

**TOWN OF CAPE ELIZABETH, MAINE**

**Annual Financial Report**

**For the Year Ended June 30, 2019**

**TOWN OF CAPE ELIZABETH, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2019**

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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, 2019, 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, 2019, 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, schedule of Town's proportionate share of the net pension liability, schedule of Town contributions – net pension liability, schedule of changes in the Town's net pension liability and related ratios, schedule of changes in the Town's total MMEHT health plan OPEB liability and related ratios, and schedule of Town's total MEABT health plan OPEB liability and related ratios, schedule of Town's proportionate share of the net OPEB liability, and schedule of Town's contributions – OPEB, 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 14, 2020 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 Town of Cape Elizabeth, Maine's internal control over financial reporting and compliance.



January 14, 2020  
South Portland, Maine

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2019**

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## Introduction

As the Town Manager of the Town of Cape Elizabeth, Maine, I am pleased to provide a Management Discussion and Analysis as part of our annual financial statements. The financial statements contained herein show all of the governmental and fiduciary funds of the Town of Cape Elizabeth, Maine.

## Financial Highlights

- The total assets for all governmental activities equal \$59,526,063.
- The total net position is \$34,531,674. Net position includes a \$27,532,249 net investment in capital assets, \$776,662 in restricted net position and \$6,222,763 in unrestricted net position.
- For the reporting period, the Town had an increase in fund balance for total governmental funds (from statement 4) of \$757,893.
- The fund balance for the General Fund increased \$1,609,153.
- The School General Fund balance decreased from \$342,058 to \$238,814 due to use of surplus to offset the tax impact of the school budget.
- The Town General Fund unassigned fund balance increased from \$4,626,075 to \$5,509,649 primarily due to revenues in excess of the budget and unexpended appropriations.

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

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

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

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

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

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

## Fund Financial Statements

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

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

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2019**

- *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>2019</b>	<b>2018 Restated</b>	<b>Change</b>
Current and other assets	\$17,404,599	\$ 16,469,958	\$ 934,641
Capital assets	42,121,464	42,840,748	(719,284)
<b>Total assets</b>	<b>59,526,063</b>	<b>59,310,706</b>	<b>215,357</b>
Deferred outflows related to pensions	865,034	756,058	108,976
Deferred outflows related to OPEB	213,980	183,518	30,462
<b>Total deferred outflows</b>	<b>1,079,014</b>	<b>939,576</b>	<b>139,438</b>
Other liabilities	3,376,974	3,243,021	133,953
Long-term liabilities	22,205,172	23,414,791	(1,209,619)
<b>Total liabilities</b>	<b>25,582,146</b>	<b>26,657,812</b>	<b>(1,075,666)</b>
Deferred inflows related to pensions	217,057	63,153	153,904
Deferred inflows related to OPEB	274,200	72,482	201,718
<b>Total deferred inflows</b>	<b>491,257</b>	<b>135,635</b>	<b>355,622</b>
Net investment in capital assets	27,532,249	27,540,441	(8,192)
Restricted	776,662	779,741	(3,079)
Unrestricted	6,222,763	5,136,653	1,086,110
<b>Total net position</b>	<b>\$ 34,531,674</b>	<b>\$ 33,456,835</b>	<b>\$ 1,074,839</b>

The FY 2018 unrestricted net position, deferred outflows, and long-term liabilities have been restated as the Town recognizing the OPEB liability for the School Department through MEABT. There was not enough information available to record this liability in the prior year. In addition, amounts were restated for the Zimpritch Library Trust, which was previously reported in a private purpose trust for the library and was added to the special revenue funds.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2019**

**Change in Net Position**

	<u>2019</u>	<u>2018</u>	<u>Change</u>
<b>Sources of Revenues</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 5,961,617	5,833,948	127,669
Operating grants and contributions	4,118,410	4,878,621	(760,211)
Capital grants and contributions	53,000	11,145	41,855
<b>Total program revenues</b>	<b>10,133,027</b>	<b>10,723,714</b>	<b>(590,687)</b>
<b>General Revenues:</b>			
Property and other taxes	35,071,390	32,764,038	2,307,352
Grants and contributions not restricted to specific programs	993,964	915,424	78,540
Unrestricted investment income	217,798	174,188	43,610
Other	326,475	298,598	27,877
<b>Total general revenues</b>	<b>36,609,627</b>	<b>34,152,248</b>	<b>2,457,379</b>
<b>Total revenues</b>	<b>46,742,654</b>	<b>44,875,962</b>	<b>1,866,692</b>
<b>Functional Expenses:</b>			
General government	4,239,526	3,596,329	643,197
Public works	2,568,984	3,727,437	(1,158,453)
Facilities	750,630	691,111	59,519
Public safety	2,880,288	2,670,887	209,401
Human services	70,751	55,521	15,230
Cultural and parks	3,730,768	3,298,199	432,569
Education	27,982,396	27,340,392	642,004
School lunch	730,207	810,588	(80,381)
Sewer	1,582,769	1,576,605	6,164
Capital maintenance expenses	864,640	1,036,685	(172,045)
Interest on debt	266,856	311,536	(44,680)
<b>Total expenses</b>	<b>45,667,815</b>	<b>45,115,290</b>	<b>552,525</b>
Change in net position	1,074,839	(239,328)	1,314,167
Net position – beginning of year, restated	33,456,835	37,405,094	(3,948,259)
<b>Net position – end of year</b>	<b>\$ 34,531,674</b>	<b>37,165,766</b>	<b>(2,634,092)</b>

**Assets**

**Cash and Cash Equivalents**

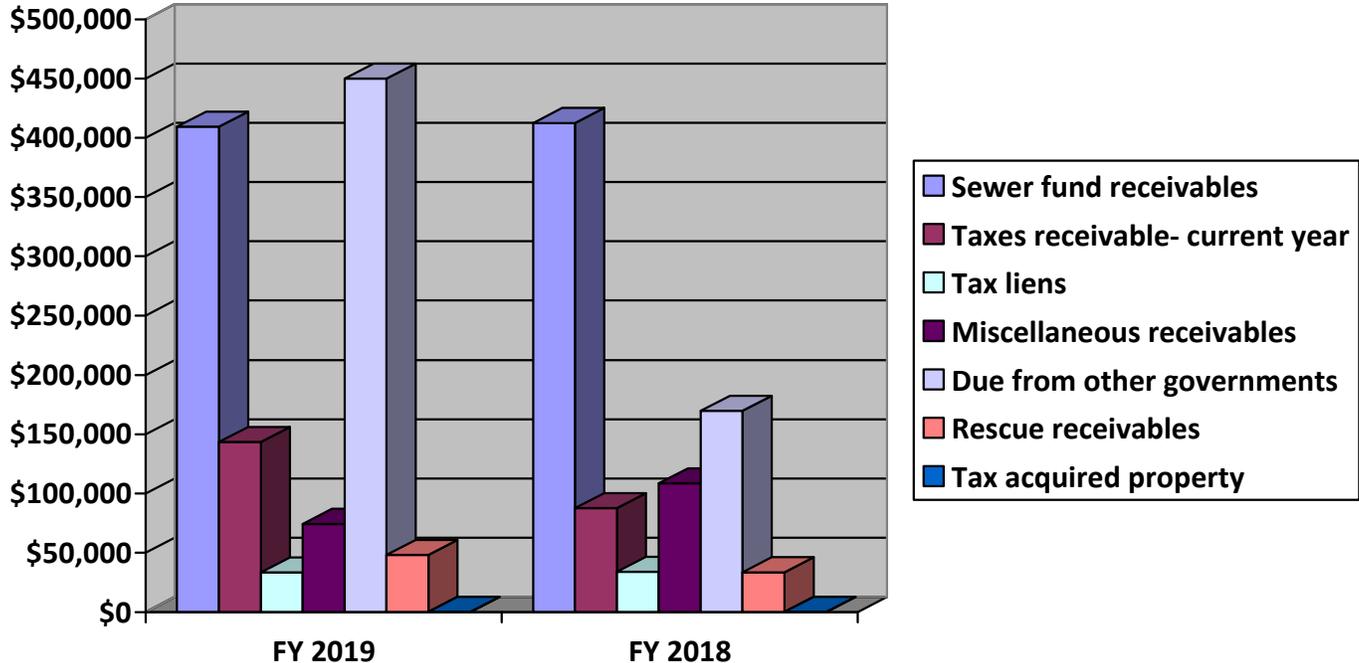
Cash and cash equivalents increased \$550,803, from \$14,696,781 to \$15,247,584. The increase is attributable to lease/purchase bond proceeds received but not spent in the current year for Town projects.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2019**

**Receivables**

The Town continues to have an excellent record of tax receivables, maintaining the collection rate of the levy for the current year at 99.56%. The taxes receivable amount increased from the prior year, although it stayed relatively consistent with the prior year due to cooperation from taxpayers and an unemployment rate significantly below the national average. The sewer receivable decreased slightly. The Town places liens on uncollected sewer fees, so eventually the entire receivable is paid.

	<b>FY 2019</b>	<b>FY 2018</b>
Sewer fund receivables	\$ 409,307	\$ 412,442
Taxes receivable- current year	143,461	87,622
Tax liens	33,340	33,946
Miscellaneous receivables	74,397	108,661
Due from other governments	449,853	169,909
Rescue receivables	48,264	33,597
Tax acquired property	206	206
<b>Total</b>	<b>\$ 1,158,828</b>	<b>\$ 846,383</b>
% Sewer	35%	49%
% Taxes and other	65%	51%



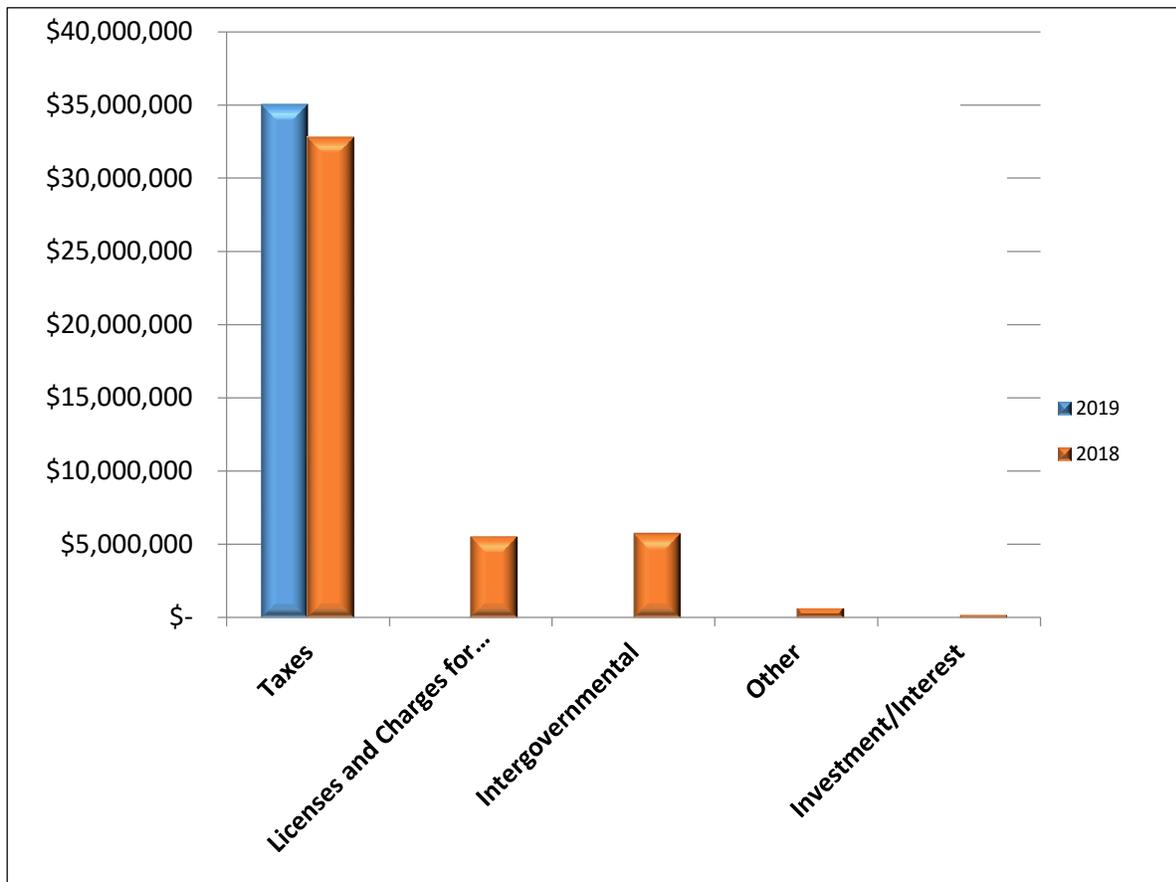
**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2019**

**Governmental Fund Revenues by Major Source**

Property and other taxes amounted to 75.00% of revenue in FY 2019. This compares to 73.03% in FY 2018. Intergovernmental revenues decreased \$682,438 due to a decrease in State school subsidy. Investment income increased from \$174,188 to \$217,798. Overall, revenues were up \$1,778,292 or 4.0%. This compared to an increase the year before of 1.02%. The total increase in revenue from taxes this past year was \$2,218,952 or 6.8% compared with 2.6% the previous year.

**Revenues Chart**

	<b>2019</b>	<b>2018</b>	<b>\$ Change</b>	<b>% Change</b>
Taxes	\$ 35,019,590	\$ 32,800,638	2,218,952	6.8%
Licenses and Charges for Service	5,763,668	5,539,094	224,574	4.1%
Intergovernmental	5,061,360	5,743,798	(682,438)	-11.9%
Other	628,438	654,844	(26,406)	-4.0%
Investment/Interest	217,798	174,188	43,610	25.0%
	<b>\$ 46,690,854</b>	<b>44,912,562</b>	<b>1,778,292</b>	<b>4.0%</b>



**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2019**

**Governmental Fund Expenditures**

Expenditures changed as follows:

	<b>2019</b>	<b>2018</b>	<b>\$ Change</b>	<b>% Change</b>
General government	\$ 1,437,742	\$ 1,208,621	229,121	19.0%
Insurance and Benefits	1,529,586	1,402,309	127,277	9.1%
Public works	1,788,386	1,724,877	63,509	3.7%
Facilities	750,630	691,111	59,519	8.6%
Public safety	2,766,199	2,436,202	329,997	13.5%
Cultural and parks	3,150,776	2,910,849	239,927	8.2%
Human services	70,751	55,521	15,230	27.4%
Education	27,667,381	27,063,276	604,105	2.2%
Intergovernmental assessments	1,404,536	1,353,073	51,463	3.8%
Unclassified	157,038	28,564	128,474	449.8%
Sewer	1,582,769	1,576,605	6,164	0.4%
School lunch program	730,207	810,588	(80,381)	-9.9%
Capital outlay	2,608,661	3,520,964	(912,303)	-25.9%
Non-school debt service	1,887,798	1,648,145	239,653	14.5%
<b>Total expenditures</b>	<b>\$ 47,532,460</b>	<b>46,430,705</b>	<b>1,101,755</b>	<b>2.4%</b>

Total expenditures increased by \$1,101,755 or 2.4%. Education spending increased \$604,105 or 2.2%. Spending, excluding capital outlay, increased \$2,014,058 or 4.7% due to increases on public safety, education and cultural and parks.

**Transfers**

The School General Fund transferred \$58,479 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 \$66,022 in taxes raised for the purpose of the Tax Incremental Financing (TIF) Fund to that fund. The General Fund received operating transfers from the following funds: Sewer Fund \$60,053; Thomas Jordan Fund \$26,035; Riverside Cemetery – Perpetual Care \$1,939; Fort Williams Park CIP \$5,046 and Portland Head Light \$8,220. In addition, the General Fund received transfers from the following funds to support capital improvement projects: Fort Williams Park CIP Fund - \$227,700; Portland Headlight Fund, - \$462,000; Infrastructure Fund - \$100,000; Rescue Fund - \$225,000 and TIF Fund \$25,000.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2019**

**Significant Changes in Individual Fund Balances**

	6/30/2019	Restated 6/30/2018	\$ Change	% Change
General Fund	\$ 9,084,383	\$ 7,475,230	1,609,153	21.5%
School Categorical Funds	92,977	123,617	(30,640)	-24.8%
School Lunch Program	(100,380)	-	(100,380)	-100.0%
Sewer User Fund	1,956,840	1,747,161	209,679	12.0%
Portland Head Light	570,366	990,542	(420,176)	-42.4%
Rescue Fund	(538,601)	(106,510)	(432,091)	405.7%
Other Town Programs	2,512	-	2,512	100.0%
Riverside Perpetual Care	388,865	368,550	20,315	5.5%
Library Fund	282,023	282,782	(759)	-0.3%
Thomas Jordan Fund	1,136,307	1,139,069	(2,762)	-0.2%
Spurwink Church Fund	13,532	18,006	(4,474)	-24.8%
Riverside Cemetery Capital Improvements	178,129	166,966	11,163	6.7%
Tax Increment Financing	76,474	35,452	41,022	115.7%
School Bonded Projects	76,640	6,840	69,800	1020.5%
Library Project Fund	46,112	46,112	-	0.0%
Town Bonded Projects	26,052	26,052	-	0.0%
Land Acquisition Fund	(3,089)	54,871	(57,960)	-105.6%
Infrastructure Improvement	246,409	264,028	(17,619)	-6.7%
Turf Field	254,915	234,915	20,000	8.5%
Fort Williams Park Fund	247,112	406,002	(158,890)	-39.1%
<b>Total</b>	<b>14,037,578</b>	<b>13,279,685</b>	<b>757,893</b>	

The 2018 beginning fund balances were restated on the financial statements with the addition of the Zimpritch Library Fund to the Library Special Revenue Fund.

The School Board will address School Lunch Program finances as the fund ended the year with a \$100,380 deficit. It is anticipated that in FY 2021, the School Department will budget the current annual shortfall and over 3 years will zero out the accumulated deficit. The Sewer User Fund increase is the result of less spending on capital items. The Rescue Fund had fewer calls and higher expenditures due to the expansion of the 24/7 per diem coverage and capital expenditures. During FY 2021, it is expected that the Rescue Fund will be brought into the General Fund and that the accumulated deficit will be reduced over 3 years. The Portland Head Light and Fort Williams CIP Funds decreased due to construction of the Central Parking Lot. The Infrastructure Improvement Fund decrease was due to a transfer to the General Fund to fund certain projects. The Land Acquisition Fund decreased due to the purchase of land. The School Projects Fund is now carrying forward funds raised for the Pond Cove Playground. The project is scheduled for completion in FY 2020. 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. Finally, the Pond Cove Playground Project is part of the School Bonded Project Fund.

**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 exceeded estimates. Youth Programs revenues were over budgeted due to the popularity of the program offerings. On the expenditure side, capital improvement projects underspent the budget by \$2,813,421, but this amount is part of the assigned fund balance increase per the carry forward provision in the Town charter.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2019**

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Other General Fund departments with under expenditures include School Department Facilities, Debt Service and Fort Williams Park.

<b>Revenues:</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
Excise Taxes	\$ 2,165,000	\$ 2,343,551	178,551
Building And Other Permits	150,000	201,732	51,732
Community Services Programs	1,015,000	1,172,470	157,470
Investment Earnings	35,000	167,455	132,455
<b>Expenditures:</b>			
General Public Works	1,340,279	1,268,210	72,069
Park and Grounds	557,733	441,924	115,809
Student and Staff Support	2,626,017	2,527,026	98,991
Facilities Maintenance	2,921,055	2,709,735	211,320
Capital Improvements	4,792,988	1,979,567	2,813,421

**Capital Improvements**

The Town undertook a number of improvements to capital assets during the year. The Town spent \$956,327 on roadway, drainage, and other infrastructure work that includes \$151,846 on the Hill Way / Scott Dyer Road reconstruction project. The Town spent \$241,507 for a replacement ambulance; \$176,520 for a dump/plow truck replacement and an additional \$167,243 for other vehicles. The Town also spent \$327,070 for building improvements and \$110,901 for office computers, police radios, and personal protection equipment.

**Long-term Debt Activity**

In the early part of the past decade, the Town completed a new police station, a new public works garage, a new community center, new Town center fire station, a new kindergarten wing of the elementary school and renovations to the high school. Net bonded debt as of June 30, 2019 stood at \$12,458,500 of which \$1,367,500 is Sewer Fund debt. This equated to 0.73% of assessed value and to \$1,382 net bonded debt per capita. The ratio of debt service to general governmental expenditures was 5.35% on June 30, 2019, compared to 4.99% on June 30, 2018.

**The Overall Financial Position of the Town**

The overall financial condition continued to be healthy in FY 2019. With an improving economy nationally, the tax collection rate stayed above 99% of the current levy. The unassigned General Fund balance grew to \$5.5 million. The ratio of bonded debt to assessed value stayed relatively unchanged. The infrastructure is in good condition with police, fire, public works, library, and community facilities having been built or substantially remodeled since 2000. The most recent school renovation work was at the high school six years ago, with projected renovation work needed at all three facilities in the near term. During the next 10 years, 82.5% of all debt is to be retired with 100% of the debt to be retired in the next 18 years.

The Town's median household income was \$85,604, based on the 2009 – 2012 American Community Survey of the U.S. Census Bureau. Property values have continued to show stable appreciation. Unemployment in the Portland MSA was at 1.9% in July 2019, compared to a state unemployment rate of 2.8% and a national rate of 3.7%.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2019**

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**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, 2019**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 15,247,584
Investments	851,214
Receivables:	
Accounts	74,397
Due from other governments	449,853
Taxes and liens	177,007
Rescue (net of allowance for uncollectible of \$12,000)	48,264
Sewer fees (net of allowance for uncollectible of \$4,000)	409,307
Inventory	146,973
Capital assets, not being depreciated	2,253,945
Capital assets, being depreciated	39,867,519
<b>Total assets</b>	<b>59,526,063</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	865,034
Deferred outflows of resources related to OPEB	213,980
<b>Total deferred outflows of resources</b>	<b>1,079,014</b>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	601,363
Accrued payroll and benefits	2,436,072
Unearned revenues	196,773
Taxes collected in advance	9,613
Accrued interest	133,153
Noncurrent liabilities:	
Due within one year	2,243,740
Due in more than one year	19,961,432
<b>Total liabilities</b>	<b>25,582,146</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	217,057
Deferred inflows of resources related to OPEB	274,200
<b>Total deferred inflows of resources</b>	<b>491,257</b>
<b>NET POSITION</b>	
Net investment in capital assets	27,532,249
Restricted	776,662
Unrestricted	6,222,763
<b>Total net position</b>	<b>\$ 34,531,674</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

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	\$ 4,239,526	239,736	-	-	(3,999,790)
Public works	2,568,984	71,901	77,540	53,000	(2,366,543)
Facilities	750,630	540,560	-	-	(210,070)
Public safety	2,880,288	256,229	50,537	-	(2,573,522)
Human services	70,751	-	-	-	(70,751)
Cultural and parks	3,730,768	2,018,355	39,625	-	(1,672,788)
Education	27,982,396	127,628	3,842,406	-	(24,012,362)
School lunch	730,207	485,046	86,302	-	(158,859)
Sewer	1,582,769	2,222,162	-	-	639,393
Capital maintenance expenses	864,640	-	22,000	-	(842,640)
Interest on debt	266,856	-	-	-	(266,856)
Total governmental activities	45,667,815	5,961,617	4,118,410	53,000	(35,534,788)
General revenues:					
Property taxes					32,701,169
Excise taxes					2,343,551
Interest and costs on taxes					26,670
Franchise fees					162,840
Sale of property					90,000
Grants and contributions not restricted to specific programs:					
State revenue sharing					441,243
Homestead exemption					464,033
Other intergovernmental revenues					88,688
Unrestricted investment earnings					217,798
Miscellaneous revenues					73,635
Total general revenues					36,609,627
Change in net position					1,074,839
Net position - beginning, restated					33,456,835
<b>Net position - ending</b>				<b>\$</b>	<b>34,531,674</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,213,685	1,033,899	15,247,584
Investments	-	851,214	851,214
Receivables:			
Accounts	73,927	470	74,397
Due from other governments	150,663	299,190	449,853
Taxes receivable - current year	143,461	-	143,461
Tax liens	33,340	-	33,340
Tax acquired property	206	-	206
Rescue (net of allowance for uncollectible of \$7,000)	-	48,264	48,264
Sewer fees (net of allowance for uncollectible of \$4,000)	-	409,307	409,307
Inventory	-	146,973	146,973
Interfund loans receivable	-	3,207,242	3,207,242
<b>Total assets</b>	<b>\$ 14,615,282</b>	<b>5,996,559</b>	<b>20,611,841</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	471,923	129,440	601,363
Accrued payroll and benefits	2,411,402	24,670	2,436,072
Unearned revenue	164,942	31,831	196,773
Taxes collected in advance	9,613	-	9,613
Interfund loans payable	2,349,819	857,423	3,207,242
<b>Total liabilities</b>	<b>5,407,699</b>	<b>1,043,364</b>	<b>6,451,063</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	123,200	-	123,200
<b>Total deferred inflows of resources</b>	<b>123,200</b>	<b>-</b>	<b>123,200</b>
<b>FUND BALANCES</b>			
Nonspendable	-	128,417	128,417
Restricted	241,314	535,348	776,662
Committed	-	4,264,572	4,264,572
Assigned	3,333,420	671,650	4,005,070
Unassigned	5,509,649	(646,792)	4,862,857
<b>Total fund balances</b>	<b>9,084,383</b>	<b>4,953,195</b>	<b>14,037,578</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 14,615,282</b>	<b>5,996,559</b>	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			42,121,464
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenues in the funds.			123,200
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			(1,561,322)
Accrued interest			(133,153)
Other postemployment benefits liability and related deferred inflows and outflows of resources			(5,003,314)
Net pension liability and related deferred inflows and outflows of resources			(437,512)
Capital leases			(1,692,811)
Premium on bonds payable			(463,956)
Bonds payable			(12,458,500)
<b>Net position of governmental activities</b>			<b>\$ 34,531,674</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, 2019**

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 35,019,590	-	35,019,590
Licenses and permits	239,736	-	239,736
Intergovernmental	4,529,635	531,725	5,061,360
Rental and fees income	-	305,554	305,554
Charges for services	1,577,974	3,945,958	5,523,932
Local grants and contributions	-	82,014	82,014
Other	236,475	4,395	240,870
Investment income	167,455	50,343	217,798
Total revenues	41,770,865	4,919,989	46,690,854
Expenditures:			
Current:			
General government	1,423,092	14,650	1,437,742
Insurance and benefits	1,529,586	-	1,529,586
Public works	1,788,386	-	1,788,386
Facilities	743,482	7,148	750,630
Public safety	2,272,065	494,134	2,766,199
Cultural and parks	2,339,514	811,262	3,150,776
Human services	59,120	11,631	70,751
Education	27,100,513	566,868	27,667,381
Intergovernmental assessments	1,404,536	-	1,404,536
Unclassified	157,038	-	157,038
School lunch	-	730,207	730,207
Sewer	-	1,582,769	1,582,769
Capital outlay	2,079,066	529,595	2,608,661
Debt service:			
Principal and interest	1,678,691	209,107	1,887,798
Total expenditures	42,575,089	4,957,371	47,532,460
Excess (deficiency) of revenues over (under) expenditures	(804,224)	(37,382)	(841,606)
Other financing sources (uses):			
Proceeds from lease	1,599,499	-	1,599,499
Transfers from other funds	1,141,293	327,415	1,468,708
Transfers to other funds	(327,415)	(1,141,293)	(1,468,708)
Total other financing sources (uses)	2,413,377	(813,878)	1,599,499
Net change in fund balances	1,609,153	(851,260)	757,893
Fund balances, beginning of year, restated	7,475,230	5,804,455	13,279,685
<b>Fund balances, end of year</b>	<b>\$ 9,084,383</b>	<b>4,953,195</b>	<b>14,037,578</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, 2019**

Net change in fund balances - total governmental funds (from Statement 4)	\$	757,893
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. These are the changes in capital asset-related amounts:</p>		
Capital outlays	1,744,021	
Depreciation	(2,446,690)	
Loss on disposal of capital assets	(16,615)	(719,284)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable revenues - property taxes.</p>		
		51,800
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. These are the changes in the other liability-related amounts:</p>		
Accrued interest	(9,005)	
Accrued compensated absences	(104,562)	
Net pension liability, including related deferred inflows and outflows	435,118	
OPEB liability, including related deferred inflows and outflows	(55,053)	266,498
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. Also, governmental funds report the effect of 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:</p>		
Principal payments on bonds and loans	1,776,796	
Amortization of premium on bonds	40,245	1,817,041
<p>Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These are the changes in capital leases and related amounts:</p>		
Proceeds from capital lease issuances	(1,599,499)	
Principal payments on capital leases	500,390	(1,099,109)
<b>Change in net position of governmental activities (see Statement 2)</b>		<b>\$ 1,074,839</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 34,841,294	34,841,294	35,019,590	178,296
Licenses and permits	190,000	190,000	239,736	49,736
Intergovernmental	2,324,497	2,457,704	2,473,795	16,091
Charges for services	1,403,727	1,403,727	1,577,974	174,247
Other	250,025	250,025	236,475	(13,550)
Investment income	35,000	35,000	167,455	132,455
Total revenues	39,044,543	39,177,750	39,715,025	537,275
<b>Expenditures:</b>				
Current:				
General government	1,963,237	2,111,237	1,423,092	688,145
Insurance and benefits	1,537,500	1,537,500	1,529,586	7,914
Public works	1,832,847	1,857,347	1,788,386	68,961
Facilities	706,781	838,881	743,482	95,399
Public safety	2,359,630	2,381,630	2,272,065	109,565
Cultural and parks	2,324,907	2,406,507	2,339,514	66,993
Human services	53,995	53,995	59,120	(5,125)
Education	25,324,037	25,324,037	24,837,978	486,059
Intergovernmental assessments	1,404,193	1,404,193	1,404,536	(343)
Unclassified	87,500	151,019	157,038	(6,019)
Capital improvements	428,050	4,792,988	1,979,567	2,813,421
Debt service	1,679,691	1,764,732	1,678,691	86,041
Total expenditures	39,702,368	44,624,066	40,213,055	4,411,011
Excess (deficiency) of revenues over (under) expenditures	(657,825)	(5,446,316)	(498,030)	4,948,286
<b>Other financing sources (uses):</b>				
Lease proceeds	-	1,500,000	1,500,000	-
Transfer from special revenue funds	110,000	797,000	788,593	(8,407)
Transfer from capital projects	-	352,700	352,700	-
Transfer to special revenue funds	(174,261)	(174,261)	(174,501)	(240)
Transfer to capital projects funds	(52,914)	(152,914)	(152,914)	-
Carryforward balances and subsequent authorizations	-	1,634,341	-	(1,634,341)
Utilization of prior year surplus - School	400,000	400,000	-	(400,000)
Utilization of prior year surplus - Town	375,000	1,089,450	-	(1,089,450)
Total other financing sources (uses)	657,825	5,446,316	2,313,878	(3,132,438)
Net change in fund balance	-	-	1,815,848	1,815,848
Reconciliation to GAAP:				
Change in encumbrances			(206,695)	
Fund balance, beginning of year			7,475,230	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>9,084,383</b>	

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

		Private- purpose Trust Funds (Scholarships)	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$	94,809	197,481
Total assets		94,809	197,481
<b>LIABILITIES</b>			
Due to student groups		-	197,481
Total liabilities		-	197,481
<b>NET POSITION</b>			
Held in trust	\$	<b>94,809</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, 2019**

		<b>Private- purpose Trust Funds (Scholarships)</b>
<b>Additions:</b>		
Donations	\$	38,523
Interest earned		1,855
Total additions		40,378
<b>Deductions:</b>		
School scholarships		15,100
Total deductions		15,100
Change in net position		25,278
Net position, beginning of year, restated		69,531
<b>Net position, end of year</b>	<b>\$</b>	<b>94,809</b>

*See accompanying notes to basic financial statements.*

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The Town of Cape Elizabeth, Maine was incorporated in 1765 and operates under a Council-Manager form of government, adopted by charter in 1967. Cape Elizabeth is located approximately five miles southeast of Portland along the southern Maine coast. The Council is comprised of seven members elected at-large for staggered three-year terms.

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

**A. Reporting Entity**

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

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

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

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

The Town reports the following major governmental fund:

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

Additionally, the Town reports the following fund type:

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

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

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

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

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, etc.), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of one year. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation. The following are the Town's thresholds for capitalization of assets:

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

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

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

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

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

**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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

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

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

**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.

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

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

The Town's net investment in capital assets was calculated as follows at June 30, 2019:

Capital assets	\$ 80,627,361
Accumulated depreciation	(38,505,897)
General obligation bonds	(12,458,500)
Premium on bonds	(463,956)
Capital leases	(1,692,811)
Unspent bond proceeds	26,052
<b>Net investment in capital assets</b>	<b><u>\$ 27,532,249</u></b>

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STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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**A. Budgets**

Budgets are adopted for the General Fund and several of the special revenue funds, and are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for encumbrances and Maine Public Employees Retirement on-behalf payments. Maine Public Employees Retirement contributions are made by the State of Maine on behalf of the Cape Elizabeth School Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under accounting principles generally accepted in the United States of America of \$2,055,840. These amounts have been included as intergovernmental revenue and education expenditures in the General Fund on Statement 4 (GAAP basis) and on the statement of activities. There is no effect on the fund balance or net position at the end of the year.

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

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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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, 2019, expenditures exceeded appropriations in the following departments:

Legal and audit	\$ 19,231
Insurance	3,543
Refuse disposal/recycling	3,108
Town hall maintenance	1,246
Police station	8,444
Community services	59,733
Human services	5,125
Intergovernmental assessments	343
Grants	15,929
MS athletic field access	1,660
Utility pickup truck	372

In addition, the School Department had a certain cost center in which expenditures exceeded appropriations:

Special education instruction	\$ 55,769
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**C. Deficit Fund Balances**

At June 30, 2019, the following fund had a deficit fund balance:

Special Revenue Funds:	
School Lunch Program	\$ 100,380
Rescue Fund	538,601
Capital Project Funds:	
Land Acquisition	3,089

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, 2019, the Town reported deposits of \$15,539,874 with a bank balance of \$16,451,854. 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	\$ 15,247,584
Reported in fiduciary funds	<u>292,290</u>
<b>Total deposits</b>	<b><u>\$ 15,539,874</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, 2019:

Mutual funds of \$851,214 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 March 21, 2019 (as amended) 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 89% 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 \$426,901 for the year ended June 30, 2019.

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 2019 and 2018 tax levy:

	<u>2019</u>	<u>2018</u>
Assessed valuation:		
Land	\$ 704,330,600	698,789,700
Buildings	1,005,628,600	987,093,000
Personal property	6,512,600	7,113,200
<b>Total assessed valuation</b>	<b>\$1,716,471,800</b>	<b>1,692,995,900</b>
Assessed valuation	\$1,716,471,800	1,692,995,900
Tax rate (per \$1,000)	19.02	18.00
Commitment	32,647,294	30,473,926
Supplemental taxes assessed	41,720	8,347
Total tax levy	32,689,014	30,482,273
Less: Collections and abatements	32,545,553	30,394,651
<b>Current year receivables at June 30</b>	<b>\$ 143,461</b>	<b>87,622</b>
Due date(s)	10/1/2018 4/1/2019	10/2/2017 4/2/2018
Interest rate on delinquent taxes	8.00%	7.00%
Collection rate	99.56%	99.71%

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CAPITAL ASSETS

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Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,274,831	-	-	1,274,831
Construction in progress	641,302	337,812	-	979,114
Total capital assets, not being depreciated	1,916,133	337,812	-	2,253,945
Capital assets, being depreciated:				
Artwork	10,000	-	-	10,000
Land improvements	2,557,947	636,324	-	3,194,271
Buildings and building improvements	48,809,117	66,327	-	48,875,444
Furniture and equipment	2,702,573	41,464	451,690	2,292,347
Vehicles	5,622,747	662,094	783,183	5,501,658
Infrastructure	18,499,696	-	-	18,499,696
Total capital assets being depreciated:	78,202,080	1,406,209	1,234,873	78,373,416

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

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**CAPITAL ASSETS, CONTINUED**

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Less accumulated depreciation for:				
Artwork	\$ 750	500	-	1,250
Land improvements	569,299	246,624	-	815,923
Buildings and building improvements	22,192,307	1,362,066	-	23,554,373
Furniture and equipment	1,449,213	119,752	407,982	1,160,983
Vehicles	3,747,636	392,954	810,276	3,330,314
Infrastructure	9,318,260	324,794	-	9,643,054
Total accumulated depreciation	37,277,465	2,446,690	1,218,258	38,505,897
Total capital assets being depreciated, net	40,924,615	(1,040,481)	16,615	39,867,519
<b>Governmental activities capital assets, net</b>	<b>\$ 42,840,748</b>	<b>(702,669)</b>	<b>16,615</b>	<b>42,121,464</b>

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

Governmental activities:	
General government	\$ 17,125
Public safety	268,175
Public works, including depreciation of general infrastructure assets	736,041
Education	930,191
Cultural and parks	495,158
<b>Total depreciation expense – governmental activities</b>	<b>\$ 2,446,690</b>

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**INTERFUND BALANCES**

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Individual interfund receivable, payable, and transfer balances at June 30, 2019 were as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Interfund payables</u>	<u>Interfund transfers</u>
<u>General Fund</u>	\$ -	2,349,819	813,878
Nonmajor Special Revenue Funds:			
School categorical programs	-	164,958	-
School lunch program	-	110,877	58,479
Sewer user fund	1,547,533	-	(60,053)
Portland Head light	563,851	-	(470,220)
Rescue fund	-	573,768	(175,000)
Other town programs	2,512	-	-
Riverside perpetual care	41,205	-	(1,939)
Library fund	8,375	-	-
Thomas Jordan fund	24,999	-	(26,035)
Spurwink church fund	-	4,731	(300)
<u>Total nonmajor special revenue funds</u>	<u>2,188,475</u>	<u>854,334</u>	<u>(675,068)</u>

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

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**INTERFUND BALANCES, CONTINUED**

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Nonmajor Capital Project Funds:

Riverside cemetery capital improvements	\$ 45,523	-	-
Tax increment financing	76,474	-	41,022
School projects	76,640	-	100,000
Library project	46,112	-	-
Town bonded project	26,052	-	-
Land acquisition	-	3,089	32,914
Infrastructure improvement	246,409	-	(100,000)
Turf field	254,915	-	20,000
Fort Williams park	246,642	-	(232,746)
Total nonmajor capital project funds	1,018,767	3,089	(138,810)
<b>Total</b>	<b>\$ 3,207,242</b>	<b>3,207,242</b>	<b>-</b>

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

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

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2019 was as follows:

	Beginning balance (restated)	Additions	Reductions	Ending balance	Due within one year
<b>Governmental activities:</b>					
General obligation bonds	\$ 14,235,296	-	1,776,796	12,458,500	1,764,950
Premium	504,201	-	40,245	463,956	40,245
Total bonds payable	14,739,497	-	1,817,041	12,922,456	1,805,195
Capital leases	593,702	1,599,499	500,390	1,692,811	438,545
Net pension liability	1,565,535	-	480,046	1,085,489	-
Other postemployment benefits	5,059,297	-	116,203	4,943,094	-
Accrued compensated absences	1,456,760	104,562	-	1,561,322	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 23,414,791</b>	<b>1,704,061</b>	<b>2,913,680</b>	<b>22,205,172</b>	<b>2,243,740</b>

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

**LONG-TERM DEBT**

Long-term debt payable at June 30, 2019 is comprised of the following:

	<u>Amount of Original issue</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
General obligation bonds:				
2006 Clean water revolving fund	\$ 3,510,000	1.73%	2026	1,367,500
2006 Roadway/drainage bond	1,890,000	1.90%-5.50%	2027	756,000
2008 Capital improvements	2,550,000	3.25%-4.13%	2028	1,125,000
2009 Refunding bond	2,899,639	2.00%-2.75%	2020	285,000
2011 Refunding bond	2,110,000	2.00%-2.70%	2021	400,000
2012 Refunding bond	780,000	2.00%-2.50%	2022	225,000
2014 Refunding bond	4,190,000	2.00%-4.00%	2025	2,130,000
2015 General obligation bond	5,450,000	3.00%-3.25%	2035	4,350,000
2016 General obligation bond	2,100,000	3.00%-4.00%	2037	1,820,000
<b>Total</b>				<b>\$ 12,458,500</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, 2019 are as follows. Such amounts exclude overlapping debt requirements, but include School debt requirements to be reimbursed by the State of Maine.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,764,950	399,430	2,164,380
2021	1,483,158	336,806	1,819,964
2022	1,286,422	289,560	1,575,982
2023	1,209,742	245,466	1,455,208
2024	1,208,120	205,006	1,413,126
2025-2029	3,326,108	574,769	3,900,877
2030-2034	1,700,000	228,156	1,928,156
2035-2037	480,000	18,909	498,909
<b>Totals</b>	<b>\$ 12,458,500</b>	<b>2,298,102</b>	<b>14,756,602</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, 2019, \$2,300,000 of defeased bonds remain outstanding.

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

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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, 2019, the Town complied with these limitations.

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**CAPITAL LEASES**

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

The following is a summary of equipment leased under capital lease agreements by the Town as of June 30, 2019:

Boilers	\$ 580,000
Buses	190,095
Computers and technology equipment	186,153
Public works and public safety vehicles	1,500,000

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 lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2019:

Fiscal year ending	
<u>June 30,</u>	
2020	\$ 513,771
2021	484,392
2022	422,110
2023	383,793
2024	<u>65,632</u>
Total minimum lease payments	1,869,698
<u>Less amounts representing interest</u>	<u>(176,887)</u>
<b>Present value of future minimum</b>	
<b>    <u>lease payments</u></b>	<b><u>\$ 1,692,811</u></b>

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES**

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**Overlapping Debt**

**Cumberland County** - The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's state valuation to the County's state valuation. At June 30, 2019, the Town's share is \$1,717,387 (4.53%) of Cumberland County's outstanding debt of \$37,894,000.

**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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**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, 2019, the Town was responsible for \$3,185,650 of its portion of PWD's Wastewater Fund Debt (or 8.14% of PWD's \$39,114,203 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, 2019, the Town was contingently responsible for approximately 6.75%, or \$3,596,807, of the PWD's \$53,286,039 Water Fund Debt.

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

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

The three entities submitted a master plan for the CSOs from the pump station to the DEP, which the DEP approved in July 2013 and authorized the three entities to begin working on the abatement of CSOs. The plan is to be implemented over five years, beginning in fiscal year 2014 and ending in fiscal year 2019. The costs are split 33% for the City of South Portland and 67% between the Town of Cape Elizabeth and the Water District.

In 2019, the Town recognized \$38,095 in expenditures related to the combined sewer overflow at Ottawa Road.

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

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED**

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**ecomaine** - ecomaine is a solid waste management corporation serving 40 municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 21 member communities, ecomaine creates electricity through its processing of waste and operates an extensive recycling program.

The Town is a member community in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing. The Town has no explicit, measurable equity interest and therefore; has not reported an asset in these financial statements in connection with its participation in ecomaine.

Selected balance sheet information for ecomaine for the year ended June 30, 2019 based on the most recent information available, includes total assets of \$63,227,321 total liabilities of \$18,166,889 and unrestricted net position of \$14,041,866. The liabilities include an accrual for landfill closure and postclosure care amounting to \$15,082,777. 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, 2019.

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

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**FUND BALANCES**

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At June 30, 2019, portions of the Governmental Funds fund balances were assigned, committed or restricted for future periods or classified as nonspendable for specific amounts as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Nonspendable:</b>			
Portland Head Light – inventory	\$ -	128,417	128,417
Total nonspendable	-	128,417	128,417
<b>Restricted:</b>			
Education	238,814	97,699	336,513
Town grants and donations	2,500	2,512	5,012
Library	-	282,023	282,023
Tax increment financing	-	76,474	76,474
School projects	-	76,640	76,640
Total restricted	241,314	535,348	776,662
<b>Committed:</b>			
Sewer	-	1,956,840	1,956,840
Portland Head Light	-	441,949	441,949
Riverside perpetual care	-	388,865	388,865
Thomas Jordan	-	1,136,307	1,136,307
Spurwink church	-	13,532	13,532
Library project	-	46,112	46,112
Town bonded projects	-	26,052	26,052
Turf field	-	254,915	254,915
Total committed	-	4,264,572	4,264,572
<b>Assigned:</b>			
<b>General government:</b>			
Budgeted use of fund balance	375,000	-	375,000
Future purchases (encumbrances)	5,841	-	5,841
Administration operations	18,000	-	18,000
Assessing/codes/planning department operations	19,500	-	19,500
Elections	3,000	-	3,000
Employee benefits	10,000	-	10,000
Fuel assistance	3,500	-	3,500
Public agency contributions	10,000	-	10,000
Public information department operations	5,000	-	5,000
Comprehensive plan	6,935	-	6,935
<b>Public safety:</b>			
Police department operations	4,000	-	4,000
Police department security upgrades	6,200	-	6,200
Police radios	5,000	-	5,000

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

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**FUND BALANCES, CONTINUED**

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	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
Assigned continued:			
Public works and facilities:			
Public works department operations	\$ 10,000	-	10,000
Public works building repairs	60,500	-	60,500
Town center building repairs	35,500	-	35,500
Community service building maintenance	40,000	-	40,000
CC rental building repairs	5,300	-	5,300
Richards pool maintenance	10,000	-	10,000
Pool repair and improvements	48,400	-	48,400
FW firehouse brick work	8,000	-	8,000
Parks and grounds:			
Parks maintenance	7,500	-	7,500
School grounds maintenance	18,400	-	18,400
Fort Williams park maintenance	49,000	-	49,000
Fort Williams building painting	18,900	-	18,900
Fort Williams building 95 exterior painting	1,200	-	1,200
Tree professional services	5,000	-	5,000
Capital improvements:			
Sawyer road culvert study	6,000	-	6,000
Cruiser replacement	7,500	-	7,500
Roadway and drainage improvements	203,136	-	203,136
Sidewalk improvements	125,000	-	125,000
Library building improvements	77,998	-	77,998
Dump truck	13,000	-	13,000
Town hall main stairwell upgrade	45,400	-	45,400
Park furnace replacement	3,931	-	3,931
Fort Williams building roof and siding	21,300	-	21,300
CSVCS washroom and lighting	40,800	-	40,800
Spurwink River boardwalk	37,000	-	37,000
Hillway/Scott Dyer phase II	782,699	-	782,699
Fort Williams building 326 improvements	10,000	-	10,000
Pay and display equipment	50,000	-	50,000
Culvert assessment	4,980	-	4,980
Ladder truck	1,060,000	-	1,060,000
Fort Williams central lot project	30,000	-	30,000
MDOT sidewalk project	25,000	-	25,000
Riverside cemetery capital improvements	-	178,129	178,129
Infrastructure improvement	-	246,409	246,409
Fort Williams park	-	247,112	247,112
Budgeted use of fund balance	375,000	-	375,000
Future purchases (encumbrances)	5,841	-	5,841
<b>Total assigned</b>	<b>\$ 3,333,420</b>	<b>671,650</b>	<b>4,005,070</b>

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

**TAX INCREMENT FINANCING DISTRICT**

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, 2019, taxes raised were \$66,022 and there were no TIF related expenditures.

	Original Assessed <u>Value</u>	Current Assessed <u>Value</u>	Captured <u>Value</u>	Captured <u>Tax</u>
TIF District I	\$ 11,225,200	14,914,300	3,471,188	66,022

**NET PENSION LIABILITY– CONSOLIDATED PLANS**

***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.

**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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**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, 2019 was 10.5% of annual pay for the Special Plan 2-C. Contributions to the pension plan from the Town were \$100,299 for the year ended June 30, 2019.

**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, 2019, was 15.05% of annual payroll of which 3.97% of payroll was required from the Town and 11.08% was required from the State. Contributions to the pension plan from the Town were \$552,673 for the year ended June 30, 2019.

***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, 2018, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities for the consolidated PLD and SET plans were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

**Consolidated PLD Plan** - At June 30, 2019, the Town reported a liability of \$441,844 for its proportionate share of the net pension liability. At June 30, 2018, the Town's proportion of the PLD Plan was 0.1614%.

**SET Plan** - At June 30, 2019, 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	\$ 210,392
State's proportionate share of the net pension liability associated with the Town	<u>14,518,885</u>
<b>Total</b>	<b><u>\$ 14,729,277</u></b>

At June 30, 2018, the Town's proportion of the SET Plan was 0.0156%.

For the year ended June 30, 2019, the Town recognized pension gain of \$98,119 for the Consolidated PLD Plan, and also pension expense of \$2,098,303 for the SET Plan and revenue of \$1,542,470 for support provided by the State for the SET Plan.

**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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At June 30, 2019, 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	\$ -	3,469
Changes of assumptions	70,521	-
Net difference between projected and actual earnings on pension plan investments	-	106,687
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,411	-
Town contributions subsequent to the measurement date	100,229	-
<b>Total</b>	<b>\$ 177,161</b>	<b>110,156</b>

An amount of \$100,229 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:

<u>Year ended June 30:</u>	
2020	\$ 54,510
2021	12,418
2022	(72,579)
2023	(27,573)

**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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At June 30, 2019, 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	\$ 6,425	-
Changes of assumptions	13,234	-
Net difference between projected and actual earnings on pension plan investments	-	27,350
Changes in proportion and differences between Town contributions and proportionate share of contributions	22,889	-
Town contributions subsequent to the measurement date	552,673	-
<b>Total</b>	<b>\$ 595,221</b>	<b>27,350</b>

An amount of \$552,673 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:

2020	\$ 33,242
2021	8,775
2022	(19,471)
2023	(7,348)

**Actuarial Assumptions** - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Consolidated PLD Plan</u>	<u>SET Plan</u>
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%	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, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 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.

**Sensitivity of the Town's proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate** - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the PLD Plan 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	\$ 1,041,367	441,844	(118,546)

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

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

<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	\$ 388,804	210,392	61,803

**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, 2019.

**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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	
<u>Retired employees</u>	<u>39</u>
<b><u>Total employees</u></b>	<b><u>39</u></b>

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

**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.

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

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

**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, 2019 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 \$92,652 for the year ended June 30, 2019.

***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, 2018, 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, 2018</b>	\$ 5,657,151	4,929,489	727,662
Changes for the year:			
Service cost	-	-	-
Interest	369,327	-	369,327
Differences between expected and actual experience	(164,758)	-	(164,758)
Changes in assumptions	48,418		48,418
Contributions – employer	-	83,484	(83,484)
Contributions – employee	-	-	-
Net investment income	-	468,472	(468,472)
Benefit payments, including refunds of employee contributions	(579,878)	(579,878)	-
Administrative expense	-	(4,560)	4,560
<b>Net changes</b>	<b>(326,891)</b>	<b>(32,482)</b>	<b>(294,409)</b>
<b>Balance at June 30, 2019</b>	<b>\$ 5,330,260</b>	<b>4,897,007</b>	<b>433,253</b>

For the year ended June 30, 2019, the Town recognized pension gain of \$375,090 for the withdrawn PLD.

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to the withdrawn PLD pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	79,551
Town contributions subsequent to the measurement date	92,652	-
<b>Total</b>	<b>\$ 92,652</b>	<b>79,551</b>

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

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

An amount of \$92,652 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, 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:

<u>Year ended June 30:</u>	
2020	\$ 19,888
2021	19,888
2022	19,888
2023	19,888

**Actuarial Assumptions** - The total pension liability in the June 30, 2018 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, 2018 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, 2018 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%

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

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

**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	\$ 966,279	433,253	(51,317)

**Payables to the Pension Plan** - None as of June 30, 2019.

**OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE**

**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 Plans). The plans are single-employer defined benefit OPEB plans administered by the Maine Municipal Employees Health Trust (MMEHT) and the Maine Education Association Benefits Trust (MEABT). 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, 2019, 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	<u>52</u>
Total	<u><u>57</u></u>

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

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

**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

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

The MMEHT Health Plan total OPEB liability of \$969,802 was measured as of January 1, 2019, and was determined by an actuarial roll forward of the actuarial valuation performed on January 1, 2018.

*Changes in the Total Health Plan OPEB Liability*

	Total OPEB <u>Liability</u>
Balance at June 30, 2018	\$ 1,020,864
Changes for the year:	
Service cost	35,515
Interest	35,814
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(91,594)
Benefit payments	(30,797)
Net changes	(51,062)
Balance at June 30, 2019	\$ 969,802

Change in assumptions reflects a change in the discount rate from 3.44% to 4.10%.

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

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

The MEABT Health Plan total OPEB liability of \$3,734,445 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

*Changes in the Total OPEB Liability*

Balance at June 30, 2018		\$ 3,833,418
Changes for the year:		
Service cost		42,076
Interest		136,774
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		(166,844)
Benefit payments		(110,979)
Net changes		<u>(98,973)</u>
Balance at June 30, 2019		<u>\$ 3,734,445</u>

Change in assumptions reflects a change in the discount rate from 3.58% to 3.87%.

For the year ended June 30, 2019, The Town recognized OPEB expense of \$37,435 related to the MMEHT Health Plan and \$151,043 related to the MEABT Health Plan.

At June 30, 2019, 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	\$	51,203	-
Changes in assumptions		-	79,777
Contributions subsequent to the measurement date		15,399	-
Total	\$	<u>66,602</u>	<u>79,777</u>

\$15,399 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, 2020. 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:

2020		\$ (3,097)
2021		(3,097)
2022		(3,097)
2023		(3,097)
2024		(3,102)
Thereafter		(13,084)

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

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

At June 30, 2019, 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	\$ -	139,037
Contributions subsequent to the measurement date	114,952	-
Total	\$ 114,952	139,037

\$114,952 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, 2020. 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:

2020	\$ (27,807)
2021	(27,807)
2022	(27,807)
2023	(27,807)
2024	(27,809)

**Actuarial Assumptions – MMEHT Health Plan** - The total OPEB liability in the January 1, 2019 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per annum
Salary increases	2.75% per annum
Discount rate	4.10% per annum
Healthcare cost trend rates	8.27 for 2018, grading to 4.00% for 2032
Retirees' share of the benefit related costs	100% of projected health insurance premiums

**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 year
Discount rate	3.87% 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

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

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

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

The actuarial assumptions used in the January 1, 2019 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 4.10%. 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.

The rate used to measure the total OPEB liability for the MEABT Health Plan was 3.87% 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 Liabilities to Changes in the Discount Rates** - The following presents the Town's net OPEB liability related to the Health 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
MMEHT Health Plan OPEB (3.10% - 5.10%)	\$	1,113,725	969,802	852,437
MEABT Health Plan OPEB (2.87% - 4.87%)		4,359,901	3,734,445	3,235,133

**Sensitivity of the Total Health Plan OPEB Liabilities to Changes in the Healthcare Cost Trend Rates** - The following presents the Town's total OPEB liabilities related to the Health Plans 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 (7.20% - 9.20%)	\$	875,135	969,802	1,088,161
MEABT Health Plan OPEB		3,203,371	3,734,445	4,402,818

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

**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.maineopers.org](http://www.maineopers.org).

**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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**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, 2019. 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, 2019. 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, 2018 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, 2019, the Town reported a liability of \$218,382 for its proportionate share of the net OPEB liability. At June 30, 2018, the Town's proportion was 1.0810%.

PLD Police OPEB Plan - At June 30, 2019, the Town reported a liability of \$20,465 for its proportionate share of the net OPEB liability. At June 30, 2018, the Town's proportion was 0.1013%.

SET OPEB Plan - At June 30, 2019, 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 \$516,881 as of June 30, 2019. At June 30, 2018, the Town's proportion was 0.00%.

For the year ended June 30, 2019, The Town recognized OPEB gain of \$3,074 related to related to the GTL Consolidated PLD and Consolidated PLD – Police, respectively. For the year ended June 30, 2019, the Town recognized OPEB expense of \$47,165, and revenues of \$47,165 for support provided by the State related to the SET OPEB plan. At June 30, 2019, the Town reported no deferred outflows resources nor deferred inflows of resources related to the SET OPEB plan.

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

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

At June 30, 2019, 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	\$ -	26,296
Difference between expected and actual experience	18,429	-
Net difference between projected and actual earnings on OPEB plan investments	-	
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	14,092
Contributions subsequent to the measurement date	6,890	11,460
Total	\$ 25,319	51,848

\$6,890 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, 2019. Deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plans will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$ (10,037)
2021	(10,037)
2022	(10,037)
2023	(7,874)
2024	4,566

At June 30, 2019, 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	\$ -	2,464
Difference between expected and actual experience	1,727	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,074
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,799	-
Contributions subsequent to the measurement date	2,581	
Total	\$ 7,107	3,538

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

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

\$2,581 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, 2019. Deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plans will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (31)
2021	(31)
2022	(31)
2023	170
2024	911

**Actuarial Assumptions and Other Inputs** - The total OPEB liability in the June 30, 2018 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, 2018 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 5.13% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.87%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2018. 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 2047. Therefore, the portion of the future projected benefit payments after 2047 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 (4.13% - 5.13%)	\$ 288,516	218,382	163,087
GTL Consolidated PLD – Police (4.13% - 5.13%)	27,038	20,465	15,283

**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, 2019, the Town and School’s contributions to the plan totaled \$263,524.

**Deferred Compensation Plan**

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

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

**RETIREMENT PLANS, CONSOLIDATED**

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 \$812,132 for the year ended June 30, 2019.

**SUBSEQUENT EVENT**

In September 2019, the Town Council approved a lease purchase agreement with TD Equipment Finance for a mower and front-end loader of \$255,000, an interest rate of 2.09%, and a term of up to five years.

In October 2019, the School Committee approved a lease purchase agreement for a school bus for \$96,422.

**RESTATEMENT OF NET POSITION**

For the fiscal year ended June 30, 2019, the Town determined that an amount that has been reported separately for the Library Trust should be shown as part of the total Library special revenue fund. The beginning net position for the private-purpose trust funds has been restated on Statement 8, Statement of Changes in Fiduciary Net Position. In addition, the beginning fund balance for the Library special revenue fund, the beginning balance of other governmental funds, and the beginning net position of governmental activities have been restated on Exhibit C-2, Statement 4, and Statement 2 (Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Nonmajor Special Revenue Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds, and Statement of Activities, respectively).

In addition, the Town has restated beginning net position in the government-wide Statement of Net Position to account for the addition of the Town's total OPEB liability for an implicit liability related to retiree health insurance through the Maine Education Association Benefits Trust (MEABT). The Town's net position was decreased as of July 1, 2018 by \$3,708,931.

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

	Private- Purpose Trust Net Position (Stmt. 8)	Other Governmental Fund Balance (Stmt. 4)	Governmental Activities Net Position (Stmt. 2)
Fund balance/net position as previously reported	\$ 83,039	5,790,947	37,165,766
Zimpritch library trust	(13,508)	13,508	13,508
OPEB liability recorded	-	-	(3,833,418)
Deferred outflows related to OPEB recorded	-	-	110,979
<b>Fund balance, net position as restated</b>	<b>\$ 69,531</b>	<b>5,804,455</b>	<b>33,456,835</b>

**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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Consolidated PLD Plan</u></b>					
Town's proportion of the net pension liability	0.1614%	0.1541%	0.1648%	0.1640%	0.1788%
Town's proportionate share of the net pension liability	\$ 441,844	631,119	875,619	523,211	275,173
Town's covered payroll	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	49.79%	72.69%	100.78%	64.78%	35.07%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	81.61%	88.27%	94.10%
<b><u>SET Plan</u></b>					
Town's proportion of the net pension liability	0.0156%	0.0142%	0.0122%	0.0094%	0.0031%
Town's proportionate share of the net pension liability	210,392	206,754	215,232	127,262	33,912
State's proportionate share of the net pension liability associated with the Town	14,518,885	15,283,420	18,455,085	14,033,346	11,196,388
<b>Total</b>	<b>\$ 14,729,277</b>	<b>15,490,174</b>	<b>18,670,317</b>	<b>14,160,608</b>	<b>11,230,300</b>
Town's covered payroll	\$ 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	1.57%	1.60%	1.73%	1.06%	0.029%
Plan fiduciary net position as a percentage of the total pension liability	82.90%	80.78%	76.21%	81.18%	83.91%

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

\*\*Only five years of information available.

**TOWN OF CAPE ELIZABETH, MAINE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of Town Contributions – Net Pension Liability**

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

	Last 10 Fiscal Years**				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Consolidated PLD Plan</u></b>					
Contractually required contributions	\$ 100,229	89,623	79,005	77,326	67,035
Contributions in relation to the contractually required contribution	(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>
Town's covered payroll	954,561	887,359	868,191	868,832	807,643
Contributions as a percentage of covered payroll	10.50%	10.10%	9.10%	8.90%	8.32%
<b><u>SET Plan</u></b>					
Contractually required contributions	\$ 552,673	532,452	433,199	416,839	318,802
Contributions in relation to the contractually required contribution	(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>
Town's covered payroll	13,921,211	13,411,866	12,892,814	12,405,910	12,030,288
Contributions as a percentage of covered payroll	3.97%	3.97%	3.36%	3.36%	2.65%
<b><u>Withdrawn PLD Plan</u></b>					
Actuarially determined contributions*	\$ 92,652	83,508	97,368	123,252	181,236
Contributions in relation to the actuarially required contribution	(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>
Town's covered payroll	-	-	6,181	44,264	104,158
Contributions as a percentage of covered payroll	N/A	N/A	1,575%	278%	174%

\*Amount includes a "catch up" monthly amount to fully fund the IUUAL. There is no payroll associated with the withdrawn plan as all employees have retired as of FY 2017.

\*\*Only five years of information available.

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

	<b>Withdrawn PLD</b>				
	Last 10 Fiscal Years**				
	<u>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	369,327	378,925	419,966	446,047	476,464
Difference between expected and actual experience	(164,758)	69,878	(267,896)	(258,728)	(312,353)
Changes in assumptions	48,418	-	49,534	59,714	-
Benefit payments, including refunds of employee contributions	(579,878)	(596,658)	(582,633)	(552,867)	(545,068)
Net change in total pension liability	(326,891)	(143,844)	(368,884)	(293,619)	(362,917)
Total pension liability – beginning	\$ 5,657,151	5,800,995	6,169,879	6,463,498	6,826,415
<b>Total pension liability – ending (a)</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	83,484	97,368	123,168	181,126	114,468
Contributions – employee	-	402	2,877	6,770	9,199
Net investment income	468,472	582,166	10,948	98,648	836,690
Benefit payments, including refunds of employee contributions	(579,878)	(596,658)	(582,633)	(552,867)	(545,068)
Administration expense	(4,560)	(577)	(4,473)	(4,912)	(4,252)
Net change in plan fiduciary net position	(32,482)	82,701	(450,113)	(271,235)	411,037
Plan fiduciary net position – beginning	\$ 4,929,489	4,846,788	5,296,901	5,568,136	5,157,099
<b>Plan fiduciary net position – ending (b)</b>	<b>\$ 4,897,007</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>\$ 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	91.87%	87.14%	83.55%	85.85%	86.15%
Covered payroll	-	-	6,181	44,264	104,158
Town's net pension liability as a percentage of covered payroll	N/A	N/A	15,438%	1,972%	860%

\*\*Only five years of information available.

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

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Last 10 Fiscal Years\*

	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>		
Service Cost	\$ 35,515	34,179
Interest	35,814	35,047
Changes of benefit terms	-	-
Differences between expected and actual experience	-	71,685
Changes of assumptions or other inputs	(91,594)	(1,774)
Benefit payments	(30,797)	(22,308)
<b>Net change in total OPEB Liability</b>	<b>(51,062)</b>	<b>116,829</b>
Total OPEB liability - beginning	1,020,864	904,035
Total OPEB liability - ending	\$ 969,802	1,020,864
Covered-employee payroll	\$ 2,910,545	2,910,545
Total OPEB liability as a percentage of covered-employee payroll	33.32%	35.1%

\* Only two years of information available.

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

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Last 10 Fiscal Years\*

		<u>2019</u>
<b>Total OPEB Liability</b>		
Service Cost	\$	42,076
Interest		136,774
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions or other inputs		(166,844)
Benefit payments		<u>(110,979)</u>
<b>Net change in total OPEB Liability</b>		<u>(98,973)</u>
Total OPEB liability - beginning		<u>3,833,418</u>
Total OPEB liability - ending	\$	<u><u>3,734,445</u></u>
Covered-employee payroll	\$	11,749,834
Total OPEB liability as a percentage of covered-employee payroll		31.8%

\* Only one year of information available.

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

**PLD OPEB Plan**

	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	1.0810%	1.1313%
Town's proportionate share of the net OPEB liability	\$ 218,382	189,451
Town's covered-employee payroll	1,041,139	1,073,935
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	20.98%	17.64%
Plan fiduciary net position as a percentage of the total OPEB liability	78.32%	47.42%

**PLD OPEB Plan-Police**

	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.1013%	0.0931%
Town's proportionate share of the net OPEB liability	\$ 20,465	15,564
Town's covered-employee payroll	425,455	422,252
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	4.81%	3.69%
Plan fiduciary net position as a percentage of the total OPEB liability	78.32%	47.42%

**SET OPEB Plan**

	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	-
State's proportionate share of the net OPEB liability associated with the Town	516,881	485,775
Total	<u>516,881</u>	<u>485,775</u>
Plan fiduciary net position as a percentage of the total OPEB liability	92.46%	47.29%

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

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

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Last 10 Fiscal Years\*

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

\* Only two years of information available.

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

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**Net Pension Liabilities**

**Changes of Benefit Terms** - None

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

**Consolidated PLD and Withdrawn PLD**

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate – PLD	6.750%	6.875%	7.125%	7.250%
Inflation rate	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	1.91%	2.20%	2.55%	3.12%

**SET Plan**

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate – SET	6.750%	6.875%	7.125%	7.125%
Inflation rate	2.75%	2.75%	3.50%	3.50%
Salary increases – SET	2.75- 14.5%	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.

*\* 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.*

**Total OPEB Liabilities - Health Insurance**

**MMEHT Health Plan**

**Changes of Benefit Terms** - None

**Changes of Assumptions:**

The Health Plan changed the discount rate from 3.44% in the 2017 valuation to 4.10% in the 2018 valuation.

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

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**MEABT Health Plan**

**Changes of Benefit Terms - None**

**Changes of Assumptions:**

The Health Plan changed the discount rate from 3.58% in the 2017 valuation to 3.87% in the 2018 valuation.

**Net OPEB Liabilities – Group Term Life insurance**

**Changes of Benefit Terms - None**

**Changes of Assumptions - None**

<u>Discount rate</u>	<u>2018</u>	<u>2017</u>
Consolidated PLD - Town	5.13%	5.41%%
Consolidated PLD – Police	5.13%	5.41%
State and Teacher’s Plan	6.75%	6.875%

## **GENERAL FUND**

The General Fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. Most governmental services are provided by the General Fund including general government, public works, public safety, education, recreation, health and welfare, and assessments from other governmental agencies.

**TOWN OF CAPE ELIZABETH, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,213,685	13,463,863
Accounts receivable	73,927	108,661
Due from other governments	150,663	-
Taxes receivable - current year	143,461	87,622
Tax liens	33,340	33,946
Tax acquired property	206	206
<b>Total assets</b>	<b>\$ 14,615,282</b>	<b>13,694,298</b>
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	471,923	309,686
Accrued payroll and benefits	2,411,402	2,281,689
Taxes collected in advance	9,613	278,035
Unearned revenue	164,942	183,402
Interfund loans payable	2,349,819	3,094,856
<b>Total liabilities</b>	<b>5,407,699</b>	<b>6,147,668</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	123,200	71,400
<b>Total deferred inflows of resources</b>	<b>123,200</b>	<b>71,400</b>
<b>FUND BALANCE</b>		
Restricted:		
Town grants and donations	2,500	2,500
School Department General Fund	238,814	342,058
Assigned	3,333,420	2,504,597
Unassigned	5,509,649	4,626,075
<b>Total fund balance</b>	<b>9,084,383</b>	<b>7,475,230</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 14,615,282</b>	<b>13,694,298</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, 2019**  
**(with comparative actual amounts for the year ended June 30, 2018)**

	2019			Variance positive (negative)	2018 Actual
	Original Budget	Revised budget	Actual		
Revenues:					
Taxes:					
Property taxes	\$ 32,647,294	32,647,294	32,659,449	12,155	30,473,926
Supplemental taxes	-	-	41,720	41,720	8,347
Change in deferred taxes	-	-	(51,800)	(51,800)	36,600
Excise taxes	2,165,000	2,165,000	2,343,551	178,551	2,253,099
Interest and costs on taxes	29,000	29,000	26,670	(2,330)	28,666
Total taxes	34,841,294	34,841,294	35,019,590	178,296	32,800,638
Licenses and permits:					
Auto registration fees	25,000	25,000	24,031	(969)	24,093
Building, electrical and plumbing fees	150,000	150,000	201,732	51,732	228,240
Town clerk fees	15,000	15,000	13,973	(1,027)	13,959
Total licenses and permits	190,000	190,000	239,736	49,736	266,292
Intergovernmental:					
State revenue sharing	424,298	424,298	441,243	16,945	410,576
Education - state subsidies	1,268,532	1,268,532	1,281,386	12,854	2,212,669
State agency clients	6,000	6,000	17,368	11,368	4,003
D.O.T. block grant	78,000	78,000	77,540	(460)	78,228
BETE reimbursement	9,534	9,534	11,223	1,689	-
Homestead revenue	464,033	464,033	464,033	-	418,766
Federal grants-capital contributions	-	125,624	53,000	(72,624)	11,145
Federal grants-public safety	-	7,583	50,537	42,954	802
Other miscellaneous - State and Federal	74,100	74,100	77,465	3,365	86,082
Total intergovernmental	2,324,497	2,457,704	2,473,795	16,091	3,222,271
Charges for services:					
Community services programs	1,015,000	1,015,000	1,172,470	157,470	1,087,783
Community services pool fees	206,182	206,182	235,006	28,824	211,055
Refuse disposal	80,000	80,000	71,901	(8,099)	74,611
School department activity fees	68,845	68,845	66,833	(2,012)	71,508
School department miscellaneous	16,600	16,600	12,379	(4,221)	20,046
Library fines and fees	100	100	199	99	38
Police specials and fees	17,000	17,000	19,186	2,186	18,887
Total charges for services	1,403,727	1,403,727	1,577,974	174,247	1,483,928
Other revenues:					
Cable television franchise	150,000	150,000	162,840	12,840	175,826
Miscellaneous donations	-	-	2,100	2,100	250
Miscellaneous	100,025	100,025	71,535	(28,490)	122,522
Total other revenues	250,025	250,025	236,475	(13,550)	298,598
Investment income:					
Investment earnings	35,000	35,000	167,455	132,455	70,108
Total investment income	35,000	35,000	167,455	132,455	70,108
Total revenues	39,044,543	39,177,750	39,715,025	537,275	38,141,835

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

	2019			Variance positive (negative)	2018 Actual
	Original Budget	Revised budget	Actual		
<b>Expenditures:</b>					
<b>Current:</b>					
<b>General government:</b>					
Administration	\$ 619,268	654,268	632,874	21,394	569,284
Assessing, codes and planning	394,897	423,397	391,184	32,213	380,671
Town council	500	500	262	238	47
Legal and audit	110,000	190,000	209,231	(19,231)	124,557
Elections	38,576	38,576	29,862	8,714	23,335
Boards and commissions	19,506	19,506	11,002	8,504	12,138
Public information	65,409	69,909	61,405	8,504	53,927
Abatements/overlay	715,081	715,081	87,272	627,809	35,527
<b>Total general government</b>	<b>1,963,237</b>	<b>2,111,237</b>	<b>1,423,092</b>	<b>688,145</b>	<b>1,199,486</b>
<b>Insurance and benefits</b>					
Insurance	108,000	108,000	111,543	(3,543)	111,212
Employee benefits	1,429,500	1,429,500	1,418,043	11,457	1,291,097
<b>Total insurance and benefits</b>	<b>1,537,500</b>	<b>1,537,500</b>	<b>1,529,586</b>	<b>7,914</b>	<b>1,402,309</b>
<b>Public works:</b>					
General public works	1,315,779	1,340,279	1,268,210	72,069	1,240,463
Refuse disposal/recycling	517,068	517,068	520,176	(3,108)	484,414
<b>Total public works</b>	<b>1,832,847</b>	<b>1,857,347</b>	<b>1,788,386</b>	<b>68,961</b>	<b>1,724,877</b>
<b>Facilities:</b>					
Facilities and property management	255,482	274,482	251,238	23,244	269,051
Town hall maintenance	23,141	23,141	24,387	(1,246)	19,530
Library building	42,328	42,328	36,335	5,993	32,837
Town center fire station	25,372	25,372	24,804	568	23,272
Community center building	74,950	163,050	101,136	61,914	70,907
Donald Richards pool facility	224,157	249,157	236,608	12,549	206,316
Cape cottage fire station	6,735	6,735	5,914	821	5,716
Police station	54,616	54,616	63,060	(8,444)	53,180
<b>Total facilities</b>	<b>706,781</b>	<b>838,881</b>	<b>743,482</b>	<b>95,399</b>	<b>680,809</b>
<b>Public safety:</b>					
Police department	1,477,465	1,479,465	1,449,570	29,895	1,303,666
Animal control	25,620	25,620	25,609	11	25,397
Public safety communications	192,593	192,593	189,063	3,530	186,550
WETeam	24,392	24,392	10,349	14,043	12,714
Fire department	460,212	480,212	419,100	61,112	307,072
Miscellaneous public protection	174,362	174,362	173,778	584	162,957
Emergency preparedness	4,986	4,986	4,596	390	3,309
<b>Total public safety</b>	<b>2,359,630</b>	<b>2,381,630</b>	<b>2,272,065</b>	<b>109,565</b>	<b>2,001,665</b>
<b>Cultural and parks:</b>					
Library	547,306	547,306	540,558	6,748	517,297
Community services	1,245,855	1,245,855	1,305,588	(59,733)	1,214,721
Parks and grounds	506,133	557,733	441,924	115,809	481,305
Trees	25,613	55,613	51,444	4,169	32,827
<b>Total cultural and parks</b>	<b>2,324,907</b>	<b>2,406,507</b>	<b>2,339,514</b>	<b>66,993</b>	<b>2,246,150</b>
<b>Human services</b>	<b>53,995</b>	<b>53,995</b>	<b>59,120</b>	<b>(5,125)</b>	<b>46,537</b>
<b>Education:</b>					
Regular instruction	12,268,865	12,268,865	12,254,156	14,709	11,775,113
Special education instruction	3,377,782	3,377,782	3,433,551	(55,769)	3,221,596
Career and technical education	-	-	-	-	72,656
Other instruction	886,866	886,866	823,069	63,797	871,017
Student and staff support	2,626,017	2,626,017	2,527,026	98,991	2,488,024
System administration	763,056	763,056	710,065	52,991	782,619
School administration	1,163,413	1,163,413	1,128,501	34,912	1,377,575
Transportation	820,343	820,343	757,352	62,991	678,188
Facilities maintenance	2,921,055	2,921,055	2,709,735	211,320	3,028,888
Other	4,590	4,590	2,473	2,117	2,689
Debt service	492,050	492,050	492,050	-	503,900
<b>Total education</b>	<b>25,324,037</b>	<b>25,324,037</b>	<b>24,837,978</b>	<b>486,059</b>	<b>24,802,265</b>
<b>Intergovernmental assessments</b>	<b>1,404,193</b>	<b>1,404,193</b>	<b>1,404,536</b>	<b>(343)</b>	<b>1,353,073</b>

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

	2019		Actual	Variance positive (negative)	2018 Actual
	Original Budget	Revised budget			
Expenditures, continued					
Current, continued:					
Unclassified:					
Contributions	87,500	94,744	84,834	9,910	21,737
Grants	-	56,275	72,204	(15,929)	6,047
Other	-	-	-	-	780
Total unclassified	87,500	151,019	157,038	(6,019)	28,564
Capital improvements:					
4004 Cruiser replacement	-	81,891	74,092	7,799	34,709
4009 Roadway and drainage	100,000	405,500	202,498	203,002	424,595
4013 Sidewalk improvements	24,500	230,200	16,629	213,571	9,122
4021 Computer hardware and software	55,700	65,000	64,243	757	37,735
4024 Town Hall repairs	23,250	187,290	143,536	43,754	25,325
4052 Library improvements	-	95,000	17,002	77,998	47,084
4107 Dump/plow replacement	-	190,000	176,520	13,480	(378)
4127 Pool repairs and improvements	-	63,800	15,331	48,469	-
4131 Town center building repairs	-	50,000	14,312	35,688	8,765
4143 Pubic works building repairs	-	95,993	35,460	60,533	30,506
4147 Police department security upgrades	-	6,200	-	6,200	-
4269 Police station upgrades	9,800	9,800	7,586	2,214	-
5236 Police radios	-	13,000	6,266	6,734	-
5250 CC rental building repairs	-	13,691	8,311	5,380	309
5276 MS athletic field access	-	-	1,660	(1,660)	-
5286 Firehouse brickwork	-	8,000	-	8,000	-
5287 Police department equipment	-	17,700	17,498	202	-
5297 Storm damage	-	-	-	-	13,499
5302 PW truck replacement	-	47,000	42,604	4,396	43,975
5303 Spurwink church	9,800	9,800	4,879	4,921	-
5304 WETeam boat replacement	-	-	-	-	93,378
5308 Rotary mower replacement	-	-	-	-	12,011
5313 Harbors committee	-	-	-	-	16,606
5315 Paper street technical study	-	-	-	-	898
5316 2019 comprehensive plan	-	15,022	8,086	6,936	38,848
5317 Park furnace replacement	-	6,800	2,869	3,931	-
5318 Fort Williams building painting	-	29,981	9,796	20,185	318
5319 Fort Williams building exterior	-	33,800	10,011	23,789	10,600
5321 Spurwink church ADA repairs	-	5,500	-	5,500	-
5322 Portland head light heat pump	-	32,500	32,171	329	-
5323 Community services	-	40,800	-	40,800	-
5324 Spurwink river boardwalk	-	37,000	-	37,000	-
5325 Hill way and scott dyer improvements	180,000	930,720	151,846	778,874	490,255
5326 Street sweeper	-	-	-	-	198,937
5327 Middle school baseball field irrigation	-	-	-	-	18,368
5328 Radio repeater replacement	-	-	-	-	6,365
5330 Utility pickup truck	-	27,500	27,872	(372)	-
5331 Public works equipment	-	38,000	37,483	517	-
5335 Pay and display equipment	-	50,000	-	50,000	-
5336 Cliff House beach stairs	25,000	25,000	24,145	855	-
5337 Culvert assessment	-	20,500	15,519	4,981	-
5400 FD replace ladder truck	-	1,060,000	-	1,060,000	-
5401 Ambulance replacement	-	250,000	241,507	8,493	-
5410 Fort Williams center parking lot	-	600,000	569,835	30,165	-
Total capital improvements	428,050	4,792,988	1,979,567	2,813,421	1,561,830

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

	2019			Variance positive (negative)	2018 Actual
	Original Budget	Revised budget	Actual		
Debt service (excluding School Department)					
Principal and interest payments	\$ 1,679,691	1,764,732	1,678,691	86,041	1,428,581
Total debt service	1,679,691	1,764,732	1,678,691	86,041	1,428,581
Total expenditures	39,702,368	44,624,066	40,213,055	4,411,011	38,476,146
Excess (deficiency) of revenues over (under) expenditures	(657,825)	(5,446,316)	(498,030)	4,948,286	(334,311)
Other financing sources (uses):					
Lease proceeds	-	1,500,000	1,500,000	-	-
Transfer to school general fund	-	-	-	-	296,138
Transfer from special revenue funds	110,000	797,000	788,593	(8,407)	149,500
Transfers from capital projects	-	352,700	352,700	-	277,000
Transfer to special revenue funds	(174,261)	(174,261)	(174,501)	(240)	(223,466)
Transfer to capital projects funds	(52,914)	(152,914)	(152,914)	-	(65,035)
Carryforward balances and subsequent authorizations	-	1,634,341	-	(1,634,341)	-
Utilization of prior year surplus - School	400,000	400,000	-	(400,000)	-
Utilization of prior year surplus - Town	375,000	1,089,450	-	(1,089,450)	-
Total other financing sources (uses)	657,825	5,446,316	2,313,878	(3,132,438)	434,137
Net change in fund balance	-	-	1,815,848	1,815,848	99,826
Reconciliation to GAAP:					
Change in encumbrances			(206,695)		(81,807)
Fund balance, beginning of year			7,475,230		7,457,211
<b>Fund balance, ending of year</b>	<b>\$</b>		<b>9,084,383</b>		<b>7,475,230</b>

**ALL OTHER GOVERNMENTAL FUNDS**

**TOWN OF CAPE ELIZABETH, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2019**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 901,293	132,606	1,033,899
Investments	851,214	-	851,214
Receivables:			
Accounts receivable	-	470	470
Due from other governments	299,190	-	299,190
Rescue (net of allowance for uncollectible of \$7,000)	48,264	-	48,264
Sewer fees (net of allowance for uncollectible of \$4,000)	409,307	-	409,307
Inventory	146,973	-	146,973
Interfund loans receivable	2,188,475	1,018,767	3,207,242
<b>Total assets</b>	<b>\$ 4,844,716</b>	<b>1,151,843</b>	<b>5,996,559</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	129,440	-	129,440
Accrued payroll and benefits	24,670	-	24,670
Unearned revenue - prepaid services	31,831	-	31,831
Interfund loans payable	854,334	3,089	857,423
<b>Total liabilities</b>	<b>1,040,275</b>	<b>3,089</b>	<b>1,043,364</b>
Fund balances:			
Nonspendable	128,417	-	128,417
Restricted	382,234	153,114	535,348
Committed	3,937,493	327,079	4,264,572
Assigned	-	671,650	671,650
Unassigned	(643,703)	(3,089)	(646,792)
<b>Total fund balances</b>	<b>3,804,441</b>	<b>1,148,754</b>	<b>4,953,195</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,844,716</b>	<b>1,151,843</b>	<b>5,996,559</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, 2019**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental:	\$ 531,725	-	531,725
Charges for services:			
Building and park rentals and fees	2,400	303,154	305,554
Sewer assessments	2,222,162	-	2,222,162
Lot sales and fees	55,542	8,550	64,092
Sales of property	-	90,000	90,000
Donations	-	22,000	22,000
School programs	48,416	-	48,416
School lunch	485,046	-	485,046
Lighthouse admissions	69,466	-	69,466
Lighthouse gift shop sales	704,930	-	704,930
Rescue charges	237,043	-	237,043
Fees and services	2,803	-	2,803
Local grants and contributions	82,014	-	82,014
Miscellaneous	4,395	-	4,395
Investment income	47,730	2,613	50,343
Total revenues	4,493,672	426,317	4,919,989
Expenditures:			
Current:			
General government	-	14,650	14,650
Education	566,868	-	566,868
School lunch	730,207	-	730,207
Cultural and parks:			
Library	46,135	-	46,135
Portland Head Light	728,684	-	728,684
Cemetery	36,443	-	36,443
Facilities	7,148	-	7,148
Human services	11,631	-	11,631
Public safety	494,134	-	494,134
Sewer	1,582,769	-	1,582,769
Capital outlay	164,254	365,341	529,595
Debt service	209,107	-	209,107
Total expenditures	4,577,380	379,991	4,957,371
Excess (deficiency) of revenues over (under) expenditures	(83,708)	46,326	(37,382)
Other financing sources (uses):			
Transfers from other funds	108,479	218,936	327,415
Transfers to other funds	(783,547)	(357,746)	(1,141,293)
Total other financing sources (uses)	(675,068)	(138,810)	(813,878)
Net change in fund balances	(758,776)	(92,484)	(851,260)
Fund balances, beginning of year	4,563,217	1,241,238	5,804,455
<b>Fund balances, end of year</b>	<b>\$ 3,804,441</b>	<b>1,148,754</b>	<b>4,953,195</b>

# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

Special revenue funds are established to account for resources obtained and expended for specific purposes that are restricted or committed by law or administrative actions.

Special revenue funds are established for the following purposes:

### **School Categorical Programs**

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

### **School Lunch Program**

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

### **Sewer User Fund**

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

### **Portland Head Light**

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

### **Rescue Fund**

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

### **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.

### **Thomas Jordan Fund**

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

## **NONMAJOR GOVERNMENTAL FUNDS**

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

#### **Spurwink Church Fund**

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

**TOWN OF CAPE ELIZABETH, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2019**

	School Categorical Programs	School Lunch Program	Sewer User Fund	Portland Head Light	Rescue Fund	Other Town Programs	Riverside Perpetual Care	Library Fund	Thomas Jordan Fund	Spurwink Church Fund	Totals
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	-	-	-	-	-	347,860	273,885	260,969	18,579	901,293
Investments	-	-	-	-	-	-	-	-	851,214	-	851,214
Due from other governments	275,418	23,772	-	-	-	-	-	-	-	-	299,190
Rescue receivable (net of allowance for uncollectible of \$12,000)	-	-	-	-	48,264	-	-	-	-	-	48,264
Sewer fees receivable (net of allowance for uncollectible of \$4,000)	-	-	409,307	-	-	-	-	-	-	-	409,307
Inventory	-	18,556	-	128,417	-	-	-	-	-	-	146,973
Interfund loans receivable	-	-	1,547,533	563,851	-	2,512	41,205	8,375	24,999	-	2,188,475
<b>Total assets</b>	<b>\$ 275,418</b>	<b>42,328</b>	<b>1,956,840</b>	<b>692,268</b>	<b>48,264</b>	<b>2,512</b>	<b>389,065</b>	<b>282,260</b>	<b>1,137,182</b>	<b>18,579</b>	<b>4,844,716</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>LIABILITIES:</b>											
Accounts payable	5,640	-	-	118,522	3,759	-	91	237	875	316	129,440
Accrued payroll and benefits	11,843	-	-	3,380	9,338	-	109	-	-	-	24,670
Unearned revenue - prepaid services	-	31,831	-	-	-	-	-	-	-	-	31,831
Interfund loans payable	164,958	110,877	-	-	573,768	-	-	-	-	4,731	854,334
<b>Total liabilities</b>	<b>182,441</b>	<b>142,708</b>	<b>-</b>	<b>121,902</b>	<b>586,865</b>	<b>-</b>	<b>200</b>	<b>237</b>	<b>875</b>	<b>5,047</b>	<b>1,040,275</b>
<b>FUND BALANCES:</b>											
Nonspendable	-	-	-	128,417	-	-	-	-	-	-	128,417
Restricted	97,699	-	-	-	-	2,512	-	282,023	-	-	382,234
Committed	-	-	1,956,840	441,949	-	-	388,865	-	1,136,307	13,532	3,937,493
Unassigned	(4,722)	(100,380)	-	-	(538,601)	-	-	-	-	-	(643,703)
<b>Total fund balances</b>	<b>92,977</b>	<b>(100,380)</b>	<b>1,956,840</b>	<b>570,366</b>	<b>(538,601)</b>	<b>2,512</b>	<b>388,865</b>	<b>282,023</b>	<b>1,136,307</b>	<b>13,532</b>	<b>3,804,441</b>
<b>Total liabilities and fund balances</b>	<b>\$ 275,418</b>	<b>42,328</b>	<b>1,956,840</b>	<b>692,268</b>	<b>48,264</b>	<b>2,512</b>	<b>389,065</b>	<b>282,260</b>	<b>1,137,182</b>	<b>18,579</b>	<b>4,844,716</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, 2019**

	School Categorical Programs	School Lunch Program	Sewer User Fund	Portland Head Light	Rescue Fund	Other Town Programs	Riverside Perpetual Care	Library Fund	Thomas Jordan Fund	Spurwink Church Fund	Totals
Revenues:											
Intergovernmental	\$ 436,317	86,302	-	-	-	-	-	9,106	-	-	531,725
Charges for services:											
Building and park rentals and fees	-	-	-	-	-	-	-	-	-	2,400	2,400
Sewer assessments	-	-	2,222,162	-	-	-	-	-	-	-	2,222,162
Lot sales and fees	-	-	-	-	-	-	55,542	-	-	-	55,542
School programs	48,416	-	-	-	-	-	-	-	-	-	48,416
School lunch	-	485,046	-	-	-	-	-	-	-	-	485,046
Lighthouse admissions	-	-	-	69,466	-	-	-	-	-	-	69,466
Lighthouse gift shop sales	-	-	-	704,930	-	-	-	-	-	-	704,930
Rescue charges	-	-	-	-	237,043	-	-	-	-	-	237,043
Fees and services	-	-	-	-	-	-	-	2,803	-	-	2,803
Local grants and contributions	51,495	-	-	-	-	2,512	-	28,007	-	-	82,014
Miscellaneous	-	-	-	4,332	-	-	-	63	-	-	4,395
Investment income	-	-	-	-	-	-	6,855	5,397	34,904	574	47,730
<b>Total revenues</b>	<b>536,228</b>	<b>571,348</b>	<b>2,222,162</b>	<b>778,728</b>	<b>237,043</b>	<b>2,512</b>	<b>62,397</b>	<b>45,376</b>	<b>34,904</b>	<b>2,974</b>	<b>4,493,672</b>
Expenditures:											
Current:											
Education	566,868	-	-	-	-	-	-	-	-	-	566,868
School lunch	-	730,207	-	-	-	-	-	-	-	-	730,207
Culture and parks:											
Library	-	-	-	-	-	-	-	46,135	-	-	46,135
Portland Head Light - operations and staff	-	-	-	257,609	-	-	-	-	-	-	257,609
Portland Head Light - gift shop costs	-	-	-	471,075	-	-	-	-	-	-	471,075
Cemetery maintenance	-	-	-	-	-	-	36,443	-	-	-	36,443
Facilities:											
Spurwink church	-	-	-	-	-	-	-	-	-	7,148	7,148
Human services	-	-	-	-	-	-	-	-	11,631	-	11,631
Public safety	-	-	-	-	494,134	-	-	-	-	-	494,134
Sewer:											
Sewer - operations and maintenance	-	-	26,393	-	-	-	-	-	-	-	26,393
Sewer - Portland Water District assessments	-	-	1,556,376	-	-	-	-	-	-	-	1,556,376
Capital outlay	-	-	160,554	-	-	-	3,700	-	-	-	164,254
Debt service	-	-	209,107	-	-	-	-	-	-	-	209,107
<b>Total expenditures</b>	<b>566,868</b>	<b>730,207</b>	<b>1,952,430</b>	<b>728,684</b>	<b>494,134</b>	<b>-</b>	<b>40,143</b>	<b>46,135</b>	<b>11,631</b>	<b>7,148</b>	<b>4,577,380</b>
Other financing sources (uses):											
Transfers from other funds	-	58,479	-	-	50,000	-	-	-	-	-	108,479
Transfers to other funds	-	-	(60,053)	(470,220)	(225,000)	-	(1,939)	-	(26,035)	(300)	(783,547)
<b>Total other sources (uses)</b>	<b>-</b>	<b>58,479</b>	<b>(60,053)</b>	<b>(470,220)</b>	<b>(175,000)</b>	<b>-</b>	<b>(1,939)</b>	<b>-</b>	<b>(26,035)</b>	<b>(300)</b>	<b>(675,068)</b>
Net change in fund balances	(30,640)	(100,380)	209,679	(420,176)	(432,091)	2,512	20,315	(759)	(2,762)	(4,474)	(758,776)
Fund balances, beginning of year, restated	123,617	-	1,747,161	990,542	(106,510)	-	368,550	282,782	1,139,069	18,006	4,563,217
<b>Fund balances (deficit), end of year</b>	<b>\$ 92,977</b>	<b>(100,380)</b>	<b>1,956,840</b>	<b>570,366</b>	<b>(538,601)</b>	<b>2,512</b>	<b>388,865</b>	<b>282,023</b>	<b>1,136,307</b>	<b>13,532</b>	<b>3,804,441</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, 2019**

		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	\$	132,606	-	-	-	-	-	-	-	-	132,606
Accounts receivable		-	-	-	-	-	-	-	-	470	470
Interfund loans receivable		45,523	76,474	76,640	46,112	26,052	-	246,409	254,915	246,642	1,018,767
<b>Total assets</b>	<b>\$</b>	<b>178,129</b>	<b>76,474</b>	<b>76,640</b>	<b>46,112</b>	<b>26,052</b>	<b>-</b>	<b>246,409</b>	<b>254,915</b>	<b>247,112</b>	<b>1,151,843</b>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Interfund loans payable		-	-	-	-	-	3,089	-	-	-	3,089
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,089</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,089</b>
Fund balances:											
Restricted		-	76,474	76,640	-	-	-	-	-	-	153,114
Committed		-	-	-	46,112	26,052	-	-	254,915	-	327,079
Assigned		178,129	-	-	-	-	-	246,409	-	247,112	671,650
Unassigned		-	-	-	-	-	(3,089)	-	-	-	(3,089)
<b>Total fund balances</b>		<b>178,129</b>	<b>76,474</b>	<b>76,640</b>	<b>46,112</b>	<b>26,052</b>	<b>(3,089)</b>	<b>246,409</b>	<b>254,915</b>	<b>247,112</b>	<b>1,148,754</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>178,129</b>	<b>76,474</b>	<b>76,640</b>	<b>46,112</b>	<b>26,052</b>	<b>-</b>	<b>246,409</b>	<b>254,915</b>	<b>247,112</b>	<b>1,151,843</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, 2019**

	Riverside Cemetery Capital Improvements	Tax Increment Financing	School Projects	Library Project	Town Bonded Projects	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
Revenues:										
Building and other fees	\$ -	-	-	-	-	-	82,381	-	220,773	303,154
Cemetery lot sales	8,550	-	-	-	-	-	-	-	-	8,550
Sale of property	-	-	-	-	-	90,000	-	-	-	90,000
Donations	-	-	22,000	-	-	-	-	-	-	22,000
Investment income	2,613	-	-	-	-	-	-	-	-	2,613
<b>Total revenues</b>	<b>11,163</b>	<b>-</b>	<b>22,000</b>	<b>-</b>	<b>-</b>	<b>90,000</b>	<b>82,381</b>	<b>-</b>	<b>220,773</b>	<b>426,317</b>
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	14,650	14,650
Capital outlay	-	-	52,200	-	-	180,874	-	-	132,267	365,341
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>52,200</b>	<b>-</b>	<b>-</b>	<b>180,874</b>	<b>-</b>	<b>-</b>	<b>146,917</b>	<b>379,991</b>
Other financing sources (uses):										
Transfers from other funds	-	66,022	100,000	-	-	32,914	-	20,000	-	218,936
Transfers to other funds	-	(25,000)	-	-	-	-	(100,000)	-	(232,746)	(357,746)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>41,022</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>32,914</b>	<b>(100,000)</b>	<b>20,000</b>	<b>(232,746)</b>	<b>(138,810)</b>
Net change in fund balances	11,163	41,022	69,800	-	-	(57,960)	(17,619)	20,000	(158,890)	(92,484)
Fund balances, beginning of year	166,966	35,452	6,840	46,112	26,052	54,871	264,028	234,915	406,002	1,241,238
<b>Fund balances, end of year</b>	<b>\$ 178,129</b>	<b>76,474</b>	<b>76,640</b>	<b>46,112</b>	<b>26,052</b>	<b>(3,089)</b>	<b>246,409</b>	<b>254,915</b>	<b>247,112</b>	<b>1,148,754</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, 2019**

	Balances beginning of year	Additions	Deductions	Balances end of year
Activity funds:				
High School Student Activities	\$ 171,741	261,442	283,736	149,447
Middle School Student Activities	33,649	66,931	63,959	36,621
Pond Cove Student Activities	10,158	13,602	12,347	11,413
<b>Total</b>	<b>\$ 215,548</b>	<b>341,975</b>	<b>360,042</b>	<b>197,481</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, 2019**  
**(with comparative actual amount for the year ended June 30, 2018)**

	2019			Variance positive (negative)	2018 Actual
	Original Budget	Final Budget	Actual		
<b>Revenues:</b>					
Town appropriation	\$ 23,623,299	23,623,299	23,623,299	-	21,546,803
State education subsidy--school	1,268,532	1,268,532	1,281,386	12,854	2,212,669
State agency clients	6,000	6,000	17,368	11,368	4,003
Other state funds	9,000	9,000	8,643	(357)	9,000
Activity fees	68,845	68,845	66,833	(2,012)	71,508
Miscellaneous	16,600	16,600	12,379	(4,221)	20,046
Total revenues	24,992,276	24,992,276	25,009,908	17,632	23,864,029
<b>Expenditures:</b>					
Current:					
Regular instruction	12,268,865	12,268,865	12,254,156	14,709	11,775,113
Special education instruction	3,377,782	3,377,782	3,433,551	(55,769)	3,221,596
Career and technical education	-	-	-	-	72,656
Other instruction	886,866	886,866	823,069	63,797	871,017
Student and staff support	2,626,017	2,626,017	2,527,026	98,991	2,488,024
System administration	763,056	763,056	710,065	52,991	782,619
School administration	1,163,413	1,163,413	1,128,501	34,912	1,377,575
Transportation	820,343	820,343	757,352	62,991	678,188
Facilities maintenance	2,921,055	2,921,055	2,709,735	211,320	3,028,888
Other	4,590	4,590	2,473	2,117	2,689
Debt service	492,050	492,050	492,050	-	503,900
Total expenditures	25,324,037	25,324,037	24,837,978	486,059	24,802,265
<b>Other financing sources (uses):</b>					
Transfer from Town	-	-	-	-	296,138
Transfer to Turf Field Fund (budgeted in facilities maintenance)	(10,000)	(10,000)	(10,000)	-	(10,000)
Transfer to School Lunch Fund (budgeted in other)	(58,239)	(58,239)	(58,479)	(240)	(173,466)
Budgeted use of surplus	400,000	400,000	-	(400,000)	-
Total other financing sources (uses)	331,761	331,761	(68,479)	(400,240)	112,672
Net change in fund balance - budgetary basis	-	-	103,451	103,451	(825,564)
Fund balance, beginning of year - budgetary basis			129,522		955,086
<b>Fund balance, end of year - budgetary basis</b>			<b>232,973</b>		<b>129,522</b>
<b>Reconciliation to GAAP basis:</b>					
Less: prior year encumbrances			(212,536)		(294,343)
Add: current year encumbrances			5,841		212,536
Net change in fund balance - GAAP basis			(103,244)		(907,371)
Fund balance, beginning of year - GAAP basis			342,058		1,249,429
<b>Fund balance, end of year - GAAP basis</b>	<b>\$</b>		<b>238,814</b>		<b>342,058</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**School Department Special Revenue Funds**  
**School Categorical Programs**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2019**

	Fund balances beginning of year	Program revenues	Program expenditures	Fund balances end of year
<b>State and Federal Programs:</b>				
Title IA	\$ 53	48,423	48,476	-
Title IIA	-	52,504	52,504	-
Title IV	-	9,856	9,856	-
Local entitlement	-	312,334	312,624	(290)
MLTI grant	13,200	13,200	20,940	5,460
Transition grant	42,061	-	38,126	3,935
Total state and federal programs	55,314	436,317	482,526	9,105
<b>Other Programs:</b>				
Authorfest	97	-	97	-
Athletic equipment replacement	15,000	7,000	-	22,000
C.E. education foundation	3,389	40,280	47,537	(3,868)
Cape coalition	830	-	-	830
Cape olympians	348	440	1,352	(564)
Easement funds	2,274	-	-	2,274
Escapade program	629	-	-	629
H1N1 grant	4,887	-	-	4,887
HS greenhouse fund	511	775	-	1,286
iPad maintenance	8,306	20,404	17,362	11,348
Kate Libby fund	210	-	76	134
MPSA maker space	-	3,000	-	3,000
PC office donation	2,933	-	2,933	-
PCPA donations	-	-	-	-
School gate receipts-athletics	21,280	23,387	9,713	34,954
School gate receipts-drama	2,531	3,290	4,692	1,129
Special ed workshop	3,704	-	-	3,704
Turf field rental	16	1,335	-	1,351
Wellness grant	1,358	-	580	778
Total other programs	68,303	99,911	84,342	83,872
<b>Total</b>	<b>\$ 123,617</b>	<b>536,228</b>	<b>566,868</b>	<b>92,977</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass- through Number	Total Federal Expenditures	Cluster/ CFDA Totals	Passed Through to Subrecipients
U. S. Department of Education, passed through Maine Department of Education:					
Title I Grants to Local Educational Agencies	84.010	3107	\$ 48,476		-
Title IIA Supporting Effective Instruction	84.367	3042	52,504		-
Title IV Student Support	84.424	3345	9,856		
Special Education Cluster:					
Special Education Grants to States	84.027	3046	312,624		-
Total Special Education Cluster				312,624	
Total U. S. Department of Education			423,460		-
U. S. Department of Agriculture, passed through Maine Department of Education:					
Child Nutrition Cluster:					
National School Lunch Program	10.555	3022/3024	46,676		-
Breakfast Program	10.553	3014	7,834		-
Donated commodities	10.555	N/A	26,887		-
Total Child Nutrition Cluster				81,397	
Total U. S. Department of Agriculture			81,397		-
U.S. Department of Commerce passed through Maine Department of Marine Resources:					
NOAA Coastal Zone Management Grants to States	11.419	N/A	13,090		-
Total U. S. Department of Commerce			13,090		-
U. S. Department of Justice, passed through the Maine Department of Health and Human Services, passed through Cumberland County, Maine:					
2019 Enforcing Underage Drinking Laws Program	16.727	N/A	1,000		-
2017 Justice Assistance Grant	16.738	N/A	691		-
Total U. S. Department of Justice			1,691		-
U.S. Department of Transportation, passed through Bureau of Parks and Public Lands:					
Recreational Trails Program	20.219	N/A	35,000		
passed through the Maine Bureau of Highway Safety:					
2019 Click It or Ticket	20.616	N/A	5,800		-
2018 Click It or Ticket	20.616	N/A	2,300	8,100	-
Total U.S. Department of Transportation			43,100		-
<b>Total federal awards</b>			<b>\$ 562,738</b>		<b>-</b>

## **STATISTICAL INFORMATION**

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

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

Fiscal year	General government	Public works	Facilities (1)	Public safety	Human services	Cultural and parks	Education	School lunch	Inter-governmental assessments (2)	Unclassified (2)	Sewer	Capital maintenance expenses	Interest on debt	Total
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
2010	1,294,806	2,246,229	-	1,962,717	47,837	1,105,290	22,926,211	508,626	987,445	1,796,294	1,126,602	769,543	350,919	35,122,519

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

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

Table 2

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

Fiscal year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous		
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	
2010	5,322,750	4,633,577	-	25,119,671	914,220	158,548	305,294	36,454,060	

Table 3

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

<b>Fiscal year</b>		<b>General government (3)</b>	<b>Public works</b>	<b>Facilities (2)</b>	<b>Public safety</b>	<b>Cultural and Parks</b>	<b>Human services</b>	<b>Education</b>	<b>Intergovernmental assessments</b>	<b>Debt service (1)</b>	<b>Capital improvements</b>	<b>Other expenditures and transfers</b>	<b>Total</b>
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
2010		1,951,379	1,680,662	-	1,702,665	1,105,290	47,837	18,833,280	987,445	1,158,985	524,960	6,124,200	34,116,703

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

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

(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>
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
2016	29,722,103	2,238,461	289,417	3,506,445	1,412,108	22,729	343,808	-	37,535,071
2015	28,399,890	2,110,207	182,400	4,272,996	160,735	20,225	329,841	-	35,476,294
2014	27,999,747	1,994,325	201,491	3,460,981	196,617	23,408	248,206	315,189	34,439,964
2013	27,079,171	1,850,517	192,108	3,442,636	198,923	13,418	228,934	274,736	33,280,443
2012	26,168,607	1,783,322	154,583	3,648,824	195,942	24,632	292,863	480,000	32,748,773
2011	25,003,996	1,717,703	140,616	3,364,205	389,048	49,116	379,976	3,177,818	34,222,478
2010	24,164,104	1,683,184	128,899	2,998,682	350,354	33,343	260,597	136,161	29,755,324
2009	23,415,310	1,704,361	148,480	2,290,148	397,674	88,070	305,294	6,179,270	34,528,607

(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	
2019	\$ 6.14	12.22	0.66	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
2010	4.19	12.63	0.72	17.54

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>
2019	\$ 32,659,449	32,515,988	99.56%	-	32,515,988	99.56%
2018	30,473,926	30,386,304	99.71%	54,282	30,440,586	99.89%
2017	29,613,103	29,497,849	99.61%	98,579	29,596,428	99.94%
2016	28,406,589	28,268,887	99.52%	136,956	28,405,843	100.00%
2015	28,034,747	27,872,535	99.42%	161,910	28,034,445	100.00%
2014	27,009,057	26,818,436	99.29%	189,729	27,008,165	100.00%
2013	26,179,228	26,012,826	99.36%	165,534	26,178,360	100.00%
2012	25,093,125	24,869,100	99.11%	223,193	25,092,293	100.00%
2011	24,102,111	23,941,795	99.33%	159,427	24,101,222	100.00%
2010	23,412,446	23,256,304	99.33%	155,307	23,411,611	100.00%

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)	
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%
2010	1,328,858,200	5,944,900	1,334,803,100	1,784,100,000	74.82%

(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, 2019**

Name	Assessed valuation	% of total tax commitment
Sprague Corporation	\$ 17,621,400	1.03%
Inn By the Sea	15,160,200	0.88%
Health Care Property Investors Inc.	6,000,600	0.35%
Central Maine Power	5,910,800	0.34%
L & J Downeast Properties LLC	4,938,000	0.29%
1172 LLC	4,789,800	0.28%
Purpoodock Club	4,230,300	0.25%
Stefanie J. Levanson Living Trust	4,055,600	0.24%
Kabocho Properties LLC	3,489,000	0.20%
McGinn, Suzanne P.	3,465,500	0.20%

**TOWN OF CAPE ELIZABETH, MAINE**  
**Computation of Legal Debt Margin**  
**For the Year Ended June 30, 2019**

Total estimated actual valuation by State		\$	<u>2,125,200,000</u>
Legal debt margin:			
Debt limitation - 15% of estimated actual valuation			318,780,000
Debt applicable to debt limitation:			
Municipal	7.5%	159,390,000	7,440,592
School	10.0%	212,520,000	3,650,408
Storm and sanitary sewers	7.5%	159,390,000	1,367,500
Airport, water and special districts	3.0%	63,756,000	-
Total	28.0%	595,056,000	12,458,500
Total bonded debt applicable to debt limit			12,458,500
<b>Legal debt margin</b>			<b>\$ 306,321,500</b>

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

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

Fiscal year	Population (1)	Assessed value (2)	Net bonded debt (3)	Ratio of net bonded debt to assessed value	Net bonded debt per capita
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
2010	9,068	1,334,803,100	22,067,420	1.65%	2,434

(1) U. S. Bureau of the Census

(2) Amount from Table 7

(3) Excludes capital leases

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

Fiscal year	Municipal debt service(1)	School debt service	Total debt service - bonded debt	Total general governmental expenditures and transfers out	Ratio of debt service to general governmental expenditures and transfers out
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%
2010	1,158,985	1,468,285	2,627,270	28,351,703	9.27%

(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, 2019**

<b>Jurisdiction</b>	<b>Net general obligation bonded debt outstanding</b>	<b>Percentage applicable to government</b>	<b>Amount applicable to government</b>
Direct:			
Town of Cape Elizabeth bonds and notes	\$ 12,458,500	100.00%	12,458,500
Overlapping debt:			
Cumberland County	37,894,000	4.53%	1,717,387
Portland Water District -- sewer debt	39,114,203	8.14%	3,185,650
Contingent debt:			
Portland Water District -- water debt	53,286,039	6.75%	3,596,807