

**TOWN OF CAPE ELIZABETH, MAINE**

**Annual Financial Report**

**For the Year Ended June 30, 2022**

**TOWN OF CAPE ELIZABETH**  
**Annual Financial Report**  
**For the Year Ended June 30, 2022**

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## Independent Auditor's Report

To the Town Council  
Town of Cape Elizabeth, Maine

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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, 2022, 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.

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, 2022, 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.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Cape Elizabeth, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Cape Elizabeth, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Cape Elizabeth, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Cape Elizabeth, Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

As described in the notes to the financial statements, in 2022, the Town of Cape Elizabeth adopted new accounting guidance, GASBS No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to the net pension and OPEB liabilities, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary 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 accompanying combining and individual fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023 on our consideration of the Town of Cape Elizabeth, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Cape Elizabeth, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cape Elizabeth, Maine's internal control over financial reporting and compliance.



March 31, 2023  
South Portland, Maine

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2022**

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## Introduction

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

## Financial Highlights

- The total assets for all governmental activities equal \$67,288,718.
- The total net position is \$43,287,487. Net position includes a \$ 35,638,014 net investment in capital assets, \$3,887,075 in restricted net position and \$3,762,398 in unrestricted net position.
- For the reporting period, the Town had an increase in fund balance for total governmental funds (from statement 4) of \$1,822,932.
- The fund balance for the General Fund increased \$1,683,959.
- The School General Fund balance increased from \$2,519,399 to \$2,896,144, as education costs were lower than anticipated by \$916K.
- The Town General Fund unassigned fund balance decreased from \$4,494,603 to \$3,685,818 due to an increase in carry forward balances.

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

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

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

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

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

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

## Fund Financial Statements

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

- *Governmental Funds* - All of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2022**

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

- *Fiduciary Funds* - Fiduciary funds are used to account for resources held for the benefit of students. 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**

	2022	Restated 2021	Change
Current and other assets	\$ 21,870,784	19,783,998	2,086,786
Capital assets	45,417,934	45,479,799	61,865
<b>Total assets</b>	<b>67,288,718</b>	<b>65,263,797</b>	<b>2,024,921</b>
Deferred outflows related to pensions	1,238,408	922,617	315,791
Deferred outflows related to OPEB	1,033,492	1,145,159	(111,667)
<b>Total deferred outflows</b>	<b>2,271,900</b>	<b>2,067,776</b>	<b>204,124</b>
Other liabilities	5,263,745	4,650,569	613,176
Long-term liabilities	19,043,283	20,418,851	(1,375,568)
<b>Total liabilities</b>	<b>24,307,028</b>	<b>25,069,420</b>	<b>(762,392)</b>
Deferred inflows related to leases	239,332	292,686	(53,354)
Deferred inflows related to pensions	1,447,677	17,081	1,430,596
Deferred inflows related to OPEB	279,094	410,548	(131,454)
<b>Total deferred inflows</b>	<b>1,966,103</b>	<b>720,315</b>	<b>1,245,788</b>
Net investment in capital assets	35,638,014	33,947,044	1,690,970]
Restricted	3,887,075	3,350,527	536,548
Unrestricted	3,762,398	4,244,267	(481,869)
<b>Total net position</b>	<b>\$ 43,287,487</b>	<b>\$ 41,541,838</b>	<b>1,745,649</b>

Amounts for FY 2021 have been restated as the Town implemented GASB 87, *Leases* and amounts for lease receivables and deferred inflows of resources related to leases have been added to the totals. There was no impact on the net position for FY 2021.



**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2022**

**Change in Net Position**

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>Source of Revenues</b>			
<b>Program Revenues</b>			
Charges for services	\$ 6,151,277	5,166,451	984,826
Operating grants and contributions	7,512,389	7,784,870	(272,481)
Capital grants and contributions	511,177	1,336,494	(825,317)
<b>Total program revenues</b>	<b>14,174,843</b>	<b>14,287,815</b>	<b>(112,972)</b>
<b>General Revenues</b>			
Property and other taxes	38,092,990	37,363,328	729,662
Grants and contributions not restricted to specific programs	2,307,105	1,688,141	618,964
Unrestricted investment income (loss)	(112,925)	366,988	(479,913)
Other	336,854	252,435	84,419
<b>Total general revenues</b>	<b>40,624,024</b>	<b>39,670,892</b>	<b>953,132</b>
<b>Total revenues</b>	<b>54,798,867</b>	<b>53,958,707</b>	<b>840,160</b>
<b>Functional Expenses</b>			
General government	4,747,895	4,442,930	304,965
Public works	3,337,022	2,838,502	498,520
Facilities	988,327	738,557	249,770
Public safety	3,383,998	3,422,735	(38,737)
Culture and parks	2,496,404	67,762	2,428,642
Library	828,247	2,426,591	(1,598,344)
Human services	150,081	703,729	(553,648)
Education	33,932,361	31,962,175	1,970,186
Unclassified	62,869	-	62,869
School lunch	986,249	703,823	282,426
Sewer	1,983,885	1,792,679	191,206
Interest on debt	155,880	119,539	36,341
<b>Total expenses</b>	<b>53,053,218</b>	<b>49,219,022</b>	<b>3,834,196</b>
<b>Change in net position</b>	<b>1,745,649</b>	<b>4,739,685</b>	<b>(2,994,036)</b>
<b>Net position - beginning of year</b>	<b>41,541,838</b>	<b>36,802,153</b>	<b>4,739,685</b>
<b>Net position - end of year</b>	<b>43,287,487</b>	<b>41,541,838</b>	<b>1,745,649</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2022**

**Assets**

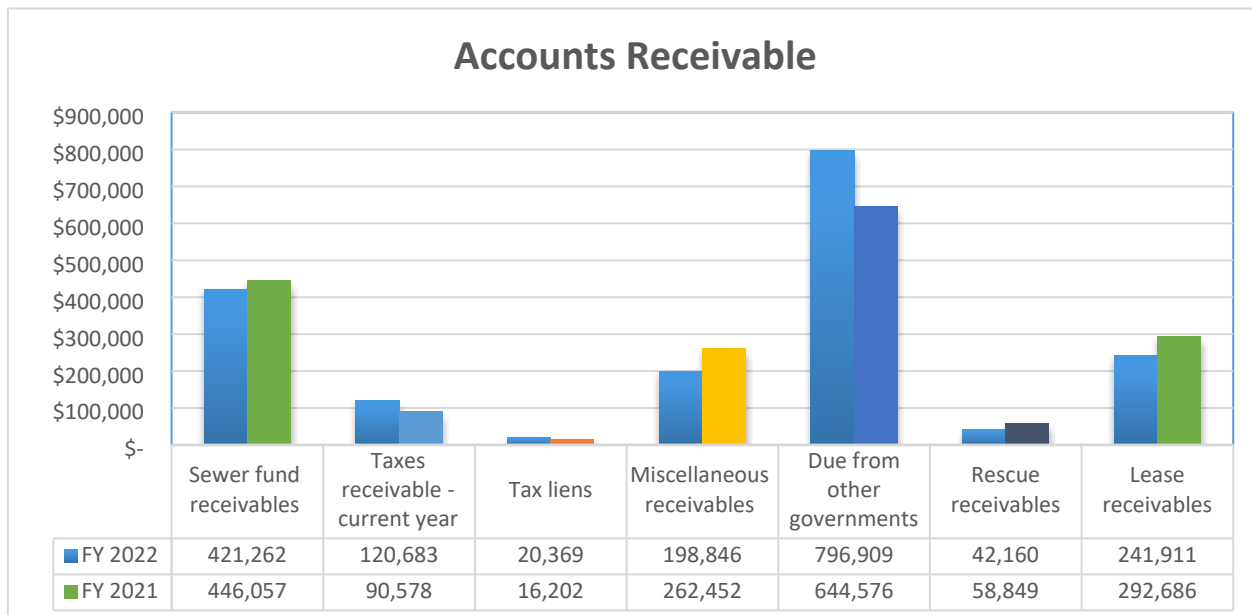
**Cash and Cash Equivalents**

Cash and cash equivalents increased \$1,549,214, from \$16,532,423 to \$18,081,637. The increase is attributable to additional revenues in the current year that exceeded expenditures.

**Receivables**

The Town continues to have an excellent record of tax receivables, maintaining the collection rate of the levy for the current year at 99.66%. The taxes receivable increased slightly over the prior year's balance. The amount of deferred revenues declined by \$9,000 due to strong collections in the 60 days following year-end. The sewer receivable decreased slightly due to the timing of payments from the Portland Water District. The Town places liens on uncollected sewer fees, so eventually the entire receivable is paid. Due from other governments increased due to the timing of grant reimbursements. In the current year, the Town implemented GASBS No. 87, *Leases*, and as a result, recorded receivables related to leases. The leases receivable have been recorded at their present value and decreased in the current year due to current year amortization.

	FY 2022	FY 2021 restated
Sewer fund receivables	\$ 421,262	\$ 446,057
Taxes receivable- current year	120,683	90,578
Tax liens	20,369	16,202
Miscellaneous receivables	198,846	262,452
Due from other governments	796,909	644,576
Rescue receivables	42,160	58,849
Leases	241,911	292,686
<b>Total</b>	<b>\$1,842,140</b>	<b>\$1,811,400</b>
% Sewer	23%	25%
% Taxes and other	77%	75%



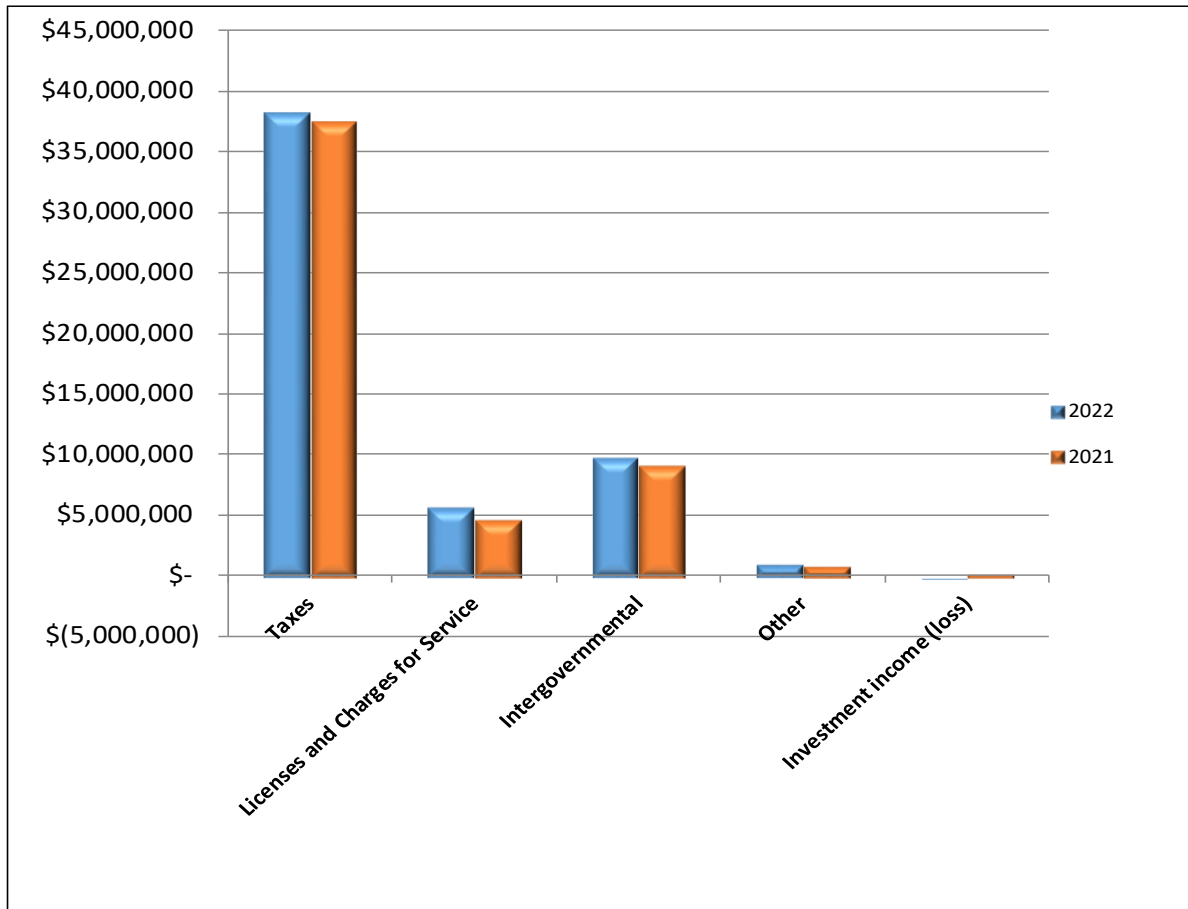
**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2022**

**Governmental Fund Revenues by Major Source**

Property and other taxes amounted to 69.5% of revenue in FY 2022. This compares to 70.8% in FY 2021. Intergovernmental revenues increased \$537,225 due to an increase in State revenue sharing, State school subsidy, and grants. Overall, revenues were up \$1,956,739 or 3.7%. This compared to an increase the year before of 7.8%. The total increase in revenue from taxes this past year was \$660,062 or 1.8% compared with 2.9% the previous year.

**Revenues Chart**

	<b>2022</b>	<b>2021</b>	<b>\$ Change</b>	<b>% Change</b>
Taxes	\$ 38,101,990	\$ 37,441,928	660,062	1.8%
Licenses and Charges for Service	5,848,843	4,816,390	1,032,453	21.4%
Intergovernmental	9,811,699	9,274,474	537,225	5.8%
Other	1,158,260	951,348	206,912	21.7%
Investment income (loss)	(112,925)	366,988	(479,913)	-130.8%
	<b>\$ 54,807,867</b>	<b>52,851,128</b>	<b>1,956,739</b>	<b>3.7%</b>



**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2022**

**Governmental Fund Expenditures**

Expenditures changed as follows:

	<b>2022</b>	<b>2021</b>	<b>\$ Change</b>	<b>% Change</b>
General government	\$ 1,463,302	\$ 1,416,546	46,756	3.3%
Insurance and Benefits	1,848,544	1,646,105	202,439	12.3%
Public safety	3,178,017	3,107,603	70,414	2.3%
Public works	2,369,833	1,877,885	491,948	26.2%
Facilities	940,865	689,590	251,275	36.4%
Cultural and parks	2,111,711	2,060,500	51,211	2.5%
Library	693,233	568,715	124,518	21.9%
Human services	150,081	67,762	82,319	121.5%
Education	32,650,481	32,823,527	(173,046)	-0.5%
Intergovernmental assessments	1,607,013	1,566,121	40,892	2.6%
Unclassified	62,869	337,809	(274,940)	-81.4%
School lunch program	986,249	703,823	282,426	40.1%
Sewer	1,983,885	1,792,679	191,206	10.7%
Capital outlay	2,879,723	2,315,691	564,032	24.4%
Non-school debt service	1,789,009	1,782,185	6,824	0.4%
<b>Total expenditures</b>	<b>\$ 54,714,815</b>	<b>52,756,541</b>	<b>1,958,274</b>	<b>3.7%</b>
Excluding capital outlay	<b>\$ 51,835,092</b>	<b>50,440,850</b>	<b>1,394,242</b>	<b>2.8%</b>

Total expenditures increased by \$1,958,274 or 3.7%. Education spending decreased \$(173,046) or -0.5%. Spending, excluding capital outlay, increased \$1,394,242 or 2.8% due to increases in insurance and benefits, public works, facilities, and the school lunch program and sewer fund. Capital outlay increased as projects were delayed in the prior fiscal year.

**Transfers**

The School General Fund transferred \$493,255 to the School Lunch Program. The General Fund provided budgeted transfers to the following funds:

Land Acquisition Fund	\$32,914;	TIF fund	\$84,059
Rescue Fund	\$300,000;		
Turf Field Fund	\$25,000;		

The General Fund received operating transfers from the following funds:

Sewer Fund	\$67,536;	Thomas Jordan Fund	\$55,000;
Riverside Cemetery – Perpetual Care	\$1,470;	Spurwink Church	\$4,414.

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

Portland Headlight Fund,	\$67,598;
Fort Williams Fund	\$37,380;
Infrastructure Improvements	\$205,000

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2022**

**Significant Changes in Individual Fund Balances**

	<b>6/30/2022</b>	<b>6/30/2021</b>	<b>\$ Change</b>	<b>% Change</b>
General Fund	\$ 10,990,495	\$ 9,306,536	1,683,959	18.1%
School Grants and Other Programs	80,374	58,352	22,022	37.7%
School Lunch Program	31,190	(488,553)	519,743	-106.4%
Sewer User Fund	2,316,931	2,375,175	(58,244)	-2.5%
Student Activities	204,623	203,416	1,207	0.6%
Portland Head Light	210,414	288,960	(78,546)	-27.2%
Rescue Fund	(242,747)	(542,747)	300,000	-55.3%
Other Town Programs	1,109	2,747	(1,638)	-59.6%
Riverside Perpetual Care	470,778	439,907	30,871	7.0%
Library Fund	307,568	286,978	20,590	7.2%
Libby Bequest	-	56,149	(56,149)	-100.0%
Fire Department Scholarships	24,172	24,587	(415)	-1.7%
Public Safety Funds	14,532	14,371	161	1.1%
PD Donations	2,563	4,701	(2,138)	-45.5%
Thomas Jordan Fund	1,162,729	1,378,990	(216,261)	-15.7%
Spurwink Church Fund	-	(270)	270	-100.0%
Riverside Cemetery Capital Improvements	232,095	216,138	15,957	7.4%
Tax Increment Financing	315,344	231,285	84,059	36.3%
School Bonded Projects	(502,640)	(21,418)	(481,222)	2246.8%
Land Acquisition Fund	95,449	63,563	31,886	50.2%
Infrastructure Improvement	302,237	411,153	(108,916)	-26.5%
Turf Field	50,000	25,000	25,000	100.0%
Fort Williams Park Fund	295,762	205,026	90,736	44.3%
<b>Total</b>	<b>16,362,978</b>	<b>14,540,046</b>	<b>1,822,932</b>	

The School Board approved a transfer to the School Lunch program that eliminated the fund's deficit. In FY 2022, the Town budgeted \$300,000 to reduce the Rescue Fund deficit and the remaining deficit will be eliminated in FY 2023. The Tax Increment Financing Fund receives annual transfers from the General Fund related to the property tax amounts received from the Town Center TIF District. The Thomas Jordan Fund decreased due to losses on investments in FY 2022. School Bonded Projects and Infrastructure Improvements both decreased due to planned spending on improvements.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2022**

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**Significant Budget Variances**

The annual budget had significant budget variances this past year. Excise tax collections were under budget as the purchase of new vehicles decreased slightly. Capital improvement projects underspent the budget by \$2,372,004 and projects were carried into the next year. Due to state budget increases, state revenue sharing and state education subsidies were over budget.

Other General Fund departments with under expenditures include the General Government, Police and Rescue, Community Services, and several School Department budget categories. In General Government, the largest contributor to the under expenses was part-time election workers, and the balance was from various contracted services. The Police Department was short staffed which lead to the fulltime, overtime, social security and training expense lines being under spent. The Public Works Department was also short staffed which lead to under expenses in personnel related costs. The ecomaine tipping fees and traffic signal maintenance lines were also under spent. Due to problems with the availability and costs with contractors a number of capital projects were carried into the next fiscal year. The majority of the under expenses in the School Department are also related to understaffing both in instruction and support staff.

<b>Revenues:</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
State revenue sharing	\$ 1,095,000	1,384,867	289,867
State education subsidy	1,740,104	2,608,293	868,189
Community Services Programs	1,376,400	1,261,807	(114,593)
Parking revenues	380,000	525,342	145,342
<b>Expenditures:</b>			
General Government	1,612,304	1,463,302	149,002
Police Department	1,734,414	1,422,982	311,432
General Public Works	1,444,617	1,333,162	111,455
Capital Improvements	4,110,926	1,738,922	2,372,004
School Department:			
Regular Instruction	14,517,576	14,164,425	353,151
Special education instruction	4,100,464	3,919,242	181,222
Other Instruction	1,005,972	887,715	118,257
Student and Staff Support	2,993,992	2,831,235	162,757

**Capital Improvements**

The Town undertook a number of improvements to capital assets during the year. The School Department spent \$198K on improvements at the Pond Cove and High Schools, \$85K on athletic field access, and purchased \$326K in laptops and technology. The Town spend \$109K on a loader/backhoe, and about \$110K on additional Public Works equipment and vehicles. The construction of a new communications tower was completed and capitalized for \$463K.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2022**

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**Long-term Debt Activity**

Net bonded debt and notes as of June 30, 2022 stood at \$8,052,610 of which \$801,470 is Sewer Fund debt. This equated to 0.46% of assessed value and to \$845 net debt per capita. The ratio of debt service to general governmental expenditures was 4.32% on June 30, 2022, compared to 4.63% on June 30, 2021. Additional information on long-term debt activity can be found in the footnotes to the financial statements.

**The Overall Financial Position of the Town**

The overall financial condition continued to be healthy in FY 2022. With an improving economy nationally in spite of the appearance of the COVID pandemic, the tax collection rate stayed above 99% of the current levy. The unassigned General Fund balance dipped to \$3.7 million as the Town used \$2.2 million to support the FY 2022 budget. The ratio of bonded debt to assessed value stayed relatively unchanged. In June 2021, the Town refinanced \$1 million of general obligation debt with the issuance of \$800,000. The infrastructure is in good condition with police, fire, public works, library, and community facilities having been built or substantially remodeled since 2000. The most recent school renovation work was at the high school seven years ago, with projected renovation work needed at all three facilities in the near term. During the next 10 years, 84.9% of all debt is to be retired with 100% of the debt to be retired in the next 16 years.

The Town created a building committee to evaluate the state of the schools and make recommendations for renovation or replacement of one or more of the facilities. Based upon the committee's work, a referendum vote was held in November 2022 to authorize an expenditure of \$116 million to replace the existing elementary and middle schools and for limited renovations at the high school. The voters rejected the referendum. A new school building committee was subsequently created by the Town Council and School Board to consider options for replacing or renovating school facilities.

The Town's median household income was \$129,503, based on the 2021 American Community Survey of the U.S. Census Bureau. Property values have continued to show stable appreciation. Unemployment in the Portland MSA was at 2.5% in June 2022, compared to a state unemployment rate of 3.0% and a national rate of 3.6%.

**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, 2022**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 18,081,637
Investments	743,043
Receivables:	
Accounts	198,846
Due from other governments	796,909
Ambulance receivables, net of allowance of \$12,030	42,160
Taxes and liens	141,052
Sewer fees	421,262
Leases	241,911
Amounts held in escrow	1,023,553
Prepaid expenses	77,639
Inventory	102,772
Capital assets, not being depreciated	2,779,591
Capital assets, being depreciated	42,638,343
Total assets	67,288,718
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	1,238,408
Deferred outflows of resources related to OPEB	1,033,492
Total deferred outflows of resources	2,271,900
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	1,494,750
Accrued payroll and benefits	2,786,313
Unearned revenues	896,346
Taxes collected in advance	11,942
Accrued interest	74,394
Noncurrent liabilities:	
Due within one year	2,318,356
Due in more than one year	16,724,927
Total liabilities	24,307,028
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	1,447,677
Deferred inflows of resources related to OPEB	279,094
Deferred inflows of resources related to leases	239,332
Total deferred inflows of resources	1,966,103
<b>NET POSITION</b>	
Net investment in capital assets	35,638,014
Restricted	3,887,075
Unrestricted	3,762,398
<b>Total net position</b>	<b>\$ 43,287,487</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

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	\$ 4,747,895	318,679	-	-	(4,429,216)
Public works	3,337,022	87,154	80,268	511,095	(2,658,505)
Facilities	988,327	549,500	-	-	(438,827)
Public safety	3,383,998	809,396	15,982	-	(2,558,620)
Culture and parks	2,496,404	1,820,120	54,206	82	(621,996)
Library	828,247	8,193	-	-	(820,054)
Human services	150,081	-	-	-	(150,081)
Education	33,932,361	83,093	6,609,886	-	(27,239,382)
Unclassified	62,869	-	-	-	(62,869)
School lunch	986,249	260,690	752,047	-	26,488
Sewer	1,983,885	2,214,452	-	-	230,567
Interest on debt	155,880	-	-	-	(155,880)
<b>Total governmental activities</b>	<b>53,053,218</b>	<b>6,151,277</b>	<b>7,512,389</b>	<b>511,177</b>	<b>(38,878,375)</b>
General revenues:					
Property taxes					35,628,407
Excise taxes					2,444,653
Interest and costs on taxes					19,930
Franchise fees					145,890
Grants and contributions not restricted to specific programs:					
State revenue sharing					1,384,867
Homestead exemption					601,430
Other intergovernmental revenues					320,808
Unrestricted investment earnings (loss)					(112,925)
Miscellaneous revenues					190,964
<b>Total general revenues</b>					<b>40,624,024</b>
Change in net position					1,745,649
Net position - beginning					41,541,838
<b>Net position - ending</b>					<b>\$ 43,287,487</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	General	Sewer User Fund	Rescue Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 16,401,272	-	-	1,680,365	18,081,637
Investments	-	-	-	743,043	743,043
Receivables:					
Accounts	185,621	-	-	13,225	198,846
Due from other governments	187,239	-	-	609,670	796,909
Ambulance receivables, net of allowance of \$12,030	42,160	-	-	-	42,160
Taxes and liens receivable	141,052	-	-	-	141,052
Sewer fees	-	421,262	-	-	421,262
Leases	204,423	-	-	37,488	241,911
Amounts held in escrow	1,008,430	-	-	-	1,008,430
Prepaid expenditures	77,639	-	-	-	77,639
Inventory	-	-	-	102,772	102,772
Interfund loans receivable	-	1,896,412	-	1,313,394	3,209,806
<b>Total assets</b>	<b>18,247,836</b>	<b>2,317,674</b>	<b>-</b>	<b>4,499,957</b>	<b>25,065,467</b>
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	1,358,715	-	-	136,035	1,494,750
Accrued payroll and benefits	2,774,314	743	-	11,256	2,786,313
Taxes collected in advance	11,942	-	-	-	11,942
Unearned revenue	867,764	-	-	28,582	896,346
Interfund loans payable	1,979,404	-	242,747	987,655	3,209,806
Total liabilities	6,992,139	743	242,747	1,163,528	8,399,157
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	64,000	-	-	-	64,000
Deferred inflows related to leases	201,202	-	-	38,130	239,332
Total deferred inflows of resources	265,202	-	-	38,130	303,332
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	80,860	-	-	102,772	183,632
Restricted	2,853,061	-	-	992,551	3,845,612
Committed	-	2,316,931	-	1,930,740	4,247,671
Assigned	4,370,756	-	-	830,094	5,200,850
Unassigned	3,685,818	-	(242,747)	(557,858)	2,885,213
Total fund balances (deficits)	10,990,495	2,316,931	(242,747)	3,298,299	16,362,978
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 18,247,836</b>	<b>2,317,674</b>	<b>-</b>	<b>4,499,957</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.	45,417,934
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenues in the funds.	
Unavailable taxes	64,000
Amounts held in escrow	15,123
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	(2,416,073)
Accrued interest	(74,394)
Other postemployment benefits liability and related deferred inflows and outflows of resources	(4,924,941)
Net pension liability and related deferred inflows and outflows of resources	(353,667)
Finance purchase agreements	(2,286,073)
Premium on bonds payable	(464,790)
Bonds and notes payable	(8,052,610)
<b>Net position of governmental activities</b>	<b>\$ 43,287,487</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, 2022**

	General	Sewer User Fund	Rescue Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 38,101,990	-	-	-	38,101,990
Licenses and permits	318,679	-	-	-	318,679
Intergovernmental	8,327,166	-	-	1,484,533	9,811,699
Rental and fees income	-	-	-	280,195	280,195
Charges for services	2,493,845	2,214,452	-	821,867	5,530,164
Local grants and contributions	-	-	-	518,782	518,782
Other	354,764	-	-	4,519	359,283
Investment income (loss)	39,045	-	-	(151,970)	(112,925)
<b>Total revenues</b>	<b>49,635,489</b>	<b>2,214,452</b>	<b>-</b>	<b>2,957,926</b>	<b>54,807,867</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	1,463,302	-	-	-	1,463,302
Insurance and benefits	1,848,544	-	-	-	1,848,544
Public safety	3,172,041	-	-	5,976	3,178,017
Public works	2,369,833	-	-	-	2,369,833
Facilities	933,599	-	-	7,266	940,865
Culture and parks	1,544,207	-	-	567,504	2,111,711
Library	595,026	-	-	98,207	693,233
Human services	146,182	-	-	3,899	150,081
Education	31,478,288	-	-	1,172,193	32,650,481
Intergovernmental assessments	1,607,013	-	-	-	1,607,013
Unclassified	62,869	-	-	-	62,869
School lunch	-	-	-	986,249	986,249
Sewer	-	1,983,885	-	-	1,983,885
Capital outlay	2,064,426	12,167	-	803,130	2,879,723
<b>Debt service:</b>					
Principal and interest	1,579,901	209,108	-	-	1,789,009
<b>Total expenditures</b>	<b>48,865,231</b>	<b>2,205,160</b>	<b>-</b>	<b>3,644,424</b>	<b>54,714,815</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>770,258</b>	<b>9,292</b>	<b>-</b>	<b>(686,498)</b>	<b>93,052</b>
<b>Other financing sources (uses):</b>					
Proceeds from note payable	-	-	-	295,376	295,376
Proceeds from financed purchase	1,434,504	-	-	-	1,434,504
Transfers from other funds	438,398	-	300,000	715,350	1,453,748
Transfers to other funds	(959,201)	(67,536)	-	(427,011)	(1,453,748)
<b>Total other financing sources (uses)</b>	<b>913,701</b>	<b>(67,536)</b>	<b>300,000</b>	<b>583,715</b>	<b>1,729,880</b>
<b>Net change in fund balances</b>	<b>1,683,959</b>	<b>(58,244)</b>	<b>300,000</b>	<b>(102,783)</b>	<b>1,822,932</b>
<b>Fund balances (deficits), beginning of year</b>	<b>9,306,536</b>	<b>2,375,175</b>	<b>(542,747)</b>	<b>3,401,082</b>	<b>14,540,046</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ 10,990,495</b>	<b>2,316,931</b>	<b>(242,747)</b>	<b>3,298,299</b>	<b>16,362,978</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, 2022**

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Net change in fund balances - total governmental funds (from Statement 4)	\$	1,822,932
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

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

These are the changes in capital asset-related amounts:

Capital outlays	2,673,870	
Depreciation	(2,731,735)	
Book value of disposed assets	(4,000)	(61,865)

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.

(9,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

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

Accrued interest	8,408	
Accrued compensated absences	(867,290)	
Net pension liability, including related deferred inflows and outflows	307,242	
OPEB liability, including related deferred inflows and outflows	(199,183)	(750,823)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These are the changes in long-term debt and related amounts:

Proceeds from note amounts held in escrow	(295,376)	
Principal payments on bonds and notes	1,271,422	
Amortization of premium on bonds	60,791	1,036,837

Financed purchase proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of financed purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

These are the changes in financed purchases and related amounts:

Proceeds from financed purchase issuances	(1,434,504)	
Principal payments on financed purchase agreements	1,142,072	(292,432)

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<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>1,745,649</b>
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*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2022**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 38,189,667	38,189,667	38,101,990	(87,677)
Licenses and permits	262,700	262,700	318,679	55,979
Intergovernmental	4,044,478	5,264,918	5,528,670	263,752
Charges for services	2,192,030	2,452,030	2,493,845	41,815
Other	200,100	218,865	354,764	135,899
Investment income	45,000	45,000	39,045	(5,955)
Total revenues	44,933,975	46,433,180	46,836,993	403,813
Expenditures:				
Current:				
General government	1,529,117	1,612,304	1,463,302	149,002
Insurance and benefits	1,798,430	1,851,590	1,848,544	3,046
Public safety	3,440,441	3,669,875	3,172,041	497,834
Public works	2,572,688	2,657,628	2,369,833	287,795
Facilities	969,114	969,614	933,599	36,015
Culture and parks	1,423,914	1,624,324	1,544,207	80,117
Library	591,179	595,179	595,026	153
Human services	251,200	205,200	146,182	59,018
Education	29,595,842	29,595,842	28,679,792	916,050
Intergovernmental assessments	1,849,874	1,849,874	1,607,013	242,861
Unclassified	-	348,309	62,869	285,440
Capital improvements	2,317,100	4,110,926	1,738,922	2,372,004
Debt service	1,586,922	1,586,922	1,579,901	7,021
Total expenditures	47,925,821	50,677,587	45,741,231	4,936,356
Excess (deficiency) of revenues over (under) expenditures	(2,991,846)	(4,244,407)	1,095,762	5,340,169
Other financing sources (uses):				
Proceeds from financed purchases	1,109,000	1,009,000	1,109,000	100,000
Transfers from other funds	398,398	453,398	438,398	(15,000)
Transfers to other funds	(688,228)	(703,001)	(959,201)	(256,200)
Carryforward balances and subsequent authorizations	-	1,312,334	-	(1,312,334)
Utilization of prior year surplus	2,172,676	2,172,676	-	(2,172,676)
Total other financing sources (uses)	2,991,846	4,244,407	588,197	(3,656,210)
Net change in fund balance	-	-	1,683,959	1,683,959
Fund balance, beginning of year			9,306,536	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>10,990,495</b>	

*See accompanying notes to basic financial statements.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

		<b>Private- purpose Trust Funds (School - Scholarships)</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$	91,380
Total assets		91,380
<b>LIABILITIES</b>		
Accounts payable		-
Total liabilities		-
<b>NET POSITION</b>		
Held in trust	\$	<b>91,380</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, 2022**

	<b>Private- purpose Trust Funds (Scholarships)</b>
<b>Additions:</b>	
Donations	\$ 5,491
Interest earned	363
<b>Total additions</b>	<b>5,854</b>
<b>Deductions:</b>	
School scholarships	11,650
<b>Total deductions</b>	<b>11,650</b>
Increase (decrease) in fiduciary net position	(5,796)
Net position, beginning of year	97,176
<b>Net position, end of year</b>	<b>\$ 91,380</b>

*See accompanying notes to basic financial statements.*



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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

The Town reports the following major governmental fund:

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

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

**The Rescue Fund** formerly accounted for revenues from rescue billings and expenditures related to the ambulance service. The revenues and expenditures are now accounted for in the General Fund. The remaining balance in the Rescue Fund is the residual fund deficit, which is being liquidated by transfers from the General 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:

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

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

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

**Leases** - The Town of Cape Elizabeth is a lessor for noncancellable leases for land and office space in Town owned buildings. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**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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**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 report deferred inflows of resources for unavailable revenue from property taxes and deferred amounts related to leases. 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, as well as leases, which include the Town's contributions subsequent to the measurement date, which are recognized as reductions of the net pension and OPEB liabilities in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

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

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

**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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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.

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. The voters have authority to commit school department fund balances as part of the budget process. 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.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Currently, the Town has a fund balance policy under which the Town will seek to have an unassigned General Fund fund balance of 12.50% of annual General Fund operating revenues. If the unassigned municipal (excluding schools) fund balance target is exceeded, excess fund balance between 100%-115% of the target shall be used to reduce the tax commitment in the next budget. Any amount over 115% of the target may be committed or assigned for any capital need or unanticipated expenditures or may be placed in an assigned fund for future property tax relief. In addition, in those years in which the General Fund fund balance is less than the targeted percentage, the balance may not be used to support the annual budget or for capital needs if unassigned fund balance as a percentage of operating revenues would be lower than prior year's unassigned fund balance as a percentage of the prior year's operating revenues.

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

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

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

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

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

The Town's net investment in capital assets was calculated as follows at June 30, 2022:

Capital assets	\$ 90,039,221
Accumulated depreciation	(44,621,287)
General obligation bonds	(6,560,000)
Premium on bonds	(464,790)
Notes from direct borrowings	(1,492,610)
Financed purchases	(2,286,073)
Unspent debt proceeds	1,023,553
<b>Net investment in capital assets</b>	<b>\$ 35,638,014</b>

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

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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 \$2,798,496. These amounts have been included as intergovernmental revenue and education expenditures in the General Fund on Statement 4 (GAAP basis) and on the statement of activities. There is no effect on the fund balance or net position at the end of the year.

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

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

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

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

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

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2022, expenditures exceeded appropriations in the following departments:

Education transportation	\$ 6,342
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**C. Deficit Fund Balances**

At June 30, 2022 the following fund had a deficit fund balance:

Rescue Fund	\$ 242,747
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Nonmajor Special Revenue Funds:

School Grants and Other Programs:

Title IIA	\$ 4,116	MLTI grant	5,640
Local entitlement	7,978	C. E. E. F.	1,452
Preschool	13	Flow through grant	336
ESSER #3	35,683		

Nonmajor Capital Project Funds:

School projects	\$ 502,640
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These fund deficits will be covered by future revenue sources or transfers from the General Fund.

**DEPOSITS AND INVESTMENTS**

**A. Deposits**

*Custodial Credit Risk-Town Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does have a deposit policy for custodial credit risk that requires that the FDIC insure the deposit of funds in institutions. Any funds deposited above the \$250,000 insurance limit must be collateralized by the financial institution, or the excess funds be placed with other financial institutions. As of June 30, 2022, the Town reported deposits of \$18,173,017 with a bank balance of \$18,603,244. None of the Town's bank balances were exposed to custodial credit risk as they were covered by FDIC or an irrevocable letter of credit from the Federal Home Loan Bank provided to the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 18,081,637
Reported in fiduciary funds	91,380
<b>Total deposits</b>	<b>\$ 18,173,017</b>



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

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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**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, 2022:

Mutual funds of \$743,043 are valued using quoted prices (Level 1 input). In addition, mutual funds are not considered securities and therefore, are exempt from credit risk disclosures.

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**PROPERTY TAXES**

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Property taxes for the current year were committed on August 6, 2021 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 80% 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 \$259,552 for the year ended June 30, 2022.

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

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

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

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**PROPERTY TAXES, CONTINUED**

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The following summarizes the 2022 and 2021 tax levy:

	<u>2022</u>	<u>2021</u>
Assessed valuation:		
Land	\$ 709,627,800	705,386,400
Buildings	1,044,348,800	1,033,612,000
Personal property	4,491,600	5,148,100
<b>Total assessed valuation</b>	<b>\$ 1,758,468,200</b>	<b>1,744,146,500</b>
Assessed valuation	1,758,468,200	1,744,146,500
Tax rate (per \$1,000)	20.26	19.92
Commitment	35,626,567	34,743,398
Supplemental taxes assessed	1,840	29,617
Total tax levy	35,628,407	34,773,015
Less: Collections and abatements	35,507,724	34,682,437
<b>Current year receivables at June 30</b>	<b>\$ 120,683</b>	<b>90,578</b>
Due date(s)	10/1/2021	10/1/2020
	4/1/2022	4/1/2021
Interest rate on delinquent taxes	6.00%	8.00%
Collection rate	99.66%	99.74%

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**LEASE RECEIVABLES**

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The Town of Cape Elizabeth has a land lease with the Portland Water District to provide land access. The lease has a remaining term of thirty three years and the Town will receive payments of \$4,000 annually until 2025, increasing 2% each year after that. The Town recognized \$1,268, in lease revenue and \$2,732 in interest during the current year related to this lease.

The Town also has four leases for office space in town-owned buildings. The leases have remaining terms of two to five years and the Town will receive varying monthly payments. The Town recognized \$49,507 in lease revenue and \$4,588 in interest during the current year related to these leases.

As of June 30, 2022, the Town's receivable for lease payments was \$241,911. Also, the Town has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$239,332

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

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**CAPITAL ASSETS**

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Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2022</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,460,331	-	-	1,460,331
Construction in progress	3,257,182	1,983,526	3,921,448	1,319,260
<b>Total capital assets, not being depreciated</b>	<b>4,717,513</b>	<b>1,983,526</b>	<b>3,921,448</b>	<b>2,779,591</b>
Capital assets, being depreciated:				
Artwork	10,000	-	-	10,000
Land improvements	3,686,655	85,495	-	3,772,150
Buildings and building improvements	49,345,682	537,360	-	49,883,042
Furniture and equipment	3,633,856	1,055,742	-	4,689,598
Vehicles	6,260,503	49,821	77,046	6,233,278
Infrastructure	19,788,188	2,883,374	-	22,671,562
<b>Total capital assets being depreciated:</b>	<b>82,724,884</b>	<b>4,611,792</b>	<b>77,046</b>	<b>87,259,630</b>
Less accumulated depreciation for:				
Artwork	2,250	500	-	2,750
Land improvements	713,106	306,120	-	1,019,226
Buildings and building improvements	26,258,650	1,337,279	-	27,595,929
Furniture and equipment	1,491,081	433,365	-	1,924,446
Vehicles	3,383,306	348,343	73,046	3,658,603
Infrastructure	10,114,205	306,128	-	10,420,333
<b>Total accumulated depreciation</b>	<b>41,962,598</b>	<b>2,731,735</b>	<b>73,046</b>	<b>44,621,287</b>
<b>Total capital assets being depreciated, net</b>	<b>40,762,286</b>	<b>1,880,057</b>	<b>4,000</b>	<b>42,638,343</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 45,479,799</b>	<b>3,863,583</b>	<b>3,925,448</b>	<b>45,417,934</b>

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

Governmental activities:	
General government	\$ 41,261
Public safety	335,795
Public works, including depreciation of general infrastructure assets	761,336
Facilities	47,462
Education	1,026,174
Library	135,014
Cultural and parks	384,693
<b>Total depreciation expense – governmental activities</b>	<b>\$ 2,731,735</b>

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

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**INTERFUND BALANCES**

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Individual interfund receivable, payable, and transfer balances at June 30, 2022 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>	<u>Interfund transfers</u>
General Fund	\$ -	1,979,404	(520,803)
Sewer Fund	1,896,412	-	(67,536)
Rescue Fund	-	242,747	300,000
<b>Nonmajor Governmental Funds:</b>			
School grants and other programs	-	432,907	-
School lunch program	-	52,108	493,255
Portland Head light	241,338	-	(52,825)
Other town programs	1,109	-	-
Riverside perpetual care	-	-	(1,470)
Library fund	-	-	56,149
Libby bequest	-	-	(56,149)
PD donations	2,563	-	-
Thomas Jordan	-	-	(55,000)
Spurwink Church	-	-	4,786
<b>Total nonmajor special revenue funds</b>	<b>245,010</b>	<b>485,015</b>	<b>388,746</b>
<b>Nonmajor Capital Project Funds:</b>			
Tax increment financing	315,344	-	84,059
School projects	-	502,640	-
Land acquisition	95,449	-	32,914
Infrastructure improvement	302,237	-	(205,000)
Turf field	50,000	-	25,000
Fort Williams park	305,354	-	(37,380)
<b>Total nonmajor capital project funds</b>	<b>1,068,384</b>	<b>502,640</b>	<b>(100,407)</b>
<b>Total</b>	<b>\$ 3,209,806</b>	<b>3,209,806</b>	<b>-</b>

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

The transfers were budgeted transfers to fund certain activities.

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**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, 2022, the Town complied with these limitations.

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

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2022 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 7,545,000	-	985,000	6,560,000	905,000
Premium	525,581	-	60,791	464,790	60,791
Total bonds payable	8,070,581	-	1,045,791	7,024,790	965,791
Notes from direct borrowings*	1,779,032	-	286,422	1,492,610	344,402
Financed purchases*	1,993,641	1,434,504	1,142,072	2,286,073	1,008,163
Net pension liability	1,566,445	-	1,422,047	144,398	-
Other postemployment benefits	5,460,369	218,970	-	5,679,339	-
Accrued compensated absences	1,548,783	2,416,073	1,548,783	2,416,073	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 20,418,851</b>	<b>4,069,547</b>	<b>5,445,115</b>	<b>19,043,283</b>	<b>2,318,356</b>

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

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**LONG-TERM DEBT**

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Long-term debt payable at June 30, 2022 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:				
2014 Refunding bond	\$ 4,190,000	2.00%-4.00%	2025	975,000
2015 General obligation bond	5,450,000	3.00%-3.25%	2035	3,525,000
2016 General obligation bond	2,100,000	3.00%-4.00%	2037	1,400,000
2020 Refunding bond	880,000	5.00%	2028	660,000
<b>Total</b>				<b>\$ 6,560,000</b>
Notes from direct borrowings:				
2006 Clean water revolving fund	\$ 3,510,000	1.73%	2026	801,470
2006 Roadway/drainage note	1,890,000	1.90 – 5.50%	2027	472,500
2021 School revolving renovation fund	390,429 (1)	0.00%	2026	218,640
<b>Total</b>				<b>\$ 1,492,610</b>

(1) Of the School revolving renovation fund note principal, \$117,129 was forgiven on issuance. As of June 30, 2022, \$15,123 was held in escrow as it had not yet been drawn down.

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

**LONG-TERM DEBT, CONTINUED**

	<u>Amount of Original issue</u>	<u>Interest rate</u>	<u>Final maturity date</u>	<u>Balance end of year</u>
Financed purchases:				
2015 Boiler	\$ 580,000	8.83%	2024	125,840
2021 Bus	100,379	1.50%	2023	33,457
2020 Computers and technology	156,450	0.99%	2023	52,148
2021 Computers and technology	59,695	0.00%	2024	39,797
2019 Ambulance and equipment	1,500,000	2.95%	2023	309,044
2020 Front end loader	225,000	2.09%	2024	90,901
2020 Tool carrier	1,035,000	1.29%	2025	620,931
2022 Computers and technology	265,809	0.00%	2024	132,699
2022 Equipment	1,109,000(2)	0.00%	2026	881,256
<b>Total</b>				<b>\$ 2,286,073</b>

(2) Of the 2022 equipment financed purchase agreement, \$1,008,430 was held in escrow as of June 30, 2022 as it had not yet been drawn down.

The annual requirements to amortize all debt outstanding at June 30, 2022 are as follows. Such amounts exclude overlapping debt requirements, but include School debt requirements to be reimbursed by the State of Maine.

	<u>Bonds payable</u>		<u>Notes from direct borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 905,000	227,625	344,402	20,622
2024	900,000	191,725	347,780	15,563
2025	745,000	156,025	351,216	13,170
2026	520,000	126,525	354,712	6,084
2027	520,000	108,725	94,500	178
2028-2032	1,810,000	335,875	-	-
2033-2037	1,160,000	79,438	-	-
<b>Totals</b>	<b>\$ 6,560,000</b>	<b>1,225,938</b>	<b>1,492,610</b>	<b>55,617</b>

	<u>Financed purchases</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,008,163	35,490
2024	621,769	17,099
2025	431,409	8,700
2026	224,732	3,011
<b>Totals</b>	<b>\$ 2,286,073</b>	<b>64,300</b>

The financed purchases are secured by the underlying assets in the agreements.

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

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**LONG-TERM DEBT, CONTINUED**

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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, 2022, \$1,055,000 of defeased bonds remain outstanding.

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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, 2022, the Town's share is \$1,416,607 (4.59%) of Cumberland County's outstanding debt of \$30,856,174.

**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, 2022, the Town was responsible for \$3,894,450 of its portion of PWD's Wastewater Fund Debt (or 8.70% of PWD's \$44,771,936 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, 2022, the Town was contingently responsible for approximately 6.78%, or \$3,975,185, of the PWD's \$58,631,046 Water Fund Debt.

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

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES, CONTINUED**

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**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, 2022 based on the most recent information available, includes total assets of \$70,668,532, total liabilities of \$25,753,954 and unrestricted net position of \$13,354,272. The liabilities include an accrual for landfill closure and post closure care amounting to \$17,442,939. 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, 2022.



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

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**FUND BALANCES**

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At June 30, 2022, portions of the Governmental Funds fund balances were unassigned, assigned, committed or restricted for future periods or classified as nonspendable for specific amounts as follows:

	General <u>Fund</u>	Sewer User <u>Fund</u>	Rescue <u>Fund</u>	Other Governmental <u>Funds</u>
Nonspendable:				
Prepaid expenditures	\$ 77,639	-	-	-
Net lease receivable	3,221	-	-	-
Inventory	-	-	-	102,272
<b>Total nonspendable</b>	<b>80,860</b>	<b>-</b>	<b>-</b>	<b>102,272</b>
Restricted:				
Education	2,847,915	-	-	341,795
Town grants and donations	5,146	-	-	1,109
Library	-	-	-	307,568
Fire department scholarships	-	-	-	24,172
PD donations	-	-	-	2,563
Tax increment financing	-	-	-	315,344
<b>Total restricted</b>	<b>2,853,061</b>	<b>-</b>	<b>-</b>	<b>992,551</b>
Committed:				
Sewer operations	-	2,316,931	-	-
School grants and programs	-	-	-	1,516
Portland Head Light operations	-	-	-	135,736
Riverside perpetual cemetery care	-	-	-	470,778
Public safety funds	-	-	-	14,532
Thomas Jordan benevolence	-	-	-	1,162,729
Future land acquisition	-	-	-	95,449
Turf field replacement	-	-	-	50,000
<b>Total committed</b>	<b>-</b>	<b>2,316,931</b>	<b>-</b>	<b>1,930,740</b>
Assigned:				
Budgeted use of fund balance	1,244,000	-	-	-
Operating expenditures	472,845	-	-	-
Capital improvements	2,653,911	-	-	830,094
<b>Total assigned</b>	<b>4,370,756</b>	<b>-</b>	<b>-</b>	<b>830,094</b>
<b>Total unassigned</b>	<b>\$ 3,685,818</b>	<b>-</b>	<b>(242,747)</b>	<b>(557,858)</b>

**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, 2022, taxes raised were \$84,059 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	15,374,200	4,149,000	84,059

**NET PENSION LIABILITY (ASSET) – 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 (ASSET) – CONSOLIDATED PLANS, CONTINUED

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**Consolidated PLD Plan** - Employees are required to contribute 9.70% of their annual pay. The Town’s contractually required contribution rate for the year ended June 30, 2022 was 13.40% of annual pay for the Special Plan 3C. Contributions to the pension plan from the Town were \$122,654 for the year ended June 30, 2022.

**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, 2022, was 18.13% of annual payroll of which 3.84% of payroll was required from the Town and 14.29% was required from the State. Contributions to the pension plan from the Town were \$604,433 for the year ended June 30, 2022.

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

The net pension liabilities were measured as of June 30, 2021, 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, 2022, the Town reported an asset of \$50,800 for its proportionate share of the net pension liability (asset). At June 30, 2021, the Town’s proportion of the PLD Plan asset was 0.1581%.

**SET Plan** - At June 30, 2022, 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	\$ 132,516
State’s proportionate share of the net pension liability associated with the Town	<u>9,293,184</u>
<b>Total</b>	<b><u>\$ 9,425,700</u></b>

At June 30, 2020, the Town’s proportion of the SET Plan was 0.0157%.

For the year ended June 30, 2022, the Town recognized pension gain of \$11,160 for the Consolidated PLD Plan, and also pension expense of \$2,859,506 for the SET Plan and revenue of \$2,249,940 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 (ASSET) – CONSOLIDATED PLANS, CONTINUED**

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At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the Consolidated PLD and SET pension plans from the following sources:

	<u>PLD Plan</u>		<u>SET Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,409	-	-	745
Changes of assumptions	170,583	-	90,347	-
Net difference between projected and actual earnings on pension plan investments	-	692,426	-	180,563
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	3,974	-	5,000
Town contributions subsequent to the measurement date	122,654	-	604,433	-
<b>Total</b>	<b>\$ 322,646</b>	<b>696,400</b>	<b>694,780</b>	<b>186,308</b>

The amounts of \$122,654 and \$604,433 are 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, 2023.

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>	<u>PLD Plan</u>	<u>SET Plan</u>
2022	\$(81,538)	(10,463)
2023	(64,838)	5,846
2024	(157,621)	(41,015)
2025	(192,411)	(50,329)

**Actuarial Assumptions** - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Consolidated</u>	
	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary increases, per year	2.75% - 11.48%	2.80% - 13.03%
Investment return, per annum, compounded annually	6.50%	6.50%
Cost of living benefit increases, per annum	1.91%	2.20%

Mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table for males and females for the PLD plan and the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table for males and females.

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

**NET PENSION LIABILITY (ASSET) – CONSOLIDATED PLANS, CONTINUED**

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2016 through June 30, 2020.

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, 2021 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	7.5%	7.2%
Diversifiers	7.5%	5.9%

**Discount Rate** - The discount rate used to measure the total pension liability was 6.50% 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 (asset) calculated using the discount rate of 6.50% 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 (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

<u>Consolidated PLD Plan</u>	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Town’s proportionate share of the net pension liability (asset)	\$ 722,917	(50,800)	(690,767)

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

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NET PENSION LIABILITY (ASSET) – CONSOLIDATED PLANS, CONTINUED

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<u>SET Plan</u>	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Town’s proportionate share of the net pension liability	\$ 348,001	132,516	(46,898)

**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, 2022.

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NET PENSION LIABILITY – WITHDRAWN PLD

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**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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Retired employees	34
<b>Total employees</b>	<b>34</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**

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

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**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, 2022 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 \$220,982 for the year ended June 30, 2022.

***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, 2021, 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:

	<u>Total</u> <u>Pension</u> <u>Liability</u>	<u>Increase (Decrease)</u> <u>Plan</u> <u>Fiduciary</u> <u>Net Position</u>	<u>Net</u> <u>Pension</u> <u>Liability</u>
Balance at June 30, 2021	\$ 5,029,720	4,343,243	686,477
Changes for the year:			
Service cost	-	-	-
Interest	320,726	-	320,726
Change in benefit terms	-	-	-
Differences between expected and actual experience	57,476	-	57,476
Changes in assumptions	143,342	-	143,342
Contributions – employer	-	67,920	(67,920)
Contributions – employee	-	-	-
Net investment income	-	1,081,418	(1,081,418)
Benefit payments, including refunds of employee contributions	(565,682)	(565,682)	-
Administrative expense	-	(3,999)	3,999
Net changes	(44,138)	579,657	(623,795)
<b>Balance at June 30, 2022</b>	<b>\$4,985,582</b>	<b>4,922,900</b>	<b>62,682</b>

For the year ended June 30, 2022, the Town recognized pension gain of \$42,42 for the withdrawn PLD.

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

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

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At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the withdrawn PLD pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	564,969
Town contributions subsequent to the measurement date	220,982	-
<b>Total</b>	<b>\$ 220,982</b>	<b>564,969</b>

An amount of \$220,982 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, 2023.

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:

2023	\$ 141,242
2024	141,242
2025	141,242
2026	141,243

**Actuarial Assumptions** - The total pension liability in the June 30, 2021 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	6.50%
Cost of living benefit increases, per annum	2.20%

Mortality rates were based on the 2010 PUB General Mortality projected generationally using RPEC\_2020 model with ultimate rate of 1.0% at 2027.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020, performed in 2021.

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



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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2021 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	7.5%	7.2%
Diversifiers	7.5%	5.9%

**Discount Rate** - The discount rate used to measure the total pension liability was 6.50% 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 (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Net pension liability	\$558,501	62,682	(392,817)

**Payables to the Pension Plan** - None as of June 30, 2022.

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

**General Information about the OPEB Plan**

**Plan Descriptions** - The Town sponsors post-retirement benefit plans providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plans administered by the Maine Municipal Employees Health Trust (MMEHT). The Town Council and the Maine State Legislature have the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

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

**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, 2022, the following employees were covered by the MMEHT Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employee entitled to but not yet receiving benefits	-
<u>Active employees</u>	<u>59</u>
Total	66

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

The MMEHT Health Plan total OPEB liability of \$1,015,048 was measured as of January 1, 2022, and was determined by an actuarial valuation performed as of that date.

*Changes in the Total Health Plan OPEB Liability*

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	\$ 876,121
Changes for the year:	
Service cost	42,911
Interest	19,312
Changes of benefit terms	-
Differences between expected and actual experience	171,482
Changes in assumptions or other inputs	(78,533)
<u>Benefit payments</u>	<u>(16,245)</u>
<u>Net changes</u>	<u>138,927</u>
 <b><u>Balance at June 30, 2022</u></b>	 <b><u>\$ 1,015,048</u></b>

Change in assumptions reflects a change in the discount rate from 2.12% to 2.06%.

For the year ended June 30, 2022, The Town recognized OPEB expense of \$41,691 related to the MMEHT Health Plan.

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

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

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At June 30, 2022, The Town reported deferred outflows of resources and deferred inflows of resources related to the MMEHT Health Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 28,887	-
Changes in assumptions	-	51,840
Contributions subsequent to the measurement date	15,222	-
<b>Total</b>	<b>\$ 44,109</b>	<b>51,840</b>

\$15,222 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, 2023. 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:

2023	\$ (12,528)
2024	(12,533)
2025	(22,515)
2026	(9,435)
2027	20,777
Thereafter	13,281

**Actuarial Assumptions – MMEHT Health Plan** - The total OPEB liability in the January 1, 2022 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40% per annum
Salary increases	2.75% per annum
Discount rate	2.06% per annum
Healthcare cost trend rates – Non-Medicare	6.25% for 2022, grading to 3.53% for 2042
Health cost trend rates – Medicare	5.00% for 2022, grading to 3.53% for 2042
Retirees’ share of the benefit related costs	100% of projected health insurance premiums

Mortality rates for the Health Plans were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2022 valuation for the Health Plans were based on the results of an actuarial experience study for the period June 30, 2016 through June 30, 2020.

**Discount Rate** - The rate used to measure the total OPEB liability for the MMEHT Health Plan was 2.06%. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

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

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

**Sensitivity of the OPEB Liability to Changes in the Discount Rates** - The following presents the Town’s net OPEB liability related to the Health Plan calculated using the discount rate, as well as what the Town’s OPEB liability would be if it was calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	<u>1%</u> <u>Decrease</u>	Discount Rate	<u>1%</u> <u>Increase</u>
MMEHT Health Plan OPEB (1.06% - 3.06%)	\$1,184,257	1,015,048	877,648

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

	<u>1%</u> <u>Decrease</u>	Healthcare Cost Rates	<u>1%</u> <u>Increase</u>
MMEHT Health Plan OPEB	\$869,628	1,015,048	1,198,108

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

**General Information about the OPEB Plans**

**Plan Descriptions** - The Town sponsors post-retirement benefit plans providing health insurance to retiring employees (hereafter referred to as the Health Plan). The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The School Board and the Maine State Legislature have the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Benefits Provided** – The MEABT Health Plan provides healthcare insurance benefits for retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 55% 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 45% 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	92
Inactive employee entitled to but not yet receiving benefits	-
<u>Active employees</u>	<u>239</u>
<u>Total</u>	<u>331</u>

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

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

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

The MEABT Health Plan total OPEB liability of \$4,548,212 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020.

*Changes in the Total OPEB Liability*

Balance at June 30, 2021 (restated)*	\$ 4,443,255
Changes for the year:	
Service cost	92,065
Interest	98,892
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	35,828
Benefit payments	(121,828)
Net changes	104,957
<b>Balance at June 30, 2022</b>	<b>\$ 4,548,212</b>

\*In FY2022, the actuary restated the beginning OPEB liability as of June 30, 2021 and that amount has been reflected on this schedule. As the change is immaterial to the financial statements, the change has been flowed through the current year activity.

Change in assumptions reflects a change in the discount rate from 2.21% to 2.16%. In addition, changes of benefit terms reflect the change in the Medicare Companion plan to a Medicare Advantage plan.

For the year ended June 30, 2022, The Town recognized OPEB gain of \$127,248 related to the MEABT Health Plan.

At June 30, 2022, 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 <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes in assumptions	\$ 829,302	-
Difference between expected and actual experience	-	113,390
Contributions subsequent to the measurement date	127,248	-
<b>Total</b>	<b>\$ 956,550</b>	<b>113,390</b>

\$127,248 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

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

<u>Year ended June 30:</u>	
2023	\$ 139,747
2024	139,745
2025	167,552
2026	131,875
2027	131,873
Thereafter	5,120

**Actuarial Assumptions** - The total OPEB liability in the June 30, 2021 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	2.00%
Salary increases	2.75% per annum
Discount rate	2.16% per annum
Healthcare cost trend rates - Pre-Medicare	6.83% for 2022 grading over 18 years to 3.25%
Healthcare cost trend rates - Medicare	6.30% for 2022 grading over 18 years to 3.25%
Retirees' share of the benefit related costs	45% of the blended premium rate with a State subsidy for the remaining 55% of the blended premium rate

Mortality rates for the Health Plans were based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table with adjustments.

The actuarial assumptions used in the January 1, 2021 valuation for the Health Plans were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

**Discount Rate** - The rate used to measure the total OPEB liability for the MEABT Health Plan was 2.16% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
MEABT Health Plan OPEB (1.16% - 3.16%)	\$ 5,355,128	4,548,212	3,900,874

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

	<u>Healthcare Cost</u>		
	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
MEABT Health Plan OPEB	\$3,806,548	4,548,212	5,498,930

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

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

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

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

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

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

PLD OPEB Plans - The Town is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the Town were \$11,610 for the regular plan and \$1,731 for the police plan for the year ended June 30, 2022. 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 \$63,142 for the year ended June 30, 2022. 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, 2021 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, 2022, the Town reported a liability of \$101,020 for its proportionate share of the net OPEB liability. At June 30, 2021 the Town's proportion was 0.9785%.

PLD Police OPEB Plan - At June 30, 2022, the Town reported a liability of \$15,059 for its proportionate share of the net OPEB liability. At June 30, 2021, the Town's proportion was 0.1459%.

SET OPEB Plan - At June 30, 2022, 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 \$269,547 as of June 30, 2022. At June 30, 2021, the Town's proportion was 0.00%.

**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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For the year ended June 30, 2022, The Town recognized OPEB gain of \$18,643 and expense of \$582 related to related to the GTL Consolidated PLD and Consolidated PLD - Police, respectively. For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$63,142 for support provided by the State related to the SET OPEB plan. At June 30, 2022, the Town reported no deferred outflows resources nor deferred inflows of resources related to the SET OPEB plan.

At June 30, 2022, The Town reported deferred outflows of resources and deferred inflows of resources related to the GTL Consolidated PLD plan and Consolidated Police PLD Plan from the following sources:

	<u>PLD Plan</u>		<u>Police PLD Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,415	-	1,702	-
Changes of assumptions	-	51,079	-	7,614
Net difference between projected and actual earnings on OPEB plan investments	-	31,006	-	4,622
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	19,543	6,375	-
Town contributions subsequent to the measurement date	11,610	-	1,731	-
<b>Total</b>	<b>\$ 23,025</b>	<b>101,628</b>	<b>9,808</b>	<b>12,236</b>

The amounts \$11,610 and \$1,731 are reported as deferred outflows of resources related to the Consolidated 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, 2023. Deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plans will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>PLD Plan</u>	<u>Police PLD Plan</u>
2023	\$(29,430)	(1,077)
2024	(18,064)	129
2025	(21,497)	(972)
2026	(22,668)	(2,191)
2027	723	(24)
Thereafter	723	(24)



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

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

**Actuarial Assumptions and Other Inputs** - The total OPEB liability in the June 30, 2021 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:

	<u>PLD OPEB Plans</u>	<u>SET OPEB Plan</u>
Inflation	2.75%	2.75%
Salary increases	2.75% - 11.48%	2.80% - 13.03%
Investment rate of return	6.50%	6.50%

Mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table for the PLD plans and the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table for the SET plan.

The actuarial assumptions used in the June 30, 2021 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, 2016 to June 30, 2020.

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 geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.0%
US Government Securities	2.3%

**Discount Rate** - The rate used to measure the net OPEB liability for the PLD OPEB plans and the SET OPEB plan was 6.50%. 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:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
GTL Consolidated PLD (5.50% - 7.50%)	\$ 149,959	101,020	61,761
GTL Consolidated PLD – Police (5.50% - 7.50%)	22,355	15,059	9,207

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

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RETIREMENT PLANS

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**Defined Contribution Plan**

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

The Town matches the employees' contribution to the plan up to 7% of compensation for the plan year. For the year ended June 30, 2022, the Town and School's contributions to the plan totaled \$297,778.

**Deferred Compensation Plan**

The Town of Cape Elizabeth offers all its employees not participating in Maine Public Employees Retirement System a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets are not included in the Town's financial statements.

**Other**

Additionally, the Town participates in the Social Security Retirement Program. The Town's contribution to Social Security (including Medicare) was \$929,388 for the year ended June 30, 2022.

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SUBSEQUENT EVENTS

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On September 1, 2022, the Town issued a loan through the Maine Municipal Bond Bank's School Renovation Revolving Fund of \$812,757.

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PRIOR PERIOD ADJUSTMENTS AND NEW PRONOUNCEMENT

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For the fiscal year ended June 30, 2021, the Town has elected to implement Statement No. 87 of the Government Accounting Standards Board – *Leases*. As a result of implementing GASB Statement No. 87, the assets and deferred inflows of resources for the General Fund have been increased each by \$226,453.

**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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>PLD Plan</b>								
Town's proportion of the net pension liability	\$ 0.1581%	0.1576%	0.1638%	0.1614%	0.1541%	0.1648%	0.1640%	0.1788%
Town's proportionate share of the net pension liability (asset)	(50,800)	626,169	500,824	441,844	631,119	875,619	523,211	275,173
Town's covered payroll	1,001,398	960,397	954,561	887,359	868,191	868,832	807,643	784,698
Town's proportionate share of the net pension liability as a percentage of its covered payroll	-5.07%	65.20%	52.47%	49.79%	72.69%	100.78%	64.78%	35.07%
Plan fiduciary net position as a percentage of the total pension liability	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%
<b>SET Plan</b>								
Town's proportion of the net pension liability	0.0157%	0.0155%	0.0168%	0.0156%	0.0142%	0.0122%	0.0094%	0.0031%
Town's proportionate share of the net pension liability	132,516	253,799	245,959	210,392	206,754	215,232	127,262	33,912
State's proportionate share of the net pension liability associated with the Town	9,293,184	17,757,054	15,727,770	14,508,885	15,283,420	18,455,085	14,033,346	11,196,388
<b>Total</b>	<b>\$ 9,425,700</b>	<b>18,010,853</b>	<b>15,973,729</b>	<b>14,719,277</b>	<b>15,490,174</b>	<b>18,670,317</b>	<b>14,160,608</b>	<b>11,230,300</b>
Town's covered payroll	\$ 15,108,404	14,305,002	13,921,211	13,411,866	12,892,814	12,405,910	12,030,288	11,642,925
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.88%	1.77%	1.77%	1.57%	1.35%	1.73%	1.06%	0.29%
Plan fiduciary net position as a percentage of the total pension liability	90.90%	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

\* Only eight years of information available.

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

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>PLD Plan</b>								
Contractually required contribution	\$ 122,654	108,151	101,802	100,229	89,623	79,005	77,326	67,035
Contributions in relation to the contractually required contribution	(122,654)	(108,151)	(101,802)	(100,229)	(89,623)	(79,005)	(77,326)	(67,035)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Town's covered payroll	915,327	1,001,398	960,397	954,561	887,359	868,191	868,832	807,643
Contributions as a percentage of covered payroll	13.40%	10.80%	10.60%	10.50%	10.10%	9.10%	8.90%	8.30%
<b>SET Plan</b>								
Contractually required contribution	\$ 604,433	628,521	595,088	552,673	532,452	433,199	416,839	318,802
Contributions in relation to the contractually required contribution	(604,433)	(628,521)	(595,088)	(552,673)	(532,452)	(433,199)	(416,839)	(318,802)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Town's covered payroll	15,744,857	15,108,404	14,305,002	13,921,211	13,411,866	12,892,814	12,405,910	12,030,288
Contributions as a percentage of covered payroll	3.84%	4.16%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%
<b>Withdrawn PLD Plan</b>								
Actuarially determined contributions**	\$ 220,982	67,920	71,184	92,652	83,508	97,368	123,252	181,236
Contributions in relation to the actuarially required contribution	(220,982)	(67,920)	(71,184)	(92,652)	(83,508)	(97,368)	(123,252)	(181,236)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Town's covered payroll	\$ -	-	-	-	-	6,181	44,264	104,158
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	1575%	278%	174%

\* Only eight years of information available.

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

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 42,911	37,420	31,645	35,515	34,179
Interest	19,312	22,175	40,409	35,814	35,047
Changes of benefit terms	-	-	(18,715)	-	-
Differences between expected and actual experience	171,482	-	(242,510)	-	71,685
Changes of assumptions or other inputs	(78,533)	52,487	31,057	(91,594)	(1,774)
Benefit payments	<u>(16,245)</u>	<u>(15,620)</u>	<u>(32,029)</u>	<u>(30,797)</u>	<u>(22,308)</u>
Net change in total OPEB Liability	138,927	96,462	(190,143)	(51,062)	116,829
Total OPEB liability - beginning	<u>876,121</u>	<u>779,659</u>	<u>969,802</u>	<u>1,020,864</u>	<u>904,035</u>
<b>Total OPEB liability - ending</b>	<b>\$ <u>1,015,048</u></b>	<b><u>876,121</u></b>	<b><u>779,659</u></b>	<b><u>969,802</u></b>	<b><u>1,020,864</u></b>
Covered-employee payroll	\$ 3,445,466	3,213,430	3,213,430	2,910,545	2,910,545
Total OPEB liability as a percent of covered-employee payroll	29.5%	27.3%	24.3%	33.32%	35.07%

\*Only five years of information available.

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

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

	<u>2022</u>	<u>(Restated)</u> <u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 92,065	46,578	39,502	42,076
Interest	98,892	139,517	143,849	136,774
Changes of benefit terms	-	(491,129)	-	-
Differences between expected and actual experience	-	(158,746)	-	-
Changes of assumptions or other inputs	35,828	1,046,043	214,072	(166,844)
Benefit payments	<u>(121,828)</u>	<u>(155,924)</u>	<u>(114,952)</u>	<u>(110,979)</u>
Net change in total OPEB Liability	104,957	426,339	282,471	(98,973)
Total OPEB liability - beginning	<u>4,443,255</u>	<u>4,016,916</u>	<u>3,734,445</u>	<u>3,833,418</u>
<b>Total OPEB liability - ending</b>	<b>\$ <u>4,548,212</u></b>	<b><u>4,443,255</u></b>	<b><u>4,016,916</u></b>	<b><u>3,734,445</u></b>
Covered-employee payroll	\$ 11,625,192	11,182,589	12,072,954	11,749,834
Total OPEB liability as a percent of covered-employee payroll	39.1%	39.7%	33.3%	31.8%

\*Only four years of information available.

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>								
Service cost	\$ -	-	-	-	4,011	12,145	12,215	18,040
Interest	320,726	327,293	341,154	369,327	378,925	419,966	446,047	476,464
Differences between expected and actual experience	57,476	148,241	23,909	(164,758)	69,878	(267,896)	(258,728)	(312,353)
Changes in assumptions	143,342	-	-	48,418	-	49,534	59,714	-
Benefit payments including refunds & employee contributions	(565,682)	(579,720)	(561,417)	(579,878)	(596,658)	(582,633)	(552,867)	(545,068)
Net change in total pension Liability	(44,138)	(104,186)	(196,354)	(326,891)	(143,844)	(368,884)	(293,619)	(362,917)
Total pension liability - beginning	\$ 5,029,720	\$ 5,133,906	\$ 5,330,260	5,657,151	5,800,995	6,169,879	6,463,498	6,826,415
<b>Total pension liability - ending (a)</b>	<b>\$ 4,985,582</b>	<b>\$ 5,029,720</b>	<b>\$ 5,133,906</b>	<b>5,330,260</b>	<b>5,657,151</b>	<b>5,800,995</b>	<b>6,169,879</b>	<b>6,463,498</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	67,920	71,184	92,652	83,484	97,368	123,168	181,126	114,468
Contributions - Employee	-	-	-	-	402	2,877	6,770	9,199
Net investment income	1,081,418	129,115	303,586	468,472	582,166	10,948	98,648	836,690
Benefit payments, including refunds of employee contributions	(565,682)	(579,720)	(561,417)	(579,878)	(596,658)	(582,633)	(552,867)	(545,068)
Administration expense	(3,999)	(4,457)	(4,707)	(4,560)	(577)	(4,473)	(4,912)	(4,252)
Net change in plan fiduciary position	579,657	(383,878)	(169,886)	(32,482)	82,701	(450,113)	(271,235)	411,037
Plan fiduciary net position - beginning	\$ 4,343,243	\$ 4,727,121	\$ 4,897,007	4,929,489	4,846,788	5,296,901	5,568,136	5,157,099
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 4,922,900</b>	<b>\$ 4,343,243</b>	<b>\$ 4,727,121</b>	<b>4,897,007</b>	<b>4,929,489</b>	<b>4,846,788</b>	<b>5,296,901</b>	<b>5,568,136</b>
<b>Town's net pension liability - ending (a) - (b)</b>	<b>\$ 62,682</b>	<b>\$ 686,477</b>	<b>\$ 406,785</b>	<b>433,253</b>	<b>727,662</b>	<b>954,207</b>	<b>872,978</b>	<b>895,362</b>
Plan fiduciary net position as a percentage of the total pension liability	98.74%	86.35%	92.08%	91.87%	87.14%	83.55%	85.85%	86.15%
Covered-employee payroll	-	-	-	-	-	6,181	44,264	104,158
Town's net pension liability as a percent of covered-employee payroll	0%	0%	0%	0%	0%	15438%	1972%	860%

\*Only eight years of information available.

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

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

<b><u>PLD OPEB Plan</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Town's proportion of the net OPEB liability	0.9785%	0.9976%	1.0559%	1.0810%	1.1313%
Town's proportionate share of the net OPEB liability	\$ 101,020	\$ 131,608	\$ 225,938	218,382	189,451
Town's covered employee payroll	3,165,713	3,073,508	2,179,793	2,060,021	1,041,139
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	<u>3.19%</u>	<u>4.28%</u>	<u>10.37%</u>	<u>10.60%</u>	<u>18.20%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	67.26%	55.40%	43.18%	78.32%	47.42%
<b><u>PLD OPEB Plan - Police</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Town's proportion of the net OPEB liability	0.1459%	0.1533%	0.1261%	0.1013%	0.0931%
Town's proportionate share of the net OPEB liability	\$ 15,059	20,228	26,975	20,465	15,564
Town's covered-employee payroll	583,229	582,065	791,459	422,252	422,252
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	<u>2.58%</u>	<u>3.48%</u>	<u>3.41%</u>	<u>4.85%</u>	<u>3.69%</u>
Plan Fiduciary net position as a percentage of the total OPEB liability	67.26%	55.40%	43.18%	78.32%	47.42%
<b><u>SET OPEB Plan</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Town's proportion of the net OPEB liability	0%	0%	0%	0%	0%
Town's proportion share of the net OPEB liability	\$ -	-	-	-	-
State's proportionate share of the net OPEB liability associated with the Town	269,547	553,215	533,316	516,881	485,775
<b>Total</b>	<b><u>\$ 269,547</u></b>	<b><u>553,215</u></b>	<b><u>533,316</u></b>	<b><u>516,881</u></b>	<b><u>485,775</u></b>
Plan fiduciary net position as a percentage of the total OPEB liability	62.90%	49.51%	49.22%	92.46%	47.29%

\* Only five years of information available.  
The amounts presented for each fiscal year were determined as of the prior fiscal year.



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

**Schedule of Town Contributions – OPEB**

Last 10 Fiscal Years\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>PLD OPEB Plan</u></b>					
Contractually required contribution	11,610	11,243	7,999	6,890	8,364
Contributions in relation to the contractually required contribution	(11,610)	(11,243)	(7,999)	(6,890)	(8,364)
<b>Contribution deficiency (excess)</b>	-	-	-	-	-
<hr/>					
Town's covered employee payroll	3,165,713	3,073,508	2,179,793	2,060,021	1,041,139
Contributions as a percentage of covered payroll	0.37%	0.37%	0.37%	0.33%	0.80%
<b><u>PLD OPEB Plan - Police</u></b>					
Contractually required contribution	1,731	1,728	3,208	2,581	2,731
Contributions in relation to the contractually required contribution	(1,731)	(1,728)	(3,208)	(2,581)	(2,731)
<b>Contribution deficiency (excess)</b>	-	-	-	-	-
<hr/>					
Town's covered-employee payroll	583,229	582,065	1,080,592	791,459	425,455
Contributions as a percentage of covered payroll	0.30%	0.30%	0.30%	0.33%	0.64%

\* Only five years of information available.

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

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**Net Pension Liability**

**Changes of Benefit Terms - None**

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

<b>PLD Plan</b>	<u>2022</u>	<u>2021</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate - PLD	6.50%	6.75%	6.75%	6.875%	7.125%	7.25%
Inflation rate - PLD	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
Salary increases - PLD	2.75-11.48%	2.75 + merit	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%
Cost of living increases - PLD	1.91%	1.91%	2.20%	2.20%	2.55%	2.55%

**SET Plan**

Discount rate - SET	6.50%	6.75%	6.75%	6.875%	7.125%	7.125%
Inflation Rate	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
Salary increases - SET	2.80-13.03%	2.75 + merit	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%
Cost of living increases - SET	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%

Mortality rates:

2015 RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.  
 2016-2021 RP2014 Total Data Set Healthy Annuitant Mortality Table.  
 2022 PLD Plan 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table  
 2022 SET Plan 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table

**Withdrawn PLD Plan**

Mortality rates:

2016-2019 RP 2014 Total Data Set Healthy Annuitant Mortality Table.  
 2020-2021 RP-2014 total data set projected using the RPEC 2015 model  
 2022 2010 PUB General Mortality projected generationally.

*\* 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.*

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

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**Total OPEB Liabilities - Health Insurance**

**MMEHT Health Plan**

**Changes of Benefit Terms** - None

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.06%	2.12%	2.74%	4.10%	3.440%

Mortality rates:

2017-2021 RP2014 Total Data Set Healthy Annuitant Mortality Table.  
 2022 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table

**MEABT Health Plan**

**Changes of Benefit Terms**

In 2020, the plan switched its Medicare Companion plan to a Medicare Advantage plan.

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

	<u>2022</u>	<u>2021</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.16%	2.21%	3.50%	3.87%	3.580%

Mortality rates:

2017-2021 RP2014 Total Data Set Healthy Annuitant Mortality Table.  
 2022 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table.

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

**Changes of Benefit Terms** - None

**Changes of Assumptions** - None

<u>Discount Rate</u>	<u>2022</u>	<u>2021</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Consolidated PLD - Town	6.50%	6.75%	4.98%	5.13%	5.41%
Consolidated PLD - Police	6.50%	6.75%	4.98%	5.13%	5.41
State and Teacher's Plan	6.50%	6.75%	6.75%	6.75%	6.875%

Mortality rates:

2017-2021 RP2014 Total Data Set Healthy Annuitant Mortality Table.  
 2022 PLD 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table  
 2022 SET 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree 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.*

**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS**

## **GENERAL FUND**

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

**TOWN OF CAPE ELIZABETH, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**For The Year Ended June 30, 2022**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 16,401,272	14,863,189
Accounts receivable	185,621	254,316
Due from other governments	187,239	296,216
Ambulance receivables, net of allowance of \$12,030 and \$6,649	42,160	58,849
Taxes receivable - current year	120,683	90,578
Taxes receivable - prior years	-	293
Tax liens	20,369	15,909
Lease receivable	204,423	226,453
Amounts held in escrow	1,008,430	-
Prepaid expenditures	77,639	62,909
<b>Total assets</b>	<b>18,247,836</b>	<b>15,868,712</b>
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	1,358,715	1,111,231
Accrued payroll and benefits	2,774,314	2,998,276
Taxes collected in advance	11,942	5,778
Unearned revenue	867,764	317,885
Interfund loans payable	1,979,404	1,829,553
Total liabilities	6,992,139	6,262,723
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	64,000	73,000
Deferred inflows related to leases	201,202	226,453
Total deferred inflows of resources	265,202	299,453
<b>FUND BALANCE</b>		
Nonspendable	80,860	62,909
Restricted:		
Town grants and donations	5,146	4,825
School Department General Fund	2,847,915	2,477,936
Assigned	4,370,756	2,266,263
Unassigned	3,685,818	4,494,603
Total fund balance	10,990,495	9,306,536
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 18,247,836</b>	<b>15,868,712</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, 2022**

	2022			Variance positive (negative)	2021 Actual
	Original Budget	Revised budget	Actual		
Revenues:					
Taxes:					
Property taxes	\$ 35,626,567	35,626,567	35,626,567	-	34,658,120
Supplemental taxes	-	-	1,840	1,840	29,617
Change in deferred taxes	-	-	9,000	9,000	78,600
Excise taxes	2,538,100	2,538,100	2,444,653	(93,447)	2,557,069
Interest and costs on taxes	25,000	25,000	19,930	(5,070)	33,244
Total taxes	38,189,667	38,189,667	38,101,990	(87,677)	37,356,650
Licenses and permits:					
Auto registration fees	23,000	23,000	28,997	5,997	25,862
Building, electrical and plumbing fees	210,000	210,000	277,733	67,733	333,328
Town clerk fees	29,700	29,700	11,949	(17,751)	10,695
Total licenses and permits	262,700	262,700	318,679	55,979	369,885
Intergovernmental:					
State revenue sharing	1,000,000	1,095,000	1,384,867	289,867	929,236
Education - state subsidies	1,740,104	1,740,104	2,608,293	868,189	1,731,960
D.O.T. block grant	74,000	74,000	80,268	6,268	74,440
BETE reimbursement	14,839	14,839	14,899	60	15,504
Homestead revenue	601,430	601,430	601,430	-	616,046
Federal grants-capital contributions	505,000	488,352	511,095	22,743	130,315
Federal grants-public safety	-	29,741	14,234	(15,507)	12,124
Other intergovernmental - town	101,020	1,213,367	305,909	(907,458)	127,355
Other intergovernmental - school	8,085	8,085	7,675	(410)	4,325
Total intergovernmental	4,044,478	5,264,918	5,528,670	263,752	3,641,305
Charges for services:					
Community services programs	1,141,400	1,376,400	1,261,807	(114,593)	758,185
Community services pool fees	235,000	260,000	269,305	9,305	175,451
Refuse disposal	65,000	65,000	87,154	22,154	67,180
Rescue	283,000	283,000	270,716	(12,284)	270,896.00
School department services	64,000	64,000	65,183	1,183	40,275
Library fines and fees	2,130	2,130	1,000	(1,130)	5,158
Parking revenue	380,000	380,000	525,342	145,342	355,935
Police specials and fees	21,500	21,500	13,338	(8,162)	7,009
Total charges for services	2,192,030	2,452,030	2,493,845	41,815	1,680,089
Other revenues:					
Cable television franchise	160,000	160,000	145,890	(14,110)	156,216
Miscellaneous donations	-	-	1,500	1,500	1,400
School department miscellaneous	6,500	6,500	17,910	11,410	94,667
Miscellaneous	33,600	52,365	189,464	137,099	94,819
Total other revenues	200,100	218,865	354,764	135,899	347,102
Investment income:					
Investment earnings	45,000	45,000	39,045	(5,955)	60,126
Total investment income	45,000	45,000	39,045	(5,955)	60,126
Total revenues	44,933,975	46,433,180	46,836,993	403,813	43,455,157

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

	2022			Variance positive (negative)	2021 Actual
	Original Budget	Revised budget	Actual		
Expenditures:					
Current:					
General government:					
Administration	\$ 824,430	866,430	809,425	57,005	776,839
Assessing, codes and planning	431,622	466,409	446,923	19,486	408,363
Town council	500	500	-	500	250
Legal and audit	94,500	94,500	78,004	16,496	63,578
Elections	82,872	82,872	38,616	44,256	84,159
Boards and commissions	21,006	27,406	25,334	2,072	7,285
Public information	74,187	74,187	65,000	9,187	76,072
Total general government	1,529,117	1,612,304	1,463,302	149,002	1,416,546
Insurance and benefits:					
Insurance	130,000	130,000	128,081	1,919	124,970
Employee benefits	1,668,430	1,721,590	1,720,463	1,127	1,521,135
Total insurance and benefits	1,798,430	1,851,590	1,848,544	3,046	1,646,105
Public safety:					
Police department	1,609,614	1,734,414	1,422,982	311,432	1,424,899
Animal control	27,757	27,757	13,012	14,745	27,716
Public safety communications	224,195	231,395	220,852	10,543	205,897
WETeam	29,700	29,700	23,908	5,792	24,580
Fire department	753,200	809,183	732,534	76,649	673,777
Rescue	604,965	646,416	581,916	64,500	567,457
Miscellaneous public protection	184,610	184,610	172,394	12,216	174,751
Emergency preparedness	6,400	6,400	4,443	1,957	6,627
Total public safety	3,440,441	3,669,875	3,172,041	497,834	3,105,704
Public works:					
General public works	1,408,457	1,444,617	1,333,162	111,455	1,295,205
Refuse disposal/recycling	620,750	620,750	552,929	67,821	582,680
Parks and grounds	543,481	592,261	483,742	108,519	508,914
Total public works	2,572,688	2,657,628	2,369,833	287,795	2,386,799
Facilities:					
Cape cottage fire station	14,455	17,455	17,277	178	6,377
Community center building	92,646	92,646	90,744	1,902	102,397
Donald Richards pool facility	211,003	198,003	189,077	8,926	147,957
Facilities and property management	313,213	336,413	321,422	14,991	286,701
Library building	84,722	89,222	89,006	216	22,469
Police station	87,275	80,075	78,610	1,465	67,204
Town center fire station	70,360	70,360	62,425	7,935	23,554
Town hall maintenance	95,440	85,440	85,038	402	23,541
Total facilities	969,114	969,614	933,599	36,015	680,200
Culture and parks:					
Community services	1,336,774	1,554,684	1,475,867	78,817	997,021
Fort Williams park	87,140	69,640	68,340	1,300	61,222.00
Total cultural and parks	1,423,914	1,624,324	1,544,207	80,117	1,058,243
Library	591,179	595,179	595,026	153	485,447
Human services:					
Human services	137,200	79,200	35,882	43,318	62,712
Contributions	114,000	126,000	110,300	15,700	90,191
Total human services	251,200	205,200	146,182	59,018	152,903



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

	2022			Variance positive (negative)	2021 Actual
	Original Budget	Revised budget	Actual		
Expenditures, continued					
Current, continued:					
Education:					
Regular instruction	14,517,576	14,517,576	14,164,425	353,151	13,565,041
Special education instruction	4,100,464	4,100,464	3,919,242	181,222	3,499,888
Other instruction	1,005,972	1,005,972	887,715	118,257	713,563
Student and staff support	2,993,992	2,993,992	2,831,235	162,757	2,781,137
System administration	868,002	868,002	867,515	487	813,281
School administration	1,285,666	1,285,666	1,195,611	90,055	1,268,414
Transportation	863,620	863,620	869,962	(6,342)	723,321
Facilities maintenance	3,521,150	3,521,150	3,504,687	16,463	3,217,343
Debt service	439,400	439,400	439,400	-	454,800
Total education	29,595,842	29,595,842	28,679,792	916,050	27,036,788
Intergovernmental and overlay:					
Overlay and abatements	259,552	259,552	18,745	240,807	17,746
County assessment	1,556,320	1,556,320	1,556,320	-	1,518,473
Other assessments	34,002	34,002	31,948	2,054	29,902
Total intergovernmental and overlay	1,849,874	1,849,874	1,607,013	242,861	1,566,121
Unclassified:					
Grants	-	37,066	29,034	8,032	247,618
Revaluation and studies	-	311,243	33,835	277,408	3,821
Total unclassified	-	348,309	62,869	285,440	251,439
Capital improvements:					
Building improvements	-	132,085	88,755	43,330	17,308
CC pool repairs	-	48,350	-	48,350	8,650
CC van	-	14,000	-	14,000	-
Communication tower	-	335,529	335,529	-	127,849
Electric vehicle charging stations	53,000	53,000	39,577	13,423	-
FD vehicles and equipment	630,000	630,000	-	630,000	-
Fort Williams improvements	22,700	86,534	-	86,534	-
Greenbelt trail improvements	40,000	42,339	28,987	13,352	25,218
IT infrastructure	-	66,492	33,025	33,467	-
Portland head light buildings	14,500	69,500	64,000	5,500	-
PD vehicles and equipment	110,900	110,900	47,327	63,573	271,486
PW vehicles and equipment	350,500	350,932	218,685	132,247	188,089
Roadways and drainage	988,000	1,833,920	851,924	981,996	511,995
School sport fields and infrastructure	-	-	-	-	697,498
School building improvements	-	-	-	-	85,495
Sidewalk improvements	-	284,943	7,011	277,932	33,892
Spurwink improvements	100,000	44,902	24,102	20,800	-
Village green	7,500	7,500	-	7,500	20,198
Total capital improvements	2,317,100	4,110,926	1,738,922	2,372,004	1,987,678
Debt service (excluding School Department):					
Principal and interest payments	1,586,922	1,586,922	1,579,901	7,021	1,573,078
Total debt service	1,586,922	1,586,922	1,579,901	7,021	1,573,078
Total expenditures	47,925,821	50,677,587	45,741,231	4,936,356	43,347,051
Excess (deficiency) of revenues over (under) expenditures	(2,991,846)	(4,244,407)	1,095,762	5,340,169	108,106
Other financing sources (uses):					
Proceeds from financed purchase	1,109,000	1,009,000	1,109,000	100,000	1,035,000
Transfers in	398,398	453,398	438,398	(15,000)	431,267
Transfers out	(688,228)	(703,001)	(959,201)	(256,200)	(453,957)
Carryforward balances and subsequent authorizations	-	1,312,334	-	(1,312,334)	-
Utilization of prior year surplus	2,172,676	2,172,676	-	(2,172,676)	-
Total other financing sources (uses)	2,991,846	4,244,407	588,197	(3,656,210)	1,012,310
Net change in fund balance	-	-	1,683,959	1,683,959	1,120,416
Fund balance, beginning of year			9,306,536		8,186,120
<b>Fund balance, ending of year</b>	<b>\$</b>		<b>10,990,495</b>		<b>9,306,536</b>

**ALL OTHER GOVERNMENTAL FUNDS**

**TOWN OF CAPE ELIZABETH, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2022**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,448,270	232,095	1,680,365
Investments	743,043	-	743,043
Receivables:			
Accounts receivable	-	13,225	13,225
Due from other governments	609,670	-	609,670
Leases	-	37,488	37,488
Inventory	102,772	-	102,772
Interfund loans receivable	245,010	1,068,384	1,313,394
<b>Total assets</b>	<b>3,148,765</b>	<b>1,351,192</b>	<b>4,499,957</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other liabilities	113,860	22,175	136,035
Accrued payroll and benefits	11,256	-	11,256
Unearned revenue - prepaid services	28,582	-	28,582
Interfund loans payable	485,015	502,640	987,655
Total liabilities	638,713	524,815	1,163,528
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to leases	-	38,130	38,130
Total deferred inflows of resources	-	38,130	38,130
Fund balances:			
Nonspendable	102,772	-	102,772
Restricted	677,207	315,344	992,551
Committed	1,785,291	145,449	1,930,740
Assigned	-	830,094	830,094
Unassigned	(55,218)	(502,640)	(557,858)
Total fund balances	2,510,052	788,247	3,298,299
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 3,148,765</b>	<b>1,351,192</b>	<b>4,499,957</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, 2022**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 1,484,533	-	1,484,533
Charges for services:			
Building and park rentals and fees	2,750	277,445	280,195
Lot sales and fees	71,522	15,149	86,671
Donations	-	82	82
School lunch	260,690	-	260,690
Lighthouse admissions	34,492	-	34,492
Lighthouse gift shop sales	433,065	-	433,065
Fees and services	6,867	-	6,867
Local grants and contributions	518,782	-	518,782
Miscellaneous	4,519	-	4,519
Investment income (loss)	(154,277)	2,307	(151,970)
Total revenues	2,662,943	294,983	2,957,926
Expenditures:			
Current:			
Public safety	5,976	-	5,976
Education	1,172,193	-	1,172,193
School lunch	986,249	-	986,249
Culture and parks	538,182	29,322	567,504
Library	98,207	-	98,207
Facilities	7,266	-	7,266
Human services	3,899	-	3,899
Capital outlay	-	803,130	803,130
Total expenditures	2,811,972	832,452	3,644,424
Excess (deficiency) of revenues over (under) expenditures	(149,029)	(537,469)	(686,498)
Other financing sources (uses):			
Proceeds from note payable	-	295,376	295,376
Transfers from other funds	573,377	141,973	715,350
Transfers to other funds	(184,631)	(242,380)	(427,011)
Total other financing sources (uses)	388,746	194,969	583,715
Net change in fund balances	239,717	(342,500)	(102,783)
Fund balances, beginning of year	2,270,335	1,130,747	3,401,082
<b>Fund balances, end of year</b>	<b>\$ 2,510,052</b>	<b>788,247</b>	<b>\$ 3,298,299</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.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2022**

	School Grants and Other Programs	School Lunch Program	Student Activities	Portland Head Light	Other Town Programs	Riverside Perpetual Care	Library Fund	Libby Bequest	Fire Department Scholarships	Public Safety Funds	PD Donations	Thomas Jordan Fund	Spurwink Church Fund	Totals
<b>ASSETS</b>														
Cash and cash equivalents	\$ -	-	204,623	1,450	-	473,433	310,374	-	24,172	14,532	-	419,686	-	1,448,270
Investments	-	-	-	-	-	-	-	-	-	-	-	743,043	-	743,043
Due from other governments	525,884	83,786	-	-	-	-	-	-	-	-	-	-	-	609,670
Inventory	-	28,094	-	74,678	-	-	-	-	-	-	-	-	-	102,772
Interfund loans receivable	-	-	-	241,338	1,109	-	-	-	-	-	2,563	-	-	245,010
<b>Total assets</b>	<b>525,884</b>	<b>111,880</b>	<b>204,623</b>	<b>317,466</b>	<b>1,109</b>	<b>473,433</b>	<b>310,374</b>	<b>-</b>	<b>24,172</b>	<b>14,532</b>	<b>2,563</b>	<b>1,162,729</b>	<b>-</b>	<b>3,148,765</b>
<b>LIABILITIES AND FUND BALANCES</b>														
<b>FUND BALANCES</b>														
Liabilities:														
Accounts payable	5,660	-	-	103,662	-	1,732	2,806	-	-	-	-	-	-	113,860
Accrued payroll and benefits	6,943	-	-	3,390	-	923	-	-	-	-	-	-	-	11,256
Unearned revenue	-	28,582	-	-	-	-	-	-	-	-	-	-	-	28,582
Interfund loans payable	432,907	52,108	-	-	-	-	-	-	-	-	-	-	-	485,015
<b>Total liabilities</b>	<b>445,510</b>	<b>80,690</b>	<b>-</b>	<b>107,052</b>	<b>-</b>	<b>2,655</b>	<b>2,806</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>638,713</b>
Fund balances:														
Nonspendable	-	28,094	-	74,678	-	-	-	-	-	-	-	-	-	102,772
Restricted	134,076	3,096	204,623	-	1,109	-	307,568	-	24,172	-	2,563	-	-	677,207
Committed	1,516	-	-	135,736	-	470,778	-	-	-	14,532	-	1,162,729	-	1,785,291
Unassigned	(55,218)	-	-	-	-	-	-	-	-	-	-	-	-	(55,218)
<b>Total fund balances</b>	<b>80,374</b>	<b>31,190</b>	<b>204,623</b>	<b>210,414</b>	<b>1,109</b>	<b>470,778</b>	<b>307,568</b>	<b>-</b>	<b>24,172</b>	<b>14,532</b>	<b>2,563</b>	<b>1,162,729</b>	<b>-</b>	<b>2,510,052</b>
<b>Total liabilities and fund balances</b>	<b>\$ 525,884</b>	<b>111,880</b>	<b>204,623</b>	<b>317,466</b>	<b>1,109</b>	<b>473,433</b>	<b>310,374</b>	<b>-</b>	<b>24,172</b>	<b>14,532</b>	<b>2,563</b>	<b>1,162,729</b>	<b>-</b>	<b>3,148,765</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, 2022**

	School Grants and Other Programs	School Lunch Program	Student Activities	Portland Head Light	Other Town Programs	Riverside Perpetual Care	Library Fund	Libby Bequest	Fire Department Scholarships	Public Safety Funds	PD Donations	Thomas Jordan Fund	Spurwink Church Fund	Totals
<b>Revenues:</b>														
Intergovernmental	\$ 732,586	751,947	-	-	-	-	-	-	-	-	-	-	-	1,484,533
<b>Charges for services:</b>														
Building and park rentals and fees	-	-	-	-	-	-	-	-	-	-	-	-	2,750	2,750
Lot sales and fees	-	-	-	-	-	71,522	-	-	-	-	-	-	-	71,522
School lunch	-	260,690	-	-	-	-	-	-	-	-	-	-	-	260,690
Lighthouse admissions	-	-	-	34,492	-	-	-	-	-	-	-	-	-	34,492
Lighthouse gift shop sales	-	-	-	433,065	-	-	-	-	-	-	-	-	-	433,065
Fees and services	-	-	-	-	-	-	6,867	-	-	-	-	-	-	6,867
Local grants and contributions	130,067	100	332,769	-	-	-	54,206	-	1,640	-	-	-	-	518,782
Miscellaneous	-	-	-	4,085	-	-	326	-	-	108	-	-	-	4,519
Investment income (loss)	-	-	-	-	-	1,638	1,249	-	145	53	-	(157,362)	-	(154,277)
<b>Total revenues</b>	<b>862,653</b>	<b>1,012,737</b>	<b>332,769</b>	<b>471,642</b>	<b>-</b>	<b>73,160</b>	<b>62,648</b>	<b>-</b>	<b>1,785</b>	<b>161</b>	<b>-</b>	<b>(157,362)</b>	<b>2,750</b>	<b>2,662,943</b>
<b>Expenditures:</b>														
<b>Current:</b>														
Public safety	-	-	-	-	1,638	-	-	-	2,200	-	2,138	-	-	5,976
Education	840,631	-	331,562	-	-	-	-	-	-	-	-	-	-	1,172,193
School lunch	-	986,249	-	-	-	-	-	-	-	-	-	-	-	986,249
<b>Culture and parks:</b>														
Portland Head Light - operations and staff	-	-	-	288,653	-	-	-	-	-	-	-	-	-	288,653
Portland Head Light - gift shop costs	-	-	-	208,710	-	-	-	-	-	-	-	-	-	208,710
Cemetery maintenance	-	-	-	-	-	40,819	-	-	-	-	-	-	-	40,819
Library	-	-	-	-	-	-	98,207	-	-	-	-	-	-	98,207
<b>Facilities:</b>														
Spurwink church	-	-	-	-	-	-	-	-	-	-	-	-	7,266	7,266
Human services	-	-	-	-	-	-	-	-	-	-	-	3,899	-	3,899
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>840,631</b>	<b>986,249</b>	<b>331,562</b>	<b>497,363</b>	<b>1,638</b>	<b>40,819</b>	<b>98,207</b>	<b>-</b>	<b>2,200</b>	<b>-</b>	<b>2,138</b>	<b>3,899</b>	<b>7,266</b>	<b>2,811,972</b>
<b>Other financing sources (uses):</b>														
Transfers from other funds	-	493,255	-	14,773	-	-	56,149	-	-	-	-	-	9,200	573,377
Transfers to other funds	-	-	-	(67,598)	-	(1,470)	-	(56,149)	-	-	-	(55,000)	(4,414)	(184,631)
<b>Total other sources (uses)</b>	<b>-</b>	<b>493,255</b>	<b>-</b>	<b>(52,825)</b>	<b>-</b>	<b>(1,470)</b>	<b>56,149</b>	<b>(56,149)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(55,000)</b>	<b>4,786</b>	<b>388,746</b>
<b>Net change in fund balances</b>	<b>22,022</b>	<b>519,743</b>	<b>1,207</b>	<b>(78,546)</b>	<b>(1,638)</b>	<b>30,871</b>	<b>20,590</b>	<b>(56,149)</b>	<b>(415)</b>	<b>161</b>	<b>(2,138)</b>	<b>(216,261)</b>	<b>270</b>	<b>239,717</b>
<b>Fund balances (deficits), beginning of year</b>	<b>58,352</b>	<b>(488,553)</b>	<b>203,416</b>	<b>288,960</b>	<b>2,747</b>	<b>439,907</b>	<b>286,978</b>	<b>56,149</b>	<b>24,587</b>	<b>14,371</b>	<b>4,701</b>	<b>1,378,990</b>	<b>(270)</b>	<b>2,270,335</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ 80,374</b>	<b>31,190</b>	<b>204,623</b>	<b>210,414</b>	<b>1,109</b>	<b>470,778</b>	<b>307,568</b>	<b>-</b>	<b>24,172</b>	<b>14,532</b>	<b>2,563</b>	<b>1,162,729</b>	<b>-</b>	<b>2,510,052</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.



**TOWN OF CAPE ELIZABETH, MAINE**  
**Nonmajor Capital Project Funds**  
**Combining Balance Sheet**  
**June 30, 2022**

		Riverside Cemetery Capital Improvements	Tax Increment Financing	School Projects	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$	232,095	-	-	-	-	-	-	232,095
Accounts receivable		-	-	-	-	-	-	13,225	13,225
Leases receivable		-	-	-	-	-	-	37,488	37,488
Interfund loans receivable		-	315,344	-	95,449	302,237	50,000	305,354	1,068,384
<b>Total assets</b>		<b>232,095</b>	<b>315,344</b>	<b>-</b>	<b>95,449</b>	<b>302,237</b>	<b>50,000</b>	<b>356,067</b>	<b>1,351,192</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable		-	-	-	-	-	-	9,000	9,000
Security deposits		-	-	-	-	-	-	13,175	13,175
Interfund loans payable		-	-	502,640	-	-	-	-	502,640
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>502,640</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,175</b>	<b>524,815</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Deferred inflows related to leases		-	-	-	-	-	-	38,130	38,130
<b>Total deferred inflows of resources</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,130</b>	<b>38,130</b>
Fund balances:									
Restricted		-	315,344	-	-	-	-	-	315,344
Committed		-	-	-	95,449	-	50,000	-	145,449
Assigned		232,095	-	-	-	302,237	-	295,762	830,094
Unassigned		-	-	(502,640)	-	-	-	-	(502,640)
<b>Total fund balances (deficits)</b>		<b>232,095</b>	<b>315,344</b>	<b>(502,640)</b>	<b>95,449</b>	<b>302,237</b>	<b>50,000</b>	<b>295,762</b>	<b>788,247</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$</b>	<b>232,095</b>	<b>315,344</b>	<b>-</b>	<b>95,449</b>	<b>302,237</b>	<b>50,000</b>	<b>356,067</b>	<b>1,351,192</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**Nonmajor Capital Project Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

	Riverside Cemetery Capital Improvements	Tax Increment Financing	School Projects	Land Acquisition	Infrastructure Improvement	Turf Field	Fort Williams Park	Total
Revenues:								
Building and other fees	\$ -	-	-	-	96,084	-	181,361	277,445
Cemetery lot sales	15,149	-	-	-	-	-	-	15,149
Donations	-	-	-	-	-	-	82	82
Interest	808	-	-	-	-	-	1,499	2,307
Total revenues	15,957	-	-	-	96,084	-	182,942	294,983
Expenditures:								
Current:								
Culture and parks	-	-	-	-	-	-	29,322	29,322
Capital outlay	-	-	776,598	1,028	-	-	25,504	803,130
Total expenditures	-	-	776,598	1,028	-	-	54,826	832,452
Other financing sources (uses):								
Proceeds from note payable	-	-	295,376	-	-	-	-	295,376
Transfers from other funds	-	84,059	-	32,914	-	25,000	-	141,973
Transfers to other funds	-	-	-	-	(205,000)	-	(37,380)	(242,380)
Total other financing sources (uses)	-	84,059	295,376	32,914	(205,000)	25,000	(37,380)	194,969
Net change in fund balances	15,957	84,059	(481,222)	31,886	(108,916)	25,000	90,736	(342,500)
Fund balances (deficits), beginning of year	216,138	231,285	(21,418)	63,563	411,153	25,000	205,026	1,130,747
<b>Fund balances (deficits), end of year</b>	<b>\$ 232,095</b>	<b>315,344</b>	<b>(502,640)</b>	<b>95,449</b>	<b>302,237</b>	<b>50,000</b>	<b>295,762</b>	<b>788,247</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, 2022**

	2022			Variance positive (negative)	2021 Actual
	Original Budget	Final Budget	Actual		
<b>Revenues:</b>					
Town appropriation	\$ 27,298,408	27,298,408	26,865,731	(432,677)	26,271,063
State education subsidy--school	1,740,104	1,740,104	2,608,293	868,189	1,731,960
Other state funds	8,085	8,085	7,675	(410)	4,325
Activity fees	64,000	64,000	65,183	1,183	39,730
Rental income	2,000	2,000	-	(2,000)	545
Miscellaneous	4,500	4,500	17,910	13,410	94,667
Total revenues	29,117,097	29,117,097	29,564,792	447,695	28,142,290
<b>Expenditures:</b>					
Current:					
Regular instruction	14,517,576	14,517,576	14,164,425	353,151	13,565,041
Special education instruction	4,100,464	4,100,464	3,919,242	181,222	3,499,888
Other instruction	1,005,972	1,005,972	887,715	118,257	713,563
Student and staff support	2,993,992	2,993,992	2,831,235	162,757	2,781,137
System administration	868,002	868,002	867,515	487	813,281
School administration	1,285,666	1,285,666	1,195,611	90,055	1,268,414
Transportation	863,620	863,620	869,962	(6,342)	723,321
Facilities maintenance	3,521,150	3,521,150	3,504,687	16,463	3,217,343
Debt service	439,400	439,400	439,400	-	454,800
Total expenditures	29,595,842	29,595,842	28,679,792	916,050	27,036,788
Excess (deficiency) of revenues over (under) expenditures	(478,745)	(478,745)	885,000	1,363,745	1,105,502
<b>Other financing sources (uses):</b>					
Utilization of fund balance	740,000	740,000	-	(740,000)	-
Transfer to Athletic Equipment Replacement	-	-	-	-	(7,000)
Transfer to Turf Field Fund (budgeted in facilities maintenance)	(15,000)	(15,000)	(15,000)	-	(15,000)
Transfer to School Lunch Fund (budgeted in other)	(246,255)	(246,255)	(493,255)	(247,000)	(105,500)
Total other financing sources (uses)	478,745	478,745	(508,255)	(987,000)	(127,500)
Net change in fund balance	-	-	376,745	376,745	978,002
Fund balance, beginning of year			2,519,399		1,541,397
<b>Fund balance, end of year</b>	<b>\$</b>		<b>2,896,144</b>		<b>2,519,399</b>

**TOWN OF CAPE ELIZABETH, MAINE**  
**School Department Special Revenue Funds**  
**School Grants and Other Programs**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

		Fund balances (deficits) beginning of year	Program revenues	Program expenditures	Fund balances (deficits) end of year
<b>State and Federal Programs:</b>					
Title IA	\$	3,656	31,965	32,059	3,562
Title IIA		4,340	33,234	41,690	(4,116)
Local entitlement		(7,624)	354,300	354,654	(7,978)
Preschool		(13)	-	-	(13)
ESSERF #3		(35,683)	179,977	179,977	(35,683)
MLTI grant		(5,640)	133,110	133,110	(5,640)
Total state and federal programs		(40,964)	732,586	741,490	(49,868)
<b>Other Programs:</b>					
HS greenhouse fund		1,590	-	-	1,590
Ecomaine art		165	-	-	165
Deborah Rhode CEHS speech		-	22,366	14,131	8,235
MPSA maker space		1,095	-	-	1,095
Athletic equipment replacement		23,800	-	20,324	3,476
Turf field rental		1,404	270	-	1,674
Computer maintenance		15,992	1,523	4,498	13,017
Easement funds		2,274	-	-	2,274
C.E. education foundation		(1,452)	51,351	51,351	(1,452)
Special ed workshop		3,597	-	1,139	2,458
Cape Olympians		1,467	-	-	1,467
School gate receipts		47,531	-	2,600	44,931
Kate Libby fund		-	57	-	57
Dale Duff grant		500	-	-	500
Let's go grant		-	1,000	1,000	-
Zimpritch symposium		-	3,500	2,622	878
Donations		-	50,000	1,047	48,953
Wellness grant		779	-	-	779
Flow through grant		93	-	429	(336)
MS agriculture in the classroom		481	-	-	481
Total other programs		99,316	130,067	99,141	130,242
<b>Total</b>		<b>\$ 58,352</b>	<b>862,653</b>	<b>840,631</b>	<b>80,374</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	Public safety	Human services	Culture, parks, and library	Education	School lunch	Inter-governmental assessments (2)	Unclassified (2)	Sewer	Capital maintenance expenses	Interest on debt	Total
2022	\$ 4,747,895	3,337,022	988,327	3,383,998	150,081	3,324,651	33,932,361	986,249	-	62,869	1,983,885	-	155,880	53,053,218
2021	4,442,930	2,838,502	738,557	3,422,735	67,762	3,130,320	31,962,175	703,823	-	-	1,792,679	-	119,539	49,219,022
2020	4,775,481	2,573,405	727,188	3,259,551	105,739	3,386,848	28,961,953	673,958	-	-	1,672,221	619,457	265,966	47,021,767
2019	4,239,526	2,568,984	750,630	2,880,288	70,751	3,730,768	27,982,396	730,207	-	-	1,582,769	864,640	266,856	45,667,815
2018	3,596,329	3,727,437	691,111	2,670,887	55,521	3,298,199	27,340,392	810,588	-	-	1,576,605	1,036,685	311,536	45,115,290
2017	4,006,432	2,254,680	734,445	2,716,510	53,958	3,192,225	26,290,674	740,240	-	-	1,529,221	420,720	317,950	42,257,055
2016	3,704,929	2,246,236	342,480	2,435,989	83,591	1,668,963	27,132,972	702,972	-	-	1,505,188	459,621	260,985	40,543,926
2015	2,994,466	2,328,806	355,912	2,377,070	61,511	1,602,266	26,181,942	620,153	-	-	1,411,108	515,136	311,373	38,759,743
2014	2,203,480	2,296,460	357,636	2,085,617	61,539	957,257	26,172,500	640,813	1,082,835	966,844	1,387,301	151,479	146,588	38,510,349
2013	1,319,985	2,294,612	334,992	2,039,980	58,466	943,137	24,169,179	630,350	1,019,311	2,195,830	1,495,047	932,659	176,221	37,609,769

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

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

Fiscal year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous		
2022	\$ 6,151,277	7,512,389	511,177	38,092,990	2,307,105	(112,925)	336,854	54,798,867	
2021	5,166,451	7,784,870	1,336,494	37,363,328	1,688,141	366,988	252,435	53,958,707	
2020	5,782,369	5,167,030	36,660	36,415,544	1,197,526	231,904	208,198	49,039,231	
2019	5,961,617	4,118,410	53,000	35,071,390	993,964	217,798	326,475	46,742,654	
2018	5,833,948	4,878,621	11,145	32,764,038	915,424	174,188	298,598	44,875,962	
2017	5,636,885	5,540,255	131,725	31,851,564	717,890	133,304	343,808	44,355,431	
2016	5,376,624	5,881,899	627,895	30,532,097	715,532	18,565	329,841	43,482,453	
2015	5,276,990	5,322,051	1,041,223	30,029,072	733,544	52,501	248,206	42,703,587	
2014	5,458,484	5,071,281	16,158	28,888,688	660,298	134,699	228,934	40,458,542	
2013	5,079,106	4,235,013	756,290	27,968,929	902,984	122,110	292,863	39,357,295	



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

Fiscal year	General government (3)	Public works	Facilities	Public safety	Culture, parks, and library	Human services	Education	Intergovernmental assessments	Debt service (1)	Capital improvements	Other expenditures and transfers	Total
2022	\$ 3,311,846	2,369,833	933,599	3,172,041	2,139,233	146,182	28,679,792	1,607,013	1,579,901	1,738,922	1,022,070	46,700,432
2021	3,062,651	1,877,885	680,200	3,105,704	2,052,604	62,712	27,036,788	1,566,121	1,573,078	1,991,499	791,766	43,801,008
2020	2,993,660	1,908,680	677,691	2,436,814	2,227,422	99,089	25,573,027	1,530,646	2,750,416	3,715,173	307,770	44,220,388
2019	2,952,678	1,788,386	743,482	2,272,065	2,339,514	59,120	24,837,978	1,404,536	1,678,691	1,979,567	484,453	40,540,470
2018	2,601,795	1,724,877	680,809	2,001,665	2,246,150	46,537	24,506,127	1,353,073	1,428,581	1,561,830	317,065	38,468,509
2017	2,537,672	1,596,387	727,644	1,935,217	2,251,089	50,663	23,786,659	1,268,866	1,224,193	893,462	281,470	36,553,322
2016	2,409,010	1,548,041	336,258	1,891,592	998,939	72,977	22,887,223	1,203,042	1,181,063	1,516,755	769,296	34,814,196
2015	2,307,947	1,678,117	349,120	1,865,193	985,897	59,086	22,901,418	1,130,272	900,097	1,343,822	798,958	34,319,927
2014	2,093,378	1,696,555	357,636	1,820,458	957,257	61,539	22,152,487	1,082,835	927,878	853,534	883,370	32,886,927
2013	2,133,127	1,723,157	334,992	1,782,052	943,137	58,466	21,247,797	1,019,311	930,007	2,196,596	625,540	32,994,182

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

(3) Includes insurance and benefits.

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

<b>Fiscal year</b>	<b>Property Taxes</b>	<b>Other taxes</b>	<b>Licenses and permits</b>	<b>Intergovernmental</b>	<b>Charges for services (1)</b>	<b>Investment income</b>	<b>Other Revenues</b>	<b>Transfers and other financing sources</b>	<b>Total</b>
2022	\$ 35,637,407	2,464,583	318,679	5,528,670	2,493,845	39,045	354,764	1,547,398	48,384,391
2021	34,766,337	2,590,313	369,885	3,641,305	1,680,089	60,126	347,102	1,466,267	44,921,424
2020	34,031,206	2,286,405	257,009	3,103,389	1,549,810	185,748	228,159	1,686,240	43,327,966
2019	32,649,369	2,370,221	239,736	2,473,795	1,577,974	167,455	236,475	2,641,293	42,356,318
2018	30,518,873	2,281,765	266,929	3,222,271	1,483,928	70,108	298,598	426,500	38,568,972
2017	29,722,103	2,238,461	289,417	3,506,445	1,412,108	22,729	343,808	-	37,535,071
2016	28,399,890	2,110,207	182,400	4,272,996	160,735	20,225	329,841	-	35,476,294
2015	27,999,747	1,994,325	201,491	3,460,981	196,617	23,408	248,206	315,189	34,439,964
2014	27,079,171	1,850,517	192,108	3,442,636	198,923	13,418	228,934	274,736	33,280,443
2013	26,168,607	1,783,322	154,583	3,648,824	195,942	24,632	292,863	480,000	32,748,773

(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	
2022	\$ 2.40	16.98	0.89	20.26
2021	2.71	16.33	0.87	19.92
2020	3.28	15.56	0.84	19.68
2019	3.43	14.79	0.80	19.02
2018	4.47	12.74	0.79	18.00
2017	4.40	12.40	0.74	17.54
2016	3.92	12.26	0.70	16.88
2015	3.66	12.47	0.67	16.80
2014	3.66	11.97	0.65	16.28
2013	3.46	11.77	0.61	15.84

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>
2022	\$	35,626,567	35,505,884	99.66%	-	35,505,884	99.66%
2021		34,658,120	34,567,542	99.74%	86,411	34,653,953	99.99%
2020		33,936,812	33,695,564	99.29%	225,200	33,920,764	99.95%
2019		32,659,449	32,515,988	99.56%	133,861	32,649,849	99.97%
2018		30,473,926	30,386,304	99.71%	87,622	30,473,926	100.00%
2017		29,613,103	29,497,849	99.61%	115,254	29,613,103	100.00%
2016		28,406,589	28,268,887	99.52%	137,702	28,406,589	100.00%
2015		28,034,747	27,872,535	99.42%	162,212	28,034,747	100.00%
2014		27,009,057	26,818,436	99.29%	190,621	27,009,057	100.00%
2013		26,179,228	26,012,826	99.36%	166,402	26,179,228	100.00%

Note: excludes supplemental taxes, change in unavailable taxes, and the amount raised for the TIF District.

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)	
2022	\$ 1,753,976,600	4,491,600	1,758,468,200	2,427,750,000	72.43%
2021	1,738,998,400	5,148,100	1,744,146,500	2,275,600,000	76.65%
2020	1,722,738,276	5,226,400	1,727,964,676	2,125,200,000	81.31%
2019	1,709,959,200	6,512,600	1,716,471,800	1,980,850,000	86.65%
2018	1,685,882,700	7,113,200	1,692,995,900	1,915,450,000	88.39%
2017	1,681,526,400	6,791,900	1,688,318,300	1,840,800,000	91.72%
2016	1,676,048,700	6,806,100	1,682,854,800	1,723,250,000	97.66%
2015	1,661,816,800	6,918,100	1,668,734,900	1,685,300,000	99.02%
2014	1,652,277,200	6,755,800	1,659,033,000	1,685,400,000	98.44%
2013	1,646,537,200	6,191,800	1,652,729,000	1,710,750,000	96.61%

(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, 2022**

<b>Name</b>	<b>Assessed valuation</b>	<b>% of total tax commitment</b>
Sprague Corporation	\$ 18,392,200	1.05%
Inn By the Sea	15,242,100	0.87%
Central Maine Power	6,583,900	0.37%
Hallbridge Cape Elizabeth Assisted Living	5,720,900	0.33%
L & J Downeast Properties LLC	5,349,800	0.30%
Glickman Family Trust	5,239,000	0.30%
Jonathan Bush Jr.	4,789,800	0.27%
Purpoodock Club	4,213,100	0.24%
Stefanie J. Levanson Living Trust	4,063,600	0.23%
Suzanne P. McGinn	3,492,100	0.20%

**TOWN OF CAPE ELIZABETH, MAINE**  
**Computation of Legal Debt Margin**  
**For the Year Ended June 30, 2022**

Total estimated actual valuation by State		\$	<u>2,598,050,000</u>
Legal debt margin:			
Debt limitation - 15% of estimated actual valuation			389,707,500
Debt applicable to debt limitation:			
Municipal	7.5%	194,853,750	4,875,091
School	10.0%	259,805,000	2,376,049
Storm and sanitary sewers	7.5%	194,853,750	801,470
Airport, water and special districts	3.0%	77,941,500	-
<u>Total</u>	<u>28.0%</u>	<u>727,454,000</u>	<u>8,052,610</u>
Total bonded debt applicable to debt limit			8,052,610
<b>Legal debt margin</b>			<b>\$ 381,654,890</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
2022	9,535	\$ 1,758,468,200	8,052,610	0.46%	845
2021	9,535	1,744,146,500	9,324,032	0.53%	978
2020	9,535	1,727,964,676	10,573,550	0.47%	1,109
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

(1) U. S. Bureau of the Census

(2) Amount from Table 7

(3) Excludes financed purchase agreements



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

Fiscal year	Municipal debt service(1)	School debt service	Total debt service - bonded debt	Total general governmental expenditures and transfers out	Ratio of debt service to general governmental expenditures and transfers out
2022	\$ 1,579,901	439,400	2,019,301	46,700,432	4.32%
2021	1,573,078	454,800	2,027,878	43,801,008	4.63%
2020	2,750,416	470,200	3,220,616	44,220,388	7.28%
2019	1,678,691	492,050	2,170,741	40,540,470	5.35%
2018	1,428,581	503,900	1,932,481	38,764,647	4.99%
2017	1,224,193	522,000	1,746,193	36,836,432	4.74%
2016	1,181,063	764,318	1,945,381	34,814,196	5.59%
2015	887,347	1,227,675	2,115,022	34,319,927	6.16%
2014	905,703	1,288,591	2,194,294	32,886,927	6.67%
2013	930,007	1,323,403	2,253,410	32,994,182	6.83%

(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, 2022**

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to government	Amount applicable to government
Direct:			
Town of Cape Elizabeth bonds and notes	\$ 8,052,610	100.00%	8,052,610
Overlapping debt:			
Cumberland County	30,856,174	4.59%	1,416,607
Portland Water District -- sewer debt	44,771,936	8.70%	3,894,450
Contingent debt:			
Portland Water District -- water debt	58,631,046	6.78%	3,975,185