	-	-
Riverside perpetual care	53,769	-	(1,632)
Library fund	-	150	-
Libby bequest	73,282	-	-
Thomas Jordan fund	-	-	(25,000)
Spurwink church fund	-	-	(300)
Total nonmajor special revenue funds	527,974	279,625	(70,614)

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

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**INTERFUND BALANCES, CONTINUED**

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	<u>Interfund receivables</u>	<u>Interfund payables</u>	<u>Interfund transfers</u>
<b>Nonmajor Capital Project Funds:</b>			
Riverside cemetery capital improvements	\$ 57,698	-	-
Tax increment financing	146,007	-	-
School projects	-	46,098	-
Library project	-	-	(46,112)
Town bonded project	26,052	-	-
Land acquisition	42,253	-	-
Infrastructure improvement	310,279	-	32,914
Turf field	274,915	-	20,000
Fort Williams park	226,790	-	(118,475)
<b>Total nonmajor capital project funds</b>	<b>1,083,994</b>	<b>46,098</b>	<b>(111,673)</b>
<b>Total</b>	<b>\$ 3,300,736</b>	<b>3,300,736</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.

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 10,335,000	880,000	2,485,000	8,730,000	1,185,000
Premium	463,956	164,372	41,956	586,372	60,791
<b>Total bonds payable</b>	<b>10,798,956</b>	<b>1,044,372</b>	<b>2,526,956</b>	<b>9,316,372</b>	<b>1,245,791</b>
Notes from direct borrowings*	2,123,500	-	279,950	1,843,550	283,158
Financed purchases*	1,692,811	517,142	605,252	1,604,701	559,521
Net pension liability	1,085,489	68,079	-	1,153,568	-
Other postemployment benefits	4,943,094	106,394	-	5,049,488	-
Accrued compensated absences	1,561,322	120,994	-	1,682,316	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 22,205,172</b>	<b>1,856,981</b>	<b>3,412,158</b>	<b>20,649,995</b>	<b>2,088,470</b>

\*Both notes and financed purchases are considered direct borrowings.

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

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**LONG-TERM DEBT**

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Long-term debt payable at June 30, 2020 is comprised of the following:

	<u>Amount of Original issue</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
General obligation bonds:				
2011 Refunding bond	\$ 2,110,000	2.00%-2.70%	2021	200,000
2012 Refunding bond	780,000	2.00%-2.50%	2022	150,000
2014 Refunding bond	4,190,000	2.00%-4.00%	2025	1,745,000
2015 General obligation bond	5,450,000	3.00%-3.25%	2035	4,075,000
2016 General obligation bond	2,100,000	3.00%-4.00%	2037	1,680,000
2020 Refunding bond	880,000	5.00%	2028	880,000
<b>Total</b>				<b>\$ 8,730,000</b>
Notes from direct borrowings:				
2006 Clean water revolving fund	\$ 3,510,000	1.73%	2026	1,182,050
2006 Roadway/drainage bond	1,890,000	1.90%-5.50%	2027	661,500
<b>Total</b>				<b>\$ 1,843,550</b>

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

The annual requirements to amortize all debt outstanding at June 30, 2020 are as follows. Such amounts exclude overlapping debt requirements, but include School debt requirements to be reimbursed by the State of Maine.

	<u>Bonds payable</u>		<u>Notes from direct borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,185,000	301,481	283,158	32,262
2022	985,000	266,300	286,422	26,542
2023	905,000	227,625	289,742	20,622
2024	900,000	191,725	293,120	15,563
2025	745,000	156,025	296,556	13,170
2026-2030	2,170,000	469,575	394,552	6,262
2031-2035	1,700,000	176,130	-	-
2036-2037	140,000	4,858	-	-
<b>Totals</b>	<b>\$ 8,730,000</b>	<b>1,793,719</b>	<b>1,843,550</b>	<b>114,421</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, 2020, \$1,885,000 of defeased bonds remain outstanding.

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

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**LONG-TERM DEBT, CONTINUED**

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In May 2020, the Town issued refunding bonds that were used to refund the outstanding balance of its 2008 general obligation bonds. The refunding of the 2008 bond produced a savings in debt service over the life of the bond of \$108,848, which created an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$102,041.

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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, 2020, the Town complied with these limitations.

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**FINANCED PURCHASES (LEASES)**

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The Town has entered into nine agreements for financing the purchases of computers, technology equipment, public works and public safety vehicles and equipment, boilers and school buses. The agreements contain fiscal funding clauses that permit the Town to terminate the agreements on an annual basis if funds are not appropriated. These agreements have been recorded in the Town's statement of net position at the present value of the future minimum payments as of the date of their inception.

The following is a summary of equipment included in financed purchase agreements as of June 30, 2020:

Boilers	\$ 580,000
Buses	195,941
Computers and technology equipment	381,853
Public works and public safety vehicles	1,725,000

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

The following is a schedule of the future minimum payments under the financed purchase agreements, and the present value of the net minimum payments at June 30, 2020:

Fiscal year ending	
<u>June 30,</u>	
2021	\$ 630,761
2022	547,115
2023	430,673
2024	<u>112,512</u>
Total minimum payments	1,721,061
<u>Less amounts representing interest</u>	<u>(116,360)</u>
<b>Present value of future minimum</b>	
<b>    <u>payments</u></b>	<b><u>\$ 1,604,701</u></b>

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

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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, 2020, the Town's share is \$1,598,907 (4.51%) of Cumberland County's outstanding debt of \$35,425,000.

**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, 2020, the Town was responsible for \$3,150,050 of its portion of PWD's Wastewater Fund Debt (or 8.77% of PWD's \$35,911,417 total Wastewater Fund Debt).

**Other Contingencies**

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

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

Such assessment is allocated pro-rata, to each Section 6103 Member municipality based upon 100% of its respective equalized State Valuation. On this basis, at June 30, 2020, the Town was contingently responsible for approximately 6.69%, or \$3,730,380, of the PWD's \$55,760,544 Water Fund Debt.

**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.

**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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Selected balance sheet information for ecomaine for the year ended June 30, 2020 based on the most recent information available, includes total assets of \$62,419,588 total liabilities of \$18,431,792 and unrestricted net position of \$12,251,849. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,346,550. 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 post closure care costs.

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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, 2020.

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**FUND BALANCES**

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At June 30, 2020, portions of the Governmental Funds fund balances were unassigned, assigned, committed or restricted for future periods or classified as nonspendable for specific amounts as follows:

	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Rescue Fund</u>	<u>Other Governmental Funds</u>
Nonspendable:				
Prepaid expenditures	\$ 3,234	-	-	-
Inventory	-	-	-	107,815
<b>Total nonspendable</b>	<b>3,234</b>	<b>-</b>	<b>-</b>	<b>107,815</b>
Restricted:				
Education	1,541,397	-	-	29,610
Town grants and donations	2,500	-	-	7,258
Library	-	-	-	335,521
Tax increment financing	-	-	-	146,007
<b>Total restricted</b>	<b>1,543,897</b>	<b>-</b>	<b>-</b>	<b>518,396</b>

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

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**FUND BALANCES, CONTINUED**

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	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Rescue Fund</u>	<u>Other Governmental Funds</u>
Committed:				
Sewer operations	\$ -	2,134,346	-	-
School grants and programs	-	-	-	91,531
Portland Head Light operations	-	-	-	287,495
Riverside perpetual cemetery care	-	-	-	408,598
Thomas Jordan benevolence	-	-	-	1,139,351
Spurwink church operations	-	-	-	9,011
Town bonded projects	-	-	-	26,052
Future land acquisition	-	-	-	42,253
Turf field replacement	-	-	-	274,915
<b>Total committed</b>	-	<b>2,134,346</b>	-	<b>2,279,206</b>
Assigned:				
Budgeted use of fund balance	2,019,100	-	-	-
Riverside cemetery capital improvements	-	-	-	192,989
Infrastructure improvements	-	-	-	310,279
Fort Williams improvements	-	-	-	226,790
<b>Total assigned</b>	<b>2,019,100</b>	-	-	<b>730,058</b>
<b>Total unassigned</b>	<b>4,619,889</b>	-	<b>(842,747)</b>	<b>(292,509)</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, 2020, taxes raised were \$69,533 and there were no TIF related expenditures.

	<u>Original Assessed Value</u>	<u>Current Assessed Value</u>	<u>Captured Value</u>	<u>Captured Tax</u>
TIF District I	\$ 11,225,200	14,976,300	3,751,100	69,533



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

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NET PENSION LIABILITY— CONSOLIDATED PLANS

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***General Information about the Pension Plans***

**Plan Descriptions** - 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). In addition, teaching-certified employees of the Town are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan). Both plans are cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS).

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

**Benefits Provided** - The 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).

**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, 2020 was 10.6% of annual pay for the Special Plan 2-C. Contributions to the pension plan from the Town were \$101,802 for the year ended June 30, 2020.

**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, 2020, was 18.49% of annual payroll of which 4.16% of payroll was required from the Town and 14.33% was required from the State. Contributions to the pension plan from the Town were \$595,088 for the year ended June 30, 2020.

***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, 2019, 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**

**NET PENSION LIABILITY – CONSOLIDATED PLANS, CONTINUED**

**Consolidated PLD Plan** - At June 30, 2020, the Town reported a liability of \$500,824 for its proportionate share of the net pension liability. At June 30, 2019, the Town's proportion of the PLD Plan was 0.1638%.

**SET Plan** - At June 30, 2020, 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	\$ 245,959
State's proportionate share of the net pension liability	
associated with the Town	15,727,770
<b>Total</b>	<b>\$ 15,973,729</b>

At June 30, 2019, the Town's proportion of the SET Plan was 0.0168%.

For the year ended June 30, 2020, the Town recognized pension expense of \$151,522 for the Consolidated PLD Plan, and also pension expense of \$2,644,238 for the SET Plan and revenue of \$2,049,907 for support provided by the State for the SET Plan.

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the Consolidated PLD pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59,299	-
Changes of assumptions	25,363	-
Net difference between projected and actual earnings on pension plan investments	-	125,444
Changes in proportion and differences between Town contributions and proportionate share of contributions	15,245	-
Town contributions subsequent to the measurement date	101,802	-
<b>Total</b>	<b>\$ 201,709</b>	<b>125,444</b>

An amount of \$101,802 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, 2021.

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

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**NET PENSION LIABILITY – CONSOLIDATED PLANS, CONTINUED**

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

Year ended June 30:

2021	\$ 33,699
2022	(52,416)
2023	(6,741)
2024	(79)

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the SET Plan pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,131	-
Changes of assumptions	7,122	-
Net difference between projected and actual earnings on pension plan investments	-	34,718
Changes in proportion and differences between Town contributions and proportionate share of contributions	17,572	-
Town contributions subsequent to the measurement date	595,088	-
<b>Total</b>	<b>\$ 638,913</b>	<b>34,718</b>

An amount of \$595,088 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, 2020.

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

Year ended June 30:

2021	\$ 23,353
2022	(6,550)
2023	(7,802)
2024	106

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

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**NET PENSION LIABILITY – CONSOLIDATED PLANS, CONTINUED**

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**Actuarial Assumptions** - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Consolidated	
	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary increases, per year	2.75% to 9.00%	2.75 to 14.50%
Investment return, per annum, compounded annually	6.75%	6.75%
Cost of living benefit increases, per annum	2.20%	1.91%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 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 6.75% for the Consolidated PLD Plan and the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

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

**NET PENSION LIABILITY – CONSOLIDATED PLANS, CONTINUED**

**Sensitivity of the Town’s proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate** - The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75% for the PLD Plan 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 (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

<u>Consolidated PLD Plan</u>	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Town’s proportionate share of the net pension liability	\$ 1,140,844	500,824	(97,854)
 <u>SET Plan</u>	 1% Decrease <u>(5.75%)</u>	 Current Discount Rate <u>(6.75%)</u>	 1% Increase <u>(7.75%)</u>
Town’s proportionate share of the net pension liability	\$ 444,688	245,959	80,355

**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, 2020.

**NET PENSION LIABILITY – WITHDRAWN PLD**

**General Information about the Pension Plan**

**Plan Description** - all Town employees who were previously in the Town’s District Group (prior to the Town opting out of the Maine Public Employees Retirement System) are eligible to participate in the system as part of a withdrawn Participating Local District, a single employer agent defined benefit pension plan. Benefit terms are established in Maine statute. MEPERS issues a publicly available financial report that can be obtained at [www.maineopers.org](http://www.maineopers.org) for the PLD and SET plans.

**Benefits Provided** - The withdrawn PLD Plan provides 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. 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. 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.

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	
Retired employees	35
<b>Total employees</b>	<b>35</b>

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

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**NET PENSION LIABILITY – WITHDRAWN PLD, CONTINUED**

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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).

**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.

**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, 2020 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 \$71,184 for the year ended June 30, 2020.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date.

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance at June 30, 2019</b>	\$ 5,330,260	4,897,007	433,253
Changes for the year:			
Service cost	-	-	-
Interest	341,154	-	341,154
Differences between expected and actual experience	23,909	-	23,909
Changes in assumptions	-	-	-
Contributions – employer	-	92,652	(92,652)
Contributions – employee	-	-	-
Net investment income	-	303,586	(303,586)
Benefit payments, including refunds of employee contributions	(561,417)	(561,417)	-
Administrative expense	-	(4,707)	4,707
<b>Net changes</b>	(196,354)	(169,886)	(26,468)
<b>Balance at June 30, 2020</b>	<b>\$ 5,133,906</b>	<b>4,727,121</b>	<b>406,785</b>

For the year ended June 30, 2020, the Town recognized pension expense of \$101,811 for the withdrawn PLD.

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

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**NET PENSION LIABILITY – WITHDRAWN PLD, CONTINUED**

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At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the withdrawn PLD pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	115,178
Town contributions subsequent to the measurement date	71,184	-
<b>Total</b>	<b>\$ 71,184</b>	<b>115,178</b>

An amount of \$71,184 is reported as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

Year ended June 30:

2020	\$ 28,795
2021	28,795
2022	28,795
2023	28,793

**Actuarial Assumptions** - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases, per year	2.75%
Investment return, per annum, compounded annually	6.75%
Cost of living benefit increases, per annum	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

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

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

**NET PENSION LIABILITY – WITHDRAWN PLD, CONTINUED**

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, 2019 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 6.75% for 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 6.75% the withdrawn PLD, 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 (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Net pension liability	\$ 916,648	406,785	(62,850)

**Payables to the Pension Plan** - None as of June 30, 2020.



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

**OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE, TOWN**

**General Information about the OPEB Plan**

**Plan Descriptions** - The Town sponsors post-retirement benefit plans providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plans administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council and the Maine State Legislature have the authority to establish and amend the benefit terms and financing requirements. 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** - The MMEHT Health Plan 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, 2020, the following employees were covered by the MMEHT Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employee entitled to but not yet receiving benefits	-
Active employees	57
Total	62

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

The MMEHT Health Plan total OPEB liability of \$779,659 was measured as of January 1, 2020, and was determined by an actuarial valuation performed on January 1, 2020.

*Changes in the Total Health Plan OPEB Liability*

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 969,802
Changes for the year:	
Service cost	31,645
Interest	40,409
Changes of benefit terms	(18,715)
Differences between expected and actual experience	(242,510)
Changes in assumptions or other inputs	31,057
Benefit payments	(32,029)
Net changes	(190,143)
Balance at June 30, 2020	\$ 779,659

Change in assumptions reflects a change in the discount rate from 4.10% to 2.74%.

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

**OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE, TOWN, CONTINUED**

For the year ended June 30, 2020, The Town recognized OPEB expense of \$3,405 related to the MMEHT Health Plan.

At June 30, 2020, The Town reported deferred outflows of resources and deferred inflows of resources related to the MMEHT Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	166,904
Changes in assumptions	-	39,819
Contributions subsequent to the measurement date	32,029	-
Total	\$ 32,029	206,723

\$32,029 is reported as deferred outflows of resources related to MMEHT OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Deferred outflows of resources and deferred inflows of resources related to the MMEHT Health Plan will be recognized in OPEB expense as follows:

Year ended June 30:

2021	\$ (33,304)
2022	(33,304)
2023	(33,304)
2024	(33,309)
2025	(43,291)
Thereafter	(30,211)

**Actuarial Assumptions – MMEHT Health Plan** - The total OPEB liability in the January 1, 2020 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	2.00% per annum
Salary increases	2.75% per annum
Discount rate	2.74% per annum
Healthcare cost trend rates	8.50 for 2020, grading to 3.53% for 2040
Retirees’ share of the benefit related costs	100% of projected health insurance premiums

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

The actuarial assumptions used in the January 1, 2020 valuation for the Health Plans were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

**Discount Rate** - The rate used to measure the total OPEB liability for the MMEHT Health Plan was 2.74%. 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.

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

**OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE, TOWN, CONTINUED**

**Sensitivity of the OPEB Liability to Changes in the Discount Rates** - The following presents the Town’s net OPEB liability related to the Health Plan calculated using the discount rate, as well as what the Town’s OPEB liability would be if it was 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
MMEHT Health Plan OPEB (1.74% - 3.74%)	\$	907,590	779,659	675,657

**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 current healthcare cost trend rates, as well as what the Town’s total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

		1% Decrease	Healthcare Cost Trend Rates	1% Increase
MMEHT Health Plan OPEB	\$	671,193	779,659	915,359

**OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE, SCHOOL DEPARTMENT**

**General Information about the OPEB Plans**

**Plan Descriptions** - The Town sponsors post-retirement benefit plans 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 Education Association Benefits Trust (MEABT). The School Board and the Maine State Legislature have the authority to establish and amend the benefit terms and financing requirements. 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** – The MEABT Health Plan provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage selected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse.

*Employees Covered by Benefit Terms* – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	94
Inactive employee entitled to but not yet receiving benefits	-
Active employees	242
Total	336

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

OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE, SCHOOL DEPARTMENT, CONTINUED

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

The MEABT Health Plan total OPEB liability of \$4,016,916 was measured as of June 30, 2019, and was determined by a roll forward of an actuarial valuation dated June 30, 2018.

*Changes in the Total OPEB Liability*

Balance at June 30, 2019		\$ 3,734,445
Changes for the year:		
Service cost		39,502
Interest		143,849
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		214,072
Benefit payments		<u>(114,952)</u>
Net changes		<u>282,471</u>
Balance at June 30, 2020		<u>\$ 4,016,916</u>

Change in assumptions reflects a change in the discount rate from 3.87% to 3.50%.

For the year ended June 30, 2020, The Town recognized OPEB expense of \$191,223 related to the MEABT Health Plan.

At June 30, 2020, The Town reported deferred outflows of resources and deferred inflows of resources related to the MEABT Health Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 67,163	-
Contributions subsequent to the measurement date	155,924	-
Total	<u>\$ 223,087</u>	<u>-</u>

\$155,924 is reported as deferred outflows of resources related to MEABT OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2021	\$ 7,872
2022	7,872
2023	7,872
2024	7,870
2025	35,677

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

OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE, SCHOOL DEPARTMENT, CONTINUED

**Actuarial Assumptions** - The total OPEB liability in the June 30, 2018 actuarial valuation for the total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not reported
Salary increases	2.75% - 14.50% per annum
Discount rate	3.50% per annum
Healthcare cost trend rates - Pre-Medicare	5.55% for 2018 grading over 15 years to 3.73%
Healthcare cost trend rates - Medicare	3.72% for 2018 grading over 15 years to 2.81%
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

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

The actuarial assumptions used in the January 1, 2020 valuation for the Health Plans were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

**Discount Rate** - The rate used to measure the total OPEB liability for the MEABT Health Plan was 3.50% per annum. Since the plan is pay as you go and is not funded, 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 Liability to Changes in the Discount Rates** - The following presents the Town's net OPEB liability related to the Health Plan calculated using the discount rate, as well as what the Town's OPEB liability would be if it was 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
MEABT Health Plan OPEB (2.50% - 4.50%)	\$ 4,695,245	4,016,916	3,476,506

**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 current healthcare cost trend rates, as well as what the Town's total OPEB liability would be if it was calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
MEABT Health Plan OPEB	\$ 3,409,936	4,016,916	4,785,799

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

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**OTHER POST EMPLOYMENT BENEFITS – GROUP TERM LIFE INSURANCE**

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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).

**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.

**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 \$9,471 for the year ended June 30, 2020. 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 \$47,165 for the year ended June 30, 2020. 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, 2019 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, 2020, the Town reported a liability of \$225,938 for its proportionate share of the net OPEB liability. At June 30, 2019, the Town's proportion was 1.0559%.

PLD Police OPEB Plan - At June 30, 2020, the Town reported a liability of \$26,975 for its proportionate share of the net OPEB liability. At June 30, 2019, the Town's proportion was 0.1261%.

SET OPEB Plan - At June 30, 2020, 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 \$533,316 as of June 30, 2020. At June 30, 2019, the Town's proportion was 0.00%.

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

**OTHER POST EMPLOYMENT BENEFITS – GROUP TERM LIFE INSURANCE, CONTINUED**

For the year ended June 30, 2020, The Town recognized OPEB expense of \$3,098 and \$4,133 related to related to the GTL Consolidated PLD and Consolidated PLD – Police, respectively. For the year ended June 30, 2020, the Town recognized OPEB expense of \$49,089, and revenues of \$49,089 for support provided by the State related to the SET OPEB plan. At June 30, 2020, the Town reported no deferred outflows resources nor deferred inflows of resources related to the SET OPEB plan.

At June 30, 2020, The Town reported deferred outflows of resources and deferred inflows of resources related to the GTL Consolidated PLD plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	10,714
Difference between expected and actual experience	14,400	-
Net difference between projected and actual earnings on OPEB plan investments	-	10,102
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	15,655
Contributions subsequent to the measurement date	7,999	-
Total	\$ 22,399	36,471

\$7,999 is reported as deferred outflows of resources related to the Consolidated PLD OPEB plan 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, 2021. 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:

2021	\$ (9,781)
2022	(9,781)
2023	(7,668)
2024	4,508
2025	651

At June 30, 2020, The Town reported deferred outflows of resources and deferred inflows of resources related to the GTL Consolidated Police PLD plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	1,279
Difference between expected and actual experience	1,719	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,206
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,712	-
Contributions subsequent to the measurement date	3,208	-
Total	\$ 11,639	2,485

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

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OTHER POST EMPLOYMENT BENEFITS – GROUP TERM LIFE INSURANCE, CONTINUED

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\$3,208 is reported as deferred outflows of resources related to the Consolidated Police 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, 2021. 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:	
2021	\$ 836
2022	836
2023	1,089
2024	2,089
2025	1,096

**Actuarial Assumptions and Other Inputs** - The total OPEB liability in the June 30, 2019 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 Plans	SET OPEB Plan
Inflation	2.75%	2.75%
Salary increases	2.75% - 9.00%	2.75% - 14.50%
Investment rate of return	6.75%	6.75%

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.

The actuarial assumptions used in the June 30, 2019 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.

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	15.0%	3.0%
US Government Securities	10.0%	2.3%



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

**OTHER POST EMPLOYMENT BENEFITS – GROUP TERM LIFE INSURANCE, CONTINUED**

**Discount Rate** - The rate used to measure the net OPEB liability for the PLD OPEB plan was 4.98% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.5%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2019. 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 2050. Therefore, the portion of the future projected benefit payments after 2050 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.

The rate used to measure the net OPEB liability for the SET OPEB plan was 6.75%. 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.

**Sensitivity of the OPEB Liabilities to Changes in the Discount Rates** - The following presents the Town’s 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
GTL Consolidated PLD (3.98% - 5.98%)	\$ 298,373	225,938	168,834
GTL Consolidated PLD – Police (3.98% - 5.98%)	35,263	26,975	20,157

**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, 2020, the Town and School’s contributions to the plan totaled \$267,618.

**Deferred Compensation Plan**

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

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

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**RETIREMENT PLANS, CONTINUED**

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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 \$836,805 for the year ended June 30, 2020.

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**SUBSEQUENT EVENTS**

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In August 2020, the School Department issued a loan through the Maine Municipal Bond Bank's Revolving Renovation Fund for \$390,429, of which \$117,129 in principal was forgiven on issuance.

In August 2020, the School Department issued a financed purchase agreement through Apple Finance Services for \$157,993 for the purchase of technology equipment.

In August 2020, the Town Council approved a financed purchase agreement through TD Equipment Finance for \$1,035,100 to finance capital improvements and the acquisition of equipment.

**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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>PLD Plan</u></b>						
Town's proportion of the net pension liability	\$ 0.1638%	0.1614%	0.1541%	0.1648%	0.1640%	0.1788%
Town's proportionate share of the net pension liability	500,824	441,844	631,119	875,619	523,211	275,173
Town's covered payroll	954,561	887,359	868,191	868,832	807,643	784,698
Town's proportionate share of the net pension liability as a percentage of its covered payroll	52.47%	49.79%	72.69%	100.78%	64.78%	35.07%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%
<b><u>SET Plan</u></b>						
Town's proportion of the net pension liability	0.0168%	0.0156%	0.0142%	0.0122%	0.0094%	0.0031%
Town's proportionate share of the net pension liability	245,959	210,392	206,754	215,232	127,262	33,912
State's proportionate share of the net pension liability associated with the Town	15,727,770	14,508,885	15,283,420	18,455,085	14,033,346	11,196,388
<b>Total</b>	<b>\$ 15,973,729</b>	<b>14,719,277</b>	<b>15,490,174</b>	<b>18,670,317</b>	<b>14,160,608</b>	<b>11,230,300</b>
<hr/>						
Town's covered payroll	\$ 13,921,211	13,411,866	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	1.77%	1.57%	1.35%	1.73%	1.06%	0.29%
Plan fiduciary net position as a percentage of the total pension liability	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

\* Only six years of information available.

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

**TOWN OF CAPE ELIZABETH, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Town Contributions – Net Pension Liability**  
**Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and Teacher Plan (SET)**  
 Last 10 Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>PLD Plan</b>						
Contractually required contribution	\$ 101,802	100,229	89,623	79,005	77,326	67,035
Contributions in relation to the contractually required contribution	(101,802)	(100,229)	(89,623)	(79,005)	(77,326)	(67,035)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Town's covered payroll	960,397	954,561	887,359	868,191	868,832	807,643
Contributions as a percentage of covered payroll	10.60%	10.50%	10.10%	9.10%	8.90%	8.30%
<b>SET Plan</b>						
Contractually required contribution	\$ 595,088	552,673	532,452	433,199	416,839	318,802
Contributions in relation to the contractually required contribution	(595,088)	(552,673)	(532,452)	(433,199)	(416,839)	(318,802)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Town's covered payroll	14,305,002	13,921,211	13,411,866	12,892,814	12,405,910	12,030,288
Contributions as a percentage of covered payroll	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%
<b>Withdrawn PLD Plan</b>						
Actuarially determined contributions**	\$ 71,184	92,652	83,508	97,368	123,252	181,236
Contributions in relation to the actuarially required contribution	(71,184)	(92,652)	(83,508)	(97,368)	(123,252)	(181,236)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</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	n/a	n/a	1575%	278%	174%

\* Only six years of information available.

\*\* 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 2017.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Changes in the Town's Total MMEHT Health Plan OPEB Liability and Related Ratios**  
Last 10 Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 31,645	35,515	34,179
Interest	40,409	35,814	35,047
Changes of benefit terms	(18,715)	-	-
Differences between expected and actual experience	(242,510)	-	71,685
Changes of assumptions or other inputs	31,057	(91,594)	(1,774)
Benefit payments	(32,029)	(30,797)	(22,308)
Net change in total OPEB Liability	<u>(190,143)</u>	<u>(51,062)</u>	<u>116,829</u>
Total OPEB liability - beginning	<u>969,802</u>	<u>1,020,864</u>	<u>904,035</u>
<b>Total OPEB liability - ending</b>	<b>\$ <u><u>779,659</u></u></b>	<b><u><u>969,802</u></u></b>	<b><u><u>1,020,864</u></u></b>
Covered-employee payroll	\$ 3,213,430	2,910,545	2,910,545
Total OPEB liability as a percent of covered-employee payroll	24.3%	33.32%	35.07%

\*Only three years of information available.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Changes in the Town's Net Pension Liability and Related Ratios**  
**Withdrawn PLD**  
Last 10 Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<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	341,154	369,327	378,925	419,966	446,047	476,464
Differences between expected and actual experience	23,909	(164,758)	69,878	(267,896)	(258,728)	(312,353)
Changes in assumptions	-	48,418	-	49,534	59,714	-
Benefit payments including refunds & employee contributions	(561,417)	(579,878)	(596,658)	(582,633)	(552,867)	(545,068)
Net change in total pension Liability	(196,354)	(326,891)	(143,844)	(368,884)	(293,619)	(362,917)
Total pension liability - beginning	\$ 5,330,260	5,657,151	5,800,995	6,169,879	6,463,498	6,826,415
<b>Total pension liability - ending (a)</b>	<b>\$ 5,133,906</b>	<b>5,330,260</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	92,652	83,484	97,368	123,168	181,126	114,468
Contributions - Employee	-	-	402	2,877	6,770	9,199
Net investment income	303,586	468,472	582,166	10,948	98,648	836,690
Benefit payments, including refunds of employee contributions	(561,417)	(579,878)	(596,658)	(582,633)	(552,867)	(545,068)
Administration expense	(4,707)	(4,560)	(577)	(4,473)	(4,912)	(4,252)
Net change in plan fiduciary position	(169,886)	(32,482)	82,701	(450,113)	(271,235)	411,037
Plan fiduciary net position - beginning	\$ 4,897,007	4,929,489	4,846,788	5,296,901	5,568,136	5,157,099
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 4,727,121</b>	<b>4,897,007</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>\$ 406,785</b>	<b>433,253</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	92.08%	91.87%	87.14%	83.55%	85.85%	86.15%
Covered-employee payroll	-	-	-	6,181	44,264	104,158
Town's net pension liability as a percent of covered-employee payroll	0%	0%	0%	15438%	1972%	860%

\*Only six years of information available.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Town's Proportionate Share of the Net OPEB Liability**  
Last 10 Fiscal Years\*

<b><u>PLD OPEB Plan</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Town's proportion of the net OPEB liability	1.0559%	1.0810%	1.1313%
Town's proportionate share of the net OPEB liability	\$ 225,938	218,382	189,451
Town's covered employee payroll	2,179,793	2,060,021	1,073,935
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.37%	10.60%	17.64%
Plan fiduciary net position as a percentage of the total OPEB liability	43.18%	78.32%	47.42%
<b><u>PLD OPEB Plan - Police</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Town's proportion of the net OPEB liability	0.1261%	0.1013%	0.0931%
Town's proportionate share of the net OPEB liability	\$ 26,975	20,465	15,564
Town's covered-employee payroll	1,080,592	791,459	422,252
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	2.50%	2.59%	3.69%
Plan Fiduciary net position as a percentage of the total OPEB liability	43.18%	78.32%	47.42%
<b><u>SET OPEB Plan</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Town's proportion of the net OPEB liability	0%	0%	0%
Town's proportion share of the net OPEB liability	\$ -	-	-
State's proportionate share of the net OPEB liability associated with the Town	533,316	516,881	485,775
<b>Total</b>	<b>\$ 533,316</b>	<b>516,881</b>	<b>485,775</b>
Plan fiduciary net position as a percentage of the total OPEB liability	49.22%	92.46%	47.29%

\* Only three years of information available.

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

**TOWN OF CAPE ELIZABETH, MAINE**  
**Required Supplementary Information, Continued**

**Schedule of Town Contributions – OPEB**

Last 10 Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>PLD OPEB Plan</u></b>			
Contractually required contribution	\$ 7,999	6,890	8,364
Contributions in relation to the contractually required contribution	(7,999)	(6,890)	(8,364)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
<hr/>			
Town's covered employee payroll	2,179,793	2,060,021	1,041,139
Contributions as a percentage of covered payroll	0.37%	0.33%	0.80%
<b><u>PLD OPEB Plan - Police</u></b>			
Contractually required contribution	3,208	2,581	2,731
Contributions in relation to the contractually required contribution	(3,208)	(2,581)	(2,731)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
<hr/>			
Town's covered-employee payroll	\$ 1,080,592	791,459	425,455
Contributions as a percentage of covered payroll	0.30%	0.33%	0.64%

\* Only three years 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:

<b>PLD Plan</b>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate - PLD	6.75%	6.875%	7.125%	7.25%
Inflation rate - PLD	2.75%	2.75%	3.50%	3.50%
Salary increases - PLD	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%
Cost of living increases - PLD	2.20%	2.20%	2.55%	2.55%

**SET Plan**

Discount rate - SET	6.75%	6.875%	7.125%	7.125%
Inflation Rate	2.75%	2.75%	3.50%	3.50%
Salary increases - SET	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%
Cost of living increases - SET	2.20%	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.

**Total OPEB Liabilities - Health Insurance**

**MMEHT Health Plan**

**Changes of Benefit Terms - None**

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

	<u>2020</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.74%	4.10%	3.440%

**MEABT Health Plan**

**Changes of Benefit Terms - None**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	3.50%	3.87%	3.580%

**Net OPEB Liabilities - Group Term Life Insurance**

**Changes of Benefit Terms - None**

**Changes of Assumptions - None**

<u>Discount Rate</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Consolidated PLD - Town	4.98%	5.13%	5.41%
Consolidated PLD - Police	4.98%	5.13%	5.41%
State and Teacher's Plan	6.75%	6.75%	6.875%

*\* 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.*

**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS**

## **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**  
**For The Year Ended June 30, 2020**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,526,881	14,213,685
Accounts receivable	354,051	73,927
Due from other governments	-	150,663
Taxes receivable - current year	241,248	143,461
Tax liens	9,600	33,340
Tax acquired property	-	206
Prepaid expenditures	3,234	-
<b>Total assets</b>	<b>\$ 14,135,014</b>	<b>14,615,282</b>
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	604,787	471,923
Accrued payroll and benefits	2,937,941	2,411,402
Taxes collected in advance	720	9,613
Unearned revenue	120,076	164,942
Interfund loans payable	2,133,770	2,349,819
Total liabilities	5,797,294	5,407,699
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	151,600	123,200
Total deferred inflows of resources	151,600	123,200
<b>FUND BALANCE</b>		
Nonspendable	3,234	-
Restricted:		
Town grants and donations	2,500	2,500
School Department General Fund	1,541,397	238,814
Assigned	2,019,100	3,333,420
Unassigned	4,619,889	5,509,649
Total fund balance	8,186,120	9,084,383
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 14,135,014</b>	<b>14,615,282</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, 2020**

	2020			Variance positive (negative)	2019 Actual
	Original Budget	Revised budget	Actual		
Revenues:					
Taxes:					
Property taxes	\$ 33,932,523	33,936,812	33,936,812	-	32,659,449
Supplemental taxes	-	-	122,794	122,794	41,720
Change in deferred taxes	-	-	(28,400)	(28,400)	(51,800)
Excise taxes	2,215,000	2,200,000	2,263,813	63,813	2,343,551
Interest and costs on taxes	29,000	29,000	22,592	(6,408)	26,670
Total taxes	36,176,523	36,165,812	36,317,611	151,799	35,019,590
Licenses and permits:					
Auto registration fees	25,000	25,000	25,631	631	24,031
Building, electrical and plumbing fees	150,000	150,000	220,758	70,758	201,732
Town clerk fees	15,000	15,000	10,620	(4,380)	13,973
Total licenses and permits	190,000	190,000	257,009	67,009	239,736
Intergovernmental:					
State revenue sharing	582,180	582,180	655,048	72,868	441,243
Education - state subsidies	1,653,599	1,653,599	1,773,718	120,119	1,281,386
State agency clients	6,000	6,000	3,916	(2,084)	17,368
D.O.T. block grant	78,000	78,000	79,664	1,664	77,540
BETE reimbursement	12,829	12,829	12,879	50	11,223
Homestead revenue	468,384	468,384	468,384	-	464,033
Federal grants-capital contributions	4,980	183,730	36,660	(147,070)	53,000
Federal grants-public safety	-	9,893	2,548	(7,345)	50,537
Other intergovernmental - town	80,100	80,100	61,215	(18,885)	77,465
Other intergovernmental - school	53,443	53,443	9,357	(44,086)	-
Total intergovernmental	2,939,515	3,128,158	3,103,389	(24,769)	2,473,795
Charges for services:					
Community services programs	1,309,000	1,309,000	903,855	(405,145)	1,172,470
Community services pool fees	250,000	250,000	215,425	(34,575)	235,006
Refuse disposal	80,000	80,000	60,554	(19,446)	71,901
School department activity fees	68,845	68,845	57,875	(10,970)	66,833
Library fines and fees	100	100	336	236	199
Parking revenue	300,000	300,000	293,322	(6,678)	-
Police specials and fees	17,000	17,000	18,443	1,443	19,186
Total charges for services	2,024,945	2,024,945	1,549,810	(475,135)	1,565,595
Other revenues:					
Cable television franchise	150,000	150,000	156,213	6,213	162,840
Miscellaneous donations	-	-	1,600	1,600	2,100
School department miscellaneous	16,600	16,600	19,190	2,590	12,379
Miscellaneous	98,407	100,200	51,156	(49,044)	71,535
Total other revenues	265,007	266,800	228,159	(38,641)	248,854
Investment income:					
Investment earnings	50,000	50,000	185,748	135,748	167,455
Total investment income	50,000	50,000	185,748	135,748	167,455
Total revenues	41,645,990	41,825,715	41,641,726	(183,989)	39,715,025

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

	2020			Variance positive (negative)	2019 Actual
	Original Budget	Revised budget	Actual		
Expenditures:					
Current:					
General government:					
Administration	\$ 741,245	762,703	752,205	10,498	632,874
Assessing, codes and planning	402,330	421,830	385,000	36,830	391,184
Town council	500	500	95	405	262
Legal and audit	190,000	190,000	111,695	78,305	209,231
Elections	67,150	70,150	31,071	39,079	29,862
Boards and commissions	19,506	19,506	9,535	9,971	11,002
Public information	67,300	72,300	64,724	7,576	61,405
Total general government	1,488,031	1,536,989	1,354,325	182,664	1,335,820
Insurance and benefits					
Insurance	120,000	120,000	114,846	5,154	111,543
Employee benefits	1,546,100	1,556,100	1,524,489	31,611	1,418,043
Total insurance and benefits	1,666,100	1,676,100	1,639,335	36,765	1,529,586
Public safety:					
Police department	1,512,806	1,516,806	1,433,701	83,105	1,449,570
Animal control	26,522	26,522	26,473	49	25,609
Public safety communications	198,274	198,274	198,307	(33)	189,063
WETeam	21,150	21,150	18,922	2,228	10,349
Fire department	665,302	665,302	582,672	82,630	419,100
Miscellaneous public protection	180,028	180,028	171,824	8,204	173,778
Emergency preparedness	5,075	5,076	4,915	161	4,596
Total public safety	2,609,157	2,613,158	2,436,814	176,344	2,272,065
Public works:					
General public works	1,376,984	1,386,984	1,360,977	26,007	1,268,210
Refuse disposal/recycling	624,949	624,949	547,703	77,246	520,176
Total public works	2,001,933	2,011,933	1,908,680	103,253	1,788,386
Facilities:					
Facilities and property management	287,611	287,611	312,570	(24,959)	251,238
Town hall maintenance	22,000	22,000	20,031	1,969	24,387
Library building	41,526	41,526	39,330	2,196	36,335
Town center fire station	25,460	25,460	24,203	1,257	24,804
Community center building	81,954	121,954	90,942	31,012	101,136
Donald Richards pool facility	227,437	237,437	155,047	82,390	236,608
Cape cottage fire station	6,735	6,735	4,704	2,031	5,914
Police station	57,965	57,965	30,864	27,101	63,060
Total facilities	750,688	800,688	677,691	122,997	743,482
Cultural and parks:					
Community services	1,351,232	1,351,232	1,163,697	187,535	1,305,588
Parks and grounds	536,595	582,495	509,136	73,359	441,924
Trees	25,838	30,838	24,181	6,657	51,444
Total cultural and parks	1,913,665	1,964,565	1,697,014	267,551	1,798,956
Library	562,138	562,138	530,408	31,730	540,558
Human services	54,510	64,510	99,089	(34,579)	59,120

**TOWN OF CAPE ELIZABETH, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis, Continued**  
**For the Year Ending June 30, 2020**

	2020			Variance positive (negative)	2019 Actual
	Original Budget	Revised budget	Actual		
Expenditures, continued					
Current, continued:					
Education:					
Regular instruction	12,889,723	12,889,723	12,572,241	317,482	12,254,156
Special education instruction	3,565,248	3,565,248	3,393,677	171,571	3,433,551
Other instruction	936,401	936,401	788,120	148,281	823,069
Student and staff support	2,887,138	2,887,138	2,684,162	202,976	2,527,026
System administration	766,349	766,349	720,984	45,365	710,065
School administration	1,221,925	1,221,925	1,168,189	53,736	1,128,501
Transportation	865,640	865,640	738,959	126,681	757,352
Facilities maintenance	3,207,415	3,207,415	3,030,652	176,763	2,709,735
Other	12,142	5,843	5,843	-	2,473
Debt service	470,200	470,200	470,200	-	492,050
Total education	26,822,181	26,815,882	25,573,027	1,242,855	24,837,978
Intergovernmental and overlay:					
Overlay and abatements	697,318	401,607	41,767	359,840	87,272
County assessment	1,456,670	1,456,670	1,456,670	-	1,376,569
Other assessments	31,573	31,573	32,209	(636)	27,967
Total intergovernmental and overlay	2,185,561	1,889,850	1,530,646	359,204	1,491,808
Unclassified:					
Contributions	87,500	97,500	80,204	17,296	84,834
Grants	-	123,143	60,114	63,029	72,204
Total unclassified	87,500	220,643	140,318	80,325	157,038
Capital improvements:					
4004 PD cruiser replacement	-	46,500	43,837	2,663	74,092
4005 Roadway and drainage	45,000	633,201	613,197	20,004	202,498
4006 Spurwink school improvements	-	13,000	13,000	-	-
4013 Sidewalk improvements	25,000	321,500	31,095	290,405	16,629
4021 Computer hardware and software	-	-	-	-	64,243
4023 PW front-end loader	-	178,000	176,309	1,691	-
4024 Town Hall repairs	-	45,400	-	45,400	143,536
4031 Facilities generator/back up	-	145,000	140,553	4,447	-
4033 FD EMC server	35,000	35,000	34,631	369	-
4035 Willowbrook culvert engineering	65,000	65,000	17,302	47,698	-
4039 FD upgrades	75,000	75,000	73,156	1,844	-
4040 Facilities equipment	12,000	8,542	2,216	6,326	-
4052 Library improvements	-	77,998	800	77,198	17,002
4107 Dump/plow replacement	-	-	-	-	176,520
4117 Assessing - revaluation	57,000	57,000	34,057	22,943	-
4127 Pool repairs and improvements	-	48,400	45,003	3,397	15,331
4131 Town center building repairs	-	35,500	24,833	10,667	14,312
4136 PW equipment	12,000	-	-	-	37,483
4143 Pubic works building repairs	-	60,500	3,174	57,326	35,460
4269 Police station upgrades	-	-	5,723	(5,723)	7,586

continued

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

	2020			Variance positive (negative)	2019 Actual
	Original Budget	Revised budget	Actual		
Capital improvements:					
5230 CC pool repairs	57,000	57,000	-	57,000	-
5250 CC rental building repairs	-	29,046	9,046	20,000	8,311
5276 MS athletic field access	30,000	61,625	61,625	-	1,660
5287 PD equipment	17,800	45,000	37,718	7,282	23,764
5302 PW truck replacement	-	-	-	-	42,604
5303 Spurwink church	-	-	-	-	4,879
5308 Rotary mower replacement	-	61,064	48,564	12,500	-
5316 Comprehensive plan	-	6,935	697	6,238	8,086
5317 Park furnace replacement	-	3,931	-	3,931	2,869
5318 Fort Williams building painting	-	-	5,375	(5,375)	9,796
5319 Fort Williams building exterior	-	-	91	(91)	10,011
5333 Fort Williams improvements	-	118,400	28,827	89,573	569,835
5322 Portland head light heat pump	-	-	-	-	32,171
5323 Community services upgrades	-	6,800	6,800	-	-
5325 Hill way and Scott Dyer improvements	-	624,696	624,696	-	151,846
5330 Utility pickup truck	-	-	-	-	27,872
5336 Cliff House beach stairs	-	-	-	-	24,145
5337 Culvert assessment	-	4,980	-	4,980	15,519
5339 Scott Dyer Rd. phase 3	-	808,003	642,773	165,230	-
5400 FD replace ladder truck	-	1,060,000	990,075	69,925	-
5401 Ambulance replacement	-	-	-	-	241,507
5421 Communication tower	-	5,000	-	5,000	-
5422 CS utility van	-	14,000	-	14,000	-
Total capital improvements	430,800	4,752,021	3,715,173	1,036,848	1,979,567
Debt service (excluding School Department)					
Principal and interest payments	1,707,386	2,816,758	2,750,416	66,342	1,678,691
Total debt service	1,707,386	2,816,758	2,750,416	66,342	1,678,691
Total expenditures	42,279,650	47,725,235	44,052,936	3,672,299	40,213,055
Excess (deficiency) of revenues over (under) expenditures	(633,660)	(5,899,520)	(2,411,210)	3,488,310	(498,030)
Other financing sources (uses):					
Proceeds from financed purchase	-	225,000	225,000	-	1,500,000
Refunding bonds issued	-	880,000	880,000	-	-
Premium on refunding bonds issued	-	164,372	164,372	-	-
Transfers in	426,112	426,112	416,868	(9,244)	1,141,293
Transfers out	(167,452)	(167,452)	(167,452)	-	(327,415)
Carryforward balances and subsequent authorizations	-	3,996,488	-	(3,996,488)	-
Utilization of prior year surplus - Town	375,000	375,000	-	(375,000)	-
Total other financing sources (uses)	633,660	5,899,520	1,518,788	(4,380,732)	2,313,878
Net change in fund balance	-	-	(892,422)	(892,422)	1,815,848
Reconciliation to GAAP:					
Change in encumbrances			(5,841)		(206,695)
Fund balance, beginning of year			9,084,383		7,475,230
<b>Fund balance, ending of year</b>	<b>\$</b>		<b>8,186,120</b>		<b>9,084,383</b>



**ALL OTHER GOVERNMENTAL FUNDS**

**TOWN OF CAPE ELIZABETH, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 941,878	135,181	1,077,059
Investments	821,673	-	821,673
Receivables:			
Accounts receivable	3,183	110	3,293
Due from other governments	109,312	-	109,312
Inventory	131,692	-	131,692
Interfund loans receivable	527,974	1,083,994	1,611,968
<b>Total assets</b>	<b>\$ 2,535,712</b>	<b>1,219,285</b>	<b>3,754,997</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	35,217	-	35,217
Accrued payroll and benefits	23,051	-	23,051
Unearned revenue - prepaid services	28,040	-	28,040
Interfund loans payable	279,625	46,098	325,723
<b>Total liabilities</b>	<b>365,933</b>	<b>46,098</b>	<b>412,031</b>
Fund balances:			
Nonspendable	107,815	-	107,815
Restricted	372,389	146,007	518,396
Committed	1,935,986	343,220	2,279,206
Assigned	-	730,058	730,058
Unassigned	(246,411)	(46,098)	(292,509)
<b>Total fund balances</b>	<b>2,169,779</b>	<b>1,173,187</b>	<b>3,342,966</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,535,712</b>	<b>1,219,285</b>	<b>3,754,997</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, 2020**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Tax revenue	\$ -	69,533	69,533
Intergovernmental:	575,281	-	575,281
Charges for services:			
Building and park rentals and fees	2,650	275,449	278,099
Lot sales and fees	58,672	12,175	70,847
Donations	-	41,977	41,977
School programs	135,229	-	135,229
School lunch	349,461	-	349,461
Lighthouse admissions	46,036	-	46,036
Lighthouse gift shop sales	560,575	-	560,575
Fees and services	1,984	-	1,984
Local grants and contributions	108,372	-	108,372
Miscellaneous	5,686	-	5,686
Investment income	43,471	2,685	46,156
Total revenues	1,887,417	401,819	2,289,236
Expenditures:			
Current:			
General government	-	7,500	7,500
Education	575,289	-	575,289
School lunch	673,958	-	673,958
Culture and parks:			
Portland Head Light	574,968	-	574,968
Cemetery	44,351	-	44,351
Library	47,006	-	47,006
Facilities	7,240	-	7,240
Human services	6,650	-	6,650
Capital outlay	103,764	354,655	458,419
Total expenditures	2,033,226	362,155	2,395,381
Excess (deficiency) of revenues over (under) expenditures	(145,809)	39,664	(106,145)
Other financing sources (uses):			
Proceeds from financed purchases	-	96,442	96,442
Transfers from other funds	64,538	52,914	117,452
Transfers to other funds	(135,152)	(164,587)	(299,739)
Total other financing sources (uses)	(70,614)	(15,231)	(85,845)
Net change in fund balances	(216,423)	24,433	(191,990)
Fund balances, beginning of year	2,386,202	1,148,754	3,534,956
<b>Fund balances, end of year</b>	<b>\$ 2,169,779</b>	<b>1,173,187</b>	<b>3,342,966</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 Grants and Other 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.

### **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.

### **Other Town Programs**

This fund accounts for revenues and expenditures from miscellaneous grants and donations that are restricted by the parties that have provided the funds.

### **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.

### **Libby Bequest**

The Libby Bequest Fund accounts for amounts donated to the Thomas Memorial Library through a bequest. Funds are to be used for various library needs.

## **NONMAJOR GOVERNMENTAL FUNDS**

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

#### **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.

#### **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, 2020**

	School Grants and Other Programs	School Lunch Program	Portland Head Light	Other Town Programs	Riverside Perpetual Care	Library Fund	Libby Bequest	Thomas Jordan Fund	Spurwink Church Fund	Totals
<b>ASSETS</b>										
Cash and cash equivalents	\$ -	-	-	-	354,615	263,217	-	315,006	9,040	941,878
Investments	-	-	-	-	-	-	-	821,673	-	821,673
Accounts receivable	-	-	-	-	289	215	-	2,672	7	3,183
Due from other governments	67,667	41,645	-	-	-	-	-	-	-	109,312
Inventory	-	23,877	107,815	-	-	-	-	-	-	131,692
Interfund loans receivable	83,617	-	310,048	7,258	53,769	-	73,282	-	-	527,974
<b>Total assets</b>	<b>\$ 151,284</b>	<b>65,522</b>	<b>417,863</b>	<b>7,258</b>	<b>408,673</b>	<b>263,432</b>	<b>73,282</b>	<b>1,139,351</b>	<b>9,047</b>	<b>2,535,712</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable	9,476	4,018	20,569	-	75	1,043	-	-	36	35,217
Accrued payroll and benefits	21,067	-	1,984	-	-	-	-	-	-	23,051
Unearned revenue - prepaid services	-	28,040	-	-	-	-	-	-	-	28,040
Interfund loans payable	-	279,475	-	-	-	150	-	-	-	279,625
<b>Total liabilities</b>	<b>30,543</b>	<b>311,533</b>	<b>22,553</b>	<b>-</b>	<b>75</b>	<b>1,193</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>365,933</b>
<b>Fund balances:</b>										
Nonspendable	-	-	107,815	-	-	-	-	-	-	107,815
Restricted	29,610	-	-	7,258	-	262,239	73,282	-	-	372,389
Committed	91,531	-	287,495	-	408,598	-	-	1,139,351	9,011	1,935,986
Unassigned	(400)	(246,011)	-	-	-	-	-	-	-	(246,411)
<b>Total fund balances (deficits)</b>	<b>120,741</b>	<b>(246,011)</b>	<b>395,310</b>	<b>7,258</b>	<b>408,598</b>	<b>262,239</b>	<b>73,282</b>	<b>1,139,351</b>	<b>9,011</b>	<b>2,169,779</b>
<b>Total liabilities and fund balances</b>	<b>\$ 151,284</b>	<b>65,522</b>	<b>417,863</b>	<b>7,258</b>	<b>408,673</b>	<b>263,432</b>	<b>73,282</b>	<b>1,139,351</b>	<b>9,047</b>	<b>2,535,712</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, 2020**

	School Grants and Other Programs	School Lunch Program	Portland Head Light	Other Town Programs	Riverside Perpetual Care	Library Fund	Libby Donation	Thomas Jordan Fund	Spurwink Church Fund	Totals
Revenues:										
Intergovernmental	\$ 467,824	106,711	-	746	-	-	-	-	-	575,281
Charges for services:										
Building and park rentals and fees	-	-	-	-	-	-	-	-	2,650	2,650
Lot sales and fees	-	-	-	-	58,672	-	-	-	-	58,672
School programs	135,229	-	-	-	-	-	-	-	-	135,229
School lunch	-	349,461	-	-	-	-	-	-	-	349,461
Lighthouse admissions	-	-	46,036	-	-	-	-	-	-	46,036
Lighthouse gift shop sales	-	-	560,575	-	-	-	-	-	-	560,575
Fees and services	-	-	-	-	-	1,984	-	-	-	1,984
Local grants and contributions	-	7,617	3,880	4,000	-	19,593	73,282	-	-	108,372
Miscellaneous	-	-	1,405	-	-	112	-	4,169	-	5,686
Investment income	-	-	-	-	7,044	5,533	-	30,525	369	43,471
<b>Total revenues</b>	<b>603,053</b>	<b>463,789</b>	<b>611,896</b>	<b>4,746</b>	<b>65,716</b>	<b>27,222</b>	<b>73,282</b>	<b>34,694</b>	<b>3,019</b>	<b>1,887,417</b>
Expenditures:										
Current:										
Education	575,289	-	-	-	-	-	-	-	-	575,289
School lunch	-	673,958	-	-	-	-	-	-	-	673,958
Culture and parks:										
Library	-	-	-	-	-	47,006	-	-	-	47,006
Portland Head Light - operations and staff	-	-	271,197	-	-	-	-	-	-	271,197
Portland Head Light - gift shop costs	-	-	303,771	-	-	-	-	-	-	303,771
Cemetery maintenance	-	-	-	-	44,351	-	-	-	-	44,351
Facilities:										
Spurwink church	-	-	-	-	-	-	-	-	7,240	7,240
Human services	-	-	-	-	-	-	-	6,650	-	6,650
Capital outlay	-	-	103,764	-	-	-	-	-	-	103,764
<b>Total expenditures</b>	<b>575,289</b>	<b>673,958</b>	<b>678,732</b>	<b>-</b>	<b>44,351</b>	<b>47,006</b>	<b>-</b>	<b>6,650</b>	<b>7,240</b>	<b>2,033,226</b>
Other financing sources (uses):										
Transfers from other funds	-	64,538	-	-	-	-	-	-	-	64,538
Transfers to other funds	-	-	(108,220)	-	(1,632)	-	-	(25,000)	(300)	(135,152)
<b>Total other sources (uses)</b>	<b>-</b>	<b>64,538</b>	<b>(108,220)</b>	<b>-</b>	<b>(1,632)</b>	<b>-</b>	<b>-</b>	<b>(25,000)</b>	<b>(300)</b>	<b>(70,614)</b>
<b>Net change in fund balances</b>	<b>27,764</b>	<b>(145,631)</b>	<b>(175,056)</b>	<b>4,746</b>	<b>19,733</b>	<b>(19,784)</b>	<b>73,282</b>	<b>3,044</b>	<b>(4,521)</b>	<b>(216,423)</b>
<b>Fund balances (deficits), beginning of year</b>	<b>92,977</b>	<b>(100,380)</b>	<b>570,366</b>	<b>2,512</b>	<b>388,865</b>	<b>282,023</b>	<b>-</b>	<b>1,136,307</b>	<b>13,532</b>	<b>2,386,202</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ 120,741</b>	<b>(246,011)</b>	<b>395,310</b>	<b>7,258</b>	<b>408,598</b>	<b>262,239</b>	<b>73,282</b>	<b>1,139,351</b>	<b>9,011</b>	<b>2,169,779</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 Projects**

The School 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, 2020**

		Riverside Cemetery Capital Improvements	Tax Increment Financing	School Projects	Library Project	Town Bonded Projects	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
<b>ASSETS</b>											
Cash and cash equivalents	\$	135,181	-	-	-	-	-	-	-	-	135,181
Accounts receivable		110	-	-	-	-	-	-	-	-	110
Interfund loans receivable		57,698	146,007	-	-	26,052	42,253	310,279	274,915	226,790	1,083,994
<b>Total assets</b>	<b>\$</b>	<b>192,989</b>	<b>146,007</b>	<b>-</b>	<b>-</b>	<b>26,052</b>	<b>42,253</b>	<b>310,279</b>	<b>274,915</b>	<b>226,790</b>	<b>1,219,285</b>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Interfund loans payable		-	-	46,098	-	-	-	-	-	-	46,098
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>46,098</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,098</b>
Fund balances:											
Restricted		-	146,007	-	-	-	-	-	-	-	146,007
Committed		-	-	-	-	26,052	42,253	-	274,915	-	343,220
Assigned		192,989	-	-	-	-	-	310,279	-	226,790	730,058
Unassigned		-	-	(46,098)	-	-	-	-	-	-	(46,098)
<b>Total fund balances (deficits)</b>		<b>192,989</b>	<b>146,007</b>	<b>(46,098)</b>	<b>-</b>	<b>26,052</b>	<b>42,253</b>	<b>310,279</b>	<b>274,915</b>	<b>226,790</b>	<b>1,173,187</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>192,989</b>	<b>146,007</b>	<b>-</b>	<b>-</b>	<b>26,052</b>	<b>42,253</b>	<b>310,279</b>	<b>274,915</b>	<b>226,790</b>	<b>1,219,285</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, 2020**

	Riverside Cemetery Capital Improvements	Tax Increment Financing	School Projects	Library Project	Town Bonded Projects	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
<b>Revenues:</b>										
Tax revenue	\$ -	69,533	-	-	-	-	-	-	-	69,533
Building and other fees	-	-	-	-	-	12,428	63,870	-	199,151	275,449
Cemetery lot sales	12,175	-	-	-	-	-	-	-	-	12,175
Donations	-	-	41,977	-	-	-	-	-	-	41,977
Investment income	2,685	-	-	-	-	-	-	-	-	2,685
<b>Total revenues</b>	<b>14,860</b>	<b>69,533</b>	<b>41,977</b>	<b>-</b>	<b>-</b>	<b>12,428</b>	<b>63,870</b>	<b>-</b>	<b>199,151</b>	<b>401,819</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	-	-	-	-	-	-	-	-	7,500	7,500
Capital outlay	-	-	261,157	-	-	-	-	-	93,498	354,655
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>261,157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,998</b>	<b>362,155</b>
<b>Other financing sources (uses):</b>										
Lease proceeds	-	-	96,442	-	-	-	-	-	-	96,442
Transfers from other funds	-	-	-	-	-	32,914	-	20,000	-	52,914
Transfers to other funds	-	-	-	(46,112)	-	-	-	-	(118,475)	(164,587)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>96,442</b>	<b>(46,112)</b>	<b>-</b>	<b>32,914</b>	<b>-</b>	<b>20,000</b>	<b>(118,475)</b>	<b>(15,231)</b>
<b>Net change in fund balances</b>	<b>14,860</b>	<b>69,533</b>	<b>(122,738)</b>	<b>(46,112)</b>	<b>-</b>	<b>45,342</b>	<b>63,870</b>	<b>20,000</b>	<b>(20,322)</b>	<b>24,433</b>
Fund balances, beginning of year	178,129	76,474	76,640	46,112	26,052	(3,089)	246,409	254,915	247,112	1,148,754
<b>Fund balances (deficits), end of year</b>	<b>\$ 192,989</b>	<b>146,007</b>	<b>(46,098)</b>	<b>-</b>	<b>26,052</b>	<b>42,253</b>	<b>310,279</b>	<b>274,915</b>	<b>226,790</b>	<b>1,173,187</b>

**FIDUCIARY FUNDS**

**PRIVATE-PURPOSE TRUST FUNDS**

**AGENCY FUNDS**

**TOWN OF CAPE ELIZABETH, MAINE**  
**Agency Funds**  
**Statement of Changes in Balances**  
**For the Year Ended June 30, 2020**

	Balances beginning of year	Additions	Deductions	Balances end of year
Activity funds:				
High School Student Activities	\$ 149,447	201,581	167,427	183,601
Middle School Student Activities	36,621	28,765	33,621	31,765
Pond Cove Student Activities	11,413	8,632	7,967	12,078
<b>Total</b>	<b>\$ 197,481</b>	<b>238,978</b>	<b>209,015</b>	<b>227,444</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, 2020**

	2020			Variance positive (negative)	2019 Actual
	Original Budget	Final Budget	Actual		
<b>Revenues:</b>					
Town appropriation	\$ 25,091,933	25,091,933	25,091,933	-	23,623,299
State education subsidy--school	1,653,599	1,653,599	1,773,718	120,119	1,281,386
State agency clients	6,000	6,000	3,916	(2,084)	17,368
Other state funds	53,443	53,443	9,357	(44,086)	8,643
Activity fees	68,845	68,845	57,875	(10,970)	66,833
Miscellaneous	16,600	16,600	19,190	2,590	12,379
Total revenues	26,890,420	26,890,420	26,955,989	65,569	25,009,908
<b>Expenditures:</b>					
Current:					
Regular instruction	12,889,723	12,889,723	12,572,241	317,482	12,254,156
Special education instruction	3,565,248	3,565,248	3,393,677	171,571	3,433,551
Other instruction	936,401	936,401	788,120	148,281	823,069
Student and staff support	2,887,138	2,887,138	2,684,162	202,976	2,527,026
System administration	766,349	766,349	720,984	45,365	710,065
School administration	1,221,925	1,221,925	1,168,189	53,736	1,128,501
Transportation	865,640	865,640	738,959	126,681	757,352
Facilities maintenance	3,207,415	3,207,415	3,030,652	176,763	2,709,735
Other	12,142	5,843	5,843	-	2,473
Debt service	470,200	470,200	470,200	-	492,050
Total expenditures	26,822,181	26,815,882	25,573,027	1,242,855	24,837,978
Excess (deficiency) of revenues over (under) expenditures	68,239	74,538	1,382,962	1,308,424	171,930
<b>Other financing sources (uses):</b>					
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)	(64,538)	(64,538)	-	(58,479)
Total other financing sources (uses)	(68,239)	(74,538)	(74,538)	-	(68,479)
Net change in fund balance - budgetary basis	-	-	1,308,424	1,308,424	103,451
<b>Reconciliation to GAAP basis:</b>					
Less: prior year encumbrances			(5,841)		(212,536)
Add: current year encumbrances			-		5,841
Net change in fund balance - GAAP basis			1,302,583		(103,244)
Fund balance, beginning of year - GAAP basis			238,814		342,058
<b>Fund balance, end of year - GAAP basis</b>	<b>\$</b>		<b>1,541,397</b>		<b>238,814</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**School Department Special Revenue Funds**  
**School Grants and Other Programs**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

	Fund balances beginning of year	Program revenues	Program expenditures	Transfers	Fund balances end of year
<b>State and Federal Programs:</b>					
Title IA	\$ -	28,721	25,065	-	3,656
Title IIA	-	59,470	55,130	-	4,340
Local entitlement	(290)	361,433	361,433	-	(290)
MLTI grant	5,460	18,200	17,692	-	5,968
Transition grant	3,935	-	3,935	-	-
Total state and federal programs	9,105	467,824	463,255	-	13,674
<b>Other Programs:</b>					
Athletic equipment replacement	22,000	7,000	12,200	-	16,800
C.E. education foundation	(3,868)	85,334	79,058	-	2,408
Cape coalition	830	-	-	(830)	-
Cape olympians	(564)	747	175	1,459	1,467
Dale Duff grant	-	500	-	-	500
Easement funds	2,274	-	-	-	2,274
Ecomaine art	-	165	-	-	165
Escapade program	629	-	-	(629)	-
H1N1 grant	4,887	-	-	-	4,887
HS greenhouse fund	1,286	304	-	-	1,590
Computer maintenance	11,348	19,884	9,140	-	22,092
Kate Libby fund	134	-	134	-	-
MPSA maker space	3,000	-	1,905	-	1,095
MS agriculture in the classroom	-	481	-	-	481
School gate receipts	36,083	20,260	8,812	-	47,531
Special ed workshop	3,704	-	-	-	3,704
Turf field rental	1,351	53	-	-	1,404
Wellness grant	778	501	500	-	779
Flow through grant	-	-	110	-	(110)
Total other programs	83,872	135,229	112,034	-	107,067
<b>Total</b>	<b>\$ 92,977</b>	<b>603,053</b>	<b>575,289</b>	<b>-</b>	<b>120,741</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2020**

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	\$ 25,065		-
Title IIA Supporting Effective Instruction	84.367	3042	55,130		-
Special Education Cluster:					
Special Education Grants to States	84.027	3046	361,433		-
Total Special Education Cluster				361,433	
Total U. S. Department of Education			441,628		-
U. S. Department of Agriculture, passed through Maine Department of Education:					
Child Nutrition Cluster:					
COVID 19 - CARES grant child nutrition	10.555	7008	20,648		-
National School Lunch Program	10.555	3022-3125	29,653		-
Summer food program	10.559	N/A	45,921		-
Breakfast Program	10.553	3014	4,177		-
Donated commodities	10.555	N/A	22,538		-
Total Child Nutrition Cluster				102,289	
Total U. S. Department of Agriculture			122,937		-
U.S. Department of Commerce passed through Maine Department of Marine Resources					
NOAA Coastal Zone Management Grants to States	11.419	N/A	19,033		-
Total U. S. Department of Commerce			19,033		-
U. S. Department of Justice, passed through Maine Department of Health and Human Services, passed through Cumberland County, Maine:					
Justice Assistance Grant	16.738	N/A	698		-
Total U. S. Department of Justice			698		-
U.S. Department of Transportation, passed through Maine Department of Transportation:					
Highway Planning and Construction	20.205	2410300	26,404		-
passed through the Maine Bureau of Highway Safety:					
Click It or Ticket	20.616	N/A	482		-
Total U.S. Department of Transportation			26,886		-
<b>Total federal awards</b>			<b>\$ 611,182</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.

Table 1

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

Fiscal year	General government	Public works	Facilities	Public safety	Human services	Culture, parks, and library	Education	School lunch	Inter-governmental assessments (2)	Unclassified (2)	Sewer	Capital maintenance expenses	Interest on debt	Total
2020	\$ 4,775,481	2,573,405	727,188	3,259,551	105,739	3,386,848	28,961,953	673,958	-	-	1,672,221	619,457	265,966	47,021,767
2019	4,239,526	2,568,984	750,630	2,880,288	70,751	3,730,768	27,982,396	730,207	-	-	1,582,769	864,640	266,856	45,667,815
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

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

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

Fiscal year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous		
2020	\$ 5,782,369	5,167,030	36,660	36,415,544	1,197,526	231,904	208,198	49,039,231	
2019	5,961,617	4,118,410	53,000	35,071,390	993,964	217,798	326,475	46,742,654	
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	

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

Fiscal year	General government (3)	Public works	Facilities	Public safety	Culture, parks, and library	Human services	Education	Intergovernmental assessments	Debt service (1)	Capital improvements	Other expenditures and transfers	Total
2020	\$ 2,993,660	1,908,680	677,691	2,436,814	2,227,422	99,089	25,573,027	1,530,646	2,750,416	3,715,173	307,770	44,220,388
2019	2,952,678	1,788,386	743,482	2,272,065	2,339,514	59,120	24,837,978	1,404,536	1,678,691	1,979,567	484,453	40,540,470
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

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

(3) Includes insurance and benefits.

**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>
2020	\$ 34,031,206	2,286,405	257,009	3,103,389	1,549,810	185,748	228,159	1,686,240	43,327,966
2019	32,649,369	2,370,221	239,736	2,473,795	1,577,974	167,455	236,475	2,641,293	42,356,318
2018	30,518,873	2,281,765	266,929	3,222,271	1,483,928	70,108	298,598	426,500	38,568,972
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

(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	County		
2020	\$	3.28	15.56	0.84	19.68
2019		3.43	14.79	0.80	19.02
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

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>
2020	\$	33,936,812	33,695,564	99.29%	-	33,695,564	99.29%
2019		32,659,449	32,515,988	99.56%	133,861	32,649,849	99.97%
2018		30,473,926	30,386,304	99.71%	87,622	30,473,926	100.00%
2017		29,613,103	29,497,849	99.61%	115,254	29,613,103	100.00%
2016		28,406,589	28,268,887	99.52%	137,702	28,406,589	100.00%
2015		28,034,747	27,872,535	99.42%	162,212	28,034,747	100.00%
2014		27,009,057	26,818,436	99.29%	190,621	27,009,057	100.00%
2013		26,179,228	26,012,826	99.36%	166,402	26,179,228	100.00%
2012		25,093,125	24,869,100	99.11%	224,025	25,093,125	100.00%
2011		24,102,111	23,941,795	99.33%	160,316	24,102,111	100.00%

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

Table 7

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

Fiscal year	Real estate assessed value	Personal property assessed value	Total		Ratio of total assessed value to total estimated actual value
			Assessed value	Estimated actual value (1)	
2020	\$ 1,722,738,276	5,226,400	1,727,964,676	2,275,600,000	75.93%
2019	1,709,959,200	6,512,600	1,716,471,800	2,125,200,000	80.77%
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%

(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, 2020**

<b>Name</b>	<b>Assessed valuation</b>	<b>% of total tax commitment</b>
Sprague Corporation	\$ 18,310,500	1.06%
Inn By the Sea	15,580,200	0.90%
Central Maine Power	6,225,900	0.36%
Health Care Property Investors Inc.	5,799,600	0.34%
L & J Downeast Properties LLC	5,349,800	0.31%
Glickman Family Trust	5,239,000	0.30%
1172 LLC	4,789,800	0.28%
Purpoodock Club	4,214,800	0.24%
Stefanie J. Levanson Living Trust	4,055,600	0.23%
Suzanne P. McGinn	3,492,100	0.20%

**TOWN OF CAPE ELIZABETH, MAINE**  
**Computation of Legal Debt Margin**  
**For the Year Ended June 30, 2020**

Total estimated actual valuation by State			\$ <u><u>2,275,600,000</u></u>
Legal debt margin:			
Debt limitation - 15% of estimated actual valuation			341,340,000
Debt applicable to debt limitation:			
Municipal	7.5%	170,670,000	6,252,635
School	10.0%	227,560,000	3,138,865
Storm and sanitary sewers	7.5%	170,670,000	1,182,050
Airport, water and special districts	3.0%	68,268,000	-
<u>Total</u>	<u>28.0%</u>	<u>637,168,000</u>	<u>10,573,550</u>
Total bonded debt applicable to debt limit			10,573,550
<b>Legal debt margin</b>			<b>\$ <u><u>330,766,450</u></u></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**

<b>Fiscal year</b>	<b>Population (1)</b>	<b>Assessed value (2)</b>	<b>Net bonded debt (3)</b>	<b>Ratio of net bonded debt to assessed value</b>	<b>Net bonded debt per capita</b>
2020	9,015	\$ 1,727,964,676	10,573,550	0.61%	1,173
2019	9,015	1,716,471,800	12,458,500	0.73%	1,382
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

(1) U. S. Bureau of the Census

(2) Amount from Table 7

(3) Excludes financed purchase agreements

**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
2020	\$	2,750,416	470,200	3,220,616	44,220,388	7.28%
2019		1,678,691	492,050	2,170,741	40,540,470	5.35%
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%

(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, 2020**

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to government	Amount applicable to government
Direct:			
Town of Cape Elizabeth bonds and notes	\$ 10,573,550	100.00%	10,573,550
Overlapping debt:			
Cumberland County	35,425,000	4.51%	1,598,907
Portland Water District -- sewer debt	35,911,417	8.77%	3,150,050
Contingent debt:			
Portland Water District -- water debt	55,760,544	6.69%	3,730,380