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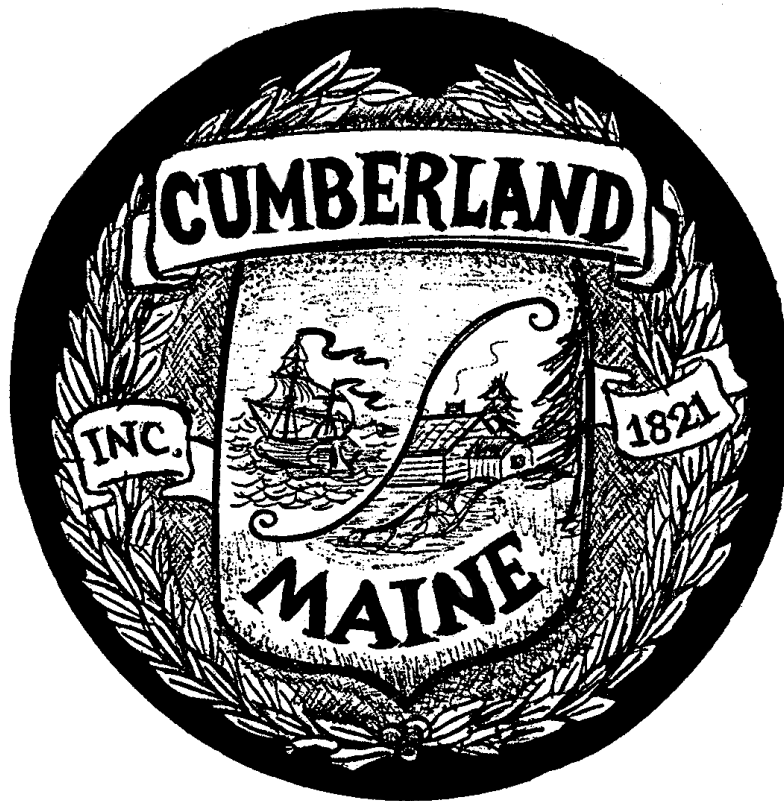
Town of Cumberland Maine Financial Audit 2018

Cumberland, Me.

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Town of Cumberland, Maine



Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

TOWN OF CUMBERLAND, MAINE
Comprehensive Annual Financial Report
For the Fiscal Year ended June 30, 2018

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

TOWN OF CUMBERLAND, MAINE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

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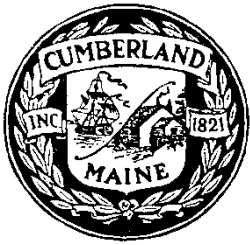
TOWN OF CUMBERLAND, MAINE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

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INTRODUCTORY SECTION

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TOWN OF CUMBERLAND, MAINE

290 Tuttle Road

Cumberland Center, Maine 04021-9321

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

November 19, 2018

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 2018 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 Introduction 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 2018 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

Located 15 minutes north of Portland, Cumberland is one of the fastest growing communities in Cumberland County. The Town 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. Founded in 1821, 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. The Town continues to host the Cumberland Fair, one of the state's largest agricultural fairs and a link to the Town's rich agricultural history. The Fair has been held annually since 1868.

Based on information from the Greater Portland Council of Governments, the Town has a population of 8,164 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 86% of the tax base is composed of residential and open space, 8% is commercial and light industrial, and 6% is exempt from property tax (this includes MSAD #51 and Town owned properties). 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 had net revenues over expenditures, when compared to budgets. Following the trend of the past few years, the Town received much higher than anticipated revenues, which more than offset overages in General Fund expenditures. As in prior years, this budget surplus was used to reduce the following year's budget and effect on the tax rate. Programs funded from the surplus have included maintenance of local roads, senior property tax assistance, equipment for the Police and Fire Departments, as well as the Aging in Place program. Please refer to Management's Discussion and Analysis for detailed information about this, on pages 18-31.

The Town of Cumberland continues to be one of the fastest growing communities in Cumberland County, and is one of the most popular areas around Greater Portland to live and raise a family. Economic conditions in the Town are reflected in revenue lines such as motor vehicle excise tax, growth and building permits, and recreation programs. Collection of vehicle excise taxes continues to exceed all expectations, as do permit and impact fee revenues. Recreation revenues increased almost \$400,000 over the past three fiscal years, and are expected to increase again in the new fiscal year. Increasing enrollment in before and after school programs, as well as summer day camps, reflects the growing population in the Town.

Using information gathered from the Maine Home Sales Connection, Cumberland real estate had 163 sales this year, down from a record high last year of 188 properties sold. This brought the numbers back to a more average sales rate, based on sales since 2013. However, the median sales price increased dramatically and ended the year slightly above \$410,000, an increase of 14% from the prior year. The sales price was affected by a higher than average number of oceanfront and ocean view homes being sold. The average time to sell a home in Cumberland this year was a mere 16 days, a decrease of 54% from the prior year. 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 continues to increase. During FY2018, three new subdivisions were approved, containing 4 to 10 houses each. The largest new project, by OceanView at Falmouth, is a senior/retirement community that will be located off Tuttle Road and contain 52 cottages and a community center, to be called Cumberland Crossing. Additional subdivision plans are being reviewed by the Planning Board in FY2019. The commercial tax base in Cumberland is now at about 8%, up from only 2% in 2002. Management of the Town continues to pursue economic development to increase the value of commercial properties along Route 1 and Route 100. 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.

All of this growth has put a significant strain on some Town resources, in particular for the Town Assessor and Code Enforcement Officer. Both of these positions were part time for many years, but in FY2018, both of these key individuals became full time Cumberland employees.

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.

Major Initiatives and Long-term Planning

The Town Council and Town management have been focusing their priorities in two primary areas: maintenance of the Town's infrastructure, and improving quality of life for the Town's residents. During FY2018, the Town expended the majority of the proceeds from the FY2017 bond issue, for renovations to the Central Fire Station and Middle Road improvements. Both of these projects are expected to be completed in FY2019.

The original Central Fire Station was built in 1969, and other than minor repairs, had not been updated since that time. The Central Station Building Committee put in many hours to design a new station that will hopefully continue to meet the Town's expanding needs over the next 50 years. Cumberland Fire Department has historically been a community based call/volunteer department. However, the increasing number and proportion of emergency medical calls are shifting the department towards a full time, 24/7 operation. Although this transition may not occur for another 5 to 10 years, planning of the new station accounted for the potential of full-time, live-in staffing. Other improvements that will be incorporated include construction of an additional bay to house the number of ambulances the Town currently operates; office space improvements; quarters for the department's five live-in students, overnight-shift staff, and a large training/community room.

Middle Road is being rebuilt from Tuttle Road to the Falmouth town line, and the Town has used this construction as an opportunity to extend the water main to connect to Falmouth, as well as working with Summit Natural Gas to install gas lines along the length of the project.

Cumberland has an established Pavement Management Plan to maintain and upgrade the Town's facilities and infrastructure. The 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. Road improvement projects during the last few years have focused on initiatives that were eligible for the Maine Department of Transportation (MDOT) Municipal Partnership Initiative program (MPI). This program was established by the State in 2011, and provides up to \$500,000 per project of matching funds for improvements to State-Aid roads. Since the inception of the MPI program, The Town has applied for and received \$2,500,000 from MDOT. Past projects have included Blanchard Road, Blackstrap Road, and Route 1; ongoing MPI projects in FY2019 include Route 9/Main Street, Skillin Road, and Tuttle Road (which also received funding from the Portland Area Comprehensive Transportation System). In order to provide the funds needed to match MDOT contributions under the MPI, the Town has delayed parts of the Pavement Management Plan for local, non-State-Aid roads. During the FY2019 budget process, the Council agreed that emphasis needed to be refocused on the delayed maintenance for local roads, so we expect to have fewer MPI eligible projects over the next year or two.

Major capital projects underway at the end of FY2018 included construction of a new pier at Broad Cove Reserve, and extension of sewer lines along Route 1 and Route 100. The pier is estimated to cost \$552,000 and is being jointly funded. The adjacent Spears Hill Homeowners Association provided \$150,000, and we expect to receive \$200,000 through a State grant. When Broad Cove Reserve was purchased in FY2015, the Town established a capital reserve fund to set funds aside to defray the remainder of these costs. The pier will be installed by spring of 2019. Extension of the sewer lines is still in initial development, so cost estimates are not yet available; this project will be paid for from the Town's Sewer Fund.

In July of 2018, The Town Assessor's office began an audit of real property records; the project is expected to be completed by December. This inventory update is being conducted in an effort to ensure that all assessment data is accurate. Over time, inaccuracies can develop in the records, usually as a result of citizens not being aware of permit and reporting requirements. There has not been a complete physical inventory within the last fifteen years, and it has become increasingly apparent that current assessment data was deficient in many instances. The inventory update is not a revaluation, although there may be valuation changes as a result of the review. Any additions (living area, renovations, decks, porches, outbuildings, etc.) that were not previously included, or that were included and have been removed, will be reflected in the assessed value as of April 1, 2019. These values will be effective for property tax bills beginning in FY2020.

Other initiatives during FY2018 included: a "Farm Based Special Events" ordinance, which was developed to help local farms expand their revenue base by using their properties for weddings and other events; this was done to help farms remain intact, and preserve some of the rural nature of the Town. Plans were approved for a solar array project to be developed on the site of the former town landfill; when operating, it is anticipated that the solar array will generate enough power to supply all Town buildings, with projected savings on electricity costs of \$80,000 per year. Another ordinance that is in development is for a new subdivision format, called a "Conservation Subdivision"; this also stemmed from a desire to protect agricultural land and desirable open spaces.

The Town continues making a concerted effort to make it possible for older residents to remain in their homes, enriching the community with their experiences and abilities. For the past few years, the Council has funded the Aging in Place project, to develop resources to assist senior residents. Cumberland has been recognized by several State and national organizations for our innovative programs, which include: the Cumberland Area Ride (CAR) program, which coordinates volunteers to drive residents who have limited transportation options; the Friendly Visitor program, to provide companionship for seniors who are housebound and alone; a Handyman program to help with light maintenance including yard work, pet walking, shoveling and other chores (done in conjunction with Greely Middle and High Schools); health classes, monthly social gatherings, loans of durable medical goods, and a Daily Call-In program run by the Fire Department, to provide regular wellness checks for older adults in the community. When the State of Maine abolished its Property Tax Relief program a few years ago, Cumberland established a similar program for older Town residents, which was the only one of its kind in the state. Through an application process that looks at age and level of household income, seniors could qualify for up to \$750 of property tax rebates. In FY2018, 154 households benefited from this program. As a result of the success of this project, Aging in Place was moved into the General Fund as part of the Recreation Department beginning with the FY2019 fiscal year.

Financial Policies and Information

Cash Management: Improving the overall cash position of the Town continues to be a top priority. For the fifth 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 three primary reasons for the improved cash position of the Town. The available (spendable) General Fund balance has increased substantially over the past few years, the collection rate of assessed property taxes has been steadily rising, and reserve funds deficit balances have been significantly reduced. All of these factors have a positive effect on cash flow. 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 FY2018, 99.34% 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. The Town has been contributing to reserve funds such as the Debt Service Reserve (with a FY2018 ending balance of \$738,000); also, throughout FY2017 and FY2018 cash balances were buoyed by unspent bond proceeds.

Fund Balances:

The Town fund balance policy was adopted in FY2011, and geared towards improving the overall fund balance of the Town, rather than just the General Fund. This policy officially recognized management's efforts to reduce deficit balances in capital project funds, special revenue funds, and enterprise funds. As of the end of FY2016, the majority of deficit fund balances had been eliminated. The goal related to the General Fund is to achieve a minimum available (spendable) balance of 12% of total revenues. By the end of FY2018, available fund balance in the General Fund had increased to \$2,590,074, or 9.0%. This had increased from a low in FY2012 of 3%, although it is down slightly from a high of 9.2% in FY2016.

Because many municipal facilities and important pieces of infrastructure have required attention, a strategic decision was made in FY2017 to allow the General Fund balance to decrease slightly in order to fund capital reserve funds. In addition, a five year plan has been implemented that allows two major funds to run short term deficit balances: both the TIF fund and the Senior Housing enterprise fund are projected to have increasing deficits for the next few years, then gradually recover. This is being done to accommodate necessary capital spending without resorting to long-term borrowing.

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. FY2018 is expected to be the last year in which a transfer is made to the Debt Service Reserve fund, which was established a few years ago to minimize the effect on the tax rate of fluctuations in future debt service requirements. After FY2018, we expect to begin taking funds back out of the reserve fund to assist with budgeting debt expenditures in the General Fund.

Budgets and Budgetary Controls: Budgets are legally adopted by the Town Council through passage of an annual appropriations order. 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. 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

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 November 19, 2018 and is available from the Finance Department at the Town Office.

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 Uniform Guidance as the Town expended less than \$750,000 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, 2017. The Town of Cumberland has received Certificates of Achievement for all full fiscal years from 1993 through 2017. 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

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Government Finance Officers Association

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

Presented to

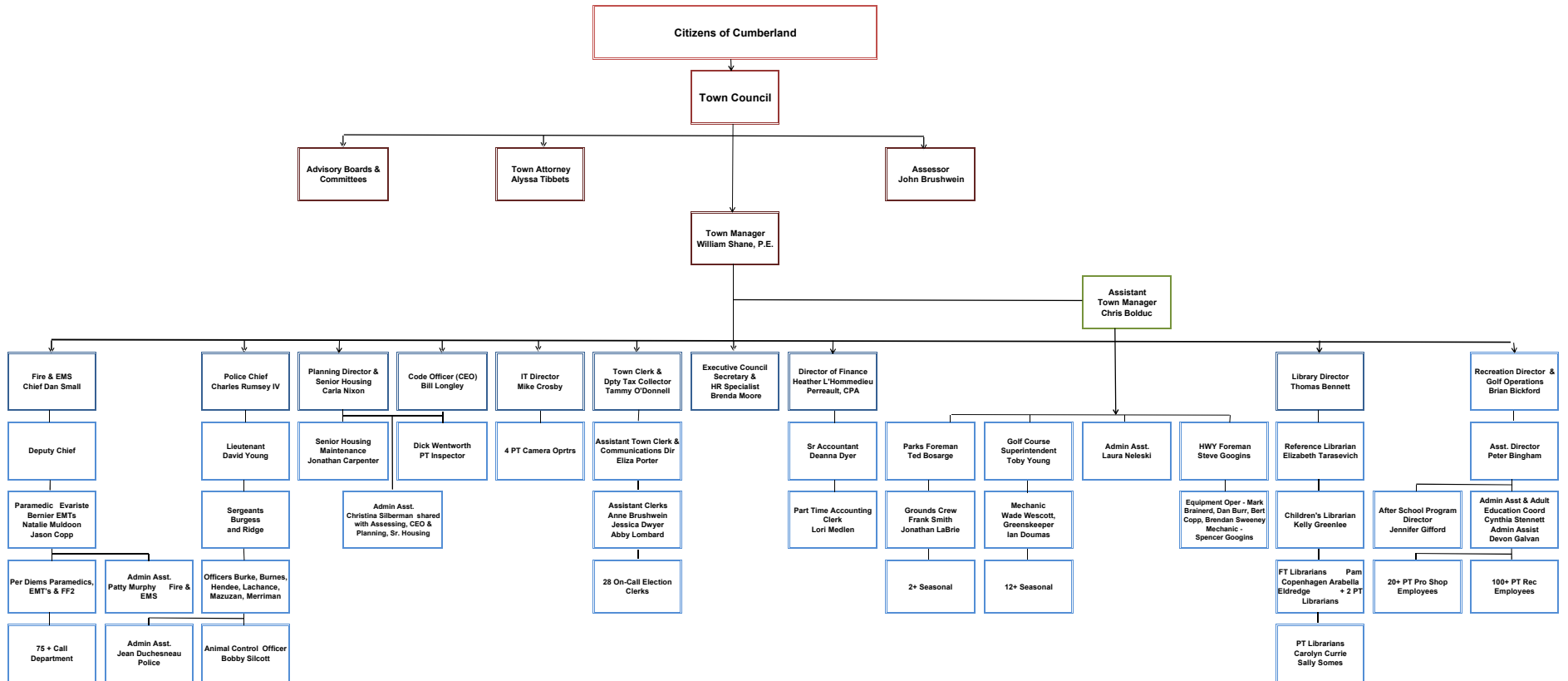
**Town of Cumberland
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



TOWN OF CUMBERLAND, MAINE
List of Principal Officials
June 30, 2018

Elected:

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

Appointed:

Town Manager	William Shane
Assistant Town Manager	Christopher Bolduc
Director of Finance	Heather L'Hommedieu Perreault, CPA
Town Clerk	Tamara O'Donnell
Town Planner	Carla Nixon
Code Enforcement Officer	William Longley
Fire Chief	Daniel Small
Police Chief	Charles J. Rumsey IV
Recreation Director	Brian Bickford
Librarian	Thomas Bennett
Assessor	John Brushwein

FINANCIAL SECTION

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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, 2018, and the related notes to the financial statements, which collectively comprise the Town of Cumberland, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Maine as of June 30, 2018, 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 and detailed budgetary comparison schedule 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 November 19, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Cumberland, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cumberland, Maine's internal control over financial reporting and compliance.

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

November 19, 2018
South Portland, Maine

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2018

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, 2018. 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, 2018 was \$34,319,887. This includes net position for governmental activities of \$31,157,922; business-type activities net position was \$3,161,965. Net position increased for both governmental and business-type activities in FY2018, with a combined increase of \$3,141,608, or 10.1%.
- The ending fund balance for the General Fund was \$2,590,074, an increase from the prior year by \$154,046. Strong revenues in the General Fund, which exceeded budget by \$649,135, were able to offset expenditures that exceeded budgeted amounts by \$343,495.
- The ending fund balance for the General Fund of \$2,590,074 was 9.0% of General Fund revenues, compared to 8.7% in FY2017 and 9.2% in FY2016. The increase is attributable to the excess revenues over budget that were received during FY2018, and the smaller amounts transferred to capital reserve funds.
- Business-type Activities ending balance in unrestricted net position has again improved, ending FY2018 at \$1,347,219, an increase of \$34,160. The majority of the increase was in the Sewer Fund, where rate increases over the past few years have been required in anticipation of significant capital investment requirements in the future.

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.

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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, Val Halla Golf Center, 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 and Sewer System 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.

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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.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current & other assets	\$ 6,012,406	11,291,605	1,395,045	1,355,595	7,407,451	12,647,200
Capital assets	48,203,822	41,747,501	2,790,367	2,857,948	50,994,189	44,605,449
Total assets	54,216,228	53,039,106	4,185,412	4,213,543	58,401,640	57,252,649
Deferred outflows	469,752	859,552	-	-	469,752	859,552
Long-term liabilities	22,166,179	23,791,356	977,861	1,108,511	23,144,040	24,899,867
Other liabilities	1,243,910	1,896,026	45,586	39,434	1,289,496	1,935,460
Total liabilities	23,410,089	25,687,382	1,023,447	1,147,945	24,433,536	26,835,327
Deferred inflows	117,969	98,595	-	-	117,969	98,595
Net position:						
Net investment in capital assets	28,666,371	26,426,553	1,814,746	1,752,539	30,481,117	28,179,092
Restricted - other	355,130	325,714	-	-	355,130	325,714
Unrestricted	2,136,421	1,360,414	1,347,219	1,313,059	3,483,640	2,673,473
	<u>31,157,922</u>	<u>28,112,681</u>	<u>3,161,965</u>	<u>3,065,598</u>	<u>34,319,887</u>	<u>31,178,279</u>

Overall, net position for Governmental Activities increased by approximately 10.8%; Business-type Activities increased 3.1%. Combined net position for Governmental and Business-type Activities increased 10.1%.

Total net position for the Town's Governmental Activities increased \$3,045,241 to \$31,157,922. This increase is primarily a result of capital asset additions (net of debt) of \$2,239,818. An increase in Construction in progress of \$4,301,188 is the most significant contributor to this change, as bond funded projects were nearing completion towards the end of the fiscal year. This resulted in a corresponding significant decrease in Cash, as well as a reduction in Accounts Payable at year end. Please see further discussion below.

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 FY2018 to \$2,136,421 compared to \$1,360,414 on June 30, 2017.

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Unrestricted net position of Business-type Activities increased to \$1,347,219 at June 30, 2018, a modest increase of \$34,160 from the prior year. The majority of the increase was in the Sewer Fund, where rate increases over the past few years have been required in anticipation of significant capital investment requirements in the future. The Senior Housing Fund experienced a small increase in unrestricted net position.

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	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 2,956,765	3,110,423	1,367,254	1,372,681	4,324,019	4,483,104
Operating grants & contributions	165,973	143,168	-	-	165,973	143,168
Capital grants & contributions	2,057,401	841,007	-	-	2,057,401	841,007
General revenues:						
Property taxes	25,107,202	23,836,356	-	-	25,107,202	23,836,356
Motor vehicle excise tax	2,120,226	1,959,451	-	-	2,120,226	1,959,451
Interest and penalties	24,352	31,386	-	-	24,352	31,386
Homestead exemption	371,704	279,128	-	-	371,704	279,128
State revenue sharing	458,304	415,633	-	-	458,304	415,633
Investment earnings (loss)	42,277	17,122	(74)	(27)	42,203	17,095
Miscellaneous revenues	73,410	223,178	-	-	73,410	223,178
Total revenues	<u>33,377,614</u>	<u>30,856,852</u>	<u>1,367,180</u>	<u>1,372,654</u>	<u>34,744,794</u>	<u>32,229,506</u>
Program expenses:						
General government	3,600,128	3,791,286	-	-	3,600,128	3,791,286
Public safety	2,760,514	2,742,321	-	-	2,760,514	2,742,321
Public services	3,391,362	3,687,941	-	-	3,391,362	3,687,941
Recreation	2,000,118	1,905,086	-	-	2,000,118	1,905,086
Education	17,208,107	16,060,474	-	-	17,208,107	16,060,474
Library	554,395	518,682	-	-	554,395	518,682
Health & public assistance	179,542	236,687	-	-	179,542	236,687
Interest on debt	638,207	486,260	-	-	638,207	486,260
Senior Housing	-	-	295,442	296,036	295,442	296,036
Sewer system	-	-	975,371	891,253	975,371	891,253
Total expenses	<u>30,332,373</u>	<u>29,428,737</u>	<u>1,270,813</u>	<u>1,187,289</u>	<u>31,603,186</u>	<u>30,616,026</u>
Change in net position	3,045,241	1,428,115	96,367	185,365	3,141,608	1,613,480
Net position - July 1	<u>28,112,681</u>	<u>26,684,566</u>	<u>3,065,598</u>	<u>2,880,233</u>	<u>31,178,279</u>	<u>29,564,799</u>
Net position - June 30	<u>\$ 31,157,922</u>	<u>28,112,681</u>	<u>3,161,965</u>	<u>3,065,598</u>	<u>34,319,887</u>	<u>31,178,279</u>

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Items of note for Governmental Activities:

1. Total Governmental Activities revenues increased \$2,520,762 from FY2017 to FY2018. The biggest changes were in Property Taxes (\$1.3 million) and Capital grants & contributions (\$1.2 million). The increase in Capital grants & contributions was a result of the Town accepting four private roads in FY2018, compared to none in FY2017. Other revenue changes included increased Motor vehicle excise taxes of \$161,000; increased Homestead exemption reimbursements from the State of \$93,000, due to legislated changes in the calculation formula; and a decrease of \$150,000 in miscellaneous revenues as a result of Growth permits and fees returning to more normal levels from unusually high receipts in FY2017.
2. Governmental Activities spending is \$903,636 higher in FY2018 than the previous year. The assessment from MSAD #51 increased costs in Education by \$1,150,000; other significant changes included a decrease in spending in General government of almost \$200,000; decreased spending in Public services of \$297,000, due to lower expenditures from fuel reserves and the circuit breaker program; and increased interest costs of \$152,000 due to the bonds that were issued in FY2017. See below for further discussion.

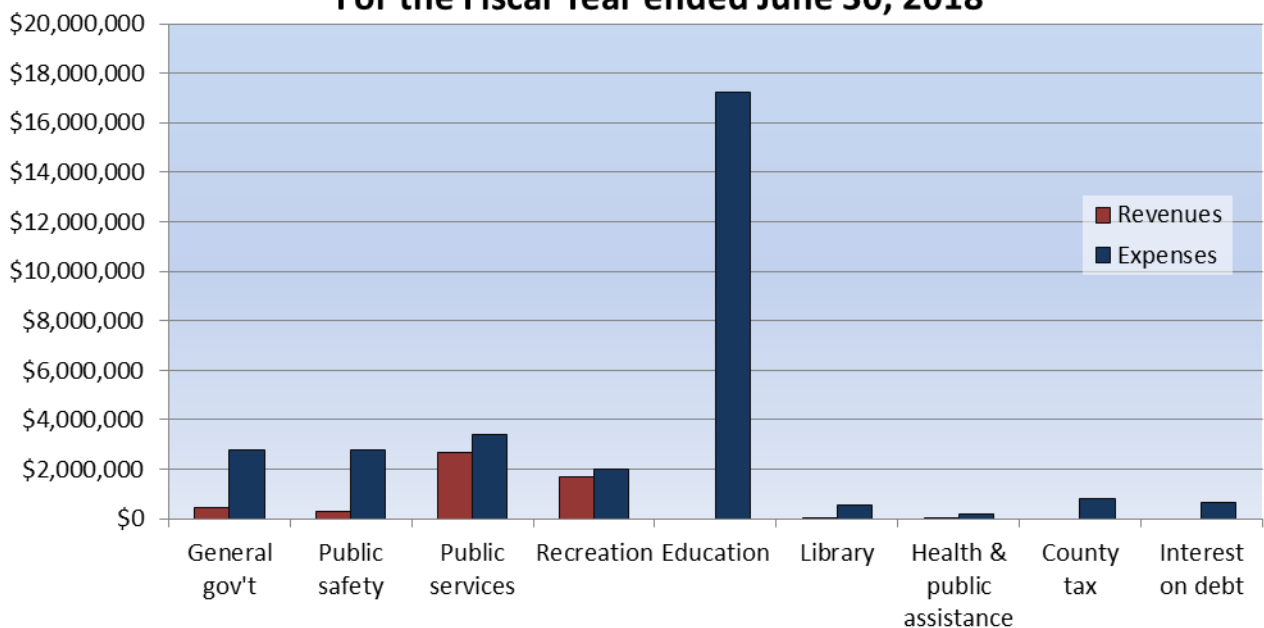
For Business-type activities:

1. Operating revenues in the Sewer System Fund decreased slightly, by \$12,000 from FY2017, and expenses increased \$84,000. Revenues continue to exceed expenses, resulting in an overall increase in net position of \$56,523.
2. In the Senior Housing Fund, revenues were up slightly from the prior year, and expenses were down slightly; this resulted in a modest increase in net position of \$39,844, very similar to the prior year increase.

GOVERNMENTAL ACTIVITIES

The total cost of governmental activities this year was \$30,332,373. After taking into consideration program revenues, the ultimate cost to the taxpayer was \$25,152,234, a decrease from FY2017 of almost \$200,000 (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, 2018

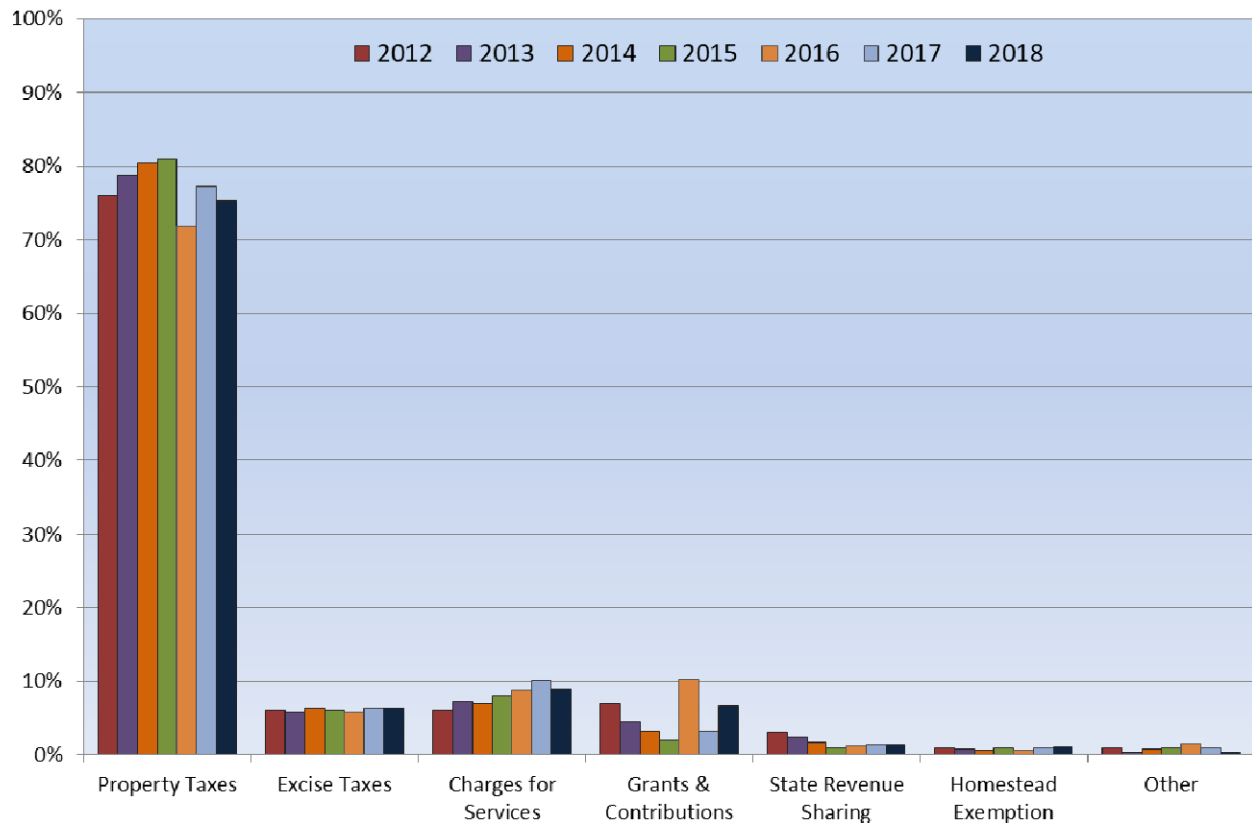


**TOWN OF CUMBERLAND, MAINE
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As can be seen in the chart below, by far the most significant revenue source for governmental activities has been property taxes on real estate and business equipment. From FY2012 to FY2015, property taxes as a proportion of governmental revenues increased from 76% to 81%. In FY2016 this trend was interrupted, due two factors: the significant value of capital contributions from the acceptance of private roads by the Town, and increased charges for services resulting from the transfer of Val Halla Golf Center to the General Fund. In FY2017, no private roads were accepted which significantly reduced income from grants & contributions, with a corresponding increase in the proportion of property taxes; in FY2018 the Town accepted four private roads. Property taxes as a percentage of total revenues continue to remain below the high in FY2015 due to the increases in charges for services from Recreation and Val Halla.

Excise taxes on motor vehicles have remained consistent for several years at 6% of revenues from governmental activities. Revenues received from the State of Maine, through State Revenue Sharing and Homestead Exemption reimbursements, have over time decreased substantially as a percentage of overall revenues. Grants & Contributions fluctuates, primarily due to conversion of private roads. The largest portion of Charges for Services consists of fees for activities through the Recreation Department and Val Halla Golf Center.

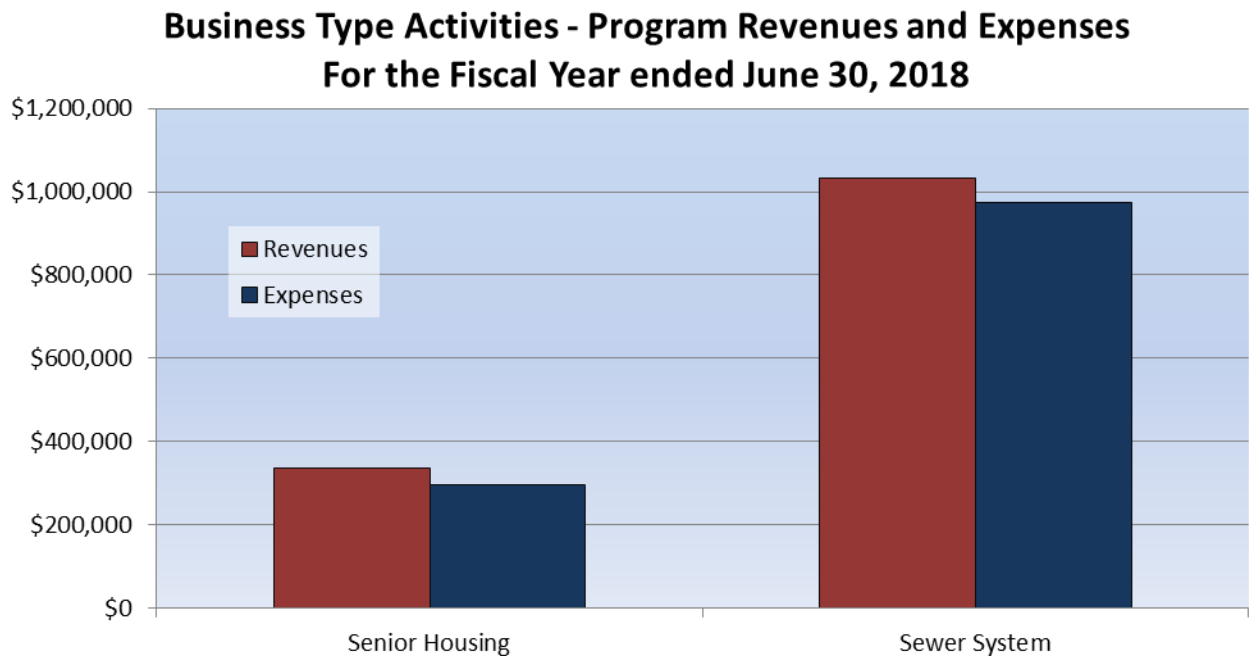
**Governmental Activities - % of Revenues by Source
for the Fiscal Years 2012 to 2018**



**TOWN OF CUMBERLAND, MAINE
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BUSINESS-TYPE ACTIVITIES

Combined expenses for business-type activities this year were \$1,270,813; however, after considering the total amounts paid by users, Business-type Activities generated net revenues of \$96,367. Costs associated with Business-type Activities are usually absorbed by the individual funds and the costs are not passed on to the taxpayer.



THE TOWN'S FUNDS

For FY2018, expenditures in governmental funds exceeded revenues by \$4,865,916. The General Fund experienced an excess of revenues over expenditures of \$1.1 million, which was offset by capital expenditures of \$5.1 million from the Bond Fund, as well as other capital expenditures in the TIF and other governmental funds. As of June 30, 2018, the Town's governmental funds reported a combined fund balance of \$4,670,769, a decrease of \$4,739,416 from FY2017. This is due primarily to the expenditure of proceeds from the FY2017 bond issuance of \$7.3 million, the majority of which were spent in FY2018.

Overall governmental funds expenditures increased \$4,184,003 when compared to the prior year. General Fund expenditures increased \$1.5 million (see further discussion below). Significant other expenditures included \$5.1 million on bond funded projects for improvements to Middle Road and major renovations to the central fire station; \$473,000 for TIF funded road maintenance and construction projects; and capital outlay of \$972,000 that was primarily for equipment, road maintenance, and town building improvements.

Cash balances in the governmental funds decreased \$4.8 million from FY2017, as a result of the spending of bond proceeds mentioned above. However, the Town continues to see strong collection rates for property taxes, as well as benefiting from revenues exceeding budgeted amounts in the General Fund (see discussion below). As a result, the Town was able to continue 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.

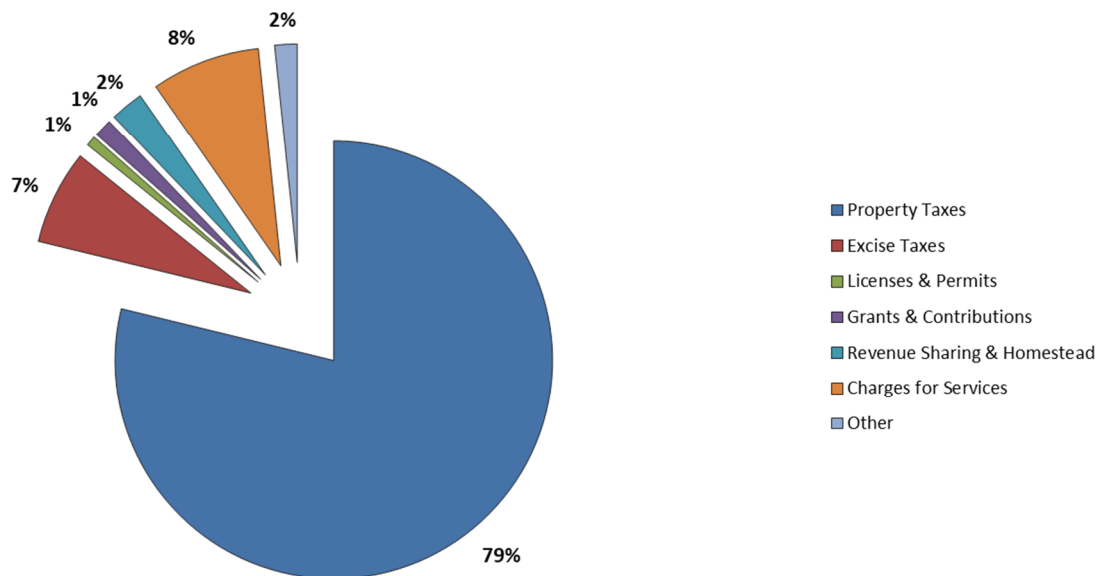
TOWN OF CUMBERLAND, MAINE
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GENERAL MAJOR GOVERNMENTAL FUNCTIONS

The information below summarizes revenues of the General Fund for fiscal years 2012 through 2018. 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 FY2018.

General Fund Revenues		2012	2013	2014	2015	2016	2017	2018
Property Taxes	\$	17,416,455	18,860,922	19,345,284	20,581,457	21,886,117	22,160,043	23,012,057
Excise Taxes		1,364,192	1,460,329	1,633,132	1,693,482	1,856,148	1,959,451	2,120,226
Licenses & Permits		132,652	178,099	161,923	159,680	168,174	207,889	151,495
Grants & Contributions		96,250	187,687	294,818	331,457	264,797	378,259	287,130
Revenue Sharing & Homestead		791,033	794,495	603,229	611,559	620,550	694,761	830,008
Charges for Services		1,230,313	1,259,814	1,148,986	1,279,114	2,223,518	2,262,129	2,481,650
Other		242,225	295,564	392,566	550,939	363,905	464,723	147,211
	\$	<u>21,273,120</u>	<u>23,036,910</u>	<u>23,579,938</u>	<u>25,207,688</u>	<u>27,383,209</u>	<u>28,127,255</u>	<u>29,029,777</u>

**General Fund - % of Revenues by Function
for the Fiscal Year Ended June 30, 2018**

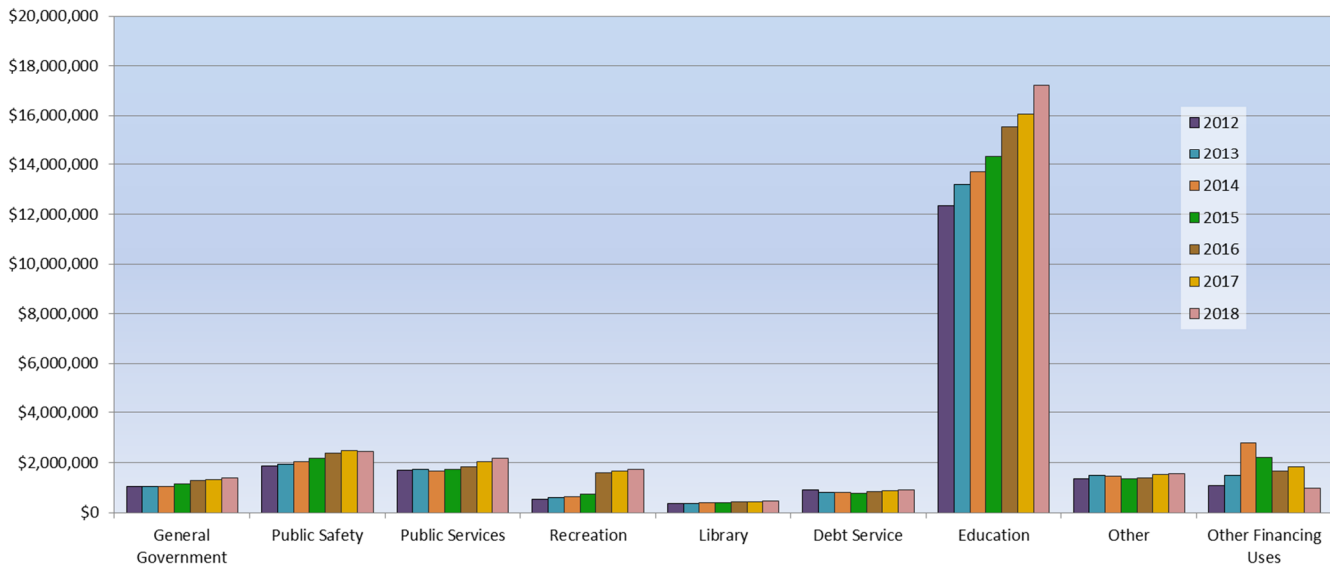


TOWN OF CUMBERLAND, MAINE
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The table below summarizes expenditures of the General Fund for 2012 through 2018. Information is extracted from Statement 4 of multiple audit years.

General Fund Expenditures	2012	2013	2014	2015	2016	2017	2018
General Government	\$ 1,050,648	1,042,947	1,037,505	1,133,820	1,268,088	1,329,839	1,398,885
Public Safety	1,875,363	1,929,209	2,042,544	2,186,641	2,385,487	2,468,837	2,457,733
Public Services	1,705,703	1,721,576	1,658,540	1,717,893	1,839,511	2,047,046	2,179,695
Recreation	542,846	608,860	650,436	751,980	1,597,610	1,655,983	1,739,917
Library	355,671	378,893	390,029	387,703	415,406	426,212	450,254
Debt Service	892,128	807,354	790,235	766,386	828,169	867,226	895,202
Education	12,354,475	13,193,552	13,693,545	14,313,306	15,557,051	16,060,474	17,208,107
Other	1,344,695	1,490,950	1,461,406	1,339,054	1,371,647	1,506,750	1,571,470
Subtotal - Expenditures	20,121,529	21,173,341	21,724,240	22,596,783	25,262,969	26,362,367	27,901,263
Other Financing Uses	1,070,415	1,499,124	2,782,821	2,212,660	1,675,917	1,839,968	974,468
Total Expenditures	\$ 21,191,944	22,672,465	24,507,061	24,809,443	26,938,886	28,202,335	28,875,731

General Fund - Total Expenditures by Function
Fiscal Years 2012 to 2018



As noted above, General Fund expenditures increased \$1.5 million from FY2017 to FY2018. When net transfers out are included, the increase was only \$763,000. The largest increase was for the assessment from MSAD #51, of \$1,150,000; this was offset by a decrease of \$776,000 in transfers to capital project funds. Other increases included \$133,000 in Public Services for road maintenance, and an increase of \$84,000 in Recreation due to the continued expansion of program offerings. Assessments from MSAD #51 for education continues to be the fastest growing expenditure.

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PROPRIETARY FUNDS

The Town of Cumberland has two (2) enterprise funds, Senior Housing and the Sewer System. Previously, the Val Halla Golf Center (VHGC) was included as an enterprise fund, but in FY2016 it was transferred to the General Fund. Total assets for the Senior Housing and Sewer funds had a nominal decrease of \$28,000 from FY2017 to FY2018; slight increases in current assets were offset by the increase in accumulated depreciation of \$151,000. The combined net position (assets less liabilities) increased by \$96,367 to \$3,161,965. This was due primarily to results of operations in these two funds in FY2018. This information is extracted from Statement 7.

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 a modest increase to net position, of \$39,844. Heating expense is decreasing, as a result of more efficient natural gas boilers, and a gradual transfer of this expense to the residents of the apartments. Revenues in this fund continue to be strong, due to a long waiting list for occupancy.

GENERAL FUND BUDGETARY HIGHLIGHTS

Net revenues less expenditures and budgeted transfers in the General Fund came in \$305,640 over budget which, when combined with an overlay for FY2018 of \$252,307, resulted in total General Fund revenues exceeding expenditures and budgeted transfers by \$557,947. Actual revenues in the General Fund exceeded budget by \$649,135, while expenditures and budgeted transfers were over budgeted amounts by \$343,495, or 1.2%.

General Fund Revenues

The Town continues to see several revenue areas experience better than budgeted receipts. Some of the most significant include:

- Excise taxes continue to perform strongly, coming in \$430,000 above budget.
- Revenue from permits is significantly lower than in FY2017, but still exceeded budget by \$30,000. This includes Building, Electrical, Plumbing, and Growth permits and fees.
- Recreation continues to experience significant growth in its programs, bringing in \$188,000 more than budget.
- Sales of pay-as-you-throw trash bags were higher than expected, resulting in Waste Disposal revenues being over budget by \$62,000.

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 changes in tax law affecting personal income tax deductions for 2018, the amount of unavailable taxes at the end of FY2018 increased substantially, resulting in an adjustment to decrease revenues by \$66,000.

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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 \$109,944 over budget, or 9.4%. Administration and Council expenditures exceeded budget by \$47,079 much of which was in salaries and benefits, from continuing costs associated with staff turnover. Legal expenditures were \$16,553 over budget, due to legal challenges in Code Enforcement and Planning.

Public Safety was over budget by \$44,255 or 1.8% of the combined budgets for Police, Fire, Code Enforcement, and Animal Control. The majority of the overage was in the Fire Department, primarily in wages and benefits, as additional full time staff were added that had not been budgeted.

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 \$86,140. A severe winter resulted in cost overages in overtime, road salt, and equipment maintenance.

The Recreation Department overspent its budget by \$75,925, all of which was offset by increased revenues. With total revenues of \$1,005,734 and expenditures of \$996,563, this department had an excess of revenues over expenditures of \$9,171 for FY2018. Also of note: this is the first year that Recreation revenues have exceeded \$1 million.

The excess of revenues over expenditures and budgeted transfers of \$557,947 was used to help fund the following transfers:

- \$100,000 to provide funding for an audit of all real property by the Assessing department
- \$130,000 to provide funds for various capital projects and equipment purchases
- \$70,000 to fund a property tax relief program for senior citizens in the Town

When all transfers are subtracted, the fund balance in the General Fund increased \$79,688, resulting in an ending fund balance (including reserves) of \$2,590,074. Of this balance, \$55,000 consists of prepaid expenses and fuel inventory that will immediately benefit FY2018; and \$450,000 that has been assigned to General Fund Reserve funds, available for spending in FY2018 as approved by the Council. The fund balance policy of the Town requires the General Fund to move toward having an available fund balance that is 12% of revenues. At the end of FY2012, available fund balance was 3% of revenues; at the end of FY2018, available fund balance was 9.0% of revenues. Although this remains slightly lower than FY2016 which was 9.2% of revenues, Town management and the Town Council agreed that it was imperative to fund certain equipment and infrastructure projects.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Books & collections	\$ 990,116	990,116	-	-	990,116	990,116
Construction in progress	7,334,928	3,033,740	4,275	-	7,339,203	3,033,740
Land	6,985,072	6,888,572	-	-	6,985,072	6,888,572
Land improvements	4,014,593	4,022,618	63,170	63,170	4,077,763	4,085,788
Buildings & building improvements	8,786,870	8,917,288	2,183,106	2,104,406	10,969,976	11,021,694
Machinery & equipment	2,299,371	2,516,380	3,006	3,006	2,302,377	2,519,386
Furniture & office equipment	72,187	75,885	-	-	72,187	75,885
Computer equipment	173,159	162,184	-	-	173,159	162,184
Vehicles	4,041,550	4,080,007	-	-	4,041,550	4,080,007
Infrastructure	31,847,685	28,760,627	3,937,449	3,937,449	35,785,134	32,698,076
Total capital assets	\$ 66,545,531	59,447,417	6,191,006	6,108,031	72,736,537	65,555,448
Accumulated depreciation	(18,341,709)	(17,699,916)	(3,400,639)	(3,250,083)	(21,742,348)	(20,949,999)
Capital assets, net of depreciation	48,203,822	41,747,501	2,790,367	2,857,948	50,994,189	44,605,449
Associated bonds and notes payable	20,302,680	15,320,948	975,621	1,105,409	21,278,301	16,426,357
Unspent bond proceeds	(765,229)	-	-	-	(765,229)	-
Capital assets, net of debt	<u>28,666,371</u>	<u>26,426,553</u>	<u>1,814,746</u>	<u>1,752,539</u>	<u>30,481,117</u>	<u>28,179,092</u>

Capital Assets – Governmental Activities

During fiscal year 2018, the Town of Cumberland added capital assets to Governmental Activities of \$3,651,330 (excluding Construction in Progress), and disposed of \$854,404. Depreciation expense for the year was \$1,439,109. The overall value of Governmental Activities' capital assets increased (net of disposals) by \$7,098,114.

Construction in progress at the end of FY2018 included bond funded projects of \$6.6 million: Middle Road improvements of \$2.5 million; and renovation/expansion of the central Fire Station, which had not been updated since originally built in the 1960's, of \$4.1 million. Also included in construction in progress are road improvement projects for Tuttle Road, Mill Road, and Main Street, totaling \$446,000.

Additions to infrastructure assets included the completion of Route 1 turning lanes for \$1.2 million, dramatically improving safety along this increasingly busy stretch of road. Other major additions were the acceptance of four private roads in the Cumberland Foreside Village development, valued at \$1.755 million. Also, the Town was able to purchase 20 acres on Greely Extension for \$90,000, to complete the parcel surrounding Knight's Pond.

The largest equipment purchase during the year was replacement of an ambulance, at a cost of \$190,000. A new radio tower was installed on Chebeague Island in order to improve emergency communications along the coast for \$25,000. Two new SUV's were purchased for the Police Department, with an average cost of \$34,000 each, fully outfitted (lights, radios, rear seat cages, etc.). A 1-ton truck was purchased for Public Works, for \$48,000. Also for Public Works, a mobile vehicle lift was purchased for the maintenance facility for \$38,000, which has greatly increased the ability of mechanics to maintain and repair large equipment. A donation of \$19,000 of fitness equipment was made to the Fire Department, to be installed in the renovated central fire station.

Disposals included \$120,000 of outdated safety equipment for the Fire and Police Departments, as well as almost \$125,000 of building and improvements in the central fire station, which were replaced by the renovations in FY2018. Also disposed of during FY2018 were several vehicles, including a 1999 ambulance, a 1-ton truck, a plow truck, and 3 police cruisers. Total value of vehicle disposals was \$359,000. A parks/roadside mower with a value of \$108,000, a shouldering machine for \$32,500 and miscellaneous other equipment were also retired.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2018

Capital Assets – Business-type Activities

Construction in progress for the Sewer Fund of \$4,200 reflects the beginning of projects to extend sewer lines along Route 1 and Main Street. Building improvements in the Senior Housing fund of \$79,000 were to replace the windows in all of the units. There were no dispositions of capital assets in either of these funds. Depreciation expense for these business type activities was \$150,556.

Additional information on the Town of Cumberland's capital assets can be found in the *Notes to the Basic Financial Statements* on pages 55-56 of this report.

Long-term Debt

At year end, the Town had \$20,438,645 in bonds and notes payable, versus \$21,408,562 last year. After taking into consideration principal payments, the net decrease in bonds and notes payable was \$969,917.

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 4th 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 58-59 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Overall, the Town of Cumberland has continued to experience robust growth. This has enabled an increase in liquidity, as well as minimizing the effect of budget increases on the tax rate, and a reduction of dependence on short term borrowing.

Total assessed value of real estate and business' personal property (machinery and equipment) increased \$26.5 million for the FY2019 tax year, based on assessed values as of April 1, 2018. The bulk of the increase is due to construction of new single family residences, and new commercial construction and expansions. Thirty-one new residences were permitted in FY2018, along with 13 commercial projects. 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.

For FY2019, the Town increased General Fund budgets for both municipal revenues and expenditures. Expenditures, excluding assessments received from MSAD #51 and Cumberland County, increased from \$9,876,671 to \$10,338,149, a change of \$461,478 or 4.7%; budgeted revenues were increased from \$4,787,399 to \$5,030,358, an increase of \$242,959 or 5.1%. When the changes to the two budgets are combined, the net increase to the taxpayers of the Town was \$218,519.

The biggest change in budgeted revenues was an increase of \$270,000 to motor vehicle excise tax; other revenue lines were adjusted up or down based on actual receipts from the last few fiscal years.

Wage and benefit changes account for \$329,000, or 71%, of the increase to the General Fund expenditures budget. Union contract wage adjustments in the Police Department and Public Services resulted in increases of \$78,000; another estimated \$41,000 increase was required in departments that have significant part-time or seasonal employees, due to increases in the State of Maine minimum wage. Increasing demands on the emergency staff in the Fire Department necessitated adding an office manager to handle administrative tasks that had previously been taken care of by on-duty EMT's, at an estimated annual wage of approximately \$45,000. A new part-time position was added in the Town Clerk's office, due to increasing transactions as a result of population growth in the Town; the cost for this was offset by reduction of a position in the Finance office from full-time to part-time. Staffing changes at the Library, combined with long overdue wage increases to adjust more closely to market rates, resulted in a \$50,000 increase to wages and benefits in this department.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2018

For the past several years, the Town has taken advantage of a credit balance with the Maine Public Employees Retirement System (MePERS) to reduce the cost of providing a retirement benefit. The use of this credit has saved the Town over \$200,000; however, the dwindling credit balance combined with increases in employer contribution rates added approximately \$58,000 to the FY2019 budget.

Other additions to budgeted expenditures included \$40,000 for maintenance of Fire and Public Works equipment; as well as adding the Aging in Place program to the Recreation Department with a budget of \$38,000 (it was previously treated as a separate reserve fund, funded from available end of year surplus revenues).

Anticipated capital spending in FY2019 includes completion of improvements to Mill Road, Middle Road, Main Street and Tuttle Road (which required extensive regrading to eliminate areas that flood on a regular basis, partially funded by the Maine Department of Transportation); extension of sidewalks along Tuttle Road to move towards linking the school campus to the athletic fields at Twin Brook Park, to provide safer conditions for students to walk between the two areas; as well as expenditures from the Sewer Fund to extend sewer lines along Route 1 and Route 100. The pier at Broad Cove Reserve, which was demolished due to unsafe conditions, will be rebuilt in FY2019, as a joint venture between the Town, the State, and the adjacent homeowners' association. Equipment purchases in the new year will include a police cruiser and miscellaneous smaller equipment for the Police Department, Fire Department, and Public Services. Portions of the FY2019 budgeted transfers to capital funds are being reserved for funding in future years of a replacement plow truck and loader for Public Works.

In FY2018, the total combined tax rate was \$18.80. For FY2019, the tax rate increased 5%, to \$19.70. Distribution of the rate is detailed below:

	FY2018	FY2019	1 Year Change	
Town	\$5.26	\$5.28	\$0.02	0.4%
County	0.61	0.65	0.04	7%
MSAD #51	12.93	13.77	0.84	7%
Total Tax Rate	<u>\$18.80</u>	<u>\$19.70</u>	<u>\$0.90</u>	<u>5%</u>

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

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TOWN OF CUMBERLAND, MAINE
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,211,506	-	6,211,506
Investments	221,322	7,986	229,308
Receivables:			
Accounts	138,659	200,842	339,501
Rescue	41,054	-	41,054
Intergovernmental	147,255	-	147,255
Taxes - current year	164,175	-	164,175
Taxes - prior years	133,879	-	133,879
Prepaid expenses	43,358	85,487	128,845
Inventory	11,928	-	11,928
Internal balances	(1,100,730)	1,100,730	-
Capital assets not being depreciated	15,310,116	4,275	15,314,391
Capital assets being depreciated, net	32,893,706	2,786,092	35,679,798
Total assets	54,216,228	4,185,412	58,401,640
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	469,752	-	469,752
Total deferred outflows of resources	469,752	-	469,752
LIABILITIES			
Accounts payable	536,886	9,747	546,633
Accrued payroll	158,860	2,523	161,383
Other liabilities	403,861	26,078	429,939
Accrued interest payable	144,303	7,238	151,541
Noncurrent liabilities:			
Due within one year	1,402,207	150,988	1,553,195
Due in more than one year	20,763,972	826,873	21,590,845
Total liabilities	23,410,089	1,023,447	24,433,536
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	117,969	-	117,969
Total deferred inflows of resources	117,969	-	117,969
NET POSITION			
Net investment in capital assets	28,666,371	1,814,746	30,481,117
Restricted for:			
Restricted grants and donations	83,613	-	83,613
Expendable permanent funds	172,276	-	172,276
Nonexpendable permanent funds	99,241	-	99,241
Unrestricted	2,136,421	1,347,219	3,483,640
Total net position	\$ 31,157,922	3,161,965	34,319,887

See accompanying notes to basic financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Activities
For the year ended June 30, 2018

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 3,600,128	426,981	-	-	(3,173,147)	-	(3,173,147)
Public safety	2,760,514	304,185	8,386	-	(2,447,943)	-	(2,447,943)
Public services	3,391,362	523,150	97,593	2,057,401	(713,218)	-	(713,218)
Recreation	2,000,118	1,672,990	12,894	-	(314,234)	-	(314,234)
Education and libraries	17,762,502	29,459	2,000	-	(17,731,043)	-	(17,731,043)
Health and public assistance	179,542	-	45,100	-	(134,442)	-	(134,442)
Interest on debt	638,207	-	-	-	(638,207)	-	(638,207)
Total governmental activities	30,332,373	2,956,765	165,973	2,057,401	(25,152,234)	-	(25,152,234)
Business-type activities:							
Senior Housing	295,442	335,360	-	-	-	39,918	39,918
Sewer System	975,371	1,031,894	-	-	-	56,523	56,523
Total business-type activities	1,270,813	1,367,254	-	-	-	96,441	96,441
Total primary government	\$ 31,603,186	4,324,019	165,973	2,057,401	(25,152,234)	96,441	(25,055,793)
General revenues:							
Property taxes, levied for general purposes					\$ 23,003,724	-	23,003,724
TIF district taxes					2,029,016	-	2,029,016
Outer island property taxes					43,774	-	43,774
Payments in lieu of taxes					30,688	-	30,688
Motor vehicle excise taxes					2,120,226	-	2,120,226
Interest and penalties					24,352	-	24,352
Grants and contributions not restricted to specific programs:							
Homestead and BETE exemptions					371,704	-	371,704
State Revenue Sharing					458,304	-	458,304
Unrestricted investment earnings (loss)					42,277	(74)	42,203
Miscellaneous revenues					73,410	-	73,410
Total general revenues					28,197,475	(74)	28,197,401
Change in net position					3,045,241	96,367	3,141,608
Net position - beginning					28,112,681	3,065,598	31,178,279
Net position - ending					\$ 31,157,922	3,161,965	34,319,887

See accompanying notes to basic financial statements.

TOWN OF CUMBERLAND, MAINE
Balance Sheet
Governmental Funds
June 30, 2018

	General	Bond Fund	TIF Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,161,311	-	-	50,195	6,211,506
Investments	-	-	-	221,322	221,322
Receivables:					
Accounts	132,763	3,300	-	2,596	138,659
Rescue	41,054	-	-	-	41,054
Intergovernmental	139,962	-	7,293	-	147,255
Taxes - prior years	133,879	-	-	-	133,879
Taxes - current year	164,175	-	-	-	164,175
Prepaid items	43,358	-	-	-	43,358
Inventory	11,928	-	-	-	11,928
Interfund loans receivable	-	832,716	-	2,056,378	2,889,094
Total assets	\$ 6,828,430	836,016	7,293	2,330,491	10,002,230
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	238,135	8,287	166,201	113,620	526,243
Accrued payroll	148,901	-	9,667	292	158,860
Escrow liabilities	35,188	-	-	-	35,188
Taxes paid in advance	368,673	-	-	-	368,673
Interfund loans payable	3,205,429	-	795,038	-	4,000,467
Total liabilities	3,996,326	8,287	970,906	113,912	5,089,431
Deferred inflows of resources:					
Unavailable revenue - property taxes	242,030	-	-	-	242,030
Total deferred inflows of resources	242,030	-	-	-	242,030
Fund balances (deficits):					
Nonspendable	55,286	-	-	99,241	154,527
Restricted	-	-	-	255,889	255,889
Committed	-	827,729	-	1,123,509	1,951,238
Assigned	449,964	-	-	737,940	1,187,904
Unassigned	2,084,824	-	(963,613)	-	1,121,211
Total fund balances (deficits)	2,590,074	827,729	(963,613)	2,216,579	4,670,769
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,828,430	836,016	7,293	2,330,491	

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.	48,203,822
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenues in the funds.	242,030
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	(19,533,644)
Unamortized premiums on bonds	(769,036)
Accrued interest	(144,303)
Accrued compensated absences	(205,820)
Net pension liability, including related deferred inflows/outflows	(1,209,896)
Landfill post closure care costs	(96,000)
	(21,958,699)

Net position of governmental activities	\$ 31,157,922
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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, 2018

	General	Bond Fund	TIF Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 25,132,283	-	2,029,016	-	27,161,299
Licenses and permits	151,495	-	-	-	151,495
Intergovernmental	1,117,138	-	-	1,818	1,118,956
Charges for services	2,481,650	-	-	45,133	2,526,783
Other	147,211	-	-	407,741	554,952
Total revenues	29,029,777	-	2,029,016	454,692	31,513,485
Expenditures:					
Current:					
General government	1,398,885	-	693,427	21,211	2,113,523
Public safety	2,457,733	-	-	49,379	2,507,112
Public services	2,179,695	-	-	323,094	2,502,789
Recreation	1,739,917	-	-	11,561	1,751,478
Library	450,254	-	-	26,523	476,777
Health and public assistance	158,912	-	-	19,182	178,094
Unclassified	289,899	-	-	-	289,899
Insurance	218,755	-	-	-	218,755
Education	17,208,107	-	-	-	17,208,107
County tax	813,904	-	-	-	813,904
Capital outlay	90,000	5,115,088	472,757	972,018	6,649,863
Debt service:					
Principal	494,416	-	440,999	4,500	939,915
Interest	400,786	-	325,885	2,514	729,185
Total expenditures	27,901,263	5,115,088	1,933,068	1,429,982	36,379,401
Excess (deficiency) of revenues over (under) expenditures	1,128,514	(5,115,088)	95,948	(975,290)	(4,865,916)
Other financing sources (uses):					
Issuance of note payable	90,000	-	-	-	90,000
Sale of assets	-	-	-	36,500	36,500
Transfers in	-	62,500	-	1,376,968	1,439,468
Transfers out	(1,064,468)	-	(375,000)	-	(1,439,468)
Total other financing sources (uses)	(974,468)	62,500	(375,000)	1,413,468	126,500
Net change in fund balances	154,046	(5,052,588)	(279,052)	438,178	(4,739,416)
Fund balances (deficits), beginning of year	2,436,028	5,880,317	(684,561)	1,778,401	9,410,185
Fund balances (deficits), end of year	\$ 2,590,074	827,729	(963,613)	2,216,579	4,670,769

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, 2018

Net change in fund balances - total governmental funds (from Statement 4)	\$	(4,739,416)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

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

These are the changes related to capital assets:

Capital outlay	6,191,018	
Capital contributions from donated assets	1,761,500	
Depreciation expense	(1,439,109)	
Book value of disposed capital assets	(57,088)	6,456,321

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.

66,129

Expenses in the statement of activities that do not consume current financial resources are not reported as expenditures in the funds:

These are the changes related to long-term liabilities:

Landfill closure costs	406,000	
Accrued interest payable	46,204	
Accrued compensated absences	(6,657)	
Net pension liability	327,249	
Deferred inflows and outflows related to the net pension liability	(409,174)	363,622

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.

3,896

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. These are the changes in long term debt:

Issuance of note payable	(90,000)	
Principal payments	939,917	
Amortization of bond premium	44,772	894,689

Change in net position of governmental activities (see Statement 2)	\$	3,045,241
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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, 2018

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 24,754,476	24,754,476	25,132,283	377,807
Licenses and permits	143,615	143,615	151,495	7,880
Intergovernmental	1,082,150	1,082,150	1,088,681	6,531
Charges for services	2,042,148	2,042,148	2,280,454	238,306
Other	128,600	128,600	147,211	18,611
Total revenues	28,150,989	28,150,989	28,800,124	649,135
Expenditures:				
Current:				
General government	1,168,362	1,168,362	1,278,306	(109,944)
Public safety	2,413,478	2,413,478	2,457,733	(44,255)
Public services	1,901,644	1,901,644	1,987,784	(86,140)
Recreation	1,655,826	1,655,826	1,739,917	(84,091)
Library	437,550	437,550	450,254	(12,704)
Health and public assistance	48,875	48,875	41,845	7,030
Unclassified	256,109	256,109	289,899	(33,790)
Insurance	231,827	231,827	218,755	13,072
Education	17,208,107	17,208,107	17,208,107	-
County tax	813,904	813,904	813,904	-
Capital projects (transfers to reserves)	860,471	860,471	860,471	-
Debt service	902,529	902,529	895,202	7,327
Total expenditures	27,898,682	27,898,682	28,242,177	(343,495)
Excess of revenues over expenditures	252,307	252,307	557,947	305,640
Other financing uses:				
Transfers to reserves	-	-	(274,262)	(274,262)
Transfers out	-	-	(203,997)	(203,997)
Total other financing uses	-	-	(478,259)	(478,259)
Net change in fund balance	252,307	252,307	79,688	(172,619)
Fund balance, beginning of year - budgetary basis			2,060,422	
Fund balance, end of year - budgetary basis	\$		2,140,110	
Reconciliation to GAAP:				
Change in reserves			74,358	
Fund balance, beginning of year - GAAP basis			2,436,028	
Fund balance, end of year - GAAP basis	\$		2,590,074	

See accompanying notes to basic financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2018

Business-type Activities - Enterprise Funds			
	Senior Housing Fund	Sewer System	Totals
ASSETS			
Current assets:			
Investments	\$ 7,986	-	7,986
Accounts receivable	-	200,842	200,842
Prepaid expenses	10,010	75,477	85,487
Interfund loans receivable	206,408	894,322	1,100,730
Total current assets	224,404	1,170,641	1,395,045
Noncurrent assets:			
Property, plant, and equipment	2,238,614	3,952,392	6,191,006
Less accumulated depreciation	(1,280,414)	(2,120,225)	(3,400,639)
Total noncurrent assets	958,200	1,832,167	2,790,367
Total assets	1,182,604	3,002,808	4,185,412
LIABILITIES			
Current liabilities:			
Accounts payable	5,472	4,275	9,747
Accrued interest payable	7,238	-	7,238
Accrued payroll	2,221	302	2,523
Security deposit	26,078	-	26,078
Accrued compensated absences, current	1,200	-	1,200
Bonds and premiums, current	149,788	-	149,788
Total current liabilities	191,997	4,577	196,574
Noncurrent liabilities:			
Accrued compensated absences	1,040	-	1,040
Bonds and premiums payable	825,833	-	825,833
Total noncurrent liabilities	826,873	-	826,873
Total liabilities	1,018,870	4,577	1,023,447
NET POSITION			
Net investment in capital assets	(17,421)	1,832,167	1,814,746
Unrestricted	181,155	1,166,064	1,347,219
Total net position	\$ 163,734	2,998,231	3,161,965

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, 2018

Business-type Activities - Enterprise Funds			
	Senior Housing Fund	Sewer System	Totals
Operating revenues:			
Rental income	\$ 335,360	-	335,360
Charges for services	-	1,029,975	1,029,975
Sewer connection permits	-	700	700
Other	-	1,219	1,219
Total operating revenues	335,360	1,031,894	1,367,254
Operating expenses:			
Wages and benefits	95,695	15,437	111,132
Utilities	34,253	-	34,253
Maintenance	18,552	-	18,552
Contracted services	32,439	5,216	37,655
Tools and equipment	310	-	310
Wastewater assessment	-	875,154	875,154
General costs	9,664	2	9,666
Capital outlay	5,043	-	5,043
Depreciation	70,994	79,562	150,556
Total operating expenses	266,950	975,371	1,242,321
Operating income	68,410	56,523	124,933
Nonoperating expense:			
Investment income (loss)	(74)	-	(74)
Interest expense	(28,492)	-	(28,492)
Total nonoperating expense	(28,566)	-	(28,566)
Change in net position	39,844	56,523	96,367
Total net position, beginning of year	123,890	2,941,708	3,065,598
Total net position, end of year	\$ 163,734	2,998,231	3,161,965

See accompanying notes to basic financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

Business-type Activities - Enterprise Funds			
	Senior Housing Fund	Sewer System	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$ 440,659	971,280	1,411,939
Payments to suppliers	(106,671)	(955,849)	(1,062,520)
Payments to employees	(96,187)	(15,431)	(111,618)
Net cash provided by operating activities	237,801	-	237,801
Cash flows from capital and related financing activities:			
Purchase of capital assets	(78,700)	-	(78,700)
Bond principal payments	(120,000)	-	(120,000)
Interest paid	(39,101)	-	(39,101)
Net cash used in capital and related financing activities	(237,801)	-	(237,801)
Change in cash	-	-	-
Cash, beginning of year	-	-	-
Cash, end of year	\$ -	-	-
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 68,410	56,523	124,933
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	70,994	79,562	150,556
(Increase) decrease in accounts receivable	-	(5,374)	(5,374)
(Increase) decrease in due from other funds	105,299	(55,240)	50,059
(Increase) decrease in prepaid expenses	(8,731)	(75,477)	(84,208)
Increase (decrease) in accounts payable	2,321	-	2,321
Increase (decrease) in accrued payroll	370	6	376
Increase (decrease) in accrued compensated absences	(862)	-	(862)
Net cash provided by operating activities	237,801	-	237,801
Non-cash transactions:			
Change in accrued interest	820	-	820
Amortization of bond premium	9,788	-	9,788

See accompanying notes to basic financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private-purpose Trust Fund (Scholarships)	Agency Fund (Food Pantry Component Unit)
ASSETS		
Cash and cash equivalents	\$ -	123,644
Investments	158,371	-
Due from general fund	614	16,499
Total assets	158,985	140,143
LIABILITIES		
Accounts payable	1,000	369
Due to general fund	6,470	-
Due to others	-	139,774
Total liabilities	7,470	140,143
NET POSITION		
Held in trust	\$ 151,515	-

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, 2018

	Private-purpose Trust Fund (Scholarships)
Additions:	
Donations	\$ 450
Investment income (loss)	(1,463)
Total additions	(1,013)
Deductions:	
Scholarships awarded	8,600
Total deductions	8,600
Change in net position	(9,613)
Net position, beginning of year	161,128
Net position, end of year	\$ 151,515

See accompanying notes to basic financial statements.

TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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. In addition, the Town has the ability to significantly affect the activities and level of services provided by the food pantry. 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 Tax Increment Financing Fund (TIF) is a capital projects fund that accounts specifically for the taxes raised through the Town's TIF districts and the related capital and economic development expenditures.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, Cash Equivalents, and Investments - 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.

Inventory - The General Fund reports fuel inventory, which is valued at the lower of cost or market, using the first-in, first-out method. The cost of inventory is recorded as expenditures when consumed rather than when purchased.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.”

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.

Donated capital assets are recorded at an estimated amount that would be paid for a similar asset as of the acquisition date. 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.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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. 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 12% 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Position - The net position amount represents the difference between assets, deferred outflows, 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.

The Town's net investment in capital assets was calculated as follows at June 30, 2018:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 66,545,531	6,191,006
Accumulated depreciation	(18,341,709)	(3,400,639)
Unamortized premium on bonds	(769,036)	(70,620)
Bonds and notes payable	(19,533,644)	(905,001)
Unspent bond proceeds	765,229	-
Net investment in capital assets	\$ 28,666,371	1,814,746

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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.

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2018, the following General Fund expenditures exceeded appropriations in the following departments:

Administration and council	\$ 47,079	Val Halla golf course	8,166
Assessor	10,778	Recreation programs	75,925
Town clerk	18,311	Prince Memorial library	12,704
Technology	19,852	Senior services	186
Elections	793	Cemetery association	4,465
Legal services	16,553	Fire hydrants	5,581
Fire	54,535	Street lighting	693
Animal control	1,243	Municipal building	22,400
Public works	57,124	Abatements	3,069
Waste disposal	8,236	West Cumberland hall/ historical society building	1,383
Parks	19,397		

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

C. Deficit Fund Balances

At June 30, 2018, the following funds had deficit fund balances:

TIF fund	\$ 963,613
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These fund deficits will be covered by future revenue sources.

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town'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, 2018, the Town reported deposits of \$6,335,150 with a bank balance of \$6,395,063. Of the Town's bank balances of \$6,395,063, none was exposed to custodial credit risk as it 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	\$ 6,211,506
Reported in fiduciary funds	123,644
Total deposits	\$ 6,335,150

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

DEPOSITS AND INVESTMENTS, CONTINUED

B. Investments

At June 30, 2018, 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	\$ 59,933	30,327	29,606	-
U. S. Treasury notes	257,779	75,510	142,732	39,537
Money markets	69,967	-	-	-
Total investments	\$ 387,679	105,837	172,338	39,537

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2018:

- U.S. governmental securities and U.S. treasury notes are valued using quoted market prices (level 1 inputs).

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.

Investments have been reported as follows:

Reported in governmental funds	\$ 221,322
Reported in proprietary funds	7,986
Reported in fiduciary funds	158,371
Total investments	\$ 387,679

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

Credit Risk: The Town's investment policy authorizes the Town to invest in short term and fixed income investments, limited to one of the highest grade ratings ((A – AAA) (AAA for U.S. Treasury and Agency issues, and money market funds; AA- for prime Commercial paper)).

The U.S. Government securities include Federal Home Loan Mortgage Corp. (Freddie Mac) bonds with fair values of \$59,933 and are rated AA+ by Standard & Poor's.

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

PROPERTY TAX

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 2, 2017 on the assessed values of real property as of April 1, 2017. Taxes were due September 15, 2017 and March 15, 2018. This assessed value of \$1,331,143,200 was 100% of the estimated market value and 105% of the 2018 state valuation of \$1,264,650,000.

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 \$252,307, or 101%, for the year ended June 30, 2018.

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

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

The following summarizes the periods ended June 30, 2018 and 2017 levies:

	<u>2018</u>	<u>2017</u>
Valuation:		
Land	\$562,794,900	547,393,800
Buildings	755,049,700	729,778,500
Personal property	13,298,600	24,072,577
Total assessed valuation	1,331,143,200	1,301,244,877
Assessed value	1,331,143,200	1,301,244,877
Tax rate (per \$1,000)	18.80	18.25
Commitment	25,025,492	23,747,719
Add: supplemental taxes	-	41,130
Less: collections and abatements	24,861,317	23,647,670
Receivable at June 30	\$ 164,175	141,179
Due date(s)	9/17/2017 3/15/2018	9/15/2016 3/15/2017
Interest rate charged on delinquent taxes	7.00%	7.00%
Collection rate	99.34%	99.41%

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, 2018 and 2017, Chebeague Island has paid \$43,774 and \$43,352, respectively.

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

CAPITAL ASSETS

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

	Balance July 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2018</u>
Governmental activities:				
Capital assets, not being depreciated:				
Books and collections	\$ 990,116	-	-	990,116
Construction in progress	3,033,740	5,545,922	1,244,734	7,334,928
Land	6,888,572	96,500	-	6,985,072
<u>Total capital assets, not being depreciated</u>	<u>10,912,428</u>	<u>5,642,422</u>	<u>1,244,734</u>	<u>15,310,116</u>
Capital assets, being depreciated:				
Land improvements	4,022,618	5,796	13,821	4,014,593
Buildings and building improvements	8,917,288	7,636	138,054	8,786,870
Machinery and equipment	2,516,380	123,038	340,047	2,299,371
Furniture and office equipment	75,885	-	3,698	72,187
Computer equipment	162,184	10,975	-	173,159
Vehicles	4,080,007	320,327	358,784	4,041,550
Infrastructure	28,760,627	3,087,058	-	31,847,685
<u>Total capital assets being depreciated</u>	<u>48,534,989</u>	<u>3,554,830</u>	<u>854,404</u>	<u>51,235,415</u>
Less accumulated depreciation for:				
Land improvements	2,326,700	147,837	7,596	2,466,941
Buildings and building improvements	4,117,788	244,041	130,185	4,231,644
Machinery and equipment	1,754,956	124,593	304,553	1,574,996
Furniture and office equipment	70,571	1,119	3,698	67,992
Computer equipment	116,160	10,344	-	126,504
Vehicles	2,593,452	305,584	351,284	2,547,752
Infrastructure	6,720,289	605,591	-	7,325,880
<u>Total accumulated depreciation</u>	<u>17,699,916</u>	<u>1,439,109</u>	<u>797,316</u>	<u>18,341,709</u>
 <u>Total capital assets being depreciated, net</u>	 <u>30,835,073</u>	 <u>2,115,721</u>	 <u>57,088</u>	 <u>32,893,706</u>
 <u>Governmental activities capital assets, net \$ 41,747,501</u>	 <u>7,758,143</u>	 <u>1,301,822</u>	 <u>48,203,822</u>	

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

Governmental activities:	
General government	\$ 79,361
Public safety	241,512
Public services, including depreciation of general infrastructure assets	804,899
Health and public assistance	1,448
Recreation	234,271
Education and libraries	77,618
 <u>Total depreciation expense – governmental activities</u>	 <u>\$ 1,439,109</u>

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

CAPITAL ASSETS, CONTINUED

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	4,275	-	4,275
Total capital assets, not being depreciated	-	4,275	-	4,275
Capital assets, being depreciated:				
Land improvements	63,170	-	-	63,170
Buildings and building improvements	2,104,406	78,700	-	2,183,106
Machinery and equipment	3,006	-	-	3,006
Infrastructure, sewer	3,937,449	-	-	3,937,449
Total capital assets being depreciated	6,108,031	78,700	-	6,186,731
Less accumulated depreciation for:				
Land improvements	43,003	3,158	-	46,161
Buildings and building improvements	1,168,715	68,219	-	1,236,934
Machinery and equipment	2,041	430	-	2,471
Infrastructure, sewer	2,036,324	78,749	-	2,115,073
Total accumulated depreciation	3,250,083	150,556	-	3,400,639
Total capital assets being depreciated, net	2,857,948	(71,856)	-	2,786,092
Business-type activities capital assets, net	\$ 2,857,948	(67,581)	-	2,790,367

Depreciation expense was charged to the business-type activities as follows:

Business-type activities:	
Senior Housing	\$ 70,994
Sewer System	79,562
Total depreciation expense – business-type activities	\$ 150,556

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

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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.

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 to offset deficit fund balances.

Individual interfund loan receivables, payables, and transfers at the year ended June 30, 2018 were as follows:

<u>Fund</u>	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	3,205,429	-	1,064,468
Bond Fund	832,716	-	62,500	-
TIF Fund	-	795,038	-	375,000
Other Governmental Funds:				
Special Revenue	168,482	-	10,000	-
Capital Projects	1,149,951	-	1,284,497	-
Debt Service	737,940	-	82,471	-
Permanent	5	-	-	-
Total Other Governmental Funds	2,056,378	-	1,376,968	-
Proprietary Funds:				
Senior Housing	206,408	-	-	-
Sewer System	894,322	-	-	-
Total Proprietary Funds	1,100,730	-	-	-
Fiduciary Funds:				
Private-purpose Trusts	614	-	-	-
Agency	16,499	6,470	-	-
Total Fiduciary Funds	17,113	6,470	-	-
Totals	\$ 4,006,937	4,006,937	1,439,468	1,439,468

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

CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 20,218,093	-	852,682	19,365,411	1,191,095
Unamortized bond premium	813,808	-	44,772	769,036	44,772
Total bonds payable	21,031,901	-	897,454	20,134,447	1,235,867
Notes payable	165,468	90,000	87,235	168,233	91,733
Capital leases	3,896	-		3,896	-
Accrued compensated absences	199,163	205,820	199,163	205,820	68,607
Net pension liability	1,888,928	-	327,249	1,561,679	-
Landfill post closure care costs	502,000	-	406,000	96,000	6,000
Total governmental activity					
long-term liabilities	\$ 23,791,356	295,820	1,920,997	22,166,179	1,402,207

The accrued compensated absences and the net pension liabilities are normally fully liquidated by the General Fund.

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Business-type activities:					
Bonds payable	\$ 1,025,001	-	120,000	905,001	140,000
Unamortized bond premium	80,408	-	9,788	70,620	9,788
Total bonds payable	1,105,409	-	129,788	975,621	149,788
Accrued compensated absences	3,102	-	862	2,240	1,200
Total business-type activity					
long-term liabilities	\$ 1,108,511	-	130,650	977,861	150,988
Total long-term governmental and business-type activities	\$ 24,899,867	295,820	2,051,647	23,144,040	1,553,195

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

LONG-TERM DEBT

Bonds and Notes Payable

Bonds and notes payable at June 30, 2018 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	3.36-5.75%	2,710,199
New town office	1,000,000	5/01/98	11/1/2018	4.53-5.38%	77,271
Fire truck purchase	478,560	10/28/99	11/1/2019	4.28-5.91%	74,302
Rines property note	1,241,000	8/29/03	8/29/2019	4.50%	82,733
Infrastructure/Val Halla	2,775,802	5/15/08	11/1/2027	2.00-5.50%	1,375,802
Infrastructure improvements	4,000,000	5/28/09	11/1/2029	2.08-5.58%	2,787,837
2015 improvements and refunding bonds	5,730,000	1/14/15	6/30/2034	2.00-4.00%	5,040,000
2017 improvements	7,300,000	1/18/17	4/1/2038	2.50-3.50%	7,300,000
Paynter property note	90,000	5/11/18	12/1/2027	5.00%	85,500
Total governmental activities					19,533,644
Business-type activity debt:					
Senior Housing	890,000	4/20/11	4/20/2019	2.00-5.00%	225,001
Senior Housing roofing/refunding	740,000	1/14/15	6/30/2034	2.00-4.00%	680,000
Total business-type activity debt					905,001
Total bonds and notes payable					\$ 20,438,645

All governmental activities long-term debt service requirements are paid by the General Fund, TIF Fund or Land Acquisition Fund (Capital Projects Funds). 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>
2019	\$ 1,282,828	659,998	140,000	33,700
2020	1,299,776	618,137	165,001	27,175
2021	1,447,200	573,002	60,000	22,800
2022	1,488,740	511,715	60,000	21,000
2023	1,551,579	462,735	40,000	19,200
2024-2028	6,525,831	1,570,777	200,000	72,000
2029-2033	3,912,690	667,688	200,000	32,000
2034-2038	2,025,000	196,890	40,000	1,600
Totals	\$ 19,533,644	5,260,942	905,001	229,475

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

LONG-TERM DEBT, CONTINUED

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. June 30, 2018, the Town's outstanding debt did not exceed these limits. As of June 30, 2018, the total outstanding bonds and notes payable for the Town are 1.6% of the state valuation of \$1,264,650,000.

DEFEASED DEBT

In prior years, the government defeased general obligation public improvement bonds and a note payable 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 and note payable. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2018, \$2,094,709 of defeased bonds remain outstanding.

LANDFILL CLOSURE AND POSTCLOSURE COSTS

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 submitted a closure plan to the Environmental Protection Agency, which was approved, and the final closure costs were incurred in FY 2018. The Town has estimated post-closure costs of \$96,000, which have been recognized as a liability on the government-wide financial statements. The actual costs of post closure monitoring 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 post-closure costs for the Town's landfill as of June 30, 2018:

Post-closure costs

Annual monitoring: \$6,000 per year for 16 years \$ 96,000

Total post-closure costs **\$ 96,000**

CONDUIT DEBT

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, 2018, the outstanding principal balance of the revenue bonds was unknown.

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

OVERLAPPING DEBT AND OTHER CONTINGENCIES

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, 2018, the Town's State valuation of \$1,264,650,000 was 2.87% of the County's State valuation of \$44,050,850,000. The Town's share is 2.87% or \$1,021,605 of Cumberland County's \$35,585,000 long-term debt outstanding at June 30, 2018.

The Town's proportionate share of Maine School Administrative District #51 debt of \$24,389,662 is \$17,222,563 (70.61%). 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, 2018, the Town's share of self-supporting bonded water debt is 4.29% or \$2,151,476 of total debt of \$50,150,965. In addition, the Town's share of direct wastewater debt is 0.14% or \$56,250 of total debt of \$39,189,662.

Total Debt and Contingencies

Governmental Unit	June 30, 2018				
	Direct debt		Overlapping debt	Contingent debt	Total debt
	Governmental activities	Business-type activities			
Town of Cumberland	\$ 20,302,680	975,621	-	-	21,278,301
Cumberland County	-	-	1,021,605	-	1,021,605
M.S.A.D. #51	-	-	17,222,563	-	17,222,563
Portland Water District:					
Water and waste water debt	-	-	-	2,207,726	2,207,726
Totals	\$ 20,302,680	975,621	18,244,168	2,207,726	41,730,195

JOINTLY GOVERNED ORGANIZATION

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.

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

JOINTLY GOVERNED ORGANIZATION, CONTINUED

The Town has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in ecomaine. Selected balance sheet information for ecomaine for the year ended June 30, 2018, the most recent information available, includes total assets of \$62,899,434, total liabilities of \$17,719,973 and unrestricted net position of \$17,354,190. The liabilities include an accrual for landfill closure and postclosure care amounting to \$14,819,398. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date. The separate audited financial statements of ecomaine may be obtained at their administrative office: ecomaine, 64 Blueberry Rd., Portland, Maine 04102.

LEASES

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, 2018 was \$1,810,383, with accumulated depreciation of \$920,280.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

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.

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 8.0% for the 2C plan and 9.5% for the 3C plan of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2018, were 10.1% for the 2C plan and 12.2% for the 3C plan 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 \$222,689 for the year ended June 30, 2018.

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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

At June 30, 2018, the Town reported a liability of \$1,561,679 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the Town's proportion was 0.3814%.

For the year ended June 30, 2018, the Town recognized pension expense of \$304,614.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	75,028
Changes of assumptions	132,889	-
Net difference between projected and actual earnings on pension plan investments	-	42,941
Changes in proportion and differences between Town contributions and proportionate share of contributions	114,174	-
Town contributions subsequent to the measurement date	222,689	-
Total	\$ 469,752	\$ 117,969

\$222,689 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, 2019.

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

Year ended June 30:

2019	\$ 37,268
2020	187,673
2021	10,478
2022	(106,325)

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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

Inflation	2.75%
Salary Increases	2.75% to 9.00% per year
Investment return	6.875% per annum, compounded annually
Cost of living benefit increases	2.20% per annum

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%
<u>Total</u>	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.875%. 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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Sensitivity of the Town'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 6.875%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1 percentage-point higher (7.875%) than the current rate:

	1% Decrease (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
Town's proportionate share of the net pension liability	\$ 3,133,208	1,561,679	378,561

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, 2018.

457 RETIREMENT PLAN

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 for those employees who do not participate in the MPERS retirement plan. The Town contributed \$73,012 and \$67,420 for the years ended June 30, 2018 and 2017, 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

FUND BALANCE

As of June 30, 2018, fund balances components consisted of the following:

	<u>General Fund</u>	<u>Bond Fund</u>	<u>TIF Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Prepaid items and inventory	\$ 55,286	-	-	-	55,286
Principal for permanent funds	-	-	-	99,241	99,241
Total nonspendable	55,286	-	-	99,241	154,527
Restricted:					
Other special revenues	-	-	-	10,200	10,200
Fuel assistance	-	-	-	73,413	73,413
Permanent funds accumulated earnings	-	-	-	172,276	172,276
Total restricted	-	-	-	255,889	255,889
Committed:					
Fire grants	-	-	-	4,471	4,471
Police	-	-	-	18,883	18,883
Twin brook	-	-	-	3,674	3,674
Library	-	-	-	33,748	33,748
Capital projects	-	827,729	-	1,062,733	1,890,462
Total committed	-	827,729	-	1,123,509	1,951,238
Assigned:					
General fund reserves	449,964	-	-	-	449,964
Debt service fund	-	-	-	737,940	737,940
Total assigned	449,964	-	-	737,940	1,187,904
Unassigned	2,084,824	-	(963,613)	-	1,121,211
Total fund balance (deficit)	\$ 2,590,074	827,729	(963,613)	2,216,579	4,670,769

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

TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS

Under the State of Maine Title 30-A M.R.S., the Town has established seven Tax Increment Financing Districts (TIFs) to finance development programs located in the Town of Cumberland. The Town of Cumberland has entered into five Credit Enhancement Agreements (CEAs) with individual organizations as permitted within its seven TIF districts, as follows:

Organization	TIF District	Agreement Expires	Maximum	Taxes Abated
BFTE Properties LLC Norton Financial Services	1	6/30/2026	\$500,000	\$21,231
BBW Real Estate LLC Seafax	2	6/30/2026	\$500,000	\$29,450
LGC North America Maine Standards	3	6/30/2033	\$500,000	\$38,876
CGM Ventures Exactitude	3	6/30/2033	\$500,000	\$19,901
FMC Development LLC Memory Care	1	6/30/2027	\$500,000	\$18,072

The CEAs outline conditions for reimbursement of fifty percent of tax revenues generated through the increased values of certain parcels within the districts, up to a maximum amount. The developers agree that all payments made pursuant to the CEAs will be used to either pay debt service on indebtedness incurred to finance project costs, or to pay directly, amortize, or reimburse the developers for payments on qualified project costs up to a maximum amount or defined number of years, whichever occurs first.

The agreements and payments are intended to promote economic development through real estate development and job creation, as well as infrastructure improvements. Based on the terms of the agreements, the incremental tax is remitted to the District over the life of the TIF District to assist in financing the development projects.

For the fiscal year ended June 30, 2018 the Town remitted a total of \$127,530 in Credit Enhancement payments. The following is a summary of the amounts by TIF district:

	Original Assessment	Captured Assessed	Taxes Remitted	Taxes
<u>TIF District (capital projects funds)</u>	<u>Value</u>	<u>Value</u>	<u>to Districts</u>	<u>Abated</u>
Route One North District 1	\$ 355,000	41,587,400	781,843	39,303
Route One South District 2	339,400	10,904,100	204,997	29,450
Route One South District 3	3,717,000	24,010,200	451,392	58,777
Route 100 District 4	2,866,400	11,756,500	221,022	-
Route 100 District 5	5,867,800	5,141,900	96,668	-
Summit Natural Gas District 6	-	5,989,200	112,597	-
Summit Natural Gas District 7	108,000	7,201,200	135,382	-
Taxable Personal Property in TIF Districts:				
Route One North District 1	-	699,400	13,149	-
Route One South District 2	-	208,000	3,910	-
Route One South District 3	13,800	305,300	5,740	-
Route 100 District 5	91,000	123,200	2,316	-
Total	\$ 13,358,400	107,926,400	2,029,016	127,530

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

RISK MANAGEMENT

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 Maine Municipal Association 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, 2018. 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. As of June 30, 2018, there were no unpaid claims.

COMMITMENTS

As of June 30, 2018, the Town had ongoing commitments for the Tuttle Road improvements and Middle Road improvements. The contracts had remaining balances of approximately \$440,559 and \$552,952, respectively. In addition, the Town had some minor projects for which the contracts will be completed in the next fiscal year.

CONTINGENT RECEIVABLES

The Town entered into an agreement with a local developer to build affordable housing for those with moderate income at the Small's Brook Crossing Subdivision. The Town subsidized the development by contributing \$20,000 per home. In return, the Town received a silent second mortgage on each home. Interest on the mortgages accrues at a rate of 4% annually and is only paid when the house is sold, except that the interest accumulation shall terminate after twenty years. Should one of the homes be sold, the buyer must be a "qualified buyer" in accordance with the income and asset criteria, which is based on the median income for the Portland metropolitan statistical area. If the buyer is not eligible, the Town will collect from the seller the full amount of the silent second mortgage, plus any accrued interest, at the closing. The Town has not recognized receivables or revenues related to the silent second mortgages as it cannot reasonably estimate the amount that will be repaid to the Town, if any, as amounts are contingent on the terms mentioned above.

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TOWN OF CUMBERLAND, MAINE
Required Supplementary Information

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

	Last 10 Fiscal Years*			
	<u>2018**</u>	<u>2017**</u>	<u>2016*</u>	<u>2015**</u>
Town's proportion of the net pension liability	0.3814%	0.3555%	0.3399%	0.3108%
Town's proportionate share of the net pension liability	\$ 1,561,679	1,888,928	1,084,542	478,298
Town's covered payroll	1,946,735	1,756,120	1,590,688	1,373,904
Town's proportionate share of the net pension liability as a percentage of its covered payroll	80.22%	107.56%	68.18%	34.81%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.60%	88.27%	94.10%

** This schedule is intended to show information for ten years, but only four years' of information is available.
Additional years' information will be displayed as it becomes available.*

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

TOWN OF CUMBERLAND, MAINE
Required Supplementary Information

Schedule of Town Contributions
Maine Public Employees Retirement System Consolidated Plan

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 222,689	194,047	175,653	140,342
Contributions in relation to the contractually required contributions	(222,689)	(194,047)	(175,653)	(140,342)
Contributions deficiency (excess)	\$ -	-	-	-
Town's covered payroll	\$ 2,047,217	1,946,735	1,756,120	1,590,688
Contributions as a percentage of covered payroll	10.88%	9.97%	10.00%	8.82%

** This schedule is intended to show information for ten years, but only four years' of information is available.
Additional years' information will be displayed as it becomes available.*

TOWN OF CUMBERLAND, MAINE
Notes to Required Supplementary Information

Last 10 Fiscal Years*

Changes of benefit terms - None

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	6.875%	7.125%	7.250%
Inflation rate	2.75%	3.50%	N/A
Salary increases	2.75% - 9.00%	3.50% - 9.50%	N/A
Cost of living increases	2.20%	2.55%	3.12%

Mortality rates:

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

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

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

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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, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 6,161,311	10,920,516
Receivables:		
Accounts	132,763	125,963
Rescue	41,054	31,464
Intergovernmental	139,962	156,643
Taxes - prior years	133,879	123,277
Taxes - current year	164,175	141,179
Prepaid items	43,358	31,852
Inventory	11,928	10,187
Total assets	\$ 6,828,430	11,541,081
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable	238,135	276,545
Accrued payroll	148,901	134,653
Escrow liabilities	35,188	36,214
Taxes paid in advance	368,673	60,400
Interfund loans payable	3,205,429	8,421,340
Total liabilities	3,996,326	8,929,152
Deferred inflows of resources:		
Unavailable revenue - property taxes	242,030	175,901
Total deferred inflows of resources	242,030	175,901
Fund balance:		
Nonspendable	55,286	42,039
Assigned	449,964	365,419
Unassigned	2,084,824	2,028,570
Total fund balance	2,590,074	2,436,028
Total liabilities, deferred inflows of resources, and fund balance	\$ 6,828,430	11,541,081

TOWN OF CUMBERLAND, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2018
(With comparative actual amounts for the year ended June 30, 2017)

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 22,996,476	23,003,724	7,248	22,058,698
Change in unavailable taxes	-	(66,129)	(66,129)	14,059
Supplemental taxes	-	-	-	14,130
Outer island property taxes	40,000	43,774	3,774	43,352
Payments in lieu of taxes	28,000	30,688	2,688	29,804
Excise taxes	1,690,000	2,120,226	430,226	1,959,451
Total taxes	24,754,476	25,132,283	377,807	24,119,494
Licenses and permits:				
Town clerk licenses and fees	14,415	15,035	620	14,460
Snowmobile and boat registrations	700	907	207	901
Automobile registrations	21,000	22,030	1,030	21,448
Building permits	70,000	68,660	(1,340)	120,409
Electrical permits	18,000	25,610	7,610	27,411
Plumbing permits	18,000	18,253	253	21,358
Other permits	1,500	1,000	(500)	1,902
Total licenses and permits	143,615	151,495	7,880	207,889
Intergovernmental:				
State Revenue Sharing	453,207	458,304	5,097	415,633
Homestead and BETE reimbursements	367,114	371,704	4,590	279,128
Park fees	7,080	-	(7,080)	10,625
D.O.T. block grant	63,000	69,136	6,136	68,012
Municipal shared services	191,749	189,537	(2,212)	200,847
Total intergovernmental	1,082,150	1,088,681	6,531	974,245
Charges for services:				
Recreation programs	818,116	1,005,734	187,618	884,912
Val Halla golf programs	683,832	650,562	(33,270)	632,390
Police permits and services	75,600	90,811	15,211	40,480
Fire services	15,100	20,486	5,386	21,132
Ambulance and medical services	175,500	173,895	(1,605)	214,187
Public services revenue	10,500	12,444	1,944	10,600
Waste disposal	260,000	321,954	61,954	299,281
Library income	3,500	4,568	1,068	4,968
Total charges for services	2,042,148	2,280,454	238,306	2,107,950

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

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Revenues, continued:				
Other:				
Interest revenue	\$ -	-	-	350
Growth permits and fees	62,000	85,949	23,949	208,716
Cable TV	-	-	-	116,810
Interest and lien costs	30,000	24,352	(5,648)	31,386
Miscellaneous	36,600	36,910	310	107,461
Total other	128,600	147,211	18,611	464,723
Total revenues	28,150,989	28,800,124	649,135	27,874,301
Expenditures:				
Current:				
General government:				
Administration	571,347	618,426	(47,079)	604,226
Assessor	85,625	96,403	(10,778)	94,199
Town clerk	197,180	215,491	(18,311)	216,206
Technology	192,757	212,609	(19,852)	193,054
Elections	13,103	13,896	(793)	12,526
Planning	65,850	62,428	3,422	68,492
Legal services	42,500	59,053	(16,553)	69,114
Total general government	1,168,362	1,278,306	(109,944)	1,257,817
Public safety:				
Police	1,358,525	1,353,565	4,960	1,327,713
Fire	874,775	929,310	(54,535)	954,553
Code enforcement	138,705	136,084	2,621	108,004
Harbor master	10,000	6,058	3,942	-
Animal control	31,473	32,716	(1,243)	30,567
Total public safety	2,413,478	2,457,733	(44,255)	2,420,837
Public services:				
Public works	1,113,973	1,171,097	(57,124)	1,171,912
Waste disposal	497,785	506,021	(8,236)	482,101
Parks	279,153	298,550	(19,397)	224,322
West Cumberland Hall and Historical Society building	10,733	12,116	(1,383)	10,514
Total public services	1,901,644	1,987,784	(86,140)	1,888,849

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

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Recreation:				
Val Halla golf course	\$ 735,188	743,354	(8,166)	721,279
Recreation programs	920,638	996,563	(75,925)	934,704
Total recreation	1,655,826	1,739,917	(84,091)	1,655,983
Prince Memorial Library	437,550	450,254	(12,704)	426,212
Health and public assistance:				
Senior services	-	186	(186)	-
Health services	13,875	13,875	-	13,875
General assistance	35,000	27,784	7,216	36,345
Total health and public assistance	48,875	41,845	7,030	50,220
Unclassified:				
Conservation Commission	6,000	5,217	783	5,192
Cemetery Association	26,700	31,165	(4,465)	27,925
Fire hydrant charges	70,800	76,381	(5,581)	64,566
Street lighting	43,000	43,693	(693)	43,373
Contingencies	10,000	8,365	1,635	19,217
Municipal building maintenance	79,609	102,009	(22,400)	83,874
Abatements	20,000	23,069	(3,069)	42,826
Miscellaneous	-	-	-	105
Total unclassified	256,109	289,899	(33,790)	287,078

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

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Insurance	\$ 231,827	218,755	13,072	222,341
MSAD #51	17,208,107	17,208,107	-	16,060,474
County tax	813,904	813,904	-	775,374
Debt service:				
Principal	494,416	494,416	-	574,846
Lease payments	-	-	-	23,910
Interest	408,113	400,786	7,327	268,470
Total debt service	902,529	895,202	7,327	867,226
Budgeted transfers to reserve funds	860,471	860,471	-	1,119,130
Total expenditures	27,898,682	28,242,177	(343,495)	27,031,541
Excess of revenues over expenditures	252,307	557,947	305,640	842,760
Other financing sources (uses):				
Transfers to reserves	-	(274,262)	(274,262)	(185,000)
Transfers out	-	(203,997)	(203,997)	(720,838)
Total other financing uses	-	(478,259)	(478,259)	(905,838)
Net change in fund balance	252,307	79,688	(172,619)	(63,078)
Fund balance, beginning of year - budgetary basis		2,060,422		2,123,500
Fund balance, end of year - budgetary basis	\$	2,140,110		2,060,422
Reconciliation to GAAP:				
Change in reserves		74,358		(12,002)
Fund balance, beginning of year - GAAP basis		2,436,028		2,511,108
Fund balance, end of year - GAAP basis	\$	2,590,074		2,436,028

TOWN OF CUMBERLAND, MAINE
General Fund Reserves
Schedule of Revenues, Expenditures and Changes in Fund Balances
For year ended June 30, 2018

		Balance beginning of year	Charges for Services	Expenditures	Transfers in	Balance end of year
100	Assessing	\$ -	-	1,458	100,000	98,542
106	Circuit breaker	105,173	-	60,469	70,000	114,704
109	Aging in place	65,095	-	28,141	-	36,954
110	MePERS IUUAL	114,476	-	60,714	-	53,762
208	HR reserve	35,000	-	58,407	104,262	80,855
255	Fuel	55,862	201,196	191,911	-	65,147
Total		\$ 375,606	201,196	401,100	274,262	449,964

ALL OTHER GOVERNMENTAL FUNDS

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TOWN OF CUMBERLAND, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Total Other Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	-	-	50,195	50,195
Investments	-	-	-	221,322	221,322
Accounts receivable	1,418	1,178	-	-	2,596
Interfund loans receivable	168,482	1,149,951	737,940	5	2,056,378
Total assets	\$ 169,900	1,151,129	737,940	271,522	2,330,491
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	25,219	88,396	-	5	113,620
Accrued payroll	292	-	-	-	292
Total liabilities	25,511	88,396	-	5	113,912
Fund balances:					
Nonspendable	-	-	-	99,241	99,241
Restricted	83,613	-	-	172,276	255,889
Committed	60,776	1,062,733	-	-	1,123,509
Assigned	-	-	737,940	-	737,940
Total fund balances	144,389	1,062,733	737,940	271,517	2,216,579
Total liabilities and fund balances	\$ 169,900	1,151,129	737,940	271,522	2,330,491

TOWN OF CUMBERLAND, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Total Other Governmental Funds
Revenues:					
Intergovernmental	\$ 1,818	-	-	-	1,818
Charges for services	45,133	-	-	-	45,133
Donations	66,562	-	-	-	66,562
Other revenue	3,001	295,901	-	-	298,902
Investment income (loss)	-	43,952	-	(1,675)	42,277
Total revenues	116,514	339,853	-	(1,675)	454,692
Expenditures:					
Current:					
General government	-	21,211	-	-	21,211
Public safety	49,379	-	-	-	49,379
Public services	-	323,094	-	-	323,094
Recreation	11,561	-	-	-	11,561
Library	26,113	-	-	410	26,523
Health and public assistance	19,182	-	-	-	19,182
Capital outlay	-	972,018	-	-	972,018
Debt service:					
Principal	-	4,500	-	-	4,500
Interest	-	2,514	-	-	2,514
Total expenditures	106,235	1,323,337	-	410	1,429,982
Excess (deficiency) of revenues over (under) expenditures	10,279	(983,484)	-	(2,085)	(975,290)
Other financing sources:					
Sale of assets	-	36,500	-	-	36,500
Transfers from other funds	10,000	1,284,497	82,471	-	1,376,968
Total other financing sources	10,000	1,320,997	82,471	-	1,413,468
Net change in fund balances	20,279	337,513	82,471	(2,085)	438,178
Fund balances, beginning of year	124,110	725,220	655,469	273,602	1,778,401
Fund balances, end of year	\$ 144,389	1,062,733	737,940	271,517	2,216,579

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 committed by 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.

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

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

Other Special Revenues - To account for donations and other restricted resources and expenditures related to the community band and other special programs.

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

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.

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TOWN OF CUMBERLAND, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2018
(with comparative totals for June 30, 2017)

	Fire Grant Fund	Police Fund	Twin Brook Fund	Other Special Revenues	Library Fund	Fuel Assistance Fund	Totals	
							2018	2017
ASSETS								
Accounts receivable	\$ -	1,418	-	-	-	-	1,418	-
Interfund loans receivable	29,728	17,590	3,674	10,200	33,877	73,413	168,482	124,593
Total assets	\$ 29,728	19,008	3,674	10,200	33,877	73,413	169,900	124,593
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	24,965	125	-	-	129	-	25,219	-
Accrued payroll	292	-	-	-	-	-	292	483
Total liabilities	25,257	125	-	-	129	-	25,511	483
Fund balances:								
Restricted	-	-	-	10,200	-	73,413	83,613	52,112
Committed	4,471	18,883	3,674	-	33,748	-	60,776	71,998
Total fund balances	4,471	18,883	3,674	10,200	33,748	73,413	144,389	124,110
Total liabilities and fund balances	\$ 29,728	19,008	3,674	10,200	33,877	73,413	169,900	124,593

TOWN OF CUMBERLAND, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018
(with comparative totals for June 30, 2017)

	Fire Grant Fund	Police Fund	Twin Brook Fund	Other Special Revenues	Library Fund	Fuel Assistance Fund	Totals	
							2018	2017
Revenues:								
Intergovernmental	\$ -	1,818	-	-	-	-	1,818	3,745
Charges for services	18,323	-	-	4,250	22,560	-	45,133	35,130
Donations	100	6,468	-	12,894	2,000	45,100	66,562	37,382
Other revenue	-	670	-	-	2,331	-	3,001	3,531
Total revenues	18,423	8,956	-	17,144	26,891	45,100	116,514	79,788
Expenditures:								
Current:								
Public safety	44,276	5,103	-	-	-	-	49,379	17,299
Recreation	-	-	-	11,561	-	-	11,561	4,119
Library	-	-	-	-	26,113	-	26,113	14,959
Health and public assistance	-	-	-	-	-	19,182	19,182	13,282
Total expenditures	44,276	5,103	-	11,561	26,113	19,182	106,235	49,659
Excess (deficiency) of revenues over (under) expenditures	(25,853)	3,853	-	5,583	778	25,918	10,279	30,129
Other financing sources:								
Transfer from other funds	-	-	-	-	10,000	-	10,000	-
Total other financing sources	-	-	-	-	10,000	-	10,000	-
Net change in fund balances	(25,853)	3,853	-	5,583	10,778	25,918	20,279	30,129
Fund balances, beginning of year	30,324	15,030	3,674	4,617	22,970	47,495	124,110	93,981
Fund balances, end of year	\$ 4,471	18,883	3,674	10,200	33,748	73,413	144,389	124,110

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.

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

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

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

Road Improvements - To account for funds set aside as a reserve for road resurfacing and reconstruction projects.

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.

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.

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TOWN OF CUMBERLAND, MAINE
Nonmajor Capital Project Funds
Combining Balance Sheet
June 30, 2018
(with comparative totals for June 30, 2017)

	Town Building Reserves	Land Acquisition Fund	Tennis Court Fund	Rt 1 Parking Reserve	Road Improvements	Equip. Reserves Fund	Broad Cove	Village Green	Totals	
									2018	2017
ASSETS										
Accounts receivable	\$ -	-	-	-	-	1,178	-	-	1,178	118,263
Interfund loans receivable	61,017	322,880	5,280	20,000	97,354	363,562	279,858	-	1,149,951	1,195,208
Total assets	\$ 61,017	322,880	5,280	20,000	97,354	364,740	279,858	-	1,151,129	1,313,471
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	-	2,261	-	-	49,928	36,207	-	-	88,396	40,052
Interfund loans payable	-	-	-	-	-	-	-	-	-	548,199
Total liabilities	-	2,261	-	-	49,928	36,207	-	-	88,396	588,251
Fund balances (deficits):										
Committed	61,017	320,619	5,280	20,000	47,426	328,533	279,858	-	1,062,733	1,173,792
Unassigned	-	-	-	-	-	-	-	-	-	(448,572)
Total fund balances (deficits)	61,017	320,619	5,280	20,000	47,426	328,533	279,858	-	1,062,733	725,220
Total liabilities and fund balances	\$ 61,017	322,880	5,280	20,000	97,354	364,740	279,858	-	1,151,129	1,313,471

TOWN OF CUMBERLAND, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018
(with comparative totals for June 30, 2017)

	Town Building Reserves	Land Acquisition Fund	Tennis Court Fund	Rt 1 Parking Reserve	Road Improvements	Equip. Reserves Fund	Broad Cove	Village Green	Totals	
									2018	2017
Revenues:										
Intergovernmental	\$ -	-	-	-	-	-	-	-	-	52,531
Interest income	-	-	-	-	-	43,952	-	-	43,952	17,325
Other revenue	14,000	-	-	-	-	131,901	150,000	-	295,901	130,176
Total revenues	14,000	-	-	-	-	175,853	150,000	-	339,853	200,032
Expenditures:										
Current:										
General government	10,611	10,600	-	-	-	-	-	-	21,211	35,748
Public services	-	-	-	-	-	-	5,566	317,528	323,094	34,131
Capital outlay	86,752	7,177	-	-	262,002	607,041	9,046	-	972,018	995,097
Debt service:										
Principal	-	4,500	-	-	-	-	-	-	4,500	-
Interest	-	2,514	-	-	-	-	-	-	2,514	-
Total expenditures	97,363	24,791	-	-	262,002	607,041	14,612	317,528	1,323,337	1,064,976
Excess (deficiency) of revenues over (under) expenditures	(83,363)	(24,791)	-	-	(262,002)	(431,188)	135,388	(317,528)	(983,484)	(864,944)
Other financing sources (uses):										
Sale of assets	-	-	-	-	-	36,500	-	-	36,500	115,717
Transfer from other funds	65,000	-	-	-	758,000	435,000	-	26,497	1,284,497	2,047,554
Transfer to other funds	-	-	-	-	-	-	-	-	-	(136,122)
Total other financing sources (uses)	65,000	-	-	-	758,000	471,500	-	26,497	1,320,997	2,027,149
Net change in fund balances	(18,363)	(24,791)	-	-	495,998	40,312	135,388	(291,031)	337,513	1,162,205
Fund balances (deficits), beginning of year	79,380	345,410	5,280	20,000	(448,572)	288,221	144,470	291,031	725,220	(436,985)
Fund balances, end of year	\$ 61,017	320,619	5,280	20,000	47,426	328,533	279,858	-	1,062,733	725,220

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 assessment.

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

Paul Merrill Fund – To support the Library.

Sweetser Fund - To purchase non-fiction books for the Library.

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

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TOWN OF CUMBERLAND, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2018

	Prince Fund	Cumberland School Fund	Paul Merrill Fund	Sweetser Fund	Historical Society Fund	Totals
ASSETS						
Cash and cash equivalents	\$ -	-	-	-	50,195	50,195
Investments	51,513	53,211	72,070	44,528	-	221,322
Interfund loans receivable	-	-	-	-	5	5
Total assets	51,513	53,211	72,070	44,528	50,200	271,522
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	-	-	-	-	5	5
Total liabilities	-	-	-	-	5	5
Fund balances:						
Nonspendable - principal	2,165	2,225	56,187	34,714	3,950	99,241
Restricted - accumulated earnings	49,348	50,986	15,883	9,814	46,245	172,276
Total fund balances	51,513	53,211	72,070	44,528	50,195	271,517
Total liabilities and and fund balances	\$ 51,513	53,211	72,070	44,528	50,200	271,522

TOWN OF CUMBERLAND, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

	Prince Fund	Cumberland School Fund	Paul Merrill Fund	Sweetser Fund	Historical Society Fund	Totals
Revenues:						
Investment income (loss)	\$ (476)	(492)	(665)	(411)	369	(1,675)
Total revenues	(476)	(492)	(665)	(411)	369	(1,675)
Expenditures:						
Current:						
Library	-	-	-	-	410	410
Total expenditures	-	-	-	-	410	410
Net change in fund balances	(476)	(492)	(665)	(411)	(41)	(2,085)
Fund balances, beginning of year	51,989	53,703	72,735	44,939	50,236	273,602
Fund balances, end of year	\$ 51,513	53,211	72,070	44,528	50,195	271,517

FIDUCIARY FUNDS -
PRIVATE-PURPOSE TRUST FUNDS
AGENCY FUND

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

		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
ASSETS											
Investments	\$	17,814	82,876	9,622	1,257	-	6,098	146	1,154	39,404	158,371
Due from general fund		-	-	-	-	614	-	-	-	-	614
Total assets		17,814	82,876	9,622	1,257	614	6,098	146	1,154	39,404	158,985
LIABILITIES											
Accounts payable		500	-	-	500	-	-	-	-	-	1,000
Due to general fund		-	-	4,370	1,000	-	1,000	100	-	-	6,470
Total liabilities		500	-	4,370	1,500	-	1,000	100	-	-	7,470
NET POSITION											
Held in trust		17,314	82,876	5,252	(243)	614	5,098	46	1,154	39,404	151,515
Total net position	\$	17,314	82,876	5,252	(243)	614	5,098	46	1,154	39,404	151,515

TOWN OF CUMBERLAND, MAINE
Fiduciary Funds - Private-purpose Trust
Combining Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2018

	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
Additions:										
Donations	\$ -	-	-	-	450	-	-	-	-	450
Investment income (loss)	(165)	(765)	(89)	(11)	-	(56)	(2)	(11)	(364)	(1,463)
Total additions	(165)	(765)	(89)	(11)	450	(56)	(2)	(11)	(364)	(1,013)
Deductions:										
Scholarships awarded	1,000	-	4,500	1,500	500	1,000	100	-	-	8,600
Total deductions	1,000	-	4,500	1,500	500	1,000	100	-	-	8,600
Change in net position	(1,165)	(765)	(4,589)	(1,511)	(50)	(1,056)	(102)	(11)	(364)	(9,613)
Net position, beginning of year	18,479	83,641	9,841	1,268	664	6,154	148	1,165	39,768	161,128
Net position, end of year	\$ 17,314	82,876	5,252	(243)	614	5,098	46	1,154	39,404	151,515

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, 2018

	Balance			Balance
	July 1, 2017	Additions	Deductions	June 30, 2018
ASSETS				
Cash and cash equivalents	\$ 92,020	70,456	38,832	123,644
Due from general fund	18,050	-	1,551	16,499
Total assets	110,070	70,456	40,383	140,143
LIABILITIES				
Accounts payable	502	369	502	369
Due to others	109,568	70,456	40,250	139,774
Total liabilities	\$ 110,070	70,825	40,752	140,143

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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

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

5-9

These schedules contain information to help the reader assess the Town's most significant local revenue source; property tax.

Debt Capacity

10-13

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.

Demographic and Economic Information

14-15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

16-19

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.

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

		Fiscal Year									
		2009	2010	2011	2012	2013	2014	2015	2016*	2017	2018
Governmental activities:											
Net investment in capital assets	\$	10,583,895	11,713,982	12,802,336	14,008,107	14,926,352	17,201,613	17,444,794	24,607,681	26,426,553	28,666,371
Restricted		880,653	6,017,503	1,547,884	693,885	629,042	375,206	514,636	730,607	325,714	355,130
Unrestricted		313,189	(5,235,485)	1,053	2,205,304	3,066,957	2,943,496	3,195,467	1,346,278	1,360,414	2,136,421
Total governmental activities net position	\$	11,777,737	12,496,000	14,351,273	16,907,296	18,622,351	20,520,315	21,154,897	26,684,566	28,112,681	31,157,922
Business-type activities:											
Net investment in capital assets	\$	4,570,731	4,471,150	4,403,855	4,129,831	4,002,886	3,873,747	3,633,799	1,781,340	1,752,539	1,814,746
Unrestricted		(1,370,379)	(1,440,318)	(1,454,977)	(1,126,224)	(670,882)	183,177	840,271	1,098,893	1,313,059	1,347,219
Total business-type activities net position		3,200,352	3,030,832	2,948,878	3,003,607	3,332,004	4,056,924	4,474,070	2,880,233	3,065,598	3,161,965
Primary government:											
Net investment in capital assets	\$	15,154,626	16,185,132	17,206,191	18,137,938	18,929,238	21,075,360	21,078,593	26,389,021	28,179,092	30,481,117
Restricted		880,653	6,017,503	1,547,844	693,885	629,042	375,206	514,636	730,607	325,714	355,130
Unrestricted		(1,057,190)	(6,675,803)	(1,453,924)	1,079,080	2,396,075	3,126,673	4,035,738	2,445,171	2,673,473	3,483,640
Total primary government net position	\$	14,978,089	15,526,832	17,300,111	19,910,903	21,954,355	24,577,239	25,628,967	29,564,799	31,178,279	34,319,887

*In FY 2016, the Town ceased reporting the Val Halla golf course as an enterprise fund. All amounts are now reported in the General Fund and Governmental Activities.

Table 2

TOWN OF CUMBERLAND, MAINE										
Changes in Net Position										
Last Ten Fiscal Years										
(accrual basis of accounting)										
	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016*	2017	2018
Expenses										
Governmental activities:										
General government	\$ 3,783,966	3,285,510	2,915,710	2,999,452	3,341,630	2,712,115	2,576,262	2,947,324	3,791,286	3,600,128
Public safety	2,220,293	2,120,117	2,056,052	2,095,961	2,176,839	2,282,922	2,514,371	2,636,327	2,742,321	2,760,514
Public services	1,162,830	1,208,065	1,283,560	1,424,931	1,500,458	1,660,289	2,862,022	4,902,734	3,687,941	3,391,362
Recreation	595,531	650,799	618,226	866,166	913,637	991,973	948,009	1,855,156	1,905,086	2,000,118
Education and libraries	10,801,875	11,368,432	12,259,218	12,787,351	13,649,666	14,159,614	14,795,916	16,075,925	16,579,156	17,762,502
Health and public assistance	834,347	857,366	773,763	748,016	755,562	668,729	86,796	83,022	236,687	179,542
Interest on debt	562,089	648,993	619,316	557,285	616,399	526,065	605,148	486,383	486,260	638,207
Total governmental activities expenses	19,960,931	20,139,282	20,525,845	21,479,162	22,954,191	23,001,707	24,388,524	28,986,871	29,428,737	30,332,373
Business-type activities:										
Senior Housing	244,777	270,422	323,468	234,753	283,930	227,347	292,029	305,163	296,036	295,442
Sewer System	913,642	831,988	791,667	797,545	824,941	823,999	843,432	838,334	891,253	975,371
Val Halla Golf and Recreation Center	859,546	789,926	757,662	822,688	788,704	844,772	944,462	-	-	-
Total business-type activities expenses	2,017,965	1,892,336	1,872,797	1,854,986	1,897,575	1,896,118	2,079,923	1,143,497	1,187,289	1,270,813
Total primary government expenses	\$ 21,978,896	22,031,618	22,398,642	23,334,148	24,851,766	24,897,825	26,468,447	30,130,368	30,616,026	31,603,186
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 344,101	462,566	449,371	341,769	399,286	361,850	360,104	584,060	761,633	426,981
Public safety	355,846	207,097	213,768	257,097	299,106	288,322	410,695	311,392	334,833	304,185
Public services	1,478	16,687	6,864	5,544	24,885	2,300	320,850	444,332	453,460	523,150
Recreation	393,970	394,246	393,779	671,796	669,344	714,346	768,827	1,478,213	1,531,982	1,672,990
Education and libraries	4,363	7,852	140,098	146,298	156,665	158,260	167,135	24,971	28,515	29,459
Health and public assistance	215,050	222,240	282,515	279,185	278,811	283,564	-	-	-	-
Interest on debt	182,241	182,241	182,241	-	-	-	-	-	-	-
Operating grants and contributions	351,020	257,629	110,018	96,300	198,433	200,114	172,205	125,782	143,168	165,973
Capital grants and contributions	398,369	170,238	718,795	1,669,298	937,223	614,019	309,461	3,205,460	841,007	2,057,401
Total governmental activities program revenues	2,246,438	1,920,796	2,497,449	3,467,287	2,963,753	2,622,775	2,509,277	6,174,210	4,094,598	5,180,139
Business-type activities:										
Charges for services:										
Senior Housing	\$ 277,502	282,165	271,013	291,798	281,864	289,816	318,745	315,803	328,939	335,360
Sewer System	992,992	831,242	839,773	877,309	848,214	890,012	918,929	955,624	1,043,742	1,031,894
Val Halla Golf and Recreation Center	594,030	541,918	566,857	662,322	614,556	608,525	625,406	-	-	-
Capital grants and contributions	-	59,789	-	-	-	-	-	-	-	-
Total business-type activities program revenues	1,864,524	1,715,114	1,677,643	1,831,429	1,744,634	1,788,353	1,863,080	1,271,427	1,372,681	1,367,254
Total primary government program revenues	\$ 4,110,962	3,635,910	4,175,092	5,298,716	4,708,387	4,411,128	4,372,357	7,445,637	5,467,279	6,547,393
Net (expense)/revenue:										
Governmental activities	\$ (17,714,493)	(18,218,486)	(18,028,396)	(18,011,875)	(19,990,438)	(20,378,932)	(21,879,247)	(22,812,661)	(25,334,139)	(25,152,234)
Business-type activities	(153,441)	(177,222)	(195,154)	(23,557)	(152,941)	(107,765)	(216,843)	127,930	185,392	96,441
Total primary government net expense	\$ (17,867,934)	(18,395,708)	(18,223,550)	(18,035,432)	(20,143,379)	(20,486,697)	(22,096,090)	(22,684,731)	(25,148,747)	(25,055,793)

*In FY 2016, the Town ceased reporting the Val Halla golf course as an enterprise fund. All amounts are now reported in the General Fund and Governmental Activities.

Table 2, Cont.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 15,153,763	15,815,303	16,831,342	17,427,641	18,737,957	19,558,835	20,441,626	21,743,533	22,104,213	23,028,076
TIF District taxes	798,778	853,066	890,507	940,566	1,006,641	1,102,803	1,251,165	1,555,973	1,690,373	2,029,016
Excise taxes	1,348,642	1,372,271	1,377,972	1,364,192	1,460,329	1,633,132	1,693,482	1,856,148	1,959,451	2,120,226
Outer island property taxes	38,890	38,736	39,663	39,814	40,465	41,566	41,867	39,889	43,352	43,774
Payment in lieu of taxes	-	-	-	-	22,500	23,112	28,656	29,608	29,804	30,688
Unrestricted grants and contributions	875,441	751,799	706,932	791,033	829,482	603,229	611,559	620,550	694,761	830,008
Investment earnings	71,519	16,342	13,069	6,030	3,076	247	5,897	6,456	17,122	42,277
Miscellaneous	195,382	96,934	121,144	44,206	85,842	143,972	304,127	470,847	223,178	73,410
Gain (loss) on sale of assets	-	-	-	(258,405)	-	-	-	-	-	-
Transfers	(934,991)	(7,702)	(97,000)	212,861	(480,799)	(830,000)	(627,451)	1,721,844	-	-
Total governmental activities	17,547,424	18,936,749	19,883,629	20,567,938	21,705,493	22,276,896	23,750,928	28,044,848	26,762,254	28,197,475
Business-type activities:										
Investment income (loss)	-	-	-	-	539	2,685	6,538	77	(27)	(74)
Miscellaneous	433,582	-	16,200	-	-	-	-	-	-	-
Gain on sale of assets	-	-	-	291,147	-	-	-	-	-	-
Transfers	934,991	7,702	97,000	(212,861)	480,799	830,000	627,451	(1,721,844)	-	-
Total business-type activities	1,368,573	7,702	113,200	78,286	481,338	832,685	633,989	(1,721,767)	(27)	(74)
Total primary government	\$ 18,915,997	18,944,451	19,996,829	20,646,224	22,186,831	23,109,581	24,384,917	26,323,081	26,762,227	28,197,401
Change in Net Position										
Governmental activities	(167,069)	718,263	1,855,233	2,556,063	1,715,055	1,897,964	1,871,681	5,232,187	1,428,115	3,045,241
Business-type activities	1,215,132	(169,520)	(81,954)	54,729	328,397	724,920	417,146	(1,593,837)	185,365	96,367
Total primary government	\$ 1,048,063	548,743	1,773,279	2,610,792	2,043,452	2,622,884	2,288,827	3,638,350	1,613,480	3,141,608

Table 3

TOWN OF CUMBERLAND, MAINE Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)										
	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ -	-	-	1,503,847	1,161,834	477,451	5,849	116,294	42,039	55,286
Assigned	1,280,000	-	-	-	-	-	-	371,748	365,419	449,964
Unassigned	714,776	1,999,806	2,150,042	727,371	1,433,829	1,191,089	2,060,936	2,023,066	2,028,570	2,084,824
Total general fund	\$ 1,994,776	1,999,806	2,150,042	2,231,218	2,595,663	1,668,540	2,066,785	2,511,108	2,436,028	2,590,074
All Other Governmental Funds										
Nonspendable, reported in:										
Capital projects	\$ -	-	-	-	-	-	-	10,100	-	-
Permanent funds	99,241	99,241	99,241	99,241	99,241	99,241	99,241	99,241	99,241	99,241
Restricted, reported in:										
Permanent funds	152,226	162,356	166,258	175,263	172,751	174,474	172,839	174,914	174,361	172,276
Capital projects	629,186	5,755,906	1,282,345	419,381	322,607	49,438	242,556	420,343	-	-
Special revenue funds	-	-	-	-	34,443	52,053	-	36,109	52,112	83,613
Committed, reported in:										
Special revenue funds	70,887	52,230	25,200	19,689	65,313	97,335	87,761	57,872	71,998	60,776
Capital projects funds	-	-	-	-	-	-	850	733,735	7,054,109	1,890,462
Assigned, reported in:										
Capital projects funds	3,668,697	16,344	415,127	500,744	889,318	1,592,351	1,922,955	-	-	-
Debt service fund	-	-	-	-	-	-	392,130	474,937	655,469	737,940
Unassigned, reported in:										
Special revenue funds	-	-	(15,119)	(636)	-	(4,140)	-	-	-	-
Capital projects funds	(832,285)	(608,542)	(775,128)	(143,779)	(48,802)	(44,296)	(6,226)	(1,234,150)	(1,133,133)	(963,613)
Total all other governmental funds	\$ 3,787,952	5,477,535	1,197,924	1,069,903	1,534,871	2,016,456	2,912,106	773,101	6,974,157	2,080,695
Total governmental funds	\$ 5,782,728	7,477,341	3,347,966	3,301,121	4,130,534	3,684,996	4,978,891	3,284,209	9,410,185	4,670,769

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

Table 4

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 17,340,073	18,079,376	19,117,812	19,721,213	21,327,892	22,081,219	23,526,104	25,298,238	25,809,867	27,161,299
Licenses and permits	88,091	101,642	110,504	132,652	178,099	161,923	159,680	168,174	207,889	151,495
Intergovernmental	1,226,461	1,009,428	840,911	888,833	984,143	1,211,643	1,016,858	1,353,722	1,629,296	1,118,956
Charges for services	819,080	950,583	1,108,242	1,325,445	1,364,425	1,215,255	1,388,081	2,256,124	2,297,259	2,526,783
Rental Income	182,241	182,241	182,241	-	-	-	-	-	-	-
Other	1,072,907	541,977	1,096,696	761,626	1,355,486	671,631	735,520	444,437	652,584	554,952
Total revenues	20,728,853	20,865,247	22,456,406	22,829,769	25,210,045	25,341,671	26,826,243	29,520,695	30,596,895	31,513,485
Expenditures										
General government	1,076,082	1,031,502	950,235	1,050,648	1,197,680	1,260,888	1,405,149	1,738,077	1,893,954	2,113,523
Public safety	1,992,024	1,949,939	1,835,525	1,875,363	1,929,209	2,042,544	2,274,019	2,403,779	2,486,136	2,507,112
Public services	895,922	866,539	915,444	875,317	943,702	898,293	1,749,724	1,839,511	2,081,177	2,502,789
Recreation	482,173	498,395	472,959	723,597	768,969	850,481	835,482	1,600,021	1,660,102	1,751,478
Education and libraries	10,725,405	11,291,481	12,182,332	12,710,146	13,572,445	14,083,574	14,718,516	15,999,440	16,501,645	17,684,884
Health and public assistance	833,056	856,075	772,472	745,484	752,371	665,538	85,348	81,574	235,239	178,094
Unclassified	1,695,175	1,737,315	1,654,289	1,377,654	1,479,000	1,536,203	1,270,640	1,299,214	1,284,793	1,322,558
Capital outlay	3,155,100	3,696,231	6,187,380	1,668,130	1,384,048	2,072,124	4,434,772	5,089,978	4,581,440	6,649,863
Debt service:										
Principal	797,834	797,063	1,094,279	1,186,508	1,300,312	1,010,161	1,001,602	997,192	1,034,696	939,915
Interest	545,708	615,893	619,316	576,657	596,465	537,403	479,821	541,061	436,216	729,185
Total expenditures	22,198,479	23,340,433	26,684,231	22,789,504	23,924,201	24,957,209	28,255,073	31,589,847	32,195,398	36,379,401
Excess (deficiency) of revenues over (under) expenditures	(1,469,626)	(2,475,186)	(4,227,825)	40,265	1,285,844	384,462	(1,428,830)	(2,069,152)	(1,598,503)	(4,865,916)
Other financing sources (uses)										
Transfers in	1,251,176	8,247,270	933,718	1,570,437	1,330,538	1,978,779	2,163,184	1,763,157	2,228,086	1,439,468
Transfers out	(2,186,167)	(854,972)	(1,030,718)	(1,357,576)	(1,811,337)	(2,808,779)	(2,790,635)	(1,785,458)	(2,228,086)	(1,439,468)
Sale of assets	-	-	-	-	-	-	-	396,861	115,717	36,500
Payment to refunded bond escrow agent	-	-	-	(299,971)	-	-	(2,931,919)	-	-	-
Bonds and notes issued	4,000,000	4,100,000	-	-	-	-	5,730,000	-	7,300,000	90,000
Premiums on bonds issued	-	-	-	-	-	-	601,379	-	308,762	-
Capital leases	-	77,500	195,450	-	24,368	-	-	-	-	-
Total other financing sources (uses)	3,065,009	11,569,798	98,450	(87,110)	(456,431)	(830,000)	2,772,009	374,560	7,724,479	126,500
Net change in fund balances	\$ 1,595,383	9,094,612	(4,129,375)	(46,845)	829,413	(445,538)	1,343,179	(1,694,592)	6,125,976	(4,739,416)
Debt service as a percentage of noncapital expenditures	6.91%	7.04%	8.25%	8.16%	8.19%	6.40%	6.14%	5.88%	5.17%	5.53%

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)

Fiscal Year		Real estate	Personal property	Excise tax	Total
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
2016		22,918	404	1,856	25,178
2017		23,324	439	1,959	25,722
2018		24,717	250	2,120	27,087

Note: The table does not include outer island taxes, supplemental 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)

Fiscal Year Ended June 30		Real Property Residential and Commercial Property (1)	Personal Property (1)	Less: Tax Exempt Real Property (1)	Total Taxable Assessed Value (1)	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Assessed Value as a Percentage of Actual Value
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%
2016		1,341,466	22,333	81,519	1,282,280	5.39	1,144,550	112.0%
2017		1,362,438	24,069	85,265	1,301,242	5.31	1,171,250	111.1%
2018		1,403,144	13,298	85,299	1,331,143	5.26	1,264,650	105.3%

(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>Town rate</u>		<u>Total direct rate</u>	<u>Education rate</u>	<u>County rate</u>	<u>Total rate</u>
	<u>Operating</u>	<u>Debt service</u>				
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
2016	4.94	0.45	5.39	12.13	0.58	18.10
2017	4.83	0.48	5.31	12.34	0.60	18.25
2018	4.74	0.52	5.26	12.93	0.61	18.80

* 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

<u>Taxpayer</u>	<u>2018</u>			<u>2009</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Central Maine Power Company	\$ 49,829,500	1	3.74%	\$ 6,431,100	1	0.57%
Summit Natural Gas	13,298,400	2	1.00%			
LGC North America dba Maine Standards Company, LLC	4,650,500	3	0.35%			
Mirza, Zareen Taj	4,419,000	4	0.33%			
Maritime & Northeast Pipeline	3,936,700	5	0.30%	3,936,700	3	0.35%
C and A Holdings, LLC	3,860,300	6	0.29%			
Lemole, Emily Jane A-Trustee	3,837,200	7	0.29%	3,762,500	4	0.33%
Mangenello, E Marie	3,249,400	8	0.24%			
BBW Real Estate LLC	3,223,200	9	0.24%	3,131,400	6	0.28%
Time Warner Cable Northeast	3,130,800	10	0.24%			
Spears Hill, LLC				6,051,200	2	0.53%
Dumont, Martha E.				3,414,900	5	0.30%
Martin Joseph R.				3,063,800	7	0.27%
Forum Trust LLC				2,862,500	8	0.25%
Piaso, Shirley A.				2,852,100	9	0.25%
Oestreicher, Charles R. - Trustee				2,636,200	10	0.23%
Totals	\$ 93,435,000		7.02%	\$ 38,142,400		3.36%

SOURCE: Cumberland assessor's office

Table 9

TOWN OF CUMBERLAND, MAINE Property Tax Levies and Collections Last Ten Fiscal Years (dollar amounts expressed in thousands)							
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	
2009	\$ 15,902	15,589	98.03%	312	15,901	99.99%	
2010	16,612	16,341	98.37%	270	16,611	99.99%	
2011	17,647	17,359	98.37%	285	17,643	99.98%	
2012	18,319	17,942	97.94%	372	18,314	99.97%	
2013	19,684	19,385	98.48%	294	19,679	99.97%	
2014	20,610	20,329	98.64%	276	20,605	99.98%	
2015	21,650	21,398	98.84%	244	21,558	99.58%	
2016	23,209	23,014	99.16%	180	23,129	99.66%	
2017	23,748	23,607	99.41%	65	23,607	99.41%	
2018	25,025	24,861	99.34%	-	24,861	99.34%	

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			
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%	2,305
2013	13,583,751	496,400	-	131,840	690,000	37,496	168,858	86,210	15,194,555	4.756%	2,113
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
2016	13,846,146	248,201	541,241	31,624	1,135,001	90,196	-	-	15,892,409	3.116%	2,045
2017	20,218,093	165,468	813,808	3,896	1,025,001	80,408	-	-	22,306,674	4.229%	2,816
2018	19,365,411	168,233	769,036	-	905,001	70,620	-	-	21,278,301	3.913%	2,606

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

Fiscal Year		General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2009	\$	14,729,931	1.27%	2,058
2010		18,050,601	1.60%	2,367
2011		16,969,055	1.56%	2,353
2012		15,589,342	1.46%	2,162
2013		14,311,247	1.35%	1,990
2014		13,323,302	1.26%	1,802
2015		16,653,428	1.51%	2,206
2016		15,612,584	1.36%	2,009
2017		22,137,310	1.89%	2,795
2018		21,110,068	1.67%	2,586

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

TOWN OF CUMBERLAND, MAINE
Direct and Overlapping Governmental Activities Debt
June 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt:			
Cumberland County	\$ 35,585,000	2.87%	1,021,605
MSAD #51	24,389,662	70.61%	17,222,563
Subtotal, overlapping debt			18,244,168
Direct debt:			
Bonds payable	19,365,411		19,365,411
Unamortized bond premium	769,036		769,036
Notes payable	168,233		168,233
Subtotal, direct debt			20,302,680
Total direct and overlapping debt			\$ 38,546,848

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed value per State	\$ 1,162,000	1,131,350	1,084,700	1,068,500	1,056,700	1,057,800	1,099,350	1,144,550	1,171,250	1,264,650
Total debt limit - all purposes - 15% of assessed value	\$ 169,838	174,300	162,705	160,275	160,275	158,670	164,903	171,683	175,688	189,698
Less outstanding debt applicable to debt limit	15,791	19,013	17,832	16,311	14,939	13,857	16,313	15,229	21,409	20,439
Legal debt margin	\$ 154,047	155,287	144,873	143,964	145,336	144,813	148,590	156,454	154,279	169,259
Total outstanding debt applicable to the limit as a percentage of debt limit	9.30%	10.91%	10.96%	10.18%	9.32%	8.73%	9.89%	8.87%	12.19%	10.77%
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	\$ 84,919	87,150	81,353	80,138	80,138	79,335	82,451	85,841	87,844	94,849
Less outstanding debt applicable to debt limit	15,791	19,013	17,832	16,310	14,939	13,857	16,313	15,229	21,409	20,439
Debt margin for municipal purposes	\$ 69,128	68,137	63,521	63,828	65,199	65,478	66,138	70,612	66,435	74,410
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	18.60%	21.82%	21.92%	20.35%	18.64%	17.47%	19.79%	17.74%	24.37%	21.55%
School purposes - 10%										
Debt limit	\$ 113,225	116,200	108,470	106,850	106,850	105,780	109,935	114,455	117,125	126,465
Less outstanding debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Debt margin for school purposes	\$ 113,225	116,200	108,470	106,850	106,850	105,780	109,935	114,455	117,125	126,465
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	\$ 84,919	87,150	81,353	80,138	80,138	79,335	82,451	85,841	87,844	94,849
Less outstanding debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Debt margin for sewer purposes	\$ 84,919	87,150	81,353	80,138	80,138	79,335	82,451	85,841	87,844	94,849
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Maximum total debt limit - 15%	\$ 174,300	169,703	162,705	160,275	158,505	158,670	164,903	171,683	175,688	189,698

Table 14

TOWN OF CUMBERLAND, MAINE
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Income Cumberland County (2)	Median Age (6)	High School Completion Rates (5)	School Enrollment (4)	State Unemployment Rate (3)
2009	7,159	240,857,396	33,644	39.4	96%	1,554	8.6%
2010	7,627	327,968,627	43,001	39.4	96%	1,557	8.0%
2011	7,211	306,200,693	42,463	45.0	96%	1,534	7.6%
2012	7,211	318,661,408	44,048	45.0	96%	1,499	7.5%
2013	7,192	357,866,728	47,015	45.0	95%	1,477	6.9%
2014	7,393	400,232,133	55,503	45.0	93%	1,432	5.5%
2015	7,550	510,047,800	67,556	45.0	97%	1,422	4.7%
2016	7,772	517,622,972	66,601	45.0	97%	1,401	3.9%
2017	7,920	527,479,920	66,601	45.0	97%	1,388	3.2%
2018	8,164	543,730,564	66,601	45.0	97%	1,337	2.9%

Sources:

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

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

(3) Maine Department of Labor (seasonally adjusted)

(4) Maine Department of Education

(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
Current Year and Nine Years Ago

<u>Employer</u>	<u>2018</u>			<u>2009</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%	50-99	3
Seafax	50-99	3	1.3%-2.5%	50-99	5
Exactitude	50-99	3	1.3%-2.5%		
Norton Insurance	50-99	5	1.3%-2.5%	50-99	8
Sevee Maher Engineers	50-99	6	1.3%-2.5%	20-49	9
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
Greely Middle School				100-249	2
Cumberland Fire Department				50-99	3
Greely High School				50-99	6
Mabel I. Wilson School				50-99	7

Table 16

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
Management	3	3	3	3	3	2	2	2	2	2
Finance/Administration	7	7	6	6	6	8	10	10	10	9
Planning	2	2	2	2	2	2	2	2	3	3
Assessing	1	1	1	1	0	0	0	1	1	1
Public Safety:										
Fire	2	4	3	3	2	3	4	4	4	5
Police	12	12	12	12	12	12	12	12	12	12
Rescue	3	0	0	0	0	0	0	0	0	0
Public Services:										
Public Works	10	9	9	9	9	7	7	7	7	7
Parks	3	3	3	3	3	3	3	3	3	3
Recreation & Other:										
Recreation	4	3	3	4	3	4	5	5	5	5
Library	2	2	2	2	2	4	4	4	4	5
Valhalla	3	3	3	3	3	3	3	3	3	3
Total Full-time Employees	52	49	47	48	45	48	52	53	54	55

Source: Town of Cumberland budget documents

Table 17

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

Function	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Code Enforcement:										
Building permits	206	151	180	314	220	251	268	266	302	302
Sign permits	5	4	5	13	16	9	21	15	18	18
Fire Protection:										
Number of calls answered	536	592	576	931	860	994	1,242	1,279	1,233	1,233
Number of inspections conducted	211	337	304	127	118	192	190	162	83	83
Police Protection:										
Number of law violations:										
Arrests	158	137	165	136	202	220	72	54	99	99
Traffic violations	4,085	3,485	3,069	2,964	2,144	1,393	740	852	2,919	2,919
Parking violations	58	27	32	108	91	43	4	4	2	2
Number of calls for service	10,926	12,223	11,702	11,737	9,090	8,928	6,534	8,216	8,244	8,244
Sewerage System:										
Number of service connections	1,014	1,020	1,041	1,176	1,070	1,108	1,806	1,092	1,136	1,136
Daily average treatment in gallons	191,203	202,000	249,382	253,000	227,000	228,892	234,932	211,973	204,000	204,000

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function										
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	17	15	14	12	6	6	7	7	7	7
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Vehicles	12	11	10	10	10	11	11	11	11	11
Public Works:										
Streets (miles)	78	78	79	79	79	79	79	80	80	80
Number of streetlights	203	203	203	203	203	203	203	203	204	204
Parks & Recreation:										
Parks	1	1	1	1	1	1	2	3	3	3
Parks (acreage)	250	250	250	250	250	250	272	487	487	487
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	25	25	25	29	29

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, 2018

Date of incorporation	1821
Form of government	Council/Manager
Number of full-time employees	55
All employees	334
Area in square miles	20
Name of government facilities and services:	
Miles of streets	80
Number of street lights	204
Culture and recreation:	
Parks	3
Park acreage	487
Skating rinks	1
Tennis courts	4
Golf course	1
Fire Protection:	
Number of fire personnel and officers	75 (Volunteers)
Police Protection:	
Number of police personnel and officers	12
Number of patrol units	7
Education:	
Number of elementary schools	1
Number of elementary school instructors	75
Number of secondary schools	2
Number of secondary school instructors	119