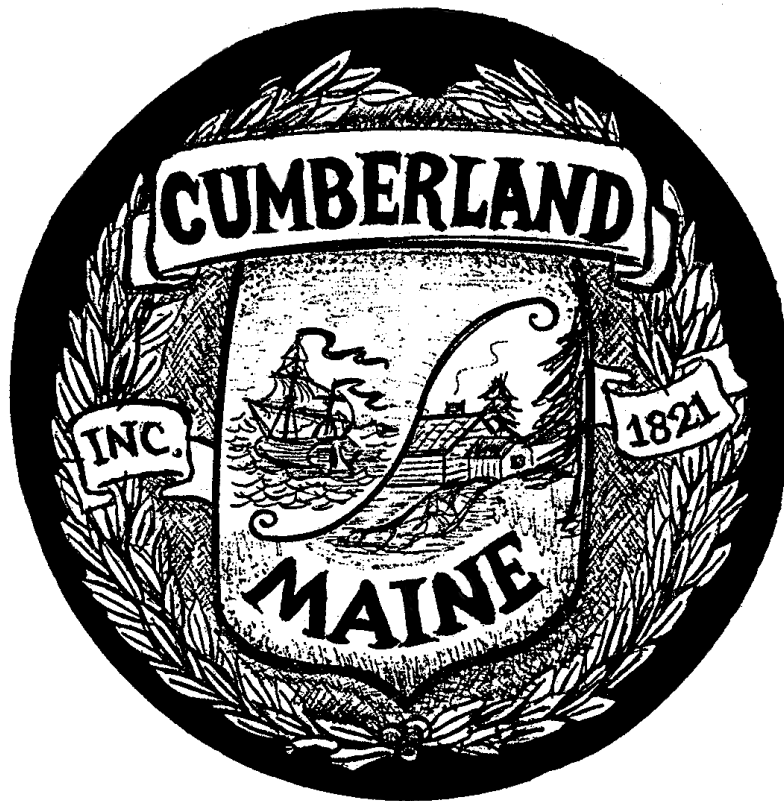


# Town of Cumberland, Maine

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Comprehensive Annual Financial Report  
For the Year Ended June 30, 2017

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**TOWN OF CUMBERLAND, MAINE**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year ended June 30, 2017**

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

**TOWN OF CUMBERLAND, MAINE**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2017**

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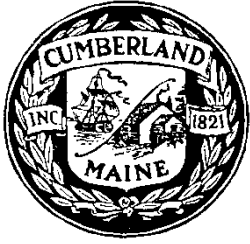
**TOWN OF CUMBERLAND, MAINE**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2017**

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## ***INTRODUCTORY SECTION***



# TOWN OF CUMBERLAND, MAINE

290 Tuttle Road

Cumberland Center, Maine 04021-9321

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

December 12, 2017

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 2017 Comprehensive Annual Financial Report (CAFR). This report is published to provide detailed information concerning the financial condition and activities of the Town. Responsibility for accuracy of the data, and the completeness and fairness of the presentation, rests with the Town. To the best of our knowledge and belief, the information presented is accurate in all material respects and includes all disclosures necessary to fairly present the financial position and results of operations of the Town, as measured by the financial activity of its various funds.

The CAFR is presented in three sections:

- I Introductory Section***, which includes this transmittal letter, containing a profile of the Town, economic outlook, major initiatives, and financial policies and information;
- II Financial Section***, which includes management's discussion and analysis of fiscal year 2017 financial activities, the financial statements, notes to the financial statements, and the auditor's report on the financial statements and schedules;
- III Statistical Section***, which includes selected operational, demographic, and financial information.

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

## Profile of the Town

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

The Town of Cumberland was founded in 1821, and as of the last census has a population of 7,920 people. It is predominantly a residential community, with a small commercial sector concentrated in pockets along the major corridors of Rt. 100, Rt. 9, and Rt. 1. Approximately 88% of the tax base is composed of residential and open space, 8% is commercial and light industrial, and 4% is exempt from property tax. This translates to a very stable source of property tax revenues. Of the vacant parcels in Town, approximately 90% are zoned for residential use, with the remaining 10% being zoned for commercial and light industrial uses. This ensures the growth pattern of residence predominance with an opportunity to expand the commercial tax base in selected areas.

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

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

## **Economic Condition and Outlook**

The Town of Cumberland continued to experience good economic health this fiscal year. The Town's General Fund had net revenues over expenditures, when compared to budgets. Continued growth in both residential and commercial development resulted in much higher than anticipated revenues, which more than offset overages in General Fund expenditures. Please refer to Management's Discussion and Analysis for detailed information about this, on pages 25-26.

The Town of Cumberland is one of the fastest growing communities in Cumberland County, and is one of the most popular areas around Greater Portland to live and raise a family. Economic conditions in the Town are reflected in revenue lines such as motor vehicle excise tax, growth and building permits, and recreation programs. Collection of vehicle excise taxes continues to exceed all expectations, and permit and impact fee revenues for the year were triple what was projected. Recreation revenues increased more than \$275,000 over the past two fiscal years, and are expected to increase again in the new fiscal year. Increasing enrollment in before and after school programs, as well as summer day camps, reflects the growing population in the Town.

Using information gathered from the Maine Home Sales Connection, Cumberland home sales set a new record over the past year, with 188 homes sold, for a growth in sales of 24.5%. This level of growth was more than double the statewide rate, and well above results for Cumberland County as a whole. Home sales in Cumberland have increased in six of the last seven years. The median home sales price in Cumberland increased almost 8% from 2016 to 2017, jumping from \$380,500 to \$409,500. Of particular note is activity in the high end of the market: In 2016, seven homes sold over \$1 million, compared to two in the previous year. The Town has a wide variety of homes available, including rural homes and small farms, suburban neighborhoods, and exclusive estates.

Total assessed value of real estate continues to increase. In FY2017, 52 permits for new residential properties were issued, many in the new Cumberland Foreside Village subdivision along Route 1. In addition to single-family residences, this development will also contain four apartment buildings, and a commercial building for professional offices. As of August 1<sup>st</sup>, 2017, the apartment building project had 60 out of 96 units completed and fully rented. During the year, Cumberland Memory Care completed construction of a 12 bed assisted living facility for patients experiencing memory loss. Talks are currently underway for a light manufacturing facility to occupy a large commercial parcel along Route 100 that has been vacant for several years. The commercial tax base in Cumberland is now at about 8%, up from only 2% in 2002. Management of the Town continues to pursue economic development to increase the value of commercial properties along Route 1 and Route 100. Increases in taxable assessed value directly increase the amount of property tax that the Town is able to collect, and thus reduce the effect of budget increases on future years' tax rates.

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

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

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

The Town Council and Town management have been focusing their priorities in two primary areas: maintenance of the Town's infrastructure, and improving quality of life for the Town's residents.

During FY2017, the Council approved borrowing for two major projects to be completed in FY2017 and FY2018. In January 2017, the Town issued \$7.3 million in new bonds to fund extensive reconstruction of Middle Road, and construction and expansion of the Central Fire Station on Tuttle Road. Middle Road is being rebuilt from Tuttle Road to the Falmouth town line, and the Town has used this construction as an opportunity to extend the water main to connect to Falmouth, as well as working with Summit Natural Gas to install gas lines along the length of the project. If funds are available at the end of the project, the Town hopes to take advantage of favorable construction rates to extend the water line in the opposite direction, from Tuttle Road towards Yarmouth.

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

Several major road improvement initiatives were either under way or completed by the end of FY2017. Completed (or almost completed) projects include: Cross Road drainage and sight line improvements; and widening of Route 1 to accommodate increased traffic from development in that area (partially funded by Maine DOT). Projects that are in planning or initial phases are: improvements to Tuttle Road to eliminate chronic flooding (which will be partially funded by Maine DOT); preliminary approval from Maine DOT for funding to improve Main Street and add a sidewalk between Wyman Way and the Prince Memorial Library; as well as improvements to Mill Road, Powell Road and Harris Road.



Cumberland has an established Pavement Management Plan to maintain and upgrade the Town's facilities and infrastructure. The Plan has a schedule of planned road maintenance and improvement projects that extends through 2024. While this schedule will be amended along the way, it is an important component of a comprehensive road improvement plan that can be used to create sustainable budgets for future road upkeep. In accordance with this plan, 2 years ago the Town began work on roads in the central area of town, around Main Street. Because these roads had not received maintenance in about 40 years, it was discovered that more extensive work would be required than was originally planned. Future paving and road maintenance priorities have been rearranged to allow these central streets to be correctly brought back to like-new conditions.

Over the past few years, the acquisition of Broad Cove Reserve and the Knight's Pond/Blueberry Hill has helped the Town realize several long-term goals associated with preservation of open space and public access to lands. Gravel parking lots were completed at both of these areas by the end of FY2017. Engineering reports for the pier at Broad Cove Reserve have indicated that extensive repairs or rebuilding will be required sometime in the next few years, and the Town has begun setting funds aside in a capital reserve fund to defray these costs.

Several initiatives related to the trail systems throughout the Town are currently underway. Trails in the Town Forest, behind Town Hall on Tuttle Road, received significant upgrades and extensions to improve their accessibility. A plan is in place to utilize some vacant Town owned property to cut an access trail to link "stranded" trails between Greely Road Extension, Blanchard Road and beyond. New trails in the Range Way area will be included in an area-wide linked trail system, connecting Cumberland trails to surrounding towns. Local organizations are working together to develop consistent trail markings and make maps of the trail systems more readily available to the public.

The Town continues making a concerted effort to make it possible for older residents to remain in their homes, enriching the community with their experiences and abilities. For the past few years, the Council has funded the Aging in Place project, to develop resources to assist senior residents. Cumberland has been recognized by several State and national organizations for our innovative programs, which include: the Cumberland Area Ride (CAR) program, which coordinates volunteers to drive residents who have limited transportation options; the Friendly Visitor program, to provide companionship for seniors who are housebound and alone; a Handyman program to help with light maintenance including yard work, pet walking, shoveling and other chores (done in conjunction with Greely Middle and High Schools); health classes, monthly social gatherings, loans of durable medical goods, and a Daily Call-In program run by the Fire Department, to provide regular wellness checks for older adults in the community. When the State of Maine abolished its Property Tax Relief program a few years ago, Cumberland established a similar program for older Town residents, the only one of its kind in the state. Through an application process that looks at age and level of household income, seniors could qualify for up to \$750 of property tax rebates. Over 180 citizens were able to take advantage of this program in 2016 and 2017.

During FY2017, the Town had an exciting opportunity to conduct an archeology project at Broad Cove Reserve. Prince Memorial Library staff, in conjunction with the Maine Historic Preservation Society, the Penobscot Nation, the Friends School of Portland, and Greely Middle School, conducted an excavation of a "shell midden" formed by native people who were extracting resources from Broad Cove. Archaeologists and volunteers uncovered dietary remains, pottery, and stone and bone tools. These discoveries resulted in a tentative dating of use of the site for a period from 1,400 to 2,000 years ago. The project provided a unique experience for students and volunteers to learn about archaeological techniques and native living in our community long ago.

## Financial Policies and Information

*Cash Management:* Improving the overall cash position of the Town continues to be a top priority. For the fourth year in a row, the Town did not use short term borrowing to cover cash shortfalls that can occur between property tax due dates. There are two primary reasons for the improved cash position of the Town. The available (spendable) General Fund balance has increased substantially over the past few years, and the collection rate of assessed property taxes has been steadily rising. Both of these factors have a positive effect on cash flow. The percentage of taxes collected in the year they were assessed dipped after the recession, and has been gradually improving over the past few years. In FY2010, 98.4% of taxes were collected by June 30th; in FY2017, 99.41% of current year taxes were collected by June 30th. With a tax commitment of over \$20 million, each 1/2 percentage difference is equivalent to at least \$100,000 of additional cash in the bank.

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.

*Fund Balances:* The Town's goal is to achieve a minimum available (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 to capital reserve accounts to fund future capital needs. By the end of FY2016, available fund balance in the General Fund had increased to \$2,511,108, or 9.2% of General Fund revenues. This had increased from a low in FY2012 of 3%.

Because many municipal facilities and important pieces of infrastructure have required attention, a strategic decision was made in FY2017 to allow the General Fund balance to decrease slightly, to \$2,436,028 or 8.7%, in order to fund capital reserve funds. In addition, a five year plan has been implemented that allows two major funds to run short term deficit balances: both the TIF fund and the Senior Housing enterprise fund are projected to have increasing deficits for the next few years, then gradually recover. This is being done to accommodate necessary capital spending without resorting to long-term borrowing.

*Debt Administration:* When issuing General Obligation Bonds, the Town of Cumberland pledges its full faith and credit to repay the financial obligations. The major bond rating agencies regularly assess the capacity of the Town to repay its debt. Standard and Poor's and Moody's Investors Service make their assessments, in large part, by examining four basic analytical areas: economy, financial performance, debt burden, and administration. Growth and increasing diversity in demographics and tax base are indicators of future growth prospects and debt repayment capabilities. Because a strong economy does not always ensure the Town's ability to meet debt payments, the Town's financial management and performance are also key factors. The Town currently has a rating of AA+ from Standard & Poor's, and an AA3 rating from Moody's on its general obligation bond issues. Both of these ratings were reviewed for this year's debt issuance. FY2018 is expected to be the last year in which a transfer is made to the Debt Service Reserve fund, which was established a few years ago to minimize the effect on the tax rate of fluctuations in future debt service requirements. After FY2018, we expect to begin taking funds back out of the reserve fund to assist with budgeting debt expenditures in the General Fund.

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

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

The audit was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. As required by these standards, an understanding of the relevant policies and procedures is needed in order to assess whether the policies and procedures had been placed in operation, and also to determine the level of control risk. As a result of the level of control risk, tests of controls are performed to determine adequacy of the internal control structure. Additionally, tests are performed to determine the Town's compliance with certain laws, regulations, contracts, and grants.

The results of these tests indicated the Town had no instances of material weaknesses in internal control structure and no violations of applicable laws and regulations tested. The report on compliance and on internal control over financial reporting has been issued under separate cover entitled "Reports Required by *Government Auditing Standards*" dated December 12, 2017 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 the Uniform Guidance as the Town expended less than \$750,000 in federal funds.

*Awards:* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financing Reporting to the Town of Cumberland, Maine for its prior fiscal year ended June 30, 2016. The Town of Cumberland has received Certificates of Achievement for all full fiscal years from 1993 through 2016. 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**

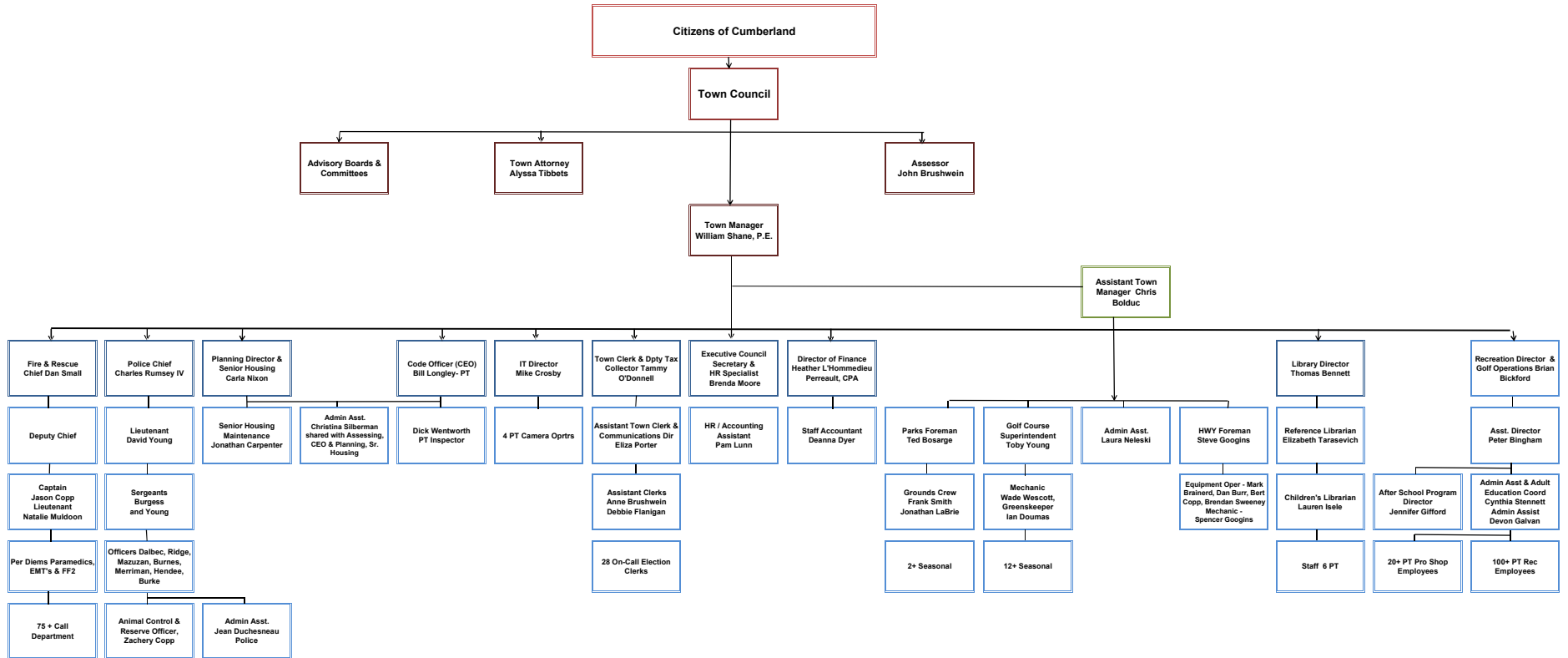
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO







**TOWN OF CUMBERLAND, MAINE**  
**List of Principal Officials**  
**June 30, 2017**

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**Elected:**

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

**Appointed:**

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

## ***FINANCIAL SECTION***



## 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, 2017, and the related notes to the financial statements, which collectively comprise the Town of Cumberland, Maine's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cumberland, Maine as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

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

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

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

Town Council  
Town of Cumberland, Maine

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017, 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 12, 2017  
South Portland, Maine

**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2017**

---

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, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal on page 1, and the basic financial statements, which begin on page 35.

**FINANCIAL HIGHLIGHTS**

- Total net position of the Town of Cumberland (assets plus deferred outflows minus liabilities and deferred inflows) at June 30, 2017 was \$31,178,279. This includes net position for governmental activities of \$28,112,681; business-type activities net position was \$3,065,598. Net position increased for both governmental and business-type activities in FY2017, with a combined increase of \$1,613,480, or 5.5%.
- The ending fund balance for the General Fund was \$2,436,028, a slight decrease from the prior year by \$75,080. Strong revenues in the General Fund, which exceeded budget by \$1,018,565, were able to offset expenditures that exceeded budgeted amounts by \$459,903.
- The ending fund balance for the General Fund of \$2,436,028 was 8.7% of General Fund revenues, compared to 9.2% in FY2016 and 8.2% in FY2015. This year's slight decrease is a result of the larger than usual budget overage for General Fund expenditures, combined with significant transfers to reserve funds to fund much needed capital projects.
- Business-type Activities ending balance in unrestricted net position has again improved, ending FY2017 at \$1,313,059, an increase of \$214,166. The majority of the increase was in the Sewer Fund, where rate increases over the past few years have been required in anticipation of significant capital investment requirements in the future.

**USING THIS ANNUAL REPORT**

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

**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
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**THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES**

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

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

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

In the *Statement of Net Position* and the *Statement of Activities*, we separate two kinds of activities:

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

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

**Fund Financial Statements**

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

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



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

**THE TOWN AS A WHOLE**

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

	Governmental Activities		Business-Type Activities		Total	
	2016		2016		2016	
	2017	restated	2017	restated	2017	restated
Current & other assets	\$ 11,291,605	4,767,147	1,355,595	1,134,984	12,647,200	5,902,131
Capital assets	41,747,501	39,274,893	2,857,948	3,006,537	44,605,449	42,281,430
Total assets	53,039,106	44,042,040	4,213,543	4,141,521	57,252,649	48,183,561
Deferred outflows	859,552	629,334	-	-	859,552	629,334
Long-term liabilities	23,791,356	16,449,038	1,108,511	1,226,690	24,899,867	17,675,728
Other liabilities	1,896,026	1,398,479	39,434	34,598	1,935,460	1,433,077
Total liabilities	25,687,382	17,847,517	1,147,945	1,261,288	26,835,327	19,108,805
Deferred inflows	98,595	139,291	-	-	98,595	139,291
Net position:						
Net investment in capital assets	26,426,553	24,607,681	1,752,539	1,781,340	28,179,092	26,389,021
Restricted - TIF districts	-	420,343	-	-	-	420,343
Restricted - other	325,714	310,264	-	-	325,714	310,264
Unrestricted	1,360,414	1,346,278	1,313,059	1,098,893	2,673,473	2,445,171
Total net position	\$ 28,112,681	26,684,566	3,065,598	2,880,233	31,178,279	29,564,799

Overall, net position for Governmental Activities increased by approximately 5.4%; Business-type Activities increased by 6.4%. Combined net position for Governmental and Business-type Activities increased 5.5%.

Total net position for the Town's Governmental Activities increased \$1,428,115 to \$28,112,681, an increase of 5.4%. This increase is primarily a result of capital asset additions (net of debt) of \$2,116,354. A significant increase in cash was offset by a corresponding increase in long term liabilities, both due to the issuance of new bonded indebtedness during the year. Also affecting the change in net position was a significant increase in outstanding accounts payable at year end, associated with ongoing capital projects. Please see further discussion below.

Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Unrestricted net position of Governmental Activities increased slightly in FY2017 to \$1,360,414 compared to \$1,346,278 on June 30, 2016.

**TOWN OF CUMBERLAND, MAINE**  
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Unrestricted net position of Business-type Activities increased to \$1,313,059 at June 30, 2017, an increase of \$214,166 from the prior year. The majority of the increase was in the Sewer Fund, where rate increases over the past few years have been required in anticipation of significant capital investment requirements in the future. The Senior Housing Fund experienced a modest increase in unrestricted net position.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016 restated	2017	2016 restated	2017	2016 restated
Program revenues:						
Charges for services	\$ 3,110,423	2,842,968	1,372,681	1,271,427	4,483,104	4,114,395
Operating grants & contributions	143,168	125,782	-	-	143,168	125,782
Capital grants & contributions	841,007	3,205,460	-	-	841,007	3,205,460
General revenues:						
Property taxes	23,836,356	23,329,838	-	-	23,836,356	23,329,838
Motor vehicle excise tax	1,959,451	1,856,148	-	-	1,959,451	1,856,148
Interest and penalties	31,386	39,165	-	-	31,386	39,165
Homestead and BETE	279,128	191,612	-	-	279,128	191,612
State revenue sharing	415,633	428,938	-	-	415,633	428,938
Investment earnings (loss)	17,122	6,456	(27)	77	17,095	6,533
Miscellaneous revenues	223,178	470,847	-	-	223,178	470,847
Total revenues	<u>30,856,852</u>	<u>32,497,214</u>	<u>1,372,654</u>	<u>1,271,504</u>	<u>32,229,506</u>	<u>33,768,718</u>
Program expenses:						
General government	3,791,286	2,947,324	-	-	3,791,286	2,947,324
Public safety	2,742,321	2,636,327	-	-	2,742,321	2,636,327
Public services	3,687,941	4,605,252	-	-	3,687,941	4,605,252
Recreation	1,905,086	1,855,156	-	-	1,905,086	1,855,156
Education	16,060,474	15,557,051	-	-	16,060,474	15,557,051
Library	518,682	518,874	-	-	518,682	518,874
Health & public assistance	236,687	83,022	-	-	236,687	83,022
Interest on debt	486,260	486,383	-	-	486,260	486,383
Senior Housing	-	-	296,036	305,163	296,036	305,163
Sewer system	-	-	891,253	838,334	891,253	838,334
Total expenses	<u>29,428,737</u>	<u>28,689,389</u>	<u>1,187,289</u>	<u>1,143,497</u>	<u>30,616,026</u>	<u>29,832,886</u>
Excess (deficiency) of revenues over (under) expenses	1,428,115	3,807,825	185,365	128,007	1,613,480	3,935,832
Transfers	-	1,721,844	-	(1,721,844)	-	-
Change in net position	1,428,115	5,529,669	185,365	(1,593,837)	1,613,480	3,935,832
Net position - July 1, restated	<u>26,684,566</u>	<u>21,154,897</u>	<u>2,880,233</u>	<u>4,474,070</u>	<u>29,564,799</u>	<u>25,628,967</u>
Net position - June 30	<u>\$ 28,112,681</u>	<u>26,684,566</u>	<u>3,065,598</u>	<u>2,880,233</u>	<u>31,178,279</u>	<u>29,564,799</u>

**TOWN OF CUMBERLAND, MAINE**  
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Items of note for Governmental Activities:

1. Total Governmental Activities revenues decreased \$1,640,362 from FY2016 to FY2017. The biggest change was the decrease in Capital grants & contributions by almost \$2.4 million. This decrease was a result of the Town accepting no private roads in FY2017, compared to FY2016, when \$2.7 million were accepted. Offsetting this were increases in Property taxes of about \$500,000; a little over \$100,000 in Motor vehicle excise taxes; and \$267,000 in charges for services (primarily in Recreation).
2. Governmental Activities spending is approximately \$739,000 higher in FY2017 than the previous year. Spending in Public services decreased \$917,000 from FY16 to FY17, due to lower capital outlay expenditures; other significant changes included increased spending in Education of \$503,000; and increased general government spending of \$844,000 as a result of an increase in the net pension liability and related deferred inflows, net of the change in deferred outflows. See below for further discussion.

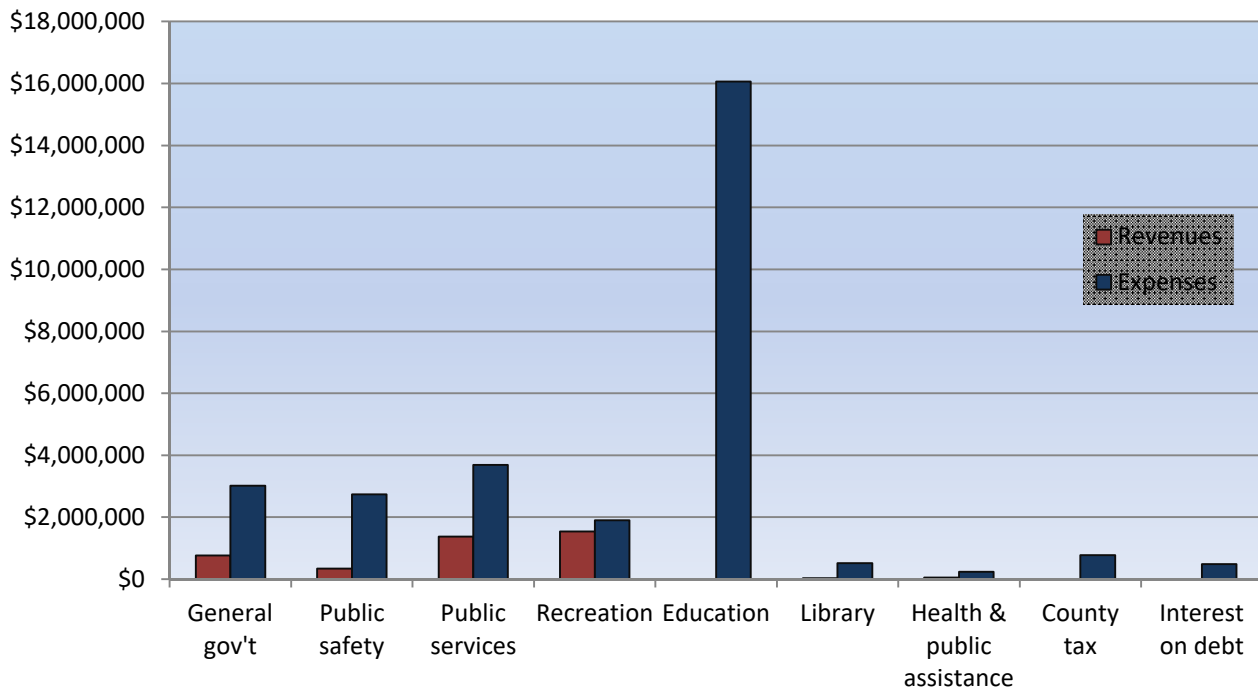
For Business-type activities:

1. Total net position in Business-type Activities increased \$185,365 in FY2017.
2. Operating revenues in the Sewer System Fund increased \$88,000 over FY2016, and expenses increased \$53,000; overall change in net position was an increase of \$152,489.
3. In the Senior Housing Fund, revenues were up slightly from the prior year, and expenses were down slightly; this resulted in a modest increase in net position \$32,876.

**GOVERNMENTAL ACTIVITIES**

The total cost of governmental activities this year was \$29,428,737. After taking into consideration program revenues, the ultimate cost to the taxpayer was \$25,334,139 (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, 2017**



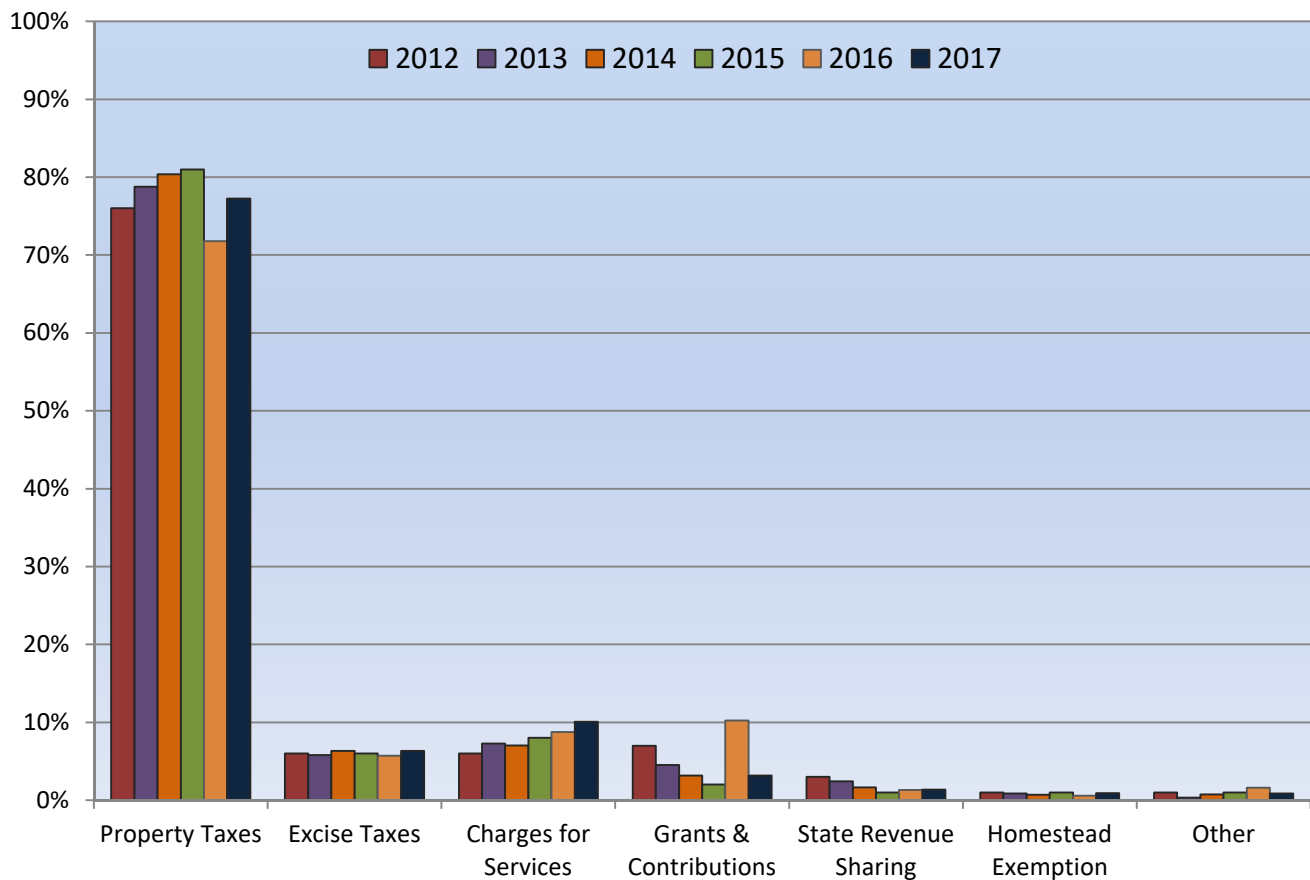
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As can be seen in the chart below, by far, the most significant revenue source for governmental activities has been property taxes on real estate and business equipment. From FY2012 to FY2015, property taxes as a proportion of governmental revenues increased from 76% to 81%. In FY2016, this trend was interrupted, due to two factors: the significant value of capital contributions from the acceptance of private roads by the Town, and increased charges for services resulting from the transfer of Val Halla Golf Center to the General Fund. In FY2017, grants & contributions decreased to a more typical level, with a corresponding increase in the proportion of property taxes; however, property taxes remain below the high in FY2015 due to the continued increase in charges for services from Recreation and Val Halla.

Excise taxes on motor vehicles have remained consistent for several years at 6% of revenues from governmental activities. State Revenue Sharing, Homestead Exemption reimbursements, and Grants & Contributions (except in FY2016) have decreased substantially as a percentage of overall revenues. The largest portion of Charges for Services consists of fees for activities through the Recreation Department and Val Halla Golf Center.

**Governmental Activities - % of Revenues by Source**  
**for the Fiscal Years 2012 to 2017**



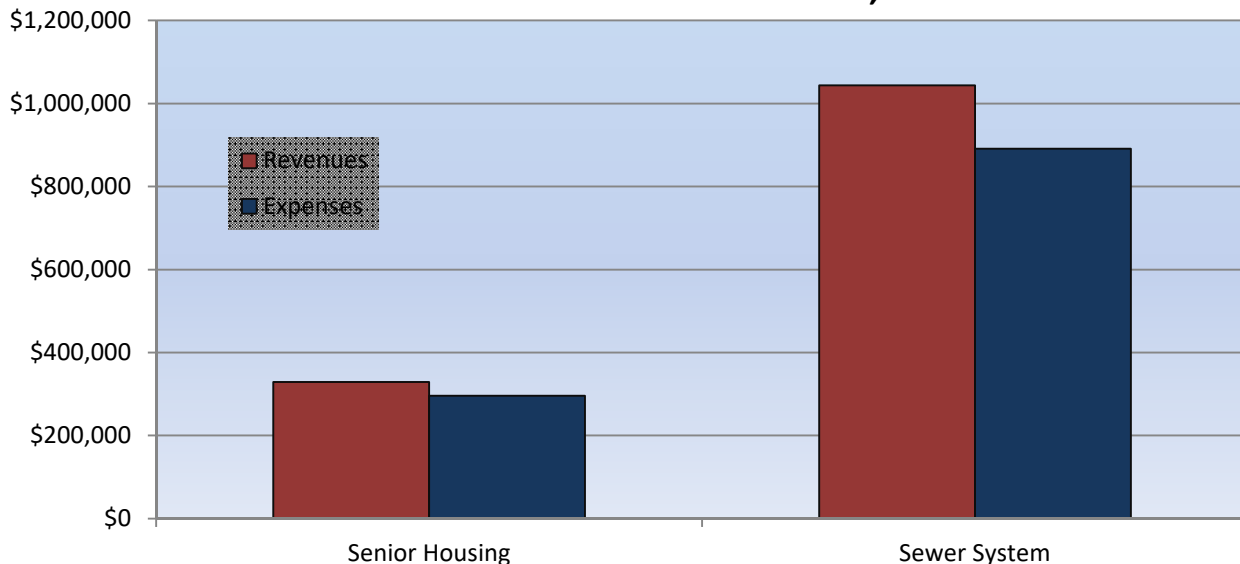
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**BUSINESS-TYPE ACTIVITIES**

Combined expenses for business-type activities this year were \$1,187,316; however, after considering the total amounts paid by users, Business-type Activities generated net revenues of \$185,365. Costs associated with Business-type Activities are usually absorbed by the individual funds and the costs are not passed on to the taxpayer.

**Business Type Activities - Program Revenues and Expenses**  
**For the Fiscal Year ended June 30, 2017**



**THE TOWN'S FUNDS**

For FY2017, expenditures in governmental funds exceeded revenues by \$1,598,503. The General Fund experienced an excess of revenues over expenditures of almost \$1.8 million, which was offset primarily by capital expenditures in the TIF Fund, Bond Fund, and other governmental funds. As of June 30, 2017, the Town's governmental funds reported a combined fund balance of \$9,410,185, an increase of \$6,125,976 over FY2016. The majority of this increase was a result of a \$7.3 million bond issuance, most of the proceeds of which were unexpended at the end of the fiscal year.

Overall, governmental funds expenditures increased \$605,501 when compared to the prior year. General Fund expenditures increased \$1.1 million, but were offset by decreased expenditures in other governmental funds. Significant expenditures (excluding the General Fund, which is discussed below) included \$1.6 million on bond funded projects for improvements to Middle Road and major renovations to the central fire station; \$2.0 million for TIF funded road maintenance and construction projects; and capital outlay of \$995,000 that was primarily for equipment, road maintenance and town building improvements.

Cash balances in the governmental funds increased from \$4.6 million at the end of FY2016, to almost \$11.0 million at the end of FY2017. This increase of \$6.4 million is due almost entirely to the unexpended bond proceeds mentioned above. In addition, the Town continues to see improved collection rates for property taxes, as well as benefiting from revenues exceeding budgeted amounts in the General Fund (see discussion below). As a result of this increased cash balance, the Town was able to continue to avoid using any form of short term borrowing to cover current expenditures during this fiscal year. Short-term borrowing, when needed, is usually in the form of Tax Anticipation Notes.

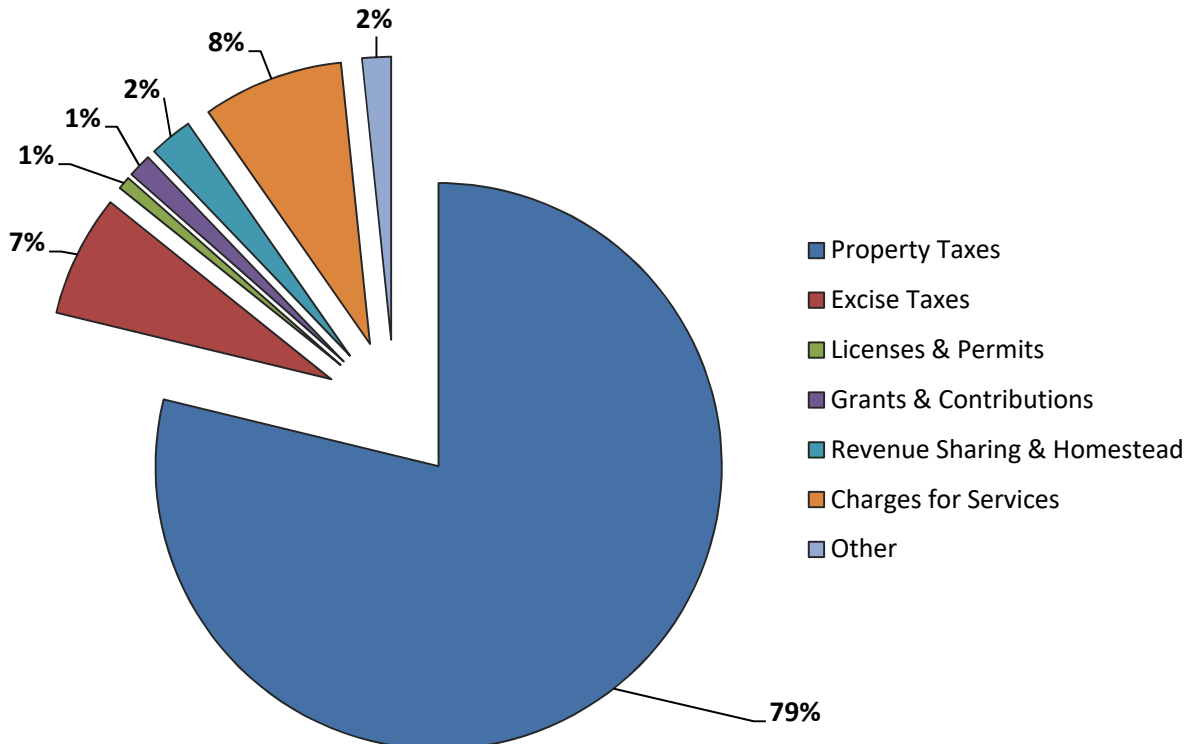
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**GENERAL MAJOR GOVERNMENTAL FUNCTIONS**

The information below summarizes revenues of the General Fund for fiscal years 2012 through 2017. Information is extracted from Statement 4 of multiple audit years. The pie chart shows the percentage contribution of the different types of revenues, by function, for FY2017.

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

**General Fund - % of Revenues by Function  
for the Fiscal Year Ended June 30, 2017**

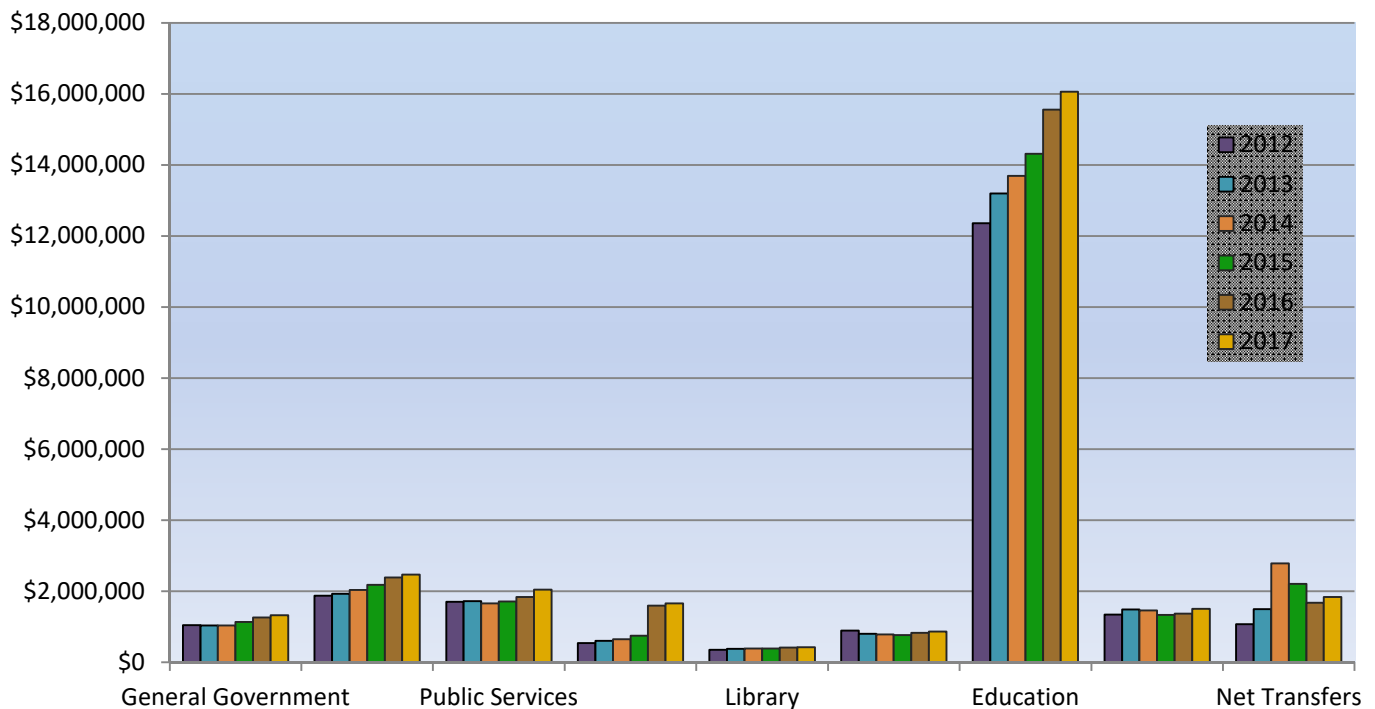


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The table below summarizes expenditures of the General Fund for 2012 through 2017. Information is extracted from Statement 4 of multiple audit years.

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

**General Fund - Total Expenditures by Function**  
**Fiscal Years 2012 to 2017**



As noted above, General Fund expenditures increased \$1.1 million from FY2016 to FY2017. When net transfers out are included, the increase was \$1,263,449. The largest increase was for the assessment from MSAD #51, of \$503,423; other increases included \$208,000 for Public Services due to the severe winter, and an increase of \$164,000 in transfers to capital project funds. Education continues to be the fastest growing expenditure.

**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
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**PROPRIETARY FUNDS**

The Town of Cumberland has two (2) enterprise funds, Senior Housing and the Sewer System. Previously, the Val Halla Golf Center (VHGC) was included as an enterprise fund, but in FY2016 it was transferred to the General Fund. Total assets for the Senior Housing and Sewer had a nominal increase of \$72,000 from FY2016 to FY2017. The combined net position (assets less liabilities) increased by \$185,365 to \$3,065,598. These increases were due primarily to results of operations in these two funds in FY2017. This information is extracted from Statement 7.

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

The Senior Housing Fund also provided a modest increase to net position, of \$32,876. Heating expense is decreasing, as a result of more efficient natural gas boilers, and a gradual transfer of this expense to the residents of the apartments. Revenues in this fund continue to be strong, due to a long waiting list for occupancy.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Net revenues less expenditures and budgeted transfers in the General Fund came in \$558,662 over budget which, when combined with an overlay for FY2017 of \$284,098, resulted in total General Fund revenues exceeding expenditures and budgeted transfers by \$842,760. Actual revenues in the General Fund exceeded budget by \$1,018,565, while expenditures and budgeted transfers were over budgeted amounts by \$459,903, or 1.7%.

**General Fund Revenues**

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

- Excise taxes continue to perform strongly, coming in \$469,000 above budget.
- As a result of rapid development, especially along Route 1, revenue from permits exceeded budget by \$210,000. This includes Building, Electrical, Plumbing, and Growth permits and fees.
- Recreation continues to experience significant growth in its programs, bringing in \$159,000 more than budget, primarily from the After School Program.
- Ambulance and medical services revenues were \$27,000 over budget, in part due to non-emergency transport billing that had not been budgeted.
- Sales of pay-as-you-throw trash bags were higher than expected, resulting in Waste Disposal revenues being over budget by \$32,000.

Property taxes receivable that are not collected within 60 days of fiscal year end are considered unavailable revenues. At the end of each fiscal year, the unavailable balance is calculated, and an adjustment is made to tax revenues. Due to an increasing collections rate for property taxes, the amount of unavailable taxes at the end of FY2017 was lower than in previous years, resulting in an adjustment to increase revenue by \$14,060.



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**General Fund Expenditures**

The General Government area, which includes departments for Administration, Town Clerk, Technology, Planning, Assessing, Town Council, Elections, and Legal expenditures, came in \$132,402 over budget, or 11.8%. Administration and Council expenditures exceeded budget by \$64,000 much of which was in salaries and benefits, from continuing costs associated with staff turnover. Legal expenditures were \$26,614 over budget, due to legal challenges in Code Enforcement, Planning, and Human Resources.

Public Safety was over budget by \$167,221 or 7.4% of the combined budgets for Police, Fire, Code Enforcement, and Animal Control. The Police Department was over budget \$76,000, due to staff retirement and turnover costs; the Fire Department was over budget \$62,000 as a result of significant equipment failures that required expensive repairs, as well as wages for non-emergency transports which were offset by revenue, as noted above. Code Enforcement was over budget \$29,000 due to the increased development activity, the cost of which was offset by overages in permit revenues.

Public Services includes the departments of Public Works, Waste Disposal, Parks, and maintenance for the West Cumberland Recreation Hall and the Historical Society buildings. Overall, this area was over budget by \$48,886. A more severe winter resulted in cost overages in overtime, road salt, and equipment maintenance.

The Recreation Department overspent its budget by \$95,308, all of which was offset by increased revenues. Expenditures for After School Programs (ASP) exceeded their budgets by over \$21,000 in wages and program costs, which are directly associated with increased enrollment and revenues. Continued expansion of credit card use resulted in this cost exceeding budget by approximately \$10,000. The other area that was significantly over budget in Recreation was part time wages, due to the State of Maine increase to minimum wages, which was not in effect when the FY2017 budget was prepared. Wages at Val Halla Golf Center were also affected by this; Val Halla exceeded budgeted expenditures by \$26,000 overall this year.

The cost of property tax abatements decreased 47% from FY2016 to FY2017; however, it still exceeded budget by \$23,000.

The excess of revenues over expenditures and budgeted transfers of \$842,760 was used to help fund the following transfers:

- \$181,000 to increase funds in the debt service reserve fund
- \$575,000 to provide funds for various capital projects and equipment purchases
- \$150,000 to fund programs for senior citizens in the Town, including the Aging in Place program and a property tax relief program

When all transfers are subtracted, the fund balance in the General Fund decreased \$63,078, resulting in an ending fund balance (including reserves) of \$2,436,028. Of this balance, \$42,000 consists of prepaid expenses and fuel inventory that will immediately benefit FY2018; and \$365,000 that has been assigned to General Fund Reserve funds, available for spending in FY2018 as approved by the Council. The fund balance policy of the Town requires the General Fund to move toward having an available fund balance that is 16.67% of revenues. At the end of FY2012, available fund balance was 3% of revenues; at the end of FY2017, available fund balance was 8.7% of revenues. Although this is slightly lower than the prior year which was 9.2% of revenues, Town management and the Town Council agreed that it was imperative to fund certain equipment and infrastructure projects.

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**JUNE 30, 2017**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016 restated	2017	2016 restated	2017	2016 restated
Land	\$ 6,888,572	6,697,772	-	-	6,888,572	6,697,772
Construction in progress	3,033,740	292,870	-	-	3,033,740	292,870
Land improvements	4,022,618	3,944,505	63,170	63,170	4,085,788	4,007,675
Buildings & building improvements	8,917,288	9,047,744	2,104,406	2,104,406	11,021,694	11,152,150
Machinery & equipment	2,516,380	2,340,292	3,006	3,006	2,519,386	2,343,298
Furniture & office equipment	75,885	70,290	-	-	75,885	70,290
Books & collections	990,116	990,116	-	-	990,116	990,116
Computer equipment	162,184	127,528	-	-	162,184	127,528
Vehicles	4,080,007	4,040,339	-	-	4,080,007	4,040,339
Infrastructure	<u>28,760,627</u>	<u>28,301,937</u>	<u>3,937,449</u>	<u>3,937,449</u>	<u>32,698,076</u>	<u>32,239,386</u>
Total capital assets	\$ 59,447,417	55,853,393	6,108,031	6,108,031	65,555,448	61,961,424
Accumulated depreciation	<u>(17,699,916)</u>	<u>(16,578,500)</u>	<u>(3,250,083)</u>	<u>(3,101,494)</u>	<u>(20,949,999)</u>	<u>(19,679,994)</u>
Capital assets, net of depreciation	41,747,501	39,274,893	2,857,948	3,006,537	44,605,449	42,281,430
Associated bonds and notes payable	<u>15,320,948</u>	<u>14,667,212</u>	<u>1,105,409</u>	<u>1,225,197</u>	<u>16,426,357</u>	<u>15,892,409</u>
Capital assets, net of debt	<u>26,426,553</u>	<u>24,607,681</u>	<u>1,752,539</u>	<u>1,781,340</u>	<u>28,179,092</u>	<u>26,389,021</u>

**Capital Assets – Governmental Activities**

During fiscal year 2017, the Town of Cumberland added capital assets to Governmental Activities of \$1,157,283 (excluding Construction in Progress), and disposed of \$304,129. Depreciation expense for the year was \$1,390,144. The overall value of Governmental Activities' capital assets increased (net of disposals) by \$3,594,024.

Construction in progress at the end of FY2017 included \$1.171 million to create a center turning lane on Route 1, between Tuttle Road and the Yarmouth town line. Rapid development through this area has significantly increased traffic on this higher speed section of road, and this project was a critical improvement required to increase safety. Also in construction in progress are two bond funded projects: the central fire station renovation/expansion at \$761,000; and Middle Road improvements at \$936,000.

Additions to infrastructure assets included almost \$400,000 in improvements to Cross Road, as well as installation of a new box culvert along one of the major trails at Twin Brooks, at a cost of \$63,000. A 4 acre parcel of land with a value of \$158,000 was donated to the Town, and provides an important connector for trails between Blanchard Road and Rines Forest. Gravel parking areas were completed for Knight's Pond and Broad Cove Reserve, with a combined cost of \$78,000.

The largest equipment purchase during the year was replacement of a sidewalk plow for \$112,000. A variety of mowers, rollers, sprayers, and trailers were purchased to replace aging equipment used to maintain various parks, Twin Brooks sports fields and Val Halla golf greens, totaling \$189,000. A new Ford Explorer cruiser was purchased for the Police Department, and a pick-up truck for Parks and Val Halla groundskeepers; combined costs were \$63,000. A new \$35,000 computer server was installed at Town Hall to improve network performance and security.

**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2017**

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Disposals included about \$175,000 of safety equipment for the Fire and Police Departments, as well as almost \$80,000 of building and improvements associated with the Whitman house, which had to be removed to make space for the renovation and additions to the central fire station.

**Capital Assets – Business-type Activities**

There were no additions or dispositions of capital assets for Senior Housing or Sewer Funds during this fiscal year. Depreciation expense for these business type activities was \$148,589.

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

**Long-term Debt**

At year end, the Town had \$21,408,562 in bonds and notes payable, versus \$15,229,348 last year. The Town issued new debt of \$7.3 million to fund substantial Middle Road improvements, as well as the renovation and expansion of the central fire station. This building has not been improved since it was originally constructed in 1969. After taking into consideration principal payments and amortization of bond premiums, the net increase in bonds and notes payable was \$6,179,214.

The Town's credit ratings are: Standard & Poor's AA+; Moody's AA3. This is the 2nd highest rating given by Standard & Poor's and the 4<sup>th</sup> highest rating for Moody's. Additional information on the Town of Cumberland's long-term debt can be found in the *Notes to the Basic Financial Statements* on pages 59-60 of this report.

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

The Town of Cumberland's FY2018 municipal expenditures budget, which excludes MSAD 51 appropriations, increased from \$10,511,164 to \$10,690,575, an increase of \$179,411, equivalent to 1.7%. The Code Enforcement budget increased \$60,000 as a result of changing from a part time to a full time Code Enforcement Officer, a decision that was driven by the rapid development that has been occurring throughout the Town. The Police Department budget increased \$107,000, although \$48,000 of this was a reclassification from contra-expense to revenue of MSAD #51 contributions towards the School Resource Officer. Parks, Recreation, and Val Halla budgets, combined, increased \$157,000. Across these departments, increases to part time wages categories make up, collectively, \$115,000; these had to be adjusted for 2017 and 2018 increases to the minimum wage (the FY2017 budget was finalized prior to the minimum wage law change). In order to minimize the effect on the tax rate, budgeted transfers to reserve funds were reduced by \$259,000. Where possible, planned projects were re-allocated to be paid from TIF funds, to avoid increasing deferred maintenance costs.

Anticipated capital spending in FY2018 includes completion of drainage improvements to Cross Road; moving forward with the delayed improvements to Tuttle Road, which requires extensive regrading to eliminate areas that flood on a regular basis (to be partially funded by the Maine Department of Transportation); as well as significant progress on the bond funded projects for Middle Road and the expansion of the central fire station. Equipment purchases in the new year will include a new ambulance. Portions of the FY2018 budgeted transfers to capital funds are being reserved for funding in future years of a replacement plow truck and loader for Public Works.

Total assessed value of real estate and business' personal property (machinery and equipment) increased \$23 million for the FY2018 tax year, based on assessed values as of April 1, 2014. This increase has been driven by residential and multi-unit development during FY2017, including several higher valued real estate 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.

**TOWN OF CUMBERLAND, MAINE**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2017**

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In FY2017, the total combined tax rate was \$18.25, of which \$12.34 was allocated to the MSAD #51 assessment, \$0.60 to pay County taxes, and \$5.31 was allocated to Town expenses. The tax rate for FY2018 was increased to \$18.80, a 3% increase in the rate. For FY2018, the allocation is \$12.93 to MSAD #51, \$0.61 to the County, and \$5.26 to the Town.

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

**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**



**TOWN OF CUMBERLAND, MAINE**  
**Statement of Net Position**  
**June 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,970,752	-	10,970,752
Investments	223,366	8,060	231,426
Receivables:			
Accounts	282,983	195,468	478,451
Intergovernmental	656,643	-	656,643
Taxes - current year	141,179	-	141,179
Taxes - prior years	123,277	-	123,277
Prepaid expenses	34,007	1,278	35,285
Inventory	10,187	-	10,187
Internal balances	(1,150,789)	1,150,789	-
Capital assets not being depreciated	10,912,428	-	10,912,428
Capital assets being depreciated, net	30,835,073	2,857,948	33,693,021
Total assets	53,039,106	4,213,543	57,252,649
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	859,552	-	859,552
Total deferred outflows of resources	859,552	-	859,552
<b>LIABILITIES</b>			
Accounts payable	1,464,463	3,151	1,467,614
Accrued payroll	144,442	2,147	146,589
Other liabilities	96,614	26,078	122,692
Accrued interest payable	190,507	8,058	198,565
Noncurrent liabilities:			
Due within one year	1,056,472	130,822	1,187,294
Due in more than one year	22,734,884	977,689	23,712,573
Total liabilities	25,687,382	1,147,945	26,835,327
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	98,595	-	98,595
Total deferred inflows of resources	98,595	-	98,595
<b>NET POSITION</b>			
Net investment in capital assets	26,426,553	1,752,539	28,179,092
Restricted for:			
Restricted grants and donations	52,112	-	52,112
Expendable permanent funds	174,361	-	174,361
Nonexpendable permanent funds	99,241	-	99,241
Unrestricted	1,360,414	1,313,059	2,673,473
Total net position	\$ 28,112,681	3,065,598	31,178,279

*See accompanying notes to basic financial statements.*



**TOWN OF CUMBERLAND, MAINE**  
**Statement of Activities**  
**For the year ended June 30, 2017**

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 3,791,286	761,633	-	-	(3,029,653)	-	(3,029,653)
Public safety	2,742,321	334,833	11,303	-	(2,396,185)	-	(2,396,185)
Public services	3,687,941	453,460	78,637	841,007	(2,314,837)	-	(2,314,837)
Recreation	1,905,086	1,531,982	4,024	-	(369,080)	-	(369,080)
Education and libraries	16,579,156	28,515	500	-	(16,550,141)	-	(16,550,141)
Health and public assistance	236,687	-	48,704	-	(187,983)	-	(187,983)
Interest on debt	486,260	-	-	-	(486,260)	-	(486,260)
Total governmental activities	29,428,737	3,110,423	143,168	841,007	(25,334,139)	-	(25,334,139)
Business-type activities:							
Senior Housing	296,036	328,939	-	-	-	32,903	32,903
Sewer System	891,253	1,043,742	-	-	-	152,489	152,489
Total business-type activities	1,187,289	1,372,681	-	-	-	185,392	185,392
Total primary government	\$ 30,616,026	4,483,104	143,168	841,007	(25,334,139)	185,392	(25,148,747)
General revenues:							
Property taxes, levied for general purposes					\$ 22,072,827	-	22,072,827
TIF district taxes					1,690,373	-	1,690,373
Outer island property taxes					43,352	-	43,352
Payments in lieu of taxes					29,804	-	29,804
Motor vehicle excise taxes					1,959,451	-	1,959,451
Interest and penalties					31,386	-	31,386
Grants and contributions not restricted to specific programs:							
Homestead and BETE exemptions					279,128	-	279,128
State Revenue Sharing					415,633	-	415,633
Unrestricted investment earnings (loss)					17,122	(27)	17,095
Miscellaneous revenues					223,178	-	223,178
Total general revenues					26,762,254	(27)	26,762,227
Change in net position					1,428,115	185,365	1,613,480
Net position - beginning, restated					26,684,566	2,880,233	29,564,799
Net position - ending	\$				28,112,681	3,065,598	31,178,279

*See accompanying notes to basic financial statements.*

**TOWN OF CUMBERLAND, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	General	Bond Fund	TIF Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,920,516	-	-	50,236	10,970,752
Investments	-	-	-	223,366	223,366
Receivables:					
Accounts	157,427	-	7,293	118,263	282,983
Intergovernmental	156,643	-	500,000	-	656,643
Taxes - prior years	123,277	-	-	-	123,277
Taxes - current year	141,179	-	-	-	141,179
Prepaid items	31,852	-	2,155	-	34,007
Inventory	10,187	-	-	-	10,187
Interfund loans receivable	-	6,457,999	-	1,975,270	8,433,269
<b>Total assets</b>	<b>\$ 11,541,081</b>	<b>6,457,999</b>	<b>509,448</b>	<b>2,367,135</b>	<b>20,875,663</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	276,545	577,682	550,834	40,052	1,445,113
Accrued payroll	134,653	-	9,306	483	144,442
Escrow liabilities	36,214	-	-	-	36,214
Taxes paid in advance	60,400	-	-	-	60,400
Interfund loans payable	8,421,340	-	633,869	548,199	9,603,408
Total liabilities	8,929,152	577,682	1,194,009	588,734	11,289,577
Deferred inflows of resources:					
Unavailable revenue - property taxes	175,901	-	-	-	175,901
Total deferred inflows of resources	175,901	-	-	-	175,901
Fund balances (deficits):					
Nonspendable	42,039	-	-	99,241	141,280
Restricted	-	-	-	226,473	226,473
Committed	-	5,880,317	-	1,245,790	7,126,107
Assigned	365,419	-	-	655,469	1,020,888
Unassigned	2,028,570	-	(684,561)	(448,572)	895,437
Total fund balances (deficits)	2,436,028	5,880,317	(684,561)	1,778,401	9,410,185
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 11,541,081</b>	<b>6,457,999</b>	<b>509,448</b>	<b>2,367,135</b>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	41,747,501
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenues in the funds.	175,901
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	(20,383,561)
Unamortized premiums on bonds	(813,808)
Capital leases	(3,896)
Accrued interest	(190,507)
Accrued compensated absences	(199,163)
Net pension liability, including related deferred inflows/outflows	(1,127,971)
Landfill post closure care costs	(502,000)
	(23,220,906)

**Net position of governmental activities** **\$ 28,112,681**

*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, 2017**

	General	Bond Fund	TIF Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 24,119,494	-	1,690,373	-	25,809,867
Licenses and permits	207,889	-	-	-	207,889
Intergovernmental	1,073,020	-	500,000	56,276	1,629,296
Charges for services	2,262,129	-	-	35,130	2,297,259
Other	464,723	-	-	187,861	652,584
Total revenues	28,127,255	-	2,190,373	279,267	30,596,895
Expenditures:					
Current:					
General government	1,329,839	-	528,367	35,748	1,893,954
Public safety	2,468,837	-	-	17,299	2,486,136
Public services	2,047,046	-	-	34,131	2,081,177
Recreation	1,655,983	-	-	4,119	1,660,102
Library	426,212	-	-	14,959	441,171
Health and public assistance	221,957	-	-	13,282	235,239
Unclassified	287,078	-	-	-	287,078
Insurance	222,341	-	-	-	222,341
Education	16,060,474	-	-	-	16,060,474
County tax	775,374	-	-	-	775,374
Capital outlay	-	1,616,353	1,969,990	995,097	4,581,440
Debt service:					
Principal	598,756	-	435,940	-	1,034,696
Interest	268,470	-	167,746	-	436,216
Total expenditures	26,362,367	1,616,353	3,102,043	1,114,635	32,195,398
Excess (deficiency) of revenues over (under) expenditures	1,764,888	(1,616,353)	(911,670)	(835,368)	(1,598,503)
Other financing sources (uses):					
Proceeds from bond issuance	-	7,300,000	-	-	7,300,000
Premium on bond issuance	-	308,762	-	-	308,762
Sale of assets	-	-	-	115,717	115,717
Transfers in	-	-	-	2,228,086	2,228,086
Transfers out	(1,839,968)	(58,762)	(193,234)	(136,122)	(2,228,086)
Total other financing sources (uses)	(1,839,968)	7,550,000	(193,234)	2,207,681	7,724,479
Net change in fund balances	(75,080)	5,933,647	(1,104,904)	1,372,313	6,125,976
Fund balances (deficits), beginning of year	2,511,108	(53,330)	420,343	406,088	3,284,209
<b>Fund balances (deficits), end of year</b>	<b>\$ 2,436,028</b>	<b>5,880,317</b>	<b>(684,561)</b>	<b>1,778,401</b>	<b>9,410,185</b>

*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, 2017**

Net change in fund balances - total governmental funds (from Statement 4)	\$	6,125,976
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. These are the changes related to capital assets:		
Capital outlay	3,739,853	
Capital contributions from donated assets	158,300	
Depreciation expense	(1,390,144)	
Book value of disposed capital assets	(35,401)	2,472,608
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.		
		(14,060)
Expenses in the statement of activities that do not consume current financial resources are not reported as expenditures in the funds: These are the changes related to long-term liabilities:		
Landfill closure costs	6,000	
Accrued interest payable	(85,005)	
Accrued compensated absences	(9,879)	
Net pension liability	(804,386)	
Deferred inflows and outflows related to the net pension liability	270,914	(622,356)
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.		
		27,728
The issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These are the changes in long term debt:		
Proceeds from bond issuance	(7,300,000)	
Premium on bond issuance	(308,762)	
Principal payments	1,010,786	
Amortization of bond premium	36,195	(6,561,781)
<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>1,428,115</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CUMBERLAND, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the year ended June 30, 2017**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes	\$ 23,615,346	23,615,346	24,119,494	504,148
Licenses and permits	146,365	146,365	207,889	61,524
Intergovernmental	943,912	943,912	974,245	30,333
Charges for services	1,897,813	1,897,813	2,107,950	210,137
Other	252,300	252,300	464,723	212,423
Total revenues	26,855,736	26,855,736	27,874,301	1,018,565
Expenditures:				
Current:				
General government	1,125,415	1,125,415	1,257,817	(132,402)
Public safety	2,253,616	2,253,616	2,420,837	(167,221)
Public services	1,839,963	1,839,963	1,888,849	(48,886)
Recreation	1,534,861	1,534,861	1,655,983	(121,122)
Library	417,655	417,655	426,212	(8,557)
Health and public assistance	48,375	48,375	50,220	(1,845)
Unclassified	242,229	242,229	287,078	(44,849)
Insurance	276,607	276,607	222,341	54,266
Education	16,060,474	16,060,474	16,060,474	-
County tax	775,374	775,374	775,374	-
Capital projects (transfers to reserves)	1,119,130	1,119,130	1,119,130	-
Debt service	877,939	877,939	867,226	10,713
Total expenditures	26,571,638	26,571,638	27,031,541	(459,903)
Excess of revenues over expenditures	284,098	284,098	842,760	558,662
Other financing uses:				
Transfers to reserves	-	-	(185,000)	(185,000)
Transfers out	-	-	(720,838)	(720,838)
Total other financing uses	-	-	(905,838)	(905,838)
Net change in fund balance	284,098	284,098	(63,078)	(347,176)
Fund balance, beginning of year - budgetary basis			2,123,500	
<b>Fund balance, end of year - budgetary basis</b>	<b>\$</b>		<b>2,060,422</b>	
Reconciliation to GAAP:				
Change in reserves			(12,002)	
Fund balance, beginning of year - GAAP basis			2,511,108	
<b>Fund balance, end of year - GAAP basis</b>	<b>\$</b>		<b>2,436,028</b>	

**TOWN OF CUMBERLAND, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Senior Housing Fund</b>	<b>Sewer System</b>	<b>Totals</b>
<b>ASSETS</b>			
Current assets:			
Investments	\$ 8,060	-	8,060
Accounts receivable	-	195,468	195,468
Prepaid expenses	1,278	-	1,278
Interfund loans receivable	311,707	839,082	1,150,789
Total current assets	321,045	1,034,550	1,355,595
Noncurrent assets:			
Property, plant, and equipment	2,159,914	3,948,117	6,108,031
Less accumulated depreciation	(1,209,420)	(2,040,663)	(3,250,083)
Total noncurrent assets	950,494	1,907,454	2,857,948
Total assets	1,271,539	2,942,004	4,213,543
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	3,151	-	3,151
Accrued interest payable	8,058	-	8,058
Accrued payroll	1,851	296	2,147
Security deposit	26,078	-	26,078
Accrued compensated absences, current	1,034	-	1,034
Bonds and premiums, current	129,788	-	129,788
Total current liabilities	169,960	296	170,256
Noncurrent liabilities:			
Accrued compensated absences	2,068	-	2,068
Bonds and premiums payable	975,621	-	975,621
Total noncurrent liabilities	977,689	-	977,689
Total liabilities	1,147,649	296	1,147,945
<b>NET POSITION</b>			
Net investment in capital assets	(154,915)	1,907,454	1,752,539
Unrestricted	278,805	1,034,254	1,313,059
Total net position	\$ 123,890	2,941,708	3,065,598

*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, 2017**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Senior Housing Fund</b>	<b>Sewer System</b>	<b>Totals</b>
Operating revenues:			
Rental income	\$ 328,939	-	328,939
Charges for services	-	1,000,589	1,000,589
Sewer connection permits	-	2,450	2,450
Other	-	40,703	40,703
<b>Total operating revenues</b>	<b>328,939</b>	<b>1,043,742</b>	<b>1,372,681</b>
Operating expenses:			
Wages and benefits	87,775	14,363	102,138
Utilities	38,484	-	38,484
Maintenance	12,322	-	12,322
Contracted services	23,501	-	23,501
Tools and equipment	343	-	343
Wastewater assessment	-	797,328	797,328
General costs	12,337	-	12,337
Capital outlay	19,138	-	19,138
Depreciation	69,027	79,562	148,589
<b>Total operating expenses</b>	<b>262,927</b>	<b>891,253</b>	<b>1,154,180</b>
<b>Operating income</b>	<b>66,012</b>	<b>152,489</b>	<b>218,501</b>
Nonoperating expense:			
Investment income (loss)	(27)	-	(27)
Interest expense	(33,109)	-	(33,109)
<b>Total nonoperating expense</b>	<b>(33,136)</b>	<b>-</b>	<b>(33,136)</b>
<b>Change in net position</b>	<b>32,876</b>	<b>152,489</b>	<b>185,365</b>
<b>Total net position, beginning of year</b>	<b>91,014</b>	<b>2,789,219</b>	<b>2,880,233</b>
<b>Total net position, end of year</b>	<b>\$ 123,890</b>	<b>2,941,708</b>	<b>3,065,598</b>

*See accompanying notes to basic financial statements.*

**TOWN OF CUMBERLAND, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2017**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Senior Housing Fund</b>	<b>Sewer System</b>	<b>Totals</b>
Cash flows from operating activities:			
Receipts from customers and users	\$ 332,172	749,158	1,081,330
Payments to suppliers	(93,647)	(734,822)	(828,469)
Payments to employees	(85,628)	(14,336)	(99,964)
Net cash provided by operating activities	152,897	-	152,897
Cash flows from capital and related financing activities:			
Bond principal payments	(110,000)	-	(110,000)
Interest paid	(42,897)	-	(42,897)
Net cash used in capital and related financing activities	(152,897)	-	(152,897)
Change in cash	-	-	-
Cash, beginning of year	-	-	-
<b>Cash, end of year</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 66,012	152,489	218,501
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	69,027	79,562	148,589
(Increase) decrease in accounts receivable	-	(5,162)	(5,162)
(Increase) decrease in due from other funds	123	(289,422)	(289,299)
(Increase) decrease in prepaid expenses	11,317	62,506	73,823
Increase (decrease) in accounts payable	1,161	-	1,161
Increase (decrease) in accrued payroll	538	27	565
Increase (decrease) in accrued compensated absences	1,609	-	1,609
Increase (decrease) in security deposit	3,110	-	3,110
Net cash provided by operating activities	152,897	-	152,897
Non-cash transactions:			
Amortization of bond premium	(9,788)	-	(9,788)

*See accompanying notes to basic financial statements.*



**TOWN OF CUMBERLAND, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

	Private-purpose Trust Fund (Scholarships)	Agency Fund (Food Pantry Component Unit)
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	92,020
Investments	159,834	-
Due from general fund	1,300	18,050
Total assets	161,134	110,070
<b>LIABILITIES</b>		
Accounts payable	-	502
Due to others	6	109,568
Total liabilities	6	110,070
<b>NET POSITION</b>		
Held in trust	\$ <b>161,128</b>	-

*See accompanying notes to basic financial statements.*

**TOWN OF CUMBERLAND, MAINE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2017**

	<b>Private-purpose Trust Fund (Scholarships)</b>
Additions:	
Donations	\$ 800
Investment income (loss)	(410)
Total additions	390
Deductions:	
Scholarships awarded	2,000
Total deductions	2,000
Change in net position	(1,610)
Net position, beginning of year	162,738
<b>Net position, end of year</b>	<b>\$ 161,128</b>

*See accompanying notes to basic financial statements.*

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States of America. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, the Town has reported the following component unit:

**Cumberland Food Pantry** is a component unit of the Town. Although it is legally separate from the Town, the Food Pantry is reported as if it were part of the primary government because Town management makes up the entire Pantry's board. In addition, the Town has the ability to significantly affect the activities and level of services provided by the food pantry. There are no separately issued financial statements for this component unit and it is reported as an agency fund.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

The Town reports the following major proprietary funds:

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

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

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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

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

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

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

**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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Donated capital assets are recorded at an estimated amount that would be paid for a similar asset as of the acquisition date. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

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

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**Long-term Obligations** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

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

**Fund Equity** - Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:

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

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

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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

The Town's net investment in capital assets was calculated as follows at June 30, 2017:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 59,447,417	6,108,031
Accumulated depreciation	(17,699,916)	(3,250,083)
Unamortized premium on bonds	(813,808)	(80,408)
Bonds and notes payable	(20,383,561)	(1,025,001)
Capital leases	(3,896)	-
Unspent bond proceeds	5,880,317	-
<b>Net investment in capital assets</b>	<b>\$ 26,426,553</b>	<b>1,752,539</b>

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**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**A. Budgetary Information**

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



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

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

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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, 2017, the following General Fund expenditures exceeded appropriations in the following departments:

Administration and council	\$ 64,236	Recreation programs	95,308
Assessor	9,807	Prince memorial library	8,557
Town clerk and tax collector	11,524	Health services	500
Technology	13,827	General assistance	1,345
Planning	7,971	Cemetery association	1,225
Legal services	26,614	Street lighting	4,523
Police	75,892	Contingencies	9,217
Fire	62,487	Municipal building	10,620
Code enforcement	29,323	Abatements	22,826
Public works	92,011	Miscellaneous	105
Val Halla golf course	25,814	Lease payments	439

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

**C. Deficit Fund Balances**

At June 30, 2017, the following funds had deficit fund balances:

TIF fund	\$ 684,561
Nonmajor capital project funds:	
Road improvements	448,572

These fund deficits will be covered by future revenue sources.

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**DEPOSITS AND INVESTMENTS**

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**A. Deposits**

*Custodial Credit Risk-Town Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town'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.

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

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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As of June 30, 2017, the Town reported deposits of \$11,062,772 with a bank balance of \$11,284,409. Of the Town's bank balances of \$11,284,409, none was exposed to custodial credit risk as it was covered by the F.D.I.C. or by additional insurance purchased on behalf of the Town by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 10,970,752
Reported in fiduciary funds	92,020
<b>Total deposits</b>	<b>\$ 11,062,772</b>

**B. Investments**

At June 30, 2017, 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	\$ 61,845	-	61,845	-
U. S. Treasury notes	96,393	40,396	55,997	-
Money markets	233,022	-	-	-
<b>Total investments</b>	<b>\$ 391,260</b>	<b>40,396</b>	<b>117,842</b>	<b>-</b>

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

The Town has the following recurring fair value measurements as of June 30, 2017:

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

*Custodial Credit Risk-Town Investments:* For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town's policy is to have its investments covered by F.D.I.C. insurance or by additional insurance purchased on behalf of the Town by the respective financial institution.

Investments have been reported as follows:

Reported in governmental funds	\$ 223,366
Reported in proprietary funds	8,060
Reported in fiduciary funds	159,834
<b>Total investments</b>	<b>\$ 391,260</b>

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

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

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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

The U.S. Government securities include Federal Home Loan Mortgage Corp. (Freddie Mac) bonds with fair values of \$ 61,845 and are rated AA+ by Standard & Poor's.

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**PROPERTY TAX**

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

Property taxes were levied August 4, 2016 on the assessed values of real property as of April 1, 2016. Taxes were due September 15, 2016 and March 15, 2017. This assessed value of \$1,301,244,877 was 100% of the estimated market value and 111% of the 2017 state valuation of \$1,171,250,000. The Town completed a revaluation of all Town properties in 2008.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$295,958 for the year ended June 30, 2017.

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.

The following summarizes the periods ended June 30, 2017 and 2016 levies:

	<u>2017</u>	<u>2016</u>
Valuation:		
Land	\$ 547,393,800	543,077,800
Buildings	729,778,500	716,869,900
Personal property	24,072,577	22,332,600
<b>Total assessed valuation</b>	<b>1,301,244,877</b>	<b>1,282,280,300</b>
Assessed value	1,301,244,877	1,282,280,300
Tax rate (per \$1,000)	18.25	18.10
Commitment	23,747,719	23,209,273
Add: supplemental taxes	14,130	51,067
Less: collections and abatements	23,620,670	23,065,591
<b>Receivable at June 30</b>	<b>\$ 141,179</b>	<b>194,749</b>

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

**PROPERTY TAX, CONTINUED**

Due date(s)	9/15/16 3/15/17	9/15/15 3/15/16
Interest rate charged on delinquent taxes	7.00%	7.00%
Collection rate	99.41%	99.16%

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, 2017 and 2016, Chebeague Island has paid \$43,352 and \$39,889, respectively.

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Restated Balance July 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Transfers and Reclass- <u>ifications</u>	Balance June 30, <u>2017</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Books and collections	\$ 990,116	-	-	-	990,116
Construction in progress	292,870	3,248,999	508,129	-	3,033,740
Land	6,697,772	158,300	-	32,500	6,888,572
<b>Total capital assets, not being depreciated</b>	<b>7,980,758</b>	<b>3,407,299</b>	<b>508,129</b>	<b>32,500</b>	<b>10,912,428</b>
Capital assets, being depreciated:					
Land improvements	3,944,505	78,113	-	-	4,022,618
Buildings and building improvements	9,047,744	-	97,956	(32,500)	8,917,288
Machinery and equipment	2,340,292	352,408	176,320	-	2,516,380
Furniture and office equipment	70,290	5,595	-	-	75,885
Computer equipment	127,528	34,656	-	-	162,184
Vehicles	4,040,339	69,521	29,853	-	4,080,007
Infrastructure	28,301,937	458,690	-	-	28,760,627
<b>Total capital assets being depreciated</b>	<b>47,872,635</b>	<b>998,983</b>	<b>304,129</b>	<b>(32,500)</b>	<b>48,534,989</b>
Less accumulated depreciation for:					
Land improvements	2,170,928	155,772	-	-	2,326,700
Buildings and building improvements	3,941,656	244,962	68,380	-	4,117,788
Machinery and equipment	1,803,712	121,289	170,045	-	1,754,956
Furniture and office equipment	70,016	555	-	-	70,571
Computer equipment	110,505	5,655	-	-	116,160
Vehicles	2,330,816	292,489	29,853	-	2,593,452
Infrastructure	6,150,867	569,422	-	-	6,720,289
<b>Total accumulated depreciation</b>	<b>16,578,500</b>	<b>1,390,144</b>	<b>268,728</b>	<b>-</b>	<b>17,699,916</b>
<b>Total capital assets being depreciated, net</b>	<b>31,294,135</b>	<b>(391,161)</b>	<b>35,401</b>	<b>(32,500)</b>	<b>30,835,073</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 39,274,893</b>	<b>3,016,138</b>	<b>543,530</b>	<b>-</b>	<b>41,747,501</b>

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

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**CAPITAL ASSETS, CONTINUED**

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

**Governmental activities:**

General government	\$ 74,240
Public safety	225,156
Public services, including depreciation of general infrastructure assets	771,177
Health and public assistance	1,448
Recreation	240,612
Education and libraries	77,511

<b><u>Total depreciation expense – governmental activities</u></b>	<b><u>\$ 1,390,144</u></b>
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In FY 2017, the Town identified a land purchase that took place in FY 2016, but was not added to capital assets. Beginning capital asset balances for governmental activities have been increased by \$297,482.

	Balance July 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Land improvements	\$ 63,170	-	-	63,170
Buildings and building improvements	2,104,406	-	-	2,104,406
Machinery and equipment	3,006	-	-	3,006
Infrastructure, sewer	3,937,449	-	-	3,937,449
<u>Total capital assets being depreciated</u>	<u>6,108,031</u>	<u>-</u>	<u>-</u>	<u>6,108,031</u>
Less accumulated depreciation for:				
Land improvements	39,845	3,158	-	43,003
Buildings and building improvements	1,102,463	66,252	-	1,168,715
Machinery and equipment	1,611	430	-	2,041
Infrastructure, sewer	1,957,575	78,749	-	2,036,324
<u>Total accumulated depreciation</u>	<u>3,101,494</u>	<u>148,589</u>	<u>-</u>	<u>3,250,083</u>
<u>Total capital assets being depreciated, net</u>	<u>3,006,537</u>	<u>(148,589)</u>	<u>-</u>	<u>2,857,948</u>
<b><u>Business-type activities capital assets, net</u></b>	<b><u>\$ 3,006,537</u></b>	<b><u>(148,589)</u></b>	<b><u>-</u></b>	<b><u>2,857,948</u></b>

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

**Business-type activities:**

Senior Housing	\$ 69,027
Sewer System	79,562

<b><u>Total depreciation expense – business-type activities</u></b>	<b><u>\$ 148,589</u></b>
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**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**INTERFUND LOAN BALANCES**

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

Individual interfund loan receivables and payables at the year ended June 30, 2017 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
Governmental funds:		
General fund	\$ -	8,421,340
Bond fund	6,457,999	-
TIF fund	-	633,869
Other Governmental Funds:		
Special Revenue Funds:		
Fire grant	30,324	-
Police	15,030	-
Twin brook	3,674	-
Other special revenues	4,617	-
Library	23,453	-
Fuel assistance	47,495	-
Total Special Revenue Funds	124,593	-
Capital Project Funds:		
Town building reserves	85,689	-
Land acquisition	345,804	-
Parking lot	-	110,412
Tennis court	5,280	-
Reserve Rt. 1 parking	16,809	-
Road improvements	-	437,787
Equipment reserves	299,742	-
Broad cove	146,511	-
Village green	295,373	-
Total Capital Project Funds	1,195,208	548,199
Debt Service Fund	655,469	-
Total Governmental Funds	8,433,269	9,603,408
Proprietary Funds:		
Senior Housing	311,707	-
Sewer System	839,082	-
Total Proprietary Funds	1,150,789	-

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

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**INTERFUND LOAN BALANCES, CONTINUED**

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Fiduciary Funds:

Private-purpose Trusts	\$ 1,300	-
Food Pantry Agency Fund	18,050	-
<u>Total Proprietary Funds</u>	<u>19,350</u>	<u>-</u>
 <b>Totals</b>	 <b>\$ 9,603,408</b>	 <b>9,603,408</b>

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**INTERFUND TRANSFERS**

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Interfund transfers consist of budgeted transfers to and from other funds to fund certain activities accounted for in those funds and transfers to close out capital project funds that are no longer needed. Transfers were also made from the General Fund to the capital project funds to offset deficit fund balances. Individual fund transfers for the year ended June 30, 2017 were as follows:

	Transfers <u>in</u>	Transfers <u>out</u>
<u>General Fund</u>	<u>\$ -</u>	<u>1,839,968</u>
<u>Bond Fund</u>	<u>-</u>	<u>58,762</u>
<u>TIF</u>	<u>-</u>	<u>193,234</u>
Other Governmental Funds:		
Capital Project Funds:		
Town building reserve	165,000	-
Land acquisition	104,471	-
Parking lot	-	136,122
Road improvements	966,332	-
Equipment reserves	780,100	-
Broad cove	31,651	-
<u>Total Capital Project Funds</u>	<u>2,047,554</u>	<u>136,122</u>
 <u>Debt Service Fund</u>	 <u>180,532</u>	 <u>-</u>
 <b>Totals</b>	 <b>\$ 2,228,086</b>	 <b>2,228,086</b>

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

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**CHANGES IN LONG-TERM LIABILITIES**

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Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 13,846,146	7,300,000	928,053	20,218,093	852,682
Unamortized bond premium	541,241	308,762	36,195	813,808	44,772
Total bonds payable	14,387,387	7,608,762	964,248	21,031,901	897,454
Notes payable	248,201	-	82,733	165,468	82,734
Capital leases	31,624	-	27,728	3,896	3,896
Accrued compensated absences	189,284	199,163	189,284	199,163	66,388
Net pension liability	1,084,542	804,386	-	1,888,928	-
Landfill post closure care costs	508,000	-	6,000	502,000	6,000
<b>Total governmental activity</b>					
<b>long-term liabilities</b>	<b>\$ 16,449,038</b>	<b>8,612,311</b>	<b>1,269,993</b>	<b>23,791,356</b>	<b>1,056,472</b>

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Business-type activities:</b>					
Bonds payable	\$ 1,135,001	-	110,000	1,025,001	120,000
Unamortized bond premium	90,196	-	9,788	80,408	9,788
Total bonds payable	1,225,197	-	119,788	1,105,409	129,788
Accrued compensated absences	1,493	3,102	1,493	3,102	1,034
<b>Total business-type activity</b>					
<b>long-term liabilities</b>	<b>\$ 1,226,690</b>	<b>3,102</b>	<b>121,281</b>	<b>1,108,511</b>	<b>130,822</b>

<b>Total long-term governmental and business-type activities</b>	<b>\$ 17,675,728</b>	<b>8,615,413</b>	<b>1,391,274</b>	<b>24,899,867</b>	<b>1,187,294</b>
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**TOWN OF CUMBERLAND, MAINE**  
**Notes to Basic Financial Statements, Continued**

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**LONG-TERM DEBT**

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**Bonds and Notes Payable**

Bonds and notes payable at June 30, 2017 are comprised of the following:

	<u>Originally Issued</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
Bonds and notes payable:					
Governmental activities:					
Economic development	\$ 4,100,000	5/27/10	11/1/2029	3.36-5.75%	2,899,447
New town office	1,000,000	5/01/98	11/1/2018	4.53-5.38%	150,618
Fire truck purchase	478,560	10/28/99	11/1/2019	4.28-5.91%	108,390
Purchase Rines property	1,241,000	8/29/03	8/29/2019	4.50%	165,468
Infrastructure/Val Halla	2,775,802	5/15/08	11/1/2027	2.00-5.50%	1,515,802
Infrastructure improvements	4,000,000	5/28/09	11/1/2029	2.08-5.58%	2,953,836
2015 improvements and refunding bonds	5,730,000	1/14/15	6/30/2034	2.00-4.00%	5,290,000
2017 improvements	7,300,000	1/18/17	4/01/2038	2.50-3.50%	7,300,000
Total governmental activities					20,383,561
Business-type activity debt:					
Senior Housing	890,000	4/20/11	4/20/2019	2.00-5.00%	325,001
Senior Housing roofing/refunding	740,000	1/14/15	6/30/2034	2.00-4.00%	700,000
Total business-type activity debt					1,025,001
<b>Total bonds and notes payable</b>					<b>\$ 21,408,562</b>

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

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>
2018	\$ 935,416	722,294	120,000	39,100
2019	1,273,829	656,020	140,000	33,700
2020	1,290,776	614,599	165,000	27,175
2021	1,438,200	569,903	60,000	22,800
2022	1,479,740	509,056	60,000	21,000
2023-2027	6,826,582	1,804,267	200,000	80,000
2028-2032	4,549,018	800,264	200,000	40,000
2033-2037	2,225,000	274,026	80,001	4,800
2038	365,000	12,776	-	-
<b>Totals</b>	<b>\$ 20,383,561</b>	<b>5,963,205</b>	<b>1,025,001</b>	<b>268,575</b>

In accordance with 30-A MRSA, Section 5701, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its state assessed valuation. At June 30, 2017, the Town's outstanding debt did not exceed these limits.

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

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**DEFEASED DEBT**

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In prior years, the government defeased general obligation public improvement bonds and a note payable by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds and note payable. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2017, \$2,433,258 of defeased bonds remain outstanding.

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**LANDFILL CLOSURE AND POSTCLOSURE COSTS**

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Under State law, Maine communities had until December 31, 1994 to close existing landfills under a DEP approved plan. The Town currently has one demolition debris landfill. Although the landfill was closed to receiving additional debris in the early 1990's, the landfill was not properly capped or officially closed. The Town is currently working with an engineering firm to submit a closure plan to the Maine Department of Environmental Protection. The Town has estimated the closure costs of \$400,000 and post-closure costs of \$102,000 for total estimated liability of \$502,000. 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, 2017:

**Closure costs**

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

**Post-closure costs**

Annual monitoring: \$6,000 per year for 17 years	\$ 102,000
<b>Total closure and post-closure costs</b>	<b><u>\$ 502,000</u></b>

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**CONDUIT DEBT**

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

As of June 30, 2017, the outstanding principal balance of the revenue bonds was unknown.

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

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES**

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**Overlapping Debt**

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment, as determined by the percentage of the Town's State valuation to the County's State valuation. For the year ended June 30, 2017, the Town's State valuation of \$1,171,250,000 was 2.78% of the County's State valuation of \$42,139,850,000. The Town's share is 2.78% or \$1,040,482 of Cumberland County's \$37,435,000 long-term debt outstanding at June 30, 2017.

The Town's proportionate share of Maine School Administrative District #51 debt of \$20,335,789 is \$14,079,258 (69.23%). 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, 2017, the Town's share of self-supporting bonded water debt is 4.18% or \$1,921,967 of total debt of \$45,980,073. In addition, the Town's share of direct wastewater debt is 0.15% or \$62,500 of total debt of \$40,709,282.

**Total Debt and Contingencies**

Governmental Unit	June 30, 2017				
	Direct debt		Overlapping debt	Contingent debt	Total debt
	Governmental activities	Business-type activities			
Town of Cumberland	\$ 21,201,265	1,105,408	-	-	22,306,673
Cumberland County	-	-	1,040,482	-	1,040,482
M.S.A.D. #51	-	-	14,079,258	-	14,079,258
Portland Water District:					
Water and waste water debt	-	-	-	1,984,467	1,984,467
<b>Totals</b>	<b>\$ 21,201,265</b>	<b>1,105,408</b>	<b>15,119,740</b>	<b>1,984,467</b>	<b>39,410,880</b>

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**JOINTLY GOVERNED ORGANIZATION**

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

ecomaine is a solid waste management corporation serving 40 municipalities in Cumberland, Oxford, and York counties in Maine. Owned and controlled by 21 member communities, ecomaine creates electricity through its processing of waste and also operates an extensive recycling program. The Town is a member community in ecomaine. Interlocal (waste handling) agreements between ecomaine and participating communities obligate the members to deliver certain solid waste produced within the community to ecomaine for processing and to make service payments and pay tipping fees for such processing.

The Town has no explicit, measurable equity interest and therefore has not reported an asset in these financial statements in connection with its participation in ecomaine. Selected balance sheet information for ecomaine for the year ended June 30, 2017, the most recent information available, includes total assets of \$64,040,233, total liabilities of \$17,454,918 and unrestricted net position of \$18,547,554. The liabilities include an accrual for landfill closure and postclosure care amounting to \$14,564,514.

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

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**JOINTLY GOVERNED ORGANIZATION, CONTINUED**

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ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date. The separate audited financial statements of ecomaine may be obtained at their administrative office: ecomaine, 64 Blueberry Rd., Portland, Maine 04102.

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**LEASES**

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The Town has one lease purchase agreement for a Town-owned building with Bateman Partners, LLC. The terms of the lease are an acquisition fee of \$480,000 in the year of signing the lease, then \$1 annually for 99 years, expiring in 2110. The Town's investment in property held for lease for the year ended June 30, 2017 was \$1,810,383, with accumulated depreciation of \$875,020.

**Capital Leases**

The Town has entered into a lease agreement as lessee to finance the acquisition of photocopiers. This lease qualifies as a capital lease for accounting purposes and therefore, has 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, 2017 was:

	Governmental <u>Activities</u>
Photocopiers	\$ 24,368
<b>Totals</b>	<b>\$ 24,368</b>

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, 2017:

Fiscal year ending <u>June 30,</u>	Governmental <u>activities</u>
<u>2018</u>	\$ 3,948
Total minimum lease payments	3,948
Less: amount representing interest	52
<b>Present value of future minimum lease payments</b>	<b>\$ 3,896</b>

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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

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

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions.

**Contributions** - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations.

Employees are required to contribute between 8.0% and 9.5% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2017, were between 9.1% and 11.4% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$194,047 for the year ended June 30, 2017.

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

At June 30, 2017, the Town reported a liability of \$1,888,928 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2016, the Town's proportion was 0.3555%.

For the year ended June 30, 2017, the Town recognized pension expense of \$727,519.

At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	98,595
Changes of assumptions	202,497	-
Net difference between projected and actual earnings on pension plan investments	407,514	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	55,494	-
Town contributions subsequent to the measurement date	194,047	-
<b>Total</b>	<b>\$ 859,552</b>	<b>\$ 98,595</b>

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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\$194,047 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

Year ended June 30:

2018	\$ (104,237)
2019	(107,546)
2020	(246,259)
2021	(108,868)

**Actuarial Assumptions** - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%
<b>Total</b>	<b>100%</b>	

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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**Discount Rate** - The discount rate used to measure the total pension liability was 6.875%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.875%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1 percentage-point higher (7.875%) than the current rate:

	1% Decrease ( <u>5.875%</u> )	Current Discount Rate ( <u>6.875%</u> )	1% Increase ( <u>7.875%</u> )
Town's proportionate share of the net pension liability	\$ 3,135,281	1,888,928	715,532

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

**Payables to the Pension Plan** - None as of June 30, 2017.

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**457 RETIREMENT PLAN**

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The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town matches employee contributions up to 7% of annual compensation, except for the Police Department, which receives up to an 8% match. The Town contributed \$67,420 and \$72,877 for the years ended June 30, 2017 and 2016, respectively, on behalf of Town employees.

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

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

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**FUND BALANCE**

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As of June 30, 2017, fund balances components consisted of the following:

	<u>General Fund</u>	<u>Bond Fund</u>	<u>TIF Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Prepaid items and inventory	\$ 42,039	-	-	-	42,039
Principal for permanent funds	-	-	-	99,241	99,241
Total nonspendable	42,039	-	-	99,241	141,280
Restricted:					
Other special revenues	-	-	-	4,617	4,617
Fuel assistance	-	-	-	47,495	47,495
Permanent funds accumulated earnings	-	-	-	174,361	174,361
Total restricted	-	-	-	226,473	226,473
Committed:					
Fire grants	-	-	-	30,324	30,324
Police	-	-	-	15,030	15,030
Twin brook	-	-	-	3,674	3,674
Library	-	-	-	22,970	22,970
Capital projects	-	5,880,317	-	1,173,792	7,054,109
Total committed	-	5,880,317	-	1,245,790	7,126,107
Assigned:					
General fund reserves	365,419	-	-	-	365,419
Debt service fund	-	-	-	655,469	655,469
Total assigned	365,419	-	-	655,469	1,020,888
Unassigned	2,028,570	-	(684,561)	(448,572)	895,437
<b>Total fund balance (deficit)</b>	<b>\$ 2,436,028</b>	<b>5,880,317</b>	<b>(684,561)</b>	<b>1,778,401</b>	<b>9,410,185</b>

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

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**TAX INCREMENT FINANCING DISTRICTS AND TAX ABATEMENTS**

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

<b>Organization</b>	<b>TIF District</b>	<b>Agreement Expires</b>	<b>Maximum</b>
BFTE Properties LLC Norton Financial Services	1	6/30/2026	\$500,000
BBW Real Estate LLC Seafax	2	6/30/2026	\$500,000
LGC North America Maine Standards	3	6/30/2033	\$500,000
CGM Ventures Exactitude	3	6/30/2033	\$500,000
FMC Development LLC Memory Care	1	6/30/2027	\$500,000

The CEAs outline conditions for reimbursement of fifty percent of tax revenues generated through the increased values of certain parcels within the districts, up to a maximum amount. The developers agree that all payments made pursuant to the CEAs will be used to either pay debt service on indebtedness incurred to finance project costs, or to pay directly, amortize, or reimburse the developers for payments on qualified project costs. The agreements and payments are intended to promote economic development through real estate development and job creation, as well as infrastructure improvements. Based on the terms of the agreements, the incremental tax is remitted to the District over the life of the TIF District to assist in financing the development projects.

For the fiscal year ended June 30, 2017, the Town remitted a total of \$102,132 in Credit Enhancement payments. The following is a summary of the amounts by TIF district:

	<b>Original Assessment Value</b>	<b>Captured Assessed Value</b>	<b>Taxes Remitted to Districts</b>	<b>Taxes Abated</b>
<b>TIF District (capital projects funds)</b>				
Route One North District 1	\$ 355,000	39,766,000	725,730	16,486
Route One South District 2	339,400	10,927,800	199,432	28,589
Route One South District 3	3,717,000	11,717,400	213,843	57,057
Route 100 District 4	2,866,400	11,603,000	211,755	-
Route 100 District 5	5,867,800	5,110,600	93,268	-
Summit Natural Gas District 7	108,000	151,300	2,761	-
<b>Taxable Personal Property in TIF Districts:</b>				
Route One North District 1	-	730,500	13,332	-
Route One South District 2	-	383,500	6,999	-
Route One South District 3	13,800	284,400	5,190	-
Route 100 District 5	91,000	103,800	1,894	-
Summit Natural Gas 6	-	5,989,200	109,303	-
Summit Natural Gas 7	-	5,855,700	106,867	-
<b>Total</b>	<b>\$ 13,358,400</b>	<b>92,623,200</b>	<b>1,690,373</b>	<b>102,132</b>

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

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**RISK MANAGEMENT**

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The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town either carries commercial insurance or participates in public entity risk pools. Currently, the Town participates in a public entity pool for workers' compensation sponsored by the MEMIC in which participants in the pool share risk in proportion to their contributions.

Based on the coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2017. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past three fiscal years. As of June 30, 2017, there were no unpaid claims.

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**COMMITMENTS**

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As of June 30, 2017, the Town had ongoing commitments for the Middle Road improvements, fire station reconstruction, and fire station architectural services. The contracts had remaining balances of approximately \$2,357,495, \$3,063,103, and \$46,462, respectively. In addition, the Town had some minor projects for which the contracts will be completed in the next fiscal year.

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**CONTINGENT RECEIVABLES**

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

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

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**PRIOR PERIOD ADJUSTMENT**

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In FY 2017, the Town identified land valued at \$297,482 that was acquired in FY 2016 and therefore, should have been included in capital assets in FY 2016. Governmental Activities net position as of July 1, 2016 has been restated as follows:

	Governmental Activities <u>Net Position</u>
Net position as previously reported	\$ 26,387,084
<u>Land acquisition</u>	<u>297,482</u>
 <b><u>Net position, as restated</u></b>	 <b><u>\$ 26,684,566</u></b>

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**SUBSEQUENT EVENTS**

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In August 2017, the Town Council authorized a purchase agreement for 19.6 acres of land around Knight's Pond for \$90,000. The purchase will be financed with the property owner over ten years, at an interest rate of 5%.

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

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

Last 10 Fiscal Years\*

	<u>2017</u> **	<u>2016</u> **	<u>2015</u> **
Town's proportion of the net pension liability	0.3555%	0.3399%	0.3108%
Town's proportionate share of the net pension liability	\$1,888,928	1,084,542	478,298
Town's covered payroll	1,756,120	1,590,688	1,373,904
Town's proportion share of the net pension liability as a percentage of its covered payroll	107.75%	68.18%	34.81%
Plan fiduciary net position as a percentage of of the total pension liability	81.60%	88.27%	94.10%

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

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

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

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

Last 10 Fiscal Years\*

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

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

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

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**Changes of Benefit Terms** - None

**Changes of Assumptions** - The following are changes in actuarial assumptions for the Consolidated PLD Plan used in the most recent valuation:

	<u>2017</u>	<u>2016</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.50%
Salary increases	2.75% to 9.00%	3.50% to 9.00%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA; which changed to mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.



## **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.





**TOWN OF CUMBERLAND, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2017 and 2016**

	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,920,516	4,642,708
Receivables:		
Accounts	157,427	190,931
Intergovernmental	156,643	68,593
Taxes - prior years	123,277	127,107
Taxes - current year	141,179	194,749
Prepaid items	31,852	100,434
Inventory	10,187	15,860
<b>Total assets</b>	<b>\$ 11,541,081</b>	<b>5,340,382</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	276,545	310,572
Accrued payroll	134,653	120,902
Escrow liabilities	36,214	25,506
Taxes paid in advance	60,400	93,219
Interfund loans payable	8,421,340	2,089,114
<b>Total liabilities</b>	<b>8,929,152</b>	<b>2,639,313</b>
Deferred inflows of resources:		
Unavailable revenue - property taxes	175,901	189,961
<b>Total deferred inflows of resources</b>	<b>175,901</b>	<b>189,961</b>
Fund balance:		
Nonspendable	42,039	116,294
Assigned	365,419	371,748
Unassigned	2,028,570	2,023,066
<b>Total fund balance</b>	<b>2,436,028</b>	<b>2,511,108</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 11,541,081</b>	<b>5,340,382</b>

**TOWN OF CUMBERLAND, MAINE**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2017**  
**(With comparative actual amounts for the year ended June 30, 2016)**

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Property taxes	\$ 22,057,346	22,072,757	15,411	21,765,553
Supplemental taxes	-	14,130	14,130	51,067
Outer island property taxes	40,000	43,352	3,352	39,889
Payments in lieu of taxes	28,000	29,804	1,804	29,608
Excise taxes	1,490,000	1,959,451	469,451	1,856,148
Total taxes	23,615,346	24,119,494	504,148	23,742,265
Licenses and permits:				
Town clerk licenses and fees	16,165	14,460	(1,705)	17,915
Snowmobile and boat registrations	700	901	201	858
Automobile registrations	21,000	21,448	448	21,562
Building permits	70,000	120,409	50,409	92,282
Electrical permits	18,000	27,411	9,411	19,002
Plumbing permits	18,000	21,358	3,358	14,955
Other permits	2,500	1,902	(598)	1,600
Total licenses and permits	146,365	207,889	61,524	168,174
Intergovernmental:				
State Revenue Sharing	395,850	415,633	19,783	428,938
Homestead and BETE reimbursements	274,530	279,128	4,598	191,612
Park fees	7,080	10,625	3,545	8,133
D.O.T. block grant	63,000	68,012	5,012	63,232
Public safety grants	-	-	-	25,000
Municipal shared services	203,452	200,847	(2,605)	168,432
Total intergovernmental	943,912	974,245	30,333	885,347
Charges for services:				
Recreation programs	726,143	884,912	158,769	779,335
Val Halla golf programs	649,870	632,390	(17,480)	682,976
Park user fees	10,000	10,600	600	15,902
Police permits and services	39,100	40,480	1,380	38,582
Fire services	15,000	21,132	6,132	18,700
Ambulance and medical services	186,700	214,187	27,487	237,591
Waste disposal	267,500	299,281	31,781	296,339
Library income	3,500	4,968	1,468	6,100
Total charges for services	1,897,813	2,107,950	210,137	2,075,525

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

	<b>2017</b>		<b>Variance positive (negative)</b>	<b>2016 Actual</b>
	<b>Budget</b>	<b>Actual</b>		
Revenues, continued:				
Other:				
Sale of assets	\$ 5,000	-	(5,000)	7,599
Interest revenue	200	350	150	6,456
Growth permits and fees	62,000	208,716	146,716	132,880
Cable TV	107,000	116,810	9,810	111,418
Interest and lien costs	40,000	31,386	(8,614)	39,165
Miscellaneous	38,100	107,461	69,361	66,387
Total other	252,300	464,723	212,423	363,905
Total revenues	26,855,736	27,874,301	1,018,565	27,235,216
Expenditures:				
Current:				
General government:				
Administration and council	539,990	604,226	(64,236)	611,711
Assessor	84,392	94,199	(9,807)	97,816
Town clerk and tax collector	204,682	216,206	(11,524)	228,137
Technology	179,227	193,054	(13,827)	167,767
Elections	14,103	12,526	1,577	7,968
Planning	60,521	68,492	(7,971)	73,727
Legal services	42,500	69,114	(26,614)	50,462
Total general government	1,125,415	1,257,817	(132,402)	1,237,588
Public safety:				
Police	1,251,821	1,327,713	(75,892)	1,350,920
Fire	892,066	954,553	(62,487)	891,703
Code enforcement	78,681	108,004	(29,323)	110,892
Animal control	31,048	30,567	481	31,972
Total public safety	2,253,616	2,420,837	(167,221)	2,385,487
Public services:				
Public works	1,079,901	1,171,912	(92,011)	991,019
Waste disposal	507,051	482,101	24,950	483,472
Parks	241,284	224,322	16,962	243,377
West Cumberland Hall and Historical Society building	11,727	10,514	1,213	6,764
Total public services	1,839,963	1,888,849	(48,886)	1,724,632

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

	<b>2017</b>		<b>Variance positive (negative)</b>	<b>2016 Actual</b>
	<b>Budget</b>	<b>Actual</b>		
Expenditures, continued:				
Current, continued:				
Recreation:				
Val Halla golf course	\$ 695,465	721,279	(25,814)	730,473
Recreation programs	839,396	934,704	(95,308)	867,137
Total recreation	1,534,861	1,655,983	(121,122)	1,597,610
Prince Memorial Library	417,655	426,212	(8,557)	415,406
Health and public assistance:				
Health services	13,375	13,875	(500)	13,433
General assistance	35,000	36,345	(1,345)	24,095
Total health and public assistance	48,375	50,220	(1,845)	37,528
Unclassified:				
Conservation Commission	6,000	5,192	808	6,047
Cemetery Association	26,700	27,925	(1,225)	41,567
Fire hydrant charges	67,425	64,566	2,859	62,288
Street lighting	38,850	43,373	(4,523)	43,345
Contingencies	10,000	19,217	(9,217)	1,299
Municipal building maintenance	73,254	83,874	(10,620)	84,322
Abatements	20,000	42,826	(22,826)	80,423
Miscellaneous	-	105	(105)	-
Total unclassified	242,229	287,078	(44,849)	319,291

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

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Insurance	\$ 276,607	222,341	54,266	232,492
MSAD #51	16,060,474	16,060,474	-	15,557,051
County tax	775,374	775,374	-	747,431
Debt service:				
Principal	574,846	574,846	-	511,094
Lease payments	23,471	23,910	(439)	23,471
Interest	279,622	268,470	11,152	293,604
Total debt service	877,939	867,226	10,713	828,169
Budgeted transfers to reserve funds	1,119,130	1,119,130	-	1,206,457
Total expenditures	26,571,638	27,031,541	(459,903)	26,289,142
Excess of revenues over expenditures	284,098	842,760	558,662	946,074
Other financing sources (uses):				
Transfers in	-	-	-	2,841
Transfers to reserves	-	(185,000)	(185,000)	(99,262)
Transfers out	-	(720,838)	(720,838)	(472,301)
Total other financing uses	-	(905,838)	(905,838)	(568,722)
Net change in fund balance	284,098	(63,078)	(347,176)	377,352
Fund balance, beginning of year - budgetary basis		2,123,500		1,741,886
<b>Fund balance, end of year - budgetary basis</b>	<b>\$</b>	<b>2,060,422</b>		<b>2,119,238</b>
Reconciliation to GAAP:				
Change in reserves		(12,002)		66,971
Fund balance, beginning of year - GAAP basis		2,511,108		2,066,785
<b>Fund balance, end of year - GAAP basis</b>	<b>\$</b>	<b>2,436,028</b>		<b>2,511,108</b>

**TOWN OF CUMBERLAND, MAINE**  
**General Fund Reserves**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For year ended June 30, 2017**

		<b>Balance beginning of year</b>	<b>Charges for Services</b>	<b>Expenditures</b>	<b>Transfers in</b>	<b>Balance end of year</b>
106	Circuit breaker	\$ 117,286	-	112,113	100,000	105,173
109	Aging in place	51,315	-	36,220	50,000	65,095
110	MePERS IUUAL	159,127	-	44,651	-	114,476
208	HRA reserve	-	-	-	35,000	35,000
255	Fuel	59,880	154,179	158,197	-	55,862
<b>Total</b>		<b>\$ 387,608</b>	<b>154,179</b>	<b>351,181</b>	<b>185,000</b>	<b>375,606</b>

**ALL OTHER GOVERNMENTAL FUNDS**





**TOWN OF CUMBERLAND, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2017**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	-	-	50,236	50,236
Investments	-	-	-	223,366	223,366
Accounts receivable	-	118,263	-	-	118,263
Interfund loans receivable	124,593	1,195,208	655,469	-	1,975,270
<b>Total assets</b>	<b>\$ 124,593</b>	<b>1,313,471</b>	<b>655,469</b>	<b>273,602</b>	<b>2,367,135</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	-	40,052	-	-	40,052
Accrued payroll	483	-	-	-	483
Interfund loans payable	-	548,199	-	-	548,199
<b>Total liabilities</b>	<b>483</b>	<b>588,251</b>	<b>-</b>	<b>-</b>	<b>588,734</b>
Fund balances:					
Nonspendable	-	-	-	99,241	99,241
Restricted	52,112	-	-	174,361	226,473
Committed	71,998	1,173,792	-	-	1,245,790
Assigned	-	-	655,469	-	655,469
Unassigned	-	(448,572)	-	-	(448,572)
<b>Total fund balances</b>	<b>124,110</b>	<b>725,220</b>	<b>655,469</b>	<b>273,602</b>	<b>1,778,401</b>
<b>Total liabilities and fund balances</b>	<b>\$ 124,593</b>	<b>1,313,471</b>	<b>655,469</b>	<b>273,602</b>	<b>2,367,135</b>

**TOWN OF CUMBERLAND, MAINE**  
**All Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2017**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Total Other Governmental Funds
Revenues:					
Intergovernmental	\$ 3,745	52,531	-	-	56,276
Charges for services	35,130	-	-	-	35,130
Donations	37,382	-	-	-	37,382
Other revenue	3,531	130,176	-	-	133,707
Investment income (loss)	-	17,325	-	(553)	16,772
Total revenues	79,788	200,032	-	(553)	279,267
Expenditures:					
Current:					
General government	-	35,748	-	-	35,748
Public safety	17,299	-	-	-	17,299
Public services	-	34,131	-	-	34,131
Recreation	4,119	-	-	-	4,119
Education and libraries	14,959	-	-	-	14,959
Health and public assistance	13,282	-	-	-	13,282
Capital outlay	-	995,097	-	-	995,097
Total expenditures	49,659	1,064,976	-	-	1,114,635
Excess (deficiency) of revenues over (under) expenditures	30,129	(864,944)	-	(553)	(835,368)
Other financing sources (uses):					
Sale of assets	-	115,717	-	-	115,717
Transfers from other funds	-	2,047,554	180,532	-	2,228,086
Transfers to other funds	-	(136,122)	-	-	(136,122)
Total other financing sources	-	2,027,149	180,532	-	2,207,681
Net change in fund balances	30,129	1,162,205	180,532	(553)	1,372,313
Fund balances, beginning of year	93,981	(436,985)	474,937	274,155	406,088
Fund balances, end of year	\$ 124,110	725,220	655,469	273,602	1,778,401

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

Special Revenue Funds have been established for the following purposes:

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

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

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

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

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

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



## TOWN OF CUMBERLAND, MAINE

## Nonmajor Special Revenue Funds

## Combining Balance Sheet

June 30, 2017

(with comparative totals for June 30, 2016)

		Fire Grant Fund	Police Fund	Twin Brook Fund	Other Special Revenues	Library Fund	Fuel Assistance Fund	Totals	
								2017	2016
<b>ASSETS</b>									
Interfund loans receivable	\$	30,324	15,030	3,674	4,617	23,453	47,495	124,593	94,587
<b>Total assets</b>	<b>\$</b>	<b>30,324</b>	<b>15,030</b>	<b>3,674</b>	<b>4,617</b>	<b>23,453</b>	<b>47,495</b>	<b>124,593</b>	<b>94,587</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accrued payroll		-	-	-	-	483	-	483	606
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>483</b>	<b>-</b>	<b>483</b>	<b>606</b>
Fund balances:									
Restricted		-	-	-	4,617	-	47,495	52,112	36,109
Committed		30,324	15,030	3,674	-	22,970	-	71,998	57,872
<b>Total fund balances</b>		<b>30,324</b>	<b>15,030</b>	<b>3,674</b>	<b>4,617</b>	<b>22,970</b>	<b>47,495</b>	<b>124,110</b>	<b>93,981</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>30,324</b>	<b>15,030</b>	<b>3,674</b>	<b>4,617</b>	<b>23,453</b>	<b>47,495</b>	<b>124,593</b>	<b>94,587</b>

**TOWN OF CUMBERLAND, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2017**  
**(with comparative totals for June 30, 2016)**

	<b>Fire</b>		<b>Twin</b>	<b>Other</b>		<b>Fuel</b>	<b>Totals</b>	
	<b>Grant</b>	<b>Police</b>	<b>Brook</b>	<b>Special</b>	<b>Library</b>	<b>Assistance</b>	<b>2017</b>	<b>2016</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Revenues</b>	<b>Fund</b>	<b>Fund</b>		
Revenues:								
Intergovernmental	\$ 3,745	-	-	-	-	-	3,745	-
Charges for services	9,489	-	-	4,080	21,561	-	35,130	32,606
Donations	-	7,558	-	4,024	500	25,300	37,382	29,417
Other revenue	-	1,545	-	-	1,986	-	3,531	2,784
<b>Total revenues</b>	<b>13,234</b>	<b>9,103</b>	<b>-</b>	<b>8,104</b>	<b>24,047</b>	<b>25,300</b>	<b>79,788</b>	<b>64,807</b>
Expenditures:								
Current:								
Public safety	10,101	7,198	-	-	-	-	17,299	18,292
Recreation	-	-	-	4,119	-	-	4,119	2,411
Education and libraries	-	-	-	-	14,959	-	14,959	25,902
Health and public assistance	-	-	-	-	-	13,282	13,282	9,141
<b>Total expenditures</b>	<b>10,101</b>	<b>7,198</b>	<b>-</b>	<b>4,119</b>	<b>14,959</b>	<b>13,282</b>	<b>49,659</b>	<b>55,746</b>
<b>Excess of revenues over expenditures</b>	<b>3,133</b>	<b>1,905</b>	<b>-</b>	<b>3,985</b>	<b>9,088</b>	<b>12,018</b>	<b>30,129</b>	<b>9,061</b>
Other financing uses:								
Transfer to other funds	-	-	-	-	-	-	-	(2,841)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,841)</b>
<b>Net change in fund balances</b>	<b>3,133</b>	<b>1,905</b>	<b>-</b>	<b>3,985</b>	<b>9,088</b>	<b>12,018</b>	<b>30,129</b>	<b>6,220</b>
<b>Fund balances, beginning of year</b>	<b>27,191</b>	<b>13,125</b>	<b>3,674</b>	<b>632</b>	<b>13,882</b>	<b>35,477</b>	<b>93,981</b>	<b>87,761</b>
<b>Fund balances, end of year</b>	<b>\$ 30,324</b>	<b>15,030</b>	<b>3,674</b>	<b>4,617</b>	<b>22,970</b>	<b>47,495</b>	<b>124,110</b>	<b>93,981</b>

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECT FUNDS**

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

The funds were established for the following purposes:

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

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

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

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

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

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

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





**TOWN OF CUMBERLAND, MAINE**  
**Nonmajor Capital Project Funds**  
**Combining Balance Sheet**  
**June 30, 2017**  
**(with comparative totals for June 30, 2016)**

	Town Building Reserves	Land Acquisition Fund	Parking Lot Fund	Tennis Court Fund	Rt 1 Parking Reserve	Road Improvements	Equip. Reserves Fund	Broad Cove	Village Green	Totals	
										2017	2016
<b>ASSETS</b>											
Accounts receivable	\$ -	-	110,412	-	3,191	-	4,000	660	-	118,263	-
Notes receivable	-	-	-	-	-	-	-	-	-	-	4,000
Prepaid expenditures	-	-	-	-	-	-	-	-	-	-	10,100
Interfund loans receivable	85,689	345,804	-	5,280	16,809	-	299,742	146,511	295,373	1,195,208	737,950
<b>Total assets</b>	<b>\$ 85,689</b>	<b>345,804</b>	<b>110,412</b>	<b>5,280</b>	<b>20,000</b>	<b>-</b>	<b>303,742</b>	<b>147,171</b>	<b>295,373</b>	<b>1,313,471</b>	<b>752,050</b>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Accounts payable	6,309	394	-	-	-	10,785	15,521	2,701	4,342	40,052	691,924
Unearned revenue	-	-	-	-	-	-	-	-	-	-	4,000
Interfund loans payable	-	-	110,412	-	-	437,787	-	-	-	548,199	493,111
<b>Total liabilities</b>	<b>6,309</b>	<b>394</b>	<b>110,412</b>	<b>-</b>	<b>-</b>	<b>448,572</b>	<b>15,521</b>	<b>2,701</b>	<b>4,342</b>	<b>588,251</b>	<b>1,189,035</b>
Fund balances (deficits):											
Nonspendable	-	-	-	-	-	-	-	-	-	-	10,100
Committed	79,380	345,410	-	5,280	20,000	-	288,221	144,470	291,031	1,173,792	733,735
Unassigned	-	-	-	-	-	(448,572)	-	-	-	(448,572)	(1,180,820)
<b>Total fund balances (deficits)</b>	<b>79,380</b>	<b>345,410</b>	<b>-</b>	<b>5,280</b>	<b>20,000</b>	<b>(448,572)</b>	<b>288,221</b>	<b>144,470</b>	<b>291,031</b>	<b>725,220</b>	<b>(436,985)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 85,689</b>	<b>345,804</b>	<b>110,412</b>	<b>5,280</b>	<b>20,000</b>	<b>-</b>	<b>303,742</b>	<b>147,171</b>	<b>295,373</b>	<b>1,313,471</b>	<b>752,050</b>

**TOWN OF CUMBERLAND, MAINE**  
**Nonmajor Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2017**  
**(with comparative totals for June 30, 2016)**

	Town Building Reserves	Land Acquisition Fund	Parking Lot Fund	Tennis Court Fund	Rt 1 Parking Reserve	Road Improvements	Equip. Reserves Fund	Broad Cove	Village Green	Totals	
										2017	2016
Revenues:											
Intergovernmental	\$ -	-	-	-	-	31,625	-	20,906	-	52,531	468,375
Interest income	-	-	-	-	-	-	17,325	-	-	17,325	-
Other revenue	-	-	126,380	-	3,796	-	-	-	-	130,176	45,085
Total revenues	-	-	126,380	-	3,796	31,625	17,325	20,906	-	200,032	513,460
Expenditures:											
Current:											
General government	24,609	11,139	-	-	-	-	-	-	-	35,748	118,642
Public services	-	-	-	-	-	-	-	10,422	23,709	34,131	-
Capital outlay	30,063	30,702	-	-	-	296,657	559,275	78,400	-	995,097	4,719,893
Total expenditures	54,672	41,841	-	-	-	296,657	559,275	88,822	23,709	1,064,976	4,838,535
Excess (deficiency) of revenues over (under) expenditures	(54,672)	(41,841)	126,380	-	3,796	(265,032)	(541,950)	(67,916)	(23,709)	(864,944)	(4,325,075)
Other financing sources (uses):											
Sale of assets	-	107,717	-	-	-	-	4,000	-	4,000	115,717	396,861
Transfer from other funds	165,000	104,471	-	-	-	966,332	780,100	31,651	-	2,047,554	1,677,509
Transfer to other funds	-	-	(136,122)	-	-	-	-	-	-	(136,122)	(103,009)
Total other financing sources (uses)	165,000	212,188	(136,122)	-	-	966,332	784,100	31,651	4,000	2,027,149	1,971,361
Net change in fund balances	110,328	170,347	(9,742)	-	3,796	701,300	242,150	(36,265)	(19,709)	1,162,205	(2,353,714)
Fund balances (deficits), beginning of year	(30,948)	175,063	9,742	5,280	16,204	(1,149,872)	46,071	180,735	310,740	(436,985)	1,916,729
Fund balances (deficits), end of year	\$ 79,380	345,410	-	5,280	20,000	(448,572)	288,221	144,470	291,031	725,220	(436,985)

## **NONMAJOR GOVERNMENTAL FUNDS**

### **PERMANENT FUNDS**

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

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

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

**Paul Merrill Fund** – To support the Library.

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

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



**TOWN OF CUMBERLAND, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Balance Sheet**  
**June 30, 2017**

	Prince Fund	Cumberland School Fund	Paul Merrill Fund	Sweetser Fund	Historical Society Fund	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	-	-	-	50,236	50,236
Investments	51,989	53,703	72,735	44,939	-	223,366
<b>Total assets</b>	<b>51,989</b>	<b>53,703</b>	<b>72,735</b>	<b>44,939</b>	<b>50,236</b>	<b>273,602</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Interfund loans payable	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:						
Nonspendable:						
Principal	2,165	2,225	56,187	34,714	3,950	99,241
Restricted:						
Accumulated earnings	49,824	51,478	16,548	10,225	46,286	174,361
<b>Total fund balances</b>	<b>51,989</b>	<b>53,703</b>	<b>72,735</b>	<b>44,939</b>	<b>50,236</b>	<b>273,602</b>
<b>Total liabilities and and fund balances</b>	<b>\$ 51,989</b>	<b>53,703</b>	<b>72,735</b>	<b>44,939</b>	<b>50,236</b>	<b>273,602</b>

**TOWN OF CUMBERLAND, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2017**

	Prince Fund	Cumberland School Fund	Paul Merrill Fund	Sweetser Fund	Historical Society Fund	Totals
Revenues:						
Investment income (loss)	\$ (174)	(179)	(244)	(150)	194	(553)
Total revenues	(174)	(179)	(244)	(150)	194	(553)
Expenditures:						
Current:						
Other miscellaneous	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-
Net change in fund balances	(174)	(179)	(244)	(150)	194	(553)
Fund balances, beginning of year	52,163	53,882	72,979	45,089	50,042	274,155
Fund balances, end of year	\$ 51,989	53,703	72,735	44,939	50,236	273,602

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





**TOWN OF CUMBERLAND, MAINE**  
**Fiduciary Funds - Private-purpose Trust**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2017**

		John M. and Lillian R. Kimball Award Trust	Eliphalet Greely Fund	Scholar- ship Fund	Lynne Pickard Scholar- ship	Carle Henry Music Scholar- ship	Louis Lambert Scholar- ship	Roy O'Looke Scholar- ship	Jessica Parker Fund	Tom Pollis Scholar- ship	Totals
<b>ASSETS</b>											
Investments	\$	17,979	83,641	9,711	1,268	-	6,154	148	1,165	39,768	159,834
Due from general fund		500	-	130	-	670	-	-	-	-	1,300
Total assets		18,479	83,641	9,841	1,268	670	6,154	148	1,165	39,768	161,134
<b>LIABILITIES</b>											
Due to others		-	-	-	-	6	-	-	-	-	6
Total liabilities		-	-	-	-	6	-	-	-	-	6
<b>NET POSITION</b>											
Held in trust		18,479	83,641	9,841	1,268	664	6,154	148	1,165	39,768	161,128
Total net position	\$	18,479	83,641	9,841	1,268	664	6,154	148	1,165	39,768	161,128

**TOWN OF CUMBERLAND, MAINE**  
**Fiduciary Funds - Private-purpose Trust**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the year ended June 30, 2017**

	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	\$ -	-	-	-	800	-	-	-	-	800
Investment income (loss)	(46)	(280)	42	10	(6)	(7)	14	(4)	(133)	(410)
Total additions	(46)	(280)	42	10	794	(7)	14	(4)	(133)	390
Deductions:										
Scholarships awarded	500	-	1,000	-	-	-	500	-	-	2,000
Total deductions	500	-	1,000	-	-	-	500	-	-	2,000
Change in net position	(546)	(280)	(958)	10	794	(7)	(486)	(4)	(133)	(1,610)
Net position, beginning of year	19,025	83,921	10,799	1,258	(130)	6,161	634	1,169	39,901	162,738
Net position, end of year	\$ 18,479	83,641	9,841	1,268	664	6,154	148	1,165	39,768	161,128

**TOWN OF CUMBERLAND, MAINE**  
**Fiduciary Funds - Agency Funds**  
**Food Pantry Component Unit**  
**Statement of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2017**

		Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>					
Cash and cash equivalents	\$	36,243	91,033	35,256	92,020
Due from general fund		20,990	-	2,940	18,050
<b>Total assets</b>		<b>57,233</b>	<b>91,033</b>	<b>38,196</b>	<b>110,070</b>
<b>LIABILITIES</b>					
Accounts payable		535	502	535	502
Due to others		56,698	88,093	35,223	109,568
<b>Total liabilities</b>	<b>\$</b>	<b>57,233</b>	<b>88,595</b>	<b>35,758</b>	<b>110,070</b>



## STATISTICAL SECTION

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

### Contents

### Tables

#### Financial Trends

1-4

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

#### Revenue Capacity

5-9

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

#### Debt Capacity

10-13

*These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.*

#### Demographic and Economic Information

14-15

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

#### Operating Information

16-19

*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*



Table 1

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

		Fiscal Year									
		2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017
<b>Governmental activities:</b>											
Net investment in capital assets	\$	10,583,895	10,583,895	11,713,982	12,802,336	14,008,107	14,926,352	17,201,613	17,444,794	24,607,681	26,426,553
Restricted		880,653	880,653	6,017,503	1,547,884	693,885	629,042	375,206	514,636	730,607	325,714
Unrestricted		313,189	313,189	(5,235,485)	1,053	2,205,304	3,066,957	2,943,496	3,195,467	1,346,278	1,360,414
<b>Total governmental activities net position</b>	<b>\$</b>	<b>11,777,737</b>	<b>11,777,737</b>	<b>12,496,000</b>	<b>14,351,273</b>	<b>16,907,296</b>	<b>18,622,351</b>	<b>20,520,315</b>	<b>21,154,897</b>	<b>26,684,566</b>	<b>28,112,681</b>
<b>Business-type activities:</b>											
Net investment in capital assets	\$	4,570,731	4,570,731	4,471,150	4,403,855	4,129,831	4,002,886	3,873,747	3,633,799	1,781,340	1,752,539
Unrestricted		(1,370,379)	(1,370,379)	(1,440,318)	(1,454,977)	(1,126,224)	(670,882)	183,177	840,271	1,098,893	1,313,059
<b>Total business-type activities net position</b>		<b>3,200,352</b>	<b>3,200,352</b>	<b>3,030,832</b>	<b>2,948,878</b>	<b>3,003,607</b>	<b>3,332,004</b>	<b>4,056,924</b>	<b>4,474,070</b>	<b>2,880,233</b>	<b>3,065,598</b>
<b>Primary government:</b>											
Net investment in capital assets	\$	15,154,626	15,154,626	16,185,132	17,206,191	18,137,938	18,929,238	21,075,360	21,078,593	26,389,021	28,179,092
Restricted		880,653	880,653	6,017,503	1,547,844	693,885	629,042	375,206	514,636	730,607	325,714
Unrestricted		(1,057,190)	(1,057,190)	(6,675,803)	(1,453,924)	1,079,080	2,396,075	3,126,673	4,035,738	2,445,171	2,673,473
<b>Total primary government net position</b>	<b>\$</b>	<b>14,978,089</b>	<b>14,978,089</b>	<b>15,526,832</b>	<b>17,300,111</b>	<b>19,910,903</b>	<b>21,954,355</b>	<b>24,577,239</b>	<b>25,628,967</b>	<b>29,564,799</b>	<b>31,178,279</b>

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



Table 2

TOWN OF CUMBERLAND, MAINE										
Changes in Net Position										
Last Ten Fiscal Years										
(accrual basis of accounting)										
	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 5,505,136	3,783,966	3,285,510	2,915,710	2,999,452	3,341,630	2,712,115	2,576,262	2,947,324	3,791,286
Public safety	2,317,211	2,220,293	2,120,117	2,056,052	2,095,961	2,176,839	2,282,922	2,514,371	2,636,327	2,742,321
Public services	1,463,427	1,162,830	1,208,065	1,283,560	1,424,931	1,500,458	1,660,289	2,862,022	4,902,734	3,687,941
Recreation	599,328	595,531	650,799	618,226	866,166	913,637	991,973	948,009	1,855,156	1,905,086
Education and libraries	11,361,373	10,801,875	11,368,432	12,259,218	12,787,351	13,649,666	14,159,614	14,795,916	16,075,925	16,579,156
Health and public assistance	758,204	834,347	857,366	773,763	748,016	755,562	668,729	86,796	83,022	236,687
Interest on debt	531,842	562,089	648,993	619,316	557,285	616,399	526,065	605,148	486,383	486,260
Total governmental activities expenses	22,536,521	19,960,931	20,139,282	20,525,845	21,479,162	22,954,191	23,001,707	24,388,524	28,986,871	29,428,737
Business-type activities:										
Senior Housing	233,686	244,777	270,422	323,468	234,753	283,930	227,347	292,029	305,163	296,036
Sewer System	858,224	913,642	831,988	791,667	797,545	824,941	823,999	843,432	838,334	891,253
Val Halla Golf and Recreation Center	1,086,274	859,546	789,926	757,662	822,688	788,704	844,772	944,462	-	-
Total business-type activities expenses	2,178,184	2,017,965	1,892,336	1,872,797	1,854,986	1,897,575	1,896,118	2,079,923	1,143,497	1,187,289
<b>Total primary government expenses</b>	<b>\$ 24,714,705</b>	<b>21,978,896</b>	<b>22,031,618</b>	<b>22,398,642</b>	<b>23,334,148</b>	<b>24,851,766</b>	<b>24,897,825</b>	<b>26,468,447</b>	<b>30,130,368</b>	<b>30,616,026</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 601,639	344,101	462,566	449,371	341,769	399,286	361,850	360,104	584,060	761,633
Public safety	299,296	355,846	207,097	213,768	257,097	299,106	288,322	410,695	311,392	334,833
Public services	2,679	1,478	16,687	6,864	5,544	24,885	2,300	320,850	444,332	453,460
Recreation	423,781	393,970	394,246	393,779	671,796	669,344	714,346	768,827	1,478,213	1,531,982
Education and libraries	3,931	4,363	7,852	140,098	146,298	156,665	158,260	167,135	24,971	28,515
Health and public assistance	234,789	215,050	222,240	282,515	279,185	278,811	283,564	-	-	-
Interest on debt	182,240	182,241	182,241	182,241	-	-	-	-	-	-
Operating grants and contributions	235,807	351,020	257,629	110,018	96,300	198,433	200,114	172,205	125,782	143,168
Capital grants and contributions	279,136	398,369	170,238	718,795	1,669,298	937,223	614,019	309,461	3,205,460	841,007
Total governmental activities program revenues	2,263,298	2,246,438	1,920,796	2,497,449	3,467,287	2,963,753	2,622,775	2,509,277	6,174,210	4,094,598
Business-type activities:										
Charges for services:										
Senior Housing	\$ 274,864	277,502	282,165	271,013	291,798	281,864	289,816	318,745	315,803	328,939
Sewer System	720,257	992,992	831,242	839,773	877,309	848,214	890,012	918,929	955,624	1,043,742
Val Halla Golf and Recreation Center	832,536	594,030	541,918	566,857	662,322	614,556	608,525	625,406	-	-
Capital grants and contributions	-	-	59,789	-	-	-	-	-	-	-
Total business-type activities program revenues	1,827,657	1,864,524	1,715,114	1,677,643	1,831,429	1,744,634	1,788,353	1,863,080	1,271,427	1,372,681
<b>Total primary government program revenues</b>	<b>\$ 4,090,955</b>	<b>4,110,962</b>	<b>3,635,910</b>	<b>4,175,092</b>	<b>5,298,716</b>	<b>4,708,387</b>	<b>4,411,128</b>	<b>4,372,357</b>	<b>7,445,637</b>	<b>5,467,279</b>
Net (expense)/revenue:										
Governmental activities	\$ (20,273,223)	(17,714,493)	(18,218,486)	(18,028,396)	(18,011,875)	(19,990,438)	(20,378,932)	(21,879,247)	(22,812,661)	(25,334,139)
Business-type activities	(350,527)	(153,441)	(177,222)	(195,154)	(23,557)	(152,941)	(107,765)	(216,843)	127,930	185,392
<b>Total primary government net expense</b>	<b>\$ (20,623,750)</b>	<b>(17,867,934)</b>	<b>(18,395,708)</b>	<b>(18,223,550)</b>	<b>(18,035,432)</b>	<b>(20,143,379)</b>	<b>(20,486,697)</b>	<b>(22,096,090)</b>	<b>(22,684,731)</b>	<b>(25,148,747)</b>

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

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 15,146,730	15,153,763	15,815,303	16,831,342	17,427,641	18,737,957	19,558,835	20,441,626	21,743,533	22,104,213
TIF District taxes	659,342	798,778	853,066	890,507	940,566	1,006,641	1,102,803	1,251,165	1,555,973	1,690,373
Excise taxes	1,416,261	1,348,642	1,372,271	1,377,972	1,364,192	1,460,329	1,633,132	1,693,482	1,856,148	1,959,451
Outer island property taxes	39,609	38,890	38,736	39,663	39,814	40,465	41,566	41,867	39,889	43,352
County tax refund	60,667	-	-	-	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	22,500	23,112	28,656	29,608	29,804
Unrestricted grants and contributions	917,139	875,441	751,799	706,932	791,033	829,482	603,229	611,559	620,550	694,761
Investment earnings	144,254	71,519	16,342	13,069	6,030	3,076	247	5,897	6,456	17,122
Miscellaneous	84,897	195,382	96,934	121,144	44,206	85,842	143,972	304,127	470,847	223,178
Gain (loss) on sale of assets	-	-	-	-	(258,405)	-	-	-	-	-
Transfers	(400,829)	(934,991)	(7,702)	(97,000)	212,861	(480,799)	(830,000)	(627,451)	1,721,844	-
<b>Total governmental activities</b>	<b>18,068,070</b>	<b>17,547,424</b>	<b>18,936,749</b>	<b>19,883,629</b>	<b>20,567,938</b>	<b>21,705,493</b>	<b>22,276,896</b>	<b>23,750,928</b>	<b>28,044,848</b>	<b>26,762,254</b>
Business-type activities:										
Investment income (loss)	-	-	-	-	-	539	2,685	6,538	77	(27)
Miscellaneous	-	433,582	-	16,200	-	-	-	-	-	-
Gain on sale of assets	-	-	-	-	291,147	-	-	-	-	-
Transfers	400,829	934,991	7,702	97,000	(212,861)	480,799	830,000	627,451	(1,721,844)	-
<b>Total business-type activities</b>	<b>400,829</b>	<b>1,368,573</b>	<b>7,702</b>	<b>113,200</b>	<b>78,286</b>	<b>481,338</b>	<b>832,685</b>	<b>633,989</b>	<b>(1,721,767)</b>	<b>(27)</b>
<b>Total primary government</b>	<b>\$ 18,468,899</b>	<b>18,915,997</b>	<b>18,944,451</b>	<b>19,996,829</b>	<b>20,646,224</b>	<b>22,186,831</b>	<b>23,109,581</b>	<b>24,384,917</b>	<b>26,323,081</b>	<b>26,762,227</b>
<b>Change in Net Position</b>										
Governmental activities	(2,205,153)	(167,069)	718,263	1,855,233	2,556,063	1,715,055	1,897,964	1,871,681	5,232,187	1,428,115
Business-type activities	50,302	1,215,132	(169,520)	(81,954)	54,729	328,397	724,920	417,146	(1,593,837)	185,365
Special item:										
Chebeague settlement	1,300,000	-	-	-	-	-	-	-	-	-
<b>Total primary government</b>	<b>\$ (854,851)</b>	<b>1,048,063</b>	<b>548,743</b>	<b>1,773,279</b>	<b>2,610,792</b>	<b>2,043,452</b>	<b>2,622,884</b>	<b>2,288,827</b>	<b>3,638,350</b>	<b>1,613,480</b>

Table 3

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

		Fiscal Year									
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund											
Nonspendable	\$	-	-	-	-	1,503,847	1,161,834	477,451	5,849	116,294	42,039
Assigned		852,000	1,280,000	-	-	-	-	-	-	371,748	365,419
Unassigned		824,968	714,776	1,999,806	2,150,042	727,371	1,433,829	1,191,089	2,060,936	2,023,066	2,028,570
Total general fund	\$	1,676,968	1,994,776	1,999,806	2,150,042	2,231,218	2,595,663	1,668,540	2,066,785	2,511,108	2,436,028
All Other Governmental Funds											
Nonspendable, reported in:											
Capital projects	\$	-	-	-	-	-	-	-	-	10,100	-
Permanent funds		100,033	99,241	99,241	99,241	99,241	99,241	99,241	99,241	99,241	99,241
Restricted, reported in:											
Permanent funds		140,232	152,226	162,356	166,258	175,263	172,751	174,474	172,839	174,914	174,361
Capital projects		2,732,034	629,186	5,755,906	1,282,345	419,381	322,607	49,438	242,556	420,343	-
Special revenue funds		-	-	-	-	-	34,443	52,053	-	36,109	52,112
Committed, reported in:											
Special revenue funds		87,135	70,887	52,230	25,200	19,689	65,313	97,335	87,761	57,872	71,998
Capital projects funds		-	-	-	-	-	-	-	850	733,735	7,054,109
Assigned, reported in:											
Capital projects funds		144,742	3,668,697	16,344	415,127	500,744	889,318	1,592,351	1,922,955	-	-
Debt service fund		-	-	-	-	-	-	-	392,130	474,937	655,469
Unassigned, reported in:											
Special revenue funds		-	-	-	(15,119)	(636)	-	(4,140)	-	-	-
Capital projects funds		(693,799)	(832,285)	(608,542)	(775,128)	(143,779)	(48,802)	(44,296)	(6,226)	(1,234,150)	(1,133,133)
Total all other governmental funds	\$	2,510,377	3,787,952	5,477,535	1,197,924	1,069,903	1,534,871	2,016,456	2,912,106	773,101	6,974,157
Total governmental funds	\$	4,187,345	5,782,728	7,477,341	3,347,966	3,301,121	4,130,534	3,684,996	4,978,891	3,284,209	9,410,185

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 17,261,942	17,340,073	18,079,376	19,117,812	19,721,213	21,327,892	22,081,219	23,526,104	25,298,238	25,809,867
Licenses and permits	121,005	88,091	101,642	110,504	132,652	178,099	161,923	159,680	168,174	207,889
Intergovernmental	1,278,457	1,226,461	1,009,428	840,911	888,833	984,143	1,211,643	1,016,858	1,353,722	1,629,296
Charges for services	983,405	819,080	950,583	1,108,242	1,325,445	1,364,425	1,215,255	1,388,081	2,256,124	2,297,259
Rental Income	182,240	182,241	182,241	182,241	-	-	-	-	-	-
Other	905,148	1,072,907	541,977	1,096,696	761,626	1,355,486	671,631	735,520	444,437	652,584
Total revenues	20,732,197	20,728,853	20,865,247	22,456,406	22,829,769	25,210,045	25,341,671	26,826,243	29,520,695	30,596,895
<b>Expenditures</b>										
General government	1,126,505	1,076,082	1,031,502	950,235	1,050,648	1,197,680	1,260,888	1,405,149	1,738,077	1,893,954
Public safety	2,091,049	1,992,024	1,949,939	1,835,525	1,875,363	1,929,209	2,042,544	2,274,019	2,403,779	2,486,136
Public services	1,235,331	895,922	866,539	915,444	875,317	943,702	898,293	1,749,724	1,839,511	2,081,177
Recreation	510,828	482,173	498,395	472,959	723,597	768,969	850,481	835,482	1,600,021	1,660,102
Education and libraries	11,283,458	10,725,405	11,291,481	12,182,332	12,710,146	13,572,445	14,083,574	14,718,516	15,999,440	16,501,645
Health and public assistance	756,913	833,056	856,075	772,472	745,484	752,371	665,538	85,348	81,574	235,239
Unclassified	1,814,050	1,695,175	1,737,315	1,654,289	1,377,654	1,479,000	1,536,203	1,270,640	1,299,214	1,284,793
Capital outlay	2,894,559	3,155,100	3,696,231	6,187,380	1,668,130	1,384,048	2,072,124	4,434,772	5,089,978	4,581,440
Debt service:										
Principal	850,448	797,834	797,063	1,094,279	1,186,508	1,300,312	1,010,161	1,001,602	997,192	1,034,696
Interest	524,856	545,708	615,893	619,316	576,657	596,465	537,403	479,821	541,061	436,216
Total expenditures	23,087,997	22,198,479	23,340,433	26,684,231	22,789,504	23,924,201	24,957,209	28,255,073	31,589,847	32,195,398
Excess (deficiency) of revenues over (under) expenditures	(2,355,800)	(1,469,626)	(2,475,186)	(4,227,825)	40,265	1,285,844	384,462	(1,428,830)	(2,069,152)	(1,598,503)
<b>Other financing sources (uses)</b>										
Transfers in	1,542,138	1,251,176	8,247,270	933,718	1,570,437	1,330,538	1,978,779	2,163,184	1,763,157	2,228,086
Transfers out	(1,942,967)	(2,186,167)	(854,972)	(1,030,718)	(1,357,576)	(1,811,337)	(2,808,779)	(2,790,635)	(1,785,458)	(2,228,086)
Sale of assets	-	-	-	-	-	-	-	-	396,861	115,717
Payment to refunded bond escrow agent	-	-	-	-	(299,971)	-	-	(2,931,919)	-	-
Bonds issued	2,775,802	4,000,000	4,100,000	-	-	-	-	5,730,000	-	7,300,000
Premiums on bonds issued	-	-	-	-	-	-	-	601,379	-	308,762
Capital leases	94,500	-	77,500	195,450	-	24,368	-	-	-	-
Total other financing sources (uses)	2,469,473	3,065,009	11,569,798	98,450	(87,110)	(456,431)	(830,000)	2,772,009	374,560	7,724,479
Special item:										
Chebeague settlement	1,300,000	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 1,413,673</b>	<b>1,595,383</b>	<b>9,094,612</b>	<b>(4,129,375)</b>	<b>(46,845)</b>	<b>829,413</b>	<b>(445,538)</b>	<b>1,343,179</b>	<b>(1,694,592)</b>	<b>6,125,976</b>
Debt service as a percentage of noncapital expenditures	6.63%	6.91%	7.04%	8.25%	8.16%	8.19%	6.40%	6.14%	5.88%	5.17%

Table 5

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

<b>Fiscal Year</b>	<b>Real estate</b>	<b>Personal property</b>	<b>Excise tax</b>	<b>Total</b>
2008	\$ 15,563	199	1,416	17,178
2009	15,750	152	1,349	17,251
2010	16,457	155	1,372	17,984
2011	17,480	187	1,378	19,045
2012	18,117	202	1,364	19,683
2013	19,457	227	1,460	21,144
2014	20,345	265	1,633	22,243
2015	21,492	270	1,693	23,455
2016	22,918	404	1,856	25,178
2017	23,324	439	1,959	25,722

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

Table 6

**TOWN OF CUMBERLAND, MAINE**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

(dollar amounts expressed in thousands)

Fiscal Year Ended June 30		Real Property Residential and Commercial Property (1)	Personal Property (1)	Less: Tax Exempt Real Property (1)	Total Taxable Assessed Value (1)	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Assessed Value as a Percentage of Actual Value
2008	\$	839,577	10,076	53,561	796,092	4.46	1,132,250	61.9%
2009		1,198,642	10,807	73,626	1,135,823	4.78	1,162,000	100.3%
2010		1,204,984	10,661	73,908	1,141,737	3.96	1,131,350	98.3%
2011		1,214,634	12,167	73,370	1,153,431	4.01	1,084,700	102.0%
2012		1,220,096	12,754	73,421	1,159,429	4.07	1,068,500	106.9%
2013		1,249,248	13,723	73,589	1,189,382	4.41	1,056,700	111.3%
2014		1,270,281	15,590	73,494	1,212,377	4.59	1,057,800	114.6%
2015		1,305,746	15,495	76,970	1,244,271	5.13	1,099,350	113.2%
2016		1,341,466	22,333	81,519	1,282,280	5.39	1,144,550	112.0%
2017		1,362,438	24,069	85,265	1,301,242	5.31	1,171,250	111.1%

(1) Source - Cumberland Assessor's office

(2) Source - Maine Revenue Services

Note: Each year, Maine Revenue Services must certify to the Secretary of State the full equalized value of all real and personal property, which is subject to taxation in a municipality. The State Valuation process is based on a compilation of a sales ratio study which measures the assessed value of residential and certain commercial properties relative to their actual selling price. The State Valuation lags actual market values and municipal assessments by nearly two years by the time it is final and certified. Accordingly, for the 2017 State Valuation, work on the sales ratio analysis commenced in the fall of 2015 and utilized actual sales data from July 2014 to June 2015.

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

Table 7

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

Fiscal year	Town Direct and Overlapping Rates*					
	Direct			Overlapping		Total rate
	Town rate		Total direct rate	Education rate	County rate	
	Operating	Debt service				
2008	4.59	0.19	4.78	14.13	0.89	19.80
2009 (1)	3.80	0.16	3.96	9.50	0.54	14.00
2010	3.85	0.16	4.01	9.98	0.56	14.55
2011	3.88	0.16	4.04	10.72	0.54	15.30
2012	3.91	0.16	4.07	11.19	0.54	15.80
2013	4.23	0.18	4.41	11.59	0.55	16.55
2014	4.43	0.16	4.59	11.83	0.58	17.00
2015	4.93	0.20	5.13	11.70	0.57	17.40
2016	4.94	0.45	5.39	12.13	0.58	18.10
2017	4.83	0.48	5.31	12.34	0.60	18.25

\* 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>	<b>2017</b>			<b>2008</b>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Central Maine Power Company	\$ 45,564,702	1	3.50%	5,773,687	1	0.71%
Summit Natural Gas	12,104,200	2	0.93%			
LGC North America dba Maine Standards Company, LLC	4,650,500	3	0.36%			
Mirza, Zareen Taj	4,412,500	4	0.34%			
Maritime & Northeast Pipeline	3,936,700	5	0.30%	3,936,700	3	0.48%
Lemole, Emily Jane A-Trustee	3,837,200	6	0.29%	2,884,100	5	0.35%
179 Foreside, LLC	3,751,301	7	0.29%			
Mangenello, Edward	3,249,400	8	0.25%			
BBW Real Estate LLC	3,223,200	9	0.25%	2,199,500	8	0.27%
Time Warner Cable	2,996,400	10	0.23%			
Spears Hill, LLC				4,634,400	2	0.57%
Martin Joseph R.				3,717,600	4	0.46%
Dumont, Martha E.				2,834,798	6	0.35%
Forum Trust LLC				2,287,500	7	0.28%
DBB Preserve LLC				2,084,394	9	0.26%
Oestreicher, Charles R. - Trustee				1,996,200	10	0.25%
<b>Totals</b>	<b>\$ 87,726,103</b>		<b>6.74%</b>	<b>\$ 32,348,879</b>		<b>3.98%</b>

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	
2008	\$ 15,762	15,469	98.13%	293	15,762	100.00%	
2009	15,902	15,589	98.03%	312	15,901	99.99%	
2010	16,612	16,341	98.37%	270	16,611	99.99%	
2011	17,647	17,359	98.37%	285	17,643	99.98%	
2012	18,319	17,942	97.94%	373	18,314	99.97%	
2013	19,684	19,385	98.48%	294	19,679	99.97%	
2014	20,610	20,329	98.64%	276	20,605	99.98%	
2015	21,650	21,398	98.84%	243	21,558	99.58%	
2016	23,209	23,014	99.16%	115	23,129	99.66%	
2017	23,748	23,607	99.41%	-	23,607	99.41%	

Note: excludes supplemental taxes.

Table 10

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Notes Payable	Unamortized Bond Premium	Capital Leases	General Obligation Bonds	Unamortized Bond Premium	Notes Payable	Capital leases			
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%	2,305
2013	13,583,751	496,400	-	131,840	690,000	37,496	168,858	86,210	15,194,555	4.756%	2,113
2014	12,691,163	413,667	-	66,179	600,000	32,139	151,734	65,756	14,020,638	3.503%	1,896
2015	14,737,134	330,934	571,310	13,843	1,245,000	99,984	-	44,587	17,042,792	3.341%	2,257
2016	13,846,146	248,201	541,241	31,624	1,135,001	90,196	-	-	15,892,409	3.116%	2,045
2017	20,218,093	165,468	813,808	3,896	1,025,001	80,408	-	-	22,306,674	4.229%	2,816

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

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

Table 11

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2008	\$ 11,497,771	1.02%	1,606
2009	14,729,931	1.27%	2,058
2010	18,050,601	1.60%	2,367
2011	16,969,055	1.56%	2,353
2012	15,589,342	1.46%	2,162
2013	14,311,247	1.35%	1,990
2014	13,323,302	1.26%	1,802
2015	16,653,428	1.51%	2,206
2016	15,612,584	1.36%	2,009
2017	22,137,310	1.89%	2,795

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, 2017**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
Overlapping debt:			
Cumberland County	\$ 37,435,000	2.78%	1,040,482
MSAD #51	20,335,789	69.23%	14,079,258
Subtotal, overlapping debt			15,119,740
Direct debt:			
Bonds payable	20,218,093		20,218,093
Unamortized bond premium	813,808		813,808
Notes payable	165,468		165,468
Capital leases	3,896		3,896
Subtotal, direct debt			21,201,265
<b>Total direct and overlapping debt</b>			<b>\$ 36,321,005</b>

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

Table 13

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed value per State	\$ 1,132,250	1,162,000	1,131,350	1,084,700	1,068,500	1,056,700	1,057,800	1,099,350	1,144,550	1,171,250
Total debt limit - all purposes - 15% of assessed value	\$ 192,930	169,838	174,300	162,705	160,275	160,275	158,670	164,903	171,683	175,688
Less outstanding debt applicable to debt limit	12,657	15,791	19,013	17,832	16,311	14,939	13,857	16,313	15,229	21,409
Legal debt margin	\$ 180,273	154,047	155,287	144,873	143,964	145,336	144,813	148,590	156,454	154,279
Total outstanding debt applicable to the limit as a percentage of debt limit	6.56%	9.30%	10.91%	10.96%	10.18%	9.32%	8.73%	9.89%	8.87%	12.19%
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	\$ 96,465	84,919	87,150	81,353	80,138	80,138	79,335	82,451	85,841	87,844
Less outstanding debt applicable to debt limit	12,656	15,791	19,013	17,832	16,310	14,939	13,857	16,313	15,229	21,409
Debt margin for municipal purposes	\$ 83,809	69,128	68,137	63,521	63,828	65,199	65,478	66,138	70,612	66,435
Outstanding debt applicable to the limit as a percentage of debt limit for municipal purposes	13.12%	18.60%	21.82%	21.92%	20.35%	18.64%	17.47%	19.79%	17.74%	24.37%
School purposes - 10%										
Debt limit	\$ 128,620	113,225	116,200	108,470	106,850	106,850	105,780	109,935	114,455	117,125
Less outstanding debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Debt margin for school purposes	\$ 128,620	113,225	116,200	108,470	106,850	106,850	105,780	109,935	114,455	117,125
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	\$ 96,465	84,919	87,150	81,353	80,138	80,138	79,335	82,451	85,841	87,844
Less outstanding debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Debt margin for sewer purposes	\$ 96,465	84,919	87,150	81,353	80,138	80,138	79,335	82,451	85,841	87,844
Outstanding debt applicable to the limit as a percentage of debt limit for sewer purposes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Maximum total debt limit - 15%	\$ 169,838	174,300	169,703	162,705	160,275	158,505	158,670	164,903	171,683	175,688

Table 14

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income</b>	<b>Per Capita Income Cumberland County (2)</b>	<b>Median Age (6)</b>	<b>High School Completion Rates (5)</b>	<b>School Enrollment (4)</b>	<b>State Unemployment Rate (3)</b>
2008	7,159	\$ 240,857,396	33,644	39.4	95%	2,263	4.7%
2009	7,159	240,857,396	33,644	39.4	96%	2,221	8.6%
2010	7,627	327,968,627	43,001	39.4	96%	2,175	8.0%
2011	7,211	306,200,693	42,463	45.0	96%	2,116	7.6%
2012	7,211	318,661,408	44,048	45.0	96%	2,210	7.5%
2013	7,192	357,866,728	47,015	45.0	95%	2,088	6.9%
2014	7,393	400,232,133	55,503	45.0	93%	2,047	5.5%
2015	7,550	510,047,800	67,556	45.0	97%	2,027	4.7%
2016	7,772	517,622,972	66,601	45.0	98%	2,018	3.9%
2017	7,920	527,479,920	66,601	45.0	98%	2,025	3.2%

## Sources:

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

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

(3) Maine Department of Labor (seasonally adjusted)

(4) Maine Department of Education

(5) State of Maine Department of Education

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

**TOWN OF CUMBERLAND, MAINE**  
**Principal Employers**  
**June 30, 2017**

<u>Employer</u>	<u>2017</u>			<u>2008</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>
MSAD 51	300-450	1	2.5%-6.3%		
Town of Cumberland	150-200	2	2.5%-6.3%		
Exactitude	50-99	3	1.3%-2.5%		
Seafax	50-99	3	1.3%-2.5%		5
Norton Insurance	50-99	5	1.3%-2.5%		
Sevee Maher Engineers	50-99	6	1.3%-2.5%	20-49	9
Maine Standards	50-99	7	.5%-1.3%		
Lucinda's Day Spa	50-99	8	.5%-1.3%		
Met Life	20-49	9	.5%-1.3%		
Main Line Fence Co.	20-49	10	.5%-1.3%	20-49	10
Cumberland Farmers Club				100-249	1
Greely Jr. High School				100-249	2
Town of Cumberland				100-249	3
Northstar Communications				50-99	4
Greely High School				50-99	6
Mabel I. Wilson School				50-99	7
Metropolitan Insurance				50-99	8

Table 16

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:										
Management	3	3	3	3	3	3	2	2	2	2
Finance/Administration	7	7	7	6	6	6	8	10	10	10
Planning	2	2	2	2	2	2	2	2	2	3
Assessing	1	1	1	1	1	0	0	0	1	1
Public Safety:										
Fire	2	2	4	3	3	2	3	4	4	4
Police	12	12	12	12	12	12	12	12	12	12
Rescue	3	3	0	0	0	0	0	0	0	0
Public Services:										
Public Works	12	10	9	9	9	9	7	7	7	7
Parks	3	3	3	3	3	3	3	3	3	3
Recreation & Other:										
Recreation	2	4	3	3	4	3	4	5	5	5
Library	2	2	2	2	2	2	4	4	4	4
Valhalla	5	3	3	3	3	3	3	3	3	3
<b>Total Full-time Employees</b>	<b>54</b>	<b>52</b>	<b>49</b>	<b>47</b>	<b>48</b>	<b>45</b>	<b>48</b>	<b>52</b>	<b>53</b>	<b>54</b>

Source: Town of Cumberland budget documents



Table 17

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

Function	Calendar Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Code Enforcement:										
Building permits	283	206	151	180	314	220	251	268	266	302
Sign permits	8	5	4	5	13	16	9	21	15	18
Fire Protection:										
Number of calls answered	510	536	592	576	931	860	994	1,242	1,279	1,233
Number of inspections conducted	161	211	337	304	127	118	192	190	162	83
Police Protection:										
Number of law violations:										
Arrests	149	158	137	165	136	202	220	72	54	99
Traffic violations	4,585	4,085	3,485	3,069	2,964	2,144	1,393	740	852	2,919
Parking violations	167	58	27	32	108	91	43	4	4	2
Number of calls for service	6,832	10,926	12,223	11,702	11,737	9,090	8,928	6,534	8,216	8,244
Sewerage System:										
Number of service connections	965	1,014	1,020	1,041	1,176	1,070	1,108	1,806	1,092	1,136
Daily average treatment in gallons	172,960	191,203	202,000	249,382	253,000	227,000	228,892	234,932	211,973	204,000

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

Table 18

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	19	17	15	14	12	6	6	7	7	7
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Vehicles	13	12	11	10	10	10	11	11	11	11
Public Works:										
Streets (miles)	78	78	78	79	79	79	79	79	80	80
Number of streetlights	203	203	203	203	203	203	203	203	203	204
Parks & Recreation:										
Parks	1	1	1	1	1	1	1	2	3	3
Parks (acreage)	250	250	250	250	250	250	250	272	487	487
Public skating rinks	1	1	1	1	1	1	1	1	1	1
Public tennis courts	4	4	4	4	4	4	4	4	4	4
Public golf courses	1	1	1	1	1	1	1	1	1	1
Sewer:										
Miles of sanitary sewers	20	20	20	20	20	20	25	25	25	29

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

Table 19

**TOWN OF CUMBERLAND, MAINE**  
**Miscellaneous Statistics**  
**For the year ended June 30, 2017**

---

Date of incorporation	1821
Form of government	Council/Manager
Number of full-time employees	55
All employees	329
Area in square miles	20
Name of government facilities and services:	
Miles of streets	80
Number of street lights	203
Culture and recreation:	
Parks	3
Park acreage	487
Skating rinks	1
Tennis courts	4
Golf course	1
Fire Protection:	
Number of fire personnel and officers	75 (Volunteers)
Police Protection:	
Number of police personnel and officers	12
Number of patrol units	7
Education:	
Number of elementary schools	1
Number of elementary school instructors	75
Number of secondary schools	2
Number of secondary school instructors	119