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2015

## Town of Cumberland Maine Financial Audit 2015

Cumberland, Me.

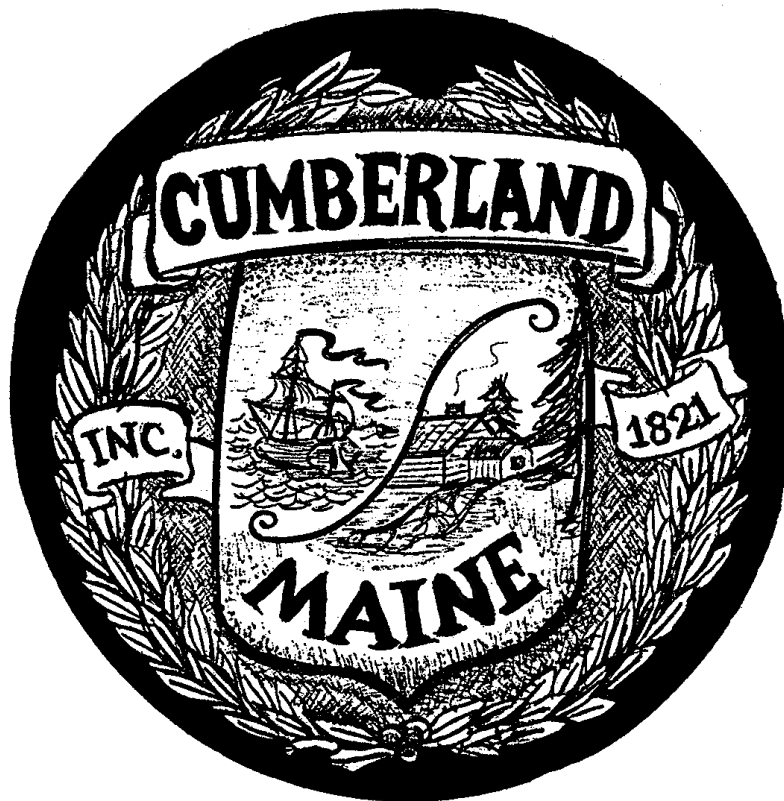
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# Town of Cumberland, Maine

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Comprehensive Annual Financial Report  
For the Year Ended June 30, 2015

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**TOWN OF CUMBERLAND, MAINE**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year ended June 30, 2015**

**Prepared by: Heather L'Hommedieu Perreault, CPA**  
**Director of Finance**

**TOWN OF CUMBERLAND, MAINE**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2015**

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**Table of Contents**

	<u>Exhibit</u>	<u>Page</u>
<b>I - INTRODUCTORY SECTION</b>		
Letter of Transmittal		1-7
GFOA Certificate of Achievement		9
Organizational Chart		11
List of Principal Officials		12
<b>II - FINANCIAL SECTION</b>		
Independent Auditor's Report		15-17
Management's Discussion and Analysis		18-31
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	35
Statement of Activities	2	36
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	37
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	39
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	6	40
Statement of Net Position - Proprietary Funds	7	41
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	42
Statement of Cash Flows - Proprietary Funds	9	43
Statement of Fiduciary Net Position - Fiduciary Funds	10	44
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11	45
Notes to Basic Financial Statements		46-71
Required Supplementary Information:		
Schedule of Town's Proportionate Share of the Net Pension Liability		72
Schedule of Town Contributions		73
Notes to Required Supplementary Information		74
Combining and Individual Fund Financial Statements:		
General Fund:		
Comparative Balance Sheets	A - 1	77
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	A - 2	78-81
All Other Governmental Funds:		
Combining Balance Sheet	B - 1	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B - 2	86

**TOWN OF CUMBERLAND, MAINE**  
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**Table of Contents, Continued**

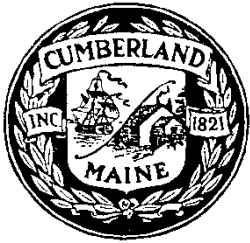
**II - FINANCIAL SECTION, CONTINUED**

	<u>Exhibit</u>	<u>Page</u>
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C - 1	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C - 2	90
Nonmajor Capital Project Funds:		
Combining Balance Sheet	D - 1	93
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D - 2	94
Nonmajor Permanent Funds:		
Combining Balance Sheet	E - 1	97
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E - 2	98
Fiduciary Funds:		
Combining Statement of Fiduciary Net Position – Private – purpose Trust	F - 1	101
Combining Statement of Changes in Fiduciary Net Position – Private - purpose Trust	F - 2	102
Statement of Changes in Assets and Liabilities – Agency Funds	F - 3	103
	<u>Table</u>	<u>Page</u>

**III - STATISTICAL SECTION**

Government-wide Information:		
Net Position by Component	1	107
Changes in Net Position	2	108-109
Fund information:		
Fund Balances of Governmental Funds	3	110
Changes in Fund Balances of Governmental Funds	4	111
General Governmental Tax Revenues by Source	5	112
Assessed Value and Estimated Actual Value of Taxable Property	6	113
Direct and Overlapping Property Tax Rates	7	114
Principal Property Taxpayers	8	115
Property Tax Levies and Collections	9	116
Ratios of Outstanding Debt by Type	10	117
Ratios of General Bonded Debt Outstanding	11	118
Direct and Overlapping Governmental Activities Debt	12	119
Legal Debt Margin Information	13	120
Demographic Statistics	14	121
Principal Employers	15	122
Full-time Equivalent Town Government Employees by Function/Program	16	123
Operating Indicators by Function	17	124
Capital Asset Statistics by Function	18	125
Miscellaneous Statistics	19	126

## ***INTRODUCTORY SECTION***



# TOWN OF CUMBERLAND, MAINE

290 Tuttle Road

Cumberland Center, Maine 04021-9321

Telephone (207) 829-5559 · Fax (207) 829-2214

December 11, 2015

To the Members of the Town Council, and  
Citizens of the Town of Cumberland:

We are pleased to submit the Town of Cumberland's Fiscal Year 2015 Comprehensive Annual Financial Report (CAFR). This report is published to provide detailed information concerning the financial condition and activities of the Town. Responsibility for accuracy of the data, and the completeness and fairness of the presentation, rests with the Town. To the best of our knowledge and belief, the information presented is accurate in all material respects and includes all disclosures necessary to fairly present the financial position and results of operations of the Town, as measured by the financial activity of its various funds.

The CAFR is presented in three sections:

- I Introductory section***, which includes this transmittal letter, containing a profile of the Town, economic outlook, major initiatives, and financial policies and information;
- II Financial Section***, which includes management's discussion and analysis of fiscal year 2015 financial activities, the financial statements, notes to the financial statements, and the auditor's report on the financial statements and schedules;
- III Statistical Section***, which includes selected operational, demographic, and financial information.

Management's discussion and analysis (MD&A) provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the independent auditor's report.

## Profile of the Town

Cumberland is located 15 minutes north of Portland, and is one of the fastest growing communities in Cumberland County. The Town stretches from the coast of Casco Bay to rolling inland hills made up of apple orchards, small family farms, pastures and horse land. Cumberland offers an easy commute to most major area employers, shopping, and medical services yet provides a relaxed small-town atmosphere. Cumberland, in conjunction with North Yarmouth, has one of the best school systems in the State, which is known to excel in both academics and athletics.

The Town of Cumberland was founded in 1821, and currently has a population of 7,192 people. It is predominantly a residential community, with a small commercial sector concentrated in pockets along the major corridors of Rt. 100, Rt. 9, and Rt. 1. Approximately 88% of the tax base is composed of residential and open space, 8% is commercial and light industrial, and 4% is exempt from property tax. This translates to a very stable source of property tax revenues. Of the vacant parcels in Town, approximately 90% are zoned for residential use, with the remaining 10% being zoned for commercial and light industrial uses. This ensures the growth pattern of residence predominance with an opportunity to expand the commercial tax base in selected areas.

Services provided by the Town include police, ambulance and fire protection; sanitation services; construction and maintenance of highways, streets, and infrastructure; emergency preparedness; municipal planning and code enforcement; human services; senior housing; wastewater system; recreational activities (including a golf course) and cultural events. Other than these general government activities, it has been determined that the Town is not financially accountable for any other entity, board or commission.

The Town is governed using the council-manager form of government. The Town Council is responsible for, among other things, passing local ordinances, appropriating the budget, and developing an overall vision for the Town. Town Councilors are voted into office by public election. The Council appoints a Town Manager to oversee administrative operations, implement policies, and advise the Council. Council meetings are televised on the local access channel, and are archived on the Town website and available for viewing at any time.

## **Economic Condition and Outlook**

The Town of Cumberland continued to experience good economic health this fiscal year. The Town's General Fund was able to perform better than budgeted, allowing the Town Council to continue to reduce deficits and build up fund balances in multiple funds, continuing to improve the overall cash position of the Town.

In 2012, the Maine Department of Economic and Community Development established the Certified Business Friendly Community Program. The Town of Cumberland was among the first communities in the State to receive this certification. The Town's successful application described: the community's efforts to attract new business, and retain or expand existing business; implement a comprehensive plan that includes growth areas, commercial zoning and pre-permitted sites; programs to improve infrastructure or support business development efforts; collaboration with local schools and organizations to encourage workforce development; collaboration with the local chamber of commerce; and quality of life amenities available to the public. The "Certified Business Friendly" signs are proudly displayed on Route 1.

The Cumberland real estate market, although relatively small, remains one of the top markets in Southern Maine. Using information gathered from the Maine Home Sales Connection, Cumberland home sales decreased slightly in calendar year 2014, after having increased every year since 2009. Units sold fell from a high of 159 in 2013 to 140 in 2014, partly as a result of existing subdivisions reaching capacity for new construction. However, the median home sales price in Cumberland increased slightly, by 2% to \$364,900. The Town has a wide variety of homes available, including rural homes and small farms, suburban neighborhoods, and exclusive estates.

Total assessed value of real estate and business' personal property (machinery and equipment) experienced unusual growth for the FY2015 tax year, with an increase of more than \$45 million. This is based on assessed values as of April 1, 2014. Approximately \$10 million was added as a result of installation of utility infrastructure by Summit Natural Gas; the balance is due primarily to new residential construction. For several years the Town has been experiencing robust growth. It is anticipated that FY2015 is probably going to be the last year in which there will be such dramatic increases in assessed value, as the majority of residential subdivisions have now been built out, and infrastructure projects are winding down. Increases in taxable assessed value directly increase the amount of property tax that the Town is able to collect, and thus reduce the effect of budget increases on future years' tax rates.

As mentioned above, residential construction has started to slow down when compared to prior years. However, two new subdivisions were either approved or in process by the end of FY2015. Cumberland Foreside Village, on Route 1, will have 45 residential building lots, in a two-phase project. The Spears Hill subdivision, located on a portion of the former Payson property at 179 Foreside Road, will have seven new homes, all of which are expected to have assessed values of over \$1 million.



The commercial tax base in Cumberland is now at about 8%, up from only 2% in 2002. Pack Edge, a company that sells the cold packs found in most commercial shipping and packing, completed their 10,000 square foot building on Route 1 this year. The Friends School continued construction on their state of the art building, which opened to students in August 2015. The School is the only commercial building in Maine to achieve Passive House Certification, the highest voluntary energy efficiency standard in the world. They achieve net-zero energy efficiency through the use of super insulated walls and ceilings, triple paned windows, and extensive use of solar energy. Some other commercial development included a new equipment building for Storey Brothers, a 4,000 square foot addition at Main Line Fence on Middle Road, and a substantial addition to Norton Insurance on Route 1.

For the past few years, collections of automobile excise tax have performed significantly above expectations. National trends show that new vehicle purchases are at the highest level since the beginning of the recession in 2008, with pent up demand motivating the increased sales. This trend is expected to peak in 2015 or 2016, at which time collections of excise tax will likely return to more moderate levels.

Intergovernmental revenues that the Town receives from the State of Maine are expected to continue decreasing. These revenues include State Revenue Sharing, Maine Department of Transportation grants, General Assistance funding, Circuit Breaker programs to assist residents with rent and property taxes, and various other grants and project funding. In FY2013, the Town of Cumberland received \$613,000 via State Revenue Sharing. Based on calculations by the Maine Municipal Association, the Town has budgeted to receive only \$386,000 in State Revenue Sharing in FY2016, a revenue decrease of \$227,000—almost a quarter of a million dollars. Further cuts are likely in the next Legislative session, as the State continues to wrestle with its own budget shortfalls. These decreases put significant added pressure on local budgets and property tax rates.

## **Major Initiatives and Long Term Planning**

During the spring of 2014, the Town was offered a once in a lifetime opportunity to purchase a portion of a large, waterfront estate at 179 Foreside Road, now known as Broad Cove Reserve. For decades, the Town's Comprehensive Plan has included a recommendation that the Town obtain ocean access that is open to all residents of the Town, as all of Cumberland's shorefront property had been held by private landowners. After a hotly debated referendum vote, the residents of Cumberland approved the purchase and the \$3 million bond required to fund it. The Town purchased approximately 25 acres of the 104-acre property, including nine acres near Foreside Road, a 2,400-foot right-of-way access road from Foreside Road to the beach, and 14 acres of tidal property that includes ½ mile of shore frontage on Casco Bay and a 220-foot-long pier. A committee consisting of residents from across the community developed guidelines for land use and limited development by the Town, which was accepted (with some minor changes) by the Chebeague and Cumberland Land Trust, who hold the conservation easement that is in place on the property. Unfortunately, the Town is currently subject to a lawsuit regarding the proposed uses, and there is some uncertainty regarding when and/or what improvements the Town will be able to implement. Nevertheless, the property is in use and is being enjoyed by residents throughout the community. This is one of the most significant enhancements to public facilities undertaken by the Town, and this exciting addition will provide access to the ocean for all families in Cumberland for many, many years to come.

Located at the end of Greely Road Extension, a 215-acre parcel, known as Knights Pond and Blueberry Hill, straddles the towns of Cumberland and North Yarmouth. It had been privately held but available for public use for many years, and includes a 46-acre pond, a large forest that includes rare stands of hickory trees, and an extensive network of trails with views of Casco Bay. In order to prevent subdivision and residential development, the Chebeague and Cumberland Land Trust spearheaded a project to preserve this valuable open space, in collaboration with both towns, the Royal River Conservation Trust, and the Trust for Public Land of Maine. Despite delays created by the Maine Governor's refusal to release funding that had been awarded by Land for Maine's Future, the purchase of the parcel was completed in October 2015, with Cumberland taking title to the 165 acres located within Town borders.

Natural gas distribution lines continue to be installed throughout the Town, although at a slower rate than during the initial phase. Over the next few years, Summit Natural Gas will be providing natural gas to a majority of Town residents, many businesses, as well as Town and MSAD 51 buildings. Residents throughout Cumberland will have the option to connect to the natural gas lines as they are installed over the next few years. This improvement to the Town's infrastructure is scheduled to be completed by 2017. For more information, and to see a map and schedule of the roads that will be connected, visit the Town's website at <https://cumberlandnaturalgas.wordpress.com/>.

In conjunction with the natural gas project, the Town is continuing the process of upgrading heating systems throughout public buildings. The Town had been delaying some much-needed improvements in anticipation of the ability to connect to the new natural gas infrastructure. At this time, work has been completed at Town Hall, Prince Memorial Library, and the Central Fire Station. Upgrades are in process at the West Fire Station and the West Cumberland Recreation Hall.

Other projects are underway at the West Cumberland Recreation Hall to tighten up the building envelope with new doors and windows, and to improve handicap accessibility throughout the building. In the Senior Housing development, replacement of heating systems that were more than 20 years old was completed for all units. This allowed connection to the new natural gas lines, increased efficiency and lowered costs for residents. Replacement of Senior Housing roofs was completed this summer, and new windows and doors are being installed to improve heat retention and further lower costs to residents. Initial planning has begun to expand and improve the Central Fire Station. Items that are being considered include: construction of an additional bay to house the number of ambulances the Town currently operates; office space improvements; and quarters for live-in students, overnight-shift staff, and increased staffing that is required during severe weather or emergencies.

While both Interstate 295 and the Maine Turnpike run through the Town of Cumberland, there are no exits located within the Town borders. The Town is in the preliminary stages of negotiations with the Maine Turnpike Authority to develop on- and off-ramps adjacent to the rest areas located on that stretch of highway. Direct highway access would greatly improve the ability for emergency services to respond to accidents and transport patients to hospitals, as well as providing easier access for residents to businesses and shopping centers located along the Turnpike. Currently, the Turnpike can only be accessed through Falmouth or Gray, and the closest access for I-295 is in Yarmouth.

Cumberland has established a Pavement Management Plan and Five Year Capital Improvement Plan in order to maintain and upgrade the Town's facilities and infrastructure, with the intent to provide quality services to the residents and to ensure that these services will continue in the future without major increases in property taxes. The Pavement Management Plan has a schedule of planned road maintenance and improvement projects that extends through 2024. While this schedule will be amended along the way, it is an important component of a comprehensive road improvement plan that can be used to create sustainable budgets for future road upkeep. Although some projects were delayed in order for natural gas infrastructure to be installed prior to new pavement, this summer saw several neighborhood roads repaved, some of which had not been addressed in over 40 years.

The Town's Comprehensive Plan calls for improving connectivity of roads throughout the community whenever possible. To this end, the Town used an existing right of way at the end of Harris Road, which had been a dead end road, to connect to Route 9. Significant improvements to Harris Road are anticipated, in order to improve sightlines for drivers who may not be as familiar with the road. Other major infrastructure projects in the early planning or exploratory stages include: reconstruction of Middle Road, in conjunction with an extension of the water main to connect to Falmouth; improvements to drainage on Blackstrap Road; development of turning lanes on Route 1 to accommodate increased traffic as a result of the growing number of businesses located along that artery; extension of the Range Road water line to complete the water line loop, improve water pressure, and eliminate the need for intermediary pumping stations; and a joint project with the Maine Department of Transportation to improve Tuttle Road to eliminate areas that are subject to flooding on a regular basis. Timing and costs of these projects have not yet been determined.

## Financial Policies and Information

*Cash Management:* Improving the overall cash position of the Town continues to be a top priority. While the General Fund has enjoyed modest growth in its fund balance over the past few years, this is only part of the overall financial story of the Town. Deficits in capital project, special revenue funds, and interfund loans receivable from enterprise funds had eroded the actual cash position of the Town over the years. In FY2011, the Town adopted a new fund balance policy geared towards improving the overall fund balance of the Town, rather than just the General Fund. This policy was officially put into effect beginning in FY2012, although the Town had been whittling away at these deficit balances for several years.

For the second year in a row, the Town did not use short term borrowing to cover cash shortfalls that can occur between property tax due dates. There are two primary reasons for the improved cash position of the Town. Deficit fund balances have been virtually eliminated, and the unassigned (spendable) General Fund balance continues to increase, both of which have a positive effect on cash flow. Also contributing is the collection rate of assessed property taxes. The percentage of taxes collected in the year they were assessed dipped after the recession, and has been gradually improving over the past few years. In FY2010, 98.4% of taxes were collected by June 30th; in FY2015, 98.84% of current year taxes were collected by June 30th. With a tax commitment of over \$20 million, each 1/2 percentage difference is equivalent to at least \$100,000 of additional cash in the bank.

*Debt Administration:* When issuing General Obligation Bonds, the Town of Cumberland pledges its full faith and credit to repay the financial obligations. The major bond rating agencies regularly assess the capacity of the Town to repay its debt. Standard and Poor's and Moody's Investors Service make their assessments, in large part, by examining four basic analytical areas: economy, financial performance, debt burden, and administration. Growth and increasing diversity in demographics and tax base are indicators of future growth prospects and debt repayment capabilities. Because a strong economy does not always ensure the Town's ability to meet debt payments, the Town's financial management and performance are also key factors. The Town currently has a rating of AA+ from Standard & Poor's, and an AA3 rating from Moody's on its general obligation bond issues.

During FY2015, the Town issued \$3,000,000 of new bonds to fund the purchase of Broad Cove Reserve. The Town also refunded several existing bonds and notes to take advantage of lower interest rates, for both governmental and Senior Housing financing. This resulted in over \$240,000 of savings to the General Fund over the remaining life of the refunded bonds, and allowed for the establishment of a Debt Service Reserve fund to minimize the effect on the tax rate of fluctuations in future debt service requirements. \$2,730,000 of bonds were issued to refund \$2,800,000 worth of governmental bonds, and \$140,000 of bonds were issued for Senior Housing, to replace \$152,000 principal balance on a loan from the Maine State Housing Authority.

*Fund Balances:* The Town's goal is to achieve a minimum unassigned (spendable) General Fund balance of 16.67% of total revenues; this is equivalent to approximately two months' worth of expenditures. At the end of each fiscal year, management evaluates the available fund balance in the General Fund, and estimates the amount to be transferred out to reduce deficit balances in other funds, and to fund capital reserve accounts to be used for future capital needs.

At the end of FY2014, the unassigned balance in the General Fund was \$1,191,089, or 5% of revenues. This was a slight decrease from the prior year due to a change in the method of calculating the amount of unavailable taxes. By the end of FY2015, unassigned fund balance in the General Fund had increased to \$2,060,936, or 8% of General Fund revenues.

*Basis of Accounting and Presentation:* This CAFR has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) applicable to local governments, as promulgated by the Government Accounting Standards Board (GASB). The Town also voluntarily follows the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA) for the contents of government financial reports. All funds of the Town are included, as well as the entity-wide financial statements required by GASB Statement No. 34, and required supplementary information.

*Internal Controls:* Management of the Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The audit was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. As required by these standards, an understanding of the relevant policies and procedures is needed in order to assess whether the policies and procedures had been placed in operation, and also to determine the level of control risk. As a result of the level of control risk, tests of controls are performed to determine adequacy of the internal control structure. Additionally, tests are performed to determine the Town's compliance with certain laws, regulations, contracts and grants. The results of these tests indicated the Town had no instances of material weaknesses in internal control structure and no violations of applicable laws and regulations tested. The report on compliance and on internal control over financial reporting has been issued under separate cover entitled "Reports Required by *Government Auditing Standards*" dated December 11, 2015 and is available from the Finance Department at the Town Office.

*Budgetary Controls:* In addition, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Council. Activities of the General Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the department. Special revenue and enterprise funds do not have legally adopted budgets.

Budgets are legally adopted by the Town Council through passage of an appropriations order. As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management.

## **Other Information**

*Independent Audit:* State statutes require an annual audit by independent certified public accountants. The accounting firm of Runyon Kersteen Ouellette was selected. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors were not required to do a single audit under OMB Circular A-133 as the Town expended less than \$500,000 in federal funds.

*Awards:* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financing Reporting to the Town of Cumberland, Maine for its prior fiscal year ended June 30, 2014. The Town of Cumberland has received Certificates of Achievement for all full fiscal years from 1993 through 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

*Acknowledgments:* The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire office staff. Each member of the various departments has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of the Town, preparation of this report would not have been possible.

Sincerely,



William R. Shane  
Town Manager



Heather L'Hommedieu Perreault, CPA  
Director of Finance





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

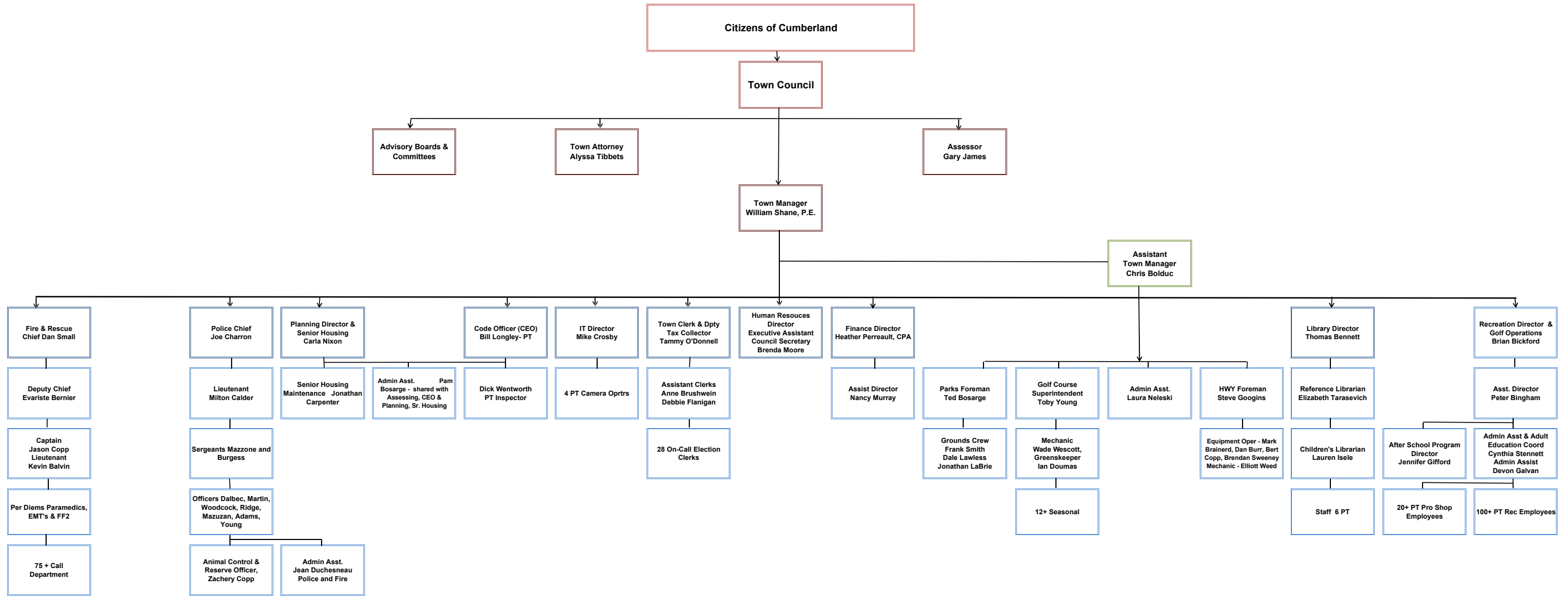
**Town of Cumberland  
Maine**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO





**TOWN OF CUMBERLAND, MAINE**  
**List of Principal Officials**  
**June 30, 2015**

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**Elected:**

Council Chair	Peter Bingham, Sr.
Council Vice Chair	George Turner
Council Member	Ron Copp
Council Member	Michael Edes
Council Member	William Stiles
Council Member	Shirley Storey-King
Council Member	Thomas Gruber

**Appointed:**

Town Manager	William Shane
Assistant Town Manager	Christopher Bolduc
Director of Finance	Heather L'Hommedieu Perreault, CPA
Director of Human Resources	Brenda Moore
Town Clerk	Tamara O'Donnell
Town Planner	Carla Nixon
Code Enforcement Officer	William Longley
Fire Chief	Daniel Small
Police Chief	Joseph Charron
Recreation Director	Brian Bickford
Librarian	Thomas Bennett
Assessor	Gary James



## ***FINANCIAL SECTION***

## Independent Auditor's Report

Town Council  
Town of Cumberland, Maine

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Maine as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Maine as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

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

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

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

Town Council  
Town of Cumberland, Maine

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, on our consideration of the Town of Cumberland, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cumberland, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remya Kristen Ouellette". The signature is written in a cursive, flowing style.

December 11, 2015  
South Portland, Maine

**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2015**

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As management of the Town of Cumberland, we offer readers of the Town of Cumberland's financial statements this narrative overview and analysis of the financial activities of the Town of Cumberland for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal on page 1, and the basic financial statements, which begin on page 35.

**FINANCIAL HIGHLIGHTS**

- Total net position of the Town of Cumberland (assets plus deferred outflows minus liabilities and deferred inflows) at June 30, 2015 was \$25,628,967. This includes net position for governmental activities of \$21,154,897; business-type activities net position was \$4,474,070. Net position increased for both governmental and business-type activities in FY2015, with a combined increase of \$2,288,827, or 10%.
- The ending fund balance for the General Fund was \$2,066,785. Although General Fund expenditures exceeded budgeted expenditures and transfers in FY2015, this was more than offset by General Fund revenues coming in \$939,869 higher than expected, resulting in a fund balance net increase of \$398,245.
- The ending fund balance for the General Fund of \$2,066,785 was 8.2% of General Fund revenues, compared to 7.1% in FY2014. The long-term interfund receivable that has restricted a portion of the General Fund fund balance has been eliminated in FY2015, resulting in an increase in the ratio of unassigned fund balance to revenues of 3.1% from the FY2014 ratio of 5.1%.
- Business-type Activities ending balance in unrestricted net position has again improved, ending FY2015 at \$840,271. This represents 41% of operating expenses for the year. In prior years, this ratio has been: 10% in FY2014, -36% in FY2013, and -80% in FY2012. This improvement has been driven primarily by transfers from the General Fund over several years to reduce the balance of a long-term interfund receivable, which was finally eliminated in FY2015.

**USING THIS ANNUAL REPORT**

The Town of Cumberland's financial statements are comprised of a series of statements. The *Statement of Net Position* and the *Statement of Activities* (pages 35 and 36) provide an overview of the government as a whole and its activities. The *Fund Financial Statements* start on page 37. These statements provide a more detailed look at the governmental funds and the enterprise funds. For a detailed look at revenues and expenditures in the General Fund, go to the *Schedule of Revenues, Expenditures and Changes in Fund Balance* starting on page 78. The remaining statements are funds for which the Town acts only as an agent, or trustee for the benefit of others outside the government.

**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2015**

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**THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES**

These statements provide an overview of the government as a whole, similar to private-sector statements. 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 and deferred outflows of resources and liabilities and deferred inflows of resources (including infrastructure). 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*, we separate two kinds of activities:

- Governmental Activities – Most of the Town's basic services are reported here, including the General Government, Public Safety, Public Services, Health and Public Assistance, Recreation, Education, and the Library. Property taxes, intergovernmental revenue (primarily revenues from the State of Maine and North Yarmouth), and user fees finance most of these activities.
- Business-type Activities – The Town charges a fee to customers to cover all or most of the cost of certain services it provides. The Town's Senior Housing, Sewer System, and Val Halla Golf and Recreation Center are reported here.

**REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

The *Fund Financial Statements* provide details of the Town's most significant funds – not the Town as a whole. These statements begin on page 37. Some funds are required to be established by state law or bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, or other sources of funds. The Town's two kinds of funds – governmental and proprietary – use different accounting methods:

- Governmental Funds – The governmental fund financial statements provide a detailed *short-term* view of the Town's operations and the basic services it provides. These funds focus on how money flows in and out, how these flows compare to what was approved or budgeted, and any balances that might be left at year-end. The accounting method used is called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. Capital assets – roads, buildings, land and equipment – are not included in governmental fund financial statements because they can't be readily converted to cash and used to pay current bills. 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.
- Proprietary funds – When the Town charges customers for the services it provides – whether to outside customers or to other units of the Town – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Activities*. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail.

**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2015**

**THE TOWN AS TRUSTEE**

**Reporting the Town's Fiduciary Responsibilities**

The Town is the trustee, or *fiduciary*, for trust funds that are set up primarily as scholarships, as well as the Cumberland Community Food Pantry. These assets, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in the separate *Statements of Fiduciary Net Position and Changes in Fiduciary Net Position* on pages 44 and 45. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE TOWN AS A WHOLE**

The following information is a condensed version of Statement 1, the *Statement of Net Position*. The Net Position section is where you can easily see what resources the Town has available, and how they are changing over time.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014 (Restated)</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014 (Restated)</b>
Current & other assets	\$ 6,023,007	4,822,931	1,179,499	294,958	7,202,506	5,117,889
Capital assets	33,098,015	30,140,038	4,835,687	4,723,376	37,933,702	34,863,414
Total assets	39,121,022	34,962,969	6,015,186	5,018,334	45,136,208	39,981,303
Deferred outflows	185,387	107,736	-	-	185,387	107,736
Long-term liabilities	16,812,587	14,904,979	1,405,600	863,994	18,218,187	15,768,973
Other liabilities	873,574	738,226	135,516	97,416	1,009,090	835,642
Total liabilities	17,686,161	15,643,205	1,541,116	961,410	19,227,277	16,604,615
Deferred inflows	465,351	95,000	-	-	465,351	95,000
Net position:						
Net investment in capital assets	17,444,794	16,969,029	3,633,799	3,873,747	21,078,593	20,842,776
Restricted - TIF districts	242,556	49,438	-	-	242,556	49,438
Restricted - other	272,080	325,768	-	-	272,080	325,768
Unrestricted	3,195,467	1,938,981	840,271	183,177	4,035,738	2,122,158
Total net position	\$ 21,154,897	19,283,216	4,474,070	4,056,924	25,628,967	23,340,140

Overall, net position for Governmental Activities increased by approximately 10%; Business-type Activities also increased by approximately 10%.

Total net position for the Town's governmental activities increased \$1,871,681 to \$21,154,897, an increase of 10%. This increase is a result of a slight increase in capital assets, net of debt, in the amount of \$475,765, and an increase in unrestricted net position of \$1,256,486. Although expenditures for the year were higher than anticipated, revenues were also stronger than expected. Please see further discussion below.

**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2015**

Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Unrestricted net position of Governmental Activities increased in FY2015 to \$3,195,467, compared to \$1,938,981 on June 30, 2014.

Unrestricted net position of Business-type Activities increased to \$840,271 at June 30, 2015, an increase of \$657,094 from the prior year. The majority of the increase is due to transfers from the General Fund to the Val Halla Golf and Recreation Center Fund, totaling \$627,451 in FY2015, to cover current operating losses and reduce prior year deficits. Net positions for the Senior Housing Fund and the Sewer Fund experienced moderate increases.

This summary of revenue and expenditure activity, taken from Statement 2, the *Statement of Activities*, shows the results of operations for this year compared to last year.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
Program revenues:						
Charges for services	\$ 2,027,611	1,808,642	1,863,080	1,788,353	3,890,691	3,596,995
Operating grants & contributions	172,205	200,114	-	-	172,205	200,114
Capital grants & contributions	309,461	614,019	-	-	309,461	614,019
General revenues:						
Property taxes	21,720,835	20,675,087	-	-	21,720,835	20,675,087
Motor vehicle excise tax	1,693,482	1,633,132	-	-	1,693,482	1,633,132
Interest and penalties	42,479	51,229	-	-	42,479	51,229
Homestead exemption	190,404	178,881	-	-	190,404	178,881
State revenue sharing	421,155	424,348	-	-	421,155	424,348
Investment earnings	5,897	247	6,538	2,685	12,435	2,932
Miscellaneous revenues	304,127	143,972	-	-	304,127	143,972
Total revenues	26,887,656	25,729,671	1,869,618	1,791,038	28,757,274	27,520,709
Program expenses:						
General government	2,576,262	3,815,864	-	-	2,576,262	3,815,864
Public safety	2,514,371	2,282,922	-	-	2,514,371	2,282,922
Public services	2,862,022	2,329,018	-	-	2,862,022	2,329,018
Recreation	948,009	991,973	-	-	948,009	991,973
Education/libraries	14,795,916	14,159,614	-	-	14,795,916	14,159,614
Health & public assistance	86,796	133,350	-	-	86,796	133,350
Interest on debt	605,148	526,065	-	-	605,148	526,065
Senior Housing	-	-	292,029	227,347	292,029	227,347
Sewer system	-	-	843,432	823,999	843,432	823,999
Val Halla Golf & Rec. Center	-	-	944,462	844,772	944,462	844,772
Total expenses	24,388,524	24,238,806	2,079,923	1,896,118	26,468,447	26,134,924
Excess (deficiency) of revenues over (under) expenses	2,499,132	1,490,865	(210,305)	(105,080)	2,288,827	1,385,785
Transfers	(627,451)	(830,000)	627,451	830,000	-	-
Change in net position	1,871,681	660,865	417,146	724,920	2,288,827	1,385,785
Net position - July 1	19,283,216	18,622,351	4,056,924	3,332,004	23,340,140	21,954,355
Net position - June 30	21,154,897	19,283,216	4,474,070	4,056,924	25,628,967	23,340,140



**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2015**

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Items of note for Governmental Activities:

1. Motor vehicle excise taxes collected continues to outperform expectations, coming in almost \$250,000 over budget; State Revenue Sharing came in slightly over budget, totaling \$421,155 for FY2015. The Town benefited from some one time revenue items this year, that will be further discussed below.
2. Overall, spending on general government activities was \$149,718 higher in FY2015 than in FY2014. The increase in spending is primarily due to higher expenditures in the General Fund, which will be discussed below.

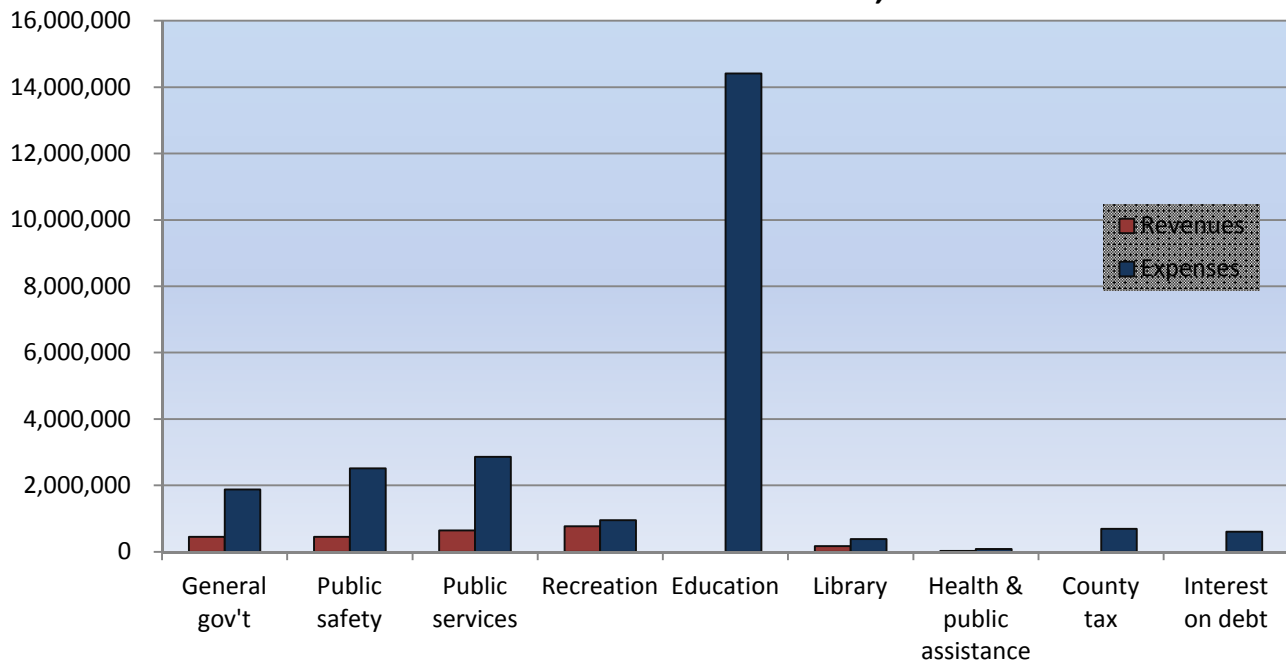
For Business-type activities:

1. Val Halla's net position increased \$308,395 in FY2015, as a result of transfers from the General Fund to offset current and prior year deficits totaling \$627,451. For FY2015, Val Halla's net loss from operations, excluding depreciation, was \$(148,838). Depreciation expense of \$146,975 brings the total loss to \$(295,813).
2. Operating revenues in the Sewer System Fund were greater than the expenses including yearly depreciation, resulting in an increase of \$75,497 in net position.
3. The Senior Housing Fund net position increased again in FY2015, with revenues exceeding expenses by \$33,254, resulting in net position of \$80,297.

**GOVERNMENTAL ACTIVITIES**

The total cost of governmental activities this year was \$24,388,524. After taking into consideration program revenues, the ultimate cost to the taxpayer was \$21,879,247 (see the Statement of Activities, Statement 2). Many programs are subsidized through user fees, grants and contributions.

**Governmental Activities - Program Revenues and Expenses**  
**For the Fiscal Year ended June 30, 2015**

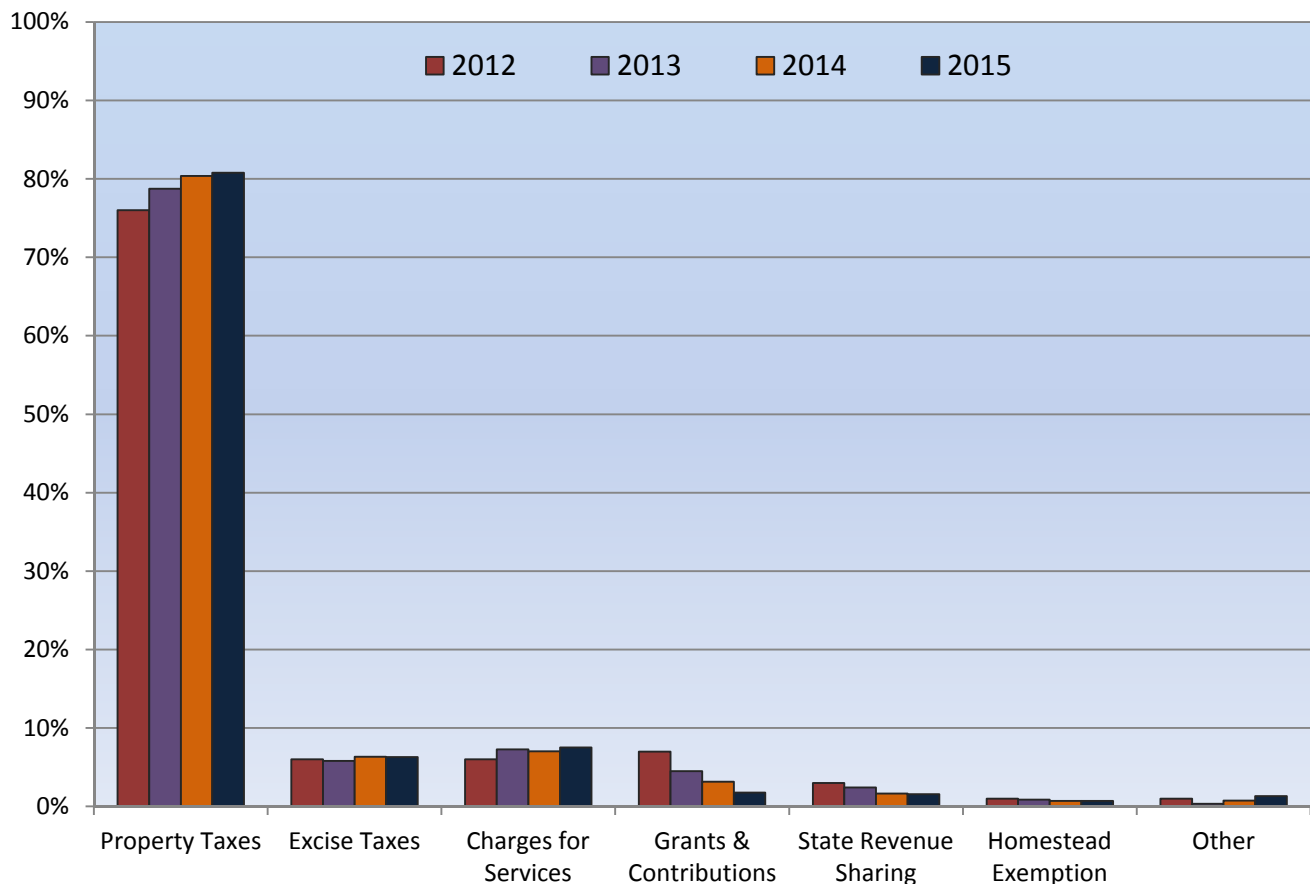


**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2015**

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As can be seen in the chart below, governmental activities are increasingly relying on property taxes as a source of primary revenue, increasing from 76% of governmental revenues in FY2012 to 81% in FY2015. State Revenue Sharing, Homestead Exemption reimbursements, and Grants & Contributions (primarily grants from the State of Maine) have decreased substantially as a percentage of overall revenues. The largest portion of Charges for Services consists of fees for activities through the Recreation Department, whose programs have been expanding over the past several years.

**Governmental Activities - % of Revenues by Source  
for the Fiscal Years 2012 to 2015**

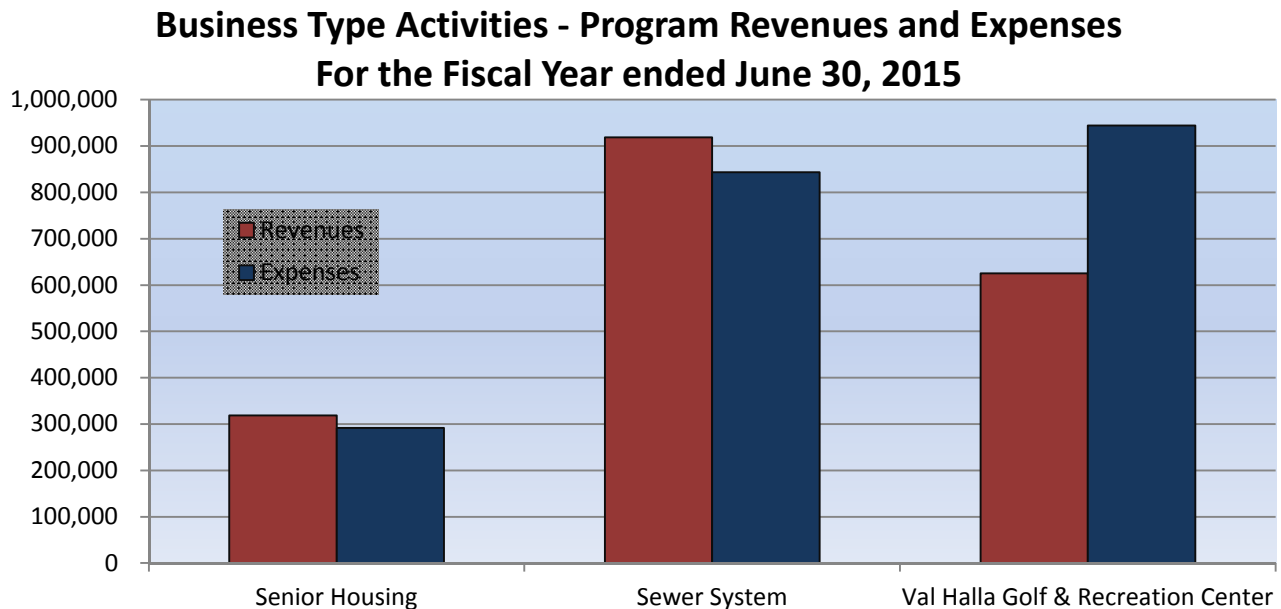


**TOWN OF CUMBERLAND, MAINE  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2015**

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**BUSINESS-TYPE ACTIVITIES**

Combined expenses for business-type activities this year were \$2,079,923; however, after considering the total amounts paid by users and a minimal amount of investment earnings, the total cost to the Town was \$210,305. These costs are usually absorbed by the individual funds and the costs are not passed on to the taxpayer. However, this year the Town Council authorized a transfer of \$150,000 out of General Fund balance to cover operating losses in the Val Halla fund, and an additional transfer of \$477,451 was made to eliminate the last of the internal balance owed by business-type activities.



**THE TOWN'S FUNDS**

As of June 30, 2015, the Town's governmental funds reported a combined fund balance of \$4,978,891. Expenditures exceeded revenues in governmental funds by \$1,428,830. However, during FY2015 the Town issued new bonds, with net proceeds after bond premium and refunding of prior bond issues, of \$3,399,460. This offset the excess expenditures, resulting in a net change in fund balance of \$1,343,179, after taking into account net transfers out to business-type funds.

Cash balances in the governmental funds increased \$2,305,752 during FY2015 to an ending balance of \$5,684,235. The Town continues to see improved collection rates for property taxes, as well as benefiting from revenues exceeding budgeted amounts in the General Fund (see discussion below). Another significant factor in the higher cash balance at June 30 was the delay in road maintenance and construction projects in the spring of 2015, as a result of the continuing natural gas infrastructure projects. The higher cash balance again allowed the Town to avoid using any form of short term borrowing to cover current expenditures during this fiscal year. Short term borrowing, when needed, is usually in the form of Tax Anticipation Notes.

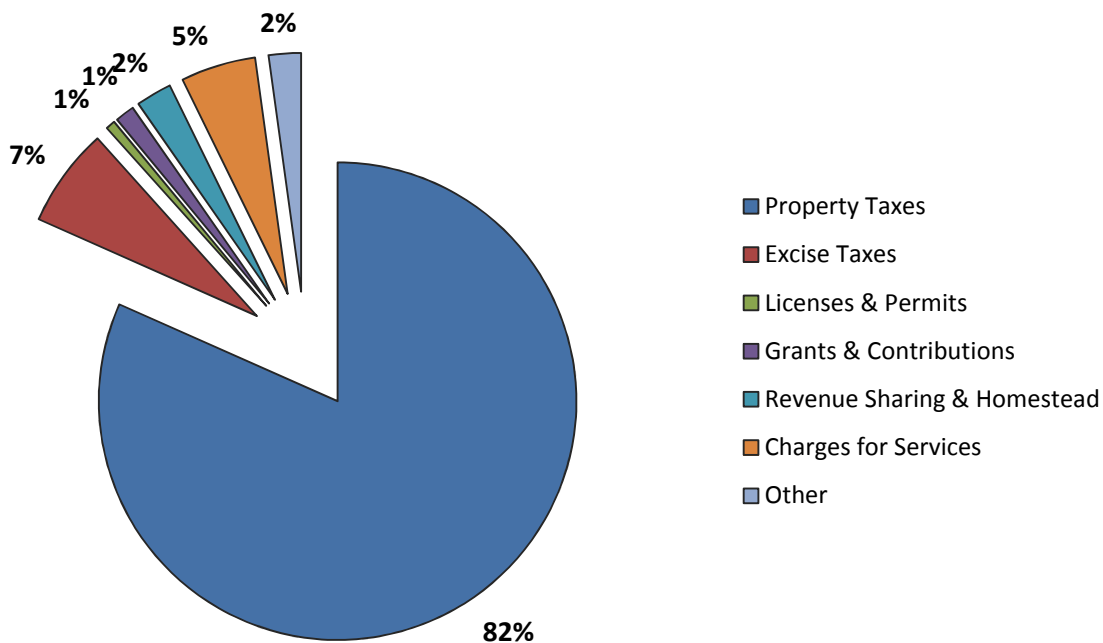
**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2015**

**GENERAL MAJOR GOVERNMENTAL FUNCTIONS**

The information below summarizes revenues of the General Fund for fiscal years 2010 through 2015. Information is extracted from Statement 4 of multiple audit years. The pie chart shows the percentage contribution of the different types of revenues, by function, for FY2015.

<b>General Fund Revenues</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Property Taxes	15,854,039	16,849,333	17,416,455	18,860,922	19,345,284	20,581,457
Excise Taxes	1,372,271	1,377,972	1,364,192	1,460,329	1,633,132	1,693,482
Licenses & Permits	101,642	110,504	132,652	178,099	161,923	159,680
Grants & Contributions	239,794	120,760	96,250	187,687	294,818	331,457
Revenue Sharing & Homestead	748,111	706,932	791,033	794,495	603,229	611,559
Charges for Services	819,907	999,346	1,230,313	1,259,814	1,148,986	1,279,114
Other	323,470	352,226	242,225	295,564	392,566	550,939
	<b>19,459,234</b>	<b>20,517,073</b>	<b>21,273,120</b>	<b>23,036,910</b>	<b>23,579,938</b>	<b>25,207,688</b>

**General Fund - % of Revenues by Function  
for the Fiscal Year Ended June 30, 2015**

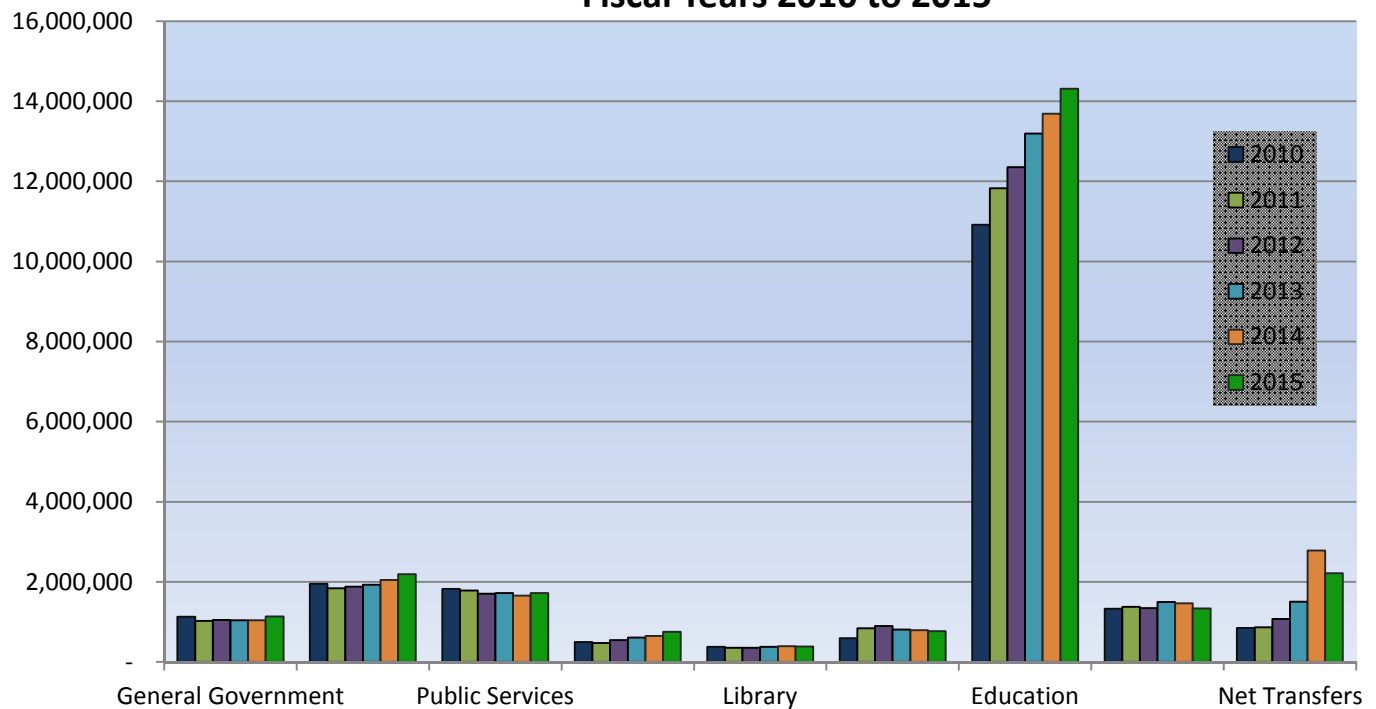


**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2015**

The table below summarizes expenditures of the General Fund for 2010 through 2015. Information is extracted from Statement 4 of multiple audit years.

<b>General Fund Expenditures</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
General Government	1,128,478	1,025,263	1,050,648	1,042,947	1,037,505	1,133,820
Public Safety	1,949,939	1,835,525	1,875,363	1,929,209	2,042,544	2,186,641
Public Services	1,820,679	1,778,675	1,705,703	1,721,576	1,658,540	1,717,893
Recreation	498,395	472,959	542,846	608,860	650,436	751,980
Library	377,582	351,995	355,671	378,893	390,029	387,703
Debt Service	589,514	837,692	892,128	807,354	790,235	766,386
Education	10,913,899	11,830,337	12,354,475	13,193,552	13,693,545	14,313,306
Other	1,330,878	1,373,647	1,344,695	1,490,950	1,461,406	1,339,054
Subtotal - Expenditures	18,609,364	19,506,093	20,121,529	21,173,341	21,724,240	22,596,783
Net Transfers	844,840	860,744	1,070,415	1,499,124	2,782,821	2,212,660
Total Expenditures	19,454,204	20,366,837	21,191,944	22,672,465	24,507,061	24,809,443

**General Fund - Total Expenditures by Function**  
**Fiscal Years 2010 to 2015**



General Fund expenditures increased \$872,543 from FY2014 to FY2015; when net transfers out are included, the increase is only \$302,382. Overall governmental funds expenditures increased \$3,297,864 when compared to the prior year. The largest expenditure in FY2015 was \$3,000,000 for the purchase of a portion of the Payson property at 179 Foreside Road, now known as Broad Cove Reserve, as approved by voters in the November 2014 referendum. Significant General Fund expenditures included an increase in the assessment from MSAD #51 of \$619,761, and a decrease in net amounts transferred out of \$570,161; \$202,549 of this decrease was a reduction in the amount transferred to the Val Halla enterprise fund.

**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2015**

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Spending in the General Government area for all governmental funds increased \$144,261. Almost half of this increase, \$68,176, was due to increased legal costs in the General Fund and Land Acquisition Fund, primarily as a result of various lawsuits relating to plans for use of the Broad Cove Reserve. In Public Safety, the Fire Department spent \$96,220 more in the General Fund than in the prior year. This was as a result of increased payroll costs, some of which were offset by increased revenues for staffing community events and non-emergency ambulance transports. Costs for Public Services (including Public Works, Parks, and Waste Disposal) increased \$91,184, as a result of the extended winter season. The Recreation department spent \$185,046 more than in FY2014, as their programs continue to grow.

#### **PROPRIETARY FUNDS**

The Town of Cumberland has three (3) enterprise funds (Senior Housing, Sewer System, and the Val Halla Golf and Recreation Center). Total assets for these funds are \$6,015,186, an increase of \$479,536. The combined net position (assets less liabilities) also increased, by \$417,146 to \$4,474,070. This increase was all in unrestricted net position, which was \$840,271 at the end of the fiscal year. Most of this change was a result of transfers from the General Fund to reduce a long term interfund payable, which has now been eliminated. This information is extracted from Statement 7.

Val Halla continues to show a loss from operations, about half of which is depreciation expense. In FY2015 the net loss from operations, excluding depreciation, was \$(148,838). Depreciation expense of \$146,975 brings the total loss to \$(295,813). Continuing restoration of the greens after extensive winter damage in early 2014 resulted in significant expenses that continued into FY2015. Val Halla's operating loss in FY2015 was \$62,583 greater than the prior year. In FY2016, Val Halla has been included in the General Fund, and will no longer be reported as an enterprise fund.

The Sewer Fund again experienced net income from operations, in order to build reserves for future capital projects. The majority of the Sewer Fund's net position is invested in the capital assets of the sewer system.

The Senior Housing Fund also provided an increase to net position, although it was \$31,900 less than in FY2014. In FY2015, a maintenance position was filled that had been vacant for most of FY2014; also, the fund had increased costs to repair and update vacant housing units.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Net revenues less expenditures and budgeted transfers in the General Fund came in \$765,109 over budget which, when combined with an overlay for FY2015 of \$521,928, resulted in total General Fund revenues exceeding expenditures and budgeted transfers by \$1,287,037. Actual revenues in the General Fund exceeded budgeted revenues by \$939,869 while expenditures and budgeted transfers were over budgeted amounts by \$174,760, or 0.74%.

#### **General Fund Revenues**

The Town benefited from several one-time revenues in FY2015, totaling \$277,216:

- As a result of staff work analyzing workers compensation premiums for several prior years, the Town received \$26,587 in refunds from Maine Employers Mutual Insurance Company.
- ecomaine, the solid waste disposal facility, refunded a portion of excess fund balance to its member municipalities, resulting in \$31,960 for the Town.
- The winter storm that occurred at the end of January, 2015 was declared a disaster by the State of Maine; the Town was reimbursed for some of the costs related to that storm, totaling \$29,042.
- For several years, the Town has had a substantial credit with Maine Public Employees Retirement System (MePERS), based on actuarial calculations. The Town has been using the credit to offset the cost of providing this benefit, as required by MePERS. However, as a result of new Governmental Accounting Standards Board guidance, MePERS distributed this credit in FY2015 and the Town received \$189,627.

**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2015**

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Several ongoing revenue areas experienced better than expected receipts. In tax type revenues, Excise Taxes continue to perform strongly, coming in \$258,482 above budget. State Revenue Sharing finished the year \$35,445 over budget, while grants from the Federal government were \$22,794 under budget. Recreation continues to experience significant growth in its programs, bringing in \$69,241 more than expected. Ambulance and medical services revenues were \$99,655 over budget, in part due to significant non-emergency transport billing that had not been budgeted. Sales of pay-as-you-throw trash bags were higher than expected, resulting in Waste Disposal revenues being over budget by \$30,757. FY2013 unpaid taxes were due to go to foreclosure in December 2014; however, there were no foreclosed properties, resulting in Sale of Assets being \$21,700 under budget. Continued new construction in subdivisions throughout the Town resulted in Growth Permits and Fees receiving \$32,316 more revenue than budgeted.

Property taxes receivable that are not collected within 60 days of fiscal year end are considered unavailable revenues. At the end of each fiscal year, the unavailable balance is calculated, and an adjustment is made to tax revenues. Due to an increasing collections rate for property taxes, the amount of unavailable taxes at the end of FY2015 was lower than in previous years, resulting in an adjustment to increase revenue by \$111,787.

**General Fund Expenditures**

The General Government area, which includes departments for Administration, Town Clerk, Technology, Planning, Assessing, Town Council, Elections and Legal expenditures, came in \$95,579 over budget, or 9.2%. Legal expenditures accounted for \$29,691 of this, as a result of lawsuits related to the Town's intended use of the Broad Cover Reserve. Administration and Council expenditures exceeded budget by \$58,751, \$47,028 of which was in salaries and benefits. After leaving the position of Human Resources Director vacant for a year, the Town filled the position, although it had not been included in the budget.

Public Safety was over budget by \$44,970 or 2.1% of the combined budgets for Police, Fire, Code Enforcement, and Animal Control. The majority of the overage was in the Fire Department, primarily related to hourly wages to staff community events and provide non-emergency transportation. These costs were completely offset by increased revenues.

Public Services includes the departments of Public Works, Waste Disposal, Parks, and maintenance for the West Cumberland Recreation Hall and the Historical Society buildings. Overall, this area was over budget by \$25,705. Most of the overage relates to the costs incurred during the extended and severe winter, and they are offset by reimbursements received from Maine Emergency Management Agency.

The Recreation Department overspent its budget by \$107,536, some of which was offset by increased revenues of \$69,241. Expenditures for After School Programs and Summer Camp field trips, combined, exceeded their budgets by over \$28,000; a large portion of this was a result of having to pay for bus transportation services which had been provided to the Town at no charge for the past several years. Also, in FY2015, the Town began offering families the ability to pay for the After School Program using credit cards, which resulted in costs in this area being approximately \$17,000 over budget. The remainder of the overage is related to growth of the programs offered by the Recreation Department, and this is the amount that is offset by additional revenues.

Spending in the Health and Public Assistance area was \$26,039 over budget, primarily due to the municipal Circuit Breaker program, that provides tax relief to residents who are 67 years of age or older. The Town experienced a significant increase in the cost of property tax abatements, as a new Assessor made adjustments to property values throughout the Town. This resulted in this line being over budget by \$53,136.

The Debt Service area was significantly under budget, by \$152,881 or 16.6%. There are two main factors contributing to this: no Tax Anticipation Note was used in FY2015, resulting in \$25,000 of savings on interest expense; and a new bond issue allowed the Town to refinance some existing debt, resulting in savings in this and future fiscal years totaling approximately \$240,000, and restructuring principal payments to minimize their effect on the tax rate.

**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2015**

The excess of revenues over expenditures and budgeted transfers of \$1,287,037 was used, in part, to make the following transfers:

- \$150,000 to offset current fiscal year revenue shortfalls at Val Halla Golf and Recreation Center
- \$477,451 to eliminate the long term amount due from Val Halla Golf and Recreation Center
- \$221,118 to provide funds for capital projects and purchases
- \$110,000 from savings on debt service to establish a debt service reserve fund, which when combined with the premium realized on bonds sold in FY2015, will be used to minimize the effect of future changes in debt service costs on the tax rate.

When all transfers are subtracted, the fund balance in the General Fund increased \$398,245, resulting in an ending fund balance of \$2,066,785. The fund balance policy of the Town requires the General Fund to move toward having an available fund balance that is 16.67% of revenues. At the end of FY2014, \$477,451 of General Fund fund balance remained restricted by a long term interfund receivable from Val Halla Golf and Recreation, making the fund balance that was unassigned and available at June 30, 2014 \$1,191,089, or 5% of revenues. In FY2013 and FY2012, the amounts were \$1,433,829, or 6% and \$727,371, or 3%, respectively. As of the end of FY2015, the long term interfund receivable had been eliminated, making the unassigned and available fund balance 8.2%. This is the highest this ratio has been in several years, and is a significant move towards attaining this goal.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land	\$ 6,051,439	2,926,000	16,200	16,200	6,067,639	2,942,200
Construction in progress	322,396	921,371	72,140	-	394,536	921,371
Land improvements	2,103,786	2,100,781	1,961,299	1,961,299	4,065,085	4,062,080
Buildings & building improvements	7,402,061	7,297,805	3,032,404	2,726,801	10,434,465	10,024,606
Machinery & equipment	1,941,502	2,013,493	453,043	485,579	2,394,545	2,499,072
Furniture & office equipment	70,692	203,571	6,673	12,263	77,365	215,834
Books & collections	990,116	990,116	-	-	990,116	990,116
Computer equipment	130,028	363,046	-	-	130,028	363,046
Vehicles	3,792,379	3,791,446	23,653	23,653	3,816,032	3,815,099
Infrastructure	24,107,152	22,964,568	3,937,449	3,937,449	28,044,601	26,902,017
Total capital assets	\$ 46,911,551	43,572,197	9,502,861	9,163,244	56,414,412	52,735,441
Accumulated depreciation	(13,813,536)	(13,432,159)	(4,667,174)	(4,439,868)	(18,480,710)	(17,872,027)
Capital assets, net of depreciation	33,098,015	30,140,038	4,835,687	4,723,376	37,933,702	34,863,414
Associated bonds and notes payable	15,653,221	13,171,009	1,201,888	849,629	16,855,109	14,020,638
Capital assets, net of debt	17,444,794	16,969,029	3,633,799	3,873,747	21,078,593	20,842,776

**Capital Assets – Governmental Activities**

At the end of fiscal year 2015, the Town of Cumberland's Governmental Activities had invested \$4,124,242 in a variety of capital assets. The most significant item was the purchase of Broad Cove Reserve for \$3,000,000; construction on Blanchard Road, for major improvements to drainage and sightlines between Bruce Hill Road and the Cumberland Fairgrounds, was completed and added \$1,101,126 to infrastructure (\$500,000 of this project was funded by the Maine Department of Transportation); in addition there were approximately \$450,000 of various building improvements, vehicle and equipment purchases. Depreciation expense for the year was \$1,129,041. Overall, the value of Governmental Activities' capital assets increased (net of disposals) by \$2,957,977.



**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2015**

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Vehicle purchases this year included a new Ford Explorer SUV and associated equipment (such as lights, dashboard modifications for radio and computer mounts, and dashboard video cameras) for the Police Department, totaling \$29,600; a 2008 and a 2010 Crown Victoria were taken out of service. Public Works purchased a 2015 International Plow Truck at a cost of \$163,780, and replaced a 1989 dump truck with a Chevrolet K3500 1-ton truck, with a plow and sander, for \$62,312.

Major pieces of equipment purchased this year include a road widener/shouldering machine for Public Works, with a cost of \$32,500 (purchased second hand); a handheld GPS to be used by Parks and Public Works to record and map locations for a variety of infrastructure items, such as culverts, storm drains, etc, for a cost of \$11,521; and the Fire Department purchased a thermal imaging camera for \$10,695, to replace an older model. These cameras are used by firefighters to scan for hot spots after a fire has been extinguished, to find places where the fire might erupt again, so that they can take preventative action.

In addition to the purchase of Broad Cove Reserve, the Town purchased a 13 acre parcel of land from Maine Central Railroad, located off Tuttle Road and adjacent to the Town Forest, for \$40,143. During FY2015, the Town took over responsibility for the Cumberland Historical Society Building, with a combined land and building property value of \$173,200.

**Capital Assets – Business - type Activities**

The only capital addition to the business type activities of the Town, also known as Enterprise Funds, was installation of new heating systems throughout all Senior Housing residential units, costing \$338,634. The existing heating units had been in place since the original construction of the buildings in 1992. The Town was able to take advantage of the new gas infrastructure to convert from oil to gas furnaces, in order to realize savings on heating costs. Depreciation expense for business type activities was \$277,521; combined with additions and retirements, the net change to capital assets was an increase of \$112,311.

Additional information on the Town of Cumberland's capital assets can be found in the *Notes to the Basic Financial Statements* on pages 56-57 of this report.

**Long Term Debt**

At year end, the Town had \$16,313,068 in bonds and notes payable, versus \$13,856,564 last year; an increase of \$2,456,504. After several years of decreasing balances, the Town issued new debt in FY2015 to fund the purchase of Broad Cove Reserve, new roofs and heating systems at Senior Housing, and to refinance various bonds and notes to take advantage of lower borrowing costs.

The Town's credit ratings are: Standard & Poor's AA+; Moody's AA3. This is the 2nd highest rating given by Standard & Poor's and the 4<sup>th</sup> highest rating for Moody's. Additional information on the Town of Cumberland's long-term debt can be found in the *Notes to the Basic Financial Statements* on pages 60-61 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Town of Cumberland's FY2016 municipal expenditures budget, which excludes MSAD 51 appropriations, increased from \$9,432,584 to \$10,355,079, an increase of \$922,495. This represents an increase of 9.8%.

\$759,234 of the increase, or 8%, was added to the budget due to the Val Halla Golf and Recreation Center being moved from a business type activity to the General Fund. Due to its continuing operating losses and need to be subsidized by the General Fund, the Town decided that it could no longer be treated as a business type activity. Another new program added to the General Fund was Adult Education, which the Recreation Department took over from MSAD #51. Budgeted costs for this program added an additional \$60,271. Excluding these programs and the increase in County tax, the Town's operating budget increased \$51,632, or 0.6%.

**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2015**

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Anticipated capital spending in FY2016 will include additional outlay to complete the conversion and upgrade of heating systems in town buildings, to take advantage of the natural gas that is being installed throughout the Town. Equipment purchases in the new year will include a new plow truck and another 1-ton pick-up truck, both for Public Works. The Town is gradually replacing vehicles in Public Works, as many of them are more than 15 years old and have reached the end of their useful life.

The Town will be participating, with the Town of North Yarmouth, in the purchase of a 215 acre property known as Knight's Pond and Blueberry Hill. This land has been privately held for many years, and made available to the public by the former owner. In order to prevent it being sold to a developer, the Cumberland-Chebeague Land Trust approached both towns with a plan to preserve the natural habitat and public access. The Town has set aside \$300,000 which, when combined with the contribution from North Yarmouth and substantial fundraising by the Land Trust (well over half of the purchase price), will enable this property to remain unspoiled for future generations.

Total assessed value of real estate and business' personal property (machinery and equipment) increased an extraordinary \$45 million for the FY2015 tax year, based on assessed values as of April 1, 2014. A substantial part of this was the addition of \$10 million in gas infrastructure. Continuing commercial development along Rt. 1 and Rt. 100, as well as rapid build outs in subdivisions that had been inactive since the beginning of the recession, have contributed to the \$35 million increase in real property values in the Town. Increases in taxable assessed value directly increase the amount of property tax that the Town is able to collect, and thus reduce the effect of budget increases on future years' tax rates.

In FY2015, the total combined tax rate was \$17.40, of which \$5.13 was allocated to Town expenses, \$0.57 to the County, and \$11.70 to MSAD 51. The tax rate for FY2016 was increased to \$18.10. A new distribution model used by the Assessor shows \$5.39 is to pay expenses of the Town, \$0.58 is to pay the County, and \$12.13 represents the Town's share of school expenses for MSAD 51.

The Sewer Fund experienced a modest increase in net position again this year. In order to avoid having a dramatic increase in a future year, residential sewer rates have been gradually increasing over the past few years to build a reserve for future capital investment. Senior Housing also experienced a modest increase in net position this year. There continues to be a long waiting list of residents seeking housing in these units. Due to ongoing operating losses, the Town moved Val Halla out of business-type activities and into the General Fund.

Overall, the Town has been experiencing robust growth, which has enabled an increase in liquidity, as well as minimizing the effect of budget increases on the tax rate. It has been able to reduce its dependence on short term borrowing, and continues to see growth in unassigned fund balances.

#### **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 any questions about this report or need additional financial information, contact  
*Heather L'Hommedieu Perreault, Director of Finance, 290 Tuttle Road, Cumberland, ME, 04021.*

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## **BASIC FINANCIAL STATEMENTS**

**TOWN OF CUMBERLAND, MAINE**  
**Statement of Net Position**  
**June 30, 2015**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,684,235	1,740	5,685,975
Investments	271,983	8,010	279,993
Receivables:			
Accounts	178,251	188,523	366,774
Intergovernmental	343,042	-	343,042
Taxes - current year	252,105	-	252,105
Taxes - prior years	136,759	-	136,759
Notes	62,500	-	62,500
Prepaid expenses	5,849	69,509	75,358
Internal balances	(911,717)	911,717	-
Capital assets not being depreciated	7,363,951	88,340	7,452,291
Capital assets being depreciated, net	25,734,064	4,747,347	30,481,411
Total assets	39,121,022	6,015,186	45,136,208
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	185,387	-	185,387
Total deferred outflows of resources	185,387	-	185,387
<b>LIABILITIES</b>			
Accounts payable	381,760	79,774	461,534
Accrued payroll	187,302	29,130	216,432
Other liabilities	172,841	26,612	199,453
Accrued interest payable	131,671	-	131,671
Noncurrent liabilities:			
Due within one year	1,064,685	151,698	1,216,383
Due in more than one year	15,747,902	1,253,902	17,001,804
Total liabilities	17,686,161	1,541,116	19,227,277
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	465,351	-	465,351
Total deferred inflows of resources	465,351	-	465,351
<b>NET POSITION</b>			
Net investment in capital assets	17,444,794	3,633,799	21,078,593
Restricted for:			
TIF Districts	242,556	-	242,556
Education and libraries:			
Expendable permanent funds	172,839	-	172,839
Nonexpendable permanent funds	99,241	-	99,241
Unrestricted	3,195,467	840,271	4,035,738
Total net position	\$ 21,154,897	4,474,070	25,628,967

*See accompanying notes to basic financial statements.*

**TOWN OF CUMBERLAND, MAINE**  
**Statement of Activities**  
**For the year ended June 30, 2015**

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		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 2,576,262	360,104	30,878	62,419	(2,122,861)	-	(2,122,861)
Public safety	2,514,371	410,695	41,421	-	(2,062,255)	-	(2,062,255)
Public services	2,862,022	320,850	74,000	247,042	(2,220,130)	-	(2,220,130)
Recreation	948,009	768,827	-	-	(179,182)	-	(179,182)
Education and libraries	14,795,916	167,135	-	-	(14,628,781)	-	(14,628,781)
Health and public assistance	86,796	-	25,906	-	(60,890)	-	(60,890)
Interest on debt	605,148	-	-	-	(605,148)	-	(605,148)
Total governmental activities	24,388,524	2,027,611	172,205	309,461	(21,879,247)	-	(21,879,247)
Business-type activities:							
Senior Housing	292,029	318,745	-	-	-	26,716	26,716
Sewer System	843,432	918,929	-	-	-	75,497	75,497
Val Halla Golf and Recreation Center	944,462	625,406	-	-	-	(319,056)	(319,056)
Total business-type activities	2,079,923	1,863,080	-	-	-	(216,843)	(216,843)
Total primary government	\$ 26,468,447	3,890,691	172,205	309,461	(21,879,247)	(216,843)	(22,096,090)
General revenues:							
Property taxes, levied for general purposes					\$ 20,399,147	-	20,399,147
TIF district taxes					1,251,165	-	1,251,165
Outer island property taxes					41,867	-	41,867
Payments in lieu of taxes					28,656	-	28,656
Motor vehicle excise taxes					1,693,482	-	1,693,482
Interest and penalties					42,479	-	42,479
Grants and contributions not restricted to specific programs:							
Homestead and BETE exemptions					190,404	-	190,404
State Revenue Sharing					421,155	-	421,155
Unrestricted investment earnings					5,897	6,538	12,435
Miscellaneous revenues					304,127	-	304,127
Transfers					(627,451)	627,451	-
Total general revenues and transfers					23,750,928	633,989	24,384,917
Change in net position					1,871,681	417,146	2,288,827
Net position - beginning, restated					19,283,216	4,056,924	23,340,140
Net position - ending					\$ 21,154,897	4,474,070	25,628,967

See accompanying notes to basic financial statements.

**TOWN OF CUMBERLAND, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	General	Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,684,235	-	-	5,684,235
Investments	-	-	271,983	271,983
Receivables:				
Accounts	132,854	-	45,397	178,251
Intergovernmental	343,042	-	-	343,042
Taxes - prior years	136,759	-	-	136,759
Taxes - current year	252,105	-	-	252,105
Notes	-	-	62,500	62,500
Prepaid items	5,849	-	-	5,849
Interfund loans receivable	-	850	2,734,708	2,735,558
<b>Total assets</b>	<b>\$ 6,554,844</b>	<b>850</b>	<b>3,114,588</b>	<b>9,670,282</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	235,154	-	126,996	362,150
Accrued payroll	179,692	-	7,610	187,302
Escrow liabilities	58,587	-	-	58,587
Taxes paid in advance	51,754	-	-	51,754
Unearned revenue	-	-	62,500	62,500
Interfund loans payable	3,660,659	-	6,226	3,666,885
Total liabilities	4,185,846	-	203,332	4,389,178
Deferred inflows of resources:				
Unavailable revenue - property taxes	302,213	-	-	302,213
Total deferred inflows of resources	302,213	-	-	302,213
Fund balances:				
Nonspendable	5,849	-	99,241	105,090
Restricted	-	-	415,395	415,395
Committed	-	850	2,010,716	2,011,566
Assigned	-	-	392,130	392,130
Unassigned	2,060,936	-	(6,226)	2,054,710
Total fund balances	2,066,785	850	2,911,256	4,978,891
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,554,844</b>	<b>850</b>	<b>3,114,588</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.	33,098,015
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenues in the funds.	302,213
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:	
Bonds and notes payable	(15,068,068)
Unamortized premiums on bonds	(571,310)
Capital leases	(13,843)
Accrued interest	(131,671)
Accrued compensated absences	(167,068)
Net pension liability, including related deferred inflows/outflows	(758,262)
Landfill post closure care costs	(514,000)
	(17,224,222)

**Net position of governmental activities** **\$ 21,154,897**

*See accompanying notes to basic financial statements.*

**TOWN OF CUMBERLAND, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2015**

	General	Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 22,274,939	-	1,251,165	23,526,104
Licenses and permits	159,680	-	-	159,680
Intergovernmental	943,016	-	73,842	1,016,858
Charges for services	1,279,114	-	108,967	1,388,081
Other	550,939	-	184,581	735,520
Total revenues	25,207,688	-	1,618,555	26,826,243
Expenditures:				
Current:				
General government	1,133,820	-	271,329	1,405,149
Public safety	2,186,641	-	87,378	2,274,019
Public services	1,717,893	-	31,831	1,749,724
Recreation	751,980	-	83,502	835,482
Library	387,703	-	17,507	405,210
Health and public assistance	68,414	-	16,934	85,348
Unclassified	370,906	-	-	370,906
Insurance	203,661	-	-	203,661
Education	14,313,306	-	-	14,313,306
County tax	696,073	-	-	696,073
Capital outlay	-	3,116,480	1,318,292	4,434,772
Debt service:				
Principal	542,220	-	459,382	1,001,602
Interest	224,166	-	255,655	479,821
Total expenditures	22,596,783	3,116,480	2,541,810	28,255,073
Excess (deficiency) of revenues over (under) expenditures	2,610,905	(3,116,480)	(923,255)	(1,428,830)
Other financing sources (uses):				
Bonds issued	-	5,730,000	-	5,730,000
Premium on bonds issued	-	601,379	-	601,379
Payment to refunded bond escrow agent	-	(2,931,919)	-	(2,931,919)
Transfers in	90,264	-	2,072,920	2,163,184
Transfers out	(2,302,924)	(282,130)	(205,581)	(2,790,635)
Total other financing sources (uses)	(2,212,660)	3,117,330	1,867,339	2,772,009
Net change in fund balances	398,245	850	944,084	1,343,179
Fund balances, beginning of year, restated	1,668,540	-	1,967,172	3,635,712
Fund balances, end of year	\$ 2,066,785	850	2,911,256	4,978,891

*See accompanying notes to basic financial statements.*



**TOWN OF CUMBERLAND, 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, 2015**

Net change in fund balances - total governmental funds (from Statement 4)	\$ 1,343,179
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. This is the amount by which capital outlay (\$4,124,242) exceeded depreciation expense (\$1,129,041) and the loss on the disposal of assets (\$37,224).	2,957,977
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.	(111,787)
Expenses in the statement of activities that do not consume current financial resources are not reported as expenditures in the funds: landfill closure costs (\$6,000); accrued interest expense (\$22,380); accrued compensated absences (\$16,065), net pension liability, including changes in related deferred inflows and outflows (\$196,969).	164,524
The issuance of capital leases provide current financial resources to governmental funds, but capital leases increase long-term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal repayments.	52,336
The issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which current year proceeds, (\$5,730,000) including premium on bonds (\$601,379) exceeded the related amortization (\$30,069) and repayments (\$3,766,762).	(2,534,548)
<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$ 1,871,681</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CUMBERLAND, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the year ended June 30, 2015**

	<b>Budgeted amounts</b>		<b>Actual</b>	<b>Variance with final budget positive (negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Taxes	\$ 21,897,941	21,897,941	22,274,939	376,998
Licenses and permits	142,465	142,465	159,680	17,215
Intergovernmental	883,878	883,878	943,016	59,138
Charges for services	1,061,526	1,061,526	1,279,114	217,588
Other	282,009	282,009	550,939	268,930
Total revenues	24,267,819	24,267,819	25,207,688	939,869
Expenditures:				
Current:				
General government	1,038,241	1,038,241	1,133,820	(95,579)
Public safety	2,141,671	2,141,671	2,186,641	(44,970)
Public services	1,692,188	1,692,188	1,717,893	(25,705)
Recreation programs	644,444	644,444	751,980	(107,536)
Library	387,607	387,607	387,703	(96)
Health and public assistance	42,375	42,375	68,414	(26,039)
Unclassified	339,352	339,352	370,906	(31,554)
Insurance	207,499	207,499	203,661	3,838
Education	14,313,306	14,313,306	14,313,306	-
County tax	696,073	696,073	696,073	-
Capital projects (transfers to reserves)	1,323,868	1,323,868	1,323,868	-
Debt service	919,267	919,267	766,386	152,881
Total expenditures	23,745,891	23,745,891	23,920,651	(174,760)
Excess of revenues over expenditures	521,928	521,928	1,287,037	765,109
Other financing sources (uses):				
Transfers in	-	-	90,264	90,264
Transfers out	-	-	(979,056)	(979,056)
Total other financing uses (uses)	-	-	(888,792)	(888,792)
Net change in fund balance	521,928	521,928	398,245	(123,683)
Fund balance, beginning of year			1,668,540	
<b>Fund balance, end of year</b>	<b>\$</b>		<b>2,066,785</b>	

*See accompanying notes to basic financial statements.*

**TOWN OF CUMBERLAND, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

<b>Business-type Activities - Enterprise Funds</b>				
	<b>Senior Housing Fund</b>	<b>Sewer System</b>	<b>Val Halla Golf and Recreation Center</b>	<b>Totals</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	-	1,740	1,740
Investments	8,010	-	-	8,010
Accounts receivable	-	170,129	18,394	188,523
Prepaid expenses	1,278	60,982	7,249	69,509
Interfund loans receivable	519,830	374,371	17,516	911,717
Total current assets	529,118	605,482	44,899	1,179,499
Noncurrent assets:				
Land and construction in progress	72,140	-	16,200	88,340
Property, plant, and equipment	1,968,364	3,948,117	3,498,040	9,414,521
Less accumulated depreciation	(1,076,155)	(1,881,539)	(1,709,480)	(4,667,174)
Total noncurrent assets	964,349	2,066,578	1,804,760	4,835,687
Total assets	1,493,467	2,672,060	1,849,659	6,015,186
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	43,573	131	36,070	79,774
Accrued payroll	-	-	29,130	29,130
Security deposit	24,612	-	2,000	26,612
Accrued compensated absences, current	-	-	10,000	10,000
Unamortized premium, current	9,788	-	-	9,788
Lease payable, current	-	-	21,910	21,910
Bonds payable, current	110,000	-	-	110,000
Total current liabilities	187,973	131	99,110	287,214
Noncurrent liabilities:				
Accrued compensated absences	-	-	6,028	6,028
Lease payable	-	-	22,677	22,677
Bonds and premiums payable	1,225,197	-	-	1,225,197
Total noncurrent liabilities	1,225,197	-	28,705	1,253,902
Total liabilities	1,413,170	131	127,815	1,541,116
<b>NET POSITION</b>				
Net investment in capital assets	(192,952)	2,066,578	1,760,173	3,633,799
Unrestricted	273,249	605,351	(38,329)	840,271
Total net position	\$ 80,297	2,671,929	1,721,844	4,474,070

*See accompanying notes to basic financial statements.*

**TOWN OF CUMBERLAND, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2015**

<b>Business-type Activities - Enterprise Funds</b>				
	<b>Senior Housing Fund</b>	<b>Sewer System</b>	<b>Val Halla Golf and Recreation Center</b>	<b>Totals</b>
Operating revenues:				
Rental income	\$ 302,249	-	-	302,249
Charges for services	-	917,320	590,380	1,507,700
Sewer connection permits	-	1,500	-	1,500
Payments in lieu of taxes	-	-	8,000	8,000
Other	16,496	109	27,026	43,631
<b>Total operating revenues</b>	<b>318,745</b>	<b>918,929</b>	<b>625,406</b>	<b>1,863,080</b>
Operating expenses:				
Wages and benefits	74,461	12,924	408,798	496,183
Utilities	41,123	-	63,051	104,174
Maintenance	33,098	-	13,965	47,063
Contracted services	23,304	10,344	12,939	46,587
Tools and equipment	58	8,458	111,958	120,474
Grounds maintenance	-	-	64,579	64,579
Wastewater assessment	-	732,144	-	732,144
Program costs	-	-	56,559	56,559
General costs	42,484	-	42,395	84,879
Depreciation	50,984	79,562	146,975	277,521
<b>Total operating expenses</b>	<b>265,512</b>	<b>843,432</b>	<b>921,219</b>	<b>2,030,163</b>
<b>Operating income (loss)</b>	<b>53,233</b>	<b>75,497</b>	<b>(295,813)</b>	<b>(167,083)</b>
Nonoperating revenue (expense):				
Loss on disposal of assets	-	-	(20,942)	(20,942)
Interest income	6,538	-	-	6,538
Interest expense	(26,517)	-	(2,301)	(28,818)
<b>Total nonoperating revenue (expense)</b>	<b>(19,979)</b>	<b>-</b>	<b>(23,243)</b>	<b>(43,222)</b>
<b>Income (loss) before transfers</b>	<b>33,254</b>	<b>75,497</b>	<b>(319,056)</b>	<b>(210,305)</b>
<b>Transfers in</b>	<b>-</b>	<b>-</b>	<b>627,451</b>	<b>627,451</b>
<b>Change in net position</b>	<b>33,254</b>	<b>75,497</b>	<b>308,395</b>	<b>417,146</b>
<b>Total net position, beginning of year</b>	<b>47,043</b>	<b>2,596,432</b>	<b>1,413,449</b>	<b>4,056,924</b>
<b>Total net position, end of year</b>	<b>\$ 80,297</b>	<b>2,671,929</b>	<b>1,721,844</b>	<b>4,474,070</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CUMBERLAND, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2015**

<b>Business-type Activities - Enterprise Funds</b>				
	<b>Senior Housing Fund</b>	<b>Sewer System</b>	<b>Val Halla Golf and Recreation Center</b>	<b>Totals</b>
Cash flows from operating activities:				
Receipts from customers and users	\$ 319,644	914,144	645,108	1,878,896
Payments to suppliers	(70,578)	(750,875)	(373,637)	(1,195,090)
Payments to employees	(74,461)	(12,924)	(405,215)	(492,600)
Net cash provided by (used in) operating activities	174,605	150,345	(133,744)	191,206
Cash flows from noncapital financing activities:				
Interfund loans (repayments)	(312,828)	(150,345)	157,214	(305,959)
Net cash provided by (used in) noncapital financing activities	(312,828)	(150,345)	157,214	(305,959)
Cash flows from capital and related financing activities:				
Proceeds from bonds	317,194	-	-	317,194
Premium on bond issuance costs	77,633	-	-	77,633
Payments to refunding bond escrow agent	(141,542)	-	-	(141,542)
Bond, note and lease principal payments	(105,192)	-	(21,169)	(126,361)
Interest paid	(16,729)	-	(2,301)	(19,030)
Net cash provided by (used in) capital and related financing activities	131,364	-	(23,470)	107,894
Cash flows from investing activities:				
Interest income	6,859	-	-	6,859
Net cash provided by investing activities	6,859	-	-	6,859
Increase in cash	-	-	-	-
Cash, beginning of year	-	-	1,740	1,740
<b>Cash, end of year</b>	<b>\$ -</b>	<b>-</b>	<b>1,740</b>	<b>1,740</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 53,233	75,497	(295,813)	(167,083)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	50,984	79,562	146,975	277,521
(Increase) decrease in accounts receivable	-	(4,785)	17,702	12,917
(Increase) decrease in prepaid expenses	28,148	(60)	-	28,088
Increase (decrease) in accounts payable	41,341	131	(8,191)	33,281
Increase (decrease) in accrued payroll	-	-	1,920	1,920
Increase (decrease) in accrued compensated absences	-	-	1,663	1,663
Increase (decrease) in security deposit	899	-	2,000	2,899
Net cash provided by (used in) operating activities	174,605	150,345	(133,744)	191,206
Non-cash transactions:				
Bond issuance costs paid with bond proceeds	(12,032)	-	-	(12,032)
Capital assets paid for with bond proceeds	(410,774)	-	-	(410,774)
Change in fair market value of investments	(321)	-	-	(321)
Amortization of premium on bond	9,788	-	-	9,788

*See accompanying notes to basic financial statements.*

**TOWN OF CUMBERLAND, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	Private-purpose Trust Fund (Scholarships)	Agency Fund (Food Pantry Component Unit)
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	34,470
Investments	173,288	-
Accounts receivable	-	170
Due from general fund	-	28,860
Total assets	173,288	63,500
<b>LIABILITIES</b>		
Accounts payable	1,500	246
Due to general fund	9,250	-
Due to others	-	63,254
Total liabilities	10,750	63,500
<b>NET POSITION</b>		
Held in trust	\$ <b>162,538</b>	-

*See accompanying notes to basic financial statements.*

**TOWN OF CUMBERLAND, MAINE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2015**

	<b>Private-purpose Trust Fund (Scholarships)</b>
Additions:	
Donations	\$ 200
Investment income	6,446
Unrealized loss on investments	(6,940)
Total additions	(294)
Deductions:	
Scholarships awarded	6,400
Total deductions	6,400
Change in net position	(6,694)
Net position, beginning of year	169,232
<b>Net position, end of year</b>	<b>\$ 162,538</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the Town of Cumberland conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies:

**Reporting Entity**

The Town of Cumberland was incorporated in 1821 and operates under a Council-Manager form of government. The Town is located in Cumberland County and has a population of 7,211.

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States of America. 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. Based upon the application of these criteria, the Town has reported the following component unit:

**Cumberland Food Pantry** is a component unit of the Town. Although it is legally separate from the Town, the Food Pantry is reported as if it were part of the primary government because Town management makes up the entire Pantry's board. There are no separately issued financial statements for this component unit and it is reported as an agency fund.

**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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 the 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.



**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and 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. 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 funds:

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 Bond Fund is a capital projects fund that accounts for the bond proceeds and other related revenues, as well as related capital expenditures for various Town projects.

The Town reports the following major proprietary funds:

The Senior Housing Fund accounts for the construction and operation of senior housing units in Cumberland overseen by the Cumberland Housing Authority.

The Sewer System accounts for the operation of a sewer system in Cumberland.

Val Halla Golf and Recreation Center accounts for revenues received and expenses incurred in the operation of the Val Halla Golf Course.

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Additionally, the Town reports the following fiduciary fund types:

Private-purpose Trust Funds are used to report the activity for bequests left for charitable payments of scholarship awards. These assets are held by the Town in a trustee capacity, whereby the original bequest is preserved as nonexpendable and the accumulated interest earnings are available to provide for educational awards. Fiduciary funds use an economic resources measurement focus.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Town's agency fund accounts for the Cumberland Food Pantry.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**Cash and Cash Equivalents** - Cash and cash equivalents are considered to be cash on hand, demand deposits and time deposits. Investments are stated at fair value. For statement of cash flow purposes, the Town considers cash and cash equivalents to be demand deposits, certificates of deposit with maturities of less than three months, and money market mutual funds.

The Town has established a formal investment policy that governs the investment of all of its funds. Pursuant to its investment policy and applicable Maine law (Title 30-A, Section 5706 et. Seq. of the Maine Revised Statutes, as amended) all investments of the Town must be made with care, prudence and skill. The goals of the investment policy are to provide safety of principal through diversification of assets and to provide a high degree of liquidity in the investments. The Town is not invested in any obligations typically referred to as derivatives.

**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). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**TOWN OF CUMBERLAND, 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 assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Infrastructure costs include assets that were acquired prior to the fiscal year ended June 30, 1980. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal repairs and maintenance 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-40 years
Buildings and building improvements	20-40 years
Machinery and equipment	4-30 years
Furniture and office equipment	10-20 years
Computer equipment	3-7 years
Vehicles	4-30 years
Infrastructure	20-50 years

**Deferred Inflows and Outflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The deferred outflows relate to the net pension liability, which include the Town's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include differences between expected and actual experience, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred inflows that arises under the modified accrual basis of accounting that qualify for reporting in this category: unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows also include amounts related to the net pension liability, which include changes in the proportion and differences between the Town's contributions and proportionate share of contributions. These deferred inflows related to pensions are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. In addition, deferred inflows also include the net difference between the projected and actual investment earnings on pension plan investments, which are amortized over five years.

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**Vacation and Sick Leave** - Under terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service and are accrued ratably over the year. Regular part-time employees receive vacation and sick leave on a pro-rated basis. Accumulated vacation time has been recorded as a liability in the government-wide and proprietary funds.

**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) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. 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.

**Long-term Obligations** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, if material to basic financial statements, 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. Bond issuance costs are expensed in the period incurred.

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.

**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 which 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 which 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 committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance.

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. 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.

It is the policy of the Town of Cumberland to maintain unassigned fund balance in the general fund at 16.67% of general fund revenues measured on a GAAP basis. In the event that the unassigned fund balance drops below this level, the Town Manager will develop a plan, implemented through the annual budgetary process, to bring the balance to the target level over a period of no more than five (5) years. Amounts in excess of the target shall be used to offset negative balances in capital projects funds, offset intergovernmental loans, and to build capital project fund levels for future purchases, as determined by the Town Council and Town Manager. If the first three purposes are met, then the Town may use excess balances to offset future tax levy amounts through a stabilization fund.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the Town's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the Town's intent to use committed or assigned resources first, and then unassigned resources as they are needed.

**Interfund Transactions** - Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund are recorded as expenditures/expenses in the reimbursing fund and 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** - The net position amount represents the difference between assets, deferred outflows and liabilities and deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The Town's net investment in capital assets was calculated as follows at June 30, 2015:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 46,911,551	9,502,861
Accumulated depreciation	(13,813,536)	(4,667,174)
Unamortized premium on bonds	(571,310)	(99,984)
Bonds and notes payable	(15,068,068)	(1,245,000)
Capital leases	(13,843)	(44,587)
Unspent bond proceeds	-	187,683
<b>Net investment in capital assets</b>	<b>\$ 17,444,794</b>	<b>3,633,799</b>

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**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**A. Budgetary Information**

The Town utilizes a formal budgetary accounting system to control revenues and expenditures. Budgets are established in accordance with the various laws which govern the Town's operations. For each of the funds for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of accounting principles generally accepted in the United States of America.

Budgets are adopted for the General Fund only and are adopted on a basis consistent with generally accepted accounting principles (GAAP) in the United States of America. The level of control (level at which expenditures may not exceed budget) is the Department. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year.

The Town Manager is authorized to transfer budgeted amounts between general classifications of expenditures within a department; however, the gross appropriation for each department shall not be exceeded except by consent of the Council. Encumbrance accounting is not employed by the Town.

The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments.

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2015, the following General Fund expenditures exceeded appropriations in the following departments:

Administration and council	\$ 58,751	Public buildings	507
Assessor	4,844	Recreation programs	107,536
Elections	1,567	Prince Memorial Library	96
Planning	10,942	Health services	14
Legal services	29,691	Senior services	4,580
Police	1,804	General assistance	908
Fire	36,067	Street lighting	8,485
Code enforcement	5,931	Abatements	53,136
Animal control	1,168	Public works	36,986
Parks	6,714		

These over expenditures lapsed to fund balance at year-end.

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED**

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At June 30, 2015, the following funds had deficit fund balances/net position:

Capital Project Funds:	
Parking Lot Fund	\$ 6,226
Private-purpose Trust Funds:	
Carle Henry Music Scholarship	268

These fund deficits will be covered by future revenue sources.

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**CASH AND INVESTMENTS**

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**A. Deposits**

*Custodial Credit Risk-Town Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy is to have its deposits covered by F.D.I.C. insurance or by additional insurance purchased on behalf of the Town by the respective banking institution.

As of June 30, 2015, the Town reported deposits of \$5,720,445 with a bank balance of \$5,746,941. Of the Town's bank balances of \$5,746,941, none was exposed to custodial credit risk. The entire balance of \$5,746,941 was covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 5,684,235
Reported in proprietary funds	1,740
Reported in fiduciary funds	34,470
<b>Total deposits</b>	<b>\$ 5,720,445</b>

**B. Investments**

At June 30, 2015, the Town had the following investments and maturities:

	Fair value	Less than 1 year	1-5 years	More than 5 years
U. S. Government securities	\$ 178,498	61,045	87,079	30,374
U. S. Treasury notes	177,095	-	157,480	19,615
Money markets	47,688	N/A	-	-
Certificates of deposit	50,000	50,000	-	-
<b>Total investments</b>	<b>\$ 453,281</b>	<b>111,045</b>	<b>244,559</b>	<b>49,989</b>

*Custodial Credit Risk-Town Investments:* For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The Town's policy is to have its investments covered by F.D.I.C. insurance or by additional insurance purchased on behalf of the Town by the respective financial institution.

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**CASH AND INVESTMENTS, CONTINUED**

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Of the Town's \$50,000 investment in certificates of deposit, none was subject to custodial credit risk because it was covered by F.D.I.C. insurance.

Investments have been reported as follows:

Reported in governmental funds	\$ 271,983
Reported in proprietary funds	8,010
Reported in fiduciary funds	<u>173,288</u>
 <b>Total investments</b>	 <b><u>\$ 453,281</u></b>

*Interest Rate Risk:* The Town does not have a policy related to interest rate risk.

*Credit Risk:* Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The Town does not have a formal policy related to credit risk.

The U.S. Government securities include Federal Home Loan Mortgage (Freddie Mac) and Federal National Mortgage Association (Fannie Mae) bonds with fair values of \$124,024 and \$54,474, respectively, and are all rated AA+ by Standard & Poor's.

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**PROPERTY TAX**

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The Town's property tax is levied on the assessed value listed as of the prior April 1 for all real and taxable personal property located in the Town. Assessed values are periodically established by the Assessor at 100% of the assumed market value.

Property taxes were levied August 6, 2014 on the assessed values of real property as of April 1, 2014. Taxes were due September 15, 2014 and March 15, 2015. This assessed value of \$1,244,270,800 was 100% of the estimated market value and 113% of the 2015 state valuation of \$1,099,350,000. The Town completed a revaluation of all Town properties in 2008.

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 \$521,928 for the year ended June 30, 2015.

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 tax liens and associated costs remain unpaid.



**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**PROPERTY TAX, CONTINUED**

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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.

The following summarizes the periods ended June 30, 2015 and 2014 levies:

	<u>2015</u>	<u>2014</u>
Valuation:		
Land	\$ 533,043,900	530,465,800
Buildings	695,732,400	666,321,000
Personal property	15,494,500	15,590,200
<b>Total assessed valuation</b>	<b>1,244,270,800</b>	<b>1,212,377,000</b>
Assessed value	1,244,270,800	1,212,377,000
Tax rate (per \$1,000)	17.40	17.00
Commitment	21,650,312	20,610,409
Less:		
Collections and abatements	21,398,207	20,329,247
<b>Receivable at June 30</b>	<b>\$ 252,105</b>	<b>281,162</b>
Due date(s)	9/15/14 3/15/15	9/16/13 3/17/14
Interest rate charged on delinquent taxes	7.00%	7.00%
Collection rate	98.84%	98.64%

As of July 1, 2007, per H.P. 1243 – L.D. 1735 *an Act to Authorize Chebeague Island to Secede from the Town of Cumberland*, Chebeague Island must pay to the Town of Cumberland 50% of the property taxes committed to the Town of Chebeague Island from the Outer Islands for a period of 50 years; to be paid on an annual basis. As of June 30, 2015 and 2014, Chebeague Island has paid \$41,867 and \$41,566, respectively.

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Restated balance July 1, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2015</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Books and collections	\$ 990,116	-	-	990,116
Construction in progress	921,371	513,206	(1,112,181)	322,396
Land	2,926,000	3,125,439	-	6,051,439
<u>Total capital assets, not being depreciated</u>	<u>4,837,487</u>	<u>3,638,645</u>	<u>(1,112,181)</u>	<u>7,363,951</u>
Capital assets, being depreciated:				
Land improvements	2,100,781	5,900	(2,895)	2,103,786
Buildings and building improvements	7,297,805	104,256	-	7,402,061
Machinery and equipment	2,013,493	86,750	(158,741)	1,941,502
Furniture and office equipment	203,571	-	(132,879)	70,692
Computer equipment	363,046	-	(233,018)	130,028
Vehicles	3,791,446	258,288	(257,355)	3,792,379
Infrastructure	22,964,568	1,142,584	-	24,107,152
<u>Total capital assets being depreciated</u>	<u>38,734,710</u>	<u>1,597,778</u>	<u>(784,888)</u>	<u>39,547,600</u>
Less accumulated depreciation for:				
Land improvements	1,075,208	94,122	(1,158)	1,168,172
Buildings and building improvements	3,097,478	190,200	-	3,287,678
Machinery and equipment	1,451,217	114,235	(139,128)	1,426,324
Furniture and office equipment	198,414	2,523	(131,385)	69,552
Computer equipment	309,263	16,152	(220,389)	105,026
Vehicles	2,130,389	232,113	(255,604)	2,106,898
Infrastructure	5,170,190	479,696	-	5,649,886
<u>Total accumulated depreciation</u>	<u>13,432,159</u>	<u>1,129,041</u>	<u>(747,664)</u>	<u>13,813,536</u>
<u>Total capital assets being depreciated, net</u>	<u>25,302,551</u>	<u>468,737</u>	<u>(37,224)</u>	<u>25,734,064</u>
<b><u>Governmental activities capital assets, net</u></b>	<b><u>\$ 30,140,038</u></b>	<b><u>4,107,382</u></b>	<b><u>(1,149,405)</u></b>	<b><u>33,098,015</u></b>

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

<b>Governmental activities:</b>	
General government	\$ 72,317
Public safety	226,855
Public services, including depreciation of general infrastructure assets	639,909
Health and public assistance	1,448
Recreation	112,527
Education and libraries	75,985
<b><u>Total depreciation expense – governmental activities</u></b>	<b><u>\$ 1,129,041</u></b>

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**CAPITAL ASSETS, CONTINUED**

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	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 16,200	-	-	16,200
Construction in progress	-	72,140	-	72,140
<b>Total capital assets, not being depreciated</b>	<b>16,200</b>	<b>72,140</b>	<b>-</b>	<b>88,340</b>
Capital assets, being depreciated:				
Land improvements	1,961,299	-	-	1,961,299
Buildings and building improvements	2,726,801	338,634	(33,031)	3,032,404
Machinery and equipment	485,579	-	(32,536)	453,043
Furniture and office equipment	12,263	-	(5,590)	6,673
Vehicles	23,653	-	-	23,653
Infrastructure, sewer	3,937,449	-	-	3,937,449
<b>Total capital assets being depreciated</b>	<b>9,147,044</b>	<b>338,634</b>	<b>(71,157)</b>	<b>9,414,521</b>
Less accumulated depreciation for:				
Land improvements	872,372	68,688	-	941,060
Buildings and building improvements	1,392,209	82,421	(15,530)	1,459,100
Machinery and equipment	340,139	47,235	(29,350)	358,024
Furniture and office equipment	11,418	428	(5,335)	6,511
Vehicles	23,653	-	-	23,653
Infrastructure, sewer	1,800,077	78,749	-	1,878,826
<b>Total accumulated depreciation</b>	<b>4,439,868</b>	<b>277,521</b>	<b>(50,215)</b>	<b>4,667,174</b>
<b>Total capital assets being depreciated, net</b>	<b>4,707,176</b>	<b>61,113</b>	<b>(20,942)</b>	<b>4,747,347</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 4,723,376</b>	<b>133,253</b>	<b>(20,942)</b>	<b>4,835,687</b>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

<b>Business-type activities:</b>	
Senior Housing	\$ 50,985
Sewer System	79,561
Val Halla Golf and Recreation Center	146,975
<b>Total depreciation expense – business-type activities</b>	<b>\$ 277,521</b>

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**INTERFUND LOAN BALANCES**

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The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. The balances represent each fund's portion of the centralized checking account.

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**INTERFUND LOAN BALANCES, CONTINUED**

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Individual interfund loan receivables, payables and advances at the year ended June 30, 2015 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
Governmental Funds:		
General Fund	\$ -	3,660,659
Bond Fund	850	-
Other Governmental Funds:		
Special revenue funds:		
Fire Grant	26,602	-
Recreation Programs	2,866	-
Police	8,163	-
Twin Brook	6,085	-
Library	18,873	-
Fuel Assistance	24,794	-
Total Special Revenue Funds	87,383	-
Capital project funds:		
Town Building Reserves	250,699	-
Affordable Housing	77,412	-
Road Improvements	807,369	-
Land Acquisition	338,790	-
TIF	214,053	-
Parking Lot	-	6,226
Tennis Court	23,651	-
Reserve Rt. 1 Parking	16,347	-
Equipment Reserves	87,276	-
Broad Cove	186,628	-
Village Green	252,873	-
Total Capital Project Funds	2,255,098	6,226
Debt service fund:		
Debt Service	392,130	-
Total Debt Service Fund	392,130	-
Permanent funds:		
Historical Society	97	-
Total Permanent Funds	97	-
Total Governmental Funds	2,735,558	3,666,885
Proprietary funds:		
Senior Housing	519,830	-
Sewer System	374,371	-
Val Halla Golf and Recreation Center	17,516	-
Total Proprietary Funds	911,717	-

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**INTERFUND LOAN BALANCES, CONTINUED**

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	<u>Interfund receivables</u>	<u>Interfund payables</u>
Fiduciary funds:		
Food Pantry agency fund	\$ 28,860	-
Private-purpose trust funds	-	9,250
<b>Total Fiduciary Funds</b>	<b>28,860</b>	<b>9,250</b>
<b>Totals</b>	<b>\$ 3,676,135</b>	<b>3,676,135</b>

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**INTERFUND TRANSFERS**

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Interfund transfers consist of budgeted transfers to and from other funds to fund certain activities accounted for in those funds and transfers to close out capital project funds that are no longer needed. Transfers were also made from the General Fund to the capital project funds and the Val Halla enterprise fund to offset deficit fund balances and an operating deficit, respectively. Individual fund transfers for the year ended June 30, 2015 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental Funds:		
General Fund	\$ 90,264	2,302,924
Bond fund	-	282,130
Other Governmental Funds:		
Special revenue funds:		
Recreation Programs	-	29,146
Police	-	211
DEA Seized	211	-
Library	-	10,622
Library Publications	4,122	-
<b>Total special revenue funds</b>	<b>4,333</b>	<b>39,979</b>
Capital project funds:		
Town Building Reserve	50,000	-
Affordable Housing	-	165,602
Road Improvements	887,368	-
Sweetser Books	6,500	-
Equipment Reserves	466,987	-
Broad Cove	200,000	-
West Cumberland Playground	15,602	-
Village Green	50,000	-
<b>Total capital project funds</b>	<b>1,676,457</b>	<b>165,602</b>
Debt service funds:		
Debt Service	392,130	-
<b>Total debt service funds</b>	<b>392,130</b>	<b>-</b>
<b>Total Governmental Funds</b>	<b>2,163,184</b>	<b>2,790,635</b>

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**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**INTERFUND TRANSFERS, CONTINUED**

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Enterprise funds:

Val Halla Golf and Recreation Center	\$ 627,451	-
Total enterprise funds	627,451	-

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<b>Totals</b>	<b>\$ 2,790,635</b>	<b>2,790,635</b>
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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2015 was as follows:

	Restated beginning balance	Additions	Reductions	Ending balance	Due within one year
<b>Governmental activities:</b>					
General obligation bonds	\$ 12,691,163	5,730,000	3,684,029	14,737,134	890,988
Unamortized bond premium	-	601,379	30,069	571,310	30,069
Total bonds payable	12,691,163	6,331,379	3,714,098	15,308,444	921,057
Notes payable	413,667	-	82,733	330,934	82,733
Capital leases	66,179	-	52,336	13,843	4,895
Accrued compensated absences	151,003	16,065	-	167,068	50,000
Net pension liability	1,062,967	-	584,669	478,298	-
Landfill post closure care costs	520,000	-	6,000	514,000	6,000
Total governmental activity					
long-term liabilities	\$ 14,904,979	6,347,444	4,439,836	16,812,587	1,064,685

The liability for accrued compensated absences is normally fully liquidated by the General Fund.

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<b>Business-type activities:</b>					
Bonds payable	\$ 600,000	740,000	95,000	1,245,000	110,000
Unamortized bond premium	32,139	77,633	9,788	99,984	9,788
Total bonds payable	632,139	817,633	104,788	1,344,984	119,788
Notes payable	151,734	-	151,734	-	-
Capital leases	65,756	-	21,169	44,587	21,910
Accrued compensated absences	14,365	1,663	-	16,028	10,000
Total business-type activity					
long-term liabilities	863,994	819,296	277,691	1,405,599	151,698
<b>Total long-term governmental and business-type activities</b>	<b>\$ 15,768,973</b>	<b>7,166,740</b>	<b>4,717,527</b>	<b>18,218,186</b>	<b>1,216,383</b>

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**LONG-TERM DEBT**

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**Bonds and Notes Payable**

Bonds and notes payable at June 30, 2015 are comprised of the following:

	<u>Originally Issued</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
Bonds and notes payable:					
Governmental activities:					
Economic Development	\$ 4,100,000	5/27/10	11/1/2029	2.06-5.75%	3,266,605
New Town office	1,000,000	5/01/98	11/1/2018	4.53-5.38%	286,327
Fire truck purchase	478,560	10/28/99	11/1/2019	4.28-5.91%	170,997
Purchase Rhines property	1,241,000	8/29/03	8/29/2019	4.50%	330,934
Capital projects	4,585,000	6/14/06	4/1/2026	3.50-4.63%	250,000
Infrastructure/Val Halla	2,775,802	5/15/08	11/1/2027	2.00-5.50%	1,795,802
Infrastructure Improvements	4,000,000	5/28/09	11/1/2029	2.08-5.58%	3,272,403
2015 improvements and refunding bonds	5,730,000	1/14/15	6/30/2034	2.00-4.00%	5,695,000
Total governmental activities					15,068,068
Business-type activity debt:					
Senior Housing	890,000	4/20/11	4/20/2019	2.0-5.0%	515,000
Senior Housing roofing/refunding	740,000	1/14/15	6/30/2034	2.00-4.00%	730,000
Total business-type activity debt					1,245,000
<b>Total bonds and notes payable</b>					<b>\$ 16,313,068</b>

All governmental activities long-term debt service requirements are paid by the General Fund or the TIF Fund (Capital Projects Fund). Business-type debt is paid by the proprietary enterprise funds.

The annual debt service requirements to amortize bonds and notes payable are as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 973,721	623,875	110,000	45,513
2017	1,010,786	509,172	110,000	42,897
2018	935,416	477,391	120,000	39,100
2019	908,829	445,564	140,000	33,700
2020	925,776	411,606	165,000	27,174
2021-2025	5,340,191	1,463,009	240,000	96,600
2026-2030	4,173,349	503,010	200,000	56,000
2031-2034	800,000	80,000	160,000	16,000
<b>Totals</b>	<b>\$ 15,068,068</b>	<b>4,513,627</b>	<b>1,245,000</b>	<b>356,984</b>

In accordance with 30-A MRSA, Section 5701, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its state assessed valuation. At June 30, 2015, the Town's outstanding debt did not exceed these limits.

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**ADVANCE REFUNDING OF DEBT**

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The Town issued \$2,870,000 in general obligation refunding bonds with interest rates ranging from 2.0% - 4.0%. The proceeds were used to advance refund \$2,940,000 of outstanding 2002, 2003 and 2006 general obligation bonds plus a Maine State Housing Authority (MSHA) loan, which had interest rates ranging from 2.0% - 5.0%. The net proceeds (including a \$256,851 premium) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2002, 2003, and 2006 general obligation bonds and the MSHA loan are considered defeased and the liability for those bonds and notes have been removed from the statement of net position.

The government advance refunded the 2002, 2003, 2006 and MSHA loan bonds and loan to reduce its total debt service payments by \$215,147 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$238,970.

In prior years, the government defeased general obligation public improvement 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, 2015, \$115,724 of defeased bonds remain outstanding.

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**LANDFILL CLOSURE AND POSTCLOSURE COSTS**

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Under State law, Maine communities had until December 31, 1994 to close existing landfills under a DEP approved plan. The Town currently has one demolition debris landfill. Although the landfill was closed to receiving additional debris in the early 1990's, the landfill was not properly capped or officially closed. The Town is currently working with an engineering firm to submit a closure plan to the Maine Department of Environmental Protection. The Town has estimated the closure costs of \$400,000 and post-closure costs of \$114,000 for total estimated liability of \$514,000. The liability has been recognized on the government-wide financial statements. The actual costs of closure and post closure care may be higher or lower due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

The following is a summary of the estimated cost of closure and post-closure costs for the Town's landfill as of June 30, 2015:

**Closure costs**

Construction: \$75,000 per acre x 4 acres	\$ 300,000
Engineering	50,000
Inspection and administration/certification	8,000
Annual monitoring	6,000
Other costs	36,000

<b>Total closure costs</b>	<b>\$ 400,000</b>
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**Post-closure costs**

Annual monitoring \$6,000 per year for 19 years	114,000
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<b>Total closure and post-closure costs</b>	<b>\$ 514,000</b>
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**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**CONDUIT DEBT**

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During FY 2015, Town issued \$2,300,000 in revenue bonds to provide financial assistance to the Friends School of Portland to help fund the construction of a new school in Cumberland. Upon repayment of the bonds, ownership of the acquired assets transfers to the School. Neither the Town, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2015, the outstanding principal balance of the revenue bonds was unknown.

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES**

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**Overlapping Debt**

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. For the year ended June 30, 2015, the Town's State valuation of \$1,099,350,000 was 2.79% of the County's State valuation of \$39,379,600,000. The Town's share is 2.79% or \$1,036,409 of Cumberland County's \$37,125,000 long-term debt outstanding at June 30, 2015.

The Town's proportionate share of Maine School Administrative District #51 debt of \$24,361,097 is \$16,814,886 (69.02%). This debt service is included in the annual assessments to the Town.

**Contingencies**

**Portland Water District** - The Town is also served by the Portland Water District. At June 30, 2015, the Town's share of self-supporting bonded water debt is 4.23% or \$1,934,681 of total debt of \$45,698,839. In addition, the Town's share of direct wastewater debt is 0.27% or \$75,000 of total debt of \$27,383,321.

**Total Debt and Contingencies**

Governmental Unit	June 30, 2015				
	Direct debt		Overlapping debt	Contingent debt	Total debt
	Governmental activities	Business-type activities			
Town of Cumberland	\$ 15,653,221	1,389,571	-	-	17,042,792
Cumberland County	-	-	1,036,409	-	1,036,409
M.S.A.D. #51	-	-	16,814,886	-	16,814,886
Portland Water District:					
Water and waste water debt	-	-	-	2,009,681	2,009,681
<b>Totals</b>	<b>\$ 15,653,221</b>	<b>1,389,571</b>	<b>17,851,295</b>	<b>2,009,681</b>	<b>36,903,768</b>

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**JOINTLY GOVERNED ORGANIZATION**

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The Town of Cumberland participates in a jointly governed organization, which is not part of the Town's reporting entity.

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 also 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, 2014, the most recent information available, includes total assets of \$64,568,980, total liabilities of \$18,893,073 and unrestricted net position of \$16,593,731. The liabilities include an accrual for landfill closure and postclosure care amounting to \$16,191,575.

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 at their administrative office: ecomaine, 64 Blueberry Rd., Portland, Maine 04102.

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**LEASES**

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The Town has one lease purchase agreement for a Town-owned building with Bateman Partners, LLC. The terms of the lease are an acquisition fee of \$480,000 in the year of signing the lease, then \$1 annually for 99 years, expiring in 2110. The Town's investment in property held for lease for the year ended June 30, 2015 was \$1,810,383, with accumulated depreciation of \$784,500.

**Capital Leases**

The Town has entered into lease agreements as lessee to finance the acquisition of a truck and equipment, a wheel loader, and lawn mowers for the golf course. These leases qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of their inception.

The value of assets capitalized under these leases as of June 30, 2015 was:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Truck and equipment	\$ 174,200	-
Wheel loader	77,500	-
Photocopiers	24,368	-
<u>Lawn mowers</u>	<u>-</u>	<u>108,116</u>
<b><u>Totals</u></b>	<b><u>\$ 276,068</u></b>	<b><u>108,116</u></b>

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**LEASES, CONTINUED**

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The following is a schedule of future minimum lease payments required under these capital leases and the present value of the net minimum lease payments at June 30, 2015:

Fiscal year ending <u>June 30,</u>	Governmental <u>activities</u>	Business-type <u>activities</u>
2016	\$ 5,264	23,471
2017	5,264	23,471
2018	3,948	-
Total minimum lease payments	14,476	46,942
Less: amount representing interest	633	2,355
<b><u>Present value of future minimum lease payments</u></b>	<b><u>\$ 13,843</u></b>	<b><u>44,587</u></b>

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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

**Plan Description** - Employees of the Town are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Maine State Legislature to amend the terms. MPERS issues a publicly available financial report that can be obtained at [www.mainebers.org](http://www.mainebers.org).

**Benefits Provided** - The 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. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). 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.

**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.

Employees are required to contribute between 7.0% and 8.5% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2015, were between 7.9% and 11% of annual payroll, 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. Contributions to the pension plan from the Town were \$140,342 for the year ended June 30, 2015.

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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

At June 30, 2015, the Town reported a liability of \$478,298 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2014, the Town's proportion was 0.3108%.

For the year ended June 30, 2015, the Town recognized pension expense (gain) of (\$56,626). At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 45,045	-
Net difference between projected and actual earnings on pension plan investments	-	406,386
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	58,965
Town contributions subsequent to the measurement date	140,342	-
<b>Total</b>	<b>\$ 185,387</b>	<b>\$ 465,351</b>

\$140,342 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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:

2016	\$ (106,237)
2017	(106,237)
2018	(106,236)
2019	(101,596)

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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**Actuarial Assumptions** - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary Increases	3.5% to 9.5% per year
Investment return	7.25% per annum, compounded annually
Cost of living benefit increases	3.12% per annum

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	2.5%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.0%
<b>Total</b>	<b>100%</b>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate 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 plan's 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 liability.

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability	\$ 1,492,149	478,298	(369,155)

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

**Payables to the Pension Plan** - None as of June 30, 2015.

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**OTHER RETIREMENT CONTRIBUTIONS**

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Additionally, the Town participates in the Social Security Retirement Program. The Town contributed \$287,202 and \$264,515 for the years ended June 30, 2015 and 2014, respectively, which includes F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees.

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**457 RETIREMENT PLAN**

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The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue (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. The Town matches employee contributions up to 7% of annual compensation, except for the Police Department, which receives up to an 8% match. The Town contributed \$78,269 and \$87,860 for the years ended June 30, 2015 and 2014, respectively, on behalf of Town employees.

The Town amended the plan in accordance with the provisions of IRS Section 457(g). Assets of the plan were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRS Section prescribes that the Town no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on their plan assets, were removed from the Town's financial statements.

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**FUND BALANCE**

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As of June 30, 2015, fund balances components consisted of the following:

	<u>General Fund</u>	<u>Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Principal for permanent funds	\$ 5,849	-	99,241	105,090
Total nonspendable	5,849	-	99,241	105,090
Restricted:				
TIF funds	-	-	242,556	242,556
Permanent funds accumulated earnings	-	-	172,839	172,839
Total restricted	-	-	415,395	415,395
Committed:				
Fire grant fund	-	-	27,701	27,701
Recreation programs	-	-	2,841	2,841
Police fund	-	-	8,163	8,163
Twin Brook	-	-	6,085	6,085
Library fund	-	-	18,763	18,763
Fuel assistance	-	-	24,208	24,208
Capital project funds	-	-	1,922,955	1,922,955
Bond Fund	-	850	-	850
Total committed	-	850	2,010,716	2,011,566
Assigned:				
Debt service fund	-	-	392,130	392,130
Total assigned	-	-	392,130	392,130
Unassigned	2,060,936	-	(6,226)	2,054,710
<b>Total fund balance</b>	<b>\$ 2,066,785</b>	<b>850</b>	<b>2,911,256</b>	<b>4,978,891</b>

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**TAX INCREMENT FINANCING DISTRICT**

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Under Maine law, the Town has established five Tax Increment Financing Districts (TIFs) to finance development programs located in the Town of Cumberland.

These development programs will levy incremental tax upon the districts' "captured assessed value". The tax increment is remitted to the District over the life of the TIF District to assist in financing the development projects.

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**TAX INCREMENT FINANCING DISTRICT, CONTINUED**

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The status of the active Tax Increment Financing Districts is summarized below:

	Original Assessment <u>Value</u>	Captured Assessed <u>Value</u>	Taxes Remitted <u>to Districts</u>
<u>TIF District (capital projects funds)</u>			
Route One North District 1	\$ 355,000	39,842,400	693,258
Route One South District 2	339,400	9,860,600	171,574
Route One South District 3*	3,717,000	6,844,400	119,093
Route 100 District 4	2,866,400	8,511,100	148,093
Route 100 District 5	5,867,800	5,156,600	89,725
Taxable Personal Property in TIF Districts:			
Route One North District 1	-	726,400	12,639
Route One South District 2	-	545,800	9,497
Route One South District 3*	13,800	310,100	5,396
Route 100 District 5	91,000	108,600	1,890
<b>Total</b>	<b>\$ 13,250,400</b>	<b>71,906,000</b>	<b>1,251,165</b>

\*Amended

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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 either carries commercial insurance or participates in public entity risk pools. Currently, the Town participates in a public entity pool for workers' compensation sponsored by the MEMIC in which participants in the pool share risk in proportion to their contributions.

Based on the 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, 2015. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past three fiscal years. The amount of unpaid claims was \$0 at June 30, 2015.

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**COMMITMENTS**

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As of June 30, 2015, the Town had ongoing commitments for the Blackstrap Road improvement engineering services and Gas Boiler Conversions. The contracts had remaining balances of approximately \$23,000 and \$497,000, respectively. In addition, the Town had some minor projects for which the contracts will be completed in the next fiscal year.



**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**PRIOR PERIOD ADJUSTMENTS/NEW PRONOUNCEMENTS**

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For the fiscal year ended June 30, 2015, the Town has elected to implement Statement No. 68 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. As a result of implementing GASB Statement No. 68, the Town has restated beginning net position in the government-wide statement of net position to account for the addition of the Town's proportionate share of the net pension liability of \$1,062,967 and deferred outflows for the Town's contributions subsequent to the measurement date of \$107,736, which effectively decreased the District's net position as of July 1, 2014 by \$955,231.

In FY 2015, the Town discovered that one of the projects added to construction in progress was overstated. The Town has restated the beginning balance for construction in progress and beginning net position on Statement 2.

During FY 2015, the Cumberland Food Pantry incorporated as a nonprofit 501(c)(3) and the Town made the determination that the Food Pantry should be reported as a blended component unit agency fund. The Town restated the beginning fund balance for special revenue funds on Exhibit C-2 and beginning net position on Statement 2.

Governmental Activities net position and special revenue fund balances as of July 1, 2014 have been restated as follows:

	Special Revenue <u>Funds</u>	Governmental Activities <u>Net Position</u>
Fund balance/net position as previously reported	\$ 145,248	20,520,315
Net pension liability recorded	-	(1,062,967)
Deferred outflows related to pensions recorded	-	107,736
Blanchard Road construction in progress	-	(232,584)
Food Pantry beginning fund balance	(49,284)	(49,284)
<b><u>Fund balance/net position, as restated</u></b>	<b><u>\$ 95,964</u></b>	<b><u>19,283,216</u></b>

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**SUBSEQUENT EVENT**

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In August 2015, the council approved a six-year agreement for the rent of golf carts at Val Halla, with monthly payments of \$1,310 beginning in October 2015 and increasing annually through September 2021.

**TOWN OF CUMBERLAND, MAINE**  
**Required Supplementary Information**

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**Schedule of Town's Proportionate Share of the Net Pension Liability**  
**Maine Public Employees Retirement System Consolidated Plan**

Last 10 Fiscal Years\*

2015\*\*

Town's proportion of the net pension liability	0.3108%
Town's proportionate share of the net pension liability \$	478,298
Town's covered-employee payroll	1,590,688
Town's proportion share of the net pension liability as a percentage of its covered-employee payroll	30.07%
Plan fiduciary net position as a percentage of of the total pension liability	94.10%

*\*Only one year of information available.*

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

**TOWN OF CUMBERLAND, MAINE**  
**Required Supplementary Information, Continued**

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**Schedule of Town Contributions**  
**Maine Public Employees Retirement System Consolidated Plan**

Last 10 Fiscal Years\*

2015

Contractually required contribution	\$ 140,342
Contributions in relation to the contractually required contribution	(140,342)
<b><u>Contribution deficiency (excess)</u></b>	<b><u>\$ -</u></b>
Town's covered-employee payroll	\$ 1,590,688
Contributions as a percentage of covered- employee payroll	8.82%

*\*Only one year of information available.*

**TOWN OF CUMBERLAND, MAINE**  
**Notes to Required Supplementary Information**

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**Changes of Benefit Terms - None**

**Changes of Assumptions - None**

## **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. The fund pays general operating expenditures, fixed charges, and capital improvement costs which are not paid through other funds.

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**TOWN OF CUMBERLAND, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,684,235	3,344,279
Receivables:		
Accounts	132,854	137,230
Intergovernmental	343,042	87,241
Taxes - prior years	136,759	215,922
Taxes - current year	252,105	281,162
Prepaid expenditures	5,849	24,730
Interfund advance	-	452,721
<b>Total assets</b>	<b>\$ 6,554,844</b>	<b>4,543,285</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	235,154	215,642
Accrued payroll	179,692	171,167
Escrow liabilities	58,587	38,226
Taxes paid in advance	51,754	81,832
Interfund loans payable	3,660,659	1,953,878
<b>Total liabilities</b>	<b>4,185,846</b>	<b>2,460,745</b>
Deferred inflows of resources:		
Unavailable revenue - property taxes	302,213	414,000
<b>Total deferred inflows of resources</b>	<b>302,213</b>	<b>414,000</b>
Fund balance:		
Nonspendable	5,849	477,451
Unassigned	2,060,936	1,191,089
<b>Total fund balance</b>	<b>2,066,785</b>	<b>1,668,540</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 6,554,844</b>	<b>4,543,285</b>

**TOWN OF CUMBERLAND, MAINE**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2015**  
**(With comparative actual amounts for the year ended June 30, 2014)**

	2015		Variance positive (negative)	2014 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 20,399,148	20,510,934	111,786	19,507,606
Outer island property taxes	40,000	41,867	1,867	41,566
Payments in lieu of taxes	23,793	28,656	4,863	23,112
Excise taxes	1,435,000	1,693,482	258,482	1,633,132
Total taxes	21,897,941	22,274,939	376,998	21,205,416
Licenses and permits:				
Town clerk licenses and fees	19,165	17,417	(1,748)	16,951
Snowmobile and boat registrations	800	2,177	1,377	201
Automobile registrations	20,000	21,207	1,207	26,074
Building permits	70,000	78,585	8,585	77,480
Electrical permits	15,000	18,490	3,490	19,242
Plumbing permits	15,000	20,054	5,054	20,500
Other permits	2,500	1,750	(750)	1,475
Total licenses and permits	142,465	159,680	17,215	161,923
Intergovernmental:				
State Revenue Sharing	385,710	421,155	35,445	424,348
Homestead and BETE reimbursements	185,920	190,404	4,484	178,881
Park fees	7,080	11,408	4,328	7,312
D.O.T. block grant	68,440	62,592	(5,848)	68,440
Public safety grants	53,000	30,206	(22,794)	49,277
State assistance	-	30,878	30,878	8,740
Municipal shared services	183,728	196,373	12,645	161,049
Total intergovernmental	883,878	943,016	59,138	898,047
Charges for services:				
Recreation programs	567,826	637,067	69,241	631,081
Park user fees	15,000	13,485	(1,515)	-
Police permits and services	45,700	36,573	(9,127)	44,437
Fire services	15,000	20,210	5,210	-
Ambulance and medical services	157,000	256,655	99,655	183,959
Waste disposal	256,500	287,257	30,757	283,564
Fuel	-	20,108	20,108	-
Library income	4,500	7,759	3,259	5,945
Total charges for services	1,061,526	1,279,114	217,588	1,148,986



**TOWN OF CUMBERLAND, MAINE**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual - General Fund, Continued**

	2015		Variance positive (negative)	2014 Actual
	Budget	Actual		
Revenues, continued:				
Other:				
Sale of assets	\$ 25,000	3,300	(21,700)	17,394
Interest revenue	200	5,897	5,697	247
Growth permits and fees	51,500	83,816	32,316	84,369
Cable TV	110,000	114,620	4,620	112,750
Interest and lien costs	30,000	42,479	12,479	51,229
Miscellaneous	65,309	300,827	235,518	126,577
Total other	282,009	550,939	268,930	392,566
Total revenues	24,267,819	25,207,688	939,869	23,806,938
Expenditures:				
Current:				
General government:				
Administration and council	474,360	533,111	(58,751)	493,999
Assessor	80,463	85,307	(4,844)	74,849
Town clerk and tax collector	208,078	199,347	8,731	193,455
Technology	165,346	163,861	1,485	174,168
Elections	13,953	15,520	(1,567)	10,232
Planning	63,541	74,483	(10,942)	57,012
Legal services	32,500	62,191	(29,691)	33,790
Total general government	1,038,241	1,133,820	(95,579)	1,037,505
Public safety:				
Police	1,196,499	1,198,303	(1,804)	1,162,155
Fire	827,001	863,068	(36,067)	766,848
Code enforcement	90,871	96,802	(5,931)	82,615
Animal control	27,300	28,468	(1,168)	30,926
Total public safety	2,141,671	2,186,641	(44,970)	2,042,544
Public services:				
Public works	941,925	978,911	(36,986)	898,293
Waste disposal	521,771	503,269	18,502	551,895
Parks	220,772	227,486	(6,714)	193,701
West Cumberland hall and Historical Society building	7,720	8,227	(507)	6,344
Total public services	1,692,188	1,717,893	(25,705)	1,650,233

**TOWN OF CUMBERLAND, MAINE**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual - General Fund, Continued**

	2015		Variance positive (negative)	2014 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Recreation programs	\$ 644,444	751,980	(107,536)	650,436
Prince Memorial Library	387,607	387,703	(96)	390,029
Health and public assistance:				
Health services	10,375	10,389	(14)	8,889
Senior services	-	4,580	(4,580)	-
General assistance	32,000	32,908	(908)	35,710
Circuit breaker assistance	-	20,537	(20,537)	69,044
Total health and public assistance	42,375	68,414	(26,039)	113,643
Unclassified:				
Conservation Commission	6,000	2,903	3,097	3,480
Cemetery Association	26,700	22,907	3,793	26,450
Fire hydrant charges	62,000	61,710	290	57,904
Street lighting	37,000	45,485	(8,485)	37,077
Contingencies	25,000	7,077	17,923	19,112
Municipal building maintenance	162,652	157,688	4,964	174,175
Fuel services	-	-	-	8,307
Abatements	20,000	73,136	(53,136)	24,545
Total unclassified	339,352	370,906	(31,554)	351,050

**TOWN OF CUMBERLAND, MAINE**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual - General Fund, Continued**

	2015		Variance positive (negative)	2014 Actual
	Budget	Actual		
Expenditures, continued:				
Debt service:				
Principal	527,380	507,380	20,000	514,117
Lease payments	34,840	34,840	-	34,840
Interest	332,047	224,166	107,881	241,278
TAN Interest	25,000	-	25,000	-
Total debt service	919,267	766,386	152,881	790,235
Insurance	207,499	203,661	3,838	339,345
MSAD #51	\$ 14,313,306	14,313,306	-	13,693,545
County tax	696,073	696,073	-	665,675
Capital projects (transfers to reserves)	1,323,868	1,323,868	-	1,133,693
Total expenditures	23,745,891	23,920,651	(174,760)	22,857,933
Excess of revenues over expenditures	521,928	1,287,037	765,109	949,005
Other financing sources (uses):				
Transfers from capital project funds	-	61,118	61,118	12,979
Transfers from special revenue funds	-	29,146	29,146	-
Transfers to special revenue funds	-	-	-	(17,017)
Transfers to permanent funds	-	-	-	(90)
Transfer to enterprise funds	-	(627,451)	(627,451)	(830,000)
Transfer to capital projects	-	(351,605)	(351,605)	(815,000)
Total other financing sources (uses)	-	(888,792)	(888,792)	(1,649,128)
Net change in fund balance	521,928	398,245	(123,683)	(700,123)
Fund balance, beginning of year		1,668,540		2,368,663
<b>Fund balance, end of year</b>	<b>\$</b>	<b>2,066,785</b>		<b>1,668,540</b>

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**ALL OTHER GOVERNMENTAL FUNDS**

**TOWN OF CUMBERLAND, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>					
Investments	\$ -	-	-	271,983	271,983
Accounts receivable	2,034	43,363	-	-	45,397
Notes receivable	-	62,500	-	-	62,500
Interfund loans receivable	87,383	2,255,098	392,130	97	2,734,708
<b>Total assets</b>	<b>\$ 89,417</b>	<b>2,360,961</b>	<b>392,130</b>	<b>272,080</b>	<b>3,114,588</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	1,656	125,340	-	-	126,996
Accrued payroll	-	7,610	-	-	7,610
Unearned revenue	-	62,500	-	-	62,500
Interfund loans payable	-	6,226	-	-	6,226
<b>Total liabilities</b>	<b>1,656</b>	<b>201,676</b>	<b>-</b>	<b>-</b>	<b>203,332</b>
Fund balances:					
Nonspendable	-	-	-	99,241	99,241
Restricted	-	242,556	-	172,839	415,395
Committed	87,761	1,922,955	-	-	2,010,716
Assigned	-	-	392,130	-	392,130
Unassigned	-	(6,226)	-	-	(6,226)
<b>Total fund balances</b>	<b>87,761</b>	<b>2,159,285</b>	<b>392,130</b>	<b>272,080</b>	<b>2,911,256</b>
<b>Total liabilities and fund balances</b>	<b>\$ 89,417</b>	<b>2,360,961</b>	<b>392,130</b>	<b>272,080</b>	<b>3,114,588</b>

**TOWN OF CUMBERLAND, MAINE**  
**All Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2015**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Total Other Governmental Funds
Revenues:					
Taxes	\$ -	1,251,165	-	-	1,251,165
Recreation and education fees	108,967	-	-	-	108,967
Intergovernmental	-	73,842	-	-	73,842
Donations	37,121	-	-	-	37,121
Other revenue	85,598	62,419	-	-	148,017
Investment income	-	-	-	8,332	8,332
Unrealized losses	-	-	-	(8,889)	(8,889)
<b>Total revenues</b>	<b>231,686</b>	<b>1,387,426</b>	<b>-</b>	<b>(557)</b>	<b>1,618,555</b>
Expenditures:					
Current:					
General government	-	271,329	-	-	271,329
Public safety	87,378	-	-	-	87,378
Public services	-	31,831	-	-	31,831
Recreation	83,502	-	-	-	83,502
Education and libraries	16,429	-	-	1,078	17,507
Health and public assistance	16,934	-	-	-	16,934
Capital expenditures	-	1,318,292	-	-	1,318,292
Debt service:					
Principal	-	459,382	-	-	459,382
Interest	-	255,655	-	-	255,655
<b>Total expenditures</b>	<b>204,243</b>	<b>2,336,489</b>	<b>-</b>	<b>1,078</b>	<b>2,541,810</b>
Excess (deficiency) of revenues over (under) expenditures	27,443	(949,063)	-	(1,635)	(923,255)
Other financing sources (uses):					
Transfers from other funds	4,333	1,676,457	392,130	-	2,072,920
Transfers to other funds	(39,979)	(165,602)	-	-	(205,581)
<b>Total other financing sources (uses)</b>	<b>(35,646)</b>	<b>1,510,855</b>	<b>392,130</b>	<b>-</b>	<b>1,867,339</b>
Net change in fund balances	(8,203)	561,792	392,130	(1,635)	944,084
Fund balances beginning of year, restated	95,964	1,597,493	-	273,715	1,967,172
<b>Fund balances, end of year</b>	<b>\$ 87,761</b>	<b>2,159,285</b>	<b>392,130</b>	<b>272,080</b>	<b>2,911,256</b>

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are established to account for resources obtained and expended for specified purposes that are restricted by law or administrative action.

Special Revenue Funds have been established for the following purposes:

**Fire Grant Fund** – To account for donations, grant funds and other dedicated fire related revenues and expenditures.

**Recreation Programs Fund** – To account for self supporting recreation programs.

**Police Fund** – To account for donations, grant funds and other dedicated police related revenues and expenditures.

**DEA Seized Funds** – To account for expenditures of money seized during drug enforcement actions.

**Twin Brooks Fund** – To account for donations collected and funds expended to maintain the cross country ski trails at the Twin Brooks recreational area.

**Library Fund** – To account for donations, grant funds and other dedicated library related revenues and expenditures.

**Library Publications Fund** – To account for expenditures related to library publications.

**Fuel Assistance Fund** – To account for donations and other revenue sources used to assist citizens with fuel purchases during the colder months of the year.



**TOWN OF CUMBERLAND, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2015**  
**(with comparative totals for June 30, 2014)**

	<b>Fire Grant Fund</b>	<b>Recreation Programs Fund</b>	<b>Police Fund</b>	<b>DEA Seized Funds</b>	<b>Twin Brook Fund</b>	<b>Library Fund</b>	<b>Library Publications Fund</b>	<b>Fuel Assistance Fund</b>	<b>Totals</b>	
									<b>2015</b>	<b>2014</b>
<b>ASSETS</b>										
Accounts receivable	\$ 2,034	-	-	-	-	-	-	-	2,034	-
Interfund loans receivable	26,602	2,866	8,163	-	6,085	18,873	-	24,794	87,383	104,813
<b>Total assets</b>	<b>\$ 28,636</b>	<b>2,866</b>	<b>8,163</b>	<b>-</b>	<b>6,085</b>	<b>18,873</b>	<b>-</b>	<b>24,794</b>	<b>89,417</b>	<b>104,813</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	935	25	-	-	-	110	-	586	1,656	4,709
Interfund loans payable	-	-	-	-	-	-	-	-	-	4,140
<b>Total liabilities</b>	<b>935</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110</b>	<b>-</b>	<b>586</b>	<b>1,656</b>	<b>8,849</b>
Fund balances:										
Restricted	-	-	-	-	-	-	-	-	-	2,769
Committed	27,701	2,841	8,163	-	6,085	18,763	-	24,208	87,761	97,335
Unassigned	-	-	-	-	-	-	-	-	-	(4,140)
<b>Total fund balances</b>	<b>27,701</b>	<b>2,841</b>	<b>8,163</b>	<b>-</b>	<b>6,085</b>	<b>18,763</b>	<b>-</b>	<b>24,208</b>	<b>87,761</b>	<b>95,964</b>
<b>Total liabilities and fund balances</b>	<b>\$ 28,636</b>	<b>2,866</b>	<b>8,163</b>	<b>-</b>	<b>6,085</b>	<b>18,873</b>	<b>-</b>	<b>24,794</b>	<b>89,417</b>	<b>104,813</b>

**TOWN OF CUMBERLAND, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2015**  
**(with comparative totals for June 30, 2014)**

	Fire Grant Fund	Recreation Programs Fund	Police Fund	DEA Seized Funds	Twin Brook Fund	Library Fund	Library Publications Fund	Fuel Assistance Fund	Totals	
									2015	2014
Revenues:										
Grants	\$ -	-	-	-	-	-	-	-	-	3,125
Donations	5,248	-	5,967	-	-	-	-	25,906	37,121	18,356
Charges for services	-	94,847	-	-	-	14,120	-	-	108,967	66,269
Other revenue	80,153	1,009	560	-	-	3,858	18	-	85,598	74,389
Total revenues	85,401	95,856	6,527	-	-	17,978	18	25,906	231,686	162,139
Expenditures:										
Current:										
Public safety	80,649	-	3,749	2,980	-	-	-	-	87,378	53,797
Recreation	-	73,317	-	-	10,185	-	-	-	83,502	60,163
Education and libraries	-	-	-	-	-	16,429	-	-	16,429	19,169
Health and public assistance	-	-	-	-	-	-	-	16,934	16,934	19,706
Total expenditures	80,649	73,317	3,749	2,980	10,185	16,429	-	16,934	204,243	152,835
Excess (deficiency) of revenues over (under) expenditures	4,752	22,539	2,778	(2,980)	(10,185)	1,549	18	8,972	27,443	9,304
Other financing sources (uses):										
Transfer from other funds	-	-	-	211	-	-	4,122	-	4,333	17,017
Transfer to other funds	-	(29,146)	(211)	-	-	(10,622)	-	-	(39,979)	(12,979)
Total other financing sources (uses)	-	(29,146)	(211)	211	-	(10,622)	4,122	-	(35,646)	4,038
Net change in fund balances	4,752	(6,607)	2,567	(2,769)	(10,185)	(9,073)	4,140	8,972	(8,203)	13,342
Fund balances (deficits), beginning of year, restated	22,949	9,448	5,596	2,769	16,270	27,836	(4,140)	15,236	95,964	82,622
Fund balances, end of year	\$ 27,701	2,841	8,163	-	6,085	18,763	-	24,208	87,761	95,964

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECT FUNDS**

Capital Project Funds are established to account for resources obtained and expended for the acquisition of major capital facilities other than those employed in the delivery of services accounted for in Enterprise Funds.

The funds were established for the following purposes:

**Town Building Reserves** - To account for funds used for major repairs and maintenance or improvements to Town buildings.

**Affordable Housing** - To account for all activity related to the financing and development of Crossing Brook Subdivision.

**Road Improvements** - To account for various road improvement projects.

**Land Acquisition Fund** - To account for funds set aside for the purchase of land.

**TIF Funds** – To account for tax revenues captured from assessed values of tax increment funding areas and the expenditures for approved projects.

**Sweetser Books** - To account for funds used to purchase new books.

**Parking Lot Fund** - To account for funds related to the Town's parking lot on Route 1, and the long term lease with Chebeague Transportation Company.

**Tennis Court Fund** - To account for funds used to reconstruct the tennis courts.

**Route 1 Parking Lot** - To account for funds set aside as a reserve for major or non-routine maintenance of the Route 1 parking lot.

**Equipment Reserves Fund** - Reserve fund for the purchases of miscellaneous equipment.

**Broad Cove** – To account for improvements at Broad Cove, including any revenues dedicated to such purpose.

**West Cumberland Playground** - To account for impact fees collected from Route 100 subdivisions to repay the construction costs for the West Cumberland Playground project.

**Village Green** - To account for lien release payments received and the amount due to the Town for the long term lease of the former Drowne Road School.

TOWN OF CUMBERLAND, MAINE  
Nonmajor Capital Project Funds  
Combining Balance Sheet  
June 30, 2015  
(with comparative totals for June 30, 2014)

	Town Building Reserves	Affordable Housing	Road Improvements	Land Acquisition Fund	TIF Funds	Sweetser Books	Parking Lot Fund	Tennis Court Fund	Reserve Rt 1 Parking	Equip. Reserves Fund	Broad Cove	West Cumberland Playground	Village Green	Totals	
														2015	2014
<b>ASSETS</b>															
Accounts receivable	\$ -	-	-	-	37,940	-	-	-	-	-	5,423	-	-	43,363	36,158
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	62,500	62,500	95,000
Interfund loans receivable	250,699	77,412	807,369	338,790	214,053	-	-	23,651	16,347	87,276	186,628	-	252,873	2,255,098	1,722,657
<b>Total assets</b>	<b>\$ 250,699</b>	<b>77,412</b>	<b>807,369</b>	<b>338,790</b>	<b>251,993</b>	<b>-</b>	<b>-</b>	<b>23,651</b>	<b>16,347</b>	<b>87,276</b>	<b>192,051</b>	<b>-</b>	<b>315,373</b>	<b>2,360,961</b>	<b>1,853,815</b>
<b>LIABILITIES AND FUND BALANCES</b>															
Liabilities:															
Accounts payable	48,745	-	53,205	3,427	1,827	-	-	-	217	3,818	13,468	-	633	125,340	114,224
Accrued payroll	-	-	-	-	7,610	-	-	-	-	-	-	-	-	7,610	2,802
Security deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	62,500	62,500	95,000
Interfund loans payable	-	-	-	-	-	-	6,226	-	-	-	-	-	-	6,226	44,296
<b>Total liabilities</b>	<b>48,745</b>	<b>-</b>	<b>53,205</b>	<b>3,427</b>	<b>9,437</b>	<b>-</b>	<b>6,226</b>	<b>-</b>	<b>217</b>	<b>3,818</b>	<b>13,468</b>	<b>-</b>	<b>63,133</b>	<b>201,676</b>	<b>256,322</b>
Fund balances (deficits):															
Restricted	-	-	-	-	242,556	-	-	-	-	-	-	-	-	242,556	49,438
Committed	201,954	77,412	754,164	335,363	-	-	-	23,651	16,130	83,458	178,583	-	252,240	1,922,955	1,592,351
Unassigned	-	-	-	-	-	-	(6,226)	-	-	-	-	-	-	(6,226)	(44,296)
<b>Total fund balances (deficits)</b>	<b>201,954</b>	<b>77,412</b>	<b>754,164</b>	<b>335,363</b>	<b>242,556</b>	<b>-</b>	<b>(6,226)</b>	<b>23,651</b>	<b>16,130</b>	<b>83,458</b>	<b>178,583</b>	<b>-</b>	<b>252,240</b>	<b>2,159,285</b>	<b>1,597,493</b>
<b>Total liabilities and fund balances</b>	<b>\$ 250,699</b>	<b>77,412</b>	<b>807,369</b>	<b>338,790</b>	<b>251,993</b>	<b>-</b>	<b>-</b>	<b>23,651</b>	<b>16,347</b>	<b>87,276</b>	<b>192,051</b>	<b>-</b>	<b>315,373</b>	<b>2,360,961</b>	<b>1,853,815</b>

TOWN OF CUMBERLAND, MAINE  
Nonmajor Capital Project Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2015  
(with comparative totals for June 30, 2014)

	Town Building Reserves	Affordable Housing	Road Improvements	Land Acquisition Fund	TIF Funds	Sweetser Books	Parking Lot Fund	Tennis Court Fund	Reserve Rt 1 Parking	Equip. Reserves Fund	Broad Cove	West Cumberland Playground	Village Green	Totals	
														2015	2014
Revenues:															
Taxes	\$ -	-	-	-	1,251,165	-	-	-	-	-	-	-	-	1,251,165	1,102,803
Intergovernmental	-	-	-	-	73,842	-	-	-	-	-	-	-	-	73,842	310,471
Other revenue	11,151	-	-	-	-	-	15,968	-	2,800	-	-	-	32,500	62,419	142,548
Total revenues	11,151	-	-	-	1,325,007	-	15,968	-	2,800	-	-	-	32,500	1,387,426	1,555,822
Expenditures:															
General government	-	-	-	49,611	217,586	-	-	-	2,890	1,242	-	-	-	271,329	223,383
Public services	-	-	-	-	-	-	-	-	-	-	-	-	31,831	31,831	30,422
Capital improvements:															
Capital outlay	301,923	-	282,727	52,247	199,266	-	-	-	-	460,712	21,417	-	-	1,318,292	2,041,702
Debt service:															
Principal	-	-	-	-	459,382	-	-	-	-	-	-	-	-	459,382	461,204
Interest	-	-	-	-	255,655	-	-	-	-	-	-	-	-	255,655	296,125
Total expenditures	301,923	-	282,727	101,858	1,131,889	-	-	-	2,890	461,954	21,417	-	31,831	2,336,489	3,052,836
Excess (deficiency) of revenues over (under) expenditures	(290,772)	-	(282,727)	(101,858)	193,118	-	15,968	-	(90)	(461,954)	(21,417)	-	669	(949,063)	(1,497,014)
Other financing sources (uses):															
Transfer from other funds	50,000	-	887,368	-	-	6,500	-	-	-	466,987	200,000	15,602	50,000	1,676,457	1,948,693
Transfer to other funds	-	(165,602)	-	-	-	-	-	-	-	-	-	-	-	(165,602)	-
Total other financing sources (uses)	50,000	(165,602)	887,368	-	-	6,500	-	-	-	466,987	200,000	15,602	50,000	1,510,855	1,948,693
Net change in fund balances	(240,772)	(165,602)	604,641	(101,858)	193,118	6,500	15,968	-	(90)	5,033	178,583	15,602	50,669	561,792	451,679
Fund balances (deficits), beginning of year	442,726	243,014	149,523	437,221	49,438	(6,500)	(22,194)	23,651	16,220	78,425	-	(15,602)	201,571	1,597,493	1,145,814
Fund balances (deficits), end of year	\$ 201,954	77,412	754,164	335,363	242,556	-	(6,226)	23,651	16,130	83,458	178,583	-	252,240	2,159,285	1,597,493

## **NONMAJOR GOVERNMENTAL FUNDS**

### **PERMANENT FUNDS**

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Prince Fund** - To support Greely High School. It is applied to MSAD #51 annual assessments.

**Cumberland School Fund** - To support the schools. It is applied to MSAD #51's annual assessment.

**Paul Merrill Fund** - To be used to support the Library.

**Sweetser Fund** - To be used to purchase non-fiction books for the Library.

**Historical Society Fund** - To maintain and support the Cumberland Historical Society.

**TOWN OF CUMBERLAND, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

	Prince Fund	Cumberland School Fund	Paul Merrill Fund	Sweetser Fund	Historical Society Fund	Totals
<b>ASSETS</b>						
Investments	\$ 51,667	53,370	72,285	44,661	50,000	271,983
Interfund loans receivable	-	-	-	-	97	97
<b>Total assets</b>	<b>51,667</b>	<b>53,370</b>	<b>72,285</b>	<b>44,661</b>	<b>50,097</b>	<b>272,080</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Interfund loans payable	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:						
Nonspendable:						
Principal	2,165	2,225	56,187	34,714	3,950	99,241
Restricted:						
Accumulated earnings	49,502	51,145	16,098	9,947	46,147	172,839
<b>Total fund balances</b>	<b>51,667</b>	<b>53,370</b>	<b>72,285</b>	<b>44,661</b>	<b>50,097</b>	<b>272,080</b>
<b>Total liabilities and and fund balances</b>	<b>\$ 51,667</b>	<b>53,370</b>	<b>72,285</b>	<b>44,661</b>	<b>50,097</b>	<b>272,080</b>

**TOWN OF CUMBERLAND, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2015**

	Prince Fund	Cumberland School Fund	Paul Merrill Fund	Sweetser Fund	Historical Society Fund	Totals
Revenues:						
Investment income	\$ 1,665	1,720	2,332	1,440	1,175	8,332
Unrealized losses	(2,069)	(2,137)	(2,895)	(1,788)	-	(8,889)
Total revenues	(404)	(417)	(563)	(348)	1,175	(557)
Expenditures:						
Current:						
Other miscellaneous	-	-	-	-	1,078	1,078
Total expenditures	-	-	-	-	1,078	1,078
Excess (deficiency) of revenues over (under) expenditures	(404)	(417)	(563)	(348)	97	(1,635)
Other financing sources:						
Transfer from other funds	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Net change in fund balances	(404)	(417)	(563)	(348)	97	(1,635)
Fund balances, beginning of year	52,071	53,787	72,848	45,009	50,000	273,715
Fund balances, end of year	\$ 51,667	53,370	72,285	44,661	50,097	272,080



**FIDUCIARY FUNDS -**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**AGENCY FUND**

**TOWN OF CUMBERLAND, MAINE**  
**Fiduciary Funds - Private-purpose Trust**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2015**

		John M. and Lillian R. Kimball Award Trust	Eliphalet Greely Fund	Scholar- ship Fund	Lynne Pickard Scholar- ship	Carle Henry Music Scholar- ship	Louis Lambert Scholar- ship	Roy O'Looke Scholar- ship	Jessica Parker Fund	Tom Pollis Scholar- ship	Totals
<b>ASSETS</b>											
Investments	\$	19,774	83,124	18,358	2,264	532	7,168	1,388	1,158	39,522	173,288
Total assets		19,774	83,124	18,358	2,264	532	7,168	1,388	1,158	39,522	173,288
<b>LIABILITIES</b>											
Accounts payable		500	-	1,000	-	-	-	-	-	-	1,500
Due to general fund		1,000	-	5,500	550	800	600	800	-	-	9,250
Total liabilities		1,500	-	6,500	550	800	600	800	-	-	10,750
<b>NET POSITION</b>											
Held in trust		18,274	83,124	11,858	1,714	(268)	6,568	588	1,158	39,522	162,538
Total net position	\$	18,274	83,124	11,858	1,714	(268)	6,568	588	1,158	39,522	162,538

**TOWN OF CUMBERLAND, MAINE**  
**Fiduciary Funds - Private-purpose Trust**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the year ended June 30, 2015**

	<b>John M. and Lillian R. Kimball Award Trust</b>	<b>Eliphalet Greely Fund</b>	<b>Scholar- ship Fund</b>	<b>Lynne Pickard Scholar- ship</b>	<b>Carle Henry Music Scholar- ship</b>	<b>Louis Lambert Scholar- ship</b>	<b>Roy O'Looke Scholar- ship</b>	<b>Jessica Parker Fund</b>	<b>Tom Pollis Scholar- ship</b>	<b>Totals</b>
Additions:										
Donations	\$ -	-	-	-	200	-	-	-	-	200
Investment income	706	2,751	1,221	110	15	270	105	37	1,231	6,446
Unrealized losses	(792)	(3,329)	(735)	(91)	(21)	(287)	(56)	(46)	(1,583)	(6,940)
Total additions	(86)	(578)	486	19	194	(17)	49	(9)	(352)	(294)
Deductions:										
Current:										
Scholarships awarded	1,000	-	4,000	300	500	300	300	-	-	6,400
Total deductions	1,000	-	4,000	300	500	300	300	-	-	6,400
Change in net position	(1,086)	(578)	(3,514)	(281)	(306)	(317)	(251)	(9)	(352)	(6,694)
Net position, beginning of year	19,360	83,702	15,372	1,995	38	6,885	839	1,167	39,874	169,232
<b>Net position, end of year</b>	<b>\$ 18,274</b>	<b>83,124</b>	<b>11,858</b>	<b>1,714</b>	<b>(268)</b>	<b>6,568</b>	<b>588</b>	<b>1,158</b>	<b>39,522</b>	<b>162,538</b>

**TOWN OF CUMBERLAND, MAINE**  
**Fiduciary Funds - Agency Funds**  
**Food Pantry Component Unit**  
**Statement of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>ASSETS</b>				
Cash and cash equivalents	\$ 34,204	39,296	39,030	34,470
Accounts receivable	-	170	-	170
Due from general fund	15,412	28,860	15,412	28,860
<b>Total assets</b>	<b>49,616</b>	<b>68,326</b>	<b>54,442</b>	<b>63,500</b>
<b>LIABILITIES</b>				
Accounts payable	333	246	333	246
Due to others	49,283	52,914	38,943	63,254
<b>Total liabilities</b>	<b>\$ 49,616</b>	<b>53,160</b>	<b>39,276</b>	<b>63,500</b>

## STATISTICAL SECTION

This part of the Town of Cumberland, Maine's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Tables
Financial Trends	1-4
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	
Revenue Capacity	5-9
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source; property tax.</i>	
Debt Capacity	10-13
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	14-15
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	
Operating Information	16-19
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Table 1

**TOWN OF CUMBERLAND, MAINE**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

		Fiscal Year									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities:</b>											
Net investment in capital assets	\$	10,709,996	11,113,384	10,583,895	10,583,895	11,713,982	12,802,336	14,008,107	14,926,352	17,201,613	17,444,794
Restricted		1,875,779	2,972,299	880,653	880,653	6,017,503	1,547,884	693,885	629,042	375,206	514,636
Unrestricted		264,184	(2,140,877)	313,189	313,189	(5,235,485)	1,053	2,205,304	3,066,957	2,943,496	3,195,467
<b>Total governmental activities net position</b>	<b>\$</b>	<b>12,849,959</b>	<b>11,944,806</b>	<b>11,777,737</b>	<b>11,777,737</b>	<b>12,496,000</b>	<b>14,351,273</b>	<b>16,907,296</b>	<b>18,622,351</b>	<b>20,520,315</b>	<b>21,154,897</b>
<b>Business-type activities:</b>											
Net investment in capital assets	\$	2,868,391	3,341,611	4,570,731	4,570,731	4,471,150	4,403,855	4,129,831	4,002,886	3,873,747	3,633,799
Unrestricted		(933,473)	(1,356,391)	(1,370,379)	(1,370,379)	(1,440,318)	(1,454,977)	(1,126,224)	(670,882)	183,177	840,271
<b>Total business-type activities net position</b>		<b>1,934,918</b>	<b>1,985,220</b>	<b>3,200,352</b>	<b>3,200,352</b>	<b>3,030,832</b>	<b>2,948,878</b>	<b>3,003,607</b>	<b>3,332,004</b>	<b>4,056,924</b>	<b>4,474,070</b>
<b>Primary government:</b>											
Net investment in capital assets	\$	13,578,387	14,454,995	15,154,626	15,154,626	16,185,132	17,206,191	18,137,938	18,929,238	21,075,360	21,078,593
Restricted		1,875,779	2,972,299	880,653	880,653	6,017,503	1,547,844	693,885	629,042	375,206	514,636
Unrestricted		(669,289)	(3,497,268)	(1,057,190)	(1,057,190)	(6,675,803)	(1,453,924)	1,079,080	2,396,075	3,126,673	4,035,738
<b>Total primary government net position</b>	<b>\$</b>	<b>14,784,877</b>	<b>13,930,026</b>	<b>14,978,089</b>	<b>14,978,089</b>	<b>15,526,832</b>	<b>17,300,111</b>	<b>19,910,903</b>	<b>21,954,355</b>	<b>24,577,239</b>	<b>25,628,967</b>

Table 2

**TOWN OF CUMBERLAND, MAINE**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 5,882,021	5,159,324	5,505,136	3,783,966	3,285,510	2,915,710	2,999,452	3,341,630	2,712,115	2,576,262
Public safety	1,810,869	2,012,200	2,317,211	2,220,293	2,120,117	2,056,052	2,095,961	2,176,839	2,282,922	2,514,371
Public services	1,206,824	1,249,056	1,463,427	1,162,830	1,208,065	1,283,560	1,424,931	1,500,458	1,660,289	2,862,022
Health and public assistance	1,022,329	935,715	758,204	834,347	857,366	773,763	748,016	755,562	668,729	86,796
Recreation	562,991	565,395	599,328	595,531	650,799	618,226	866,166	913,637	991,973	948,009
Education and libraries	12,283,626	12,717,167	11,361,373	10,801,875	11,368,432	12,259,218	12,787,351	13,649,666	14,159,614	14,795,916
Interest on debt	310,337	502,022	531,842	562,089	648,993	619,316	557,285	616,399	526,065	605,148
Total governmental activities expenses	23,078,997	23,140,879	22,536,521	19,960,931	20,139,282	20,525,845	21,479,162	22,954,191	23,001,707	24,388,524
Business-type activities:										
Senior Housing	234,742	236,583	233,686	244,777	270,422	323,468	234,753	283,930	227,347	292,029
Sewer System	726,525	814,256	858,224	913,642	831,988	791,667	797,545	824,941	823,999	843,432
Val Halla Golf and Recreation Center	998,763	1,212,925	1,086,274	859,546	789,926	757,662	822,688	788,704	844,772	944,462
Total business-type activities expenses	1,960,030	2,263,764	2,178,184	2,017,965	1,892,336	1,872,797	1,854,986	1,897,575	1,896,118	2,079,923
<b>Total primary government expenses</b>	<b>\$ 25,039,027</b>	<b>25,404,643</b>	<b>24,714,705</b>	<b>21,978,896</b>	<b>22,031,618</b>	<b>22,398,642</b>	<b>23,334,148</b>	<b>24,851,766</b>	<b>24,897,825</b>	<b>26,468,447</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 534,007	660,989	601,639	344,101	462,566	449,371	341,769	399,286	361,850	360,104
Public safety	261,097	323,404	299,296	355,846	207,097	213,768	257,097	299,106	288,322	410,695
Public services	895	1,849	2,679	1,478	16,687	6,864	5,544	24,885	2,300	320,850
Health and public assistance	23,171	260,593	234,789	215,050	222,240	282,515	279,185	278,811	283,564	-
Recreation	345,274	350,890	423,781	393,970	394,246	393,779	671,796	669,344	714,346	768,827
Education and libraries	10,168	11,474	3,931	4,363	7,852	140,098	146,298	156,665	158,260	167,135
Interest on debt	182,241	182,965	182,240	182,241	182,241	182,241	-	-	-	-
Operating grants and contributions	299,683	281,157	235,807	351,020	257,629	110,018	96,300	198,433	200,114	172,205
Capital grants and contributions	2,891,172	2,276,730	279,136	398,369	170,238	718,795	1,669,298	937,223	614,019	309,461
Total governmental activities program revenues	4,547,708	4,350,051	2,263,298	2,246,438	1,920,796	2,497,449	3,467,287	2,963,753	2,622,775	2,509,277
Business-type activities:										
Charges for services:										
Senior Housing	\$ 253,572	266,665	274,864	277,502	282,165	271,013	291,798	281,864	289,816	318,745
Sewer System	593,317	667,031	720,257	992,992	831,242	839,773	877,309	848,214	890,012	918,929
Val Halla Golf and Recreation Center	844,762	917,320	832,536	594,030	541,918	566,857	662,322	614,556	608,525	625,406
Capital grants and contributions	86,721	-	-	-	59,789	-	-	-	-	-
Total business-type activities program revenues	1,778,372	1,851,016	1,827,657	1,864,524	1,715,114	1,677,643	1,831,429	1,744,634	1,788,353	1,863,080
<b>Total primary government program revenues</b>	<b>\$ 6,326,080</b>	<b>6,201,067</b>	<b>4,090,955</b>	<b>4,110,962</b>	<b>3,635,910</b>	<b>4,175,092</b>	<b>5,298,716</b>	<b>4,708,387</b>	<b>4,411,128</b>	<b>4,372,357</b>
Net (expense)/revenue:										
Governmental activities	\$ (18,531,289)	(18,790,828)	(20,273,223)	(17,714,493)	(18,218,486)	(18,028,396)	(18,011,875)	(19,990,438)	(20,378,932)	(21,879,247)
Business-type activities	(181,658)	(412,748)	(350,527)	(153,441)	(177,222)	(195,154)	(23,557)	(152,941)	(107,765)	(216,843)
<b>Total primary government net expense</b>	<b>\$ (18,712,947)</b>	<b>(19,203,576)</b>	<b>(20,623,750)</b>	<b>(17,867,934)</b>	<b>(18,395,708)</b>	<b>(18,223,550)</b>	<b>(18,035,432)</b>	<b>(20,143,379)</b>	<b>(20,486,697)</b>	<b>(22,096,090)</b>

Table 2, Cont.

**TOWN OF CUMBERLAND, MAINE**  
**Changes in Net Position, Continued**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 16,218,425	16,648,065	15,146,730	15,153,763	15,815,303	16,831,342	17,427,641	18,737,957	19,558,835	20,441,626
TIF District taxes	-	-	659,342	798,778	853,066	890,507	940,566	1,006,641	1,102,803	1,251,165
Excise taxes	1,503,116	1,480,483	1,416,261	1,348,642	1,372,271	1,377,972	1,364,192	1,460,329	1,633,132	1,693,482
Outer island property taxes	-	-	39,609	38,890	38,736	39,663	39,814	40,465	41,566	41,867
County tax refund	-	-	60,667	-	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	-	-	22,500	23,112	28,656
Fees	92,461	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	906,041	826,289	917,139	875,441	751,799	706,932	791,033	829,482	603,229	611,559
Investment earnings	129,940	270,487	144,254	71,519	16,342	13,069	6,030	3,076	247	5,897
Miscellaneous	60,824	93,883	84,897	195,382	96,934	121,144	44,206	85,842	143,972	304,127
Gain (loss) on sale of assets	-	-	-	-	-	-	(258,405)	-	-	-
Transfers	-	21,391	(400,829)	(934,991)	(7,702)	(97,000)	212,861	(480,799)	(830,000)	(627,451)
<b>Total governmental activities</b>	<b>18,910,807</b>	<b>19,340,598</b>	<b>18,068,070</b>	<b>17,547,424</b>	<b>18,936,749</b>	<b>19,883,629</b>	<b>20,567,938</b>	<b>21,705,493</b>	<b>22,276,896</b>	<b>23,750,928</b>
Business-type activities:										
Investment earnings	129,940	-	-	-	-	-	-	539	2,685	6,538
Miscellaneous	-	-	-	433,582	-	16,200	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	291,147	-	-	-
Transfers	-	(21,391)	400,829	934,991	7,702	97,000	(212,861)	480,799	830,000	627,451
<b>Total business-type activities</b>	<b>129,940</b>	<b>(21,391)</b>	<b>400,829</b>	<b>1,368,573</b>	<b>7,702</b>	<b>113,200</b>	<b>78,286</b>	<b>481,338</b>	<b>832,685</b>	<b>633,989</b>
<b>Total primary government</b>	<b>\$ 19,040,747</b>	<b>19,319,207</b>	<b>18,468,899</b>	<b>18,915,997</b>	<b>18,944,451</b>	<b>19,996,829</b>	<b>20,646,224</b>	<b>22,186,831</b>	<b>23,109,581</b>	<b>24,384,917</b>
<b>Change in Net Position</b>										
Governmental activities	379,518	549,770	(2,205,153)	(167,069)	718,263	1,855,233	2,556,063	1,715,055	1,897,964	1,871,681
Business-type activities	(51,718)	(434,139)	50,302	1,215,132	(169,520)	(81,954)	54,729	328,397	724,920	417,146
Special item:										
Chebeague settlement	-	-	1,300,000	-	-	-	-	-	-	-
<b>Total primary government</b>	<b>\$ 327,800</b>	<b>115,631</b>	<b>(854,851)</b>	<b>1,048,063</b>	<b>548,743</b>	<b>1,773,279</b>	<b>2,610,792</b>	<b>2,043,452</b>	<b>2,622,884</b>	<b>2,288,827</b>

Note: In 2007, the TIF allocation was netted against property tax revenue.



Table 3

**TOWN OF CUMBERLAND, MAINE**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Nonspendable	\$ -	-	-	-	-	-	1,503,847	1,161,834	477,451	5,849
Assigned	856,060	833,189	852,000	1,280,000	-	-	-	-	-	-
Unassigned	692,392	709,878	824,968	714,776	1,999,806	2,150,042	727,371	1,433,829	1,191,089	2,060,936
<b>Total general fund</b>	<b>\$ 1,548,452</b>	<b>1,543,067</b>	<b>1,676,968</b>	<b>1,994,776</b>	<b>1,999,806</b>	<b>2,150,042</b>	<b>2,231,218</b>	<b>2,595,663</b>	<b>1,668,540</b>	<b>2,066,785</b>
<b>All Other Governmental Funds</b>										
Nonspendable, reported in:										
Permanent funds	\$ 100,033	100,033	100,033	99,241	99,241	99,241	99,241	99,241	99,241	99,241
Restricted, reported in:										
Permanent funds	139,122	145,012	140,232	152,226	162,356	166,258	175,263	172,751	174,474	172,839
Capital projects	3,619,562	1,630,734	2,732,034	629,186	5,755,906	1,282,345	419,381	322,607	49,438	242,556
Special revenue funds	-	-	-	-	-	-	-	34,443	52,053	-
Committed, reported in:										
Special revenue funds	70,262	75,922	87,135	70,887	52,230	25,200	19,689	65,313	97,335	87,761
Capital projects funds	-	-	-	-	-	-	-	-	-	850
Assigned, reported in:										
Capital projects funds	-	-	144,742	3,668,697	16,344	415,127	500,744	889,318	1,592,351	1,922,955
Debt service fund	-	-	-	-	-	-	-	-	-	392,130
Unassigned, reported in:										
Special revenue funds	-	-	-	-	-	(15,119)	(636)	-	(4,140)	-
Capital projects funds	(861,422)	(721,096)	(693,799)	(832,285)	(608,542)	(775,128)	(143,779)	(48,802)	(44,296)	(6,226)
<b>Total all other governmental funds</b>	<b>\$ 3,067,557</b>	<b>1,230,605</b>	<b>2,510,377</b>	<b>3,787,952</b>	<b>5,477,535</b>	<b>1,197,924</b>	<b>1,069,903</b>	<b>1,534,871</b>	<b>2,016,456</b>	<b>2,912,106</b>
<b>Total governmental funds</b>	<b>\$ 4,616,009</b>	<b>2,773,672</b>	<b>4,187,345</b>	<b>5,782,728</b>	<b>7,477,341</b>	<b>3,347,966</b>	<b>3,301,121</b>	<b>4,130,534</b>	<b>3,684,996</b>	<b>4,978,891</b>

Note: GASB 54 was implemented in 2011. Some of the total deficit fund balances have been restated as unassigned.

Table 4

<b>TOWN OF CUMBERLAND, MAINE</b> <b>Changes in Fund Balances of Governmental Funds</b> <b>Last Ten Fiscal Years</b> <b>(modified accrual basis of accounting)</b>										
	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 17,365,727	18,115,448	17,261,942	17,340,073	18,079,376	19,117,812	19,721,213	21,327,892	22,081,219	23,526,104
Licenses and permits	195,623	170,982	121,005	88,091	101,642	110,504	132,652	178,099	161,923	159,680
Intergovernmental	1,205,724	1,502,282	1,278,457	1,226,461	1,009,428	840,911	888,833	984,143	1,211,643	1,016,858
Charges for services	866,251	909,749	983,405	819,080	950,583	1,108,242	1,325,445	1,364,425	1,215,255	1,388,081
Rental Income	189,491	190,940	182,240	182,241	182,241	182,241	-	-	-	-
Other	2,149,883	1,626,596	905,148	1,072,907	541,977	1,096,696	761,626	1,355,486	671,631	735,520
<b>Total revenues</b>	<b>21,972,699</b>	<b>22,515,997</b>	<b>20,732,197</b>	<b>20,728,853</b>	<b>20,865,247</b>	<b>22,456,406</b>	<b>22,829,769</b>	<b>25,210,045</b>	<b>25,341,671</b>	<b>26,826,243</b>
<b>Expenditures</b>										
General government	789,288	953,942	1,126,505	1,076,082	1,031,502	950,235	1,050,648	1,197,680	1,260,888	1,405,149
Public safety	1,595,112	1,804,220	2,091,049	1,992,024	1,949,939	1,835,525	1,875,363	1,929,209	2,042,544	2,274,019
Public services	948,911	965,115	1,235,331	895,922	866,539	915,444	875,317	943,702	898,293	1,749,724
Health and public assistance	1,017,623	931,318	756,913	833,056	856,075	772,472	745,484	752,371	665,538	85,348
Recreation	475,381	492,247	510,828	482,173	498,395	472,959	723,597	768,969	850,481	835,482
Education and libraries	12,201,341	12,639,338	11,283,458	10,725,405	11,291,481	12,182,332	12,710,146	13,572,445	14,083,574	14,718,516
Unclassified	2,401,635	2,467,051	1,814,050	1,695,175	1,737,315	1,654,289	1,377,654	1,479,000	1,536,203	1,270,640
Capital outlay	3,551,571	3,343,754	2,894,559	3,155,100	3,696,231	6,187,380	1,668,130	1,384,048	2,072,124	4,434,772
Debt service:										
Principal	391,707	613,627	850,448	797,834	797,063	1,094,279	1,186,508	1,300,312	1,010,161	1,001,602
Interest	260,721	464,122	524,856	545,708	615,893	619,316	576,657	596,465	537,403	479,821
<b>Total expenditures</b>	<b>23,633,290</b>	<b>24,674,734</b>	<b>23,087,997</b>	<b>22,198,479</b>	<b>23,340,433</b>	<b>26,684,231</b>	<b>22,789,504</b>	<b>23,924,201</b>	<b>24,957,209</b>	<b>28,255,073</b>
Excess (deficiency) of revenues over (under) expenditures	(1,660,591)	(2,158,737)	(2,355,800)	(1,469,626)	(2,475,186)	(4,227,825)	40,265	1,285,844	384,462	(1,428,830)
<b>Other financing sources (uses)</b>										
Transfers in	1,365,562	2,088,768	1,542,138	1,251,176	8,247,270	933,718	1,570,437	1,330,538	1,978,779	2,163,184
Transfers out	(1,365,562)	(2,067,377)	(1,942,967)	(2,186,167)	(854,972)	(1,030,718)	(1,357,576)	(1,811,337)	(2,808,779)	(2,790,635)
Payment to refunded bond escrow agent	-	-	-	-	-	-	(299,971)	-	-	(2,931,919)
Bonds issued	4,585,000	-	2,775,802	4,000,000	4,100,000	-	-	-	-	5,730,000
Premiums on bonds issued	-	-	-	-	-	-	-	-	-	601,379
Capital leases	27,650	257,348	94,500	-	77,500	195,450	-	24,368	-	-
<b>Total other financing sources (uses)</b>	<b>4,612,650</b>	<b>278,739</b>	<b>2,469,473</b>	<b>3,065,009</b>	<b>11,569,798</b>	<b>98,450</b>	<b>(87,110)</b>	<b>(456,431)</b>	<b>(830,000)</b>	<b>2,772,009</b>
Special item:										
Chebeague settlement	-	-	1,300,000	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 2,952,059</b>	<b>(1,879,998)</b>	<b>1,413,673</b>	<b>1,595,383</b>	<b>9,094,612</b>	<b>(4,129,375)</b>	<b>(46,845)</b>	<b>829,413</b>	<b>(445,538)</b>	<b>1,343,179</b>
Debt service as a percentage of noncapital expenditures	3.08%	4.94%	6.63%	6.91%	7.04%	8.25%	8.16%	8.19%	6.40%	6.14%

Table 5

**TOWN OF CUMBERLAND, MAINE**  
**General Governmental Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(dollar amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Real estate</b>	<b>Personal property</b>	<b>Excise tax</b>	<b>Total</b>
2006	\$ 16,010	159	1,503	17,672
2007	16,974	185	1,480	18,639
2008	15,563	199	1,416	17,178
2009	15,750	152	1,349	17,251
2010	16,457	155	1,372	17,984
2011	17,480	187	1,378	19,045
2012	18,117	202	1,364	19,683
2013	19,457	227	1,460	21,144
2014	20,345	265	1,633	22,243
2015	21,492	270	1,693	23,455

Note: The table does not include outer island taxes, payments in lieu of taxes or interest and costs.

Table 6

**TOWN OF CUMBERLAND, MAINE**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(dollar amounts expressed in thousands)**

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b> <b>Residential and Commercial Property (1)</b>	<b>Personal Property (1)</b>	<b>Less: Tax Exempt Real Property (1)</b>	<b>Total Taxable Assessed Value (1)</b>	<b>Total Direct Tax Rate (1)</b>	<b>Estimated Actual Taxable Value (2)</b>	<b>Assessed Value as a Percentage of Actual Value</b>
2006	\$ 907,264	8,476	55,774	859,966	3.84	1,193,700	81.6%
2007	931,680	9,539	57,045	884,174	4.32	1,286,200	74.1%
2008	839,577	10,076	53,561	796,092	4.46	1,132,250	61.9%
2009	1,198,642	10,807	73,626	1,135,823	4.78	1,162,000	100.3%
2010	1,204,984	10,661	73,908	1,141,737	3.96	1,131,350	98.3%
2011	1,214,634	12,167	73,370	1,153,431	4.01	1,084,700	102.0%
2012	1,220,096	12,754	73,421	1,159,429	4.07	1,068,500	106.9%
2013	1,249,248	13,723	73,589	1,189,382	4.41	1,056,700	111.3%
2014	1,270,281	15,590	73,494	1,212,377	4.59	1,057,800	114.6%
2015	1,305,746	15,495	76,970	1,244,271	5.13	1,099,350	113.2%

(1) Source - Cumberland Assessor's office

(2) Source - Maine Revenue Services

Note: The table does not include outer island taxes, payments in lieu of taxes or interest and costs.

Table 7

**TOWN OF CUMBERLAND, MAINE**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

<u>Fiscal year</u>	<u>Town Direct and Overlapping Rates*</u>					
	<u>Direct</u>			<u>Overlapping</u>		<u>Total rate</u>
	<u>Town rate</u>		<u>Total direct rate</u>	<u>Education rate</u>	<u>County rate</u>	
	<u>Operating</u>	<u>Debt service</u>				
2006	4.15	0.17	4.32	13.73	0.75	18.80
2007	4.28	0.18	4.46	14.17	0.77	19.40
2008	4.59	0.19	4.78	14.13	0.89	19.80
2009 (1)	3.80	0.16	3.96	9.50	0.54	14.00
2010	3.85	0.16	4.01	9.98	0.56	14.55
2011	3.88	0.16	4.04	10.72	0.54	15.30
2012	3.91	0.16	4.07	11.19	0.54	15.80
2013	4.23	0.18	4.41	11.59	0.55	16.55
2014	4.43	0.16	4.59	11.83	0.58	17.00
2015	4.93	0.20	5.13	11.70	0.57	17.40

\* Tax rates are based upon \$1,000 of assessed value

SOURCE: Cumberland assessor's office

(1) Revaluation

Table 8

TOWN OF CUMBERLAND, MAINE Principal Property Taxpayers Current Year and Nine Years Ago						
Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Central Maine Power Company	\$ 44,100,000	1	3.54%	5,719,800	1	0.64%
Spears Hill, LLC	6,051,200	2	0.49%	4,519,200	2	0.50%
Maine Standards Company, LLC	4,650,500	3	0.37%			
Mirza, Zareen Taj	3,888,100	4	0.31%			
Lemole, Emily Jane A-Trustee	3,837,300	5	0.31%	2,883,300	5	0.32%
Mathias, Glenn	3,251,900	6	0.26%			
BBW Real Estate LLC	3,188,600	7	0.26%	2,004,500	8	0.22%
Martin Joseph R.	3,076,800	8	0.25%	3,689,000	3	0.41%
Portland Water District	2,941,500	9	0.24%			
Piaso, Shirley A.	2,865,100	10	0.23%			
Scorpio Island Corp.				3,484,400	4	0.39%
Dumont, Martha E.				2,696,100	6	0.30%
Wheaton, Barbara K. - Trustee				2,286,900	7	0.25%
Oestreicher, Charles R. - Trustee				1,995,400	9	0.22%
DBB Preserve LLC				1,951,700	10	0.22%
<b>Totals</b>	<b>\$ 77,851,000</b>		<b>6.26%</b>	<b>31,230,300</b>		<b>3.47%</b>

SOURCE: Cumberland assessor's office

Table 9

<b>TOWN OF CUMBERLAND, MAINE</b> <b>Property Tax Levies and Collections</b> <b>Last Ten Fiscal Years</b> <b>(dollar amounts expressed in thousands)</b>							
Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2006	\$ 16,167	15,924	98.50%	237	16,161	99.96%	
2007	17,153	16,917	98.62%	232	17,149	99.98%	
2008	15,763	15,469	98.13%	289	15,758	99.97%	
2009	15,902	15,589	98.03%	312	15,901	99.99%	
2010	16,612	16,341	98.37%	269	16,610	99.99%	
2011	17,647	17,359	98.37%	284	17,643	99.98%	
2012	18,319	17,942	97.94%	372	18,314	99.97%	
2013	19,684	19,385	98.48%	293	19,678	99.97%	
2014	20,610	20,329	98.64%	178	20,507	99.50%	
2015	21,650	21,398	98.84%	-	21,398	98.84%	

Note: excludes supplemental taxes

Table 10

**TOWN OF CUMBERLAND, MAINE**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Notes Payable	Unamortized Bond Premium	Capital Leases	General Obligation Bonds	Unamortized Bond Premium	Notes Payable	Capital leases			
2006	\$ 8,239,648	1,075,534	-	86,483	1,730,815	-	279,607	-	11,412,087	4.738%	1,594
2007	7,708,754	992,800	-	314,587	1,620,137	-	264,718	149,225	11,050,221	4.588%	1,544
2008	9,974,189	910,067	-	101,539	1,523,582	-	249,529	118,842	12,877,748	5.347%	1,799
2009	13,704,931	827,333	-	63,785	1,025,000	-	234,034	91,208	15,946,291	6.621%	2,227
2010	17,090,601	744,600	-	101,600	960,000	-	218,009	62,234	19,177,044	5.847%	2,514
2011	16,079,055	661,867	-	230,623	890,000	-	201,881	31,854	18,095,280	5.910%	2,509
2012	14,766,489	579,134	-	160,147	780,000	42,853	185,428	108,116	16,622,167	5.203%	2,316
2013	13,583,751	496,400	-	131,840	690,000	37,496	168,858	86,210	15,194,555	4.756%	2,107
2014	12,691,163	413,667	-	66,179	600,000	32,139	151,734	65,756	14,020,638	3.503%	1,896
2015	14,737,134	330,934	571,310	13,843	1,245,000	99,984	-	44,587	17,042,792	3.341%	2,257

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) Based on population as provided by the U.S. Bureau of the Census, Greater Portland Council of Governments



Table 11

**TOWN OF CUMBERLAND, MAINE**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2006	\$ 9,970,463	0.95%	1,393
2007	9,328,891	0.78%	1,303
2008	11,497,771	0.89%	1,606
2009	14,729,931	1.30%	2,058
2010	18,050,601	1.55%	2,367
2011	16,969,055	1.50%	2,353
2012	15,589,342	1.37%	2,172
2013	14,311,247	1.26%	1,985
2014	13,323,302	1.25%	1,802
2015	16,653,428	1.56%	2,206

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

Table 12

**TOWN OF CUMBERLAND, MAINE**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2015**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
Overlapping debt:			
Cumberland County	\$ 37,125,000	2.79%	1,036,409
MSAD #51	24,361,097	69.02%	16,814,886
Subtotal, overlapping debt			17,851,295
Direct debt:			
Bonds payable	14,737,134		14,737,134
Unamortized bond premium	571,310		571,310
Notes payable	330,934		330,934
Capital leases	13,843		13,843
Subtotal, direct debt			15,653,221
<b>Total direct and overlapping debt</b>			<b>\$ 33,504,516</b>

Note: the county's overlapping debt is determined by the Town's portion of the State's valuation of the county. The MSAD overlapping debt is determined by the relative valuations of participating members.

Table 13

**TOWN OF CUMBERLAND, MAINE**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(dollar amounts expressed in thousands)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed value per State	\$ 1,193,700	1,286,200	1,132,250	1,162,000	1,131,350	1,084,700	1,068,500	1,056,700	1,057,800	1,099,350
Total debt limit - all purposes - 15% of assessed value	\$ 158,003	179,055	192,930	169,838	174,300	162,705	160,275	160,275	158,670	164,903
Less outstanding debt applicable to debt limit	11,326	10,586	12,657	15,791	19,013	17,832	16,311	14,939	13,857	16,313
Legal debt margin	\$ 146,677	168,469	180,273	154,047	155,287	144,873	143,964	145,336	144,813	148,590
Total outstanding debt applicable to the limit as a percentage of debt limit	7.17%	5.91%	6.56%	9.30%	10.91%	10.96%	10.18%	9.32%	8.73%	9.89%
The debt limit is restricted by State statute based on the assessed value per the State above and the percentages below.										
Municipal purposes - 7.5%										
Debt limit	\$ 79,001	89,528	96,465	84,919	87,150	81,353	80,138	80,138	79,335	82,451
Less outstanding debt applicable to debt limit	11,305	10,586	12,656	15,791	19,013	17,832	16,310	14,939	13,857	16,313
Debt margin for municipal purposes	\$ 67,696	78,942	83,809	69,128	68,137	63,521	63,828	65,199	65,478	66,138
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	14.31%	11.82%	13.12%	18.60%	21.82%	21.92%	20.35%	18.64%	17.47%	19.79%
School purposes - 10%										
Debt limit	\$ 105,335	119,370	128,620	113,225	116,200	108,470	106,850	106,850	105,780	109,935
Less outstanding debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Debt margin for school purposes	\$ 105,335	119,370	128,620	113,225	116,200	108,470	106,850	106,850	105,780	109,935
Outstanding debt applicable to the limit as a percentage of debt limit for school purposes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Storm and sanitary sewer purposes - 7.5%										
Debt limit	\$ 79,001	89,528	96,465	84,919	87,150	81,353	80,138	80,138	79,335	82,451
Less outstanding debt applicable to debt limit	21	-	-	-	-	-	-	-	-	-
Debt margin for sewer purposes	\$ 78,980	89,528	96,465	84,919	87,150	81,353	80,138	80,138	79,335	82,451
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Maximum total debt limit - 15%	\$ 179,055	192,930	169,838	174,300	169,703	162,705	160,275	158,505	158,670	164,903

Table 14

**TOWN OF CUMBERLAND, MAINE**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income</b>	<b>Per Capita Income Cumberland County (2)</b>	<b>Median Age (6)</b>	<b>High School Completion Rates (5)</b>	<b>Resident School Enrollment (4)</b>	<b>State Unemployment Rate (3)</b>
2006	7,159	\$ 240,857,396	33,644	39.4	96%	1,588	3.0%
2007	7,159	240,857,396	33,644	39.4	99%	1,575	2.7%
2008	7,159	240,857,396	33,644	39.4	95%	1,590	4.7%
2009	7,159	240,857,396	33,644	39.4	96%	1,558	8.6%
2010	7,627	327,968,627	43,001	39.4	96%	1,467	8.0%
2011	7,211	306,200,693	42,463	45.0	96%	1,357	7.6%
2012	7,211	318,661,408	44,048	45.0	96%	1,345	7.5%
2013	7,192	357,866,728	47,015	45.0	95%	1,333	6.9%
2014	7,393	400,232,133	55,503	45.0	93%	1,176	5.5%
2015	7,550	510,047,800	67,556	45.0	98%	1,426	4.7%

## Sources:

(1) U.S. Bureau of the Census

(2) U.S. Bureau of the Census, Greater Portland Council of Governments

(3) Maine Department of Labor (seasonally adjusted)

(4) MSAD No. 51

(5) State of Maine Department of Education

(6) U.S. Census Bureau (2010 Census latest available figures)

Table 15

**TOWN OF CUMBERLAND, MAINE**  
**Principal Employers**  
**June 30, 2015**

<u>Employer</u>	<u>2015</u>			<u>2006</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>
MSAD 51	300-450	1	2.5%-6.3%		
Town of Cumberland	150-200	2	2.5%-6.3%		
Exactitude	50-99	3	1.3%-2.5%		
Seafax	50-99	3	1.3%-2.5%		
Norton Insurance	50-99	5	1.3%-2.5%		
Sevee Maher Engineers	50-99	6	1.3%-2.5%		
Maine Standards	50-99	7	.5%-1.3%		
Lucinda's Day Spa	50-99	8	.5%-1.3%		
Met Life	20-49	9	.5%-1.3%		
Main Line Fence Co.	20-49	10	.5%-1.3%	20-49	10
Cumberland Farmers Club				100-249	1
Cumberland Fire Department				100-249	2
Greely Jr. High School				100-249	3
Central Maine Communications				50-99	4
Cumberland Town Office				50-99	5
Greely High School				50-99	6
Mabel Wilson School				50-99	7
Chebeague Island Inn				20-49	8
Ledgeview Assisted Living				20-49	9

Table 16

**TOWN OF CUMBERLAND, MAINE**  
**Full-time Equivalent Town Government Employees by Function/Program**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government:										
Management	3	3	3	3	3	3	3	3	2	2
Finance/Administration	7	7	7	7	7	6	6	6	7	6
Planning	2	2	2	2	2	2	2	2	2	2
Assessing	1	1	1	1	1	1	1	-	-	-
Public Safety:										
Fire	2	2	2	2	4	3	3	2	3	4
Police	12	12	12	12	12	12	12	12	12	12
Rescue	3	3	3	3	-	-	-	-	-	-
Public Works	13	13	12	10	9	9	9	9	7	7
Parks, Rec and Library	7	7	7	9	8	8	9	8	11	12
Valhalla	5	6	5	3	3	3	3	3	3	3
<b>Total Full-time Employees</b>	<b>55</b>	<b>56</b>	<b>54</b>	<b>52</b>	<b>49</b>	<b>47</b>	<b>48</b>	<b>45</b>	<b>47</b>	<b>48</b>

Source: Town of Cumberland budget documents

Table 17

**TOWN OF CUMBERLAND, MAINE**  
**Operating Indicators by Function**  
**Last Ten Calendar Years**

Function	Calendar Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Code Enforcement:										
Building permits	275	283	283	206	151	180	314	220	251	268
Sign permits	7	8	8	5	4	5	13	16	9	21
Fire Protection:										
Number of calls answered	542	575	510	536	592	576	931	860	994	1,242
Number of inspections conducted	161	161	161	211	337	304	127	118	192	190
Police Protection:										
Number of law violations:										
Arrests	149	149	149	158	137	165	136	202	220	72
Traffic violations	4,585	4,585	4,585	4,085	3,485	3,069	2,964	2,144	1,393	740
Parking violations	167	167	167	58	27	32	108	91	43	4
Number of calls for service	7,542	6,832	6,832	10,926	12,223	11,702	11,737	9,090	8,928	6,534
Sewerage System:										
Number of service connections	965	965	965	1,014	1,020	1,041	1,176	1,070	1,108	1,806
Daily average treatment in gallons	172,960	172,960	172,960	191,203	202,000	249,382	253,000	227,000	228,892	234,932

Sources: Town of Cumberland Code Enforcement, Police, and Fire Departments; Portland Water District

Table 18

**TOWN OF CUMBERLAND, MAINE**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function										
Public Safety:										
Police:										
Stations	2	2	1	1	1	1	1	1	1	1
Vehicles	20	24	19	17	15	14	12	6	6	7
Fire:										
Stations	3	3	2	2	2	2	2	2	2	2
Vehicles	17	17	13	12	11	10	10	10	11	11
Public Works:										
Streets (miles)	60	60	78	78	78	79	79	79	79	79
Number of streetlights	245	245	203	203	203	203	203	203	203	203
Parks & Recreation:										
Parks	1	1	1	1	1	1	1	1	1	2
Parks (acreage)	250	250	250	250	250	250	250	250	250	254
Public skating rinks	1	1	1	1	1	1	1	1	1	1
Public tennis courts	4	4	4	4	4	4	4	4	4	4
Public golf courses	1	1	1	1	1	1	1	1	1	1
Sewer:										
Miles of sanitary sewers	20	20	20	20	20	20	20	20	25	25

Sources: Town of Cumberland Code Enforcement, Police, and Fire Departments; Portland Water District



Table 19

**TOWN OF CUMBERLAND, MAINE**  
**Miscellaneous Statistics**  
**For the year ended June 30, 2015**

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Date of incorporation	1821
Form of government	Council/Manager
Number of full-time employees	48
All employees	330
Area in square miles	20
Name of government facilities and services:	
Miles of streets	79
Number of street lights	203
Culture and recreation:	
Parks	2
Park acreage	254
Skating rinks	1
Tennis courts	4
Golf course	1
Fire Protection:	
Number of fire personnel and officers	76 (Volunteers)
Police Protection:	
Number of police personnel and officers	12
Number of patrol units	7
Education:	
Number of elementary schools	3
Number of elementary school instructors	126
Number of secondary schools	1
Number of secondary school instructors	68