

Town of Cumberland, Maine



Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

TOWN OF CUMBERLAND, MAINE
Comprehensive Annual Financial Report
For the Fiscal Year ended June 30, 2014

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

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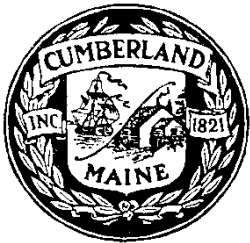
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INTRODUCTORY SECTION

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TOWN OF CUMBERLAND, MAINE

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Cumberland Center, Maine 04021-9321

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December 22, 2014

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 2014 Comprehensive Annual Financial Report (CAFR). The Town is responsible for the accuracy, fairness, and completeness of the financial statements presented in this report. To the best of our knowledge and belief, the information presented is accurate in all material respects and includes all disclosures necessary to enable the reader to gain a reasonable understanding of the Town's financial position and activities.

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.

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

Profile of the Town

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

The Town of Cumberland was founded in 1821, and currently has a population of 7,192 people. It is predominantly a residential community, with a small commercial sector concentrated in pockets along the major corridors of Rt. 100, Rt. 9, and Rt. 1. Approximately 88% of the tax base is composed of residential and open space, 6% is commercial and light industrial, and 6% is exempt from property tax. This translates to a very stable source of property tax revenues. Of the vacant parcels in Town, approximately 90% are zoned for residential use, with the remaining 10% being zoned for commercial and light industrial uses. This ensures the growth pattern of residence predominance with an opportunity to expand the commercial tax base in selected areas.

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

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

Economic Condition and Outlook

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

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

The Cumberland real estate market, although relatively small, is one of the top markets in Southern Maine. Using information gathered from the Maine Home Sales Connection, Cumberland home sales have increased every year since 2009, and in calendar year 2013 reached 159 units sold – the highest level since 2005, and an increase of 51% from 2012. The median home sales price in Cumberland increased 6.4% to \$357,500 in calendar year 2013, from \$336,000 in 2012. The town has a wide variety of homes available, including rural homes and small farms, suburban neighborhoods, and exclusive estates.

Total taxable assessed value of real estate and business' personal property has seen significant increases each year for the past few years, and this is expected to continue for another year or two. Piping and supporting infrastructure for the new natural gas lines is estimated to add \$15 million in new taxable value, creating over \$260,000 in new tax revenues. In addition, residential real estate is continuing to grow, with substantial new and ongoing construction 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.

Residential building permits exceeded all expectations in FY2014. Many new subdivisions had been approved during the last ten years, and those lots are now being purchased and built upon. Over the past year, 62 new residential units were permitted, and many of those are now finished. This is highlighted by the sellout of the Morrison Hill subdivisions along Route 100. All 17 units were sold or under contract by the end of the fiscal year.

Along with the new residential construction, the Town has seen a number of new commercial projects. Economic development continues to strengthen with the groundbreaking along Route 1 for Pack Edge, a company that sells the cold packs found in most commercial shipping and packing. The company hopes to occupy its new space sometime in late 2014. The Friends School of Portland, an independent Pre-K – 8th grade Quaker school, is continuing with plans to develop the 21-acre lot they purchased along Route 1. They are anticipating moving into their new facility by the beginning of school in the fall of 2015. The school will be the greenest large building in the Town, having a net zero energy impact. Their green design uses some of the most energy efficient and ecologically friendly materials and systems available.

Other projects include the new Cumberland Animal Hospital on Tuttle Road, Louie's Grill on Main Street, and the anticipated opening of Maine PREP, a business focused on helping students prepare for the SAT and other standardized exams, which will be located right next to the school campus. Efforts to further develop the Rt. 1 and Rt. 100 corridors are ongoing, and several possible projects are being pursued or are in preliminary planning stages.

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

The largest uncertainty in the Town's outlook continues to center on revenues from the State of Maine. Legislators are continuing to reduce the amount paid to towns to make up for budget shortfalls at the State level. In the past few Legislative sessions, the final State budgets contained significant reductions in the amount allocated to the Revenue Sharing program. In FY2013, the Town of Cumberland received \$613,000 via State Revenue Sharing. Based on calculations by the Maine Municipal Association, the Town has budgeted to receive only \$386,000 in State Revenue Sharing in FY2015, a revenue decrease of \$227,000—almost a quarter of a million dollars. This is in addition to reductions in other State funding, including: Maine Department of Transportation reimbursements for Town expenditures to maintain State owned roads; Circuit Breaker programs to assist residents with rent and property taxes; and added limits on General Assistance funding. Further cuts are likely in the next Legislative session, as the State continues to wrestle with its own budget shortfalls. These decreases put significant added pressure on local budgets and property tax rates.

Major Initiatives and Long-term Planning

During the spring of 2014, the Town was offered a once in a lifetime opportunity to purchase a portion of a large, waterfront estate at 179 Foreside Road (known as the Payson estate). For decades, the Town's Comprehensive Plan has included a recommendation that the Town obtain ocean access that is open to all residents of the Town, as all of Cumberland's shorefront property has been held by private landowners. After a hotly debated referendum vote, the residents of Cumberland approved the purchase and the \$3 million bond that will be required to fund it. The Town will be purchasing approximately 25 acres of the 104 acre property, including nine acres near Foreside Road, a 2,400-foot right-of-way access road from Foreside Road to the beach, and 14 acres of tidal property that includes ½ mile of shore frontage on Casco Bay and a 220-foot-long pier. The remainder of the property will be retained by a developer, upon which seven new luxury homes will be built. It is anticipated that the potential tax revenues from these properties will offset a majority of the costs of debt service and operations for the Town portion of the property. A committee consisting of residents from across the community is working to develop guidelines for land use and limited development by the Town – some gravel parking, trail improvements and a small bathroom facility being the current extent of the plans. This is one of the most significant enhancements to public facilities undertaken by the Town, and this exciting opportunity will provide access to the ocean for all families in Cumberland for many, many years to come.

During FY2014, installation of natural gas distribution lines throughout the town commenced. Over the next four or five years, Summit Natural Gas will be providing natural gas to a majority of Town residents, many businesses, and Town and MSAD 51 buildings. Natural gas equipment is easier to maintain and repair, is the most environmentally friendly fossil fuel, and is one of the most affordable, convenient, reliable, clean, and safe sources of energy available to the residential consumer. According to the Department of Energy (DOE), natural gas costs are approximately 68% less than the cost of electricity and can reduce heating costs by 50%. Residents throughout Cumberland will have the option to connect to the natural gas lines as they are installed over the next few years. This improvement to the Town's infrastructure is scheduled to be completed by 2017. For more information, and to see a map and schedule of the roads that will be connected, visit the Town's website at <https://cumberlandnaturalgas.wordpress.com/>.

In conjunction with the natural gas project, the Town is in the process of upgrading heating systems throughout public buildings. The Town had been delaying some much needed improvements in anticipation of the ability to connect to the new natural gas infrastructure. At this time, work is underway at both the Central and West Fire Stations, the West Cumberland Recreation Hall, the Library, and Town Hall.

The Town is continuing to evaluate sites for construction of a new Public Works facility. Several forecasting models have been prepared in order to determine the financial viability of this project. The existing facility is located on Drowne Road, near the center of town, close to schools, the library, and many local businesses and

amenities. By making this parcel available for construction of homes in this desirable location, the potential gain in taxable real estate could in the long term significantly offset the costs of relocation. Costs to construct a new facility are expected to be in the \$3 million to \$4 million range, so it is likely that the Town will seek bond financing in conjunction with this project.

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

Val Halla has benefited this year from the installation of the new Visage Mobile Golf Information System, from GPS Industries, in its fleet of golf carts. Visage is a screen, a bit larger than an iPad, mounted to the front of the carts. Its touch screen technology allows golfers to track scores and access information about the course, such as yardage, distances, and course maps. Val Halla is the first golf course in northern New England, public or private, to offer this exciting technology. In addition to enhancing the golfing experience, the GPS technology has allowed enforcement of “no carts” zones, to protect delicate areas, as well as limiting the speed of the carts in high traffic areas in order to improve safety. The course groundskeepers have noted a significant improvement in the condition of the course where this technology has been used.

The Senior Housing Authority is moving forward with much needed infrastructure improvements, with heating systems being replaced on all units in the fall of 2014, and new roofs to be installed in the summer of 2015. The Authority will be participating in the bond issue in January 2015 in order to finance these costs, as well as refinancing a loan from Maine State Housing Authority (MSHA). The MSHA loan contained stipulations regarding how housing units had to be allocated; by refinancing the loan, these stipulations will be removed. This will allow the Authority much greater flexibility for future planning and budgeting. Extensive meetings of the Housing Authority Board of Directors throughout summer and fall have focused on evaluating cash flows, analyzing budgets, and adjusting the rent structure in order to ensure that the Authority remains self-supporting over the next several decades.

Cumberland has established a Pavement Management Plan and Five Year Capital Improvement Plan in order to maintain and upgrade the Town’s facilities and infrastructure, with the intent to provide quality services to the residents and to ensure that these services will continue in the future without major increases in property taxes. The Pavement Management Plan has a schedule of planned road maintenance and improvement projects that extends through 2024. While this schedule will be amended along the way, it is an important component of a comprehensive road improvement plan that can be used to create sustainable budgets for future road upkeep. To facilitate these plans, the Town’s budget for capital improvements has been increasing steadily for the past few years. It is expected that FY2015 will be the last year to require a significant increase in the road maintenance and capital budgets, at which point they will be at the level necessary to sustain the needed maintenance to keep Town roads and facilities in reasonable repair.

In 2013-2014, the Town of Cumberland partnered with the Maine Department of Transportation to complete phase two of the Blanchard Road improvements, from Skillins Road to Bruce Hill Road. This project greatly improved the drainage and sightlines on this stretch of road, as well as the safety of the road in front of the busy Fair Grounds. As part of this project, the first section of natural gas pipe was installed, that began serving the residents of Cumberland in the fall of 2014. Due to the gas main installation in the center of town, paving projects in the neighborhoods on the west side of Main Street were delayed to avoid having newly repaired roads cut open to allow gas line installations. The current plan is to combine paving in the neighborhoods on the west side and east side of Main Street into a larger drainage and paving project in 2015, which will upgrade roads and infrastructure in areas that have had no upgrades in over 40 years. Future major road projects are planned for Blackstrap Road and Middle Road, as well as the addition of a turning lane on Route 1 to accommodate increased traffic from new businesses in that area. Timing and costs of these projects has not yet been determined.

Financial Policies and Information

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

For the first time in several years, the Town did not use short term borrowing to cover cash shortfalls that can occur between property tax due dates. There are two primary reasons for the improved cash position of the Town. As mentioned above, the amount of deficit fund balances is continuing to decrease, and the unassigned (spendable) General Fund balance continues to increase, both of which have a positive effect on cash flow. Also contributing is the collection rate of assessed property taxes. The percentage of taxes collected in the year they were assessed dipped after the recession, and has been gradually improving over the past few years. In FY2010, 98.4% of taxes were collected by June 30th; in FY2014, 98.64% of current year taxes were collected by June 30th. With a tax commitment of around \$20 million, each 1/2 percentage difference is equivalent to over \$100,000 of additional cash in the bank.

Debt Administration: During FY2014, Standard & Poor's increased the Town's credit rating from AA to AA+. The Town currently has an AA3 rating from Moody's on its general obligation bond issues. 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.

Over the past several years, General Fund debt service requirements have been decreasing, as no new general obligation debt has been issued since FY2010. It is anticipated that new borrowing will occur in FY2015 to pay for some needed infrastructure improvements and land purchases.

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

At the end of FY2012 and FY2013, respectively, the unassigned fund balance in the General Fund was \$727,371 (3% of revenues) and \$1,433,829 (6% of revenues). Management initially estimated an ending unassigned fund balance in the General Fund for FY2014 that would have maintained the ratio at 6% of revenues. However, due to a required change in the method of calculating unavailable revenue related to uncollected property taxes, an adjustment of approximately \$200,000 reduced the ending unassigned fund balance for FY2014 to \$1,191,089, or 5% of revenues.

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

The audit was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. As required by these standards, an understanding of the relevant policies and procedures is needed in order to assess whether the policies and procedures had been placed in operation, and also to determine the level of control risk. As a result of the level of control risk, tests of controls are performed to determine adequacy of the internal control structure. Additionally, tests are performed to determine the Town's compliance with certain laws, regulations, contracts and grants. The results of these tests indicated the Town had no instances of material weaknesses in internal control structure and no violations of applicable laws and regulations tested. The report on compliance and on internal control over financial reporting has been issued under separate cover entitled "Reports Required by *Government Auditing Standards*" dated December 22, 2014 and is available from the Finance Department at the Town Office.

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

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

Other Information

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

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financing Reporting to the Town of Cumberland, Maine for its prior fiscal year ended June 30, 2013. The Town of Cumberland has received Certificates of Achievement for all full fiscal years from 1993 through 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

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

Sincerely,



William R. Shane
Town Manager



Heather L'Hommedieu Perreault, CPA
Director of Finance



Government Finance Officers Association

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

Presented to

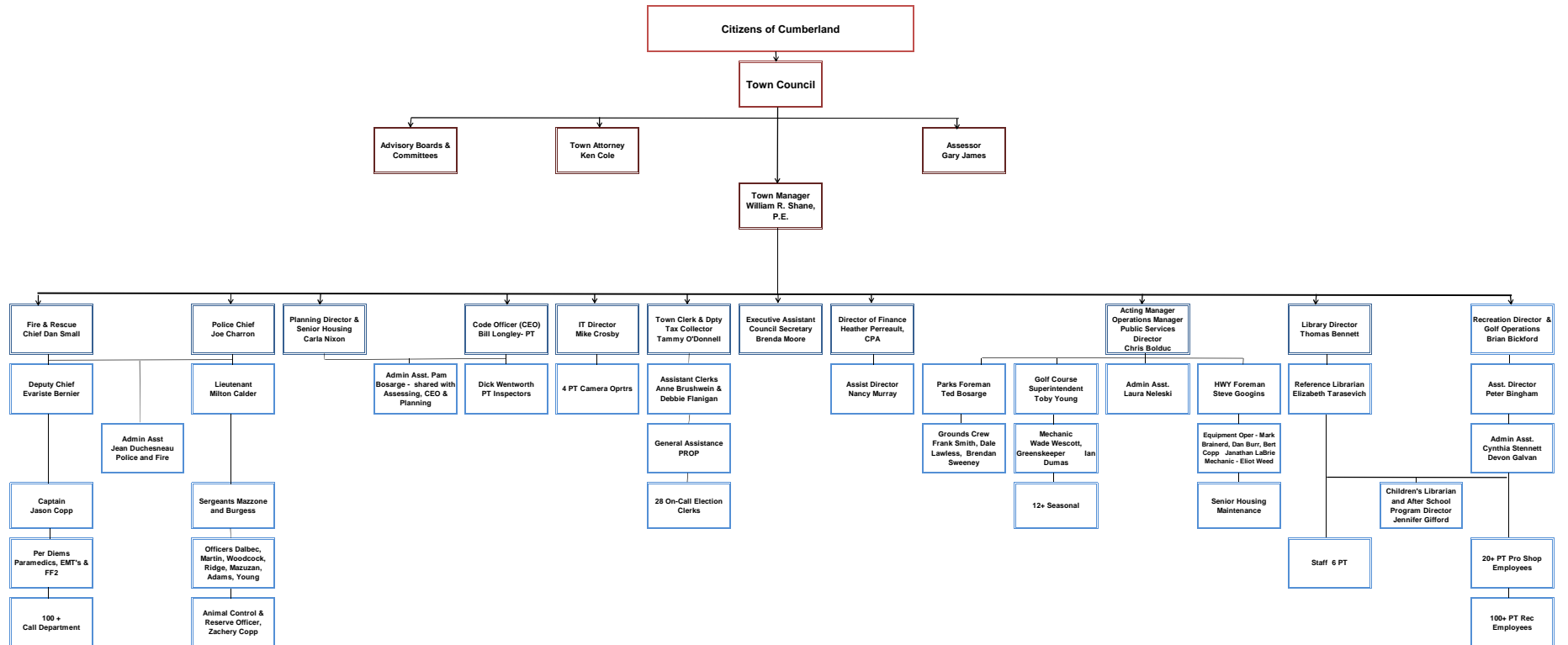
**Town of Cumberland
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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TOWN OF CUMBERLAND, MAINE

List of Principal Officials

June 30, 2014

Council Member	Thomas Gruber, Chairman
Council Member	Peter Bingham, Sr., Vice Chairman
Council Member	Ron Copp
Council Member	Michael Edes
Council Member	William Stiles
Council Member	Shirley Storey-King
Council Member	George Turner
Town Manager	William Shane
Director of Operations & Acting Town Manager	Christopher Bolduc
Director of Finance	Heather L'Hommedieu Perreault, CPA
Town Planner	Carla Nixon
Code Enforcement Officer	William Longley
Fire Chief	Daniel Small
Police Chief	Joseph Charron
Recreation Director	Brian Bickford
Librarian	Thomas Bennett
Assessor	Gary James

FINANCIAL SECTION

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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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Maine as of June 30, 2014, 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 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

Town Council
Town of Cumberland, Maine

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the Town of Cumberland, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cumberland, Maine's internal control over financial reporting and compliance.

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

December 22, 2014
South Portland, Maine

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2014

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, 2014. 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 31.

FINANCIAL HIGHLIGHTS

- Total net position of the Town of Cumberland (assets minus liabilities) at June 30, 2014 was \$24,577,239. Governmental activities' net position was \$20,520,315; business-type activities' was \$4,056,924. Net position increased for both governmental and business-type activities in FY2014, with a combined increase of \$2,622,884.
- The ending fund balance for the General Fund was \$1,668,540. This is a decrease from last year of \$927,123. Although the General Fund experienced an excess of revenues over expenditures and budgeted transfers of \$722,005 for FY2014, substantial amounts were transferred out of the General Fund at year end in order to reduce deficit balances in other funds.
- The ending fund balance for the General Fund of \$1,668,540 was 7.1% of General Fund revenues. This represents a decrease in this ratio compared to the past few years, from 10.5% in FY2012, and 11.3% in FY2013. Part of this fund balance remains restricted by deficits in other funds. The restricted amount has been decreased each year by transfers from the General Fund to reduce or remove these deficits. Unassigned fund balance in the General Fund (total fund balance less restricted amounts) at the end of FY2014 is \$1,191,089; the ratio of unassigned fund balance to revenues at the end of FY2014 is 5.1%, compared to 6.2% at the end of FY2013. The biggest factor in this change is a large adjustment to the amount of unavailable revenue from property taxes, as discussed below.
- Business-type Activities ending balance in unrestricted net position continues to improve, ending FY2014 at \$183,177. This represents 10% of operating expenses for the year, compared to -36% and -80% for FY2013 and FY2012, respectively. This is the first year since FY2002 that there has been a positive balance in unrestricted net position in business-type activities.

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 31 and 32) provide an overview of the government as a whole and its activities. The *Fund Financial Statements* start on page 33. 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 *Statement of Revenues, Expenditures and Changes in Fund Balance* starting on page 64. The remaining statements are funds for which the Town acts only as an agent, or trustee for the benefit of others outside the government.

TOWN OF CUMBERLAND, MAINE
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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 liabilities (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 Works, Health, Sanitation and Welfare, Recreation, Education and Libraries. Property taxes, intergovernmental revenue (primarily revenues from the State of Maine and North Yarmouth), and user fees finance most of these activities.
- Business-type Activities – The Town charges a fee to customers to cover all or most of the cost of certain services it provides. The Town's Senior Housing, Sewer System, and Val Halla Golf & Recreation Center are reported here.

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The *Fund Financial Statements* provide details of the Town's most significant funds – not the Town as a whole. These statements begin on page 33. 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 statements provide a detailed *short-term* view of the Town's operations and the basic services it provides. These funds focus on how money flows in and out, how these flows compare to what was approved or budgeted, and any balances that might be left at year-end. The accounting method used is called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. Capital assets – roads, buildings, land and equipment – are not included in governmental fund financial statements because they can't be readily converted to cash and used to pay current bills. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.
- Proprietary funds – When the Town charges customers for the services it provides – whether to outside customers or to other units of the Town – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Activities*. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail.

TOWN OF CUMBERLAND, MAINE
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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. 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 40 and 41. 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	
	2014	2013	2014	2013	2014	2013
Current & other assets	\$ 4,822,931	5,052,603	294,958	(545,439)	5,117,889	4,507,164
Capital assets	30,372,622	29,138,343	4,723,376	4,985,450	35,095,998	34,123,793
Total assets	35,195,553	34,190,946	5,018,334	4,440,011	40,213,887	38,630,957
Long-term debt outstanding	13,842,012	14,712,897	863,994	1,013,551	14,706,006	15,726,448
Other liabilities	738,226	695,698	97,416	94,456	835,642	790,154
Total liabilities	14,580,238	15,408,595	961,410	1,108,007	15,541,648	16,516,602
Deferred inflows	95,000	160,000	-	-	95,000	160,000
Net position:						
Net investment in capital assets	17,201,613	14,926,352	3,873,747	4,002,886	21,075,360	18,929,238
Restricted - TIF districts	49,438	322,607			49,438	322,607
Restricted - other	325,768	306,435			325,768	306,435
Unrestricted	2,943,496	3,066,957	183,177	(670,882)	3,126,673	2,396,075
Total net position	\$ 20,520,315	18,622,351	4,056,924	3,332,004	24,577,239	21,954,355

Overall, net position for Governmental Activities increased by approximately 10%; Business-type Activities increased by approximately 22%.

Total net position for the Town's governmental activities increased \$1,897,964 to \$20,520,315, an increase of 10%. This increase is due primarily a result of capital assets, net of debt, increasing \$2,275,261 due to reductions in outstanding debt and the addition of \$1,234,279 new assets.

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 decreased to \$2,943,496 on June 30, 2014 from \$3,066,957 on June 30, 2013.

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Unrestricted net position of Business-type Activities increased to \$183,177 at June 30, 2014, an increase of \$854,059 from the prior year. \$593,753 of the increase occurred in the Val Halla Golf and Recreation Center Fund, primarily as a result of transfers from the General Fund to cover current operating losses and reduce prior year deficits. Net positions for the Senior Housing Fund and the Sewer Fund experienced moderate increases.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	\$ 1,808,642	1,828,097	1,788,353	1,744,634	3,596,995	3,572,731
Operating grants & contributions	200,114	198,433		-	200,114	198,433
Capital grants & contributions	614,019	937,223			614,019	937,223
General revenues:						
Property taxes	20,675,087	19,747,247		-	20,675,087	19,747,247
Motor vehicle excise tax	1,633,132	1,460,329		-	1,633,132	1,460,329
Interest and penalties	51,229	60,316		-	51,229	60,316
Homestead exemption	178,881	216,945		-	178,881	216,945
State revenue sharing	424,348	612,537		-	424,348	612,537
Investment earnings	247	3,076	2,685	539	2,932	3,615
Miscellaneous revenues	143,972	85,842		-	143,972	85,842
Total revenues	<u>25,729,671</u>	<u>25,150,045</u>	<u>1,791,038</u>	<u>1,745,173</u>	<u>27,520,709</u>	<u>26,895,218</u>
Program expenses:						
General government	2,712,115	3,341,630		-	2,712,115	3,341,630
Public safety	2,282,922	2,176,839		-	2,282,922	2,176,839
Public works	1,660,289	1,500,458		-	1,660,289	1,500,458
Health, sanitation & welfare	668,729	755,562		-	668,729	755,562
Recreation	991,973	913,637		-	991,973	913,637
Education/libraries	14,159,614	13,649,666		-	14,159,614	13,649,666
Interest on debt	526,065	616,399		-	526,065	616,399
Senior expenses			227,347	283,930	227,347	283,930
Sewer system			823,999	824,941	823,999	824,941
Val Halla Golf & Rec. Center			844,772	788,704	844,772	788,704
Total expenses	<u>23,001,707</u>	<u>22,954,191</u>	<u>1,896,118</u>	<u>1,897,575</u>	<u>24,897,825</u>	<u>24,851,766</u>
Excess (deficiency) of revenues over (under) expenses	2,727,964	2,195,854	(105,080)	(152,402)	2,622,884	2,043,452
Transfers	(830,000)	(480,799)	830,000	480,799	-	-
Change in net position	1,897,964	1,715,055	724,920	328,397	2,622,884	2,043,452
Net position - July 1	<u>18,622,351</u>	<u>16,907,296</u>	<u>3,332,004</u>	<u>3,003,607</u>	<u>21,954,355</u>	<u>19,910,903</u>
Net position - June 30	<u>20,520,315</u>	<u>18,622,351</u>	<u>4,056,924</u>	<u>3,332,004</u>	<u>24,577,239</u>	<u>21,954,355</u>

Items of note for Governmental Activities:

1. Motor vehicle excise taxes collected continues to outperform expectations; at the same time State Revenue Sharing continues to decrease, receiving \$188,189 less in FY2014 than in FY2013.
2. Overall, spending on general government activities was \$629,515 lower in FY2014 than in FY2013. In FY2013, a significant amount of the capital outlay budget was spent on repairs and maintenance to existing roads; in FY2014, a greater amount of capital outlay was spent on bringing newly accepted roads up to Town standards. These improvements resulted in capitalizable assets, and therefore reduced the expense reported on the Statement of Activities.

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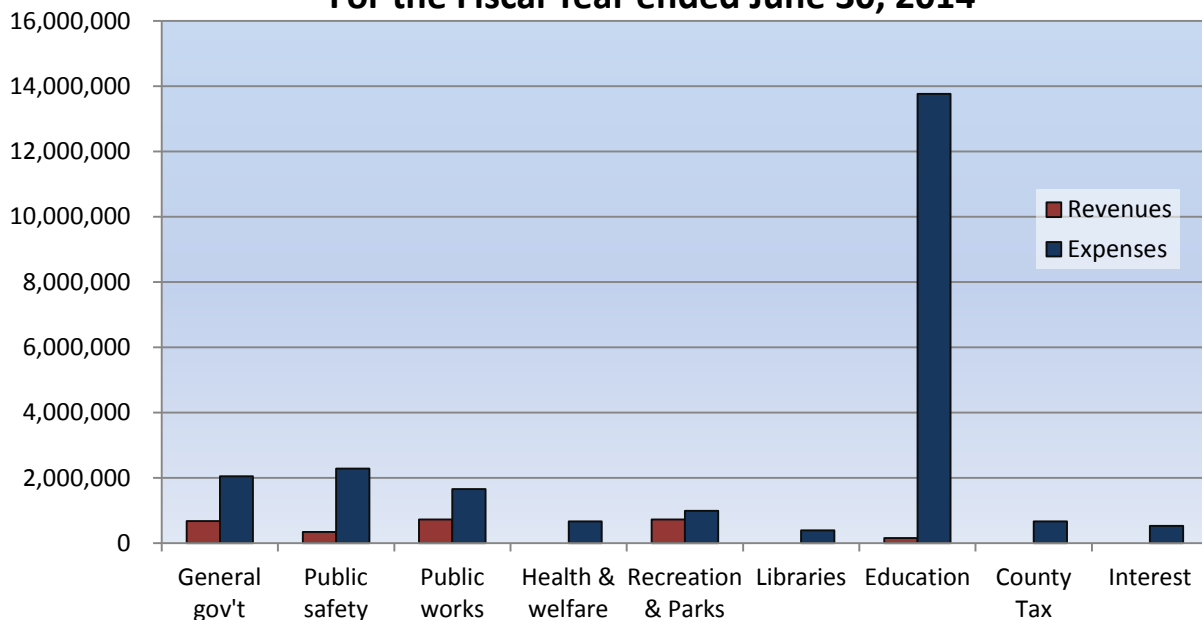
For Business-type activities:

1. Val Halla's net position increased \$593,753 in FY2014, as a result of transfers from the General Fund to offset current and prior year deficits totaling \$830,000. For FY2014, Val Halla's net loss from operations, excluding depreciation, was \$(89,485). Depreciation expense of \$146,762 brings the total loss to \$(236,247).
2. Operating revenues in the Sewer System Fund were greater than the expenses including yearly depreciation, resulting in an increase of \$66,013 in net position.
3. The Senior Housing Fund returned to a positive net position at the end of FY2014, with revenues exceeding expenses by \$65,154, resulting in net position of \$47,043.

GOVERNMENTAL ACTIVITIES

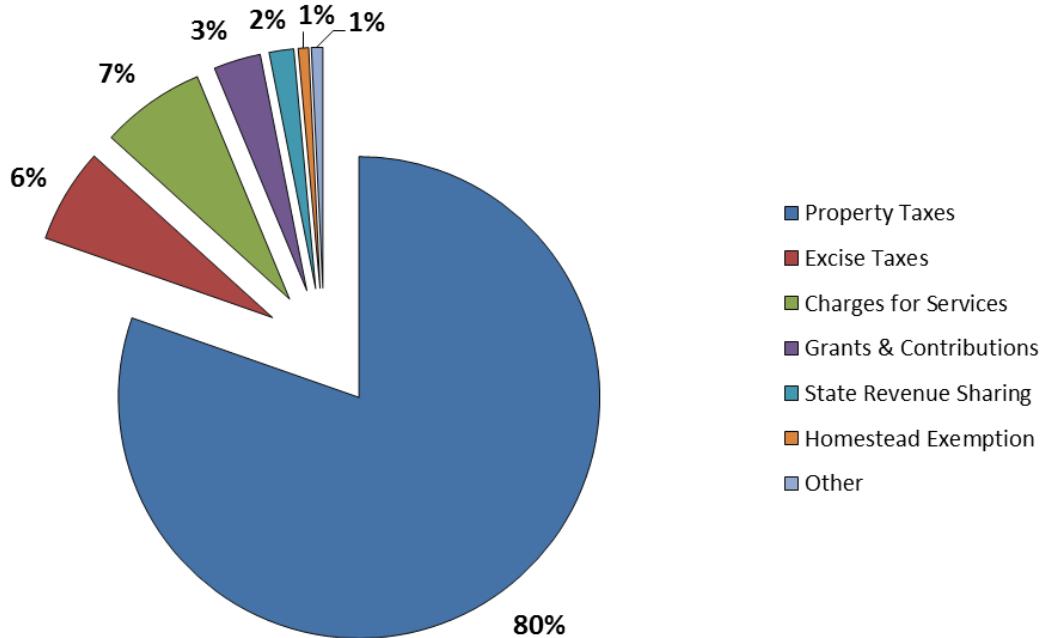
The total cost of governmental activities this year was \$23,001,707. After taking into consideration program revenues, the ultimate cost to the taxpayer was \$20,378,932 (see the Statement of Activities, Statement 2). Many programs are subsidized through user fees, grants and contributions.

Governmental Activities - Program Revenues and Expenses
For the Fiscal Year ended June 30, 2014



**TOWN OF CUMBERLAND, MAINE
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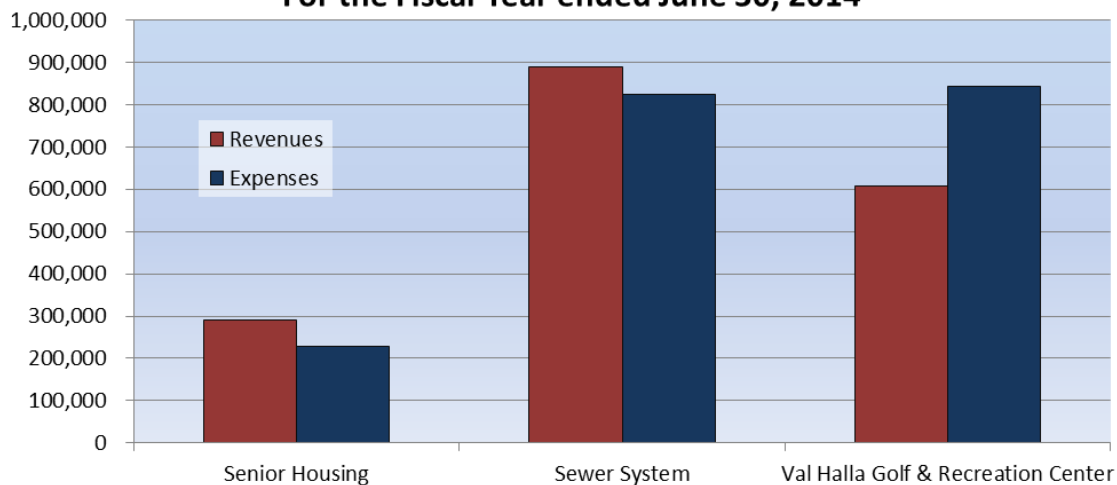
**Governmental Activities - Revenues by Source
for the Fiscal Year ended June 30, 2014**



BUSINESS-TYPE ACTIVITIES

Combined expenses for business-type activities this year were \$1,896,118; however, after considering the total amounts paid by users, the total cost to the Town was \$105,080. These costs are usually absorbed by the individual funds and the costs are not passed on to the taxpayer. However, this year the Town Council authorized a transfer of \$110,000 out of General Fund balance to cover operating losses in the Val Halla fund, and an additional transfer of \$720,000 was made to reduce the overall internal balance owed by business-type activities.

**Business Type Activities - Program Revenues and Expenses
For the Fiscal Year ended June 30, 2014**



TOWN OF CUMBERLAND, MAINE
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THE TOWN'S FUNDS

As of June 30, 2014, the Town's governmental funds reported a combined fund balance of \$3,684,996. Governmental funds experienced an excess of revenues over expenses and budgeted transfers of \$384,462 (see further discussion below); however, after a transfer out of \$830,000 to business-type funds, the net change in fund balance for FY2014 was \$(445,538).

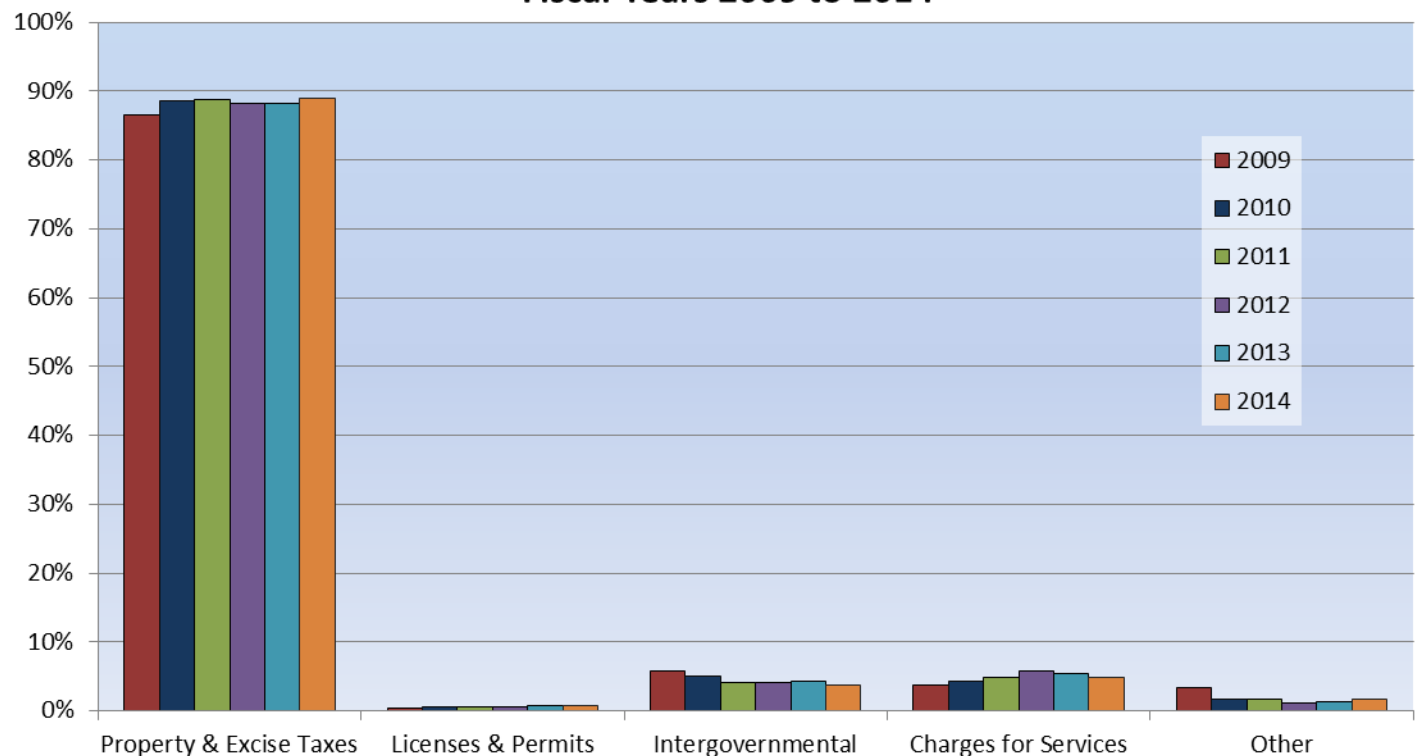
Cash balances in the governmental funds are continuing to improve, increasing \$722,473 during FY2014 to an ending balance of \$3,378,483. The increase in cash is a result of the FY2014 excess of revenues over expenditures, as well as an improving collection rate of property taxes. A higher cash balance has resulted in the Town not having to use 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.

GENERAL MAJOR GOVERNMENTAL FUNCTIONS

The information below summarizes revenues of the General Fund for 2009 through 2014. Information is extracted from Statement 4 of multiple audit years.

Revenues by Function	2009	2010	2011	2012	2013	2014
Property & Excise Taxes	\$ 16,541,295	17,226,310	18,227,305	18,780,647	20,321,251	20,978,416
Licenses & Permits	88,091	101,642	110,504	132,652	178,099	161,923
Intergovernmental	1,114,062	987,905	827,692	887,283	982,182	898,047
Charges for Services	728,644	819,907	999,346	1,230,313	1,259,814	1,148,986
Other	633,076	323,470	352,226	242,225	295,564	392,566
	<u>\$ 19,105,168</u>	<u>19,459,234</u>	<u>20,517,073</u>	<u>21,273,120</u>	<u>23,036,910</u>	<u>23,579,938</u>

General Fund - % of Program Revenues by Function
Fiscal Years 2009 to 2014

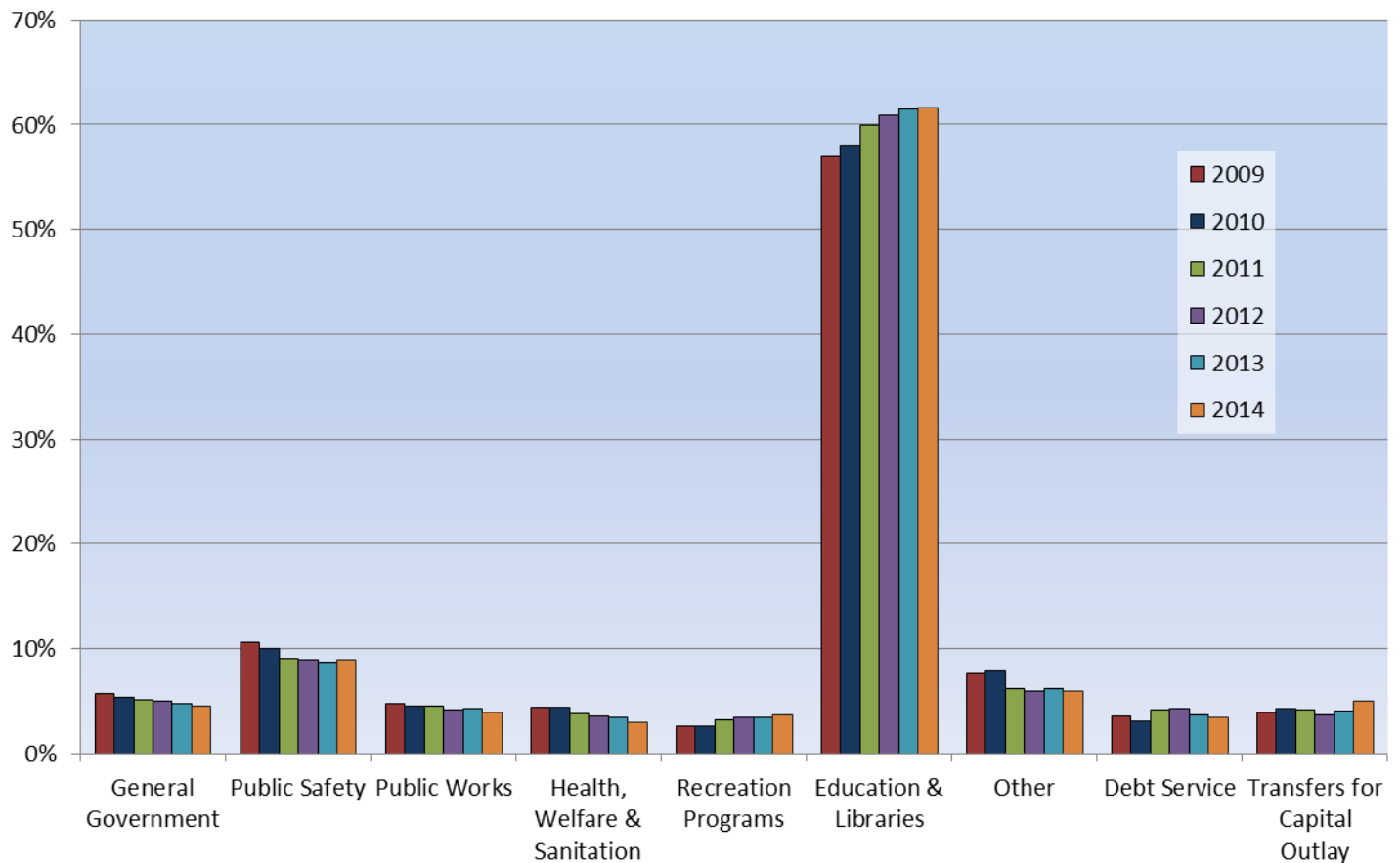


TOWN OF CUMBERLAND, MAINE
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The table below summarizes expenditures of the General Fund for 2009 through 2014. Information is extracted from Statement 4 of multiple audit years.

Expenditures by Function	2009	2010	2011	2012	2013	2014
General Government	\$ 1,076,082	1,031,502	1,025,263	1,050,648	1,042,947	1,037,505
Public Safety	1,992,024	1,949,939	1,835,525	1,875,363	1,929,209	2,042,544
Public Works	895,922	866,539	915,444	875,317	943,702	898,293
Health, Welfare & Sanitation	833,056	856,075	772,472	745,484	752,371	665,538
Recreation Programs	482,173	498,395	649,228	723,597	768,969	850,481
Education & Libraries	10,725,405	11,291,481	12,182,332	12,710,146	13,572,445	14,083,574
Other	1,440,913	1,525,919	1,266,887	1,248,846	1,356,344	1,356,070
Debt Service	660,591	589,514	837,692	892,128	807,354	790,235
Subtotal - Expenditures	18,106,166	18,609,364	19,484,843	20,121,529	21,173,341	21,724,240
Transfers Out	729,908	837,503	832,705	770,444	1,042,693	2,795,800
Total Expenditures	\$18,836,074	19,446,867	20,317,548	20,891,973	22,216,034	24,520,040

General Fund - % of Expenditures by Function
Fiscal Years 2009 to 2014



Overall, governmental funds expenditures increased by \$1,033,008 compared to the prior year. The largest expenditure increase came from MSAD #51, in the amount of \$499,993. Over the past several years, this expenditure has been increasing faster than the overall General Fund budget, resulting in other departmental expenditures making up a decreasing percentage of the total General Fund budget.

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Capital outlay in FY2014 exceeded what was spent in FY2013 by \$688,076, due primarily to some significant road improvement projects. Spending in Public Safety increased \$113,335 due to increases in Police Department payroll, as all positions were filled for the full year in FY2014. The Recreation department spent \$81,512 more this year than last, as their programs and offerings continue to enjoy popularity. Increases in Recreation spending are offset by increases in revenues from the programs offered, this being especially true regarding the After School Care program which has been increasing in size significantly for the past few years.

The cost of debt service decreased from FY2013 to FY2014 by \$349,213, as a result of existing debt continuing to be paid down, and no new debt being issued. Spending for Public works and Waste disposal was lower this year than last, as discussed below in the General Fund budgetary analysis. Spending in other areas was fairly flat from FY2013 to FY2014.

PROPRIETARY FUNDS

The Town of Cumberland has three (3) enterprise funds (Senior Housing, Sewer System, and the Val Halla Golf and Recreation Center). Total assets for these funds are \$5,535,650. The combined net position (assets less liabilities) is \$4,056,924. The total unrestricted net position is \$183,177. This represents a decrease in total assets, but an increase in both total and unrestricted net position. Depreciation of capital assets is the reason for the decrease. This information is extracted from Statement 7.

Val Halla continues to show a loss from operations, the largest portion of which is depreciation expense. In FY2014 the net loss from operations, excluding depreciation, was \$(89,485). Depreciation expense of \$146,762 brings the total loss to \$(236,247). The greens suffered extensive winter damage due to persistent icing, which required significant time and expense to repair. Combined with a cold, rainy spring resulting in a delayed start to the golfing season, Val Halla's operating loss in FY2014 was \$62,099 greater in FY2014 than the previous year. When capital expenditures are taken into consideration, the net cash outflows for Val Halla were \$(116,599) and \$(97,278) for FY2014 and FY2013, respectively, a difference of \$(19,321). The Town Council has continued to authorize transfers at the end of each fiscal year to support the ongoing operations of the Golf Center, as well as to pay down the long term interfund amount due to the General Fund.

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

The Senior Housing Fund also provided an increase to net position. Bonds payable decreased from \$858,858 to \$751,734, resulting in a corresponding decline in liabilities. This more than offset the decline in assets resulting from depreciation.

GENERAL FUND BUDGETARY HIGHLIGHTS

Overall, General Fund revenues exceeded expenditures and budgeted transfers by \$949,005. Actual revenues in the General Fund exceeded budgeted revenues by \$462,875. Several areas experienced better than expected receipts. In tax type revenues, Excise Taxes continue to perform strongly, coming in \$298,132 above budget. The Recreation Department took in \$102,259 more than budgeted, as they continue expanding their offerings. Continued development in the town resulted in Impact fees exceeding budget by \$35,007. Despite concern throughout the year, State Revenue Sharing came in slightly over budget by \$9,732.

There were a few areas that fell short of forecasted revenue amounts. Sale of Assets (primarily foreclosed properties) came in \$57,606 under budget; this budget has been significantly reduced in FY2015. Proceeds received for the Maine Department of Transportation block grant came in \$13,560 under budget, as a result of budget cuts at the State level.

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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 on the Schedule of Revenues, Expenditures, and Changes in Fund Balance for the General Fund. Because of a change in the method used to calculate the unavailable balance for FY2014, a large adjustment was required, that reduced tax revenues by \$227,000. This adjustment had a significant negative impact on the fund balance of the General Fund for FY2014.

Overall, General Fund expenditures and budgeted transfers came in \$3,104 under budget, representing a 0% variance.

The General Government area, which includes departments for Administration, Town Clerk, Technology, Planning, Assessing, and Town Council and Elections expenditures, came in \$16,585 over budget, or 1.6%. Public Safety was over budget by \$12,472, or 0.6% of the combined budgets for Police, Fire, and Code Enforcement. The Recreation Department overspent its budget by \$46,027, however this is more than offset by increased revenues (Recreation Department revenues were \$102,259 over budget). Library spending came in \$16,546 over budget, or 4.4%, primarily as a result of employees making changes to their benefit elections. The cost of Insurance and associated programs, which are included in the Unclassified line, exceeded budget by \$44,313, about 15%. This is due to a few factors: increased spending on wellness programs, while showing as over budget in this department, continues to decrease overall costs of health insurance and workers' compensation claims across all other departments; workers' compensation insurance received an unanticipated adjustment due to a payroll audit; and changes in actuarial calculations have required increased contributions to the Maine Public Employees Retirement System.

Public Works and Waste Disposal were both under budget, by \$21,169 (2.3%) and \$89,324 (13.9%) respectively. Despite a difficult winter and overages in the sand and salt budget, Public Works had some positions that were unfilled for a portion of the fiscal year, which offset the extra plowing costs. Waste Disposal was under budget as a result of a new contract that reduced the cost of solid waste pick-up. Also coming in under budget, by \$34,590 (4.2%) was debt service expenditures. For the first time in several years, the Town did not use any of the authorized amounts for the Tax Anticipation Note. This is a short term line of credit that has been necessary in the past to equalize cash flows between property tax payment dates. As a result of a policy adopted to increase the unrestricted fund balance in the General Fund, the Town was able to save the \$40,000 that was budgeted for this interest cost.

Combining total revenues, expenditures, and budgeted capital transfers, revenues exceeded expenditures in the General Fund by \$462,875. These net revenues, combined with use of Fund balance, were used to make the following transfers:

- \$600,000 to provide additional funds for capital projects and purchases
- \$110,000 to offset current fiscal year revenue shortfalls at Val Halla Golf and Recreation Center;
- \$720,000 to reduce past shortfalls at Val Halla Golf and Recreation Center.

When all transfers are subtracted, the fund balance in the General Fund decreased \$927,123, resulting in an ending fund balance of \$1,668,540. Of this, \$477,451 remains restricted by a long term interfund receivable from Val Halla Golf and Recreation. At the end of the prior fiscal year, this receivable was \$1,161,834, and so has decreased by \$684,383 this year. The fund balance that is unassigned and available at the end of this fiscal year is \$1,191,089, or 5% of revenues. In FY2013 and FY2012, the amounts were \$1,433,830, or 6% and \$727,371, or 3%, respectively. The fund balance policy of the Town requires the General Fund to move toward having an available fund balance that is 16.67% of revenues. Although the percentage of unassigned fund balance compared to revenues dipped in this fiscal year, it was deemed more important to reduce the long term interfund receivable from Val Halla. Overall, the long term trend for this ratio remains positive.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

		Governmental Activities		Business-Type Activities		Total	
		2014	2013	2014	2013	2014	2013
Land	\$	2,926,000	2,765,000	16,200	16,200	2,942,200	2,781,200
Construction in progress		1,153,955	85,651	-	-	1,153,955	85,651
Land improvements		2,100,781	2,100,781	1,961,299	1,961,299	4,062,080	4,062,080
Buildings & building improvements		7,297,805	7,277,344	2,726,801	2,726,801	10,024,606	10,004,145
Machinery & equipment		2,013,493	1,842,874	485,579	478,919	2,499,072	2,321,793
Furniture & office equipment		203,571	203,571	12,263	12,263	215,834	215,834
Books & collections		990,116	990,116	-	-	990,116	990,116
Computer equipment		363,046	336,964	-	-	363,046	336,964
Vehicles		3,791,446	3,504,526	23,653	23,653	3,815,099	3,528,179
Infrastructure		22,964,568	22,374,222	3,937,449	3,937,449	26,902,017	26,311,671
Total capital assets	\$	43,804,781	41,481,049	9,163,244	9,156,584	52,968,025	50,637,633
Accumulated depreciation		(13,432,159)	(12,342,706)	(4,439,868)	(4,171,134)	(17,872,027)	(16,513,840)
Capital assets, net of depreciation		30,372,622	29,138,343	4,723,376	4,985,450	35,095,998	34,123,793
Associated bonds, notes and leases payable		13,171,009	14,211,991	849,629	982,564	14,020,638	15,194,555
Capital assets, net of debt		17,201,613	14,926,352	3,873,747	4,002,886	21,075,360	18,929,238

Capital Assets – Governmental Activities

At the end of fiscal year 2014, the Town of Cumberland's Governmental Activities had invested \$2,365,948 in a variety of capital assets. Significant increases include construction in progress on Blanchard Road of \$1,107,148, for major improvements to drainage and sightlines between Bruce Hill Road and the Cumberland Fairgrounds. \$500,000 of this project is being funded by the Maine Department of Transportation. Also added were \$590,346 of infrastructure, and \$707,298 of various purchases and improvements. Depreciation expense for the year was \$1,127,060. Overall, the value of Governmental Activities' capital assets increased (net of disposals) by \$1,234,279.

Additions to infrastructure included \$427,792 of improvements to several roads. Orchard Road accounted for \$276,208 of this amount; other roads that received improvements included Drowne Road, Kerri Farms Road, Stonewall Drive, Whitney Road and a new section of guard rail was installed along Forest Lake Road. Other infrastructure improvements included \$123,710 of new drainage installed along Greely Road, Route 88, and in the Meadow Way subdivision.

Vehicle purchases this year included a new Ford Interceptor SUV and associated equipment (such as lights, dashboard modifications for radio and computer mounts, and dashboard video cameras) for the Police Department, totaling \$33,550, to replace a 2010 Crown Victoria that was taken out of service. The Fire Department purchased a 2013 Chevrolet G4500 Ambulance at a cost, including associated medical equipment, of \$223,968. This replaced a 2006 unit, whose repair costs had made it impractical to maintain. The Fire Department also purchased a 2007 GMC Yukon at a cost of \$23,242, including dashboard modifications and radios. Another significant vehicle purchase was a 2014 International 7400 Plow Truck, totaling \$168,280, including the chassis, dump body, and plow assembly.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2014

The Fire Department invested funds in building improvements this year, including \$13,980 to replace a malfunctioning overhead door, and \$6,481 to improve exterior lighting at the central station. Public Works purchased two new pieces of equipment, a John Deere diesel gator, and a Goossen bale chopper, for \$11,695 and \$7,420, respectively. The gator is similar to a golf cart, but has a dump body and can haul dirt and stone. The bale chopper is used to mulch hay and blow it onto newly seeded areas of grass. The other major equipment purchase this year was a new HP server for the Town computer network, costing \$26,082.

An exciting addition was made to the sports fields and recreation area in West Cumberland this year. Public Works and the Recreation Department teamed up to purchase and install a new playground at this facility. After obtaining 3 different proposals, "focus groups" were organized at the elementary school where the students participated in selecting the winning design. The playground was installed in the fall of 2013, for a cost of \$31,600, and is a valuable asset to this area of town.

Capital Assets – Business - type Activities

Business type activities of the Town, also known as Enterprise Funds, did not have any significant additions to capital assets this year. The only addition was a new security camera system at Val Halla Golf Center, at a cost of \$6,660. Depreciation expense was \$268,733, resulting in a decrease to the net value of capital assets of \$(262,073). No capital assets were added to the Sewer Fund or the Senior Housing Fund.

Additional information on the Town of Cumberland's capital assets can be found in the *Notes to the Basic Financial Statements* on pages 51-52 of this report.

Long Term Debt

At year end, the Town had \$13,856,564 in bonds and notes payable, versus \$14,939,009 last year; a decrease of \$1,082,445, or 7.3%. This is similar to the change for the prior two fiscal years, as the Town has not issued any new bonds, and continues to pay down principal on outstanding liabilities.

During FY2014, Standard & Poor's increased the Town's credit rating from AA to AA+. This is the 2nd highest rating given by Standard & Poor's (with AAA being the highest). The Town currently has an AA3 rating from Moody's on its general obligation bond issues. AA3 is Moody's 4th highest rating.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town of Cumberland's FY2015 municipal expenditures budget, which excludes MSAD 51 appropriations, increased from \$9,053,493 to \$9,432,584, an increase of \$379,091. This represents an increase of 4.2%.

The largest increase is for the Capital Improvement Plan – Road Paving, with an increase of \$238,655. This represents 63% of the total increase to the General Fund budget.

Increases in capital improvement costs for roads are a result of the Town continuing to follow a twelve year Pavement Management Plan that was developed in FY2011, with initial implementation begun in FY2012. This plan covers the summer of 2012 through the summer of 2024, and addresses specific sections of Town roads each year. FY2012 was a transition year, used to overhaul a few of the very worst sections of road before beginning the plan in earnest in FY2013. The amount budgeted for road maintenance and improvements continues to increase in FY2015, from \$648,713 to \$887,368 as the Town moves towards full implementation of the road improvement plan.

TOWN OF CUMBERLAND, MAINE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2014

Anticipated capital spending in FY2015 will include substantial outlay to convert and upgrade heating systems in town buildings, to take advantage of the natural gas that is being installed throughout the Town. Equipment purchases in the new year will include a new International plow truck, to replace a similar vehicle which was no longer road-worthy. The Town is also preparing a \$3 million bond issuance, to be completed in January, for the purchase of land at 179 Foreside Road.

Total assessed value of real estate and business' personal property (machinery and equipment) increased more than \$23 million for the FY2014 tax year, based on assessed values as of April 1, 2013. This is mainly a result of substantial increases to the value of electrical transmission equipment owned by Central Maine Power, as well as commercial development along Rt. 1 and Rt. 100. Increases in taxable assessed value directly increase the amount of property tax that the Town is able to collect, and thus reduces the effect of budget increases on future years' tax rates. Efforts to further develop the Rt. 1 and Rt. 100 corridors are ongoing.

In FY2014, the total combined tax rate was \$17.00, of which \$4.59 was to pay expenses of the Town, \$0.58 was to pay the County, and \$11.83 represented the Town's share of school expenses for MSAD 51. As a result of budget increases for FY2015, the combined rate was increased to \$17.40, a rise of 2%. In the FY2015 rate, \$5.13 is for Town expenses, \$0.57 for the County, and \$11.70 for MSAD 51.

The Sewer Fund experienced a modest increase in net position again this year. In order to avoid having a dramatic increase in a future year, residential sewer rates have been gradually increasing over the past few years to build a reserve for future capital investment. Senior Housing also experienced a modest increase in net position this year. With the scheduled replacements of heating systems for all units (to convert to natural gas), and of the replacement of all roofs, Senior Housing will be participating in the bond issuance that is scheduled for January 2015, in the amount of \$740,000. There continues to be a long waiting list of residents seeking housing in these units. Costs to Val Halla for rejuvenation of the greens due to extensive winter damage for the 2013-2014 season carried over into FY2015, with new year net revenues and expenses lagging behind FY2014. The Town continues to try to increase the profitability of this venture, but does not anticipate that it will ever be in a position to completely cover the costs of operations and capital expenditures from golf course revenues.

Overall, although there remains substantial uncertainty around revenues to be received from State Revenue Sharing, the Town has been able to increase liquidity and minimize the effect of budget increases on the tax rate. It has been able to reduce its dependence on short term borrowing, and continues to see growth in the taxable assessed value of properties from new commercial and residential expansion.

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.

BASIC FINANCIAL STATEMENTS

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TOWN OF CUMBERLAND, MAINE
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,378,483	1,740	3,380,223
Investments	273,715	287,471	561,186
Receivables:			
Accounts	173,388	201,440	374,828
Intergovernmental	87,241	-	87,241
Taxes receivable - current year	281,162	-	281,162
Taxes receivable - prior years	215,922	-	215,922
Notes	95,000	-	95,000
Prepaid expenses	24,730	97,597	122,327
Internal balances	293,290	(293,290)	-
Capital assets not being depreciated	5,070,071	16,200	5,086,271
Capital assets being depreciated, net	25,302,551	4,707,176	30,009,727
Total assets	35,195,553	5,018,334	40,213,887
LIABILITIES			
Accounts payable	334,908	46,493	381,401
Accrued payroll	173,969	27,210	201,179
Other liabilities	120,058	23,713	143,771
Accrued interest payable	109,291	-	109,291
Noncurrent liabilities:			
Due within one year	1,089,098	128,997	1,218,095
Due in more than one year	12,752,914	734,997	13,487,911
Total liabilities	14,580,238	961,410	15,541,648
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - note receivable	95,000	-	95,000
Total deferred inflows of resources	95,000	-	95,000
NET POSITION			
Net investment in capital assets	17,201,613	3,873,747	21,075,360
Restricted for:			
TIF Districts	49,438	-	49,438
Grants and donations	52,053	-	52,053
Expendable trust	174,474	-	174,474
Nonexpendable trust principal	99,241	-	99,241
Unrestricted	2,943,496	183,177	3,126,673
Total net position	\$ 20,520,315	4,056,924	24,577,239

See accompanying notes to basic financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Activities
For the year ended June 30, 2014

		Program Revenues			Net (expense) revenue and changes in net position		
					Primary Government		
Functions/programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,712,115	361,850	8,740	303,548	(2,037,977)	-	(2,037,977)
Public safety	2,282,922	288,322	56,302	-	(1,938,298)	-	(1,938,298)
Public works	1,660,289	2,300	68,440	310,471	(1,279,078)	-	(1,279,078)
Health, sanitation and welfare	668,729	283,564	58,889	-	(326,276)	-	(326,276)
Recreation	991,973	714,346	7,743	-	(269,884)	-	(269,884)
Education and libraries	14,159,614	158,260	-	-	(14,001,354)	-	(14,001,354)
Interest on debt	526,065	-	-	-	(526,065)	-	(526,065)
Total governmental activities	23,001,707	1,808,642	200,114	614,019	(20,378,932)	-	(20,378,932)
Business-type activities:							
Senior Housing	227,347	289,816	-	-	-	62,469	62,469
Sewer System	823,999	890,012	-	-	-	66,013	66,013
Val Halla Golf and Recreation Center	844,772	608,525	-	-	-	(236,247)	(236,247)
Total business-type activities	1,896,118	1,788,353	-	-	-	(107,765)	(107,765)
Total primary government	\$ 24,897,825	3,596,995	200,114	614,019	(20,378,932)	(107,765)	(20,486,697)
General revenues:							
Property taxes, levied for general purposes					\$ 19,507,606	-	19,507,606
TIF district taxes					1,102,803	-	1,102,803
Outer island property taxes					41,566	-	41,566
Payments in lieu of taxes					23,112	-	23,112
Motor vehicle excise taxes					1,633,132	-	1,633,132
Interest and penalties					51,229	-	51,229
Grants and contributions not restricted to specific programs:							
Homestead and BETE exemptions					178,881	-	178,881
State Revenue Sharing					424,348	-	424,348
Unrestricted investment earnings					247	2,685	2,932
Miscellaneous revenues					143,972	-	143,972
Transfers					(830,000)	830,000	-
Total general revenues and transfers					22,276,896	832,685	23,109,581
Change in net position					1,897,964	724,920	2,622,884
Net position - beginning					18,622,351	3,332,004	21,954,355
Net position - ending					\$ 20,520,315	4,056,924	24,577,239

See accompanying notes to basic financial statements.

TOWN OF CUMBERLAND, MAINE
Balance Sheet
Governmental Funds
June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,344,279	34,204	3,378,483
Investments	-	273,715	273,715
Receivables:			
Accounts	137,230	36,158	173,388
Notes	-	95,000	95,000
Intergovernmental	87,241	-	87,241
Taxes receivable - prior years	215,922	-	215,922
Taxes receivable - current year	281,162	-	281,162
Prepaid items	24,730	-	24,730
Interfund advance	452,721	-	452,721
Interfund loans receivable	-	1,842,883	1,842,883
Total assets	\$ 4,543,285	2,281,960	6,825,245
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	215,642	119,266	334,908
Accrued payroll	171,167	2,802	173,969
Escrow liabilities	38,226	-	38,226
Taxes paid in advance	81,832	-	81,832
Interfund loans payable	1,953,878	48,436	2,002,314
Total liabilities	2,460,745	170,504	2,631,249
Deferred inflows of resources:			
Unavailable revenue - property taxes	414,000	-	414,000
Unavailable revenue - note receivable	-	95,000	95,000
Total deferred inflows of resources	414,000	95,000	509,000
Fund balances:			
Nonspendable	477,451	99,241	576,692
Restricted	-	275,965	275,965
Committed	-	97,335	97,335
Assigned	-	1,592,351	1,592,351
Unassigned	1,191,089	(48,436)	1,142,653
Total fund balances	1,668,540	2,016,456	3,684,996
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,543,285	2,281,960	

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.	30,372,622
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenues in the funds.	414,000
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	(13,104,830)
Capital leases	(66,179)
Accrued interest	(109,291)
Accrued compensated absences	(151,003)
Landfill post closure care costs	(520,000)
	(13,951,303)

Net position of governmental activities **\$ 20,520,315**

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, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 20,978,416	1,102,803	22,081,219
Licenses and permits	161,923	-	161,923
Intergovernmental	898,047	313,596	1,211,643
Charges for services	1,148,986	66,269	1,215,255
Other	392,566	279,065	671,631
Total revenues	23,579,938	1,761,733	25,341,671
Expenditures:			
Current:			
General government	1,037,505	223,383	1,260,888
Public safety	2,042,544	-	2,042,544
Public works	898,293	-	898,293
Waste disposal	551,895	-	551,895
Health services	8,889	-	8,889
Public assistance	104,754	-	104,754
Parks and recreation	850,481	-	850,481
Libraries	390,029	-	390,029
Education	13,693,545	-	13,693,545
County tax	665,675	-	665,675
Unclassified	690,395	180,133	870,528
Capital outlay	-	2,072,124	2,072,124
Debt service:			
Principal	548,957	461,204	1,010,161
Interest	241,278	296,125	537,403
Total expenditures	21,724,240	3,232,969	24,957,209
Excess (deficiency) of revenues over (under) expenditures	1,855,698	(1,471,236)	384,462
Other financing sources (uses):			
Transfers in	12,979	1,965,800	1,978,779
Transfers out	(2,795,800)	(12,979)	(2,808,779)
Total other financing sources (uses)	(2,782,821)	1,952,821	(830,000)
Net change in fund balances	(927,123)	481,585	(445,538)
Fund balances, beginning of year	2,595,663	1,534,871	4,130,534
Fund balances, end of year	\$ 1,668,540	2,016,456	3,684,996

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, 2014

Net change in fund balances - total governmental funds (from Statement 4)	\$ (445,538)
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$2,365,948) exceeded depreciation expense (\$1,127,060) and the loss on the disposal of assets (\$4,609).	1,234,279
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.	227,000
Expenses in the statement of activities that do not consume current financial resources are not reported as expenditures in the funds: landfill closure costs (\$172,300); accrued interest expense (\$11,338); and accrued compensated absences (\$2,203).	(158,759)
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.	65,661
The issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal repayments.	975,321
Change in net position of governmental activities (see Statement 2)	\$ 1,897,964

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, 2014

	Budgeted amounts			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 20,905,706	20,905,706	21,205,416	299,710
Licenses and permits	143,465	143,465	161,923	18,458
Intergovernmental	880,970	880,970	898,047	17,077
Charges for services	1,012,722	1,012,722	1,148,986	136,264
Other	401,200	401,200	392,566	(8,634)
Total revenues	23,344,063	23,344,063	23,806,938	462,875
Expenditures:				
Current:				
General government	1,020,920	1,020,920	1,037,505	(16,585)
Public safety	2,030,072	2,030,072	2,042,544	(12,472)
Public works	919,462	919,462	898,293	21,169
Waste disposal	641,219	641,219	551,895	89,324
Health services	8,875	8,875	8,889	(14)
Public assistance	32,000	102,000	104,754	(2,754)
Parks and recreation	804,454	804,454	850,481	(46,027)
Libraries	373,483	373,483	390,029	(16,546)
Education	13,693,545	13,693,545	13,693,545	-
County tax	665,675	665,675	665,675	-
Unclassified	642,814	642,814	690,395	(47,581)
Capital projects (transfers to reserves)	1,133,693	1,133,693	1,133,693	-
Debt service	824,825	824,825	790,235	34,590
Total expenditures	22,791,037	22,861,037	22,857,933	3,104
Excess of revenues over expenditures	553,026	483,026	949,005	465,979
Other financing sources (uses):				
Use of fund balance	-	70,000	-	(70,000)
Transfers in	-	-	12,979	12,979
Transfers out	-	-	(1,662,107)	(1,662,107)
Total other financing uses (uses)	-	70,000	(1,649,128)	(1,719,128)
Net change in fund balance	553,026	553,026	(700,123)	(1,253,149)
Fund balance, beginning of year - budgetary			2,595,663	
Fund balance, end of year - budgetary			1,895,540	
Adjustment to unavailable taxes			(227,000)	
Fund balance, end of year - GAAP basis	\$		1,668,540	

See accompanying notes to basic financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2014

Business-type Activities - Enterprise Funds				
	Senior Housing Fund	Sewer System	Val Halla Golf and Recreation Center	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	-	1,740	1,740
Investments	287,471	-	-	287,471
Accounts receivable	-	165,344	36,096	201,440
Prepaid expenses	29,426	60,922	7,249	97,597
Interfund loans receivable	-	224,026	-	224,026
Total current assets	316,897	450,292	45,085	812,274
Noncurrent assets:				
Land	-	-	16,200	16,200
Property, plant, and equipment	1,629,730	3,948,117	3,569,197	9,147,044
Less accumulated depreciation	(1,025,171)	(1,801,977)	(1,612,720)	(4,439,868)
Total noncurrent assets	604,559	2,146,140	1,972,677	4,723,376
Total assets	921,456	2,596,432	2,017,762	5,535,650
LIABILITIES				
Current liabilities:				
Accounts payable	2,232	-	44,261	46,493
Accrued payroll	-	-	27,210	27,210
Interfund loans payable	64,595	-	-	64,595
Interfund advance	-	-	452,721	452,721
Security deposit	23,713	-	-	23,713
Unamortized premium, current	5,357	-	-	5,357
Lease payable, current	-	-	21,170	21,170
Bonds payable, current	102,470	-	-	102,470
Total current liabilities	198,367	-	545,362	743,729
Noncurrent liabilities:				
Accrued compensated absences	-	-	14,365	14,365
Lease payable	-	-	44,586	44,586
Bonds payable	649,264	-	-	649,264
Unamortized premium on bond	26,782	-	-	26,782
Total noncurrent liabilities	676,046	-	58,951	734,997
Total liabilities	874,413	-	604,313	1,478,726
NET POSITION				
Net investment in capital assets	(179,314)	2,146,140	1,906,921	3,873,747
Unrestricted	226,357	450,292	(493,472)	183,177
Total net position	\$ 47,043	2,596,432	1,413,449	4,056,924

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, 2014

Business-type Activities - Enterprise Funds				
	Senior Housing Fund	Sewer System	Val Halla Golf and Recreation Center	Totals
Operating revenues:				
Rental income	\$ 289,816	-	-	289,816
Golf memberships	-	-	235,635	235,635
Greens fees	-	-	116,347	116,347
Golf cart rentals	-	-	170,802	170,802
Sewer assessments	-	883,325	-	883,325
Food and beverage sales	-	-	3,137	3,137
Other	-	6,687	82,604	89,291
Total operating revenues	289,816	890,012	608,525	1,788,353
Operating expenses:				
Cost of sales and supplies	-	-	32,108	32,108
Wages and benefits	35,892	11,395	365,990	413,277
Utilities	48,162	-	44,905	93,067
Maintenance	67,770	-	115,844	183,614
Greens maintenance	-	-	74,327	74,327
Gas and oil	-	-	12,423	12,423
Wastewater assessment	-	722,502	-	722,502
Other	12,053	10,648	49,396	72,097
Depreciation	42,518	79,454	146,762	268,734
Total operating expenses	206,395	823,999	841,755	1,872,149
Operating income (loss)	83,421	66,013	(233,230)	(83,796)
Nonoperating revenue (expense):				
Interest income	2,685	-	-	2,685
Interest expense	(20,952)	-	(3,017)	(23,969)
Total nonoperating revenue (expense)	(18,267)	-	(3,017)	(21,284)
Income (loss) before transfers	65,154	66,013	(236,247)	(105,080)
Transfers in	-	-	830,000	830,000
Change in net position	65,154	66,013	593,753	724,920
Total net position, beginning of year	(18,111)	2,530,419	819,696	3,332,004
Total net position, end of year	\$ 47,043	2,596,432	1,413,449	4,056,924

See accompanying notes to basic financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2014

Business-type Activities - Enterprise Funds				
	Senior Housing Fund	Sewer System	Val Halla Golf and Recreation Center	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 279,825	888,454	596,189	1,764,468
Payments to suppliers	(160,095)	(734,577)	(323,229)	(1,217,901)
Payments to employees	(53,736)	(11,395)	(364,035)	(429,166)
Net cash provided by (used in) operating activities	65,994	142,482	(91,075)	117,401
Cash flows from noncapital financing activities:				
Interfund loans (repayments)	45,792	(142,482)	120,887	24,197
Net cash provided by (used in) noncapital financing activities	45,792	(142,482)	120,887	24,197
Cash flows from capital and related financing activities:				
Purchase of capital assets	-	-	(6,660)	(6,660)
Bond, note and lease principal payments	(107,124)	-	(20,454)	(127,578)
Interest paid	(7,347)	-	(3,017)	(10,364)
Net cash used in capital and related financing activities	(114,471)	-	(30,131)	(144,602)
Cash flows from investing activities:				
Interest income	2,685	-	-	2,685
Net cash provided by investing activities	2,685	-	-	2,685
Increase in cash	-	-	(319)	(319)
Cash, beginning of year	-	-	2,059	2,059
Cash, end of year	\$ -	-	1,740	1,740
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 83,421	66,013	(233,230)	(83,796)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	42,518	79,454	146,762	268,734
(Increase) decrease in accounts receivable	(10,823)	(1,558)	(12,336)	(24,717)
(Increase) decrease in prepaid expenses	(27,731)	(1,427)	-	(29,158)
Increase (decrease) in accounts payable	(4,379)	-	5,774	1,395
Increase (decrease) in accrued payroll	(214)	-	947	733
Increase (decrease) in accrued compensated absences	(17,630)	-	1,008	(16,622)
Increase (decrease) in security deposit	832	-	-	832
Net cash provided by (used in) operating activities	65,994	142,482	(91,075)	117,401
Non-cash transactions:				
Change in fair market value of investments	(8,248)	-	-	(8,248)
Amortization of premium on bond	5,357	-	-	5,357

See accompanying notes to basic financial statements.

TOWN OF CUMBERLAND, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private-purpose Trust Fund (Scholarships)
ASSETS	
Investments	\$ 173,782
Total assets	173,782
LIABILITIES	
Accounts payable	4,550
Total liabilities	4,550
NET POSITION	
Held in trust	\$ 169,232

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, 2014

	Private-purpose Trust Fund (Scholarships)
Additions:	
Donations	\$ 300
Investment income	1,489
Total additions	1,789
Deductions:	
Scholarships awarded	4,550
Total deductions	4,550
Change in net position	(2,761)
Net position, beginning of year	171,993
Net position, end of year	\$ 169,232

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 and has a population of 7,211.

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States of America. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there are no potential component units that should be included as part of this reporting entity.

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.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 Town reports the following major proprietary funds:

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

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

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

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.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 Inflows of Resources, and Equity

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

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

Interfund Loans Receivable/Payable - Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans or as interfund advances (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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	3-30 years
Furniture and office equipment	3-30 years
Computer equipment	3-30 years
Vehicles	4-20 years
Infrastructure	12-60 years

Deferred Inflows of Resources - In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items which arise under a modified accrual basis of accounting that qualify for reporting in this category; unavailable revenue from property taxes and unavailable revenue from a note receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. For assigned fund balance amounts, the Town Manager has the authority to assign unspent budgeted amounts to specific purposes in the General Fund at year end. The Town Council approves the assigned amounts either before or after year end.

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

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

Interfund Transactions - Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Town's net investment in capital assets was calculated as follows at June 30, 2014:

	Governmental <u>activities</u>	Business-type <u>activities</u>
Capital assets	\$ 43,804,781	9,163,244
Accumulated depreciation	(13,432,159)	(4,439,868)
Unamortized premium on bond	-	(32,139)
Bonds and notes payable	(13,104,830)	(751,734)
Capital leases	(66,179)	(65,756)
<u>Net investment in capital assets</u>	<u>\$ 17,201,613</u>	<u>3,873,747</u>

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, except for the change in unavailable taxes, which is not budgeted.

Budgets are adopted for the General Fund only and are adopted on a basis consistent with generally accepted accounting principles (GAAP) in the United States of America. The level of control (level at which expenditures may not exceed budget) is the Department. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year. The Town Manager is authorized to transfer budgeted amounts between general classifications of expenditures within a department; however, the gross appropriation for each department shall not be exceeded except by consent of the Council. Encumbrance accounting is not employed by the Town.

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

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2014, the following General Fund expenditures exceeded appropriations in the following departments:

Administration and council	\$ 20,346
Assessor	4,546
Technology	409
Legal services	1,290
Fire	19,041
Health Services	14
General assistance	3,710
Recreation programs	46,563
Prince Memorial Library	16,546
Insurance	44,313
Fire hydrant charges	904
Street lighting	351
Abatements	4,545

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

These over expenditures lapsed to fund balance at year end.

At June 30, 2014, the following funds had deficit fund balances:

Special Revenue Funds:	
Library Publications	\$ 4,140
Capital Project Funds:	
Sweetser Books	6,500
Parking Lot Fund	22,194
West Cumberland Playground	15,602

These fund deficits will be covered by future revenue sources.

CASH 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, 2014, the Town reported deposits of \$3,380,223 with a bank balance of \$3,252,070. Of the Town's bank balances of \$3,252,070, none was exposed to custodial credit risk. The entire balance of \$3,252,070 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	\$ 3,378,483
Reported in proprietary funds	1,740
Total deposits	<u>\$ 3,380,223</u>

B. Investments

At June 30, 2014, 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	\$ 188,751	-	158,810	29,941
U. S. Treasury notes	491,901	20,310	364,901	106,690
Money markets	4,316	N/A	-	-
Certificates of deposit	50,000	50,000	-	-
Total investments	<u>\$ 734,968</u>	<u>70,310</u>	<u>523,711</u>	<u>136,631</u>

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

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

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

CASH AND INVESTMENTS, CONTINUED

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

Of the Town's \$188,751 investment in U.S. Government Securities, none was subject to custodial credit risk because it was collateralized by underlying securities held by the related bank, which were in the Town's name.

Investments have been reported as follows:

Reported in governmental funds	\$ 273,715
Reported in fiduciary funds	173,782
Reported in proprietary funds	<u>287,471</u>
Total investments	<u>\$ 734,968</u>

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

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

The Government securities include Federal Home Loan Mortgage (Freddie Mac) and Federal National Mortgage Association (Fannie Mae) bonds with fair values of \$126,595 and \$62,156, respectively, and are all rated AA+ by Standard & Poor's.

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. Each property must be reviewed no less than once every four years.

Property taxes were levied July 23, 2013 on the assessed values of real property as of April 1, 2013. Taxes were due September 16, 2013 and March 17, 2014. This assessed value of \$1,212,377,000 was 100% of the estimated market value and 116% of the 2014 state valuation of \$1,057,800. The Town completed a revaluation of all Town properties in 2008.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$553,027 for the year ended June 30, 2014.

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 revenues.

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

PROPERTY TAX, CONTINUED

The following summarizes the periods ended June 30, 2014 and 2013 levies:

	<u>2014</u>	<u>2013</u>
Valuation:		
Land	\$ 530,465,800	527,183,700
Buildings	666,321,000	648,475,300
Personal property	15,590,200	13,723,100
Total assessed valuation	<u>1,212,377,000</u>	<u>1,189,382,100</u>
Assessed value	1,212,377,000	1,189,382,100
Tax rate (per \$1,000)	17.00	16.55
Commitment	20,610,409	19,684,274
Less:		
Collections and abatements	20,329,247	19,385,737
Receivable at June 30	<u>\$ 281,162</u>	<u>298,537</u>
Due date(s)	9/16/13 3/17/14	9/17/12 3/18/13
Interest rate charged on delinquent taxes	7.00%	7.00%
Collection rate	98.64%	98.48%

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, 2014 and 2013, Chebeague Island has paid \$41,566 and \$40,465, respectively.

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2014</u>
Governmental activities:				
Capital assets, not being depreciated:				
Books and collections	\$ 990,116	-	-	990,116
Construction in progress	85,651	1,107,148	38,844	1,153,955
Land	2,765,000	161,000	-	2,926,000
Total capital assets, not being depreciated	<u>3,840,767</u>	<u>1,268,148</u>	<u>38,844</u>	<u>5,070,071</u>
Capital assets, being depreciated:				
Land improvements	2,100,781	-	-	2,100,781
Buildings and building improvements	7,277,344	20,461	-	7,297,805
Machinery and equipment	1,842,874	170,619	-	2,013,493
Furniture and office equipment	203,571	-	-	203,571
Computer equipment	336,964	26,082	-	363,046
Vehicles	3,504,526	329,136	42,216	3,791,446
Infrastructure	22,374,222	590,346	-	22,964,568
Total capital assets being depreciated	<u>37,640,282</u>	<u>1,136,644</u>	<u>42,216</u>	<u>38,734,710</u>

CAPITAL ASSETS, CONTINUED

Governmental activities capital assets, net	\$ 29,138,343	1,277,732	43,453	30,372,622
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Governmental activities:

Total depreciation expense – governmental activities	\$ 1,127,060
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TOWN OF CUMBERLAND, MAINE
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2014</u>
Less accumulated depreciation for:				
Land improvements	808,832	63,540	-	872,372
Buildings and building improvements	1,317,429	74,780	-	1,392,209
Machinery and equipment	289,075	51,064	-	340,139
Furniture and office equipment	10,710	708	-	11,418
Vehicles	23,653	-	-	23,653
Infrastructure, sewer	1,721,435	78,641	-	1,800,077
Total accumulated depreciation	4,171,134	268,733	-	4,439,868
Total capital assets being depreciated, net	4,969,250	(262,073)	-	4,707,176
<u>Business-type activities capital assets, net</u>	<u>\$ 4,985,450</u>	<u>(262,073)</u>	<u>-</u>	<u>4,723,376</u>

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

Business-type activities:

Senior Housing	\$ 42,517
Sewer System	79,454
Val Halla Golf and Recreation Center	146,762

Total depreciation expense – business-type activities **\$ 268,733**

INTERFUND LOAN BALANCES

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.

Individual interfund loan receivables, payables and advances at the year ended June 30, 2014 were as follows:

	Interfund advance and <u>receivables</u>	Interfund advance and <u>payables</u>
Governmental Funds:		
General Fund	\$ 452,721	1,953,878
Other Governmental Funds:		
Special revenue funds:		
Fire Grant	23,947	-
Recreation Programs	9,538	-
Police	5,696	-
DEA Seized Funds	4,336	-
Twin Brook	16,270	-
Library	28,498	-
Library Publications	-	4,140
Fuel Assistance	16,528	-
Food Pantry	15,413	-
Total Special Revenue Funds	120,226	4,140

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

INTERFUND LOAN BALANCES, CONTINUED

	<u>Interfund Advance and Receivables</u>	<u>Interfund Advance and payables</u>
Capital project funds:		
Town Building Reserves	\$ 471,023	-
Affordable Housing	243,014	-
Road Improvements	165,212	-
Land Acquisition	444,661	-
TIF	61,301	-
Sweetser Books	-	6,500
Parking Lot	-	22,194
Tennis Court	23,651	-
Reserve Rt. 1 Parking	16,430	-
Equipment Reserves	95,794	-
West Cumberland Playground	-	15,602
Village Green	201,571	-
Total Capital Project Funds	1,722,657	44,296
Total Governmental Funds	2,295,604	2,002,314
Proprietary funds:		
Senior Housing	-	64,595
Sewer System	224,026	-
Val Halla Golf and Recreation Center	-	452,721
Total Proprietary Funds	224,026	517,316
Totals	\$ 2,519,630	2,519,630

The amount shown as an interfund loan for the Val Halla Enterprise Fund is a long-term interfund advance and is not expected to be repaid in one year.

INTERFUND TRANSFERS

Interfund transfers consist of budgeted transfers to and from other funds to fund certain activities accounted for in those funds and transfers to close out capital project funds that are no longer needed. Transfers were also made from the General Fund to the capital project funds and the Val Halla enterprise fund to offset deficit fund balances and an operating deficit, respectively. Individual fund transfers for the year ended June 30, 2014 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental Funds:		
General Fund	\$ 12,979	2,795,800
Other Governmental Funds:		
Special revenue funds:		
Police	-	12,979
Fuel assistance	17,017	-
Total special revenue funds	17,017	12,979

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

INTERFUND TRANSFERS, CONTINUED

	Transfers in	Transfers out
Capital project funds:		
Town building reserve	\$ 440,480	-
Road improvements	798,713	-
Land acquisition	180,000	-
Equipment reserves	529,500	-
Total capital project funds	1,948,693	-
Permanent funds:		
Historical society	90	-
Total permanent funds	90	-
Total Governmental Funds	1,978,779	2,808,779
Enterprise funds:		
Val Halla Golf and Recreation Center	830,000	-
Total enterprise funds	830,000	-
Totals	\$ 2,808,779	2,808,779

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
General obligation bonds	\$ 13,583,751	-	892,588	12,691,163	904,029
Notes payable	496,400	-	82,733	413,667	82,733
Capital leases	131,840	-	65,661	66,179	52,336
Accrued compensated absences	153,206	151,003	153,206	151,003	50,000
Landfill post closure care costs	347,700	172,300	-	520,000	-
Total governmental activity long-term liabilities	\$ 14,712,897	323,303	1,194,188	13,842,012	1,089,098

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

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Business-type activities:					
Bonds payable	\$ 690,000	-	90,000	600,000	85,000
Notes payable	168,858	-	17,124	151,734	17,470
Unamortized bond premium	37,496	-	5,357	32,139	5,357
Total bonds and notes payable	896,354	-	112,481	783,873	107,827
Capital leases	86,210	-	20,454	65,756	21,170
Accrued compensated absences	30,987	14,365	30,987	14,365	-
Total business-type activity long-term liabilities	1,013,551	14,365	163,922	863,994	128,997
Total long-term governmental and business-type activities	\$ 15,726,448	337,668	1,358,110	14,706,006	1,218,095

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

ADVANCE REFUNDING OF DEBT

In prior years, the government defeased general obligation public improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2014, \$168,949 of defeased bonds remain outstanding.

LONG-TERM DEBT

Bonds and Notes Payable

Bonds and notes payable at June 30, 2014 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	5/1/2030	2.06-5.746%	3,444,798
New Town office	1,000,000	5/28/98	11/1/2018	4.528-5.378%	349,058
Fire truck purchase	478,560	10/28/99	11/1/2019	4.283-5.908%	199,720
Fire trucks/Chebeague	1,000,000	4/1/02	4/1/2022	4.50-5.0%	505,000
Purchase Rhines property	1,241,000	8/29/03	8/29/2019	4.50%	413,667
Stone Wharf	600,000	10/30/03	10/1/2023	3.0-5.0%	350,000
Capital projects	4,585,000	6/14/06	4/1/2026	3.50-4.63%	2,480,000
Infrastructure/Val Halla	2,775,802	5/15/08	11/1/2027	2.50-5.50%	1,935,802
Infrastructure Improvements	4,000,000	5/28/09	11/1/2029	2.08-5.58%	3,426,785
Total governmental activities					13,104,830
Business-type activity debt:					
Senior Housing	890,000	4/20/11	4/20/2019	2.0-5.0%	600,000
Maine State Housing Authority	400,000	1/2/92	7/1/2022	2.0%	151,734
Total business-type activity debt					751,734
Total bonds and notes payable					\$ 13,856,564

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

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

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 986,762	497,039	102,470	24,159
2016	998,721	462,755	112,823	21,835
2017	990,786	425,746	113,182	19,160
2018	1,005,415	387,215	118,549	15,296
2019	1,033,828	346,708	128,924	9,921
2020-2024	4,168,491	1,148,040	175,786	4,821
2025-2029	3,369,937	344,317	-	-
2030	550,890	7,205	-	-
Totals	\$ 13,104,830	3,619,025	751,734	95,192

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. At June 30, 2014, the Town's outstanding debt did not exceed these limits.

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 is currently working with an engineering firm to submit a closure plan to the Maine Department of Environmental Protection. The Town has estimated the closure costs of \$400,000 and post-closure costs of \$120,000 for total estimated liability of \$520,000. The liability has been recognized on the government-wide financial statements. The actual costs of closure and post closure care may be higher or lower due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

The following is a summary of the estimated cost of closure and post-closure costs for the Town's landfill as of June 30, 2014:

Closure costs

Construction: \$75,000 per acre x 4 acres	\$ 300,000
Engineering	50,000
Inspection and administration/certification	8,000
Annual monitoring	6,000
Other costs	36,000
<u>Total closure costs</u>	<u>400,000</u>

Post-closure costs

<u>Annual monitoring \$6,000 per year for 20 years</u>	<u>120,000</u>
<u>Total closure and post-closure costs</u>	<u>\$ 520,000</u>

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. The Town has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in ecomaine. Selected balance sheet information for ecomaine for the year ended June 30, 2014 includes total assets of \$64,568,980, total liabilities of \$18,893,073 and unrestricted net position of \$16,593,731. The liabilities include an accrual for landfill closure and postclosure care amounting to \$16,191,575.

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

JOINTLY GOVERNED ORGANIZATION, CONTINUED

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.

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, 2014, the Town's State valuation of \$1,057,800,000 was 2.74% of the County's State valuation of \$38,619,800,000. The Town's share is 2.74% or \$1,049,725 of Cumberland County's \$38,325,000 long-term debt outstanding at June 30, 2014.

The Town's proportionate share of Maine School Administrative District #51 debt of \$25,615,000 is \$16,963,429 (66%). 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, 2014, the Town's share of self-supporting bonded water debt is 4.17% or \$1,771,383 of total debt of \$42,514,891. In addition, the Town's share of direct wastewater debt is .28% or \$81,250 of total debt of \$29,479,540.

Total Debt and Contingencies

Governmental Unit	June 30, 2014				
	Direct debt		Overlapping debt	Contingent debt	Total debt
	Governmental activities	Business-type activities			
Town of Cumberland	\$ 13,104,830	751,734	-	-	13,856,564
Cumberland County	-	-	1,049,725	-	1,049,725
M.S.A.D. #51	-	-	16,963,429	-	16,963,429
Portland Water District:					
Water and waste water debt	-	-	-	1,852,633	1,852,633
Totals	\$ 13,104,830	751,734	18,013,154	1,852,633	33,722,351

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 the MEMIC in which participants in the pool share risk in proportion to their contributions.

Based on the coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2014. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past three fiscal years. The amount of unpaid claims was \$0 at June 30, 2014.

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

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, 2014 was \$1,810,383, with accumulated depreciation of \$739,240.

Capital Leases

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

The value of assets capitalized under these leases as of June 30, 2014 was:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Truck and equipment	\$ 174,200	-
Wheel loader	77,500	-
Lawn mowers	-	108,116
<u>Totals</u>	<u>\$ 251,700</u>	<u>108,116</u>

The following is a schedule of future minimum lease payments required under these capital leases and the present value of the net minimum lease payments at June 30, 2014:

<u>Fiscal year ending June 30,</u>	<u>Governmental activities</u>	<u>Business-type activities</u>
2015	\$ 54,647	23,471
2016	5,264	23,471
2017	5,264	23,471
2018	3,948	-
Total minimum lease payments	69,123	70,413
Less: amount representing interest	2,944	4,657
<u>Present value of future minimum lease payments</u>	<u>\$ 66,179</u>	<u>65,756</u>

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (MainePERS)

Maine PERS - Consolidated Plan

Description of the Plan - The Town contributes to the Maine Public Employees Retirement System Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State legislature.

The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the Town of Cumberland is required to contribute an actuarially determined rate. The current rate is 7.9% of annual covered payroll. The contribution rates of plan members and the Town of Cumberland are established and may be amended by the Maine State Legislature.

The Town's contributions to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2014, 2013 and 2012 was \$80,184 (7.9%, less the credit for the monthly IUUAL credit = 6.5% of covered wages), \$72,163 and \$42,439, respectively, which is equal to the required contributions for each year, net of credit for the Initial Unpooled Unfunded Actuarial Asset of \$214,634 for 2014.

Related Party Investments - During the year ended June 30, 2014, Maine PERS had no securities issued by the Town or other related party.

OTHER RETIREMENT CONTRIBUTIONS

Additionally, the Town participates in the Social Security Retirement Program. The Town contributed \$264,515 and \$267,535 for the years ended June 30, 2014 and 2013, respectively, which includes F.I.C.A. and Medicare to the Social Security Retirement Program on behalf of Town employees.

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, except for the Police Department, which receives up to an 8% match. The Town contributed \$87,860 and \$66,972 for the years ended June 30, 2014 and 2013, 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, 2014, fund balances components consisted of the following:

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Nonspendable:			
Long-term interfund receivable	\$ 452,721	-	452,721
Prepaid items	24,730	-	24,730
Principal for permanent funds	-	99,241	99,241
Total nonspendable	477,451	99,241	576,692
Restricted:			
DEA seized funds	-	2,769	2,769
Food pantry donations	-	49,284	49,284
TIF funds	-	49,438	49,438
Permanent funds accumulated earnings	-	174,474	174,474
Total restricted	-	275,965	275,965
Committed:			
Fire grant fund	-	22,949	22,949
Recreation programs	-	9,448	9,948
Police fund	-	5,596	5,596
Twin Brook	-	16,270	16,270
Library fund	-	27,836	27,836
Fuel assistance	-	15,236	15,236
Total committed	-	97,335	97,335
Assigned:			
Capital project funds	-	1,592,351	1,592,351
Total assigned	-	1,592,351	1,592,351
Unassigned	1,191,089	(48,436)	1,394,653
Total fund balance	\$ 1,668,540	2,016,456	3,936,996

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

PRIOR PERIOD ADJUSTMENTS

During FY 2014, the Town determined that three of the funds previously reported as a capital projects fund should be reported as special revenue funds.

Capital project fund and special revenue fund balances as of July 1, 2013 have been restated as follows:

	Special Revenue <u>Funds</u>	Capital Project <u>Funds</u>
Fund balance as previously reported	\$ 99,756	840,516*
DEA seized fund beginning fund balance	5,610	(5,610)
Twin Brook fund beginning fund balance	15,839	(15,839)
Library publications fund beginning fund deficit	(4,140)	4,140
<u>Fund balance, as restated</u>	<u>\$ 117,065</u>	<u>823,207</u>

*Balance does not include the beginning fund balance of TIF capital projects funds of \$322,607, which were previously reported as major funds and have been moved in the current year from Statement 3 to Exhibit D-1.

TAX INCREMENT FINANCING DISTRICT

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

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

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

	Original Assessment <u>Value</u>	Captured Assessed <u>Value</u>	Taxes Remitted <u>to Districts</u>
<u>TIF District (capital projects funds)</u>			
Route One North District 1	\$ 355,000	39,689,118	674,715
Route One South District 2	339,400	9,831,588	167,137
Route One South District 3*	2,664,500	4,812,412	81,811
Route 100 District 4	5,867,800	4,539,235	77,167
Route 100 District 5	2,866,400	4,454,765	75,731
<u>Taxable Personal Property in TIF Districts</u>			
Route One North District 1	-	793,059	13,481
Route One South District 2	-	632,353	10,750
Route One South District 3*	13,800	12,588	214
Route 100 District 4	91,000	105,706	1,797
<u>Total</u>	<u>\$ 12,197,900</u>	<u>64,870,824</u>	<u>1,102,803</u>

*-Amended

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

SUBSEQUENT EVENTS

In June 2014, the Council approved a lease agreement with Verizon for a cell tower at the Val Halla maintenance building. The five year lease will pay the Town approximately \$21,600 per year in rental income.

In November 2014, the voters approved at referendum the issuance of \$3,000,000 in general obligation bonds and notes in anticipation thereof to finance the acquisition of a portion of 179 Foreside Road.

In July 2014, the Council approved the issuance of \$2,300,000 in revenue bonds, the proceeds of which will be loaned to the Friends School of Portland and used to finance their construction of a new school. The bonds do not constitute a debt or liability of the Town or a pledge of the faith and credit of the Town. If the Friends School of Portland should default on the bond payments, there will be no effect on the Town.

In September 2014, the Council approved the issuance of bonds up to \$740,000 for Senior Housing roofs and heating systems.

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
Comparative Balance Sheets - General Fund
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 3,344,279	2,656,010
Receivables:		
Accounts	137,230	187,690
Intergovernmental	87,241	129,080
Taxes receivable - prior years	215,922	238,908
Taxes receivable - current year	281,162	298,537
Interfund advance	452,721	1,161,834
Prepaid expenditures	24,730	11,214
Total assets	\$ 4,543,285	4,683,273
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable	215,642	278,950
Accrued payroll	171,167	148,530
Escrow liabilities	38,226	46,350
Taxes paid in advance	81,832	28,180
Interfund loans payable	1,953,878	1,398,600
Total liabilities	2,460,745	1,900,610
Deferred inflows of resources:		
Unavailable revenue - property taxes	414,000	187,000
Total deferred inflows of resources	414,000	187,000
Fund balance:		
Nonspendable	477,451	1,161,834
Unassigned	1,191,089	1,433,829
Total fund balance	1,668,540	2,595,663
Total liabilities, deferred inflows of resources, and fund balance	\$ 4,543,285	4,683,273

TOWN OF CUMBERLAND, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2014
(With comparative actual amounts for the year ended June 30, 2013)

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 19,507,606	19,507,606	-	18,677,641
Outer island property taxes	40,000	41,566	1,566	40,465
Payments in lieu of taxes	23,100	23,112	12	22,500
Excise taxes	1,335,000	1,633,132	298,132	1,460,329
Total taxes	20,905,706	21,205,416	299,710	20,200,935
Licenses and permits:				
Town clerk fees	15,565	13,029	(2,536)	13,906
Clerk licenses	3,600	2,389	(1,211)	3,337
Snowmobile registration	300	201	(99)	445
Registration fees	20,500	26,074	5,574	22,426
Building permits	70,000	77,480	7,480	92,893
Electrical permits	15,000	19,242	4,242	21,299
Plumbing permits	15,000	20,500	5,500	20,943
Other permits	2,500	1,475	(1,025)	1,350
Application fees	1,000	1,533	533	1,500
Total licenses and permits	143,465	161,923	18,458	178,099
Intergovernmental:				
State Revenue Sharing	414,616	424,348	9,732	612,537
Homestead and BETE reimbursements	172,678	178,881	6,203	216,945
Park fee sharing	7,080	7,312	232	7,212
D.O.T. block grant	82,000	68,440	(13,560)	81,672
Public safety grants	47,000	49,277	2,277	25,000
State assistance	-	8,740	8,740	32,316
Windham fire/rescue	3,900	3,900	-	3,900
North Yarmouth shared services	153,696	157,149	3,453	2,600
Total intergovernmental	880,970	898,047	17,077	982,182
Charges for services:				
Recreation programs	528,822	631,081	102,259	564,733
Police issued permits	3,500	1,098	(2,402)	4,700
Police revenues	47,200	43,339	(3,861)	59,845
Rescue services	170,000	181,259	11,259	173,671
Paramedic intercepts	2,000	2,700	700	2,400
Universal waste	250,000	276,110	26,110	270,666
Brush passes	6,500	7,454	954	8,145
Fuel	-	-	-	24,885
Library income	4,700	5,945	1,245	138,119
Total charges for services	1,012,722	1,148,986	136,264	1,247,164

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

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Revenues, continued:				
Other:				
Sale of assets	\$ 75,000	17,394	(57,606)	21,209
Interest revenue	10,000	247	(9,753)	3,076
Impact fees	40,000	75,007	35,007	73,537
Growth permits	1,500	4,600	3,100	4,400
Board of Appeals	100	100	-	200
Cable TV	110,000	112,750	2,750	117,289
Mooring fees	1,000	1,145	145	1,220
Circuit breaker program	-	-	-	10,000
Interest and lien costs	30,000	51,229	21,229	60,316
Staff review fee	10,000	3,517	(6,483)	12,650
Miscellaneous	123,600	126,577	2,977	64,633
Total other	401,200	392,566	(8,634)	368,530
Total revenues	23,344,063	23,806,938	462,875	22,976,910
Expenditures:				
Current:				
General government:				
Administration and council	473,653	493,999	(20,346)	513,978
Assessor	70,303	74,849	(4,546)	66,989
Town clerk, HR, and tax collector	199,879	193,455	6,424	199,571
Technology	173,759	174,168	(409)	161,646
Elections	13,615	10,232	3,383	11,051
Planning	57,211	57,012	199	58,828
Legal services	32,500	33,790	(1,290)	30,884
Total general government	1,020,920	1,037,505	(16,585)	1,042,947
Public safety:				
Police	1,195,807	1,193,081	2,726	1,125,282
Fire	747,807	766,848	(19,041)	746,687
Code enforcement	86,458	82,615	3,843	57,240
Total public safety	2,030,072	2,042,544	(12,472)	1,929,209
Public works	919,462	898,293	21,169	943,702
Waste disposal	641,219	551,895	89,324	617,765
Health services	8,875	8,889	(14)	8,886
Public assistance:				
General assistance	32,000	35,710	(3,710)	26,756
Circuit breaker assistance	70,000	69,044	956	98,964
Total public assistance	102,000	104,754	(2,754)	125,720

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

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Parks and recreation:				
Recreation programs	\$ 603,873	650,436	(46,563)	608,860
West Cumberland recreation building	6,580	6,344	236	6,110
Parks	194,001	193,701	300	153,999
Total parks and recreation	804,454	850,481	(46,027)	768,969
Prince Memorial Library	373,483	390,029	(16,546)	378,893
MSAD #51	13,693,545	13,693,545	-	13,193,552
County tax	665,675	665,675	-	623,416
Unclassified:				
Conservation Commission	6,000	3,480	2,520	596
Cemetery Association	26,700	26,450	250	24,538
Insurance	295,032	339,345	(44,313)	341,000
Fire hydrant charges	57,000	57,904	(904)	56,962
Street lighting	36,726	37,077	(351)	47,299
Contingencies	25,000	19,112	5,888	44,051
Municipal building maintenance	176,356	174,175	2,181	159,105
Fuel services	-	8,307	(8,307)	-
Miscellaneous	-	-	-	1,363
Abatements	20,000	24,545	(4,545)	33,646
Total unclassified	642,814	690,395	(47,581)	708,560

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

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
Expenditures, continued:				
Capital projects (transfers to reserves)	\$ 1,133,693	1,133,693	-	896,137
Debt service:				
Principal	514,117	514,117	-	504,063
Lease payments	34,840	34,840	-	34,840
Interest	235,868	241,278	(5,410)	256,489
TAN Interest	40,000	-	40,000	11,962
Total debt service	824,825	790,235	34,590	807,354
Total expenditures	22,861,037	22,857,933	3,104	22,045,110
Excess of revenues over expenditures	483,026	949,005	465,979	931,800
Other financing sources (uses):				
Use of fund balance	70,000	-	(70,000)	-
Transfers from Special Revenue Funds	-	12,979	12,979	-
Transfers to Special Revenue Funds	-	(17,017)	(17,017)	-
Transfers to Permanent Funds	-	(90)	(90)	-
Transfer to Enterprise Funds	-	(830,000)	(830,000)	(480,799)
Transfer to Capital Projects	-	(815,000)	(815,000)	(146,556)
Total other financing sources (uses)	70,000	(1,649,128)	(1,719,128)	(627,355)
Net change in fund balance	553,026	(700,123)	(1,253,149)	304,445
Fund balance, beginning of year - budgetary basis		2,595,663		2,231,218
Fund balance, end of year - budgetary basis		1,895,540		2,535,663
Adjustment to unavailable taxes		(227,000)		60,000
Fund balance, end of year - GAAP basis	\$	1,668,540		2,595,663

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ALL OTHER GOVERNMENTAL FUNDS

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TOWN OF CUMBERLAND, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 34,204	-	-	34,204
Investments	-	-	273,715	273,715
Accounts receivable	-	36,158	-	36,158
Notes receivable	-	95,000	-	95,000
Interfund loans receivable	120,226	1,722,657	-	1,842,883
Total assets	\$ 154,430	1,853,815	273,715	2,281,960
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	5,042	114,224	-	119,266
Accrued payroll	-	2,802	-	2,802
Interfund loans payable	4,140	44,296	-	48,436
Total liabilities	9,182	161,322	-	170,504
Deferred inflows of resources:				
Unearned revenue - note receivable	-	95,000	-	95,000
Total deferred inflows of resources	-	95,000	-	95,000
Fund balances:				
Nonspendable	-	-	99,241	99,241
Restricted	52,053	49,438	174,474	275,965
Committed	97,335	-	-	97,335
Assigned	-	1,592,351	-	1,592,351
Unassigned	(4,140)	(44,296)	-	(48,436)
Total fund balances	145,248	1,597,493	273,715	2,016,456
Total liabilities, deferred inflows of resources, and fund balances	\$ 154,430	1,853,815	273,715	2,281,960

TOWN OF CUMBERLAND, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:				
Taxes	\$ -	1,102,803	-	1,102,803
Recreation and education fees	66,269	-	-	66,269
Intergovernmental	3,125	310,471	-	313,596
Donations	59,320	-	-	59,320
Other revenue	74,389	142,548	-	216,937
Investment income	-	-	2,808	2,808
Total revenues	203,103	1,555,822	2,808	1,761,733
Expenditures:				
Current:				
Economic development	-	223,383	-	223,383
Program expenditures	178,958	-	1,175	180,133
Capital expenditures	-	2,072,124	-	2,072,124
Debt service:				
Principal	-	461,204	-	461,204
Interest	-	296,125	-	296,125
Total expenditures	178,958	3,052,836	1,175	3,232,969
Excess (deficiency) of revenues over (under) expenditures	24,145	(1,497,014)	1,633	(1,471,236)
Other financing sources (uses):				
Transfers from other funds	17,017	1,948,693	90	1,965,800
Transfers to other funds	(12,979)	-	-	(12,979)
Total other financing sources (uses)	4,038	1,948,693	90	1,952,821
Net change in fund balances	28,183	451,679	1,723	481,585
Fund balances as restated, beginning of year	117,065	1,145,814	271,992	1,534,871
Fund balances, end of year	\$ 145,248	1,597,493	273,715	2,016,456

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special Revenue Funds have been established for the following purposes:

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

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

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

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

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

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

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

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

Food Pantry Fund – To account for donations and other revenues supporting the operation of the food pantry.

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TOWN OF CUMBERLAND, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014
(with comparative totals for June 30, 2013)

	Fire Grant Fund	Recreation Programs Fund	Police Fund	DEA Seized Funds	Twin Brook Fund	Library Fund	Library Publications Fund	Fuel Assistance Fund	Food Pantry Fund	Totals	
										2014	2013
ASSETS											
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	34,204	34,204	-
Interfund loans receivable	23,947	9,538	5,696	4,336	16,270	28,498	-	16,528	15,413	120,226	120,368
Total assets	\$ 23,947	9,538	5,696	4,336	16,270	28,498	-	16,528	49,617	154,430	120,368
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	998	90	100	1,567	-	662	-	1,292	333	5,042	20,207
Accrued payroll	-	-	-	-	-	-	-	-	-	-	405
Interfund loans payable	-	-	-	-	-	-	4,140	-	-	4,140	-
Total liabilities	998	90	100	1,567	-	662	4,140	1,292	333	9,182	20,612
Fund balances (deficits):											
Restricted	-	-	-	2,769	-	-	-	-	49,284	52,053	34,443
Committed	22,949	9,448	5,596	-	16,270	27,836	-	15,236	-	97,335	65,313
Unassigned	-	-	-	-	-	-	(4,140)	-	-	(4,140)	-
Total fund balances (deficits)	22,949	9,448	5,596	2,769	16,270	27,836	(4,140)	15,236	49,284	145,248	99,756
Total liabilities and fund balances	\$ 23,947	9,538	5,696	4,336	16,270	28,498	-	16,528	49,617	154,430	120,368

TOWN OF CUMBERLAND, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2014
(with comparative totals for June 30, 2013)

	Fire Grant Fund	Recreation Programs Fund	Police Fund	DEA Seized Funds	Twin Brook Fund	Library Fund	Library Publications Fund	Fuel Assistance Fund	Food Pantry Fund	Totals	
										2014	2013
Revenues:											
Grants	\$ -	-	3,125	-	-	-	-	-	-	3,125	1,961
Donations	-	-	-	-	431	-	-	17,925	40,964	59,320	43,772
Other revenue	56,901	-	550	-	-	16,938	-	-	-	74,389	77,036
Recreation and education fees	-	66,269	-	-	-	-	-	-	-	66,269	79,904
Total revenues	56,901	66,269	3,675	-	431	16,938	-	17,925	40,964	203,103	202,673
Expenditures:											
Current:											
Program expenditures	49,387	60,163	1,569	2,841	-	19,169	-	19,706	26,123	178,958	142,621
Total expenditures	49,387	60,163	1,569	2,841	-	19,169	-	19,706	26,123	178,958	142,621
Excess (deficiency) of revenues over (under) expenditures	7,514	6,106	2,106	(2,841)	431	(2,231)	-	(1,781)	14,841	24,145	60,052
Other financing sources (uses):											
Transfer from other funds	-	-	-	-	-	-	-	17,017	-	17,017	-
Transfer to other funds	-	-	(12,979)	-	-	-	-	-	-	(12,979)	-
Total other financing sources (uses)	-	-	(12,979)	-	-	-	-	17,017	-	4,038	-
Net change in fund balances	7,514	6,106	(10,873)	(2,841)	431	(2,231)	-	15,236	14,841	28,183	60,052
Fund balances (deficits), beginning of year, as restated	15,435	3,342	16,469	5,610	15,839	30,067	(4,140)	-	34,443	117,065	39,704
Fund balances (deficits), end of year	\$ 22,949	9,448	5,596	2,769	16,270	27,836	(4,140)	15,236	49,284	145,248	99,756

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

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

The funds were established for the following purposes:

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

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

Road Improvements - To account for various road improvement projects.

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

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

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

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

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

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

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

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

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

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TOWN OF CUMBERLAND, MAINE
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2014
(with comparative totals for June 30, 2013)

	Town Building Reserves	Affordable Housing	Road Improvements	Land Acquisition Fund	TIF Funds	Sweetser Books	Parking Lot Fund	Tennis Court Fund	Reserve Rt 1 Parking	Equip. Reserves Fund	West Cumberland Playground	Village Green	Totals	
													2014	2013
ASSETS														
Notes receivable	\$ -	-	-	-	-	-	-	-	-	-	-	95,000	95,000	160,000
Accounts receivable	-	-	-	-	36,158	-	-	-	-	-	-	-	36,158	-
Interfund loans receivable	471,023	243,014	165,212	444,661	61,301	-	-	23,651	16,430	95,794	-	201,571	1,722,657	1,262,372
Total assets	\$ 471,023	243,014	165,212	444,661	97,459	-	-	23,651	16,430	95,794	-	296,571	1,853,815	1,422,372
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES														
Liabilities:														
Accounts payable	28,297	-	15,689	7,440	45,219	-	-	-	210	17,369	-	-	114,224	49,722
Accrued payroll	-	-	-	-	2,802	-	-	-	-	-	-	-	2,802	-
Security deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	725
Interfund loans payable	-	-	-	-	-	6,500	22,194	-	-	-	15,602	-	44,296	48,802
Total liabilities	28,297	-	15,689	7,440	48,021	6,500	22,194	-	210	17,369	15,602	-	161,322	99,249
Deferred inflows of resources:														
Unavailable revenue - note receivable	-	-	-	-	-	-	-	-	-	-	-	95,000	95,000	160,000
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	95,000	95,000	160,000
Fund balances (deficits):														
Restricted	-	-	-	-	49,438	-	-	-	-	-	-	-	49,438	322,607
Assigned	442,726	243,014	149,523	437,221	-	-	-	23,651	16,220	78,425	-	201,571	1,592,351	889,318
Unassigned	-	-	-	-	-	(6,500)	(22,194)	-	-	-	(15,602)	-	(44,296)	(48,802)
Total fund balances (deficits)	442,726	243,014	149,523	437,221	49,438	(6,500)	(22,194)	23,651	16,220	78,425	(15,602)	201,571	1,597,493	1,163,123
Total liabilities, deferred inflows of resources, and fund balances	\$ 471,023	243,014	165,212	444,661	97,459	-	-	23,651	16,430	95,794	-	296,571	1,853,815	1,422,372

TOWN OF CUMBERLAND, MAINE
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2014
(with comparative totals for June 30, 2013)

	Town Building Reserves	Affordable Housing	Road Improvements	Land Acquisition Fund	TIF Funds	Sweetser Books	Parking Lot Fund	Tennis Court Fund	Reserve Rt 1 Parking	Equip. Reserves Fund	West Cumberland Playground	Village Green	Totals	
													2014	2013
Revenues:														
Taxes	\$ -	-	-	-	1,102,803	-	-	-	-	-	-	-	1,102,803	1,006,641
Intergovernmental	-	-	26,066	-	284,405	-	-	-	-	-	-	-	310,471	-
Other revenue	8,578	31,856	-	300	-	-	15,968	-	2,800	-	18,046	65,000	142,548	937,223
Rental income	-	-	-	-	-	-	-	-	-	-	-	-	-	24,707
Total revenues	8,578	31,856	26,066	300	1,387,208	-	15,968	-	2,800	-	18,046	65,000	1,555,822	1,968,571
Expenditures:														
General government	-	-	-	-	223,383	-	-	-	-	-	-	-	223,383	154,733
Capital improvements:														
Other expenditures	-	3,637	-	23,240	-	-	-	-	2,707	-	-	838	30,422	33,078
Construction and renovation	-	-	686,103	-	-	-	-	-	-	-	33,648	-	719,751	914,431
Capital outlay	97,514	-	-	-	679,665	-	-	-	-	544,772	-	-	1,321,951	412,171
Debt service:														
Principal	-	-	-	-	461,204	-	-	-	-	-	-	-	461,204	761,409
Interest	-	-	-	-	296,125	-	-	-	-	-	-	-	296,125	328,014
Total expenditures	97,514	3,637	686,103	23,240	1,660,377	-	-	-	2,707	544,772	33,648	838	3,052,836	2,603,836
Excess (deficiency) of revenues over (under) expenditures	(88,936)	28,219	(660,037)	(22,940)	(273,169)	-	15,968	-	93	(544,772)	(15,602)	64,162	(1,497,014)	(635,265)
Other financing sources (uses):														
Transfer from other funds	440,480	-	798,713	180,000	-	-	-	-	-	529,500	-	-	1,948,693	1,330,538
Transfer to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	(287,845)
Total other financing sources (uses)	440,480	-	798,713	180,000	-	-	-	-	-	529,500	-	-	1,948,693	1,042,693
Net change in fund balances	351,544	28,219	138,676	157,060	(273,169)	-	15,968	-	93	(15,272)	(15,602)	64,162	451,679	407,428
Fund balances (deficits), beginning of year, as restated	91,182	214,795	10,847	280,161	322,607	(6,500)	(38,162)	23,651	16,127	93,697	-	137,409	1,145,814	755,695
Fund balances (deficits), end of year	\$ 442,726	243,014	149,523	437,221	49,438	(6,500)	(22,194)	23,651	16,220	78,425	(15,602)	201,571	1,597,493	1,163,123

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

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

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

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

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

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

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

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TOWN OF CUMBERLAND, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2014

	Prince Fund	Cumberland School Fund	Paul Merrill Fund	Sweetser Fund	Historical Society Fund	Totals
ASSETS						
Investments	\$ 52,071	53,787	72,848	45,009	50,000	273,715
Total assets	52,071	53,787	72,848	45,009	50,000	273,715
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund loans payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund balances:						
Nonspendable:						
Principal	2,165	2,225	56,187	34,714	3,950	99,241
Restricted:						
Accumulated earnings	49,906	51,562	16,661	10,295	46,050	174,474
Total fund balances	52,071	53,787	72,848	45,009	50,000	273,715
Total liabilities and and fund balances	\$ 52,071	53,787	72,848	45,009	50,000	273,715

TOWN OF CUMBERLAND, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2014

	Prince Fund	Cumberland School Fund	Paul Merrill Fund	Sweetser Fund	Historical Society Fund	Totals
Revenues:						
Investment income	\$ 352	363	567	351	1,175	2,808
Total revenues	352	363	567	351	1,175	2,808
Expenditures:						
Current:						
Other miscellaneous	-	-	-	-	1,175	1,175
Total expenditures	-	-	-	-	1,175	1,175
Excess of revenues over expenditures	352	363	567	351	-	1,633
Other financing sources:						
Transfer from other funds	-	-	-	-	90	90
Total other financing sources	-	-	-	-	90	90
Net change in fund balances	352	363	567	351	90	1,723
Fund balances, beginning of year	51,719	53,424	72,281	44,658	49,910	271,992
Fund balances, end of year	\$ 52,071	53,787	72,848	45,009	50,000	273,715

**FIDUCIARY FUNDS -
PRIVATE-PURPOSE TRUST FUNDS**

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TOWN OF CUMBERLAND, MAINE
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Private-purpose Trust
June 30, 2014

		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	\$	19,860	83,702	17,872	2,245	538	7,185	1,339	1,167	39,874	173,782
Total assets		19,860	83,702	17,872	2,245	538	7,185	1,339	1,167	39,874	173,782
LIABILITIES											
Accounts payable		500	-	2,500	250	500	300	500	-	-	4,550
Total liabilities		500	-	2,500	250	500	300	500	-	-	4,550
NET POSITION											
Held in trust		19,360	83,702	15,372	1,995	38	6,885	839	1,167	39,874	169,232
Total net position	\$	19,360	83,702	15,372	1,995	38	6,885	839	1,167	39,874	169,232

TOWN OF CUMBERLAND, MAINE
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private-purpose Trust
For the year ended June 30, 2014

	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	\$ -	-	-	-	300	-	-	-	-	300
Investment income	163	591	206	22	2	50	23	10	422	1,489
Total additions	163	591	206	22	302	50	23	10	422	1,789
Deductions:										
Current:										
Scholarships awarded	500	-	2,500	250	500	300	500	-	-	4,550
Total deductions	500	-	2,500	250	500	300	500	-	-	4,550
Change in net position	(337)	591	(2,294)	(228)	(198)	(250)	(477)	10	422	(2,761)
Net position, beginning of year	19,697	83,111	17,666	2,223	236	7,135	1,316	1,157	39,452	171,993
Net position, end of year	\$ 19,360	83,702	15,372	1,995	38	6,885	839	1,167	39,874	169,232

STATISTICAL SECTION

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

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

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

		Fiscal Year									
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:											
Net investment in capital assets	\$	8,400,717	10,709,996	11,113,384	10,583,895	10,583,895	11,713,982	12,802,336	14,008,107	14,926,352	17,201,613
Restricted		3,719,595	1,875,779	2,972,299	880,653	880,653	6,017,503	1,547,884	693,885	629,042	375,206
Unrestricted		179,878	264,184	(2,140,877)	313,189	313,189	(5,235,485)	1,053	2,205,304	3,066,957	2,943,496
Total governmental activities net position	\$	12,300,190	12,849,959	11,944,806	11,777,737	11,777,737	12,496,000	14,351,273	16,907,296	18,622,351	20,520,315
Business-type activities:											
Net investment in capital assets	\$	2,738,939	2,868,391	3,341,611	4,570,731	4,570,731	4,471,150	4,403,855	4,129,831	4,002,886	3,873,747
Unrestricted		(369,882)	(933,473)	(1,356,391)	(1,370,379)	(1,370,379)	(1,440,318)	(1,454,977)	(1,126,224)	(670,882)	183,177
Total business-type activities net position		2,369,057	1,934,918	1,985,220	3,200,352	3,200,352	3,030,832	2,948,878	3,003,607	3,332,004	4,056,924
Primary government:											
Net investment in capital assets	\$	11,139,656	13,578,387	14,454,995	15,154,626	15,154,626	16,185,132	17,206,191	18,137,938	18,929,238	21,075,360
Restricted		3,719,595	1,875,779	2,972,299	880,653	880,653	6,017,503	1,547,844	693,885	629,042	375,206
Unrestricted		(190,004)	(669,289)	(3,497,268)	(1,057,190)	(1,057,190)	(6,675,803)	(1,453,924)	1,079,080	2,396,075	3,126,673
Total primary government net position	\$	14,669,247	14,784,877	13,930,026	14,978,089	14,978,089	15,526,832	17,300,111	19,910,903	21,954,355	24,577,239

Table 2

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government (1)	\$ 919,854	5,882,021	5,159,324	5,505,136	3,783,966	3,285,510	2,915,710	2,999,452	3,341,630	2,712,115
Public safety	1,610,805	1,810,869	2,012,200	2,317,211	2,220,293	2,120,117	2,056,052	2,095,961	2,176,839	2,282,922
Public works	1,093,478	1,206,824	1,249,056	1,463,427	1,162,830	1,208,065	1,283,560	1,424,931	1,500,458	1,660,289
Health, sanitation and welfare	853,453	1,022,329	935,715	758,204	834,347	857,366	773,763	748,016	755,562	668,729
Recreation	452,277	562,991	565,395	599,328	595,531	650,799	618,226	866,166	913,637	991,973
Education and libraries	12,722,701	12,283,626	12,717,167	11,361,373	10,801,875	11,368,432	12,259,218	12,787,351	13,649,666	14,159,614
Unclassified	1,701,315	-	-	-	-	-	-	-	-	-
County tax	629,488	-	-	-	-	-	-	-	-	-
Interest on debt	394,004	310,337	502,022	531,842	562,089	648,993	619,316	557,285	616,399	526,065
Total governmental activities expenses	20,377,375	23,078,997	23,140,879	22,536,521	19,960,931	20,139,282	20,525,845	21,479,162	22,954,191	23,001,707
Business-type activities:										
Senior Housing	243,119	234,742	236,583	233,686	244,777	270,422	323,468	234,753	283,930	227,347
Sewer System	615,014	726,525	814,256	858,224	913,642	831,988	791,667	797,545	824,941	823,999
Val Halla Golf and Recreation Center	829,971	998,763	1,212,925	1,086,274	859,546	789,926	757,662	822,688	788,704	844,772
Total business-type activities expenses	1,688,104	1,960,030	2,263,764	2,178,184	2,017,965	1,892,336	1,872,797	1,854,986	1,897,575	1,896,118
Total primary government expenses	\$ 22,065,479	25,039,027	25,404,643	24,714,705	21,978,896	22,031,618	22,398,642	23,334,148	24,851,766	24,897,825
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 565,299	534,007	660,989	601,639	344,101	462,566	449,371	341,769	399,286	361,850
Public safety	248,303	261,097	323,404	299,296	355,846	207,097	213,768	257,097	299,106	288,322
Public works	2,065	895	1,849	2,679	1,478	16,687	6,864	5,544	24,885	2,300
Health, sanitation and welfare	20,805	23,171	260,593	234,789	215,050	222,240	282,515	279,185	278,811	283,564
Recreation	295,157	345,274	350,890	423,781	393,970	394,246	393,779	671,796	669,344	714,346
Education and libraries	9,102	10,168	11,474	3,931	4,363	7,852	140,098	146,298	156,665	158,260
Unclassified	285,794	-	-	-	-	-	-	-	-	-
Interest on debt	182,241	182,241	182,965	182,240	182,241	182,241	182,241	-	-	-
Operating grants and contributions	273,254	299,683	281,157	235,807	351,020	257,629	110,018	96,300	198,433	200,114
Capital grants and contributions	-	2,891,172	2,276,730	279,136	398,369	170,238	718,795	1,669,298	937,223	614,019
Total governmental activities program revenues	1,882,020	4,547,708	4,350,051	2,263,298	2,246,438	1,920,796	2,497,449	3,467,287	2,963,753	2,622,775
Business-type activities:										
Charges for services:										
Senior Housing	\$ 247,023	253,572	266,665	274,864	277,502	282,165	271,013	291,798	281,864	289,816
Sewer System	541,558	593,317	667,031	720,257	992,992	831,242	839,773	877,309	848,214	890,012
Val Halla Golf and Recreation Center	681,824	844,762	917,320	832,536	594,030	541,918	566,857	662,322	614,556	608,525
Capital grants and contributions	-	86,721	-	-	-	59,789	-	-	-	-
Total business-type activities program revenues	1,470,405	1,778,372	1,851,016	1,827,657	1,864,524	1,715,114	1,677,643	1,831,429	1,744,634	1,788,353
Total primary government program revenues	\$ 3,352,425	3,352,425	6,201,067	4,090,955	4,110,962	3,635,910	4,175,092	5,298,716	4,708,387	4,411,128
Net (expense)/revenue:										
Governmental activities	\$ (18,495,355)	(18,531,289)	(18,790,828)	(20,273,223)	(17,714,493)	(18,218,486)	(18,028,396)	(18,011,875)	(19,990,438)	(20,378,932)
Business-type activities	(217,699)	(181,658)	(412,748)	(350,527)	(153,441)	(177,222)	(195,154)	(23,557)	(152,941)	(107,765)
Total primary government net expense	\$ (18,713,054)	(18,712,947)	(19,203,576)	(20,623,750)	(17,867,934)	(18,395,708)	(18,223,550)	(18,035,432)	(20,143,379)	(20,486,697)

(1) Certain expenditures that were classified separately in prior years have been classified as general government, starting in 2006.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 16,246,669	16,218,425	16,648,065	15,146,730	15,153,763	15,815,303	16,831,342	17,427,641	18,737,957	19,558,835
TIF District taxes	-	-	-	659,342	798,778	853,066	890,507	940,566	1,006,641	1,102,803
Excise taxes	1,439,557	1,503,116	1,480,483	1,416,261	1,348,642	1,372,271	1,377,972	1,364,192	1,460,329	1,633,132
Outer island property taxes	-	-	-	39,609	38,890	38,736	39,663	39,814	40,465	41,566
County tax refund	-	-	-	60,667	-	-	-	-	-	-
Payment in lieu of taxes	17,000	-	-	-	-	-	-	-	22,500	23,112
Fees	87,295	92,461	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	833,516	906,041	826,289	917,139	875,441	751,799	706,932	791,033	829,482	603,229
Investment earnings	47,841	129,940	270,487	144,254	71,519	16,342	13,069	6,030	3,076	247
Miscellaneous	168,451	60,824	93,883	84,897	195,382	96,934	121,144	44,206	85,842	143,972
Gain (loss) on sale of assets	-	-	-	-	-	-	-	(258,405)	-	-
Transfers	80,720	-	21,391	(400,829)	(934,991)	(7,702)	(97,000)	212,861	(480,799)	(830,000)
Total governmental activities	18,921,049	18,910,807	19,340,598	18,068,070	17,547,424	18,936,749	19,883,629	20,567,938	21,705,493	22,276,896
Business-type activities:										
Investment earnings	-	129,940	-	-	-	-	-	-	539	2,685
Miscellaneous	-	-	-	-	433,582	-	16,200	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	291,147	-	-
Transfers	(80,720)	-	(21,391)	400,829	934,991	7,702	97,000	(212,861)	480,799	830,000
Total business-type activities	(80,720)	129,940	(21,391)	400,829	1,368,573	7,702	113,200	78,286	481,338	832,685
Total primary government	\$ 18,840,329	19,040,747	19,319,207	18,468,899	18,915,997	18,944,451	19,996,829	20,646,224	22,186,831	23,109,581
Change in Net Position										
Governmental activities	425,694	379,518	549,770	(2,205,153)	(167,069)	718,263	1,855,233	2,556,063	1,715,055	1,897,964
Business-type activities	(298,419)	(51,718)	(434,139)	50,302	1,215,132	(169,520)	(81,954)	54,729	328,397	724,920
Special item:										
Chebeague settlement	-	-	-	1,300,000	-	-	-	-	-	-
Total primary government	\$ 127,275	327,800	115,631	(854,851)	1,048,063	548,743	1,773,279	2,610,792	2,043,452	2,622,884

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

Table 3

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$	-	-	-	-	-	-	1,503,847	1,161,834	477,451
Assigned		647,139	856,060	833,189	852,000	1,280,000	-	-	-	-
Unassigned		933,750	692,392	709,878	824,968	714,776	1,999,806	2,150,042	727,371	1,433,829
Total general fund	\$	1,580,889	1,548,452	1,543,067	1,676,968	1,994,776	1,999,806	2,150,042	2,231,218	2,595,663
All Other Governmental Funds										
Nonspendable, reported in:										
Permanent funds	\$	9,132	100,033	100,033	100,033	99,241	99,241	99,241	99,241	99,241
Restricted, reported in:										
Permanent funds		250,828	139,122	145,012	140,232	152,226	162,356	166,258	175,263	172,751
Capital projects		-	3,619,562	1,630,734	2,732,034	629,186	5,755,906	1,282,345	419,381	322,607
Special revenue funds		-	-	-	-	-	-	-	34,443	52,053
Committed, reported in:										
Special revenue funds		14,626	70,262	75,922	87,135	70,887	52,230	25,200	19,689	65,313
Assigned, reported in:										
Capital projects funds		-	-	-	144,742	3,668,697	16,344	415,127	500,744	889,318
Unassigned, reported in:										
Special revenue funds		-	-	-	-	-	-	(15,119)	(636)	-
Capital projects funds		(200,114)	(861,422)	(721,096)	(693,799)	(832,285)	(608,542)	(775,128)	(143,779)	(48,802)
Total all other governmental funds	\$	74,472	3,067,557	1,230,605	2,510,377	3,787,952	5,477,535	1,197,924	1,069,903	1,534,871
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
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Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
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Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
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Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
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Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534
Total governmental funds	\$	1,655,361	4,616,009	2,773,672						

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

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 17,698,601	17,365,727	18,115,448	17,261,942	17,340,073	18,079,376	19,117,812	19,721,213	21,327,892	22,081,219
Licenses and permits	138,382	195,623	170,982	121,005	88,091	101,642	110,504	132,652	178,099	161,923
Intergovernmental	1,106,770	1,205,724	1,502,282	1,278,457	1,226,461	1,009,428	840,911	888,833	984,143	1,211,643
Charges for services	708,812	866,251	909,749	983,405	819,080	950,583	1,108,242	1,325,445	1,364,425	1,215,255
Rental Income	191,666	189,491	190,940	182,240	182,241	182,241	182,241	-	-	-
Other	890,493	2,149,883	1,626,596	905,148	1,072,907	541,977	1,096,696	761,626	1,355,486	671,631
Total revenues	20,734,724	21,972,699	22,515,997	20,732,197	20,728,853	20,865,247	22,456,406	22,829,769	25,210,045	25,341,671
Expenditures										
General government	698,825	789,288	953,942	1,126,505	1,076,082	1,031,502	950,235	1,050,648	1,197,680	1,260,888
Public safety	1,435,247	1,595,112	1,804,220	2,091,049	1,992,024	1,949,939	1,835,525	1,875,363	1,929,209	2,042,544
Public works	860,067	948,911	965,115	1,235,331	895,922	866,539	915,444	875,317	943,702	898,293
Health, sanitation and welfare	849,056	1,017,623	931,318	756,913	833,056	856,075	772,472	745,484	752,371	665,538
Parks and recreation	378,849	475,381	492,247	510,828	482,173	498,395	472,959	723,597	768,969	850,481
Education and libraries	12,647,183	12,201,341	12,639,338	11,283,458	10,725,405	11,291,481	12,182,332	12,710,146	13,572,445	14,083,574
Unclassified	2,326,002	2,401,635	2,467,051	1,814,050	1,695,175	1,737,315	1,654,289	1,377,654	1,479,000	1,536,203
Capital outlay	851,145	3,551,571	3,343,754	2,894,559	3,155,100	3,696,231	6,187,380	1,668,130	1,384,048	2,072,124
Debt service:										
Principal	438,663	391,707	613,627	850,448	797,834	797,063	1,094,279	1,186,508	1,300,312	1,010,161
Interest	228,830	260,721	464,122	524,856	545,708	615,893	619,316	576,657	596,465	537,403
Total expenditures	20,713,867	23,633,290	24,674,734	23,087,997	22,198,479	23,340,433	26,684,231	22,789,504	23,924,201	24,957,209
Excess (deficiency) of revenues over (under) expenditures	20,857	(1,660,591)	(2,158,737)	(2,355,800)	(1,469,626)	(2,475,186)	(4,227,825)	40,265	1,285,844	384,462
Other financing sources (uses)										
Transfers in	1,170,676	1,365,562	2,088,768	1,542,138	1,251,176	8,247,270	933,718	1,570,437	1,330,538	1,978,779
Transfers out	(1,089,956)	(1,365,562)	(2,067,377)	(1,942,967)	(2,186,167)	(854,972)	(1,030,718)	(1,357,576)	(1,811,337)	(2,808,779)
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(299,971)	-	-
Bonds issued	-	4,585,000	-	2,775,802	4,000,000	4,100,000	-	-	-	-
Capital leases	-	27,650	257,348	94,500	-	77,500	195,450	-	24,368	-
Total other financing sources (uses)	80,720	4,612,650	278,739	2,469,473	3,065,009	11,569,798	98,450	(87,110)	(456,431)	(830,000)
Special item:										
Chebeague settlement	-	-	-	1,300,000	-	-	-	-	-	-
Net change in fund balances	\$ 101,577	2,952,059	(1,879,998)	1,413,673	1,595,383	9,094,612	(4,129,375)	(46,845)	829,413	(445,538)
Debt service as a percentage of noncapital expenditures	3.34%	3.08%	4.94%	6.63%	6.91%	7.04%	8.25%	8.16%	8.19%	6.40%

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
2005	\$	16,099	160	1,440	17,699
2006		16,010	159	1,503	17,672
2007		16,974	185	1,480	18,639
2008		15,563	199	1,416	17,178
2009		15,750	152	1,349	17,251
2010		16,457	155	1,372	17,984
2011		17,480	187	1,378	19,045
2012		18,117	202	1,364	19,683
2013		19,457	227	1,460	21,144
2014		20,345	265	1,633	22,243

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

Table 6

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

Fiscal Year Ended June 30	Real Property	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
	Residential and Commercial Property (1)						
2005	\$ 877,618	8,326	41,744	844,200	3.61	1,053,350	94.4%
2006	907,264	8,476	55,774	859,966	3.84	1,193,700	81.6%
2007	931,680	9,539	57,045	884,174	4.32	1,286,200	74.1%
2008	839,577	10,076	53,561	796,092	4.46	1,132,250	61.9%
2009	1,198,642	10,807	73,626	1,135,823	4.78	1,162,000	100.3%
2010	1,204,984	10,661	73,908	1,141,737	3.96	1,131,350	98.3%
2011	1,214,634	12,167	73,370	1,153,431	4.01	1,084,700	102.0%
2012	1,220,096	12,754	73,421	1,159,429	4.07	1,068,500	106.9%
2013	1,249,248	13,723	73,589	1,189,382	4.41	1,056,700	111.3%
2014	1,270,281	15,590	73,494	1,212,377	4.59	1,057,800	114.6%

(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

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

<u>Fiscal year</u>	<u>Town Direct and Overlapping Rates</u>				
	<u>Direct</u>		<u>Overlapping</u>		<u>Total</u>
	<u>Town rate*</u>		<u>Education rate</u>	<u>County rate</u>	
	<u>operating</u>	<u>debt service</u>			
2005	3.69	0.15	14.59	0.77	19.20
2006	4.15	0.17	13.73	0.75	18.80
2007	4.28	0.18	14.17	0.77	19.40
2008	4.59	0.19	14.13	0.89	19.80
2009 (1)	3.80	0.16	9.50	0.54	14.00
2010	3.85	0.16	9.98	0.56	14.55
2011	3.88	0.16	10.72	0.54	15.30
2012	3.91	0.16	11.19	0.54	15.80
2013	4.23	0.18	11.59	0.55	16.55
2014	4.43	0.16	11.83	0.58	17.00

* 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>	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Central Maine Power Company	\$ 44,100,000	1	3.64%	5,580,600	1	0.66%
Spears Hill, LLC	6,051,200	2	0.50%	4,519,200	2	0.54%
Martin, Joseph R.	5,037,200	3	0.42%	3,689,000	5	0.44%
Maritimes & NE Pipeline Co, LLC				3,936,700	4	0.47%
Mirza, Zareen Taj	4,412,500	4	0.36%			
Lemole, Emily Jane A-Trustee	3,837,300	5	0.32%			
Mathias, Glenn	3,251,900	6	0.27%			
BBW Real Estate LLC	3,188,600	7	0.26%			
Piaso, Shirley A.	2,865,100	8	0.24%			
Forum Trust LLC	2,862,500	9	0.24%			
Oestreicher, Charles R. - Trustee	2,636,200	10	0.22%	1,995,400	9	0.24%
Payson, Marion-Heirs of						
Scorpio Island Corp.				3,425,300	6	0.41%
Lemole, Gerald M.				4,166,900	3	0.49%
Dumont, Martha E.				2,696,100	7	0.32%
Wheaton, Barbara K. - Trustee				2,286,900	8	0.27%
Craig, Robert Sanderson				1,954,200	10	0.23%
Totals	\$ 78,242,500		6.24%	\$ 34,250,300		4.07%

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
2005	\$	16,209	15,955	98.43%	247	16,202	99.96%
2006		16,167	15,924	98.50%	237	16,161	99.96%
2007		17,153	16,917	98.62%	232	17,149	99.98%
2008		15,763	15,469	98.13%	289	15,758	99.97%
2009		15,902	15,589	98.03%	312	15,901	99.99%
2010		16,612	16,341	98.37%	269	16,610	99.99%
2011		17,647	17,359	98.37%	283	17,642	99.97%
2012		18,319	17,942	97.94%	369	18,311	99.96%
2013		19,684	19,385	98.48%	121	19,506	99.10%
2014		20,610	20,329	98.64%	-	20,329	98.64%

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	Capital Leases	General Obligation Bonds	Unamortized Bond Premium	Notes Payable	Capital leases			
2005	\$ 3,907,420	1,158,267	101,101	1,834,774	-	294,201	-	7,295,763	3.029%	1,019
2006	8,239,648	1,075,534	86,483	1,730,815	-	279,607	-	11,412,087	4.738%	1,594
2007	7,708,754	992,800	314,587	1,620,137	-	264,718	149,225	11,050,221	4.588%	1,544
2008	9,974,189	910,067	101,539	1,523,582	-	249,529	118,842	12,877,748	5.347%	1,799
2009	13,704,931	827,333	63,785	1,025,000	-	234,034	91,208	15,946,291	6.621%	2,227
2010	17,090,601	744,600	101,600	960,000	-	218,009	62,234	19,177,044	5.847%	2,514
2011	16,079,055	661,867	230,623	890,000	-	201,881	31,854	18,095,280	5.910%	2,509
2012	14,766,489	579,134	160,147	780,000	42,853	185,428	108,116	16,622,167	5.203%	2,316
2013	13,583,751	496,400	131,840	690,000	37,496	168,858	86,210	15,194,555	4.756%	2,107
2014	12,691,163	413,667	66,179	600,000	32,139	151,734	65,756	14,020,638	3.503%	1,896

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
2005	\$	5,742,194	0.64%	802
2006		9,970,463	0.95%	1,393
2007		9,328,891	0.78%	1,303
2008		11,497,771	0.89%	1,606
2009		14,729,931	1.30%	2,058
2010		18,050,601	1.55%	2,367
2011		16,969,055	1.50%	2,353
2012		15,546,489	1.37%	2,172
2013		14,273,751	1.26%	1,985
2014		13,291,163	1.24%	1,798

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

Table 12

TOWN OF CUMBERLAND, MAINE
Direct and Overlapping Governmental Activities Debt
June 30, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt:			
Cumberland County	\$ 38,325,000	2.74%	1,049,725
MSAD #51	25,615,000	66.22%	16,963,429
Subtotal, overlapping debt			18,013,154
Direct debt:			
Bonds payable	12,691,163		12,691,163
Notes payable	413,667		413,667
Capital leases	66,179		66,179
Subtotal, direct debt			13,171,009
Total direct and overlapping debt			\$ 31,184,163

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed value per State	\$ 1,053,350	1,193,700	1,286,200	1,132,250	1,162,000	1,131,350	1,084,700	1,068,500	1,056,700	1,057,800
Total debt limit - all purposes - 15% of assessed value	\$ 134,100	158,003	179,055	192,930	169,838	174,300	162,705	160,275	160,275	158,670
Less outstanding debt applicable to debt limit	7,195	11,326	10,586	12,657	15,791	19,013	17,832	16,311	14,939	13,857
Legal debt margin	\$ 126,905	146,677	168,469	180,274	154,047	193,313	144,873	143,965	145,336	144,813
Total outstanding debt applicable to the limit as a percentage of debt limit	5.37%	7.17%	5.91%	6.56%	9.30%	10.91%	10.96%	10.18%	9.32%	8.73%
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	\$ 67,050	79,001	89,528	96,465	84,919	87,150	81,353	80,138	80,138	79,335
Less outstanding debt applicable to debt limit	7,153	11,305	10,586	12,656	15,791	19,013	17,832	16,310	14,939	13,857
Debt margin for municipal purposes	\$ 59,897	67,696	78,942	83,809	69,128	68,137	63,521	63,828	65,199	65,478
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	10.67%	14.31%	11.82%	13.12%	18.60%	21.82%	21.92%	20.35%	18.64%	17.47%
School purposes - 10%										
Debt limit	\$ 89,400	105,335	119,370	128,620	113,225	116,200	108,470	106,850	106,850	105,780
Less outstanding debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Debt margin for school purposes	\$ 89,400	105,335	119,370	128,620	113,225	116,200	108,470	106,850	106,850	105,780
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	\$ 67,050	79,001	89,528	96,465	84,919	87,150	81,353	80,138	80,138	79,335
Less outstanding debt applicable to debt limit	42	21	-	-	-	-	-	-	-	-
Debt margin for sewer purposes	\$ 67,008	78,980	89,528	96,465	84,919	87,150	81,353	80,138	80,138	79,335
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	0.06%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Maximum total debt limit - 15%	\$ 158,003	179,055	192,930	169,838	174,300	169,703	162,705	160,275	158,505	158,670

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)	Resident School Enrollment (4)	State Unemployment Rate (3)
2005	7,159	240,857,396	33,644	39.4	99	1,585	3.0%
2006	7,159	240,857,396	33,644	39.4	96	1,588	3.0%
2007	7,159	240,857,396	33,644	39.4	99	1,575	2.7%
2008	7,159	240,857,396	33,644	39.4	95	1,590	4.7%
2009	7,159	240,857,396	33,644	39.4	96	1,558	8.6%
2010	7,627	327,968,627	43,001	39.4	96	1,467	8.0%
2011	7,211	306,200,693	42,463	45.0	96	1,357	7.6%
2012	7,211	318,661,408	44,048	45.0	96	1,345	7.5%
2013	7,192	357,866,728	47,015	45.0	95	1,333	6.9%
2014	7,393	400,232,133	55,503	45.0	93	1,176	5.5%

Sources:

(1) U.S. Bureau of the Census

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

(3) Maine Department of Labor (seasonally adjusted)

(4) MSAD No. 51

(5) State of Maine Department of Education

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

TOWN OF CUMBERLAND, MAINE
Principal Employers
June 30, 2014

<u>Employer</u>	2014		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
MSAD 51	300-450	1	2.5%-6.3%
Town of Cumberland	150-200	2	2.5%-6.3%
Exactitude	50-99	3	2.5%-6.3%
Seafax	50-99	4	1.3%-2.5%
Norton Insurance	50-99	5	1.3%-2.5%
Sevee Maher Engineers	50-99	6	1.3%-2.5%
Lucinda's Day Spa	50-99	7	1.3%-2.5%
Met Life	20-49	8	.5%-1.3%
Main Line Fence Co.	20-49	9	.5%-1.3%
Skillin's Greenhouse	20-49	10	.5%-1.3%

Note: The information on the principal employers from nine years ago is not available.

Table 16

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
Management	3	3	3	3	3	3	3	3	3	2
Finance/Administration	7	7	7	7	7	7	6	6	6	7
Planning	2	2	2	2	2	2	2	2	2	2
Assessing	1	1	1	1	1	1	1	1	-	
Public Safety:										
Fire	2	2	2	2	2	4	3	3	2	3
Police	17	12	12	12	12	12	12	12	12	12
Rescue	1	3	3	3	3	-	-	-	-	-
Public Works	13	13	13	12	10	9	9	9	9	7
Parks, Rec and Library	7	7	7	7	9	8	8	9	8	11
Valhalla	4	5	6	5	3	3	3	3	3	3
Total Full-time Employees	57	55	56	54	52	49	47	48	45	47

Source: Town of Cumberland budget documents

Table 17

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

Function	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Code Enforcement:										
Building permits	308	275	283	283	206	151	180	314	220	251
Sign permits	2	7	8	8	5	4	5	13	16	9
Fire Protection:										
Number of calls answered	515	542	575	510	536	592	576	931	860	994
Number of inspections conducted	Unavailable	161	161	161	211	337	304	127	118	192
Police Protection:										
Number of law violations:										
Arrests	Unavailable	149	149	149	158	137	165	136	202	220
Traffic violations	Unavailable	4,585	4,585	4,585	4,085	3,485	3,069	2,964	2,144	1,393
Parking violations	Unavailable	167	167	167	58	27	32	108	91	43
Number of calls for service	10,653	7,542	6,832	6,832	10,926	12,223	11,702	11,737	9,090	8,928
Sewerage System:										
Number of service connections	Unavailable	965	965	965	1,014	1,020	1,041	1,176	1,070	1,108
Daily average treatment in gallons	Unavailable	172,960	172,960	172,960	191,203	202,000	249,382	253,000	227,000	228,892

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function										
Public Safety:										
Police:										
Stations	2	2	2	1	1	1	1	1	1	1
Vehicles	20	20	24	19	17	15	14	12	6	6
Fire:										
Stations	3	3	3	2	2	2	2	2	2	2
Vehicles	17	17	17	13	12	11	10	10	10	11
Public Works:										
Streets (miles)	60	60	60	78	78	78	79	79	79	79
Number of streetlights	245	245	245	203	203	203	203	203	203	203
Parks & Recreation:										
Parks	1	1	1	1	1	1	1	1	1	1
Parks (acreage)	250	250	250	250	250	250	250	250	250	250
Public skating rinks	1	1	1	1	1	1	1	1	1	1
Public tennis courts	4	4	4	4	4	4	4	4	4	4
Public golf courses	1	1	1	1	1	1	1	1	1	1
Sewer:										
Miles of sanitary sewers	20	20	20	20	20	20	20	20	20	25

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

TOWN OF CUMBERLAND, MAINE
Miscellaneous Statistics
For the year ended June 30, 2014

Date of incorporation	1821
Form of government	Council/Manager
Number of full-time employees	47
All employees	305
Area in square miles	20
Name of government facilities and services:	
Miles of streets	79
Number of street lights	203
Culture and recreation:	
Parks	1
Park acreage	250
Skating rinks	1
Tennis courts	4
Golf course	1
Fire Protection:	
Number of fire personnel and officers	85 (Volunteers)
Police Protection:	
Number of police personnel and officers	12
Number of patrol units	6
Education:	
Number of elementary schools	2
Number of elementary school instructors	133
Number of secondary schools	1
Number of secondary school instructors	62